

**VEEDA**

**Private Sector Development Project for Serbia**

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**-FINAL-**

**External review September 2013**

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## Executive summary

This is the report of an external evaluation of the SDC-funded project “Private Sector Development in South Serbia”, carried out in September 2013 by two consultants, Roel Hakemulder and Mladen Momcilovic. The evaluation aimed at assessing issues related to relevance and alignment, effectiveness, sustainability, scale and systemic change, and providing recommendations on these as well as for a planned Phase 2.

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The project started in April 2010 with an Inception Phase, which was followed by an Implementation Phase in September 2011. Its coverage was expanded from the original 2 Districts in South Serbia to 14 Districts in August 2012. The current phase will be completed by the end of August 2014. The implementing agency is the Regional Development Agency of the Pcinja District, VEEDA. Its main office is in Vranje. The project uses the Making Markets Work for the Poor (M4P) approach.

The project goal is **“Increased income opportunities and quality jobs, particularly for young people and women”**. Based on a context analysis the project selected three market systems that it found particularly suited to achieving this goal: Finished wood products (technical wood and furniture); wood (forestry); and Non-timber Forest Products (NTFP). These market systems were analysed using the M4P framework, and interventions were designed on the basis of the findings. This has resulted in a project with a high relevance nationally, locally, as well as in terms of the Swiss Cooperation Strategy for Serbia. Stakeholders and partners, who have been involved in the research and consulted on the findings and interventions, unanimously agreed with this assessment.

The project is making good but uneven progress at the level of interventions and outputs. Interventions that aim at increased access to skilled workers in the wood products market system, including through training (factory-based training centres and short-term training by a private sector provider) and improved matching between labour demand and supply (a portal with the National Employment Service, NES), and a blueberry outgrower system (in the NTFP sector) are the most advanced. Outgrowing in medicinal herbs (NTFP) shows some progress. The interventions in the wood sector (small-scale private sector forestry) and quality standards related work in wood and wood products and NTFP show very little as they have been put on hold or delayed for various reasons.

Nevertheless, at an aggregate level the project is making good progress towards its goal. It has realized 44% of the Full-time Equivalent (FTE) jobs and 39% of the net increase in income forecast in its Monitoring and Results Measurement (MRM) system. This forecast is, however, lower than the target in the logframe (2,565 compared to 3,500 FTE jobs). Progress towards the targets for women is even better. The project does not monitor participation of and benefits to youth (and there are no targets or forecasts). The little available information seems to indicate this is worth keeping track of since it seems fairly limited.

Part (61%) of the impact in jobs is due to direct assistance from the project. This is probably not excessive at this stage, but it does indicate the need for facilitation of more systemic change (without direct support).

The research and analysis that went into intervention design is of good to very good quality. Interventions address key causes of underperformance, though their range is limited. Their design, as reflected in intervention strategies and results chains, is logical and plausible, and the approach to monitoring and evaluation provides a high degree of probability that impact can be attributed to interventions. The MRM does, however, have a number of weaknesses that need to be addressed.

The research did not include adequate target group specific analysis for the selected market systems. As a result, no interventions were designed that address constraints on participation of and benefits to women and youth in these systems (though in practice the project addressed a constraint on access to subsidies for women). The project's strategy has relied on selection of market systems, setting targets and persuasion of partners. This has worked in terms of achievement of MRM targets for women but probably not for youth. Moreover, the targets for women are low for a project that aims at benefitting them in particular, and there are no meaningful Women's Economic Empowerment (WEE) indicators in the logframe or MRM. The lack of such logframe indicators is likely to be a key reason for the *quality and depth* of change for women not having been addressed.

The project has built strong and effective partnerships, with private as well as public sector market actors. Overall partners are at the right level. Especially in the NTFP sector it could benefit from collaboration with actors higher up the value chain with greater leverage to effect systemic change.

The results of the project's interventions are promising to be sustainable, though it is too early to adequately assess this, since several are still not fully functional as intended (e.g. the furniture training centres). Some of the changes the project facilitated show characteristics of being or becoming systemic. The NES job matching portal and wood products training by the Chamber of Craftsmen have advanced most in this respect. The other interventions show promise but more facilitation is required, including of crowding in and scaling up without direct project support. The potential for reaching scale is good, though perhaps least of the furniture training centres where demand is currently weak. Scale reached compared to potential is still limited, with the NES portal and training by COCR having progressed most in this respect. The project does not have detailed and explicit strategies for reaching scale and ensuring change becomes systemic (which are closely related).

The project is being very well managed, and the team is committed and competent. Overall it has a good understanding of the M4P approach, though more capacity building in this and other areas is a priority. While finance and administration systems are all in place, general management procedures (for planning, reporting, and knowledge management) would benefit from more formalization. The project's role has been in line with M4P practice. The backstoppers have contributed to this as well as other aspects of the project's success. There is a need for them, or other specialists, to help the project address some of its weaknesses. Coordination and collaboration with other projects has been good, and there is scope for more.

Rough calculations indicate the project is likely to be very cost efficient at reducing unemployment, although this can be said with certainty only when it is completed, and preferably 3 or more years later when changes have proven to be sustainable and systemic. By the end of the current phase

SDC and VEEDA should be able to make a good case for M4P in Serbia being an appropriate, viable and inexpensive way of reducing unemployment and poverty through private sector development.

The last point made above is the **main lesson learnt** from this evaluation, though it will have to be confirmed by the project's progress over the next 10 months. M4P as practiced by VEEDA in Serbia is, or is likely to be, an appropriate, viable and cost efficient way of reducing unemployment and increasing incomes through private sector development.

A second lesson is that partnerships with the public sector can play an important role in M4P in Serbia. If public sector partners are selected who already play a significant role in market systems, have good incentives to strengthen their role and have a basic capacity to do so, interventions are likely to pay off, though progress may be slow and extra time and effort may have to be invested. This is not to say that even in an economy where the public sector still plays such an important role as in Serbia, the private sector does not offer the most effective partnerships.

Lesson three is that an M4P project does not benefit from a lack of concrete, detailed and explicit strategies to ensure sustainability, scaling up and systemic change. Such strategies should be developed while interventions are being designed and piloted, and revised on a continuous basis so they can be implemented when market actors appear to be ready for this.

Finally, the project's experience shows that gender, or more generally, target group specific analysis of market systems is needed to design interventions that will increase their participation and benefits.

The text of the report includes various quite detailed recommendations for the project's use. **The key recommendations** are:

1. The project should pursue facilitation of its currently ongoing interventions in the first place to make the models or changes introduced fully operational as intended (e.g. training centres, herbs outgrowing). We recommend that greater priority be given to medicinal herbs outgrowing since it has good potential and will show results relatively early.
2. It should at the same time address issues of sustainability, systemic change and scale for each of the ongoing interventions. To this effect it will have to develop and implement explicit (written) strategies that provide concrete detail on how, when and with which partners the project will facilitate the desired levels of sustainability, systemic change and scale by the end of the current phase. Developing more partnerships with scale agents should be one of the elements of these strategies.
3. Interventions that have been put on hold or are delayed should be reviewed. There should be clear written clarifications of the current status, an analysis of the factors that affect the potential for progress, and a plan for going forward (to be included in the Intervention Plan) or justification for not doing so. We suggest that Forest Stewardship Council certification currently not seeming urgent and there not being enough blueberries for quality testing are not sufficient reasons for not working on a better information flow on standards in wood and wood products generally, and quality testing of NTFP generally.

4. The project should consider adding intervention areas, especially in the wood products market system, even more so if planned interventions are kept on hold or even dropped. This will enhance the potential for systemic change and sustainability.
5. The project should develop a concrete approach to increase participation of and benefits to women in the selected market systems. This should include developing a limited set of WEE indicators, review of the current low targets, gender analysis in the selected market systems, where appropriate revision of ongoing interventions and design of women-specific interventions, and developing partnerships with women's organisations in and outside the economic domain. While this may not bear fruit in the current phase, the groundwork can be done now. Women's Economic Empowerment should become central to the project and we expect the upcoming short-term assignments of gender and gender in MRM specialists to make an important contribution to that.
6. The project should start monitoring the participation of and impact on youth, which is one of its priority target groups. It should consider setting targets or making projections. Like for women, it should do analysis and intervention revision/design to enhance participation of youth if necessary.
7. The logframe needs to be revised to reflect the outcome of the above as well as the latest projections for FTE jobs and income. In general, more frequent discussion and revision of the logframe would improve transparency and accountability.
8. The MRM system needs to be reviewed against the Donor Committee for Enterprise Development standard by the project and its backstoppers (or another MRM specialist), taking into account the context in Serbia and other emerging good practice, and improved to meet at least the minimum requirements. Even without such a review the need for a number of improvements is obvious, e.g. having complete plans for all interventions, removing inconsistencies, inclusion of information on project direct assistance, consistent disaggregation by sex of reported progress, adding intermediate indicators of systemic change, and keeping the monitoring and evaluation findings up to date.
9. Project management and the MRM specialist should facilitate the MRM becoming more central to the team's work, as a management and learning tool rather than for external accountability purposes.
10. There should be greater and earlier investment in development of M4P and other capacity in the project team. Important skill areas to be strengthened for the entire team include gender mainstreaming, governance in PSD, ways of working with and strengthening associations, MRM and communication.
11. SCO should consider reviewing the current steering mechanism, with a view to involve a broader range of expertise outside the M4P and private sector development circle, e.g. in the areas of gender mainstreaming, governance and the environment.

12. The project should have weekly team meetings, develop guidelines for keeping a systematic and easily accessible record of important meetings and decisions, and Operational Reports need to be improved, especially with regard to reporting on what it not going well and why.
13. The backstoppers should consider ways in which they can focus more on developing the team's capacity to work independently, and plan for an eventually more strategic and advisory role for themselves.
14. The project should explore more ways in which it can cooperate with and benefit from relevant Swiss (and other) funded projects, in areas which are relevant to the market systems in which it is working.
15. The project should have a Phase 2 which should not expand it further geographically to include Vojvodina and Belgrade. It should start the process of selecting a limited number of additional sectors for Phase 2. The backstoppers and the SCO should guide and support this.

## 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
COCR	Chamber of Craftsmen
DCED	Donor Committee for Enterprise Development
EU	European Union
FSC	Forest Stewardship Council
FTE	Full time equivalent
GoS	Government of Serbia
GE	Gender Equality
GEE	Gender Economic Empowerment
GEM	Gender Equality Mechanism
HDI	UNDP Human Development Index
IMWG	Inter Municipal Working Group
IPA	Instrument for Pre-Accession Assistance
ISAA	Institute for Science Application in Agriculture
LED	Local Economic Development
LGS	Local Government Services
LSG	Local Self-Government
MoF	Ministry of Finance
MoAFWM	Ministry of Agriculture, Forestry and Water Management
MRM	Monitoring and Results Measurement
MSP	Municipal Support Project funded by SDC
M&E	Monitoring and Evaluation
M4P	Markets for the poor
NES	National Employment Service
NTFP	Non-Timber Forest Products
NUTS	EU Nomenclature of territorial units for statistics
ODA	Official Development Assistance
PPP	Public Private Partnership
PRO	Municipal Development Program South West Serbia (EU/Swiss)
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
RDA	Regional Development Agency
RoS	Republic of Serbia
SAA	Stabilization and Association Agreement
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
SME	Small and Medium Enterprises
TA	Technical Assistance
ToR	Terms of References
VEEDA	Regional Agency for Economic Development and Entrepreneurship of Pcinj District
VET	Vocational Education and Training
WTO	World Trade Organization

## 1. Introduction

The project “Private Sector Development in South Serbia” started in April 2010 with an Inception Phase, which was followed by an Implementation Phase in September 2011. Its coverage was expanded from page | - 1 - the original 2 Districts in South Serbia to 14 Districts in August 2012. The current phase will be completed by the end of August 2014. The implementing agency is the Regional Development Agency of the Pcinja District, VEEDA. Its main office is in Vranje. The project applies the Making Markets Work for the Poor (M4P) approach.

The objectives of this external evaluation were to:

- Asses the 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);
- Asses the effectiveness of project implementation towards reaching the set objectives and goals;
- Assess efficiency of the project implementation set-up and project steering;
- Assessment of the likelihood of significant scale, employment and income generation of the project interventions;
- Assess sustainability of conducted reforms, cooperation with other Swiss supported projects and outlook for the future;
- Provide recommendations on the 5 dimensions mentioned above for the remainder of the current and the following phase.

The Terms of Reference provided a number of questions under these headings (see Annex 1).

Field work in Belgrade, Central, South-West, South-East and South Serbia took place between 9 and 23 September 2013. The list of people met, performed interviews and focus groups, is attached in Annex 2.

The review was carried out by Roel Hakemulder and Mladen Momcilovic.

This report is largely structured according to the TOR, though we have reallocated consideration of some of the questions to avoid duplication. We start with a brief description of the review methodology, followed by consideration of the project’s relevance in Chapter 3. Effectiveness is assessed in Chapter 4, at the intervention and output, outcome and goal level. In this chapter we also review a number of features of the project’s approach that affect effectiveness. We consider the related topics of sustainability, systemic change and scale in Chapter 5. Efficiency questions are tackled in Chapter 6. Conclusions, lessons and recommendations concerning the current phase are summarised in Chapter 7, while Chapter 8 considers Phase 2.

## 2. Approach to the evaluation

On the basis of the TOR the review team prepared an Evaluation Matrix indicating how we expected to obtain the required information and a standard list of questions for different groups of stakeholders (Annex 3). We reviewed the reports and documents listed in the TOR, as well as further documents provided by the project and various stakeholders (Annex 4). These included all Monitoring and Results Measurement (MRM) reports, all sector scoping and selection, market analysis, and reports on the ongoing interventions in the three sectors, Wood, Wood Processing, and Non-Timber Forest Products (NTFP), all prepared by the project team as an input into the review. We also asked for a number of other documents to be prepared for us.

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The review team performed over 80 consultations, 46 interviews of which half with the private sector. We performed two focus groups and 6 extensive consultations with the team as well as with the two backstoppers from the Springfield Centre (by Skype). We also met with SCO Admin and Finance, 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 to which the project relates. We also met with market actors who are not working with the project to get an outsider's point of view.

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 and alignment

### 3.1 Relevance to the context in Serbia

Serbia is undergoing a severe economic crisis. Most telling indicators include the record country external debt level currently at about 80 % of GDP as well as unemployment figures that show a record high of 24% and as much as 50% for youth. Participation of women in the labour force is significantly lower than men's. At the same time the FDI trend is on a decline and the level of public debt is at staggering 60 % of GDP (2012) while the target is 45%. The budget deficit, currently estimated at over 7% of GDP, significantly exceeds the 4.25% target agreed with the IMF under the Stand-By Arrangement. The Government of Serbia is now forced to negotiate a new arrangement with the IMF for 2013 to 2015, for which consolidation of the state finances is expected.

While the macroeconomic indicators<sup>1</sup> portray a rather adverse economic picture (see Table 1) the overall perception of the country economic competitiveness is also very negative<sup>2</sup>.

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<sup>1</sup> See National Bank of Serbia <http://www.nbs.rs/internet/english/80/>

**Table 1 – Key economic indicators Serbia**

Key macroeconomic trends in Serbia 2007-2013								
	2007	2008	2009	2010	2011	2012	1Q/2013	2Q/2013
Real GDP growth %	5,4	3,8	-3,5	1,0	1,6	-1,7	2,1	0,7
Current acc. balance % of GDP	-17,7	-21,6	-6,6	-6,7	-9,1	-10,5	-8,4	-3,3
Unemployment	18,1	13,6	16,1	19,2	23,0	23,9		24,1
GoS budget deficit/surplus % of GDP	-1,7	-1,7	-3,4	-3,7	-4,2	-5,7	-6,0	-5,2
Serbian external debt % GDP	60,2	64,6	77,7	84,9	76,7	85,9	87,7	83,1
GoS public debt % of GDP	31,5	29,2	34,7	44,5	48,2	59,3	62,5	60,6
Net FDI /bil.EUR	2,46	2,19	1,74	1,11	2,21	0,85		

Source: National Bank of Serbia<sup>3</sup>

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Serbia's UNDP HDI rank<sup>4</sup> is 64th out of 187 countries, placing it slightly below the regional average. This score also reflects the 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. 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 (see Annex 6.2). According to the Strategy of Regional Development of the Republic of Serbia from 2007 to 2012<sup>1</sup>, the ratio of regional disparities in Serbia is 1:7 between the most developed and most undeveloped districts and 1:15 between municipalities. Differences in economic performance are reflected in different standards of living, levels of unemployment, and income.

The underlying causes for this situation are many and of a pervasive nature. Serbian sustainable economic growth depends chiefly on foreign direct investments and external trade demand and yet the former is experiencing a downslide (see the above table) 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 finance<sup>5</sup>. The ten years old donor-driven Vocational Education and Training reforms<sup>1</sup> are yet to significantly remedy the low relevance of the educational system to the labour needs of the businesses. Labour elasticity is low. Further constraints, to ODA

<sup>2</sup> [http://www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2013-14.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf) Serbia 101st out of 148 economies according to the Global Competitiveness Report for 2013/14 (dropped from 95th in 2012/13).

<sup>3</sup> <http://www.nbs.rs/internet/cirilica/80/index.html>

<sup>4</sup> <http://hdrstats.undp.org/en/countries/profiles/SRB.html>

<sup>5</sup> See [http://www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2013-14.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf) and <http://www.doingbusiness.org/data/exploreeconomies/serbia/>

efforts too, include lack of coordination, accountability, transparency, non-discrimination, and efficiency, at the Central Government and Local Self Government levels.

To address these challenges, private sector and regional development have gradually become priorities of the Government of Serbia, as reflected in national strategic documents such as the National Employment Strategy 2011-2020<sup>6</sup>, the National Strategy for Rural Development 2009-2013<sup>7</sup>, and the National Strategy for Development of Competitive and Innovative SMEs 2008-2013<sup>8</sup>. Implementation has, however, been hampered by the limited reform and coordination capacity of the GoS, which is overstaffed and under-resourced. Since 2000, Serbia has been governed by political coalitions, which have distributed institutional and administrative power among coalition members. This negatively affects staffing in ministries and agencies, while further disrupting policy coherence. Effectiveness is further reduced by fragmented organizational arrangements, insufficient cooperation between the institutions and frequent political appointments, and incomplete and lukewarm decentralisation. Recent budgetary austerity measures have further exacerbated this situation.

This adds to the importance of the development partners, including cooperation with the Swiss Agency for Development and Cooperation (SDC) and the State Secretariat for Economic Affairs (SECO). Both the current (2010-2013) and the planned (2014-2017) Swiss Cooperation Strategies include an economic domain that aims at increasing the economy's competitiveness, regionally balanced growth, and employment and income creation. This addresses the country's key challenges in this domain. Youth and women are among the priority target groups.

Programmes to achieve these objectives include "Private Sector Development in South Serbia", whose goal is ***"Increased income opportunities and quality jobs, particularly for young people and women"***. The project selected three market systems that it found particularly suited to achieving this goal:

- Finished wood products (technical wood and furniture)
- Wood (forestry)
- Non-timber Forest Products (NTFP)<sup>9</sup>

Improving performance in these sectors through interventions that address underlying causes of constraints on growth, which will then result in increased growth, jobs and incomes, is the project's intervention logic. Diagram 1 shows this logic, including the main areas the project intervenes in.

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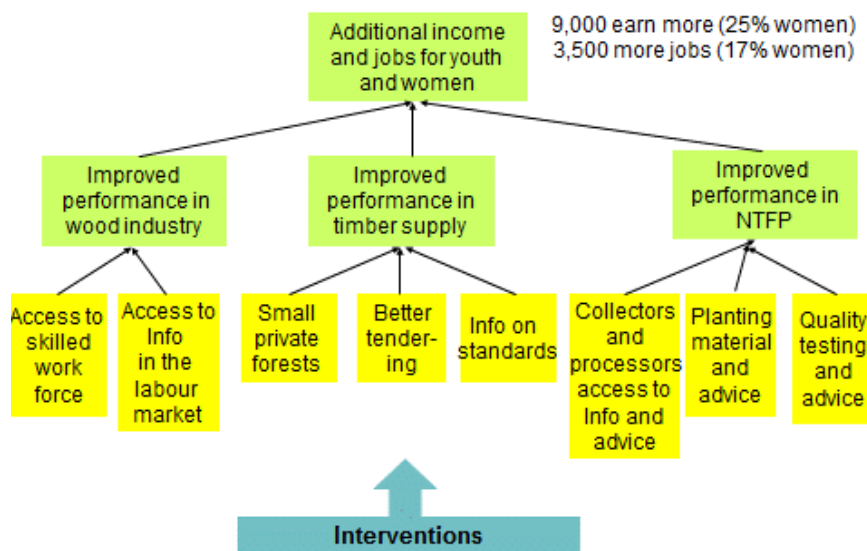
<sup>6</sup> <http://www.lokalnirazvoj.rs/national-employment-strategy-2011-2020.html>

<sup>7</sup> [http://www.inkluzija.gov.rs/wp-content/uploads/2010/03/strategija\\_regionalnog\\_razvoja177a\\_lat.zip](http://www.inkluzija.gov.rs/wp-content/uploads/2010/03/strategija_regionalnog_razvoja177a_lat.zip)

<sup>8</sup> [http://www.srbija.gov.rs/extfile/sr/97229/strategija\\_razvoj\\_malih\\_srednjih\\_preduzeca0029\\_lat.zip](http://www.srbija.gov.rs/extfile/sr/97229/strategija_razvoj_malih_srednjih_preduzeca0029_lat.zip)

<sup>9</sup> Non-Timber Forest Product: berries, fungi & medicinal plants (not game, forage, fur, fuel-wood, peat etc).

Diagram 1 – Project logic



The goal corresponds to the country's and the Cooperation Strategy's priorities. The selected sectors are appropriate in the national context (see e.g. the Forestry Development Strategy of the Republic of Serbia 2006<sup>10</sup>) and the project's analysis indicates their potential for growth, including in jobs and incomes (see Chapter 4). The intervention areas were identified through in-depth analysis (see Chapter 4). The project's geographical focus areas encompass the NUTS 2 regions<sup>11</sup> of South, East, and West Serbia that are some of the poorest<sup>12</sup> in the country and are suffering from the highest emigration i.e. depopulation<sup>13</sup> rates, highest unemployment rates and least income per capita. The very underlying premises of the PSD project, within a very fragile social context, of fostering knowledge and skills transfer and promoting social inclusion, poverty reduction and economic development in rural areas go hand in hand with the content the above strategies and the relevant EU Accession and the Swiss cooperation programmes.

