

RDA Zlatibor
Private Sector Development Project
in South-West Serbia

- FINAL REPORT -

External Review June 2016

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List of acronyms

AES	Agricultural Extension Service
BE	Business Enabling
BS	The backstoppers from Springfield Centre
CBC	Cross Border Cooperation
CG	Central Government
SCO	Swiss Cooperation Office
DCED	Donor Committee for Enterprise Development
EU	European Union
E2E	Education to Employment
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FTE	Full time equivalent
GoS	Government of Serbia
GE	Gender Equality
GEE	Gender Economic Empowerment
GEM	Gender Equality Mechanism
GI	A Geographical Indication
HORECA	Hotel/Restaurant/Café
HORES	Business Association of Hotel and Restaurant Industry in Serbia
ICS	Internal Control System
ICT	Information and communications technology
IPI	Swiss Federal Institute of Intellectual Property
ITB Berlin	Internationale Tourismus-Börse Berlin
LED	Local Economic Development
LGAP	Law on General Administrative Procedure
LSG	Local Self-Government
LTO	Local Tourist Organization
MoAEP	Ministry of Agriculture and Environmental Protection
MoE	Ministry of Economy
MoESTD	Ministry of Education, Science and Technological Development
MoF	Ministry of Finance
MoLEVSA	Ministry of Labour, Employment, Veteran and Social Affairs
MoPALSG	Ministry of Public Administration and Local Self-Government
MoTTT	Ministry of Trade, Tourism and Telecommunications
MRM	Monitoring and Results Measurement
MSP	Municipal Support Project funded by SDC
MSD	Market Systems Development
M&E	Monitoring and Evaluation
M4P	Markets for the Poor
NALED	National Alliance for Local Economic Development
NES	National Employment Service
NGO	None-governmental Organization

NUTS	Nomenclature of territorial units for statistics
ODA	Official Development Assistance
OSS	One Stop Shop
PERoS	Public Enterprise Roads of Serbia
PPP	Public Private Partnership
PROGRESS	Municipal Development Program South West Serbia (EU/Swiss/UNOPS)
PSD-SW	Private Sector Development project in South-West implemented by RDA Zlatibor
PSD	Private Sector Development Project for Serbia implemented by VEEDA
RD	Regional Development
R&D	Research and Development
RDA	Regional Development Agency
RoS	Republic of Serbia
RTO	Regional Tourist Organization
SECO	Swiss State Secretariat for Economic Affairs
SIPPO	Swiss Import Promotion Programme
SCTM	Standing Conference of Towns and Municipalities
SECO	Swiss Economic Cooperation
SDC	Swiss Development Cooperation
SMART	Specific, Measurable, Attainable, Realistic and Timely
SWS	South West Serbia
TA	Technical Assistance
ToR	Terms of References
TOS	National Tourism Organisation of Serbia
VEEDA	Regional Agency for Economic Development and Entrepreneurship of Pcinj District
VET	Vocational Education and Training
WEE	Women's Economic Empowerment

Executive summary

Private Sector Development in Southwest Serbia (PSD) is a project funded by SDC and implemented by the Regional Development Agency Zlatibor. It aims at increasing income and employment opportunities for the inhabitants of South and Southwest Serbia, especially for young people and women. It applies the Market Systems Development (MSD) approach, which seeks to address underlying causes of market systems underperformance through facilitation, in order to achieve sustainable impact at scale. While it has a regional focus, its mandate is national. PSD is in its second phase, which runs from July 2013 to June 2017. The project is backstopped by the Springfield Centre for Business in Development.

An independent review was conducted in June 2016, with the aim to assess achievements and provide recommendations for the present and next phase.

Summary of findings

Relevance and alignment: The project's goal remains highly relevant. Unemployment stands at 19%, but this is 45% for youth. Women's participation in the labour force is significantly lower than men's. Levels of poverty are particularly high especially in South Serbia. Addressing this is a high priority of the Government of Serbia (GoS), as reflected in the National Employment Strategy 2011-2020¹, the National Strategy for Rural Development 2014-2024, the National Youth Strategy 2015-2025² and the National Strategy for Gender Equality 2016-2020³. The two sectors, in which the project works, tourism and traditional products, have been selected for their potential to create more jobs and income. Tourism is also a GoS priority. PSD's alignment with national strategies is reflected in its partnerships with public sector institutions. Public as well as private sector partners confirmed the project's strong relevance, the importance of the interventions and the significance of its facilitation role.

Use of the MSD approach: The project has made very good use of the MSD approach, applying it throughout the project cycle and to its facilitation role. The interventions address important constraints on job and income growth in the selected sectors. PSD designed business models, assessed costs and benefits, and prepared a business offer negotiating partnerships. These included a wide range of public and private sector market players. The selection of partners was overall thorough, the choice of partners was appropriate to the interventions and strong and effective partnerships were forged. Support was largely of a technical nature (consultants, training). Where funds were provided this was required to establish that new business models to support unemployed youth and women to start beekeeping and raspberry cultivation were effective. Levels of cost-sharing were appropriate overall. Full coverage of the costs of two advocacy interventions and the high level of cost-sharing of a tourism training model were exceptions to this. This raises questions of sustainability.

The project piloted models and when these were successful undertook to scale them up. So far this has still depended on project support, including funding, albeit at significantly reduced levels. Scale

¹ http://www.srbija.gov.rs/extfile/sr/153638/strategija_zaposljavanja0445_cyr.zip

² <http://www.mos.gov.rs/wp-content/uploads/download-manager-files/NSM%202015-2025%20ENGLISH%20..pdf>

³ http://sociojalnoukljucivanje.gov.rs/wp-content/uploads/2016/01/strategija-rodna_ravnopravnost190_cyr.zip

strategies were included in the intervention designs. Those to enable youth and women to take up raspberry or honey production, and a model for improving quality in the dairy sector require further work, in particular with regard to identifying and using scale agents.

The project's MRM, a key element of the MSD approach, is very well developed. It is among the best the reviewers have come across.

Progress on interventions: Of the 10 interventions developed, one (for better research and development in tourism firms) was discontinued early on due to weak performance of the partner. Support to establishing one-stop-shops for construction permits was overtaken by adoption of more advanced software by the relevant ministry and stopped after the pilot phase. All others have progressed very well and were well-executed. They have either achieved their immediate objectives (advocacy efforts to change the school calendar and so extend the tourism winter season, and for a new Law on alcoholic beverages to enable small producers of half-processed rakia – spirits – to legally sell to distilleries), are close to doing so (improving signalization of tourism attractions to increase transit tourism), have moved beyond a successful pilot stage (business models to provide unemployed youth and women with support to start beekeeping and raspberry cultivation), or are ready to do so (international tourism marketing by Local Tourism Organisations and the private sector, better tourism training, and improving quality in the dairy sector).

Progress on systemic change: Systemic change is change that is sustainable and large in scale. The scale of impact of the change in the school winter holiday schedule is impressive, as it affects the entire winter-tourism and related sectors in the country. The Law on alcoholic beverages has the potential to affect some 20,000 producers of half-processed rakia. Both these changes are likely to remain in place. However, these interventions did not address the need for a sustainable advocacy capacity as intended in the project document. A new model for tourism signalisation, which involves collaboration between the Ministry of Tourism, the Tourism Organisation of Serbia, and the public Roads of Serbia agency is operational, is likely to be sustainable and to affect the whole country. The work with two Local Tourism Organisations to improve promotion to foreign markets has led to a notable change in the way they work, including collaboration with the private sector and is now proceeding with limited project assistance only. Scale still has to be achieved. The models to support new beekeepers and raspberry growers have resulted in public-private partnerships between municipalities and processors that will further increase scale and that could be applied in other value chains. While replication still involves limited project funding, market players indicate this is no longer required. Scaling up a model to improve quality in dairy production has been delayed due to unstable market conditions, though the model is effective and probably sustainable depending on the market.

The model the project developed in partnership with the Business Association of the Hotel and Restaurant Industry in Serbia (HORES), for workplace-based tourism training, has so far been over-dependent on PSD funds. The expectation is that this role will be taken up by the National Employment Service (NES), but this is far from certain and NES's training budget is limited. The viability of this model is therefore doubtful.

Overall the signs that systemic change is being achieved are strong, in particular considering that many interventions are relatively recent. We expect nearly all the changes facilitated by the project

to become systemic, assuming effectively designed and implemented scale strategies. This is an important achievement.

Progress towards the goal: Progress towards the project goal has been very good, with the target for Full Time Equivalent(FTE) jobs generated already exceeded (1,655 compared to 1,000), and projections for additional income generated and numbers of traditional product producers increasing their return on labour by at least 10% indicating that targets for these will be achieved too. However, the extent to which the project attributes these achievements to its own efforts is too high and attribution methodologies need to be revised. Even with a significant decrease in attribution it can still be expected that targets will be exceeded.

Gender mainstreaming and governance: The project has made good progress in applying gender mainstreaming in the project cycle and outreach to women is good (46% of all FTE jobs; the logical framework does not include a target). This is largely the result of selecting the tourism sector, and of affirmative action in the traditional products sector. Weaknesses to be addressed include better analysis of gender specific constraints in market system and design of interventions to address them and closer involvement of the Gender Focal Point in all aspects of the project cycle.

The project has not set out to explicitly tackle governance issues under that label but has addressed a number of tangible related themes. This has resulted in better collaboration between market players (private and public), better service provision to citizens, and inclusion of groups so far largely excluded. Inclusion of more governance related organizations and an additional focus on gender mainstreaming in governance could further expand results.

Efficiency: The project's team has been carefully developed, is well managed, competent and committed. Increasing learning from the project's experience and additional professional development could further strengthen performance. Expenditure is on track. The backstopping has been excellent and made a key contribution to the project's success. Steering by SDC has been constructive and effective. Significant progress has been made with regard to cooperation between the two sisters PSD projects (VEEDA PSD and PSD Zlatibor) and establishing coordination with other Swiss projects. The project has a good record of communication, coordination, and complementarity with these projects. A further step should be a permanent collaborative platform between the two PSD projects as well as collaboration with other youth employment Swiss-funded development efforts.

Overall the project has done well in terms of cost efficiency, with the cost to SDC per job created expected to be just under CHF 1,200 by the project's end. As most of the changes facilitated by the project are likely to become systemic, costs will be reduced in the medium and longer term.

Summary of recommendations

Phase 2

The approach

1. Further strengthen use of the MSD approach by avoiding funding interventions for which there is no partner contribution, phasing out cost-sharing where there is no critical need and developing more plausible and detailed scale strategies when an intervention is designed.

Interventions

2. Extending the winter season: Consider facilitating development of an independent advocacy capacity in the tourism sector, and possibly an “entity”, around a new advocacy initiative.
3. Improving the business environment to increase investment in tourism infrastructure: consider addressing difficulties investors encounter in applying for construction permits online and use of the Optimus software in the context of LSGs’ implementation of the Law on Administrative Procedures as it relates to the private sector.
4. Improving transit tourism through better visibility of tourism attractions: Consider ways in which the effectiveness of the role LTOs play in the business model can be strengthened, consider the support to degustation centres as a separate intervention and expand its scope to traditional producers more generally, and develop a viable scale strategy for the degustation/traditional producers’ intervention.
5. Improving capacities of tourism businesses to sell offer in international tourism markets: Cease all cost-sharing with the 2 pilot LTOs, proceed as planned with partnerships with three further LTOs in key tourist destinations, bring the 5 LTOs together in an advocacy effort to influence TOS to adopt their model at the national level, consider support to TOS adopting the model, develop a realistic scale strategy for more LTOs to follow the example of the initial 5, and support the establishment of destination management organisations or informal collaboration for the same purpose if these emerge from the market players themselves.
6. Improved quality and availability of staff recruitment and development resources in the tourism sector: Develop, with HORES and tourism market players, a funding model that depends less on NES and sees firms that hire graduates pay the cost of training, provide significantly reduced support to testing the new model, support HORES in lobbying for NES funding as already planned if the pilot is successful, draw in more public and private training providers, provide facilitation support to the recently established Tourism Sector Committee.
7. Improving the business enabling environment for plums traditional products (rakia): Develop ways to inform more producers, apply the quality control model in traditional dairy production to the rakia sector, proceed as planned with support to the development of bylaws/the Rulebook that operationalizes the Law on Strong Alcoholic Beverages, but taking a much more indirect role and using the exercise to develop an independent advocacy function.
8. Providing access to poor for raspberry and honey production: Develop detailed and realistic scale strategies that do not depend on continued replication supported by the project, include an intervention in the scale strategy to facilitate market uptake of the model in other value chains, cease co-funding replication of the model.
9. Quality assurance of traditional products (dairy): Develop a detailed and realistic scale strategy, include an intervention in the scale strategy to scale up the model in other value chains, work with national level market players to develop a “vision” and strategy for small dairies and milk producers in Serbia.

Women’s Economic Empowerment and Governance

10. Enhance effectiveness on the transversal themes by strengthening the analysis in any forthcoming research of constraints on women’s participation in the selected market systems and address these in intervention design, work with LSGs to ensure that targets for participation

of women in subsidised models are maintained effectively, and continue the focus on tangible governance issues and partnerships, whenever systemic changes and results are likely.

Project team, management tools

11. Further increase team efficiency and effectiveness by appointing the new MRM manager full-time, recruiting a new staff member to replace him in his previous role of coordinator, investing further in capacity development, developing a format for more detailed semi-annual plans, and strengthening the team's ability to draw lessons from their interventions.
12. Monitoring and Results Measurement, logical framework: Integrate important records (e.g. on gender disaggregated results) into the Intervention Plans, include detailed and revised attribution methodologies, ensure all indicators and targets are SMART and exclude baseline values from results, do not invest time and funds in a full DCED audit and do not invest time and effort in changing logframe indicators.
13. Steering and collaboration: Ensure annual meetings of the joint PSD Zlatibor/VEEDA Advisory Board (SDC), establish a joint PSD Zlatibor/VEEDA coordination body, Identify joint partners for PSD Zlatibor and VEEDA, consider joint PSD Zlatibor/VEEDA action to promote the MSD approach to donors and development agencies to stimulate wider uptake of MSD.

Phase 3

Project

14. Proceed with Phase 3, which should maintain the focus on tourism and traditional products, expand the geographical focus to the whole of Serbia, with the exclusion of the Vojvodina, and strengthen the overall focus on addressing underlying causes of constraints on performance and national level impact.

Interventions

15. Continue interventions on scaling up, work with TOS, independent advocacy capacities and the new Tourism Sector Committee started in Phase 2.
16. New interventions: consider working with relevant partners on strengthening LSGs' capacity and the regulatory framework for effective use of agricultural subsidies and for non-formal training, inclusion of the developed models in curricula of Agricultural Faculties, schools and training of LSG officials, addressing the underlying regulatory and other causes of the dysfunctional relationship between TOS and LTOs, further engagement with the national VET development agenda, interventions to address other constraints on performance of the two sectors already identified in the research and analysis done for Phase 2
17. Such interventions are likely to show results in the medium to long-term only and SDC should accept that results in terms of jobs and incomes will be slow to materialise but that impact in the longer term will be greater.

Women's Economic Empowerment (WEE)

18. Ensure a stronger focus on WEE rather than just gender mainstreaming by including targets for impact on women and at least one WEE indicator in the new logical framework, continue to build the team's capacity in WEE, further improve inclusion of WEE in research, analysis and

intervention design, consider addressing the lack of the relevant GoS affirmative regulatory measures in order to create a more women friendly business enabling environment, in collaboration with VEEDA.

Exit strategy

19. Develop an exit strategy for PSD in a consultative manner with the goal of continuation of the MSD approach.

Project team, backstopping, steering

20. The increased work at the national level will require an additional staff member to be placed in Belgrade.
21. Current steering and backstopping arrangements are very effective and should be maintained.

1. Introduction

Private Sector Development in Southwest Serbia (PSD) is a project funded by SDC and implemented by the Regional Development Agency Zlatibor (RDA). It aims at increasing income and employment opportunities for the inhabitants of South and Southwest Serbia, especially for young people and women. It applies the Market Systems Development (MSD) approach, which seeks to address underlying causes of market systems underperformance through facilitation, in order to achieve sustainable impact at scale. While it has a regional focus, its mandate is national. That is, where achieving its goal requires national level action it is mandated to do so. Through such action the project is also able to reach national level impact.

PDS is in its second phase, which runs from July 2013 to June 2017. This was preceded by a 4-year Phase 1. SDC's contribution to the current phase amounts to CHF 3.2 million. The project is backstopped by the Springfield Centre for Business in Development.

This is the report on the external review of the project's Phase 2, conducted about one year before its completion date. It had three main objectives:

- Assess the achievements of the current project phase and lessons learnt hitherto;
- Support RDA Zlatibor with recommendations allowing the project to consolidate and sustain its major achievements for the remainder of the current phase;
- Support SDC with recommendations for the future, i.e. whether and if yes how, to continue with the next (and final) project phase with RDA Zlatibor.

The full set of review questions from the TOR is attached in Annex 1. Fieldwork took place between 13 and 25 June 2016. It was preceded by review of documents and planning in consultation with the project and SCO. Chapter 2 provides more detail on the approach to the review. The cost of interviews and focus group discussion is attached in Annex 2. A Skype interview with the project's technical backstop at the Springfield Centre and several follow-up interviews were conducted after the fieldwork period.

The chapter on the review is followed by one on relevance, in the economic and policy context in Serbia, with regard to SDC's support strategy for the country, public sector institutions and as assessed by partners. The next three chapters consider effectiveness, in the order of the project's impact logic or theory of change: effectiveness in implementation of the interventions, in achieving systemic change (outputs), and at the outcome and goal level. The MSD approach aims at achieving sustainable change at scale and the project's expected outputs are defined in line with this. We have therefore chosen to consider sustainability and scale at its "logical" place in the impact logic rather than in a separate chapter. Sustainability and scale relate, among other things, to behavioural change, which is therefore an aspect of our assessment. This is followed by an assessment of progress towards the outcomes and goal.

The project's use of the MSD approach is considered in Chapter 7, the transversal themes of gender and governance in Chapter 8 and efficiency in Chapter 9. This includes a review of the project team,

backstopping, SDC steering, and collaboration with other projects, as well as an assessment of cost-efficiency. A brief overall conclusion, detailed recommendations and lessons learnt complete the report in Chapter 10.

2. Approach to the evaluation

On the basis of the TOR the review team prepared a plan how we expected to obtain the required information and a standard list of semi structured questions for different groups of stakeholders .We reviewed the reports and documents listed in the TOR, as well as further documents provided by the project and various stakeholders. These included all Monitoring and Results Measurement (MRM) intervention plans, all sector scoping and selection, market analysis, and other reports on the on-going interventions in the two sectors, tourism and traditional products, all provided by the project team as an input into the review. We also asked for a number of other documents to be prepared for us, including a full update of results and projections of costs and results per intervention.

The review team performed over 60 consultations, of which around half with the private sector. We performed 2focus group discussions (new raspberry producers and new beekeepers), 3 extensive consultations with the entire PSD team, and another 12 with individual team members, as well as with the backstop from the Springfield Centre (by Skype). We also met with the SIPPO representative (by Skype), and numerous Government of Serbia (GoS) representatives at the Central Government (CG) and Local Self-Government (LSG) level. This way we ensured a representative balance of private and public sector market actors among the project partners, as well as national and local level bodies, including business associations, to which the project relates.

We much appreciate the inputs of the project stakeholders, SCO/SDC staff, and in particular the project team, which has been very forthcoming with information and ideas, open to all questions and suggestions, and very efficient in returning the requested information per our requests.

3. Relevance, alignment and coordination

In this chapter we will consider how well the project is aligned with national and SDC priorities and strategies, how relevant it is to national and regional (sub-national) needs, how well it coordinates with public institutions, and relevance in the opinion of the partners.

3.1. Relevance to the context in Serbia

Although during the past years Serbia was undergoing a severe economic crisis, the past few show some signs of recovery. GDP growth is taking the upward trend, the unemployment figures are somewhat declining, while the national current accounts deficit is at a record low. However, the country's external debt level is continuously at a record high of about 80 % of GDP. The country each year spends around 11% of its GDP on foreign debt repayments and the Foreign Direct Investments (FDI) trend struggles to come to the pre-2008 figures. Perhaps most alarming is the rampaging public debt at around 75% of the GDP and the continuous decline of the average salary value.

Unemployment figures are still very high and the participation of women in the labour force is persistently lower than men's.

Table 1: Key economic indicators for Serbia

Key macroeconomic trends in Serbia 2009-2016									
	2009	2010	2011	2012	2013	2014	2015	2016 EST	TREND
Real GDP growth %	-3,1	0,6	1,4	-1,0	2,6	-1,8	0,74	2,5	↑
Current acc. balance % of GDP	-6,6	-6,8	-10,9	-11,6	-6,1	-6,0	-4,8	-3,3	↓
Unemployment	16,1	19,2	23,0	23,9	21,1	19,2	17,7	19,2	↑
Youth Unemployment				50,9	49,7	52,5	47,4	45	↓
GoS budget deficit/surplus % of GDP	-3,2	-3,4	-4,0	-5,9	-5,2	-6,3	-2,9	-1,0	↓
Serbian external debt % GDP	72,7	79,0	72,2	80,9	74,8	77,1	80,1		↑
GoS public debt % of GDP	32,8	41,8	45,4	56,2	59,6	70,4	75,9	74,8	↓
Net FDI /bil.EUR	2,1	1,11	3,3	0,80	1,3	1,2	1,8	1,6	↓

Source: National Bank of Serbia⁴

The above macroeconomic indicators⁵ portray an uneven economic picture (see Table 1) with some positive prospects. The overall perception of the country's economic competitiveness has also slightly improved⁶. Serbia is the 94th most competitive economy out of 148 economies according to the Global Competitiveness Report for 2015/16. In 2013/4 it was 101st and 95th in 2012/13. The 2016 World Bank's Doing Business Report shows even steeper climb, Serbia moved 9 places up from the last year to the 59th place⁷. Moreover, as a result of the improved macroeconomic performance and outlook and political stability Serbia's long term foreign and local currency international rating has improved and the outlook is revised to stable⁸. Therefore, despite sizeable recent fiscal consolidation and severe droughts, Serbia is experiencing GDP growth supported primarily by the faster growth in

⁴<http://www.nbs.rs/internet/cirilica/80/index.html>

⁵See National Bank of Serbia <http://www.nbs.rs/internet/english/80/>

⁶<http://reports.weforum.org/global-competitiveness-report-2015-2016/competitiveness-rankings/>

⁷<http://www.doingbusiness.org/~media/GIAWB/Doing%20Business/Documents/Profiles/Country/SRB.pdf>

⁸Source: National Bank of Serbia "Outlook On Serbia Revised To Stable On Commitment To Reform; 'BB-/B' Ratings Affirmed" http://www.nbs.rs/export/sites/default/internet/english/18_3/18_3_2/izvestaji/SP_20160116.pdf

investments. It is expected that implementation of the pledged structural reforms and improvement of the business and investment environment will lead to a greater FDI inflow.

Serbia's UNDP HDI (Human Development Index) rank⁹ in 2014 was 66th out of 187 countries, placing it slightly below the regional average. This score also reflects the continuous situation in which vulnerable groups and the population at large in the underdeveloped municipalities in South, South-West and East Serbia are particularly hard hit by economic crises. There, inhabitants suffer from intra- and inter-ethnic tensions, high poverty and unemployment rates, insufficient infrastructure and poor delivery of social services, and a continuous depopulation trend. The ratio of regional disparities in Serbia is around 1:7 between the most developed and most undeveloped districts and around 1:15 between municipalities¹⁰. Differences in economic performance are reflected in different standards of living, levels of unemployment, and income. Getting a job and earning an income represents a challenge for many unemployed in rural areas, especially youth and women.

The underlying causes for this situation are many and of a pervasive nature. Serbian sustainable economic growth depends chiefly on FDI and external trade demand and these are yet to significantly pick up, while domestic companies are not competitive and innovative enough and perform at low productivity levels. Some of principal constraints to the markets functioning include negative assessments of the investment climate and business enabling environment due to weak economic governance, overregulation, poor business sophistication and infrastructure and limited and expensive access to finance¹¹. The ten plus years old foreign Official Development Assistance (ODA)-driven Vocational Education and Training (VET) reforms are yet to significantly remedy the low relevance of the educational system to the labour needs of the businesses. Thus skilled labour is often not available to match offered jobs while labour elasticity is low. The National Employment Service (NES) continues to have limited effectiveness in terms of its matching function and private training schemes are starting to fill the gap. Employers often resort to on-job training solutions. Further constraints, to ODA efforts too, include insufficient levels of policy co-ordination coherency, and weak systems for inter-ministerial public administration reform co-ordination, a merit based civil service, internal control of the entire public sector, and public procurement, at the Central Government (CG) and the Local Self Government (LSG) levels.¹²

Women are particularly hard hit. Self-employed women, age between 15 and 64, account for only 14% of the total of self-employed. With regard to agriculture, only 17% of farms are owned by women. Nevertheless, they account for 23% of all farmers and 71% of the supporting agriculture workforce. A number of factors discourage women entrepreneurship. These include lack of financial means as well as insufficient knowledge, skills and information for operating a business. Nonetheless, many women look for opportunities as there is motivation to start a business and gain income and independence. The GoS is yet to define and promote a set of affirmative regulatory measures in order to create a more women friendly business enabling environment. Finally, a comprehensive female entrepreneurship analysis is yet to take place towards designing more systemic support measures.

