SERBIA INNOVATES
QUARTERLY PROGRESS REPORT 4
OCTOBER – DECEMBER 2021

Submitted by:
ICT Hub

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## Acronyms

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<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>A2F</td>
<td>Access to Finance</td>
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<tr>
<td>AmCham</td>
<td>American Chamber of Commerce</td>
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<td>B2B</td>
<td>Business to Business</td>
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<td>B2C</td>
<td>Business to Consumer</td>
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<td>B2G</td>
<td>Business to Government</td>
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<tr>
<td>BVCA</td>
<td>Bulgarian Venture Capital Association</td>
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<td>BE</td>
<td>Business Environment</td>
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<tr>
<td>CEVES</td>
<td>Center for advanced economic studies</td>
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<tr>
<td>CLA</td>
<td>Collaboration, Learning, and Adaptation</td>
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<tr>
<td>CMS</td>
<td>Constant market share</td>
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<tr>
<td>CSS</td>
<td>Competitiveness Systems Strengthening</td>
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<td>EU</td>
<td>European Union</td>
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<td>FIC</td>
<td>Foreign Investors Council</td>
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<td>GoS</td>
<td>Government of Serbia</td>
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<td>AMELP</td>
<td>Activity Monitoring, Evaluation, and Learning Plan</td>
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<td>MoE</td>
<td>Ministry of Economy</td>
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<td>MoF</td>
<td>Ministry of Finance</td>
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<td>NACE</td>
<td>Statistical Classification of Economic Activities in the European Community</td>
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<td>NBS</td>
<td>Central Bank of Serbia</td>
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<td>PKS</td>
<td>Chamber of Commerce and Industry of Serbia</td>
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<td>PPD</td>
<td>Public-Private Dialogue</td>
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<td>PPS</td>
<td>Public Policy Secretariat</td>
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<td>RF</td>
<td>Results Framework</td>
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<td>RIA</td>
<td>Regulatory Impact Assessment</td>
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<td>SAM</td>
<td>Serbian Association of Managers</td>
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<td>SME</td>
<td>Small and Medium Enterprise</td>
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<td>SRIP</td>
<td>Strategic Research and Innovation Partnerships</td>
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<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities, and Threats</td>
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<td>VAT</td>
<td>Value-added Tax</td>
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<td>WBG</td>
<td>World Bank Group</td>
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<td>WMEP</td>
<td>WM Equity Partners</td>
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**PROJECT OVERVIEW**

Serbia Innovates Activity (SIA) is a four and a half-year activity focused on introduction and scale-up of new economic models that will strengthen the innovation driven economic development in Serbia.

The activity recognizes Serbia’s most promising domains of innovation and enables the formation of the first Serbian supercluster, as top-level innovation ecosystem and globally proven model providing systematic approach in overcoming institutional, financial and organizational barriers in the development of innovative solutions. It a competitive edge that boosts the entire economy, opening a whole new world of opportunities.

The activity partners with financial institutions, the Serbian education system, business associations, and a variety of other service providers, in order to create a support system for innovative business initiatives. Its’ supercluster model, a globally proven methodology, represents an effective platform for promoting and enforcing innovation development, building innovation friendly environments, and providing adequate institutional support and sufficient financing.

It will increase collaboration among key stakeholders in the selected domain that will lead to expansion of innovation value chains in the domain and create synergies that will lead to emergence of adequate financing options for innovative companies in the early stage of their development.

Project addresses five growth obstacles directly affecting the knowledge economy:

- Low connectivity density and low collaboration among innovation and economy’s key stakeholders in Serbia
- Short innovation value chains
- Lack of cooperation between innovative and traditional companies
- Lack of cooperation between innovative companies and financial institutions
- Lack of financing options for innovative companies in the early stage of development

In order to drastically increase chances for success, it is crucial to utilize all capacities to overcome institutional, financial and organizational gaps that currently prevent optimal innovation development in traditional economy.

Establishment of supercluster will be reached by the following, sequential objectives:

- Detect 4 most prominent domains
- Test their potential in real environment by conducting 4 separate supercluster pilots for chosen domains
- Select the most prominent domain and scale it up (engage additional stakeholders).
- Simultaneously, financing activities will as a result
- Create a specialized venture capital fund and promote direct financing that will support specific projects produced by the pilot the scaled-up supercluster
PROGRESS ON IMPLEMENTATION

This progress report covers all activities performed in period of the fourth project quarter (1st of October 1 – 31st of December).

Progress report refers to the Y1 Annual Working Plan, where essential technical and operational tasks are organized per following sections:

- Preparation activities (operational/administrative activities) – completed in Q2
- Activity stream 1 – Identification of four competitive domains – completed in Q4
- Activity stream 2 – Preparation for supercluster piloting – ongoing
- Activity stream 3 – Access to finance – ongoing
- Outreach and communication – ongoing

SERBIA INNOVATES QUARTERLY HIGHLIGHTS

- THE FINAL LIST OF FOUR MOST PROMISING DOMAINS IDENTIFIED

The final list of four most promising domains in the Serbian economy is concluded. After analyzing all relevant factors, the project adopted a decision to include the following four areas in the pilot superclusters:

HIGH TECHNOLOGY IN THE AGRICULTURE AND FOOD INDUSTRY
GAMING ENVIRONMENT AND VIRTUAL REALITY
THE WEB3 AND BLOCKCHAIN TECHNOLOGY
ADVANCED SOLUTIONS IN MEDICAL TECHNOLOGY AND BIOTECHNOLOGY

The selection was made having in mind parameters that prove the economic, technological and scientific potential for long-term creation of new solutions. In addition to a detailed review of strategic documents, insights into the global perspective of future technologies and statistical analysis were made, interviews were conducted with more than 130 key people for innovation in Serbia, relevant actors were contacted in the innovation ecosystem and results were tested through three focus groups.
• PUBLIC CALL FOR PILOT SUPERCLUSTERS ANNOUNCED

In the last week of December 2021, a public call for pilot superclusters is launched. The consortium, consisting of at least one company, a start-up and an academic-scientific institution, are invited to apply for pilot superclusters in four domains identified as most promising related to technological innovation in Serbia.

• MEDIA BREAKFAST SUCCESS FOR SERBIA INNOVATES

The networking meeting was organized with media representatives at the Mama shelters hotel. The aim of this event was to gather important media representatives and to introduce them in the start-up phase of the project campaign and invite them to actively participate and contribute to joint efforts in created a more modern and efficient economy of Serbia. The event was also the opportunity to share relevant information about Serbia place on the Global Innovation index 2021 report, experiences of research steps undertaken to date and insights in what does economic model supercluster mean.
• SUPERCLUSTER CARAVAN – THE FIRST SUPERCLUSTER WORKSHOPS

Three workshops were held in 3 cities: Novi Sad, Beograd, Nis with more than 60 participants from 40 organizations from all supercluster stakeholders’ groups (startups, SMEs, large business companies, universities and institutes, investors etc.). Main domains that were covered during these workshops were health, food and agri-tech in Novi Sad, software development, AI and gaming in Belgrade, and Industry 4.0 in Nis. It was major success!

• WORKING BREAKFAST WITH SAM MEMBERS

The working breakfast with Serbian Association of Managers (SAM) was organized in Mamas Shelters hotel. This networking meeting with more than 20 SAM business members (traditional companies and start-ups) was arranged in order to introduce them in the start-up phase of the project, research of most potential domains in technology innovations, economic model of Supercluster and to invite them to actively participate and contribute to joint efforts in strengthening this industry of Serbia.
• **SAM GALA EVENT**

For the tenth year in a row, SAM organized the Gala Evening of the "SAM ANNUAL AWARDS 2021". Since we partnered with SAM already and having in mind great importance of SAM members for our future superclusters, we supported this event. Over 250 present guests - media, public and business representatives expressed great interest and satisfaction with the announcement about Serbia Innovates project and explainers’ video, as well as with project supercluster infographic catalogue. Also, we had the opportunity to have USAID and ICT hub logos exposed on all event materials.

![Gala Event Image](image_url)

• **MEMORANDUMS OF UNDERSTANDING WITH BLACK PEAK CAPITAL AND BULGARIAN VENTUE CAPITAL ASSOCIATION SIGNED**

We have agreed future cooperation and Memorandum of Understanding has been signed with the representatives of "Black Peak Capital", Private Equity company interested into financing opportunities in the region.

We have negotiated and signed Memorandum of Understanding with Bulgarian Venture Capital Association. The BVCA will actively communicate to members about Serbia Innovates and about investment opportunities that we will provide to the BVCA.

• **START-UP SUPPORT IN ACCESS TO FINANCE AND WITH CONSULTANCY**

Start-up company which has been supported by our Access to Finance team, and with whom we have signed Memorandum of Understanding, "BabyFM" has won the grant in amount of 25,000 USD in the "StarTech" programme realized by NALED under the sponsorship of Phillip Morris International company in Serbia.

Our experts have supported start-up company "Tapni" with preparation of the Term-Sheet and tax implications of all steps regarding the "Angel investment" transaction within which the company that is the holder of the "Tapni" project concentrated its business in Serbia and provided financing in the form of a capital investment in the amount of EUR 200k.
• **WORKSHOP “CHALLENGES IN THE PROCESS OF FUNDRAISING & ESTABLISHING OF VENTURE CAPITAL FUND” HELD**

On November 29th, we have organized workshop to identify potential challenges (legal, tax, financial, etc.) in the process of fundraising and establishing of venture capital fund from the perspective of General Partners. Main conclusions were that in Serbia there is legal framework for alternative investment funds; besides offices of foreign VC funds that operates in Serbia, the first Serbian VC fund will be soon established (TS Ventures Fund), and that will encourage other interested to establish VC fund in Serbia; topics that are important in this moment are: improving of attractiveness of the Serbia for investors in VC funds with providing of legal certainty, co-investing and other incentives from the Government side, creating of community that will support members, etc.

