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ECONOMIC SECURITY PROJECT

FINAL REPORT

MAY 31, 2006 – MARCH 26, 2013

March 25, 2013

This report was produced for review by the United States Agency for International Development. It was prepared by Development Alternatives, Inc.

Economic Security Project

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DISCLAIMER

The author's views expressed in this report do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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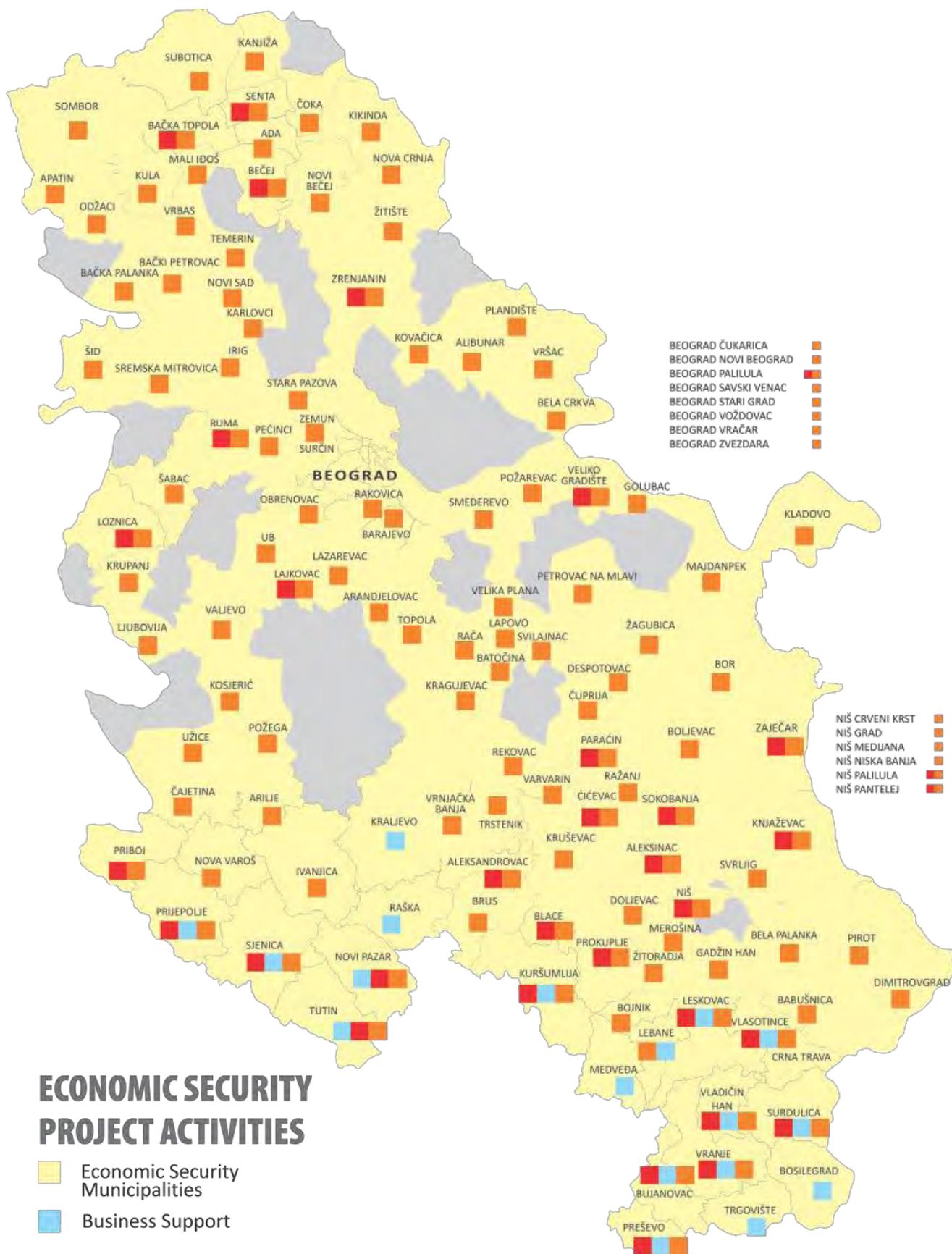
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Introduction

In the absence of economic opportunity, social mobility is stymied. And without the mobility afforded by economic possibilities, the nation's hopes for a fully integrated Serbia will remain unrealized, postponed for a future generation. In its seven years of activity, the Economic Security component of the PPES program evolved and specialized in its continued effort to offer the best adapted forms of assistance that its partner companies required for greater efficiency and increased sales. The intensification of ES investment in youth as a longer-term solution to Serbia's high unemployment and ill-adapted workforce proved highly complementary to the business support workstream, as proven by the results, impact and lasting achievements of the program, all of which are captured in this Final Report.

The program's guiding strategy for economic development was one of market integration, or supporting local start-ups and small businesses to increase their access to new markets, and to improve their ability to meet the demands and pace of those markets. In year three (2009), program strategy was re-oriented towards increasing sales by studying and entering new markets and finding new buyers, both within Serbia and abroad. By improving the profitability of local economic actors, both as start-ups and existing SMEs, the program's "theory of change" was that social inclusion for the most vulnerable segments of the population, including ethnic and religious minorities, would be improved through economic growth for medium and small businesses in the country's most marginalized regions.

Understanding how best to assist Serbian companies to achieve these goals was its own learning curve. Following an intensive country-wide vulnerability study in 2006, the ES Team reconfigured its strategy from a supply side approach to a demand side, meaning a shift from a focus on company constraints in production to helping them increase sales and access new markets. The success of this strategic shift was highlighted by the fact that the majority of supported companies in 2007-08 (40 of 50 firms) had never collaborated with a USAID-funded business support initiative. The ES-Youth Team employed its dual-track investment in Junior Achievement Serbia and entrepreneurship training through local Youth Offices, including vocational teacher training on an EU-standard curriculum.

From its original vulnerability assessment in 2006, the ES Team sought to create greater opportunities for private enterprises in Serbia's most vulnerable regions, South Serbia and Sandzak, whose high concentrations of ethnically mixed populations were centers of past political and social instability. Among the municipalities selected on the basis of their exceptional vulnerability, youth were a top priority given their higher numbers and lower employment than in more developed, prosperous areas of Serbia. The ES Team recognized early on that while enterprise development is a powerful tool for poverty alleviation, ensuring that youth learn skills relevant to the current job market is equally important. Through its support to Junior Achievement Serbia, 8000 youth in 200 schools nationwide now participate annually in the JAS program. Close collaboration with municipal Youth Offices (128 in total) around the country on unemployment saw 33 of those Youth Offices prepare and implement their own Youth Entrepreneurship Action Plans—over 70 solely municipal funded projects have been implemented to date, engaging over 7000 young people. Partnerships with the private sector allowed 860 young people from South Serbia to get work experience through internships. Career guidance and job counseling centers were established at universities in Novi Pazar and Bujanovac.

On the business support side, being based in Novi Pazar and Vranje, the team was able to increase the number of ES-supported Serbian companies that entered new markets, domestic and international, by 83 between 2008 and 2013. To pursue these opportunities, international certifications are a prerequisite, particularly ISO 9001. In all, 28 firms obtained ISO certification and 9 food processing companies were certified as Halal, subsequently collaborating to open the first Halal food shop in Belgrade. Trade missions and fairs were a key catalytic investment for

participating firms: 74 companies attended 27 domestic and international Trade Fairs in 8 countries. From these visits, \$14.5 million in new sales were made, which translates to a 22 to 1 return on USAID's investment in the fairs. The decision between companies sharing an industry (textile, apparel, food processing, etc.) to 'cluster' or share resources in order to scale up to meet the demands of a new foreign client is indicative of the sustained momentum and vision of these new entrepreneurs. The impact on Serbia's high unemployment is not negligible: between business support and youth entrepreneurship, 3169 new jobs were created (1996 directly and 1173 indirectly).

The Lessons Learned and Recommendations sections of this report attempt to crystallize some of the more salient insights and practical assessments of how these achievements were realized. More than strategy, consistent and hands-on management of individual activities and annual workplans, the ES Team came to understand how to lead processes from behind, to leverage others' resources in lieu of providing themselves. So in addition to tailoring and targeting technical assistance at each stage of a process of preparing a firm for a foreign market or a municipality to develop its Youth Action Plan, the ES Team consistently avoiding acting as a 'provider of services,' but instead sought always to leverage resources of partner firms, local governments and institutions. This intensified a partner's sense of ownership, responsibility and commitment to an activity, while laying the seeds of sustainability once PPES has concluded. Indeed, the ES Team never provided services directly for project beneficiaries (businesses, start-ups, youth office coordinators, municipalities, schools), but instead served always as a facilitator of catalytic processes, connecting key parties that could provide ongoing services and support to each other beyond the life of the project.

Examples of this approach abound: partner firms investing their own capital to attend trade missions and fairs, then deciding to group together in order to succeed in a new market. Youth Offices and the ES-Youth Team managed to demonstrate the importance of the Action Plans so well that municipal governments began making annual allocations to youth entrepreneurship activities. Such outcomes are fortuitous and yet essential to any assessment of the positive, lasting benefits of the ES program. They are strong indicators of local ownership, leadership and responsibility, all of which bode well for continued forward momentum after project closedown.

1.1 PROJECT IDENTIFICATION

Contract Name and Acronym: Preparedness, Planning and Economic Security Program (PPES)

Contract Number: DFD-I-00-05-00250-00 Task Order 01

Contract Dates: May 31, 2006 – March 26, 2013

Summary: The Economic Security component of PPES was designed to increase access to economic opportunities that allow people in vulnerable areas to maintain a stable and assured standard of living.

Geographic Scope: Business Support sub-component – 16 municipalities in South Serbia and Sandjak regions only; Youth Support sub-component – 128 municipalities throughout Serbia.

Project Team: See Section 1.4, below

Funding Level: \$24,764,892 (\$8,228,503 Preparedness and Planning; \$16,536,389 Economic Security)

Contract Officers: Bruce Gelband (2006); Andrew Holland (2007-2009); Leslie-Ann Burnette Badinga (2009-2011); Shirley Baldwin (2011-2012); Brian Aaron (2012-2013).

Contracting Officer's Technical Representative (COTR): Milan Popovic (2006-2007); Assia Ivantcheva (2007); Walter Doetsch (2008-2009); Danijel Dasic (2009-2011); Michael Metzler (2011-2012); Aleksandar Iljenko (2012-2013).

1.2 PROJECT CONTEXT

Since October 2000 Serbia was the site of an intensive series of manmade crises and natural emergencies: armed unrest, regular streams of internally displaced persons (IDPs), refugees and asylum seekers, political extremism and social hostilities, the most severe flooding on record, landslides, large scale industrial accidents, widespread environmental hazards, and unexploded ordnance, among others. The country's ability to cope with these crises was drastically diminished owing to political divisions, partisan exploitation of crisis events, internal instability and tensions with neighboring countries, insufficient material resources, lack of political will, pervasive corruption and fragile, poorly functioning public institutions. Public sector reforms in step with the European integration process were slow but are now accelerating.

Towards the middle of the decade, emergency aid donors began to withdraw. Remaining donors shifted to longer-term development initiatives. Resources available to the Government of Serbia to assist its neediest populations in vulnerable areas were far from sufficient to respond to the rapid onset emergencies to which the country is prone, let alone to cover regular public services, including health, education, economic growth, etc. Initiated in 2006, SCOPES (later PPES) sought to address certain root causes of Serbia's multifaceted crisis: an obsolete economy, underemployed youth and poor national response capacity in the event of natural or manmade violence.

Programming aimed for maximum flexibility to meet Serbia's evolving needs. Activities were conceived along two broad tracks, "Preparedness and Planning" and "Economic Security," the former to reinvigorate national disaster response capacity—a highly successful program that closed in 2011.¹ The Economic Security component received additional funding through March 26, 2013, and is the subject of this Final Report. Economic Security was designed to renew economic growth in Serbia's most vulnerable, marginalized areas, working with local, established businesses, municipal governments and associated non-governmental agencies such as Junior Achievement in workforce development for youth. Business support activities sought impact in the short term with a demand driven, market focused methodology. Youth activities aimed for longer-term results by addressing a second root cause of low performing businesses—human resource capacity and entrepreneurship skills among young people across the country.

Immediate growth cannot be sustained over the long term without skilled young people to enter existing businesses or to start their own, and the ES Team adapted their program as new opportunities developed. The original Task Order's cross-cutting focus on youth took sharper focus in 2008, for two reasons. First, the GOS National Strategy on Youth recognized the importance of youth employment and entrepreneurship (youth unemployment rate was significantly higher than the national average—40% versus 27%), and the ES Team decided to lend its support to this initiative by working intensively with the Ministry of Youth and Sport and municipal Youth Offices across the country. Second, although the Kosovo Declaration of Independence did not result in violence or trigger mass migrations of people, it did expose the deep disaffection of Serbian youth. From 2008, an investment in broad-based youth employment and entrepreneur-



¹ See Planning and Preparedness Final Report at USAID Development Experience Clearinghouse.

ship activities became an equal compliment to demand-driven business development activities in vulnerable areas of South Serbia and elsewhere.

Business support operations were based in Novi Pazar and Vranje, while Youth activities were organized from Belgrade with a national remit. By 2013, 128 Youth Offices had participated in activities to help resolve the youth unemployment problem. At least 18,078 young people directly benefited from Youth Entrepreneurship Action Plans, or YEAPs, through municipal partnerships, internships and career planning services at state universities.

The business support component evolved and adapted during the life of the project. A major shift occurred in the transition to a market-driven approach, helping strong companies prepare for wider national market share and to compete internationally. Major highlights, described in detail below, include visits to foreign trade missions and fairs, international certification (ISO 9001, Halal), business cluster development to meet market demands abroad, and an increase of outsourced work to smaller Serbian firms as established companies modernized their production, marketing and administration. Among ESP supported companies, 51 entered new foreign markets, among the 203 total companies supported since 2007. Sales of supported companies grew by 36%, and \$14.5 million was earned from trade fairs.

The Economic Security Program accompanied Serbian businesses, state and local officials and youth from a tenuous, volatile and economically stagnant period to a more vibrant hopeful era, helping Serbia move closer to the European Union. The results presented in the following sections attest to these remarkable achievements.

1.3 PROJECT OBJECTIVE AND KEY ACTIVITIES

The Economic Security project was a major part of USAID/Serbia's Strategy to promote the development of a strong and stable market democracy in Serbia and support the reforms needed for Euro-Atlantic integration. Its purpose was to introduce measures to increase employment and economic security in areas of Serbia with high concentrations of vulnerable populations. For the purpose of the project, "Economic Security" was defined as an assured and stable standard of living that provides individuals and families with the necessary level of resources to participate economically, politically, socially, culturally and with dignity in their communities. Security goes beyond mere physical survival to encompass a level of resources that promotes social inclusion. "Vulnerable Group" was defined as groups or individuals susceptible to mobilization for political agitation and/or violence and those likely to be victims of such violence. Geographical regions with high concentrations of such groups were called "vulnerable areas." The expected outcome was increased access to economic opportunities that allow people in vulnerable areas to maintain a stable and assured standard of living.

In support of this objective, DAI:

- 1) Helped 203 small and medium sized businesses from 18 municipalities in two vulnerable regions (Sandzak and South Serbia) increase sales and employment by reaching new markets for their goods.
- 2) Helped 18 thousands of youth in 128 municipalities throughout Serbia pursue entrepreneurship as a career option.

A full description of DAI's approach to each of these sub-components as well as an analysis of results and impact can be found in Section 2.

1.4. PROJECT MANAGEMENT

Changes in the PPES Scope of Work over time (2006–2013)

The Preparedness, Planning and Economic Security project is a task order under the Instability, Crisis and Recovery Programs (ICRP) indefinite delivery/indefinite quantity contract awarded to DAI in September 2005. PPES was awarded on May 31, 2006. The initial award was for \$19.3 million over five years, however this amount was split between the project's two "components" – Preparedness and Planning and Economic Security. The contract ceiling for CLIN 01 of the task order and period of performance was subsequently extended. Of the final CLIN 01 contract ceiling of \$24.7 million, \$16.5 million was spent on Economic Security activities. Since the initial award, the portion of the task order contract's scope of work (SOW) related to the Economic Security component has been modified four times, as summarized below.

Table 1: Modifications to the PPES Scope of Work

| Mod # | Date | Ceiling Value | Key Economic Security SOW Changes |
|-------|----------------|----------------|--|
| 7 | August 2008 | \$19.3 million | <ul style="list-style-type: none"> The project name was changed from "Serbia Contingency Planning and Economic Security Program" (SCOPEs) to "Preparedness, Planning and Economic Security Program" (PPES) |
| 9 | July 2009 | \$19.3 million | <ul style="list-style-type: none"> Trade fairs and study tours specifically authorized (section 2.1.5) Work with municipal-based youth offices specifically authorized (section 2.2) Corrected previous copy/paste errors in the grant fund use section making the grant facility more flexible and applicable to the project's strategy |
| 11 | September 2010 | \$20.5 million | <ul style="list-style-type: none"> Extended the period of performance through September 26, 2011 For SMEs, expanded training and TA support and trade fair attendance assistance For Youth, expanded efforts to support municipal youth offices, young entrepreneurs, career centers and internship programs |
| 12 | September 2011 | \$24.7 million | <ul style="list-style-type: none"> Period of Performance extended through March 26, 2013 Support for Junior Achievement Serbia sustainability efforts added All SME support activities extended in recognition of global financial crisis impact on local economy All Youth support activities extended in recognition of their mid-project addition and need for additional time to ensure sustainability. Career Center replication required |

Staffing

The project was implemented using a combination of long-term expatriate and cooperating country national staff (CCNs), short-term technical assistance (STTA), subcontractors and grantees. Operational efficiencies and significant cost savings were achieved through the sharing of management and administrative resources with the Preparedness and Planning component of the project, which was programmatically, a completely separate project that ended in 2011. For most of the project's life the core Economic Security team consisted of 3 senior program officer CCN employees (who after the departure of the expatriate team leader became subject area directors and members of the project management team) and 6 junior level CCN program officers. Three program staff (1 senior and 2 junior) were posted in each project office (Belgrade, Novi Pazar and Vranje). The team was led for four years by an expatriate team leader, who phased out at the mid-point of the project and handed over management of the team to the three senior program officers who were then promoted to subject area directors.

The team operated based on a highly decentralized model with the three directors taking responsibility for either all business support activities in a specific geographical area (South Serbia and Sandzak) or a technical sub-component (Youth Entrepreneurship Support). Once the annual work plans were agreed upon with Senior Project Management and USAID, each sub-team was given a high degree of latitude over the day-to-day tactical implementation of the plan. Note, however, that the team was highly experienced – most had worked previously on prior USAID projects and were (collectively) skilled in training, small business assistance, start-up business support, marketing and sales, association support and youth programming as well as performance monitoring. This decentralized model would not have worked as effectively with a less experienced team.

The project’s key expatriate staff from 2006 to 2013 included:

- Michael Pillsbury – Chief of Party, 2007-2013; Deputy Chief of Party, 2006-2007;
- Brian Holst – Chief of Party, 2006-2007;
- Ella Hoxha – Deputy Chief of Party, 2007-2010;
- Barbara Davis – Preparedness and Planning Team Leader, 2006-2008;
- Suzi Hagen – Economic Security Team Leader, 2006-2007;
- Maury Wray-Bridges – Economic Security Team Leader, 2007-2010.

Subcontractors

DAI used only two subcontractors to implement the Economic Security portion of PPES – for a total of \$ [REDACTED] of the work under the project. Details on each of the subcontractors and their role on PPES can be found in Table 2, below

Table 2: Economic Security Project Subcontractors

| Subcontractor | Type | Subcontract Amount | Role |
|---------------------------|------------|--------------------|---|
| CHF International | US I-NGO | [REDACTED] | Technical management and local CCN staff (for both PP and ES components), 2006-2008 |
| Booz Allen Hamilton (BAH) | US Company | [REDACTED] | Technical management (ES team leader) and expat STTA, 2006-2010 |

Grantees

DAI made extensive use of sub-grants in the implementation of the Economic Security component and considers the flexible use of the grants mechanism one of the contributing factors in the project’s success. Not only did it enable the project to harness locally based talent and advance USAID-Forward objectives, but it helped keep total project costs down (by limiting the number of full time project CCN staff) and contributed to the sustainability of many of the efforts. Over the life of the project, 226 grants were issued to 145 separate grantees for a total of \$3,730,220 in sub-grant awards. A complete list of awards can be found in Annex H.

Business Support strategic approach and activities

From 2007 to 2013 the Economic Security program worked with 203 small and medium sized enterprises from two of Serbia's most economically disadvantaged regions to build their capacity, increase their competitiveness, make new sales, achieve new markets, diversify their client base and thereby grow their companies and increase employment. The companies were carefully selected based on a thorough vetting process and were targeted based on geography, size and sector. Although assistance packages were demand driven, based on needs assessments conducted during business vetting, assistance was delivered in groups of companies with similar needs that were at similar stages of development. This enabled the project to scale up and work intensively with from 80 to 130 businesses in any given year. Some businesses received assistance for a year or two, some longer, depending on their capacity, results and continued potential to grow.

Geographic Targeting

The program focused its work on two of the most economically challenged areas of the country – **South Serbia and Sandzak**. They are the country's most economically disadvantaged regions, suffer from the highest unemployment rates, have the highest concentrations of ethnically mixed populations and have been centers of past (and ongoing) political and social instability. The geographic coverage of business support included Southern Serbia south of the City of Nis (Jablanica and, primarily, Pcinja districts)² and the Sandzak region (the municipalities of Nova Varos, Novi Pazar, Priboj, Prijepolje, Sjenica and Tutin) and Raska.³ With the exception of Kraljevo (a city north of Raska that was included only in the first two years of the program due to its high concentration of Internally Displaced Persons (IDPs)) the geographical targeting remained the same throughout the life of the program.

Size Targeting

Aside from having been instructed by USAID to target **SMEs**, working with this size of company made practical sense. Many of the largest companies in South Serbia and Sandzak had issues that were well beyond the capacity of the project to help solve – most were still partly or entirely state owned (privatization had failed or was stalled) and had ownership, land use, cash flow and past debt issues. The regions' largest firms shrank – shedding assets and jobs – throughout the 2008-2012 economic downturn. In contrast, the region's SMEs have been growing sales and were net job creators during this same period. Though size varied from company to company, the median sized ES assisted company had \$223,000 in gross revenue and 13 employees.⁴

² Although the primary focus was on Pcinja district, selected companies from Jablanica district were included as potential partners, cluster members or mentors to companies in Pcinja. These relationships have proven valuable in the past in helping the companies further south expand market presence beyond the south and thus integrate more fully into the broader Serbian economy.

³ Raska, though not technically part of the Sandzak region, was included for a similar reason – the Raska and Novi Pazar economies are closely linked and Raska is an important source of employees, subcontractors, potential cluster partners and source material for companies in Sandzak.

⁴ Based on 140 companies reporting 2012 sales and jobs data. The range was from \$1,100 to \$12.5 million in gross revenue and from 1 to 133 employees (excluding a single "outlier" Kostana cluster company, *Sanch*, from Vranje, with 595 employees).

Sector Targeting

One defining characteristic of local SMEs is that they are highly diverse. This made identifying and grouping businesses into sectors challenging. Although the project spent much time and resources during its first year conducting a series of value chain analysis to help narrow its sector focus, in the end, these studies were of little value beyond helping to define some of the assistance activities. The heart of the problem was that after geographical and size targeting had been agreed to, there were too few companies in any given sector for a traditional sector-based value chain / competitiveness approach to work. For example, a South Serbian “Dairy Sector” comprised of the only three dairies in the region would not have yielded a viable nor scaleable strategy. Recognizing this potential limitation early on, the project defined “sectors” in a much broader way than might otherwise be the case in a traditional competitiveness program. The three primary sectors targeted by the program were:

KEY OUTPUTS

- Three primary sectors defined: Agribusiness (Food processing), Apparel (Fashion) and Light Manufacturing

1. **Agribusiness (Food Processing)** – which included dairy and meat processors; canned and jarred preserved fruits, vegetables and fungi; confectionaries; bottled water, juice and soft drinks; dried packaged foods; frozen pastries; animal feed; and, traditional, home-style crafted foods.
2. **Apparel (Fashion)** – which included jeans, other denim wear, “urban” fashion and sports / casual wear; home furnishing (quilts, bedspreads, rugs, sheets, tablecloths); socks, hosiery and shoes.
3. **Light Manufacturing** – which included mostly construction related industries: scaffolding, wood and PCV doors and windows, modular kitchens, cabinets, radiators, marble and other stone works (for walls, floors and fireplaces), stairs, fences and railings, ceramics (toilets, sinks and other kitchen and bathroom installations); but also included laser engraved signs, wooden shipping pallets, car part manufacturing, tool / machinery production; and, furniture.

Tourism was piloted as a sector early in the program in two municipalities – Prijepolje in Sandzak and Medvedja in South Serbia. Although the results of the Prijepolje pilot were highly positive, work in the sector was discontinued after the third year of the program due to larger issues related to the tourism sector country wide that inhibited further near-term progress and were outside of the project’s ability to affect reform. These factors included poor infrastructure and signage; low foreign visitor traffic outside the country’s largest cities (Belgrade and Novi Sad); and overall hospitality standards that fall well below Serbia’s nearest regional competitors for tourism.

BUSINESS SUPPORT STRATEGY

In years one and two the Economic Security program adopted an assistance strategy focused on removing constraints to companies' production (supply side strategy). While effective in generating near-term employment gains, the strategy was resource intensive, focused too much on helping companies make capital investments, was not scaleable and, most importantly, ignored the primary constraint to growth – a lack of new markets. By year three, the program strategy had been completely reformulated to reflect a demand side strategy, that is, one that was focused on the ultimate goal of increasing sales through entering new markets and finding new buyers. This strategy, illustrated in Figure 1, below, was followed with little alteration from year three onward.

KEY OUTPUTS

- Demand side strategy with ultimate goal of increasing sales through entering new markets and finding new buyers
- Highly integrated assistance elements: Trainings, Technical Assistance, Trade Fairs and Missions

The strategy was highly integrated. It was designed so that assistance elements built upon one another: training led to improved management and operations; technical assistance in marketing and meeting international standards led to preparation for new market entry; trade fairs and missions led to attaining new markets and increased sales. A policy of “no one-off activities” kept the project team focused, ensured that all activities were self-reinforcing and supportive of the same results expectations and enabled clear, consistent and easily understandable messaging when explaining the project to potential beneficiaries, national and local government officials and other donors.

Figure 1: Business Support Strategy



The clarity of the strategy itself was an important factor in the project's ability to leverage the businesses' own resources as well as that of government and other donor resources in support of the project's objectives. Each step of the strategy and its subcomponents are described in detail below.

Assessment of Firms

Picking the best possible partners was one of the strategy’s keys to success. Working with unmotivated, financially or ethically challenged firms without growth aspirations in dead end sectors would have seriously undercut the project’s performance. As such, the project adopted a carefully considered approach to business partner selection. The project team started by collecting information from all relevant government and non-government agencies (chambers of commerce, regional development agencies, local economic development offices, the National Employment Agency) in their areas of operation to compile a list of all locally registered businesses.

KEY OUTPUTS

- 1000+ firms assessed
- 203 firms intensively supported

The search resulted in a list of over 1000 businesses. The following filters were then applied:

- Firms must be engaged in a productive enterprise (as opposed to solely sales or trade);
- Firms must be legally registered for at least two years;
- Firms must have exhibited a strong potential for expansion;
- Firms must be current on their taxes / social obligations and not be otherwise “ethically challenged”;⁵

After narrowing the list to a more manageable number of companies, project staff visited each company and conducted an interview and a needs assessment. During the interview a final filter was applied:

- Did the company have aspirations to grow, reach new markets and expand sales?⁶

The project added new companies to the program in three tranches – in 2008, 2009 and 2011. The total number of intensively assisted companies by the project’s end was 203. After selection, these companies were further broken down and grouped for the first phase of assistance (training) based on sector and size. Supported companies were divided into three size categories or “tiers”: top, middle and base. The tiers were defined according to gross annual revenues (at the top and the middle levels) and the age of owner and company (at the base level). A description of each tier and the number of companies assisted in each over the life of the project can be found in Figure 3, below.

Figure 3: Business Size Definitions and Number of Intensively Assisted Companies

| Selection Criteria | Tier | Intensively supported firms | Total number of intensively supported firms |
|--|-------------|-----------------------------|---|
| Minimum Annual Sales: Apparel \$550,000; Light Manufacturing and Food \$250,000 | Top | 55 | 203 |
| Annual Sales lower than Top companies | Middle | 117 | |
| Owner younger than 30 From South Serbia or Sandzak; Exists at least 2 years, production or service sectors | Base(Youth) | 32 | |

⁵ The team went as far as to search past local media for any references of procurement or other scandals involving companies and performed reference checks on firms by interviewing other business leaders, suppliers and buyers. This was all in addition to performing the standard vetting required under applicable USAID regulations.

⁶ Not all companies do. For many, small business ownership is based on a strategy of diversifying family income (or providing a consistent income stream), not a growth based strategy.

Training and Planning

Early in the program, the Economic Security team identified internal management capacity as a hindrance to the development of many companies in South Serbia and Sandzak. Trainings to improve technical skills in critical business functions – management, marketing and sales – became a foundation of the business support package. The ultimate goal for all program training was to support the companies' sustained growth. Where appropriate, companies' needs were grouped to train them together. The approach was not only cost effective, but allowed business managers to learn from one another as well as from the professional service provider. It also built networks among the companies within their regions, instituting a culture of cooperation among them.

KEY OUTPUTS

- 37 Management, Marketing, Sales, Life-cycle management, Leadership transition and Branding trainings organized
- 119 businesses trained attending 2.5 trainings on average

Not all intensively supported companies participated in the core training.⁷ After initiating the demand-side strategy in FY 2008, the project offered three core and three advanced trainings for 119 businesses. Table 3 provides a list of the six courses and the number of companies that participated in each.

Table 3: LIST OF COURSES AND NUMBER OF TRAININGS ORGANIZED AND COMPANIES ATTENDED 2008-2012

| Training Type | Management | Marketing | Finance & Sales | Life-cycle Management | Leadership Transition | Branding |
|----------------------------|------------|-----------|-----------------|-----------------------|-----------------------|----------|
| # TRAININGS | 10 | 10 | 12 | 2 | 2 | 1 |
| # COMPANIES | 71 | 88 | 79 | 22 | 18 | 7 |
| Top and Middle Tier | | | | | | |
| South Serbia | 29 | 40 | 35 | 12 | 11 | 0 |
| Sandzak | 21 | 32 | 28 | 8 | 7 | 7 |
| Base (Youth) | | | | | | |
| South Serbia | 13 | 13 | 12 | 0 | 0 | 0 |
| Sandzak | 8 | 3 | 5 | 2 | 0 | 0 |

- 1) **Management** – This course was internally oriented and focused on the structure of the company. It helped companies create a management team, ensured that the team's division of authorities was clear, that everyone in the company had a written job description and that internal controls, approval procedures, checks and balances were in place. In most instances, unless these systems already existed, this course was a prerequisite for any further Economic Security assistance.
- 2) **Marketing** – This training focused on helping firms establish a stronger market position. The marketing approaches of the targeted companies were generally underdeveloped in part because of insufficient resource commitments. The training addressed this problem through the introduction of basic concepts, such as the "4 P's" of Marketing: product,

⁷ Of the remaining 85 "intensively supported" companies, many were: a) 2007-2008 supply strategy era Business Plan Competition winners, some of which continued with the program and some did not; b) BPC winners that later participated in more advanced parts of the program; c) were more advanced companies that were found to be ready for TA and trade fair support immediately; and / or were cluster members brought into the program as part of a group to pursue specific new market entry activities as part of the cluster.

price, promotion, and place (distribution). More complex concepts also were covered including market analysis, definition of the competition, modern design, and operation of effective distribution channels. The course covered all the steps required to write a comprehensive marketing plan, from initial market analysis to devising an appropriate budget to achieve one's goals.

- 3) **Sales** – This training honed customer relations and communications abilities as well as developed presentation and negotiations skills needed for international and domestic business fairs and shows. Customer relations management served as the cornerstone of this training. Participants learned customer segmentation and targeting as well as how to create customer relations management plans that turn each new prospect into life-time customers. The seminar also helped companies develop cost-effective and time-efficient sales distribution channels to make them more competitive in domestic and international markets.
- 4) **Life Cycle Management** – This training was designed to help company management become more aware of what stage they were in compared with the evolution of a typical company and what adjustments needed to be made in organizational structures and processes at each stage of development. The management structure, technology and human resource systems used in one phase of the company's life cycle must adapt to accommodate the needs of the new stage of business development and operations in order for the company to thrive. In practical terms, what this meant for most companies was a transition away from the founder / owner as the sole manager to a more complex management structure composed of a "management team" that had specific responsibilities delegated to it. In many cases, this was an essential step in preparing companies for growth. This training was added in 2011 as a prerequisite for subsequent courses.
- 5) **Leadership Transition** – As noted in the Life Cycle Management training, above, most ES-supported companies, at the beginning of the project, were owner / founder managed. Although a few had survived a past leadership transition (almost always a father passing a business down to a son), most had not. Furthermore, in the project's two targeted regions, the most likely outcome of a business following the passing of its founder is that it is liquidated and its assets divided up among the heirs. This tendency was identified about mid-way through the project as a potential long-term threat to the sustainability of the project's efforts. To try and help mitigate this risk, the project worked with 22 companies in the 6th year of the program to develop leadership transition plans.
- 6) **Branding** – This training demonstrated how a cluster brand and the creation of a common identity could be used to support other marketing and sales initiatives. It also sought to prepare companies to exhibit jointly at domestic and international trade fairs. The model discussed during the training was the Novi Pazar-based Asstex Cluster's "Jeans from Serbia," brand that was used to successfully enter the Polish and Russian markets. The immediate outputs from the training were a brand, logo, tag-line and common visual identity. This training also eventually led to the formation of the "Keepers of Tradition" Halal food cluster from Sandzak.

Technical Assistance

Based on the plans developed by individual companies through the training process, the team tailored technical assistance packages and delivered TA support either individually or in small groups in the following four general areas:

- Visual Identity (marketing material, labeling, branding);
- Business Standards (ISO and Halal);
- Business Processes (management and finance systems software);
- Capital Investments (machinery and new facilities).

1) Visual Identity – Improving Marketing Material, Labeling and Packaging

Poor quality marketing material can be a significant impediment to increasing sales. Marketing and sales are linked; positive product awareness through marketing stimulates sales. Consequently, investing in professionally prepared materials can provide strong returns. Thus, PPES included technical support for some companies to develop highly competitive marketing materials. Training providers started by reviewing the marketing plans prepared by the companies following marketing training. PPES program staff, together with the training provider, determined which of the companies were best positioned to leverage new professionally designed marketing, labeling and packaging materials into new sales and market expansion. In selecting firms, the project evaluated potential return on investment, the company's capacity to engage in the activity, and its ability to use the new materials for maximum benefit well into the future.

KEY OUTPUTS

- 94 firms provided with new visual identity
- 3 firms improved and expanded product lines

Once selected, the businesses worked one-on-one with consultants to improve and develop new marketing materials targeted to customers and markets identified in the marketing plan. For a few of the selected companies, the project provided additional support to develop new company websites which not only improved overall design, quality and, for many, incorporated interactive features, but also add multi-lingual content for the first time.

A closely related activity was that of “product differentiation,” on which the project worked with 3 companies. Too many businesses in South Serbia and Sandzak offer products similar to those of their direct competitors. Businesses can gain market share from their competition with better product differentiation. The ES project engaged consultants to help selected businesses improve and expand their product lines in order to create greater distinction between their products and those offered by local and regional competitors. In some cases this entailed the companies developing a new product, while in other cases it entailed rebranding an existing product line.



2) Business Standards

ISO certification informs buyers and sales partners that a company meets international standards in management and operations; it is vital to the ability of Serbian companies to expand export markets. To qualify for participation in this activity, business owners and managers committed to improvements in all core business functions: administrative management, operations and finance. In most instances, it was necessary for the companies to invest in modernizing and upgrading their facilities, equipment (computers and software) and human resources.

KEY OUTPUTS

- 28 firms ISO certified
- 9 firms Halal certified

Companies selected to pursue certification were among the project's leading firms that aspired to compete and succeed in international markets. They also had the resources to invest in upgrading management and operational facilities as well as in the certification inspection. The project paid for the cost of a local consulting firm to work with the companies over a period of six to nine months while the company took on all costs related to process and systems changes needed as well as paying the fee for a certifying agency to visit the company and conduct the actual certification inspection. The technical assistance package included specialized training



on selected topics related to **ISO**, on-site TA to help companies make needed changes and a mock certification inspection. Many of the companies were able to take advantage of existing Government of Serbia grants that supported attaining ISO and had half or all of the certification inspection cost covered.

In 2012 the team worked with nine companies from Sandzak to pursue **Halal** certification. This was done as a prelude to that year's Novi Sad Agriculture Fair, one of the largest such fairs in Southeast Europe. Companies were selected based on their readiness and commitment to making the necessary investments. All nine companies already held food safety (HACCP) certifications. Consequently, the team was able to successfully implement the training and companies were able to implement needed changes all within a six-week period between early April and mid-May 2012, in time for the fair. This support was also aimed at helping the companies achieve new export markets. The demand for Halal certified foods is estimated to be more than \$900 billion worldwide. Serbia's geographic location coupled with the environmentally unique



and pristine growing regions in which the certified companies work positions them well to be able to gain a share of this important and growing market. This certification activity was also a prelude to the formation of a new business cluster based on Halal certified foods, the "Keepers of Tradition" cluster, which is described in more detail, below.

3) Business Processes

Initially launched in 2010 and repeated in 2012, the ES project introduced a new modern management tool to 18 of its most advanced companies, technically referred to as “Enterprise Resource Planning” (ERP) software. This software is the same type of integrated software designed and sold by *SAP* and *Oracle* and used by all Fortune 500 companies.

KEY OUTPUTS

- 18 firms using modern business processes management software

With the use of such customized business process software, Serbian companies in the two targeted regions for the first time were able to integrate all business functions giving them the ability to better plan and control their raw material supplies, finished product inventories, production line planning, and personnel and finance functions. This helped them better manage their resources (avoiding under or over ordering production components), better serve a diverse base of regular and irregular customers, and ensure that they can deliver products to the right place at the right time. To be eligible for this assistance, a company had to participate in the ISO certification support activity. The software was a tool that made it easier for companies to make the management changes required to meet ISO standards. The project paid for the cost of the software licenses, installation and staff training while the businesses had to invest in both the technology and personnel (if new computers or staff were needed) to build, integrate and manage the data base that drives the software. Although the software could be tailored to the needs of businesses in different sectors and new modules could be added upon request, the five basic modules most commonly used are described in Table 4, below.

Table 4: Business Process Software Modules

| Module | Benefits |
|--------------------------------|--|
| Finance and bookkeeping | Financial data is the fulcrum for all other modules. It links across the modules to help department heads and senior managers continuously analyze costs, quantities and profits. General ledgers contain real-time financial information as bookkeeping is automatically linked to finance (budgeting and planning). Managers can expect daily reports from every department, strengthening every aspect of business and financial management. The software also generates all appropriate legal reporting (tax) documents. |
| Operations | Standardizes company operational reporting and communications by creating through forms, reports and analysis unique to an individual company and its industry. Forms for purchases and sales, invoices, delivery notices, bids and proposals, and letters of credit, among others are part of the package; companies also can create their own forms. Alerts for “next actions” are provided such as: accounts receivable become accounts paid, stock orders become materials delivered and ultimately stock used to complete orders. |
| Inventory | Maintains accurate, real-time information on raw materials, materials in use for production and wholesale and retail stock. Stock information includes exact purchase and sales price, and quantity of each item currently available. To support analysis and decision making, this software permits a view of wholesale and retail stock available in real time. |
| Customer relations | Maintains detailed information on each customer, their buying habits, product demands, past and current price and discount structures offered and delivery schedules. The software can track special issues, problem resolution, and changes in staffing or relevant company changes such as new market entry, facility expansion or addition of product lines. |
| Human resources | Maintains updates and produces organizational charts and other employee structures. It manages wage and benefits, vacation, leave time, and pension and retirement records. It can automatically calculate and prepare all legal documents related to personnel administration whether needed by the employee, the government or for any other purpose. |

4) Capital Investments

At some point in a company's life cycle it becomes necessary to invest in additional or new equipment and a larger or more modern or efficiently laid out production facility in order to accommodate continued growth. The vast majority of companies in the project's two areas of operation traditionally funded such expansion with private sources of capital (i.e., by accumulating a few years of retained profits or by borrowing short-term from friends and family members).

There are, however, more formal avenues with which to pursue capital expenditure financing. For start-ups, there are funds available to the private sector through the Development Fund of the Republic of Serbia, a start-up assistance program managed by the Ministry of Economy and Regional Development. In recent years, through municipal Youth Offices, some grants have been made available by local government for start-up capital. In addition, there are still a number of donor programs (such as that run by the German NGO, HELP) that provide start-up capital assistance for new businesses. In the short to medium

term, until the regulatory environment for micro-finance in Serbia is changed, such programs offer the most easily accessible sources of external assistance for start-up businesses.

For established companies, the picture is different. Such companies would best be served by moving away from government programs (which are subject to political influence and burdensome procedures and lengthy administrative delays) towards commercial financing. South Serbia and Sandzak companies, traditionally, have made the fewest applications for expansion or infrastructure investments than any other region in the country, limiting their potential growth. ES Project targeted businesses face significant obstacles in accessing financing, including, but not limited to: high levels of required collateral, short loan repayment periods, required bank guarantees for Development Fund loans, long loan approval periods, lack of understanding of business specifics from the banks' side, problems with cash flow created by VAT systems and social contributions, and problems in collecting accounts receivables (all of which combine to impact companies' ability to make regular, even loan repayments throughout the year). In addition, many of the regions' businesses operate on thin margins making borrowing at any price a challenge. Nevertheless, credit remains an essential tool needed to help fund companies' expansion, investment in new capital and technology and ability to establish permanent presence in new export markets.

The project took two different approaches to assisting companies with capital investment needs:

1. *Direct Assistance.* From 2006-2008 the project provided 74 companies with 75 grants worth \$667,028 for capital investment support (with an average grant size per recipient of \$8,893) through two rounds of "Business Plan Competitions" to help companies remove immediate production obstacles that held back capacity. This was part of the project's early focus on "supply side" constraints to business growth. Once the strategy was changed early in the program to focus on "demand side" constraints, this type of assistance was discontinued.
2. *Indirect Assistance.* From 2008-2013 the project provided indirect assistance by helping companies apply for private sector loans, government subsidized loans and government grants for capital investments. Such assistance involved helping companies understand the application material, helping to fill out applications and help creating business plans (technical and financial) needed to accompany such applications. By the project's end, it had helped 20 companies capture over \$930,000 of such financing. A complete list can be found in Table 5, below.

KEY OUTPUTS

- 74 firms directly assisted with 75 grants worth \$667,028 for capital investments through "Business Plan Competitions"
- 20 firms indirectly assisted capturing over \$930,000 worth of private sector loans, government subsidized loans and government grants for capital investments

Table 5: Capital Support Leveraged for ES Supported Companies through Other Sources

| Company | Government grant | Government subsidized loan | Private sector loan | Grand Total |
|----------------------|-------------------------|-----------------------------------|----------------------------|--------------------|
| Agro-Adria | \$30,000 | | | \$30,000 |
| Al-Europa | \$35,000 | | | \$35,000 |
| Celiku | | \$15,000 | | \$15,000 |
| Classic Jeans/Classx | \$1,330 | | | \$1,330 |
| Dekor | | \$66,500 | | \$66,500 |
| Denis/Denistar | \$1,730 | | | \$1,730 |
| Doda | | \$20,000 | | \$20,000 |
| Ekomed Company | | | \$20,000 | \$20,000 |
| Enylux (Goni Com) | | | \$50,000 | \$50,000 |
| Fluidi | \$40,000 | | | \$40,000 |
| Fontana | \$15,000 | | | \$15,000 |
| His/Exact | \$1,464 | | | \$1,464 |
| Join/Brug | \$1,464 | | | \$1,464 |
| Mladenovic | | \$100,000 | | \$100,000 |
| Nura | \$20,000 | | | \$20,000 |
| Pegasus | | \$50,000 | | \$50,000 |
| Sanch | | \$10,000 | | \$10,000 |
| Tobler Skele | \$40,000 | \$100,000 | | \$140,000 |
| Tri B/Benneli | \$1,997 | \$266,300 | | \$268,297 |
| Velickovic | \$45,000 | | | \$45,000 |
| Grand Total | \$232,985 | \$627,800 | \$70,000 | \$930,785 |

New Market Entry

Trade Fairs

From 2007 to 2012 the program took 74 individual companies to 27 different domestic and international trade fairs. Nearly all of the international fairs were based in nearby (CEFTA countries) or EU countries where it was judged the businesses had the best chance of cementing new long-term partnerships and where they could continue to rely on their existing shipping systems (entirely ground transport).⁸ Trade fair appearances were one of the most effective tools in helping companies diversify their client base and expand sales. In one sense, the trade fairs were the capstone events that all the other training and technical assistance built up to.

KEY OUTPUTS

- 74 firms attended 27 domestic and international Trade Fairs in 8 countries
- \$14.5 million in sales achieved
- 22 to 1 ROI

Trade fair exhibition was neither easy nor inexpensive. In fact, support for trade fair exhibition was one of the most expensive parts of the assistance package. Though significant cost-share was required, exhibition space is costly (ranging from \$250 to \$700 per m²) as is international travel. In most instances, the project paid for the cost of exhibition space, the visual design of the exhibit, marketing materials tailored for each specific fair and the engagement of specialists either in Serbia or in the destination country to pre-arrange meetings with potential buyers while the companies paid for the production and transportation of their product samples, their own travel and lodging expenses and any fair registration fees. Though the project tried to limit assistance to one supported appearance at a particular fair for any individual company, exceptions were made if it made strategic sense to do so.⁹

Though the results of the trade fair efforts are discussed in greater detail in the Results and Impact section, below, one of perhaps the most important results from a strategic approach point



of view was that the trade fairs were also valuable learning experiences that prompted further refinements or additions to the training and TA package as the project progressed. For example, both the ISO certification and business systems software activities were added mid-project as a result of trade fair experiences (i.e., some attendees found that some potential buyers would not buy from them unless they possessed ISO certification). The best trade fair results were achieved through thorough preparation for a fair two to six months out and in combination with Trade Missions.

⁸ Fairs were also chosen based on advance market research and “market penetration realism”; for example, with the fashion / apparel firms, all fairs in Italy and France were passed over in favor of fairs in Germany, Poland and Russia where it was deemed more realistic for firms of Serbia’s size and level of design sophistication to be able to achieve.

⁹ For example, if a subsequent trade fair appearance focused more on advancing the goals of a cluster rather than an individual company, or if the company committed significantly greater cost share or where a larger, more mature company agreed to take along and mentor a smaller, youth-owned start-up company.

Trade Missions

Trade missions were one of the most important solutions implemented to improve trade fair results. First tested in 2010, trade missions were linked to a specific upcoming, targeted trade fair. A small group of company representatives – five to seven was the optimum size for the trade mission group – traveled to the country of origin for the planned trade fair from one to four months before the fair. The project worked with a service provider from the fair’s locale who performed market research, prepared meetings with appropriate wholesale and retail buyers and took the groups on tours of retail centers to see current market trends in design and display. Additionally, the groups met with officials from the trade fair country and Serbian officials serving in that country such as the Serbian Chamber of Commerce or economic attachés from the Serbian Embassy.

KEY OUTPUTS

- 36 firms have been on 13 Trade Missions to 7 countries

Trade Missions proved highly successful in establishing relationships and preparing businesses for fairs through face-to-face meetings and pre-fair negotiations. The goal of the Trade Missions was to turn Trade Fair appearances from costly events where superficial introductions with large numbers of strangers led to a small number of small, one-off orders to events at which concrete, long-term relationships were built, permanent market presence was negotiated and contracts were signed. Trade Missions helped attract more buyer visits during a subsequent trade fair and helped companies better prepare and close more deals at the fairs versus spending months occupied with post-fair negotiating at a distance.

Trade missions also proved highly cost-effective. They can cost as little as 5 to 20 percent of the



cost of exhibiting at a fair. In addition to paving the way for trade fair success, they can also steer companies away from unnecessarily attending a trade fair, should they determine after the Trade Mission that they have overestimated their chances of breaking into a new market. In selected instances, Trade Missions can serve in lieu of trade fair appearances. This approach was used in the final year of the project with two of the fashion clusters, which timed Trade Missions to coincide with trade fairs they knew would present opportunities to have follow-up meetings with previously encountered prospective buyers or would present opportunities for the firms to make presentations at events surrounding the fairs.