⁹ <http://hdr.undp.org/en/countries/profiles/SRB>

¹⁰ See <http://pod2.stat.gov.rs/ObjavljenePublikacije/G2015/pdfE/G20152017.pdf>

¹¹ See <http://reports.weforum.org/global-competitiveness-report-2015-2016> and <http://www.doingbusiness.org/data/exploreeconomies/serbia/>

¹² For details see Sigma OECD/EU reports, at the request of the European Commission (EC), such as <http://www.sigmaweb.org/publications/Serbia-Priorities-2014.pdf>

3.2. Alignment with national policies and strategies

To address the above challenges, private sector, public to private, and regional development have gradually become GoS priorities. This is well reflected in national strategic documents such as the National Employment Strategy 2011-2020¹³, the National Strategy for Rural Development 2014-2024, and the Strategy for Support to the Development of Small and Medium-Sized Enterprises (SMEs), Entrepreneurship and Competitiveness from 2015 to 2020. Moreover, two additional strategies, the National Youth Strategy 2015-2025¹⁴ and the National Strategy for Gender Equality 2016-2020¹⁵, stress the need for higher youth and women employment.

Text box 1: Role of MSD and PSD in the National Tourism Development Strategy

RDAs are important organizations for development of tourism in Serbia in terms of their capacities to generate and implement ODA funds and projects (such as PSD project), especially those innovative development methodologies such as MSD (implemented by the RDA Zlatibor) that substantially contributes to the tourism development in Serbia

Page 66, of the new 2016-2025 National Tourism Development Strategy

The new 2016-2025 National Tourism Development Strategy 2016¹⁶, to be adopted before the end of Summer 2016, explicitly recognizes the key tourism development areas as well as specific good development practices in the area of tourism development of the

Regional Development Agency (RDA) Zlatibor (and its Private Sector Development Program-PSD). Updating the 18 master plans for tourism development, developing the supply side (destinations and products) as well as the demand side (especially the promotion to foreign tourism markets), together with the Local Tourism Organizations (LTOs) and functional development of the Tourism Organization of Serbia (TOS), and addressing the shortage of skilled labour, are at the core of this new strategy. Clearly, PSD and similar development initiatives had and will have an important role to play.

Effective implementation of these strategies will also depend on the results of the ongoing public administration reforms that target the limited reform and coordination capacity of the GoS and the LSGs alike, which are still overstuffed and under-resourced. The new 2014 Strategy of Public Administration Reform¹⁷, and its implementation so far, are geared towards pioneering steps in terms of remedying these problems. In fact, the GoS set out plans in 2016 to trim the overstuffed public sector by laying off around 30,000 government employees. Moreover, in June 2016 the new Serbian Prime Minister's ten-point policy plan has clearly focused, besides on the EU integration process continuation, on the issues of youth employment, new jobs, dual VET education, development of entrepreneurship and tourism, and regional and rural development.¹⁸

¹³ http://www.srbija.gov.rs/extfile/sr/153638/strategija_zaposljavanja0445_cyr.zip

¹⁴ <http://www.mos.gov.rs/wp-content/uploads/download-manager-files/NSM%202015-2025%20ENGLISH%20..pdf>

¹⁵ http://sociojalnoukljucivanje.gov.rs/wp-content/uploads/2016/01/strategija-rodna_ravnopravnost190_cyr.zip

¹⁶ <http://mtt.gov.rs/vesti/javna-rasprava-o-nacrtu-strategije-razvoja-turizma-2016-2025/>

¹⁷ http://www.srbija.gov.rs/extfile/sr/45685/strategija_drzavna_uprava_cyr.zip

¹⁸ http://www.b92.net/eng/news/politics.php?yyyy=2016&mm=05&dd=24&nav_id=98095

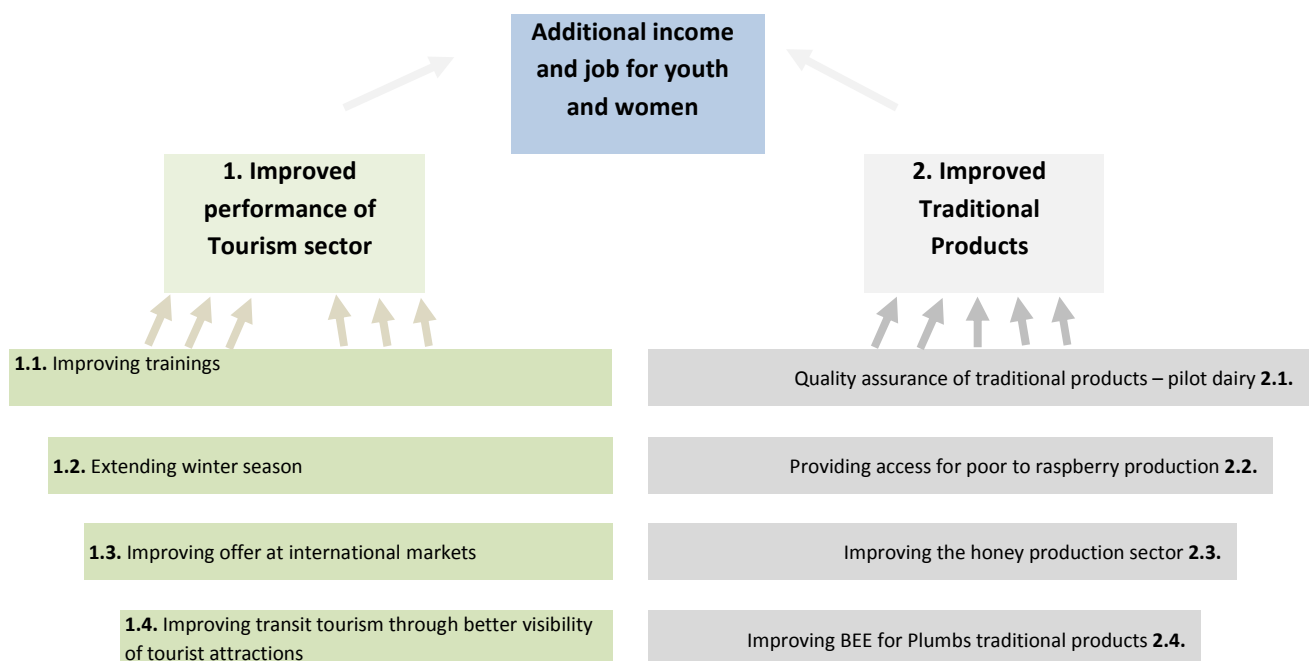
The very same development themes and priorities lie at the core of the current Swiss Cooperation Strategy Serbia 2014-2017¹⁹. This strategy includes an economic development domain with targeted strategic outcomes that include increased income and employment opportunities with a focus on employability of youth, increased exports of Serbian products and services, improved business environment for SMEs, and a strengthened macro-economic environment. These are well aligned with the country's key economic challenges.

Programmes to achieve these objectives include the Private Sector Development Phase 2 (PSD) project whose goal is "**Improving employment and income opportunities for South and West Serbia's inhabitants, especially young people and women**". The project selected market systems that it found particularly suited to achieving its goal:

- Tourism sector;
- Traditional products sectors.

In tourism the project aims at improved coordination and advocacy, R&D, promotion, staff training and recruitment while in traditional products at improved advocacy, access to services, supply chains, and marketing. The project uses the Market Systems Development (MSD) approach in that it stimulates and facilitates systemic change (sustainable change at scale; see Chapter 5 for more detail). It has a focus on 25 municipalities (in the Zlatiborski, Moravicki, Raski and Kolubarski Districts), and a national mandate (National Mandate-Regional Focus). The project's intervention logic focuses on improving performance in the two sectors through 10 interventions that address underlying causes of constraints on growth, which will then result in increased growth, jobs and incomes. Diagram 1 shows this logic, including the main areas the project intervenes in.

Diagram 1 – Project logic



¹⁹https://www.eda.admin.ch/content/dam/countries/countries-content/serbia/en/swiss-cooperation-strategy-serbia-2014%E2%80%932017_EN.pdf

1.5. Improving tourism infrastructure

1.6. Introduction of R&D function into Tourism organization

The project's overall goal corresponds to the country's and the Cooperation Strategy's priorities. The selected sectors are appropriate in the national context and the project's analysis indicates their potential for growth, including in jobs and incomes. The intervention areas were identified through in-depth analysis (see Chapter 8). The project's geographical focus areas encompass 2 regions in the Nomenclature of territorial units for statistics (NUTS)²⁰ of West Serbia but also the South that are some of the poorest in the country and are suffering from the highest unemployment rates and lowest income per capita.

The very underlying premises of the PSD project, within a very fragile socio-economic context, of fostering new skills transfer and through facilitation of new jobs and income promoting social inclusion, poverty reduction and economic development in rural areas go hand in hand with the goals of the above strategies and the relevant EU Accession and Swiss cooperation programmes.

We can conclude that the project, with its design and the implementation results we will consider in this report, is unquestionably relevant to Serbia's development needs, and well aligned with national priorities, of which more equitable regional development, and raising incomes and employment are the most important.

3.3. Alignment through coordination with public institutions

As we will further consider in the chapters on the interventions and their results, PSD was effective in coordinating Serbian institutions and forging public and private partnerships alike. At the national level a series of Memorandums of Understandings (MoU) were signed (with the Ministry of Trade, Tourism and Telecommunications -MTTT, the Public Enterprise Roads of Serbia -PERoS, the National Employment Service -NES, the Tourism Organisation of Serbia – TOS, and the Ministry of Agriculture and Environmental Protection -MoAEP). These reflected agreed points of alignment, facilitated results so far and future collaboration.

The project's successful engagement in fostering numerous partnerships at the GoS and LSGs levels and facilitation of new Public Private Partnerships (PPP) brings an additional dimension to its high relevance. This includes involvement of ten LSGs in models that resulted in channelling public agricultural funds towards small producers and new jobs and generation of income for previously unemployed, complementing private sector investment. At the national level the project worked with a number of GoS stakeholders that resulted in a set of new normative advances. These include the new 2015 Law on spirits, extension of the 2015 winter season, and new tourism signage regulations.

The project's work with two LTOs to improve marketing to foreign tourists, and to some extent with TOS, also represents a good practice in terms of collaboration with the national and LSG level government structures. PSD's analytical and facilitation efforts were well taken on board, and effectively influenced relevant national policy and strategy. The Swiss efforts and the project's

²⁰ The official NUTS 2 regions in Serbia are the following: Vojvodina, City of Belgrade, Sumadija and West-Serbia, South- and East-Serbia, Kosovo and Metohia, per GoS decision on statistical regions in RoS, 2010

results were publicly recognized in terms of cooperation and effectiveness by the highest GoS officials. The Vice-president of the GoS and the Minister of Trade, Tourism and Telecommunications, in an announcement recognized the Swiss Development Cooperation (SDC) and PSD role in transit tourism development (See Annex 6).

There are some areas in which alignment through coordination with public institutions and initiatives could have been better.

Serbia has been undergoing ODA-supported VET reforms for over a decade²¹. A number of hospitality schools (secondary and colleges) benefited from this program in terms of the curricula modernization and more practical trainings. A number of these now also offer improved tourism related professional trainings for adults too. New pilot professional profiles for cooks and waiters are to be adopted by the national framework of qualification. The new curricula include more intensive practical courses in newly equipped classrooms as well as an increased level of internships and more effective cooperation with hospitality businesses. Hospitality sector vocational trainings are also to some extent supported by the NES, but the training budgets were in a decrease in 2013 and 2014 and the LSGs are expected to complement funding. This also concerns PSD's other sector, traditional products. For example, currently there is an open call for professional training for beekeepers²²²³. The project is yet to coordinate with these developments (some of which admittedly had variable results). Its facilitation of the recent establishment of a public-private Tourism Sector Committee is a step in the right direction.

The project had an active partnership with the national level NES while currently it is taking place at the level of the regional NES office. The project is currently considering NES national level dialogue related to the Business Association of Hotel and Restaurant Industry in Serbia (HORES) accessing NES professional training funds in a competitive process. This will require re-developing coordination with NES.

In conclusion, the project coordinated well with public institutions and is planning to restart its collaboration with NES at the national level. Increased collaboration within a wider VET reform agenda could further improve this situation.

3.4. Relevance as perceived by partners and stakeholders

The project's partners and stakeholders on the national as well as local level all confirmed the project's relevance, both in terms of its objectives and its activities. They all find that project interventions address important constraints, have relevant objectives, and are straightforward in conception and implementation. The project's approach of bringing different market players together to find solutions to constraints, and its focus on high quality needs assessment and analysis, were commended and much appreciated.

All the interviewed market actors, such as processors and associations and others, judged the achieved project's objectives and results as positive. Project support and facilitation was reported to be effective at all levels. The partners confirmed the project's relevance, importance of interventions, validity of its business models, and the team's significant facilitation role. To quote a few:

²¹For more see Annex 4

²²Source: <http://www.centar.edu.rs/2800-2/>

²³Source: <http://www.centar.edu.rs/2016/06/30/uspesno-zavrse-na-prva-obuka-za-pcelare/>.

- The project provided fresh air, a new, wider view.
- The achievement was revolutionary.
- The analysis was excellent and made us succeed.
- The approach is practical, people oriented.
- For the first time something really happened.
- The project found our common interest and got us to work together for the first time.
- It was not the money that was important, but the project's advice that made us confident we were on the right track

Given these very positive reactions, **we conclude** that the project has been very relevant to its partners. In fact, the high level of acceptance of the project's facilitation role indicates a beginning of institutionalisation of some of the principles and/or business models of the approach.

4. Effectiveness at the intervention level

In this chapter we will consider progress and effectiveness of the interventions. In the next we will assess the extent to which interventions have resulted in systemic change (sustainable change at scale).

The outputs in the logical framework concern systemic change. Their indicators are a mix of elements that relate to systemic change (e.g. entities for tourism advocacy meeting semi-annually) and delivery (e.g. numbers of people trained). We have opted for assessing progress on outputs in their “logical” place, i.e. in the next chapter.

4.1. Outcome 1: Growth and productivity gains in the tourism sector

The project’s analysis of the tourism market system identified a number of key constraints on further growth and creation of more jobs:

- Weak coordination among private sector partners and therefore limited capacity to influence legislation, policies and programmes through advocacy.
- A lack of research on market requirements and therefore poor product development or adaptation for different market segments. The private sector does not have the capacity to invest in research and development and has no confidence in the research of Local Tourism Organisations (LTOs).
- Weak coordination and lack of trust among public and private tourism players in developing a destination and marketing it, and poor capacity to do so, especially with regard to innovative promotion.
- A mismatch between skills provided by the formal education system and employers’ requirements, and absence of training for the unemployed. Employers bring in experienced staff from elsewhere rather than hiring locally.
- Municipalities’ unpreparedness to set up one-stop-shops for issuing construction permits required under a new law on planning and construction, which was expected to lead to a reduction in investment as had happened when the previous law was enacted in 2009.

The project developed six interventions to address these.

Output 1.1: Improved coordination, advocacy and representation of tourism related private sector bodies to local and national government

Intervention: Extending the winter season

Intervention	Key targets	Achieved	Assessment
Move two weeks of the winter holiday to February in order to extend the winter	Key market players in dialogue with the MoESTD Winter vacation	This was a specific instance in which poor coordination and advocacy had led to failure: Different tourism sector players had advocated for the change in an uncoordinated way for many years, unsuccessfully.	This intervention was successful in achieving its stated objective. The project’s strategy to do an analysis that spoke not only to the tourism sector but to MoESTD’s concerns as well (e.g. better

<p>tourism season, increase overnight stays and so increase income and jobs</p>	<p>rescheduled by MoESTD</p> <p>3,692 tourism related businesses increase income</p> <p>CHF 2.45 million additional income for tourism businesses</p> <p>45,887 additional overnight stays</p>	<p>PSD did an analysis of the potential impact not only on tourism but also on students, schools and teachers, consulting i.e. with school boards, associations of teachers, school directors and parents. The research was widely shared. On this basis PSD brought together some 40 players from the tourism as well as the education sector to propose the change to the MoESTD. A change of minister delayed this by a year, during which the proposal was refined and the MoTTT and media became involved. The change was approved for '15 -'16, and was confirmed for the next year.</p> <p>The intervention was PSD-funded.</p> <p>PSD's recent impact assessment showed 87,691 overnight stays and CHF 1.23 million additional incomes for businesses had been generated in one season.</p>	<p>learning outcomes, less absenteeism, support from teachers and parents), and bringing players together for a coordinated advocacy effort was excellent. It was praised unanimously by those we interviewed. The project still plans to present the results of its impact assessment to the stakeholders.</p> <p>The target for additional overnight stays has already been surpassed and that for income for businesses can be expected to be achieved the next winter season. The number of tourism businesses increasing income is not yet known.</p> <p>Progress has therefore been excellent, the intervention can be considered complete.</p>
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Intervention: Improving the business environment to increase investment in tourism infrastructure

Intervention	Key targets	Achieved	Assessment
<p>Establish LSG level one-stop-shops (OSS) for issuing construction permits, to increase the</p>	<p>Pilot in one municipality</p> <p>Replicate in two</p> <p>Increase in the number of permits issued</p>	<p>OSSs were expected to be a requirement of the new Law on planning and construction, which was being formulated when the intervention was being designed. The project contracted Optimus (Centre for Good Governance) to support</p>	<p>The intervention was successful in terms of one municipality, and well-implemented, as confirmed by those involved. Targets in Čajetina were surpassed. The intervention has been overtaken by the adoption of more advanced</p>

<p>number of permits and so increase investment in tourism and safeguard/create jobs</p>	<p>in the pilot municipality to 65 and 30 decisions under Article 145.</p> <p>Decrease time to issue documents by 30%</p>	<p>establishment of an OSS in Čajetina, establish relations between concerned agencies, provide software (originally developed under the SDC-supported Progress project) and training. Permits issued increased by 60% to 89 (and 64 decisions under Article 145), time to issue decreased by 56%. The experience was promoted at several events, including to national level players. 4 municipalities signed contracts with Optimus for replication. However, the Ministry of Construction adopted different software in conjunction with approval of the new law.</p> <p>The intervention was largely PSD funded, with contributions of Čajetina and Optimus.</p>	<p>software, which was beyond the project's control. Čajetina municipality found itself better prepared for applying this software and has become an informal point of support to other municipalities struggling with it. However, there is no scope for replication and Čajetina municipality will also have to adopt the new software.</p>
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Output 1.2: Better research & development function in tourism oriented firms

The project currently has no dedicated intervention under this output. In its MRM it places promoting transit tourism here, but this belongs under the next output, related to promotion.

The project found it was not feasible to overcome the private sector's resistance to investing in research. Private sector players consider this to be one of the LTOs' functions, and see their municipal taxes going towards it. Incentives in the private sector to do research are therefore weak. Where private sector players do research there are no incentives to share it with competitors.

The project did conduct a pilot intervention with the Regional Tourism Organisation Zlatibor (i.e. in the public sector), which included placing a tourism research professional in the RTO and research on e.g. a price comparison with countries in the region, the effects of promotion, and hotels' promotion needs. This resulted in i.a. development of an active tourism route, a virtual tour of traditional producers and promotion of excursions. The pilot was discontinued due to lack of capacity and slow progress at the RTO.

The project has also worked with two LTOs on research as part of the intervention to improve capacities to sell the tourism offer at international markets (under output 1.3).

Output 1.3: Better promotion of targeted area to foreign and domestic tourists

Intervention: Improving transit tourism through better visibility of tourism attractions

Intervention	Key intervention targets ²⁴	Achieved	Assessment
Establish a system for putting up road signs to tourist attractions which will increase tourism spending and create jobs. In addition, create new tourist attractions.	Partnership agreement signed between stakeholders	Transit tourists are unaware of attractions along the way, in part due to the absence of signs. The project brought together, for the first time, three key players to put up signs in its target area, MoTTT, TOS, and Roads of Serbia, signed cooperation agreements and facilitated development of a cooperation model with clearly assigned roles. Tourist sites were identified in collaboration with LTOs and 69 were signalised. The partners are replicating this in another area (with own funds) and agreement was reached and funds committed to development of a National Masterplan for Tourism signalisation (with own funds) which will also further formalise the collaboration. A smart phone app which will provide access to tourism information nation-wide is still under development, under the leadership of TOS. Two border crossing Wi-Fi points were set up, by MoTTT, more are planned. PSD funded 66% of this intervention and the signalisation. The project cost-shared (with traditional producers contributing 53%)	The intervention was well-implemented and main targets have been achieved. Most significantly, the three key national level players in the public sector have established formal collaboration and are continuing independently (with light advisory support). This is an excellent achievement. The additional visits and spending due to the signs are on track. Development of the app is delayed, mainly due to the need to obtain inputs from LTOs on destinations to be marked. It is proving difficult to agree. The degustation centres are successful in attracting visitors and increasing sales, as also indicated by some traditional producers copying them. Additional tourist spend is low compared to the target. The intervention did not aim at developing a model for support to establishing more centres, which is a weakness.
	Signs for 60 tourist attractions		
	135,000 visits due to signs		
	Additional CHF 1.35 million spent on attractions		
	Agreement on development of National Masterplan		
	App for accessing tourism information		
	15 new attractions		
CHF 0.9 million spent by tourists on the new attractions			

²⁴All targets quoted are to be achieved before the middle of next year.

establishment of 14 degustation centres, 9 copied this without cost-sharing. Selection was overall appropriate and transparent

91,803 additional visitors are attributed to the signs; with tourist spend of CHF 1.96 million. For the degustation centres this was CHF 131,477.

Intervention: Improving capacities of tourism businesses to sell offer in international tourism markets

Intervention	Key targets	Achieved	Assessment
Improve capacities of LTOs and their coordination with the private sector to improve destination marketing in international markets	<p>5LTOs improve capacity, structure and marketing, and develop tailored products for international markets</p> <p>TOS improves capacity, structure and marketing</p> <p>Offers promoted in selected international markets</p> <p>20,000 additional overnight stays in SW Serbia</p>	<p>International marketing of top destinations was ineffective as there was no coordination among market players, no clear marketing concepts, and no use of digital promotion channels. The project partnered with the LTOs in two key destinations, Zlatibor and Raška (for Kopaonik). They were supported, through consultants and training (including by SIPPO), to identify target markets, research demand, develop and implement tailored products and marketing strategies in cooperation with the private sector, with a focus on online promotion, and measure the results. The private sector promoted in a coordinated manner in the same markets (including by offering discounts). LTOs staff were allocated to MRM and collaboration with the private sector positions to support the</p>	<p>The intervention was successful in the two selected LTOs and well implemented.</p> <p>The initial intention was to pilot with 5 LTOs, but the project went ahead with two winter destinations from among 6 LTOs ready to participate, to be able to avoid a delay in demonstrating effectiveness. This was appropriate, in particular because working with 5 would have gone beyond the scope of a pilot.</p> <p>Scaling up is planned with 3 additional LTOs and at the national level (with TOS).</p> <p>The target for overnight stays is likely to be reached.</p> <p>Overall, though the intervention has not yet gone beyond the pilot phase, progress has been good.</p>

change.

PSD covered nearly 70% of the intervention costs.

In one winter season the number of foreign tourists doubled (compared to a 25% increase nationally), and 14,944 additional overnight stays were generated.

The two LTOs are preparing further campaigns independent from the project, in collaboration with the private sector.

Output 1.4: Improved quality and availability of staff recruitment and development resources in the tourism sector

Intervention: Improving training in the tourism sector

Interventions	Key targets	Achieved	Assessment
Establish a system of workplace-based training for hotel and tourism jobs targeting the unemployed and providing skills in demand by employers	<p>One training centre delivering training</p> <p>7 training modules developed</p> <p>Inclusion of the training in NES training plan and funding</p> <p>500 people trained</p>	<p>The project did research to establish employers' needs and on existing training providers, and partnered with the First Private Hospitality-Touristic School (PUTTS) to develop curricula and deliver training based in hotels and restaurants, funded by the project. It partnered with NES to select trainees and do employer interviews. PUTTS lost capacity due to internal changes, following which the Business Association of Hotel and Restaurant Industry in Serbia (HORES), which had established an Academy in 2009, took over and more training was conducted (share of cost borne by the project 75%).</p>	<p>The intervention has demonstrated a model for demand-driven private sector training for the unemployed, with some involvement of a public sector player (NES) at the regional level, though so far it has been dependent on PSD funds to a significant extent. PSD research was praised for its relevance. The relevance of the training was confirmed by NES, hotels and HORES and 70% of graduates being employed.</p> <p>HORES and PSD report accreditation is likely. The target for people trained will probably be reached given demand from employers, if funds can be obtained.</p> <p>PSD and HORES plan to lobby</p>

HORES is in the process of accrediting its Academy at MoESTD, under the new Law on Adult Education, accrediting trainers, and revising the curricula. It has developed a marketing plan (with some PSD advice) for nation-wide training delivery.

for funding by NES, for which an agreement is not yet in place. The model may not be financially viable without it.

The intervention has made good progress, but given dependence on PSD funds it still needs to move beyond the pilot phase.

So far 433 people were trained.