• **WORKSHOP “TAX INCENTIVES AND REGULATORY RESTRICTIONS IN THE PROCESS OF INVESTING IN INNOVATIVE COMPANIES AND ALTERNATIVE INVESTMENT FUNDS” HELD**

On December 15th, we held a workshop on "Tax incentives and regulatory restrictions in the process of investing in innovative companies and alternative investment funds". The most important messages from the workshop were related to the fact that the state is improving the existing and introducing new tax incentives for investing in innovative companies and alternative investment funds.
• SUPPORT IN ESTABLISHMENT OF THE VENTURE CAPITAL FUNDS

The first Serbian Venture Capital fund “TS Ventures Fund” established with support of our experts for legal establishment of VC fund.

Three General Partners teams have been supported by our experts in the processes of preparation for and establishment of the venture capital funds: TS Ventures, ICT Hub Ventures, and South-Central Ventures.
1. **ACTIVITY STREAM 1: IDENTIFICATION OF FOUR COMPETITIVE DOMAINS IN WHICH SERBIA HAS GREATEST POTENTIAL**

In the reporting period following activities were conducted:

- Detecting up to ten potential competitive domains in the Serbian economy – completed
- Detecting up to six competitive domains in the Serbian economy – completed (decided to skip this activity due to 3 months delay in contracting phase between ICT Hub and PPRC in previous period; still some tasks within this activity are completed)
- Recommendation for four potential competitive domains to be supported / development of indicators that will support the public call for four pilots – completed

1.1. **Detecting up to ten potential competitive domains in the Serbian economy**

*The main objective of this activity is to map up to ten competitive domains with growth and innovation potential. Thus, this part of the research relies on identification of domains in the Serbian economy with clear potential for establishing longer value chains and scalability.*

All tasks defined and completed/ongoing within this quarter are described below:

1. Classify, code, and analyze conducted interviews – completed
2. Map initial list of domains based on desk research and conducted interviews in discussion with partners: ICT Hub and WMEP – completed in Q3, final list confirmed beginning of October
3. Make a communication with community across Serbia to boost the interest of the domestic and foreign community about the supercluster initiative and steps leading to selection of most promising domains – ongoing

1) **Classify, code, and analyze conducted interviews**

The interviewing process was ended beginning of October. All interviews were held online via Zoom, they were recorded and then transcribed. A final sample of *109 interviews* with the representatives from traditional, and startups companies, academia, the financial sector, the public sector, and NGOs was analyzed using the qualitative analysis software to identify domains with the highest innovative, networking, hybridization and spillover potentials.

2) **Map initial list of domains based on desk research and conducted interviews in discussion with partners: ICT Hub and WMEP**

As already reported, ten domains have been selected based on the combined analyses and sources. This final list of 10 domains constitutes a part of the survey with 1000 selected actors that make a core of the innovation ecosystem in Serbia.

During the reporting period, we conducted several additional desk analyses. We estimated the national economic potential of selected ten domains using traditional economic indicators such as number of companies, number of employees, and total revenues by the priority domains.
Also, an additional indicator of innovative potential was assessed according to the data of the Innovation Fund, where we observed the total number of companies and share of companies by the priority domains.

Research deliverables for this project phase are attached in the Annex section:

- Annex 1 – PPRC deliverable set 2

3) Make a communication with community across Serbia to boost the interest of the domestic and foreign community about the supercluster initiative and steps leading to selection of most promising domains

During fourth quarter we have continued with visits and meetings with key actors of the innovation ecosystem and stakeholders mapped as the most relevant for the project in order to present Serbia Innovates project. The feedback was very positive and the general impression is that there is a great willingness to cooperate and participate in the project.

During the next quarter, promotion of project together with final results from our research will be continued in order to be presented to a wider community in Serbia.

1.2. Detecting up to six competitive domains in the Serbian economy

The first objective from this activity is to identify up to six competitive domains in the Serbian economy according to the research conducted from national, regional, EU, and global perspective. According to this objective, there are two main perspectives of analysis.

- First, research should result in identification of domains in the Serbian economy which are competitive from the regional perspective.
- Second, research should provide information on domains in the Serbian economy which are competitive from the global perspective.

The second objective is to further establish the map of connectivity density in Serbia – relationships and flows between people, groups, organizations, computers, URLs, and another connected information/knowledge.

As previously reported, there were some administrative issues and 3 months delay in contracting phase between ICT Hub and PPRC. In order to stay within the planned deadlines, and in order to finish research phase and identify 4 domains by the end of the quarter and the year, it was decided to skip this activity and move on to the next one. Still, most of the tasks within this activity were completed during fourth quarter.

In this reporting period, tasks defined within this activity that are completed are described below:

1. Conduct desk research on domains in the Serbian economy which are or can be competitive from a regional perspective by focusing on the initially identified criteria – completed
2. Communicate and make interviews with experts on the topic from the regional perspective – ongoing
3. Conduct desk research on domains in the Serbian economy which are or can be competitive from global perspective by focusing on the initially identified criteria – completed
4. Define variables and conduct short (online) survey targeting 1000 respondents among 5 types of stakeholder groups important for supercluster initiative – completed
5. Analyzing the results from the survey – completed
6. Dissemination of the research findings and internal communication – completed

1) Conduct desk research on domains in the Serbian economy which are or can be competitive from a regional perspective by focusing on the initially identified criteria

The analysis of the Serbian economy and its potentials was initiated in the previous reporting period. The next step of analysis was to identify 4 out of 10 domains in the Republic of Serbia that have the highest potential from the regional perspective. The main pillars of our regional analysis were analyses of economic and scientific potentials. Regional specialization pattern was additional analysis to reveal the density of the similar technological and innovative initiatives in the region and within European regions.

Analysis of the regional economic potential has been conducted for NACE sectors. To address 10 potential domains, we have assigned NACE sectors to 10 domains to which they belong thematically. This potential was measured by five sub-indicators:

- Export RCA
- GVA RCA
- Export growth
- Wage adjusted productivity
- PPP productivity

Regional scientific potential was compared using publication results of the authors from the Serbia and neighboring countries. The source of data was publication records from the Web of Science (WoS) database. The data were extracted per individual countries: total (all publications) and per SEE region divided in the total of 251 Web of Science categories. In addition, we used Scopus as complementary data source to check the results of our assessment.

In order to investigate innovation potential in the Southeast Europe (SEE), our researchers carried out mapping of tech clusters in several neighboring countries. They identified the Fintech, Cleantech, Green Energy Cluster, Renewable Energy Sources Cluster in Bulgaria, Green Energy and Romanian Innovative Biomass Cluster in Romania, 3D technologies Cluster and Intelligent Energy Cluster in Croatia, and four Strategic Research and Innovation Partnerships (SRIP) in Slovenia.

2) Communicate and make interviews with experts on the topic from the regional perspective

In addition to the research mentioned above, CENTER and CEVES teams made a list of innovation clusters from several neighboring countries. Our researchers identified Fintech, Cleantech, Green Energy Cluster, Renewable Energy Sources Cluster in Bulgaria, Green Energy and Romanian Innovative Biomass Cluster in Romania, 3D technologies Cluster and Intelligent Energy Cluster in Croatia, and four Strategic Research and Innovation Partnerships (SRIP) in Slovenia. Invitations for interviews were sent to the selected cluster organizations. So far, the following interviews were carried out: i.e., Partnership for Sustainable Food Production, Partnership on Smart Buildings and Home with Wood Chain, Partnership Factories of The Future, and Partnership - Networks for the Transition to the Circular Economy. These are all cluster organizations from Slovenia.
3) **Conduct desk research on domains in the Serbian economy which are or can be competitive from global perspective by focusing on the initially identified criteria**

This analysis was conducted in order to identify 4 out of 10 domains in the Republic of Serbia that have the highest potential from the global perspective. In total 10 potential domains resulting from the previous research analysis, was assessed using constant market share analysis. Within a global analysis, we made an overview of global innovation regions with the innovative technologies and their industry applications. A detailed desk analysis of different sources indicated the specific technologies around which innovative clusters gather, but also provided a picture of innovative technologies that are recognized in Smart Specialization (S3) Thematic Platforms.

To shed more light on transformative technologies, we organized several interviews with experts from several technological fields, such as artificial intelligence, big data, biotechnology, blockchain, energy storage, internet of things and advanced manufacturing. The main aim of these interviews was to reveal the capacities and potentials of specific technologies to modernize traditional economic sectors and boost dynamic growth in the future.

4) **Define variables and conduct short (online) survey targeting 1000 respondents among 5 types of stakeholder groups important for supercluster initiative**

Another important aspect of our work within activity has been focused on defining indicators for the survey and developing the questionnaires. The main purpose of this survey was to reveal the level of innovation and spillover effect (including networking and hybridization) within Serbian eco-system.

The survey named “Key actors of the innovation eco-system in Serbia” has been launched in October and was conducted until November 12th. Smart Research Plus was engaged to carry out this survey.

5) **Analyzing the results from the survey**

While Smart Research Plus prepared quantitative report of the survey, our researchers used collected data to define and describe the level of networking, hybridization and spillover potentials within ten domains. Each of the potentials, networking, hybridization and spillover, was measured by multiple indicators. Our analytic procedure was set to explore these indicators and combine them into reliable aggregate measures with the goal of ranking the domains along these measures. For two potentials, networking and spillover, multiple statistical analyses were performed in order to adequately analyze separate sets of indicators. In order to be able to directly compare and rank domains in relation to various statistical indicators, all results were transformed (normalized) on a scale from 0 to 1, on which the final rankings of domains are presented.

To determine the optimal sample structure for the survey phase of the study, we conducted a series of statistical simulations to examine the reproducibility of the population parameters. The main objective was to determine the minimum sample size needed to get reliable and stable results. We simulated various sample sizes from 50 to 1000 potential participants and various correlations patterns, from no correlations to very high correlations with the intention of assessing the stability of the population covariances and means. The analysis suggested that the minimum required
sample sized should be 200, and that samples of 200 or larger are capable of reproducing most of the required statistics sufficiently precisely.

7) Dissemination of the research findings and internal communication

During the reporting period PPRC team regularly informed the partners about the course of the research and provided information relevant to the preparation of further phases of the project. The research process was interactive and two-way, since we had several online meetings with partners where we discussed indicators for the selection of the most promising domains in the Serbian economy.

