

REGIONAL PRIVATE SECTOR DEVELOPMENT IN THE WESTERN BALKANS

Project Summary

2006 Project costs	€ 496,591.00 (budgeted) / € 440,162.91 (spent)
Project duration	37 months, from 1 st December 2004 until 31 st December 2007
Partners/Stakeholders	<i>Bosnia-Herzegovina:</i> Foreign Trade Chamber of Bosnia & Herzegovina, Federal Ministry of Development, Entrepreneurship and Craft (Federation of Bosnia-Herzegovina), University of Tuzla – Faculty of Economics; <i>Kosovo:</i> Ministry of Trade and Industry, University of Pristina - Faculty of Economics, Regional Enterprise Agency (REA) Pristina; <i>Macedonia:</i> Ministry of Economy – Unit for Entrepreneurship and Competitiveness, Agency for Promotion of Entrepreneurship of the Republic of Macedonia (APPRM), “University St. Kliment Ohridski”, Bitola - Faculty of Economics, Prilep, European Business Association (EBA); <i>Montenegro:</i> Directorate for Development of SMEs, Montenegro Business Alliance (MBA), University of Montenegro - Faculty of Economics, Entrepreneurial Economy Centre for Entrepreneurship and Economic Development (CEED); <i>Serbia:</i> Ministry of Economy - Department for Development of SMEs and Entrepreneurship, Serbian Agency for Development of SMEs and Entrepreneurship, University of Belgrade – Faculty of Economics;
Target group	Economic and Higher Education Institutions from the Western Balkans (Bosnia & Herzegovina, Kosovo, Macedonia, Montenegro and Serbia)
Financed by	Netherlands Ministry of Foreign Affairs

Background and Project Objectives

The Private Sector Development (PSD) in the Western Balkans project focuses on shared economic challenges in the Western Balkans, and aims to build the capacity of project partners to jointly tackle these challenges on a regional level. Focusing on common interests, such as Private Sector Development, SME development and future EU accession, the project aims to achieve regional and intern-ethnic cooperation between Government agencies, Chambers of Commerce, Universities, and businesses from the region, in order to stimulate regional trade and economic development and thus contribute to friendly neighbourly relations, long-term regional stability and EU integration.

Project Description

The main PSD project activities include (i) the organization of regional **PSD-related conferences**, and (ii) **EU Day events**, (iii) promotion and funding of **research projects**, jointly conducted by partners from the region, (iv) a regional **internship program** offering internship positions for advanced students and recent graduates, in the EU or Western Balkans, but outside their home country, (v) **annual study visits** to The Netherlands and EU institutions for staff from project partner institutions, (vi) **regional business plan competitions** for advanced students or recent graduates, offering seed capital for competition winners, and (vii) **regional business skills training** for entrepreneurs from the Western Balkans.

While PSD project activities in 2006 were mainly a continuation of those initiated in 2005, several activities were either updated or improved. Efforts were made to align and integrate project activities (training events, conferences, business plan competitions) more closely with regular work programs

of project partners, in order to boost ownership among partners and sustainability of project activities. Part-time liaison officers were also placed in several ATA offices in the region in order to step up follow-up and collaboration with project partners. Main project results in 2006 can be summarized as follows:

Results

Result	#	# participants	Others involved
Regional PSD Conferences	2 <ul style="list-style-type: none"> International Chambers of Commerce Forum, Pristina, 8 September 2006 PSD Conference, Sarajevo, 19-20 October 2006 	+/- 170 participants <ul style="list-style-type: none"> Int'l CoC Forum, Pristina: +/- 50 participants PSD Conference, Sarajevo: +/- 120 participants (including 28 from project partner institutions) 	<p><i>Organizing partners:</i></p> <ul style="list-style-type: none"> Kosovo Chamber of Commerce (KCC) Netherlands Ministry of Foreign Affairs, Netherlands Ministry of Economic Affairs, B&H Ministry of Foreign Trade and Economic Relations, B&H Federal Ministry of Development, Entrepreneurship and Craft; <p><i>Speakers and experts</i> from the EC Delegation to B&H, SEE Stability Pact, BTC Twente, Foreign Trade chamber of B&H; and several Business Start-up Centers and Incubators from the region</p>
Regional EU Day events	1 The European Day of the Entrepreneur – “Entrepreneurship and Regional Cooperation towards the EU integration process”, Skopje, 9-10 May 2006	+/- 3000 visitors 500 registered participants 60 exhibitors 60 speakers	<p><i>Organizing partners:</i> Ministry of Economy of Macedonia, Agency for Promotion of Entrepreneurship of the Republic of Macedonia (APPRM), City of Skopje, European Business Association (EBA), Macedonian Enterprise Development Foundation</p> <p><i>Speakers and experts</i> from UNCTAD, the EC Delegation to Macedonia, EC DG Enterprise & Industry, EC DG Enlargement, Netherlands Minister for Foreign Trade Ms Karin van Gennip, GTZ, IFC, SEE Stability Pact, and Chambers of Commerce Haaglanden (NL)</p>
research projects	Proposals submitted: 22 Proposals selected: 2 Projects completed: 5 Projects published: 3	+/- 81 researchers from the Western Balkans	<p><i>International reviewer:</i> 1 from UNCTAD</p> <p><i>International research selection committee:</i> 6 experts from the University of National and World Economy, Sofia (Bulgaria), the International University of Monaco, Boston University, IFC, and UNDP</p>
Internship program	9 (5 in the Western Balkans, 3 in the European Union)	27 (9 interns, 9 university mentors, 9 company supervisors)	<p><i>Internship host companies:</i> Lufthansa (Serbia), APPRM (Macedonia), Sirbegovic (Bosnia & Herzegovina), FAO Investment Center (Italy), Kasabank (Kosovo), Serbian Agency for SME Development (Serbia), Pentascope (The Netherlands), Kosovo Chamber of Commerce (Kosovo)</p>
Annual Study Visit to The Netherlands and Brussels	1	20 representatives of project partner institutions	<p><i>Host institutions in Brussels:</i> Free University of Brussels, Solvay Business School, SYNTRA – Flemish center for entrepreneurship training, EURADA, EUROCHAMBRES, EC DG Enterprise, European Vocational Training Association (EVT), and European Business Innovation Network Center (EBN).</p> <p><i>Host institutions in the Netherlands:</i> Free University Amsterdam, Ministry of Education, Culture and Science, iMMovator Cross Media Network, Development Agency East Netherlands (Oost NV), Food Valley Wageningen, BTC Business & Technology Park Twente, Investment and Development Agency for the Northern Netherlands.</p>
Regional Business Plan Competition	1	40 individuals/teams of advanced students/ recent graduates	<p><i>BPC jury members:</i> 6 international experts from IFC/SEED, Corporate Connect (The Netherlands), Hub Consult (UK), Montenegro Investment Promotion Agency, and independent consultants</p>
Business Skills Training	7 training courses	98 participants	<p><i>Co-organizing institutions:</i> Directorate for Development of SMEs, Montenegro, REA Pristina, Kosovo Chamber of Commerce</p>

Some of the most successful PSD events during 2006 include the **EU Day event in Skopje on 9-10 May 2006**, and the third **PSD Stakeholder Conference on 19-20 October 2006 in Sarajevo**. The EU Day 2006 event (“The European Day of the Entrepreneur”) was organized by a committee of local institutions and was attended by 60 exhibitors, 60 speakers and over 3000 visitors. The level of success of the event can be illustrated by the subsequent decision of local institutions to independently continue the organization of EU day events in the future. The October 2006 Stakeholder Conference (on the regional Free Trade Agreement CEFTA and Business Start-up Centers and Incubators) was organized in conjunction with the third “Doing Business in the Western Balkans” conference and a business match-making event in Sarajevo, both organized by the Netherlands Ministries of Foreign and Economic Affairs. PSD funding opportunities for **regional joint research projects** were opened to non-project partners, thereby increasing competitiveness for limited funds, and, ultimately, the quality of research proposals. This revised approach resulted in 17 new research proposals, which were reviewed by a newly established independent international selection committee. 2006 also witnessed the first nine PSD-financed interns, who started and successfully completed **internships** in companies outside their home countries. These interns were selected out of many applicants by a regional selection committee and belong to the most qualified and talented youth from the region. Compared to the previous year, PSD’s regional **Business Plan Competition** received twice as many business concepts from potential young entrepreneurs from the region, and BPC winners are currently in the process of starting up their business which range from tuna farm to IT companies. Drazen Vlaovic, the Montenegrin winner of the 2005 BPC, received a lot of media attention after winning the competition, and eventually sold his winning tuna farm business plan to a Serbian investor. He himself will now be Director in the company for which he had written the original business plan.