We can **conclude** without reservations that the project, as its design currently stands, is unquestionably relevant to Serbia, and well aligned with national priorities, of which more equitable regional development, and raising incomes and employment are the most important.

<sup>10</sup> Key aim include supporting the economic and social functions of forests, <http://www.serbio.rs/en/%C4%8Dlanstvo/individualno-%C4%8Dlanstvo/item/41-strategija-razvoja-%C5%A1umarstva-republike-srbije>

<sup>11</sup> 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

<sup>12</sup> See the illustrative map of Serbia related to the Index of Socio-economic Pressure, with commentary, Annex 6.3.

<sup>13</sup> See the depopulation map of Serbia in Annex 6.1. Depopulation in Serbia<sup>13</sup>

### 3.2 Relevance as perceived by partners and stakeholders

Do stakeholders and partners agree with this assessment? One factor that could affect their perception is the project's use of the M4P approach, which emphasizes changing market systems through facilitation rather than direct support to individual market actors.

Partners and stakeholders on the national as well as local level nevertheless unanimously confirmed the project's relevance. They find that project interventions address important constraints, have relevant objectives, and are straightforward in conception and implementation. "Clean" was one of the adjectives used several times, which meant the project's offer is clear and the process is transparent (which is reportedly not always the case). This is in line with the project's commitment to internal good governance. The project's approach of bringing different market players together to find solutions to constraints, or work together towards these, and the way it works with market players to develop an activity were much appreciated. We will come back to this in Chapter 4.

The project does not usually explain its work as being "M4P", except in some cases with national level stakeholders. It does often make a conscious effort to explain that it works through facilitation and that its objectives go beyond change in individual firms or institutions. As a result most partners and stakeholders, especially in the private sector, understand what to expect from the project, and appreciate facilitation and generating wider cooperation among market actors as an important role.

At the national level a series of MoUs were signed (with the Ministry of Agriculture, Forestry and Water Management in 2010, and with the National Employment Service and Institute for Science Application in Agriculture in March 2012). These reflect agreed points of alignment and coordination and foresee M4P capacity building and training for staff. While the MoUs are still to be implemented, as a consequence of the partners not being ready and frequent political changes, this does provide an indication of these institutions accepting the project's objective of catalysing larger scale change, with facilitation as the main means to achieve this.

On the other hand, partners do consider the direct assistance the project provides (grants for financial risk sharing, subsidies) as a key element of its approach. The simple procedure for accessing such assistance and the project providing this up front rather than reimbursing once the full investment has been made (as other projects do) were mentioned as hallmarks of its approach.

In line with this finding, the project seems to have had fewer difficulties in convincing market players of the validity of its approach than could have been expected given the history of grant dependent aid. While the project does not fully fund interventions (partners contribute more) most other projects in Serbia, such as the DANIDA Fruits and Berry project, have required beneficiaries to contribute as well.

Market actors judged results achieved positively too. Project support was reported to be effective at all levels. Delays or slow progress were considered normal and part of the way things work.

There is no need for market actors to be aware of the M4P brand, but it is important that they know what to expect from a project and therefore to understand it is a facilitator. Given partners' very positive reactions, we **conclude** that the project has taken the right approach to this. As M4P projects often use grants to share the cost and risk of initiating innovation it is not surprising this is seen as an important benefit. The project could, however, face some challenges weaning partners off this kind of assistance.

The high level of acceptance of the project's facilitation role could indicate a beginning of institutionalisation of some of the principles of the approach. However, we are still very far from "establishing (something – in this case M4P) as a convention or norm in an organization or culture" (the Oxford Dictionary). This requires more than the partners of one project accepting it from that project.

## 4. Effectiveness

In this chapter we consider the constraints on market systems the project addresses and its progress in implementing relevant interventions and achieving its outputs. We will also consider effectiveness at outcome and goal level, effectiveness in reaching target groups, and various characteristics of the project's approach that have a bearing on this. This includes the MRM system, which in an M4P project is a key factor that affects effectiveness.

We have used two points of reference: the logframe which dates from the time of the project expansion, and the MRM system. These do not always concur. Formally the logframe should have precedence. However, the targets in the MRM system (which the project calls projections in order to avoid becoming too strongly driven by reaching numerical goals instead of achieving systemic change) are more recent and based on experience so far, and some of the interventions are clearly still evolving.

The latest project document (VEEDA, June 2012) includes outcomes relating to better performance in each selected market system: finished wood products (technical wood and furniture), wood (forestry), and Non-timber Forest Products (NTFP). There are 2 or 3 outputs per outcome that state changes expected in the market system. The project developed interventions to effect those changes. For most of these it produced Intervention Plans that include a description of the intervention strategy, a results chain and an M&E plan (amongst others).

Below we first look at effectiveness with regard to implementation of interventions and outputs, and the causes of underperformance these are meant to address.

### 4.1 Effectiveness at output and intervention level

**Outcome 1:** Improved performance of finished wood products manufacturers

The project's analysis of the finished wood products (largely furniture, but also technical wood) market system found that lack of access to qualified staff with relevant skills is an underlying constraint on

growth, which affects expansion, productivity, quality and so access to markets. The project has developed two interventions to address this: Improving training and improving matching of demand for and supply of skilled workers.

**Output 1.1:** Improved access by finished wood product manufacturers to more relevant and highly skilled workforce

Interventions	Key targets	Achieved	Assessment
Develop training centres based in and operated by furniture companies	A training centre, with 4 new training products; 8 firms and NES send trainees; 340 trainees <sup>14</sup> .	Two company-based training centres have been established and are providing on-the-job training, so far to meet their own needs (33 trained). Discussions are taking place for possible use of the first centre by external trainees (from the second centre). Four new training products have been developed. Discussions with a vocational school and a group of 8 companies are ongoing to develop a new 3-year course including practical training in the companies.	This intervention has progressed well with regard to infrastructure and achievement is already more than the target one centre. However, since the training has so far not been accessed by other companies or NES the centres are not yet operational as intended. The target of 340 trained can probably be met by workers for the two companies themselves, but this was not the intention of the intervention. The owners are willing (and obliged to by agreement with the project) to take on external trainees against a fee but they report demand is weak, and so is awareness. Promotion and early use by other firms is an area for further project facilitation.
Improve quality and relevance of training from the Chamber of Craftsmen	15 new training products; 27 firms access the training with or without	The Chamber of Craftsmen (COCR) has developed new job profiles and 10 short new training programmes. The training is operational (501 trained) and delivery is reported to be in line with good	This intervention is progressing very well. Use by 22 firms indicates it meets a need. Achievement on other indicators is on track. Promotion of the model to other training providers is an

<sup>14</sup> We will consider the extent to which women are being reached in the section on target groups.

project support; no final trainees target.

practices promoted by the project. So far 22 firms have used the training (some with some support from the project and NES subsidies),

area for further project facilitation.

**Output 1.2:** Improved access to information services in the labour market for wood and finished wood products (matching services)

Interventions	Key targets	Achieved	Assessment
Develop an effective job matching portal with NES	A portal at NES linked to its full database of unemployed, used in all branches. 3,000 new job seeking users, 500 new employer users.	The project provided advice that helped NES develop a first version of the portal, especially by including non-formal and adult education in CVs. It supported a survey of furniture and NTFP firms to obtain feedback for NES on the portal, now operational for some 8 months. There is a so far informal agreement that the project will support development of the next version of the portal, which is expected to be linked to NES's national database of registered unemployed. Use by employers and job seekers of the current version of the portal is above target for the period it has been operational (1,250 job seekers, 99 firms).	This intervention is progressing well, and the upgraded portal is likely to be realised though with some delays. The feedback from employers will be useful for improving the portal, but none is available from job seekers yet. Awareness among employers is still low. Upgrading the portal and promotion among employers and job seekers are areas for further assistance and facilitation.

**Outcome 2:** Improved volume, quality and sustainability of domestic timber supply

While currently supply of wood is adequate, reforestation is not keeping up with cutting and supply is therefore not sustainable. Growing trees is a good investment for rural households, though it is long in paying off. However, by law private growers have to replant at most two months after cutting, which is difficult as there are too few providers of seedlings. Another constraint originates from the monopoly of

Srbija Sume<sup>15</sup> on issuing tenders for cutting wood. At the time the analysis was done the tendering process was not transparent, and dominated by a few intermediaries, which affected earnings of wood cutters. Finally, the requirement for Forest Stewardship Council (FSC) certification in European markets will affect exports of finished wood products. Certification services are insufficiently available.

**Output 2.1:** Increased reforestation of small private forests

Interventions	Key targets	Achieved	Assessment
Develop tree nurseries and plantations supplied by them.	In logframe: 300 tree nurseries and 500 forest owners buying saplings, who also receive advice from the nurseries. Targets in MRM unclear.	One nursery was established that supported establishment of a further 10 small nurseries.	This intervention has progressed insufficiently. The project has put it on hold as a result of the loss of government subsidies to nurseries and plantations which the project found made growing trees unattractive for poor households. Other possible sources of funds have not yet been investigated. The 300 nurseries seem too ambitious in any case. It is too early for plantations to have been established with the saplings from the 11 nurseries established. The intervention needs to be reassessed.

The project is also working with a nursery for ornamental trees, plants, flowers, and trees for timber. The focus is likely to be ornamental species. No intervention plan or targets have been defined yet in the MRM, though the last operational report does include some.

Interventions	Key targets	Achieved	Assessment
Develop an	Not defined	An existing nursery was	This intervention could be

<sup>15</sup> Srbija Sume is a public company owned by the Serbian Government and is effectively the state controlled forestry resource accounting for around 50% of forest cover. It is the authority that issues permits for cutting any forests, including those privately owned.

ornamental trees/plants/flowers outgrower system	formally, but report mentions 220 outgrowers who receive trees/plants and advice	supported in improving its production capacity and was advised on establishing an outgrower system. There are 34 outgrowers so far.	successful, but its objectives and scope are not yet defined. Given the focus on ornamental species it will not contribute to the outcome. Either the outcome or the intervention will have to be adapted.
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**Output 2.2:** Simplified, accessible and transparent tendering procedures for wood extraction in Srbija Sume company

No intervention plan is available.

Interventions	Key targets	Achieved	Assessment
Improve tendering procedures for wood extraction in Srbija Sume	40 more intermediaries (and targets at goal level: 1,000 more woodcutters hired, cutters save 6CHF per cubic meter).	There is no progress this intervention.	This intervention was pre-empted by the new law on public procurement (December 2012) which the project assumes should also improve transparency in Srbija Sume. It may no longer be necessary, depending on effective implementation of the law. The project “will monitor” whether this is in fact the case. It should consider what it would do if it is not.

**Output 2.3:** Relevant information products on new standards & regulations (FSC) available to small forest owners and SME wood processor and finished product manufacturers

No intervention plan is available

Interventions	Key targets	Achieved	Assessment
Develop ways to provide growers, processors and manufacturers	An undefined number of entities (e.g. groupings of growers) established	The groupings of growers were meant to apply for FSC certification together to make it affordable. There has been no progress.	This intervention has been delayed because the incentives for FSC certification are currently not strong as implementation of this requirement having been

with information on standards and operational, 20% of market players aware of FSC standards.

postponed possibly to next year. However, the output mentions standards and regulations not just in relation to FSC and timber. Improving access to information on these more generally needs to be considered.

**Outcome 3:** Improved sales and value addition among NTFP collectors, processors & exporters

NTFP collectors lose opportunities for work and value addition due to lack of information and advice on post-harvest handling, cleaning and grading. This also affects export value. Supply is another key constraint. Yields from collection are variable and have been decreasing overall. Growing berries and herbs can address this. Quality testing and control services are insufficiently available, which affects export potential and earnings.

**Output 3.1:** NTFP collectors and small processors have improved access to information, extension & advice on harvest and post-harvest techniques and practices

Intervention plans are available for NTFP (medicinal herbs and blueberries) growers, but not for extension and advice to processors and collectors.

Interventions	Key targets	Achieved	Assessment
Develop ways to deliver training and advice to NTFP collectors and processors	40% of collectors and processors access services, 10% increase in premium grade NTFP sold by collectors	A private firm has provided (project subsidised) training to collectors and processors (as well as growers – output 3.2), 382 in total, as a demonstration to COCR, which now plans to develop training for this market. The project will help find an agronomist. No information is available to assess progress against targets.	The COCR training is likely to become operational, and there is likely to be demand from processors to provide this type of training. This is a good achievement, and areas for project facilitation are support to COCR and possibly other training providers. However, the intervention falls short of the model of embedded and private sector services to collectors and processors foreseen in the project document. The project’s focus has shifted to developing

growing rather than collection of NTFP as this better addresses the income effects of seasonality.

**Output 3.2:** Smallholders have better access to planting materials, inputs and advice on cultivating berries and herbs

This output includes two interventions, similar in structure but for different products: developing an outgrower model for blueberries and one for medicinal herbs.

Interventions	Key targets	Achieved	Assessment
Develop a blueberry outgrower system including nurseries, processors, extension and growers	2,000 households involved in growing and processing of cultivated berries and herbs (covers both); MRM has 1 nursery (or 1 Ha), 13 processors and 650 planters by September 2014	In principle the model is operational, with two nurseries, two processors and 119 planters contracted by processors involved. Processors offer technical support to growers, and training has been provided as well (unsubsidised by the project, to some 480 potential outgrowers). Three municipalities have agreed to provide technical advice as well as subsidies to growers. So far seedlings are still from the Netherlands (as those in Serbian nurseries need to mature), provided by the project and subsidised (free to growers). Discussions with the Ministry of Agriculture to develop a pH map (important for deciding if soil is suitable for blueberries) are ongoing.	This intervention is progressing well, with regard to most targets in the MRM, though significant and steep scaling up will be required if the target of 650 planters is to be achieved. Having a second nursery involved at this stage is a good achievement, but the number of processors contracting growers is still small. The project still plays an important role by providing subsidised seedlings. The main areas for further facilitation are expansion of the model and processors/nurseries providing inputs at commercial prices.
Develop a medicinal	The 2,000 householders	While the model has been developed (it is similar to the	Most elements to make this intervention succeed are in

herbs  
outgrower  
system  
including  
nurseries,  
processors,  
extension,  
training  
providers and  
growers

above include  
herbs  
growers; the  
MRM results  
chain  
mentions a  
target of 3  
nurseries, 3  
processors  
providing  
training  
through 2  
providers, and  
326 herb  
plantations by  
September  
2014.

blueberry model) and a  
processor is involved with  
others interested, it is not yet  
fully operational. There has  
been some provision of seeds  
and advice by a processor, and  
COCR is interested in providing  
training; 26 planters are  
involved.

place, but implementation is  
lagging behind and  
achievement of the target  
number of plantations seems  
uncertain. Nurseries are not yet  
involved. The main areas for  
further facilitation include  
involving processors, nurseries  
and other input suppliers, as  
well as more planters.

**Output 3.3:** Improved efficiency & diversity of quality testing & control services for NTFPs.

There is no intervention plan.

Interventions	Key targets	Achieved	Assessment
Develop ways to improve quality testing and control services	There is no target for (private) providers of these services; 25 processors are expected to apply new quality control	The need for these services was identified in the project document and an in-depth assessment has been planned but not conducted.	Quality control is covered as an embedded service in the outgrower models, which is positive. There is no progress on quality testing. The project has delayed this intervention as at present blueberry yields from the plantations it supports are still too small to justify it. However, quality testing is not relevant just for new blueberry growers but across the NTFP sector and the project should consider pursuing the intervention for that reason.

**In conclusion**, progress is good on 4 interventions, less than expected on 5, and one intervention may have become unnecessary. The interventions under outcome 1 (wood products) have already resulted in people being trained, especially through the COCR, and job seekers and employers exchanging information. They have therefore already resulted in better access to skilled workers.

The interventions under outcome 2 (wood) have on the whole not progressed well (while one was overtaken by events), and are unlikely to result in the planned outputs. Work on information on quality standards in the wood products and timber sectors has been postponed as FSC certification requirements have not come into force yet, but this takes too narrow a view of the need for more awareness of standards. The pilot with an ornamental species outgrower model may be good but bears no relation to the outcome.

Under outcome 3 (NTFP) progress has been uneven, but the outgrower model on which interventions are based appears sound. Growers and collectors already have access to better information, advice and inputs. Quality testing for NTFP is delayed as blueberry crops are too small at this stage, but this is also taking too narrow a view of the needs in the NTFP sector.

## 4.2 Effectiveness at outcome level

We could not adequately review the extent to which the outcomes are being achieved as this has not yet been assessed by the project. This is to be expected, since the changes facilitated are recent and not sufficiently mature to have had a measurable effect at this level. E.g. trainees of the furniture training centre have only just become employed, and this is unlikely to have had an immediate effect on sales. Blueberry plants take 5 years to become fully productive and the first crop should be picked before ripening to reinforce growth.

The project does have data on earnings of medicinal herbs growers, showing these are well below target, in line with the limited progress on the intervention. It also has data on earnings of people newly employed, but these (and earnings of growers) more properly belong at the goal level. Our interviews provided some anecdotal evidence of NTFP processors and the ornamental trees/plants nursery having improved sales and productivity due to newly installed equipment (cost-shared with the project). The two factories that set up training centres expect improved sales for the same reason. The project's MRM system reports that companies with COCR trainees gained 7 additional contracts. Some berry growers reported understandably small earnings. Of course there are no indications of change with respect to improved volume, quality and sustainability of domestic timber supply, as trees take time to grow and the interventions show insufficient progress.

**In conclusion**, it will take time for effects at this level to be demonstrable, and for outcome 2 (wood) there will be little to show unless the work with ornamental species takes off (and the outcome is reformulated).

### 4.3 Effectiveness at goal level

As shown by Table 2, in spite of insufficient progress on several outputs, the project is well on its way towards achieving employment and income targets, especially if the MRM targets rather than the logframe targets for FTE jobs are taken as the yardstick. If the logframe target stands, 32% achievement may be too low at this point in time; the 2,565 FTE jobs projected in the MRM should be more realistic, and achievable. Progress on net additional income also seems good. Progress for women is the same or even better than for men in relation to the targets (which are at least 25% of net additional income, and 17% of full time equivalent jobs are for women).

**Table 2 – Achievement of goal level targets**

Indicator	Target	Achieved	% achieved
FTE jobs	2,565 (3,500 in logframe)	1,130	44% (32%)
FTE jobs for women	673 (600 in logframe)	301	46% (50%)
Increase in income (CHF)	4,033,155 (no target in logframe)	1,583,300	39%
Increase in income for women (CHF)	806,631 (20% of total)	500,450	62%
Increase in income for SMEs (CHF)	2,479,755 (none in logframe)	Not yet assessed	n.a.

An important share of the impact is, however, due direct assistance from the project (funds for training, equipment). This is shown in Table 3.

**Table 3 – Direct versus indirect impact**

	Direct impact	Indirect (no project funding)	% without project support
FTE jobs	678	443	39%
Increase in income	1,524,533 CHF	25,500 CHF	2%

The income figures are not very meaningful at this stage, as much of this still has to be assessed and the impact of several interventions will take time to be demonstrable. The 39% of FTE jobs achieved without project support can be considered good at this point in time. However, these jobs are due to just two of the interventions, the NES portal (309 FTE jobs) and the COCR wood products training (134). Both of these, the first especially, are in the domain of enhancing employability and matching rather than

creating new job opportunities (and are in that respect potentially of relevance to the Swiss programmes that aim at reducing migration and brain drain). The other changes facilitated by the project still have to demonstrate that they can stand and have an impact without the project. This is not to say that nothing would have happened without the project or that the innovations would collapse without it. Current partners do say they will continue without support. This, and the willingness of other market players to become involved without direct project support still need to be demonstrated, though. The alternative is continued direct support in order to achieve the targets, which will not achieve systemic change. We will discuss this further in the chapter on sustainability, systemic change and scale.

**In conclusion**, good progress is being made towards the goal level targets in the MRM, partly due to direct support and the success of employability and matching interventions.

#### **4.4 Effectiveness in reaching target groups**

To assess the extent to which the project is reaching its target groups we need to review what the intended target group is. The project's goal states it clearly: Increased income opportunities and quality jobs, *particularly for young people and women*.

The current logframe and the VEEDA project document for the expansion (2012) reformulate this as job seekers and women, but this appears to be an oversight. It is, however, not insignificant, as the credit agreement for the implementation phase describes the target group as job seekers, young people and women in particular, as well as employable women and SMEs. While the goal does not make mention of the poor or poverty reduction, the credit agreement states that the targeted young people and women live on incomes around the poverty line. Various other documents, the project document most importantly, make reference to the project being pro-poor and aiming at pro-poor results and impact.

The assumption that all job seekers (those registered as such at the NES) are poor is simplistic. The project document includes, though, an analysis of those seeking employment or already working in the selected market systems that includes consideration of income and access to education and information, which presents a convincing case for most living around the poverty line. This includes woodcutters, small forest owners, workers in sawmills and finished wood products manufacturing, NTFP pickers (collectors), and those seeking employment in these sectors.

"Particularly" youth and women does not exclude the not-young and men, and of course it would be impossible (and undesirable) to improve market systems in such a way that only women and youth benefit.

**In conclusion**, the project may be said to target mostly poor people looking for (more) employment, youth and women in particular. Targeting of SMEs may be considered more a means (to more jobs and better incomes) than an end.

To what extent is the project benefitting these groups? It has pursued three main strategies to do so. Firstly, the project has selected sectors whose growth was expected to benefit them. Analysis showed that the participation of women in the wood and wood products sectors was low (around 15 and 20% respectively), while in the NTFP sector it was high (62%). It was expected that low participation in the

first two would be offset by high participation in the third. Attractiveness to women was also assessed through focus group discussion. Assessment of the involvement of and attractiveness to youth was on the basis of location (preferably urban), and wages (average or above). The wood products sector was expected to be more attractive to youth than NTFP. As mentioned above the project did show convincingly that the participation of the poor in these selected sectors is likely to be high.