1.3. Recommendation for four potential competitive domains to be supported / development of indicators that will support the public call for four pilots – completed

The main objective of this activity is to offer a clear recommendation of up to four competitive domains in the Serbian economy to be supported at the subsequent phases of the project.

The complementary objectives refer to identification of the final list of indicators that will allow clear monitoring throughout the activity implementation into the subsequent phases. This list of indicators will be baseline for the Adaptive Monitoring Framework.

In this reporting period, all tasks defined within this activity are completed/ongoing with two months delay:
- Carrying out focus group to conduct SWOT analysis – completed
- Creating final list of domains and establishing indicators for Adaptive Monitoring Framework – completed
- Communication with a larger community of parties across Serbia – ongoing

1) Carrying out focus group to conduct SWOT analysis

As proposed in the Annual Working plan, we held focus groups bringing together experts from various fields. In our research design, focus groups were considered as an important factor in selecting 4 final domains. Focus groups were a useful tool for collecting information through a process that promotes interaction among researchers and stakeholders. The value of the focus groups was that they allowed researchers both to present insights from their research work and to get additional assessment from another perspective.

Our research team organized three panels with 14 experts total who gave profound insights into the Serbian innovation ecosystem, from the perspective of regional and global contexts, existing and forthcoming state interventions, availability of human capital, initiatives by the movers and shakers in the domestic tech industry, and dynamics in the business sector by and large.

Each of the previously identified ten domains was examined by using SWOT analysis. Based on the strengths, weaknesses, opportunities and threats related to these domains, focus groups made an impact and shaped the final decision. This interactive process enabled the synthesis of different perspectives into one compact whole.
2) Creating final list of domains and establishing indicators for Adaptive Monitoring Framework

The selection process was based on 6 potentials that were measured throughout the research. Each potential was assessed by different indicators:

1. **Economic potential** was calculated by data from Business Register Agency (national potential), Eurostat and Statistical Office of the Republic of Serbia (regional potential) and UNComtrade (global potential).
2. **Innovative potential** was measured by the Community Innovation Survey and Innovation Fund databases.
3. **Scientific potential** was assessed by the Revealed Comparative Advantages, annual average growth of publications, and total number of publications in comparison to the surrounding countries. These data were derived from the Web of Science and Scopus data bases.
4. **Networking potential** was analyzed based on data collected through the survey designed and performed for this project and consists of two scores.
5. **Hybridization potential** was based on data collected through the survey designed and performed for this project and it consists of two-level analyses.
6. **Spillover potential** is also calculated by the data from the survey designed and performed for this project and it includes three different analyses.

Ranking of domains was done based on these 6 potentials in three basic scenarios. The first scenario implied the same impact of all six potentials. The aim of this assessment was to give equal consideration to the significance of all the measured potentials. The second scenario gave a bigger impact of traditional potentials, i.e., economic, innovative, and scientific. Greater importance was given to these potentials as they are based on data that exist in different statistical classifications thus allowing comparisons at national, regional and global levels. Furthermore, these potentials were usually considered as trustworthy indicators of knowledge-based economy. The third scenario implied bigger impact of innovative and spillover potentials. Their selection was based on the premise that they are game-changers and important factors for creating innovations with the capacity to scale and boost growth, while at the same time expanding positive effects to other sectors and the society as a whole.

Concluding part of the submitted Annual Work plan was to propose indicators for the Adaptive Monitoring Framework in order to measure the level further project’s success. The recommendations followed two broad principles: the emphasize on “big data” (collection as much as possible data which may be used for monitoring various aspects of Supercluster performance) and the intensity of cooperation, i.e., connections between the actors within the Supercluster.

Two approaches could be followed in order to monitor Supercluster’s performances:

- To trace the activities of all actors within the Supercluster in historical record (survey before they entered in Supercluster) and compare them with the results (of activities) within the Supercluster. Survey should be realized before the Supercluster starts and in different time points during the Supercluster activity. This refers to all data which are possible to collect before the Supercluster starts and which refer to one of the six dimensions the Supercluster is selected (economic, innovative, scientific, hybridization, spillover,
networking) should be compared with the data covering same dimensions over the project implementation.

- To follow the randomly chosen, but similar, group of actors outside of the Supercluster and compare its performance indicators with the performance indicators of the group in Supercluster. Research should be based on Survey. This should include all indicators representing six different potentials of randomly chosen group of actors outside of the Supercluster and the group of actors within the Supercluster (within supported domain) should be recorded at the beginning of the work of Supercluster and traced and compared during the project’s implementation.

3) Communication with a larger community of parties across Serbia

At the end of the research, the presentation “Serbia’s 4 most promising domains” is submitted explaining the selection process of domains. Also, several additional outputs are created which describe our previous analyses:

1. MASTER DATA FILE Selection of 4 domains refers to the explanation of six potentials and selection scenarios of the finalists. It consists of numerous data of our indicators for ten domains based on which we identified the most promising ones. This document also consists of the legend of potentials and their indicators. We presented multiple meta-analyses, a final assessment of indicators, and a selection process of domains.

2. Content of 10 domains as per NACE 4-digit classification presents a list of traditional economic sectors as parts of each of 10 domains. It represents the potential coverage of each of the defined domains.

3. Scientific Potential in the Academic and Research Field refers to the results of our analyses of Horizon 2020 and the Scopus database.

4. Survey Results: Smart Research Plus is a presentation of descriptive statistics of conducted surveys prepared by Smart Research Plus.

5. Draft PPT Networking, Hybridization, and Spillover Potentials describes a statistical analysis of the data from the survey conducted by our experts. It refers to the calculation of networking, hybridization, and spillover potential of ten domains.

6. Networking, Hybridization, and Spillover Draft Analysis based on Survey Results describes in detail the analytical procedure in assessing these potentials.

7. First Draft Adaptive Monitoring Framework is a draft list of indicators for monitoring the performance of selected domains. It consists of proposals of indicators within six potentials which can be the basis for monitoring project results.

8. Focus Groups’ Results Summary presents a brief overview from conducted panels with 14 experts.

9. Focus Groups’ Results _detailed SWOT of 6 domains refers to the previous discussion with partners in our internal selection process of domains.

10. MASTER Global Analysis by CEVES represents the report on industry and technology domains from the global perspective and it consists of three analyses:

   - Analysis 1 provides an overview of global innovation regions with particular emphases on innovation clusters. In line with the main aim of the project “Serbia Innovates”, this chapter gives a full picture of global innovation cluster initiatives with the particular focus on the Canada Supercluster initiative as a role model. The idea of this chapter is to provide guidelines for further development of the Supercluster that will be established in Serbia as a result of this project.
Analysis 2 examines the most represented innovative technologies globally. A detailed analysis of different sources will indicate the specific technologies around which innovative clusters gather, but will also provide a picture of innovative technologies that are recognized in national strategies as priority domains.

Analysis 3 uses a constant market share (CMS) methodology to analyze the evolution of Serbian market shares in world exports over the period 2009-2019. This analysis defines the most competitive products and sectors that Serbian export is based on.

11. Summary Global Analysis by CEVES refers to the CMS Analysis as the indicator for the global economic potential of ten selected domains.

12. MASTER Regional Analysis consists of three main analyses:

- Analysis 1 assesses the economic potential of key industrial sectors of Serbia. Based on the numerous economic indicators such as gross value added, the share of employment, exports, and productivity, industrial sectors were assessed with the final aim of identifying the most potential ones.
- Analysis 2 identifies the research fields in which Serbia has a comparative advantage in relation to the Southeast European Region. It points to research fields in which Serbia is recording strong research productivity and it will highlight those research fields with strong growth dynamics, which may represent great potential in the future.
- Analysis 3 identifies important specialization patterns and similar initiatives in the SEE region in order to map regional strengths and supported areas.

13. Summary Regional Analysis is an overview of 10 domains and their regional economic potential, regional research potential, regional specialization patterns, and national innovation potential.

All these research results were submitted. Research deliverables for this phase are attached in the Annex section:

- Annex 2 – PPRC deliverable set 3

Following the recommendation from the research, Startup genome report and insights from the local market project team have selected the following domains:

- HIGH TECHNOLOGY IN THE AGRICULTURE AND FOOD INDUSTRY
- GAMING ENVIRONMENT AND VIRTUAL REALITY
- THE WEB3 AND BLOCKCHAIN TECHNOLOGY
- ADVANCED SOLUTIONS IN MEDICAL TECHNOLOGY AND BIOTECHNOLOGY

**HIGH TECHNOLOGY IN THE AGRICULTURE AND FOOD INDUSTRY**

In 2050, there will be almost ten billion people on our planet, meaning 25% people more than today with food needs to be satisfied. Serbia was always superior when it comes to tradition, knowledge and favorable natural conditions in the agriculture and food industry. The fantastic results of our innovators and companies standing out among the survey results carried out within the project Serbia Innovates demonstrate the considerable potential for innovative growth in this domain.

This domain includes all activities of various actors in an innovative ecosystem directed towards using multiple modern technologies and tech-based solutions to improve the entire value chain in
the agriculture and food industry, including improvement of existing and development of new products, services, technologies, business processes and models, starting from primary production (agriculture), secondary (processing and food production) and tertiary sector (trade).

**GAMING ENVIRONMENT AND VIRTUAL REALITY**

In the scope of the research of the project Serbia Innovates, compared to the rest of the IT community, this domain stands out because of its very active ecosystem and developed domestic gaming community, the fantastic success of our companies and foreign companies’ presence in Serbia. In addition, the recognition from the Startup Genome for the third year in a row confirmed that focus on this field could additionally strengthen domestic capacities for creating new globally competitive video games.

However, gaming is not only about video games. It includes technologies with huge application potential in other industries – from trade, marketing and entertainment industry, serious gaming and EdTech up to MedTech and many others. The gaming concepts penetrate other industries, and “gamification” improves experience and efficiency and opens new growth opportunities. The constant development of virtual reality and expectations of its broader use will open new horizons, so these two trends must be observed together to get a complete picture of the available potential.