4.2. Outcome 2: Increased volume and value of sales of traditional products

The project's analysis of constraints in traditional product markets considered traditional products of milk and meat, rakia (spirits), handicrafts, honey, vegetables and fruit products. Constraints on growth and employment varied. In the subsectors for which interventions were designed the analysis identified the following areas that it decided to address:

- In rakia, the 2009 Law on rakia and other alcoholic beverages removed the legal basis for small processors (plum farmers) of "soft", partly processed rakia to sell to distilleries, pushing them into the grey market, stock rakia or stop production. This led to the closure of 1,700 mostly small distilleries.
- In honey, production is insufficient due to aging of the beekeeper population, lack of young starters as they receive no support, and insufficient use of up-to-date practices due to poor access to information and in part to the aging of the population.
- In raspberries constraints included the absence of support to starters, poor access to information on good practices and advisory services which affect quality and productivity. Due to these constraints rising demand cannot be met.
- In dairy, quality is low due to lack of information and good practices of milk producers and weak incentives of small and older farmers to change. Dairies are not paying on the basis of quality. Most farmers and therefore dairies are unlikely to meet EU and new national standards.

Output 2.1: Increased capacity of private and public sector actors to advocate for improved legal framework and regulation of the production and sale of traditional products

Improving the business enabling environment for plums traditional products (rakia)

Interventions	Key targets	Achieved	Assessment
Develop an advocacy initiative to change the Law on rakia,	MoAEP establishes working group to draft	The project approached individual distilleries and next partnered with Serbian Association of Rakia Distilleries which agreed to take the lead.	The intervention was well-implemented and achieved its stated objective. It made good use of research and analysis as basis for advocacy and PSD

<p>to enable small “soft rakia” producers to integrate into the value chain, and so generate income and jobs</p>	<p>revised law</p> <p>New law is passed</p> <p>20,000 producing households informed of the change</p> <p>2,000 households start selling legally to distilleries</p>	<p>With the partner it presented its analysis of the impact of the law to MoAEP. The MoAEP agreed to the need for change, a Working Group was established comprising the MoAEP and two distilleries (members of the association), and PSD provided more inputs in terms of research (e.g. on EU regulations), advice and facilitation of the Working Group. PSD and the association organised a public debate on the newly drafted law, positive feedback was provided by relevant ministries, and the new Law on strong alcoholic beverages was passed by Parliament, nearly unanimously, in November 2015. PSD funded production of 15 TV shows²⁵, in collaboration with the MoAEP, to inform producers. They were broadcast on local and regional stations.</p> <p>PSD covered the full cost of the intervention.</p>	<p>partnered with key market players. Feedback we obtained from the MoAEP and the Serbian Association of Rakia Distilleries was very positive.</p> <p>Whether 20,000 households have been informed and 2,000 will sell to distilleries will be assessed in October 2016, after the plum season.</p>
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Output 2.2: Micro-medium processors have access to information, advice, testing and licensing services for traditional products which are affordable, efficiently delivered and of sufficient quality

The project’s MRM includes interventions on raspberry and honey production here while improving quality in the dairy sector in placed under output 2.3. Given that the latter intervention is in line with the intention of output 2.2 and contributes to its indicators, while it does not to output 2.3 indicators, we have included it here.

Providing access to poor for raspberry production

Interventions	Key targets	Achieved	Assessment
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²⁵The shows also covered other topics.

<p>Establish a business model that includes financial and advisory support to enable unemployed youth and women to start raspberry production, and so generate jobs and incomes.</p>	<p>10 processors (cold stores/exporters) provide start-up and advisory support</p> <p>617 starters receive the support</p> <p>CHF 447,660 additional profit for cold stores</p>	<p>The project developed a model on the basis of its research and consultations with cold stores, under which the latter provide in-kind and financial support to be repaid in-kind, and intensive advisory support. PSD partnered with 5 for a pilot. Applications after a public call far outnumbered places. 347 were selected using criteria which included official unemployment, age and gender. PSD cost-shared starters for 40%, cold stores pre-financed 29% and starters invested 31%. They are all growing raspberries successfully, and receiving advice. At least two firms (interviewed) added starters on their own account. Three additional firms were partnered with, with reduced PSD cost-sharing (to 11%). Further assistance was provided by support from Trstenik municipality, which partnered with 5 firms (4 new; including for blackberries and vegetables). This further reduced PSD's contribution. In total 519 starters are presently growing, an additional 148 have signed contracts. Advisory services are functioning well as confirmed by our Focus Group Discussion with growers, and firms have developed manuals for the growers independently.</p>	<p>The intervention was well implemented and PSD has successfully developed and introduced a new business model. A concern is the requirement to be officially registered as unemployed (at NES), which excludes some.</p> <p>Cold store managers interviewed were very positive, including about how critical PSD support had been and the potential to work with young people who adopt good practices more easily. Starters interviewed confirmed the support, including advice, was decisive. More municipalities have expressed interest in part-funding the model, which enables them to spend funds for agricultural subsidies from the MoAEP more effectively. The model is developing into a public-private partnership.</p> <p>The target of 10 cold stores has been surpassed (12 now).</p> <p>The target for starters receiving support will soon be surpassed (667). The project's projections show cold stores will increase their profits after the current season and indicate the target will be met next year</p> <p>Progress has been very good, though so far PSD has been contributing financially.</p>
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Improving the volume of sales and sales channels in the honey production sector

Interventions	Key targets	Achieved	Assessment
Establish a	3 honey	The project developed a model	This is another well-

<p>business model that includes financial and advisory support that enables unemployed youth and women to start honey production, and so generate jobs and incomes.</p>	<p>processors provide start-up support and advisory services</p> <p>10 stakeholders (municipalities) invest in the new model</p> <p>380 new beekeepers receive support</p> <p>Honey processors increase profit by CHF 241,500</p>	<p>on the basis of its research and consultation with the largest honey processor. This included in-kind support from the company, to be repaid in-kind, advisory support, and individual mentorships by experienced local beekeepers. Applications in response to a public call greatly outnumbered available places.130 were selected using criteria which included official unemployment, age and gender. PSD cost-shared support to the new beekeepers for 48%, the processor for 30%, new beekeepers invested 22%. The pilot was successful, two more companies joined, and 10 municipalities provided support, reducing much of PSD’s contribution (to 15%). An additional 210new beekeepers signed contracts. The advisory services provided by the processors, and especially the mentorships, are operating successfully, as confirmed by our Focus Group Discussion. Firms have developed manuals for the beekeepers independently. 130new beekeepers are operational, 210 will soon be. Processors have generated some additional income (CHF 16,380).</p>	<p>implemented intervention. The initial model is developing into a public-private partnership, in which municipalities can spend the MoAEP funds for agricultural subsidies effectively. Honey processors and beekeepers interviewed were equally positive. The first would not have provided support to new beekeepers without PSD while the latter said the support had enabled them to start much sooner than they otherwise might have done. Including mentors in the model was particularly effective.</p> <p>The targets for the number of processors and municipalities investing in the model have been achieved.</p> <p>The target for new beekeepers receiving support is likely to be achieved (now 340). The full extent to which honey processors earn additional profits will be assessed next year. Projections indicate the target will be met.</p> <p>The intervention has made good progress, though so far PSD has been contributing financially.</p>
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Quality assurance of traditional products (dairy)

Interventions	Key targets	Achieved	Assessment
<p>Establish a business model under</p>	<p>4 dairies adopt the business</p>	<p>Based on its research PSD piloted a model under which a dairy provided advisory services</p>	<p>The pilot has been successful; a further dairy has taken up the model, while a third has shown</p>

<p>which dairies (processors) pay farmers in accordance with the quality of the milk, and provide advice that enables them to improve quality</p>	<p>model 2024 farmers produce higher quality milk Dairies increase their income by 10%</p>	<p>to farmers, in particular to improve milk quality (and including through a newly hired advisor) and quality-based payment. A manual for farmers was developed too. This resulted in an increase in milk quality, with 90% of milk meeting EU standards compared to 30% before, and a price increase of around 50%. The model was promoted through a contract with the Union of Serbian Milk Producers, to dairies and farmers. As a result PSD partnered with a second dairy which took up the model. The total number of farmers covered now is 2,000, of whom 500 are reported to be producing higher quality milk.</p> <p>PSD covered 18% of the cost of the pilot, 25% at the second dairy.</p>	<p>interest to do so. Feedback on the model from the dairy owner interviewed was very positive. Given the success in the pilot dairy, the number of farmers producing high quality milk is likely to grow through the second and third dairies. The project's projections indicate the target of over 2,000 farmers will be achieved. The increase in dairy incomes has not yet been established.</p> <p>As we will see in the next chapter unstable market conditions have made dairies wary of taking risks. This has caused difficulties in drawing in more dairies. Progress has therefore been relatively slow.</p>
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Output 2.3: Supply and supply-chain for local and traditional products is improved

As explained, the project includes improving quality in dairy here but none of the indicators applies (see the next chapter for the indicators).

The project document foresaw improving supply chains especially to HoReCa establishments. It found that concerns about inconsistent quality and quantity on the side of the establishments and on payment terms on the side of the producers reduced the feasibility of interventions. Interventions with cooperatives suggested in the project document were found to have no scale potential. The project rightly decided not to proceed.

Output 2.4: Better marketing of traditional products from targeted area

The project document foresaw HoReCa establishments using more traditional products, and promoting them. Here too the project found incentives and intervention potential to be low. An intervention to standardize production and packaging of traditional products was considered but the project did not find potential partners, and incentives were low. The project correctly decided not to proceed. It considers the degustation centres as contributing to this output. This is reasonable, though the indicators for the output do not apply.

In conclusion, of the 10 interventions developed, one (for better research and development in tourism firms) was discontinued early on, while another (one-stop-shops for construction permits) was overtaken by events and stopped after the pilot phase. All others have progressed very well, apart from slow progress in the dairy intervention and were well-executed. They have either achieved their immediate objectives (extending the winter season, changing the Law on rakia), are close to doing so (improving signalization for transit tourism), have moved beyond a successful pilot stage (raspberry growing, beekeeping), or are ready to do so (international tourism marketing, better tourism training, dairy). Our greatest concern is with the latter intervention, due to its dependence on significant levels of PSD funding.

5. Effectiveness at the output level: systemic change (sustainability and scale)

In this chapter we consider the extent to which the interventions have led, or are likely to lead to systemic change. There are many definitions of systemic change, and therefore many ways to assess it. We have drawn on several to ensure a relatively straightforward assessment in a situation where most interventions are still ongoing²⁶. We will consider:

- **Sustainability:** Systemic changes, including in behaviour, continue past the end of an intervention, without further external assistance.

Signs of likely sustainability are innovations (i.e. a new model for doing business, which constitutes behavioural change) speaking to players' incentives (i.e. their interest, such as increasing profits); market players investing in a pilot of the innovation; market players continuing an innovation after a pilot and increasingly investing in the innovation themselves; market players taking up or adapting the innovations independent from project support. Innovations that still depend on project support have not reached sustainability and are therefore not systemic.

- **Scale:** Systemic changes, including in behaviour, influence and benefit a large number of people who were not directly involved in the original intervention.

Signs of change reaching scale are the partner with whom a project has piloted an innovation expanding it (e.g. a honey processor supporting more unemployed); more market players taking up the innovation (more honey processors doing the same); changes having inbuilt scale (e.g. a legislative change that benefits many); and numbers of people benefitting.

- **The extent to which an innovation addresses an underlying cause** of the market system underperforming. When an intervention only addresses a symptom of underperformance (e.g. VET curricula do not meet employers' needs, so let's get consultants to change them), the real problem is obviously not addressed and in a few years' time more consultants will have to be hired. Establishing dialogue between the private sector and schools to enable curriculum change on a continuous basis would address the underlying cause, leading to systemic change. As the project outputs are largely formulated to reflect underlying causes of underperformance, we will consider whether an intervention contributes to the output in this context.

We will consider the above for each of the interventions and the progress on output indicators under which the interventions belong.

²⁶ We used mainly Adam Kessler, "Assessing Systemic Change; Implementation guidelines for the DCED Standard", DCED, August 2014, and The Springfield Centre, "The Operational Guide for the Making Markets Work for the Poor (M4P) Approach", 2nd edition funded by SDC & DFID, 2014

5.1. Growth and productivity gains in the tourism sector

Output 1.1: Improved coordination, advocacy and representation of tourism related private sector bodies to local and national government

Intervention: Extending the winter season

Sustainability: The change in the winter school calendar is likely to be sustainable. The new school calendar has just been confirmed for the second year running. While MoESTD could change the calendar each year, outcomes for schools and children are positive, which is likely to keep the change in place. A project assessment showed a decrease in incidence of respiratory diseases and flu which are commonly spread in February (now partly vacation so children are not together in classrooms) and a decrease in absenteeism. These findings were shared with the MoESTD.

Scale: The change is large-scale as it affects the entire tourism industry and related sectors (e.g. in retail) in Serbian destinations where people are likely to take winter holidays.

Underlying cause addressed and contribution to output? : The underlying cause of weaknesses in the tourism market system, including the school calendar not having been changed for a longer winter season before, is weak coordination between public and private players and a lack of private sector advocacy capacity. This cause was identified through the project's research and analysis and is reflected in the expected output of this intervention. The project document envisages "establishment of a multi-stakeholder entity and strengthening its lobbying mechanisms".

We found clear evidence of improved relations and of better coordination, resulting from this and other interventions. This constitutes an important behavioural change which contributes to the output. However, an advocacy capacity or entity with lobbying capacity is not in place. While the intervention plan does include a reference to this initial intervention establishing a "coordination model for overcoming other systemic constraints", in practice the objective was to change the school calendar. Market players we interviewed confirmed they would not be able to conduct a coordinated advocacy effort independently. A further concern is, that while partners have contributed significant time and effort (e.g. in conducting research), the intervention was fully funded by PSD. This raises the question who would fund a future campaign.

Assessment: At the level of change in one of the rules that affect the market system systemic change has been achieved. This is an important success for the project and market players. In addition, the latter have received an object lesson in successful advocacy and public-private dialogue and cooperation. The project needs to build on this to develop an independent advocacy capacity, and possibly a dialogue mechanism in the sector.

Intervention: Improving the business environment to increase investment in tourism infrastructure

Sustainability: The pilot with Čajetna was successful in establishing a model for a one-stop-shop using the Optimus software. It had longer-term learning effects which will benefit this as well as other municipalities. The municipality invested in the OSS (though the amount was small). However, the intervention was overtaken by events beyond the project's control by the adoption of more advanced software for the OSS. In terms of the systemic change foreseen (effective OSSs based on

the Optimus software) there is no sustainability, the OSS “having to start from scratch” as our interviewee said. The better collaboration established among public sector agencies is likely to remain in place.

Scale: For the same reasons there is no scope for scaling up the OSSs.

Underlying cause addressed and contribution to output? : The project document focuses on coordination in the private sector to improve the tourism business environment. As a result of its research and analysis the project realized that in the case of investment in private sector infrastructure collaboration among public sector agencies dealing with construction permits is just as important. The OSSs foreseen in the new law aimed to improve this, and the project supporting their establishment therefore addressed the underlying cause of difficulties in obtaining permits. The improved coordination among municipality level entities constitutes a behavioural change, which contributes to the intention of the output.

Assessment: The intervention had good potential for contributing to systemic change, which was not realized due to external factors. The experience illustrates the pitfalls of piloting at the local level without close involvement, from the start, of the national level. Information obtained from various sources indicates, though, that adoption of the new software could probably not have been avoided in any case.

The project reports the following results on output indicators.

Output indicator	Achieved up to May 2016	Projection to end of project	Project target (cumulative)
Number of multi stakeholder entities on national level for tourism advocacy meeting semi-annually	2	2	At least 1 by Dec. '14
Credible representatives from HoReCa, transport, travel agencies sector are present in entity.	Yes	Yes	Yes

The multi stakeholder entities include collaboration between Roads of Serbia, TOS and MoTTT on tourism signalisation (output 1.3). While, as we will see, this is not an advocacy entity, and does not include the private sector, it has been formalised and is meeting regularly. The second is the informal group of players that advocated for extending the winter season. This is not an entity that meets regularly. The achievement is therefore 1 (as per target) and no further progress is expected. Credible private sector representatives did indeed participate in the advocacy initiative.

As currently formulated the targets will not be achieved.

Output 1.2: Better research & development function in tourism oriented firms

As we have seen in the previous chapter, the intervention under this output did not go beyond an initial pilot, mainly due to weaknesses in the partner organisation. The figures below reflect the contribution to the research from the tourism enterprises involved. As currently formulated the

target will not be achieved. The project has suggested including investment from the public sector in which case it would be reached.

Output indicator	Achieved up to May 2016	Projection to end of project	Project target (cumulative)
Additional investment in market research by private sector	CHF 3,800	CHF 3,800	CHF 30,000 by December '16
Percentage of tourism related private businesses using research results to improve their tourism offer to respond to market needs until December 2014.	11%	11%	25%

Output 1.3: Better promotion of targeted area to foreign and domestic tourists

Intervention: Improving transit tourism through better visibility of tourism attractions

Sustainability: The tourism signs resulting from the pilot are probably sustainable, as a budget has been allocated for their maintenance. The collaboration between MoTTT, TOS and Roads of Serbia has been laid down in several MoUs and will be further formalized by the National Masterplan for Tourism signalisation. While the collaboration does not speak to the partners' financial incentives, it does enable them to fulfil their mandates more effectively. The partners have made a financial contribution to signalization, mobile app development and promotion (34%) and will fully fund development of the Masterplan. The "analyse and then do" approach the partners stated to have learned from the project will be applied to designing the Masterplan. Partners are undertaking independent action to replicate signalization in another area (Vrnjacka Banja), a major Serbian tourist destination, with funding from MoTTT and LTOs and the project in an advisory role. Wi-Fi hotspots at border crossings will be funded by the MoTTT. The need to change legislation on signalization is being assessed by the partners. These are all strong signs of sustainability.

The mobile app and a database on tourist attractions are not yet in place. When it becomes functional, its sustainability will depend on TOS and LTOs (see below under scale).

The sustainability of degustation centres as new tourist attractions is still to be demonstrated but initial signs are positive. They have increased incomes of producers, but not to the extent the project foresaw (CHF 131,477 rather than 900,000). The percentage income increase ranges from 4 to 20%, indicating some may be struggling. However, the assessment covered just 6 months and not the summer season, which may be part of the explanation. The project is planning further promotional measures which should increase viability. Traditional producers have contributed financially (53%), which show a good level of commitment.

There is no sustainable model to co-fund establishment of more centres and this was not part of the intervention design.

Scale: The innovation introduced by the project has the potential to affect the tourism industry and related sectors nation-wide. The planned development of a Masterplan and replication of the pilot by the partners are good signs this may be achieved. The MoTTT, TOS and Roads of Serbia have formally committed to implementing the plan. Funding is still to be secured.

The weak spot in scaling up the model is that it depends on LTOs to identify tourist attractions to be signalized and included in the database for the mobile app, and on TOS to approve and consolidate these. Many of the LTOs are weak, with political appointees heading them, and their relation with TOS is tenuous, including due to structural reasons as they are under another ministry. Development of relations with LTOs was PSD's role in the pilot and is part of its advisory function in the replication. LTOs are not included in the formal agreements, though the Masterplan may change this. Capacity at TOS is low too. This may in practice limit effective scaling up, or at least delay it.

The fact that 9 producers funded degustation centres themselves is a positive indication of the potential for reaching scale. The project lacks a scaling up strategy, but is currently considering this. A proposal was made earlier to the MoAEP but the elections overtook this. The scaled up model would also have to include facilitation (identifying potential centres, advising them, etc.), which may be more difficult to realize than subsidies.

Some centres offer the opportunity to neighbouring producers to present their products which increases scale at the local level.

Underlying cause addressed and contribution to output? : The underlying cause of weak signalisation was the absence of a model and procedures for collaboration among the relevant public sector stakeholders. In practice this meant no or inadequate signs and traditional producers requesting signs to be put up unsuccessfully for years and having their own taken down. This has been addressed successfully. It contributes to output 1.1, as the group of three collaborating partners may be considered an "entity", though not in the private sector.

Assessment: In signalization strong progress has been made towards systemic change, with the uncertainty of future funding and the role of LTOs as weaknesses. Development and sustainability of the mobile app is affected by weak capacity at TOS and the LTOs. The project needs to develop a scale strategy for the degustation centres intervention, or more broadly, support to turning traditional producers into tourism attractions. This could include cooperation with MoAEP, MoTTT or the Standing Conference of Towns and Municipalities (SCTM).

Intervention: Improving capacities of tourism businesses to sell offer in international tourism markets

Sustainability: At the level of the two LTOs the project partnered with the results are likely to be sustainable. The LTOs have invested in the pilot (23% and 38% of the cost). Increased tourism means increased tax revenues for the LTOs, which is a good incentive. LTOs have changed their structure (with positions for MRM and cooperation with the private sector). They have prepared and are implementing new campaigns, to which the project makes a small contribution for new foreign markets targeted. Collaboration with the private sector is continuing. Hotels continue coordination of their promotion with the LTOs'.

Our interviews confirmed that relations between market players, public and private, have improved significantly. "Municipalities that used to be at war are now collaborating", to quote one of our interviewees. The LTOs have gained in credibility. "It is unbelievable how the LTO changed", to quote a major player in the private sector. In Kopaonik (under the jurisdiction of several municipalities) an initiative to establish a destination management organisation is emerging. Relations between LTOs

and the MoTTT and TOS were said to have improved too. These are strong indications of sustainability.

Scale: Given the pilot nature of the intervention so far, scale has not yet been achieved. Partnerships with 3 additional LTOs are foreseen and the scaling up strategy also includes promoting the model so further LTOs will take it up. “Promotion” will not be sufficient given the considerable investments in expertise the project has had to make in the pilot. In addition, the scope for scale may be limited by the number of destinations with independent international market potential.

Scaling up also foresees PSD and LTOs demonstrating the new model to TOS, PSD supporting TOS to adopt it, and coordinating LTOs and regional institutions to support TOS in implementing new marketing strategies. This is expected to be completed by the end of the project. This would be a qualitatively different intervention, given TOS’s lack of capacity, bureaucratic nature and weak relations with LTOs as well as the private sector. It would be important in terms of scale and impact to achieve this in the longer term, but by the end of the project is too ambitious. In addition, it would be cautious to provide result-based support, i.e. not to proceed with a second step before TOS has taken the first.

Underlying cause addressed and contribution to output? : The original strategy included in the project document aimed at the private sector firms investing in research and product development (output 1.2) and developing and implementing their own marketing strategies. The project’s Tourism Sector Strategy kept this emphasis but also included facilitation of “cooperation among tourism stakeholders, both public and private, to research tourism market needs and create unique tourism products” (page 23). In practice the private sector’s incentives to do research were weak and they considered this as well as marketing of a destination (rather than a particular hotel) the responsibility of the LTOs funded by their taxes. The underlying cause of this not happening was the weak capacity of LTOs, and their lack of relationships and credibility with the private sector. The intervention has successfully addressed this in the two pilot areas. It resulted in significant changes in behaviour and relationships. This also contributes to the output of better promotion of the PSD areas.

Assessment: In the two pilot areas the achievements are important and show strong signs of being sustainable, including independent action. Scale has not yet been achieved, and the scale strategy needs to be clarified. Change at TOS should only be expected in the next Phase.

The project reports the following on the output indicators.

Output indicators	Achieved up to May 2016	Projection to end of project	Project target (cumulative)
% of domestic / foreign people in Serbia that are aware about tourism offer in targeted area which is in line with their interests	85%	85%	85% by December '16
Additional investment in promotion by private sector	CHF 6,110 private sector, CHF 220,220	CHF 540,000	CHF 70,000 by December '16

public sector

With regard to the first the target has been reached. For the second indicator the project also measures public sector investment into promotion and proposes reformulating the indicator. Given that promotion is one of the roles of the public sector, which needs strengthening, this is reasonable. The amount includes CHF 31,270 invested by LTOs, and 174,750 CHF invested by the MoTTT, Roads of Serbia and TOS into transit tourism promotion. The inclusion of CHF 14,200 CHF spent by Čajetina municipality on promotion of the OSS (under output 1.1) is not appropriate as this does not apply to tourists. In any case, if public sector investment is included the target has been well surpassed.

Output 1.4: Improved quality and availability of staff recruitment and development resources in the tourism sector

Intervention: Improving training in the tourism sector

Sustainability: Signs of progress towards sustainability include the training provider, HORES, being in the process of attaining accreditation under the Law of Adult Education, accrediting trainers, revising training modules and having developed a marketing plan. NES HQ has officially committed itself to continued support in trainee selection and needs assessment, though at the local level we found this would require funding, “as for any other project”.

HORES has contributed 25% to the cost of the intervention so far, which is little for a private sector organisation. More importantly, though hotels and restaurants contribute significantly in kind (e.g. training space, materials, accommodation) they do not pay for the training when they hire trainees. Trainees do not pay either. This leaves the courses dependent on external funding, of which NES is the expected source. The project document, on the other hand, foresees training on a fee-paying basis.

It is possible that PSD’s and HORES’s planned efforts to lobby with NES for inclusion of the courses in its next annual plan and budget will be successful. Whether the allocation will be sufficient, and continued, is another matter. NES is not well-funded and has proven an unreliable partner in the past. Moreover, training contracts with NES are subject to competitive tenders.