Secondly, the project has tried to ensure that its target groups benefitted from activities directly supported by the project, by persuading partners this was important and including project objectives in contracts and MoU's, without, however, setting targets or conditions. We found that the partners are indeed well aware of the project's aims and have made efforts to ensure participation of and benefits to women, youth, as well as ethnic minorities.

Thirdly the project has set overall targets for target groups benefitting from the project, i.e. including indirect beneficiaries. In the logframe targets for women's participation were set only at the goal level: at least 25% of net additional income, and 17% of full time equivalent jobs (which suggests women are expected to earn more than men). For a project that aims to benefit youth (who include women) and women in particular this seems a modest if not insufficient target.

At first sight, the lack of sex-disaggregated targets at the outcome and output levels seems appropriate. If more women are employed and earn more, it may matter little how this was achieved. This does disregard though that improved access to services, ownership of assets and the type of work done are important dimensions of gender equality in themselves. We assume that the project would not want to create a situation for instance in which all blueberry growers are men and the seasonal labourers are women, or where men growers get advice but not women. The latter often happens in comparable countries because of the gender biases of information providers: they assume men are in charge and prefer to deal with men (being predominantly men themselves).

The project has to some extent recognized this and set targets for women's participation at different levels in its results chains and MRM. Table 4 shows the information we have for the main interventions (not always at the same level in the results chains). The COCR training and the work in herbs is somewhat under target, while the training centre is above target. It has trained only one batch of trainees though, with another just starting, and the second training centre does not focus on upholstery, which is considered to be in line with women's special aptitudes. Overall the numbers behind these percentages are still low (e.g. just 26 herb planters). However, if current trends continue it would be useful to assess the causes of lower than expected outreach to women in the herbs and COCR interventions.

**Table 4 – Outreach to women**

	Target for women	Achieved
Herb planters	40%	23%
Berry planters	40%	37%
NTFP trainees	n.a.	46%
COCR trainees	25%	14%
COCR trainees getting jobs	25%	17%

(FTE)		
Training centre trainees	25%	50%
TC trainees getting jobs	25%	71%
(FTE)		

What we do not know is how women have benefitted other than in terms of work and income. As the project document states correctly, gender mainstreaming is not (only) about numerical targets reached. Neither the logframe nor the MRM includes indicators relevant to Women’s Economic Empowerment (WEE) and information has therefore not been collected. We will come back to this when we consider the MRM.

Neither the logframe nor the MRM set targets for participation of youth or the poor, and the MRM does not keep track of this. As the poor are not mentioned in the goal, this is justifiable, though it would be appropriate to assess at some point to what extent low-income women and men are actually benefiting. The lack of targets for and data on youth participation is more difficult to justify. The argument that youth will be reached as sectors were selected with them in mind does not stand up to scrutiny as this is exactly what monitoring is meant to verify.

The project was able to provide us with some information on outreach to youth at our request. This seems to indicate uneven success, as shown in Table 5.

**Table 5 – Youth in project interventions**

	% youth
Herb planters	10%
Berry planters	3%
COCR trainees getting jobs (FTE)	30%
Training centre trainees	8%
TC trainees getting jobs (FTE)	8%

The total numbers behind these percentages are still too small to draw conclusions from. However, the figures do indicate that participation of youth needs to be monitored so that interventions can be adjusted if necessary. Also, it would be good to assess why outreach to youth is low in some interventions, and why COCR is so much more successful than the training centres (where 47% of applicants were young but few got accepted).

The effectiveness of the project in reaching its target groups, women in particular, is likely to have been affected by the shifting focus of the interventions. While NTFP pickers were found to include 62% women and “many” youth, the shift to growing requires access to land and capital (e.g. for irrigation equipment). As male heads of household are the usual owners of land and other assets, this puts women and youth at a disadvantage. While the project has managed to facilitate women’s access to government subsidies, and is on target, these may not be a reliable source of capital for long. More proactive research could have identified and perhaps addressed such issues. Conversely, while it was

expected that few women would benefit from interventions in furniture, the demand for skilled upholsterers (training centre) increased women's participation.

**Overall**, though, the project's inclusion of women is largely on track compared to the modest targets, especially if the achievement at goal level is considered (target 46% achieved). That many or most of those who benefit are poor is likely but cannot now be demonstrated. The extent to which youth benefit is not being assessed but indications are that this could be less than expected and the project needs to monitor and research this.

In the following sections we consider how the project got to where it is now, i.e. the approach it has taken.

#### **4.5 Market system analysis**

The project interventions address underlying causes of market under-performance that were identified using the M4P analytical framework in the two districts the project initially covered. The studies are of good quality, though more could have been done to analyse support functions (see Annex 6 for market system diagram), including by more coverage of private sector service providers. The research done in the districts the project entered in the course of the expansion (beginning 2012) does not have the same quality but provides a useful starting point for developing partnerships and planning activities. In the wood products sector thanks to effective coordination by the SCO the project was contracted by SIPPO to conduct a nation-wide study. This considers support functions and rules and regulations more comprehensively. The study, which is of high quality, largely confirmed the earlier findings.

The initial research for the context analysis and for the selected market systems included focus group discussions with women, analysis of data by sex and age, and used an existing gender analysis. The various reports and documents do, as a result, reflect some understanding of the general challenges women face in the labour market, such as doing more unpaid work, lack of access to "male occupations", low access to finance, inequality in ownership over land and inequality in inheritance. The extent to which this general understanding has been applied to the selected market systems is limited, though. That is, the analysis has not attempted to identify constraints and their underlying causes that apply to women specifically and the reports contain largely commonplace statements of good intentions (e.g. "project interventions must provide equal opportunities to women and men to participate and benefit according to their needs" – NTFP study page 29).

The same holds largely true for youth and the poor. The assumption on which the analysis proceeds appears to be that since the sectors include many poor and youth, the analysis automatically applies to them. This might be true, but explicit consideration of ways in which these groups are excluded specifically and the causes would have been able to demonstrate that, or could have resulted in interventions that address such impediments.

**Overall**, we are confident that the project has identified key constraints and underlying causes for market systems underperformance, especially in the wood products sector. More target-group specific analysis would have strengthened the studies.

## 4.6 Intervention areas

The project has selected several areas to intervene in from those that were identified. The feasibility of systemic change, whether the project was well-placed to address a constraint, expected impact and stakeholders' interest and priorities played a role in this. This is appropriate. The project did not always take the way of least resistance: both the work with NES and developing outgrower schemes could be expected to take time and intensive facilitation. Some intervention areas focused on the national level (NES, FSC certification), others on the local level (outgrower systems). The project's portfolio eventually included a good mix of intervention areas.

The project did select a relatively small number of underlying constraints to address, in particular for the wood products sector, where the focus is on improving skills and better job matching (also related to skills). Improving design, introduction of standards, quality control, more cooperation for economies of scale, better market research and others were identified constraints that were not selected. In forestry, a wider range of interventions at different levels in the market system was planned, but eventually just one was started. In blueberries and medicinal herbs the situation is different because the outgrower model the project developed addresses most of the key challenges in this market system, by growing rather than just collecting, providing access to seedlings, seeds and advice, funds (public subsidies), better cooperation among market players. Issues relating to promotion were not taken up, and the planned intervention to improve access to testing services is still to start.

The intervention areas that were selected are clearly key to improving performance. There are also good reasons for limiting the number of interventions in a small team, and focusing on a few that can demonstrate results. However, at this point, with several interventions progressing well, the extent to which the project intervenes in the selected market systems, wood products in particular, is rather narrow. The project runs the risk that it helps market players solve some issues but that the impact is limited due to other bottlenecks. A systemic approach benefits from addressing several usually interconnected constraints. By working on few issues the project also runs the practical risk that if an intervention fails or stalls, there are few alternatives to make progress with.

As a result of the insufficient analysis of constraints specific to youth and women, the project has not identified intervention areas to increase participation of and benefits for women, or interventions that aim at doing so. The project assumes that its general interventions benefit the poor, as many of those in the selected sectors are likely to be poor, and overall the intervention areas selected do seem appropriate for reaching them given that participating in or benefitting from them requires no or relatively small investments.

One area that could be questioned in this respect is the private forestry promotion, which requires investments that take a long time to show returns. This was viable as long as subsidies remained in place, which they did not. Blueberry growers face a similar issue, as they have to invest in irrigation and yields are initially small. The project has partly addressed this through linking growers with subsidies, whose availability is limited and that may not stay in place either. We would not argue that these intervention areas were not appropriate, as the required investments are modest. We would argue

though that more explicit analysis of constraints on the poor to participate in these market systems and recognition of the risk inherent in depending on subsidies could have improved the interventions.

**In conclusion**, the selected intervention areas are overall appropriate, though rather narrow in scope. Some depend on the continued availability of public funds. No target-group specific intervention areas were selected.

#### **4.7 Intervention design**

The project has designed interventions in each of the selected intervention areas. Most are detailed in a narrative description and results chains in “Intervention Plans”. The chains or impact logics show how interventions made up of a number of activities (e.g. demonstrating the business case for new training products and supporting their development) are expected to result in changes in the market system (e.g. training providers offer more and better training), which should result in changes in the core market (workers have better skills), which should lead to better enterprise performance, more income and more jobs. Most of the results chains have separate lines for direct impact (supported by the project) and indirect impact (the result of crowding in or scaling up in another way, with or without project facilitation).

Overall the results chains are logical and seem realistic to the extent we can assess this. The interventions that are based on them are therefore plausible and they do address the constraints identified.

A concern is that the strategies to facilitate indirect impact and scale, and the results chains that underlie these, are not sufficiently concrete or detailed. We will consider this later.

With respect to target-group specific interventions, one has successfully addressed a constraint on participation of women in the NTFP market system. Once implementation started the project found few women could access public subsidies for blueberry or medicinal herbs plantations because only heads of household could. Discussions with the Ministry of Agriculture resulted in a change of the relevant bylaws. This has already resulted in women accessing subsidies which also carry benefits such as social, health and unemployment insurance. This is an important achievement. While it has been left insecure by changes in the Ministry’s leadership, it will probably stand. In our view this positive experience demonstrates that an in-depth gender analysis in the three market systems, and consideration of specific constraints on youth, could lead to further interventions that would increase participation of and benefits to women and youth.

**In conclusion**, the intervention designs are appropriate and it is plausible they will lead to the expected results. The same reservations apply as to the intervention areas.

## 4.8 The involvement of partners and stakeholders

The M4P approach foresees that projects facilitate, while market players make change. Thorough selection of partners in the market is therefore crucial, and this has been one of the characteristics of the project's approach. This has included assessing the partners' incentives for supporting change or adopting innovations, their potential leverage to catalyse systemic change, and gone as far as background checks on outstanding court cases and debts. This has resulted in the project having had consultations and discussions with quite a wide range of market players in the public and private sector, but working in partnership with the relatively few it expects to be reliable.

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This is in line with good practice. What matters is to have effective partners, not to have many. It is also appropriate given the complex socioeconomic and political context and the still fluid situation in the private sector. The vicissitudes of working in a setting that is highly politicised and bureaucratised, where government leadership and staff change frequently, and where staff have a limited level of competence and lack funds, have constituted a challenge on building effective partnerships. Commitments are made not so much by institutions but by individuals linked to particular parties. Such individuals change frequently, and with the last change of Government not just at top or middle levels but at the lower levels as well. NES's commitment to work with the project on an improved portal will take some time before to be taken up again as the result of such changes. It has also slowed down negotiations with the Ministry of Agriculture's over development of a pH map. The project has made efforts to safeguard its partnerships through MoUs that institutionalize collaboration. This has definitely proven useful, but such agreements can still be canceled or ignored if they are not seen to be in the interest of the new leadership.

Even without frequent changes in staff, public institutions mostly appear to work very slowly and be conservative (e.g. in education). An institutions such as the Agricultural Extension Services is generally considered inadequate, with staff who are unmotivated and "old-fashioned" in their approach. At the local level, some municipalities expressed and have demonstrated strong commitment to partnership with the project. On the other hand, we heard business owners state that they never received municipality support, or their request for e.g. a construction permit had been delayed interminably, because they stayed clear of politics, and we saw a municipality attempt to take over a processor's initiative to start an association because he belonged to the "wrong" party.

In this context the project has wisely chosen to be transparent in its partner selection and to work with the private sector where possible. When working with the public sector it has carefully chosen the institutions that showed promise and has been patient, persistent, and tried to institutionalize the partnerships. There may be cases where more frequent follow up could have been useful, but overall this approach has been successful. Delays have of course been unavoidable.

With regard to particular market systems, in the NTFP value chain the project works with partners from the producer and input supply level to small middle level processors. Relations further up in the value chain, with large processors, buyers, exporters and possibly international buyers are still to be developed. This could enhance the potential for scale that will benefit (poor) growers. Whether current

partners carry sufficient weight to be catalysts for broad systemic change remains to be seen. The project, has, however, started working with three NTFP associations (of growers and processors) that could provide scale. This is promising. In terms of support functions, the project is working with private training providers, municipalities, the Ministry of Agriculture (development of a pH map) and has attempted to work with the Extension Services.

The work with three poor municipalities (Crna Trava, Trgoviste, Vladicin Han), facilitating their providing subsidies and advice to blueberry outgrowers, is noteworthy for the ground-breaking Public Private Partnerships that help empowering them to engage with the problems of poverty, unemployment and out-migration. The municipalities have allocated between 24 to 60% of their Agricultural Fund to this intervention. This is particularly significant given their poverty and low budgetary allocations, their remoteness from the political centre, and the lack of full-fledged decentralisation. The project has signed MoUs with the municipalities that underlie the cooperation.

In the wood products value chain partners include factories of various sizes and significance, some with substantial export markets or shares of the Serbian market. A local Chambers of Commerce has been used to reach more potential partners. Here the project still lacks partnerships (or relations) with international buyers. While demand and market access do not appear to be key constraints, large international buyers could be a source of information and advice on standards and new designs and product lines. Local private sector partners do, however, seem significant enough to leverage systemic change, though this still has to be demonstrated. In support functions the project is working with the national level NES (bringing national level outreach), the COCR and a local technical school (Uziče). The partnership with COCR has proven effective, as it continues to provide training without project support.

In reforestation the project is working primarily with local level partners, such as a saw mill and its nursery. In the ornamental tree pilot a nursery is the main partner. As we have seen this intervention is not yet well developed.

The way the project works with partners is based on dialogue and results in specific measures all parties seem to be able to find themselves in. The project does not present its potential partners with a take it or leave it “model” or offer, but explores shared interests and needs and develops an activity or assistance package together with the partner(s). In several cases partners found it hard to say who had come up with the activity in the first place, as they felt it was done “together”. This process may be slow and require a lot of consensus building especially if more partners are involved, but it does ensure clarity and ownership.

This approach does in practice have the disadvantage that we found that some partners were not aware of the “model” they were part of and the process for establishing it. For instance, municipalities had provided subsidies to blueberry growers but had not considered how berries would be processed and marketed, or had conflicting ideas and information. This could lead to wrong investment decisions. This should be easy to address through discussions that tackle such issues. Another downside of the process is that the project does not have written up business models or cases it can use to convince market players to invest. The use of such models is foreseen in intervention plans and is a common M4P practice.

Apart from direct partners, the project has also involved the wider group of stakeholders. Relevant stakeholders in the private and public sector have been adequately involved in and contributed to the research the project has done (context analysis, market systems analysis and others). The project has presented them with the results at public events and has organized various consultations. In the end, the project took the final decisions on the priorities and the main features of interventions. This is appropriate for an M4P project, as the methodology is not necessarily understood by or shared with stakeholders. Stakeholders have remained involved first through advisory committees for the different market systems, which were abandoned for more informal consultations through workshops. This appears to work well.

This is not to say that most of the possible stakeholders are well aware of or involved in the project. Relations with stakeholders are relatively loose and the spread is limited. For instance, the municipality of Vranje seemed hardly aware of project activities. The project has focused on obtaining results from its collaboration with partners. This is usual and appropriate for an M4P project, which uses, but is not about participation.

The project has had few contacts with member-based organisations of its target groups, i.e. women's and youth organisations. Their contribution to the research has been small, and they are not among key partners or stakeholders. Work with a Roma women's organisation holds potential, and is important, but this is obviously a special case. More involvement of women's and youth organisations would benefit analysis as well as implementation.

**In conclusion:** the project's partners are well-chosen with an appropriate balance between public and private sector given the difficulties of collaborating with the former. Especially in NTFP it would be useful to work with larger partners higher up the value chain, with more leverage. There may also be a need to work more with market players in supporting functions in wood products (e.g. in design) as well as NTFP (quality testing). Dialogue with private sector partners is constructive and had led to clear activities. Stakeholder participation is good, but weak with regard to organisations representing women and youth.

## 4.9 Flexibility

One of the characteristics by which M4P practitioners like to define the approach is its flexibility. That is, while interventions are based on rigorous analysis, they are also adapted to a changing political and economic context, new findings or developments in market systems, emerging opportunities, partners' incentives and needs, and, importantly, interventions' progress and impact. Partnerships develop (or are dropped) in a similarly flexible manner. The process of analysis, design and implementation is reiterative to make this flexibility possible.

The project exhibits this characteristic to a high degree, as it has been evolving throughout its short lifespan. One indication is for instance the changes in outcomes and outputs between the first implementation credit agreement (September 2011) and the additional credit agreement (August 2012) and VEEDA's project document of the same period. For instance, the first included work in the tourism sector, this was dropped in the second, which, on the other hand split up the work on wood products

and forestry. The first had an output on “strategic business services” for the wood products sector, which was dropped in the second, which added job matching (with NES), and in VEEDA’s document FSC certification in forestry and quality testing in NTFP. Overcoming limitations in supply by growing rather than collecting berries and herbs was a further change. Most significantly of course, the additional credit agreement expanded the project’s geographical scope from 2 to 14 Districts, giving it a “national mandate and regional focus”.

More recently the project has put on hold its forestry interventions (including on FSC certification) while piloting an activity in ornamental species, and decided to delay its work on quality testing in NTFP.

In partner selection the project has applied its criteria stringently, but it has shown great flexibility in the range of partners it considered. The way it defined specific activities through discussions with partners was characterized by adaptability as well.

We are not in a position to second-guess the changes that have been made. Overall we find that there was an acceptable rationale for them, e.g. tourism being dropped to achieve more focus and reduce overlaps with the Private Sector Development project in West-Serbia (PSD Zlatobor), and job matching being added because this was found to be a major weakness in the labour market. The expansion was in our view appropriate as systemic change often requires action at the national level (e.g. there would be no way to do the work with NES locally), facilitating crowding in is not possible if one is working in just two districts, and key value chain actors may also be located outside such a limited area.

Overall this is positive, therefore. However, what we have missed to some extent is a clear record of the analysis that has gone into many of the changes. For instance, the VEEDA project document and the additional credit agreement make a convincing case for the expansion, but do not adequately consider the possible risks (e.g. overstressing a team that is just beginning to develop its capacity, geographical overlap with PSD Zlatibor – even though the sectors are different some stakeholders are shared, which could create confusion). The reasons for putting the FSC and quality testing interventions on hold cannot be found in the project’s reports (they do not mention they are on hold). There is no record of reasons for not working on quality testing in medicinal herbs, for collected NTFP, and for other grown berries while the blueberry plants supplied by the project are still immature. There is also no record of analysis that went into working in ornamental plants and trees under an outcome that aims at improving timber supply.

There may also have been greater scope for *adapting* interventions in response to changed circumstances rather than putting them on hold. E.g. we are not fully convinced that the current lack of subsidies for private forestry has made this intervention unviable. Could other grant sources have been found, or could the project have worked with LSGs to access such sources? Could a good business case have been made for large investors to grow trees on the land of households in a profit-sharing arrangement? Could growing trees on otherwise unused or marginal land be an option? These are some of the possibilities that could perhaps have been researched.

The work with three (poor) municipalities is a good example of the project making use of a change in the local governance environment, i.e. funds for agricultural development becoming available to LSGs. The

project will need to consider how it will make use of further changes in the framework of the EU Accession. The entire Government system is currently gradually being shifted towards meeting the various functions and targets for accession and eventual membership. LSG budgeting is turning away from the focus on the Central Government towards inclusion of the new sources of funding i.e. from the EU. PSD is very prominent in this, as it is one of the core IPA II (2014-2020) objectives and the Europe 2020 goals. This could provide good opportunities, but threats also. A glut of free or cheap money is not always a catalyst of the kind of systemic change that is really needed. Page | - 27 -

**In summary**, while the flexibility that characterizes the project's approach seems appropriate (and commendable in its work with partners), there is a need for more rigorous analysis and justification of such changes, in writing, and this being reflected in operational reports and other project records. Though the pilot in ornamental species may become a success, and is an example of how innovations (outgrower systems) can cross over to other sectors, it does not fit in the project's logic and will need to be justified.

#### **4.10 Monitoring and Results Measurement (MRM)**

Given the reiterative character of research, design and implementation based on interventions' progress and effectiveness, MRM is one of the cornerstones of the M4P approach. The project is fortunate in having a staff member dedicated to this, and a backstopper who is a specialist.

The key to the MRM system is a number of excel workbooks called Intervention Plans, of which there are five. These include a narrative description of the background to the intervention, the intervention strategies and results chains with separate lines for direct impact (supported by the project) and indirect impact (the result of crowding in or scaling up in another way, with or without project facilitation).

Each of the steps (or boxes) in the results chains has indicators (largely quantitative) and targets (called projections) or deadlines. Results chains are reviewed two to three times per year, with support of the backstopper. An M&E plan provides more detail on the indicators and targets (which are largely sex-disaggregated), and specifies how, when and by whom progress will be assessed. It includes a baseline and findings on progress by quarter. Generally two ways of measurement are planned to be used, ranging from small surveys to use of partner records, interviews, and in one case a planned controlled experiment.

Four out of the five intervention plans include detailed calculations on which FTE jobs and net additional income projections (and targets) are based. These are linked to the results chains 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. Results are discounted by opportunity costs (e.g. the loss of income from growing another crop when switching to medicinal herbs), and to take into account local conditions (e.g. assuming 7 tons of blueberries per hectare when the plants are mature rather than the 10 in Holland). As most readers are unlikely to dig this deep into MRM systems, we have included the sheet of calculations for the blueberries in Annex 5 to give an impression of the level of concrete detail achieved.