**THE WEB3 AND BLOCKCHAIN TECHNOLOGY**

The Internet as we know it for the last thirty years has reached its limits. The change in social circumstances and change of focus regarding matters of privacy, transparency, efficiency and decentralization have influenced the need for change inside the Internet environment.

This is visible now in the Web3 and blockchain technologies that bring revolution in the creation and exchange of values, becoming the necessary factor for modern business and life. The decentralization of the Internet is opening new opportunities for development and product growth in many traditional industries such as finance, education, health care, public administration, cyber security, transport and others.

Robust engineering base and community with more than 100 teams active in their domains represent a massive potential for Serbia to take up the leadership position as a pioneer in the global market and become a forerunner of new internet generation – as Startup Genome has recognized many times before.

**ADVANCED SOLUTIONS IN MEDICAL TECHNOLOGY AND BIOTECHNOLOGY**

The Covid-19 pandemic is the most drastic 21st-century study of collective helplessness in front of the unknown. However, the twist of focus and investments in science and innovation brought about quick and high-quality solutions, which are why scientists talk about the end of pandemic more regularly.

Health as the universal priority of modern society creates an unlimited market opportunity for experts and talents to utilize their knowledge for the realization of noble goals, at the same time creating economic value and growth based on innovation. The research showed that our academic-
scientific community possessed huge potential that could be transformed into concrete results with the global application through cooperation with other stakeholders from this domain.

This domain, characterized by a long and complex development process from an idea, then going to market, plus high scalability, includes the pharmaceutical industry, BioTech, MedTech and HealthTech. Through an additional focus on these fields, multidisciplinary approach and support to innovation, the chances of solving numerous health problems that humanity faces are growing significantly.

Together with partners, we agreed on the strategy for the promotion of the research results in the next period.
2. **Activity Stream 2: Preparation for Supercluster Piloting**

As previously reported, there were some administrative issues and 3 months delay in contracting phase between ICT Hub and PPRC that caused a delay in the other project phases. Nevertheless, the project team still managed to complete most of the defined tasks within this activity stream.

Main sub-streams within preparation for supercluster piloting stream planned to be completed until end of the year (during Q3 & Q4) according to Y1 Annual Working plan are below:

2.1 **Defining Supercluster Piloting framework**
   - Define pilot application methodology – completed
   - Define pilot selection criteria – completed

2.2 **Application process**
   - Public call launch – completed
   - Support to applicants – not started
   - Pilot selection – not started

2.3 **Pilot implementation preparation**
   - Implementation phase preparation – not started

2.1 **Defining Supercluster Piloting framework**

During the fourth quarter, project team has defined and created supercluster piloting framework. Pilot application methodology and selection criteria were defined.

Detailed Guidebook for public call has been created and is attached in the Annex section:
   - Annex 3 – Public call Guidebook

The criteria for selection were defined – it will be the whether they have all the required stakeholders in the consortium that will allow them to fully use the supercluster mechanism, the quality and adequacy of members/stakeholders in relation to the task, and vision – its clarity, feasibility and relevance of the proposed project.

In order to apply for pilot superclusters in four domains, the consortium has to consist of a minimum of:
   - one established company with
     - more than 100 staff, and/or
     - total annual revenues in 2019, 2020. or 2021. amounting to a minimum of EUR 10 million
   - one startup company that
     - has an innovative product or service with high growth potential,
     - has a maximum of 100 staff, and/or
     - has total annual revenues in 2019, 2020. or 2021. amounting to a maximum of EUR 5 million,
   - one representative of the academic-scientific community.
For the application process to result in the selection of the best quality of consortia that will participate in pilot superclusters, project Serbia Innovates established the criteria that will be considered in the course of selection:

- Impact and strategic importance
- Capacities and resources adjusted to the proposal
- Inclusiveness
- Relevance and quality of the proposed supercluster strategy
- Organization and management plan
- Dissemination and transfer of knowledge
- Spillover potential (positive impact on the rest of economy and society) and hybridization (application of the domain produced solutions in other fields)

The criteria also included:

- The feasibility, importance and relevance and of the applicant's proposal for our targeted challenges,
- The potential of the proposal to generate change and economic impact in the domain,
- Capabilities and assets - the pilots must have the capacity, technology capabilities, know-how and assets to achieve its objectives,
- Capacity and collaboration - the pilots need executives with adequate leadership and management capabilities, adequate experience and a solid track record on innovation and collaboration.

Serbia Innovates project reserves the right, in case several consortiums have submitted complementary applications for the same domain, to propose the merging of several consortium.

2.2 Application process

Public call launch

In the last week of December 2021, a public call for pilot superclusters has been launched.
The call is intended for consortia of organizations from all stakeholder groups in the innovation ecosystem (businesses, startup community, science and academia, and public administration) wishing to become engaged in the forming of the Serbian innovation supercluster with support by the Serbia Innovates project in one of the following areas identified as most promising related to technological innovation in Serbia:

- High technology in agriculture and food industry
- Gaming environment and virtual reality
- Web3 and blockchain technologies
- Advanced solutions in medical technology and biotechnology

The consortium, consisting of a minimum of:

- one established company with
  - more than 100 staff, and/or
  - total annual revenues in 2019, 2020, or 2021 amounting to a minimum of EUR 10 million
- one startup company that
  - has an innovative product or service with high growth potential,
  - has a maximum of 100 staff, and/or
  - has total annual revenues in 2019, 2020, or 2021 amounting to a maximum of EUR 5 million,
- one representative of the academic-scientific community.

are invited to apply for pilot superclusters in four domains.

The project Serbia Innovates encourages stakeholders to include several organizations from the minimum prescribed structure into the consortium, those belonging to the same stakeholder groups or others such as organizations supporting innovation ecosystem, specialized companies (marketing agencies, lawyer’s office, and similar) and public administration organizations willing to provide support and participate in the development of Serbian innovation supercluster.

The application process has two phases. The first step is the submission of a joint letter of intent and filling out the application form through a web page on the website of the Serbia Innovates project. This document essentially contains general details on members of the consortium team. Besides, the letter of intent provides space for consortia to properly present their ideas, potentials and contributions inside the supercluster by responding to previously defined questions proposed by the project Serbia Innovates.

The letter of intent is attached in Annex section:

- Annex 4 – Letter of intent

The consortia that pass the first phase will be invited to provide a detailed elaboration of their pilot supercluster strategy during the second phase, with support by the Serbia Innovates team and external experts.
3. ACTIVITY STREAM 3: ADDRESSING THE CHALLENGES RELATED TO LIMITED ACCESS TO FINANCE

Our access to finance related efforts aim to provide a sustainable financing for companies that are members of pilot superclusters. To do so, we are mapping various types of investors and establishing cooperation, creating a pipeline of innovative companies attractive for investment, and offering support to interested subjects for creating a specialized venture capital fund. We are also addressing the existing regulatory and tax framework and providing recommendations for incentives for investments in innovative companies.

In this reporting period we continue working on main sub-streams:

- Mapping various types of investors (foreign and domestic investors and international financial institutions) and establishing cooperation – ongoing
- Creation of an attractive pipeline of innovative companies within the pilot superclusters and the Supercluster and ensuring their promotion to different investors – ongoing
- Creation of a specialized venture capital fund(s) – ongoing
- Reviewing related current tax, legal and institutional framework, and crafting recommendations for tax incentives for investments in innovative companies (directly and/or through venture capital funds) – ongoing

For the fourth quarter of 2021, we would emphasize the following:

- We have organized two workshops to identify potential challenges (legal, tax, financial, etc.) in the process of fundraising and establishing of venture capital fund from the perspective of General Partners (on November 29th) and from the perspective of Limited Partners (on December 15th).
- On 13th and 14th of October in Paris, Venture Capital Forum has been organized by Invest Europe. We have organized trip and attendance for our partners from South Central Ventures and TS Ventures, and on-line attendance for ICT HUB Ventures representative.
- We have organized trip and attendance on the "Next Round 2021" Conference in Ljubljana that held on 26th and 27th October for ICT HUB Venture representative.
- We have signed Memorandums of Understanding with "Black Peak Capital" fund, and Bulgarian Venture Capital Association.
- We have participated together with other colleagues from the project on workshops in Novi Sad, Belgrade, and Niš, and presented financial options to start-up companies.
- Several start-ups supported in access to finance and with consultancy, but we would underline the "Angel investment" in start-up "Tapni" in amount of EUR 200k and the USD 25k grant that "BabyFM" won.
- The first Serbian Venture Capital fund “TS Ventures Fund” established with support of our experts for legal establishment of VC fund. The Securities Commission has approved establishment of the VC Fund on 05th of January 2022.
- Three General Partners teams have been supported by our experts in the processes of preparation for and establishment of the venture capital funds: TS Ventures, ICT Hub Ventures, and South-Central Ventures.
- Our Tax expert has prepared the Annual summary of effectiveness of imposed tax incentives and legal obstacles for investments. The report is to be presented to the Ministry of Finance.
3.1. Mapping various types of investors (foreign and domestic investors and international financial institutions) and establishing cooperation

3.1.1. Cooperation with domestic/regional teams, candidates for General Partners

The goal of this activity is to map at least 4 domestic/regional teams that will participate in the initial research and signing of MoUs with 2 to 4 domestic/regional teams that are willing to participate in pilot superclusters and scaled-up superclusters and to provide financing and expertise as General Partners to venture capital fund(s).

Regarding this activity, the task for this reporting period was to organize a workshop to identify potential challenges (legal, tax, financial, etc.) in the process of fundraising and establishing of venture capital fund from the perspective of General Partners.