The duration of courses to be run under the accredited Academy would be at least double that of those run so far, and would include more theory, as required by MoESTD. Including unpaid internships, this would add up to “almost a school year” according to our interviewee. The cost to trainees (if they were to pay) would be Euro 350 at a minimum. This model is untested.

Whether overall the model is viable and sustainable is still to be demonstrated.

Scale: Scale is good for what must be considered a pilot. HORES plans country-wide delivery through a network of accredited trainers and existing training providers with which it would partner. This would represent significant scale, but it is still some way off and depends on the level of NES (or other) subsidies. Current training providers becoming the extended arms of HORES would also put it in a powerful position in the market and reduce competition. In our view a training market with more independent accredited training providers is more likely to lead to scale, sustainability and better outcomes for trainees and employers. While the private sector market for professional

training services is still small, it is developing. Training is available from for instance the College of Tourism in Belgrade, the Association of bartenders, and the Association of sommeliers. There are several smaller providers.

Underlying cause addressed and contribution to output? : The main underlying cause of insufficient supply of job seekers with skills in demand by employers is that courses have been developed without adequately assessing the needs in the tourism sector. Private and public providers therefore deliver graduates who do not have the required practical skills. The intervention addresses this and the output as indicated by 70% of graduates becoming employed and the positive feedback from employers we interviewed. Hotels and restaurants, who provide a basis for the training, and HORES have demonstrated a significant change in behaviour.

However, the high percentage of graduates hired reflects the relevance of the training conducted so far and may not apply to the revised courses the HORES Academy will be delivering. A further concern is that the intervention strengthens one private sector player while other efforts have been ongoing to increase the relevance of public sector VET, as indicated in some detail in Chapter 2. The project document mentions the possibility of working with the VET system. We fully support the project’s aim to improve private sector training delivery, which should play an important part in the market system. Given, however, the scale of the VET system (there are at least 3 secondary schools delivering tourism training, and state-run centres providing short-term courses, including NES-funded) PSD needs to consider whether and how it can influence them to make training more relevant. The experience of VEEDA in the furniture sector (also mentioned in the project document) may provide useful learning.

While writing this report we were made aware of a PSD initiative in this direction, under which PSD facilitated the process of establishing a public-private advisory Tourism Sector Committee. This has just been approved by the MoESTD. The main tasks of the committee is to provide inputs into defining quality standards and revising curricula in line with demand in the labour market, and suggesting measures to improve non-formal adult education in tourism. It is meant to result in sustainable dialogue between the tourism sector and the education system. HORES chairs the committee and members include some of PSD’s key partners. This is exactly the kind of development that could lead to broader systemic change and could be the basis for an important intervention in the next phase.

Assessment: The model the project has piloted has weaknesses in terms of scale but especially sustainability. The question “who pays” has not been answered convincingly and relying on NES as the main source of funds is risky.

The following are the results on the output indicators. They have been, or are likely to be, achieved. The first refers to delivery rather than lasting change.

Output indicator	Achieved up to May 2016	Projection to end of project	Project target (cumulative)
Additional number of people that complete tourism-related training courses created/improved as a result of	433	500	500 by December ‘16

programme activities

Credible representatives from HoReCa, transport, travel agencies sector are present in entity.	95%	95%	Yes
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5.2. Increased volume and value of sales of traditional products

Output 2.1: Increased capacity of private and public sector actors to advocate for improved legal framework and regulation of the production and sale of traditional products

Intervention: Improving the business enabling environment for plums traditional products (rakia)

Sustainability: The new Law on Strong Alcoholic Beverages has been adopted by Parliament. It is in compliance with EU regulations (feedback was obtained from EU institutions). It can be expected to remain in place. The project reports that the market for rakia is stable, though export opportunities, which would lead to growth, are insufficiently exploited.²⁷ New quality standards could be a threat to sustainable involvement of “soft” rakia producers.

Scale: PSD estimates that some 20,000 households could benefit from the new law, and projects that 2,000 will start selling to distilleries within the project period. There are some 300 distilleries. The potential for scale is therefore very good.

It is too early to say if it will be achieved. We found indications (from distilleries and the Association of Rakia Distilleries) that most “soft” rakia producers are unlikely to know about the change or to trust the information they received (due to frequent changes in Government regulations). We found no evidence of distilleries undertaking systematic action to inform farmers. The project will have to assess before the plum season what needs to be done to address this. A further issue that may affect scale is that producers may prefer to remain in the grey zone to evade taxation. Large distilleries have also meanwhile adapted to the previous law and may not start buying from producing households. This would affect scale and impact. The project’s analysis also found other constraints on the “soft” rakia producers being included in the value chain, notably the need to meet new strict quality standards. This is similar to constraints faced in the dairy sector, and could be addressed using the same model.

The extent to which a behavioural change in the relationship between “soft” rakia producers and distilleries will take place is therefore still uncertain. So far it has not, as the plum season has not ended yet.

Underlying cause addressed and contribution to output?: Similar to the intervention to extend the winter season in tourism, the underlying cause of the legal exclusion of “soft” rakia producers from the value chain was the result of lack of coordination and capacity to advocate among distilleries and producers. Market players have learned from the advocacy effort but are not able to continue

²⁷ PSD, “Traditional products sector strategy”

independently. The contribution to the output is therefore limited and “an improved advocacy function remaining in place”, as foreseen in the project document, has not yet been realised²⁸.

Assessment: The legal change in the market system is sustainable. This is a significant achievement. The change is likely to affect farmers at scale once more become aware of it and distilleries will start buying from farmers. An independent advocacy function is not yet in place. This could be the basis for further intervention. More important may be an intervention to develop advisory services from distilleries to farmers, to ensure quality.

The project reports the following on the indicator for this output.

Output indicator	Achieved up to May 2016	Projection to end of project	Project target (cumulative)
At least 80% of all credible players get involved in advocating for improved legal framework and support services for traditional products.	100% are credible	100%	80% by December '16

The intention of the indicator is not clear. If it relates to just the one advocacy initiative the target may be considered achieved (though the project measures the percentage of players involved who are credible, not of credible players involved, a minor quibble). If it relates to continued advocacy, it has not been achieved as market players are not able to advocate independently.

Output 2.2: Micro-medium processors have access to information, advice, testing and licensing services for traditional products which are affordable, efficiently delivered and of sufficient quality

Intervention: Providing access to poor for raspberry and honey production²⁹

Sustainability: The results with new raspberry and honey producers appear likely to be sustainable. Those who have started production are continuing and are receiving advisory and mentoring services. The support provided is strongly appreciated. Some have started earning, though the full extent of this will become clear later this year and next as raspberry plants mature and both raspberry and honey producers repay the processors. Demand in export markets has been increasing³⁰. The advisory support ensures that quality standards are met. Our Focus Group Discussions and interviews with processors indicate that the new producers plan to expand production.

The business models by which unemployed women and youth are supported to start production show good signs of sustainability. Processing firms have invested in it, to an increasing degree (cost-sharing through loans going up from 29 to 57 %), have developed manuals for the producers independently from the project, and two have established agricultural pharmacies. Firms are expected to earn additional profit (in honey they have already done so), so the model speaks to their incentives. Firms interviewed stated they plan to continue supporting starters and would do so without co-funding if it were not available. At least two have already done so. Some said they would

²⁸Project document page 19

²⁹We consider these together as the issues are similar.

³⁰ PSD Intervention Reports, “Improving the volume of sales and sales channels in honey production sector”, “Providing access for poor to raspberry production”, and PSD “Traditional products strategy”

do without municipality contributions because it is “simpler”. They expressed the intention to continue to select unemployed youth and women, because they are more committed and motivated to take up new practices. The model provides producers with access to in-kind loans, advice and markets and is therefore in their interest as well. Producers confirmed they get paid market prices.

Municipalities have come on board and are contributing significantly in the form of grants, reducing PSD’s contribution. This speaks to their incentive to spend existing agricultural subsidies in a way that benefits the local unemployed, where before they had to send a significant share back to Belgrade by the end of the financial year. Those interviewed stated they plan to continue the model without PSD support, but including the companies. They also indicated the difficulties in obtaining approval of the Municipal Assembly, vulnerability to political considerations, and delays due to public tendering procedures for the materials provided. This indicates sustainability is not fully assured and the project would do well not to promote the model with municipalities as a necessary element.

The availability of LSG grants could affect sustainability if it reduces the companies’ or starters’ willingness to contribute. However, our interviews gave no indication of this. Given the availability of subsidies and that they can be expected to remain in place for some time it is reasonable to include them in the model. This is to the benefit of the starters and local communities. In the words of one of the honey processors, “this is the first time municipality money has reached the people”. However, municipalities should understand that when they waive the requirement for starters to contribute (as has happened) they reduce commitment and therefore sustainability. This was stressed by all private sector partners we met.

Scale: Scale so far is good, with 12 cold stores, 3 honey processors and some 1,000 beneficiaries. Project partners in honey include the two largest exporters (processors), while the total number of firms in Serbia is 7. In cold stores/exporters partners include significant players, but their total number is greater, at around 36. Though most of these do not have models in place by which they cooperate with (existing) producers, they could still offer an opportunity for scale. In both cases, therefore, there is potential for more scale in terms of firms, producers and geographical coverage.

One of the municipalities has extended the model to growers of vegetables and blackberries, which indicates the potential for applying the model beyond the sectors it was developed for and therefore greater scale. Another has used the new beekeepers’ model in an application for EU cross-border support (with Montenegro).

While some firms have undertaken some independent action to add to the number of starters, there has been no independent uptake of the model by additional firms. More cold stores have in fact expressed interest in the model but they would need a PSD contribution. At this stage, with the model having shown to be effective that would not be justified. Replication by more LSGs would probably require PSD facilitation. These issues need to be addressed in the project’s scale strategies, which are rudimentary. They consist of “promote the model” followed by “automatic” market uptake, and do not make use of scale agents.

Underlying cause addressed and contribution to output?:The gap between supply and demand of raspberries and honey was in part due to the absence of financial and advisory support to new producers, from banks (which consider this too high risk), from processors (for the same reason),

and from the Agricultural Extension Service (AES). It was confirmed by all out interviews that the AES does not have the capacity to adequately serve small producers, and starters in particular. When high-level expertise is needed firms prefer to work with agricultural faculties. Raspberry and honey processors have in fact been providing advisory services to existing producers before the intervention, though not the intensive guidance starters have received. The model therefore complements the AES in a market that it cannot serve.

The model developed by the project has demonstrated to exporting firms that the risks of supporting new producers is low and benefits are high, and to municipalities that this is a worthwhile investment. The underlying cause has been addressed and the intervention contributes to the output.

Assessment: Sustainability is likely, scale relatively good considering the stage of implementation, but plausible scale strategies need to be developed that identify scale agents within and beyond the raspberry and honey value chains. Some municipalities and the cold stores have already understood the model's potential for other products. Scaling up could include cooperation with the MoAEP, the Association of Cold Stores and the SCTM.

The intervention has laid bare a further constraint with broader implications, i.e. municipalities' inability to set priorities for spending agricultural subsidies and actually disbursing them. The project's model provides them with an opportunity to spend subsidies usefully. Enabling municipalities to assess needs, opportunities and develop mechanisms by which agricultural subsidies in general can be spent efficiently and to good effect could be a further intervention area.

Intervention: Quality assurance of traditional products (dairy)

Sustainability: The new model developed by PSD is operational in two dairies. While the full impact on the income of the dairies still has to be assessed, additional profits can be expected. Dairies' position in the market has been strengthened, with supermarkets selling their products, which now comply with legally required standards. The dairies therefore have strong incentives to maintain the model. It was confirmed by our interviews that the dairies plan to continue. Some 500 farmers are receiving higher prices for their milk due to improved quality, and have increased their incomes by at least 10%. Their incentives to continue the model are therefore good too. The model is likely to be commercially viable and therefore sustainable.

Scale

The intervention is in the pilot phase. With 2,000 farmers included, a significant number is already being reached with advisory services the dairies provide. A third dairy will be supported to take up the model.

A detailed and plausible scale strategy is not yet in place. At present this does not go beyond presenting the experience with the model and the expectation this will lead to market uptake. This is unlikely to be sufficient, and the project has been considering other ways forward. It will have to identify scale agents with incentives to facilitate replication of the model, such as the Union of Serbian Milk Producers and/or the MoAEP.

The main threat, but also an opportunity, to scaling up and sustainability originates in unstable market conditions. The dairy market was liberalised at the start of 2015, resulting in increased competition from imported milk. The Government re-introduced protection measures by the middle of the year. In the longer term, in the context of the EU accession process, liberalisation is inevitable. According to our interviewees the number of small producers is already reducing, many exiting, while others are taking on more cows. Overall, milk production is not decreasing, and in principle the way forward for dairies would be to improve quality, meet EU standards, and focus on the traditional products niche (rather than on pasteurized or UHT milk). This is exactly what the model offers.

At present, though, dairies are hedging their bets and are not ready to invest in a new model. Further scale is therefore unlikely until the risks posed by an unstable regulatory environment are reduced.

Underlying cause addressed and contribution to output?: PSD identified low milk quality as a constraint on growth in the sector, caused by farmers’ lack of access to advisory services and no incentives to produce quality milk. The new model addresses these causes effectively and behavioural change has been achieved. It contributes to the output, i.e. quality assurance. However, its scope and impact is reduced by:

- The unstable market conditions, including changes in regulations.
- Dairies not considering the model as a way to respond to the changes, possibly due to inadequate understanding of market conditions and lack of a vision of their future position in the market.

These could both be the basis for further PSD intervention.

Assessment: Partner dairies have taken up the model and demonstrate sustainable behavioural change. Scale and therefore systemic change has not yet been achieved and is unlikely without additional interventions.

The project’s findings on the output indicators are provided below.

Output indicator	Achieved up to May 2016	Projection to end of project	Project target (cumulative)
Additional number of micro-medium scale processors that report adequate access to information, advice and services (disaggregated by type of service & by gender)	3,659	4,248	3,200 by December ‘16
New advisors (e.g. agricultural extension officers, hygiene inspectors) in target area that can provide quality advice on traditional product production and marketing.	357 (including 340 beekeeping mentors and 9 outside of project area)	373	4 (1 per county) by December ‘16

The achievement on the first indicator is already above target. This includes farmers in the dairy sector intervention but also beekeepers and raspberry growers. The number of new advisors includes a large number of beekeeping mentors. This may not have been the intention of the indicator, as mentors' advice just one beekeeper. However, they fulfil an important function in the new business model and including them is reasonable. All new advisors are in the private sector.

Output 2.3: Supply and supply-chain for local and traditional products is improved

We have placed the dairy intervention under the previous output, where it is more relevant. The below presents the indicators for output 2.3. Under the first the additional sales resulting from the rakia intervention (output 2.1) will be included. This will be assessed later this year. The other indicators do not apply to any of the interventions. The project has suggested changing the second so the beekeeping and raspberry models can be included.

Output indicators	Achieved up to May 2016	Projection to end of project	Project target (cumulative)
Additional % of sales from micro-medium processors that go through official channels in target area.	Not yet assessed	15%	15% by December '16
Number of new entities formed that provide market access for micro-medium processors (production, sale, marketing of traditional products)	Not applicable	Not applicable	5 by December '16
Market share of traditional products (versus equivalent products) in HoReCa establishments of targeted regions.	Not applicable	Not applicable	Increase from 10 to 40% by September '16

Output 2.4: Better marketing of traditional products from targeted area

There are no interventions under this output.

Output indicator	Achieved up to May 2016	Projection to end of project	Project target (cumulative)
Increase in % of HoReCa establishments and retailers targeting tourists, in areas targeted by PSD-supported promotion, that have prominent labelling of origin and sourcing of ingredients and dishes (seasonal, locally sourced, traditional, etc.)	Not applicable	Not applicable	30% of HoReCa by December '16

In conclusion, overall significant progress has been made towards systemic change, with 7 out of 9 interventions. The diagram below summarises this. The extending the winter season has resulted in the largest scale change, and is very likely to be sustainable. The least effective in achieving systemic change so far were the tourism training and improving the business enabling environment for

investment in tourism infrastructure interventions. For the latter this was beyond the control of the project, while for the first developing and testing a better financing model would have led to more progress. The project has overall done well in designing interventions that address underlying causes of market system underperformance. A greater focus on establishing an advocacy capacity rather than changing a particular law or “rule” would have strengthened this. In tourism training a better understanding of the overall context of VET and education reform could have increased the effectiveness of interventions in tourism training. Latest developments indicate the project is addressing this.

Diagram 2: Assessment of the level of currently achieved sustainability and scaling up, including of behavioural change, per intervention

	Sustainability	Scaling up Level	Sustainability	Scaling up Level	Sustainability	Scaling up Level	Sustainability	Scaling up Level	Sustainability	Scaling up Level	Sustainability	Scaling up Level	Sustainability	Scaling up Level	Sustainability	Scaling up Level	Sustainability	Scaling up Level	
Very High																			
High																			
Medium																			
Currently Moderate																			
Interventions:	1.1. Improving trainings		1.2. Extending winter season		1.3. Improving offer at international markets		1.4. Improving transit tourism through better visibility of tourist attractions		1.5. Improving tourism infrastructure		1.6. Introduction of R&D function into Tourism organization ³¹		2.1. Quality assurance of traditional products – pilot dairy		2.2. Providing access for poor to raspberry production		2.3. Improving the honey production sector		2.4. Improving BEE for Plumbs traditional products
Sectors:	1. Improved performance of Tourism sector										2. Improved Traditional Products								

³¹This pilot intervention proved not feasible, see Output 1.2.

6. Effectiveness at the outcome and goal level

In this chapter we will consider what has been achieved at the outcome and goal level. We include an assessment of the relative effectiveness of the interventions and the extent to which the primary target groups have been reached. Gender disaggregated results are considered in detail in Chapter 7 on the transversal themes.

6.1. Outcome 1: Growth and productivity gains in the tourism sector

Outcome indicator	Target in logframe	Achieved	Projection to end of project (3/2017)	% achieved
Additional number of overnight stays by domestic / foreign tourists in targeted regions as a result of programme activities, cumulatively.	160,000/20,000 (by 12/16)	87,691/14,944	160,000/ 20,000	55%/75%
Additional investment in tourism businesses, promotion and infrastructure as a result of programme activities, cumulatively.	30% above-trend increase (by 12/16)	To be measured in December 2016, current value of additional investments CHF 330,220	Value: CHF 650,000	Not yet established

The domestic tourist overnight stays are the result of the intervention that extended the winter season. For foreign tourists this is the intervention to improve international marketing. Both show good progress, especially in terms of foreign tourism. Project projections expect the targets to be achieved by the end of the project (though not by December this year). This is plausible given that the change in the school vacation calendar has been confirmed for the new academic year, and that the LTOs are preparing new campaigns targeting foreign markets. This is an important achievement, and the result of systemic change with regard to the winter season and likely sustainable change at two LTOs.

The additional investments are the result of the partners' investments in the OSS for construction permits intervention (CHF 14,200), transit tourism, i.e. signalisation (174,750), degustation centres (110,000) and tourism promotion to foreign markets (31,270). The projection adds to this CHF 259,000 in transit tourism and 60,000 in promotion in foreign markets, which is plausible given funding committed to the signalisation Masterplan and two partner LTOs already preparing new campaigns. Whether this means a 30% increase above the existing trend will still be established. The results are due to a change in signalisation that show strong signs of becoming systemic, while for the others scale has not yet been achieved and will not be achieved for the OSS.

6.2. Outcome 2: Increased volume and value of sales of traditional products

Outcome indicator	Target	Achieved	Projection to end of project (3/2017)	% achieved
Additional value of sales of traditional product producers as a result of programme activities, cumulatively.	CHF 1.5 million (by 12/16)	CHF 216,180	CHF 5.6 million	14%
Additional investment in traditional production in micro-medium scale enterprises as a result of programme activities, cumulatively.	CHF 1 million (by 12/16)	CHF 1,685,728	CHF 2,142,000	169%

The results for additional value of sales are accounted for almost equally by the new beekeepers and the quality in dairy interventions. It is below target, as a result of this not having been assessed yet for rakia distilleries, and raspberry plants becoming productive after 2 years only (and taking more time to become fully productive). By September this year CHF 278,285 is expected to be added from raspberry sales. The projection of CHF 5.6 million by the end of the project is based on expected production in raspberries, honey and dairy, but also include CHF 1 million in rakia. So far there is no factual basis for the latter and the projection may be too optimistic. However, the target being reached is plausible even without the results from rakia. The achievements are due to interventions that resulted in good signs of systemic change.

The target for additional investments has already been exceeded. It is accounted for by investments in the raspberry plantations in the first place (CHF 1,156,716), followed by beekeeping (447,012) and dairy 82,000). The projection adds amounts for raspberries and dairy (87,000 and 170,000 respectively). It is plausible for the first but the second would require more dairies adopting the project's model than can be expected. Here too, results are due to market system changes that are likely to become systemic, though this is least certain in the dairy intervention.

In conclusion, PSD is doing very well at the outcome level. Importantly, this is largely due to interventions that have resulted in systemic change or show good signs of this. This is a significant accomplishment at this stage of the project.

Goal: To increase incomes and employment opportunities of south and west Serbia's inhabitants, especially young people and women

Goal indicators	Target	Achieved	Projection to end of project (3/2017)	% achieved
Net additional income (additional sales minus additional costs, gender	CHF 11 million (adjusting for inflation &	CHF 7,771,098	CHF 26,130,887	71%

disaggregated) generated by SMEs, rural households or workers as a result of the programme, cumulatively.

Net additional full time equivalent jobs created and safeguarded as a result of the programme, cumulatively (gender disaggregated).	1,000 (by 12/1; equivalent of 4,000 one-season jobs)	1,655	2,452	166%
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Additional number of rural traditional products producers that increase their return on labour (compared to control group) by 10% or more as a result of programme activities, cumulatively.	1,600 households (by 12/16; baseline 750)	1,250	5,018	78%
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The target for Full-Time Equivalent (FTE) jobs has been well exceeded, and projections indicate that the number will be more than double. This is a major accomplishment.

Progress on the other two indicators is very good, and targets are likely to be exceeded. In the 1,250 who have increased their return on labour, due to the dairy sector intervention, the project has included the baseline (results from Phase 1), so the value is 500 in fact. This affects the target in the same way. For “soft rakia” producers this still has to be assessed.

We have a number of concerns with the reported results. One is the way the project attributes the results to its interventions (see Table 2 below). Its methodologies aim at applying the Standard for Monitoring and Results Measurement (MRM) of the Donor Committee for Enterprise Development. They include use of survey results (e.g. asking respondents what made them come on vacation to a promoted destination), case studies and expert opinions. This is appropriate in theory. However, the outcome is 100% attribution to the project in a number of cases. This is not always plausible and needs to be reconsidered. The project insufficiently takes into account the contributions of partners. More plausible attribution would affect the numbers finally reported, but the targets would still be met, given current achievements and projections.

Table 2: Self-assessment of the project’s attribution in percentage towards reaching the results

No.	Intervention	Key change	Attribution
1	Winter season extension	School calendar reschedule	100.0%
		Tourist turnover and income increase	61.9%
2	Improving trainings in tourism sector	Additional jobs filled	100.0%
3	Improving capacities of tourism businesses to sell offer at international tourism markets	Increase of tourist turnover and income increase	81.0%

4	Improving transit tourism through better visibility of tourism attractions	Additional tourism turnover and spending Incomes and jobs increase	17.0%
5	Improving BEE to increase investments in tourism infrastructure	Additional m2 in tourism built Additional number of jobs Income increase	10.5%
6	Providing access for poor to raspberry production	New Jobs and income created	100.0%
7	Quality Assurance of traditional products	Return on labour increase	100.0%
8	Improving the volume of sales and sales channels in honey production sector	New Jobs and income increase	100.0%
9	Improving business enabling environment in fruit processing	Law on spirits change	100.0%

A specific concern is attribution for the intervention in support of the OSS in Čajetina municipality. CHF 8,397,295 is expected from this by the end of the project, and 201 jobs (see Table 3 below). This includes maids and their incomes in newly built apartments (fully attributed to the project), construction workers and their incomes (attribution 50%), and large amounts earned by infrastructure investors and the municipality (attribution 50%). This is not plausible, as it does not take into account a scenario under which there would have been no OSS (construction permits would have been issued anyway one expects) and the contribution of the large investments made by the investors. Moreover, the change made at the municipality has been overtaken by the adoption of new software. This is a clear case where the project should have been more modest in its claims.

As mentioned the projection for income from rakia (CHF 1 million), also included, has no factual basis yet.

Finally, net FTE jobs created includes people trained and employed as a result of the tourism training intervention. The project team has explained that the vacancies filled by the trainees would have remained vacant without them. This does not seem plausible. Surely hotels and restaurants would have hired unskilled staff and given them some rudimentary instruction on the job, or would have brought experienced staff from elsewhere. The impact of the training is therefore overestimated.

6.3. Impact by intervention

The table below (prepared by the project) shows how the different interventions have contributed to the overall achievements to date.