New Market Support

In a small number of highly selected instances, the project would provide direct support for individual or groups of companies to enter new markets. In deciding whether to extend such assistance the project considered: past positive experience working with the selected company; whether the company had current surplus capacity to service the new market; whether the new market would result in a significant amount of new sales; and, whether the new market would result in a “permanent” presence (for example, through a branch office, retail or wholesale distribution center). In addition, a significant cost-share on the part of the company was required, in fact, in such instances, the companies took on most of the cost of mounting the new market effort and the project provided highly targeted assistance. The three most notable such investments were soft drinks manufacturer Fluidi’s expansion to the Albanian market in 2012; the *Keepers of Tradition* cluster’s expansion to the Belgrade market in 2013 through the opening of a Halal food shop and the ASSTEX cluster’s 2012 expansion to the Russian market.

KEY OUTPUTS

- Notable investments: *Fluidi* company in Albanian market, *Keepers of Tradition* Cluster in Belgrade and *ASSTEX* cluster in Russia

Cluster Development

As the project led its companies to fairs outside the region to open markets in the European Union and Russia, the ES-supported companies, while large by local standards, are still quite small by international standards. The companies soon recognized the amount of new business they could handle and the types of new clients they could hope to attract was greater than any one single company could accommodate. Companies recognized organizing as clusters was an appealing way for them to scale up and increase their competitiveness¹⁰. Coming together the companies had the ability to bid on larger contracts and/or attract buyers looking to place larger quantity orders than individual members would be able to fill alone. It also would help manage the cash flow burden of purchasing the front-end materials because the expense could be spread across several companies. At the same time, economies of scale could be created, improving profit margins as the companies were now negotiating for greater quantities of raw material (especially among the construction related firms).

KEY OUTPUTS

- 5 Business Clusters established and supported, consisting of 53 companies from 10 municipalities

While cluster creation was not a project performance objective, the rise of clusters represented a natural evolution in the businesses' approach to export markets. As such, the project provided support for five clusters as it seemed warranted to further the project's other goals. Table 6, below, provides a brief description and history of the project's support to each cluster, which are listed in order of cluster seniority.

Table 6: ECONOMIC PROJECT SUPPORT TO CLUSTERS

| CLUSTER | ES PROJECT CLUSTER SUPPORT |
|---|---|
| ASSTEX Apparel Novi Pazar | A textile association of the same name was registered in 2008 and currently has 135 members. In 2009, 14 of these members registered Serbia's first fashion cluster. The project provided TA to individual firms for: ISO 9001 certification, business process software and visual identity upgrades. It supported cluster trade fair attendance in Albania (2010, 2011), Germany (2010), Poland (2011) and Russia (2009, 2012). A joint branding identity, "Jeans from Serbia," was introduced in 2010. With ES support the cluster established a permanent presence in Poland (2011) and Russia (2012). |
| KOSTANA SHOES, Vranje Bujanovac V. Han Trgoviste | Founded in November 2011 by 12 companies and 2 institutions. Though individual cluster members were well known to the Italian design houses that provided most of the cluster members' loan jobs, the companies lacked customer diversity. To build such diversity, the project supported attendance at two trade missions before Dusseldorf's shoe fairs (September 2011 and March 2012). The project also provided management training and a common visual identity (brand) for the group. Member firms also received support with visual identities, standards certification and management software. |
| PRIJEPOLJE TEXTILES, Prijepolje | These Sandzak-based firms specialize in niche areas including hotel and home linens, wool wraps and comforters, sportswear, uniforms and socks. In 2008, 17 firms registered an association (The Association of Textile, Leather and Shoe Producers of Prijepolje) advocating for conversion and sale of former state-owned factories where they could co-locate. Joint marketing and pursuing new markets were not priorities in 2008 and 2009. Some members joined ASSTEX at the 2010 Dusseldorf fashion fair. This trip re-ignited members' interest in joint marketing. In 2012, the project re-engaged, providing selected firms training and TA, and later with help for the group to formally registration as a cluster. |

¹⁰ Clusters are groups of interconnected businesses and associated institutions in a particular sector or subsector that are formed largely to help members improve productivity and competitiveness.

| | |
|---|---|
| KEEPERS OF TRADITION Pester, Golija and Kopaonik Mountain regions | Most of the companies were part of the ES program's 2011 new businesses expansion, though a few, such as Milkop, had been project partners for a number of years. Firms participated in basic management, marketing, sales and company life cycle training. They also participated in branding training and were supported in developing a common brand; nine of the firms received support with Halal certification for 54 food products. This was part of the group's preparation for a joint exhibition at the Novi Sad Agriculture Fair in May 2012. In November 2012 the firms formally registered as a cluster and, in February 2013, entered the Belgrade retail market through a cooperative agreement with the Belgrade-based Halal agency on the opening of Belgrade's first Halal food shop. |
| PRESEVO CONSTRUCTION, Presevo | Individual companies received management, marketing and sales training; some received new visual identities and ISO 9001 certification support. The most advanced attended the Belgrade Construction Fair (2009, 2010, 2011 and 2012), the Pristina Construction Fair (2011) and a trade mission to Moscow (June 2012). The companies have collaborated on joint bids, public procurements, material purchasing and sharing distribution networks. Some of the firms are also long-term partners of Presevo's technical high school and have committed to providing 30 students annually internships with their companies. As of the end of the ES project, the group's legal registration as a cluster was still in progress and it is expected the firms will complete registration in the second quarter of 2013. The group does not yet have a common brand or visual identity. |

The five clusters represent perhaps the most significant institutional strengthening result of the program over its life. To help support the sustainability of the clusters, in late 2012 to early 2013, the project helped each cluster produce a two-year action plan that clearly defined the group's near term goals, objectives and the actions it would take as a group to achieve those goals. As part of the action planning process, it also provided one final training course on the basics of advocacy, which was identified late in the project as a key common weakness among all of the clusters. This is consistent with the project's findings that while very strong on membership, group cohesion and sales objectives and tactics, the clusters' operational management is still weak and would benefit significantly from additional institutional strengthening support.

YOUTH SUPPORT STRATEGIC APPROACH AND ACTIVITIES

Serbia is home to slightly more than 1.4 million young people ages 15-30 (the country's formal definition of "youth"). This age group makes up approximately 20 percent of the country's population. This population is both highly diverse – including both high school and college students, young workers and young business owners and, unfortunately, a large number of people that are unemployed or are engaged outside the formal economy – and highly dispersed. Youth was the largest vulnerable group that the project considered directing its efforts towards.¹¹ Unlike with Business Support, which was a focus of the Economic Security program from day 1, Youth Support was a programming area that was added in Year 3 (2008), after careful consideration and in response to changing events on the ground.

Why Target Youth? The Case for Action

A number of factors led the project team to expand its support to include work on Youth Employment and Entrepreneurship:

- USAID/Serbia's country strategy identified youth as a cross-cutting theme and one of the vulnerable groups in particular need of assistance due to economic and social challenges;
- Unemployment among Serbian youth is nearly 50 percent – more than double the European Union average for this same group. In the program's two priority regions of South Serbia and Sandzak, unemployment among youth can reach as high as 70 percent in those municipalities classified by the Government of Serbia as "economically devastated."
- Prolonged youth unemployment has been widely studied and proven to be associated with lower employability, lower lifetime earnings and a variety of other social ills;
- Although reliable data is difficult to obtain, anecdotal evidence suggests that Serbia has one of the highest incidences of youth driven "brain drain" in Europe;
- Youth cut across all other vulnerable population categories; this helped diffuse early project arguments about picking one vulnerable group (that was more exclusive) over another;
- The adoption of a National Strategy on Youth in 2008 and the concurrent formation of a new Ministry of Youth and Sport that same year presented the project an opportunity to work with a strong and highly motivated national level partner;
- There was a stability justification for focusing on youth as the correlation between youth unemployment and violence is well documented and recent events over the past decade in Serbia prove this.

Perhaps most importantly, by opening an area of intervention focused on youth, the project was responding directly to one of the business community's most often heard reasons for factors that were holding back their ability to grow, which was an inability to find workers that possessed the skills they needed in their businesses. Serbia continues to have a dire mismatch between the skills that youth possess after leaving the formal education system and those de-

¹¹ Other vulnerable groups considered were Internally Displaced Persons (IDPs) and refugees, ethnic minorities, veterans, redundant workers (recently laid off from bankrupt / privatized state owned enterprises), the disabled and unemployed women.

manded by the market economy in order to be competitive. Thus, in Year 3 a new primary objective was added – to increase the competitiveness of youth to find a job or to create their own job (self-employment) through starting their own business.

Geographic Targeting

From 2008 to mid-2011 the Youth Support component worked country wide so as to: enable the activities described below to be implemented at a scale that could affect systemic change; to be one of the first to work with the nascent municipal youth offices (which multiplied rapidly after the adoption of the National Strategy for Youth) and have the opportunity to help shape their priorities; and, to leverage existing relationships with municipal leadership that had already been established through the Preparedness and Planning component of PPES (which was active from 2006 to 2011 and also worked country wide). From mid-2011 through the project's close in early 2013 the team narrowed its range and targeted South Serbia and Sandzak so as to create more opportunities for synergy between its work and that of the Business Support team.

KEY OUTPUTS

- Country-wide youth support from 2008
- Focus on South Serbia and Sandzak from 2011

Youth Support Strategy

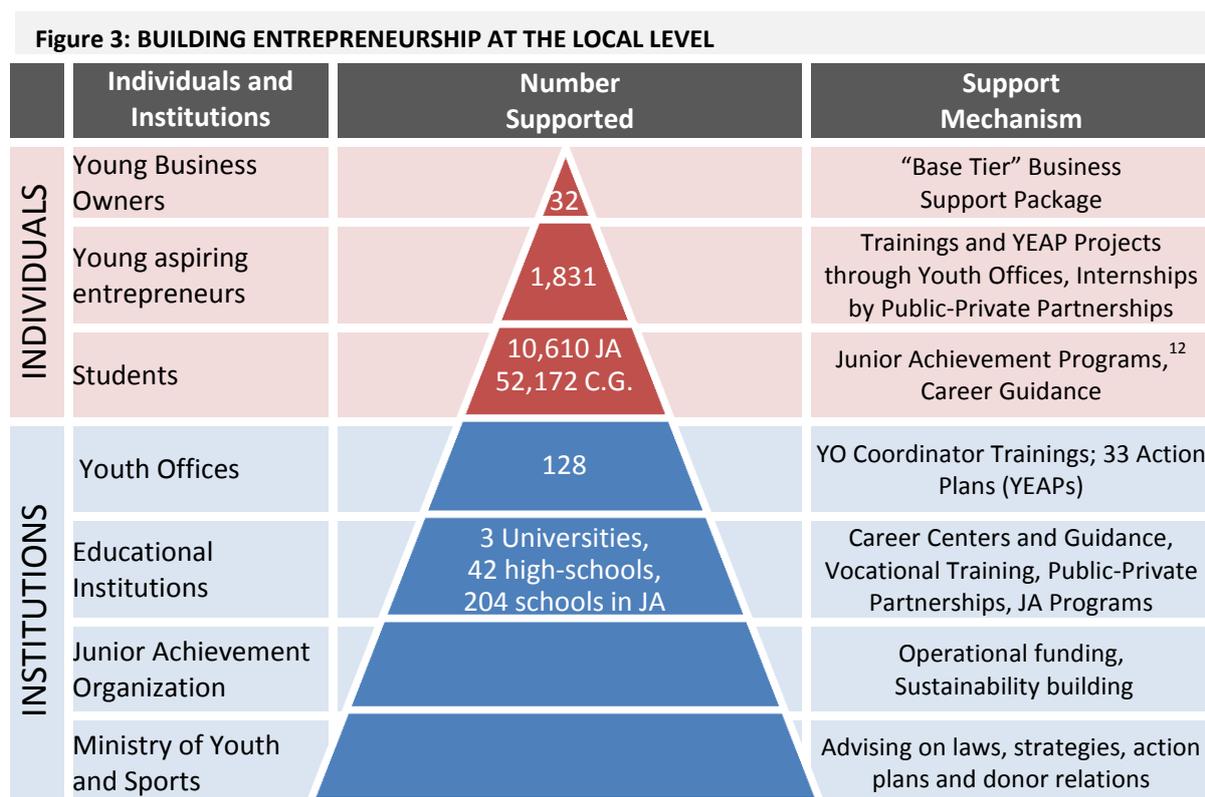
While the activities themselves were subject to change, refinement, experimentation with variations and scaling up or down over time, the core Youth Support Strategy remained largely unchanged over time – working directly with aspiring entrepreneurs and young business owners to increase their competitiveness; and, strengthening local institutions' capacity (such as Youth Offices, educational institutions and JAS) to design, promote, implement and monitor their own youth employment and entrepreneurship activities.

The ES project used a well-established development approach consisting of identifying goals, assessing needs, capacities and available resources and tools, defining a strategy and starting to implement it in a short time. The primary focus of the implemented activities was to produce immediate results and still contribute to the implementation of the overall long term strategy and goals. The project sought to fill gaps in existing support mechanisms and be highly action oriented – that is, the project didn't just talk about Youth Employment and Entrepreneurship or publish "how to" manuals. It led by example. With the support of the nascent Ministry of Youth and Sport, the idea of municipal Youth Offices grew into the infrastructure the project needed to implement a mix of services targeted to local youth across Serbia. But rather than enter a targeted community with one-off events requiring only passive engagement from decision-makers, opinion leaders and young people, the program designed an approach that required first the personal and then the financial engagement of municipal leaders, youth, private companies and civic organizations.

KEY OUTPUTS

- Working directly with aspiring entrepreneurs and young business owners
- Strengthening local institutions' capacity (Youth Offices, educational institutions, Junior Achievement Serbia) and Partnership with Ministry of Youth and Sport

The building blocks of the ES Youth Support strategy can be seen in Figure 3, below.



Assessments – Youth Offices and Young Entrepreneurs

The team brought groups (or cohorts) of municipalities into the program over time (from 20 to 30 each year) as new Youth Offices opened at the municipal level, eventually reaching 128 municipalities by the project’s end. Before inviting a municipal youth office to join the program, the project team conducted an assessment of the Youth Office’s current capacity and readiness to be able to absorb the assistance offered by the program and, concurrently, to determine the Youth Office’s most pressing needs. This needs analysis was instrumental in defining the subsequent assistance package. Specifically, all Youth Office Coordinators ranked “lack of employment opportunities for youth” as the single most important youth related issue facing their communities. When asked, “What is the municipal youth office doing to try and address this problem,” the answer was almost always, “nothing.” All subsequent interventions at the local level were designed to try and address this gap between stated needs and action (or lack thereof).

KEY OUTPUTS

- 128 municipal/city Youth Offices supported country-wide
- 32 youth-owned businesses supported in South Serbia and Sandzak

As importantly was the assessment of the Youth Office itself. It made little sense for the program to begin allocating resources to help a youth office before they themselves were ready for such assistance. The following preconditions had to be met before the program would consider including a youth office in the program:

- The Youth Office must be officially recognized by local government;

¹² Total sum of JA participation from 2008-2012 is 21,221. In arriving at a total number of youth reached through JAS, ES assumed each student participated in JAS programs for two years, on average.

- Basic conditions for the operation of the Youth Office must exist (office space, telephones, IT equipment);
- The employment status of the Youth Office Coordinator must be resolved¹³;
- The Youth Office Coordinator must clearly be dedicated to the YO activities (as evidenced by the quality of some past activities that the YOC led);
- Support for youth employment and entrepreneurship must be recognized as a priority for local youth as evidenced by the inclusion of the issue in the local Youth Office's activity plan.

At the end of 2011, the ES team conducted assessments in South Serbia and Sandzak to identify potential youth-owned businesses for cooperation and support. For these “base tier” young entrepreneurs selected for direct assistance, the assessment process followed the same steps as those followed by the Business Support team. Specifically, the team considered businesses for inclusion in the program that:

- Were in the program's two priority vulnerable regions – South Serbia and Sandzak;
- Were legally registered;
- Had been in existence for at least 18 months and were profitable;
- Were in a productive sector (not services), preferably closely aligned with one of the Business Support team's three targeted sectors;
- Had a recent track record of growth and were interested and committed to continued growth.

Training for Youth Office Coordinators – Institutional Support

As noted above during the YO assessments, nearly all Youth Office Coordinators viewed unemployment as the biggest challenge confronting Serbian youth. These assessments and the program's own experience suggested that the Youth Offices coordinators lacked the professional skills and leadership to tackle the difficult issues surrounding youth unemployment. (Most coordinators were quite young and just didn't have the experience.) In fact, before ES project support, Youth Offices' capacity could be so limited that most never sought out or organized any information to support youth's efforts to find jobs, especially basic entrepreneurial information, which is in high demand among Serbian youth.

KEY OUTPUTS

- 140 coordinators from 128 Youth Offices attended Leadership, Communications and Marketing training

Consequently, for Youth Offices and their coordinators to be the vehicle to lead and manage activities to reduce youth unemployment, it was first necessary to develop the needed skills among the coordinators themselves. The program provided two core training courses to help the coordinators gain those skills. Successful completion of these courses was a pre-requisite for any further assistance to the Youth Office:

- YOC Training #1 – Leadership, Communications and Marketing. This training sought to build the capacity of YOCs in the area of message development, target group identification, effective communications, outreach and promotion. This seminar also provided the skills to understand, organize, and provide logistical support for and delivery of train-

¹³ The YOC was in most instances a newly funded municipal level position. As the past five years were ones of austerity for most municipalities, many were reluctant to add new staff positions. While the program didn't dictate to municipalities how the YOC position should be filled (for example, year-to-year “term” contract vs. indefinite, full-time contract), the municipality did have to present proof that the position had been filled and there were no lingering contract issues that might lead to a disincentive on the part of the YOC putting in their full effort and attention.

ings to youth. 140 coordinators from 128 municipalities attended this training over the life of the program.

- YOC Training #2 – Entrepreneurship. The goal of this training was not to turn the YOCs into entrepreneurs themselves but to gain a solid enough understanding of entrepreneurship and its importance in their communities and as a tool for addressing youth unemployment that they can become effective advocates for organizing programs in their communities that promote entrepreneurship as a careers option for youth. Additionally, it promoted the importance of using the local Youth Offices as a resource center for business start-up information. 140 coordinators from 128 municipalities attended this training over the life of the program.

Entrepreneurship Training for Local Youth – Individual Entrepreneur Support

For those Youth Office Coordinators that successfully completed the communications and entrepreneurship training described above, the program offered the YOC's the opportunity to immediately put into practice what they had learned by offering to fund entrepreneurship training for from 10 to 30 young people in their communities who have a business or who are serious in their desire to start one and to attend an intensive workshop in the fundamentals of business planning and finance. The project provided professional trainers for the workshop while the Youth Offices had to use their recently acquired skills to formulate an outreach strategy, identify an appropriate group of trainees, provide training space and coordinate all the logistical elements of the training and perform post-training monitoring of the participants. In addition to honing their coordination skills, the seminar provided a valuable opportunity for the nascent Youth Offices to raise their visibility within their community and within local government.¹⁴

KEY OUTPUT

- 1,831 Youth attended “Business Planning and Financial Opportunities” seminar in 106 municipalities

The Youth Support Team worked with 106 of municipal youth offices to offer a “Business Planning and Financial Opportunities” seminar in their communities. The seminar was offered from 2008 to 2012, as new Youth Offices joined the program, to 1,831 youth. The seminar was a two-day training that helped young people with a quality business idea to evaluate it and develop it into a proper business plan or to advance their business plan if they already had a business. It was designed to be very practical, covering issues of market analysis and sales, capital investment financing (both private sector bank loans and GoS grant funds) applications, cash flow and business registration. It was not a theoretical seminar for those with a vague interest in business but a practical-skills-based one that was supposed to help young, aspiring entrepreneurs take concrete next steps in helping them advance their business aspirations. Because of the careful audience targeting by the Youth Office Coordinators and the practical approach of the selected trainers, the training resulted in a large number of new businesses being created. This, and other results from the trainings, is discussed in more detail in the Results section, below.

¹⁴ The importance of this latter point should not be underestimated. The perception by senior municipal leadership of how competent the Youth Offices were and how valuable they were in helping to address the pressing issue of youth unemployment during their first year of operation had a direct bearing on whether the municipalities themselves would continue to fund such activities after ES assistance was withdrawn. In general, the more aggressively the YOC moved in its first year, the more municipal (and national) funds it attracted in subsequent years, with the best seeing allocations increase by over 20%.

Youth Entrepreneurship Action Plans (YEAPs) – Institutional Support

The purpose of the YEAP is to create a tailored, community-wide, long-term strategy to promote youth entrepreneurship and reduce youth unemployment. The plan's formulation requires that municipal leaders focus their attention and resources on tackling youth unemployment and its root causes. In the public discussion phase, the entire community is engaged to provide input and support in the solution. In the implementation phase, public-private partnerships are forged to leverage the resources and expertise of existing successful businesses in the community in addressing the youth unemployment problem.

From 2009 to 2012, the program worked with 33 municipal Youth Offices, a group that included some of the strongest and most interested YOs, preferably in targeted geographic areas, to help the offices and their communities develop YEAPs.

KEY OUTPUT

- 33 municipalities adopted YEAPs as their guiding plan for addressing youth unemployment in their municipality.

Overall, the objectives for the development of YEAPs were as follows:

- Increase awareness of what entrepreneurship is at a community level and why such programs managed through Youth Offices are important to municipalities' overall economic development plans;
- Foster greater youth entrepreneurship activity and opportunities through Youth Entrepreneurship Action Plan implementation;
- Help Youth Offices define future entrepreneurship support activities and identify sources for financial funding for those activities; and,
- Mobilize local stakeholders that are normally not involved in youth unemployment issues, but potentially have a constructive role to play, to participate in solutions to increase youth employment.

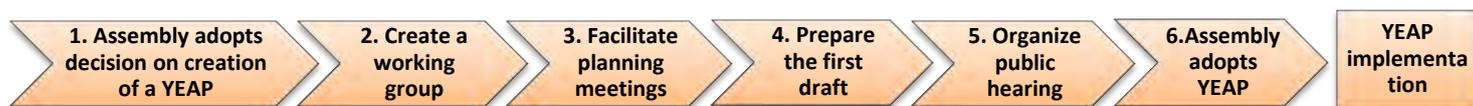
The YEAP Process

The YEAP was a unique activity for the Youth Team because the process of YEAP formulation was as important as the implementation of the activities themselves. The strategy that resulted from the process is not a theoretical document that pays mere lip service to a serious problem; it is a road map for action with concrete directions for changing how the community acts toward youth and their short- and long-term need for jobs and experience. The six-step process for developing a YEAP is described in Figure 4, below.

External facilitators were hired by the project to guide the municipalities through the YEAP process. These facilitators were carefully selected for their experience and understanding in the area of entrepreneurship; their knowledge of public administration and how strategies are developed and adopted at the local level of government; and, their familiarity with local economic development and existing municipal LED strategies. From start to finish, it took an average municipality from 6 to 8 months to complete all of the steps.¹⁵

¹⁵ As it gained experience, the project got faster at replicating the YEAP activity, with the first group of YEAPs taking an average of 8 to 12 months to complete and the final group taking half as long, from 4 to 6 months.

Figure 4: Youth Entrepreneurship Action Plans development process



ASSEMBLY SUPPORT:

Participation in YEAP activities requires the local government to decide officially to participate; this requires the commitment of financial resources to match the program’s contribution. An MoU is signed between the program and the municipality to formalize the partnership.

WORKING GROUP:

This group completes a needs assessment and drafts the plan. It includes officials, stakeholders including representatives from the National Employment Service, regional development agencies, chambers of commerce, SME Centers, young entrepreneurs and NGOs.

PUBLIC HEARINGS:

The draft plan is publicized and discussed in an open forum. All groups and organizations that focus on youth activities are recruited to participate to ensure a broad base of input and feedback.

LOCAL PARLIAMENT ADOPTION:

Formal government adoption of the plan again commits the municipality to use the YEAP as its guiding public policy tool for youth employment promotion activities.

Public Private Partnerships to Implement YEAPs – both Institutional and Individual Support

Immediately following formal municipal adoption of the Youth Entrepreneurship Action Plans, the project provided an incentive for the municipality to move immediately to implementation of the plans through the provision of a matching grant to support some initial, high-priority activities defined in the plans. For all such implementation, the project limited its support to a token amount of \$5,000 per municipality and insisted on a matching contribution from the municipality of at least 1-to-1. The project worked with all 33 YEAP municipalities to implement an initial part of their YEAP and worked with them on 70 individual projects.¹⁶ Cumulatively, these projects reached 18,078 youth and resulted in 99 strengthened businesses, 144 new jobs and 52 new youth-owned businesses.

KEY OUTPUTS

- 18,078 Youth reached
- 183 YEAP activities implemented (70 jointly and 113 by municipalities on their own)

This direct assistance to breathe life into the YEAP not only ensured that immediate action followed the planning process but also provided experience for Youth Offices and local government leaders on how to go about implementing YEAP actions in the future. In the first year of YEAP implementation, the range of activities was highly varied. In later years, in order to help YEAP results align more closely with those of the team’s performance monitoring indicators, the team focused more narrowly on a few types of activities. Specifically, those that focused on: improving employability among youth (internships and apprenticeships); providing direct assis-

¹⁶ In the final year of the program, a second round of YEAP support grants were issued to 11 municipalities in South Serbia and Sandzak as part of the team’s push to intensify Youth Support efforts in these priority regions.

tance to business start-ups; and, promotion of entrepreneurship through entrepreneurial trainings.

YEAP implementation was also an opportunity to strengthen links with the local private sector and NGO community forged during the planning process and to encourage them to take an active role in the implementation of the YEAPs (through public-private partnerships, internships, mentoring and direct employment). A common feature of the most successful YEAP activities was the extent to which they formed lasting public private partnerships – Lazar Dairy, from the municipality of Blace, and their involvement in the training and hiring of young veterinary technicians and young farmers in advanced cattle breeding techniques (highlighted in the project's Semi Annual Report #13) is one of the best examples of this kind of partnership.

Direct Business Support to Young Entrepreneurs – Individual Entrepreneur Support

In the final two years of the program, the Youth Support team extending the basic assistance package developed under the Business Support component to 32 youth-owned businesses in the project's two priority regions of South Serbia and Sandzak. These businesses had to meet the same selection criteria as their more developed peers (e.g., formally registered, existing for two or more years, positive financial performance and a desire and commitment to grow) as well as operate a production related business in one of the program's three targeted sectors – light manufacturing, fashion and agro-processing. The purpose of this activity was to strengthen local supply chains, as many of these young businesses were already subcontractors for the region's more established businesses. The core assistance package consisted of three parts: marketing, management and sales training; improved marketing materials; and, assistance with capital financing. Each is described in more detail, below.

KEY OUTPUTS

- 32 Youth-owned businesses supported

Marketing, management and sales training

A common weakness of many youth owned Serbian businesses was that they did not have a strategic approach to marketing and did not understand the basic concepts of product, price, promotion, and place (distribution). Training in how to research and understand the market, their competition, modern material design, and effective distribution channels for products and services enabled the young business owners to strengthen their marketing tactics. The Youth Support Team not only trained selected youth businesses but also coached them in the development of a strategic marketing plan. Additionally, the program focused on improving management capacity of the young business owners to help their companies achieve year-to-year growth in profits. The use of technology-based communications (i.e. basic email and internet functionality) was emphasized as an efficient customer service tool and a way to monitor and evaluate competition or research new market opportunities. For example, small businesses typically did not have any kind of database for tracking customers or potential leads. Simple technology (at a minimum listing customers and leads in Microsoft Excel spreadsheets) allowed them to more efficiently analyze their customers, their needs, buying patterns, payment history, and other data that could be used to make their businesses more efficient. From 2011 to 2013, the program provided 26 youth owned businesses training in marketing, management and sales.

KEY OUTPUTS

- 26 Youth-owned businesses trained

Improved marketing material, labeling and packaging technical assistance

Another common weakness was that new businesses often exhibited extremes in approaches to marketing or packaging materials. Either they overspent without testing the needs or final composition before going to press or they underspent and failed to produce marketing

KEY OUTPUTS

- 24 Youth-owned businesses with improved visual identity

products that help establish their brand value. Marketing and sales cannot be separated, especially for a new business; potential customers need quality information and professional presentation for positive product awareness to stimulate sales. Consequently, investing in professionally prepared materials can provide strong returns. The team selected a sub-set of businesses that received the core training package described above that it felt would most benefit for additional assistance with marketing material upgrades and possible new visual identities. Once selected, the businesses worked with consultants to improve and develop new marketing materials targeted to customers and markets identified in their marketing plans. For a few of the selected companies, the program provided additional support to develop new company websites to improve overall design and quality and add multi-lingual content. From 2011 to 2013, the program provided 24 youth owned businesses assistance with marketing materials.

Assistance with start-up / capital expansion financing

Just like their more mature and larger business counterparts, youth owned companies' growth can be limited due to a lack of access to funds needed to start a business or make additional capital investments needed to help a business grow. A lack of information and knowledge about the procedures and application processes to access start-up and capital expansion financing is the most cited reason for this. The Youth Support Team pursued a four-pronged approach to try and address the access to finance issue.

KEY OUTPUTS

- 78 startups and existing firms applied for Government of Serbia funds.
- 50 youth owned businesses received support from their municipalities' to start or grow a business
- 129 young businesses were supported through ES cooperation with other donors
- 9 youth owned businesses received small capital investment support from the ES project

A) Assistance with accessing Government of Serbia aid

The program helped 8 startups and existing firms apply for funds available to the private sector through, primarily, two Government of Serbia business assistance programs: one run by the Development Fund of Serbia (a start-up support program managed by the Ministry of Economy and Regional Development)¹⁷ and another run by the National Employment Service (NES). The Government of Serbia was especially interested in applications from South Serbia and Sandzak as most of the municipalities in these two areas fall under the government's classification of "underdeveloped municipalities" for which additional business support assistance was earmarked. Companies in these municipalities were eligible for low-interest loans with highly favorable repayment terms. Youth-owned companies were pre-screened by a project paid consultant for eligibility. Following this screening, companies most likely to apply successfully for the subsidized loans were offered support in the application process.

B) Local Government Provided aid

Many of the Youth Entrepreneurship Action Plans described above contained activities for helping young entrepreneurs with capital investments needed to start a business or help an existing business grow. At least 12 of the 33 municipal YEAPs contained such activities. Most of the municipal level programs were designed as matching grants. Some municipalities selected businesses on the basis of sector but most were open to young entrepreneurs in any productive or service sector. About 50 of young business owners received such aid from local governments as part of their YEAP implementation. Nearly all of the municipalities that started such programs have stated that they plan to continue them and make the small grants an annual offering. (The Southern municipality of Bujanovac had one of the best run such programs and is one of the strongest pro-

¹⁷ **The Development Fund of the Republic of Serbia** provides subsidized loans to simulate the development and growth of small and medium-sized enterprises. The fund was founded in 1992.

ponents of continuing.) This was especially true after 2012 when the Development Fund of Serbia cut back its loan subsidy program, due to budget cuts, and tightened eligibility requirements for loans (requiring more collateral). Most local government provided grants were smaller than the Development Fund of Serbia loans and ranged from \$1,000 to \$3,000.

C) Coordination with Other Donors

As a way to improve coordination among different donors, the Economic Security Program regularly hosted an annual meeting of international agencies working on programming for Serbian youth to identify areas of collaboration and opportunities to create greater impact from limited donor funds. The meetings were attended by representatives from all USAID/Serbia programs working on youth issues, the German development agency GIZ (formerly GTZ), the United Nations departments working on youth issues, the German NGO HELP, BCIF, ILO and the Ministry of Youth and Sport. As a result, apart from coordinating activities to avoid duplication, the Economic Security Program cultivated a long and fruitful relationship with the German aid organization HELP, which had been active in the South Serbia area of operation for over 10 years. Until the latter half of the program, this cooperation had been limited to sharing information about promising businesses and issues related to working with local governments. In 2011 the two parties began to work directly together on a joint program whereby the Economic Security Program provided small business training (both general business planning and finance training as well as specialized vocational-topic related training) while HELP provided grants of up to \$3,000 to participants that had completed the training and had a viable new business idea.¹⁸ As a result of working together both organizations were able to reach more promising new companies than either could have done individually. From 2011 to 2013, 430 aspiring entrepreneurs received basic business training and received small grants to help them start a business through the joint endeavor. HELP intends to remain engaged in South Serbia and would be a valuable partner for any future USAID-funded business assistance endeavor.

D) ES Project Provided Capital Assistance

Near the very end of the project (2013) in a limited number of instances (9), the Youth Support Team provided small matching grants of up to \$3,500 each for capital investments to companies: a) that had already participated in a past program-funded training or TA activity and had met or exceeding expectations; and, b) where the investment would result in immediate job creation. As a result of this limited small grant program, 14 new jobs were created by youth-owned businesses in just the last two months of the program. Largely, the program was looking for an effective way of reallocating cost savings realized in other parts of the program. This activity was seen as the most expeditious way of doing so that was still consistent with the Youth Support Team's overall strategy.

¹⁸ HELP's implementation model was that the cost of this start-up grant was shared 50-50% between the donor (HELP) and the businesses' host municipality.

Support to Educational Institutions – Institutional Support

Tackling the persistent problem of youth unemployment has guided the Economic Security Project to implement entrepreneurship trainings, YEAPs and base business support as its primary activities. But as the project worked to shape a more informed and dynamic workforce, it also was aware of the underlying needs of young people now in school to prepare themselves for their place in Serbia's economy. Career counseling and professional development are ideas new to Serbia's educational system and have been introduced only recently during its transition to a market economy. While not a core ES activity, the project used its strong relationships with the government of Serbia, schools and other international development agencies to become a pivotal partner in the initiation of a variety of career counseling activities in high schools and universities in geographic areas where the project was already working intensively.

KEY OUTPUTS

- 3 University Career Guidance established
- 60 teachers from 15 tourism schools trained in Vocational Guidance
- 100 teachers from 25 schools and 19 municipalities received trainings per EU-developed Vocational Educational and Training Reform project
- 2 high school training laboratories equipped (welding and bakery)

University Career Centers

Career Centers are key mechanisms for connecting youth with businesses and providing students with practical information regarding future career opportunities. Such centers commonly provide practical skill trainings (CV writing, interviewing techniques, work habits), internship placements and other services that help youth better prepare for their careers after graduation. From 2010 to 2012, the program aided three universities in opening Career Centers:

- Novi Pazar International University (IUNP) (2010);
- Novi Pazar State University (SUNP) (Spring 2012);
- Bujanovac branch University of Subotica Economics Faculty (Fall 2012).

Together, the two Novi Pazar based universities serve over 5,000 students from throughout the Sandzak region. While the Subotica Economics faculty, with a total enrollment of 200, is a much smaller venture, the University's presence there was of highly strategic value in reaching local youth. Moreover, the program wanted to support the establishment of IT links between the departments in Bujanovac, Novi Sad and Subotica campuses to enable efficient information and resource sharing between these locations. Career Center establishment was a collaborative effort with the University agreeing to pay for the provision and renovation of space for the center as well as all recurrent costs (such as the hiring of a Career Center Manager) while the project paid for the cost of equipping the centers (computers, projectors and related peripherals) as well as investing in capacity building training for the Career Center Managers. The most important element of this training was taking the managers on a study tour to visit other operational career centers in Serbia (such as the oldest, most established ones in Belgrade and Novi Sad). In early 2013, the project held a final Lessons Learned seminar and invited Career Center Managers from all 17 operational career centers in Serbia. This helped strengthen ties between the centers and provide them with future peer advice / resources that they can call on after the ES project ends.

Career Guidance in Vocational Schools

In cooperation with the Belgrade Open School (BOS), PPES completed training of teachers, principals and school psychologists from 15 tourism high schools across Serbia¹⁹. The training pro-

¹⁹The Ministries of Education, Economy and Regional Development, USAID Economic Security project, and Belgrade Open School (BOS) determined that initiating the counseling center program in tourism

gram achieved two main goals: (1) improve knowledge and skills of high school staff²⁰ in the area of Career Guidance and Counseling (CGC); and, (2) increase the availability of CGC services throughout Serbia's high school system.

A total of 60 school staff participated in the two trainings. The curriculum emphasized the role CGC plays in better preparing students to compete successfully upon graduation and throughout their professional careers. Specifically, the sessions covered the basic professional tools and techniques of career guidance and counseling; standards and guidelines for schools set forth in the newly adopted national strategy; and the role of stakeholder networks such as Chambers of Commerce, National Employment Agency and local companies.

Vocation Education Training (VET)

An important part of improving the knowledge and skills of Serbian youth is working to improve the educational system and curriculum. In December 2008, ES met with representatives of the Ministry of Education and EU-funded Vocational Education and Training Reform Program (VET) to discuss opportunities to help schools from South Serbia. VET and the Ministry are jointly implementing a multi-year EU-funded program of reform of vocational education in selected schools. All stakeholders agreed that schools from underdeveloped municipalities would benefit by being involved in the program, as the gap between what labor market needs and what is being taught in the schools is huge in Serbia and particularly in underdeveloped municipalities. On the other hand, reform of curriculums and the educational system in general is still a challenge for Serbia in its progress towards EU integration. The reform will have effect on both sides of the labor market, once labor markets become freer in the Balkans, students being taught the current EU standard curriculum will have a much better chance at obtaining employment in their trade in Serbia and throughout the EU, while companies will have access to more skilled labor. As a result of this initiative, 25 school directors and 100 teachers from 25 schools and 19 municipalities from South Serbia and Sandzak received trainings per EU-developed curriculum with the goal of strengthening capacities.

Presevo Technical High School Welding Laboratory

The ES program facilitated a link between the Presevo Technical High School and five local light manufacturers to establish a modern welding laboratory to develop skills and expertise needed by the local private sector. This was another example of trying to bridge the gap between the formal education system and the skills that private sector businesses actually need among new workers. This work-study experience was made possible through the financial support and cooperation of three parties: the ES project, Presevo municipality and five local manufacturers (*Celiku, Zeniti, Tobler, Nura* and *Xeni-plast*). The first step in the activity required the High School to seek permission from the Ministry of Education to add a course to their curriculum on welding. Fortunately, because the school already had instructors qualified on the topic, space for the laboratory was already available and equipment was being donated, the Ministry did not bear any of the cost of opening a new program and the request was expeditiously approved in six months. Subsequently, equipment and machinery for the training facility was provided by the ES project while local government funds were used to renovate the school's workshop. The five local manufacturers agreed to open 30 paid internship positions per year for newly trained students in their second (and final) year of welding instruction. This activity was an excellent

schools offered several strategic advantages: (1) the sector is one area of Serbia's economy that is growing; (2) it is one of the government's priorities for development; and (3) the industry is highly dependent upon the capacities and competitiveness of people.

²⁰ The program worked to have the high schools create "career teams" to consist of a director, a pedagogue, a psychologist, and a teacher of vocational subjects. Experience shows that the team approach increases the amount of CGC services offered as well as provides services that are more comprehensive, diverse and individualized than those offered by a single, designated school guidance counselor.

model of local government – private sector – education sector collaboration that would be well worth replicating in other communities.

Kraljevo Agricultural High School Bakery

Similar to the case of the Presevo High School welding laboratory described above, the project sought to address a gap between the training being provided by a local technical high school and the actual skills that local businesses were demanding. Specifically, local bakeries in Kraljevo complained that they could not hire young people that had recently graduated from the High School’s food services / hospitality program because the baking equipment that they used in the school was decades older than the current standard equipment in most of the city’s bakeries. As in Presevo, the school provided space and funds to renovate a bakery laboratory while the project provided new, modern baking equipment. The local bakery union was also enlisted as a partner to help students find apprenticeships with local bakeries, thus helping to further improve their employment prospects post-graduation. The bakery school is very active and, four years after establishment, maintains regular contact with the bakery union and organizes internships in cooperation with local private sector bakeries.

Support to the Ministry of Youth and Sport – Institutional Support

Although never listed as a formal project activity, since its founding in 2008, the project provided as-needed / as-requested advice and technical assistance to the Ministry of Youth and Sport. This support included commenting on draft laws, strategies and action plans, sitting on grant application review panels and providing advice on how best to organize their cooperation with the international donor community. Over time, this support resulted in a Ministry that:

- Is effective in planning and implementing activities;
- Has excellent procurement processes and procedures;
- Has a transparent grant selection process;
- Has emerging monitoring and evaluation capacity (a relative rarity);
- Understands the need to support youth entrepreneurship and employment efforts.

Support to Junior Achievement Serbia (JAS) – both Institutional and Individual Support

Junior Achievement is a 94 year old global institution dedicated to educating students about workforce readiness, entrepreneurship and financial literacy through experiential, hands-on programs. The program helps teach students about the real world of financial literacy, business management and workplace success through interactive lessons, simulations and competitions. Supporting JA in Serbia directly contributed to the ES program’s goal of providing youth in Serbia with the skills and knowledge to succeed upon graduation. Serbia’s public school curriculum does not reflect the changing needs of the country’s businesses and the need for entrepreneurship skills. JA helped fill this gap.

KEY OUTPUTS

- 8,021 students and 485 teachers from 208 schools currently participating in JA activities countrywide
- Junior Achievement currently operational in 73 municipalities throughout Serbia (or about ½ the country)

The Junior Achievement Serbia (JAS) franchise was registered in 2003, three year before the ES program began. For a period of time the new NGO was incubated within another local NGO, European Movement in Serbia (EMiS) and worked with a number of USAID-implementing partners to deliver JA curriculum in a highly targeted and selective way. The organization was run on a part-time basis from 2003 to 2008. In these early years, JAS was a very “donor-directed”

NGO.²¹ It had no long-term strategy, worked only in municipalities and schools that donors requested, had no private sector sources of funding or volunteers and was a very low profile organization with a few part time staff and a passive board of directors.

Recognizing the value in the JA brand and its outstanding curriculum available that could be used throughout Serbia, the ES project in 2008 initiated a multi-year effort to help JAS extend its reach, build its capacity and ensure its sustainability. The assistance provided to JAS from 2008 to 2013 was multifaceted and designed to build selected capacities as the organization was ready. The emphasis in the first two years was on dramatically extending JAS' reach and visibility. Program activities were highly subsidized by USAID those years. This was a conscious decision as the ability of the organization to be able to attract private sector funding was in part dependent on JAS' track record of running effective youth programs at scale and in their visibility. A full list of technical assistance support provided to the organization can be found in Table 7, below.

Table 7: ES Project Support to Junior Achievement Serbia 2008-2013

| |
|--|
| Reconstitution of the Board of Directors (late 2007) |
| Establishing links with JA-Europe and ensuring franchise compliance (late 2007-2008) |
| Staff reorganization of recruitment for full-time Executive Director (2008) |
| Strategic Planning support (2008) |
| Curriculum development and operations staff support (2008-2010) |
| Executive director shadowing / mentoring (2009-2010) |
| Internal controls, financial management, budgeting, cash flow (2009-2011) |
| Alumni organization development (2010) |
| Curriculum quality review and long-term curriculum planning (2011) |
| Fundraising (private sector focused business development / gifts planning) (2010-2012) |
| Sustainability planning (2012-2013) |

The results of this set of interventions are truly impressive and are described in detail in the Results section, below. This success, however, would not have been possible in a shorter timeframe, even if additional resources had been made available. The organization simply needed time to establish brand recognition, develop the most efficient delivery mechanisms and attract increasing support (in both total amount and diversity of funding sources) from the private sector, which is the key to the organization's continued sustainability.

²¹ The two largest donors at the time were USAID (through various projects, including but not limited to ES) and the City of Belgrade, which for years was JAS' largest donor.

Results and Impact: Business Support

Sales Data Analysis

The aim for all participating companies was to increase sales through penetrating new markets, domestically and internationally. For many firms, export markets were the goal—even more pressing given demographic pressures within Serbia (population decline) and the protracted economic downturn, resulting in fewer jobs and a stagnant investment climate. To help these companies increase sales the program’s underlying strategy prioritized new market entry and diversification of customer base.

By 2012, 83 partner companies from each of the three business sectors (fashion, food and light manufacturing) had achieved important breakthrough contracts. Many of those commercial relationships were secured for the long term. Overall, however, the data presented in this section underscores the degree to which company growth (increased sales, job creation) is due to successfully reaching new export markets. The fact of unprecedented sales growth during the peak of the economic crisis (2009-2010) is directly linked to increased foreign market share during the same period. Increasing the number of new jobs from 2009-2010 among the same companies and sectors is a direct dividend of a successful export strategy.

Trade fairs, domestic and abroad, were a key element of the project’s growth strategy. This approach began slowly, with four trade fairs targeted in 2010. Project staff spent a year or more building each firm’s capacity, marketing sophistication and sales skills in advance of these fairs, and the returns were strong. Through its support activities, particularly trade fairs, the number of ES intensively supported companies with exports increased from 40 in 2008 to 83 in 2012.

The analysis also shows that job creation is linked to increased sales, particularly abroad: companies whose sales increased over the period were, not surprisingly, more likely to add jobs than those whose sales declined. The fact that ES-supported companies had greater overall sales (foreign and domestic) than companies in the control group is the most likely driver of their job growth.

Finding Highlights: Comparison of Sales Data 2008-2012: ES companies & Control companies

From its beginning in 2007, the Economic Security Program has worked to quantify the impact of its assistance on partner companies. Return on Investment calculations are used to monitor trade fair results, for example, and compare company sales around a trade fair (within six months of the event) against the value of the project’s financial assistance. Since 2008, the Economic Security team has prepared an annual analysis of companies’ sales data to measure revenue growth. Year-by-year, the data set grew, allowing the program to deliver more in-depth insight into the correlation between its services and support and companies’ annual revenues, new market entry and return on the investments in trade fair activities.

SALES DATA ANALYSIS HIGHLIGHTS

1. **36 percent growth in sales** among ES-supported companies (2008-2012) compared to a 12 percent growth among control group companies.
2. **69 percent of ES-supported companies grew** from 2008 to 2012 compared to just 43 percent of the control companies.
3. **84 percent increase** in the number of ES companies generating export sales from 37 companies in 2008 to 68 firms in 2012. Over the same period, total export sales grew 241 percent.

By pairing findings with industry data from Serbia's Bureau of Statistics, it was possible to compare partner company performance with general business trends. In 2012, to improve the comparison, the project collected sales data from a group of "control companies" with similar characteristics to those supported by the program. This would highlight the performance of ES-supported companies against those receiving no support from USAID or other donor agencies. The control companies were comparable in size, industry sector, stage of business development and locale – all from municipalities in South-central Serbia – to ES-supported companies.

The findings of the first comparative study were reported in the project's Semi Annual Report #12, April 2012. The methodology is repeated for the current report; cumulative data for the 2008 to 2012 period is available for both ES-supported companies and control companies. This expanded research offers the best-to-date image of the health of small business in Serbia's underdeveloped municipalities. It also captures how well the ES project-supported companies perform in sales, jobs creation, export sales and use of formal capital markets.

These comparative results mirror one's first-hand impressions when touring a newly modernized shoe manufacturer as the owner describes company efforts to meet ISO quality standards, or the experience of "Serbian Fashions" at the Poznan Shoe and Fashion Fair in Poland for the first time. ES-supported firms seem to be more modern than similar businesses in the same region; their managers and owners more adept at guiding their firms through market turbulence than those without USAID or other support.

The majority of active ES companies included in this study demonstrated positive growth even during the economic crisis, while the control companies in two of the three sectors swung between positive and negative growth in sync with overall economic conditions. In total, ES companies increased sales a total of €29 million from 2008 to 2012. The following analysis outlines the methodology used this year and the full findings.

1. Methodology

Sample and Sample Size

The sales data presented reflects the project's top and middle tier companies.²² The project initiated "intensive business support" activities in 2007. A total of 203 companies benefited from intensive support, including the 112 "project active" companies (53 Sandzak, 59 South Serbia) engaged during the project's final 18 months. Intensive support is defined as an aid package that is integrated and sequenced for select companies. It starts with training followed by targeted technical assistance, trade fair attendance support and assistance with capital investments.²³

From this larger pool of companies a sample of 110 companies, or about 50 percent of businesses receiving intensive support, were examined for this final comparative study. Nine companies lacked data for all years studied. Four such firms worked in apparel, three in food processing, and two in light manufacturing. All nine ES companies omitted from the study did not join the program until 2010. This triage results in a sample of 101 ES supported companies with complete sales data for the entire period of 2008 to 2012.

²² The ES project created three tiers of companies to group companies not only by sector but also by size and stage of development. Its base tier businesses are youth-owned (defined by Serbian law as under the age of 35). The project has grouped its top and middle tier companies based on gross revenues.

²³ In the first year of the program, ES issued open calls for interest and provided one-off training (on business planning and financial management) and/or one-off grants to a larger number of businesses. This strategy was discontinued in Year 2 of the program in favor of the "continuous relationship/intensive" strategy when the project switched from a "supply" focus to a demand-driven one.

This number of companies for which full sales data is available is consistent with prior reports²⁴ and represents a highly reliable sample.