On November 29th, we have organized workshop to identify potential challenges (legal, tax, financial, etc.) in the process of fundraising and establishing of venture capital fund from the perspective of General Partners. Our experts: Svetislav Kostić, Milan Marinković, and Marko Ćulić have presented the topic from tax, legal, and business points of view. Our guests were Mr. Nenad Paunović (GoS: Strategic Project Implementation Unit - IT and Entrepreneurship Team, Office of the Prime Minister), Ms. Marija Medenica (Arthur Bergmann), Mr. Jan Kobler (South Central Ventures), Mr. Miloš Matić (ICT Hub Ventures) and Davor Sakac (TS Ventures). Main conclusions are that in Serbia there is legal framework for alternative investment funds; besides offices of foreign venture capital funds that operates in Serbia, the first Serbian VC fund will be soon established (TS Ventures Fund), and that will encourage other interested to establish VC fund in Serbia; topics that are important in this moment are: improving of attractiveness of the Serbia for investors in venture capital funds with providing of legal certainty, co-investing and other incentives from the Government side, creating of community that will support members, etc. We have agreed that the project team will keep informed all participants, and that we are open for all proposals and suggestions.
3.1.2. Cooperation with private sector Limited Partners

The goal of this activity is to map of up to 15 domestic financial institutions and up to 15 other Limited Partners that will participate in the initial research and conduct research.

Regarding this activity, the task for this reporting period was to organize a workshop to identify potential challenges (legal, tax, financial, etc.) in the process of fundraising and establishing a venture capital fund from the perspective of Limited Partners.

On December 15th, we held a workshop on "Tax incentives and regulatory restrictions in the process of investing in innovative companies and alternative investment funds". Svetislav Kostić, tax expert on our Project, presented new tax incentives of the Government of the Republic of Serbia for 2022, with a review of incentives for investing in alternative investment funds. Miloš Bajčetić (CFA, Head of SME & Public sector Risk in Erste bank, President of CFA Society Serbia) and Christoph Berndt, CFA, Partner at KP Advisory, Member of CFA Society Serbia, have presented investments in innovative companies and alternative investment funds from the perspective of traditional financial institutions. The most important messages from the workshop were related to the fact that the state is improving the existing and introducing new tax incentives for investing in innovative companies and alternative investment funds. There is a need for additional sources of financing in a bank-centric financial market such as ours, and an adequate way to support innovative start-up companies are grants provided by the state and private investments from a network of business angels and VC funds. For the full effectiveness of the new state instrument, the “Fund of Funds” program, it is necessary to change the regulatory framework and allow financial institutions (banks, pension funds, insurance...) to invest a small part of their assets in VC funds.

The workshop has been recorded and the recording has been published on the project’s YouTube channel:  https://www.youtube.com/watch?v=ZgtxXvcp6SQ.
3.1.3. Cooperation with international financial institutions

All tasks defined within this activity, are ongoing in accordance with Y1 Annual Working Plan:

1. Map of up to 5 international financial institutions that will participate in the initial Research and are willing to participate in superclusters and provide financing to venture capital fund(s)
2. Participate in at least one investors conference organized by international financial institutions and present pilot superclusters and innovative companies - investment opportunities (pipeline) in order to ensure their commitment to participate in the fundraising process for venture capital fund(s)
3. Conduct regular communication (at least monthly meetings to discuss the progress) and Annual Meetings with international financial institutions during the Project implementation in order to check the achievements of milestones in creation of venture capital fund(s)

Regarding this activity, the main task for this reporting period was participation on investors conference organized by International Financial Institution. In the previous period, we had made all preparatory steps to send Serbian delegation to leading investors’ conference named “Venture Capital Forum” organized by Invest Europe in Paris. Serbian delegation has had representatives from TS Ventures, South Central Ventures, and ICT Hub Ventures.

On 13th and 14th of October, in Paris, Venture Capital Forum has been organized by Invest Europe: https://vcf.investeurope.eu/. In line with already signed Memorandums of Understanding, we have organized attendance in person for Ms. Tatjana Zabasu Mikuž from South Central Ventures, and Mr. Davor Sakač, CEO of TS Ventures, and on-line attendance for Mr. Miloš Matić from ICT HUB Ventures. The Conference has been opportunity where General Partners, Limited Partners, and representatives of the supporting society have met and exchange information about current situation regarding investment ecosystem in Europe. The main topics on the Conference were: Working with Governmental LPs, i.e. new governmental funding programmes that have been launched to support the post-covid recovery, key factors influencing LPs decision to invest alongside government investors, implications and the potential challenges for other LPs, etc; The latest trends in the European VC ecosystem; New wave of innovation; Exit markets; How do LPs differentiate fund managers?; What strategies have developed and what are LPs looking for? The best sectors for investment: Space-Tech, Edu-Tech, Workflow automation, Digital Health; A view of the latest data and insights from the EIF.

Regarding regular communication with representatives of International Financial Institutions, together with representatives of ICT HUB Ventures we have met with representatives of European Investment Fund. A new Venture Capital fund that is planned to be established and where EIF is perceived as anchor investor has been presented. Feedback and impressions on the presentation and on the GP team are very positive.
3.1.4. Cooperation with regional and EU/USA venture capital funds and corporations to ensure exit strategy for local venture capital fund(s)

All tasks defined within this activity, are ongoing in accordance with Y1 Annual Working Plan:

1. Map up to 10 venture capital associations and signing MoUs with up to 5 foreign venture capital funds and/or corporations that will participate in the initial Research, support superclusters and provide direct financing to innovative companies and ensure exit strategy for local venture capital fund(s)
2. Participate in at least one regional, EU or USA investors conferences and present pilot superclusters innovative companies - investment opportunities (pipeline) in order to ensure direct financing of Serbian innovative companies and local venture capital fund exit.

The main task for this activity in this reporting period was to participate on investors conference organized by regional/EU or USA investors.

We have organized trip and attendance on the "Next Round 2021" Conference in Ljubljana that held on 26th and 27th October for Mr. Miloš Matić from ICT HUB Venture. The Conference was one more opportunity where regional General Partners, Limited Partners, but also other stakeholders from Venture Capital ecosystem have met, exchanged information and ideas regarding investment strategies in the regional start-up and innovative companies.

Additionally, task connected with this activity is support of foreign venture capital funds and corporations that will support the project and provide financing to innovative companies and ensure exit strategy for local venture capital funds.

We have met several times with the representatives of "Black Peak Capital", Private Equity company interested into financing opportunities in the region. We have agreed future cooperation and Memorandum of Understanding has been signed. In line with the Memorandum of Understanding signed and meetings held, our Access to Finance team has provided the Fund with the list of innovative companies, investment opportunities in Serbia in line with their investment policy. We have agreed to continue consultancy activities in this manner.

We have negotiated and signed Memorandum of Understanding with Bulgarian Venture Capital Association. The BVCA will actively communicate to members about Serbia Innovates and about investment opportunities that we will provide to the BVCA.

3.2. Creation of an attractive pipeline of innovative companies within the pilot superclusters and the Supercluster and ensuring their promotion to different investors

3.2.1. Focusing the existing market strengths and talents to the identified domains

The goal of this activity is to raise awareness of Innovative companies about available financing options that will be available within superclusters through research phase. Timeline for this activity is until end of the year.

During this reporting period, regarding awareness raising of innovative companies about available financing options that will be available within (pilot) supercluster(s), our experts took part in the workshops in Novi Sad, Belgrade, and Niš. During these three days, we have presented the project.
to number of stakeholders from innovative ecosystem, and financing options and support that will be available in the (pilot) supercluster(s). Also, we have used every opportunity in communication with start-up companies that we have had to present the project and future opportunities within pilot supercluster(s).

In the process of preparing for public call for pilot superclusters, our access to finance team have been prepared to approach bilaterally to innovative companies and other possible members of the pilot superclusters to invite, motivate, and encourage them to apply for the pilot superclusters. After the public call at the end of 2021, we have started direct communication and promotion of the call to innovative start-ups that we have mapped.

3.2.2. Cooperation with innovative companies, members of pilot clusters, and support in accessing the finance

The goal of this activity is to create the list of innovative companies and support them in accessing the finance and during the transaction execution (legal support, valuation, corporate governance, etc.) on ad hoc basis during the Year 1 of Project implementation

During this reporting period, the following has been accomplished:

The Long list of innovative companies is being prepared and constantly updated by our experts. At the end of 2021, on the Long list there is 344 innovative companies. The most companies come from "Software, IT & App development", over 43%. In group of "Other industries", there are companies from Blockchain technologies, Cloud solutions, FinTech, Financial services, Big Data, Ecology, Real Estate, etc. Most of the start-ups comes from Belgrade, Novi Sad and Niš. Detail numbers can be found in the table below.

<table>
<thead>
<tr>
<th>Industry</th>
<th>#</th>
<th>%</th>
<th>Location</th>
<th>#</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising &amp; E-commerce</td>
<td>24</td>
<td>6,98%</td>
<td>Beograd</td>
<td>219</td>
<td>63,66%</td>
</tr>
<tr>
<td>Agriculture and AgTech</td>
<td>21</td>
<td>6,10%</td>
<td>Novi Sad</td>
<td>48</td>
<td>13,95%</td>
</tr>
<tr>
<td>Artificial intelligence</td>
<td>10</td>
<td>2,91%</td>
<td>Niš</td>
<td>20</td>
<td>5,81%</td>
</tr>
<tr>
<td>Software, IT &amp; App development</td>
<td>149</td>
<td>43,31%</td>
<td>Other</td>
<td>57</td>
<td>16,57%</td>
</tr>
<tr>
<td>Other industries</td>
<td>140</td>
<td>40,70%</td>
<td>Total</td>
<td>344</td>
<td>100%</td>
</tr>
</tbody>
</table>

Start-up company which has been supported by our access to finance team, and with whom we have signed Memorandum of Understanding, "BabyFM" (https://babyfm.rs/) has won the grant in amount of 25,000 USD in the "StarTech" programme realized by NALED (National Alliance for Local Economic Development) under sponsorship of Phillip Morris International company in Serbia. The conference and award ceremony were held on October 8th at the Hyatt Regency Hotel. We have established regular relationship with "BabyFM" team and together have analyzed crowdfunding option for fundraising. We have agreed to support "BabyFM" in this process, and in line with this we have engaged a financial expert for the crowdfunding – Mr. Ivan Minić. Further cooperation has been agreed in the fields of communication and crowdfunding activities.
We have met and supported start-up company "BiteBell" (https://bitebell.com/) regarding agreement with "Seedblink" (https://seedblink.com/) – platform for fundraising for the following round. The start-up has asked legal opinion on the agreement proposed by "Seedblink". Our legal expert has examined the agreement and advised "BiteBell" on all open issues and proposed adoptions of the agreement to firm the position of the start-up as much as possible.