Table 3: Impact by intervention

Intervention	Total jobs	Total beneficiary income (CHF)	Income for SMEs	Total Income (CHF)
Extending winter season	636	1,733,191	1,225,000	2,958,191
Improving trainings in tourism sector	304	1,588,50	0	1,588,500
Improving capacities of tourism businesses to sell the offer at international markets	0	N/A	275,118	275,118
Improving transit tourism through better visibility of	32	63,360	1,061,684	1,125,044

tourism attractions				
Improving business environment to increase investments in tourism infrastructure	32	235,636	1,356,929	1,592,565
Quality assurance of traditional products	2	121,700	0	121,700
Providing access for poor to raspberry production	519	0	0	0
Improving the volume of sales and sales channels in honey production sector	130	93,600	16,380	109,980
Improving business enabling environment for plums traditional products (rakia)	0	0	0	0
Total	1,655	3,835,987	3,935,111	7,771,098

Extending the winter season has been the most effective in terms of jobs generated, which reflects the large scale and pervasive nature of this change. This is followed by engaging youth and women in raspberry production, training in tourism and honey production. Impact as a result of the rakia advocacy intervention still has to be assessed and is more likely to affect incomes rather than jobs. Additional jobs due to promotion in foreign markets have also not been assessed yet.

In terms of additional income, extending the winter season has been most effective, followed by improving the business environment for investment in infrastructure, training in tourism and improving transit tourism. It is important to repeat, though, that income from honey and raspberry production still has to be fully realised, and that of rakia production still has to be assessed. Attribution to the improving the business environment intervention is not plausible.

Under “total income” the project adds additional income for enterprises (e.g. hotels) and individuals in the target group (previously unemployed). This is in accordance with the indicator in the logical framework. While it is definitely important that enterprises increase their profits (or the changes in the market system would not be sustainable), generating jobs and incomes for youth and women is the actual goal. This is therefore not appropriate. When incomes for the target groups are compared by intervention, extending the winter season and tourism training prove to be the most effective.

When projected results to the end of the project are considered (see Table 4 below), the findings are different, with raspberry production the most effective in generating jobs, followed by the winter season extension, honey production and then training. In terms of income of the target group raspberries and honey will also make an important contribution to the overall result, after the winter season extension, tourism training and increasing investments in tourism infrastructure.

Table 4: Impact projection to project end by intervention

Intervention	Jobs project end	Incomes workers project end
Winter season extension	636	3,466,382
Improving trainings in tourism sector	325	2,989,800
Improving capacities of tourism businesses to sell offer at international tourism markets	0	0
Improving transit tourism through better visibility of tourism attractions	100	330,000
Improving BEE to increase investments in tourism infrastructure	201	2,297,295
Providing access for poor to raspberry production	800	1,823,658
Quality Assurance of traditional products	10	419,500
Improving the volume of sales and sales channels in honey production sector	380	1,848,240
Improving business enabling environment in fruit processing		1,020,000
Total	2,452	14,194,875

These results are important because most of the interventions that account for much of the (expected) impact show good signs of becoming systemic or at least sustainable, or have become systemic (extending the winter season). Impact can therefore be expected to continue to be realised and grow beyond the project.

The exception to this is the tourism training intervention, which may not result in systemic change. We have already noted our concern with vacancies filled being counted as jobs created, as well as the way the impact of the OSS in Čajetina (improving BEE to increase investments in tourism infrastructure) has been calculated.

Market conditions in the selected sectors and results so far, indicate that at the beneficiary level the impact is likely to be sustainable, as discussed in the previous chapter.

6.4. Reaching the target groups

Young people and women are the project's main target groups. In Chapter 7 we will consider in some detail the extent to which women have been affected, and how this has been achieved. It will suffice here to report that 46% of the FTE jobs generated are held by women, and that 53% of the additional income earned by beneficiaries was earned by women. While there were no targets in the logframe, we consider these very good results given women's overall low labour force participation rate.

Outreach to youth, the unemployed and those who can be considered poor is established through applying selection criteria (e.g. for new beekeepers), and impact studies, although the logframe indicators do not require this³². The table below provides the findings so far, which still exclude results for extending the winter season intervention where further assessment is planned and interventions for which impact has not yet been realised or assessed. With 65% of the beneficiaries being young women and men and all being unemployed, the project’s interventions have been effective in reaching the target groups. Given that assessing income levels is notoriously difficult, the 100% outreach to the poor is likely to be an overestimation.

Table 5: Percentage in target group of total beneficiaries

Target group	% of total beneficiaries
Women	46
Youth	65
Unemployed	100
Poor	100

In conclusion, the project is well on track to exceed its targets and has already done so for jobs created. This will even be so when problems of attribution have been addressed. The impact is largely due to changes that have or are likely to become systemic, or at least sustainable. Further impact can therefore be foreseen. This is what characterises the MSD approach. The project has done very well at designing interventions that would have an impact on jobs and incomes for its target groups in the short to medium term, i.e. the honey and raspberries business models and most significantly the extension of the winter season. Such “quick wins” are not easy to achieve using the MSD approach as systemic change often takes longer to show results. This is commendable.

³²The project uses the 2010 GoS Household Budget Survey definition of poverty: households whose consumption was below 8,544 dinars per consumer unit (person).

7. Transversal Themes

This chapter deals with the transversal themes of gender mainstreaming and governance.

7.1. Gender mainstreaming

In 2013, as a result of the previous evaluation's recommendations, the project, together with its VEEDA PSD sister project, benefitted from an SDC-commissioned external gender consultancy in order to improve the projects gender mainstreaming practices.

The project's follow up to the consultancy's recommendations resulted in a number of improvements. These included establishment of the project's Gender Focal Point (GFP), better consideration of gender concerns in research and analysis as well as better integration into intervention design. The GFP was established in collaboration with the VEEDA PSD. His effectiveness still needs to be strengthened through professional development and deeper cooperation with the MRM and sector (intervention) coordinators.

Within the analysis the gender equality issue has been addressed in several ways. Market opportunities for women were sought in the intervention for improving trainings in tourism sector. The intervention design foresaw development of two training modules specifically targeting women. The intervention design for improving quality in dairy included specifically targeting women with information and training. Thus, two out of nine interventions benefited from an explicit gender mainstreaming focus in terms of allocating gender-specific results chain indicators and enabling gender mainstreaming in MRM.

In implementation the training modules that targeted women generated much interest, especially trainings for maids that targeted rural women or women of lower education, which helped them access jobs and income. Women were included in advice provided by dairies. The project made efforts to make the partners aware of the benefits of doing so.

While this does not appear in the intervention designs, the new raspberry and honey producers interventions used gender affirmative producers selection criteria, i.e. scoring gave women an additional point. Firms were asked to pay women on their own bank accounts to ensure they would receive the income themselves. Use of the selection criteria resulted in a commendable level of women participation, in the honey sector intervention it was 36%, and in the raspberry sector 27%. The share of women in the project's traditional production sector is almost twice as high as the national agricultural average.

The project's MRM system now enables sex disaggregation of results. The table below shows the results on jobs by intervention for those interventions that generated significant numbers of jobs. 46% of the total number of jobs created was taken by women. In the tourism sector this is substantially more, at over 55%. These accords with the gender makeup of the labour force in this sector, but are also partly the result of the targeting of the training. Use of affirmative selection criteria has worked better in honey than in raspberries, perhaps because in the past beekeeping used to be a "woman's occupation", though now it is the reverse. The low percentage in the infrastructure intervention is due to the jobs being in construction. Overall, the project has done well at benefitting women especially by selecting the tourism sector, and by affirmative action in the traditional products sector.

Table 6: % of female beneficiaries by intervention

Intervention	Male jobs	Female jobs	Total jobs	% Female jobs
Extending winter season	267	369	636	58%
Improving trainings in tourism sector	132	172	304	57%
Improving transit tourism through better visibility of tourism attractions	14	18	32	56%
Improving business environment to increase investments in tourism infrastructure	27	5	32	16%
Providing access for poor to raspberry production	377	142	519	27%
Improving the volume of sales and sales channels in honey production sector	83	47	130	36%
Total	901	754	1,655	46%

The above table does not include the intervention to improve quality in dairy, as this aims at increasing labour productivity, not creation of jobs. Here 17% of the benefitting households are led by women, but the project reports that according to the dairy advisors in 60 to 70% of the 500 households women have the main role in dairy production and have access to the income. This may have to be verified in the impact assessment. However, a trend of the reduction of the number of small producers may so far have escaped the project's analysis. The milk processors interviewed stated that fewer women are engaged in milk production as remaining farms expand, and are run by men, who mostly hire men. The term "gender" was not mentioned in the recent project's Intervention Report (case study), probably indicating this trend has still not been recognised. The impact on women may therefore prove to be less than expected.

Text box 2: "My raspberry-my dinar"

I was unemployed. Our family never grew raspberries. I am pleased for getting this opportunity to work on my raspberries. Next year I plan to do independently double the number of seedlings. Now I have my own income. I.e. my strawberry-my money.

A women participant of the raspberry focus group

The MRM does not include WEE indicators. This is not surprising, as the logical framework does not include them. However, the new women producers in raspberries and honey now enjoy an access to needed information and advice and have contracts with processors that give them support to maintain production, timely advice, and guarantee of sales and

payments. For many women, as verified in our focus group discussions, this is a huge leap forward. Women also expressed a new-found confidence and sense of self-realisation. Some felt empowered by control of their own income (see the above text box). It is important to assess this more systematically, at least in the next project phase.

On the side of challenges, the research did not include focus group discussions with women or interviews with experts on gender inequality in the selected sectors. The studies do provide some

information and analysis of the role of women in the selected market systems, but constraints specific to women were not sufficiently identified. The project is therefore yet to engage in a more systematic effort towards a gender mainstreaming agenda, e.g. by addressing the lack of the relevant GoS affirmative regulatory measures in order to create a more women (especially among the poor) friendly business enabling environment. Considerations could comprise inclusion of at least one WEE indicator in the logical framework, inclusion of a focus on systematic gender mainstreaming in the analysis, strategies, and the intervention plans, and thus perhaps achieving some systemic gender related changes. Strengthening the project Gender Focal Point in terms of professional development and closer gender mainstreaming-related work with the team leader and the intervention managers would contribute to this.

A question remains if the favourable gender ratio will be maintained in the process of replication and scaling up of some of the interventions. For an example in LSG Trstenik the use of women criteria was given up as the municipality was afraid to compromise the rights of men. In spite of this, 49% of the new producers were women, but the issue remains. The project is already engaged in a discussion on how to more effectively influence the LSGs to upkeep gender sensitive selection criteria and promote gender mainstreaming. For now, the project has few means to control future adherence to this principle by the LSGs and the processors. Processors we interviewed did expect to continue to target women, though, as they found them to be more reliable producers.

In conclusion, the project has made a commendable progress in terms of adequately building its team and adhering to gender mainstreaming principles. This is mainly due to a positive follow-up to the 2013 SDC commissioned Gender Consultancy. However, a number of improvements are recommendable as well as a general step up towards wider scope and embracing the WEE agenda more towards systemic constraints and change and more effective sustainable mechanisms.

7.2. Governance

The project has not set out to explicitly tackle governance issues under that label. In fact, though, its

Text box 3: July 2016, The Ministry of education, science and technological development formed the National Tourism Sector Committee

Due to PSD's initiative, a new National Tourism Sector Committee has been formed and approved by the Ministry of education, science and technological development. The Committee is professional and advisory body, headed by PSD partner HORES, encompassing key private and public sector stakeholders such as HORES, YUTA, leading travel agents and hotels, tourism VET schools, and relevant ministries.

goal of inclusion of groups not well-served in the market system (unemployed youth and women, small producers) relates directly to better governance. The project has therefore addressed a number of tangible good governance related themes in research and analysis, intervention design and implementation strategies alike. Specifically, the project focused on relevant outstanding problem areas

related to economic governance, particularly in the legal system, the business regulatory framework, in bureaucratic capacity and in the relationship between public and private sector market players.

The project developed its research and partnerships in a participative way. Research identified legal inadequacies and missing regulations at the LSGs, institutions such as LTOs and at the national level. Professional associations and a wide range of other market players were taken aboard already at the research stage.

Interventions were well-designed to address the governance issues identified, e.g. lack of collaboration between national institutions and unclear responsibilities in tourism signalisation, a law on alcoholic beverages that excluded small producers from the value chain, and lack of relations between LTOs and the private sector. Appropriate partnerships were forged with public institutions (see also Chapter 8). These aimed at facilitating systematic introduction of regulations to clarify rights and responsibilities of governmental bodies and the private sector (the citizens), and better and more inclusive services to citizens.

The project also mainstreamed in its interventions and its relationships with partners the principles of accountability, transparency, participation, non-discrimination and efficiency. Partnerships were defined in contracts and MoUs which spelled out clearly the responsibilities on each side. Partners reported on and were held accountable for results. That this could have real consequences is demonstrated by the partnership with the Regional Tourism Organisation not being continued.

The relevance to governance of the results of the partnerships is provided in the table below.

Table 7 – Key PSD partners related to the governance theme and improved collaboration between public sector players and better service to citizens

Key PSD Partners	PSD relationship content
Ministry of trade, tourism and telecommunications	PSD signed Memorandum of Cooperation related to cooperation on tourism development with Ministry of Tourism, Roads of Serbia and TOS and established collaboration among them on tourism signalisation, for the first time. The Ministry is developing a national Master plan for tourism signalisation based on the collaboration model developed Ministry, together with Roads of Serbia, invested 110,000CHF in this Master plan. The model is also being replicated to districts out of PSD area.
TOS, National tourism organisation of Serbia	Adopted the PSD business model related to improving transit tourism through better visibility of tourism attractions. 39,650 CHF Cost sharing of promotional activities: costs of new server for mobile app; development of mobile app; promotional events and media coverage.
PE Roads of Serbia	Adopted the PSD business model related to improving transit tourism through better visibility of tourism attractions. 72,500 CHF Costs of setting tourism signs; 50% of cost of Master plan development.
Ministry of agriculture and environment protection	PSD signed Memorandum of cooperation related to cooperation on agriculture development with Ministry of agriculture, in the context of developing a new law on alcoholic beverages (specifically rakia)
Private tourism sector, TOS, MoTTT	The Ministry of Education, Science and Technological Development (MoESTD) was successfully influenced to change the school calendar, responding to the wishes of the citizens
National Employment Service, NES	PSD signed Memorandum of cooperation with National Employment Service which supported trainee selection for tourism training. It may continue this function.
Municipality of Trstenik	Adopted the PSD business model. Municipality of Trstenik invested 245,454CHF (44% of total investment) in supplying raw material for agricultural production (seedlings, irrigation hoses, construction for green houses). This is replication of PSD model of supporting poor to start raspberry production outside of PSD area.
Municipality of Trstenik	Adopted the PSD business model. Municipality invested 25,497CHF (40%) in co financing founding of apiary (hives and swarms) for new beekeepers.
Municipality of Trgoviste	Adopted the PSD business model. Municipality invested 2,3956CHF (40%) in co financing founding of apiary (hives and swarms) for new beekeepers.
Municipality of Rekovac	Adopted the PSD business model. Municipality invested 3,035CHF (40%) in co financing founding of apiary (hives and swarms) for new beekeepers.
Municipality of Lucani	Adopted the PSD business model. Municipality invested 8,180CHF (40%) in co financing founding of apiary (hives and swarms) for new beekeepers.
Municipality of Arilje	Adopted the PSD business model. Municipality invested 7,727CHF (40%) in co financing founding of apiary (hives and swarms) for new beekeepers.
Municipality Cajetina	Adopted the PSD business model. Municipality invested 9,091CHF (40%) in co financing founding of apiary (hives and swarms) for new beekeepers.

City of Uzice	Adopted the PSD business model. Municipality invested 27,273CHF (40%) in co financing founding of apiary (hives and swarms) for new beekeepers.
Municipality of Prijepolje	Adopted the PSD business model. Municipality invested 66,70CHF (40%) in co financing founding of apiary (hives and swarms) for new beekeepers.
City of Valjevo	Adopted the PSD business model. Municipality invested 6,500CHF (40%) in co financing founding of apiary (hives and swarms) for new beekeepers.
Municipality of Sabac	Adopted the PSD business model. Municipality invested 25,990CHF (40%) in co financing founding of apiary (hives and swarms) for new beekeepers.
Municipality of Cajetina	Adopted the PSD facilitated Information and communications technology (ICT) governance solution. Cost sharing for establishing One-Stop-Shop in Cajetina municipality in the amount of 3,200CHF.
LTO Zlatibor	Adopted the PSD business model related to improving capacities of tourism businesses to sell offer at international tourism markets. It improved collaboration with the private sector, increased organisational capacities. 20,940 CHF cost sharing. Implementation of marketing strategy, website restructure, travel and accommodation costs, printed materials.
LTO Raska	Adopted the PSD business model related to capacities of tourism businesses to sell offer at international tourism markets. It improved collaboration with the private sector, adopted the PSD business model and cost-shared for 10,330 CHF. Implementation of marketing strategy, website restructure, travel and accommodation costs, printed materials.
HORES, Business Association of Hotel and Restaurant Industry	As a result of PSD facilitation the project reports that recently a National Tourism Sector Committee has been formed and approved by the Ministry of education, science and technological development. The Committee is a public-private professional and advisory body, headed by HORES.
Association of Rakia Producers	The project signed an agreement with the association and intensively collaborated in terms of the new law preparations, draft law changes and its adoption. The law was adopted.
Optimus/LSG Cajetina	Adopted, for now, the PSD business model related to improving the business enabling environment to increase investments in tourism infrastructure. 11,000 CHF Cost sharing for establishing One-Stop-Shop in Cajetina municipality.

On the side of challenges, the project's governance analysis of the regional tourism association capacity overestimated the real potential. As a consequence the expectation that it could manage and coordinate its destination portfolio was dropped. However, the LTOs took over this function.

The project did not sufficiently encompass relevant organizations in terms of potential scale agents. An example is the Standing Committee for Town and Municipalities (SCTM). The SCTM is not only a Swiss beneficiary of many years but also an important connection for LSGs with the central government level. The SCTM has established functional mechanisms such as the public finance LSGs network, LSGs public finance committee, a system for LSG officials training, a system for advocacy, policy dialogue and peer learning, to mention the key ones. It is already cooperating with a Swiss Economic Cooperation (SECO) funded project, i.e. the LSGs public finance reform project in Serbia. Partnering with the SCTM could establish an important scaling up function currently missing.

Moreover, the project could consider addressing some of the gender mainstreaming related governance constraints. E.g. like work with LSGs on institutionalization of grants quotas.

In conclusion, the project has effectively mainstreamed the good governance theme, resulting in better collaboration between market players (private and public), better service provision to citizens, and inclusion of groups so far largely excluded. A more encompassing analysis scope in terms of potential partners and inclusion of more governance related organizations and an additional focus on gender mainstreaming and governance could further expand results.

8. Use of the Market Systems Development Approach

In this chapter we consider to what extent PSD has used the MSD approach. This comprises a cycle of research, intervention design, partner selection, implementation (usually starting with a pilot), and scaling up if the intervention shows good results, or redesign if appropriate. Monitoring and Results Measurement (MRM) is a continuous process that feeds into the entire cycle and a key part of the MSD approach. It is considered at the end of this chapter. The approach is also characterised by a project taking a facilitating role, i.e. not doing what market players are meant to do but enabling them to improve the way they fulfil their roles, or to take on new roles.

8.1. Research and analysis

The project has carried out research on each of the selected market systems. This included use of secondary sources and interviews with a wide range of market players, in the public and private sector.

The analysis applied the MSD analytical framework in that constraints were identified on the “core transaction” in the market system” (e.g. between producers of traditional products and buyers) and their causes in “support functions” (such as training, information, finance) and “rules” (legislation, policies, informal norms, the business enabling environment generally). An overall successful effort has been made to identify “underlying causes”. E.g. the “rule” that caused the exclusion of “soft rakia” producers (farmers) to be legally excluded from the value chain was the 2009 Law on rakia and other alcoholic beverages, but the underlying cause was a lack of coordination and advocacy capacity among the market players. Tourism marketing in foreign markets was ineffective, the underlying cause was weak LTOs, and one of the further causes of this was lack of collaboration between LTOs and the private sector. This type of analysis is key to the MSD approach.

The research and analysis was summarised in English in “Sector Strategies”, for tourism and traditional products. These also follow the MSD analytical framework and identify potential intervention areas.

For the different interventions that were selected further detailed research and analysis was carried out, e.g. on the reasons that previous attempts to extend the winter season had failed, and the potential benefits of the extension for the tourism sector as well as children, parents and the education system; on obstacles to young people finding a job in the tourism sector or starting beekeeping and raspberry growing; on existing roles of market players in tourism signalisation. This made use of further extensive interviews and review of secondary sources. The research was of good quality, and findings were shared with market players, who told us it had been very important to what ensued. In the case of the extension of the winter season market players contributed significantly to the research.

8.2. Selection of intervention areas

PSD considered intervention areas suggested in the project document (which were based on the experience in Phase 1), and those indicated by the research. It used the following criteria to come to a short-list:

- Potential to create additional jobs, sustainably.
- Potential to generate additional income for the targets groups, sustainably.
- Potential to benefit women specifically (productivity, employment or other benefit), sustainably.
- Feasibility of realising the potential (considerations included PSD’s budget and influence, potential partners’ will and skill and the political economy); this also considered potential scale and sustainability.
- Including some interventions where results can be achieved within 18 months.

For short-listed intervention areas PSD drew up results chains and impact projections, and identified main areas for additional research. This was the basis for final selection of intervention areas, which was supported by the backstops. The experience of VEEDA in similar intervention areas (e.g. training, blueberries) was taken into account too.

This process was thorough and appropriate to the project’s goal and its approach. It is noteworthy that the last criterion helped to select interventions that did indeed show results in terms of youth and women employed soon (though maybe not in 18 months): support to new beekeepers and raspberry growers, and tourism training. While a change in the “rules” of a market system usually takes longer to show impact, the extension of the winter season showed remarkably quick results too once it was approved.

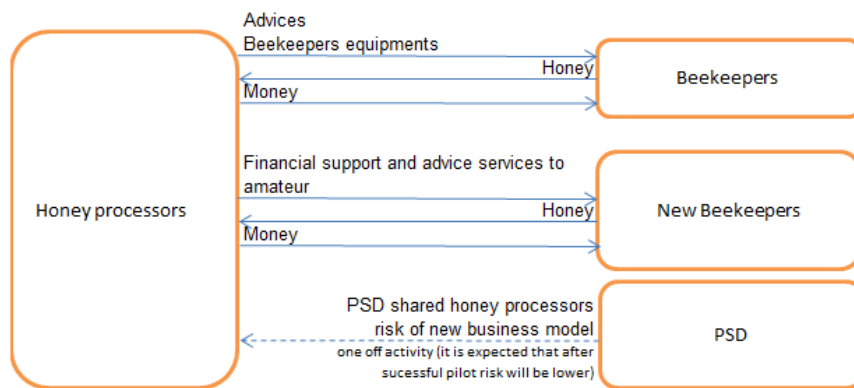
8.3. Interventions design, business models

Interventions were based on the analysis conducted, and on a statement of the expected systemic change and the strategy to achieve it. Results chains detailed this strategy, or rather, constructing results chains was the way interventions were conceptualised. This is good MSD practice and very effective, though many projects make insufficient use of results chains as a strategizing and planning tool.

Statements of the expected systemic change are not always sufficiently clear, as they are often confused with strategy. That is, the project describes in detail what it wants to happen rather than what specifically it wants to be in place by the end of intervention. We would have preferred to have a separate narrative “vision of the future market system” in MSD parlance, that is, a statement of how the market system will work after the intervention.

This need is partly addressed by diagrams of the new business models the interventions will introduce. Business models show the transactions a project expects in the changed market system and are a fundamental element of interventions and the basis for discussions and negotiations with potential partners. By way of illustration we copy one below, for new beekeepers. We can see from this example that business models evolve over time, as it does not yet include the mentors for starting beekeepers and support from municipalities.

Diagram 3: Initial business models new beekeepers



Again, though business models are basic to the approach, not all projects make the effort to design them clearly as part of the intervention design and PSD is to be commended for doing so. It was therefore clear about what it wanted to achieve when it went into discussion with potential partners.

As we have seen in the assessment of the intervention results not all business models contain realistic funding sources (NES as the only funder of tourism training) and some include no indication of such sources (e.g. the advocacy effort for extending the winter season). The intervention to change the rakia law includes a business model for the exchanges between producers and distilleries, but not for advocacy. This could have been better, and especially the last two confirm our earlier finding that these interventions aimed at changes in legislation, not at establishing an advocacy capacity. They were therefore not designed to address underlying causes of market system underperformance, which is a weakness.

The intervention designs in terms of results chains are generally clear, and include behavioural and impact changes for market players at different level (e.g. for honey processors as well as for new beekeepers).

Intervention designs include steps to bring change to scale, which is another good practice not generally applied. This is important because change that cannot be brought to scale is not worth supporting if the intention is to affect many people. As we have seen, some scale strategies are rudimentary (dairy, beekeeping and raspberries in particular), while there is none for the degustation centres. This needs to be addressed.

8.4. Partner selection and partners

Partners were selected using the so-called “will-skill” matrix, i.e. on the basis of their interest in and their capacity to introduce a new business model. The project used a number of sub-criteria:

- Skill: understanding of the intention of the intervention, institutional capacities, and advocacy capacities/influence on other market players
- Will: Self-motivation/beliefs, attitudes, values

Potential partners were scored on these criteria. This required extensive interviews, including with other market players on the partners’ image and business practices, and with employees. Due diligence assessments were done as well. In some cases the partners were largely given by the objective of the intervention, e.g. as in the transit tourism signalisation.