We have reviewed this system. We are not DCED standard specialists or auditors and will not pretend to be so. Overall, though, we find the results chains logical and realistic, the indicators appropriate and the methodologies for measuring change at different levels in the chains in line with good practice. The use of intermediate indicators (between intervention and impact) enables a timely management response, provides recognition of early results and increases the plausibility of attribution. The use of satisfaction indicators, for instance relating to training or the NES portal, offers an additional feedback instrument that can contribute to improvements. Page | - 28 -

The calculations of income gained and jobs created seem well-founded and on the conservative rather than the high side. The project has verified the basis for projections and extrapolations to the extent possible at this point in time (e.g. wages of furniture workers can be checked now, but the yield of blueberries in 5 years' time cannot). Most assessment or measurements that were planned and could be conducted given the progress of the interventions were done. While we were in no position to count jobs and increases in income ourselves, we consider it very likely that the reported impact is as close to reality as projects can get. One finding the project still expects to check is the impact of the NES portal (so far reported by NES only).

We can **conclude** that the project has established an appropriate results-oriented monitoring system. It is plausible that the changes so far reported, including those at the goal level, are attributable to the project interventions. If the interventions deliver the changes in market systems that the project aims at the projected gains in FTE jobs and income (in the MRM) are likely to be realized.

This is not to say that there is no scope for improvement. The project needs to do a thorough review of the system against the DCED standard, supported by a specialist, and make the necessary changes. This should take into account the Serbian context and experience already gained there, as well as other emerging good practice. Without doing such an assessment ourselves, we found that there is a need to:

- Bring the targets in the logframe in line with the projections in the MRM.
- Develop missing intervention plans. Even if interventions have been put on hold or are in an early stage of development, they should have a plan, a results chain at a minimum. This helps think interventions through and see what analysis is missing.
- Include more intermediate indicators that relate to systemic change (e.g. in the training centres and COCR interventions there are indicators for “more firms” using the “Top Sofa” training centre and COCR, but not for more training centres and more providers such as COCR).
- Develop an indirect impact chain for medicinal herbs.
- Do the calculations of impact of the NES portal.
- Ensure that plans and results chains are up-to-date (e.g. the work with a technical school in furniture training not reflected, changes in approach to transparent tendering not reflected).
- Ensure that data on findings on the indicators in the M&E sheets are updated and sex-disaggregated as a matter of course (we had to ask for the latter, though the operational reports have some sex-disaggregated figures for key indicators).
- Iron out some inconsistencies (some targets in the wrong place, figures not cumulative or unclear whether they are, when there is a number of indicators at one level there are not always

projections or measurements for each – e.g. No of applications, No of trainings, No of certifications, but only one figure and it is unclear for which).

- Acknowledge contributions of other publicly funded programmes.
- Keep track of (in the MRM) and report on (in project reports) project direct support (e.g. cost-sharing of equipment).

None of this should be difficult to do, as the existing framework is fundamentally sound. It would, however, greatly enhance the accessibility and effectiveness of the system.

One further way in which the MRM can be improved is by developing more gender sensitive and WEE indicators. We already saw how the project has, appropriately, not limited itself to indicators and targets for impact on women at the goal level, since what happens earlier on in the results chains affects women too. Table 6 gives an example of how this works. As a result of setting such targets and monitoring achievement the project knows that women have planted blueberries, have accessed advice, and have more work and income as a result of this particular intervention, which is therefore a good intervention for the target group. However, it would have been useful to know too whether the nurseries and processors are owned and run by men (they largely are), whether the planters own the plantations (more likely they have invested in land to which they do not hold legal title), who controls the income gained, whether women’s plantations are on average the same size as men’s; whether they are as successful as men’s (failure being a possible indication of underlying inequality in access); and the extent to which investing in blueberries affects women’s status and power in the household and community. These would be some of the possible gender sensitive (rather than just sex-disaggregated) indicators. While it may not be feasible to assess them on a frequent basis, doing so once or twice over the project’s duration would enable it to learn how it is affecting women and adjust interventions if necessary.

**Table 6 – Targets and achievements for women participation in blueberry intervention**

	Target for share of women	Achieved
Nursery owners	No target	n.a.
Nursery workers	No target	100%
Processors	No target	n.a.
Planters	40%	37%
Planters’ access to advice	50%	67%
Successful plantations	No target	n.a.
Income	40%	28% for growers, 100% for nursery workers
FTE jobs	40%	37%

While the project is therefore making a good effort at reflecting gender mainstreaming in its targets and reporting, improvements could be made that would provide more insight into the extent to which

interventions may contribute to women's empowerment. The planned assignment of two specialists on gender in MRM is expected to address this.

Finally, we found that the efforts on the MRM system were geared mostly to accountability towards the donor, i.e. to external reporting. The VEEDA project document states that "the program aims to implement a monitoring and evaluation system which is transparent and simple to use and understand and allows SDC to look into interventions at any time". In the first place we do not think this has been achieved, though good progress is being made. In the second place, this does not recognize the important function of the MRM for learning, management, and informed steering. Use of the MRM for these purposes can greatly enhance the project's effectiveness. Ways in which this can be facilitated include allowing intervention managers to report on progress in the intervention plans, more frequent discussion and revision of intervention strategies and results chains, using results chains as a way to think through interventions as a team rather than to reflect the outcome of such thinking, routine sharing and discussion of recent findings, and, at the SDC's level, more frequent reviews of the logframe. There may be a need to demystify the MRM and the DCED standard somewhat so that it is more owned by the team.

#### 4.11 Governance

We have dealt with the gender transversal theme under the different headings above. As for governance, VEEDA's project document for the expansion states that "The PSD ***programme will also be guided by the five SDC good governance principles*** laid out in a recent SDC strategic document – both *internally* in the way the project is managed, as well as *externally* in development interventions and in the way partnerships with stakeholders are conducted". It also states the intention to mainstream those principles – accountability, transparency, participation, non-discrimination and efficiency – in the interventions.

Although this theme is not usually reported on by the project, it is clear how the project applies good governance principles to its own activities. As we have seen research was done with participation of main market players and target groups, its partnerships are developed in a participatory manner, and the project does not discriminate on the basis of gender, ethnic group or religion. Rather, it promotes the inclusion of groups so far largely excluded (e.g. some of its interventions have been in geographical areas dominated by minorities). As for efficiency, this will be considered under its own heading.

There are two areas for improvement in this respect. The first refers to stakeholders who have been contacted as potential partners and have not heard from the project since. We met two of these, who were wondering for what reasons they had been "dropped". The project may want to ensure that it is as transparent about working together as about not doing so once an expectation may have been raised.

The second is the MRM. As we have seen, most of the key elements of the MRM are in place, but it is currently not in a state that SDC (or the evaluation team) could easily assess the current status of the programme. The programme's operational reports are also not a good reflection of the programme's

situation. Important information is missing and they include a lot of “the project will” statements rather than “the project has”. This needs improvement.

There are good examples of the project addressing governance issues in its interventions:

- Establishing contractual (accountable, transparent) relationships between processors and growers.
- Improving equal access to information through training and embedded services in value chains.
- Enabling equal access of women (non-heads of households generally) to public subsidies.
- Improving dialogue among market players (transparency, participation), resulting in better-grounded interventions and possibly better public service (e.g. municipalities providing advice to growers, a technical school doing relevant training).

The project is therefore tackling governance issues as they were found to affect market systems, though generally not in the conventional sense of the government or public institutions improving their governance in relation to the private sector. This could be further considered in the remainder of this phase or the next, as the project’s studies have found constraints in these areas (e.g. more cooperation between the public and the private sector and an improved regulatory framework were identified as respectively an intervention area and an industry level change in the original NTFP study).

## 5. Sustainability, scale and systemic change

In this chapter we will consider issues of sustainability, systemic change and scale, which are closely related.

### 5.1 Sustainability

Are the results of the main interventions likely to prove sustainable? We consider strengths/opportunities and weaknesses/threats in relation to this question. The forestry-related interventions have not progressed sufficiently to assess this in a meaningful way. The intervention on testing for NTFP has not yet commenced.

#### Furniture training centres

Strengths, opportunities	Weaknesses, threats	Assessment
The companies’ incentives to keep the centres running are generally good (they train own workers and plan to train others against a fee), and they are committed to doing so. The firms involved are doing well,	Incentives to train workers for competitors (very few are suppliers) may be weak, and the centres prioritise training for their own needs. Although sound project research found good demand for training,	Jobs in the companies with training centres are likely to be sustainable as these are strong and well-placed firms. Sustainability of centres (other than for production or training the firms’ own workers)

people employed are likely to remain so. The technical school that is becoming involved is a well-performing one and is committed to change.

currently this is reported to be low by the centres, especially from smaller companies (some of which are said to be closing), due to the economic situation, and supply of ex-Simpo (a large public sector firm in difficulties) workers. Few companies are aware of the training opportunities. The centres still have to become functional as such.

depends on access to and use by other firms, and on further growth of the sector. Apart from improved economic conditions this may depend on the project (or another body) addressing other causes of underperformance.

### **COCR wood products training**

Strengths, opportunities	Weaknesses, threats	Assessment
COCR has good incentives to continue and expand the training: it is earning an income and gaining in recognition and status. COCR is planning expansion in other sectors (notably NTFP) as well. Trainees and companies can increase their earnings due to better skills.	Training was initially subsidized by the project. Currently the training and initial employment is partly dependent on NES subsidies. Subsidies are unreliable, as the project found out in the forestry sector. Demand may also be affected by the overall situation in the sector.	We know little about the companies trainees are employed in, but if growth picks up this and the following years, most firms and jobs should be sustainable. There is demand for the training and if this slackens COCR can move on to other sectors. Although achievements are likely to be sustainable, they are vulnerable due to dependence on one provider and its leader.

### **NES portal**

Strengths, opportunities	Weaknesses, threats	Assessment
NES is a public institution that is likely to remain. Costs of running the portal have been budgeted for. Early results of the portal are positive. Job seekers and employers are likely to use it as it improves their chances to find	NES's budget has been reduced significantly, but so far this has affected active labour market measures only. It might affect promotion of the portal in future, or market research for continuous improvement.	The sustainability of the jobs women and men find through the portal, and of the companies they work with, cannot be assessed, but there is no reason to believe they would be less sustainable than the average job or firm. The portal

jobs/workers.

is very likely to be sustainable.

**NTFP training**

Strengths, opportunities	Weaknesses, threats	Assessment
Demand for training has been good. Trainees and companies can improve their earnings by taking the training.	This training for processors and pickers (collectors) is still dependent on project subsidies. The firm that conducts it may lose its authority to certify trainees under new legislation that is under consideration.	Improved earnings should be sustainable if collectors keep applying learned skills. However, the delivery mechanism may not sustainable unless COCR becomes involved.

**Blueberry outgrower model**

Strengths, opportunities	Weaknesses, threats	Assessment
Expected earnings for nurseries, growers and processors are expected to be good, for growers better than alternative crops, so all players have incentives to make the model work. The model provides growers with inputs, training and advice to grow successfully. 3 associations and 2 firms have been conducting training without project support. Contracts are in place. Demand for blueberries is strong and is expected to continue to grow.	So far the project provides subsidized seedlings that it imports, and some training. Municipalities provide subsidies for growers and are expected to fund advisors. This source of funds may be insecure.	It still has to be demonstrated that the model works without project support. However, the incentives to make it work are strong, market players express commitment to continue without the project, and demand for blueberries is expected to stay strong. Jobs, firms involved and the system are therefore likely to prove sustainable.

**Medicinal herbs outgrower model**

Sustainability considerations for this intervention are similar to those for blueberries. However, the extent to which the model is in place is much lower, and actual sustainability will therefore much depend on progress made over the coming year.

One change that is not explicitly reflected in outcome and output statements is the increased **interaction and collaboration** between market players in the NTFP and wood products market systems.

Most of the results chains include some reference to Public-Private Dialogue, and consultations and collaboration between and among public and private sector market players. Such interaction has in fact taken place and is still taking place, facilitated by the project. A good example of collaboration is the companies that have agreed to jointly work with a technical school to develop a new furniture course, and provide trainees with opportunities to practice. Another is the initiative to start a local association of blueberry growers and a processor, sponsored by a municipality. Of course the outgrower systems are based on a new (and formalized) way of collaboration between growers and processors. Generally, increased interaction and dialogue has been instrumental in achieving some of the changes facilitated by the project. If this proves to be sustainable, it would be an important achievement in itself. On the potential sustainability of the outgrowers systems we have commented already. The sustainability of other dialogue and interaction is hard to assess as much of this is quite recent and is still being facilitated by the project.

**Overall** the degree of sustainability of the project (and partners) achievements is promising, though it is too early to come to a definitive assessment. Given the short time the project has been fully operational its achievement is good.

## 5.2 Systemic change

The project aims to facilitate systemic change in underperforming markets. Is it succeeding?

For M4P projects indications that systemic change is taking place include crowding in (e.g. service or input providers starting services similar to those developed with project support), copying (e.g. enterprises copying improvements introduced in other companies with project support), sector growth (businesses grow, new entrants to the market), changes along the value chain resulting from project support at a certain level, and other indirect impact (e.g. in a related service market or as a result of increases in purchasing power)<sup>16</sup>. An important requirement is that there is no direct support from the project to continued or further change in the system. In the project's MRM this is represented by the branches of the results chains that represent indirect change.

Whether a change has become systemic is obviously open to interpretation, and the DCED guidelines state assessing it is "extremely challenging". We will avoid argument by considering there can be different degrees and types of systemic change, and that some are broader and affect greater numbers of people than others.

One innovation that shows signs of becoming systemic is the **training by COCR**. COCR has delivered training without project support and intends to replicate the success in wood products training in NTFP (to which the project may provide some technical support). This is a change in the system. However, if other private training providers would start crowding in, i.e. providing similar types of training using similar approaches, this would clearly constitute broader systemic change. While this is not reflected in the logframe, or in the MRM indicators, it is in the project document and the project is actually

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<sup>16</sup> Kessler, A., Sen, N., Guidelines to the DCED Standard for results Measurement: Capturing Wider Changes in the System or Market, Dinor Committee for Enterprise Development, February 2013

addressing this: It has established contacts with organisations that may be interested in the approach. The results chain notes “vocational and advanced schools take examples of good practice” as another indication of systemic change (though not connected to the results chain and there is no indicator in the M&E sheet). A successful business model such as the one here introduced by the project clearly holds potential for broad systemic change.

The **NES portal** is nationwide, with a presence in all 167 Serbian municipalities. Although this is not the result of copying or crowding in but of a national level decision and national reach, the portal will affect many people and enterprises, across sectors. This will be even more so when it is further improved (as planned). Delivery of the matching service is independent from the project. Furthermore, we were informed that a major private sector employment agency has copied some features of the NES portal. This can be considered a systemic change. Broader systemic change would be crowding in of private sector employment agencies. The project is aware of this, and has a note beside the results chain to this effect (though there is no indicator in the M&E sheet).

As for the **training centres**, they have been established with project support, and the third company that is interested (as part of the group that works with the technical school in Uziče) expects similar support. In Valjevo the project presented the training centre model to a number of wood processing companies, who understood the offer to include support to purchasing equipment. In addition, the centres function for in-house training only at the moment, though the project reports that recently one of the companies that have a training centre is interested in having workers trained in the other. While there is potential for the centres to become part of the system, clearly they would have to work well as a business model for some time first, and be replicated without direct project support.

In the **blueberry outgrower system**, the project has introduced a business model that is accepted by partners and target groups. It addresses key causes of underperformance and it is in the interest of the market players who will increase their sales and incomes. Market players do need to take risks to make it work. Nurseries and processors invest time (for providing advice and training) and capital (once they provide the seedlings) in the outgrower relationship, and especially in developing their own capacity (e.g. equipment). For poor growers the risks are significant (e.g. investment in land improvement and irrigation), but subsidies are being made available (by municipalities) and/or growers have managed to raise funds themselves. Overall the project’s business case for the system has been convincing, and the conditions for it to become systemic do seem to be in place. The continuation of training to promote the model by associations and processors is a good indication of this. However, so far the project contributed directly to nearly all changes achieved, by cost-sharing of equipment or infrastructure (processors, nurseries), and providing subsidies for seedlings and some of the training (growers, nurseries). While progress is promising, the model has therefore not yet become systemic. More time and considerable facilitation efforts are required to make this happen.

Broader systemic change would mean the replication of the outgrower system in other value chains or sectors, without direct support. The project is actually facilitating such replication (with direct support), in **medicinal herbs and forestry/ornamental trees and plants**. None of these has advanced enough to

show indications of becoming systemic, though with the right kind of facilitation and given time they probably will.

The **NTPF training** by a private firm is so far project supported, but if COCR would apply its business model to this sector, a systemic change could be achieved.

**Improved dialogue** between market players would be an important change in market systems. While the project has resulted in more interaction and collaboration there are few cases in which this is happening without project facilitation, and it is not possible to say whether those would not have happened without the project. It is too early to judge whether systemic change is taking place in this respect, and not enough information is available.

**In conclusion**, at least two of the market system changes facilitated by the project can be said to have systemic characteristics. The others that are currently being pursued show potential in this respect but considerable further progress is required.

### 5.3 Scale

Scale is closely linked to systemic change, as the latter usually leads to the first. However, one can achieve at least some level of scale without immediate systemic change, by providing a lot of direct assistance to replication for instance. An M4P project would then hope that such replication would eventually also lead to systemic change as more market players become aware of the advantages of the innovations others have adopted.

We have assessed indications of scale so far and scale potential in the table below.

**Table 7 – Scale achievement and potential**

Intervention	Scale at provider level	Scale at users' level	Potential and assessment
Training centres	2 - 3	33 trainees (double that by November)	There are some 1,000 furniture factories with 11,000 workers in the target area. Technology continues to develop, so if the market improves and other causes of underperformance are addressed demand for training could be strong. On the other hand much new technology is labour-saving. Medium scale potential. So far scale is limited compared to this potential.
COCR wood products training	1	22 firms, 501 trainees	Some 2,430 companies manufacture technical wood and furniture. Construction is another market. Probably high scale potential assuming an improved market. Scale is still limited in comparison, though the achievements of COCR itself are significant.

NES portal	1, present in all municipalities, internet	In last 6 months 1,248 employees uploaded profiles, 30 positions were advertised	Some 700,000 people are registered in NES's database. Many could benefit and so could employers. High scale potential. With a presence in all municipalities and the internet making the service available and more than a thousand people using it over just 6 months significant scale has already been reached.
Forestry	1 main nursery, 10 small	None yet	500,000 small forest owners, 30,000 woodcutters in target area. High scale potential, but little has been realized.
NTFP training	1 training company	380	10,000 collectors in target area most of whom could benefit from training and advice. Probable high scale potential. Scale is still limited in comparison.
Blueberry outgrower system	2 nurseries, 2 processors	119 planters	Householders with a small plot of land with the right pH and access to water could benefit, and these could number in the thousands. The project has assumed 2,000 benefitting from the project (including medicinal herbs). High scale potential but there may be a risk of saturating the market. Scale reached is so far limited.
Medicinal herb outgrowers	1 processor	26 planters	Land and investment requirements for medicinal herbs are lower than for blueberries and scale could be even larger. So far scale is limited.

Those interventions that show most indications of having led to systemic change, the NES portal and COCR training, have also reached the largest scale, though both depend on one key provider. None of the other interventions has reached significant scale yet, though the market systems in which the interventions are facilitated all offer good potential, the furniture training probably less than others. The blueberries model has progressed furthest. The **dialogue** that is part of most interventions is similarly modest in scale.

**Conclusion.** The lack of significant scale of most of the changes the project facilitates is not surprising given that it is only a year since its scope became national, and the implementation phase has lasted only 2 years so far. Moreover, a number of innovations depend on seasonal activity and maturation of plants and trees (blueberry bushes take 5 years to fully mature), which delays progress generally and scale in particular as it is difficult to demonstrate success when actual profits are still minimal. The same

is true for the extent to which achievements have become systemic and sustainable. Given the little time the project has had, its progress on these dimensions has been good.

#### **5.4 Possible ways forward**

This is not to say that all the project needs to do over the next year is more of the same, and the team is aware of this. It considers “slow scaling up” and “slow crowding” to be among its main challenges. What more could be done to facilitate systemic, sustainable change at scale? Page | - 38 -

Of course the project is already working on this, in the first place by efforts to make current achievements more sustainable. We have seen that the potential for sustainability is good, but more needs to be done to make the various models actually fully operational. Promotion to potential users (NES portal, Training Centres, COCR training), scheduling early use of Training Centres by firms other than those who own them, and adding growers to the outgrower systems that are partly in place are among the measures planned or being implemented. In addition the project needs to plan carefully and explicitly (in writing) how it will withdraw from its supporting role in the outgrower systems. Sustainability could also be strengthened by further facilitation of systemic change that reduces the dependence of some innovations on a single or a few providers. Market conditions are also a significant factor, and here the project should be able to play a role by addressing more issues that affect performance.

As for change becoming systemic and scaling it up, the project’s main strategy appears to be replication, facilitated by the project and if necessary with direct project support. This is the case with for instance the training centres and outgrower systems. The other appears to be identification of scale agents who could take up innovations introduced by the project and facilitate or support replication, possibly with project support. The best example of this so far is the project’s work with associations that could be interested in promoting and spreading the blueberry model.

Both approaches could prove effective and other M4P projects have used them. There are, however, two issues that need to be addressed. The first is that these “strategies” are not detailed, concrete and explicit, and have not been written down. The intervention plans make some general references to copying and investors being convinced by the success of others, but this is not adequate. A part of the results chain saying “more people attend training” with an arrow to one saying “more companies send candidates to training” does not constitute a scaling up strategy.

The other, related issue is the role of direct support. This is often necessary in the initial stages of interventions, but in the longer run direct support and systemic change are incompatible. The time has come for the project to review the way it uses direct support, to reduce it, or to at least make explicit the conditions under which it can still be used and to justify each particular case. That is, the role of direct support in the scaling up strategy and the path to systemic change has to be clarified and made explicit. The fact that “M4P in the Balkans is different” (and of course M4P is “different” everywhere) is just an additional reason for doing so. To the extent this refers to a dependence on public support and subsidies, the project should actually do as little as possible of this, since it would be taking on an established market function.