At the same time, a number of **challenges** remain. The quick succession of events and high labour intensity of the organization of so many different project activities often places high demands on the time of ATA staff and project partners, in particular where these activities are not a part of day-to-day activities of project partners. Securing ownership among project partners remains another, related, challenge. Other challenges include finding sufficient companies (from the EU or the Balkans) that are willing to offer internship positions to students from abroad, finding sufficient qualified international business trainers for the available remuneration, and ensuring lasting sustainable working relations between our project partners and the EU/Dutch institutions visited during the annual study visits. Finally, turning the regional links that are being formed during the project period into genuine, long-lasting collaboration is a challenge faced by all in the region, especially since this often depends upon larger political processes. The current negotiation about Kosovo’s unresolved status is a critical example of such a political process that influences the level and intensity of collaboration between different project partners.

The overall **impact** of the project in terms of increased regional collaboration is difficult to measure in the short term, but through project activities such as conferences, EU Day events, study visits and business skills training courses, PSD has successfully brought together partners from the entire region. These partnerships become especially apparent during social events during conferences, EU Day events and study visits, and have often taken on a very personal character. On another level, international internships and business plan competitions have had a great impact on the personal lives and careers of the young people that have participated in these events. Emir Hadzic (Bosnia & Herzegovina), the first occupant of an international internship position in The Netherlands, was offered a job, immediately after completion of his internship at Pentascope, The Netherlands. Pance Asroski, an intern from Macedonia, writes: *“It was a great opportunity for me to gather practical experience in addition to the knowledge I obtained at my faculty. Every work experience is unique – my internship employer was the Serbian Agency for SMEs in Belgrade, Serbia. I was involved in direct consulting services for business, such as training*

and mentoring activities, and I was part of a team with a really positive attitude. Don't miss the opportunity ATA can offer you. Apply and increase your chances at finding a job after graduation. Be successful!"

As for **monitoring and evaluation**, after each event and activity, ATA performs evaluations among participants and beneficiaries, which are duly processed and used to improve and monitor performance. In addition to this internal monitoring & evaluation process, an external evaluator was hired for the Business Skills Training Modules in Pristina (July 2006).

Next steps and Long Term Vision: PSD project activities will continue throughout 2007. In this final year of the project, activities will be further improved in order to guarantee sustainability after the project and/or prepare for eventual follow-up project activities. Two PSD seminars will be held, one of which will focus on the integration of internship programs in University curricula (directly contributing to sustainability of the project's internship program), while a second seminar will disseminate findings from the PSD-financed research projects. Business skills training courses will be organized with project partners and will be more closely aligned with their regular work and training programs, in order to increase ownership among project partners and sustainability, while a new format for the study visit will be developed, providing more space for inter-activeness and the development of lasting working relations between Dutch and Balkan institutions. Lessons learned in the PSD project, for example through the Business Plan Competitions, will also be taken into account in the design and implementation of activities for the new regional Business Start-up Support project (see page ...).

It is ATA's vision that, in the long run, PSD project activities will have contributed to significantly closer working relations between policy-makers, Universities and the business sector in the region, and, eventually, to more business-friendly policies and education systems that effectively prepare their students for the labor market. All of this, in turn, will ultimately contribute to a more prosperous and stable Western Balkan region.