Control Group Companies

The results of ES-supported companies are compared with those of a “control group” of companies. The validity of the comparative analysis was developed through attention to:

- a) **Company characteristics.** The research sample forms a control group of companies that parallels the demographics of project-assisted companies. Companies selected from the ES program and the control group both included three sectors: apparel, food processing and light manufacturing. Additionally, the sample targeted control companies that, like the ES-supported companies, are still active and survived the recent macroeconomic downturn. That is, the sample did not include companies that had gone out of business during the past four years, although the business failure rate during this period throughout Serbia was high.
- b) **Geographic characteristics.** All control group companies are based in municipalities that have the same Government of Serbia level of development designations (e.g., Underdeveloped; Economically Devastated) as do the companies based in ES project-supported municipalities, in approximately the same proportion.²⁵ The control group companies come from municipalities that are geographically contiguous to the ES project’s area of operation.²⁶

For the Control Group comparison presented in Semi Annual Report #12 (April 2012), 129 companies of comparable profiles to those of the ES companies were selected. Of those 129 companies from 2012, 90 control group companies are included in the comparative analysis that follows. The attrition among the control group of businesses was due to a variety of factors. A compressed data collection timeframe precluded the contacting of some companies. More importantly, a number of companies had ceased to exist during 2012 (legally closed) or were on the verge of closing (reporting no revenue in 2012 but not yet legally closed). Other companies were excluded due to incomplete data for all years of analysis. The analysis includes only those companies reporting sales data for each year from 2008 to 2012. The remaining 90 control group companies still represent a statistically significant sample size.

By excluding the weakest performers, it is not surprising that this year’s control group appears healthier than the larger group analyzed a year ago. Despite this, ES supported companies still come out on top by a significant margin. The distribution of ES-supported and Control Group companies by sector can be found in Table 8, below. As with last year’s study, the project had a hard time finding a comparable number of firms working in the apparel sector, which is a reflection of broader trends that are unfavorable to companies not vertically integrated, have a limited buyer base and are not export oriented. There was further attrition in this group in 2012 as well as among Food Processing companies, which suffered the effects of this past year’s drought.

²⁴ 100 companies were analyzed in SA#8 (Spring 2010); 97 companies provided full data for SA#10 (Spring 2011) and 87 companies delivered full sales data for SA#12 (Spring 2012) and 101 for SA#13.

²⁵ The control companies came from municipalities that fit into three of the five Government of Serbia (GOS) designations for underdeveloped municipalities. The distribution is as follows: (1) 36% of sample from GOS-designated Group 2 undeveloped municipalities, Aleksandrovac and Lucani; 27% from GOS-Group 3 undeveloped communities, Trstenik and Cicevac; and (3) 38% from GOS-Group 4 designated “devastated” municipalities, Brus and Varvarin.

²⁶ Although it would have been ideal to create a control group of companies from the exact same municipalities where the ES project works, it was impossible because the project worked with nearly all viable businesses with growth profiles in its three chosen sectors.

Table 8: Distribution of companies among sectors

| | Apparel ²⁷ | | Food processing | | Light manufacturing | | Total |
|---------------------------------------|-----------------------|-----|-----------------|-----|---------------------|-----|-------|
| ES project-supported companies | 41 | 40% | 33 | 33% | 27 | 27% | 101 |
| Control companies | 22 | 24% | 22 | 24% | 46 | 51% | 90 |

Analysis and Reporting

Reporting Currency: As recommended to USAID following the submission of Semi Annual Report #13, this report will present all sales data findings based on company reported RSD earnings converted into Euros. We believe this is the most accurate representation of company results because between 2009 and 2012, the Euro against the RSD tracks nearly perfectly Serbia's inflation rate. At the same time, the dissonance between the Euro and the USD over this same period causes extreme fluctuations in results converted to dollars that appear to artificially inflate or depress results depending on the year²⁸. Moreover, nearly all domestic contracts and all export contracts signed by ES-supported firms are denominated in Euros, even if all year-end tax reporting is done in Dinars. The move to Euros not only ensures more meaningful trend analysis but also is in line with how the companies are operating and pricing their products.

Key Findings – ES supported companies

- **Sales grew 36 percent** from 2008 to 2012, earning nearly twice as much each year as control companies.
- Success in international markets far exceeded expectations, with **exports sales growing 261 percent**. The number of companies exporting increased 84 percent from just 37 in 2008 to 68 in 2012. The apparel sector experienced the most growth in exports – 90 percent of all ES-supported apparel firms had exports in 2012. Over half of light manufacturing and food processing had export sales in 2012, with growth of 169 percent and 302 percent, respectively.
- Despite four years of increasing unemployment in Serbia with **100,000 lost jobs per year** between 2008 and 2012, ES companies were adding employees, with an overall **growth of 20 percent** during this period.

²⁷ A perfectly proportional sample size to that of the ES project businesses in the textile sector could not be constructed as so many textile firms in the control group region had gone out of business during the 2008-2012 period.

²⁸ The U.S. dollar against the Euro has moved dramatically up and down during the 2008 – 2012 period.

Sales

Overall Growth in Sales

The below sales data analysis includes overall sales information for all sampled companies as well as gains and losses by the project's selected sectors. In general, sales growth far surpassed all expectations. As has been the trend in each year's sales data analysis, ES companies have shown positive growth in sales from year to year, with overall growth from 2008 to 2012 of €29 million (35.7%) compared with just €5.5 million (11.7%) for control companies.

Figure 5: Growth in Sales, 2008-2012, All Sectors

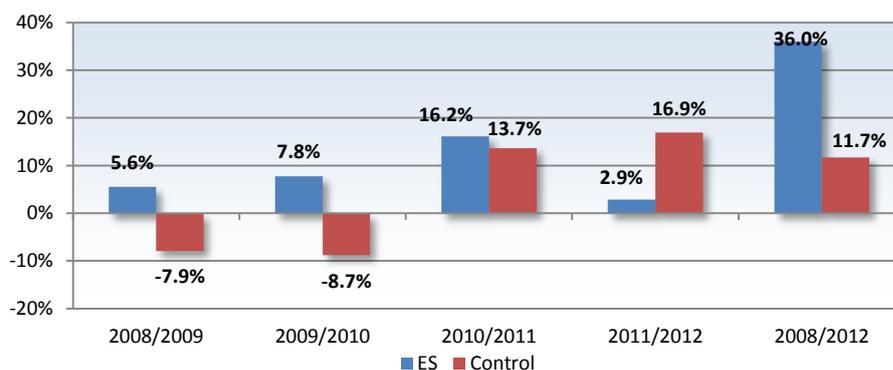


Table 9: Average Sales – ES and Control Companies

| | Total in Sample | Average Sales per company 2012 | Sales range |
|-------------------|-----------------|--------------------------------|-------------------------------|
| ES Companies | 101 | €1.1 million | €885 thousand to €9.7 million |
| Control Companies | 90 | €0.6 million | €150 thousand to €6.7 million |

Though on average the 101 ES-supported companies earned nearly twice the amount of sales each year as did control companies, both still represent comparable groups of medium sized businesses. The importance of SMEs to the Serbian economy is significant – SMEs account for 45 percent of the total employment in Serbia, 52 percent of the investments and contribute 47 percent of total exports.²⁹ The growth differential between supported and control group companies underscores the great potential of Serbian SMEs, when offered the right support, to create a positive impact on the local and national economy, even in the face of a global economic challenges.

It is important to note that the control companies had declining sales in 2009 and 2010, from which they were still recovering in 2011 and 2012. By 2011 the control companies had still not equaled their 2008 sales. Large decreases in sales in 2009 and 2010 provided the control companies with a smaller sales base, which has the effect of magnifying the percentage annual increases in 2011 and 2012.

Inversely, the ES supported companies' rate of sales growth slowed in 2012, but the growth took place on a much larger sales base. This is why the project believes that the most meaningful comparison between the two groups remains the full 2008-2012 comparison. Using this benchmark, ES-supported companies grew steadily each year, with an overall increase of 36 percent from 2008 to 2012. Along with the lingering effects of last year's drought and poor prospects for the construction industry, it is not surprising that growth slowed in two of the three sectors in 2012. Coupled with the continuing economic crises in Europe as a whole, and a very

²⁹ Republic of Serbia Bureau of Statistics

low rate of sales in Serbia, the fact that ES companies continued to exhibit growth at all is a testament to their resilience and augurs well for their future. Table 10 shows actual year to year sales for both sample groups between 2008 and 2012.

Table 10: Sales in Euros All Sectors

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2008-2012 |
|------------------------|-------------|-------------|-------------|--------------|--------------|-----------|
| ES-supported companies | €81,445,797 | €85,972,673 | €92,676,987 | €107,648,960 | €110,788,869 | |
| <i>Growth</i> | 0% | 6% | 8% | 16% | 3% | 36% |
| Control companies | €47,317,682 | €43,588,285 | €39,775,899 | €45,207,473 | €52,863,495 | |
| <i>Growth</i> | 0% | -8% | -9% | 14% | 17% | 12% |

The majority of ES-supported companies (69%) experienced growth from 2008 to 2012 compared to only 43 percent of control companies. This trend was evident for all sectors as demonstrated in the Sales Growth by Sector section below. Only in food processing did a majority of control companies (55%) have growth, but ES companies still topped them with 67 percent of food processing firms growing. Growth slowed somewhat during the most recent time period of 2011-2012, driven by a slow-down in construction-dependent light manufacturing firms, a sector that continues to be severely impacted by Serbia's continued recession and job losses. Overall, half of ES-supported companies experienced growth in 2012 whereas less than one-quarter (24%) of control companies did.

Sales Growth by Sector

In 2012, the project re-aligned its sector sorting to better reflect market trends. As the shoe manufacturing companies organized into a cluster and to market more of their own brands alongside their outsourcing contracts, increasingly fashion seemed a more apt fit. The decision was made to regroup the apparel and shoe companies together as a fashion sector (earlier years' reports 2008-2010 classified the shoe companies in the LM sector). The light manufacturer classification now represents furniture makers and companies involved with materials used in construction manufacturing—everything from ceramic heaters and residential windows to scaffolding for building sites. ES company distribution across sectors for this report is: Fashion (41), Food (33), and Light Manufacturing (27).

ES-supported companies in all sectors showed 36 percent growth from 2008 to 2012, much higher growth than 12% of the control companies, which ranged from a negative 36 percent to positive 20 percent. The amount of growth for ES-supported companies is particularly impressive given the very low rates of growth nationally over this time period. The next sections explain the growth patterns of the three sectors.

Table 11: Number of Companies with Growth versus Decline in Total Sales, 2008-2012

| | Total in Sample | Grew | Declined |
|--------------|-----------------|------|----------|
| ES-supported | 101 | ↑70 | ↓31 |
| Control | 90 | ↑39 | ↓51 |

Table 12: Annual Sales in Euros by Sector 2008-2012

| | Light Manufacturing | | Food Processing | | Apparel | |
|------------------------|---------------------|-------------|-----------------|-------------|-------------|-------------|
| | 2008 | 2012 | 2008 | 2012 | 2008 | 2012 |
| ES-supported companies | €8,354,470 | €11,515,676 | €47,416,515 | €64,069,756 | €25,674,812 | €35,203,438 |
| Control companies | €29,572,43 | €35,387,752 | €13,333,865 | €14,641,339 | €4,411,383 | €2,834,404 |

That 70 ES companies grew, and even flourished, during their partnership with the project is positive news to be sure, especially in comparison to the control companies. But 31 supported companies did not experience overall sales growth between 2008 and 2012. The data do not show any clear pattern for this group of companies that identify a single cause for their losses. However, segmenting the group according to industry sector does shed some light.

- Food processors, especially the smaller companies producing fresh meat, milk and cheese, suffered dramatically in 2012 as their supplies from local farmers were severely constrained due to extreme drought conditions.
- Light manufacturers not participating in the few pockets of new domestic housing construction – such as Presevo and Bujanovac – were hit by declining sales shared across the sector in Serbia.
- Fashion companies that directed more of their efforts into new plants and equipment than aggressively pursuing new markets first, saw sales stall.

It is impossible to know how much lower these firms’ sales results would have been without ES project support, but some insight can be gained from the fact that all are still in business and see themselves on a growth trajectory. By contrast, the Control Group companies experienced a high rate of attrition in 2012, as did the broader SME sector in Serbia.

Light Manufacturing

Manufacturing of all types was hit particularly hard early in the financial crisis, losing 25 percent of its output in 2008-2009. Serbian business statistics do not differentiate between heavy and light manufacturing, making it difficult to compare our sample to national rates. Among companies categorized as SMEs, the ratio between companies that opened to closed was 1:1 in 2010 and 1:1.8 in 2011.

Both ES-supported companies and control companies saw declines in 2008-2009. ES-supported companies, however, rebounded more quickly, beginning to show sales increases in 2010 and surging in 2011. The control group lagged in growth by about a year and increased their sales by just 20 percent compared with a 38 percent increase among ES-supported light manufacturing during the entire period of study.

Figure 6: Growth in Sales, 2008 to 2012, Light Manufacturing

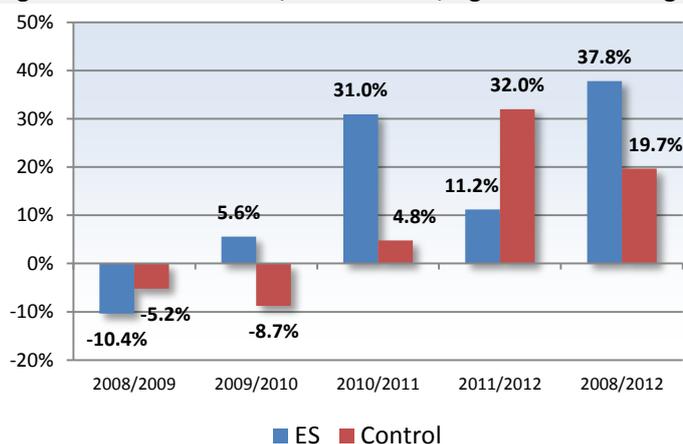


Table 13: Number of Light Manufacturing Companies with Growth versus Decline in Total Sales, 2008-2012

| | Total in Sample | Grew | Declined |
|--------------|-----------------|------|----------|
| ES-supported | 27 | ↑19 | ↓8 |
| Control | 46 | ↑13 | ↓33 |

More significantly, the majority (70%) of ES-supported light manufacturing firms experienced growth from 2008 to 2012 whereas the majority (72%) of control companies saw sales decline. This dramatic difference was due to two factors: trade fair selection and the geographic concentration of ES supported companies in an area experiencing a housing boom. The ES program took its light manufacturers to the 2009 Belgrade Construction Fair for their first trade fair experience. The largest regional fair of its type in South East Europe, the companies landed highly lucrative contracts in the Belgrade market totaling \$3.8 million. The initial contracts were significant: the increased revenue in turn made the companies eligible for government contracts that they were not previously eligible for. These contracts provided steady work across the five year period, allowing them to prosper during a period of overall economic decline.

In addition, the Southern Serbia municipalities of Bujanovac and Presevo are some of the few municipalities in Serbia to experience organic population growth and intensified investment by diaspora, who are building local homes and apartment blocks—these two dynamics are creating a local housing boom. An estimated 800 new single and multi-family dwellings are being erected in Bujanovac and Presevo per year. In addition, Western European firms looking for high-quality, lower-cost inputs for their construction sectors are increasingly sourcing items from South Serbia.

Food Processing

ES-supported food processing and food production companies grew by €16.7 million (35%) from 2008 to 2012 compared with €1.3 million (10%) growth for control companies. ES food processing companies have been the project’s strongest, growing 40 percent between 2008 and 2011. The severe, well-documented droughts in the summer of 2012 caused declines in revenues of nearly all small food producers that depended on Serbia’s farmers for raw materials.

Control companies, on the other hand, lost sales in 2009 and 2010, largely as a result of the onset of the financial crisis, and began to rebound in 2011. The drought in 2012 affected both ES food companies and control companies, but the impact was slightly greater on control companies.

The steady growth of ES companies in previous years helped them buffer this one-year downturn. Two-thirds of ES-supported food companies grew from 2008-2012 compared with a little over half of control companies. In spite of the drought, 42 percent of the ES-supported food sector companies continued to grow in 2012 compared to only 27 percent of the control group that increased their sales.

Figure 7: Growth in Sales, 2008 to 2012, Food Processing

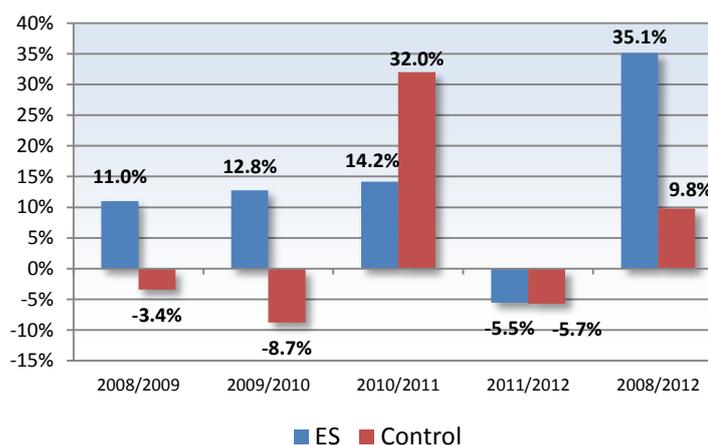


Table 14: Number of Food Companies with Growth versus Decline in Total Sales, 2008-2012

| | Total in Sample | Grew | Declined |
|--------------|-----------------|------|----------|
| ES-supported | 33 | ↑22 | ↓11 |
| Control | 22 | ↑12 | ↓10 |

Fashion

The impact of ES support on company growth was most apparent in the fashion sector. ES-supported companies grew by €9.5 million (37%) while control companies lost €1.6 million (36%) between 2008 and 2012. As noted above, finding enough fashion companies for the control group was challenging because of the number of textile companies that closed during this period. There were 11 fewer apparel firms in the control group this year than last, for instance. In the control group, three companies accounted for all sales growth. By contrast, 71 percent of ES-supported textile factories increased their sales. This finding is consistent with the collapse of Serbia's textile industry in areas of the country where the firms are not vertically integrated and are not clustering into larger associations.

As a group, textile companies in Sandzak were among the most aggressive users of the projects' technical assistance. The group focused on obtaining ISO certification, modernizing operations, installing computerized finances, inventory control and stock management functions and improving branding and marketing materials.

By 2011, the focus on trade shows and foreign markets began to pay big dividends for ES-supported textile companies. ASSTEX, the first export oriented cluster to emerge out of the Novi Pazar based association of the same name, improved its approach each year and relied less and less on ES support as the project progressed. By 2012 it funded its own way to the Moscow bi-annual fashion fair. Its success in the Russian market – achieving \$1.1 million in new sales through the ASSTEX-sponsored Moscow showroom in its first year and new orders totaling \$300,000 in just the first two months of 2013 – has spurred partnership talks among the other fashion clusters - Prijepolje Textiles and Kostana Shoes – which would like to join forces with ASSTEX to expand their facility and use it to offer a broader selection of “fashions from Serbia.”

Figure 8: Growth in Sales, 2008 to 2012, Apparel/Fashion companies

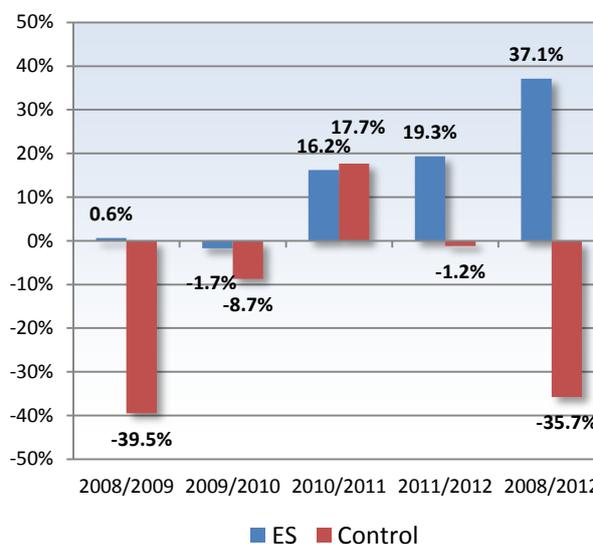


Table 15: Number of Apparel Companies with Growth versus Decline in Total Sales, 2008-2012

| | Total in Sample | Grew | Declined |
|--------------|-----------------|------|----------|
| ES-supported | 41 | ↑29 | ↓12 |
| Control | 22 | ↑3 | ↓19 |

Export Sales and Growth

The aim for all supported companies was to increase sales through opening new markets, domestically and internationally. For many, export markets were the primary goal, which was made all the more pressing given domestic demographic trends. The Serbian market is being squeezed from many different directions. Recent census reports show that 7.2 million citizens called Serbia home in 2011, a drop of nearly 5 percent since 2002. Job losses since 2008 were even greater than the loss of population – 400,000 people, approximately 100,000 per year, since 2009, were laid off. Even those with income have limited purchasing power; average wages stagnated between 2009 and 2011 at around €400 to €450 a month. Although

the National Bank reports that wages rose slightly in 2012 (7%), real purchasing power has decreased by 5 percent³⁰.

Securing a multinational customer base from different regions -- CEFTA, EU, and Russia -- has helped protect ES companies from dependency on any one market or region. The number of ES-supported companies with income from exports has grown every year, reaching 67 percent of all companies by 2012. The number of control companies with export sales has remained fairly steady at about one-third.

Figure 9: Growth in Export Sales, 2008 to 2012, All Sectors

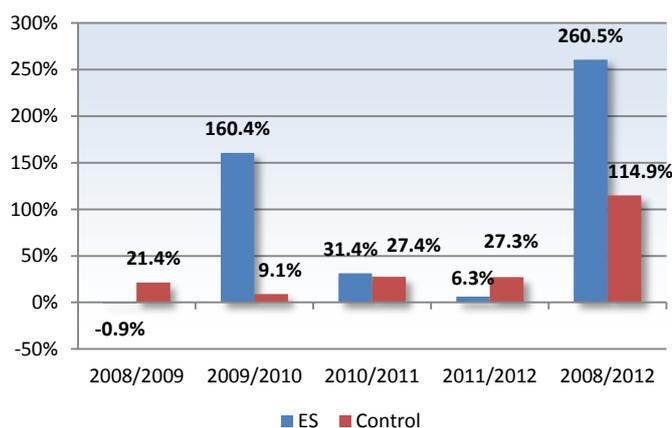


Table 16: Number of Companies with Exports, All Sectors

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------------|------|------|------|------|------|
| ES-supported companies | 37 | 40 | 61 | 66 | 68 |
| <i>% of all ES companies</i> | 37% | 40% | 60% | 65% | 67% |
| Control companies | 27 | 28 | 32 | 32 | 31 |
| <i>% of all control companies</i> | 30% | 31% | 36% | 36% | 34% |

Even as total export sales among Serbian companies increased by 5 percent in 2012, the country has run a trade imbalance each year since 2007³¹. ES-supported companies with exports increased in number for all sectors, reaching an impressive 90 percent of all apparel firms and over half of firms in food processing and light manufacturing. Meanwhile, the number of control companies with export sales declined to 14 percent in apparel, remained steady at just over a third in light manufacturing, and grew to 45 percent in food processing.

The profile of ES-supported companies with exports is quite diverse; they include some of the smallest partners as well as the largest, including firms from all sectors and regions. On average, companies that export have higher sales than companies that do not for both ES-supported companies and controls. By 2011 and 2012, the difference was much smaller for ES companies, however, with exporting companies averaging about 1.5 times the sales of non-exporting companies compared with 4.5 times for control companies.

³⁰ *Konjikturani trendovi Srbije*. February 2013.

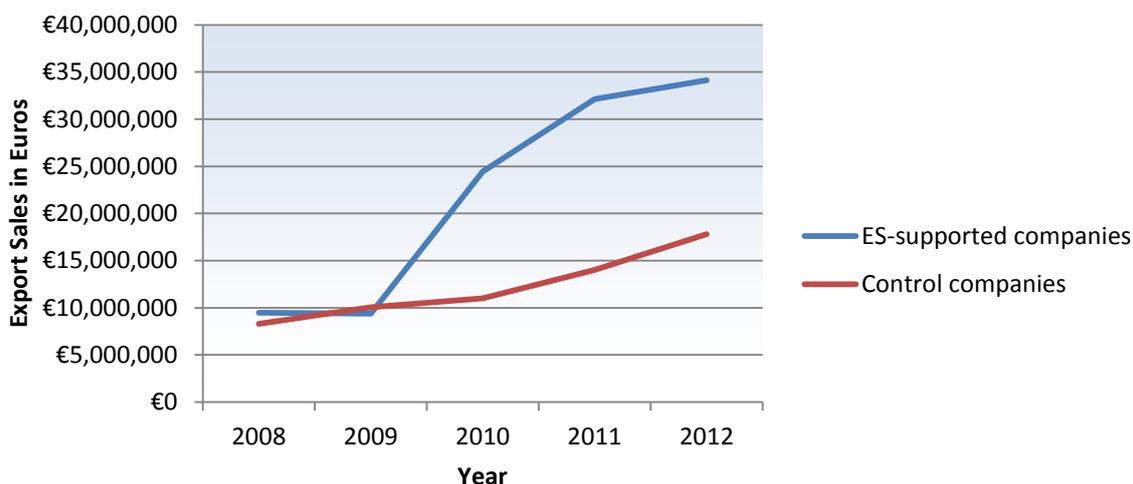
³¹ EU Director General for Trade: Serbia EU Bilateral and World Trade November 29, 2012.

In 2010, the ES project targeted four international trade fairs for its companies. The project's methodology to invest a year or more building the firms' capacity, marketing sophistication and sales skills prior to tackling new export markets delivered and the returns were strong. Through its support activities, especially for trade fairs, the number of ES-supported companies with exports increased from 40 in 2009 to 61 in 2010.

Table 17: Amount of Export Sales in Euros, All Sectors

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2008-2012 |
|------------------------|------------|-------------|-------------|-------------|-------------|-----------------|
| ES-supported companies | €9,471,192 | €9,388,393 | €24,449,043 | €32,116,368 | €34,140,849 | |
| <i>Growth</i> | | 0% | -0.9% | 160% | 31% | 6% 261% |
| Control companies | €8,295,606 | €10,073,916 | €10,993,987 | €14,006,480 | €17,826,202 | |
| <i>Growth</i> | | 0% | 21% | 9% | 27% | 27% 115% |

Figure 10: ES-Supported Companies Export Sales Compared With Control Companies Export Sales, 2008 to 2012



The 160 percent increase in export sales in 2010 can be attributed to both a growth in exports among companies improving their sales with their existing export partners and the entry into the export market of an additional 21 companies. The number of control companies with exports remained relatively stable, going from 28 in 2009 to 32 in 2010.

The overall amount of export sales and the percentage of sales from exports grew for both ES-supported companies and control companies. While exports accounted for about one-third of all sales for both groups in 2012, the overall amount of growth for ES companies was more than twice as great (261%) as the control group (115%).

Table 18: Percent of Sales from Exports, All Sectors

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------|------|------|------|------|------|
| ES-supported companies | 12% | 11% | 26% | 30% | 31% |
| Control companies | 18% | 23% | 28% | 31% | 34% |

Exports by Sector

Fashion: Textiles and Shoes

Export sales by ES companies in the apparel sector grew significantly from 2008 to 2012, adding €11 million in sales. Control group companies declined by 90 percent. Apparel sale exports increased to 44 percent of revenues for ES companies and shrunk to just 3 percent for control companies. This finding validates the ES approach of helping apparel companies grow by reaching new export markets. Project assistance with market entry and product sales strategy for fashion companies also proved valuable.

Owners and managers of participating firms were the first to recognize that their chances of successful foreign competition would improve if they joined forces and entered new markets together. While many ES-supported companies are large by local standards, for international markets they were perceived as too small to manage larger contracts. Working collaboratively, the companies could better manage costs and compete for larger contracts beyond the reach of individual member firms. The ASSTEX textile association (in 2009) and Kostana shoes (in 2011) were the first two clusters to form, followed by (in 2012) the small, niche textile manufacturers of Prijepolje.

While many textile manufacturers in other Serbian regions survive on elements of production outsourced from larger, mostly foreign companies (“loan jobs”), the majority of ES-textile companies are entering markets where they can sell their own brands directly. The strategy is a key success factor in the industry’s survival, integrating not only in-house design and assembly but also finishing (stone washing, unique hand stitching) which allows them to distinguish their product from the competition. By keeping signature production elements in-house and pursuing a multi-national customer base, fashion cluster members have become more resistant to volatile price and demand fluctuations in their industry.

Kostana shoe companies learned from the ASSTEX strategies and are targeting new markets to promote their own brands. They are considering, together with the Prijepolje textile cluster, joining forces in the Moscow-based show room, opened in December 2011 by ASSTEX, as a way to share costs and expand the sale of Serbian fashions in Russia. Kostana shoe companies also have broadened their base of outsourced contracts to rely less on their Italian partners, previously comprising nearly 100 percent of their export sales.

As the fashion companies began implementing their new marketing strategies for a permanent presence in an array of international markets, they also significantly increased domestic sales in 2012. This led to a slight suppression in the percent of export sales of total company revenues.

Figure 11: Growth in Export Sales 2008-2012, Fashion

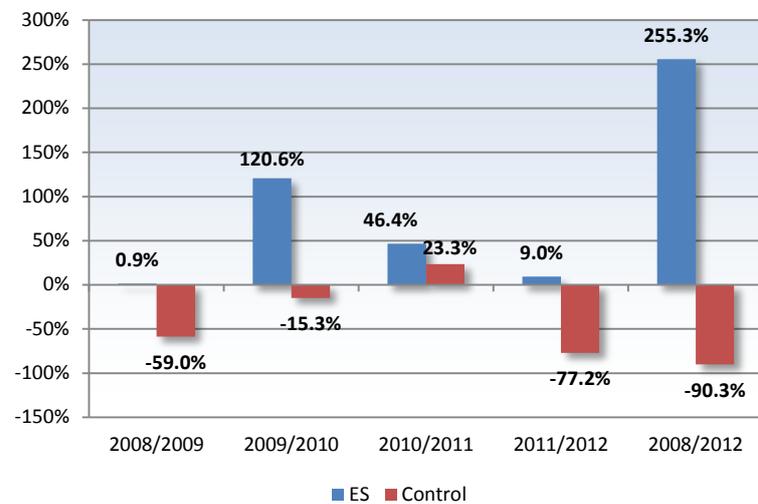


Table 19: Percent of Sales from Exports, Fashion

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------|------|------|------|------|------|
| ES-supported companies | 17% | 17% | 39% | 49% | 45% |
| Control companies | 17% | 12% | 11% | 11% | 3% |

In contrast to the other two sectors – and broader domestic economic indicators – 2012 fashion sales in Serbia grew by 29 percent compared to export sales, which grew only percent. Study data does not indicate which precise form of project assistance led to increased exports– the entire package of improved marketing skills, branding, product development and packaging, increased and improved production, computer driven technology to manage stock and move inventory – all helped ES companies secure greater market share despite Serbia’s shrinking domestic market.

In contrast, the decline in apparel exports for control companies is also reflected in their declining overall sales – 36 percent, as shown in Figure 8. This suggests they were unable to recuperate lost export revenues by increasing their share of the domestic market.

Food Processing

In the food processing sector, the control group outperformed ES companies in export growth (in all but one year) and percent of sales from exports. ES companies increased their exports by five-fold (302%), but control companies’ growth was over 10-fold (1,142%). This is explained by the fact that the three largest food processing companies in the control group accounted for 81 percent of all of this group’s export sales in 2012. Furthermore, only four control companies had exports in the base year of 2008 totaling about €600,000. Two of those large companies increased their exports 10-fold and one smaller company grew by over 4,000 percent. These three Serbian-owned companies account for most of the very large percent export growth in the control companies.

Just under a quarter (23%) of ES companies’ food sales came from exports compared with half (51%) of sales for control companies. Nevertheless, the total amount of export sales for this sector was still nearly twice as high for ES companies than for control companies. The slowed rate of growth in exports in the food sector for both ES and control companies in 2012 may reflect the serious drought that affected Serbian agriculture that year.

Of the three ES-targeted sectors, success with exports in the food sector is the most sensitive to company size. Most small food companies have more difficulty reaching export markets than do other sectors because of the burdensome, time-consuming and expensive process of obtaining permits for food exports – especially for fresh food (meat and dairy). This fact was one impetus for the smaller, Southwest Serbian food producers to organize the “Keeper of Tradition” cluster in November 2012 – to improve their ability to secure export permits.

Figure 12: Growth in Exports 2008-2012, Food Processing

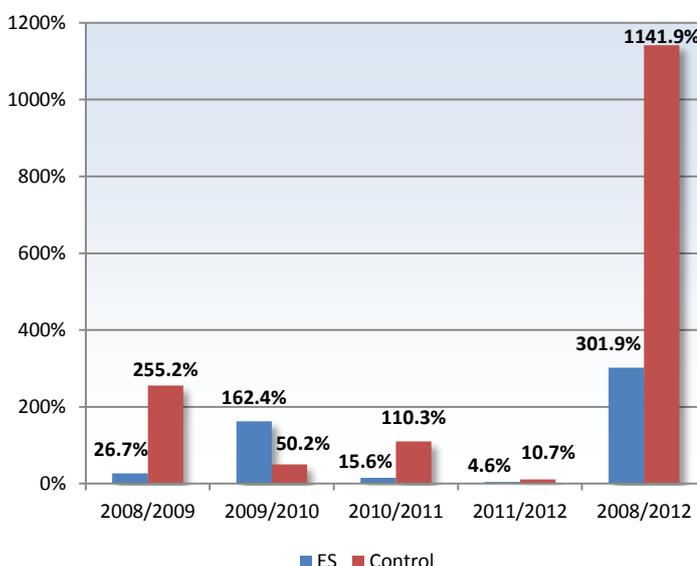


Table 20: Percent of Sales from Exports, Food Processing

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------|------|------|------|------|------|
| ES-supported companies | 8% | 9% | 20% | 21% | 23% |
| Control companies | 5% | 17% | 27% | 43% | 51% |

Light Manufacturing

In light manufacturing, ES companies showed greater increases in sales from exports than the control group (169% versus 48%) over the 2008-2012 period. By 2012, exports accounted for approximately one-third of light manufacturing sales for both ES and control companies. As there were nearly twice as many companies in light manufacturing in the control group, the fact that their total export sales exceed export sales for ES companies is not surprising.

The number of ES-supported companies entering the export market grew 300 percent from 2009 to 2010, going from just 4 companies in 2009 to 12 companies in 2010. Total export sales went from €310,000 in 2009 to €2.6 million 2010. One company that had no export sales in 2009 grew to €1.5 million in 2010, accounting for over half the total export sales by ES-supported companies in 2010.

The growth in export sales for ES light manufacturing companies is especially encouraging because most of these companies are part of the construction industry, which was particularly hard hit during the recent economic downturn. The growth in exports suggests that Serbian firms are doing a good job of offering foreign buyers quality products at very competitive prices.

Figure 13: Growth in Export Sales 2008-2012, Light Manufacturing

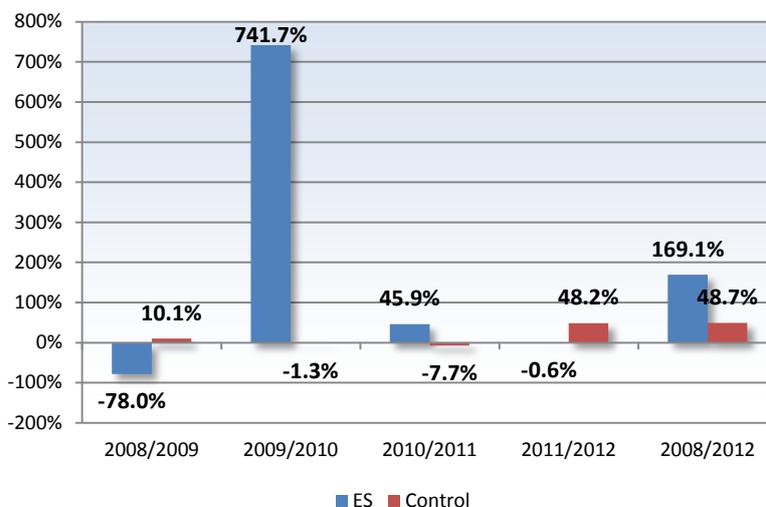


Table 21: Percent of Sales from Exports, Light Manufacturing

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------|------|------|------|------|------|
| ES-supported companies | 17% | 4% | 33% | 37% | 33% |
| Control companies | 23% | 27% | 29% | 26% | 29% |

Job Creation

Among the 101 sampled companies, ES companies added a total of 643 jobs – a 20 percent increase – from 2008 to 2012. The control group lost 5 percent of their jobs. As Figure 14 shows, ES companies gained jobs in all sectors while control companies lost jobs in apparel and food processing.

Companies whose sales increased over the period were, not surprisingly, more likely to add jobs than those whose sales declined. Having exports also increased the likelihood of job creation. This was true for both ES companies and control companies. The fact that ES companies had greater growth in overall sales and in export sales than control companies most likely explains much of their job growth. The apparel sector underscores the link between both overall sales and job growth and export sales and job growth with the control companies' large declines in sales and exports and a resulting 36 percent drop in employment.

Just as ES companies were able to grow sales during the peak of the economic crisis (2009-2010), they were able to retain and even increase the number of new jobs from 2009-2010. While there was an overall growth in the number of jobs between 2008 and 2012, there was a slight 3 percent drop from 2011 to 2012.

Figure 14: Job Growth 2008-2012 by Sector

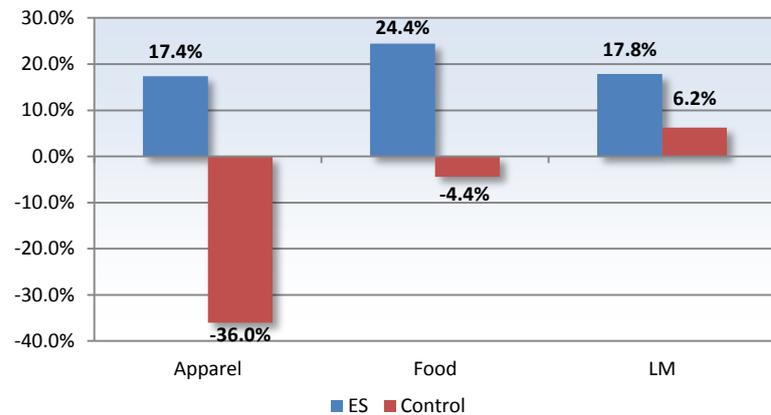


Table 22: Number of Employees, All Sectors

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2008-2012 |
|------------------------|------|-------|------|------|------|------------|
| ES-supported companies | 3302 | 3571 | 3813 | 4064 | 3945 | 643 |
| <i>Growth</i> | 0% | 8% | 7% | 7% | -3% | 20% |
| Control companies | 1528 | 1514 | 1401 | 1432 | 1458 | -70 |
| <i>Growth</i> | 0% | -0.9% | -8% | 2% | 2% | -5% |

The specific reasons for the slight downtick among the ES sample are unique to each company and sector, but several broader factors seemed to influence the decline. The majority of losses in 2012 were in manufacturing, which had built new production facilities, updated machinery and automated many functions over the past four years. While those changes have increased production capacity and worker productivity and have made the companies more competitive for entry into bigger markets, they have also resulted in some worker displacement. In addition there is ample antidotal evidence that suggests a continued shift on the part of manufacturers towards more part-time and temporary labor. This shift is in response to high social and payroll taxes for full time employees and punitive labor law provisions (such as the current severance provision) as well as a rational response to the most recent economic downturn and an attempt on the part of the business owners to cultivate a more flexible workforce that can be more easily scaled up and down depending on market conditions. Unfortunately, no attempt was made by the project to track the use of part-time employment. It is recommended that any future SME support projects do so.

It is important to reiterate that the comparative analysis offered above reflects only the results from the 101 company sample. The jobs results based on the entire universe of ES supported companies reporting jobs data for 2012 remained positive and is presented in Annex A. Moreo-

ver, the jobs data presented in Annex A attempts to respond to USAID’s request for the project to consider the broader impact of growing companies on the local economy. Specifically, one of the findings of the PPES July-August 2012 final external evaluation was that based on a random sample of 23 ES assisted firms, the evaluators found that jobs creation was being underreported. The report speculated that this could be due to the project not capturing continued job growth of long past assisted companies that were still in business but no longer reporting jobs data to the project. Another possible reason was that the project was ignoring the wider economic impact on the surrounding community as successful businesses grew. A final reason was that (as noted above), in an attempt to be very conservative in its job calculation methodology, the project’s Performance Monitoring Plan was set up to reflect full time equivalent (FTE) positions only and did not make any effort to try and count the creation of part-time or intermittent positions.

The revised jobs creation methodology and calculation presented in Annex A seeks to address these first two points by examining growing companies’ use of local suppliers, service providers and subcontractors. On the issue of part-time employment, at this late stage of the project, given the high degree of variation from company to company on their use of such employees, it was impossible to gauge any trends from a manageable sample or to alter the PMP to collect backdated data on intermittent employment across its entire business data set. As such, no attempt to estimate intermittent employment creation was attempted.

Use of Credit

The vast majority (72%) of ES-supported companies made use of some credit during the period 2008-2012 compared with only 47 percent of control companies. This was true regardless of sector. Among control companies, about half of light manufacturing and food processing companies used credit, but less than a third of the control apparel companies did.

In the broader economic context of the past few years, which has seen credit tighten, combined with the traditional difficulty of SMEs from underdeveloped parts of Serbia in obtaining any kind of commercial credit, the results of the ES project’s effort to help its partner companies secure capital to invest in expansion is encouraging. The withdrawal of nearly half a million Euros in 2012 by international banks located in Serbia and the resultant constriction in the supply of available funds with which to make loans is well-documented. The Bank for International Settlements recently estimated that movement of funds out of the country will continue through 2013 and could total as much as €2 billion. While all local commercial banks continue to have business lending programs, loan requirements are typically prohibitively restrictive for all but the most financially secure and wealthy companies.

Low profit margins also influence SMEs’ ability to borrow or meet their own capital needs. Tax, benefits and labor regulations keep overhead high for all businesses but affect smaller firms most – according to the National Bank, SMEs, which account for 99 percent of all enterprises, are the least profitable sector in the Serbian economy generating just 36 percent of the profits compared to 43 percent from large companies and 39 percent from the non-financial sector. Less profit, especially in difficult times, exacerbates small businesses’ willingness to risk new capital expenditures or to meet lending requirements should they choose to borrow.

Table 23: Number of Companies who Used Credit (2008-2012)

| | LM | Food | Apparel | Total |
|------------------------|------------|------------|------------|------------|
| ES-supported companies | 21 | 23 | 29 | 73 |
| <i>Growth</i> | <i>78%</i> | <i>70%</i> | <i>71%</i> | 72% |
| Control companies | 24 | 11 | 7 | 42 |
| <i>Growth</i> | <i>52%</i> | <i>50%</i> | <i>32%</i> | 47% |

Thus, it is not surprising that, as was the case in 2011, the 2012 results show that larger companies were more likely to use credit than smaller companies.

This was true for both ES-supported companies and control companies, whether company size is measured by sales or number of employees. As can be seen in Table 24, the average sales in 2012 for companies in both sample groups that used credit were significantly higher than those of companies who did not use credit.

Table 24: Average sales of companies that did and did not use bank loans in 2012

| | Average user of bank loans in 2012 (sales in 2012) | Average company that did not use bank loans in 2012 (sales in 2012) |
|---------------------------------|--|---|
| Economic Security Program group | \$1,424,000 | €840,389 |
| Control Companies group | \$1,169,000 | \$251,000 |

It appears as if micro companies (those with nine or fewer employees) have the most difficult time obtaining credit as only 21 percent used bank loans in 2012. Although there were relatively few large companies (with more than 100 employees), the vast majority of them made use of credit last year. This finding is consistent with recent changes in lending policies of the Development Fund of Serbia – the country’s primary vehicle for small business loans. It has cut 80 percent of its funding for the small and start-up enterprises, limiting collateral only to fixed assets such as registered property (land, home or physical business location).

Table 25: Size of companies that used bank loans in 2012

| Size of business ³² | Economic Security Program companies | Control Companies |
|--------------------------------|-------------------------------------|-------------------|
| Micro | 21% | 21% |
| Small | 36% | 70% |
| Medium | 50% | 57% |
| Large | 75% | 100 |
| ALL | 38% | 37% |

³² Business distinctions based on USAID definitions: Micro means nine or fewer employees; Small 10 to 49 employees; Medium 50 to 100 employees; Large more than 100 employees.

Impact of ES Project Technical Assistance

EARLY CLUSTER RESULTS SHOW PROMISE

ASSTEX textiles and Kostana shoes have histories long enough to study their track record as jointly marketed companies. Formed in 2009, ASSTEX unveiled its “Jeans from Serbia” denim fashions at the Dusseldorf, Germany fashion fair in early 2010. The group worked aggressively that year and the results showed it – **export sales between 2010 and 2012 grew 52%** compared to just 16% export sales growth among textile companies not participating in a cluster during those years. The cluster has secured permanent sales locations in Poland and Russia, earning over €1 million from the Moscow showroom in its first year. ASSTEX also has worked with sales partners in Germany, Poland and the Czech Republic, new markets for its members, with the hope of continued export expansion.

The companies that formed Kostana started marketing together in 2010 – they formed a cluster in 2011. Kostana experienced a steep increase in **exports sales of 307% between 2010 and 2011 – taking its companies’ percent of sales from exports from 26% to 56%**. Although its overall percentage of export sales remained above 50%, the cluster’s companies suffered a small decrease in export sales in 2012 (15%) due in large measure to the economic woes of its largest export market, Italy. With the fall 2013 launch of the new production contract for distribution of work boots in Germany and Austria, the Kostana cluster projects export growth again in 2013.

In late 2012 three more clusters formed among the ES project partner companies. While not a project goal, the approach of grouping companies by sector and geography to maximize resources and achieve greater impact made clusters a natural outgrowth of the work and relationships. Each cluster has a set of unique challenges confronting its sectors, but all are focused on their ability to work cooperatively to compete for larger contracts in new export markets and to lower costs through shared expenses.

ISO TRAINING LEADS TO GROWTH IN EXPORTS

Twenty-four companies providing full data –15 in apparel and 9 in light manufacturing—received ES training on achieving ISO certification, important to competing in international markets. These **ISO-trained companies** experienced a **90 percent growth in export sales** between 2010 and 2012. ES-supported companies without ISO training grew exports by only 24 percent during that same period. Export sales accounted for **45 percent of total sales** for ISO-trained companies in contrast to 27 percent for non-trained companies.

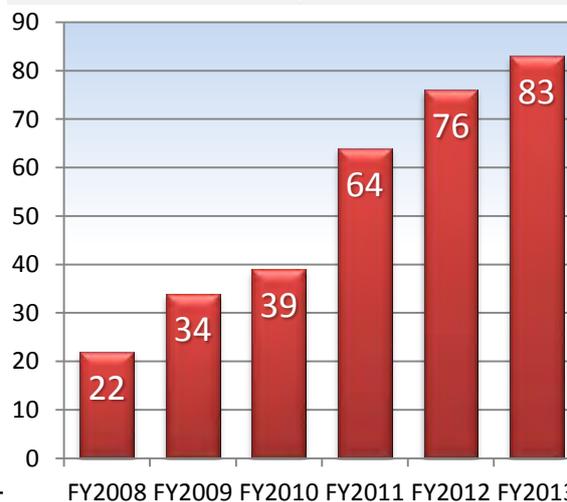
The combination of strong growth in export sales and share of overall sales attributed to exports allowed **ISO-trained companies to grow by 30 percent in overall sales** from 2010 to 2012 – nearly twice the 17 percent growth in sales of non-trained companies.

New Market Entry – Trade Fairs and Trade Missions

New market entry and diversification of customer base was the program’s underlying strategy in the effort to help its supported companies increase sales. The program worked individually and in small groups with the short-term goals of helping companies to modernize, compete and revamp when needed to boost sales and market share. In the longer-term, the program added to initial company infrastructure and facilitates operational improvements in management and production. Both levels of intervention support growth by increasing sales and fueling economic development generally through job creation. Increased employment happens either through new company positions or increased demand by larger ES-supported companies for goods and services from smaller entrepreneurs.

The program saw 83 of its companies, representing each of the program’s three business sectors (fashion, food and light manufacturing) achieve important breakthrough contracts in new markets. More importantly, many of those commercial relationships were established for the long term. The program introduced its partners to a variety of ways to access and maintain new markets. These included building relationships with Serbian retailers in Belgrade, Nis or Novi Sad, opening subsidiaries in neighboring countries, working through sales representatives in EU countries, creating a joint venture in Belarus and opening a permanent show room in Moscow, Russia.

Figure 15: Companies Entering New Markets (International and Domestic)



New Vision of Trade Fairs as Market Entry Tool

Trade fair participation was the primary tool used to introduce companies to international markets. While attending trade fairs is common, they are too often misused. Entry into trade fairs is neither easy nor inexpensive. Well-intended donors and host government agencies tend to send groups of businesses to far-flung foreign markets and hope for the best. In contrast, the ES team worked with the owners and managers to approach fair planning and preparation strategically and aggressively.