Our experts have supported start-up company "Tapni" (https://rs.tapni.co/) with preparation of the Term-Sheet and tax implications of all steps regarding the "Angel investment" transaction within which the company that is the holder of the "Tapni" project concentrated its business in Serbia and provided financing in the form of a capital investment in the amount of EUR 200k. Apart from 3 founders of "Tapni", 10 Business Angels participated in this transaction which will set the great practice for further financing of start-ups. This transaction should provide funding for the continued development of "Tapni" products in the next two years, during which time the company should realize a significant part of its potential.

We have supported start-up "innSono" (https://www.innsono.com/) with whom we have a MoU signed and have had several meetings. The start-up has asked consulting regarding valuation of a start-up companies where our expert has presented valuation methods. The start-up representatives were very satisfied, and we have agreed that they will analyze information given by our side and we will stay in touch regarding further support.

One more start-up team we are supporting is "Pro Shot" – equipment for training of shot for basketball players. We have met several times with the team and signed Memorandum of Understanding. Our expert team has helped this start-up in preparing application and presentation for the Raising Starts Programme of Science Technology Park Belgrade.

We have met several times with start-up company "FeJuice" with whom we have MoU signed. "FeJuice" will need support in access to finance, in preparing for patent registration, in legal establishment of the company, and in production processes. We have informed them about the future cooperation on the Project and they will very probably apply for the Pilot Supercluster.

Our Expert for Financial models has attended workshop for "Raising Starts" programme in order our team to be maximally prepared to consult start-up companies and for this grant scheme.
3.3. Creation of a specialized venture capital fund(s)

3.3.1. Preparation for establishment of venture capital fund

Main goal is to conduct the training of selected General Partner teams for establishment of venture capital funds with focus on relevant aspects of fundraising process, legal and tax establishment, fund’s corporate governance.

3.3.2. Legal establishment of venture capital fund

The main goal of this activity is to support initiatives for establishment of venture capital fund.

Regarding these two activities, during this reporting period our experts supported all three initiatives that are currently actual in Serbia:

- **TS Ventures**
  Our experts prepared documentation for the establishment of a venture capital fund in line with the law and rules of the Securities Commission, e.g.: Internal Rules and Regulations of the Fund, Contract with the custody bank, Procedure of the Supervisory Board, Statement of acceptance of the appointment of a member of the supervisory board, Application for a license to establish an alternative investment fund, Management agreement. The Securities Commission has brought decision on issuing a license for the establishment and management of VC fund “TS Ventures Fund”. The decision was brought on 05th of January 2022.

- **ICT Hub Ventures**
  Our experts helped the fund in preparation of the governance documentation. Investment Policy documentation needed in the screening process of European Investment Fund, who is perceived like anchor investor in the new venture capital fund planned to be established by ICT Hub Ventures, have been prepared. Our team of experts, domestic and international, also supported ICT Hub Ventures in preparation of Fundraising Deck. We have met together with representatives of the ICT Hub Ventures with EIF. Feedback and impressions on the presentation and on the General Partners team were very positive.

- **South Central Ventures**
  Our experts for establishment of feeder fund have prepared detailed analysis of Low on alternative investment funds and have presented it to South Central Ventures. It has been agreed that our experts prepare Request for opinion and to send it to Securities Commission. This request has been prepared and will be presented to Securities Commission in the following period.
3.4. Reviewing related current tax, legal and institutional framework, and crafting recommendations for tax incentives for investments in innovative companies (directly and/or through venture capital funds)

3.4.1. Cooperation with GoS policy makers

All tasks defined within this activity, are ongoing in accordance with Y1 Annual Working Plan:

1. Involve GoS in initial phase of Project implementation, map the decision makers in this area and include them in the research process
2. Establish private-public dialogue with GoS about important tax and regulatory issues that could support the fundraising process of venture capital fund(s)

Regarding this activity, the main task for this reporting period was Annual summary of effectiveness of imposed tax incentives and legal obstacles for investments.

Short summary of the Annual summary prepared by our Tax Expert is below.

At the end of 2021, Serbian legislation contains two key incentives for investing in innovative companies i.e., in alternative investment funds (AIF), which are recognized as one of the key sources of capital for innovative companies.

One of them is provided exclusively to legal entities: Tax credit for investment in newly established innovative companies from Article 50j of the Law on Corporate Income Tax.

The second is intended only for private individuals: Tax credit for investment in AIF provided at the level of the Annual Personal Income Tax referred to in Article 89a of the Law on Personal Income Tax. Neither of these two tax incentives has succeeded in practice, and both can be assessed as unsuccessful when they are put in a relationship with the goal for which they were intended.

Based on the conducted analysis, it is concluded that during 2022, it would be of primary importance to ensure the improvement of the mechanism of existing incentives and the introduction of a register of innovative start-ups (with application from January 1, 2023).

At the same time, the same type of tax credit should be provided at the level of the Annual Personal Income Tax in order to motivate Business Angels for direct investments in domestic innovative start-ups.

On the other hand, the current circumstances provide very limited opportunities for the introduction of a tax credit for investment in AIF at the level of legal entities, and even if the
situation changes, it would be extremely important to ensure that the regulations that would provide this incentive are in line with state aid legislation.

Besides already performed interviews with representatives of GoS and connected entities, during this quarter the interviews have been held with:

- Mr. Nenad Paunović, Director, Strategic Project Implementation Unit - IT and Entrepreneurship Team, Office of the Prime Minister, Government of the Republic of Serbia,
- Ms. Dragana Stanić, Vice-governor on National Bank of Serbia,
- Mr. Mihailo Jovanović, Director of the Office for IT and eGovernment, Government of the Republic of Serbia,
- Mr. Draško Drašković, Head of Exploration at United Nations Development Programme
- Mr. Radoš Gazdić, Acting Director of the Development Agency of Serbia, Government of the Republic of Serbia.

3.4.2. Cooperation with Innovation fund, Science & Technology Parks, etc.

All tasks defined within this activity, are ongoing in accordance with Y1 Annual Working Plan:

1. Involve relevant institutions in initial phase of Project implementation, map the decision makers in this area and include them in the research process.
2. Establish cooperation with relevant governmental institutions, host them on investor conferences and other events and coordinate the grant disbursal with activities of supercluster(s).

Regarding this activity, the main goal in this reporting period was to host relevant institutions on important events.

We have hosted representatives of Science Technology Park Niš on our workshop held in Niš on December 02nd. The Project and access to finance options have been presented to representatives of Science Technology Park Niš and future cooperation has been agreed.

Also, we have hosted Mr. Nenad Paunović (Strategic Project Implementation Unit - IT and Entrepreneurship Team, Office of the Prime Minister) on our A2F workshop on challenges in the process of fundraising and establishing of venture capital fund from the perspective of General Partners held on November 29th. Details are presented above in the section 3.1.
4. **OUTREACH AND COMMUNICATION**

During this quarter it was necessary to harmonize the planned activities with the activities that cumulatively made up the content of the planned National Innovation Conference, which strived to achieve the same goal as the conference.

Most of communication activities were focused on a pre campaign and campaign activities to promote:

- **The necessary focus on explicit domains in order to position Serbia as a leader in the specific field that has the most talent, resources and chances of success**
  
The Global Innovation Index 2021 report, which indicates better results in the category of innovation inputs compared to previous two years, and stagnation in the category of innovation outputs, provided an excellent base to communicate this topic

- **The end of extensive research identifying domains in which Serbia has the greatest potential**
  
  This was the opportunity to prepare the ground for the upcoming campaign. We talked about the conducted research that pointed domains in Serbia with biggest development potential, its research methodology, stages, conclusions. It was also the opportunity to announce and report about the supercluster simulations workshops in three cities in Serbia and to strengthen relationships with the media and secure their continuous support through the organization of media breakfast.

- **Selection of the final 4 domains and public call for pilot superclusters**
  
  The final stage, which implied the highest intensity of activities. Once we created conditions for the project to be recognized and draw the attention of the state, local governments, institutions, innovation ecosystem and the media, we launched a national campaign to mobilize all segments of society to join one of the pilot superclusters. The Public call campaign started by the end of the previous year and will last till February 28th 2022.
That means the campaign organization, structure, strategy (messages, stakeholders, tools, materials...) were created. Main pre campaign and campaign channels were: ATL – prints, television, banners; BTL – SAM breakfast, supercluster workshops; digital – social media, website, online banners; PR – articles, guest appearances, texts, posts, media breakfast, podcasts etc.

**Project website** is developed in November, using the latest program languages and tools that provide a better user experience both for users but also for updating and adding new pages. Also, a month later, the public call land page as a part of web site was created as a main source for communication with the most important information about the selected domains and invitation to stakeholders to apply for pilot superclusters.

![Photo 5: Project web site I Public call page](image)

**Short promotional video** was produced to explain the project, how supercluster works, how stakeholders can benefit from participating in it in a simple and engaging way. It is placed on a website’s home page and was promoted through social media campaign and events.

![Photo 6: Promotional explainer video](image)
Events

**Media Breakfast successes for Serbia Innovates, November 4th 2021**

The networking meeting was organized with media representatives at the Mama shelters hotel, in Belgrade.

The aim of this event was to gather important media representatives and to introduce them in the start-up phase of the project campaign and invite them to actively participate and contribute to joint efforts in created a more modern and efficient economy of Serbia. The event was also the opportunity to share relevant information about Serbia place on the Global Innovation index 2021 report, experiences of research steps undertaken to date and insights in what does economic model supercluster mean.

14 media outlets were present at the event, including media agency Tanjug, national daily press media Blic, Vecernje novosti, Politika, Danas, as well as business related magazines Nova ekonomija and Biznis. Representatives of TV and radio were also present including media such as public broadcaster RTS, Radio Beograd and Euronews.