Strategies should also clearly define which scale agents the project could work with, what their role would be precisely, and what support the project could provide. In NTFP the associations are good candidates, but the project needs to assess their capacity and incentives, and work out the functions they could take up. Having them develop and distribute booklets (one of the ideas raised), for instance, is not going to be adequate. Working with larger market players in the blueberry and NTFP value chains should also be explored and the project is already considering this. In furniture, associations, agencies and clusters identified in the project's analysis of the Wood Sector could be considered in addition to large (international) buyers. Page | - 39 -

As mentioned above, one of the impediments to scaling up is that apart from the COCR training the models promoted by the project take time to show the kind of benefits that could convince market players to crowd in. In other cases they are not yet fully operational, and the business models still need to be validated. The project will need to devise ways around this without having to part-fund replication. Putting business models on paper may help. In the case of the training centres ensuring early use by a range of companies would be useful. The project could also focus on innovations that take less time to mature. Many medicinal herbs, for which demand is strong, take one season to mature and provide growers and processors with an income in the short-term.

Another approach to affect more people and achieve change that is systemic is to have more interventions. The need for more quality testing services is one example where the project could affect many more than just those who grow blueberries due to its support. While currently not enough blueberries are being harvested to make the intervention necessary, this is different for people already growing and collecting herbs and fruit. In furniture the project could reconsider addressing those constraints that may affect market growth (e.g. better design; information on different standards: collaboration for economies of scale, etc.). FSC certification may not at present seem so urgent, but this requirement will be introduced at some point, and certification services would benefit many besides those who plant trees under outgrower systems. Addressing such constraints could also enhance the sustainability of the project's achievements in current intervention areas. While work in other intervention areas may not be completed in the present phase, this should not stop the project from starting it, to lay the groundwork for success in Phase 2.

## 6. Efficiency

### 6.1 Project management, steering, resources

The project is very well managed and we found the Team Leader to provide inspiring leadership and delegate appropriately. He is an energetic advocate of the team, project, and the M4P development approach. This has a strong positive effect on the team and its performance.

The team is committed and well-qualified. Discussions with the team reflected a good understanding of the M4P approach, with those longer with the project ahead of others. This included thoughtful consideration of some of the dilemmas practitioners face, such as those related to cost-sharing and the

need to limit this, the need to reach numerical targets while being dependent on market actors, and making markets work while having targets for specific target groups. The team has gone through a steep learning curve, as reported by those working with it, and evidenced by the improvements in the quality of analysis and reporting. It is willing and able to be self-critical and re-think its strategies and assumptions. The two new team members placed in South-West and East Serbia PSD offices (cities of Uzice and Bor) are well-integrated after a relatively short period of time (beginning of 2013).

Before the expansion the project had a flat organisational structure and many responsibilities were shared. The expansion and addition of an MRM specialist brought a reorganisation by which three team members in Vranje are each responsible for one of the three sectors, and staff in Bor and Uzice report to them on the sector concerned. Staff members still remain involved in and aware of the work done in the other sectors, and provide one another with support when necessary. The MRM specialist reports to the Team Leader, giving her a high-level position in the team structure. The reorganisation was an appropriate response to the geographical expansion of the project and the addition of new team members. It has proven effective.

Knowledge and information sharing and management are informal. Planning is on a weekly basis. Overall, management processes and procedures appear to be relatively undefined.

The project reports to SCO every 6 months, with an Operational Report. The quality of the reports has been improving.

Financial and administrative systems are in place. The SCO Serbia Administration and Finance Department viewed the PSD project as one of the best projects in their portfolio in terms of their accountability, reporting. In our experience this is a rare distinction.

The following are some areas of concern and for improvement. The project's geographical expansion and the addition of two team members causes some strain in terms of communication and travel requirements, and the need for capacity building. The investment in staff time this requires reduces efficiency and detracts from further capacity building among the experienced staff. This is largely unavoidable. However, we would argue for an intensive, up-front investment in developing new staff, with immediate training on M4P (rather than scheduling this in 2014 for one of the staff members).

This applies to training for other staff too. So far only training on M4P and participation in a conference on gender equality by the Team Leader has been provided (see Table 8 below). Training on MRM and gender for the MRM specialist (also the gender focal point) has been planned for 2014, but is, in our view, a matter of urgency. Gender mainstreaming generally, and M4P and gender in particular, are important skill areas for the entire team. Nothing has been planned for other important knowledge and skills areas such as economic governance, the role of associations, and communication, though the project document mentions some of these. An assessment of the specific needs and planning training accordingly is on our view a priority for a team that is doing pioneering work in Serbia. This could make use of external consultants who can be brought to the project and do in-service training. Sharing with PSD Zlatibor would increase efficiency as well as effectiveness.

**Table 8 – Staff development**

PSD project team professional training				
Performed			Planned	
Goran Kostic	Making Markets Work – Springfield	July 2010		
	Brighton conference - M4P Hub	2011		
	Georgia - Regional conference on private sector development	2010		
	Albania, Tirana - Conference on gender equality	2011		
Zivko Ivankovic	Making Markets Work – Springfield	July 2010		
Vladimir Petrovic	Making Markets Work – Springfield	July 2011		
	Brighton conference - M4P Hub	2011		
Snezana Veljkovic	Making Markets Work – Springfield	July 2012		
Jelena Kocic	Making Markets Work – Springfield	July 2013	Hans Poshumus in Results Measurement	2014
			Gender in M4P	To be decided
Ljiljana Rsumovic	Making Markets Work – Springfield	July 2013		
Miodrag Strak			M4P Springfield	2014

Source: PSD project, Sep 2013.

While the staffing level is adequate at present, the MRM officer is rather heavily involved in implementation and facilitation tasks. MRM is a more than full-time task and much still needs to be done to improve it. We would argue that the officer responsible should be able to fully dedicate herself to this.

With regard to information sharing, planning and reporting, we found the project has no regular (formal) team meetings, no clear regular tasking and reporting on progress mechanisms, no written memos on this, no database on such memos, incomplete records of important meetings with stakeholders and partners and of decisions taken with regard to project strategies, outputs, targets, no database on these, and no process map behind semi-annual reporting. Addressing these will improve management effectiveness and efficiency, improve the project’s institutional memory and help remedy communication issues with GoS partners. It took us several interviews and follow-up meetings, for instance, before we could clarify the project’s contribution to the current NES portal. It took a table the project produced at our request before we became aware that the current projected number of FTE jobs is around 2,500 instead of the 3,500 in the logframe. There is no record of how and why this happened. We found no record of considerations that went into the decision to work on ornamental trees and plants. A catalogue of reporting requirements with clear guidance and a process map for producing the project’s main reports would improve transparency, internal as well as external reporting.

While the Operational Reports are informative on most interventions, for others they include much on what “will” be done, which remains the same from one report to the next, while in fact no action has been planned. The planned outputs on information on standards and regulations for the wood products and forestry sectors and on NTFP quality testing are cases in point. No explanations for lack of progress are provided. Some of the tracking data are not sex-disaggregated and reporting on gender as a cross cutting issue is much the same from one report to the next. Overall, the team could do a better job at reflecting in its reports the self-critical approach it generally applies to its work, although we understand the pressures on a “successful project”.

With regard to steering, formal advisory committees were meant to be in place for each of the sectors, constituted of the main private and LSGs partners. Committees were set up and met several times, but proved to be ineffective. Their formal nature led to members sending lower level representatives and there was little understanding of the project approach. Participation of partners and stakeholders is now secured through informal coordination and workshops. This has improved their level of input and participation is now more frequent and hands-on.

The absence of formal advisory committees has placed the steering role solely in the hands of the SCO in Serbia, with advice from the backstoppers. On the SCO’s side this comprises in the first instance the National Programme Officer, advised by the backstoppers. The Country Director and Deputy Country Director are involved at the strategic level, during milestone events and when new risks occur. The backstoppers meet them as well. The Finance Division makes project visits for internal audits and visit partners as well.

The arrangement seems effective. It has enabled the SCO to provide overall strategic direction, to further facilitate the exchange of good practices and information between the two PSD projects in Serbia and synergies with other projects, as well as to when possible mitigate any bottlenecks in the project’s work at the policy level. Neither SCO nor the project expressed reservations about the mechanism and we have not noted adverse effects. This is partly due to the enthusiastic and energetic involvement of the National Programme Officer in question, his good understanding of the M4P approach, and involvement in other PSD programmes.

We do wonder, though, whether the range of expertise the steering mechanism draws on could not be broadened, for instance in order to more effectively address gender mainstreaming, governance and possibly environmental concerns. While M4P in principle includes consideration of social, cultural and environmental aspects of market systems, in practice this is not one of its strengths. The National Programme Officer has done well at trying to avoid an exclusively economic focus, but involvement of relevant SCO expertise (e.g. on governance, ethnic minorities) and where necessary (e.g. gender) external national expertise in an advisory position could enrich the steering mechanism.

## 6.2 The role of the project

Much of what we have reported in the chapter on effectiveness implicitly describes the role of the project. It has taken the lead in market system research and analysis, the setting of priorities and the design of the basic framework for interventions, in consultation with market players. It has developed specific interventions together with partners. Implementation of the interventions has been by the partners. For instance, furniture training centres were not set up by the project but by manufacturers, and the project is not providing advice to blueberry planters but processors are. This is appropriate to an M4P project.

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The project's facilitation has been relatively hands-on or intensive in some cases. E.g. in blueberries the project was responsible for importing and storing seedlings and it currently seems to play an important role in maintaining relations between the different players. This is often necessary at the initial stages of interventions and is justifiable if it is time bound and there is a clear exit strategy. Though facilitation has already become less intensive in interventions that are progressing well, there is a need for the project to be more explicit about when and how it will exit, as part of its strategies for facilitating sustainability, systemic change and scale.

The role of the project has also been to co-fund the interventions. In total some CHF 612,000 was provided to cost-share equipment and training that can be seen as service delivery. This is also usual practice in most M4P projects. The argument is that the project shares the risk market players take by adopting an innovation the project suggests. In most cases partners have contributed more than the project, which is positive. In some cases (e.g. blueberries) the project carried the main burden, though partner contributions were significant. The total partner investment leveraged in this way is more than 1 million CHF. The investments have contributed to the project's effectiveness at the intervention level, as in most cases partners are unlikely to have gone ahead without project support. Cost-sharing has generally been reducing in size, an appropriate evolution of the facilitator's role. Here too, for the sake of systemic change, the project needs to be more explicit about its exit strategy.

The project's role is also evolving due to the availability of (nearly working) models. The furniture training centres, COCR courses and outgrower systems all lend themselves to demonstration to new market players, though as we remarked earlier, the fact that most still need to mature in different ways is a drawback. The project's role can thus move away from providing co-funding, towards promoting existing models. Examples of this include furniture companies in Tutin and Novi Pazar (South West Serbia) and the work already mentioned with three associations in relation to NTFP.

It can be **concluded** that the project's role has been in accordance with good M4P practice and is evolving appropriately. Its facilitation and use of cost-sharing has been appropriate and effective. However, the team needs to be clearer and more explicit on how it will exit from cost-sharing.

## 6.3 The role of the backstoppers and other technical support

The project has been in a backstopping arrangement with the Springfield Centre for Business in Development from its inception. Its experience with the current backstopping team of two, who have

been on the job for two years, are positive. The team and the SCO expressed a high degree of satisfaction, though it is clear that it has taken time and effort to build an effective and supportive relationship.

We found the backstoppers' key contribution has been to support the project to apply M4P principles in a practical manner, taking into account the Serbian context. There is a record of continuous help to the project on the tactical level towards learning ways of tackling the root causes rather than the consequences of the markets failure, and balancing the need for concrete results with the objective of systemic change. The backstoppers' support to the team's reorganisation in the wake of the new national mandate was excellent. They provided expert support to the development of the MRM system and fostering a culture of monitoring and measurement of results. The backstoppers have contributed significantly to the team's understanding of the M4P approach.

We have asked ourselves whether the backstoppers' input unintentionally fosters dependency or is empowering the project to work independently, the way it should. We found much evidence in support of the lasting capacity development of the project, especially with regard to applying the M4P approach, where, as we mentioned, the learning curve has been steep. The backstoppers continue to have an important role in providing advice on, and in effect giving their approval to specific activities, though the latter is not their role formally. Their role in reporting also remains important. Given the current stage of development of the project, this may still be necessary.

We have, however, identified a number of areas where a stronger capacity building effort as well as in some cases more direct support would have been useful and is still needed. These have been indicated earlier in this report. They are:

- Development of concrete strategies to scale up and achieve systemic change, including exit strategies from direct support.
- Analysis of market systems to identify constraints and underlying causes specific to women and youth as the main target groups, including thorough gender analysis.
- Development of interventions based on such analysis, with a view to enhance participation of and benefits to women (including Women's Economic Empowerment).
- More consideration of Governance issues (as in the relation between the government and the private sector) in selected market systems.
- Adapting to the changing country development agenda which is becoming increasingly oriented to the EU Accession process, and which will result in new sources of funds becoming available. Among other things this will require new tactics towards the Central and Local Self Governments, and a renewed consideration of economic governance issues in the selected market systems.
- Further development of the MRM system in line with DCED standard requirements, including such simple matters as having an intervention plan for all interventions.
- Better use of the MRM as a management and learning tool.
- Better reporting.

- Better internal and external communication practices.

Improvements in these areas would all enhance the project's effectiveness and efficiency with respect to its goal of employment and income creation.

The question is whether the backstoppers can be expected to effectively support the project in all these areas, given limitations in terms of expertise, available time, and distance. The project may need to draw on different sources of expertise. It has so far made only limited use of external technical experts, such as a blueberry nursery owner from the Netherlands. The upcoming assignment of a gender consultant who will review the project's work on gender mainstreaming and help improve this is an important step. Communication and reporting, and improving insight into the EU accession process, may be other areas in which additional expertise could be useful.

**In conclusion**, the backstoppers have made an important contribution to the project's achievements so far, in particular with regard to practical application of the M4P approach. However, a number of areas remains to be addressed, many of critical importance to the project's success. Use of additional expertise should be considered when appropriate. Building the team's capacity rather than hands-on support needs to have greater emphasis.

#### **6.4 Coordination with other projects**

The review team gained the overall impression that the project has a good record of communication, coordination, and complementarity with some other Swiss supported projects. It has a long established relationship and coordination with its sister PSD project for South West Serbia. This has included sharing of information and experience and mutual learning. The SCO and the two projects' relationships with the same backstoppers have facilitated this. Ways in which this has affected the project concretely are the exclusion of tourism from the expansion phase (PSD Zlatibor includes it) and its focus on a few interventions (being spread over many small interventions reportedly having been detrimental to PSD Zlatibor).

New areas for concrete collaboration include the intervention with NES. Both projects are engaged with NES in different sectors, though the partnership of PSD Zlatibor is just developing. During the evaluation process NES clearly stated the need for cooperation between the two projects. This would help avoid overlaps and strengthen the potential to bring about systemic change.

A second area may be a potential scaling up opportunity of the NTFP related work. The projects could facilitate replication of the outgrower models piloted by the South Serbia project in the raspberry growing areas of South West Serbia. The South Serbia project could extend analytical and facilitation support and transfer good practices and lessons learned. Initial consultations already took place, and we recommend that this opportunity be further pursued. Conversely, the South Serbia project can learn from and apply PSD Zlatibor's experience with quality testing of raspberries.

The project has cooperated with SIPPO, for whom it conducted an in-depth market system analysis of the wood and furniture sectors in Serbia. The analysis revealed the numerous systemic constraints to inclusive growth in these sectors that are common to different regions in the country, and helped SIPPO decide on intervention areas and design. It confirmed to the project that its earlier analysis covering two districts was largely valid for the whole country, and it contributed to the decision to expand to 14 districts. The projects also worked with some of the same partners, e.g. the Chamber of Commerce in the Central Serbian city of Valjevo. Both projects therefore benefitted significantly. This kind of inter-project cooperation involving SDC and SECO and using a systemic approach to private sector development is an important example of the overall coherency of the Swiss Development Strategy in Serbia.

Another notable cooperation effort is the collaboration with the SECO supported and World Bank implemented Credit Risk Insurance Facility, where the project provided insights to the World Bank in order to create tailored insurance products. This is relevant to the NTFP interventions, where partners and outgrowers are unable to insure seedlings and yields. Apart from participating in consultations, the project hosted a needs assessment visit. This could contribute to the development of suitable insurance products.

Going beyond Swiss cooperation, the project has coordinated with a DANIDA Fruit and Berry project to avoid overlaps. Efforts were reportedly made by the project, SCO and the Ministry of Agriculture to go beyond this and exploit synergies, including through workshops and representation of the Fruit and Berry project on the PSD project's Advisory Committees. Unfortunately these have not borne fruit, for reasons beyond SCO's and the project's control.

The cooperation put in place is a good achievement and a strong basis to explore further synergies and collaboration. Given the potential scope of the project's interventions the number of points at which the project could gain from cooperation with other Swiss supported projects and organizations is quite large. We suggest that the project reviews and exploits the potential for this. Without being in a position to do so ourselves in the context of this evaluation, and without wanting to pre-empt the conclusions, we suggest that in addition to what was indicated for PSD Zlatibor above, areas that could be promising are:

- Intellectual property rights – the importance of geographical origin protection was indicated in the NTFP market system analysis. SECO funds a project in this field.
- Improving local economic Governance – our interviews indicated that local business regulation and the way it is applied is a considerable obstacle to private sector growth, including in the selected market systems. SECO is funding a project in this field, with expected results relating to increased competitiveness and poverty reduction.
- Improving dialogue between LSG and the private sector – the project has contributed to this in some municipalities, but the sectors it has selected could benefit from this more broadly. SDC and the EU are funding a project that could contribute to this, i.e. PROGRES. The project has already several times attempted to establish coordination at least, but apparently PROGRES is

“not interested”. The donors might be able to facilitate a pilot in one municipality to demonstrate the benefits of collaboration.

- Applying standards required in current and future markets – this is relevant to both the wood/furniture and the NTFP sectors. With regard to the latter, SECO is funding a project promoting GLOBALGAP standards.
- Employability – We understand a new project on employability could be included in the next Cooperation Strategy. Clearly there should be possibilities for such a project to learn from the PSD South Serbia project’s experience and to contribute to this.

We are not suggesting that the project takes up all these or other collaboration possibilities. We do want to indicate that it is worthwhile to review where cooperation could be mutually beneficial without requiring a disproportional effort.

**In conclusion**, the project has done well in its coordination efforts, and should explore further possibilities.

## 6.5 Cost efficiency

Finally in this section we will consider the cost incurred by SDC to create jobs and additional income through VEEDA. As the project is still ongoing, we will use current projections of what the project’s impact is most likely to be. These seem more realistic than the targets included in the logframe and are likely to be achieved, though perhaps not as projected for each of the interventions.

Table 9 shows the projections for the project period and cumulative for the project period and the next 3 years. We have assumed the number of jobs created over those 3 years will be the same as in the project period, as a result of change being systemic, but that each year 10% of jobs created in the project period will fail a conservative attrition rate. Earnings in the period following the project will be higher due to maturing of blueberry plants and trees, new jobs being added, but will also be affected by jobs being lost and plantations failing. We arrive at a cost to SDC of 1,600 CHF per job created for the project period, and CHF 930 assuming continued impact of systemic change (without additional project cost). This is of course significantly more when the known investments of the partners are included, and these are additional investments only (e.g. in a new machine, not in the existing building it is placed in).

**Table 9 – Cost per job and per CHF created**

	Project period	Project period + 3 years
No of FTE jobs	2,500	4,300
Additional net income (CHF)	6,500,000	27,006,911
Cost to the project (CHF)	4,000,000	4,000,000
Known cost to partners (CHF)	1,026,000	2,052,000
Total cost (CHF)	5,026,000	6,050,000
Total cost per FTE job (CHF)	2,010	1,406
Cost per FTE job to SDC (CHF)	1,600	930
Total cost per additional CHF	0.773	0.224
Cost per CHF to SDC (CHF)	0.615	0.148

We would expect, though, that what matters most to SDC is its own investment. At CHF 930 and even at CHF 1,600 per job this is low. Average costs of creating a job in Serbia or the Balkans are not available, but our searches indicated that globally the range is between CHF 1,230 and 37,000. Another comparator is the investments in job creation by NES and SIEPA. Between 2010 and 2012 together they invested EUR 330,900,000 to create 99,997 new jobs, at an average of EUR 3,309, i.e. CHF 4,085 per job. Of course these are very rough calculations and we do not know anything about the sustainability, productivity or other qualities of these jobs. They do indicate, however, that the cost efficiency of the SDC/VEEDA project is likely to be high.

The cost to SDC of an additional Swiss Franc in income is also low, at 15 cents after 6 years.

A few caveats are necessary though. The first was mentioned already: the total cost is likely to be higher since not all private funds are included. It is likely that not all public funds are included either, since firms may well have availed themselves of several subsidies, including those of NES. Secondly, calculations are based on projections. Thirdly, not all people employed as a result of the project find jobs created as a result of the project. The NES portal has great outreach and will account for many of those employed by the end of the project, but their jobs existed already. Better training results in higher employability and people finding work. In the long run this is also likely to create jobs too, but the extent to which better skilled people who get employed have created that job is debatable. Be that as it may, the cost per “employed person” is still low, and given the cost of subsidies provided to investors, supporting a programme like VEEDA’s should look like an attractive option even for the Government.

Do the interventions differ in cost effectiveness? Table 10 below shows the cost per job calculation based on projected total project cost to the end of the current project phase. Project cost includes direct investment and indirect cost based on an estimate of the time the team spends on each intervention.

**Table 10 – Cost per FTE job per intervention area**

Intervention area	Total project cost (CHF)	Projected number of FTE jobs	Cost per FTE job (CHF)
Wood products training	1,692,400	650	2,584
NES portal	250,000	1,000	250
Reforestation	296,600	220	1,348
Blueberries	1,327,770	470	2,825
Medicinal herbs	433,230	220	1,969
<b>Total</b>	<b>4,000,000</b>	<b>2,565</b>	<b>1,595</b>

The NES portal is most cost effective at getting people employed, but as we noted it does not create jobs as the outgrower systems do, and neither do the much more capital intensive training centres. Among outgrower systems, the figures refer to the ornamental species pilot started earlier this year. It seems the most cost effective, but given the pilot status of the intervention the projection is also the most tentative. Medicinal herbs is clearly more cost effective than blueberries, but the latter has progressed further. The lower cost of the herbs and ornamental plants and trees interventions is also indicated by actual direct project investment: 101 and 192 thousand CHF for plants/trees and herbs respectively, compared to 542 thousand for blueberries. Based on these calculations it would seem worthwhile to pursue the herbs and reforestation (ornamental species) interventions more vigorously, while both are lagging behind now.