Trade fairs were carefully selected to be appropriate to companies’ size and capacities. The project’s targeted markets were defined with the owner of the companies. Knowledge of the companies’ business plans, comfort level and history, if any, with the intended new market protected the project’s investment and proved crucial to companies’ level of preparation, participation and follow-up. Furthermore, companies were required to invest both time and money to qualify for trade fair participation. A year or more was spent helping the firms implement changes in marketing approaches, including new visual identities, Internet promotions and investments in multilingual website designs before a company was considered truly ready. Finally, all business personnel who would attend the fairs and staff the exhibit booths underwent sales, presentation and negotiations training before the fair.

For all of the project’s strategic thinking on trade fair implementation, each year’s fair participation experiences led to the introduction of new and more advanced technical assistance. The most significant was the introduction and extensive use of pre-fair “trade mission” trips to future fair sites one to four months before a fair. A small group of company representatives – five to seven was an optimal size for the trade mission group – traveled to the country of origin for the planned trade fair. A project-commissioned service provider from the fair’s locally complet-

ed market research, pre-arranged meetings with appropriate wholesale and retail buyers and took the owners on tours of retail centers to see the market’s trends in design and display.

The project, meanwhile, arranged meetings and events with Serbian officials based in the trade fair country. Engaging the Serbian Embassy and other government agencies such as SIEPA (the country’s investment and export agency) or the Serbian Chamber of Commerce often represented the first time that many of the owners and managers had met with Serbian officials posted abroad to discuss business development needs. They, in turn, sent promotional materials to business and diplomatic partners and media in the country hosting the trade fair.

The missions were introduced in 2009 and were highly cost-effective – just 5 percent to 20 percent of the cost of exhibiting at a fair. Since 2010, the trade missions increasingly focused on companies in a single sector preparing for industry specific trade fairs such as the Dusseldorf, Germany shoe fair or the Poznan, Poland fashion fair. The missions would coincide with key industry-specific trade fairs, but rather than exhibiting, owners and managers spent their days and evenings meeting with the companies and buyers in that country. In some cases, it meant that the groups’ business goals were met during the visit to the trade fair. In other cases, the research led to more successful trade fair exhibits at a subsequent fair.

For many companies the fairs have contributed to sustainability, laying groundwork for long-term business and contracts. Serbia’s textile cluster, ASSTEX, developed through trade fairs, improved each year and relied less on ES support; in 2012 it paid its own way to a Moscow trade fair. After achieving \$1.1 million in new sales through the ASSTEX-sponsored Moscow showroom in 2012 (its first full year of operation) and new orders totaling \$300,000 in the first two months of 2013, the Prijepolje Textile, Kostana Shoe and ASSTEX clusters decided to expand the Moscow showroom into a broader selection representing “fashions from Serbia.”

The experience, sales and relationships gained at trade fairs have helped many ES-supported companies build strong foundations for the future, whereas other firms received strategic technical assistance needed to compete in larger arenas.

The Return on Investment (ROI) table below compares the value of the project’s support for a fair to the sales made by the companies attending the fair—sales directly attributable to fair attendance. Trade fair sales were tracked at intervals of three and six months. The generation of nearly \$14.5 million in fair sales produced an overall average ROI of 22-to-1 for the 27 fairs attended since 2008. It also is an excellent snapshot of short-term trade fair results and shows the progression of the project’s use of fairs and missions to help companies secure and develop presence in several different export markets.

Table 26: New Export Markets³³

| | |
|------------------------|-----------------|
| Albania | Greece |
| Australia | Hungary |
| Austria | Italy |
| Bahrain | Kosovo |
| Belarus | Kuwait |
| Belgium | Macedonia |
| Bosnia and Herzegovina | Montenegro |
| Bulgaria | Poland |
| Croatia | Russia |
| Czech Republic | Slovak Republic |
| Estonia | Slovenia |
| France | Sweden |
| Germany | Switzerland |
| | Turkey |

A total of 27 new markets have been opened and 46 of the project’s companies have reached at least one new export market, including 18 new companies added to the program in 2011.

³³ A new market is a different measure than “new sales.” New sales could come from a new market or increased sales in existing markets achieved by increased market share or the offering of new products to existing customers, for example.

Early fairs were mostly domestic or regional, making them geographically accessible and appropriate for the capacity and sophistication of the first companies targeted for trade fair presentations. These early fairs focused firms' attention on pursuing short-term, immediate sales. These are reflected in the early years' relatively higher RoIs (2008-2010). Positioning the right companies to take advantage of the market opportunities in Belgrade, Albania, Kosovo and Macedonia, among others, delivered some of the most significant returns on investment. Each region and industry sector was represented in those early fairs. In most cases, the first trade fair participants served as models for their sector colleagues for the time and resource investment required to succeed in new markets.

By 2011, the project began to shift its fair strategy to longer-term objectives for the business partners. Success with these longer-term objectives is not captured in the relatively lower RoIs for 2011 and 2012. For example, in 2011 the project began to target bigger markets in the EU and Russia that offered the right conditions for the companies to sell successfully, but, more importantly, could help establish *permanent market presence*. The trade-off for the program was the risk that six-month sales results would drop while these firms pursued opportunities that would only mature over a 12 to 24 month horizon. By the end of the project, these longer term investments were beginning to yield significant pay-offs as the following examples demonstrate:

- The origins of ASSTEX's sale of \$1.1 million of Serbian-branded denim fashions through its year-old Moscow show room can be traced to the 2009 Moscow fair and the 2010 fair in Dusseldorf, Germany that unveiled the Jeans from Serbia brand. In 2013, the show-room is expected to include Kostana shoe brands and Prijepolje sports clothing, resulting in a wider customer base.
- Ninety new workers have been slated for the Presevo shoe manufacturing plant, the second expansion for ES partner Minex since the company joined the project in 2008. Minex and the members of the Kostana Shoe cluster are sharing a contract to manufacture safety boots for a German manufacturer. This contract could yield as much as \$40,000 a month, and represents the introduction of new product to the shoe companies' line. With no Serbian companies producing work boots, the cluster companies ramped up production an additional 10 percent in order to sell these boots domestically. The entire enterprise grew from Kostana's March 2012 appearance in the Dusseldorf, Germany shoe fair.
- Securing a foothold in the Polish market for Serbian textiles evolved slowly and is the result of appearances in two Poznan – Poland's fashion design center – trade fairs in 2010 and 2012. Meanwhile, Prijepolje's textile companies – after completing nearly \$70,000 of new work since the September 2012 fair – are finalizing negotiations for year-round outsourced contracts that could triple that figure annually.

More recently, the project took its newest business support partners – food producers from Southwest Serbia – to the Novi Sad Agriculture Fair. The resulting \$306,000 six-month sales were respectable, as one of these companies completed terms for the distribution of its products in Sweden and another successfully opened a retail shop in Belgrade. The seminal result, though, is not recorded on the ROI table – the opening of a Halal Food Shop in Belgrade. As the following case study highlights, the shop is expected to generate \$240,000 to \$720,000 annually in new domestic sales and holds the promise of supporting new export sales as well.

Table 27: CUMULATIVE SALES FOR ES-SUPPORTED TRADE FAIR ATTENDANCE

| | # | Trade Fairs | # of firms | Anticipated sales at Fair | ACTUAL SALES 3 months | ACTUAL SALES 6 months | ES assistance | ROI ³⁴ |
|----------------------|----|--|------------|---------------------------|-----------------------|-----------------------|------------------|-------------------|
| FY 2008 | 1 | 48th International Fashion Fair in Belgrade (Oct 2007) | 21 | \$272,800 | \$170,000 | \$384,700 | \$9,880 | 39 to 1 |
| | 2 | Business Base 2007 (Nov 2007) | 39 | \$277,000 | \$310,000 | \$502,700 | \$12,748 | 39 to 1 |
| | 3 | 5th International Fashion and Equipment Fair Novi Pazar (Mar) | 40 | \$338,600 | \$280,500 | \$546,100 | \$20,307 | 27 to 1 |
| | 4 | Bujanovac Agricultural Fair (May) | 41 | \$29,140 | \$110,000 | \$339,000 | \$23,222 | 15 to 1 |
| | 5 | Novi Sad Agricultural Fair (May) | 6 | \$232,500 | \$210,000 | \$855,840 | \$20,646 | 41 to 1 |
| | 6 | Pristina Agricultural Fair (Jun) | 7 | \$145,000 | \$120,000 | \$306,000 | \$5,000 | 61 to 1 |
| | 7 | The 84th International Zagreb Autumn Fair (Sep) | 8 | \$81,300 | \$396,505 | \$640,270 | \$19,800 | 32 to 1 |
| TOTAL FY 2008 | | | | \$1,376,340 | \$1,597,005 | \$3,574,610 | \$111,603 | 32 to 1 |
| FY2009 | 8 | Construction Fair Belgrade (Apr) | 11 | \$98,724 | \$2,495,230 | \$3,686,985 | \$25,464 | 145 to 1 |
| | 9 | Bujanovac Fair (Apr) | 57 | \$24,537 | \$110,256 | \$177,650 | \$18,500 | 10 to 1 |
| | 10 | Moscow Fashion Fair (Sep) | 5 | \$650,000 | \$54,525 | \$136,125 | \$57,380 | 2 to 1 |
| TOTAL FY 2009 | | | | \$773,261 | \$2,660,011 | \$4,000,760 | \$101,344 | 39 to 1 |
| FY 2010 | 11 | Pristina Fair (Oct 2009) | 6 | \$250,000 | \$645,000 | \$1,005,000 | \$25,820 | 39 to 1 |
| | 12 | Skopje Fair (Nov 2009) | 7 | \$170,000 | \$455,000 | \$610,000 | \$16,390 | 37 to 1 |
| | 13 | Tirana Fair (Nov 2009) | 3 | \$50,000 | \$90,000 | \$160,000 | \$5,000 | 32 to 1 |
| | 14 | Düsseldorf Fashion CPD (Feb) | 4 | \$432,000 | \$6,000 | \$25,000 | \$30,998 | 1 to 1 |
| | 15 | Belgrade Construction Fair (Apr) | 8 | \$203,000 | \$317,000 | \$317,000 | \$23,637 | 13 to 1 |
| | 16 | Bujanovac Agriculture Fair (May) | 9 | \$87,000 | \$264,800 | \$580,500 | \$7,510 | 81 to 1 |
| TOTAL FY 2010 | | | | \$1,192,000 | \$1,777,800 | \$2,697,500 | \$108,995 | 25 to 1 |
| FY 2011 | 17 | Belgrade Furniture Fair (Nov 2010) | 8 | \$165,000 | \$670,000 | \$755,000 | \$26,130 | 29 to 1 |
| | 18 | Tirana General Fair (Nov 2010) | 9 | \$779,800 | \$280,000 | \$675,500 | \$43,029 | 16 to 1 |
| | 19 | Poznan Fashion, Poland, (Mar) | 7 | \$150,000 | \$100,000 | \$160,000 | \$35,890 | 4 to 1 |
| | 20 | Construction Fair Belgrade (Apr) | 6 | \$36,000 | \$476,500 | \$625,593 | \$26,430 | 24 to 1 |
| | 21 | Pristina Construction, Energy, Technology and Furniture (May) | 4 | \$15,500 | \$80,000 | \$80,000 | \$31,174 | 3 to 1 |
| TOTAL FY 2011 | | | | \$1,146,300 | \$1,606,500 | \$2,296,093 | \$162,653 | 14 to 1 |
| FY 2012 | 22 | Panair Fair, Tirana (Nov 2011) | 7 | \$785,000 | \$375,250 | \$725,250 | \$41,580 | 17 to 1 |
| | 23 | CPM Moscow, (March 2012) | 5 | \$800,000 | \$465,000 | \$820,000 | \$56,763 | 14 to 1 |
| | 24 | International Trade Fair in ³⁵ Dusseldorf, (March 2012) | 5 | \$1,575,000 | \$0 | \$0 | \$26,525 | 0 to 1 |
| | 25 | Belgrade Construction Fair, (April 2012) | 5 | \$150,000 | \$43,286 | \$72,619 | \$22,127 | 3 to 1 |
| | 26 | Novi Sad Agricultural Fair, (May 2012) | 5 | \$489,000 | \$142,542 | \$306,740 | \$22,612 | 14 to 1 |
| | 27 | Trade Fair in Poznan, Shoes and Apparel (Sep 2012) | 8 | \$132,000 | \$45,000 | \$45,000+ | \$35,042 | 1 to 1 |
| TOTAL FY 2012 | | | | \$3,160,000 | \$1,071,078 | \$1,924,609 | \$187,575 | 10 to 1 |
| GRAND TOTAL | | | | \$8,418,901 | \$8,712,394 | \$14,493,572 | \$672,170 | 22 to 1 |

³⁴ ROI is calculated only on the final six-month actual sales figure (which reflects cumulative sales); 6 month sales figures will be available for Novi Sad Fair (#26) in December and for Poznan (#27) in March 2013.

³⁵ As noted above, contracted work from the Dusseldorf fair will take place in 2013 and is thus not captured in the 6-month ROI calculation.

The Halal Food Shop

Opened on February 27, the Halal Food Shop is a case study in the Economic Security Program's approach to not only new market entry but also long-term market presence.

The six companies participating in the opening of Serbia's first Halal food shop only recently joined the ES project. They indicated that Halal certification of their food products would give them their best chance at opening new domestic and eventually international markets. Willing to invest in any needed operational upgrades, ES provided the technical assistance; the companies succeeded in completing the Halal certification process in just nine weeks.

ES had slated its newest food sector partners --- small food producers from the rural mountains of Pester, Golija and Kopaonik in Southwestern Serbia -- to attend the Novi Sad Agriculture Fair. Despite the shortened time these newly supported companies had with ES's business support activities, they followed the same preparations and planning as all other companies: training in management, marketing and sales and technical assistance in developing new visual identities and marketing materials, as well as obtaining the Halal certification. Recognizing that they had common needs and common goals, they decided to present at the fair as a group, rather than individual companies.

The fair itself produced good results: \$306,704 in new sales for the participating small companies.

But trade fairs are not once-and-done activities for the Economic Security Project. The Halal certification ceremony was held during the fair. Economic diplomats from Embassies in Serbia representing Turkey, Indonesia, Kuwait and Azerbaijan attended. At the ceremony, the discussion opened for a Belgrade-based Halal Food Shop.

Just two-and-a-half months after signing the formal Memorandum of Understanding, these companies jointly opened the shop with the Halal Agency of Serbia. In the process of organizing the shop, the small food producers registered as a cluster, recognizing their goals for larger contracts and opening new markets had a better chance of succeeding if they worked in cooperation.

The Halal food certification, which designates their food items as meeting Islamic dietary standards, opens a new market for these companies: Serbia's 600,000 Muslims – a number that grows to 5 million if neighboring Bosnia is included.

The shop is expected to generate monthly sales totaling between \$20,000 and \$60,000; it also serves as a show case for Serbia's Halal foods from these small food producers who specialize in preparing meat and cheese according to Serbian traditions. The Halal Agency will take the many visiting dignitaries from Muslim countries for tours and tastings in hopes of opening new export opportunities.

Two new jobs have been created immediately because of the shop. Through the potential of the cluster and opportunities for growth, the final impact on jobs can be expected to be positive.



Results and Impact: Youth Support

From its inception in 2007, the Economic Security Project's mandate was clear: support the full participation of Serbian youth in the country's economy. Yet the gaps between this desired end state and the hard realities of the Serbian economy demanded a multi-pronged approach. Obstacles were systemic and numerous. Government lacked a national strategy for youth. The Ministry for Youth and Sport was only formed in May of 2008; a countrywide infrastructure to manage youth programs would have to be created. National education curricula were not designed to meet the challenges of a sluggish labor market. Equally critical, the lack of career counseling and professional orientation services in universities and secondary schools fostered an illusion that job placement was automatic; students did little to prepare themselves for life beyond school. Most challenging, however, was that the absence of economic growth policies for the country meant a stagnant job market: there were too few jobs for the national workforce, regardless of age or education level.

From 2007 through 2012, the project progressively strengthened stakeholder relationships between and beyond national and local government. Working together, and with ES project support, these broad coalitions saw the creation of a countrywide local infrastructure of municipal Youth Offices to strategize around and manage youth issues. The important passage of a national law on youth in 2011 was followed by a second law on career guidance and counseling. This was the first time these terms had ever figured in Serbian law.

With backing from the nascent Ministry of Youth and Sport, the concept of municipal Youth Offices provided the necessary infrastructure to allow the project to implement a basket of tailored services for youth across Serbia. Rather than engage a specific community with one-off events and inviting local decision-makers to observe, the project designed an approach that leveraged the buy-in and financial resources of municipal leaders, participating youth, private companies and civic organizations.

Since its full engagement with Serbian youth in 2008, the ES Youth Support team has delivered professional training to five cohorts of Youth Office Coordinators. In that time, the team has delivered leadership, communications, marketing, logistics and introduction to entrepreneurship training to YO coordinators for all 128 full-time municipal Youth Offices. Ensuring that the newly designed professional development and orientation services were adopted and shared nationwide, the newly educated Youth Office Coordinators (YOC) were mandated to organize and deliver seminars for youth in their communities who sought to start a business or strengthen an existing one. This approach enabled YOs to fine tune their service package, quality of delivery, and ultimately prove their value to young participants and local leaders. The strength of this recognition is evidenced by the fact that despite a change in national and local government in May 2012, YOs continue to serve local youth, connecting them with community businesses and drawing contributions from city governments.

Entrepreneurship Training for Local Youth – Individual Entrepreneur Support

The ES-developed entrepreneurship training program, *Business Planning and Financial Resources for Businesses*, taught business basics, provided skills to evaluate business ideas, offered information on raising capital and introduced participants to the personal attitudes and values common to successful entrepreneurs. The ES team worked with the YOCs to target young people with a strong interest and personal motivation to take on the challenges of business ownership.

From 2009 to 2012, the Economic Security Project trained 1,831 young people in the basics of business and how to apply for start-up funding. A survey of all trainees conducted six months

after the training tested whether participants successfully improved their economic status either through obtaining employment or starting a new business. For those participants who owned an existing enterprise, the program wanted to know if they were able to improve it with a well-developed business plan or through a successful application for capital financing.

There was a 25 percent decrease in the unemployed or student status among participants surveyed.³⁶ Of those with new employment status, two-thirds found jobs and a third were young people opening a new business. As a result, these 387 youth are more economically independent and secure than before the training. These results suggest the training led to significant impact for the individuals and communities that achieved them as they were gained at a time when Serbia struggled first with the global economic crisis and then its own economic decline and climbing unemployment countrywide.

Table 28 reflects data for the entire group of trainees inferred by those responding to the survey and highlights the positive impact the entrepreneurship training has had on its participants.³⁷

Table 28: Status of 1,831 Trainees Before and After Entrepreneurship Training

| Fiscal Year | Before Training | | | After Training | | |
|--------------|-----------------------------|------------|-----------------|-----------------------------|------------|-----------------|
| | Unemployed, students, other | Employed | Business owners | Unemployed, students, other | Employed | Business owners |
| FY 2009 | 395 | 133 | 92 | 230 | 234 | 156 |
| FY 2010 | 336 | 51 | 26 | 273 | 82 | 58 |
| FY 2011 | 403 | 83 | 31 | 326 | 142 | 49 |
| FY 2012 | 234 | 33 | 14 | 201 | 45 | 35 |
| TOTAL | 1,368 | 300 | 163 | 1,030 | 503 | 298 |

Who starts a new business?

Across the four years, the results also reveal that those participants who were more likely to pursue self-employment or business ownership as a path to work or professional opportunity were those unemployed at the time of the training. Those already employed at the time of the training were less likely to risk business ownership; even though somewhat contradictory to prevailing theories, this seems reasonable as the turbulent economic situation has seen a reduction in job creation and made the environment for start-ups more difficult, potentially influencing decisions to retain existing employment versus risking a new business venture. This was particularly true for 2012 participants; nearly all new businesses were started by those without other employment opportunities.

Business Start-up and Sustainability: Accessing Credit

The *Business Planning and Financial Resources for Businesses* seminar devotes significant attention to how to locate and successfully apply for start-up funding. The youth support team tracks its participants from each training year. While not all entrepreneurs needed credit to start up or expand their business, many did. Among all participants surveyed across the training's four

³⁶ A total of 792 of the 1,831 (43%) total program training participants responded to the survey, providing Economic Security a statistically significant sample to draw overall conclusions. Of the sample, 22% were from the 2009 participants, 61% of 2010 participants responded, 51% of 2011 and 51% of those attending the final training in spring 2012 completed the survey.

³⁷ The table reflects a **net** increase in employed / business owner status of 338, as, although 387 young people found jobs or started a new business, 49 lost jobs or returned to school between the time of the initial training and follow-on survey.

years, 78 participants sought funding for their business idea or plan developed as part of the training. Of those, 50 percent (39) were granted funding and received, in total, \$285,505.

Table 29: Entrepreneurship Training Participants 2009 -2012: Applications for Funding

| | FY09 | FY10 | FY11 | FY12 | TOTAL |
|------------------------------------|-----------------|------------------|-----------------|-----------------|------------------|
| Number of applications | 26 | 24 | 13 | 15 | 78 |
| Approved applications | 8 | 12 | 8 | 11 | 39 |
| <i>National Employment Service</i> | 2 | 6 | 4 | 3 | 15 |
| Amount | \$4,312 | \$12,238 | \$8,289 | \$4,948 | \$29,787 |
| <i>Serbian Development Fund</i> | 3 | 4 | 0 | 1 | 8 |
| Amount | \$69,588 | \$46,374 | \$0 | \$6,598 | \$122,560 |
| <i>Other Sources</i> | 3 | 2 | 4 | 7 | 16 |
| Amount | \$18,141 | \$73,606 | \$8,421 | \$32,990 | \$133,158 |
| Total Amount | \$92,041 | \$132,218 | \$16,710 | \$44,536 | \$285,505 |

This table reflects only data for those participants responding to the survey.

These results must also be viewed within the larger economic context. Although the total dollar value of awards has varied from year to year, the year-to-year increase in percent of participants being approved for funding (30%, 50%, 62% and 73%, respectively) is significant and demonstrates the youth support team’s effective training adaptations to adjust to the government’s funding availability and new restrictions. The economic conditions in Serbia have influenced available resources for entrepreneurs. The Development Fund of Serbia – the country’s primary vehicle for small business loans – cut funds for start-ups by 80 percent between 2009 and 2012³⁸. Today, only 5 percent of its total resources are targeted to new enterprises. Additionally, new lending criteria adopted by the Fund now limit collateral only to fixed assets such as registered property (land, home or physical business location), which is especially restrictive to young business owners who are far less likely to have the necessary assets.

Base Tier Business Sales Results – Individual Entrepreneur Support

Using lessons learned for its youth entrepreneurship trainings and its intensively supported top and middle tier companies, the ES project offered a group of young business owners in South Serbia and Sandzak the opportunity to participate to receive an integrated package of training and technical assistance. The 29 companies joining the program in 2011 were selected through the same process as used for the more mature companies to select firms with a high potential for success.

These young entrepreneurs (35 years old or younger) form what the project refers to as its “Base” business tier, which represents the foundation for an expanding and healthy private sector capable of adding to Serbia’s security through growth and job creation. Such businesses received the same highly integrated intensive support package of training and demand-driven technical assistance appropriate for the size of their companies and identified market opportunities as did their larger peers.

They also have supplied sales data for the program’s evaluation of the cause and effect relationships between support provided and impact on business development and sales growth. Despite the continuing grim economic environment and turbulent local markets, results are impressive. The key findings are:

- 26 of the 29 companies experienced revenue growth during their years in business. The average sales growth among those 26 companies was 32 percent;

³⁸ Ministry of Economy and Regional Development.

- The average sales growth using a weighted average is 22 percent between 2011 and 2012 alone;
- None of the companies has gone out of business – a significant result given that more than half of the companies are in the light manufacturing sector, a sector that has been among the most affected by the economic crisis;
- Like with their larger peers, momentum toward exports is developing. In 2008, 13 of the participating companies were in business and just 3 of them (23%) had sales from exports; in 2012, 12 of the 29 companies (41%) had sales from exports.

As discussed earlier in this chapter, the climate for the survivability of private enterprises is not favorable and as the ratio of business closings to businesses starting declines it demotivates many youth from assuming the risk of entrepreneurship. The sharp cuts by the Development Fund in start-up funds and highly restrictive requirements for collateral and demonstrated earnings demanded by banks give too few youth the opportunity to take the risk. The ES project base companies offer a snapshot of what may be possible given access to education and financial support for technical assistance to help them make the right business moves.

Table 30: YEAP Project – ES supported and independent

| BROAD CATEGORY OF ACTIVITY | ES + YO | | YO INDEPENDENTLY | | TOTAL | |
|---------------------------------------|-----------|----------------|------------------|----------------|------------|---------------|
| | PRO-JECTS | BENEFI-CIARIES | PRO-JECTS | BENEFI-CIARIES | PRO-JECTS | BENEFICIARIES |
| Employment skill enhancement | 14 | 534 | 49 | 4,193 | 63 | 4,727 |
| Entrepreneurship education | 22 | 758 | 30 | 1,150 | 52 | 1,908 |
| Direct support to Young Entrepreneurs | 23 | 150 | 14 | 402 | 37 | 552 |
| Information dissemination | 11 | 5,955 | 20 | 4,936 | 31 | 10,891 |
| TOTAL | 70 | 7,397 | 113 | 10,681 | 183 | 18,078 |

Youth Entrepreneurship Action Plans (YEAPs) – Institutional Support

YEAPS: Solving youth unemployment at the local level

The Youth Entrepreneurship Action Plans let local communities take responsibility for the creation of customized strategies to solve their youth employment problems and to promote the creation of youth-owned enterprises. In the past three years, the ES Youth Entrepreneurship Action Plan activity has spurred 33 municipalities to initiate 183 actions that delivered direct benefits to 18,078 local youth. Ensuring that local YEAPs will move immediately from adoption to implementation is what differentiates the ES-created activity from other local efforts to adopt youth strategies. As proactive as the implementation of YEAPs are, the ES-planned steps required of participating municipalities to create the YEAP are a catalyst for permanent change within each community. Municipalities must budget funds, create public-private partnerships, hold open discussions to receive public input and then forward their plans to their local parliament for a formal vote.

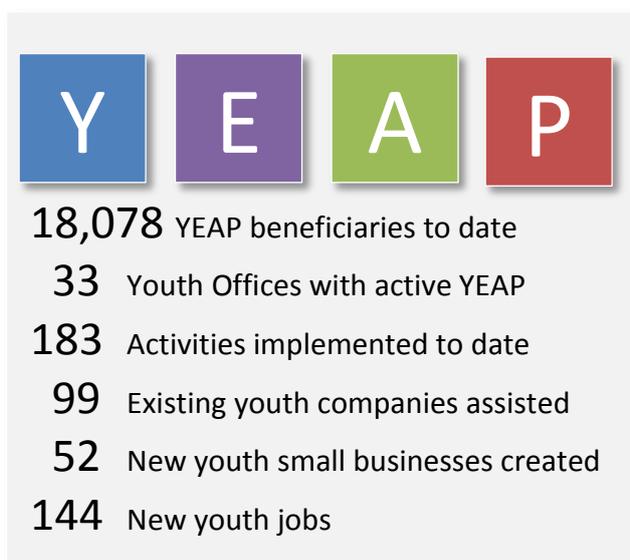
Equally important is the role YEAPs play in challenging Serbia's youth to take responsibility for the direction of their future by providing education, training and access to new resources. As part of the activity design, commitments are made between municipal leaders and the ES project to house YEAP management with Youth Offices under the leadership of the trained YOCs. Strengthening Youth Offices' responsibilities in the policy development and delivery of employment information and entrepreneurship resources signals a shift in attitudes among youth from waiting for the future to happen to assertively influencing the direction of their personal futures.

YEAP RESULTS: 2009-2013

In the past three years, the Economic Security Project selected 33 Youth Offices to undertake the YEAP activity. The process has permanently expanded municipalities' networks of local, national and international stakeholders while the implementation links innovative solutions to reduce youth unemployment to a broader network of youth – many of whom are underserved by other programs.

Municipalities have found YEAPs to be affordable even as local budget tightening has become an annual exercise, so all 33 municipalities moved from design and adoption into implementation.

Since YEAP introduction in 2010, and through partnership with the project, 33 municipalities have completed 70 projects and reached 7,397 youth. More significantly, independently of the project, through municipalities' own efforts, another 10,681 youth have been reached. This municipal ownership of the plans – that is, YOs continuing with YEAP implementation after ES support has been withdrawn – bodes well for the plans' sustainability. Through the YEAP process, municipal leaders have shown a strengthened commitment to Youth Offices as leaders of local youth policy. Working with these young leaders, local governments have carved space in their limited budgets to initiate concrete solutions to unemployment, often one company at a time. These small



YEAPs are unique, innovative and use both the process and the end result to address the causes of youth unemployment.

investments in small firms and committed young entrepreneurs can have long-term effects throughout Serbia.

The cumulative totals of youth reached to date through the YEAP plans can be found in Table 30, above.

As the ES youth support team monitored the YEAP activity over three years, it found that most communities' YEAP actions focused on four core approaches to addressing youth employment at the local level:

- 1) Direct support to young entrepreneurs;
- 2) Employment skill enhancement;
- 3) Entrepreneurship education;
- 4) Employment and entrepreneurship information dissemination.

In the final phase of the project, (2012-2013) the Youth Team focused more on YEAP actions that would provide the most immediate results. The focus of these activities was on direct assistance to youth-owned businesses or job creation for youth, or through creation of public-private partnerships (PPPs). These activities resulted in direct assistance to 99 companies, creation of 144 new jobs and the start-up of 52 new small businesses.

When it comes to PPPs, this is a model that is entirely new to local governments. Despite this fact, three of the most advanced youth offices were flexible and persistent enough to get around administrative (and political) barriers and establish cooperation based on mutual interests with locally based private sector companies. This is another example of where the YOs' role is very important in overall local economic development. PPPs in Serbia are, often rightly, perceived as political mechanisms to favor particular businesses at the public's expense. Until such time as local governments attain a higher level of transparency more in line with EU standards, the PPP model used during the past few years has limited replicability potential. The limited scale of success realized in this area was achieved only through the intensive involvement of ES staff and the engagement of especially progressive private partners that recognized the partnerships' long-term effects and benefits. This finding should not detract, however, from the results of the three successful PPPs, where private sector companies provided new jobs to 27 youth, while 107 youth were assisted through specially developed training programs.

Support to Educational Institutions – Institutional Support

Career Counseling Centers: Linking students and employers

The ES project worked to shape a more informed and dynamic workforce, with skills that will fit with labor market needs. The project was also aware of the underlying needs of young people now in school to prepare themselves for their place in Serbia’s economy. Improved vocational training, career counseling and professional development are ideas new to Serbia’s educational system and have been introduced only recently during its transition to a market economy. ES used its strong relationships with the government of Serbia, schools and other international development agencies to become a pivotal partner in the initiation of a variety of vocational trainings and career counseling activities in high schools and universities, as presented below.

Table 31: ES Project Career Guidance Reach

| INSTITUTION | REACH |
|--|---------------|
| High Schools | 16,854 |
| Development Agency Led Internships (SEDA / PBDA) | 15,500 |
| Manpower Career Centers | 12,793 |
| State University of Novi Pazar | 3,500 |
| International University of Novi Pazar | 2,125 |
| Agricultural School, Palilula | 1,200 |
| Bujanovac Branch Campus, University of Subotica | 200 |
| Total | 52,172 |

International University in Novi Pazar Career Center

The ES project and the International University in Novi Pazar (IUNP) collaborated to open a Career Center in March 2010. To date, the center has grown and is providing valuable services to its students. It offers career information, organizes training geared toward improving students’ skills and helps with summer placements in local companies. The center provides a vital link between students and the region’s private sector, helping youth gain new skills and improve their employability. The center is a model for future replication of similar centers. The center has been exceptionally active in both building its own capacity to deliver services and providing direct services to students. The Center also provides trainings for professors and administrative staff in new teaching techniques and communication with students.

KEY RESULTS

- 30 partnerships forged with 30 Novi Pazar–based companies and public institutions to give nearly 500 University graduates access to internship opportunities.
- 18 interns already have been hired by their assigned employer at the end of their internships.
- 464 students trained in resume writing, interview skills and job search techniques, computer literacy and business communication since Center opened.
- 2,000 of the University’s students are receiving services each year.



State University in Novi Pazar Career Center

The Economic Security Project and the State University in Novi Pazar (SUNP) collaborated to establish a Career Center within SUNP. By the end of the ES project, the SUNP Career Center had been operational for nearly a year. To date, the center has developed a work plan and policy manual, developed an alumni database, initiated a partnership with the Sandzak Economic Development Agency (SEDA) to work together to create a joint internship program and become a member of Serbia's state universities career centers network "Akcent." The center offers career information, organizes training to improve students' work skills and helps them with placements in local companies. The center also holds workshops to train students in resume writing, job interviewing skills and other skills to make them more competitive in the job market. Furthermore, the center builds linkages between students and the region's private sector, thereby helping youth gain new skills and improving their employability.

KEY RESULTS

- Partnerships forged with 74 companies and 16 public institutions in Novi Pazar, Sjenica, Tutin and Raska to develop internship opportunities for students.
- 110 students already participated in internship program.
- 195 students trained in resume writing, interview skills and job search techniques, computer literacy and business communication since Center opened.
- 3,500 of the University's students have access to services each year.

Career Guidance in Tourism Vocational Schools

In cooperation with the Belgrade Open School (BOS), the ES project completed training of teachers, principals and school psychologists from 15 tourism high schools across Serbia³⁹. The training program achieved two main goals: (1) improved knowledge and skills of high school staff⁴⁰ in the area of Career Guidance and Counseling (CGC); and (2) increased the availability of CGC services throughout Serbia's high school system.

A total of 60 school staff participated in the two trainings delivered during in 2010. The training curriculum emphasized the role CGC plays in better preparing students to compete successfully upon graduation and throughout their professional careers. Specifically, the sessions covered the basic professional tools and techniques of career guidance and counseling; standards and guidelines for schools set forth in the newly adopted national strategy; and the role of stakeholder networks such as Chambers of Commerce, National Employment Agency and local companies.

The ES-BOS training was the first conducted following the Government's adoption of the National Strategy for Career Guidance – an accomplishment in which the Economic Security team

KEY RESULTS

- 46 School activities Initiated
- 4,221 Students Participated in Career Guidance and Counseling Programs
- 75 School Faculty Introduced to CGC teachers
- 15 Participating Schools Improved Existing Programs

³⁹ The Ministries of Education, Economy and Regional Development, USAID Economic Security Project, and Belgrade Open School (BOS) determined that initiating the counseling center program in tourism schools offered several strategic advantages: (1) the sector is one area of Serbia's economy that is growing; (2) it is one of the government's priorities for development; and (3) the industry is highly dependent upon the capacities and competitiveness of people.

⁴⁰ The program worked to have the high schools create "career teams" to consist of a director, a pedagogue, a psychologist, and a teacher of vocational subjects. Experience shows that the team approach increases the amount of CGC services offered as well as provides services that are more comprehensive, diverse and individualized than those offered by a single, designated school guidance counselor.

proved to be the needed catalyst to help the Ministry of Youth and Sport revive the issue as a top public policy issue. The team concept (for career guidance) and training content developed and implemented by ES and its service partner, BOS, is now the prototype for the new National Strategy and the educators that completed the training are seen as leaders in the Strategy's implementation.

Two months after completion of the trainings, ES conducted a survey of the 15 schools to quantify the impact of the training and actions undertaken by the schools. The results were as follows:

a) **46 Activities Initiated**

Returning to their schools, the four-member teams in each school acted immediately to introduce CGC to their students before the school year ended. The activities included workshops and presentations about careers and career guidance, guest speakers, presentations about post-secondary educational institutions, and an introduction to and instruction for online tools in career planning.

b) **4,221 Students Participated in Career Guidance and Counseling Programs**

The activities initiated in the final weeks of the 2009/2010 school year had a broad reach. They served as preparation for concrete and more permanent programs planned by each participating school for the 2010/2011 school year.

c) **75 School Faculty Introduced to CGC teachers**

In addition to presenting CGC to students, the trained educators included their colleagues in the process. Among the 15 participating tourism schools, another 75 teachers were provided the knowledge and skills received from the BOS trainings; this single action effectively doubled the reach of the training program (at no extra cost).

d) **15 Participating Schools Improved Existing Programs**

School officials uniformly reported that their school psychologists immediately implemented techniques covered during the PPES seminars to modernize, expand and improve the quality of existing professional orientation programs.

Over the past four years, the ES project has included career counseling, internship opportunities and job placement activities into its youth support strategies.

2008
Wrote manual on how schools, local governments or other public or private entities could start and manage internship activities.

2009
Facilitated with Ministry of Youth and Sport public discussion to move the National Strategy for Career Guidance and Counseling toward its eventual passage in spring of 2010.

2009
Partnered with Presevo-Bujanovac and Sandzak Economic Development agencies to implement internship activities during the summers of 2009 and 2010. In the two years, 90 businesses were recruited in South Serbia and Sandzak, giving 210 young people hands-on work experience.

2009
Facilitation of the first public-private partnership between the Serbian government to open three Manpower, Inc.-modeled career centers in Youth Offices.

2010
Implemented with Belgrade Open School Career Counseling *Training of Trainers* for 60 teachers and principals from 15 high schools to increase the presence of school-based counseling.

2010
First career counseling services for Novi Pazar students opened at International University of NP.

2012
State University of Novi Pazar opens career center. Between 2010 and 2012, 77 university students in Novi Pazar have received professional development training and 1,001 students have had at least one internship through an ES-supported career center.

The ES project tested the impact of its workshops on the knowledge and attitudes of the educators involved in the effort. Conducting studies at the beginning of the activity (February) and two months after its completion (June), the team found that participants not only would recommend the seminars to others but that their views were greatly expanded on the role of CGC as a result of their participation.

Possibly more important, the data show the educator’s awareness of the qualitative difference between the concepts of CGC – which prepares young people to take responsibility for a lifetime of learning and full employment – and “professional orientation” – which is more commonly practiced in Serbia and helps students select a university major or professional degree. Furthermore, the educators not only changed their minds but also their approach to in-school career counseling. In the two months following the workshops, these schools either expanded or included internships and job shadowing opportunities in their career counseling offerings.

One quarter of tourism schools in Serbia were covered by the program and today, three years after training completion, career teams are still operational and are using the knowledge and methodology introduced through the ES project to offer career guidance services to new students each year.

Tourism in Serbia grew by 3 percent between 2011 and 2012 (one of the few sectors in Serbia during this period to exhibit growth and one of the few projected to continue growing – 4.9 percent in 2013) and is a significant industry in Serbia – comprising over 5 percent of GDP.⁴¹

Vocational education and training reform program (VET)

The Economic Security Team realized early on that sustainable impact for youth employment and job readiness had to start at the root—the education system itself would have to be re-oriented to address the challenges of today’s job market. ES trainers found a welcome audience for these reform proposals among school directors and vocational teachers, who recognized the need for modernized curricula for vocational students. All agreed on the need to update the vocational educational curriculum as the most immediate means of improving the technical knowledge and professional skills of Serbian youth as they prepared to enter the job market for the first time.

KEY RESULTS

- 25 School directors and 100 teachers from 25 schools in 19 municipalities revised curricula to reflect EU standards
- 10 of these schools are now implementing new curricula after being approved to do so by the Ministry of Education

As a result of this initiative, 25 school directors and 100 teachers from 25 schools and 19 municipalities across South Serbia and Sandzak region successfully revised their curricula to reflect current EU standards for vocational education. At the same time, the ES team recognized that the pedagogy of vocational training could be improved. Regular trainings were offered to vocational teachers to strengthen their capacity to deliver the new curricula. Further detail on the content of these teacher trainings is found in the table below.

⁴¹ This figure includes both direct and indirect contributions to GDP.

Source: http://www.wttc.org/site_media/uploads/downloads/serbia2013_2.pdf

Table 32: ES and VET project strengthening capacities of secondary schools in Southern Serbia: Curriculum modules

| Mod. | Training title: | Training content: | Target group: |
|------|---|--|----------------------|
| 1 | Teaching Methods and Motivation | Improvement of teaching competences through the application of modern pedagogical methods. Moderation of the teaching process. Increasing the level of motivation in mixed-ability classes. Techniques for group and pair work in the classroom. | VET teachers |
| 2 | Applied Vocational Pedagogy | The concept of Vocational Pedagogy and its application in schools. Reflective learning. Lesson planning based on key competencies in vocational education. Micro-teaching and trial-run teaching situations. | VET teachers |
| 3 | Communication and Interpersonal Skills Needed for the Successful Teaching Process | Communication skills (Verbal vs. Non-verbal communication; Assertiveness; Active listening). Importance of feedback in teaching. Importance of the student-oriented approach in communication. Team work and cooperation within the team. Presentation skills. | VET teachers |
| 4 | Modern VET school management practice | Roles and responsibilities of the VET school manager. Leadership styles. Investment decisions. Organization Development. Team Organization. Strategy Development. HRD Planning. Marketing at the school level. | VET school directors |

This two-pronged approach to improved vocational training for Serbian youth also enabled teachers and school directors from underserved regions to modernize their curricula and revitalize their pedagogy and support to vocational students. Teachers and school directors were able to learn more new school management methods as well, and thus raise the quality of their institutions to the level of more developed schools elsewhere in Serbia. As a result, 10 schools applied and got permission from the Ministry of Education to implement new, updated curricula and become eligible for ongoing assistance from the Ministry in updating their programs.

Bakery School in Kraljevo

The ES project began working with businesses in Kraljevo in 2007. This experience exposed a number of gaps in how students were prepared for the workforce and the actual skills required in the labor market. In cooperation with the Agriculture high school and the Bakery Union of Serbia, the project assisted the food processing sector by strengthening the bakery curriculum within the school. The ES team supported the procurement of equipment for a new bakery classroom, enabling the school to provide a more modern curriculum that included both theoretical and practical education for students. To date, 87 students have graduated and attended the vocational program in the workshop and participated in internships in private bakeries (arranged with the help of the Bakery Union). The students' status after graduation is presented below:

KEY RESULTS

- 87 students have graduated and attended the vocational program in the workshop and participated in internships in private bakeries

Table 33: Kraljevo Bakery School students' status after graduation

| School year | Graduated | Empl. in the industry | Cont.education | Unemployed |
|--------------|-------------|-----------------------|----------------|------------|
| 2008 | 16 | 5 | 3 | 8 |
| 2009 | 20 | 8 | 6 | 6 |
| 2010 | 14 | 5 | 4 | 5 |
| 2011 | 19 | 9 | 2 | 8 |
| 2012 | 18 | 7 | 3 | 8 |
| Total | 87 | 34 | 18 | 35 |
| % | 100% | 39% | 21% | 40% |

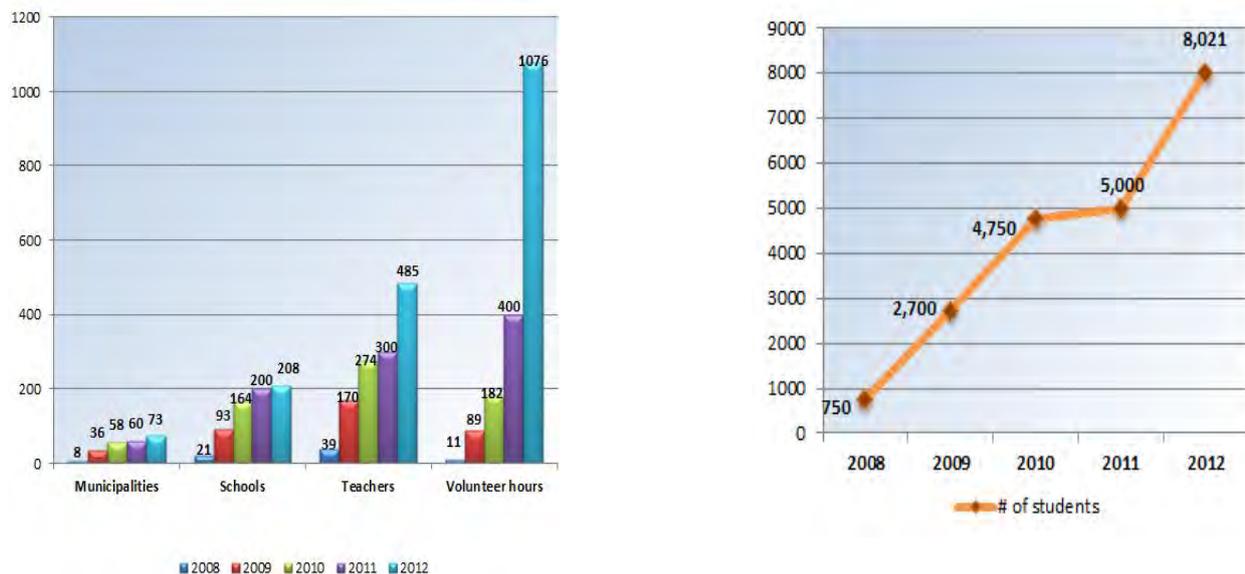
These results stand in stark contrast to those of a similar investment made by the same high school – in a new dairy workshop (which was **not** supported by the ES project) – and established around the same time as the ES-supported bakery laboratory effort. The new dairy workshop focused exclusively on new equipment alone. It failed to update the relevant curriculum or build any links with local private dairy operators. Today, the school’s dairy workshop is inoperable – recent graduates found neither jobs nor internships in the dairy sector. Only a few short years after installing costly new dairy equipment, student enrollment in dairy classes has dropped to zero and the new equipment sits unused. This unfortunate development highlights the importance of private sector participation in the success of any vocational training support program effort and demonstrates the value of helping schools make such linkages. These additional dimensions of the ES approach appear to have been key contributors to the activity’s success.

E. Junior Achievement Serbia Institutional Support

Supporting Junior Achievement Serbia’s nationwide entrepreneurship education program helped the project provide Serbia’s youth with the skills and knowledge to be more competitive – a key goal for the project. Despite all the issues in the local economy and their consequences to general fundraising, JA recorded significant growth over the years. Figure 16 portrays the extraordinary growth of JA in Serbia in just the past five years.

The number of municipalities, students and volunteers has been significantly increased, with a decrease in operational (overhead) costs and significantly more diversified funding sources, illustrating that the organization is maturing and is on the right track. The organization is fully devoted to become a self-sustainable nationwide model organization that develops entrepreneurship among Serbian school youth.

Figure 16: Growth Of JAS Between 2008 And 2012



Diversifying funding base

JAS’ long-term strategy was to decrease the total percentage of USAID funding in its budget in order to reduce dependency on one donor. It has made steady progress, as evidenced by the drop in USAID funding as a percent of JAS’ total budget between 2011 and 2012 from 75% to 44%. The trends in JAS funding from 2009 to 2013 can be found in Tables 34 and 35, below.

Table 34: JA sources of funding 2009-2013

| | FY09 | | FY10 | | FY11 ⁴² | | FY12 | | FY13 | |
|------------------------|-----------|------------|-----------|------------|--------------------|------------|-----------|------------|-----------|------------|
| Total JA budget | \$156,926 | 100% | \$219,606 | 100% | \$360,978 | 100% | \$291,276 | 100% | \$300,000 | 100% |
| USAID funding | \$100,836 | 64% | \$120,680 | 55% | \$272,187 | 75% | \$162,000 | 44% | \$120,000 | 40% |
| Non-US funding | \$56,090 | 36% | \$98,926 | 45% | \$88,791 | 25% | \$129,276 | 56% | \$180,000 | 60% |

In order to secure its financial stability, JAS recognizes the need to focus on non-USAID sources and unrestricted contributions that support JAS operations rather than resources dedicated to specific program events. In the 11/12 school year, the organization saw a 46 percent increase in non-USAID contributions compared to the previous year.

Not only have corporate contributions increased, but the proportion of such funding now leans in favor of unrestricted contributions. In fact, in the 2011/2012 school year, the level of unrestricted, non-USAID funds reached 66 percent.⁴³

That these financial results were achieved at the same time as the programmatic results (in terms of reach and variety of activities) makes the financial success even more significant.

Table 35: JAS non-USAID funding structure

| TYPE OF NON-USAID FUNDING | 08/09 | 09/10 | 10/11 | 11/12 | 12/13 PROJECTED |
|----------------------------------|-----------------|-----------------|-----------------|------------------|------------------------|
| In-kind & Restricted funds | \$56,090 | \$78,279 | \$58,187 | \$43,335 | \$55,800 |
| Unrestricted funds | \$0 | \$20,647 | \$30,604 | \$85,941 | \$124,200 |
| Total funds | \$56,090 | \$98,926 | \$88,791 | \$129,276 | \$180,000 |
| % Unrestricted funds | 0% | 21% | 34% | 66% | 69% |

2013 Funding

JAS' priority for 2013 is to attract new prospects and further increase private sector contributions, in addition to support from USAID, Ministry of Youth and Sport and Ministry of Economy and Regional Development. In 2013 JAS' target is 45 private sector donors, all contributing to \$180,000 or 60% of the organization's budget. This will be done with carefully planned and targeted fundraising activities and is a significant step toward full sustainability of the organization.