After the event, all media reported about the topics covered at the event through 35 coverages. They were also introduced in projects upcoming steps that will be important to cover in following months:

- Results of national research - four fields of the economy with the greatest innovative potential.
- Public call for all startups, companies, universities and research institutes to apply as teams for participation in pilot superclusters
**Supercluster workshops, November 30th - December 2nd**

The first Supercluster workshops were organized during first week of December 2021.

Three workshops were held in 3 cities: Novi Sad, Beograd, Nis with more than 60 participants from 40 organizations from all supercluster stakeholders’ groups (startups, SMEs, large business companies, universities and institutes, investors etc.). WMEP, project partner, has also participated on these workshops. Connections have been established with start-ups and innovative individuals and topics regarding necessary support opened. Support was offered in areas of access to finance and business and legal consulting. Main domains that were covered during these workshops were health, food and agri-tech in Novi Sad, software development, AI and gaming in Belgrade, and Industry 4.0 in Nis.

Moderator of these workshops was Afonso Rebelo de Sousa, corporate venture builder with huge experience in building startup ecosystems and corporate ventures. Main goal was to simulate future supercluster business model and organization. After these workshops, networking event was organized where people had the chance to meet and discuss about the cooperation opportunities. These workshops were also an opportunity to promote the project and explain the application process that came later in December.

More than 35 PR follow ups of these events, with 3 arranged interviews for the moderator of the event - Afonso Rebelo de Sousa in Danas, Biznis.rs and Nedeljnik.

After these workshops, Mr. de Sousa held a "train the trainer" session for the project team members in order to be able to facilitate similar future workshops by themselves.

*Photo 8: Afonso Rebelo de Sousa giving the supercluster workshop in Novi Sad*
Working breakfast with SAM members, December 9th

The working breakfast with Serbian Association of Managers (SAM) was organized in Mamas Shelters hotel.

This networking meeting with more than 20 SAM business members (traditional companies and start-ups) was arranged in order to introduce them in the start-up phase of the project, research of most potential domains in technology innovations, economic model of Supercluster and to invite them to actively participate and contribute to joint efforts in strengthening this industry of Serbia.

Aleksandra Popovic, Projects CoP, and Vladimir Pavlovic, Projects partner from WMEP, also opened important topics that we will deal with - the importance of connecting start-ups, traditional companies and investors, the necessary expert assistance in the implementation of financial transactions, as well as the role of the state in creating a favorable environment within the innovative ecosystem.

This event is the one in the series of gatherings with stakeholders that serve to share project information and steps undertaken to date, but also to identify future supercluster members and attract innovative companies to join us.
Photo 10: Aleksandra Popovic, projects CoP and Vladimir Pavlovic, project partner WMEP giving the presentation for SAM members

Photo 11: SAM members at the event
SAM gala event, December 14th

For the tenth year in a row, SAM organized the Gala Evening of the "SAM ANNUAL AWARDS 2021". Since project partnered with SAM already for working breakfast and having in mind great importance of SAM members for our future superclusters, our project supported this event.

The awards as prestigious recognitions are given to managers, companies, individuals and initiatives that advocate for professionalization and promotion of the managerial profession, better business conditions, promotion of ethical, social, responsible and sustainable business, development of leadership among young people. This event was also covered by all leading media and portals.

Over 250 present guests - media, public and business representatives expressed great interest and satisfaction with the announcement about Serbia Innovates project and explainers’ video, as well as with project supercluster infographic catalogue. Also, we had the opportunity to have USAID and ICT hub logos exposed on all event materials.
This period was marked by active PR effort in terms of promoting the project, its activities and representatives, as well as growing a strong bond with the media. This included media gatherings, press releases, podcasts, TV and radio appearances, as well as authorial texts of project experts. The importance of the necessary focus in terms of innovations was emphasized, including the research, 4 domains and a public call. Those themes were supported by ranking of Serbia on Global Innovation Index list, where the research came as an answer and the final selection of 4 domains for 4 pilot superclusters as a solution.

There were numerous topics including news where project was mentioned as a partner such as Tapni startup investment through Digitalna Srbija initiative or OTP bank Generator zero for projects and solutions that contribute to carbon footprint reduction, moving towards rapid green transition.

Along with these mentions, it was organized a media gathering, an informal breakfast with editors and journalist of relevant media, where representatives of the project, Aleksandra Popovic and Kosta Andric spoke about the project, current research status and project’s future activities, as well as Serbia’s ranking on the Global Innovation Index list. This event included 14 media representatives, including all important Serbian online and print media, news agency, as well as TV and radio reporters, such as Tanjug, Blic, Vecernje novosti, Politika, Danas, RTS, Nova ekonomija, Radio Beograd, Nova, Euronews. This topic had 35 media coverages, in online and printed media, about Serbia's progress on innovation. Kosta Andric spoke on the topic for Serbia's national public broadcaster, RTS in prime time in Dnevnik 2. Andric and Popovic also gave statements for morning show on Radio Beograd and they had a notable guest appearance in the morning show of TV Euronews.

There were 2 press releases in this period: the one with the information regarding Supercluster workshops, held in Novi Sad, Nis and Belgrade and one with the public call, distributed to the media at the end of the year. Information about the workshops and informative articles about the supercluster model had 33 media coverages (29 online, 1 radio, 1 TV and 2 printed) and were published in all relevant online and press media, both nationally and locally, as well as news agencies, TV and radio stations, such as Tanjug, Beta, RTS, Radio Beograd, business magazines like Nova ekonomija, Biznis magazine, Diplomacy & Commerce… That information was followed by author’s articles by project experts in various media, such as Netokracija, Bizlife, Nedeljnik, Biznis, Bonitet, where they explained a current situation in the innovation ecosystem with the potential goals for the future. In that manner, they presented our project as a relevant player in that field. A few media also done an interview with Afonso Rebelo de Sousa, such as Biznis.rs, Danas and Nedeljnik.

The public call, along with 4 selected domains was announced and had a huge media impact at the very end of the year. The impact of that news will be visible in the beginning of 2022. All relevant media published about it, with 44 media coverages (43 online and 1 print) inviting consortiums to apply. In January 2022, more TV and radio appearances, as well as publications in online and printed media are expected.

Along with the traditional media publications, the project has collaborated with the largest and most important podcast providers for the industry - Office talks by Netokracija, Pojacalo and...
DigiTalk, which from late November to late February will talk about topics important to the project, publish articles on the project, domains and public call for superclusters to the key community. In December, there were 3 episodes in Pojacalo, where Kosta Andrić spoke about the project and future opportunities, Lazar Lekić, projects supercluster manager and Ivan Bjelajac, MVP Workshop's CEO and blockchain expert spoke about supercluster model and blockchain industry and Dejan Randjic, President of Board, ICT Hub and Nebojsa Bjelotomic, Digital Serbia director discussed how can Serbia become leader in innovation, importance of cooperation between stakeholders and partnership between 2 USAID funded projects on this topic. In Office talks, there were 2 special episodes, one with Kosta Andric, explaining the project and supercluster model and other with Vladimir Pavlovic, WMEP CEO and Baby FM startup representative, talking about health tech in Serbia, easier access to finance and support Baby FM received from WMEP. Two more episodes in Office Talks are expected, as well as two in DigiTalk, speaking about the selected domains and a public call.

Media support was excellent and it has included 201 media coverages: 167 online publications, 21 printed, 7 TV and 2 radio guest appearances. All Serbian media, including all news agencies and traditional press and online media, reported about the project and its activities in the positive manner.
Srbija 2021. godine napredovala za osam mesta po pitanju inovativnosti

"Srbija na polju inovacija napreduje jako dobro, ali nedovoljno brzo", zaključio je direktor ICT Haba Kosta Andrić imajući u vidu rezultate sprovedenog istraživanja.

BEOGRAD - Srbija je u ovog godini napredovala za osam mesta i nalazi se na 50. mjestu od ukupno 132 zemlje na Globalkom indeksu inovativnosti u domenu institucija, humanog kapitala, infrastrukture, tržnog razvoja i poslovanja, rečeno je na danasnoj konferenciji podnijom realizacijem projekta "Srbija Inovira". Možnim, kada se u pitanju tehnološki rezultati i primena znanja, takozvani autoun, direktor ICT haba Kosta Andrić je istakao da je naša zemlja u odnosu na prošlu godinu pala za jedno mesto te se trenutno na Globalnom indeksu inovativnosti nalazi na 57. poziciji.
Srbija i inovacije – kako da ne prokokamo svoju sansu

PIŠE DEJAN RANDJIĆ, PREDSEDNIK NETOKRAC-1, ICTUB


Superklastere

Srbija je podijeljena na tri superklastera: Nordest, Paneks i Bokstavljena. Nordest je najzanimljiviji superkuster za Srbiju jer se oslanja na zdanih institucijama i proučava veće probleme u medicini, tehnologiji i obrazovanju. Nordest ima najveći broj inovacija i je najpromičeniji superkuster za Srbiju.

Photo 18: Danas – Serbias position @ Global Innovation Index

Photo 19: Netokrac authors' text about Serbians GII position and next steps by Kosta Andric

Photo 20: Nedeljnik - text about chances Serbia faces by Dejan Randjic
Serbian Innovation Project, implemented by the ICT Hub and supported by USAID, aims to strengthen the economy with innovative technologies. Workshops have been organized to enhance the competitiveness of the business sector and create opportunities for strategic partnerships with clusters in the region. This has led to the formation of the Bled Enterprises Network, which connects businesses from different fields and encourages them to create value through cooperation.

Photo 21: D&C - Supercluster workshops

AFONSO REBELO DE SOUSA: BIZNIS.RS O INOVACIJAMA I EKONOMSKOM MODELLU BUDUĆNOSTI

Pravo je vreme za superklaster koji će povezati privredu, akademsku zajednicu i preduzetnike

Photo 22: Biznis.rs - Interview with Afonso Rebelo de Sousa

Zadovoljava ne ratba na inovacijama u Srbiji jer postoji toliko talenta i potencijala širim zemljama. Ove radionice su pokazale da postoje ne samo apekti, već i eksperti za otkrivanje novih mogućnosti. Mislim da je sad pravo vreme za razvoj superklastera koji će negovati inovacije i povezati privredu, akademsku zajednicu i preduzetnike. Ove efikasnosti doveće u akademskog i istraskog podzemlja, a prvi rezultati biti u uskem, rekao je Afonso Rebelo de Sousa, ekspert za korporativne inovacije, preduzetništvo i transfer tehnologije, prilikom interaktnih superklaster radionica održanih tokom prošle nedelje u Novom Sadu, Beogradu i Nišu.

