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中小企業メンターサービス構築・
普及促進プロジェクト フェーズ2
セルビア共和国、ボスニア・ヘルツェゴビナ、
モンテネグロ、北マケドニア共和国

技術協力成果品

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**Project on Establishment and Promotion of Mentoring
Service for Small and Medium Enterprises in the
Western Balkans Phase 2**

Serbia, Bosnia and Herzegovina, Montenegro, Macedonia

Baseline Survey

2017

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1. General situation of economy

1.1 GDP

1.1.1 Serbia

With a nominal GDP of \$ 37.745 billion, which is \$5,376 per capita and GDP based on purchasing power parity (PPP) \$ 101.752 billion, which is \$14,493 per capita as of 2016, Serbia is considered to be an upper-middle income country.

According to International Monetary Fund economic activity continues to expand, notwithstanding a temporary slowdown in the first half of the year, largely reflecting disruptions in electricity production and the negative impact of the drought on agricultural output. Domestic demand growth is robust, with continued recovery of private consumption and strong foreign direct investment. Importantly, labor market conditions have continued to strengthen, with about 120,000 new jobs created in the 12 months through June. In this context, International Monetary Fund project GDP growth of 2.3 percent in 2017, increasing to around 3½ percent in 2018.

1.1.2 Bosnia and Herzegovina

Bosnia and Herzegovina still experienced weak economic growth. According to the Agency for Statistics of BiH, GDP for 2016 had a nominal value of 16.911 million \$ (Federation of Bosnia and Herzegovina 11.050 million \$ or 65,34% Republic of Srpska 5.447 million \$ or 32,22%, rest of 2,44% is share of Brčko District). The nominal increase of GDP in relation with 2015 was 4.59% while real increase was 3.07%. GDP deflator for 2016 was 1.47%. GDP per capita amounted \$ 4,817.¹

1.1.3 Montenegro

Gross domestic product of Montenegro in 2015 is 3 625 million EUR, while for 2014 it was 3 458 million EUR. GDP per capita in 2015 is 5 826 EUR and for 2014 was 5 561 EUR.²

The economy growth slowed down in 2016 to an estimated 2.1% after a growth of 3.4% in 2015, due to delays in motorway construction, struggling industry, and only moderate levels of tourism. Regardless the tourism sector is contributing to a large service sector that makes up almost half of GDP. The manufacturing sector is particularly small, accounting for less than 5% of GDP. The economy is expected to grow by an average of 2.8% in 2017–19 on large public investments and personal consumption.

1.1.4 Republic of Macedonia

According to preliminary data, the economy growth slowed down in 2016, due to political uncertainty, from 3.8% in 2015 to 2.4%. Growth is expected to accelerate to 2.8% in 2017 and continue on up to 3.3% in 2018, assuming that political uncertainties are resolved in early 2017, which would improve the confidence of both consumers and private investors.³

¹ Agency for statistics of Bosnia and Herzegovina, <http://www.bhas.ba/saopstenja/2017/BDP%202016%20proizvodni.pdf>

² Government of Montenegro, Statistical Office of Montenegro, http://www.monstat.org/userfiles/file/GDP/bdp2015/Release_GDP_2015.pdf

³ Republic of Macedonia State Statistic Office, http://www.stat.gov.mk/Publikacii/1.2.17.08_en.pdf

1.2 Number of SMEs

1.2.1 Serbia

Serbia has two definitions of small and medium-sized enterprises (SMEs) in law. One is used for accounting purposes and the other for granting state aid. The definition in the Regulation on Rules for State Aid Granting conforms to the EU definition for small and medium-sized enterprises but unlike the EU definition, does not include micro enterprises. Harmonisation is intended in the future.