⁴² Less than ideally coordinated assistance from four different USAID project sources was a disincentive for the organization to make further progress towards their USAID independence goal in 2011, thus the backsliding, which was promptly corrected the following year.

⁴³ The increased level of unrestricted funds are crucial to the organization's sustainability, as it allows the raised funds to be used to cover core operations, which was particularly difficult to get in the first years of operations. In the early years, companies preferred to fund visible activities (fairs, events, competitions), rather than salaries, transport or administrative costs.

Internal capacity building and USAID FORWARD Eligibility

In mid-2012, USAID conducted an institutional assessment of JAS to determine its eligibility for direct support by USAID. The evaluation found weak administrative and financial systems in a few selected areas and suggested actions needed to improve these shortcomings. The ES project was tasked with training JAS staff in correct procedures and overseeing their application. In a matter of months, internal management and reporting had improved to a point where JAS became eligible for direct USAID funding. This achievement was not only beneficial to JAS and its long-term sustainability, but helped USAID Serbia meet its near-term FORWARD objectives.

F. Return on Investment

Seeking an additional method to capture program results and measure impact, the ES Youth Team contracted two international labor economists to conduct a Return on Investment (ROI) study in late 2012. The results of the study show a very high rate of return overall, with significant variation per activity and per beneficiary.

The study covered all five areas of activity under the ES program: entrepreneurship training through municipal youth offices; municipal-based Youth Entrepreneurship Action Plans (YEAPs); support to Junior Achievement Serbia (JAS); direct technical assistance to youth-owned businesses; and internships. The overall return on investment from all five interventions covered by was 25 to 1 or \$45 million benefit against \$1.8 million in costs. The highest returns on investment were realized from the Youth Entrepreneurship training program through the municipal youth offices and the complementary YEAP activities.

The lowest returns on investment were found in the technical assistance for youth-owned businesses and the subsidized, directly managed internships offered earlier in the program. (Subsequently, internships organized with universities and municipal-based career centers proved to be far more efficient). The two most determinant variables on relative outcomes among activities were scale and leverage, respectively. In other words, the entrepreneurship training and YEAPs reached thousands of beneficiaries and required significant cost sharing by municipalities, and correspondingly yielded higher returns than activities targeting far fewer beneficiaries (<100), requiring little or no cost share.

The ROI study, in its entirety, can be found in Annex I.

LESSONS LEARNED, RECOMMENDATIONS AND SUSTAINABILITY

In its seven year life span, the Economic Security component of the PPES contract demonstrated exceptional results, evidence of which is seen in its two contract extensions, a spending ceiling increased by \$4 million, and progressively more positive CPAR scores. Continuity of senior management and technical staff were key to this outcome, as was the project's decentralized operational structure, embedding its lead technical advisers within the same milieu as its partners. Credit is also due to the ongoing flexibility and support of USAID support staff, who were consistently responsive to the need for program shifts within an evolving operational context.

This section attempts to condense our most salient learnings from seven years of experience in hopes that ongoing support to Serbian SMEs and youth entrepreneurship might apply these insights for continued success. Following 'Lessons Learned' drawn directly from ES programming, we offer a modest series of recommendations to USAID as it carries forward its investment in Serbian business.

The report concludes with a brief commentary on how the ES model aimed for and, we hope, achieved a strong degree of sustainable impact among beneficiaries.

LESSONS LEARNED - Business Support

External: Our success working with partners

1. Targeted selection of project beneficiaries. With the one exception of the first business plan competition in 2007, the project did not make "open calls" to attract potential partners. Rather, beneficiaries were identified and selected through a transparent, criteria-based system (described in the Business Support Strategy section). This ensured that the project did not waste time soliciting and negotiating with hesitant or skeptical beneficiaries. It allowed us to commence on a rigorous action plan with partners that were ready, willing and able to make full use of the tools and trainings provided by the project. We believe that this approach resulted directly in a much lower incidence of failure and drop-outs among partners.

2. Grouping companies according to sector and stage of development. Once identified through the initial assessment process, companies were grouped according to size, sector, stage of development, and interest. Doing so allowed the project to customize its offerings to partner needs and improve efficiency and cut costs by providing a given group of companies the same assistance package at the same time. For example, it proved much less expensive per company to negotiate with a vendor of ISO trainings and technical assistance for 10 to 20 companies at a time, as opposed to providing the same assistance to partners individually over time. Another efficiency measure of the joint training sessions was that business owners who would not have otherwise interacted, were now meeting each other, sharing ideas and comparing experiences. Over time this interaction yielded many unintended but positive consequences – a number of

13 Keys to Success

1. Careful targeting
2. Beneficiary grouping
3. Long-term commitment
4. Integrated approach
5. Thorough trade fair prep
6. Local service providers
7. Flexible grant facility
8. Local staff propinquity
9. Staff-strategy alignment
10. National partnership
11. National framework
12. Working at scale
13. Political neutrality

companies began sharing cost information on shared wholesale distributors, for instance. The informal networking of joint trainings also led to the strongest companies' decision to join forces for greater strength in numbers. Cluster development is described in more detail earlier in the report.

3. Long term commitment. Working with SMEs from underdeveloped regions is a long-term endeavor, and program extensions allowed the project to support its partners through multiple stages of development. Had Economic Security only been a two or three year program, its range of activities would have been smaller, with less impact. For example, trade fairs might not have been possible, as many companies needed a year or more of work on their marketing, visuals and business processes before credibly representing themselves at a trade fair, foreign or domestic. Although designed for maximum continuity with companies throughout the life of the program (initially, three to five years), the project team had to accommodate the busy schedules of company owners and senior managers, whose primary obligation was to running their company. As such, the project had to roll out activities based on partners' readiness and availability to fully commit to a given training or other activity. The project's seven year timeframe made it possible to work at the companies' speed and capacity to learn, internalize and apply the trainings and experiences. In most cases this pace of development would not have fit within a shorter project timeline.

4. Early adoption of an integrated approach. A common mistake in economic development projects is to spread resources widely and thinly across numerous activities and initiatives: the 'scattershot' or 'thousand points of light' approach. The different activities may make sense in and of themselves, but without a planned catalytic connection among them—activities whose objectives may be entirely different—results fail to accrue and any perceived change cannot be directly attributed to project efforts. Because fragmentary, such strategies often prevent scaling, further reducing the chances of wider impact and momentum. The Economic Security project sought to avoid this trap by instituting a 'No One-Off' policy. Project activities were designed to be sequential, always building on previous results. Furthermore, the project subjected its various activity packages to annual evaluations, adjusting and adding new activities as new gaps were identified.

5. Intensive planning and preparation for trade fairs. Trade fairs are a common means of helping businesses expand sales and penetrate new markets. Yet they can also be a waste of energy and resources. Ensuring participants learn and apply the lessons of trade fair trips is tricky; their direct impact on growth difficult to measure. Common errors are well known: companies show up in countries and at fairs whose markets and demands the companies are ill prepared to serve. Poor branding and marketing material, poorly trained on how to follow leads and close deals, and lacking the international standards required to succeed. The ES team approach was to do better. It carefully selected fairs appropriate to companies' size, capacities and market interests, a calibration conducted with company leaders, whose growth plans, comfort level and history, if any, with a desired new market are crucial. We also found that at least a year of aggressive marketing approaches, new branding visuals, internet promotions and investments in multilingual websites were all required before a company was truly ready for its first trade fair. The project made extensive use of pre-fair scouting trips to future sites, typically one to four months before an event, to meet potential clients and study the local market. Finally, for project staff accompanying business owners and managers to fairs, it is essential never to negotiate price or other contractual terms on the latter's behalf. Negotiation is the sole province of company owners. ES project staff observed others make this mistake with their partners all too often.

Internal: Administrative approaches that maximized impact

1. Extensive use of local service providers. The project found the Serbian market for both goods in the form of capital and equipment, and services such as ICT, marketing, visuals, and

management training to be highly developed. The project exploited this wealth of local talent by selecting local vendors and service providers wherever possible, realizing that fostering these linkages comprised a secondary track of economic development. Identification and selection of these small service providers was a highly competitive process. Often, they were based outside South Serbia and Sandzak, the geographic location for ES partner companies.

Bringing these companies together despite the distance was important for two reasons: 1) doing so helped reinforce linkages to the wider economy outside these two underdeveloped regions, one of the project's goals; and, 2) many partner companies desperately needed to upgrade their vendors to obtain higher-end services (e.g., marketing materials, product labeling) if they expected to succeed in new export markets. Many Belgrade-based vendors and service providers offered ES companies both of these outcomes. The project was careful to make sure that its procurement of such services was spread out over a large number of providers, thereby not distorting the market nor fostering dependency on USAID funding. We believe this approach was instrumental to project sustainability (see discussion below), with many ES-supported businesses continuing to maintain links and procure services from vendors introduced to them by the project. Moreover, this approach was highly cost effective.

2. Flexible use of the grants mechanism. As highlighted in the 2012 PPES external evaluation, the project's grants facility was the primary mechanism for delivering training and technical assistance. The flexibility of the grant fund was twofold. First, its application was wide-ranging and included training, technical assistance, institutional capacity support as well as capital equipment support. Second, its range of eligible recipients was deliberately broad, including non- and for-profit service providers, local NGOs, educational institutions, business associations and beneficiary SMEs themselves, even start-ups. CCN STTA was used infrequently to supplement the grant funding. Even less expatriate STTA was used, which declined as the program matured.

3. Posting of local staff and frequency of beneficiary contact. Another aspect mentioned in the 2012 PPES evaluation was the benefit using of local staff from the geographic focus areas. This kept the program from becoming overly centralized in Belgrade and helped build trust with the beneficiaries many of whom were initially skeptical and hesitant. Just as important was the project's frequent contact with beneficiaries. Program staff traveled nearly 1.2 million kilometers over the course of seven years. This was not a project that was run from people's desks; rather, it was run by staff meeting face-to-face and talking frequently with intended beneficiaries – often daily during periods of intensive activity (such as during the weeks before a trade fair appearance). At a minimum, weekly meetings were held throughout the course of routine activities (YEAPs, software installations, standards certification training). After firms and Youth Offices had completed intensive work with the project, they were contacted at least twice per year to update performance monitoring data as part of the project's semi-annual reporting.

4. Lean, rightly sized staff and staff stability. The project intentionally maintained a very lean staffing structure, with only nine technical staff (one technical and geographic area manager per office – Belgrade, Novi Pazar, and Vranje – supported by two junior staff in each office) throughout most of the project. An expatriate team leader was used during the first half of the project but was phased out as soon as strategy and staffing were adequately defined for both subcomponents (Business Support and Youth). In the second year of the program, staffing was scaled back to align with evolving strategy. The early recognition of the need for progressive downsizing was also informed by experience: a surplus of staff, however well qualified, not clearly aligned with a core strategy will, over time, drain resources, staff morale and, ultimately, results. Senior management also changed early in the project's second year. From that point on, the project enjoyed nearly continuous staffing stability, with little turnover among the more junior staff and none among the senior management team.

LESSONS LEARNED – Youth Support

1. Ministry partnership an essential means of accessing highly dispersed beneficiaries. Unlike the Business Support component whose beneficiaries are located in two specific regions, Serbia's estimated 1.4 million youth are dispersed throughout the country. The ES-Youth team simply could not have accessed this population without the support of an active, national level institution – the Ministry of Youth and Sport (MoYS). Equally important was the Ministry's identification with the project. The MoYS was not a convenient appendage to an internationally-driven initiative, but was actively involved in all phases of activity design, implementation and public promotion. Whenever the Ministry spoke publicly about the ES project, it referred to “our program” (i.e., MoYS and USAID) and its results. The language used publicly to describe the partnership helped the project gain legitimacy and access to other institutions, particularly local governments.

2. Legitimacy afforded by a national level framework. Similar to the Preparedness and Planning program, which helped its partners mobilize, educate and ultimately see the law on Emergency Situations passed in 2010 (and worked to support the new law's implementation), the ES-Youth team supported the implementation of the National Youth Strategy, which was adopted by the Government of Serbia in 2008. Operating under this framework and directly supporting the implementation of one of its key objectives helped the project gain legitimacy and a reputation for integrating with national policy, not pushing a separate or outside (donor) agenda.

3. Working at scale. It was important in the early phases of the Youth Support work to achieve national scale – to work, ultimately, in all 128 municipal level youth offices. This enabled the project to: a) be recognized as a key partner by the Ministry of Youth and Sport; b) leverage enough interest among various stakeholders to raise youth entrepreneurship and unemployment as a national priority; and, c) work at a scale sufficient to affect systemic change. Specifically, a national scale of operations represented a ‘tipping point’ whereby the national Youth Office network, as country leaders on youth unemployment and entrepreneurship, could influence national policy, budgeting and potentially education policy as well.

4. Political Neutrality. As was the case with the former Preparedness and Planning project's focus on citizen safety, the ES-Youth team framed its work in a politically neutral way – to reduce youth unemployment. Like Preparedness and Planning with its investment in disaster response and recovery, youth entrepreneurship found widespread support, regardless of political orientation among national and local officials. Locally, the project was able to create consensus among competing political parties, evidenced by the frequent unanimous decisions of local assemblies when adopting YEAP budgets and authorizing financial support, even after governmental transition in the April-May 2012 general elections.

RECOMMENDATIONS

Business Support

- ***Encourage the development of a National Strategy for Economic Development.*** USAID should consider supporting the Government of Serbia (Ministry of Economy and Regional Development) efforts to develop a National Strategy for Economic Growth and Development. The country suffers from lack of vision, direction and coordinated action in this important area. Based on DAI's past experience, at a minimum, such an effort would take approximately two years to ensure that the effort is participatory, comprehensive and has sufficient buy-in to succeed.
- ***Continue capacity building for business cluster management.*** Although the five business clusters in South Serbia and Sandzak have strong membership and have had some success in launching joint marketing initiatives, they remain weak institutionally, with little or no full-time, dedicated staff and little experience formulating and executing long-term plans as a group. Each cluster would benefit enormously from continued support with staff development, planning and execution. Some effort might also be dedicated to helping clusters promote a positive image of private business owners in general, as one legacy of Serbia's former economic system is that private businesses are viewed with a measure of suspicion.
- ***Continue to encourage multi-sectorial partnerships.*** Some of the Economic Security project's most significant achievements resulted from cross-sectorial collaboration – for example, municipal-private sector collaboration or private sector-educational institution collaboration. As the creation of such partnerships was not a contract requirement, it was not a major investment for the program. Yet over time its emergence as a best practice was noted. Any continued economic growth work in Serbia should prioritize such alliances as a priority area of interest.
- ***Continue a carefully considered approach to SME development.*** In addition to replicating the partner selection methodology described in the Activities section above, the project recommends continued support to SMEs in underdeveloped regions. For best results, USAID should consider the following: a) carefully define ahead of time what the minimum and maximum amount of assistance that each company can expect to receive; b) require that semi-annual sales, jobs and export data sharing be a prerequisite for inclusion in any assistance effort; c) that companies always designate a single person within the company as the primary point of contact; d) try and support more activities that are in the interest of a larger group of companies and not just single, individual companies (such activity under the ES program gave rise to the clusters); and, e) include in some meaningful way (as the Youth Support team did) municipal level staff responsible for private sector outreach. In municipalities that have them, the logical partners would be the municipal Local Economic Development offices.

Youth Support

- ***Continue to support start-up initiatives among youth.*** A successful SME support program has to include some measure of support for what the ES program labeled as “base tier” businesses – newly formed youth-owned businesses or emerging businesses. Maintaining a healthy pipeline of emerging business initiatives is critical to the well-being of the economy. Today, these young businesses serve as important contributors to their sectors’ supply chains (often serving as subcontractors for larger firms). Tomorrow, a few such businesses will grow into medium and large companies. The MOYS has submitted a proposal to USAID for consideration to continue this effort.
- ***Continue to support youth entrepreneurship promotion efforts.*** A corollary to the above recommendation, promoting entrepreneurship: a) helps fill the SME pipeline with a continuous stream of new businesses; b) helps communities mitigate youth out-migration and youth-driven safety / security / instability issues by offering entrepreneurship as a viable solution to extremely high youth unemployment.
- ***Listen more, speak less.*** It is important to create and maintain close contact with local decision makers and important national level stakeholders and to make them feel like they are part of the project. Donors tend to talk about doing this as a matter of course, but too often local partners are used as window dressing and programs go on to pursue their own interests independent of any true partnership. One way of ensuring more active partnerships is by inviting others’ opinions, talking less, listening more, identify common interests and building initiatives and activities around those common interests. This requires a personal commitment from the staff (and enough maturity to put their own interests and preconceived notions to the side), program flexibility and true effort to understand the other side’s positions.
- ***Strive for national level visibility.*** Even if focused regionally, national level visibility can keep a program’s agenda visible at the national level, which helps when seeking legitimacy and advocating for larger support.

SUSTAINABILITY

When talking about sustainability, it's important to first ask, "sustainability of *what*, exactly?" And, second, what *kind* of sustainability is realistic and appropriate, given the operational context? Regarding the sustainability of project partners, vendors, service providers, beneficiaries and their *results*, as noted above, sustainability was deliberately built into all activities from their inception. Activities deemed to be inherently unsustainable or with slim chances of becoming sustainable during the project's lifetime were not considered. As for the type of sustainability sought, the project never presented itself as a *provider* of services for project beneficiaries (businesses, start-ups, youth office coordinators, municipalities, schools), but instead as a facilitator of catalytic processes, connecting key parties that could provide ongoing services and support to each other beyond the life of the project.

The direct result of this approach, project staff believe that as much as 99% of the project results described in the preceding section will continue after project closedown. Despite a severe economic downturn that hurt Serbia worse than many of its neighbors, only 5% of intensively assisted businesses went bankrupt. 95% of those assisted continue to operate profitably as of the end of the project.⁴⁴ Their progress in terms of sales, international standards attained (ISO, Halal) new markets reached (domestic and international) and joint action (clustering) represents the mark of permanent change.

Crucial to this outcome were the businesses themselves. Firms assumed all the classic risks associated with company expansion: restructuring their internal hierarchy for greater efficiency; significant capital outlay to pursue new markets; place trust in new, untried business partnerships. As such, the consequent increase in product sales and market share can be rightfully attributed to their own initiative. Examining sales data over the long-term, the ES team saw no evidence that once project support had ceased did sales decline. Instead, sales among assisted companies continued to outpace that of a comparable control group in every targeted sector.

As for the sustainability of the five business cluster associations formed relatively late in the project (Asstex in 2009, Kostana in 2011 and the other three in 2012), their cumulative success bodes well for their continued viability. All are on track with their two-year action plans and are not currently, nor have ever been, dependent on the ES program for operational funding. The formation of business clusters did not initially figure among program outputs or performance indicators, nor did ES staff push the businesses toward this development. They were exposed to the concept and supported appropriately once they made the decision to formalize their relationships within cluster associations, but the decision to do so (including costs and time commitments) was theirs alone. The clusters formed organically once the businesses realized the value of associating and could justify the costs involved. As such, the clusters were never dependent on the project in any way; their development reflects well on the entrepreneurial spirit of these partners and bodes well for their continued progress.

The same can be said for the ES-supported Youth activities: municipal Youth Offices have survived the recent political transition and continue to flourish, as does the Ministry of Youth and Sport. As with the business clusters, neither the Youth Officers nor the Ministry were ever dependent on USAID financing. Although some Youth Office coordinators were replaced during the political transition, the institutions themselves continue to operate using the new practices the project helped introduce. For example, YEAP plans continue to be developed and implemented as key administrative tools in the municipalities where they were introduced. Municipal budg-

⁴⁴ Indeed, the failure rate among ES assisted SMEs of 1% per year was miniscule compared with the general rate of failure across Serbia of similarly sized businesses. In 2011 alone (the most recent year of data available), 13 percent of all companies and 16 percent of sole proprietorships closed. Sources: publically available data on economics portions of privredni-imenik.com, novosti.rs, and blic.rs web-sites.

ets and planning indicate that they will continue to fund YEAP implementation after ESP support concludes (a trend well documented in our last Semi Annual Report). In addition, all three supported career centers remain active and functional. Their ongoing operational budgets are fully funded by the universities that house them.

Entering the final year of the program, the project's sole sustainability concern was with Junior Achievement Serbia, a fledgling institution initiated with USAID help in 2003. In early 2013, USAID began provisions to support the JAS franchise for an additional two years, a timeframe that ES project staff feels is ideal to allow the organization a chance to secure its future sustainability. Recall that when the project first began working with the institution, its private sector funding base was zero. As a result of our intensive partnership, JAS managed to secure private sector support at an average rate of an additional \$30,000 per year. In 2012, its private sector funding surpassed \$130,000. Reaching \$200,000-\$250,000 per year by 2015, as its recently adopted business plan dictates, is entirely feasible.

Other innovations have helped the project ensure the sustainability of its beneficiary institutions and partners. Perhaps most significant was the project's consistent use of local service providers to deliver nearly all the training and technical assistance over the entire project lifespan. Nearly all continue to exist (see Annex D for a complete list) and have become well known in South Serbia, Sandzak and by Youth Offices throughout Serbia. As ES partner firms will continue to require these services, outsourcing to smaller, trusted firms will help grow Serbia's increasingly diverse and interconnected economy. Most of these boutique or specialized service providers work in the areas of marketing, IT systems and management consulting. While we cannot anticipate that ES partner businesses will continue to contract such services with the same regularity as during the project, they continue to do so insofar as their means allow, which is encouraging.

There is a final dimension of sustainability that the ES project recognizes as important—the facilitating, connecting and coordinating roles it has played since 2007—but this will end in March 2013, as planned. In contrast, USAID's former Municipal Economic Growth Activity (MEGA) was contractually required to create and build the capacity of a new local NGO, the National Alliance for Local Economic Development (NALED) to pursue a local economic development promotion and facilitation role after MEGA ended. For ESP (PPES), there was no such contract requirement to create and constitute a business support service capable of both entrepreneurship facilitation and coordination capacity, and situate these services within one or more government or non-government national institutions. Having worked in this vital arena for the past seven years, project staff believe that the need for external facilitation in support of SME competitiveness in Serbia's underdeveloped regions is far from exhausted. We recommend that the Mission seriously consider investing in host country capacity building, preferably a central government body (e.g., Ministry of Economy and Regional Development), to help meet this crucial need while the country continues to find its way out towards economic security.

Such an investment would need to be weighed against the likelihood of palpable impact in the brief time remaining before the Mission's exit from Serbia. The challenge should not be underestimated. There is no single entity in the country that is looking at economic development comprehensively. Instead, the country is littered with an amalgam of state agencies, parastatals, local agencies and NGOs, each claiming a 'business support' mandate. In practice, these agencies, without exception, are managed as fiefdoms over a narrow set of competencies, often with limited geographic scope. Moreover, such agencies rarely cooperate at a strategic or policy level, let alone at a tactical, program implementation level. The Economic Security program has long advocated for USAID to consider offering the Government of Serbia assistance with developing a comprehensive national Economic Development Strategy, as a first step in trying to address this systemic weakness.

ANNEX A

PERFORMANCE MONITORING PLAN TABLES (Annual SO/IR Results Report)

Performance Monitoring Plan Tables (Annual SO/IR Results Report)

INDICATOR #1 Increase in sales (among top and middle-tier companies assisted)

USAID IR 1.2.1.1 Increased value of sales (by USG assisted entities)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2008-2012 |
|----------------------|---------------|---------------|---------------|---------------|--------------|-----------|
| Target \$ | | | | | | |
| Target % | 5% | 10% | 10% | 10% | 10% | |
| Actual \$ | | | | | | |
| 2012 ES Sample (101) | €81,445,797 | €85,972,673 | €92,676,987 | €107,648,960 | €110,788,869 | |
| 2012 ES Control (90) | €47,317,682 | €43,588,285 | €39,775,899 | €45,207,473 | €52,863,495 | |
| 2011 ES Sample (87) | \$109,442,951 | \$112,746,525 | \$116,061,465 | \$140,390,560 | | |
| 2011 Control (129) | \$84,057,151 | \$66,164,788 | \$63,673,618 | \$73,228,367 | | |
| Actual % | | | | | | |
| 2012 ES Sample (101) | | 6% | 8% | 16% | 3% | 36% |
| 2012 ES Control (90) | | -8% | -9% | 14% | 17% | 12% |
| 2011 ES Sample (87) | | 3.0% | 2.9% | 21.0% | | |
| 2011 Control (129) | | -21.3% | -3.8% | 15.0% | | |
| Attributed \$ | | | | | | |
| 2011 ES Sample (87) | | | | 45,103,168 | | |
| Attributed % | | | | | | |
| 2011 ES Sample (87) | | | | 100%+ | | |

UNIVERSE OF COMPANIES All top and middle tier companies that have been working with the program at least a year. Excluded from the analysis are those companies that only worked with the project in Year 1 (as Business Plan Competition winners) or were private accommodation owners (tourism sector) assisted in Year 2.

BASELINE CALCULATION Annual sales the year before the project started working with the company. Weighted average (not arithmetic average) of year-year growth and cumulative growth over life of project.

FREQUENCY Based on a survey of all intensively supported businesses twice per year. Note, to adapt this indicator to companies' own financial reporting cycle, the April report includes data through the end of the previous calendar year (December) and the October report includes only 9 months (of 12) data (January to September).

ATTRIBUTION ESP companies' performance will be compared with that of a control group of businesses with similar profiles in order to derive an "attributed" amount of sales from ESP interventions and, ultimately, a total return of investment. The control survey will be conducted twice – February 2012 and February 2013.

Comments:

In USD terms sales appear to have contracted in 2012, however in both RSD and Euro, company sales have continued to expand in 2012. The effect of different currency conversions on the results is shown on table below. The project believes the Euro denominated sales results reflect the most accurate picture of companies' progress for the reasons covered in the Business Support Results section.

| Year | Sales of 101 sample | | Exch. EUR RSD | Sales of 101 sample | | Exch. USD RSD | Sales of 101 sample | |
|------|---------------------|------------|---------------|---------------------|------------|---------------|---------------------|------------|
| | RSD | Growth RSD | | EUR | Growth EUR | | USD | Growth USD |
| 2008 | 6,632,945,670 | | 81.44 | €81,445,797 | | 55.58 | \$119,340,512 | |
| 2009 | 8,072,834,004 | 22% | 93.90 | €85,972,673 | 6% | 67.25 | \$120,042,141 | 0.6% |
| 2010 | 9,536,461,923 | 18% | 102.90 | €92,676,987 | 8% | 77.63 | \$122,845,059 | 2% |
| 2011 | 10,976,964,455 | 15% | 101.97 | €107,648,960 | 16% | 73.36 | \$149,631,467 | 22% |
| 2012 | 12,523,573,767 | 14% | 113.04 | €110,788,869 | 3% | 88 | \$142,313,338 | -5% |

INDICATOR #2-A Jobs created (Previous methodology)

Number of jobs created in all assisted companies. Previous methodology only looks at direct job creation of ES active companies reporting jobs results

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Final |
|----------------------|------|------|------|------|------|------|-------|
| Cumul. Target | 150 | 150 | 170 | 157 | 177 | 245 | |
| Actual | 114 | 12 | 9 | 114 | 149 | 179 | |
| Cumul. Actual | 114 | 126 | 135 | 249 | 398 | 577 | 577 |

UNIVERSE OF COMPANIES All top and middle-tier companies that have been working with the program at least a year. Excluded from the analysis are those companies that only worked with the project in Year 1 (as Business Plan Competition winners) or were private accommodation owners (tourism sector) assisted in Year 2.

BASELINE Number of employees the year before the project started working with the company.

CALCULATION Comparison of current aggregate employment of assisted companies vs. baseline.

FREQUENCY Based on a survey of all intensively supported businesses twice per year (March and October).

ATTRIBUTION Given that the final control group jobs finding reflects a contraction of 5% the project attributes 100% of these new jobs to ES project support.

Comments:

47 companies surveyed added 179 new jobs in 2012. The external PPES evaluation conducted during summer 2012 suggested that the project has been underreporting jobs creation by not considering larger supply chain impact. This issue is addressed in Indicator 2-B, below.

INDICATOR #2-B Jobs created (Revised methodology)

Number of jobs created in and indirectly by all program assisted companies

| | 2007-08 | 2009 | 2010 | 2010 | 2012 | Final Cumulative |
|--------------------------------------|------------|------------|------------|------------|------------|------------------|
| Companies creating jobs | | 58 | 33 | 60 | 47 | |
| 1. Total direct jobs | 126 | 407 | 388 | 485 | 179 | 1,585 |
| <i>Suppliers (52%)</i> | 66 | 212 | 202 | 252 | 93 | 824 |
| <i>Service Providers (12%)</i> | 15 | 49 | 47 | 58 | 21 | 190 |
| <i>Subcontracts (10%)</i> | 13 | 41 | 39 | 49 | 18 | 159 |
| 2. Total Indirect Jobs | 93 | 301 | 287 | 359 | 132 | 1,173 |
| 3. Total Youth Jobs | 0 | 129 | 36 | 90 | 156 | 411 |
| TOTAL ES JOBS CREATED (1+2+3) | 219 | 837 | 711 | 934 | 467 | 3,169 |

UNIVERSE OF COMPANIES All supported companies from both teams (Business Support and Youth Support) for which new jobs data is available.

BASELINE Number of employees the year before the project started working with the company.

CALCULATION Comparison of current aggregate employment of assisted companies vs. baseline.

FREQUENCY One time for the Final Report only.

ATTRIBUTION Given that the final control group jobs finding reflects a contraction of 5% the project attributes 100% of these new jobs to ES project support..

Comments:

Indicator 2-B differs from 2-A in three ways: 1) the indicator considers all companies that reported jobs growth in a given year (not just sampled companies); 2) it considers the spread effect of growing companies on the broader community by considering secondary job growth on the part of ES-supported companies' (raw material) suppliers, service providers and sub-contractors. The multiplier coefficients applied for each (52%, 12% and 10%) are based on a survey of supported businesses in fall 2012 and represent averages across all three sectors. Although each sector has a different supplier/service provider/subcontractor use profile, because ES supported companies were split almost evenly among the three sectors (fashion – 40%; food processing 30%; light manufacturing 30%) the coefficients are not weighted; and, 3) it combines job creation catalyzed through the Youth Support activities with those of Business Support so as to provide USAID with one **single** “jobs created” number for the project over its entire period of performance.

INDICATOR #3 Companies entering new markets

Number of companies entering new markets

| | 2008 | 2009 | 2010 | 2011 | 2012 | Final |
|----------------------|------|------|------|------|------|-----------|
| Cumul. Target | | | | | 88 | |
| Actual | 22 | 15 | 14 | 43 | 30 | |
| Cumul. Actual | 22 | 34 | 39 | 64 | 83 | 83 |

- UNIVERSE OF COMPANIES** All top and middle-tier companies that have been working with the program at least a year. Excluded from the analysis will be those companies that only worked with the project in Year 1 (as Business Plan Competition winners) or were private accommodation owners assisted in Year 2.
- BASELINE** Zero. A “new market” is defined as a new, sustained sale to a new buyer or buyers in domestic or foreign geographical location(s) outside the company’s home municipality that it wasn’t previously selling into.
- CALCULATION** Simple addition.
- FREQUENCY** Collected twice per year (March and September)
- ATTRIBUTION** Not considered for this indicator.

Comments:

Actual represents the number of companies achieving one or more new markets in that year. Cumulative is the number of total individual companies achieving new markets over the life of the program.

INDICATOR #4 Exports increased

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2008-2012 |
|-------------------------|------------|-------------|-------------|-------------|-------------|-----------|
| Exports | | | | | | |
| ES project 68 companies | €9,471,192 | €9,388,393 | €24,449,043 | €32,116,368 | €34,140,849 | |
| Control group (31) | €8,295,606 | €10,073,916 | €10,993,987 | €14,006,480 | €17,826,202 | |
| Growth | | | | | | |
| ES project 68 companies | | -0.9% | 160% | 31% | 6% | 261% |
| Control group (31) | | 21% | 9% | 27% | 27% | 115% |
| Attributed % | | | | | | 69% |

UNIVERSE OF COMPANIES All top and middle-tier companies that have been working with the program at least a year. Excluded from the analysis are those companies that only worked with the project in Year 1 (as Business Plan Competition winners) or were private accommodation owners (tourism sector) assisted in Year 2.

BASELINE Exports the year before the project started working with the company.

CALCULATION Aggregate of all companies surveyed.

FREQUENCY Based on a survey of all intensively supported businesses twice per year (March and September).

ATTRIBUTION ESP companies' performance were compared with that of a control group of businesses with similar profiles.

Comment:

Included 60 ES-supported top and middle tier companies that have reported export sales for all three years (2010, 2011, 2012). Exports expressed in RSD and EUR have increased in 2012.

INDICATOR #5 Entities meeting international standards (ISO or Halal certification)

IR 1.2.1.2 Increased number of entities meeting international standards

| | 2010 | 2011 | 2012 | 2013 |
|----------------------|-----------|-----------|-----------|-----------|
| Cumul. Target | | 20 | 32 | |
| Actual | 12 | 10 | 10 | 4 |
| Cumul. Actual | 12 | 22 | 32 | 36 |

UNIVERSE OF COMPANIES All ESP assisted companies.

BASELINE Number of companies that already possessed international certification prior to ESP assistance.

CALCULATION Simple addition.

FREQUENCY Collected twice per year (March and September).

ATTRIBUTION 100% progress attributed to ESP.

INDICATOR #6 Businesses with improved management practices

IR 1.2.1.3 Number of Private sector firms with improved management practices, as a result of USG assistance

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Final |
|----------------------|------|------|------|------|------|------|------------|
| Cumul. Target | | | | | | 30 | |
| Actual | 13 | 79 | 42 | 72 | 61 | 87 | |
| Cumul. Actual | 13 | 91 | 117 | 147 | 156 | 203 | 203 |

DESCRIPTION Management practices include areas like financial management, strategic planning, marketing, or sales. This indicator counts all those businesses receiving USG assistance through ESP in the current year and cumulative number that have received assistance.

UNIVERSE OF COMPANIES All firms that have received any kind of program assistance during the fiscal year.

CALCULATION Simple addition.

FREQUENCY Collected twice per year (March and September).

ATTRIBUTION Not applicable.

Comment: Actual equals firms assisted each year. Cumulative equals total number of individual firms assisted (i.e., some firms received management assistance in more than one year), thus the cumulative total does not equal the sum of “actuals” per year.

INDICATOR #7 Assisted youth finding a job

Number of assisted youth who have found jobs (and derived unemployment rate among targeted population)

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------|------|------|------|------|------|
| Target | n/a | n/a | n/a | 60 | 30 |
| Actual | 129 | 36 | 90 | 96 | 60 |
| Cumul. Actual | 129 | 165 | 255 | 351 | 411 |
| Attribution% | | | | | |

DESCRIPTION Number of young people who have found employment after receiving directly provided training through municipal Youth Offices.

METHODOLOGY A survey will be conducted once per year on a statistically significant sample size, not more than 6 months after training intervention.

ATTRIBUTION 100%

Comment: 241 Youth Office trainees and 170 YEAP participants finding employment equals 411 in total.

INDICATOR #8 Assisted youth founding a new business

Number of assisted youth who have found a new business

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------|------|------|------|------|------------|
| Target | 25 | 25 | 25 | 25 | |
| Actual | 69 | 35 | 31 | 65 | 7 |
| Cumul. Actual | 69 | 104 | 135 | 200 | 207 |
| % of trained | | | | | |

DESCRIPTION Number of young people who have started their own business after receiving ESP assistance through Youth Offices. The business must be legally registered and not working in the gray economy.

CALCULATION [Derived figure. Percentage of youth responding to survey that have found a job applied to the total population of trained youth]

FREQUENCY Once per year (summer).

ATTRIBUTION Not considered for this indicator.

Comment:

146 Youth Office trainees and 61 YEAP participants founded a business – 207 in total.

INDICATOR #9 Microenterprises receiving assistance

Number of microenterprises receiving business development assistance from USG sources

| | 2007/2008 | 2009 | 2010 | 2011 | 2012 | Final |
|--------------------------|-----------|------|------|------|------|-----------|
| Cumulative Actual | 78 | 80 | 82 | 95 | 95 | 95 |

UNIVERSE OF COMPANIES All supported companied (both Business Support and Youth Support).

METHODOLOGY The project is cognizant of USAID’s definition of a microenterprise (ref: ADS 219), which includes informal sector and poverty criteria. Because Serbia does not fit the typical profile of a USAID-assistance country, most of the businesses assisted by ESP are neither operating in the grey economy nor are they owned by persons who would meet the country’s poverty definition. As such, the project only apply the size criteria (10 or fewer employees) when it determined whether to count a firm as a microenterprise.

FREQUENCY Twice per year (March and September)

Comment:

Figures include only intensively supported microenterprises. Additional 97 companies received training and assistance in business plan writing for the Business Plan Competition in 2007 but were not selected as “winners” entering into Program. Including them, the final number of Microenterprises receiving assistance would be **192**.

INDICATOR#10 Food security private enterprises receiving assistance

IR 1.2.1.5 Number of food security private enterprises receiving USG assistance

| | 2010 | 2011 | 2012 | Final |
|----------------------|------|------|------|-----------|
| Cumul. Target | 38 | 38 | 44 | |
| Cumul. Actual | 38 | 38 | 58 | 58 |

DESCRIPTION This indicator was designed to incorporate food security private enterprises (for profit), producer organizations, water users associations, women’s groups, trade and business associations, and community based organizations (CBOs) receiving USG assistance.

UNIVERSE OF COMPANIES All supported companied (both Business Support and Youth Support) in the Agriculture sector.

FREQUENCY Twice per year (March and September).

CALCULATION Simple addition.

ATRIBUTON Not applicable.

INDICATOR#11 Businesses participating in the formal credit market

Number of USG assisted entities participating in the formal credit market.

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2008-2102 |
|---|------|------|------|------|------|------------|
| #ES assisted businesses | 115 | 119 | 129 | 82 | 140 | 140 |
| #ES assisted businesses in credit market | 34 | 33 | 52 | 41 | 46 | 96 |
| % of total ES assisted businesses | 30% | 28% | 40% | 43% | 33% | 67% |
| # control group companies | | | | 129 | | 90 |
| #control group companies in credit market | | | | 46 | | 42 |
| % of total control group | | | | 36% | | 47% |

DESCRIPTION The program will report semi-annually on the number of businesses participating in program activities that are participating in formal credit markets (have either taken out a new loan during the current reporting period, for whatever reason – capital investment or short-term liquidity - or are currently servicing a long-term loan).

UNIVERSE OF COMPANIES Intensively assisted Business Support companies.

FREQUENCY Twice per year (March and September).

ATTRIBUTION Although no attribution will be claimed (as the project, to date, has not designed and implemented any activities that promote participation in credit markets, although occasional assistance in this area has been provided on an ad-hoc basis), a comparison was made with a control group of businesses. Data on this indicator is being provided to USAID as a courtesy to help better inform future programming decisions and is not meant to reflect program impact.

Comment:

There has been a decrease in companies making use of formal credit markets over the past year. This is consistent with macroeconomic trends and the consequent tightening of the credit market during the extended economic downturn from 2009-2012.

ANNEX C

LIST OF CONTRACT DELIVERABLES

List of Contract Deliverables

Component II Baseline Assessment

1. Draft Component II Baseline Assessment Report, submitted August 31, 2006
2. Final Component II Baseline Assessment Report, submitted September 29, 2006

Business Sector Assessments, Years 1 & 2

1. Apparel Industry Sub-Sector Report, December 2007
2. Forest Products in Kursumlija, Medvedja, Bujanovac and Presevo Industry Sub-Sector Report, December 2007
3. Tourism Industry Sub-Sector Report, February 2008
4. Food Processing in Novi Pazar Industry Sub-Sector Report, December 2007
5. Food Processing in Kraljevo Industry Sub-Sector Report, December 2007
6. Dairy Industry Sub-Sector Report, July 2008
7. Kursumlija Fruit Growing and Fruit Processing Sub-Sector Report, February 2008

Semi-Annual Reports

1. Semi-Annual #1, May 31 – September 30, 2006. Submitted October 31, 2006
2. Semi-Annual #2, October 1, 2006 – March 31, 2007. Submitted April 20, 2007
3. Semi-Annual #3, April 1 – September 30, 2007. Submitted October 31, 2007
4. Semi-Annual #4, October 1, 2007 – March 31, 2008. Submitted April 24, 2008
5. Semi-Annual #5, April 1 – September 30, 2008. Submitted October 10, 2008
6. Semi-Annual #6, October 1, 2008 – March 31, 2009. Submitted April 15, 2009
7. Semi-Annual #7, April 1 – September 30, 2009. Submitted October 9, 2009
8. Semi-Annual #8, October 1, 2009 – March 31, 2010. Submitted April 15, 2010
9. Semi-Annual #9, April 1 – September 30, 2010. Submitted October 15, 2010
10. Semi-Annual #10, October 1, 2010 – March 31, 2011. Submitted April 20, 2011
11. Semi-Annual #11, April 1 – September 30, 2011. Submitted October 19, 2011
12. Semi-Annual #12, October 1, 2011 – March 31, 2012. Submitted April 12, 2012
13. Semi-Annual #13, April 1 – September 30, 2012. Submitted October 11, 2012

Work Plans

1. Work Plan FY 2007
 - Component #1 Contingency Planning, Submitted August 15, 2006
 - Component #2 Economic Security, Submitted January 17, 2007
2. Work Plan FY 2008, Submitted October 10, 2007
3. Work Plan FY 2009, Submitted September 18, 2008
4. Work Plan FY 2010, Submitted September 7, 2009
5. Work Plan FY 2011, Submitted September 10, 2010
6. Work Plan FY 2012/2013, Submitted October 28, 2011

Final Report

1. Draft Preparedness and Planning Final Report 2006-2011, Submitted September 26, 2011
2. Economic Security Final Report, Submitted March 25, 2013

ANNEX E

CLUSTER PROFILES

ASSTEX CLUSTER



Apparel/Jeans textile cluster from Novi Pazar, South-west Serbia (Sandžak) founded in 2009

CLUSTER SUMMARY: Sandzak’s reputation as a major European center for fine textiles extends back nearly a century. At its peak in the 1990s, the textile industry was a major employer in the region and generated annual revenues exceeding 100 million Euros. In the following decade, the industry’s decline mirrored that of the Serbian economy in general. Driving factors in this precipitous decline were inexpensive imports flooding European markets, outdated production technology, and a worldwide recession. As large textile companies were privatized in 2000, the industry nearly collapsed. By 2005, unemployment rates in the region reached 50 percent and many were predicting the complete end to the textile industry in Serbia.

ASSTEX is a textile industry association from Novi Pazar founded in 2008 and currently has 135 members. It was initially established to solve numerous challenges facing a privatized textile industry and to strengthen the business opportunities for its members, to enable small and medium enterprises to gain easier joint access to the EU markets; to organize appearances with relevant authorities in Serbia; and to promote rational investments.

In 2009, 10 of these members registered Serbia’s first fashion cluster ASSTEX Cluster.

The project provided TA to ten individual member firms for: ISO 9001 certification, business process software and visual identity upgrades. It supported cluster trade fair attendance in Albania (2010, 2011), Germany (2010), Poland (2011) and Russia (2009, 2012). A joint branding identity, “Jeans from Serbia,” was introduced in 2010. With ES support the cluster established a permanent presence in Poland (2011) and Russia (2012).



MEMBERS

- Big Boys (Guns)
- Classic Jeans/Classx
- Denis/Denistar
- Exit
- HIS/Exact
- Join/Brug
- Menus/Maxers
- Mikan/Bros
- Stig
- TRI B/Benneli
- + Sandzak Economic Development Agency
- + State University Novi Pazar

CONTACT

Cluster President

Mr. Tigrin Kačar
Stig company
Save Kovacevica 10
36000 Novi Pazar
Cell: +381-63-603-681

CLUSTER DATA

Members: 10 companies + 2
Employees: 634
Sales 2012: \$12,003,184
Exports: 45%

KOŠTANA CLUSTER

KOŠTANA
S H O E S

Apparel/Footwear cluster from South Serbia (in Vranje, Bujanovac, Vladičin Han, Trgovište munic.) founded in 2011

“Kostana Shoes” Cluster was founded in 2011 following months of meticulous preparations. Manufacturing of premium quality shoes in South Serbia has a long tradition dating back to 1958 when the first local shoe factory Kostana was founded. This area has long specialized in footwear and leather products, so cluster member companies benefit from the skilled local labor force capable of producing modern, high quality product. This has been recognized by some of the top names in international fashion industry – world’s top haute couture brands associated with premium class products such as Louis Vuitton and Moschino – benefit from cooperation with Kostana Shoes Cluster members. South Serbia has a variety of educational centers supporting the leather and footwear sector. This increases the chances of faster appliance of technological innovations.

The project provided TA to ten individual member firms for: ISO 9001 certification, business process software and visual identity upgrades. It supported cluster trade fair attendance in Dusseldorf, Germany (2012) and Poznan, Poland (2012) and Trade Missions to Dusseldorf, Germany (2011 and 2012), Moscow, Russia (2012), Poland (2012) and Riva de Garda, Italy.



MEMBERS

| | |
|-------------|------------|
| Alekstra | M&S |
| Cipa | Mladenovic |
| Donna Stile | Roberto SS |
| Lotos | Sanch |
| Minex | Sin Stil |
| Mima | Steffi-Co |

+ Regional Development Agency for for Jablanica and Pcinja district

+ Vocational High School for Technology and Chemistry Vranje

CONTACTS

Cluster President

Mr. Zoran Stojiljkovic
Minex company
Nemanjina 83, 17500 Vranje
Cell: +381(0)69 285 1111
Email: minexex@ptt.rs

Cluster Vice President

Mr. Bratislav Djordjevic
Stefi-co company
Kosovska bb, 17500 Vranje
Cell: +381(0)63 8068716
Email: donnavranje@gmail.com

CLUSTER DATA

Members: 12 companies +2

Employees: 1021

Sales 2012: \$9,610,000

Exports: 55%

PRIJEPOLJE TEXTILE CLUSTER



Textile cluster from Southwest Serbia (Sandzak) founded in 2012

The textile cluster Prijepolje was founded in 2012 and it specializes in niche areas including hotel and home linens, wool wraps and comforters, sportswear, uniforms and socks. A wide range of products includes various types of protective clothing meant to provide the customers with the sense of security at work. Modern equipment and professionally qualified staff ensure that each piece of clothing is made of the highest quality material. The cluster is planning to expand the product range and product placement in the coming period.

In 2008, 17 firms registered an association (The Association of Textile, Leather and Shoe Producers of Prijepolje) advocating for conversion and sale of former state-owned factories where they could co-locate. Joint marketing and pursuing new markets were not priorities in 2008 and 2009. Some members joined ASSTEX at the 2010 Dusseldorf fashion fair. This trip re-ignited members' interest in joint marketing. In 2012, the project re-engaged, providing selected firms training and TA, and later with help for the group to formally registration as a cluster.



MEMBERS

| |
|--|
| Astra |
| Goldstar |
| Grandtex |
| Haba Plus (Monako) |
| Hes |
| Konik |
| Marko |
| Stilex |
| Trend Text |
| Veteks |
| Vizard M |
| + Regional Development Agency for Prijepolje |

CONTACT

Cluster President

Mr. Ivan Ljujić
Konik company
Moše Pijade 36
31300 Prijepolje
Cell: +381(0)65 6537653

CLUSTER DATA

Members: 11 companies +2
Employees: 354
Sales 2012: \$7,278,500
Exports: 66%

KEEPERS OF TRADITION

Pešter, Kopaonik and Golija



Food producers cluster from Southwest Serbia founded in 2012

Keepers of Tradition – Pešter, Kopaonik and Golija cluster member companies were part of the ES program’s 2011 new businesses expansion, though a few, such as Milkop, had been project partners for a number of years. Firms participated in basic management, marketing, sales and company life cycle training. They also participated in branding training and were supported in developing a common brand; nine of the firms received support with Halal certification for 54 food products. This was part of the group’s preparation for a joint exhibition at the Novi Sad Agriculture Fair in May 2012. In November 2012 the firms formally registered as a cluster and, in February 2013, entered the Belgrade retail market through a cooperative agreement with the Belgrade-based Halal agency on the opening of Belgrade’s first Halal food shop.