Radionice je organizovao projekt Srbije Inovacija, koji realizuje ICT Hub uz podršku USAID-e, s ciljem jačanja ekonomije uz pomoć inovativnih tehnoloških rešenja za stvaranje obrasca za ostatak sveta.

Photo 23: Radio-television Vojvodina - public call

Photo 22: Biznis.rs - Interview with Afonso Rebelo de Sousa

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Photo 24: Nova ekonomija - public call
Photo 25: Pojacalo podcast

Photo 26: Office Talks podcast
Project online presence

Project online presence, beside web site is focused on social media. As online channels continue to grow in number and influence, it’s crucial that project has a strong digital presence so it raises brand awareness, reach potential followers, engage target audiences and drive growth.

The project continues to promote its activities and partners, continually adapting to the project phase and results. This quarter was highlighted with greater focus on Serbia rank on Global Innovation index list, research results, education about supercluster model, project events and at the end of the year – public call.

There were 38 new posts on Facebook page and it has reached 1.247.182 people, and generated 1.538.655 impressions – highest so far, and double than in the previous quarter. Main objective on social media this quarter was reaching as many people, and informing the public about the project’s activities, research progress and supercluster model. In the last quarter of 2021, the best performing posts by engagement rate were about Supercluster workshops, breakfast with media, Global Innovation Index 2021 results and podcasts.
Projects LinkedIn page stood out this quarter with great engagement rate of 6.31%. This is the highest engagement rate so far, and way above average for pages on this platform. Overall number of followers is 1.099 and number of engaged users was double than in the previous quarter.

Posts with the highest engagement rate-52.2% and 36.13% were from different events of the project – supercluster workshops, media articles.
On Instagram, Serbia Innovates profile reached 676,886 people and got 1,189,399 impressions which is an excellent result and supports the main objective for this quarter. Even though Instagram is a secondary communication channel, the number of followers has doubled with 229 new followers.

There was twice as many posts than in the previous quarter, and the ones with the highest reach were videos about supercluster model, supercluster workshops follow up video, as well as public call post.
Srbija zove najbolje!

Najbolje od inovativne 2021. smo ostavili za sam kraj godine.

Raspišujemo javni poziv za učešće u pilot Superklasterima!

Pilot Superklasteri će biti sprovedeni u četiri oblasti sa najvećim inovaciono-tehnološkim potencijalom u Srbiji:

1. visoka tehnologija u poljoprivredi i industriji hrane,
2. gajenje ohrabrenje i virtualna realnost,
3. svež i blokčejn tehnologije,
4. napredna rešenja u medicinskoj tehnologiji i biotehnologiji.

Ukoliko se pronalazite u ovim oblastima, formirajte konzorcijum koji minimalno čine: start-up, zračna kompanija i predstavnik akademskog zajednice i prijavite se za učešće u pilot Superklasteru.

Vreme je za saradnju.

Sve neophodne informacije o projektu i prijavite možete pronaći na linku u opisu profila.
MANAGEMENT AND ADMINISTRATIVE ISSUES

In this project quartal, two project staff were replaced; Head of Finance and Administration Unit (Project Finance Director) and Finance and Administration Specialist.

In the period from October to January, ICT Hub General Manager, Kosta Andric was acting head of Finance and Administration Unit and ensured that all activities are performed with no delay. As of January 2022, Head of Finance and Administration Unit will be Marko Brkic.

Finance and Administration Specialist was replaced with more experienced employee, Zorica Milovanovic with proven track record of 15 years working on USAID projects.

PLANNED ACTIVITIES FOR THE NEXT REPORTING PERIOD

Activities planned for next reporting period are related to preparation of Y2 Annual Working Plan that is in progress. Nevertheless, there are activities that are already known and planned for the first quarter of 2022.

1. Activity stream 2 – Preparation for Supercluster piloting

For the following reporting period, regarding supercluster piloting, planned activities are described below:

- Support to applicants
- Pilot selection

After the deadline for consortium application for pilot superclusters (28th February 2022), all applications will be reviewed in detail. Only complete applications with precise answers to questions will be taken into further consideration. After the primary selection, based on prescribed criteria, the consortia will be shortlisted for the second selection phase. The selected consortia will be contacted by 15th March with information on upcoming process.

In the second phase of the application process, the selected consortia will participate in developing strategy and most important aspects of the supercluster development at the early stage, including the long-term vision. The consortia will be provided with all necessary resources (technical tools, infrastructure, expert opinions, advice, etc.) to respond to the selection process demands in the best possible way. This phase of the application process is interactive. During this phase, the consortia will work on developing a strategic framework with the support of the project team and external experts for pilot superclusters before the final selection. In addition to the development of the strategic framework, in this phase, consortia will explore possibilities for first joint projects inside superclusters.

The outcome of the second phase of the application process should be the overall plan, which at a minimum will include:

- Estimation of competitiveness inside the domain and analysis of competitive advantages
- The strategic focus of pilot superclusters
• The business model that will enable long-term sustainability and inclusiveness of supercluster
• Action plan with established time-frame, milestones, structure and estimated costs, demonstrated model of governance based on market-orientation taking into consideration the variety of all participants in the pilot supercluster
• Identified management and all main roles responsible for the implementation of the established strategy

2. Activity stream 3 – Access to Finance

For the following reporting period, regarding access to finance component, planned activities depend on creation of pilot superclusters. Below is the list of the planned activities for the first quarter of 2022:

3.1.1. Cooperation with domestic/regional teams, candidates for General Partners
• Host potential General Partners on investor conferences in order to promote them as the core teams for the venture capital fund(s) fundraising process. "Investors' Forum 2022" in organization of Invest Europe is scheduled for the March of 2022. We plan to host General Partners with whom we have cooperation.
• Conduct regular communication with General Partners during the Project implementation in order to check the achievements of milestones in creation of venture capital fund(s). ICT Hub Ventures should be presented on the second screening with European Investment Fund. It is also expected for TS Ventures to obtain all necessary permits for establishment of the venture capital fund.

3.1.2. Cooperation with private sector Limited Partners
• Conduct regular communication with domestic institutional investors and other Limited Partners during the Project implementation in order to check the achievements of milestones in creation of venture capital fund(s).

3.1.3. Cooperation with international financial institutions
• Participate in investors conferences organized by international financial institutions and present pilot superclusters and innovative companies - investment opportunities (pipeline) in order to ensure their commitment to participate in the fundraising process for venture capital fund(s). "Investors' Forum 2022" in organization of Invest Europe is scheduled for the March of 2022. We plan to use this conference for promotion of Pilot Superclusters and innovative companies like investment opportunities.
• Conduct regular communication with international financial institutions during the Project implementation in order to check the achievements of milestones in creation of venture capital fund(s). We plan to have a meeting with European Investment fund.

3.1.4. Cooperation with regional and EU/USA venture capital funds and corporations to ensure exit strategy for local venture capital fund(s)
• Conduct regular communication with foreign venture capital funds during the Project (submission of Pitching Decks, Newsletters, etc.) in order to keep their attention on domestic investment opportunities.
3.2.1. Focusing the existing market strengths and talents to the identified domains
- Ensure that each supercluster has sufficient number of innovative companies. After the public call at the end of 2021, we have started direct communication and promotion of the Call to innovative start-ups that we have mapped.

3.3.1. Preparation for establishment of venture capital fund
- Support General Partner teams in drafting the application for international financial institutions calls for establishment of venture capital fund that will invest in Serbian innovative companies. We plan to support ICT Hub in meetings and presentations to European Investment Fund.
- Support General Partner teams in fundraising process for establishment of venture capital fund that will invest in innovative companies from Pilot Superclusters and the Supercluster. We plan to support ICT Hub Ventures in access to finance efforts related to private investors, and South-Central Ventures regarding activities connected with establishment of the feeder fund.

3.4.2. Cooperation with Innovation fund, Science & Technology Parks, etc.
- We plan to meet with representatives of the Innovation Fund, and with other domestic donors (e.g., Science Technology Parks) to try to coordinate the grant disbursal with activities of supercluster(s).

We will give support to start-ups, General Partners, and Limited Partners on demand if it is in line with the Project activities and plans.

3. Outreach and Communication

For the following reporting period planned activities are described below:
- Public call campaign – after the campaign launch, in 2022 we will continue to boost exposure and awareness in order to engage our stakeholders to apply. We will do it through PR, social media activities, podcast, advertising
- Update the communication strategy according to results and outcomes of Y1. Also start developing branding strategy, as a long-term plan that will focuses on the development of a Serbia innovates brand and the way an umbrella brand achieves the brand positioning. It will define goals and principles of brand architecture, which defines the relationship of the whole line under a Serbia Innovates brand name
- As a part of Ag tech delegation of Serbian Chamber of commerce to prepare the presentation and in line with its communication of project at Expo 2020
- Organize with USAID and US Embassy business and networking dinner for influential people for the project
- Organize Serbia innovates panel discussion at Kopaonik Business forum with participants from 3lateral, BioSense institute and MVP Workshop. It will be a great opportunity to bring together and meet with our key e major stakeholders, present project activities, promote the selected domains and discuss future superclusters, etc. It will also be the opportunity for sharing challenges, identifying opportunities & networking with partner industry innovators and media, that Association of Economists of Serbia will facilitate.
ANNEXES

ANNEX 1 – PPRC deliverable set 2

ANNEX 1 PPRC deliverables set 2.zip

ANNEX 2 – PPRC deliverable set 3

ANNEX 2 PPRC deliverables set 3.zip

ANNEX 3: Public call Guide

ANNEX 3 Public call Guidebook.pdf

ANNEX 4: Letter of intent

ANNEX 4 Letter of intent.docx

ANNEX 5: Press clipping

ANNEX 5 Press clipping.pdf