Table 1 Definition of micro, small and medium-sized enterprises in Serbia

	EU definition	Law on Accounting and Auditing	Regulation on rules for state aid granting
Micro	< 10 employees ≤ EUR 2 million turnover or balance sheet	< 10 employees < EUR 0.7 million operating revenues < EUR 0.35 million circulating assets	n.a.
Small	< 50 employees ≤ EUR 10 million turnover or balance sheet	< 50 employees < EUR 8.8 million operating revenues < EUR 4.4 million circulating assets	< 50 employees ≤ EUR 10 million turnover or balance sheet
Medium - sized	< 250 employees ≤ EUR 50 million turnover ≤ EUR 43 million balance sheet	< 250 employees < EUR 35 million operating revenues < EUR 17.5 million circulating assets	< 250 employees ≤ EUR 50 million turnover ≤ EUR 43 million balance sheet

Based on 2015 data from Serbia's statistical service ⁴(the latest available), the SME sector consists of 86.966 enterprises, 75.698 of which belong in the micro segment with up to 9 persons employed, 8787 smalls (10–49 employees) and 2025 medium (50–249 employees) enterprises and there are just 486 large enterprises with over 250 employees in the country.

Table 2 The number of active enterprises in 2015.

	Total	Size classes of enterprises by number of persons employed ⁵			
		micro (0-9)	small-sized (10-49)	medium sized (50-249)	large enterprises (250 and more)
Republic of Serbia	86996	75698	8787	2025	486
Mining and quarrying	325	256	46	13	10
Manufacturing	16724	13205	2481	825	213
Electricity, gas, steam and air conditioning supply	715	628	43	29	15
Water supply; sewerage, waste management and remediation activities	885	588	137	133	27
Construction	7431	6421	790	178	42
Wholesale and retail trade; repair of motor vehicles and motorcycles	33115	29888	2765	390	72
Transportation and storage	5178	4439	588	118	33

⁴ Statistical Office of the Republic of Serbia, Statistical Yearbook, 2016

⁵ The data relate to legal entities registered in the Serbian Business Registers Agency and in the Register of Classification Units of the Statistical Office of the Republic of Serbia. All presented units are, according to registration status, active in administrative sense.

Accommodation and food service activities	3031	2613	345	70	3
Information and communication	4260	3723	4330	85	19
Real estate activities	1000	937	51	12	-
Professional, scientific and technical activities	11239	1039	810	109	11
Administrative and support service activities	3039	2691	298	63	41

The largest number of enterprises was observed in Wholesale and retail trade; repair of motor vehicles and motorcycles, which contributed most to the total turnover, (37.6%), Manufacturing (31.0%) and Electricity, gas, steam and air conditioning supply (8.8%). As for the total value added, the largest share was noted in Manufacturing (31.6%), then Wholesale and retail trade; repair of motor vehicles and motorcycles (19.0%) and Information and communication (9.7%).

1.2.2 Bosnia and Herzegovina

There is no legal definition for SMEs at the state level, only at the entity level. Each entity has two definitions, one according to the Law on Accounting and Auditing and one according to the Law on Incentives for Small Business Development. Moreover, Brčko District has its own definition of SMEs according to the Law on Enterprises in Brčko District. The definition for accounting purposes is the same in both entities and distinguishes between small, medium-sized and large enterprises, but does not define micro enterprises. Enterprises have to fulfil at least two of the three criteria in order to be classified. The employment size criteria are in line with the EU definition.

Table 3 Definition of micro, small and medium-sized enterprises in the Federation of BiH

	EU definition	Law on Accounting and Auditing	Law on Development of Small Business Development
Micro	< 10 employees ≤ EUR 2 million turnover or balance sheet	No definition in place	< 10 employees
Small	< 50 employees ≤ EUR 10 million turnover or balance sheet	50 employees < EUR 0.5 million circulating assets < EUR 1 million turnover	< 50 employees ≤ EUR 1 million turnover < EUR 0.5 million) balance sheet
Medium -sized	< 250 employees ≤ EUR 50 million turnover ≤ EUR 43 million balance sheet	< 250 employees < BAM EUR 2 million circulating assets EUR 4 million turnover	< 250 employees ≤ EUR 4.25 million turnover and/or ≤ EUR 2.15 million balance sheet

Table 4 Definition of micro, small and medium-sized enterprises in the Republic of Srpska