The process was thorough, and in line with good practice. It has resulted in collaboration with partners appropriate to the interventions and with sufficient incentives and capacity to adopt the new business models. Many are key players in their sector. Whether partners were in the public or the private sector partnerships, or both, depended on the intended change in the market system. Partnerships were clearly defined in MoUs and contracts.

The only case in which an ineffective partner was selected was the Regional Tourism Organisation Zlatibor, which proved not to be able to deliver as expected. This was at the start of the current phase.

While the final beneficiaries of some of the interventions (raspberry growers and new beekeepers, degustation centres) are not project partners, PSD took an important role in facilitating their selection. Calls for applications were issued in collaboration with partners (through leaflets, websites, local media, billboards). For new raspberry growers and beekeepers selection criteria were used which included official unemployment, age, and gender. Selection was done by private sector partners and PSD, municipalities where they were involved, and in some cases local beekeepers associations. This was appropriate and the process was transparent. New raspberry growers and beekeepers we met fell within the target group. They and the partners praised the selection process.

Selection for the degustation centres followed a similarly thorough process. LTOs were asked to identify potential beneficiaries, considering location near to transit routes, the activity producers were involved in, technical preconditions and interest. Proposed centres were evaluated through field visits (including PSD) and assessment on the above criteria as well as attractiveness to tourists, complementarity to the existing tourism offer and diversification, and avoidance of competition in the same locality. Poor municipalities were given priority. Final selection was by PSD and the LTOs. We found the final result to be in line with project objectives and its target group, with one exception where the beneficiary could easily have fully funded the investment.

8.5. Implementation

Detailed cost-benefit analyses were constructed for nearly all interventions, in discussion with potential partners and using information from other market players. This is also a good practice not consistently applied by other projects and therefore commendable.

The analyses were the basis for a “business offer” with which partners were approached, where applicable (as in raspberries and marketing to foreign tourists, but not in for instance extending the winter season). These stated what the project wanted to achieve, what the inputs were it offered and what was expected from the partner. They were the basis for detailed negotiations, and cost-benefit analyses were refined in this process. This is good MSD practice.

Again where applicable, the project supported pilots with the partners and assessed initial results before proceeding with scaling up. This is good practice. Interventions were adapted on the basis of experience or changing circumstances, as for instance in the inclusion of mentors in the new beekeepers model, the shift to HORES as PUTTS lost capacity, and the involvement of media when this seemed necessary to influence the MoESTD to change the school calendar. Municipalities were taken on board when they presented themselves as parties interested in funding new raspberry

growers. This flexibility is one of the defining characteristics of the MSD approach and the ability to be flexible was key to the project's achievements.

The support the project has provided, apart from its own facilitation, has included funding for research, technical support (consultants and training), and promotion. These are usual modes of facilitation. The project has also cost-shared the direct costs of introducing new business models, e.g. through in-kind grants to starting beekeepers and raspberry growers, and technical equipment to test quality for the dairy firms. Cost-sharing is an accepted way of reducing private sector risk when introducing a new business model. In theory once a business model has been demonstrated in this way cost-sharing with other or the same firms should not be necessary, but in practice this is generally not the case. Cost-sharing levels should decrease, though, and this is what is generally happening in PSD. This is appropriate. In one case, though, the project has part-funded one of the new advisors to dairy farmers. This is better avoided. Paying staff often weakens the potential for sustainability.

Overall cost-sharing levels with private sector partners are generally below 50% (between 9 and 34%), which is often used as a rule of thumb cut-off point. Two exceptions are the first pilot of support to new beekeepers (58%) and support to HORES in tourism training (75%). The first has paid off, as it served to demonstrate the model for the first time and cost-sharing for the concerned firm as well as others has been reduced. As we have seen the second investment still has to pay off in terms of sustainability and scale.

Cost-sharing with public sector partners was higher, mostly over 50%, as is usual due to limited budgets and willingness to take risk. The project invested heavily in the establishment of tourist signs (74%, CHF 201,107), but this has been justified by the model having been taken up by the partners and now being replicated without PSD contribution. This is the case too for other interventions where contributions were less.

The advocacy efforts to extend the winter season and to change the rakia law were fully funded by PSD. While a range of private sector players were involved, none was clearly in the lead and willing or able to share the cost. We already noted this raises the question who would fund possible future advocacy.

The project reports that negotiations were often difficult, with partners expecting more financial support. PSD has done well in overcoming this by clarifying what it wanted to achieve and how, without technical and fruitless explanations of the MSD approach.

In its own facilitation role during implementation the project has been relatively hands-on, as for instance demonstrated by its involvement in beneficiary selection and drawing up contracts with beneficiaries. This has reduced over time. PSD has also provided continuous monitoring and advisory support, including through frequent field visits. Partners commented positively on this and on the support provided. Much of what PSD did was bringing market players together and supporting them in establishing collaboration, which is positive.

In winter season advocacy effort PSD may have taken too much of a leadership role, coming close to taking the role of a market player. This is the result of there being no obvious alternative and the intervention not being designed to develop advocacy but to change the school calendar. PSD's

leading role reduced over time, as market players took a more pronounced and visible role, which is positive. In the rakia intervention its role was less prominent, as there was a strong association that could take the lead after the initial stages.

8.6. Scaling up

We have already assessed the project's achievements in terms of scaling up business models in Chapter 5. PSD has supported this through continued, though reduced, cost-sharing and advisory and technical support. While cost-sharing market uptake of a model is not ideal, in practice it is often necessary. In the tourism signalisation intervention cost-sharing was phased out completely, which is a good achievement.

Scaling up is often achieved through scale agents, i.e. businesses, organisations or institutions that have scale and are able to foster wider uptake of a model. These could include national level public institutions, business associations, chambers of commerce, or larger enterprises higher up in the value chain. So far the project has insufficiently made use of this mechanism, relying largely on case-by-case replication. It is, however, considering several options. It will need to pursue this further.

8.7. Monitoring and Results Measurement

The project has been evolving its Monitoring and Results Measurement (MRM) system over the past period in order to improve its quality and effectiveness. The mock Donor Committee for Enterprise Development (DCED) audit and the work with the backstop, as well as collaboration with the VEEDA PSD project, have facilitated this process.

The resulting MRM system comprises Intervention Plans (excel workbooks) for all 9 interventions. These now include detailed business models, intervention strategies, results chains of which some (not all) have relatively detailed scaling-up strategies, detailed measurement plans with behavioural change indicators, qualitative and quantitative indicators, displacement risks, and an activity log. They also include a record of the partner selection criteria and assessment against them, and provide risks, assumptions and results projections.

Other needed documents are now also in place. These include separate records such as disaggregation by sex of impact and a record of the partners' contributions. Especially the first should be part of the intervention plans. Records are also maintained of thorough cost-benefit analyses for the business models (honey, raspberries, dairy, trainings, winter season, OSS, foreign promotion, etc.). Most are separate from the intervention plans, and should be included there.

The 9 intervention plans include detailed calculations on which the Full-Time Equivalent (FTE) jobs and net additional income projections (and targets) are based. These are linked to the measurement plans and use projections and assumptions that are based on expected project achievements, findings from the context study and market system analysis, data provided by experts, and first findings of what is actually happening in practice. The result chains are comprehensive and well-focused on the systemic change level (including behavioural change). They include indicators (largely quantitative) and targets and/or deadlines. Many of the targets are appropriately semi-annual and annual, which enables meaningful MRM reviews.

The measurement plans provide details on the indicators and targets (which are sex-disaggregated where relevant), and specify how, when and by whom progress will be assessed. To the extent we

could judge the plans are being implemented as expected and the research methodologies are appropriate. They include large surveys in order to monitor results and impact.

The project kept its plans and results chains up-to-date and is placing an effort to ensure that data on findings on the indicators in the Monitoring and Evaluation (M&E) sheets, recorded separately, are updated as planned. The change-logs updated and provide a clear revision history. This is all commendable, but data on results should be included in the intervention plans.

The project's results chains and intervention progress are reviewed twice per year, sometimes with support of the backstop. The reports on these are rather lacking detail but are a step in the right direction. With the backstop's help the project performed the 2014 mock DCED audit that resulted in 20 recommendations that were followed up by the project. The key improvements include: improved assumptions in the assumption sheets, included crowding-in in the result chains, included diagrams of the business models, include log sheets in the intervention plans, explained universal impact indicators, documented projected results, explanation of the key changes, and clearly disaggregated reported impact.

The project keeps track of outreach to its target groups for each intervention in excel sheets.

On the side of challenges, the project experienced a staff change of the MRM management portfolio that placed the entire team on an additional learning curve. This is progressing commendably. However the new MRM manager is currently at only 80% work time which is insufficient, and will be especially so when new interventions have to be designed.

Concerns are that the project uses indicators and targets that are sometimes not SMART (Specific, Measurable, Attainable, Realistic and Timely) and that there is a lack of transparency in terms of the results attribution methodology and the actually applied attribution percentages. The project does have and applied attribution methodologies and criteria but these, and the resulting attribution percentages, are not presented transparently in the Intervention Plans. This needs to be addressed. Also, a number of attribution estimates presented to us on request are set at 100%, which in real life translates into a lack of recognition of the partners' efforts. We have already provided an example of this in Chapter 5. This needs to be questioned, revised and improved.

The project only seldom reports on problems encountered and usage of MRM to draw out lessons learned seems to be subordinated to the MRM monitoring and accountability functions. Use of the MRM for these purposes can greatly enhance a project's effectiveness. Ways in which this can be facilitated include allowing for a new report heading on "lessons learned".

The six-monthly project progress reports could benefit from more critical consideration of the interventions and inclusion of lessons learned. So could the "Intervention reports" (case studies on each of the interventions), which are very useful but read too much like promotion, have little on problems encountered (losing the First Private Hospitality-Touristic School, PUTTS as a partner in the tourism training intervention is a "minor obstacle"), provide no critical analysis of sustainability, and offer no lessons learned.

Finally, integrating all the MRM related documents, such as attribution methodologies and percentages, and results on the indicators (sex disaggregated) into the MRM Intervention Plans would further improve the system's effectiveness.

In conclusion to this chapter, PSD has done very well at using the MSD approach throughout the project cycle, with high quality analysis, the use of business models and business offers, cost-benefit analyses and partner selection among the strong points. Some scale strategies need further work and should consider working with scale agents.

PSD's facilitation role has been appropriate. It developed over the project's duration in terms of reducing financial contributions and taking a less prominent role as interventions unfolded and models demonstrated success.

The project has made exceptional progress in improving the MRM system since Phase 1 in terms of the quality and effectiveness. The system is robust and appropriately results-oriented. This is one of the most advanced MRM systems the reviewers came across. Some weaknesses still need to be addressed, in particular with regard to attribution methodologies, and the project can make better use of the MRM system and reporting in documenting lessons learned. However, we do not consider a DCED audit necessary for further improvement and for further establishing the credibility of the reported results if attribution problems are addressed.

9. Efficiency

In this chapter we consider several aspects of efficiency: the project team and management, expenditure, backstopping, steering, and collaboration with other Swiss-funded projects. Finally we will consider cost efficiency in achieving the project goal.

9.1. Team and management

The end of Phase 1 saw the departure of the project manager and 2 team members. This led to rapid professional development efforts of the new team in Phase 2, under an energetic and effective team leader. The team has established good internal cooperation as well as effective collaboration with the private sector and government partners alike. This is confirmed by the high reputation of the project and individual staff members. Our numerous meetings, as well as the evaluation preparation and its follow up process, shown that the team has a common vision of what the project is meant to achieve and how. Clearly, the team grew and the project became a strong facilitation agent.

The intervention portfolios have been allocated well to staff members with expertise in the two sectors, who are also well oriented towards MRM. The team includes the MRM Manager and the Gender Focal Point functions which are integrated in the intervention portfolio work, research and implementation alike, especially the MRM one. Numerous discussions with the team members reflected a good understanding of the MSD approach as well as a thoughtful consideration of some of the dilemmas practitioners face, such as in partners selection, the work with the public sector and balancing the need to show results in creating jobs and income with achieving systemic change. Evidently, the team is committed and well-qualified.

The team leader is an energetic advocate of the team, project, the MSD approach, and the tourism development agenda at large. This has a strong positive effect on the team and its performance. Relations in the team are constructive, with open discussions and complementary skills, e.g. with some more focussed on the strategic level, others more operational. Staff members are able to stand in for each other and there is no sign of “silos” having developed. The team's work benefits from a hands-on yet delegative management.

The team uses regular weekly meetings for tasks allocation, resources management, and steering purposes. It keeps a log-book of these meetings' minutes. It also has complete records of important meetings with stakeholders and partners and of decisions taken with regard to project strategies, outputs, targets, and the database on these. This is commendable as it improves the project's management effectiveness and efficiency, contributes to its institutional memory and helps remedy communication issues with GoS partners.

The project has a good professional development training record, which played an important part in getting the team to its current level (see Annex 5).

The project reports to the Swiss Cooperation Office every 6 months, with an Operational and Financial Reports. The quality of the reports has been adequate albeit lacking lessons learned as well as a sufficient indication of self-critical and re-thinking capacities.

The SDC Internal Control System (ICS) reviews show that the project's financial and administrative systems are in place.

Relations with the RDA Director are maintained through frequent meetings and are effective. The project generally presents itself to market players as the RDA rather than PSD and this has resulted in an increase in credibility of the RDA.

On the side of challenges, while the staffing level is overall adequate at present, the MRM officer is still involved in implementation and facilitation tasks and should go to 100% of MRM time. He has not been replaced yet in his previous function. The project could also benefit from a stronger Gender Focal Point. He could benefit from gender mainstreaming professional development. Also, the entire team voiced a need for further MRM training and professional training related to presentation and external communication skills. These skills are becoming increasingly important with the project developing more relations with national level players and high-level officials. The project should therefore continue investment in staff capacity.

The project does semi-annual work plans but these lack sufficient detail, such as main activities and timelines. This could affect monitoring and project management. More detailed and reported on semi-annual interventions' reviews could contribute to an increased focus on learning. Use of the MRM for learning could also contribute to more learning. This would be helped by a stronger dose of self-criticism.

9.2. Finance

The project has thus far spent 75% of the total budget under its control (which excludes backstopping costs). This is as expected since about a quarter of the project period still remains. Planned expenditure indicates that all funds have been allocated and are likely to be spent.

The level of funding has been appropriate, as the project reports that it has not been a constraint on its decisions on interventions and cost-sharing.

The project has done well at resisting the temptation to spend early on in the project. It has instead made sure good analysis, intervention design and partnerships were in place first.

9.3. Backstopping

The project is backstopped by the Springfield Centre for Business in Development, as in Phase 1. This has taken the form of missions by the main backstop about every 6 months, an additional mission on MRM, and frequent e-mail and Skype contact.

Our discussions with PSD management and other team members and review of the backstopping mission reports indicate the support has been of high quality. It has contributed to building capacity, on the MSD approach, MRM, and international experience, the overall strategic orientation, and design and review of the interventions. The project reported that the backstops "ask the right questions" and this is confirmed by the mission reports. These provide a clear and concrete account of findings and key issues and offer actionable recommendations. Most of these recommendations have been followed up by the project. However, the backstops understand their role (correctly) as providing support and advice, not as telling the project what to do. Not all recommendations have therefore been taken up as we would have preferred to see, e.g. the more plausible and modest calculation of attribution of impact.

9.4. SDC steering

The SDC country office has performed several ICS visits each year. These visits targeted the project's administrative, financial and programmatic control and resulted in the project benefiting in terms of the efficiency and effectiveness of its internal systems as well in terms of programmatic steering. The eight reviewed ICS reports are constructive and positive overall. Each has a set of recommendations, related to administrative and programmatic aspects alike. The project has a good record of adhering to these in terms of follow up. Typical recommendations include a focus on scaling up prospects, assessment of the results, and various business enabling environment related issues, among others. This thorough SCO steering work through the ICS model was an important asset in terms of the project's management and performance. However, some of the recommendations are yet to see adequate follow up. One of these is the one from September 2014 that states "*Develop more clear intervention idea on Increasing visibility of Tourism Attractions and Valorisation of Tourism attraction interventions*", with reference to the support to new degustation centres. Our findings indicate the same need.

The above arrangement is effective. It has enabled the SCO to provide overall strategic direction, to facilitate the exchange of good practices and information between the two PSD projects in Serbia and synergies with other projects (see below), as well as to when possible mitigate any bottlenecks in the project's work at the policy level. This is also due to the effective involvement of the National Programme Officer in question, his good understanding of the MSD approach, and involvement in other PSD programmes. Beyond the ICS visits he has been in frequent contact the project as well and conducted extensive debriefing sessions with the backstop.

9.5. Collaboration with VEEDA PSD

The PSD project has collaborated with its sister VEEDA PSD project in a number of ways. Since the start of Phase 2 there were two joint Advisory Board meetings. Some of the advances with the public sector are due to the Board providing a platform for coordination with market players at the national level and between the two projects. This greatly contributed to partner relations and policy level impact such as on a new Food and Hygiene regulation.

The two projects organized a number of joint coordination sessions and kept in continuous ad hoc communication as needed. This enabled the two projects to improve their intervention strategies by applying good practices generated. PSD and VEEDA regularly exchanged experiences and information on the labour market in order to improve intervention strategies and performance in targeting unemployed people. PSD reports the sharing of experience was beneficial, in terms of peer-learning on the MSD approach, collaboration, and searching for new joint development opportunities.

The two projects closely cooperated on production of a new MRM manual. The purpose of this manual was to explain how the programmes monitor and measure results. The guide aimed at supporting efforts of bringing MRM systems closer to existing international standards and good practice while remaining compatible with Serbian legislation and Serbia's development context. The projects aimed at harmonising MRM systems, allowing for greater cross-learning and a degree of comparability.

Additional collaboration in relation to gender mainstreaming capacities resulted in support to PSD in establishing its focal point. This collaboration facilitated the follow up on the 2013 SDC Gender Review recommendations and helped PSD to better integrate the gender equality perspective into its interventions design and implementation.

The two projects jointly organized a regional exchange workshop, which took place in November 2014 at Zlatibor. The workshop's theme was the MSD approach and practice sharing between programmes in the Balkans with a special focus on result measurement and the DCED MRM Standard. Other participants included the Swiss contact-implemented, and SDC-funded projects in the Western Balkans such as PPSE-Kosovo, IME-Macedonia, and Risi Albania. This regional exchange resulted in PPSE inviting PSD to collaborate on an intervention on promotion of tourism packages. This included possible cooperation around linking Kosovo Serbs travel agents with other Serbian tour operators. The National Association of Travel Agencies (YUTA) was identified as a key partner and PSD organised a ground-breaking meeting between representatives of YUTA and PPSE.

On the side of challenges, it has been noted that the Advisory Board meetings were infrequent (also due to a frequent elections and political changes) and that the two PSD projects' joint collaboration with NES proved unfeasible due to NES internal changes and challenges. In fact, there appears to be a limited joint national focus of the two PSD projects given the similarity of the traditional products and horticulture sectors.

The absence of more frequent Advisory Board Meetings calls for consideration of creation of a standing organizational hub for coordination between the two projects, including at the more operational level which goes beyond the Advisory Board's brief. This could contribute to mutual reinforcement between the different initiatives and promotion of the MSD approach more broadly to the GoS, donors and development agencies. The two projects are already discussing this.

9.6. Collaboration with other Swiss funded projects

The project also continues cooperation with the Swiss Import Promotion Programme (SIPPO) by establishing joint coordination and cooperation between TOS and tourism businesses to build

Text box 4: June 22, 2016 Switzerland Global Enterprise Online Article on PSD

Local Tourism Organisations learned how to connect with local private sector partners, negotiate with them and bring them together in designing and selling the products

Bojan Milicevic, PSD Project Coordinator

capacities, select companies, and design unique tourism offers that were/will be internationally promoted at the Internationale Tourismus-Börse Berlin (ITB) 2015, 2016, and 2017 This joint PSD/SIPPO bid to strengthen Serbia's

international tourism through new capacity building for tourism businesses and LTOs just recently became a success story (See Annex 6). The partnership with SIPPO was established as part of the PSD activities related to capacity building of LTOs to improve promotion in foreign markets. The SIPPO trainings were used by LTOs to apply modern technologies (such as websites, social networks) to improve promotion and reach a wider target audience in foreign markets.

Furthermore, PSD developed mini-study on Serbian tourism and shared it with SIPPO. This served as a tool for SIPPO to improve its recognition of Serbian tourism potentials and consider investing in it. It supported SIPPO's objective to sustainably improve SMEs' economic performance by increasing

exports (including of tourism products) to Switzerland and the European Union. In our interview, the SIPPO regional representative called the joint work “a model of collaboration”.

The project was also engaged in collaboration with Helvetas-Swiss Intercooperation which organised an MSD peer meeting in Budva (2014) aiming to enhance cooperation between their Balkans MSD projects. The two PSD projects from Serbia were invited to share experience and present successful interventions. Also, PSD participated in the 2014 regional workshop organised in Tirana during which experiences on MSD in tourism with a focus on the DCED MRM Standard were exchanged. The PSD MRM Manager also participated in a 2014 training on DCED standards in Bosnia and Herzegovina.

The project was briefed by the Swiss Federal Institute of Intellectual Property (IPI) on agricultural standards. It also took part in the Swiss Integrated Trade Cooperation Programme (TCP) Phase IV 1st Advisory Board meeting and shared its experiences of working in the traditional production sector. This was in order to determine the potential of GI protection and cooperation between PSD and TCP. Finally, we should note indirect collaboration with other important programmes such as PROGRESS and Education to Employment (E2E). The project used the construction permits processing software for LSGs of the PROGRESS-OPTIMUS centre for good governance. PSD involvement with the E2E Programme Workshop was on planning the 2016-2019 E2E programme phase with the aim of considering its goals, measures, roles and market actors’ responsibilities.

9.7. Cost efficiency

We will now consider how the above management, team, backstopping and steering mechanisms, and the use of the MSD approach, are reflected in project’s cost-efficiency. To make possible a calculation of cost per jobs and additional CHF generated by the end of the project we will use the projections done by the project and its allocation of PSD costs made so far and planned to each of the interventions. PSD allocated the direct costs (e.g. cost-sharing with partners), and facilitation costs (mostly staff time) to the interventions they were made for and distributed overheads proportionally. The results are in Table 8 below.

Table 8: Cost per additional FTE and CHF

Intervention	TOTAL PSD costs at the project end (direct costs + facilitation)	Net Income (CHF) by project end	FTE jobs by project end	Costs per CHF generated to SDC (CHF)	Cost per FTE to SDC (CHF)
Winter season extension	213,238.00 CHF	5,916,382	636	0.04	335
Improving trainings in tourism sector	374,172.00 CHF	2,989,800	325	0.13	1,151
Improving capacities of tourism businesses to sell offer at international tourism markets	358,484.00 CHF	1,310,792	0	0.27	n.a.
Improving transit tourism through better visibility of tourism attractions	542,080.00 CHF	1,572,000	100	0.34	5,421
Improving BEE to increase investments in tourism infrastructure	159,319.00 CHF	8,397,295	201	0.02	793
Providing access for poor to raspberry production	544,904.00 CHF	2,271,318	800	0.24	681
Quality Assurance of traditional products	163,470.00 CHF	419,500	10	0.39	16,347
Improving the volume of sales and sales channels in honey production sector	423,282.00 CHF	2,233,800	380	0.19	1,114
Improving business enabling environment in fruit processing	151,051.00 CHF	1,020,000	0	0.15	n.a.
Total	2,930,000.00 CHF	26,130,887 CHF	2,452	CHF 0.11	1,195

The overall cost per job generated is nearly CHF 1,200. For our review of the VEEDA PSD project we found that globally the range is between CHF 1,230 and 37,000. For a later SDC review in the region we found the lowest published cost per job created through public funding in Europe was CHF 6,351, for an export promotion programme in Estonia³³. PSD obviously compares well with this. Its cost per job is also lower than VEEDA's at the time it was reviewed, which was CHF 1,600. This is likely to be due to the greater maturity of most of the interventions. The cost per additional CHF generated is also considerably lower than VEEDA's (CHF 0.61), but here we have to take into account that the contribution of the improving the BEE environment for investment in infrastructure is overestimated.

More generally, differences in attribution methods make the comparison not as valid as it should have been. An improved approach to attribution by PSD would increase costs per job as well as per additional CHF. However, even an increase by 50% would still indicate a high level of cost efficiency. Moreover, such an increase could be partly offset by disregarding the quality assurance in the dairy sector intervention, which aims primarily at increasing incomes.

Comparing the interventions, the lowest cost per job is for extending the winter season. This particular normative change had immediate effects as its implementation was a given. The raspberry growing intervention shows a high level of expected cost efficiency too, followed by the new beekeepers and the tourism training interventions. The latter refers, however, more to unemployed people being able to take up jobs rather than job creation. The cost per job for the improving the BEE environment intervention is an underestimation for reasons already indicated.

In conclusion to this chapter, the project's team has been carefully developed, is well managed and committed, and is oriented towards the principles of good governance and MSD. Increasing the MRM function for learning and undergoing additional professional development could further

³³Expert evaluation network, "Job creation as an indicator of outcomes in ERDF programmes", 2013, http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/job_creation/evalnet_task1_job_creation_synthesis.pdf

strengthen the team and its performance. Expenditure is on track. The backstopping has been excellent and made a key contribution to the project's success. Steering by SDC has been constructive and effective. Significant progress has been made with regard to cooperation between the two sister PSD projects and establishing coordination with other Swiss projects. The project has a good record of communication, coordination, and complementarity with these projects. A further step should be a permanent collaborative platform between the two PSD projects as well as collaboration with other youth employment Swiss-funded development efforts.