**In conclusion**, the project would be very cost efficient if it actually realizes its projected impact on incomes and employment. While this is not certain, it is likely. The medicinal herbs and reforestation interventions may be the most cost efficient at actually creating employment. By the end of the current phase SDC and VEEDA should be able to make a very good case for M4P in Serbia being an appropriate, viable and inexpensive way of reducing unemployment and poverty through private sector development.

## 7. Main conclusions, lessons, recommendations

### 7.1 Conclusions

The project is making good but uneven progress at the level of interventions and outputs. Interventions that aim at increased access to skilled workers in the wood products market system, including through improved matching between demand and supply, and a blueberry outgrower system are the most advanced. Outgrowing in medicinal herbs shows some progress. The interventions in the wood sector and quality standards related work in wood products and NTFP show very little because they have been put on hold or delayed for various reasons.

Nevertheless, at an aggregate level the project is making good progress towards its goal. It has realized 44% of the FTE jobs and 39% of the net increase in income forecast in the MRM. This forecast is, however, lower than the target in the logframe (2,565 compared to 3,500 FTE jobs). Progress towards the targets for women is even better. The project does not monitor participation and benefits to youth (and there are no targets or forecasts). The little available information seems to indicate this is worth keeping track of. Part (61%) of the impact in jobs is due to direct assistance from the project. This is probably not excessive at this stage, but it does indicate the need for facilitation of more systemic change (without direct support).

The research and analysis that went into intervention design is of good to very good quality and applies the M4P framework. Interventions address key causes of underperformance, though their range is limited. Their design, as reflected in intervention strategies and results chains, is logical and plausible, and the approach to monitoring and evaluation provides a high degree of probability that impact can be attributed to interventions. The MRM does, however, have a number of weaknesses that need to be addressed.

The research did not include adequate target group specific analysis for the selected market systems. As a result, no interventions were designed that address constraints on participation of and benefits to women and youth in these systems (though in practice the project addressed a constraint on access to subsidies for women). The project's strategy has relied on selection of market systems, setting targets and persuasion of partners. This has worked in terms of achievement of MRM targets for women but probably not for youth. Moreover, the targets for women are low for a project that aims at benefitting them in particular, and there are no meaningful WEE indicators in the logframe or MRM. The lack of such logframe indicators is likely to be a key reason for the *quality and depth* of change for women not having been addressed.

The results of the project's interventions are promising to be sustainable, though it is too early to adequately assess this, since several are still not fully functional as intended. Some of the changes facilitated by the project show characteristics of being or becoming systemic. The NES job matching portal and the wood products training by COCR have advanced most in this respect. The other interventions show promise but more facilitation is required, including of crowding in and scaling up without direct project support. The potential for reaching scale is good, though perhaps least of the furniture training centres. Scale reached compared to potential is still limited, with the NES portal and training by COCR having progressed most in this respect. The project does not have detailed and explicit strategies for reaching scale and ensuring change becomes systemic (which are closely related).

The project is being very well managed, and the team is committed and competent. Overall it has a good understanding of the M4P approach, though more capacity building in this and other areas is a priority. While finance and administration systems are all in place, general management procedures (for planning, reporting, and knowledge management) would benefit from more formalization. The project's role has been in line with M4P practice. The backstoppers have contributed to this as well as other aspects of the project's success. There is a need for them, or other specialists, to help the project

address some of its weaknesses. Coordination and collaboration with other projects has been good, and there is scope for more.

The project's relevance is well-established and recognized by partners and stakeholders. In addition, rough calculations indicate the project is likely to be very cost efficient at reducing unemployment, although this can be said with certainty only when it is completed, and preferably 3 or more years later, when changes have proven to be sustainable and systemic. By the end of the current phase SDC and VEEDA should be able to make a good case for M4P in Serbia being an appropriate and viable way of reducing unemployment and poverty through private sector development.

## **7.2 Main lessons**

We suggest that the last point made above is the main lesson learnt from this evaluation, though it will have to be confirmed by the project's progress over the next 10 months. M4P as practiced by VEEDA in Serbia is, or is likely to be, an appropriate, viable and cost efficient way of reducing unemployment and increasing incomes through private sector development.

A second lesson is that partnerships with the public sector can play an important role in M4P in Serbia. If public sector partners are selected who already play a significant role in market systems, have good incentives to strengthen their role and have a basic capacity to do so, interventions are likely to pay off, though progress may be slow and extra time and effort may have to be invested. This is not to say that even in an economy where the public sector still plays such an important role as in Serbia, the private sector does not offer the most effective partnerships.

Lesson three is that an M4P project does not benefit from a lack of concrete, detailed and explicit strategies to ensure sustainability, scaling up and systemic change. Such strategies should be developed while interventions are being designed and piloted, and revised on a continuous basis so they can be implemented when market actors appear to be ready for this.

Finally, the project's experience shows that gender, or more generally, target group specific analysis of market systems is needed to design interventions that will increase their participation and benefits.

## **7.3 Main recommendations**

The text of our report includes various quite detailed recommendations as we did not want to leave the project with some generic statements like "now is the time to scale up". We will not repeat all that detail here and limit ourselves to the key points.

1. The project should pursue facilitation of its currently ongoing interventions in the first place to make the models or changes introduced fully operational as intended (e.g. training centres, herbs outgrowing). We recommend that greater priority be given to medicinal herbs outgrowing since it has good potential and will show results relatively early.

2. It should at the same time address issues of sustainability, systemic change and scale for each of the ongoing interventions. To this effect it will have to develop and implement explicit (written) strategies that provide concrete detail on how, when and with which partners the project will facilitate the desired levels of sustainability, systemic change and scale by the end of the current phase. Developing more partnerships with scale agents should be one of the elements of these strategies.
3. Interventions that have been put on hold or are delayed should be reviewed. There should be clear written clarifications of the current status, an analysis of the factors that affect the potential for progress, and a plan for going forward (to be included in the Intervention Plan) or justification for not doing so. We suggest that Forest Stewardship Council certification currently not seeming urgent and there not being enough blueberries for quality testing are not sufficient reasons for not working on a better information flow on standards in wood and wood products generally, and quality testing of NTFP generally.
4. The project should consider adding intervention areas, especially in the wood products market system, even more so if planned interventions are kept on hold or even dropped. This will enhance the potential for systemic change and sustainability.
5. The project should develop a concrete approach to increase participation of and benefits to women in the selected market systems. This should include developing a limited set of WEE indicators, review of the current low targets, gender analysis in the selected market systems, where appropriate revision of ongoing interventions and design of women-specific interventions, and developing partnerships with women's organisations in and outside the economic domain. While this may not bear fruit in the current phase, the groundwork can be done now. Women's Economic Empowerment should become central to the project and we expect the upcoming short-term assignments of gender and gender in MRM specialists to make an important contribution to that.
6. The project should start monitoring the participation of and impact on youth, which is one of its priority target groups. It should consider setting targets or making projections. Like for women, it should do analysis and intervention revision/design to enhance participation of youth if necessary.
7. The logframe needs to be revised to reflect the outcome of the above as well as the latest projections for FTE jobs and income. In general, more frequent discussion and revision of the logframe would improve transparency and accountability.
8. The MRM system needs to be reviewed against the Donor Committee for Enterprise Development standard by the project and its backstoppers (or another MRM specialist), taking into account the context in Serbia and other emerging good practice, and improved to meet at least the minimum requirements. Even without such a review the need for a number of improvements is obvious, e.g. having complete plans for all interventions, removing

inconsistencies, inclusion of information on project direct assistance, consistent disaggregation by sex of reported progress, adding intermediate indicators of systemic change, and keeping the monitoring and evaluation findings up to date.

9. Project management and the MRM specialist should facilitate the MRM becoming more central to the team's work, as a management and learning tool rather than for external accountability purposes.
10. There should be greater and earlier investment in development of M4P and other capacity in the project team. Important skill areas to be strengthened for the entire team include gender mainstreaming, governance in PSD, ways of working with and strengthening associations, MRM and communication.
11. SCO should consider reviewing the current steering mechanism, with a view to involve a broader range of expertise outside the M4P and private sector development circle, e.g. in the areas of gender mainstreaming, governance and the environment.
12. The project should have weekly team meetings, develop guidelines for keeping a systematic and easily accessible record of important meetings and decisions, and Operational Reports need to be improved, especially with regard to reporting on what it not going well and why.
13. The backstoppers should consider ways in which they can focus more on developing the team's capacity to work independently, and plan for an eventual more strategic and advisory role for themselves.
14. The project should explore more ways in which it can cooperate with and benefit from relevant Swiss (and other) funded projects, in areas which are relevant to the market systems in which it is working.

## 8. Phase 2

A Phase 2 for the project has been included in the draft Cooperation Strategy for 2014-2018. We support this. Our findings show the project is making good progress, and is having a significant (and cost efficient) impact on jobs and incomes. Clearly, though, more remains to be done to achieve sustainability, systemic change and scale in the selected market systems, which may not be all achieved in the current phase. Moreover, an investment has been made in the team and its partnerships, which has created good basis for further work using the M4P approach. This should be made use of.

In this final chapter we therefore consider the possible features of a Phase 2. We first provide a brief SWOT analysis related to a Phase 2 and then provide our recommendations.

**Table 11 – SWOT towards Phase 2**

**Strengths**

Competent, well-managed M4P team  
 Strong development vision relevant and aligned to the complex national socioeconomic and governance context  
 Fundamentally good MRM system  
 Excellent reputation  
 Strong, relevant partners  
 Mostly effective and clear interventions  
 Some relevant external expertise (e.g. BS)

**Weaknesses**

Team geographically stretched  
 MRM and its use need considerable strengthening  
 Insufficient gender and governance expertise  
 No WEE interventions  
 Limited number of active interventions  
 Generally at low level in the value chain  
 Few civil society partners (e.g. women’s organisations)  
 Use of external expertise limited

**Opportunities?**

Deepening/broadening, scaling up work in current sectors?  
 More sectors – similar or not?  
 Cross-cutting sectors – training, design?  
 Crossing models to other sectors?  
 Geographical expansion?  
 More impact on WEE?  
 More impact on Governance?  
 Explore more coordination points with Swiss projects, including synergies with PSD SW Serbia?

**Threats**

Further stretching of the team  
 Loss of target group focus (Belgrade and Vojvodina have lowest poverty and unemployment)  
 Loss of sectoral focus  
 Overlap, duplication with other projects  
 More changes at the system/national level which require adaptation

The above speaks largely for itself. The main opportunities for a Phase 2 are doing more in the current sectors (new intervention areas, more scaling up), adding sectors, which could be similar – e.g. other fruit) or different (e.g. textile), adding sectors that crosscut the present (most likely service sectors like design), transferring a model like the training centres to new sectors (e.g. textile), expanding geographically to include the entire country, and having a greater impact on Women’s Economic Empowerment and Governance.

In our assessment the team has considerable strengths to enable it to exploit these opportunities. However, there are some weaknesses and threats that suggest that a conservative approach may be appropriate. In particular, the project has recently expanded geographically and added two new staff members, who are well-qualified but whose M4P capacity is still limited. This requires investments in time and effort from the other team members, in addition to training. Further stretching the project team, adding further staff and offices and increasing the need to travel would be too heavy a burden and detract from the project’s achievements. The possible areas for further expansion, Belgrade and

Vojvodina, are also those that least need a project that aims at reducing unemployment and increasing incomes and targets low income women and men, including youth.

The opportunity and need for more interventions in the same sectors we have already indicated for the current phase and the team is well-placed to continue ongoing and new work in these market systems. This would strengthen impact and sustainability.

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Expansion into other sectors should, in our view, also be seriously considered as this could go hand in hand with transferring successful models to comparable market systems. The outgrower model could be promoted (and adapted) in other NTFP, horticulture (already started with the ornamental species nursery), and possibly vegetable growing market systems. The model could also be promoted at a higher level, e.g. by working with higher education institutes to include it in curricula in the agriculture, horticulture and business fields. Having it adopted for promotion by the Ministry of Agriculture could be another option.

We would suggest, though, that the number of additional sectors is limited and that it would be prudent to work in related or similar sectors, so that the project can build on its success and make use of its experience. This could mean for instance broadening the work in blueberries and medicinal herbs to the entire range of NTFP, grown or collected. It could also mean working in service sectors that could address constraints in the market systems the project is working in already, such as design (e.g. in furniture, packaging) or marketing (e.g. brand development in NTFP). Some of these may hold a greater attraction to youth in terms of skills required and location (more urban). The presence of potential synergies or possibilities to collaborate with other Swiss funded project could be one factor in sector selection.

WEE should be a central theme in a new phase and should be reflected in appropriate logframe outcomes and indicators. A Phase 2 should also further explore the transversal Governance theme.

We are not in a position to make actual design decisions for the project, as they require further research and analysis, consultations with stakeholders and discussion within the team. Our **main recommendation** is therefore to **not** expand the project geographically to Vojvodina and Belgrade, and to start the process of selecting a limited number of additional sectors for Phase 2. The backstoppers and the SCO should guide and support this.

## Terms of Reference

for

**External Evaluation**

of

**Project “Private Sector Development in South Serbia” Phase I**

in

**Serbia**

**(7F-06861.01)**

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## 1 CONTEXT OF THE REVIEW

The Regional Economic and Entrepreneurship Development Agency of the Pcinja District – VEEDA, has been implementing the “Private Sector Development in South Serbia Project” in the region of South Serbia with backstopping support of the Springfield Centre, since April 2010.

- The period of first 18 months was an entry phase allocated for conducting preparatory activities, which has resulted in defining goals, outcomes and outputs for the implementation of Phase 1. Budget 445.000 CHF.
- Project implementation of Phase 1 started in September 2011, with the total budget of 2'075'000 CHF, and will end on 31 August 2014.

Due to early successes of the project, the project was scaled-up according to the National Mandate-Regional focus. This means that VEEDA will increase linkages to the national level institutions, such as the National Employment Service, but will have a clear focus on targeted regions.

- The extended mandate started in September 2012 with a budget of 1'500'000 CHF. In addition to South Serbia, it is also covering Central, West and East Serbia, where 70% of the targeted sectors production occurs. A special focus is on gender mainstreaming, as project interventions will secure equal participation of women and men. The extended mandate covers 14 districts, instead of the initial 2 districts and to target 4 times the number of beneficiaries<sup>17</sup>.

The project is applying the *Making markets work for the poor* approach (M4P). Upon the extended mandate, the overall project goal remained the same, i.e.: “Increased income opportunities and quality jobs, particularly for young people and women in Serbia”. The only difference is that within the new mandate the goal mentions Serbia instead of South Serbia (which was the initial formulation) and this is exactly a result of the new and expanded mandate. At the same time, the outcomes per sectors were redefined as: *Wood*: Improved performance of finished wood products manufacturers; *Finished Wood Products*: Improved volume, quality and sustainability of domestic timber supply; *Non Timber Forest Products (NTFP)*: Improved sales & additional value among NTFP collectors, processors & exporters.

At the same time, the goal of this phase is to build the capacity of the implementing partner in implementing the M4P approach, as this approach is relatively new to Serbia and the Western Balkan in general. Previously, the development schemes were designed from a direct service delivery rather than a systemic and facilitative perspective.

The project has established a number of synergies:

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<sup>17</sup> Under the initial mandate, the PSD South Serbia covered six municipalities of South Serbia.

- A) For example, the in-depth market analysis of the wood and furniture sectors conducted for the Swiss Import Promotion Programme (SIPPO) has revealed that many of the systemic constraints to inclusive growth in South Serbia were common to other regions of Serbia. These constraints included but were not limited to: accessing the right type of skills, utilisation of critical market information and services, weak cooperation and communication between value chain players, poor access to knowledge of more appropriate and new technologies. The analysis covered the whole territory of Serbia, which has resulted that PSD South has scaled-up to the national level.
- B) PSD has established collaboration with the SECO supported and World Bank implemented Credit Risk Insurance Facility, where VEEDA provides insights for the World Bank in order to create tailored insurance products.

The PSD has institutionalized cooperation on M4P principles (through signed MoUs with a number of key stakeholders: Ministry of Agriculture, National Employment Service, Institute for Science Application in Agriculture, Chamber of Craftsmen and a number of partner municipalities).

In terms of gender, the PSD has facilitated the change of national regulations governing subsidies to include women by simply rewording the regulations to state that: “subsidies can be disbursed to household owners and household members”. Traditionally in Serbia, the men are owners of the households and not the women and according to the old legislation, women have been excluded from subsidies. With the PSD intervention, the number of women beneficiaries has been significantly increased.

First signs of scaling-up are visible. For example, PSD facilitated new training models for the wood industry and furniture processing workers based on private sector demands and as a result, the Chamber of Crafts has developed additional training models. The National Employment Service (NES) is employing persons trained by the Chamber of Crafts as a result of applying the systemic market development approach. NES is replicating the system throughout Serbia, offering the newly trained workers to the private sector.

The initial project proposal and logical framework for Phase 1 have been complemented by “M4P-like” result frameworks and intervention strategies during the implementation phase.

The main challenges encountered by the project include, but are not limited to:

- Forestry: With the recent legislation the state has changed its reforestation policy, with 80% cuts in the budget. This has resulted in the total absence of subsidies for nursery establishment, a key activity of the PSD programme. Without the government subsidy either on seeding production (through nurseries) or to producers to plant trees, the cost of establishment will likely remain a significant barrier for most small forest owners.
- New training models: Official schools have had wrong expectations and did not understand the importance of practical / on the job trainings. The awareness of official schools is being raised and their perception is changing now.
- Categorization of new working profiles: In the process of facilitating the creation of new working profiles, the challenges were on how to formulate the names and categorization

of such newly created workers profiles. This challenge is now being overcome by creating the new database from the side of National Employment Service.

- Non Timber Forest Products: Producers faced a total disparity between the providers of services from the side of the Agricultural Extension Services (part of the Ministry of Agriculture) and the needs for the productions of non timber forest products. There is an absence of both the knowledge and provision of services from the side of Agricultural Extension Services.
- Access to water: A permanent barrier is the lack of micro-irrigation systems and a lack of support to small scale non timber forest producers towards access to water. Out of 400 hectares of non-cultivated land, only 20% has access to water, which is a precondition for their economic activities.

The private sector project in South Serbia is twinned with a similar project in Southwest Serbia, implemented by the Regional Development Agency Zlatibor covering the target region in Southwest Serbia. Both projects apply the M4P methodology and exchange experiences and lessons learnt. Regional Development agencies have been chosen to implement economic development projects due to their role in developing the local economy and also due to the anticipated perspective of channelling EU-Pre-Accession (IPA) funds for local development exactly through the RDAs.

## **2 PURPOSE AND OBJECTIVES OF THE REVIEW / EVALUATION QUESTIONS**

In order to assess the achievements of the current project phase and lessons learnt hitherto, to support SDC and VEEDA in preparing the 2<sup>nd</sup> phase, allowing the project to consolidate and sustain its major achievements and to provide recommendations for the future, an external review will be conducted about one year before the end of the project phase.

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) 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 and the following 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)?**

- a) To what extent do the project strategies and interventions respond to national and regional policies and strategies, to identified needs and the regional context?

- b) 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?

- c) 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?

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- d) 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?

- e) 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?

- f) 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?

- g) What is your interpretation of the specific definition of target groups and the indirectly affected people, 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, dynamics of change, which will affect SDC's position within this setting?

- h) 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?**

- a) Does the project achieve its overall objective taking into account the legal and economic context in Serbia? Is the project aligned with the Serbian'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 which extent has the program contributed to the likelihood of achieving goals as set in the Credit Proposal and, Project Document 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 M4P analytical frameworks and how 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 impact and outcomes as qualitative and quantitative changes 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, 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 M4P 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? Page | - 7 -
- 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?
- f) Is there an established results-oriented monitoring system on outcome level, with necessary timing and responsibilities for results-oriented monitoring and steering?

**4) 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 the methodology has become accepted by VEEDA and local stakeholders?

- b) Will the results of the implemented project components last beyond the end of program? What are the indications for this? What are necessary steps in the remaining months to ensure this?
- c) Which results are likely not to be sustainable? Are there options to increase the chance of sustainability within the remaining project period? Page | - 8 -
- d) How do project components interact with other Swiss supported projects and what are their sustainable impacts taken in a joint analysis?
- e) Are the expected results of the proposed interventions sustainable, allowing the activities to be continued and in place upon the end and beyond of the project? What are the prospects for sustainability in particular with reference to the targeted private sector, i.e. SMEs and households?
- f) What is the interpretation of the cost-efficiency of the project's interventions as an evidence of sustainability of the interventions during and beyond the project? Support cost-efficiency 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 present **recommendations for the future/ next phase of the project.**

## 3 SCOPE AND METHODS OF WORK

The review team will consist of an international consultant acting as team leader and a local expert.<sup>18</sup>

The team will make use of information given by VEEDA and SDC staff, project staff in the field, beneficiaries, local authorities, international organizations, private businesses, and local NGO partners as well as other relevant market players.

The main tasks of the assignment can be summarized as follows:

- a) Desk Research (information collection and analysis)
- Relevant documentation includes:
- Credit proposal for phase 1

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<sup>18</sup> The present TOR are valid both for the International Consultant (team leader) and the Local Consultant.