MEMBERS

| | | |
|--|--------------------|-----------------|
| Big | Ljin | Sandzak komerc |
| Eurobaget | Mantije A la Beka | Sidro mantije 2 |
| Fass | Milkop | Sjenicka |
| Giljeva | Planet Balkan Food | Turkovic |
| Lav Dairy | Polimka | Zornic |
| + Sandzak Economic Development Agency (SEDA) | | |
| + Regional Development Agency Novi Pazar | | |

CONTACT

Cluster President

Mr. Murat Zornić
Zornić company
Velje Polje
36320 Tutin
Cell: +381(0)20 202-076

CLUSTER DATA

Members: 15 companies

Employees: 354

Sales 2012: \$7,278,500

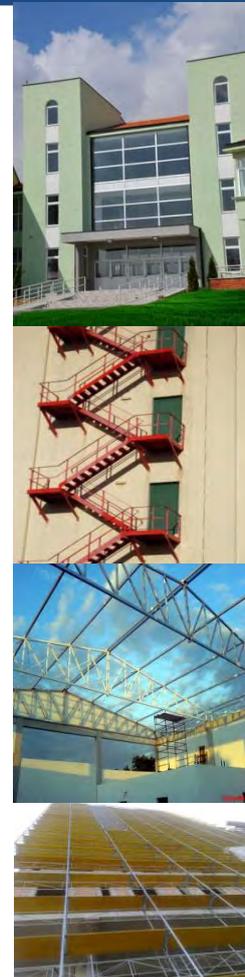
Exports: 66%

PREŠEVO CONSTRUCTION

Light manufacturing-construction sector companies's cluster from South Serbia (Preševo) founded in 2013

The construction cluster is association of 8 companies and 2 institutions. The construction subsector is one the most dynamic sectors in Serbia's far south. Firms in this sector produce a variety of products including doors, windows, flooring, modular kitchens, ceramic fixtures, metal railings, stonework, staircases, radiators and scaffolding. Through the joint tenders and public procurements, cluster membership achieves better competitiveness, production increase, improvement of cooperation with foreign partners and exports, as well as the increase of business efficiency and employment what will significantly improve the economic prosperity of the whole region.

Individual companies received management, marketing and sales training; some received new visual identities and ISO 9001 certification support. The most advanced attended the Belgrade Construction Fair (2009, 2010, 2011 and 2012), the Pristina Construction Fair (2011) and a trade mission to Moscow (June 2012). The companies have collaborated on joint bids, public procurements, material purchasing and sharing distribution networks. Some of the firms are also long-term partners of Presevo's technical high school and have committed to providing 30 students annually internships with their companies. As of the end of the ES project, the group's legal registration as a cluster was still in progress and it is expected the firms will complete registration in the second quarter of 2013. The group does not yet have a common brand or visual identity.



MEMBERS (* directly supported by ESP)

| | |
|--|------------|
| Becki* | Univerzal |
| Metal VM | Vlora-Comm |
| Nura* | Xeni Plast |
| Tobler Skele* | Zeniti* |
| Presevo and Bujanovac Development Agency | |
| Technical School in Presevo | |

CONTACT

Cluster President

Mr. Sali Aliu
Tobler skele
Raince, 17523 Preševo
Cell: +381(0)62 268-314

CLUSTER DATA

Members: 8 companies +2

ES Directly Supported: 4

Employees (of 4): 89

Sales 2012 (of 4): \$3,887,000

Exports (of 4): 66%

ANNEX F

MUNICIPAL MATRIX: SOUTH AND SOUTHWEST (SANDZAK) SERBIA BUSINESS AND YOUTH SUPPORT

Municipal Matrix: South⁴⁵ and South West (Sandzak) Serbia Business and Youth Support

| Municipality | Region | Population ⁴⁶ | BUSINESSES INTENSIVLY SUPPORTED | | | | | YOUTH SUPPORT | | | | |
|--------------------|-----------|--------------------------|---------------------------------|-----------|------------------|----------|-----------|---------------|--------------|------|---------------|-------------|
| | | | Apparel | Food | LM ⁴⁷ | Services | Tourism | Total | Youth Office | YEAP | Career Center | Internships |
| Bosilegrad | South | 7,987 | 2 | 2 | 1 | | | 5 | | | | |
| Bujanovac | South | 45,656 | 1 | 8 | 6 | | | 15 | yes | yes | yes | yes |
| Kraljevo | Southwest | 117,701 | 3 | 5 | | 5 | 2 | 14 | | | | |
| Kursumlija | South | 18,445 | | | 1 | | | 1 | yes | yes | | |
| Lebane | South | 22,290 | | 1 | | | | 1 | yes | | | |
| Leskovac | South | 146,640 | | 4 | 4 | | | 8 | yes | yes | | |
| Medvedja | South | 10,206 | | | 1 | | 2 | 3 | | | | |
| Novi Pazar | Southwest | 98,992 | 22 | 10 | 5 | 3 | | 40 | yes | yes | yes(2) | yes |
| Presevo | South | 40,078 | | 3 | 13 | | | 16 | yes | yes | | yes |
| Priboj | Southwest | 26,914 | | 1 | | | | 1 | yes | yes | | |
| Prijepolje | Southwest | 38,771 | 12 | 4 | 4 | 1 | 25 | 46 | yes | yes | | |
| Raska | Southwest | 24,657 | | 3 | | | | 3 | | | | |
| Sjenica | Southwest | 27,665 | 3 | 8 | | | | 11 | yes | yes | | |
| Surdulica | South | 20,033 | | 1 | 6 | | | 7 | yes | yes | | |
| Trgoviste | South | 5,196 | 1 | 1 | | | | 2 | yes | | | |
| Tutin | Southwest | 32,191 | | 1 | | | | 1 | yes | yes | | |
| Vladicin Han | South | 21,629 | 1 | 1 | 2 | | | 4 | yes | yes | | |
| Vlasotinca | South | 30,338 | | | 3 | | | 3 | yes | yes | | |
| Vranje | South | 86,120 | 10 | 4 | 8 | | | 22 | yes | yes | | |
| Grand Total | | | 55 | 57 | 54 | 9 | 29 | 203 | | | | |

⁴⁵ Jablanica and Pcinja districts

⁴⁶ Statistical Office of the Republic of Serbia 2012 estimate

⁴⁷ Light Manufacturing

ANNEX G

SUCCESS STORIES

SUCCESS STORY

How the ASSTEX Textile Cluster and JEANS FROM SERBIA helped rebuild the Novi Pazar textile industry

The project targeted Sandzak and South Serbia, two of Serbia's most economically challenged yet strategic regions, for its business support activities in 2007. Novi Pazar's textile entrepreneurs were perfect partners, ambitious to grow and creative in seeking new export opportunities.



Textile companies in Novi Pazar have fared better in today's difficult economic climate because they invested early in diversification—of their products and prospective markets. While other apparel companies clung to outsourced piece work, Novi Pazar producers maintained their superior design capacity, integrated a growing demand for outside piece work, and continued to place their own brands in new markets.

Serbian commercial success in foreign markets has surpassed all expectations. ASSTEX, the Sandzak textile cluster, opened a permanent show room and distribution center in Moscow in December 2011. A group of small textile producers from Novi Pazar, the largest city in the Sandzak region, generated \$1.1 million in its first year on the Russian market. Middle- and high-income Muscovites have become loyal customers of *JEANS from Serbia* with their exclusive denim fashions and urban styling.

Novi Pazar's trade history dates to the 1600s when it was a gateway for East - West commerce. In the former Yugoslavia, the city was tapped to become the primary base for the country's growing textile industry. With nearly 55 percent of the city's jobs, Novi Pazar burnished its reputation for high-quality textiles and denim fashions that became popular throughout Europe and the former Soviet Union. In the early-2000s the newly privatized, former state-owned companies began to falter, and Serbian central government determined that it would not attempt to rescue its once robust textile industry. Without the vision and tenacity of a small group of local entrepreneurs, the textile industry in Novi Pazar could easily have fallen prey to Serbia's protracted transition.

In 2007, the Economic Security Project initiated a partnership with these highly motivated entrepreneurs. The project sought businesses with evident growth potential and the vision and discipline to pursue new export markets. It offered such companies a multi-year assistance package covering various marketing, management and sales dimensions (e.g., updating company branding, installation of business process software and international standards certification, or ISO). Companies successfully completing these steps were well positioned to leverage their international trade fair participation into permanent market share abroad.

Market expansion was the common aim of all companies involved, and trade fair participation proved to be an excellent means to that end. Whether trade fair sales offer one-off contracts or create permanent client relationships, the key is proper preparation. Also, research to align a company's size and capacity with specific industry fairs helped to target exhibitions, resulting in immediate sales and long-term trade partners. Since 2008, the ASSTEX partner firms generated \$1.2 million in new sales through ES-supported trade fairs, on top of last year's Moscow show room sales. As a result, ongoing trade is now established in Poland and Russia.

A new operations base in Russia, financed by participating firms themselves, represents the pinnacle of the work accomplished through the partnership between the Economic Security Project and the textile companies. Its continued viability proves that the group can successfully navigate the risks of growth independently of donor support. The road to Moscow included many steps but four milestones were key on the path to lasting success.

(1) The creation of the ASSTEX textile cluster – the choice to adopt a collective identity under a single brand of denim evolved from the lessons of first fair visits. Participating firm owners and managers saw that their chances of successful competition were greater if they joined forces and entered a new market together. They could better manage costs and compete for

TARGI MODY
POZNAŃ
FASHION FAIR



Trade mission visits were initiated in advance of trade fairs to allow Serbian delegates to meet potential buyers and partners. One positive outcome of this strategy was that ASSTEX managed to sign \$150,000 in contracts in Poland before the fair even began.

larger contracts as a 'cluster' than they could individually. ASSTEX provided an umbrella identity for all 16 Novi Pazar firms and helped improve their fair presentations. These initial successes raised awareness at home of business challenges affecting all Serbian companies. Internationally, it strengthened the image of Serbian commerce, especially Novi Pazar's textile products.

- (2) **Brand development** -- JEANS from Serbia became the unique brand identity for the group of denim manufacturers. Having a single brand underscored a key success factor of the industry's survival strategy. Integrating not only in-house design and assembly but also finishing (stone washing, unique hand stitching) allowed the collective to distinguish their product from the competition. Most textile manufacturers in other Serbian regions survive on elements of production outsourced from larger, mostly foreign, companies. By keeping signature production elements in-house and pursuing a highly diverse, multi-national customer base, the ASSTEX group was more resistant to volatile price fluctuations in its industry. Members not only survived, but prospered.
- (3) **Trade mission visits** -- A new tool was introduced to target the Polish market, Europe's seventh largest. Trade mission visits to fair sites, as much as four months before a fair, let managers meet prospective buyers and potential partners. The immediate result in Poland was to secure \$150,000 in contracts before the fair even began. Equally impressive, this strategy was conceived and executed during the global economic crisis, which hit Serbia hard in late 2009. As many companies in Serbia contracted or closed, ES textile partners invested their capital in new marketing materials, ISO certification -- a requirement for EU markets -- and cutting-edge technology, such as computer-driven management software, to streamline garment assembly and improve financial management.
- (4) **Weathering the economic crisis** hardened company resolve, and prioritized strategic resources, to assume the risk of establishing a Russian show room. While the Serbian economy contracted and stagnated in the past four years, Novi Pazar textile manufacturers realized 30 percent sales growth since 2008.

The cumulative impact of the ES Project's business support activities exceeded all expectations, despite having forecasted positive outcomes. Participating companies were closely researched and selected based on readiness and capacity for growth, capital reserves and capacity to navigate financial risks. The activities were integrated and sequenced using best business practices. Encouraging two-way communications, the project listened to specific needs as understood by the owners; relationships were forged through regular contact. This allowed the business support team to anticipate needs and opportunities for expansion.

By 2012, the ES project had seen its ASSTEX members increase export sales 174 percent. They had acquired a more diverse, multinational customer base and had reduced exposure to the volatility of any single market—a major liability for Serbian businesses operating in a single region.

The project's seven-year horizon was an important success factor behind this growth. This longer time frame meant that partner firms could be engaged at multiple levels and different stages of growth than ordinarily possible. But whether business support is offered for three, four or five years, closely shadowing the best-suited companies, and tailoring support to individual company needs can navigate risk and steep learning curves to solid, sustainable successes and ensure continued financial health well beyond program conclusion.

SUCCESS STORY

Serbia's First Halal Food Market: USAID's Economic Security Project supports niche marketing with global potential

USAID's Economic Security Project guided nine companies through the Halal certification, process in just six weeks. The certification identifying food products as meeting Islamic Dietary Standards opens up markets of half a million Muslim residents living in nearby Novi Pazar; another 5 million Muslims live just a few miles away in neighboring Bosnia, an important market for many of the companies.



In preparation for the opening of Serbia's first Halal food shop, the participating companies formed a new cluster: *The Keepers of the Tradition Pester, Kopaonik and Golija*. The small food producers want to use their collective capacity to target larger contracts, enter export markets and leverage the Serbian traditions used to create their products to secure premium prices. They have already initiated negotiations with potential trade partners in Turkey.

The success of all ES project partner companies is critical to the economic health of the communities they serve, but perhaps none more so than that of 15 small and medium-sized food producers from rural Southwest Serbia. Their rise from decades of neglect to being trailblazers with the February 27, 2013 opening of Serbia's first Halal Food Shop is both a summit for the year-long business support activities they completed and a gateway for new business growth and expansion now open to these companies.

The thousands of small family farms that dot Southwest Serbia's isolated Pester, Kopaonik and Golija mountains and provide raw product to these 15 companies have experienced two decades of neglect from Serbia's central government as the country struggled with sanctions, the collapse of the region's state-owned companies and then the challenges of transition. These mostly subsistence farmers – who not too long ago still paid taxes to landlords in the lowlands -- were not an immediate economic development target during the first decade of transition.

Undaunted by the lack of access to government or commercial capital, several dairies and small meat processing operations emerged. The founders of these owner-operator companies do not immediately identify themselves as entrepreneurs but rather as neighbors with resources and, thus, the responsibility, to do what they could to improve the area's economy and stem the region's brain drain, especially youth leaving for better opportunities.

Despite hard work and continual reinvestment in their companies, the food producers had grown to a point where they were pinched from both the supply and demand side. In several cases, companies' growth potential outstripped the ability of local farmers to supply meat and milk, leaving costly imports as the only solution. Others had export opportunities but lacked resources to upgrade production to meet international standards. The largest among them attracted interest from major buyers but lacked the ability to produce the quantity required; the smallest lacked the capacity to expand beyond its immediate locale.

In late 2011, the Economic Security program invited these 15 companies -- which all showed potential for growth and a commitment to invest their own time and money in the effort -- to participate in its business support activities. The companies' most pressing request was for technical assistance in earning Halal certification, which identifies individual food items as meeting Islamic dietary standards. They had correctly identified the regional potential to market Halal certified foods to the half million Muslim residents living in Southwest Serbia and the nearly 5 million Muslims live just a few miles away in Bosnia, another potential market.

Starting in FY 2011, the partnership between the companies and the project included training in marketing, management, sales and life cycle management to help them grow from owner-operated firms to companies with an organizational structure needed to support growth. The May 2012 Novi Sad Agricultural Fair – the largest of its type in the Southeastern Europe – was selected as the group's target trade fair for 2012. In preparation for the fair,



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companies invested in modern visual identities and new marketing materials; the program linked the firms with a Belgrade-based marketing design firm that discounted rates for groups of companies. A unique, group visual identity was created for the joint appearance of three companies and two local food associations at the Novi Sad trade fair. As of the end of February 2013, the fair had resulted in \$306,000 in new revenues for the participants.

At the same time, nine companies completed training and implemented needed production standards or upgrades to complete the Halal certification process in just six weeks. The certificates for 43 individual food products were awarded at a special ceremony at May's Novi Sad Agricultural Fair, where the head of Serbia's Halal Certification Agency, the project and its partner companies opened the conversation to launch a Belgrade-based Halal Food Shop.

The shop marks the companies' first chance to be present in the country's largest commercial market (the companies expect the shop investment to yield between \$25,000 and \$60,000 per month in revenue). It is also the first major, new market entry for many of the participating companies but it is certain not to be their last. As the companies completed the legwork for the Belgrade shop, they decided to organize as a cluster. The *Keepers' of the Tradition Pester, Kopaonik* and *Golija* includes the 15 companies as well as regional and local development authorities (RDAs). The group's working strategy is to use their collective capacity to target larger contracts, enter export markets and leverage the Serbian traditions used to create their products and the unique flavor that result from the pristine environment they represent to secure premium prices. They have already opened conversations with trade officials in Turkey.

The first Halal Shop is symbolic of new directions and opportunities for the participating companies; it also represents the future growth of the regions they represent. Growing awareness of healthy, ethically produced foods available through the shop is a bridge crossing many of the country's economic and cultural issues. And, as the closing event of Economic Security's seven years of business support, it is the culmination of all the lessons-learned while helping 203 companies generate sales growth that average 36 percent between 2008 and 2012.

SUCCESS STORY

ES PROJECT-designed YEAP Activity proven tool for community-based solutions for youth unemployment

USAID's Economic Security Project Youth Entrepreneurship Action Plan activity is a cost-effective, local solution to youth employment and entrepreneurship promotion.



Sanja Knezevic was named Serbia's 2011 Entrepreneur of the Year but unable to secure a government or commercial loan. Thanks to Aleksandrovac YEAP funds, she is now able to complete her planned conference facilities.



The municipality of Blace partnered with a local dairy farm to train 30 young farmers in animal husbandry and feeding techniques to increase and safeguard their herd population. 15 unemployed youth were trained as veterinary technicians, and three found immediate employment.

The young entrepreneur presented her business plan with confidence. She argued that the addition of a conference facility to the start-up tourist complex in the rural, South Serbian village of Latkovac would increase "off-season" occupancy nearly 300 percent. Sanja Knezevic explained how the additional revenue would finance other planned expansion projects for Ethno Village, a small tourist enterprise she founded and owns, drawing people from across the region interested in its art, theater, music and environmental programs. If Sanja could acquire additional funding for her plan, five seasonal employees could count on year-round employment. More workers might also be hired.

Her experience is shared by the nearly 100 youth who participated in business plan competitions in 2012, each hoping to secure much-needed business development capital from the 19 municipalities participating in the Youth Entrepreneurship Action Plan activity. Sanja finished University as a newly trained archaeologist in 2005 only to find no demand for her skillset. Her parents proposed she take ownership of a 200 year-old estate that had been in the family for more than a century and turn it into a resort. The four buildings that had once been Latkovac's town center – the resort's dining room had been the town jail – now provided an opportunity to indulge her love of antiquities and renovate the complex. Her investment would preserve a classic example of local architecture for future generations of Serbians and foreign tourists to enjoy.

Sanja was one of 57 young business owners to win direct grants through YEAP activities in 2012. The more than \$100,000 invested by municipalities is just one of many local-level solutions to youth unemployment generated through YEAPs.

The Entrepreneurship Action Plans are designed to stimulate innovation and solutions despite a high rate of youth unemployment -- higher than the adult national average for the last 12 years and currently at nearly 50 percent among 15- to 24-year-olds. This represents nearly double the average of their EU counterparts.

There can be no one-size-fits-all solution for Serbia's youth unemployment problem. Building on its three years of experience partnering with local authorities, in 2009 USAID's Economic Security Project sought to design a tool to empower municipal leaders to shape tailored solutions and adapt their shrinking budgets to local economic opportunities.

The Youth Entrepreneurship Action Plan activity was the result. At the heart of each municipal YEAP is a community-wide public, private and civic network that fosters debate and channels strategic action to tackle youth unemployment by promoting youth entrepreneurship. Each municipality oversees the implementation of its own Action Plan. In their execution, all participants share an equal stake and responsibility for success. Local parliaments begin the process by approving the proposed plan. Municipalities then are required to adopt budget allocations for YEAP implementation.

To be eligible for the varied trainings and support programs, young people had to meet various requirements. Selection criteria were rigorous and included written applications and interviews. Applicants submitted business plans for



Partnering with a local hotelier, Sokobanja's YEAP provided hospitality training for 45 local youth, with 20 trainees receiving apprenticeships at a nearby hotel. Leading apprentices will be offered jobs in Sokobanja's newest spa and resort Soko Terme scheduled to open in April 2013 (photo).

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review by a professional committee; many awardees agreed to match a percentage of the YEAP grant with their own capital. All awardees signed contracts with their municipality, thus formalizing their responsibility to participate fully.

Since 2009, a total of 18,078 unemployed Serbian youth from 33 municipalities have participated in YEAP activities. They have received business development grants, technical or business education, career counseling, access to new job data bases or access to finance and business start-up information. All of these services were provided through newly created municipal service centers. The diversity of YEAP projects reflects the variety among regional economies and the community-wide partnerships at the municipal level. Local companies contributed as well by organizing specialized education and on-site training. More than 424 were trained in a variety of professions including veterinary technician, welding, tourism, organic farming and hospitality. A total of 144 unemployed youth found jobs while 99 young entrepreneurs received direct grants to upgrade and expand their production capacity. Another 52 youth received training, coaching and equipment to start new enterprises.

The most crucial result of these Action Plans is their ability to generate unique projects tailored to each municipality's economic base, connecting local youth with specific professional opportunities. This flexibility made it an attractive option to other donor programs working in participating YEAP municipalities. For instance, the German agency HELP and UNDP's PBILD project both partnered with ES in entrepreneurship development and specialized skills training that dovetailed with YEAP activities in some municipalities, adding another \$135,000 in capital for the support of youth-owned businesses.

Through their innovative, tailored approach, YEAPs have brought a note of optimism to the youth employment crisis, introducing a cost-effective approach that has proven affordable for even the most economically challenged municipalities. Stiff competition among applicants for start-up grants also shows that young people view business ownership as a viable career path.

"The collateral and other requirements to secure loans through government or regular banks make it nearly impossible for young business owners like me to get development capital. It was tough competing against the local experts but winning the municipal YEAP grant was vital to the long-term growth of my business," explained Sanja Knezevic.

Thirteen participating municipalities maintained an annual budgetary appropriation upon completing their ES support activity. Three others recently announced investments totaling \$300,000 in order to continue their YEAP strategies. Such commitment to public spending on local business development underscores a new appreciation of the role that local government can play in leveraging resources and partnerships to help solve youth unemployment. YEAPs alone cannot provide jobs or new business opportunities for all of Serbia's youth, but the flexibility and local responsibility imparted by the YEAP process provides an affordable, easy-to-implement tool that can help create new economic opportunities for young people where they currently reside.

SUCCESS STORY

Taking Serbian SMEs from Small Operators to Global Competitors



Vranje Shoe manufacturers, Kostana Cluster

Kostana member companies will produce work boots for a German manufacturer, a contract worth \$40,000 a month. As the first Serbian shoe companies to manufacture work boots, the companies increased their production capacity to make and sell domestically.

2008-2012

- Sales growth ↑ 37%
- Export sales growth ↑ 44%



Novi Pazar Denim manufacturers, ASSTEX cluster

Putting its capital at risk, Asstex in 2011 opened a permanent showroom in Moscow. First-year sales were \$1.1 million; \$300,000 in orders for 2013 already have been placed.

2008-2012

- Sales growth ↑ 37%
- Export sales growth ↑ 44%

University-educated and newly married, a young Bratislav Djordjevic and his wife were hungry for a better life in Vranje, a southern Serbian city of 80,000. Drawing on his entrepreneurial instinct and product design skills, Bratislav invested his family savings to design and retail a new line of shoes. Finance novices, the couple made countless mistakes on the road to building an enterprise of their own. In this very poor part of Serbia, sole business proprietors or small partnerships – usually family members or close friends -- labor to provide for themselves, lacking additional capital with which to expand their customer base. But when motivated and paired with the right assistance, these fledgling enterprises can grow to become global competitors. With his shoe manufacturing company Stefi Komerc (or 'Stefi Commerce'), Bratislav is a textbook example of how well-timed and appropriate assistance can boost sales, promote exports and create jobs.

Stefi Komerc is but one example of the many successful partnerships to emerge from USAID's Economic Security Project and the group of 203 companies receiving its intensive business support since 2007.

Since 2007 the ES project has targeted underserved communities in South and Southwest Serbia, two of the country's most neglected and economically challenged regions. Despite deteriorating infrastructure and skyrocketing unemployment, the regions are highly strategic for several reasons. First, they are perfectly positioned for export – South Serbia is in close proximity to Bulgaria, Romania and Kosovo and Southwest Serbia is close to Albania, Montenegro and Bosnia. Second, they house a patchwork of SMEs that rose from the remains of state-owned companies that once dominated the commercial landscape. These emerging market pioneers are dynamic and hardworking; their growth opportunities were previously constrained by circumstance, limited business acumen and little available capital.

From the construction, apparel (shoes), food processing and textile sectors the ES project selected firms demonstrating high growth potential and a desire to enter new export markets. Participating firms were offered an integrated package of technical assistance designed to meet these ends: access new markets, increase sales and create jobs. Instead of offering a fixed menu of trainings and inputs, ES project staff began by assessing the actual needs of each selected firm and building upon their prior successes, while adding new strategic elements as challenges were navigated. Given that many firms had common needs in marketing, branding, management and sales, ES staff sought discount rates from in-country service providers who could handle multiple clients requiring the same technical support.

Participating firms had to invest as well. To develop marketing materials, for instance, firms paid for printing materials while ES covered the costs of package design or logo development. Each company received coaching on drafting marketing and operational plans, and senior staff received training in leadership transition and life cycle management. Family-owned enterprises like Stefi Komerc were thus better able to plan for future management transitions, allowing the owner to more ably lead the company and plan its future instead of responding only to daily demands and never taking stock or delegating responsibility.



Presevo construction companies, Presevo cluster

The 2008 Belgrade Construction Fair, the largest of its kind in Southeast Europe, delivered \$3.6 million in new sales for the construction companies and future cluster members, opening the then-booming Belgrade construction market to most of them and providing the annual turnover required to be eligible for lucrative local and national government contracts.

2008-2012

- Sales growth ▲ 38%
- Export sales growth ▲ 169%



Southwestern Food producers, 'Keepers of the Traditions' cluster

Nine companies completed the Halal certification process in May 2012, in a step toward reaching Serbia's 600,000 Muslims and another 5 million in neighboring Bosnia. A group of the newly certified companies worked with the Serbian Halal Agency to open the country's first Halal Food Shop in Belgrade. Sales at the new Belgrade Halal Shop are expected to gross between \$20,000 and \$60,000 per month.

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Bratislav and his brother Novica first built their shoe company from scratch in 1997, starting as wholesaler suppliers to local shoe retail outlets in Vranje. When they began designing and producing their own shoe line in the early 2000s, they had just 10 employees and three lines of women's footwear. The firm grew slowly, adding retail stores in Vranje, surviving mostly on outsourcing contracts with a few Italian manufacturers. Their own brand had little exposure domestically and none beyond Serbia's borders. The next step was within sight but a paucity of resources made it out of reach.

In 2010, ES selected Stefi Komerc and its energetic owners for intensive business support. The firm's aggressive export strategy had it invest in the international standards certification (ISO) process over the last two years – all as part of ES' "extreme trade fair planning." Trade fairs are an important, if expensive and sometimes misused, tool for export market entry. Project staff researched and targeted international fairs based on a firm's operational and financial capacity to manage market demands and international contract demands. In 2011 and 2012, Bratislav traveled with other shoe manufacturers on trade missions – a pre-fair visit to line up buyers and trade partners – to Germany and Poland. They also joined ES textile partners from the Southwest to exhibit in Poland's Poznan Fashion and Shoe Fair, September 2012.

Sales for Stefi Komerc grew 72 percent between 2010 and 2012, earning more than €800,000 in new export revenues during that period.

Bratislav's experience was common among companies receiving ES business support. Since the ES project grouped companies based on sector, size and development stage, the firms often trained and worked together. These informal relationships gradually matured, leading ultimately to the companies' decision to join forces instead of competing for a share of the foreign market. The resulting business 'clusters,' or alliances among companies sharing the same growth targets and products, were officially recognized in the project's final two to three years.

As of March 2013, five clusters have formed following seven years of intensive business support. While not an original project goal, the rise of clusters represents a highly strategic development in companies' evolving understanding of how best to win export market share. It is thus a strong indication that ES support was appropriated and directly applied by the companies themselves to attain their own goals.

ES-supported companies experienced €29 million in sales growth, up 36 percent from 2008 to 2012, compared to the €5.5 million or 12 percent growth in the same time period by a non-supported control group of companies. That this growth occurred in the midst of severe economic downturn, a period in which the national GNP either stagnated or dropped drastically, is especially significant. The decision to organize into clusters was instrumental in making the crucial transition from sub-regional producer to international exporter, and will stand as a model of success for other Serbian companies to follow.

ANNEX H

GRANTS RECEIPIENT TABLE

Grants recipient table

226 grants, 145 recipients, total value of \$3,730,220.78

| No. | Name of Grant Recipient | DAI Grant Name | DAI Grant Number | Total US Dollar Amount Paid | Purpose of Grant |
|-----|------------------------------|---------------------------------|----------------------------|-----------------------------|---|
| 1 | New Vision [NGO] | New Vision(1) | C2-Y7-PP-001-New Vision(1) | \$15,655.89 | Marketing |
| 2 | Imam Ideju | Imam Ideju(1) | ES-FY07-MM-001-G002 | \$8,331.31 | BPC Winner. Capital equipment |
| 3 | Intercall | Intercall(1) | ES-FY07-NP-001-G003 | \$5,171.65 | BPC Winner. Capital equipment |
| 4 | Junior Achievement Serbia | JAS(1) | ES-FY07-MM-002-G004 | \$49,229.08 | Implementation of the Junior Achievement Program in SCOPES targeted municipalities in 2007/2008 |
| 5 | Party Makers | Party Makers(1) | ES-FY07-KV-001-G005 | \$4,317.19 | BPC Winner. Capital equipment |
| 6 | SIMO | SIMO(1) | ES-FY07-PP-002-G006 | \$5,427.20 | BPC Winner. Capital equipment |
| 7 | Development Agency SEDA | SEDA(1) | ES-FY07-NP-002-G007 | \$10,560.91 | Participation of the Sandzak textile entrepreneurs on 48 th . International Fashion fair in Belgrade |
| 8 | Gracijani | Gracijani(1) | ES-FY07-NP-003-G008 | \$6,705.93 | BPC Winner. Capital equipment |
| 9 | Minic Mermer | Minic Mermer(1) | ES-FY07-PP-003-G009 | \$5,104.34 | BPC Winner. Capital equipment |
| 10 | GO-JA [NGO] | GO-JA(1) | ES-FY07-ME-001-G010 | \$5,851.55 | Organization of basketball tournament in Medvedja |
| 11 | Honey Producer, Popovic | Honey Producer, Popovic(1) | ES-FY07-BU-001-G011 | \$5,056.25 | BPC Winner. Capital equipment |
| 12 | MMI&STILL | SZR MMI&STILL(1) | ES-FY07-PR-001-G012 | \$5,056.25 | BPC Winner. Capital equipment |
| 13 | DONO | DONO(1) | ES-FY07-NP-004-G013 | \$5,122.88 | BPC Winner. Capital equipment |
| 14 | Zaric | SZR Zaric(1) | ES-FY07-ME-002-G014 | \$4,860.93 | BPC Winner. Capital equipment |
| 15 | Coko Carpec | Coko Carpek(1) | ES-FY07-KV-002-G015 | \$4,868.03 | BPC Winner. Capital equipment |
| 16 | Auto servis "Minic" | Auto Servis "Minic"(1) | ES-FY07-KV-003-G016 | \$5,104.34 | BPC Winner. Capital equipment |
| 17 | Pansion "Nebo" | Pansion Nebo(1) | ES-FY07-KV-004-G017 | \$4,890.61 | BPC Winner. Capital equipment |
| 18 | Cardoni | Cardoni(1) | ES-FY07-KV-005-G018 | \$5,104.34 | BPC Winner. Capital equipment |
| 19 | Snovaljka | Snovaljka(1) | ES-FY07-KV-006-G020 | \$5,158.68 | BPC Winner. Capital equipment |
| 20 | Potkovica | SUR Potkovica(1) | ES-FY07-KV-007-G021 | \$5,090.39 | BPC Winner. Capital equipment |
| 21 | Auspuh servis Ahmeti | Auspuh Servis "Ahmeti"(1) | ES-FY07-PR-002-G022 | \$5,117.64 | BPC Winner. Capital equipment |
| 22 | Hrast | Hrast(1) | ES-FY07-KU-001-G023 | \$13,568.12 | BPC Winner. Capital equipment |
| 23 | Dentist ordination Stankovic | Dentist Ordination Stankovic(1) | ES-FY07-KV-008-G024 | \$5,148.92 | BPC Winner. Capital equipment |

| No. | Name of Grant Recipient | DAI Grant Name | DAI Grant Number | Total US Dollar Amount Paid | Purpose of Grant |
|-----|--|--------------------------------|---------------------|-----------------------------|--|
| 24 | LIMTEX | LIMTEX(1) | ES-FY07-PP-004-G025 | \$5,128.02 | BPC Winner. Capital equipment |
| 25 | FARM NEDELJKOVIC | Farm Nedeljkovic(1) | ES-FY07-KV-009-G026 | \$5,086.62 | BPC Winner. Capital equipment |
| 26 | Sampinjon Center | Sampinjon Center(1) | ES-FY07-KV-010-G027 | \$4,127.35 | BPC Winner. Capital equipment |
| 27 | Life Aid [NGO] | Life Aid (1) | ES-FY08-BU-002-G028 | \$8,830.29 | Training in production of traditional food |
| 28 | Development Agency VEEDA | VEEDA(1) | ES-FY08-MM-004-G029 | \$1,735.67 | Business Base Fair in Belgrade |
| 29 | Development Agency SEDA | SEDA(2) | ES-FY08-MM-005-G030 | \$7,008.13 | Business Base Fair in Belgrade |
| 30 | Regional Center for SME Development KKC | SME KKC(1) | ES-FY08-KV-011-G031 | \$3,951.11 | Business Base Fair in Belgrade |
| 31 | ASTRA | ASTRA(1) | ES-FY08-PP-005-G032 | \$20,000.00 | BPC Winner. Capital equipment |
| 32 | Marko | Marko(1) | ES-FY08-PP-006-G033 | \$19,828.00 | BPC Winner. Capital equipment |
| 33 | FONTANA | FONTANA(1) | ES-FY08-PR-003-G034 | \$20,000.00 | BPC Winner. Capital equipment |
| 34 | JOIN | JOIN(1) | ES-FY08-NP-005-G036 | \$16,250.00 | BPC Winner. Capital equipment |
| 35 | DODA | DODA(1) | ES-FY08-PR-004-G037 | \$20,000.00 | BPC Winner. Capital equipment |
| 36 | UNIVET | UNIVET(1) | ES-FY08-KV-012-G038 | \$19,832.00 | BPC Winner. Capital equipment |
| 37 | Development Agency PBDA | PBDA(1) | ES-FY08-MM-006-G039 | \$963.07 | Financial accountancy training |
| 38 | CATIC | CATIC(1) | ES-FY08-PP-007-G040 | \$20,000.00 | BPC Winner. Capital equipment |
| 39 | Sumaplod | Sumaplod(1) | ES-FY08-NP-006-G041 | \$20,000.00 | BPC Winner. Capital equipment |
| 40 | Gold Star | Gold Star(1) | ES-FY08-PP-008-G042 | \$20,000.00 | BPC Winner. Capital equipment |
| 41 | Nada | NADA(1) | ES-FY08-KV-013-G043 | \$19,965.00 | BPC Winner. Capital equipment |
| 42 | Center for Entrepreneurship Kraljevo [NGO] | Center for entrepreneurship(1) | ES-FY08-KV-014-G044 | \$25,905.00 | BPC Winner. Capital equipment |
| 43 | People's parliament [NGO] | People's parliament(1) | ES-FY08-ME-003-G045 | \$16,158.27 | Training courses related to economy and business for young people |
| 44 | Ig-Lu | IG-LU(1) | ES-FY08-KV-015-G046 | \$20,000.00 | BPC Winner. Capital equipment |
| 45 | Subex | Subex(1) | ES-FY08-NP-007-G047 | \$7,708.74 | BPC Winner. Capital equipment |
| 46 | Development Agency PBDA | PBDA(2) | ES-FY08-BU-003-G048 | \$3,488.00 | Study tour and training for Dairy farmers of Presevo and Bujanovac |

| No. | Name of Grant Recipient | DAI Grant Name | DAI Grant Number | Total US Dollar Amount Paid | Purpose of Grant |
|-----|---|---|-----------------------|-----------------------------|--|
| 47 | Regional Chamber of Commerce Nis | Regional Chamber of Commerce Nis(1) | ES-FY08-KU-002-G049 | \$8,494.63 | Training in entrepreneurship |
| 48 | Local Center for Support of SME's, Prijepolje | Local Center for Support of SME's, Prijepolje (1) | ES-FY08-PP-009-G050 | \$19,144.66 | Training in support of improvement of business activities |
| 49 | Razvitak | Razvitak(1) | ES-FY08-BU-004-G051 | \$20,000.00 | BPC Winner. Capital equipment |
| 50 | Stilex | BPC Winner - Stilex(1) - PP 024 | ES-FY08-PP-010-G052 | \$19,694.00 | BPC Winner. Capital equipment |
| 51 | Nana Pharmacy | Nana(1) - PP 040 | ES-FY08-PP-011-G053 | \$20,000.00 | BPC Winner. Capital equipment |
| 52 | Svetibor [NGO] | Svetibor(1) | G-ES-FY08-PP-012-G054 | \$8,094.88 | BPC Winner. Capital equipment |
| 53 | Laser Everest | Laser Everest(1) | ES-FY08-BU-005-G055 | \$5,169.01 | BPC Winner. Capital equipment |
| 54 | Vila Nikolic | Private accommodation Nikolic(1) | ES-FY08-ME-004-G056 | \$5,354.14 | BPC Winner. Capital equipment |
| 55 | Gracijani | Gracijani(2) | ES-FY08-NP-008-G057 | \$13,127.00 | BPC Winner. Capital equipment |
| 56 | Development Agency PBDA | PBDA(3) | ES-FY08-BU-006-G058 | \$3,236.70 | Training for businesses in finance and accounting |
| 57 | Development Agency PBDA | PBDA(4) | ES-FY08-BU-007-G59 | \$22,120.41 | Organization of an International Agricultural Fair in Bujanovac |
| 58 | Development Agency SEDA | SEDA(3) | ES-FY08-NP-009-G060 | \$21,348.69 | Support to organization of the 5 th International fashion and equipment Fair in Novi Pazar |
| 59 | Accommodation Dimic | Tourist Accommodation Dimic(1) | ES-FY08-ME-005-G061 | \$5,378.10 | BPC Winner. Capital equipment |
| 60 | Regional Center for SME Development KKC | SME KKC(2) | ES-FY08-KV-016-G062 | \$16,327.90 | Capacity building training courses for existing agricultural associations in the Kraljevo municipality |
| 61 | Democratic Transition Initiatives | DTI(1) | ES-FY08-MM-007-G063 | \$23,886.50 | Training on basic municipality budgeting process |
| 62 | Life Aid [NGO] | Life Aid(2) - training in green house vegetables production | ES-FY08-BU-008-G064 | \$10,069.09 | Training in green house vegetables production |
| 63 | Konik | KONIK(1) - Apparel | ES-FY08-PP-013-G065 | \$20,000.00 | BPC Winner. Capital equipment |
| 64 | Monako | MONAKO(1) - Apparel | ES-FY08-PP-014-G066 | \$20,000.00 | BPC Winner. Capital equipment |
| 65 | Vizard-M | VIZARD-M(1) - Apparel | ES-FY08-PP-015-G067 | \$20,000.00 | BPC Winner. Capital equipment |

| No. | Name of Grant Recipient | DAI Grant Name | DAI Grant Number | Total US Dollar Amount Paid | Purpose of Grant |
|-----|--|---|---------------------|-----------------------------|-------------------------------|
| 66 | HES | HES(1) - Apparel | ES-FY08-PP-016-G068 | \$20,000.00 | BPC Winner. Capital equipment |
| 67 | Janjusevic Slavisa, Accomodation Provider in Prijepolje | Janjusevic Slavisa(1) - association Sopotnica | ES-FY08-PP-17-G069 | \$2,975.12 | Capital Investment |
| 68 | Ljubic Branko, Accomodation Provider in Prijepolje | Ljubic Branko(1) - association Sopotnica | ES-FY08-PP-18-G070 | \$2,975.12 | Capital Investment |
| 69 | Ljubic Radivoje, Accomodation Provider in Prijepolje | Ljubic Radivoje(1) - association Sopotnica | ES-FY08-PP-19-G071 | \$2,975.12 | Capital Investment |
| 70 | Tmusic Ljubinko, Accomodation Provider in Prijepolje | Tmusic Ljubinko(1) - association Sopotnica | ES-FY08-PP-20-G072 | \$2,975.12 | Capital Investment |
| 71 | Vukasinovic Milomir, Accomodation Provider in Prijepolje | Vukasinovic Milomir (1) - asso. Sopotnica | ES-FY08-PP-21-G073 | \$2,046.05 | Capital Investment |
| 72 | Vulovic Dragos, Accomodation Provider in Prijepolje | Vulovic Dragos(1) - association Sopotnica | ES-FY08-PP-22-G074 | \$2,975.12 | Capital Investment |
| 73 | Vulovic Aleksa, Accomodation Provider in Prijepolje | Vulovic Aleksa(1) - association Sopotnica | ES-FY08-PP-23-G075 | \$2,975.12 | Capital Investment |
| 74 | Kijanovic Zivko, Accomodation Provider in Prijepolje | Kijanovic Zivko(1) - association Sveti bor | ES-FY08-PP-24-G076 | \$2,098.84 | Capital Investment |
| 75 | Kijanovic Milena, Accomodation Provider in Prijepolje | Kijanovic Milena(1) - association Sveti bor | ES-FY08-PP-25-G077 | \$3,904.84 | Capital Investment |
| 76 | Kijanovic Dragisa, Accomodation Provider in Prijepolje | Kijanovic Dragisa(1) - association Sveti bor | ES-FY08-PP-26-G078 | \$1,867.04 | Capital Investment |
| 77 | Knezevic Ilinka, Accomodation Provider in Prijepolje | Knezevic Ilinka(1) - association Sveti bor | ES-FY08-PP-27-G079 | \$3,090.19 | Capital Investment |

| No. | Name of Grant Recipient | DAI Grant Name | DAI Grant Number | Total US Dollar Amount Paid | Purpose of Grant |
|-----|---|--|--------------------|-----------------------------|--------------------|
| 78 | Pantovic Desanka, Accomodation Provider in Prijepolje | Pantovic Desanka (1) - association Sveti bor | ES-FY08-PP-28-G080 | \$1,858.37 | Capital Investment |
| 79 | Gluscevic Goran, Accomodation Provider in Prijepolje | Gluscevic Goran(1) - Asso. "Kamena Gora" | ES-FY08-PP-29-G081 | \$2,940.83 | Capital Investment |
| 80 | Gluscevic Stojan, Accomodation Provider in Prijepolje | Gluscevic Stojan(1) - Asso. "Kamena Gora" | ES-FY08-PP-30-G082 | \$2,024.86 | Capital Investment |
| 81 | Gluscevic Obrad, Accomodation Provider in Prijepolje | Gluscevic Obrad(1) - Asso. "Kamena Gora" | ES-FY08-PP-31-G083 | \$2,024.86 | Capital Investment |
| 82 | Gluscevic Miodrag, Accomodation Provider in Prijepolje | Gluscevic Miodrag(1) - Asso. "Kamena Gora" | ES-FY08-PP-32-G084 | \$1,337.96 | Capital Investment |
| 83 | Gluscevic Dragana, Accomodation Provider in Prijepolje | Gluscevic Dragana(1) - Asso. "Kamena Gora" | ES-FY08-PP-33-G085 | \$1,831.95 | Capital Investment |
| 84 | Gluscevic Dimitrije, Accommodation Provider in Prijepolje | Gluscevic Dimitrije(1) - Asso. "Kamena Gora" | ES-FY08-PP-34-G086 | \$2,024.86 | Capital Investment |
| 85 | Cmiljanovic Ljubisa, Accomodation Provider in Prijepolje | Cmiljanovic Ljubisa(1) - Asso. "Kamena Gora" | ES-FY08-PP-35-G087 | \$2,024.86 | Capital Investment |
| 86 | Kijanovic Dusan, Accomodation Provider in Prijepolje | Kijanovic Dusan (1) - Asso. "Kamena Gora" | ES-FY08-PP-36-G088 | \$1,108.88 | Capital Investment |
| 87 | Kijanovic Ljubo, Accomodation Provider in Prijepolje | Kijanovic Ljubo (1) - Asso. "Kamena Gora" | ES-FY08-PP-37-G089 | \$2,024.86 | Capital Investment |
| 88 | Kijanovic Nedeljko, Accomodation Provider in Prijepolje | Kijanovic Nedeljko (1) - Asso. "Kamena Gora" | ES-FY08-PP-38-G090 | \$2,024.86 | Capital Investment |

| No. | Name of Grant Recipient | DAI Grant Name | DAI Grant Number | Total US Dollar Amount Paid | Purpose of Grant |
|-----|--|--|------------------------|-----------------------------|--|
| 89 | Kijanovic Ivan, Accommodation Provider in Prijepolje | Kijanovic Ivan (1) - Asso. "Kamena Gora" | ES-FY08-PP-39-G091 | \$915.98 | Capital Investment |
| 90 | Kijanovic Miroslav, Accommodation Provider in Prijepolje | Kijanovic Miroslav (1) - Asso. "Kamena Gora" | ES-FY08-PP-40-G092 | \$915.98 | Capital Investment |
| 91 | Tobler Skele | Tobler Skele(1) | ES-FY08-PR-005-G093 | \$20,000.00 | BPC Winner. Capital equipment |
| 92 | Celiku | Celiku(1) | ES-FY08-PR-006-G094 | \$20,000.00 | BPC Winner. Capital equipment |
| 93 | Ema Metal | Ema Metal(1) | ES-FY08-BU-009-G095 | \$10,000.00 | BPC Winner. Capital equipment |
| 94 | Nimeti | Nimeti(1) | ES-FY08-PR-007-G096 | \$10,000.00 | BPC Winner. Capital equipment |
| 95 | Development Agency SEDA | SEDA(4) | ES-FY08-NP-010-G097 | \$17,820.00 | Participation at the Zagreb fair |
| 96 | TO Prijepolje | TO Prijepolje(1) | ES-FY08-PP-41-G098 | \$35,406.52 | Signalization & promotional movie |
| 97 | Natural Food | Natural Food(1) | ES-FY08-BU-010-G099 | \$16,000.00 | BPC Winner. Capital equipment |
| 98 | Sampi-co | Sampi-co(1) | ES-FY08-BU-011-G100 | \$9,681.93 | BPC Winner. Capital equipment |
| 99 | Bakery Union Belgrade | Bakery Union(1) | ES-FY09-KV-017-G101 | \$20,457.36 | Equipment for Agro School |
| 100 | Cromer Group | Cromer Group(1) | ES-FY09-MM-008-G102 | \$16,604.34 | Youth office capacity building training |
| 101 | Arta | Arta(1) | ES-FY09-PR-008-G103 | \$19,907.90 | . |
| 102 | Coordination body for Presevo, M. & Bujanovac | Coordination Body(1) - | G-ES-FY09-ME-006-G105 | \$67,572.00 | Start up of the University of Nis Economic Faculty's satellite department in Medvedja - translation of books for students on Albanian language |
| 103 | Junior Achievement Serbia | JAS(2) - Junior Achievement Serbia | G-ES-FY09-YTH-001-G106 | \$98,434.61 | Implementation of the Junior Achievement Program in Serbia in 2008/2009. |
| 104 | Budi Svoj Covek | Be You Own Boss(1) | ES-FY09-YTH-003-G107 | \$11,988.83 | Youth offices capacity building training in entrepreneurship |
| 105 | Adizes | Adizes(1) | ES-FY09-BIZ-001-G108 | \$24,586.04 | Training Assistance to Companies |
| 106 | Coordination body for Presevo, M. & Bujanovac | Coordination Body(2) | ES-FY09-YTH-004-G109 | \$70,076.00 | Start up of the University of Nis Law Faculty's satellite department in Medvedja - translation of books for students on Albanian language |
| 107 | EDGE | EDGE(1) | ES-FY09-BIZ-002-G110 | \$17,807.00 | Training Assistance to Companies |
| 108 | Budi Svoj Covek | Be Your Own Boss(2) | ES-FY09-BIZ-003-G111 | \$7,843.19 | Training assistance to companies |