Overall the project has done well in terms of cost efficiency. The low cost per job for the winter season extension demonstrates the efficiency of facilitating a change in a national level "rule" (the school calendar) compared to improving access to services for instance. As most of the changes facilitated by the project are likely to become systemic, costs (to SDC) will be reduced in the medium and longer term.

10. Overall conclusion, recommendations and lessons

10.1. Overall conclusion

The project remains highly relevant to the context in Serbia and is well-aligned with GoS policies and strategies. Partners praised it universally for its relevance and approach. The project team has a high reputation, which strengthens its ability to facilitate change in the selected market systems.

The project has done very well at applying the MSD approach throughout the project cycle. Research and analysis apply the MSD analytical framework. Interventions have generally been designed to address underlying causes of market systems underperformance. The exceptions are the advocacy efforts to extend the winter season and the Law on alcoholic beverages, which focussed on the success of these efforts rather than on establishing an independent advocacy capacity. The project fully funding these interventions also raises the question who would fund future advocacy.

Potential partners have been approached with clear business models and offers for support, selection of partners has been effective overall and strong partnerships have resulted. The support provided to partners was generally appropriate, with the exception of full coverage of costs of the advocacy interventions and the high level of cost-sharing of the tourism training model. The latter indicates this model may not be viable.

The project piloted models and when these were successful undertook to scale them up. So far this has still depended on project support, including funding, albeit at significantly reduced levels. Scale strategies were included in the intervention designs. Those to enable unemployed youth and women to take up raspberry or honey production, and the model for improving quality in the dairy sector require further work, in particular with regard to identifying and using scale agents.

The signs of systemic change achieved are overall strong, in particular considering that many interventions are relatively recent. We expect nearly all the changes facilitated by the project to become systemic, assuming effectively designed and implemented scale strategies. This is an important achievement. The scale of (potential) impact of normative changes in the school winter holiday schedule and in the Law on alcoholic beverages is particularly impressive, and these are likely to remain in place. The new model for tourism signalisation is likely to be sustainable and affect the whole country. The work with two LTOs to improve promotion to foreign markets has led to a notable change in the way they work, including collaboration with the private sector. The models to support new beekeepers and raspberry growers have resulted in public-private partnerships between LSGs and processors that will further increase scale and that could be applied in other value chains.

Scaling up the model to improve quality in dairy production has been delayed due to market conditions, though the model is effective. As mentioned, the tourism training model may not be viable. The project's funding role is expected to be taken over by NES, but this is doubtful. The project has also not sufficiently engaged with other public and private sector providers of tourism education and training. This may change as a result of engagement with the recently established Tourism Sector Committee, facilitated by PSD. The intervention to pilot a One-Stop-Shop for issuing

construction permits, in one LSG, holds no further potential due to factors beyond the project's control.

Progress towards the project goal has been very good, with the target for FTE jobs generated already exceeded, and projections for additional income generated and numbers of traditional product producers increasing their return on labour by at least 10% indicating targets for these will be achieved too. However, the attribution levels the project uses are too high and need to be revised.

The project has developed an excellent MRM system, with minor weaknesses that should be addressed. PSD does very well at monitoring progress and assessing impact. It could still do better at generating lessons learned. Its staff and management are competent and confident, and management systems are in place.

Overall our assessment of the project is very positive.

10.2. Recommendations Phase 2

The approach

1) PSD has done very well at applying the MSD approach. Our only recommendations here are:

- Avoid funding interventions for which there is no partner contribution.
- Phase out cost-sharing where there is no critical need.
- Develop plausible and detailed scale strategies when an intervention is designed. This is important because, among other things, involving scale agents from the start (in pilots) will increase the chance that they will become effective in scaling up.

Interventions

Extending the winter season

2) The stated objective of this intervention has been achieved, but not the intention of the output, i.e. "improved coordination, advocacy and representation of tourism related private sector bodies to local and national government", including an entity that has an advocacy function. The project should:

- Consider facilitating development of an independent advocacy capacity, and possibly an "entity", around a new advocacy initiative. This is likely to have to continue beyond the present phase.

Improving the business environment to increase investment in tourism infrastructure

3) The One-Stop-Shop intervention in its current form can be considered as completed. However, related intervention areas that can be considered are:

- Address difficulties investors encounter in applying for construction permits online with the new software that has been introduced.
- Use of the Optimus software in the context of LSGs' implementation of the Law on Administrative Procedures as it relates to the private sector. This would require PSD to first

do its usual assessment of the need for, feasibility of, and potential impact in its sector of such an intervention.

Improving transit tourism through better visibility of tourism attractions

- 4) This intervention has progressed very well. To further consolidate results the project should:
- Proceed as planned in its facilitation role with MoTTT, TOS and Roads of Serbia.
 - Consider ways in which the effectiveness of the role LTOs play in the business model can be strengthened.
 - Consider, for the sake of clarity, the support to degustation centres as a separate intervention and expand its scope to traditional producers more generally.
 - Develop a viable scale strategy for the degustation/traditional producers intervention that makes use of a public sector scale agent and attracts public sector funding. Possible scale agents include the MoAEP, MoTTT and the SCTM.

Improving capacities of tourism businesses to sell offer in international tourism markets

- 5) The intervention is showing good results, including with regard to sustainability, at two LTOs. The project should:
- Cease all cost-sharing with these LTOs. Continuing is not necessary and could create a dependency.
 - Proceed as planned with partnerships with three further LTOs in key tourist destinations.
 - Bring the 5 LTOs (if the additional 3 are successful) together in an advocacy effort to influence TOS to adopt their model at the national level.
 - Depending on TOS's response, and a feasibility assessment, consider support to TOS adopting the model. This may well have to be included in Phase 3 rather than attempting it in the present phase, depending on the assessment of TOS's "will" to change.
 - Proceed with TOS on the basis of step-wise results (if one step does not happen do not go forward) and keep ambitions limited and realistic (the project is not going to "restructure TOS").
 - Develop a realistic scale strategy for more LTOs to follow the example of the initial 5, if more destinations can be identified with international market potential.
 - Support the establishment of destination management organisations or informal collaboration for the same purpose if these emerge from the market players themselves.

Improved quality and availability of staff recruitment and development resources in the tourism sector

- 6) While short-term demand driven training has been successfully pilot tested, the new revised model the HORES Academy will adopt still needs to be demonstrated. The project should:
- Develop, with HORES and tourism market players, a funding model that depends less on NES and sees firms that hire graduates pay the cost of training, with NES making up the difference.
 - Provide significantly reduced support to testing the new model.

- On the basis of this pilot, support HORES in lobbying for NES funding as already planned. If the pilot is not successful, do not proceed.
- Draw in more public and private training providers, some of which may be in a position to copy the original model.
- Provide facilitation support to the recently established Tourism Sector Committee, if required.

Improving the business enabling environment for plums traditional products (rakia)

- 7) This intervention has resulted in a sustainable change in legislation, which could affect plums producers and distilleries on a large scale. Weaknesses are that most farmers are unlikely to know about the change and distilleries that adapted to the previous law may prefer to continue rakia production from scratch, mainly for control of quality reasons. In addition, no independent advocacy function has been developed as intended by the output. The project should:
- Before the plum season develop ways to inform more producers. The preferred channel should be the distilleries.
 - Apply the quality control model in traditional dairy production to the rakia sector, to address quality control constraint. This could include a project-supported pilot.
 - Precede as planned with support to the development of bylaws/the Rulebook that operationalizes the Law on Strong Alcoholic Beverages, but taking a much more indirect role and using the exercise to develop an independent advocacy function.

Providing access to poor for raspberry and honey production

- 8) The models for raspberry and honey production are showing good result for the target group and in terms of sustainability of the model. More can be achieved on scale. The project should:
- Develop detailed and realistic scale strategies that do not depend on continued replication supported by the project. For honey production this could include demonstration of the model to the remaining honey processors and use of scale agents in particular for support from the LSGs, i.e. the SCTM and the MoAEP from which subsidies originate. For raspberries production a wider effort to increase market uptake by cold store/exporters will be needed, for which the project should consider the same scale agents as well as the Association of Cold Stores.
 - Include an intervention in the scale strategy to facilitate market uptake of the model in other value chains, e.g. other fruits and vegetables.
 - Cease co-funding replication of the models. This is no longer justified given the models have demonstrated effectiveness.

Quality assurance of traditional products (dairy)

- 9) A successful pilot has been conducted, but scale has not been achieved yet. A plausible scale strategy is not in place and market conditions are perceived to be unfavourable by milk producers, though improving quality is a priority under these conditions. The project should:

- Develop a detailed and realistic scale strategy that does not depend on continued replication supported by the project. This should include a scale agent, with possible candidates being the MoAEP and the Union of Serbian Milk Producers or other associations.
- Include an intervention in the scale strategy to scale up the model in other value chains.
- Work with national level market players including the above mentioned scale agents, to develop a “vision” and strategy for small dairies and milk producers in Serbia (excluding Vojvodina which is dominated by large commercial producers). This may have to continue in Phase 3.

In addition we have the following recommendations on other issues.

Women’s Economic Empowerment and Governance

10) To enhance effectiveness on the transversal themes the project should:

- Strengthen the analysis in any forthcoming research of underlying constraints on women’s participation in the selected market systems and address these in intervention design, including by more consistent participation of the Gender Focal Point in this process.
- Work with LSGs to ensure that targets for participation of women in subsidised models (e.g. new raspberry producers) are maintained effectively.
- Continue the focus on tangible governance issues and partnerships, whenever systemic changes and results are likely.

Project team, management tools

11) The following recommendations aim at further increasing team efficiency and effectiveness.

- Appoint the new MRM manager full-time as the upcoming period will see a significant amount of assessments and further development of the interventions.
- Recruit a new staff member to replace him in his previous role of coordinator.
- Invest further in capacity development of the team: of the MRM manager and the Gender Focal Point (both priorities – this should include improving their understanding of WEE indicators), on MRM for the full team, and on communication, presentation and negotiation skills to strengthen the team’s ability to interact effectively with high-level officials.
- Develop and apply a format for more detailed semi-annual plans.
- Strengthen the team’s capacity to draw lessons from their interventions, including through better use of the MRM and to record them in reports. The backstop should play an important role here.

Monitoring and Results Measurement, logical framework

12) The project has a robust and well-functioning MRM system, with some minor weaknesses. It has suggested changes in the logical framework indicators to reflect its changes in strategy made in response to market conditions as it encountered them (e.g. public rather than private sector investment in promotion to foreign tourism markets). We recommend:

- Integrate important records (e.g. on gender disaggregated results) into the Intervention Plans.

- Include detailed attribution methodologies, their justification, and results in the MRM and show how they are being applied. This should include a revision of the current high levels of attribution.
- Ensure all indicators and targets are SMART and exclude baseline values from results.
- Do not invest time and funds in a full DCED audit. This would be a major distraction in the last year of this project phase and the system has sufficient credibility.
- Do not invest time and no doubt considerable effort in changing logframe indicators. This would not be useful at this stage and the project can continue its present approach of explaining the reasons for its changes in strategy.

Steering and collaboration

13) Steering mechanisms are effective, apart from infrequent meetings of the Advisory Board and the project has done very well at collaborating with other initiatives. The following improvements can still be made:

- Ensure annual meetings of the joint PSD Zlatibor/VEEDA Advisory Board (SDC).
- Establish a joint PSD Zlatibor/VEEDA coordination body to further enhance synergies and collaboration at the strategic and operational levels.
- Identify joint partners for PSD Zlatibor and VEEDA and develop a joint relationship with them where possible (e.g. to scale up the models developed in raspberry growing – PSD, and blueberry growing – VEEDA).
- Consider joint PSD Zlatibor/VEEDA action to promote the MSD approach to donors and development agencies to stimulate wider uptake of MSD.

10.3. Recommendations Phase 3

Project

14) The project's results have been very good at all levels (implementation of interventions, systemic change and impact). A strong team with a high reputation is in place. The achievements provide an excellent basis for further work in the tourism and traditional products sector.

- We therefore recommend a Phase 3.
- Phase 3 should maintain the focus on tourism and traditional products, as current interventions and the project's own analysis demonstrate there is sufficient scope for scaling up of the achievements and for new interventions.
- The geographical focus should expand to the whole of Serbia, to facilitate scale and enhance impact, with the exclusion of the Vojvodina region where market and institutional conditions are different. The national mandate should be maintained.
- While the project has done well at fitting its interventions under the current outputs and disregarding those that did not apply, outputs for Phase 3 should be better geared to the project's strategy and to feasibility. This should be possible on the basis of the Phase 2 experience.
- The new phase's strategy should strengthen the overall focus on addressing underlying causes of constraints on performance and national level impact. I.e. rather than developing new models and replicating them, consider why models are not being developed or more

widely taken up and address the causes. This will require more partnerships at the national level.

Interventions

15) We expect, as already indicated, that some of the recommendations made above, and the work already foreseen by the project will not be completed before the end of Phase 2. The project should:

- Continue interventions on scaling up, work with TOS, independent advocacy capacities and the new Tourism Sector Committee started in Phase 2.

16) On new interventions we recommend that the project should consider:

- Working with LSGs, the SCTM and relevant ministries on strengthening LSGs' capacity and the regulatory framework for effective use of agricultural subsidies and for non-formal training. This could include engagement with the LSGs' Local Youth Offices.
- Inclusion of the developed models in curricula of Agricultural Faculties, schools and training of LSG officials.
- Addressing the underlying regulatory and other causes of the dysfunctional relationship between TOS and LTOs.
- Further engagement with the national VET development agenda and points of cooperation, including those that are Swiss funded.
- Interventions to address other constraints on performance of the two sectors already identified in the research and analysis done for Phase 2 that are in accordance with a focus on addressing underlying causes of constraints on performance and national level impact.

17) Such interventions are likely to show results in the medium to long-term only (unlike some of those in Phase 2).

- SDC should accept that results in terms of jobs and incomes will be slow to materialise but that impact in the longer term will be greater.

Women's Economic Empowerment and Governance

18) To ensure a stronger focus on WEE rather than just gender mainstreaming we recommend:

- Include targets for impact on women and at least one Women's Economic Empowerment indicator in the new logical framework.
- Continue to build the team's understanding, confidence, skills and ownership of WEE as an important aspect of their work.
- Further improve WEE in research (e.g. include women focus groups and relevant women organizations), analysis and intervention design (include WEE indicators and targets, also at the systemic change level).
- Consider addressing the lack of the relevant GoS affirmative regulatory measures in order to create a more women friendly business enabling environment, in collaboration with VEEDA.

- Include governance issues more explicitly in the research and analysis since underlying causes of underperformance are often located there.

Exit strategy

19) Developing an exit strategy for PSD is not the work of consultants but of the stakeholders. We recommend the following:

- Define the goal of the exit strategy as the continuation of the MSD approach.
- Start development of an exit strategy not later than half-way through the new phase.
- Use an independent facilitator.
- Use a participatory approach that includes consultations with all relevant stakeholders, including SDC.
- Consider the following options (and others if they emerge):
 - Full absorption of the PSD team across RDA Zlatibor units, with the intention that ex-PSD staff influences the work of other RDA staff.
 - PSD established as a separate unit in the RDA, with high level representation in RDA management. The PSD team could take on MSD or MSD-like projects and promote the use of MSD by other staff.
 - Spin the project off as a separate organisation (NGO or firm), to enable it to continue MSD or MSD-like work independently.
- Document the results of the consultations in an exit strategy paper.

Project team, backstopping, steering

20) The increased work at the national level will require an additional staff member to be placed in Belgrade.

21) Current steering and backstopping arrangements are very effective and should be maintained.

10.4. Lessons

The following are the main lessons that can be learned from the project.

- Investment in high quality research and analysis, intervention design and thorough partner selection, and not proceeding with funding and implementation before this is in place pays off in terms of effective interventions
- The MSD approach is often said to be difficult to accept by partners, other market players and stakeholders, but the project has shown this is not necessarily so if partners are involved in the process and make use of the results (e.g. research and analysis), the approach is communicated in a straightforward manner (no explanations of MSD but “this is our analysis, this is what we want to achieve with you, and this is what we can do in order to realise this”), and interventions show results. Use of the approach has in fact contributed to the project’s credibility.
- Investment in a high quality MRM system pays off in terms of better intervention design and revision, monitoring and accountability and should (but does not yet sufficiently) contribute to learning.

- Business models that include support from LSGs can contribute to greater scale and impact, and therefore benefit more unemployed youth and women, and provide LSGs with an opportunity to spend agricultural subsidies effectively.
- Providing the right business model and addressing gender mainstreaming through a largely project-driven selection process for new women producers can be successful even in traditionally men-dominated sectors. Institutionalisation of the criteria with partners, especially in the public sector, could strengthen this.
- Funding interventions without or with a small partner contribution affects the viability of the new models and reduces the chance of sustainability and scale (e.g. tourism training, advocacy).
- Not developing detailed and plausible scale strategies and including scale agents in interventions from the start may weaken the potential for sustainability and scaling up (e.g. in degustation centres, new producers, quality in dairy).
- Unrealistic attribution of results may weaken the credibility of what is reported.

11. Annexes

Annex 1 – Terms of Reference with the Addendum #1

Terms of Reference

for

External Evaluation

of

Project “Private Sector Development in Southwest Serbia” Phase 2

in

Serbia

(7F-05864.03)

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- 1 Context of the Review
- 2 Purpose and Objectives of the Review / Evaluation Questions
- 3 Scope and Methods of Work
- 4 Deliverables / Reporting
- 5 Schedule
- 6 Duration and implementation arrangement
- 7 Evaluation Team / Qualifications
- 8 Budget *Note: The budget is for internal use only and needs to be deleted in the versions of the ToR used for tendering the mandate.*

1 CONTEXT OF THE REVIEW

Since May 2009, the Regional Development Agency Zlatibor (RDA Zlatibor) has been implementing Phase 1 of the “Private Sector Development in Southwest Serbia” project (PSD) in the region of Southwest Serbia with financial support of 1.8 Mio CHF from the Swiss Agency for Development and Cooperation (SDC) and the backstopping support of the Springfield Centre. Phase 1 was externally evaluated in May 2011 (R. Hakemulder and M. Momcilovic).

In July 2013, RDA Zlatibor started implementation of the second phase³⁴ of the PSD project in Southwest Serbia, also financed by the SDC with backstopping support of the Springfield Centre. The phase 2 budget is 3.2 Mio CHF.

PSD is based on the Market Systems Development (MSD) approach, focusing on sustainable change in supporting functions and rules that constitute the wider system around the markets. The project is implemented on local, regional and national level (National Mandate-Regional Focus), intervening where the best opportunities for sustainable impact are. This means that RDA Zlatibor increases linkages to the national level institutions but has a clear focus on targeted regions.

The *overall goal* is: “To increase incomes and employment opportunities of South and West Serbia’s inhabitants, especially young people and women.” The outcomes per sectors are defined as:

- *Tourism*: Growth and productivity gains in the tourism sector; and
- *Traditional products*: Increased volume and value of sales of traditional products

Sectors were chosen with the aim that through stimulation and facilitation of systemic change in the fields of tourism and traditional products, the project would achieve economic growth / improved access to markets and services; and thus create additional jobs & income for its target groups. A special focus was made towards *gender* mainstreaming, and project interventions attempted to secure equal participation of women and men.

Geographically in the second phase, the project has scaled-up from its initial 6 municipalities of the Zlatibor district, to 25 municipalities in 4 districts (Zlatiborski, Raski, Kolubarski and Moravicki districts).

At the same time, the goal of this phase was to continue *capacity building* of the implementer in applying the MSD approach. PSD Southwest Serbia was the very first MSD project in West Balkans, and as such it had the pioneering role in bringing the approach closer to stakeholders. Previously, the development schemes were designed from a direct service delivery rather than a systemic and facilitative perspective.

2 PURPOSE AND OBJECTIVES OF THE REVIEW / EVALUATION QUESTIONS

(+Place of PSD in RDA, functions and prospects?)

An external review will be conducted about one year before the end of the project phase, in order to:

- Assess the achievements of the current project phase and lessons learnt hitherto;

³⁴ The project documents from phase 2 (credit proposal, contract, etc.) are referred to as phase 3, for administrative reasons.

- Support RDA Zlatibor with recommendations allowing the project to consolidate and sustain its major achievements for the remainder of the current phase; and
- Support SDC with recommendations for the future, i.e. whether, and if yes how, to continue with a next (and final) project phase with RDA Zlatibor.

More specifically, the objective of the review is to assess the 1) Relevance of the project's approaches in the given development/transition context, including perception of the implementer by relevant stakeholders (public and private market players); 2) Effectiveness of project implementation towards reaching the set objectives and goals; 3) Efficiency of the project implementation set-up and project steering; 4) Impact, i.e. assessment of the likelihood of significant scale, employment and income generation of the project interventions; 5) Sustainability of conducted reforms, cooperation with other Swiss supported projects and outlook for the future; and 6) to provide recommendations on the 5 dimensions mentioned above for the remainder of the current phase and recommendations whether, and if yes how, to continue with a next (and final) phase.

The following guiding questions will be addressed by the review team:

1) Relevance of the project's approaches in the given development/transition context, including perception of the implementer by relevant stakeholders (public and private market players)?

- To what extent do the project strategies and interventions respond to national and regional policies and strategies, to identified needs and the regional context?
- How are the intervention strategies supported / facilitated by the project and its way of approaching developmental issues perceived by the private and public market players?
How do private and public market players perceive the project strategies and interventions and the results achieved?
- What have been the major challenges and potentials of the chosen sectors in terms of market development? How has the project team addressed those challenges? What are the lessons learnt?
- Who are the main market players and value chain stakeholders that the project is currently working with? How does the project engage with them, and particularly how can the dialogue with the private sector be assessed?
- To what extent have the stakeholders (private sector, local institutions and other stakeholders) been taken into consideration, participated, or have become involved at the design stage of the strategies for intervention?
- To what extent have the project implementers taken into consideration the evolving transition and changing context in Serbia during project implementation and redefined project objectives and/or approach accordingly?
- What is your interpretation of the specific definition of target groups and those indirectly affected, the positions, perspectives and visions for the future and the most important aspects at stake of the different groups and how they benefit from the project and dynamics of change, which will affect SDC's strategy within this setting?
- What is the relevance of the intervention and the partners' contribution and the difference Switzerland has made (including Swiss experience, comparative advantages) in terms of poverty reduction?

2) Effectiveness of project implementation towards reaching the set objectives and goals?

- Does the project achieve its overall objective taking into account the legal and economic context in Serbia? Is the project aligned with Serbia's socio-economic development strategies and

key policies of the Serbian Government in general and with strengthening the areas of intervention in particular?

- b) To what extent has the program contributed to the likelihood of achieving goals as set in the Credit Proposal and Project Document and which have been translated into result frameworks and intervention strategies for the entry phase and throughout the implementation phase?
- c) To what extent is the implementer properly handling the main MSD analytical frameworks and what is the assessment of its capacity to translate systemic analysis into consistent and coherent intervention strategies, including M&E systems?
- d) What are the expected qualitative and quantitative impacts and systemic change outcomes in the described situation?
- e) How are the transversal themes mainstreamed by the project team in the project intervention (gender, governance)? Is the gender participation and involvement in the targeted market system appropriately represented in the intervention design and implementation strategies?
- f) How does the “pro poor” or “pro excluded” dimension translate into the analysis and from there into corresponding intervention strategies?
- g) What is your interpretation of the intervention logic / outcome and impact hypothesis that explain and plausibly argue with sex disaggregated qualitative and quantitative facts and figures from context analysis how direct products /services from the project (outputs) will produce effects and changes for the target group (disaggregated where useful according to age, ethnicity, religion etc.)?
- h) What is your interpretation of the organisational structure of the intervention, its steering mechanisms and assessment of the most important (implementing) partners? What are the reasons for the selection of particular partners and the potential value added?
- i) What is your interpretation of the results achieved on outcome level, lessons learnt and their implications and measures for the next phase?
- j) What is your interpretation of the rationale and description of the selected approach with reference to best practices and capitalisation of experience to increase feasibility of the intervention?
- k) What is your interpretation of the particular objectives of SDC’s contribution, vis-a-vis its partners and their organizational development and learning processes?
- l) What is your interpretation of the stakeholder analysis (including civil society, government, interest groups), their visions, mission, interests, and how they benefit from the project?

3) Efficiency of the project implementation set-up and project steering?

- a) How do you evaluate the appropriateness of the implementation set-up, including backstopping, with regard to a proper understanding of the facilitator role, the proper handling of MSD analytical frameworks and corresponding intervention strategies?
- b) Is the management model (i.e. instruments; economic, human and technical resources; organizational structure; information flows; decision-making in management) adequate for achieving the set objectives?
- c) How has the implementer’s facilitator role evolved over the past 3 years?
- d) How do you interpret the resources required in terms of personnel, technology, know how, finance in relation to the objectives of the intervention, contributions of other partners (subsidiarity to partners' initiatives, mobilization of local resources, mechanisms for self-financing and long term outlook of partners capacities)?
- e) Are the project management and steering mechanisms in place and adequate for the efficient implementation of project activities? What is SDC’s steering mechanism and other involvement?

f) Is there an established results-oriented monitoring system on outcome level, with necessary timing and responsibilities for results-oriented monitoring and steering?