	EU definition	Law on Accounting and Auditing	Law on Incentives for Small Business Development
Micro	< 10 employees ≤ EUR 2 million turnover or balance sheet	No definition in place	< 10 employees
Small	< 50 employees ≤ EUR 10 million turnover or balance sheet	50 employees < EUR 0.5 million circulating assets < EUR 1 million turnover	< 50 employees ≤ EUR 5 million turnover or balance sheet
Medium - sized	< 250 employees ≤ EUR 50 million turnover ≤ EUR 43 million balance sheet	< 250 employees < BAM EUR 2 million circulating assets EUR 4 million turnover	< 250 employees ≤ EUR 25 million turnover and/or ≤ EUR 15 million balance sheet

The main source of data about the number of SMEs is the Agency for Statistics of BiH.⁶ According Statistical Business Register, (a register kept and maintained by the Agency for Statistics of BiH in cooperation with the Federal Office of Statistics, Republic of Srpska Institute of Statistics and Branch office of the Agency for statistics of BiH in Brčko District) there were a total of 35.700 active enterprises in 2016 (the term “active” meaning that they are submitting the required financial reports to the authorities). Of the 35.700 active enterprises 2259 are active enterprises registered from 01.01. to 30.06. 2016.

Table 5 The number of active enterprises in 2016 in Bosnia and Herzegovina 2016.

KD BiH 2010 (NACE Rev.2) sections	Active enterprises in terms of a framework for conducting statistical surveys	Active enterprises that submitted financial reports by employment classes							Active enterprises registered from 01.01. to 30.06. of the 2016.
		Total	0-9	10 - 19	20 - 49	50 - 249	250 and more	Data not available	
		1 (2+9)	2	3	4	5	6	7	
Total	35700	33441	24983	3262	2783	2026	336	51	2259
A Agriculture, forestry and fishing	917	825	664	96	40	15	7	3	92
B Mining and quarrying	204	197	133	23	18	11	12	0	7
C Manufacturing	4903	4673	2996	630	539	413	95	0	230
D Electricity, gas, steam and air conditioning supply	205	192	151	9	9	9	14	0	13
E Water supply; sewerage, waste management and remediation activities	380	369	163	56	79	67	4	0	11
F Construction	2166	2067	1400	279	248	129	11	0	99
G Wholesale and retail trade; repair of motor vehicles and motorcycles	10554	10108	8264	984	572	250	36	2	446
H Transportation and storage	2031	1954	1524	233	132	55	9	1	77
I Accommodation and food service activities	867	798	590	99	78	29	2	0	69
J Information and communication	1104	1042	815	113	69	36	7	2	62
K Financial and insurance activities	225	214	123	11	15	39	22	4	11
L Real estate activities	775	683	615	41	18	8	1	0	92
M Professional, scientific and technical activities	3002	2824	2472	203	108	38	2	1	178
N Administrative and support service activities	865	768	616	64	45	37	6	0	97
O Public administration and defence; compulsory social security	735	731	154	100	204	221	51	1	4
P Education	1464	1427	351	102	460	489	5	20	37
Q Human health and social work activities	1011	979	620	101	70	135	37	16	32
R Arts, entertainment and recreation	1432	1307	1153	69	49	29	7	0	125
S Other service activities	2858	2282	2179	49	30	16	8	0	576
T Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	1	1	0	0	0	0	0	1	0
U Activities of extra territorial organisations and bodies	1	0	0	0	0	0	0	0	1

⁶ Business Statistics, Units of the Statistical Business Register, Sarajevo, 26.01.2017., Date as June 2016. http://www.bhas.ba/saopstenja/2017/SPR_2016_001_01-bh.pdf

A classification of enterprises by employment size classes, using criteria "number of persons employed", shows that micro enterprises (0-9 persons employed) create the largest share of the total number of classified enterprises, even 75.0%. Small enterprises (10-49 persons employed) create 18.0%, medium enterprises (50 – 249 persons employed) create 6.0%, while the share of large enterprises (250 and more persons employed) is only 1.0%. For 0,1% of active enterprises, data on employment are not available.

Federation of Bosnia and Herzegovina

According to Institute for Statistics of FBiH, Structural Business Statistics, Final Results 2015, Variables and indicators of enterprises, ⁷in FBiH were a total of 17.112 active enterprises (0-19 employees-15.015; 20-49 employees 1.270; 50+ employees 827).