| No. | Name of Grant Recipient | DAI Grant Name | DAI Grant Number | Total US Dollar Amount Paid | Purpose of Grant |
|-----|---|-----------------------------|------------------------|-----------------------------|--|
| 109 | Development Agency SEDA | SEDA(5) | ES-FY09-BIZ-002-G112 | \$23,987.95 | Support to participation of Southern Serbia and Sandzak entrepreneurs at the 35 th International Building Fair in Belgrade |
| 110 | Development Agency PBDA | PBDA(5) | ES-FY09-BIZ-004-G113 | \$16,647.53 | International Agricultural Fair in Bujanovac |
| 111 | Adizes | Adizes(2) | ES-FY09-YTH-005-G114 | \$31,988.29 | Training Assistance for youth entrepreneurship development |
| 112 | Budi Svoj Covek | Be Your Own Boss(3) | ES-FY09-YTH-006-G115 | \$25,630.90 | Training Assistance for youth entrepreneurship development |
| 113 | EDGE | EDGE(2) | ES-FY09-YTH-007-G116 | \$22,749.31 | Training Assistance for youth entrepreneurship development |
| 114 | Regional Center for SME Development BG | SME BG(1) | ES-FY09-YTH-008-G117 | \$23,423.19 | Training Assistance for youth entrepreneurship development |
| 115 | Regional Center for SME Development KKC | SME KKC(3) | ES-FY09-YTH-009-G118 | \$60,129.29 | Training Assistance for youth entrepreneurship development |
| 116 | Timok Club | Timocki Klub(1) | ES-FY09-YTH-010-G119 | \$25,663.72 | Training Assistance for youth entrepreneurship development |
| 117 | High School Nikola Tesla | High School Nikola Tesla(1) | ES-FY09-YTH-011-G120 | \$29,765.79 | participation of South Serbia high-schools in the VET Program |
| 118 | Development Agency SEDA | SEDA(6) | G-ES-FY09-BIZ-006-G123 | \$59,881.81 | Support to participation of Sandzak-based textile business at the International CPM Moscow textile Fair in September 09 |
| 119 | Development Agency SEDA | SEDA(7) | G-ES-FY09-YTH-012-G125 | \$6,936.00 | Support to implementation of internship program in Sandzak during the summer of 2009 |
| 120 | Development Agency PBDA | PBDA(6) | G-ES-FY09-YTH-013-G126 | \$6,159.92 | Support to implementation of internship program in South Serbia during the summer of 2009. |
| 121 | Development Agency PBDA | PBDA(7) | G-ES-FY09-BIZ-007-G128 | \$16,390.00 | Support to participation of South Serbia and Sandzak-based food producers and processors 59th International trade Fair of Food, Beverages and Consumer Goods in Skopje in September 09 |

| No. | Name of Grant Recipient | DAI Grant Name | DAI Grant Number | Total US Dollar Amount Paid | Purpose of Grant |
|-----|-------------------------------------|---------------------|-------------------------|-----------------------------|---|
| 122 | Adizes | Adizes(3) | G-ES-FY09-BIZ-008-G130 | \$20,880.00 | TA for businesses in South Serbia in Strengthening Management Capacity |
| 123 | Junior Achievement Serbia | JAS(3) | G-ES-GY09-YTH-014-G131 | \$99,679.77 | Implementation of the Junior Achievement Program in Serbia in 2009/2010. |
| 124 | Development Agency PBDA | PBDA(8) | G-ES-FY09-BIZ-009-G132 | \$25,820.00 | Support to participation of businesses at the Pristina Agriculture fair in October 2009 |
| 125 | NS Advertising | NS Advertising(1) | G-ES-FY09-BIZ-010-G134 | \$71,190.00 | TA for businesses in South Serbia in Strengthening Marketing Activities and Improvement of Marketing Material |
| 126 | Dekonta | Dekonta(1) | G-ES-FY09-BIZ-011-G135 | \$24,067.89 | Support implementation of the ISO 9001 standardization for LM companies in South Serbia |
| 127 | Cromer Group | Cromer Group(2) | G-ES-FY010-YTH-015-G136 | \$17,007.00 | Youth office capacity building training |
| 128 | Budi Svoj Covek | Be Your Own Boss(4) | G-ES-FY010-YTH-016-G137 | \$11,648.03 | Youth offices capacity building training in entrepreneurship |
| 129 | Adizes | Adizes(4) | G-ES-FY010-BIZ-012-G138 | \$34,684.02 | Training Assistance to Companies in FY010 |
| 130 | EDGE | EDGE(3) | G-ES-FY010-BIZ-013-G139 | \$14,824.58 | Training Assistance to Companies in FY010 |
| 131 | Belgrade Open School | BOS(1) | G-ES-FY10-YTH-017-G140 | \$36,569.33 | Training for secondary education schools employees in basics of Career Guidance and Counselling |
| 132 | NP Faculty Career Centre | NP Faculty(1) | G-ES-FY10-YTH-018-G141 | \$19,295.85 | Support International University Career Centre in Novi Pazar |
| 133 | Development Agency SEDA | SEDA(8) | G-ES-FY10-YTH-019-G142 | \$25,120.00 | Youth capacity building and Internship Program in Municipalities of Novi Pazar, Sjenica and Tutin |
| 134 | Development Agency PBDA | PBDA(9) | G-ES-FY10-YTH-020-G143 | \$21,642.63 | Youth capacity building and Internship Program in Municipalities of Presevo and Bujanovac |
| 135 | Development Agency SEDA | SEDA(9) | G-ES-FY10-BIZ-014-G144 | \$29,626.77 | Support to participation of Sandzak-based textile business at the International CPD, Dusseldorf textile Fair in February 2010 |
| 136 | Regional Center for SME Development | SME BG(2) | G-ES-FY10-YTH021-G145 | \$7,459.74 | Youth Entrepreneurship Trainings FY10 |

| No. | Name of Grant Recipient | DAI Grant Name | DAI Grant Number | Total US Dollar Amount Paid | Purpose of Grant |
|-----|---|---------------------|-------------------------|-----------------------------|--|
| | BG | | | | |
| 137 | Regional Center for SME Development KKC | SME KKC(4) | G- ES-FY10-YTH-022-G146 | \$10,956.04 | Youth Entrepreneurship Trainings FY10 |
| 138 | Development Agency SEDA | SEDA(10) | G- ES-FY10-BIZ-015-G147 | \$23,180.85 | Support to participation of Southern Serbia and Sandzak entrepreneurs at the 36 th International Building Fair in Belgrade |
| 139 | Development Agency PBDA | PBDA (10) | G- ES-FY10-BIZ-016-G148 | \$5,632.50 | International Agricultural Fair in Bujanovac |
| 140 | NS Advertising | NS Advertising(2) | G-ES-FY10-BIZ-017-G149 | \$76,298.00 | TA for businesses in Sandzak in Strengthening Marketing Activities and improvement of Marketing Materials |
| 141 | Development Agency SEDA | SEDA(11) | G-ES-FY11-BIZ-018-G150 | \$26,129.94 | Support to participation of Southern Serbia and Sandzak entrepreneurs at the 48 th International Furniture Fair in Belgrade |
| 142 | Development Agency SEDA | SEDA(12) | G-ES-FY11-BIZ-019-G151 | \$25,866.78 | Support to participation of Southern Serbia and Sandzak entrepreneurs at the 37 th International Building Fair in Belgrad |
| 143 | Development Agency PBDA | PBDA(11) | G-ES-FY11-BIZ-020-G152 | \$31,174.00 | Participation of businesses at International Construction Fair in Pristina |
| 144 | Cromer Group | Cromer Group(3) | G-ES-FY11-YTH-021-G153 | \$12,830.13 | Youth offices capacity building training |
| 145 | Budi Svoj Covek | Be Your Own Boss(5) | G-ES-FY11-YTH-022-G154 | \$11,864.44 | Youth Offices capacity building training in entrepreneurship |
| 146 | Velexpo | Velexpo(1) | G-ES-FY11-BIZ-021-G155 | \$42,943.18 | Trade mission and Trade Fair in Albania |
| 147 | Velexpo | Velexpo(2) | G-ES-FY11-BIZ-022-G156 | \$35,890.00 | Trade mission and Trade Fair in Poland |
| 148 | Junior Achievement Serbia | JAS(4) | G-ES-FY11-YTH-025-G158 | \$99,319.20 | Support to Junior Achievement in Serbia (JAS) in 2010/2011 |
| 149 | Adizes | Adizes(5) | G-ES-FY11-YTH-026-G159 | \$34,846.95 | TA in development of Youth Entrepreneurship Action Plans to targeted municipalities |
| 150 | Regional Center for SME Development KKC | SME KKC(5) | G-ES-FY11-YTH-027-G160 | \$33,738.46 | TA in development of Youth Entrepreneurship Action Plans to targeted municipalities |

| No. | Name of Grant Recipient | DAI Grant Name | DAI Grant Number | Total US Dollar Amount Paid | Purpose of Grant |
|-----|---|--------------------------|------------------------|-----------------------------|---|
| 151 | Budi Svoj Covek | Be Your Own Boss(6) | G-ES-FY11-YTH-028-G161 | \$31,344.97 | TA in development of Youth Entrepreneurship Action Plans to targeted municipalities |
| 152 | People's parliament [NGO] | People's Parliament(2) | G-ES-FY11-YTH-029-G162 | \$21,576.82 | TA in development of Youth Entrepreneurship Action Plans to targeted municipalities |
| 153 | Adizes | Adizes(6) | G-ES-FY11-BIZ-024-G163 | \$9,464.00 | Delivery of training courses in Marketing and Key Account Management for businesses |
| 154 | Dekonta | Dekonta(2) | G-ES-FY11-BIZ-025-G164 | \$22,100.00 | Training in ISO 9001 standardization for Fashion sector companies based in Sandzak |
| 155 | Melany Team | Melany Team(1) | G-ES-FY11-BIZ-026-G165 | \$42,088.00 | Development of custom-made software for companies |
| 156 | Regional Center for SME Development KKC | SME KKC(6) | G-ES-FY11-YTH-030-G166 | \$11,208.00 | Youth Entrepreneurship Trainings FY11 |
| 157 | Regional Center for SME Development BG | SME BG(3) | G-ES-FY11-YTH-031-G167 | \$9,734.40 | Youth Entrepreneurship Trainings FY11 |
| 158 | Regional Center Timok | Regional Center Timok(1) | G-ES-FY11-YTH-032-G168 | \$7,668.00 | Youth Entrepreneurship Trainings FY11 |
| 159 | State University Novi Pazar | State University NP(1) | G-ES-FY11-YTH-033-G169 | \$20,644.81 | Support to establishment of laboratory for Audio Video Technologies at the State University in Novi Pazar |
| 160 | AIESEC | AIESEC(1) | G-ES-FY11-YTH-034-G171 | \$5,000.00 | Career Days 2011 in Belgrade, Novi Sad and Nis |
| 161 | TEAM MBD Consulting | TEAM MBD Consulting(1) | G-ES-FY11-YTH-035-G174 | \$7,197.00 | Entrepreneurship skills trainings in municipalities Vranje, Bujanovac and Presevo |
| 162 | PSSS Vranje | PSSS Vranje(1) | G-ES-FY11-YTH-036-G175 | \$2,428.52 | Entrepreneurship skills trainings in municipalities Vranje, Bujanovac and Presevo (vocational training) |
| 163 | Agrozem | Agrozem(1) | G-ES-FY11-YTH-037-G176 | \$762.50 | Entrepreneurship skills trainings in municipalities Vranje, Bujanovac and Presevo (vocational training) |
| 164 | Junior Achievement Serbia | JAS(5) | G-ES-FY12-YTH-038-G177 | \$48,883.00 | Support to Junior Achievement in Serbia (JAS) in 2011/2012. |
| 165 | Velexpo | Velexpo(3) | G-ES-FY12-BIZ-027-G178 | \$41,579.52 | Trade Fair in Albania |

| No. | Name of Grant Recipient | DAI Grant Name | DAI Grant Number | Total US Dollar Amount Paid | Purpose of Grant |
|-----|---|------------------------|-------------------------|-----------------------------|--|
| 166 | Regional Center for SME Development KKC | SME KKC(7) | G-ES-FY12-YTH-039-G179 | \$4,020.20 | Youth Offices capacity building training in entrepreneurship 2011/12 |
| 167 | Cromer Group | Cromer Group(4) | G-ES-FY120-YTH-040G180 | \$8,789.23 | Youth offices capacity building training 2011/12 |
| 168 | Regional Center for SME Development KKC | SME KKC(8) | G-ES-FY12-YTH-041-G181 | \$29,918.19 | Technical assistance in development of Youth Entrepreneurship Action Plans to 3 municipalities |
| 169 | Cromer Group | Cromer Group(5) | G-ES-FY120-YTH-042-G182 | \$22,460.59 | Technical assistance in development of Youth Entrepreneurship Action Plans in 2 municipalities |
| 170 | XAOSolutions | XAOSolution(1) | G-ES-FY12-YTH-043-G183 | \$20,848.30 | Technical assistance in development of Youth Entrepreneurship Action Plans in 2 municipalities |
| 171 | Adizes | Adizes(7) | G-ES-FY12-BIZ-028-G184 | \$12,860.00 | Delivery of training courses in Management and Leadership Transition for businesses |
| 172 | People's parliament [NGO] | People's Parliament(3) | G-ES-FY12-YTH-044-G185 | \$6,611.94 | Technical assistance in development of Youth Entrepreneurship Action Plan in one municipality |
| 173 | Adizes | Adizes(8) | G-ES-FY12-YTH-045-G186 | \$24,979.37 | Technical assistance in development of Youth Entrepreneurship Action Plans to 2 municipalities |
| 174 | State University Novi Pazar | State University NP(2) | G-ES-FY12-YTH-046-G187 | \$13,371.43 | Support to establishment of Career Center at the State University in Novi Pazar |
| 175 | Adizes | Adizes(9) | G-ES-FY12-YTH-047-G188 | \$10,796.00 | Trainings in Management and Sales for young business owners |
| 176 | Mundial | Mundial(1) | G-ES-FY12-BIZ-029-G189 | \$82,143.80 | Providing exhibition stand for 7 Trade Fairs |
| 177 | GM Konsalting | GM Konsalting(1) | G-ES-FY12-BIZ-030-G190 | \$44,445.19 | Trade Fairs in Russia |
| 178 | NS Advertising | NS Advertising(3) | G-ES-FY12-BIZ-031-G191 | \$50,126.00 | TA for businesses in South Serbia and Sandzak in Strengthening Marketing Activities and Improvement of Marketing Materials |
| 179 | De International | DE International(1) | G-ES-FY12-BIZ-032-G192 | \$9,880.00 | Trade Fair in Dusseldorf |
| 180 | Regional Center for SME Development KKC | SME KKC(9) | G-ES-FY12-YTH-047-G193 | \$7,671.60 | Youth Entrepreneurship Trainings FY012 |
| 181 | Regional Center for SME Development BG | SME BG(4) | G-ES-FY12-YTH-048-G194 | \$8,352.00 | Youth Entrepreneurship Trainings FY12 |

| No. | Name of Grant Recipient | DAI Grant Name | DAI Grant Number | Total US Dollar Amount Paid | Purpose of Grant |
|-----|-------------------------------------|--|------------------------|-----------------------------|--|
| 182 | EDGE | EDGE(4) | G-ES-FY12-YTH-049-G195 | \$7,450.00 | Training in Marketing for young business owners |
| 183 | NS Advertising | NS Advertising(4) | G-ES-FY12-BIZ-033-G196 | \$26,967.43 | TA to enable successful participation of South Serbia businesses at the Belgrade Building Fair and Sandzak businesses at the Novi Sad Agriculture fair |
| 184 | Halal | HALAL(1) | G-ES-FY12-BIZ-034-G197 | \$20,000.00 | Training in HALAL standardization for food production sector companies based in Sandzak |
| 185 | Lazar | Company Lazar(1) | G-ES-FY12-YTH-050-G198 | \$4,999.50 | Establishment of Farming Development Center in Blace FY12 |
| 186 | Technical School in Presevo | Presevo Technical School(1) | G-ES-FY12-YTH-051-G199 | \$13,844.37 | Improvement of school's vocational curriculums |
| 187 | Youth Outsourcing Center | Youth Outsourcing Center(1) | G-ES-FY12-YTH-052-G200 | \$4,151.23 | establishment, promotion and capacity building of "Youth Outsourcing Center" in Knjazevac |
| 188 | New Textile Coalition | New Textile Coalition(1) | G-ES-FY12-YTH-053-G201 | \$4,705.22 | startup of a textile company in Leskovac |
| 189 | Fluidi | FLUIDI(1) | G-ES-FY12-BIZ-035-G202 | \$9,999.96 | Media Campaign to establish a stronger presence on the Albania market |
| 190 | Association "Pavlos" | Pavlos(1) | G-ES-FY12-YTH-054-G203 | \$4,998.10 | Support to beekeeping development in Vlasotince Municipality |
| 191 | Organic Landscape | Organic Landscape(1) | G-ES-FY12-BIZ-036-G204 | \$29,910.00 | Training in ISO 9001 standardization for Apparel and LM sector companies from Sandzak and South Serbia |
| 192 | Households Miljkovic and Zdravkovic | Households Miljkovic and Zdravkovic(1) | G-ES-FY12-YTH-055-G205 | \$3,787.48 | Greenhouses for young farmers in Aleksinac FY12 |
| 193 | BLUEWATERS YU | BLUEWATERS YU(1) | G-ES-FY12-YTH-056-G206 | \$15,126.00 | TA for young companies from South Serbia in Improvement of Visual Identity, Marketing Materials, Labeling and Packaging |
| 194 | Kecnet | Kecnet(1) | G-ES-FY12-YTH-057-G207 | \$13,729.99 | TA for young companies from Sandzak in Improvement of Visual Identity, Marketing Materials, Labeling and Packaging |
| 195 | Melany Team | Melany Team(2) | G-ES-FY12-BIZ-037-G208 | \$19,745.13 | Development of custom-made software for companies |

| No. | Name of Grant Recipient | DAI Grant Name | DAI Grant Number | Total US Dollar Amount Paid | Purpose of Grant |
|-----|---|--|------------------------|-----------------------------|--|
| 196 | Velexpo | Velexpo(4) | G-ES-FY12-BIZ-038-G209 | \$33,658.99 | Participation of textile and shoes producers from Serbia at the Poznan Trade Fair in 2012 |
| 197 | Textile Association Asstex | Asstex(1) | G-ES-FY12-BIZ-039-G210 | \$26,353.24 | Marketing and promotion activities to support participation of textile producers from South West Serbia at the Moscow Trade Fair in 2012 |
| 198 | AB Soft Company | AB Soft(1) | G-ES-FY12-BIZ-040-G211 | \$22,000.00 | Development of custom-made software for companies |
| 199 | Futurizam | Futurizam(1) | G-ES-FY12-YTH-058-G212 | \$4,993.53 | Strengthening the capacity of young tourist guides in Prijepolje |
| 200 | CEFE [NGO] | CEFE(1) | G-ES-FY12-YTH-059-G213 | \$6,734.00 | Entrepreneurship skills trainings in municipalities Novi Pazar, Tutin, Prijepolje and Priboj |
| 201 | TEAM MBD Consulting | TEAM MBD Consulting(2) | G-ES-FY12-YTH-060-G214 | \$10,452.00 | Entrepreneurship skills trainings in municipalities Vranje, Leskovac, Bujanovac and Presevo |
| 202 | Economic Faculty in Subotica, Department in Bujanovac | Economic Faculty in Subotica, Department in Bujanovac(1) | G-ES-FY12-YTH-061-G215 | \$17,916.30 | Economic Faculty in Subotica, Department in Bujanovac (1) - Support to establishment of Career Center |
| 203 | Secret Angel | Secret Angel(1) | G-ES-FY12-YTH-062-G216 | \$1,169.27 | Strengthening the capacity of young entrepreneurs in Novi Pazar |
| 204 | Defa Trade | Defa Trade(1) | G-ES-FY12-YTH-063-G217 | \$2,500.00 | Strengthening the capacity of young entrepreneurs in Novi Pazar |
| 205 | Ethno Aleksandrovac | Ethno Village Latkovac(1) | G-ES-FY12-YTH-064-G218 | \$4,043.79 | support the procurement of equipment for a conference room at the ethno-village based business |
| 206 | Adizes | Adizes(10) | G-ES-FY12-BIZ-041-G219 | \$4,287.00 | Forming and capacity building of two new cluster in Sandzak |
| 207 | HD ECG | ECG(1) | G-ES-FY12-BIZ-042-G220 | \$36,000.00 | Capacity building of Sandzak and South Serbia's five clusters |
| 208 | Velexpo | Velexpo(5) | G-ES-FY12-BIZ-043-G221 | \$14,224.68 | Presevo construction sector companies' promotion event in Albania |
| 209 | Cromer Group | Cromer Group(6) | G-ES-FY12-YTH-065-G222 | \$7,383.90 | Youth offices capacity building training 2012/13 |

| No. | Name of Grant Recipient | DAI Grant Name | DAI Grant Number | Total US Dollar Amount Paid | Purpose of Grant |
|-----|--|---|------------------------|-----------------------------|--|
| 210 | Cluster Keepers of Tradition | Cluster Keepers of Tradition(1) | G-ES-FY12-BIZ-044-G223 | \$26,536.30 | Cluster Keepers of the tradition, Pester, Kopaonik and Golija(1) – Opening of the HALAL Shop in Belgrade |
| 211 | Junior Achievement Serbia | JAS(6) | G-ES-FY13-YTH-066-G224 | \$21,000.00 | Support to Junior Achievement in Serbia (JAS) in 2013 |
| 212 | Viga | Viga(1) | G-ES-FY13-YTH-067-G225 | \$6,664.70 | Youth Offices capacity building training in entrepreneurship 2013 |
| 213 | Association of Prijepolje Tourist Guides | Association of Prijepolje Tourist Guides(1) | G-ES-FY13-YTH-068-G226 | \$3,073.28 | Association of Prijepolje Tourist Guides – Strengthening and promotion of Association of Prijepolje Tourist Guides |
| 214 | New Textile Coalition | New Textile Coalition(2) | G-ES-FY13-YTH-069-G227 | \$1,921.00 | Strengthening the capacity of young entrepreneurs in Leskovac |
| 215 | Ethno Aleksandrovac | Ethno Village Latkovac(2) | G-ES-FY13-YTH-070-G228 | \$0.00 | Strengthening the capacity of young entrepreneurs in Aleksandrovac |
| 216 | Lazar | Company Lazar(2) | G-ES-FY13-YTH-071-G229 | \$0.00 | Strengthening the capacity of young entrepreneurs in Blace |
| 217 | Night Secret | Night Secret(1) | G-ES-FY13-YTH-072-G230 | \$3,500.00 | Strengthening the capacity of young entrepreneurs in Sjenica |
| 218 | Spid Collection | Spid(1) | G-ES-FY13-YTH-073-G231 | \$3,500.00 | Strengthening the capacity of young entrepreneurs in Novi Pazar |
| 219 | Sve pod Sac | Sve pod Sac(1) | G-ES-FY13-YTH-074-G232 | \$2,256.03 | Strengthening the capacity of young entrepreneurs in Novi Pazar |
| 220 | Nagrad | Nagrad(1) | G-ES-FY13-YTH-075-G233 | \$3,500.00 | Strengthening the capacity of young entrepreneurs in Bosilegrad |
| 221 | Unikat | Unikat(1) | G-ES-FY13-YTH-076-G234 | \$3,500.00 | Strengthening the capacity of young entrepreneurs in Bujanovac |
| 222 | Becki | Becki(1) | G-ES-FY13-YTH-077-G235 | \$3,500.00 | Strengthening the capacity of young entrepreneurs in Presevo |
| 223 | Adizes | Adizes(11) | G-ES-FY13-YTH-078-G236 | \$9,213.00 | Advanced training for YEAP YOC 2013 |
| 224 | Faktor | Faktor(1) | G-ES-FY13-YTH-079-G237 | \$0.00 | Strengthening the capacity of young entrepreneurs in Krusevac |

| No. | Name of Grant Recipient | DAI Grant Name | DAI Grant Number | Total US Dollar Amount Paid | Purpose of Grant |
|------------|-------------------------|----------------------------|------------------------|-----------------------------|---|
| 225 | Agrozem and PSSS Vranje | Agrozem and PSSS Vranje(1) | G-ES-FY13-YTH-080-G238 | \$4,079.36 | Vocational trainings in municipalities Bujanovac, Presevo, Leskovac, Novi Pazar, Priboj, Prijepolje, Tutin 2013 |
| 226 | Cromer Group | Cromer Group(7) | G-ES-FY13-YTH-081-G239 | \$2,336.92 | Seminar for career guidance and counseling services (CGCS) managers 2013 |
| 226 | TOTAL | 145 recipients | | \$3,730,220.78 | |

ANNEX I

RETURN OF INVESTMENT (ROI) ON YOUTH SUPPORT ACTIVITIES

Return of Investment (RoI) On Youth Support Activities

EXECUTIVE SUMMARY

The Economic Security (ES) Project designed a Return on Investment (ROI) study to describe and quantify the benefits of the project's investments in youth programs: Youth Office (YO) Entrepreneurship Training, Youth Entrepreneurship Action Plan (YEAP) Programs, the school-based Junior Achievement (JA) program, direct ES Technical Assistance to youth-owned businesses (Base Biz), and Internships for Youth. The results of the study help articulate USAID's contributions to supporting economic growth, through new business start-ups and/or employment, in a post-conflict, politically unstable country.

The project's primary objective for performing the RoI analysis was not to derive definitive, authoritative and undisputable RoI figures on such interventions but rather to compare the relative RoIs among the different interventions so as to provide USAID with a better picture of the interventions' RoI profiles in terms of scale of return and how quickly the different activities can pay off.

Table H1: Key numerical findings

| ES Youth Program | USAID Investment (USD 000) | Benefits to Youth (USD 000) from income through new business or employment* | Ratio of discounted benefits to USAID Investment** | Year in which USAID investment is recovered*** |
|----------------------------------|----------------------------|---|--|--|
| YO Entrepreneurship Training | 459 | 44,799 | 56:1 | 2010 |
| Youth Entr. Action Plans (YEAPs) | 552 | 39,482 | 33:1 | 2015 |
| Junior Achievement (JA) | 578 | 14,731 | 12:1 | 2016 |
| Base Business Support | 93 | 585 | 3:1 | 2017 |
| Internships | 71 | 1,507 | 12:1 | 2010 |
| TOTAL**** | 1,843 | 101,104 | 29:1 | 2011 |

* These are estimated undiscounted benefits over a ten-year time period.

** Estimated benefits over a ten-year time period, discounted to 2010 at 10% per year and compared to USAID investment.

*** Year in which cumulated discounted benefits exceed USAID investment.

****Excludes material donations.

The key findings of the study are as follows:

1. All the youth activities under the ES Project yield very high rates of return on USAID's investments. Collectively, they can be expected to generate more than one hundred million dollars in income for participants over a 10-year period and yield discounted net benefits of nearly \$45 million, all for a relatively modest USAID investment of \$1.8 million.
2. The YO Entrepreneurship Training program produced the **highest** return on investment among the three programs that exhibit the highest returns, followed by the YEAPs and

the JA program. Specifically, it reached fewer participants (2,477) but is expected to yield by far the highest return per participant (discounted net benefits of \$9,123).

3. The YO Entrepreneurship Training program also demonstrated the **fastest** return on investment, followed by Internships and the YEAPs. The YEAP program reaches far more youth (15,678) but with a more moderate return per participant (discounted net benefits of \$1,020), in part because a longer period of time is required to accrue benefits. The JA program also exhibits a substantial return on USAID's investment, reaching 5,999 youth with a similar return per participant of \$943 in discounted net benefits, again with an assumed longer period of time required to accrue benefits.
4. High returns on investment are expected to be earned both on activities that have relatively rapid payoffs (particularly Entrepreneurship Training) and on those that take longer to pay off (YEAP support and Junior Achievement). The balance of USAID's investment portfolio between activities that have shorter-run and longer-run payoffs seems appropriate for the near term and future development of the Serbian economy and work force.
5. Highly leveraged activities that required **significant cost share** on the part of the beneficiaries contributed to high returns on investment. For example, the high ROI on YEAP activities is particularly striking, due in part to the relatively small USAID investment in comparison to the substantial funding and assistance provided by the GOS through the Ministry of Youth and the municipalities themselves.
6. As a **recommendation**, USAID may wish to focus its resources on the YO Entrepreneurship Training. Although more dependent on USAID funding, it generated greater benefits per youth in a shorter timeframe than the YEAP program. If USAID is interested in supporting a broader, longer-term strategy for youth, then continued assistance to JA could be expected to generate substantial returns over a longer time frame. Junior Achievement's wide reach through schools raises the probability of economic success for a larger cohort of youth over the longer-term. Under similar economic and social circumstances, this study shows that by using this model, USAID can expect similar benefits to accrue to youth through new business start-up and employment.

INTRODUCTION

The Economic Security (ES) Project works with Serbian youth around the country as part of its wider program strategy to strengthen economic security in Serbia, including two of Serbia's most underdeveloped regions – Sandzak and South Serbia – with support from the United States Agency for International Development (USAID). In order to maximize the impact of its activities, the ES Project designed a Return on Investment (ROI) study to describe and quantify the cumulative impact of the project's investments in youth programs: Youth Office (YO) Entrepreneurship Training, Youth Entrepreneurship Action Plan (YEAP) Programs, the school-based Junior Achievement (JA) program, direct ES Technical Assistance to youth-owned businesses (Base Biz), and Internships. The results of the study help articulate USAID's contributions to supporting economic growth, through new business start-ups and/or employment, in a post-conflict country.

METHODOLOGY

Staffing. Two DAI consultants, Howard Williams and Don Snodgrass, were engaged for this study. The consultants worked primarily with Aleksandar Mentov, the ES Project team’s Director for Youth Support, with additional guidance and support from Michael Pillsbury, ES Project COP, and Ed Rackley, ES Project Coordinator. The ROI study results are based on data provided by ES Project staff regarding numbers of youth who participated in ES Project supported trainings or programs and who subsequently start businesses or gained employment. The data was current as of the project’s Semi Annual Report #13 (October 2012).

Costs Considered. USAID funding for each youth activity was calculated based on costs *directly* associated with specific activities, including grants, labor, material support, plus a proportion of overall project costs, based on the level of effort dedicated to supporting each specific activity, that could be reasonably directly attributed to the activities. The only costs measured are costs to USAID. Costs incurred by Serbian institutions or individuals are not included as they are already present in the environment. This means that they might be considered “free goods” by USAID, using economic terms. In practical terms, this means that USAID leveraged existing resources and assumes that the outcomes would not have happened without the infusion of USAID funds.

Assumptions. ES Project staff also established assumptions, in consultation with the ROI study analysts, that were used in projecting new business start-up and new jobs for youth participants into future years and how long those businesses and jobs were expected to exist. Additional assumptions were made on the earnings associated with new business start-ups and employment in order to quantify the benefits that accrued to participants subsequent to their participation in the programs. These assumptions were based on surveys and other knowledge of the project participants, literature reviews, and data on the Serbian economy (for example average wages) and are described in detail below.

The calculation starts with one key assumption: that youths who started businesses or found employment would have been unemployed if they had not received training. That is, all business start-ups and new jobs involving youths trained or assisted by the project are considered to have occurred because of the youths’ participation in the project. In the absence of the project, the youths would have remained unemployed. Other assumptions are made in the course of the analysis and mentioned below. Most of the assumptions used were suggested by Youth Project staff, yet all such assumptions can be considered reasonable and well informed.

Timeframe. The analysis that follows takes 2009 (the first full year after the initiation of Youth support activities) as the base year. It includes costs and value outcomes up to 2019; that is, it uses a ten-year time horizon. (This choice of ten years allows us to capture persistent benefits that accrue to participants beyond the life of the project. If we had used a longer or shorter time horizon the basic conclusions reached below would not have changed.) The analysis aims to calculate the return on investment (ROI), defined as the annual discount rate that deflates net benefits (value outcomes minus USAID costs) to zero in the base year. In other words, it calculates how the benefits that accrue to participants compare to the investment that USAID made in their programs (using present day values for all costs and benefits to make them comparable). We also calculated net present value, which is benefits minus costs, with both values deflated to the base year using a given discount rate (in this case 10%--a reasonable discount rate, selected to provide a more conservative calculation of benefits).

OVERALL RESULTS

The overall results for USAID costs and value outcomes for the ES Project-supported youth programs indicate an extremely high return on the investment that USAID made in supporting economic opportunities for youth in Serbia (see Table 1). Each of the youth programs that USAID invested in under the ES Project yielded very high rates of return on USAID's investments.

Table H2: ROI on Total Project*

| ES Youth Program | USAID Investment (USD 000) | Benefits to Youth (USD 000) from income through new business or employment* | Ratio of discounted benefits to USAID Investment** | Year in which USAID investment is recovered*** |
|----------------------------------|----------------------------|---|--|--|
| YO Entrepreneurship Training | 459 | 44,799 | 56:1 | 2010 |
| Youth Entr. Action Plans (YEAPs) | 552 | 39,482 | 33:1 | 2015 |
| Junior Achievement (JA) | 578 | 14,731 | 12:1 | 2016 |
| Base Business Support | 93 | 585 | 3:1 | 2017 |
| Internships | 71 | 1,507 | 12:1 | 2010 |
| TOTAL **** | 1,843 | 101,104 | 29:1 | 2011 |

* These are estimated undiscounted benefits over a ten-year time period.

** Estimated benefits over a ten-year time period, discounted to 2010 at 10% per year and compared to USAID investment.

*** Year in which cumulated discounted benefits exceed USAID investment.

****Excludes material donations.

High returns on investment were earned both on activities that have relatively rapid payoffs (particularly Youth Office entrepreneurship training) and on those that take longer to pay off (YEAP development and Junior Achievement). One reason for the high returns on USAID's investments is that USAID was able to leverage investments by Serbian institutions and individuals. For example, the high ROI on YEAP activities is due in part to the relatively small USAID investment in comparison to the substantial funding and assistance provided by the GOS through the Ministry of Youth and the beneficiary municipalities.

These conclusions hold if the assumptions used are even approximately accurate. For more precise estimation of the returns on USAID's investments in youth training, a more accurate model would have relied on the actual earnings and sales of young individuals that had found jobs or started businesses. Instead, we assumed an average value for a year of employment and a year of working in a start-up, based on GoS average wage data (for the former) and ESP experience (for the latter). Even without more precise estimates, one can safely argue that future investments in youth training activities that are designed and executed as well as those under the ES Project's youth programs are likely to yield high returns.

RESULTS BY PROGRAM ACTIVITY

1. Youth Office (YO) capacity building and entrepreneurship training

Youth Offices are local government departments with close ties to the Ministry of Youth and Sport and are the primary vehicle for reaching youth at the local level. Additionally, they play a key role in the implementation of the National Strategy for Youth and the team's activities are specifically targeted to the Strategy's focus on youth unemployment.

An annual assessment of YO needs and capabilities conducted by the ES Project each of the past three years finds that YOs continue to view unemployment as the biggest challenge confronting Serbian youth. These assessments and the program's experience suggested that YOs and their coordinators require continued professional development to tackle the difficult issues surrounding youth unemployment. As a starting point, YO Coordinators received training in leadership, communications, marketing and entrepreneurship to expand their professional expertise.

The program offered the trained YO Coordinators an opportunity to host and manage a community-wide promotion to identify 10 to 30 young people who have a business or who are serious in their desire to start one to attend an intensive workshop in the fundamentals of business planning and finance. The "Business Planning and Financial Opportunities" seminar is a two-day training that helps young people with a quality business idea to evaluate it and develop it into a proper business plan. Participants in the trainings were also exposed to new information relevant for their business start-ups and current trends in labor market, which helps them to understand their economic environment. ES Project surveys showed that 89 percent of felt more employable than others as a result of what they learned during the seminar and 95 percent said the training made them feel more competitive than others starting a business.

As of the time of the study, the ES Project had worked with 118 municipal YOs to build their capacity to give youth business and job training and also to help the YOs carry out such training. The analysis below breaks down USAID investments in the primary activity categories, assumptions made within the analysis and shows the results in the table. YO capacity building and youth training are presented as one combined activity.

- *USAID Cost:* \$147,718 in 2009-2012 for Youth Office Coordinator capacity building, plus \$311,500 in 2009-2012 for training of young entrepreneurs, results in a total cost of \$459,217.
- *Output:* Trainers trained during life of project in turn trained 1,831 youths. In addition, we assume that 18 YOs (15% of total) will continue to run courses after the project ends. We also assume that each of these YOs conducts one more course each year for youths in each of three years following the end of the project, training 12 youths (the average attendance in courses given earlier) each time.
- *Physical outcomes:* We assume that 9% of youths trained start businesses one year after training and 22% found employment with the same one-year time lag. Based on these assumptions, 338 new businesses and 546 new jobs were created (see Table 2 below). This is based on the addition of past ES supported training, plus the assumed future beneficiaries of those YOs that continue with the training.
- *Value outcomes:* We assumed that each new business creates two new jobs, each of which earns \$276/month in the first year, rising to \$400/month by 2012 and then remaining at that level. This assumption is based on an assessment conducted of participants who obtained employment after training to determine their earnings. Their starting net salary was 276\$ and is expected to grow to a national average of some 400\$ within two years.

- Earnings for those who find employment are the same, based on the above assumptions of salary increase to national average. The table below shows the consequences of these assumptions.

Table H3: Outcomes for YO Entrepreneurship Training

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| # trained | 540 | 529 | 504 | 256 | 216 | 216 | 216 | 0 | 0 | 0 | 0 |
| # of new businesses (cum.) | 0 | 81 | 160 | 236 | 274 | 306 | 338 | 338 | 338 | 338 | 338 |
| Value of new businesses (\$ 000 cum.)* | 0 | 537 | 1,180 | 1,922 | 2,405 | 2,786 | 3,103 | 3,410 | 3,717 | 4,024 | 4,331 |
| # of new jobs (cum.) | 0 | 119 | 235 | 346 | 402 | 450 | 498 | 546 | 546 | 546 | 546 |
| Value of new jobs (\$000 cum.)* | 0 | 394 | 867 | 1,293 | 1,395 | 1,847 | 2,077 | 2,307 | 2,378 | 2,413 | 2,413 |
| Total value outcome (\$000 cum.) | 0 | 931 | 2,047 | 3,215 | 3,800 | 4,633 | 5,180 | 5,717 | 6,095 | 6,437 | 6,744 |

The cumulative figures shown in the rows identified thus (*) are formed by adding the assumed income generated by all training up to the year in question. For example, in 2010, 81 new businesses were created. We assume each involved two jobs earning \$276/month in their first year, \$338/month in their second year, and \$400/month in each year thereafter. The value created in 2010 was thus $81 \times 2 \times 12 \times 276 = \$536,544$. In 2011 there were 81 businesses in their second year and 79 more in their first year. The value created was thus $(79 \times 2 \times 12 \times 276) + (81 \times 2 \times 12 \times 338) = \$1,180,368$. This same methodology was applied to subsequent years. Similarly, jobs created were valued at \$276/month in the first year, \$338 in the second, and \$400 thereafter.

When we review these numbers, we quickly reach a striking conclusion. The ROI for this activity is extremely high, so high in fact that the cost of capacity building and entrepreneurship training is repaid in just the first year after the new businesses and jobs come into existence. We will discuss the validity and significance of this finding in the Conclusion and Implications for Future Programing section below.

Table H4: ROI on YO Entrepreneurship Training (\$000)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------|--|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| USAID cost | 274 | 69 | 75 | 42 | 460 | 0 | 0 | 0 | 0 | 0 | 0 |
| Value outcome | 0 | 931 | 2,047 | 3,215 | 3,800 | 4,633 | 5,180 | 5,717 | 6,095 | 6,437 | 6,744 |
| Net benefit | -274 | 862 | 1,972 | 3,173 | 3,800 | 4,633 | 5,180 | 5,717 | 6,095 | 6,437 | 6,744 |
| ROI | Extremely high (investment repaid by 2010) | | | | | | | | | | |

2. YEAP development and implementation

The purpose of the Youth Entrepreneurship Action Plans (YEAPs) is to create a tailored community-wide strategy to promote youth entrepreneurship, reduce youth unemployment, and help establish local entrepreneurship in the communities as a viable aspiration and an alternative to youth out migration.. The YEAP development requires municipal leaders to focus their attention and resources on tackling youth unemployment and its root causes. In the public discussion phase, the entire community is engaged to provide input and support in the solution. In addition, the implementation of activities requires young people, and specifically the YOs, to accept greater responsibility for their professional future.

Following adoption of the YEAPs by municipal assemblies, the project provide an incentive for the municipality to move immediately from YEAP adoption to implementation of the plans through the provision of a matching grant to support some initial, high-priority activities defined in the plans. This is the only youth program activity that is planned to receive direct ES Project support beyond 2012, and thus was still ongoing at the time of the study.

- *USAID Cost:* \$551,651, including \$58,824 anticipated in 2013-2014. Direct project support for YEAPs ends March 2013, but approved YEAPs are two year action plans and will continue to be implemented and funded by municipal Youth Offices. A number of participating YEAP municipalities have announced plans to “renew, revise and refresh” their YEAPs for a new 2 year term starting in 2013, suggesting continued funding beyond the life of PPES.
- *Output:* Reportedly 15,362 youths will be trained and given chances to start businesses or find employment. Because information on numbers of youth trained annually is unavailable, these numbers accurately track expenditure per year.
- *Physical outcome:* We assume that 2,441 youth (15.89% of the total number trained) start businesses with a 5-year time lag (as a conservative estimated average). These businesses employ two people on average. In this case we were given an estimate by the project that without YEAP support, 7.5% of youths trained (1,152) would have started businesses. This puts net business start-ups at 1,289, 8.39% of those trained. Data collected from JA Europe indicates that JA students have a twice greater chance of starting their own business compared to overall youth population. Internationally, 17% of JA trainees start their own business, whereas only 7.5% of the youth population does so. If we apply the same ratio to Serbia, where 7% of youth start own business, we may conclude that 16% of JA Serbia students will start their own business.
- *Value outcome:* The assumptions used about earnings from businesses and jobs remain the same as in the previous case.

Table H5: ROI on YEAP Development and Implementation (\$000)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------|---|-------|-------|-------|------|------|-------|-------|-------|--------|--------|
| USAID cost | 0 | 119 | 223 | 150 | 30 | 30 | 0 | 0 | 0 | 0 | 0 |
| Assumed # trained | 0 | 3,318 | 6,222 | 4,194 | 814 | 814 | 0 | 0 | 0 | 0 | 0 |
| # of business start-ups | 0 | 0 | 0 | 0 | 0 | 0 | 278 | 522 | 352 | 68 | 68 |
| Value outcome | 0 | 0 | 0 | 0 | 0 | 0 | 1,841 | 5,713 | 9,332 | 10,985 | 11,611 |
| Net benefit | 0 | -119 | -223 | -150 | -30 | -30 | 1,841 | 5,713 | 9,332 | 10,985 | 11,611 |
| ROI | Extremely high, even though investment is not recouped until 2016 | | | | | | | | | | |

The pattern of costs and return is slightly different from those of the previously analyzed activity because of the five-year average time lag assumed to apply to the creation of new businesses. Once the new businesses come on stream, however, they generate benefits that are very large relative to project costs. The assumed delay in business formation means that the activity does not break even until 2016. Nevertheless, the ROI over a ten-year period is again very high.

3. Junior Achievement

Junior Achievement (JA) Worldwide is a global nonprofit organization financed by local businesses and other agencies and institutions. The objective of JA's programs is to educate and inspire youth in entrepreneurship, economics, and business. These programs are designed to partner local business people with schools by volunteering their time to help students understand economic literacy and gain business, enterprise, and entrepreneurship skills. Junior Achievement (JA) Serbia brings the private sector world to students and opens their minds to their potential to succeed in a knowledge-based economy. The ES Project provides support to JA Serbia's to become a nationwide entrepreneurship education program for Serbian students. The JA program directly contributes to the ES Project's goal of providing the youth of Serbia with the skills and knowledge to participate in and develop Serbia's economy. JA programs were launched with ES Project assistance in 200 high schools in 60 municipalities.

- *USAID Cost:* \$578,199 in 2009-2012.
- *Output:* We assume that 30 students on average took part in JA programs at the 200 high schools, making a total of 6,000 high school students exposed to JA. We further assume that the distribution of student participation over the life of the project is proportional to annual USAID expenditure.
- *Physical outcome:* 953 youths (15.89% of total) start businesses with a five-year time lag. New businesses employ two people on average. Without JA, 450 youths (7.5% of total) would have started businesses, so approximately 500 net new business may have been created by JA in the second half of the ten-year time span (see in Table 5, below). We do not assume that there are any additional benefits from finding employment.
- *Value outcome:* We use the same assumptions about earnings as in earlier calculations.

Table H6: ROI on Junior Achievement (\$000)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|--|-------|-------|-------|------|------|-------|-------|-------|-------|-------|
| USAID cost | 73 | 143 | 145 | 145 | 72 | 0 | 0 | 0 | 0 | 0 | 0 |
| # of students participating | 758 | 1,484 | 1,505 | 1,505 | 747 | 0 | 0 | 0 | 0 | 0 | 0 |
| # of net new businesses created (cum.) | 0 | 0 | 0 | 0 | 0 | 64 | 189 | 305 | 431 | 500 | 500 |
| Value outcome | 0 | 0 | 0 | 0 | 0 | 424 | 1,347 | 2,463 | 3,233 | 3,535 | 3,629 |
| Net benefit | -73 | -143 | -145 | -145 | -72 | 424 | 1,347 | 2,463 | 3,233 | 3,535 | 3,639 |
| ROI | Extremely high, despite longer time lag. | | | | | | | | | | |

Again, the ROI obtained using the given assumptions is extremely high. The ROI is, however, a bit lower than in previous cases because of the longer time lag before benefits begin—a junior in HS has two years to finish school and then takes on average of three years to start a business (including HS graduates who start a business and those who go on to university who then start a business). USAID’s cost is recouped by 2015.

4. Assistance to Base Biz

The ES Project provided assistance through this smaller-scale activity in 2012 to “base of the pyramid” businesses. The goal of this activity was to help expand these new businesses’ sales and performance to help bring them to the next level of competitiveness. The ES team developed a package of technical services that were offered to these base businesses, including:

- a) Marketing, Management and Sales Trainings
- b) Improving Marketing Material, Labeling and Packaging
- c) Access to Start-up/Capital Funds.

- *USAID Cost:* \$92,245 in 2012.
- *Output:* 174 existing youth businesses were assisted, 146 through training and 29 through direct Technical Assistance from the ES Project staff.
- *Physical outcome:* Businesses that received direct TA increased sales.
- *Value outcome:* The average increase in sales for firms that received direct TA was reported to be 42% (based on 9 months of actual 2012 sales data collected in September 2012 compared with 2011 sales data). We assume that this equaled \$4,032/firm/year (42% of \$9,600) in 2014 and was maintained in future years (a conservative estimate given the absence of data for such a projection).

Table H7: ROI on Assistance to Base Biz (\$000)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------|-----------------|------|------|------|------|------|------|------|------|------|------|
| USAID cost | 0 | 0 | 0 | 0 | 0 | 92 | 0 | 0 | 0 | 0 | 0 |
| Value outcome | 0 | 0 | 0 | 0 | 0 | 0 | 117 | 117 | 117 | 117 | 117 |
| Net benefit | 0 | 0 | 0 | 0 | 0 | -92 | 117 | 117 | 117 | 117 | 117 |
| ROI | Extremely high. | | | | | | | | | | |

Again, the ROI was extremely high. On the assumptions used, USAID's cost was recouped in the first year after the expenditure (2015).

5. Internship training

Lack of prior work experience is one of the most common reasons why employers tend not to hire youth. To facilitate work readiness for youth, the ES project partnered with educational institutions, private sector firms and local economic development organizations to implement internship programs, targeting unemployed youth. A key difference between the internship activity and other activities (YO Training, YEAPs, Career Centers, etc.) was the internship activity's lack of inherent sustainability. The ES Project helped run a highly effective internship program but it was fully dependent on ES Project support. Consequently, internship training was carried out only in the first two years of the project after which the ES Project turned instead towards YO and University-based Career Center models for promoting internships as a more sustainable approach.

- *USAID Cost:* \$71,108 in 2009-2010.
- *Output:* Internships for 150 youths.
- *Physical outcome:* We assume that 33 youths, 22% of the total trained, found employment.
- *Value outcome:* We used the same assumptions about earnings as were used in analyzing the previous activity.

Table H8: ROI on Internship Training (\$000)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------|--|------|------|------|------|------|------|------|------|------|------|
| USAID cost | 71 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Value outcome | 0 | 109 | 134 | 158 | 158 | 158 | 158 | 158 | 158 | 158 | 158 |
| Net benefit | -71 | 109 | 134 | 158 | 158 | 158 | 158 | 158 | 158 | 158 | 158 |
| ROI | Extremely high (investment repaid by 2010) | | | | | | | | | | |

On the assumptions used, the small costs of the internship program were repaid in the first year of employment and benefits continued throughout the period of analysis, resulting in a high ROI.

6. Material donations

A final programming category that was considered during the course of the study was that of material donations. The ES Project provided material support to educational institutions to improve the employability and skills of its students through promotion of careers centers and / or technical laboratories specially tailored to the needs of a targeted local business group. There were three activities of each of these two types of donations over the course of the program:

- International University of Novi Pazar Career Center (2010);
- State University of Novi Pazar Career Center (2012);
- Bujanovac branch of Subotica Economics Faculty Career Center (2012);
- Kraljevo Agriculture High School bakery laboratory (2008);
- State University of Novi Pazar audio-visual laboratory (2011);
- Presevo High School welding laboratory (2012).

USAID Cost: \$105,529 in 2008-2012.