4) Impact, i.e. assessment of the likelihood of significant scale, employment and income generation of the project interventions?

- a) What is the likelihood and potential of strategies and approaches applied by the project for scaling up, employment and income generation?
- b) What are the main systemic changes the project is currently tackling or have already been achieved so far?
- c) Are the implementers' interventions allowing for replication and crowding in, which are the key elements of systematic changes?
- d) Have interactions, transactions and communication between the private sector, governmental (local-self governments) and non-governmental organizations –facilitated by the project – changed in the targeted sectors? If yes, in what way?

5) Sustainability of conducted reforms, cooperation with other Swiss supported projects and outlook for the future?

- a) What is the strategy for improving sustainability and opportunities for up scaling (e.g. government, multilateral organisations, private sector)? To what extent has the methodology become accepted by RDA Zlatibor and local stakeholders?
- b) How has the project influenced market player behavior and systemic change outcomes?
- c) Are expected intervention-level results likely to be sustainable – i.e. will they last beyond the end of program? What are the indications for this? What are necessary steps in the remaining months to ensure this?
- d) Which results are likely not to be sustainable? Are there options to increase the chance of sustainability within the remaining project period?
- e) How do project components interact with other Swiss supported projects (in Serbia and beyond) and what are their sustainable impacts taken in a joint analysis?
- f) What is the cost-benefit of the project's interventions as an evidence of sustainability of the interventions during and beyond the project? Support cost-benefit analysis with figures, i.e. who, what, how many?

6) What are the recommendations with regard to findings under main questions 1-5?

Based on the review of the project, the team shall provide recommendations for the:

- 1) Five dimensions mentioned above for the remainder of the **current phase** allowing the project to consolidate and sustain its major achievements; and
- 2) **Future and/or next phase** of the project. These include but are not limited to the following recommendations:
 - Whether to continue with the next and final (exit) phase of the project with RDA Zlatibor? In case this option is pursued, proposals should be made on:
 - A) How to streamline the new mandate so that it ensures crowding-in and replication of the project's interventions by other market players?
 - B) Whether to continue with both sectors or to focus on one of the two sectors more specifically and whether to maintain the current geographical coverage or to expand geographically, depending of the proposed focus on sectors?
 - C) How to best utilize the partners and projects comparative advantage and know-how compared to other Swiss supported projects in Serbia?

- What is the potential for the PSD project and its implementer RDA Zlatibor to continue to contribute substantially to and/or to complement the Swiss economic development and cooperation portfolio in Serbia and what, if any, alternative strategies SCO might consider?

Addendum no. 1 to the Terms of Reference

for

External Evaluation

of

Project “Private Sector Development in Southwest Serbia” Phase 2

in

Serbia

(7F-05864.03)

- 1) Related to several questions on the M4P or **MSD approach**, it is important that it is looked at with an external / specialised perspective. Practically, this relates to the direct payments to the 16 production / degustation centres, and it needs an assessment if this is the correct way to promote an activity if funds are given directly to individuals. Even if a careful selection of beneficiaries has been done, some producers might be advantaged in comparison with others and this risks to create market distortion and injustices. There might be some conditions to it, e.g. regulation within the PSD project for the selection of beneficiaries of these funds (which might include the point that a beneficiary did so far not benefit from other third party funding sources), or the conditionality to create additional jobs (but this will probably remain in the family) – however this whole issue would need to be re-discussed.
 - Also, what does the Springfield Backstopper say to this element?
 - We would be interested for discussing direct payments in several instances with the evaluation team, as this aspect can again be taken up under the MSD approach question and will allow to have several opinions for future.
- 2) The potential forthcoming phase will be the third and thus last phase of the mandate. It will depend on the new Swiss Cooperation Strategy for Serbia, on the priorities of Swiss cooperation which might shift or remain, and on the financial means which are not yet known. Anyhow, a forthcoming third phase has **to consider an exit strategy** (or at least exit of donor funding – eventually the organizational structures would be kept by the RDA/financed by local governments). This is communicated to the evaluators since it requires a different view than if we were in a very first phase (e.g. what is realistic to be achieved in terms of sustainability in another 4 year phase).
- 3) Regarding the **Agricultural Extension Service (AES)** it is important that no project should weaken these usually weak state services. The PSD approach is interesting for increasingly working with embedded services provided by the processing companies. At the same time, it is also a challenge not to bypass the AES – they have a role to play that will continue beyond any project. How to go with this important stakeholder without having the claim to necessarily address their deficiencies within the project (which is not an integrative part of the project but of the system and as such is probably part of any sector assessment the PSD team did)? Maybe there are experiences from other West Balkan countries/MSD projects on this aspect.

Annex 2 – Performed interviews and focus groups

Date	Activities (meetings and focus groups)
Mon 13 June	Mladen Momcilovic and Roel Hakemulder briefing at the Swiss Coop Office-SCO by Arminio Rosic, NPO SDC Serbia, Swiss SCO Zoran Ostojic, MoTTT Head of department for competitiveness Vesna Raca, Deputy director TOS Milorad Martinov, and Traffic security department PE Roads of Serbia Vlado Rakocevic, Traffic security department PE Roads of Serbia Aleksandar Knezevic, Director Deinceps Fruit processor Brus Vlado Kovacevic Minister advisor, MoAEP Sasa Senicic, Director National Business Association of Travel Agents, Gordana Danilovic Grkovic, Manager Business Incubator Belgrade
Tue 14 June	Nikola Avram. Private company MK Resorts Kopaonik Renata Pindzo ,MTTT Minister Assistant Marija Labović, Director of TOS
Wed 15 June	Slavko Lukic, Director, RDA Zlatibor Darko Djurovic, PSD Team Leader Bojan Milicevic, PSD staff Slobodan Mitrovic, PSD staff Milomir Tucovic, PSD staff Tijana Krsmanovic, PSD staff Bojan Cvijovic, PSD staff Todora Aleksic, PSD staff Bojan Mitrovic , PSD MRM Manager Telephone interview with the Springfield backstopper Roger Oakely Olga Jovancevic, Advisor, Regional Branch School authority Uzice Milos Zaric, Director „MAXZARA“ processor of traditional meat products, Uzice
Thu 16 June	Ivan Vitorovic, Marketing director Hotel Mona, Zlatibor Milanko Dumanjic, Travel agent Zlateks, Cajetina, Zlatibor, Milanko Bozovic, Owner Vila Bozovic Private accommodation, Cajetina, Zlatibor Ana Stanojcic, Cajetina Municipality Head of department for construction building, Cajetina Vladimir Bojovic, Director Zlatiborski ekoagrar- Cajetina municipality, Cajetina Arsen Djurić, Director, LTO Zlatibor Cajetina Biljana Dzelebdzic, Director Biljana Krim, processor of traditional dairy products, Cajetina
Fri 17 June	Aleksandar Lukovic, Lucani Municipality, LED office, Lucani Milan Petrovic, Arilje Municipality LED office, Arilje Mico Pecinar, President, Beekeepers Honey Producers Association Arilje, Arilje Mirjana Nikolic, Director, Cold storage Itn Group Fruit processor, Kosjeric Milan Zaric, Director Zaric distillery-fruit processor, Kosjeric Marija Lukovic Sredic, Director Tourism household Gostoljublje Rural tourism household, Gostoljublje
Sat 18 June	Obrad Pavlovic, Associate, LTO Bajina Basta, Bajina Basta Rade Spasojevic, Director/Owner, Spasojevic dairy products, Bajina Basta Milomir Jovanovic, Director BB Klekovaca, Distillery-fruit processor, Bajina Basta Focus group #1: Honey producers, 2 women and 2 men participants Darko Djurovic, PSD Team Leader Bojan Milicevic, PSD staff Slobodan Mitrovic, PSD staff Milomir Tucovic, PSD staff

	Tijana Krsmanovic, PSD staff Bojan Cvijovic, PSD staff Todora Aleksic, PSD staff Bojan Mitrovic , PSD MRM Manager
Sun 19 June	Natasa Tesic, Director Grnacarija Tesic, Tesic pottery producer, Zlakusa Focus group #2: Raspberry producers, 3 women and 2 men participants
Mon 20 June	Snezana Prelic, Director, Kraljevo Regional National Employment Service, Kraljevo Zoran Erkcic, Trstenik Municipality, Deputy Head of municipal administration, Trstenik Radomir Bradic, Director/Owner, Roj- Producer of hives and honey processor, Trstenik Radmilo Jovanovic, Director/Owner, JR Tempo Foods Fruit processor, Trstenik
Tue 21 June	Radenko Cvetic, Director LTO Raška Goran Stefanovic, Manager Hotel Kraljevi cardaci, Raska, Kopaonik
Wed 22 June	Darko Djurovic, PSD Team Leader Bojan Milicevic, PSD staff Slobodan Mitrovic, PSD staff Milomir Tucovic, PSD staff Tijana Krsmanovic, PSD staff Bojan Cvijovic, PSD staff Todora Aleksic, PSD staff Bojan Mitrovic , PSD MRM Manager Dusan Miric, Director, Apicase- Producer of hives and honey processor, Belanovica Ivan Grujic, Director, Medino doo Honey processor, Krnjevo
Thu 23 June	Ljubisa Jovanovic, President of National Association of Dairy Producers, Belgrade Drazen Jakopovic, MK Mountain Resort Hotel Raska, Kopaonik Sladjana Karavdic Kocevic, Director, Business Support Organisation, Belgrade Georgi Genov, Director National Business Association of Hotels and Restaurants, Beograd Dejan Ljevnaic, Director Ski resorts of Serbia, Belgrade Natalija Puntevska, Regional SIPPO Representative in Skopje
Fri 24 June	Vladimir Spegar, Director, Directorate of Agriculture of Sabac City, Sabac Goran Kostic, Team leader PSD VEEDA, Vranje Bosko Bondzulic, Manager, PK Zlatibor Processor of dairy products, Cajetina, Zlatibor Radoje Cvetic, Director Cold storage Master Frigo Fruit processor Pozega Ivan Urošević, Owner Distillery "Zlatnitok"- fruit processor, Zeleznik Mladen Momcilovic and Roel Hakemulder debriefing, Rosic Arminio, SDC, Swiss SCO Deputy Country Director, Darko Djurovic, PSD Team Leader

Annex 3 - List of documents reviewed

1. Credit proposal for phase 2
2. Project Document for Phase 2
3. A set of all Operational Reports
4. A set of Sectors Market Analysis
5. A set of Context Analysis: Sectors Scoping and Selection
6. A set of Intervention Plans
7. Project's partner selection documents
8. Project's press clippings
9. Project's Backstoppers reports
10. Project's intervention reports
11. Project's disaggregated results sheets for all interventions
12. New law promotional video materials produced by the project and Ministry of Agriculture
13. Project's impact studies
14. Phase 1 PSD project related docs
15. A set of MoUs with partners
16. Various project's efficiency and effectiveness data sheets
17. SDC Internal Control System Reports
18. Notes on meetings of Joint cooperation between two M4P projects
19. Correspondence between the project and national partners
20. Organization charts for projects national partners/governmental structures
21. Result frameworks and intervention strategies
22. Mission reports of the strategic backstopper, the Springfield Centre
23. Case studies on implemented interventions
24. Swiss Cooperation Strategy for 2014-2017
25. Results Framework of the Swiss Cooperation Strategy Serbia 2014-2017
26. SDC Gender Consultancy in Serbia Report
27. National Employment Strategy 2011-2020
28. National Strategy for Rural Development 2014-2024
29. Reports on the Advisory Committee
30. Strategy for Support to the Development of Small and Medium-Sized Enterprises (SMEs), Entrepreneurship and Competitiveness from 2015 to 2020
31. National Youth Strategy 2015-2025
32. National Strategy for Gender Equality 2016-2020
33. National Tourism Development Strategy 2016-25
34. Draft Action Plan for National Tourism Development Strategy 2016-25
35. Strategy of Public Administration Reform 2014
36. Action Plan for Strategy of Public Administration Reform 2014
37. June 2016 new Serbian Prime Minister's ten-points policy plan
38. List of all project stakeholders
39. Additional list of all project partners and beneficiaries
40. Publication of Statistical Office of The Republic of Serbia: Municipalities and Regions of the Republic of Serbia 2015
41. Various analytical and data sources on macroeconomic and socioeconomic trends in RoS

Annex 4 – VET Reforms in Serbia

Serbia had been going under the ODA-supported VET reforms for over a decade. The fifth phase of the GoS VET Reform Program has just ended (April 2014 - April 2016) and was aimed at strengthening institutional capacities through the support to the implementation of up to date curricula, improvement of government in VET, development and implementation of concept of final exams in VET, further development of national qualifications framework, as well as equipment supply³⁵. A number of hospitality schools (secondary and colleges) benefited from this program in terms of the curricula modernization and more practical trainings. Among others these included such schools in Belgrade, New Belgrade, Novi Sad, and Vrnjacka Banja. Number of these now also offers an improved tourism related professional trainings for adults too. New pilot professional profiles for cooks and waiters are to be adopted by the national framework of qualification. The new curricula includes more intensive practical courses in newly equipped classrooms as well as increased level of internships and more effective cooperation with the hospitality businesses. So far these efforts and the new VET programs resulted in variable results with a not clear impact on the adults' access and professional training effectiveness in terms of the hospitality employers' needs. Thus, pace of formal education reform is very slow. Once formal education is completed, there are few opportunities for young adults to develop competences which are demanded by the employment market. So far the project took aboard these realities without much shared agenda with the ongoing VET reforms.

The project had an active partnership with the national level NES while currently it is taking place at the level of the regional NES office. The hospitality sector vocational trainings are also provided to some extent by the NES, but budgets are limited and training is centrally procured, a procedure that can last for many months. In fact, the NES nominally offers professional trainings to interested unemployed. These are organized through Local Employment Councils, which yearly develop Local Employment Action Plans (LEAPs). These plans are sent to the NES HQ in Belgrade for a long centralized procurement process. Usually the training is than offered at the end of the financial year, for short periods and at low levels since the 2013 and 2014 decreasing training budgets.³⁶ The LSGs are expected to complement funding. Effectiveness of this is not known while some positive examples are available through the works of some LSGs Local Youth Offices (a focus of other Swiss funded development projects). These are generally engaged with the local young population and often facilitate or provide non-formal training opportunities, usually with assistance from the Ministry of Youth and Sport and international donors. Nonetheless, the local and regional NES offices have only a partial insight into the local labour market demand, mainly the needs of public sector, government and public enterprises where human resources policies are still heavily politicized. Nonetheless, these training are marketed as lasting up to six months and are dominated by practical training in realistic work environments. NES offers to companies to tailor the training per their needs but demands the employed employs the trainees. However, limited effectiveness of these results in employers resorting to on-job training solutions.

Moreover, in partnership with NES the Ministry of Education implemented an EU funded project the "Second Chance" aimed at providing the adults (especially the vulnerable target groups)

³⁵ Source: <http://www.vetserbia.edu.rs/>

³⁶ Page 16, "Youth Skills Development and Public Private Partnership: From Education to Active Participation in the Labour Market" Program, Concept Note by Richard Allen, Jelena Markovic, and Mladen Momcilovic, July 2014.

supplementary education and new vocational qualifications, priority being given to socially. The curriculum was piloted in 75 in secondary vocational schools. The results of this project are yet to be assessed as well as its follow up course. Thus, although the NES is seen as the major provider of professional training, alike the education system, it not equipping young people with the skills required for the real work. The NES does not yet operate their training centres, however, is passively involved in the works of the newly established EU funded and government of Vojvodina operated professional training centre in Novi Sad.³⁷ This one offer a number of ad hoc offered modern professional trainings including those for hospitality sector. For an example, currently there is an open call for professional training for beekeepers³⁸³⁹. It is unclear if such centres are to be founded elsewhere in Serbia and when.

The private sector market for professional training services is still small in Serbia but is developing. Training in some hospitality vocational skills are available but at a price. In fact, the emerging new hospitality business professional development and training sector consists of additional efforts such as these: the Association of bartenders, Association of sommeliers, people universities which periodically offer consultancy (rather than trainings) for professionals. However, these are yet to get officially registered for education activities, create formal training programs and secure permanent trainers.

³⁷ Source: <http://www.centar.edu.rs/>).

³⁸ Source: <http://www.centar.edu.rs/2800-2/>)

³⁹ Source: <http://www.centar.edu.rs/2016/06/30/uspesno-zavrse-na-prva-obuka-za-pcelare/>).

Annex 5 - Staff development

Performed PSD project team professional training		
1.	Slavko Lukic RDA director (50% time)	EIAT Investment forum in Belgrade, 2015 Study tour 'Manufacturer produced dried meat and dairy products' in Italy, 2015 Facilitation Skills training by HART, 2015 Conference 'Regional exchange on Monitoring and results measurement' at Zlatibor, 2014 Training 'Situational leadership', 2014 ITB trade fair in Berlin - Germany, 2014
2.	Darko Djurovic Team Leader	ITB trade fair in Berlin - Germany, 2016 EIAT Investment forum in Belgrade, 2015 Study tour 'Manufacturer produced dried meat and dairy products' in Italy, 2015 Facilitation Skills training by HART, 2015 ITB trade fair in Berlin - Germany, 2015 Conference 'Regional exchange on Monitoring and results measurement' at Zlatibor, 2014 Regional peer exchange workshop organized by Helvetas Swiss Intercooperation in Tirana, 2014 Training 'Situational leadership', 2014 ITB trade fair in Berlin - Germany, 2014 M4P training in Bangkok - Thailand 2013
3.	Bojan Milicevic Monitoring & Results Measurement Specialist (80% full time MRM)	EIAT Investment forum in Belgrade, 2015 ITB trade fair in Berlin - Germany, 2015 Facilitation Skills training by HART, 2015 Conference 'Regional exchange on Monitoring and results measurement' at Zlatibor, 2014 M4P training in Glasgow - Scotland, 2012 Support to SMEs through IPARD, 2012 International Fair of Tourism in Utrecht, 2011 Training for business consultants, 2011 Communication skills, 2011
4.	Tijana Krsmanovic Coordinator for tourism	ITB trade fair in Berlin - Germany, 2014 EIAT Investment forums in Belgrade, 2011, 2012, 2013 International Fair of Tourism in Brussels, 2011 Communication skills, 2011 M4P training in Glasgow - Scotland, 2010 The institutionalization of mentoring as a service in SME support sector by JICA, 2009/10 Training for business start-ups within Business Innovation Programs of Norwegian Government (2009)
5.	Bojan Cvijovic Coordinator for tourism	ITB trade fair in Berlin - Germany, 2016 EIAT Investment forum in Belgrade, 2015 M4P training in Bangkok - Thailand 2015 Facilitation Skills training by HART, 2015 ITB trade fair in Berlin - Germany, 2015 Conference 'Regional exchange on Monitoring and results measurement' at Zlatibor, 2014 Communication skills, 2011
6.	Slobodan Mitrovic Coordinator for Traditional Products	Promotion of agricultural products - TAIEX, 2016 Facilitation Skills training by HART, 2015 Conference 'Regional exchange on Monitoring and results measurement' at Zlatibor, 2014 M4P training - Bangkok, Thailand 2014
7.	Milimir Tucovic Coordinator for Traditional Products	Facilitation Skills training by HART, 2015 Conference 'Regional exchange on Monitoring and results measurement' at Zlatibor, 2014 M4P training - Bangkok, Thailand 2013
8.	Todora Aleksic Finance and Administration Manager	Application of the general and financial regulation in the public and private sectors, 2014 Facilitation Skills training by HART, 2015 Conference 'Regional exchange on Monitoring and results measurement' at Zlatibor, 2014 M4P training in Glasgow - Scotland, 2012 Communication skills, 2011
9.	Bojan Mitrovic Finance and Administration Manager	Facilitation Skills training by HART, 2015 The institutionalization of mentoring as a service in SME support sector by JICA, 2015 Conference 'Regional exchange on Monitoring and results measurement' at Zlatibor, 2014

10.	Nikola Babic <u>Former</u> Monitoring & Results Measurement Specialist	Facilitation Skills training by HART, 2015 Conference 'Regional exchange on Monitoring and results measurement' at Zlatibor, 2014 Regional peer exchange workshop by Helvetas Swiss Intercooperation in Budva, Montenegro, 2014 Regional peer exchange workshop by Helvetas Swiss Intercooperation in Jahorina, BiH, 2014 Regional peer exchange workshop organized by Helvetas Swiss Intercooperation in Tirana, 2014 M4P training in Glasgow - Scotland, 2012 Communication skills, 2011
Source: PSD project, Jun 2016.		

Enabling Local Tourism Organisations in Serbia

Nirjam Moine
Serbia
JUNE 22, 2018



In less than two years, the SIPPO program's collaboration with local initiatives has been a key enabler in bringing more tourists to Serbia.

In a bid to reinforce Serbia's international tourism profile, the Private Sector Development (PSD) programme in southwest Serbia and the National Tourism Organisation of Serbia (NTOS)

collaborated with the Swiss Import Promotion Programme (SIPPO) of SECO, implemented by Switzerland Global Enterprise, to coach and train tourism businesses and Local Tourism Organisations (LTOs). PSD and SIPPO began by bringing on board a number of tourism companies keen to expand their presence in Europe. In intensive training seminars in 2014, SIPPO coached the companies and other tourism organisations in Serbia to participate at ITB trade fair in Berlin, with presentation training, insights into marketing strategies, sales channels, and trends on the European tourism market. The SIPPO companies made an impressive debut show at the ITB 2015, co-exhibiting at the Serbia stand organised by NTOS.

More trainings followed in November 2015 and March 2016. By this time, the SIPPO participants had grown to six companies, and they were joined by representatives of LTOs from southwest Serbia. Given the importance of online marketing as a channel to reach new target audiences, the workshops placed key focus on digital marketing skills. The training was an opportunity for the LTOs to learn how to use digital marketing such as websites and social media to raise awareness among target audiences about Serbian destinations. Online follow-up sessions with the LTOs in April 2016 provided a valuable opportunity to review action and work out how to address challenges.

As a result of the trainings, all four participating LTOs have either developed or enhanced their online presence. The efforts have already delivered amazing success. "The number of tourists from target markets addressed using new knowledge gained through SIPPO training and PSD coaching has doubled," says Bojan Milicević. "The next step will be to use this knowledge and experience to expand outreach to other markets and create new partnerships with the private sector."

“ Local Tourism Organisations learned how to connect with local private sector partners, negotiate with them and bring them together in designing and selling the products. ”

— BOJAN MILICEVIĆ, PSD Project Coordinator

⁴⁰ <http://www.s-ge.com/switzerland/import/en/content/enabling-local-tourism-organisations-serbia?ref=/Tourism/Tourism>

Annex 7 - (Media clip⁴¹) " Large potential of transit tourism in Serbia"

Gostun, July 8, 2015

The Vice-president of the Government of the Republic of Serbia and the Minister of Trade, Tourism and Telecommunications Mr. Rasim Ljajic, gave an announcement that six million vehicles entered Serbia last year, and in the first three months of this year there were 14% more compared to the same period of the last year, which tells about the potential of transit tourism.

Together with Mrs. Gordana Plamenac who is the director of the National Tourism Organization of Serbia (TOS), Mr. Ljajic visited the Gostun newly equipped border crossing between Serbia and Montenegro, within a promotion campaign "My Serbia".

On that occasion, with the representatives of TOS and volunteers, he distributed promotion leaflets "Welcome to Serbia- a hospitality smile" to passengers entering the country. The campaign promotes tourist attractions on the international corridors through our country.

Mr. Ljajic thanked the Government of Switzerland for the assistance and financial support in the implementation of the project for improvement and development of transit tourism and said that Serbia would like to keep a part of passengers at tourist destinations which they pass by along the roads, which is the purpose of this campaign.

We started with the placement of billboards and that project will be continued by September 1st, 2015, as he explained and added that besides that, all the border crossings will be covered by free Internet so that passengers will be able to use a mobile application with all the information about tourist sites.



According to him, informing is a very important segment of the campaign as it gives opportunity to keep a part of the tourists who pass through Serbia and have them spend more money in our country.

For the first time, as he pointed out, on the whole territory of south western Serbia there will be placed signs indicating to the producers of cheese, milk cream, prosciutto, brandy and honey. In that way, tourist will have opportunities to drop by and buy the products for which this region is famous.

At the same time, he mentioned that the interest in getting vouchers for a holiday in Serbia is great and for that reason it is considered to extend the deadline for applications by citizens.

Most of the applicants, about 60%, are pensioners, while all the other categories entitled to vouchers make 40%.

Mr Ljajic also pointed out that one of the most often objections of citizens is a too short time for application, for which reason it is considered to extend the application period for granting of vouchers, and the decision on this will be made by the end of the week.

The Ministry of Trade, Tourism and Telecommunications, as announced by the Minister, will try to simplify the application procedure, and meanwhile to eliminate all the disadvantages.

If we extend the application deadline, and we believe we will, we expect that a large number of domestic tourists shall use this benefit for having a holiday in Serbia, concluded Mr. Ljajic.

⁴¹The project's activities and result benefited from large media coverage. A number of articles were published on it. <http://www.srbija.gov.rs/vesti/vest.php?id=241908>