- Project Document for Phase 1
  - Cost Extension of phase 1
  - Amendment to Project Document for Phase 1
  - VEEDA reports during Phase 1
  - Result frameworks and intervention strategies
  - Mission reports of the strategic backstopper, the Springfield Centre
  - Case studies on implemented interventions
  - Swiss Cooperation Strategy for 2010-2013
  - Concept note for the Swiss Cooperation Strategy for 2014-2017
  - National Strategies on Economic Development: a) Strategy for Development of Competitive and Innovative SMEs 2008-2013; b) Forestry Development Strategy of the Republic of Serbia 2010-2021; c) National Employment Strategy 2011-2020; d) National Strategy for Rural Development 2009-2013, etc.
- b) A briefing at Swiss Cooperation Office (SCO) in Serbia with the Senior Program Officer at the beginning of the field mission.
- c) Field trip to the South, Central, West and East Serbia:  
Part 1) conducting interviews with management and key staff in charge of all program components  
Part 2) conducting individual and/or group discussions with the key partners/beneficiaries from the private sector of each program component  
Part 3) conducting interviews with representatives of the local self-government, partner organizations, and other development projects/agencies
- d) Discussions with national level - partners i.e. Ministry of Agriculture, National Employment Service, Institute for Science Application in Agriculture, Chamber of Craftsmen and others.
- e) A telephone interview with Tim Stewart and Kevin Seely, the backstoppers from the Springfield Centre
- f) A debriefing at Swiss Cooperation Office in Serbia with 3 parts:  
Part 1) Self-reflection of VEEDA project team  
Part 2) Presentation of the preliminary finding and recommendations of the review team  
Part 3) Wrap up for lessons learned and discussion for project development up to the end of the project phase

#### 4 DELIVERABLES / REPORTING

The International Consultant is expected to produce the following deliverables:

- 1) Presentation of the findings and recommendations to be discussed during a debriefing session in the Swiss Cooperation Office Serbia and local debriefing with the VEEDA project team.
- 2) Draft review report to be submitted electronically within 15 working days after the mission to Serbia to both the Cooperation Office in Serbia and SDC Headquarters in Berne (SDC HQ). The latter will optionally invite the International Consultant for a discussion of the draft in Bern or will join the debriefing in Serbia, to be confirmed subsequently.
- 3) Final review report reflecting all aspects to be reviewed as mentioned in chapter II. It shall contain a brief description of the applied working methodology as well as separate chapters dedicated to the key findings and recommendations. The report shall be written in English (Arial 11) and not exceed 25 pages (without executive summary and annexes). This report is to be submitted not later than 14 working days after the debriefing at SDC HQ. Electronic copies of the final operational report must be submitted to SDC HQ and to the Cooperation Office. Two hardcopies must be sent to SDC HQ.

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**NOTE: “Upon request, the results of this evaluation will be made available to any interested third parties”.**

#### 5 SCHEDULE

The evaluation will take place from September to October 2013. The evaluation schedule is the following:

- A) Beginning of September: preparatory activities by consultants.
- B) 08 to 24 of September: field mission undertaken in Serbia.
- C) 14 of October: submission of the draft external report by the evaluators.
- D) 28 October (or a week after receiving SCOs comments): submission of the final external report by the evaluators.
- E) Beginning November: finalization of the management response (by SCO).

The exact work schedule and time allocation is subject to negotiations between SDC and the International Consultant when concluding the contract.

#### 6 DURATION AND IMPLEMENTATION ARRANGEMENT

The following table gives an indicative overview of the work schedule and allocated time:

<i>Task / Activity</i>	<i>No. of days</i>
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Research & analysis of relevant documents	3
Other preparatory activities	1
Field assessments and elaboration of draft findings	8
Briefing and debriefing at the Swiss Cooperation Office in Serbia	1
Report writing	8
International travel	1
Travel in Serbia	2
Total amount (maximum)	up to 24

VEEDA and the Local Consultant in oversight by SDC will provide all logistical support for the mission in Serbia (hotel booking, transport, interpretation services, scheduling meetings in Serbia, etc).

## 7 EVALUATION TEAM / QUALIFICATIONS

The review team will consist of an international consultant acting as team leader and a local expert. The present TOR are valid both for the International Consultant (team leader) and the Local Consultant.

The selected international consultant should have extensive evaluation experience with development programs. This includes, but is not limited to:

- a) Extensive experience regarding evaluation of mid-term development programs;
- b) Extensive experience as team leader of project and program evaluations;
- c) Expertise in assessing project impact, relevance, efficiency, effectiveness and sustainability;
- d) Extensive experience in evaluating systemic market development projects;
- e) Analytical expertise ;
- f) Expertise in the design and implementation of results-oriented evaluation processes, ;
- g) Outstanding report writing skills, and capacity to write independent and objective analyses;
- h) Knowledge of the technical aspects of the components, i.e. trade & export, agriculture, intellectual property, etc.
- i) Knowledge of the context on the Balkans region and Serbia is an asset.

## Annex 2 – Performed interviews and focus groups

Date	Activities (meetings and focus groups)
Mon 9 Sep	Mladen Momcilovic and Roel Hakemulder briefing at the Swiss Coop Office-SCO by Arminio Rosic, NPO SDC Serbia, Swiss SCO Vladimir Petrovic, VEEDA PSD Natalija Puntevaska SIPPO Representative Mac/Serb/Alban Pejic Ana, Head of Admin and Finance, Swiss SCO Nenad Andric, Accountant, Swiss SCO Dejan Nikolic, Manager, Projects, HR, National Employment service-NES
Tue 10 Sep	Zoran Knezevic, Director, Directorate for Agriculture Land, Ministry of Agriculture Forestry and Water Management – MoAFWM Mirkovic Dragan, Head of Rural Development Department, MoAFWM Snezana Jankovic, Director, Institute for Scientific Application in Agriculture Nebojsa Ratkovic, former Manager, Projects and International Cooperation, HR, NES Slobodan Teofanov, former Assistant Minister for Rural Development, MoAFWM
Wed 11 Sep	Dragan Sajic, host of Focus Group on nurseries, owner of nursery Biosan, Nearby town of Ljig Visnja Kotic, Focus Group participant, owner of private landscaping company, town of Ljig Radovan Pantic, Focus Group participant, owner of private nursery, town of Ljig Mira Ilic, Focus Group participant, owner of private flower garden business, town of Banja vrujci Dragoljub Krasic, Focus Group participant, owner of private hedge supply company, town of Ljig Svetlana Pavlovic, Focus Group participant, potential medical and décor herbs grower, town of Ljig Dragan Sajic, Focus Group participant, owner of private nursery, town of Ljig David Sajic, Focus Group participant, horticulture professional, town of Ljig Isidora Sajic, Focus Group participant, horticulture student, town of Ljig Novakovic Slobodan, Director, private herbal company Malina-impex doo, Valjevo Stanko Markovic, Secretary of Council for restructuring and privatization Regional Chamber of Commerce Valjevo, Private furniture making company Atlas, Uzice Darko Djurovic, Team Leader, PSD South-West Serbia Tijana Bogdanovic, Project Coordinator, Tourism Sector, PSD South-West Serbia Nikola Babic, Monitoring & Evaluation Adviser, PSD South-West Serbia Bojan Milicevic, Project Manager, Meat and dairy sector, PSD South-West Serbia Slavko Lukic, Director, RDA Zlatibor Ljiljana Rsumovic, PSD-VEEDA West Serbia Officer, Uzice Dragomir Lazovic, Director, Private furniture making company Matis, Ivanjica Vladan Djordjevic, Owner Private furniture making company Matis, Ivanjica
Thu 12 Sep	Dragomir Lazovic, Director, Private furniture making company Matis, Ivanjica Vladan Djordjevic, Owner Private furniture making company Matis, Ivanjica Goran Kostic, Team Leader, PSD-VEEDA Zivko Ivankovic, Project Manager, PSD-VEEDA, and VEEDA Director
Fri 13 Sep	Zivko Ivankovic, Project Manager, PSD-VEEDA, and VEEDA Director, Vranje Goran Kostic, Team Leader, PSD-VEEDA, Vranje Vladimir Petrovic, Manager, PSD-VEEDA, Vranje Ljiljana Rsumovic, PSD-VEEDA West Serbia Officer, Vranje

	<p>Miodrag Strak, PSD-VEEDA East Serbia Officer, Bor          Jelena Kocic, MRM Officer, PSD-VEEDA, Vranje          Kevin Seely, PSD-VEEDA backstopper, Springfield          Tim Stewart, PSD-VEEDA backstopper, Springfield          Zoran Antic , Director, NES office Vranje          Tanja Stosic, IT manager, NES office Vranje          Sinisa Nadbandic, Director, Serbian NES          Maja Janjevic Siviero, Director, private furniture making company Top Sofa, Vranje</p>
Sat 14 Sep	<p>Olivera Stojanovic, Household , Selo Barelic, Vranje          Zoran Manic, Director, private company Sumsko Blago, village Bresnica, Vranje          Suncica Manic, Director-finance, private company Sumsko Blago, village Bresnica, Vranje          Bratislav Dodić, Owner, a private furniture making company, Vranje          Ivan Petrovic, Deputy Director, a private furniture making company, Vranje          Miodrag Jovanovic, Household, Selo Stropsko, Vranje</p>
Sun 15 Sep	<p>Jelena Kocic, MRM Officer, PSD-VEEDA, Vranje</p>
Mon 16 Sep	<p>Vatroslav Slavković, LED office, Municipality Crna Trava          Veselin Jovasevic, Director, Agriculture Developing fund, Municipality Crna Trava          Goran Ivanov, Director, Agriculture Developing fund, Municipality Vladicin Han          Novica Miovic, Household, village Suva Morava, Vladicin Han          Pesic Momir, Household, village Brezovica, Vranje          Dragan Stevanović, Household, fruits processor, Prekodolce, Vladicin Han          Nenad Velickovic, private furniture making company, Prekodolce, Vladicin Han</p>
Tue 17 Sep	<p>Nevenka Kostadinova, Co-Owner, private wood company Inak d.o.o. Bosilegrad          Ivan Kostadinov, Co-Owner, private wood company Inak d.o.o. Bosilegrad          Milan Stanisavljevic, Chief if Muniipal Administration and its LED office, Municipality Trgoviste          Nebojsa Antic, Director, Agriculture Development Fund, Municipality Trgoviste          Vladan Petrovic, Owner, fruit processing VladaCop, Trgoviste          Slavisa Grujic, Owner, furniture making company, village Krsevica, Bujanovac          Musahu Besnik, Owner, furniture making company Nuraplast, Presevo</p>
Wed 18 Sep	<p>Branislav Stanisavljevic, Director, Vocational College School, 3446, 017421859,          Blagoje Stanisavljevic, President, Serbian Chamber of Craftsmen, City of Nis          Blagoje Stanisavljevic, Serbian Chamber of Craftsmen, City of Nis          Igor Arsov, Director, Private nursery Agro Frukt d.o.o. , Leskovac</p>
Thu 19 Sep	<p>Focus group on GEE, PSD-VEEDA, Vranje:          Tanja Stojanovic , Focus group participant, private furniture making company Top Sofa, Vranje          Radica Stosic , Focus group participant, private furniture making company Top Sofa, Vranje          Mirjana Stoickov , Focus group participant, private wood processing company Inak, Bosilegrad          Ivana Vasilev, Focus group participant, private wood processing company Inak, Bosilegrad          Suncica Manic, F.G.participant, private fruits collecting and processing company Sumsko Blago,          Vranje          Jasminka Andjelkovic , F.G.part., private fruits collecting and process.companny Sumsko Blago,          Vranje          Goran Kostic, Team Leader, PSD-VEEDA, Vranje          Vladimir Petrovic, Manager, PSD-VEEDA, Vranje          Ljiljana Rsumovic, PSD-VEEDA South West Serbia Officer, Vranje</p>

	Miodrag Strak, PSD-VEEDA East Serbia Officer, Bor Jelena Kocic, MRM Officer, PSD-VEEDA, Vranje
Fri 20 Sep	Verdemez Ismet, Director, Technical school from Tutin Dragan Tucakovic , Director, Technical School from Uzice Marko Todosijevic, Private wood processing company Sava from Hrtkovci, Ruma Dejana Razic, Gender Specialist, Belgrade Dijana Jeremic, Secretary of Committee, Regional Chamber of Commerce Valjevo Ivica Savic, President for Agriculture and Projects, Municipality Trstenik
Mon 23 Sep	Mladen Momcilovic and Roel Hakemulder debriefing, Rosic Arminio, SDC, Swiss SCO Deputy Country Director, Goran Kostic, PSD Team Leader, Zivko Ivankovic , PSD project Manager

**Evaluation Matrix V.4 External Evaluation: “Private Sector Development in South Serbia”**

**Phase I: Sep 2011- Aug 2014 (Since Sep 2012 extended mandate)**

Goal: Increased income opportunities and quality jobs, particularly for young people and women in Serbia; OUCTOMES:

Wood **outcome**: Improved performance of finished wood products manufacturers;

Finished Wood Products **outcome**: Improved volume, quality and sustainability of domestic timber supply;

**Non Timber Forest Products (NTFP) outcome: Improved sales & additional value among NTFP collectors, processors & exporters**

M4P systemic and facilitative perspective VS direct service delivery: institutional M4P based cooperation;

Key Question	SCD-PSD		Stakeholder	Fields of observation /Indicators	Source of Information	Method for Data-Analysis
	SDC	PSD		- 15 -		

1) **Relevance/alignment** (validity of objectives, alignment to beneficiaries needs, local ownership)

<p><b>1.1) 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?</b></p>	√	√	<p>MoA/NES/SciAgro Institute/SIPPO</p> <p>Entrepreneurs/businesses/chambers/BS/RDA</p>	<p>Log frame analysis</p> <p>Intervention plans and strategies review</p> <p>Comparison need assessment LED –market -entrepreneurs(= actual demand)</p> <p>Market players perceptions</p> <p>Was the approach analysis performed, what were their results? How relevant and why is the chosen approach&gt; Evidence...</p>	<p>Relevant national strategies and policies, etc.</p> <p>Project documents</p> <p>Project's intervention plans</p> <p>Progress reports</p> <p>PSD/ stakeholder perspective</p> <p>Market statistics</p>	<p>Document study</p> <p>Interviews</p> <p>Focus group</p>
<p><b>1.2) To what extent are the objectives of the project aligned to the relevant national and regional development context, agenda, policies and strategies?</b></p>	√	√	<p>MoA/NES/SciAgro Institute/SIPPO/ RDA</p>	<p>Log frame analysis</p> <p>Intervention plans and strategies review</p> <p>Review of relevant national strategies etc.</p> <p>Concurrency with relevant policy papers</p>	<p>Relevant national strategies and policies, etc.</p> <p>Project's intervention plans</p> <p>Progress reports</p> <p>PSD/ stakeholder perspective</p> <p>Market stats Govern.reps., PSD or stakeholder perspect.</p>	<p>Document study</p> <p>Interviews</p>
<p><b>1.3) 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?</b></p>	√	√	<p>Entrepreneurs/businesses/chambers/MoA/RDA/NES</p>	<p>Assessment of intervention plans and planning system</p> <p>Review of project sectors and market analysis with business</p>	<p>Project documents</p> <p>Project's intervention plans</p> <p>Progress reports</p>	<p>Document study</p> <p>Interviews</p>

				environment Detection and assessment of challenges and corresponding intervention points	GoS, PSD/ stakeholder perspective	Focus group
1.4) 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?	√	√	Entrepreneurs/businesses/chambers/BS/RDA/schools	Detection of partners and their role Presence and effectiveness of the PP dialogue	Governmental representatives, PSD and stakeholder perspective Project's intervention plans Progress reports	Document study Interviews Focus group
1.5) 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?	√	√	Entrepreneurs/businesses/chambers/BS/RDA/MoA/local/NES local/LED-LSG/schools	Assessment of participatory approach of market analysis and detection and assessment of challenges and corresponding intervention points	Project documents Stakeholders perspectives Project's intervention plans Progress reports	Document study Interviews Focus group Stakeholders analysis/other
1.6) 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?	√	√	MoA/NES/SciAgro Institute/SIPPO Entrepreneurs/businesses/chambers/BS/RDA/LED-LSG/schools	Assessment of changing development Country context points Interventional plan, Log frame (objectives-approach) adaptability towards changing context	Relevant national strategies and policies, etc. Project documents PSD/ stakeholder perspective Project's intervention plans Progress reports	Document study Interviews Focus group

<p>1.7) What is your interpretation of the specific definition of target groups and the indirectly affected people, 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, dynamics of change, which will affect SDC's position within this setting?</p>	√	√	<p>Entrepreneurs/businesses/chambers/BS/RDA/MoAlocal/NES/LED-LSG/schools</p>	<p>Dynamics of planning and implementation change per target group needs</p>	<p>Project documents PSD/ stakeholder perspective Project's intervention plans Progress reports</p>	<p>Document study Interviews Focus group</p>
<p>1.8) 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?</p>	√	√	<p>MoA/NES/SciAgro Institute/ Entrepreneurs/businesses/chambers/RDA/MoAlocal/NES local/LED-LSG/schools</p>	<p>Level of relevance Added value to the Swiss involvement and specific approach to the poverty reduction, what are comparative advantages? GoS agenda on PSD/competiveness/poverty reduction Country priorities and policies, BE, RD, PSD, PPD, other ODA</p>	<p>Relevant national strategies and policies, etc. Project documents PSD/ GoS/ stakeholder perspective</p>	<p>Document study Interviews Focus group Other</p>
<p><b>2) Effectiveness</b> (extent of reaching the objectives, does outputs translate to outcomes and impacts, factors of un/success)</p>						
<p>2.1) Does the project achieve its overall objective taking into account the legal and economic context in Serbia? Is the project aligned with the Serbian's socio-economic development strategies and key policies of the Serbian Government in general and with strengthening the areas of intervention in</p>	√	√	<p>MoA/NES/ /chambers/BS/RDA</p>	<p>Assess extent of achievement (output level) according to output indicators Self-assessment by project stakeholders Review the promoting or hindering factors for target achievements</p>	<p>Relevant national strategies and policies, etc. Project documents Project's intervention</p>	<p>Document study Interviews</p>

particular?					plans Progress reports GoS/ stakeholder perspective	
	Page   - 19 -					
<b>2.2)</b> To which extent has the project contributed to the likelihood of achieving goals as set in the Credit Proposal and, Project Document which have been translated into result frameworks and intervention strategies for the entry phase and throughout the implementation phase?	√	√	MoA/NES/ Entrepreneurs/bu sinesses/ BS/RDALED-LSG	Is There a functioning log frame/ intervention plan Does it encompass all necessary elements\How did it include the partners and beneficiaries? Before/after comparison/or/ prospects, degree of adaptation towards needs of the businesses growth	Project documents (credit proposal, result frameworks etc.) PSD/ GoS/ BS/ stakeholder perspective  Project's intervention plans  Progress reports	Document study  Interviews
<b>2.3)</b> To what extent is the implementer properly handling the main M4P analytical frameworks and how is the assessment of its capacity to translate systemic analysis into consistent and coherent intervention strategies, including M&E systems?	√	√	BS/MoA/NES	Usage of M4P analytical frameworks, coherence, effectiveness	Project documents  Project's intervention plans  Progress reports  PSD/BS etc. perspective	Document study  Interviews
<b>2.4)</b> What are the expected impact and outcomes as qualitative and quantitative changes in the described situation?	√	√	BS/MoA/NES	Comparison of employability/poverty reduction etc. before/after PSD interventions	Project documents  Progress reports  Project team perspective	Document study  Interviews  Focus

						group
2.5) 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?	√	√	Gender specialist/ MoA/NES/Entrepreneurs/BS/RDA/LE- LSG/chambers	Proportion of male/female benefiting from the project-Gender awareness  Proportion of minorities benefiting from the project- Minorities awareness  Data desegregation, representation, mainstreaming, results  How are gender aspects considered in the project? Is there a gender analysis?	Project documents  Project team/gender specialist/ perspectives  Project's intervention plans  Progress reports	Document study  Interviews  Focus group
2.6) How does the “pro poor” or “pro excluded” dimension translate into the analysis and from there into corresponding intervention strategies?	√	√	MoA/NES/Entrepreneurs/BS/RDA/LE- LSG/chambers	Assessment of PSD planning, intervention plans and implementation documents, progress reports, for the “pro poor” or “pro excluded” dimension	Project documents  Project team perspectives  Project's intervention plans  Progress reports	Document study  Interviews  Focus group
2.7) 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.)?	√	√	Gender specialist/ MoA/NES/Entrepreneurs/BS/RDA/LE- LSG/chambers	Proportion of men and women in the various activities  Proportion of male/female entrepreneurs  Selection/participation of businesses/ entrepreneurs  Detectable disaggregated effects	Project documents  Project team/gender specialist/ perspectives  Project's intervention plans  Progress reports	Document study  Interviews  Focus group
2.8) What is your interpretation of the organisational structure of the intervention, its	√	√	MoA/NES	Organization of interventions, facilitation of/between implementing partners and	Project documents	Document