Employment structure shows that the largest part of persons employed were engaged in the Industrial activities (Sections B/ Mining and Quarrying; C/Manufacturing, D/Electricity, gas, steam and air conditioning supply and E/Water supply, sewerage, waste management and remediation activities) and was 40,9 %, then 24,1 % in Trade, Services 23,6 % and Construction 7,3 %. Similar structure is when we observe share of activities in creating of value added by factor costs, where the Industrial activities had a share of 40,2 %, Trade 24,5 %, Services 26,6 % and Construction 5,7 %

Republic of Srpska

According to Republic of Srpska Institute of Statistics, Structural Business Statistics, Annual Release for 2015⁸ in Republic of Srpska were a total of 7.422 active enterprises (small 7.023; medium 356; large 63).

1.2.3 Montenegro

Article 5 of the Law on Accounting and Auditing (Republic of Montenegro, 2016) defines micro, small, medium-sized and large enterprises, based on the number of employees, total annual turnover and total balance sheet

Table 6 Definition of micro, small and medium-sized enterprises in the Montenegro

	EU definition	Law on Accounting and Auditing
Micro	< 10 employees ≤ EUR 2 million turnover or balance sheet	< 10 employees ≤ EUR 700 000 turnover ≤ EUR 350 000 balance sheet
Small	< 50 employees ≤ EUR 10 million turnover or balance sheet	< 50 employees ≤ EUR 8 million turnover ≤ EUR 4 million balance sheet
Medium -sized	< 250 employees ≤ EUR 50 million turnover ≤ EUR 43 million balance sheet	< 250 employees ≤ EUR 40 million turnover ≤ EUR 20 million balance sheet

According to Monstat, ⁹the official statistical agency of Montenegro, there were 25,955 active enterprises in 2015 (the most recent available data), of which 25,698 (99.0%) were classified as SMEs. The categories are based on the EU standard definition of number of employees. Enterprises are classified in three classes: small-sized (0-49 persons employed), medium sized (50-249) persons employed) and large enterprises (250 and more persons employed).

⁷ <http://fzs.ba/index.php/publikacije/saopcenjapriopcenja/saopcenja-strukture-poslovne-statistike/>

⁸ http://www2.rzs.rs.ba/static/uploads/saopstenja/struktura_poslovne_statistike/2015/SPS_2015.pdf

⁹ Montenegro statistical office, department of statistical registers and classifications number and structure of business entities in Montenegro, 2015. year;
<https://www.monstat.org/userfiles/file/registri/BROJ%20I%20STRUKTURA%20POSLOVNIH%20SUBJEKATA%20ZA%20%202015%20.pdf>

Table 7 Number of active enterprises in 2014 and 2015

Size	2014		2015	
	Number	Percent	Number	Percent
Small (0-49)	23051	98.9	25698	99.0
Medium (50-249)	221	0.9	220	0.9
Large 250 <	36	0.2	37	0.1

1.2.4 Macedonia

The main source of data about the number of SMEs is the State Statistical Office of Republic of Macedonia. The legal identification of SMEs in Macedonia is regulated by law, based on the number of employees and annual turnover or total assets.

Table 8 Definition of micro, small and medium-sized enterprises in the Macedonia

	EU definition	Company Law
Micro	< 10 employees ≤ EUR 2 million turnover or balance sheet	< 10 employees ≤ EUR 50 000 gross annual revenue ≤ 80% of gross income is acquired from a single client/consumer and/ or from an individual who is related to this client/consumer ≤ 2 natural persons who own all rights to participate in the micro-company
Small	< 50 employees ≤ EUR 10 million turnover or balance sheet	< 50 employees < EUR 2 million annual income < EUR 2 million total assets < EUR 2 million total turnover
Medium -sized	< 250 employees ≤ EUR 50 million turnover ≤ EUR 43 million balance sheet	< 250 employees < EUR 10 million annual income < EUR 11 million total assets

According to the data of the State Statistical Office, the number of active business entities in the Republic of Macedonia in 2016 was 71 519 and compared to 2015 it increased by 1.9%. This increase is mainly due to the increase in the number of active business entities in the Manufacturing section (328 entities), Construction (318 entities), as well as in the section Professional, scientific and technical activities (357 entities). In 2016, compared to the previous year, the section Wholesale and retail trade; repair of motor vehicles and motorcycles recorded a slight decrease (127 entities).