Outputs: Improved career counseling for 5,500 students. Ideally, the Career Centers need to get to the point where they track individual students that make use of their services and their subsequent placement with local firms and organizations, in order to derive an attribution rate for such successful placements. Currently, none of the career centers in Serbia (ES supported or otherwise) collect such data. The Kraljevo Bakery School has done a better job of tracking graduates. The school offers a three-year program for approximately 100 students. The school claims that since the laboratory was established some 120 students have graduated and 80 have found employment with bakeries throughout the region. The welding and A/V laboratories were established too late in the ES program to be able to obtain comparable data to that of the bakery school.

Physical outcome: Better career counseling and training may help university students find more and better jobs.

Value outcome: The ES Team was unable to obtain the necessary data at the time of publication of the Final Report. We have included this section, albeit incomplete, to show how far the analysis reached. The primary limitations preventing the completion of an ROI analysis for this category of programming are, as mentioned above, 1) the relatively recent completion of two of the three laboratory efforts, and, 2) the lack of successful placement data on the part of the career centers.

CONCLUSIONS AND IMPLICATIONS FOR FUTURE PROGRAMING

1. All the youth activities under the ES Project yield very high rates of return on USAID's investments, collectively generating more than \$100 million in income for participants over a 10-year period for an investment of \$1.8 million by USAID. When program costs and benefits are discounted at 10% a year, the net present value of project activities is nearly \$45 million.
2. High returns on investment were earned both on activities that had relatively rapid pay-offs (particularly YO entrepreneurship training) and on those can take longer to pay off (YEAP development and Junior Achievement).
3. The YO Entrepreneurship Training program assumes the most immediate generation of benefits among the three programs that exhibit the highest returns, including YEAPs and the JA program. Of the three, the YO training reaches fewer participants (2,477) but yields the highest net discounted benefit per participant (\$9,123). The ROI for this activity is extremely high, so high in fact that the cost of capacity building and entrepreneurship training is repaid in just the first year after the new businesses and jobs come into existence.
4. The YEAP program demonstrates a similarly high return on USAID's investment, reaching far more youth (15,362) but with a more moderate net discounted benefit per participant (\$1,020) with an assumed later starting point for the accrual of benefits.
5. The JA program also exhibits a substantial return on USAID's investment, reaching 5,999 youth with a similarly moderate return per participant of \$943. Again, there is an assumed longer waiting period before benefits begin to accrue.
6. The balance of USAID's investment portfolio between activities that had shorter-run and longer-run payoffs seems appropriate for the near term and future development of the Serbian economy and work force.
7. One reason for the high returns on USAID's investments is that USAID was able to leverage investments by Serbian institutions and individuals. For example, the high ROI on YEAP activities is particularly striking, due in part to the relatively small USAID investment in comparison to the substantial funding and assistance provided by the GOS through the Ministry of Youth and the municipalities themselves.
8. In the absence of higher-quality evidence, one can only speculate about the precision of the assumptions used in the exercise. It is worth noting, however, that if the benefits measured here were made even more conservative (expecting fewer participants, business start-up, and jobs), the ROI would remain high. For example, if we arbitrarily reduced the net benefits of the project by half, USAID's costs would still be recovered by 2011 (just one year later than under the original assumptions) and the ROI would remain very high. In other words, if the outcomes of project activities are anything like what the project staff think they are, USAID's investment in youth training in Serbia has been quite worthwhile, at least in economic terms.

IMPLICATIONS FOR FUTURE PROGRAMING

1. The USAID investment in YO Entrepreneurship Training was similar to the investment for the YEAP program. Information from project staff suggests that the investments made by the Ministry of Youth and the municipalities in the YEAPs will continue without USAID support. If USAID is considering further funding for youth programs, then consideration of sustainability without USAID funding is important. For example, USAID may wish to focus its resources on the YO Entrepreneurship Training which was more

dependent on USAID funding but which generated greater benefits per youth in a shorter timeframe than the YEAP program.

2. If USAID is interested in supporting a broader, longer-term strategy for youth, then continued assistance to JA could be expected to generate substantial returns over a longer time frame. Junior Achievement's wide reach through schools raises the probability of economic success for a larger cohort of youth over the longer-term.
3. For more precise estimation of the return on USAID's investments in future youth training, it would be necessary to do two things. First, one would have to obtain better-grounded estimates of actual outcomes. These could be derived from tracer surveys that report youths' business and job experiences post-training. Second, these results for trainees would have to be compared with a counterfactual – an estimate of what would have happened in the absence of the training and TA provided by the Youth Project. This could be done using before-and-after and with-without comparisons derived from surveys – ideally using experimental methods. If these two things were done, we would have accurate estimates of how many businesses and jobs the project created and thus could calculate a more precise ROI. To accomplish these tasks, more M&E would need to be funded and built into future project designs, in particular to track the individual labor market experiences of youths who receive training as well as those who do not.

ANNEX J

LIST OF INTENSIVELY SUPPORTED BUSINESSES

List of Intensively Supported Businesses (203, ones w/profile in Annex L are bolded)

| Municipality | Company | Sector | Products | Tier | 2012 Project Active/Cluster |
|--------------|----------------------------------|----------|---|--------|-----------------------------|
| Bosilegrad | ANA | Food | Forest fruit | Middle | Y |
| Bosilegrad | ANITEX | Apparel | Hosiery (socks) | Top | Y |
| Bosilegrad | IBER | Food | Bread, pastries | Top | Y |
| Bosilegrad | INAK | LM | Beech and oak parquet, ship floor | Top | Y |
| Bosilegrad | NAGARD | Apparel | Underwear | Youth | Y |
| Bujanovac | A&S (EMA METAL) | LM | Products from wrought iron (fences, gates)) | Middle | Y |
| Bujanovac | AGRO-ADRIA | Food | Processed meat | Top | Y |
| Bujanovac | AL-EUROPA | LM | Aluminum and PVC joinery | Top | Y |
| Bujanovac | AS BETON | LM | Concrete products | Youth | Y |
| Bujanovac | BIVODA | Food | Mineral water and soft drinks | Top | Y |
| Bujanovac | EKOMED COMPANY | Food | Honey | Middle | Y |
| Bujanovac | ENTERIJER | LM | Furniture | Middle | N |
| Bujanovac | EVEREST | LM | Laser graving products | Middle | Y |
| Bujanovac | KONDIVA | Food | Confectionery products | Top | Y |
| Bujanovac | M&S | Apparel | Shoes | Middle | Y/Kostana Shoes |
| Bujanovac | NATURAL FOOD | Food | Forest fruits/mushrooms, jams, ajvar | Middle | N |
| Bujanovac | RAZVITAK | Food | Dairy | Top | Y |
| Bujanovac | SAMPI-CO | Food | Mushrooms | Middle | Y |
| Bujanovac | UNIKAT | LM | Glass, PVC and Aluminum carpentry | Youth | Y |
| Kraljevo | AUTO SERVIS MINIC | Services | Automobile repair shop | Middle | N |
| Kraljevo | CARDONI | Apparel | Textile | Middle | N |
| Kraljevo | COKO CARPEK | Food | Cakes | Middle | N |
| Kraljevo | FARMA NEDELJKOVIC | Food | Vegetable Growing | Middle | N |
| Kraljevo | GALANT | Food | | Middle | N |
| Kraljevo | IG LU | Food | Bakery producer | Middle | N |
| Kraljevo | NADA | Apparel | Textile | Middle | N |
| Kraljevo | PANSION NEBO | Tourism | Rural tourism | Middle | N |
| Kraljevo | PARTY MAKERS | Services | Party accessories | Middle | N |
| Kraljevo | POTKOVICA | Tourism | Rural tourism | Middle | N |
| Kraljevo | SAMPINJON CENTAR | Food | Mushrooms | Middle | N |
| Kraljevo | SNOVALJKA | Apparel | Textile | Middle | N |
| Kraljevo | STOMATOLSKA ORDINACIJA STANKOVIC | Services | Dentist | Middle | N |
| Kraljevo | SVET BALONA | Services | Decoration | Middle | N |

| Municipality | Company | Sector | Products | Tier | 2012 Project Active/Cluster |
|--------------|---------------------------------|----------|---|--------|-----------------------------|
| Kraljevo | UNIVET | Services | Veterinary service | Middle | N |
| Kursumlija | HRAST | LM | Wooden furniture | Middle | N |
| Lebane | PCELARSTVO TASKOVIC | Food | Honey | Youth | Y |
| Leskovac | DRVO-DEKOR | LM | Wooden doors and windows | Middle | Y |
| Leskovac | KERAMIKA | LM | Ceramic | Top | Y |
| Leskovac | MARINKOVIC | Food | Meat | Top | Y |
| Leskovac | MERMO LUX | LM | Marble radiator | Top | Y |
| Leskovac | MORAVKA | Food | Coffee, tea, soup, pudding | Top | Y |
| Leskovac | SRBIJA | Food | Meat | Top | N |
| Leskovac | STRELA KLAJIC | Food | Mushrooms, fruits, forest fruits | Top | Y |
| Leskovac | TERMOMONT | LM | Carpentry | Top | Y |
| Medvedja | DIMIC | Tourism | Rural tourism | Middle | N |
| Medvedja | NIKOLIC | Tourism | Rural tourism | Middle | N |
| Medvedja | ZARIC | LM | Ethno dishes: glasses, cups, pots, bowls | Middle | N |
| Novi Pazar | ALIVO | Food | Processed meat | Middle | Y |
| Novi Pazar | ART STUDIO | Services | Web design | Youth | N |
| Novi Pazar | BIG | Food | Pastries | Middle | Y/Keepers of Tradition |
| Novi Pazar | BIG BOYS (GUNS) | Apparel | Jeans | Top | Y/Asstex |
| Novi Pazar | BONINO-INN | Food | Pastries | Youth | Y |
| Novi Pazar | CASA MADRE | Apparel | Textile | Youth | Y |
| Novi Pazar | CLASSIC JEANS/CLASSX | Apparel | Jeans | Middle | Y/Asstex |
| Novi Pazar | CONTO BENE JEANS | Apparel | Jeans | Middle | Y |
| Novi Pazar | DEKOR | LM | Stairs production | Middle | Y |
| Novi Pazar | DENIS/DENISTAR | Apparel | Jeans | Top | Y /Asstex |
| Novi Pazar | D-ENY LINE | Apparel | Shoes | Youth | Y |
| Novi Pazar | DONO | Apparel | Jeans | Middle | Y |
| Novi Pazar | EDO INZINJERING | LM | Indoor Interior, Regips and Façade | Middle | Y |
| Novi Pazar | EMTEX | Apparel | Textile | Youth | Y |
| Novi Pazar | EUROBAGET | Food | Pastries | Youth | Y/Keepers of Tradition |
| Novi Pazar | EVERSTONE | LM | Marble radiators | Youth | Y |
| Novi Pazar | EXELIT | Apparel | Jeans | Middle | Y |
| Novi Pazar | EXIT | Apparel | Jeans | Top | Y/Asstex |
| Novi Pazar | GENTUNO | Apparel | Jeans | Youth | Y |
| Novi Pazar | GRACIJANI | Apparel | Textile, textile machinery and packaging | Middle | Y |
| Novi Pazar | HIS/EXACT | Apparel | Jeans | Middle | Y/Asstex |
| Novi Pazar | INTER CALL | Services | VOIP comunication | Middle | N |

| Municipality | Company | Sector | Products | Tier | 2012 Project Active/Cluster |
|--------------|----------------------------|----------|---|--------|-----------------------------|
| Novi Pazar | JOIN/BRUG | Apparel | Jeans | Top | Y/Asstex |
| Novi Pazar | KEC NET | Services | Web design | Youth | Y |
| Novi Pazar | KOSUTA INZEN-JERING | LM | Marble and granite | Top | Y |
| Novi Pazar | LJIN | Food | Dairy | Middle | Y/Keepers of Tradition |
| Novi Pazar | MANTIJE ALA BEKA | Food | Pastries | Middle | Y/Keepers of Tradition |
| Novi Pazar | MENUS/MAXERS | Apparel | Jeans | Top | Y/Asstex |
| Novi Pazar | MIKAN/BROS | Apparel | Jeans | Top | Y/Asstex |
| Novi Pazar | NESAL | Apparel | Jeans | Top | Y |
| Novi Pazar | PLANET BALKAN FOOD | Food | Pastries | Youth | Y/Keepers of Tradition |
| Novi Pazar | SECO | LM | Indoor Interior | Top | Y |
| Novi Pazar | SIDRO-MANTIJE 2 | Food | Pastries | Youth | Y/Keepers of Tradition |
| Novi Pazar | SPID | Apparel | Textile | Middle | Y |
| Novi Pazar | STIG | Apparel | Children apparel and jeans | Top | Y/Asstex |
| Novi Pazar | SUBEX | Food | Pastries | Middle | Y |
| Novi Pazar | SUMAPLOD | Food | Forest froot and mushrooms | Middle | Y |
| Novi Pazar | TREND COR | Apparel | Children apparel | Middle | Y |
| Novi Pazar | TRI B/BENNELI | Apparel | Jeans | Top | Y/Asstex |
| Novi Pazar | UTIP | Apparel | Textile | Top | Y |
| Presevo | AGRO ZUNICA | Food | Agriculture (cooperative) | Middle | N |
| Presevo | AHMETI | LM | Automobile exhaust repair shop | Middle | N |
| Presevo | ARTA | LM | Wool an fur carpents, textile products | Top | Y |
| Presevo | BECKI | LM | Metal scaffolding | Youth | Y/Presevo Construction |
| Presevo | CELIK-U | LM | Aluminium and PVC joinery | Top | Y |
| Presevo | DEKOR M&V | LM | Products from wrought iron (fences, gates) | Middle | Y |
| Presevo | DODA | Food | Dairy | Top | |
| Presevo | ENYLUX (GONI COM) | LM | Products from granite (walls/floor), wood (doors), and aluminum and steel (terrace railings). | Top | Y |
| Presevo | FLUIDI | Food | Soft drinks | Top | Y |
| Presevo | FONTANA | Food | Dairy | Top | Y |
| Presevo | KERAMIKA - Presevo | LM | Ceramic, granite, marble | Top | Y |
| Presevo | LINDI | LM | PVC and Aluminium carpentry | Youth | Y |
| Presevo | MMI & STIL | LM | Decorative ceramics, souvenirs made from clay | Middle | N |
| Presevo | NIMETI | LM | Glass | Middle | Y |

| Municipality | Company | Sector | Products | Tier | 2012 Project Active/Cluster |
|--------------|--------------------------------|---------|-----------------------------------|--------|-----------------------------|
| Presevo | NURA | LM | Joinery | Top | Y/Presevo Construction |
| Presevo | TOBLER SKELE | LM | Scaffolding | Top | Y/Presevo Construction |
| Presevo | ZENITI | LM | Wire products, chains and springs | Top | Y/Presevo Construction |
| Priboj | DZIDA | Food | Pastries and cakes | Middle | N |
| Prijepolje | ASTRA | Apparel | Socks | Middle | Y/Prijepolje Textile |
| Prijepolje | CATIC | Food | Conditor products | Top | Y |
| Prijepolje | EMILIO STECHER | LM | Marble and granite | Top | Y |
| Prijepolje | GOLD JEANS | Apparel | Jeans | Middle | N |
| Prijepolje | GOLD STAR | Apparel | Textile | Top | Y/Prijepolje Textile |
| Prijepolje | GRANDTEX | Apparel | Uniforms | Middle | Y/Prijepolje Textile |
| Prijepolje | HABA PLUS (MONAKO) | Apparel | Uniforms and sport's wear | Middle | Y/Prijepolje Textile |
| Prijepolje | HES | Apparel | Uniforms | Middle | Y/Prijepolje Textile |
| Prijepolje | HOUSEHOLD CMILJANOVIC LJUBISA | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD GLUSCEVIC DI-MITRIJE | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD GLUSCEVIC DRAGANA | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD GLUSCEVIC GORAN | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD GLUSCEVIC MI-ODRAG | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD GLUSCEVIC OBRAD | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD GLUSCEVIC STOJAN | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD JANJUSEVIC SLAVISA | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD KIJANOVIC DRAGISA | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD | Tourism | Rural tourism | Middle | N |

| Municipality | Company | Sector | Products | Tier | 2012 Project Active/Cluster |
|--------------|----------------------------------|---------|--------------------|--------|-----------------------------|
| | KIJANOVIC DU-SAN | | | | |
| Prijepolje | HOUSEHOLD KIJANOVIC IVAN | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD KIJANOVIC LJUBO | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD KIJANOVIC MILENA | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD KIJANOVIC MIROSLAV | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD KIJANOVIC NEDELJKO | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD KIJANOVIC ZIVKO | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD KNEZEVIC ILINKA | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD LJUJIC BRANKO | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD LJUJIC RADIVOJE | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD PANTOVIC DE-SANKA | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD TMUSIC LJUBINKO | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD VUKASINOVIC MILOMIR | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD VULOVIC ALEKSA | Tourism | Rural tourism | Middle | N |
| Prijepolje | HOUSEHOLD VULOVIC DRAGOS | Tourism | Rural tourism | Middle | N |
| Prijepolje | KONIK | Apparel | Uniforms | Middle | Y/Prijepolje Textile |
| Prijepolje | LIMTEX | Apparel | Textile | Middle | Y |
| Prijepolje | MARKO | Apparel | Uniforms | Middle | Y/Prijepolje Textile |
| Prijepolje | MELIC | Food | Produced meat | Middle | N |
| Prijepolje | MINIC MERMER | LM | Marble and granite | Middle | Y |
| Prijepolje | MUSOVIC | LM | Kitchen production | Middle | Y |
| Prijepolje | NANA | LM | Pharmacie | Middle | N |

| Municipality | Company | Sector | Products | Tier | 2012 Project Active/Cluster |
|--------------|-------------------------|----------|---------------------------------|--------|-----------------------------|
| Prijepolje | OPTIKA VISUS | Services | Optical manufacturing shop | Youth | N |
| Prijepolje | POLIMKA | Food | Pastries | Middle | Y/Keepers of Tradition |
| Prijepolje | SIMO RAFT - SIMO | Tourism | Rafting | Middle | Y |
| Prijepolje | STILEX | Apparel | Home textile | Top | Y/Prijepolje Textile |
| Prijepolje | TREND-TEX | Apparel | Uniforms | Middle | Y/Prijepolje Textile |
| Prijepolje | TRILING | Food | Mushrooms | Youth | Y |
| Prijepolje | VIZARD M | Apparel | Uniforms | Middle | Y/Prijepolje Textile |
| Raska | BORAS | Food | Forest Fruits | Youth | Y |
| Raska | MILKOP | Food | Dairy | Top | Y/Keepers of Tradition |
| Raska | ZITKO | Food | Pastries | Middle | Y |
| Sjenica | BENI-KOMERC | Food | Dairy | Middle | Y |
| Sjenica | FASS | Food | Dairy | Middle | Y/Keepers of Tradition |
| Sjenica | GILJEVA | Food | Processed meat | Middle | Y/Keepers of Tradition |
| Sjenica | IDA | Apparel | Textile | Youth | Y |
| Sjenica | LAV DAIRY | Food | Dairy | Middle | Y/Keepers of Tradition |
| Sjenica | NIGHT SECRET | Apparel | Underwear | Middle | Y |
| Sjenica | SANDZAK KOMERC | Food | Dairy | Middle | Y/Keepers of Tradition |
| Sjenica | SJENICANKA | Food | Dairy | Middle | Y/Keepers of Tradition |
| Sjenica | SUNCE | Food | Pastries | Youth | Y |
| Sjenica | TURKOVIC | Food | Meat | Top | Y/Keepers of Tradition |
| Sjenica | VESNA | Apparel | Textile socks | Middle | Y |
| Surdulica | ATLAS ELECTRONICS | LM | Electronic electricity meters | Middle | N |
| Surdulica | EUROSTIL | LM | Carton | Middle | N |
| Surdulica | LINEX | LM | Toilet paper, napkins, ALU foil | Middle | Y |
| Surdulica | LPV | LM | Construction materials | Middle | Y |
| Surdulica | MPS | LM | Cardboard | Middle | Y |
| Surdulica | OPTIMUM | LM | Accountancy | Middle | Y |
| Surdulica | VELICKOVIC | Food | Dairy | Top | Y |
| Trgoviste | MIMA | Apparel | Shoes | Middle | Y/Kostana Shoes |
| Trgoviste | VLADAKOP EKOPLOD | Food | Forest fruits, mushrooms, jams | Youth | Y |
| Tutin | ZORNIC | Food | Dairy | Top | Y/Keepers of |

| Municipality | Company | Sector | Products | Tier | 2012 Project Active/Cluster Tradition |
|--------------|---------------------|---------|---|--------|---------------------------------------|
| Vladicin Han | ATLAS | LM | Veneer and v. furniture | Middle | N |
| Vladicin Han | CIPA | Apparel | Shoes | Middle | Y/Kostana Shoes |
| Vladicin Han | FAMILY | Food | Peels for pie | Youth | Y |
| Vladicin Han | HANPLAST | LM | Plastic-coated linen and paper, plastic foil, work-protection equipment | Top | N |
| Vlasotince | EVROSTIL | LM | PVC carpentry | Youth | Y |
| Vlasotince | POZAMANTERIJA ANDJA | LM | Rubber band | Youth | Y |
| Vlasotince | ROLLOPRO | LM | PVC and Aluminium carpentry | Youth | Y |
| Vranje | ALEKSTRA | Apparel | Shoes | Middle | Y/Kostana Shoes |
| Vranje | DONNA STILE | Apparel | Shoes | Top | Y/Kostana Shoes |
| Vranje | DRVOPROMET JUG | LM | Wood for construction | Youth | Y |
| Vranje | FENIX | LM | Furniture | Middle | N |
| Vranje | HIV | Apparel | Shoes soles, heels, platforms | Top | Y |
| Vranje | LEON CONDITORS | Food | Biscuits, chocolate | Top | N |
| Vranje | LOTOS | Apparel | Shoes | Middle | Y/Kostana Shoes |
| Vranje | MINEX | Apparel | Shoes | Top | Y/Kostana Shoes |
| Vranje | MLADENOVIC | Apparel | Shoes | Top | Y/Kostana Shoes |
| Vranje | MOBI ALU-MAX | LM | PVC and Aluminium carpentry | Youth | Y |
| Vranje | NISIC | LM | Decorative paper bags | Youth | Y |
| Vranje | NUTRIKO | Food | Livestock feed | Top | Y |
| Vranje | PEGASUS | LM | Furniture | Top | Y |
| Vranje | ROBERTO SS | Apparel | Shoes | Middle | Y/Kostana Shoes |
| Vranje | SANCH | Apparel | Shoes | Top | Y/Kostana Shoes |
| Vranje | SIN-STIL | Apparel | Shoes | Middle | Y/Kostana Shoes |
| Vranje | STEFI KOMERC | Apparel | Shoes | Top | Y/Kostana Shoes |
| Vranje | STIN | LM | Wooden furniture | Youth | Y |
| Vranje | TINA-TRADE | LM | Furniture | Middle | Y |
| Vranje | VIHOR | Food | Dairy | Middle | N |
| Vranje | VIZIJAL | LM | Aluminum carpentry | Youth | Y |
| Vranje | VOCE PROMET | Food | Fruits, vegetables, packed grain products | Middle | Y |

ANNEX K

LIST OF YOUTH OFFICES,
YOUTH ENTREPRENEURSHIP ACTION PLANS
HIGHLIGHTS AND JUNIOR ACHIEVEMENT
SCHOLS (2012/2013 school year)

List of supported Youth Offices and YEAP-s (*)

| | | |
|--------------------------|----------------------|-------------------------|
| ADA | KIKINDA | RAČA |
| ALEKSANDROVAC* | KLADOVO | RAKOVICA |
| ALEKSINAC* | KNJAŽEVAC* | RAŽANJ |
| ALIBUNAR | KOSJERIĆ | REKOVAC |
| APATIN | KOVACICA | RUMA* |
| ARANDJELOVAC | KRAGUJEVAC | ŠABAC |
| ARILJE | KRUPANJ | SENTA* |
| BABUŠNICA | KRUŠEVAC | ŠID |
| BAČKA PALANKA | KULA | SJENICA* |
| BAČKA TOPOLA* | KURŠUMLIJA* | SMEDEREVO |
| BAČKI PETROVAC | LAJKOVAC* | SOKOBANJA* |
| BARAJEVO | LAPOVO | SOMBOR |
| BATOCINA | LAZAREVAC | SREMSKA MITROVICA |
| BEČEJ* | LEBANE | STARA PAZOVA |
| BELA CRKVA | LESKOVAC* | SUBOTICA |
| BELA PALANKA | LJUBOVIJA | SURDULICA* |
| BEOGRAD ČUKARICA | LOZNICA* | SVILAJNAC |
| BEOGRAD NOVI BEOGRAD | MAJDANPEK | SVRLJIG |
| BEOGRAD PALILULA* | MALI IĐOŠ | TEMERIN |
| BEOGRAD SAVSKI VENAC | MEROSINA | TOPOLA |
| BEOGRAD STARI GRAD | NIŠ CRVENI KRST | TRGOVISTE |
| BEOGRAD VOŽDOVAC | NIŠ GRAD | TRSTENIK |
| BEOGRAD VRAČAR | NIŠ MEDIJANA | TUTIN* |
| BEOGRAD ZVEZDARA | NIS NISKA BANJA | UB |
| BLACE* | NIŠ PALILULA* | UŽICE |
| BOJNIK | NIŠ PANTELEJ* | VALJEVO |
| BOLJEVAC | NOVA CRNJA | VARVARIN |
| BOR | NOVA VAROŠ | VELIKA PLANA |
| BRUS | NOVI BEČEJ | VELIKO GRADIŠTE* |
| BUJANOVAC* | NOVI PAZAR* | VLADIČIN HAN* |
| CAJETINA | NOVI SAD | VLASOTINCE* |
| ĆIĆEVAC* | OBRENOVAC | VRANJE* |
| ČOKA | ODŽACI | VRBAS |
| ĆUPRIJA | PARAĆIN* | VRNJACKA BANJA |
| DESPOTOVAC | PEĆINCI | VRŠAC |
| DIMITROVGRAD | PETROVAC NA MLAVI | ŽAGUBICA |
| DOLJEVAC | PIROT | ZAJEČAR* |
| GADŽIN HAN | PLANDIŠTE | ZEMUN |
| GOLUBAC | POŽAREVAC | ŽITIŠTE |
| IRIG | POZEGA | ŽITORAĐA |
| IVANJICA | PREŠEVO* | ZRENJANIN* |
| KANJIŽA | PRIBOJ* | |
| KARLOVCI | PRIJEPOLJE* | |
| | PROKUPLE* | |

Youth Entrepreneurship Action Plans – Illustrative Diversity of Activities

| Municipality | Most Innovative Past Activity | Plans for Future Activities |
|----------------------------|---|---|
| <i>Aleksandrovac</i> | Strengthen municipal tourism - support expansion of young, woman owned Ethno Village Latkovac. | Further tourism strengthening (private accommodations); web-based info center for young entrepreneurs and agriculturalists |
| <i>Blace</i> | Public Private Partnership with Lazar Dairy trained 15 vet techs (4 hired), 30 young farmers and opened cattle breeding center | Set up small grant capital investment fund; pursue private sector donors (banks); establish a youth council to help better link education institutions and private sector businesses |
| <i>Bujanovac</i> | Small capital grant fund for young entrepreneurs | Promote internship program; offer cross-cultural (Albanian and Serbian) language classes to help maximize cross-ethnic internship placements |
| <i>Leskovac</i> | Institutional strengthening approach – helping other local organizations (like New Textile Cooperative) that are in turn providing jobs and job skills to youth | Establish info center on employment and self-employment opportunities; provide career counseling services; provide training in entrepreneurship |
| <i>Novi Pazar</i> | Internship program with <i>intended</i> side effect of promoting more inter-agency collaboration (SEDA, NES, LED Office, Asstex) on youth employment | Will repeat internship program and small grant assistance for youth start-ups; initiate partnership with local TV station to create series on “1 day with...” to provide students with information on different careers |
| <i>Ruma</i> | Voucher program to help provide marketing, financial skills and IT support for young start-ups | Will repeat voucher program in 2013 with new \$12,500 allocation from municipality; set up career info corner in collaboration with NES |
| <i>Palilula (Belgrade)</i> | Job fairs twice per year; UNICEF collaboration to help place handicapped youth in jobs | Close the gap between available GOS programs and youth by bringing government staff (NES) into local high schools to present available services |
| <i>Prijepolje</i> | Supported formation and training of a young Tourist Guide Association, in support of municipal tourism LED objectives | Continue to support municipal tourism objectives – recycling / cleaning (to help improve “first impression” issue); support opening of first municipal youth hostel |
| <i>Sjenica</i> | International certification for young welders | Will repeat certification training but for different profile (cooks); expand connection with private sector to help build internship program |
| <i>Veliko Gradiste</i> | Public Private Partnership with Silver Lake Resort trained 30 in hospitality services (15 hired at new resort) | Focus on career orientation – job fairs; build link with tourism office; start “fall in love with your career” presentations in high schools |

USAID Economic Security Project GDA Success Story



Photo: Economic Security Project

Lazar Dairy Manager, Slobodan Serdar demonstrates equipment usage in the newly opened Farming Development Center in Blace to the acting USAID Mission Director, Mayor of Blace and ES Project Director.

Project funded by:

U.S. Agency for International Development; USAID/Serbia

Project implemented by:

Development Alternatives, Inc.

Key private counterpart:

Lazar Dairy

Location:

Blace Municipality

(South Central Serbia)

Project Funding:

Total Project Cost \$50,000

Total Public Contribution \$10,000

U.S. Agency for International Development

<http://serbia.usaid.gov>

USAID PARTNERSHIP WITH LOCAL DAIRY EXPANDS EMPLOYMENT OPPORTUNITIES FOR RURAL YOUTH

Blace is a small, sparsely populated (11,600) municipality in Southern Serbia near the border with Kosovo. Its economy is based almost entirely on agriculture and agro processing. Though relatively isolated, it is well known in the region for its plum production and its annual plum festival in early August, which draws thousands of visitors. Like many rural communities throughout Serbia, career opportunities for youth in Blace are limited and the municipality has lost nearly 14% of its population over the past 10 years, in part due to a high rate of youth out migration.

To help foster employment opportunities for youth that chose to remain, the municipality, through the support of USAID's Economic Security Program, created, adopted and began implementing a Youth Entrepreneurship Action Plan (YEAP) in 2011. The plan is a community tailored and driven document that helps improve the capacity and skills of youth-owned businesses, young farmers and aspiring entrepreneurs. One of the highest priority actions in Blace's plan was to establish a partnership with Lazar Dairy, the largest private sector employer in the municipality, to open a Farming Development and Education Center.

Lazar Dairy was founded in 1999 and has grown rapidly. It sources raw milk from over 2,000 local farmers as well as its own farm of 700 cows (which it plans to expand to 1,000 within the next few years). Lazar Dairy is the 5th largest dairy in Serbia and the largest in Southern Serbia. It cooperated extensively with USAID's Agribusiness Program, which gave the dairy the idea for the Center and exposed it to the artificial insemination (AI) techniques that the Center will promote. The Dairy was also a founding member of Serbia's nascent Dairy Association, the creation of which was also facilitated by USAID's Agribusiness Program.

THE FARMING DEVELOPMENT CENTER PUBLIC PRIVATE PARTNERSHIP

The creation of the Center was enabled by a trilateral partnership among USAID's Economic Security Program, which provided a small grant for \$5,000 to equip the Center, the Municipality of Blace, which contributed an additional \$5,000 for equipment, and Lazar Dairy. The Dairy paid for the reconstruction of the Center's space, computer equipment and training for 15 veterinary technicians and 30 young farmers. The Dairy will also cover all recurrent operational costs of the Center including the full time employment of three of the most promising vet tech trainees. Including these initial costs, the total cost of its commitment for the Center's first year of operation is \$40,000.

The Municipality hopes that its investment in the Center will foster a more skilled workforce, provide opportunities for young farmers to be more successful and help create additional employment opportunities as Lazar Dairy grows. The Dairy hopes that its investment in the Center, AI and young local farmers will result in higher quality milk and greater supply, which is currently limiting the company's growth.

Highlight: Veliko Gradiste

Veliko Gradiste is a small, sparsely populated (27,000) municipality in East Serbia near the border with Romania. Its economy is based almost entirely on tourism and agriculture. Though relatively isolated, it is well known in the region for its tourism and Silver Lake, a beautiful lake close to the town centre.

To help foster employment opportunities for youth that chose to remain, the municipality, through the support of USAID's Economic Security Program, created, adopted and began implementing a Youth Entrepreneurship Action Plan (YEAP) in 2010. The plan is a community tailored and driven document that helps improve the capacity and skills of youth-owned businesses, young unemployed and aspiring entrepreneurs. One of the highest priority actions in Veliko Gradiste's plan was to establish a partnership with new hotel built on Silver Lake, that is recognized as important employer in municipality.

Therefore, Municipality partnered with local privately owned hotel Silver Lake to develop and deliver a training program for youth interested to work in tourism industry. As a result 24 youth went through a training delivered by a professional HR agency and Silver Lake staff (in hospitality, client service, etc.) and, after selection process, 14 of them got permanent employment. The costs of the project activities (\$15,000) were split equally among municipality Veliko Gradiste, ES Project and Silver Lake resort

The Municipality hopes that this investment will be an example and that in the future more of this partnerships will be created to foster tourism and generate jobs for youth.

Highlight: Sokobanja

Sokobanja is a small tourism center with 17,000 people living in the area. It is located in South-east Serbia and is among best known health spas in Serbia. Its economy is based almost entirely on tourism and agriculture and municipality, beside its great potential, is facing with high youth unemployment rate.

To help foster employment opportunities for youth that chose to get jobs, the municipality, through the support of USAID's Economic Security Program, created, adopted and began implementing a Youth Entrepreneurship Action Plan (YEAP) in 2011. The plan is a community tailored and driven document that helps improve the capacity and skills of youth-owned businesses, young unemployed and aspiring entrepreneurs. One of the highest priority actions in Sokobanja plan was to establish a partnership with newly built hotel SokoTerme, that is recognized as important employer in municipality.

Therefore, Municipality partnered with new investor in municipality, a privately owned hotel SokoTerme to develop and deliver a training program for youth interested to work in tourism industry. As a result 50 youth applied for the training program, 38 of them have successfully completed the program and 10 youth got permanent employment. The costs of the project activities (\$15,000) were split equally among municipality Sokobanja, ES Project and SokoTerme company.

Youth Owned Companies Receiving ES Capital Support

| | Compa-ny Name | Munic. | Sector / Product | Contact Info. | Capital Support | Results |
|---|------------------------|---------------|-------------------------|--|--|------------------------------------|
| 1 | Ethno Village Latkovac | Aleksandrovac | Tourism | Ms. Sanja Knezevic, (+381) 63 10 770 92 | \$3,500 for improving water supply | Extended season/improved services |
| 2 | Dairy Lazar | Blace | Food Processing | Slobodan Serdar, 0648539808 | \$2,800 for milk control equipment | 1 new job/improved food safety |
| 3 | New Textile Coalition | Leskovac | Apparel | Ms. Tamara Gojkovic, (+381) 63 776 1263 | \$3,500 for new equipment and training | 2 new jobs/reduced production loss |
| 4 | Nagard | Bosilegrad | Apparel | Dragan Vasilev, +381 (64) 633 98 90 | \$3,500 for new equipment | 2 new jobs created |
| 5 | Unikat | Bujanovac | Light manufacturing | Enver Ramadani, +381 (63) 85 07 177 | \$3,500 for new equipment | 1 new job created |
| 6 | Becki | Presevo | Light manufacturing | Arjeta Rrustemi, +381 (62) 278 801 | \$3,500 for new equipment | 1 new job created |
| 7 | Night Secret | Sjenica | Apparel | Eldina Čulavdžić, +381 (63) 219159 | \$3,500 for new equipment | 4 new jobs created |
| 8 | Spid | Novi Pazar | Apparel | Dalibor Simovic, demir. spidnp@gmail.com | \$3,500 for new equipment | 2 new jobs created |
| 9 | Sve pod sac | Novi Pazar | Food Processing | Jasmin Dervisnurovic, +381 (62) 760 007 | \$2,256 for new equipment | 1 new job created |

JAS Serbia List of High Schools, 2012/2013 School Year

| Municipality | High School |
|---------------|--|
| Aleksandrovac | Srednja škola "Sveti Trifun" |
| Aleksinac | Poljoprivredna škola "Šumatovac" |
| Arilje | Srednja škola "Sveti Ahilije" |
| Barajevo | Srednja škola |
| Bačka Topola | Poljoprivredna škola |
| Boljevac | Srednja škola "Nikola Tesla" |
| Bujanovac | Stručna škola "Sveti Sava" |
| Bujanovac | Srednja škola "Sezai Surroi" |
| Čačak | Ekonomska škola |
| Čukarica | Tehnička škola |
| Grocka | Srednja škola |
| Irig | SSŠ "Borislav Mihajlović Mihiz" |
| Ivanjica | Gimnazija |
| Ivanjica | Tehnička škola |
| Kanjiža | PTSC "Besedeš Jožef" |
| Kikinda | Ekonomsko-trgovinska škola |
| Kragujevac | Škola sa domom za učenike oštećenog sluha |
| Kraljevo | MTŠ "14.oktobar" |
| Kraljevo | ESTŠ "Nikola Tesla" |
| Kraljevo | Ekonomsko-trgovinska škola |
| Kraljevo | Poljoprivredno-hemijska škola "Dr. Đorđe Radić" |
| Kraljevo | Gimnazija |
| Kraljevo | Šumarska škola |
| Knjaževac | Gimnazija |
| Kuršumlija | Ekonomska škola/Gimnazija |
| Kuršumlija | Ekonomska škola |
| Loznica | Ekonomska škola |
| Loznica | Gimnazija "Vuk Karadžić" |
| Lebane | Gimnazija |
| Leskovac | Gimnazija |
| Leskovac | Tehnička škola "Rade Metalac" |
| Leskovac | Ekonomska škola "Đuka Dinić" |
| Leskovac | Trgovinsko-ugostiteljska škola |
| Leskovac | Poljoprivredna škola |
| Leskovac | Srednja škola "Svetozar Krstić" Vučje |
| Medveđa | Tehnička škola "Nikola Tesla" |
| Mladenovac | Tehnička škola |
| Mladenovac | Gimnazija |
| Negotin | Poljoprivredna škola sa domom učenika "Rajko Bosnić", Bukovo |
| Niš | Gimnazija "9.maj" |
| Niš | Gimnazija "Bora Stanković" |
| Niš | Gimnazija "Stevan Sremac" |

| Municipality | High School |
|---------------------|---|
| Niš | Gimnazija "Svetozar Markovic" |
| Niš | ETŠ "Mija Stanimirović" |
| Niš | Mašinska škola |
| Niš | Ekonomska škola |
| Niš | Umetnička škola |
| Niš | Trgovinska škola |
| Niš | Mašinsko tehnička škola "15.maj" |
| Nova Varoš | Gimnazija |
| Nova Varoš | Tehnička škola |
| Novi Beograd | Srednja turistička škola |
| Novi Beograd | IX gimnazija "M.P.Alas" |
| Novi Beograd | Grafička škola |
| Novi Bečej | Srednja škola-Novu Bečej |
| Novi Pazar | Gimnazija |
| Novi Pazar | Medicinska škola |
| Novi Pazar | Ekonomsko trgovinska škola |
| Novi Pazar | Tehnička škola |
| Novi Pazar | Škola za dizajn tekstila i kože |
| Novi Pazar | Ugostiteljsko turistička škola |
| Novi Sad | Škola za osnovno i srednje obrazovanje "Milutin Petrović" |
| Novi Sad | ETŠ "Mihajlo Pupin" |
| Novi Sad | Tehnička škola "P.Savić" |
| Novi Sad | Računarska gimnazija |
| Novi Sad | Srednja stručna škola "Mileva Marić Anštajn" |
| Novi Sad | Gimnazija "Laza Kostić" |
| Futog | Poljoprivredna škola |
| Obrenovac | Gimnazija |
| Obrenovac | Tehnička škola |
| Obrenovac | Poljoprivredno-hemijska škola |
| Palilula | Železnička tehnička škola |
| Palilula | Srednja tehnička PTT škola |
| Palilula | Elektrotehnička škola "Rade Končar" |
| Palilula | Poljoprivredna škola sa domom učenika PKB "Beograd2" |
| Pančevo | Poljoprivredna škola "Josif Pančić" |
| Pirot | Mlekarska škola "Dr.Obren Pejić" |
| Pirot | Tehnička škola |
| Požarevac | Poljoprivredna škola |
| Požega | Gimnazija "Sveti Sava" |
| Požega | Tehnička škola |
| Požega | Poljoprivredna škola "Ljubo Mičić" sa domom učenika |
| Preševo | Gimnazija "Skenderbeg" |
| Preševo | Tehnička škola |
| Prijepolje | Gimnazija |

| Municipality | High School |
|---------------------|--|
| Prijepolje | Tehnička škola |
| Prijepolje | Ekonomsko-trgovinska škola |
| Prokuplje | Gimnazija |
| Prokuplje | Poljoprivredna škola |
| Rakovica | V ekonomska škola |
| Rakovica | Mašinska škola " Radoje Dakić" |
| Rakovica | XV beogradska gimnazija |
| Rakovica | Specijalna škola |
| Rakovica | Evropska poslovna škola "Milutin Milanković" |
| Raška | Gimnazija |
| Raška | Mašinska škola |
| Rekovac | Poljoprivredno veterinarska škola |
| Ruma | Poljoprivredna škola |
| Savski venac | Tehnička škola za dizajn kože |
| Savski venac | Filološka gimnazija |
| Savski venac | Škola za dizajn |
| Savski venac | Gimnazija "Sveti Sava" |
| Savski venac | Sportska gimnazija |
| Savski venac | Škola za brodarstvo, brodogradnju i hidrogradnju |
| Savski venac | Ugostiteljsko-turistička škola |
| Senta | Senćanska gimnazija |
| Sjenica | Gimnazija "Jezdimir Lović" |
| Sjenica | Tehnička škola |
| Sombor | Srednja poljoprivredno-prehrambena škola |
| Sopot | Ekonomsko-trgovinska škola |
| Sopot | Mašinska škola "Kosmaj" |
| Stari grad | Računarska gimnazija |
| Stari grad | Matematička gimnazija |
| Stari grad | Prva beogradska gimnazija |
| Stari grad | I ekonomska škola |
| Stari grad | Trgovačka škola |
| Stari grad | Tehnička škola "Drvoart" |
| Stari grad | Baletska škola "Luj Davičo" |
| Subotica | Hemijsko-tehnološka škola |
| Surdulica | Gimnazija "Svetozar Markovic" |
| Surdulica | Poljoprivredno šumarska škola "Josif Pančić" |
| Svilajnac | Poljoprivredno veterinarska škola "Svilajnac" |
| Šabac | Srednja poljoprivredna škola sa domom učenika |
| Topola | Srednja škola "Kralj Petar I" |
| Trstenik | Gimnazija "Vuk Karadžić" |
| Trstenik | Tehnička škola |
| Užice | Ekonomska škola |
| Vlasotince | Gimnazija |

| Municipality | High School |
|---------------------|--|
| Vlasotince | Tehnička škola |
| Voždovac | II ekonomska škola |
| Voždovac | XII beogradska gimnazija |
| Voždovac | Škola za negu lepote |
| Vračar | XIV beogradska gimnazija |
| Vračar | III gimnazija |
| Vračar | Tehnička škola "GSP" |
| Vranje | Ekonomsko-trgovinska škola |
| Vranje | Poljoprivredno-veterinarska škola "Stevan Sindelić" |
| Vršac | Poljoprivredna škola "Vršac" |
| Vršac | Školski centar "Nikola Tesla" |
| Zaječar | Tehnička škola |
| Zemun | Privatna škola "Dr. Kosta Cukić" |
| Zemun | Ekonomska škola "Nada Dimić" |
| Zemun | Ekonomska škola "Nada Dimić" |
| Zemun | PBŠ "Dimitrije Davidović" |
| Zemun | Zemunski gimnazija |
| Zemun | Škola za učenike oštećenog vida "Veljko Ramadanović" |
| Zemun | Muzička škola "Kosta Manojlović" |
| Zemun | Medicinska škola "Nadežda Petrović" |
| Zemun | Saobraćajno tehnička škola |
| Zemun | Tehnička škola "Zmaj" |
| Zvezdara | Arhitektonsko-tehnička škola |
| Zvezdara | Zubotehnička škola |
| Zvezdara | Građevinska tehnička škola |
| Zvezdara | Škola za mašinstvo i umetničke zanate "Tehnoatr" |
| Zvezdara | Farmaceutsko fizioterapeutska škola |
| Zvezdara | Medicinska škola |
| Zrenjanin | Poljoprivredna škola |
| Zrenjanin | Medicinska škola |
| Zrenjanin | Hemijsko prehrambena i tekstilna škola "Uroš Predić" |
| Zrenjanin | EGŠ "Nikola Tesla" |

JAS Serbia List of Primary Schools, 2012/2013 School Year

| Municipality | Primary School |
|------------------|-----------------------------------|
| Backi Petrovac | OŠ "Jozef Marčok Dragutin" |
| Beocin | OŠ "Jovan Popović" - Beočin/Susek |
| Boljevac | OŠ "9. srpska brigada" |
| Bor | OŠ "3. oktobar" |
| Bor | OŠ "Branko Radičević" |
| Čukarica | OŠ "Banović Strahinja" |
| Grocka | OŠ "Mića Stojković" |
| Kladovo | OŠ "Hajduk Veljko" |
| Kragujevac | OŠ "Milutin i Draginja Todorović" |
| Lazarevac | OŠ "Knez Lazar" |
| Leskovac | OŠ "Đura Jakišić" |
| Nis | OŠ "Kralj Petar I" |
| Nis | OŠ "Radoje Domanović" |
| Novi Beograd | OŠ "Jovan Sterija Popović" |
| Novi Beograd | OŠ "Laza Kostić" |
| Novi Sad | OŠ "Vasa Stajić" |
| Novi Sad | OŠ "Vuk Karadžić" |
| Novi Sad | OŠ "22. avgust" |
| Novi Sad | OŠ "Đorđe Natošević" |
| Novi Sad | OŠ "Dositej Obradović" |
| Novi Sad | OŠ "Đura Jakšić" |
| Novi Sad | OŠ "Dušan Radović" |
| Novi Sad | OŠ "Ivan Gundulić" |
| Novi Sad | OŠ "Ivo Andrić" |
| Novi Sad | OŠ "Ivo Lola Ribar" |
| Novi Sad | OŠ "Jovan Dučić" |
| Novi Sad | OŠ "Kosta Trifunac" |
| Novi Sad | OŠ "Laza Kostić" - Kovilj |
| Novi Sad | OŠ "Miloš Crnjanski" |
| Novi Sad | OŠ "Petefi Šandor" |
| Novi Sad | OŠ "Sveti Kirilo i Metodije" |
| Novi Sad | OŠ "Svetozar Marković Toza" |
| Novi Sad | OŠ "Žarko Zrenjanin" |
| Palilula | OŠ "Filip Višnjić" |
| Rakovica | OŠ "Nikola Tesla" |
| Savski venac | OŠ "Radojka Lakić" |
| Sombor | OŠ "Bratstvo i jedinstvo" |
| Srbobran | OŠ "Jovan Jovanović Zmaj" |
| Sremska Kamenica | OŠ "Jovan Jovanović Zmaj" |
| Stari grad | OŠ "Drinka Pavlović" |
| Stari grad | OŠ "Kralj Petar I" |
| Surcin | OŠ "22. oktobar" |
| Temerin | OŠ "Petar Kočić" |
| Titel | OŠ "Isidora Sekulić" |
| Topola | OŠ "Karađorđe" |
| Topola | OŠ "Milutin Jelenić" |
| Topola | OŠ "Sestre Radović" |

| | |
|----------|---------------------------------|
| Topola | OŠ "Živko Tomić" |
| Veternik | OŠ "Mihajlo Pupin"-Veternik |
| Veternik | OŠ "Sveti Sava" - Rumenka |
| Vozdovac | OŠ "Jovan Jovanović Zmaj" |
| Vrbas | OŠ "Jovan Jovanović Zmaj" |
| Zabalj | OŠ "Žarko Zrenjanin" |
| Zajecar | OŠ "Desanka Maksimović" |
| Zajecar | OŠ "Đura Jakšić" |
| Zajecar | OŠ "Jovan Jovanović-Zmaj" |
| Zajecar | OŠ "Ljuba Nešić" |
| Zajecar | OŠ "Ljubica Radosavljević Nada" |
| Zajecar | OŠ "Vuk Karadžić" |
| Zajecar | ŠOSO "Jelena Majstorović" |
| Zvezdara | OŠ "Despot Stefan Lazarević" |

ANNEX L

BUSINESS PROFILES⁴⁸

⁴⁸ Business Profiles might be placed in a separate PDF file, due to email file size limitations