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?			Entrepreneurs/businesses/chambers/BS/RDA/MoAlocal/NES local/LED-LSG	steering Partners selection criteria	Scoping analysis RDA/project team/SCO etc. perspectives	study Interviews Stakeholders analysis Other
<b>2.9)</b> What is your interpretation of the results achieved on outcome level, lessons learnt and their implications and measures for the next phase?	√	√	MoA/NES/SIPPO/ Entrepreneurs/businesses/chambers/BS/RDA/MoAlocal/NES local/LED-LSG/	Assess extent of achievement (outcome level) according to outcome indicators Self-assessment by project stakeholders Review the promoting or hindering factors for target achievements	Project documents Project's intervention plans Progress reports Stats and other data sources and reports Stakeholders perspectives	Document study Interviews Focus group
<b>2.10)</b> 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?	√	√	MoA/NES /businesses/chambers/BS/RDA/MoAlocal/NES local/LED-LSG/	What are the selected approach lessons learned/best practices and integration of lessons learnt , log frame adaptation Planning cycle and its application; assessment; continuum aspects Help by back stoppers?	Stakeholders perspectives	Document study Interviews
<b>2.11)</b> What is your interpretation of the particular objectives of SDC's contribution, vis-a-vis its partners and their organizational development and learning processes?	√	√	MoA/NES/ /businesses/chambers/BS/RDA/LED-LSG/	Impact on organizational development	Project documents Stakeholders/partners perspectives	Document study Interviews Stakeholde

						rs analysis
2.12) What is your interpretation of the stakeholder analysis (including civil society, government, interest groups), their visions, mission, interests, how they benefit from the project?	√	√	MoA/NES/SciAgro Inst./Entrepreneur s/businesses/cha mbers/BS/RDA/M oAlocal/LED-LSG	Stakeholders analysis and their benefits from the project	Stakeholders/partners perspectives	Document study  Interviews  Stakeholde rs analysis
Page   - 22 -						
<b>3) Efficiency (were activities cost efficient to alternatives, delays in implementation ) and project steering (set-up, process and frequency, improvements and effectiveness)</b>						
3.1) 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 M4P analytical frameworks and corresponding intervention strategies?	√	√	BS/RDA/NES/Mo A	Set-up functionality and effectiveness.  Backstopping support towards enhanced facilitative role/interventions/M4P approach	Project documents/reports etc.  Progress reports  BS reports  BS, PSD staff, and stakeholders perspective	Document study  Interviews
3.2) 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?	√	√	BS/RDA/NES/Mo A	Assessment of the management instruments efficiency in relation to the effectiveness	Project documents/reports etc.  Progress reports  BS reports  BS, PSD staff, and stakeholders perspective	Document study  Interviews  Focus group
3.3) How has the implementer's facilitator role	√	√	MoA/NES/SciAgro Inst./Entrepren's/b	Awareness of target group about facilitation	Project documents/reports	Document

evolved over the past 3 years?			usin./chamb's/BS/RDA/MoAloc/NES loc/LED-LSG/	services and benefits, over time. Satisfaction with outputs by various stakeholders over time.	etc. BS reports BS, PSD staff, and stakeholders perspective	study Interviews Focus group
<b>3.4)</b> 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)?	√	√	MoA/NES/SciAgro Institute/Entrepreneurs/businesses/chambers/BS/RDA/MoAlocal/NES local/LED-LSG/	Presence and allocation of resources, and level of partners participation and its sustainability	Project documents/reports etc. BS reports BS, PSD staff, and stakeholders perspective	Document study Interviews
<b>3.5)</b> Are the project management and steering mechanisms in place and adequate for the efficient implementation of project activities?	√	√	BS/RDA	Functioning of coordination bodies (steering committee) Assessment of so far established PSD planning, intervention plans and steering mechanisms: Are mechanisms installed? Who is planning/steering? Are tasks/roles/responsibilities clear to all project stakeholders? What remains to be done.	Project documents/reports etc. BS reports BS, RDAs/PSD staff, and stakeholders perspective	Document study Interviews
<b>3.6)</b> Is there an established results-oriented monitoring system on outcome level, with necessary timing and responsibilities for results-oriented monitoring and steering?	√	√	BS	Assessment of existing M&E system, levels, real life, elements, management, management and accountability tool	Project documents/reports etc. Project's intervention plans Progress reports	Document study Interviews

					BS reports BS, PSD staff, and stakeholders perspective	
<b>4) Impact:</b> Assessment of the likelihood of significant <u>scale, employment and income generation</u> of the project interventions? Real changes? How many people affected?						
<b>4.1)</b> What is the likelihood and potential of strategies and approaches applied by the project for scaling up, employment and income generation?	√	√	NES/MoA/chambers/BS	Assessment of log frame and progress towards effectiveness in terms of its impact	Project-Planning Documents  Intervention plans, Progress Reports, Financial data	Document study  Interviews
<b>4.2)</b> What are the main systemic changes the project is currently tackling or have already been achieved so far?	√	√	MoA/NES/SciAgro Institute/Entrepreneurs/businesses/chambers/BS/	Assessment of key systematic changes, planned and achieved	Project-Progress Reports  View of other stakeholders and beneficiaries  Project's intervention plans	Document study  Interviews  Focus group
<b>4.3)</b> Are the implementers' interventions allowing for replication and crowding in, which are the key elements of systematic changes?	√	√	MoA/NES/SciAgro Inst./Entrepr's/business's/cham's/BS/RDA/MoAloc/LED-LSG	Quantity and quality of contacts with employers (enterpr./public service units) and partners, GoS, LSG, business associations, RCC, and other relevant LED stakeholders; Achieved synergies/duplications;	Project-Progress Reports  View of other stakeholders and beneficiaries  LED-LSG, RDAs perspectives	Document study  Interviews  Focus group

<p><b>4.4)</b> Have interactions, transactions and comm. 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?</p>	√	√	<p>Entrepreneurs/businesses/chambers/BS/RDA/MoAlocal/NES local/LED-LSG</p>	<p>Is there a mechanism for this process in place? Does it functions? How well? Why? What's being done with its output?</p>	<p>Project -Planning Documents Progress Reports Stakeholders/LED LSG beneficiaries perspectives</p>	<p>Document study Interviews Focus group</p>
<p><b>5) Sustainability</b> ( extent of benefits beyond implementation span, factors of sustainability) and <b>Coordination with other Swiss projects</b> ( 3 C -coordination, complementarity, coherence)</p>						
<p><b>5.1)</b> What is the strategy for improving sustainability and opportunities for up scaling (e.g. govern. multilateral org., private sector)? To what extent the methodology has become accepted by VEEDA and local stakeholders?</p>	√	√	<p>MoA/NES /businesses/chambers/BS/RDA/MoAlocal/NES local/LED-LSG</p>	<p>Presence of strategies and mechanisms for improving sustainability in respect to chief stakeholders and beneficiaries  Acceptance of relevant methodologies by VEEDA and stakeholders</p>	<p>Project -Planning documents Progress Reports Stakeholders/MoA/RDAs and other stakeholders perspectives</p>	<p>Document study Interviews</p>
<p><b>5.2)</b> Will the results of the implemented project components last beyond the end of project? What are the indications for this? What are necessary steps in the remaining months to ensure this?</p>	√	√	<p>MoA/NES+loc/SIPPO/  Entrep's/bus's/chamb's/BS/RDA/MoAlocal/LED-LSG</p>	<p>Will the results sustainable beyond the project life  Indicators for sustainable results and factors for those less perspective</p>	<p>Project documents Intervention plans Stakeholders perspectives</p>	<p>Document study Interviews Focus group</p>
<p><b>5.3)</b> Which results are likely not to be sustainable? Are there options to increase the chance of sustainability within the remaining project period?</p>	√	√	<p>MoA+loc/NES/  Entrep's/bus's/chamb's/BS/RDA/LSG</p>	<p>Sustainability pitfalls and potential remedies, chief relevant factors of sustainability</p>	<p>Project/progress documents Stakeholders</p>	<p>Document study Interviews</p>

					perspectives Project's intervention plans	Focus group
5.3) How do project components interact with other Swiss supported projects and what are their sustainable impacts taken in a joint analysis?	√	√	BS/RDAs	3C analysis and aggregation of impact of all Swiss efforts Page   - 26 -	Project documents RDA Zlatibor and other relevant perspectives	Document study Interviews
5.4) Are the expected results of the proposed interventions sustainable, allowing the activities to be continued and in place upon the end and beyond of the project? What are the prospects for sustainability in particular with reference to the targeted private sector, i.e. SMEs and households?	√	√	Entrepreneurs/businesses/chambers/BS/RDA/MoAlocal/NES local/LED-LSG	Will the results sustainable beyond the project life Disaggregation of likelihood by beneficiaries	Project documents Private sector and other stakeholders perspectives	Document study Interviews Focus group
5.5) What is the interpretation of the cost-efficiency of project's interventions as an evidence of sustainability of the interventions during and beyond the project? Support cost-efficiency with figures, i.e. who/what/how/ many?	√	√	RDAs	Cost efficiency of interventions and sustainability.	Project documents Other data sources PSD staff/stakeholders perspectives	Document study Interviews Cost benefit analysis

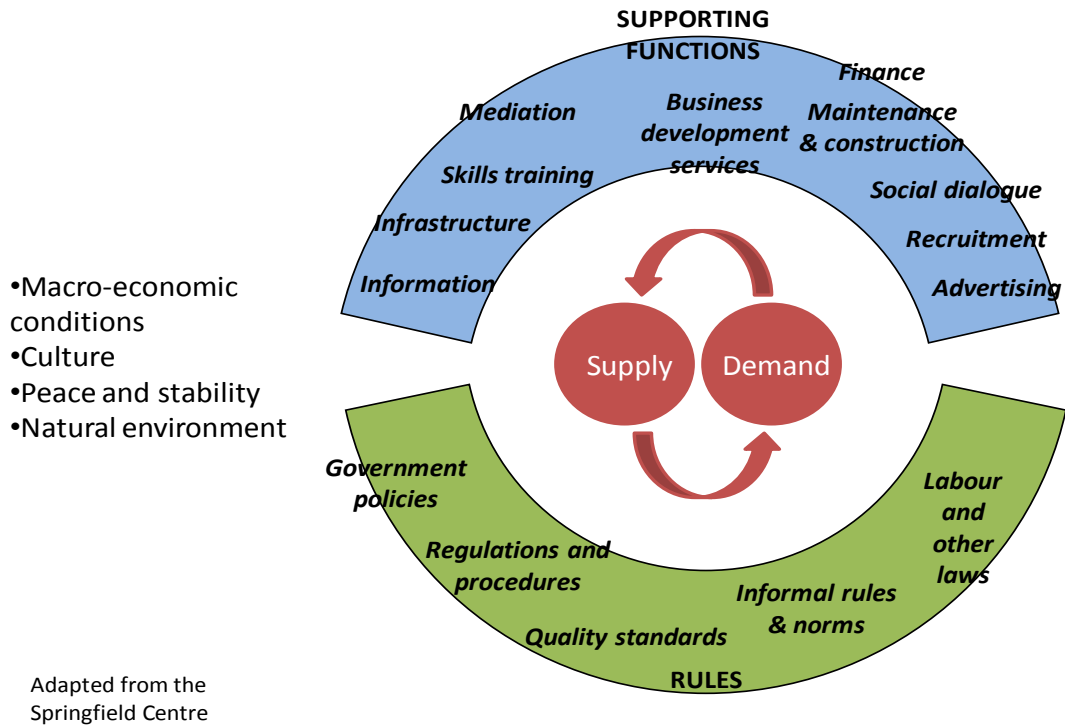
1. Credit proposal for phase 1
2. Supplementary Credit Proposal
3. Scale-up Amendment document
4. Project Document for Phase 1
5. A set of Gap Analysis
6. Amendment to Project Document for Phase 1
7. A set of all Operational Reports
8. A set of Sectors Market Analysis
9. A set of Context Analysis: Sectors Scoping and Selection
10. A set of Intervention Plans
11. A set of MoUs with partners
12. Correspondence between the project and national partners
13. Organization charts for projects national partners/governmental structures
14. Additional Sector Analysis for South-western and Easter Serbia
15. Cost Extension of phase 1
16. Amendment to Project Document for Phase 1
17. VEEDA reports during Phase 1
18. Result frameworks and intervention strategies
19. Mission reports of the strategic backstopper, the Springfield Centre
20. Case studies on implemented interventions
21. Swiss Cooperation Strategy for 2010-2013
22. Concept note for the Swiss Cooperation Strategy for 2014-2017
23. Draft Results Framework of the Swiss Cooperation Strategy Serbia 2014-2017
24. ToRs Gender consultancy M4P Serbia
25. Action Plan for National Gender Equality Strategy
26. National Gender Equality Strategy
27. National Strategy for Development of Competitive and Innovative SMEs 2008-2013
28. Forestry Development Strategy of the Republic of Serbia 2010-2021
29. National Employment Strategy 2011-2020
30. National Strategy for Rural Development 2009-2013
31. Regional Development Strategy of the Republic of Serbia 2007-2012
32. List of all project stakeholders
33. Additional list of all project partners and beneficiaries
34. Publication of Statistical Office of The Republic of Serbia: Municipalities and Regions of the Republic of Serbia 2011
35. A set of Projects Mini Case Studies
36. Various analytical and data sources on macroeconomic and socioeconomic trends in RoS

## Annex 5 – Sample calculation sheet for projections of impact on income and employment

Box Number	Remarks	2012	March 2013	by end of end of 2013	September 2014	Source	full impact 2017 and 2018
Box 9	Land area under the nursery <i>Investment in nursery (CHF) by nursery owner</i>	0.8		0.5		Ha	
Box 11	Number of blueberry nurseries established in Serbia since January 2012	1		1			
	Total area under nursery production (in Ha)	0.8		0.5		Ha	
	Total amount invested in nurseries (CHF)	150,000 CHF	90,000 CHF	90,000 CHF	30,000 CHF		
Box 16	Cumulative number of plantations established	39	86				
	Average land size per planter	0.25	0.29			Ha	
	Land area under new blueberry plantations	9.79	25			Ha	
	Yield of locally grown blueberry	0		3,671	17,941	kg / Ha	97,900 kg June/July 2016 240,000 kg June/July 2017 Assumption full yield is 10t/Ha
Box 18	Number of seedlings sold to planters	0		50,000	300,000		480,000
	Price of locally produced seedlings			3.75 CHF	3.75 CHF		3.75 CHF
	Nursery sales value			187,500 CHF	1,125,000 CHF		1,350,000 CHF
	Costs			101,200 CHF	41,500 CHF		21,500 CHF
	Nursery profit			86,300 CHF	1,083,500 CHF		1,328,500 CHF
Box 20	Quantity of blueberries sold by planters (in kg)	0	0	3,671	17,941		
	Price of blueberry			3.75 CHF	3.75 CHF		
	Sales value			13,767 CHF	67,280 CHF		
Box 22	Number of new jobs for planters						
	Average number of household members	4	4			field information	
	Average number of household members that works in agriculture	1	1			field information	
	Number of days	180	180				
	FTE = 240 days work						
	Number of FTE created	29.25	64.5				
Box 23	Net additional income generated by planters						
	Full yield after 5 years (in t/Ha)	0		7	7	discounted yield; yield in Holland over 10t/Ha	7
	Total quantity sold by planters (planted in 2012)			3,671		kg	
	Total quantity sold by planters (planted in 2012 + 2013)				17,941	kg	35
	Price			4 CHF	4 CHF	Assumption - price in 2013 and 2014 remains at the same level as in 2012	3.75
	Sales value			13,767 CHF	67,280 CHF		913,238
	Costs of production + opportunity costs (per Ha)			169 CHF	1,649 CHF	Estimation	1,649
				12,115 CHF	43,173 CHF		855,876
Box 23	Number of new jobs for workers						
	Land size under blueberry	9.79		0	0	Ha	9.79
	Yield			3,671	17,941	kg	68.53
	Number of days required for picking			20	20	days	20
	Amount of blueberry that 1 worker can pick per day			100	100	kg	120
	Total number of workers needed for picking			1.8	9.0	average value (it can go from 80 to 120 kg / day)	29
	FTE = 240 days work						
	Number of full time equivalent jobs created			0.2	0.7		2

<b>Box 24</b>	<b>Net additional income generated by workers</b>								
	Number of workers				1.8	9.0			29
	Income per day				12 CHF	12 CHF CHF	field information		12 CHF
	Total income generated by workers				<b>440.6</b>	<b>2,153.0 CHF</b>			<b>6,853</b>
<b>Box 20</b>	Cumulative number of plantations established				150	350	<i>Assumption - 20% drop off because of disability to invest in irrigation system</i>		
	Average land size per planter				0.2	0.2 Ha	<i>Assumption based on field information</i>		
	Land area under new blueberry plantations				30	70 Ha			
	Yield of locally grown blueberry					<b>11,250</b> kg / Ha	input supplier information, first year 375 kg/Ha, second year 875 kg/Ha	420,000 kg in 2017 980,000 kg in 2018 <i>Assumption full yield is 7t/Ha</i>	
<b>Box 25</b>	<b>Number of new jobs for planters</b>								
	Average number of household members				4	4	field information		
	Average number of household members that works in agriculture				1	1	field information		
	Number of days				180	180			
	FTE = 240 days work								
	Number of FTE created				<b>112.5</b>	<b>262.5</b>			
<b>Box 26</b>	<b>Net additional income generated by planters</b>								
	Full yield (discounted) after 5 years					7 t/Ha	discounted yield; yield in Holland over 10t/Ha		7
	Total quantity sold by planters (planted in 2013)					11,250 kg			100
	Price					3.75 CHF	<i>Assumption - price in 2013 and 2014 remains at the same level as in 2012</i>		3.00 CHF
	Costs of production + opportunity costs (per Ha)					1,649 CHF/Ha	<i>Estimation</i>		1,649
						<b>40,539 CHF</b>			<b>1,935,120</b>
	<b>Cumulative impact</b>	2012	2013	2014	2017	2018	TOTAL		
	No of jobs for planters	29		177	263			469	
	Net income for planters	0	12,115 CHF	83,711 CHF	855,876 CHF	1,935,120 CHF		2,886,822 CHF	
	Profit for nursery	0	86,300 CHF	1,083,500 CHF	1,328,500 CHF			2,498,300 CHF	
			98,415 CHF	1,167,211 CHF					

6.1. The market system diagram



## 6.2. Depopulation in Serbia<sup>19</sup>

Map 1: Decrease in the number of population during the period 1971-2002

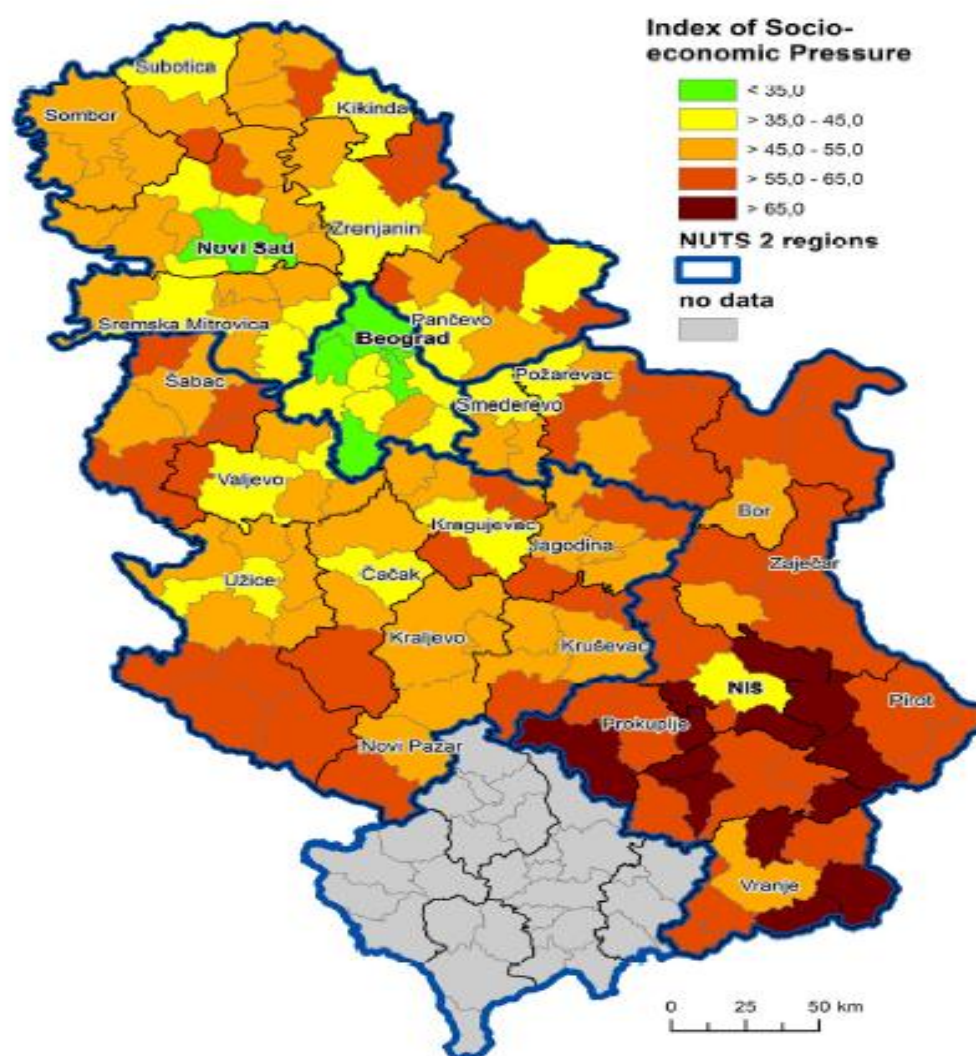


<sup>19</sup> Source: Regional Development Strategy of the Republic of Serbia 2007-2012  
[http://qlb.bos.rs/development/uploaded/regional\\_development\\_strategy.pdf](http://qlb.bos.rs/development/uploaded/regional_development_strategy.pdf)

### 6.3. Socio-economic Pressure for Serbian municipalities

The Index of Socio-economic Pressure according to the given analyses for the statistical year of 2009 shows the traditional polarisation picture of socio-economic differentiation. The areas on the map with the lowest socio-economic pressure in comparison with all other Serbian municipalities are coloured in green; areas with the highest scores in that index, and thus a comparatively low development coloured in dark red. The intermediate gradations are coloured between yellow and red. It is easy to recognise a north-south gradient, a central-peripheral gradient and an overwhelming rural-urban gradient. Clearly, the geographic areas mainly covered by the PSD project focus are those with the lowest development.

Map: **The Index of Socio-economic Pressure for Serbian municipalities 2009**<sup>20</sup>



<sup>20</sup> From "Measuring Regional Inequality: An Index of Socio-economic Pressure in Serbia" by Andreas Winkler, University of Bamberg, Institute of Geography, Bamberg, [http://www.academia.edu/3490532/Measuring\\_Regional\\_Inequality\\_An\\_Index\\_of\\_Socio-Economic\\_Pressure\\_for\\_Serbia](http://www.academia.edu/3490532/Measuring_Regional_Inequality_An_Index_of_Socio-Economic_Pressure_for_Serbia)

## Annex 7 – Photos from the field



**Photo 1:** Novica Mladenovic's blueberries orchard with 120 seedlings in village Darkovce, municipality of Crna Trava , South East Serbia



**Photo 2:** Vladan Petrovic's fruits processing line in Municipality of Trgoviste, South East Serbia



**Photo 3:** Furniture company Matis, in municipality of Ivanjica, and their new on-the-job training line, South West Serbia



**Photo 4:** Owner of wood processing company Inak, in municipality of Bosilegrad, next to reforestation seedlings of poplar tree, South East Serbia



**Photo 5:** NTFP company 'Forest Fruits', nearby city of Vranje, and their new cooling facilities, South Serbia



**Photo 6:** Furniture company Top Sofa, in city of Vranje, and their new on-the-job training line, South Serbia