The data on the structure of active business entities by sections of activities show that the sections with the highest share in the structure in 2016 were Wholesale and retail trade; repair of motor vehicles and motorcycles with 33.2% and Manufacturing with 11.1%, whereas the least represented were the sections Electricity, gas, steam and air conditioning supply with 0.2% and Mining and quarrying with 0.3%.

The data on the structure of active business entities according to the number of persons employed show that the highest share of 79.3% belongs to business entities with 1-9 persons employed, followed by business entities with no persons employed or entities with unascertained number of persons employed (no data on persons employed) with 11.3%, and entities with 10-19 persons employed with 4.3%. The share of entities with 20-49 persons employed was 2.8%, those with 50-249 persons employed participated with 1.9%, while entities with 250 or more persons employed had a share of only 0.3%.¹⁰

¹⁰ State Statistical Office of Republic of Macedonia,
http://www.stat.gov.mk/PrikaziSoopstenie_en.aspx?id=79&rbr=2268

1.3 Industry portfolio

1.3.1 Serbia

According to RAS Development Agency of Serbia key industries in Serbia are following:¹¹

Table 9 The key industries in Serbia

Industry	Sector highlights	Investors
Aerospace and defense	<ul style="list-style-type: none"> - Century long tradition and reputation in the aviation industry - World class aviation workforce - Close relations with countries anticipated to have the highest growth in aviation over the coming decades - Competitive operational and overhead costs combined with ideal position for servicing growing markets 	
Automotive industry	<ul style="list-style-type: none"> - Top technical education at all levels means the wide availability of highly-qualified staff - The perfect geographic location for efficiently serving EU, SEE and Middle Eastern customers - Sufficient capacity for even larger volumes of production 	Some of the largest investors in the automotive industry are: FIAT, Magneti, Marelli, Johnson, Electric, Michelin, YURA, Bosch, Continental Lear.
IT/Shared Services	<ul style="list-style-type: none"> - Serbia - home to 1,600 innovative IT Companies employing more than 14,000 people - Microsoft's 4th development center in the world opened in Serbia, evolving over time into an innovation center - Expertise in custom, high-end IT development services including software development, hardware, and solutions 	Many global players such as TeleSign, FirstData, NCR Corporation and Iron Mountain have already recognized the potential of the Serbian market. Some of the key investors in the ICT sector are: Microsoft, IBM, Nordeus, Siemens, Schneider Electric, Asseco.
Agriculture, food and beverages	<ul style="list-style-type: none"> - Serbia is a global leader in the export of frozen raspberries with \$236.5 million exported in 2014 and world No.1 producer of raspberries in 2015; - Over 6.12 million ha of agricultural land, of which 60% is arable. - This highly-attractive sector accounts for 13.1% of FDI stock since 2001. - One of the few industry sectors recording a trade surplus. 	Some of the largest investors in the food industry are: Salford, Agrokor, Nestle, Rauch, Grand, Meggle, Pepsico.
Textile industry	<ul style="list-style-type: none"> - High quality goods at competitive prices - Short delivery time and reasonable transportation costs - Flexible, reliable and quick delivery tailored to customer needs 	Some of the largest foreign investors in the textile industry are: United Colors of Benetton, Pompea, Falke, Fulgar, Calzedonia, Golden Lady.

¹¹ <http://ras.gov.rs/en/invest-in-serbia/aerospace-and-defense>

	<ul style="list-style-type: none"> - Long tradition in providing services to global industry leaders - FTAs with EU, Russia, USA, CEFTA, EFTA, Turkey, Belarus and Kazakhstan, enabling efficient access to various markets - Developed educational system that includes both secondary schools and university levels - Highly export-oriented sector, with more than 1 billion euros of total export in 2014, out of which 70% was absorbed by EU market 	
Wood and furniture industry	<ul style="list-style-type: none"> - Strong local demand and duty-free export access to Russian, EU and SEE market - Large opportunities in sawn wood, engineered wood products, furniture, and paper production - Top-quality raw base materials 	Some of the largest foreign investors in the wood and furniture sector are: Jysk, Tarkett, Pontex.
Metalwork industry	<ul style="list-style-type: none"> - One of Serbia's core industries with the longest manufacturing tradition - Most of the companies are export-oriented because of internationally acknowledged quality and competitive prices - Highly-skilled workers and low labor costs - Quick and easy access to the key markets - EU, SEE and Middle Eastern customers 	

1.3.2 Bosnia and Herzegovina

According to Foreign Investments Promotion Agency of Bosnia and Herzegovina the key industries in are following:

Table 10 The key industries in Bosnia and Herzegovina

Industry	Sector highlights
Agriculture	<ul style="list-style-type: none"> - Abundance of agricultural land - around 50 % of agriculture land is uncultivated - Favorable climate conditions - Good availability of skilled low-cost labor & long tradition in agriculture - Developed education system, R & D institutions, agronomic and veterinary support - B & H is a considerable net importer of agricultural and food product - Privatization of state owned companies
Automotive Industry	<ul style="list-style-type: none"> - Strategic location: Geographical proximity to automotive manufacturing base in Europe allows foreign investors low distribution costs and "just-in-time" production delivery - Long and extensive tradition in auto-components supply and complementary metal processing sector - Constant export growth and reputable customers

	<ul style="list-style-type: none"> - Highly qualified and educated labor force capable to learn fast - Availability of research and development institutes (6 Faculties of Mechanics) - Quality production – ISO and industry certificates - Infrastructure in place and energy sources available
Energy	<ul style="list-style-type: none"> - The main energy resource of B & H is coal (brown coal and lignite), with estimated reserves of 10 x 10⁹ tons - Only about 35 % of huge hydro potential of over 6000 MW is in use - According to the extensive researches, there is significant wind energy potential - Raw material resources for the bio-mass energy are extremely favorable, including approximately 1.5 million m³ of forest / wood industry residues (all wood waste, sawdust, chips, and chipped technical wood), etc. - Potential for exploitation of geo-thermal and solar energy are available too, but have not been explored and exploited - Preliminary research surveys of oil and gas, had indicated the presence of promising deposits on a number of sites in B & H (off-balance sheet reserves are estimated at about 50 million tons of oil)
Wood and furniture industry	<ul style="list-style-type: none"> - Structure and range of products of wood industry are very diverse and almost everything is possible to produce in the wood industry in the world, can be produced in Bosnia and Herzegovina. - The wood industry is focused on a higher level of finalization and higher exports of finished wood products.
ICT	<ul style="list-style-type: none"> - Bosnia and Herzegovina's ICT sector has started to flourish during the past few years and represents one of growth area in the economy of the country. - It is estimated that at present there are between 2.500 to 3.500 programmers in Bosnia and Herzegovina. IT engineers from BiH, in terms of their knowledge, skills, experience and insight into modern trends, are frequently ahead of their colleagues in other European countries. - The value of software industry is reflected in the fact that 60-70% of its labour in BiH constitute young people up to the age of 35. According to the base bon.ba by the Agency TEC, the analysis of the IT sector as well as counselling and activities related to it showed that this is one of the fastest growing fields of economy in BIH with a total growth of 72 % in the past five years. Today, this sector contributes with around 75 million EUR to the total GDP. Operational revenues of companies from this field have increased by 60 % in comparison with 2010, the number of employed by nearly 97 %, and the net income has doubled, according to the analysis. The analysis included all companies of this field, 423 in total, of which 386 are small, 28 medium and 9 large business entities.
Metal processing industry & mining	<ul style="list-style-type: none"> - The metal sector in Bosnia and Herzegovina has a long history, great potentials and it has a natural competitive advantage mainly due to existing raw material resources, low wages and a heritage of the past. - B&H metal processing offers strong human and resources base as well as long tradition enabling sustainable development of various value-added businesses. - Mining sector offers - both to serve local processing industries, electricity generation and for the export. This segment of the industry is in the process of revitalization and re-engineering.
Tourism	<ul style="list-style-type: none"> - Tourism sector in B&H has an enormous potential for development, possessing all preconditions to play a significant role within the country economy. Consequently, tourism development in B&H was recognized as one of the top priorities of an overall national economic development policy. Significant efforts have been put into creation of a favourable business and investment environment for potential investors.

	<ul style="list-style-type: none"> - The most promising tourism segments: Ski and Mountain tourism, Ecotourism, Spa tourism, Cultural Heritage & Religious tourism, Adventure & Sports tourism, Sea tourism
Textile industry	<ul style="list-style-type: none"> - Long tradition of clothing and footwear production - Good reputation as supplier to the German and Italian markets - Low labor cost - Inherent skills in spinning, weaving and knitting in the workforce - Close proximity to major world textile markets - Development of SME's

1.3.3 Montenegro

The economy of Montenegro is predominantly service-driven. The key industries in Montenegro are following:

Industry	Sector highlights
Tourism	<ul style="list-style-type: none"> - Tourism is one of the main drivers of economy growth. But tourism is yet to reach its full potential and Montenegro is predicted to be one of the fastest growing tourist destinations in the next 10 years according to the World Travel and Tourism Council.
Agriculture	<ul style="list-style-type: none"> - Montenegrin agricultural potential lays in the unspoiled nature, clean water and unexhausted land resources. The lack of use of chemical agents (such as pesticides and fertilizers) and ecological conditions are important incentives for organic agriculture which has recently been on the rise in Montenegro with many start-ups in this field. - Organic agriculture represents a system of sustainable agriculture which is based on local resources and as such minimizes negative effects on the environment. In this area, there are many opportunities for investment in production of unique and traditional products that could be marketed for consumption in tourism. There is already a demand from both locals and tourists coming from all over the world for organic and healthy food originating from Montenegro.
Energy	<ul style="list-style-type: none"> - Montenegro has a big potential for construction of small hydro power plants and use of alternative energy sources. - Montenegro shows a great potential for solar energy systems, since the annual number of sunshine hours is more than 2,000 hours for most part of the country and even 2,500 along the coast. This makes it one of the greatest solar energy potentials in the South-Eastern Europe.

1.3.4 Macedonia

Strategic industrial sectors in Republic of Macedonia are: agriculture and food processing, metallurgy, textile industry, automotive components industry, construction, chemical industry, ICT sector.

Table 11 The key industries in Macedonia

Industry	Sector highlights
Agriculture and food processing	<ul style="list-style-type: none"> - Agriculture is an important sector in the Macedonian economy. This industry has a strong reputation for quality food products and excellent access to regional and wider markets. The main products are: fruits, vegetable, wine, sheep and goat cheese. In 2016, agriculture (including agriculture, forestry, and fisheries) accounted for 7.7 percent of GDP and 16.6 percent of the total number of persons employed in Macedonia.

	<ul style="list-style-type: none"> - Exports of agriculture and food products in 2016 constituted 12.25 percent of Macedonia's total exports. The top markets for agriculture and food products are the EU and Western Balkan Countries
Automotive components industry	<ul style="list-style-type: none"> - The existing engineering and manufacturing tradition and legacy of skills available have enabled the automotive components industry to continually develop. The production of automotive components, dating back from 1960's cooperation for the Serbian Zastava car-plant, has re-profiled and modernized with the entry of the corporate giants Johnson Controls and Johnson Matthey in the Free Economic Zones. Parts produced in Macedonia are distributed to the markets in Europe, Russia, Turkey, Africa, etc.
Chemical Industry	<ul style="list-style-type: none"> - The chemical industry and the production and processing of plastics and rubber unite in an important and fundamental industry whose products are used in almost every economic sector and cover important and vital areas in consumers' consumption. Approximately 70% of this industry's production is in the form of semi products delivered to other industries; the remaining 30% is sold as finished goods. - The Republic of Macedonia's chemical industry is mostly concentrated in the production of finished products for other industries and consumer goods (medications, plastic products, PVC pipes, detergents and cleaning agents, cosmetic products, technical gases, coating products etc.). - Although some basic chemical products are lacking, this industry in Macedonia marks a high level of heterogeneity and variety regarding the production areas it covers. - The pharmaceutical industry is a leader in the chemical industry complex in Macedonia, as it accounts for nearly one fourth of the total exports of chemical products. Pharmaceutical products have a pronounced cumulative feature, which is why major investments are registered in this sector of the chemical industry
Construction	<ul style="list-style-type: none"> - The construction industry has accounted for between five and eight percent of annual GDP for over a decade. According to data compiled from building materials manufacturers, building construction has continued to increase rapidly. The construction industry's turnover surpassed USD 700 million in 2016 (capital investments together with funds of the Public Enterprise for State Roads), almost 30 percent of which was spent on imported products, equipment, and fixtures.
ICT	<ul style="list-style-type: none"> - The most recent and fast growing industrial sector is the ICT. Macedonia has the best telecommunication networks in the region with 100% digital system. In line with global trends, Macedonian telecommunication market is developing rapidly, particularly in the mobile segment. - The Law on Electronic Communication, which entered into force in mid-2005 and is harmonized with EU requirements, provides a stable and consistent regulation of the communication sector, thus enabling full liberalization of the market with the aim of attracting investments by domestic and foreign operators. - High on Macedonia's development agenda is the development of information society based on knowledge, through expansion and application of ICT in all areas of life, and through creation of modern and efficient services for the citizens and the business community. Priority steps toward reaching this goal are: establishment of electronic system for public services; ensuring better economic efficiency, competitiveness and productivity, through reorganized and improved business processes and appropriate models for implementation of e-business; creation of contemporary and adjustable educational and research and fostering ICT oriented education, science and culture. Intense efforts for introducing and extensive usage of electronic communications and ICTs, contribute to Republic of Macedonia's inclusion in the global interconnected economy and to the achievement of significant economic growth and development.

Metallurgy	- Republic of Macedonia has a geological structure rich with raw materials and minerals – metallic, non-metallic, Ornamental stones and marble, energy minerals, etc. Main resources in metallurgy are: lead, zinc, copper, Ferro, nickel, and Ferro silica mines. Development of metallurgy represents a base for the whole industry development and an important agent of economic growth.
Textile industry	- Textile industry is another traditionally developed sector. Macedonian textile is highly valued and recognized product on the world markets. The available textile production facilities have the necessary infrastructure, modern technology and qualified workers.

1.4 Stability of Political Situation

1.4.1 Serbia

Prime minister:	Ana BRNABIĆ
President:	Aleksandar VUČIĆ
Governmental Type:	Republic
Ruling Coalition:	SNS, SPS, SDPS, PS, PUPS
Last Elections:	2 April 2017 (presidential elections)
Next Elections:	April 2020 (parliamentary elections)

Serbia is in the process of EU accession. The first accession negotiations were held on 21st January 2014. Out of a total of 35 negotiation chapters, 10 chapters have now been opened for negotiations of which 2 chapters have already been provisionally closed.

Serbia's increased efforts to reform its inefficient public sector, improve public administration, and increase fiscal responsibility, as well as steps to normalize its relationship with Kosovo, have helped its progress toward European Union membership.

On the negative side, political fragmentation and frequent elections have had the effect of tempering investment appetites and slowing economic growth and political reform. The anticipated public-sector layoffs associated with the planned contraction of the public sector could cause further political instability if the private sector, including SMEs, is not able to generate the jobs needed to make up for the employment shortfall.

1.4.2 Bosnia and Herzegovina

Governmental Type:	Parliamentary republic
Presidency:	three-member body, current bodies Bakir IZETBEGOVIĆ, Mladen IVANIĆ, Dragan ČOVIĆ
Chairman of Council of Ministers (State Level):	Denis ZVIZDIĆ
Prime minister of FBiH	Fadil NOVALIĆ

Prime minister of Republic of Srpska:	Željka CVIJANOVIĆ
President of the FBiH:	Marinko ČAVARA
President of the RS:	Milorad DODIK
Ruling Coalition:	Party of Democratic Action (SDA), Union for a Better Future of BiH (SBBBiH), Croatian Democratic Union (HDZ), Croatian Democratic Union 1990 (HDZ 1990), Serbian Democratic Party (SDS)
Last Elections:	2 October 2016 (local elections)
Next Elections:	2018 (general and presidential elections)

The Bosnia and Herzegovina is composed of two political entities, Republika Srpska and Federation of Bosnia and Herzegovina and Brčko District.

In addition, the Federation is divided into ten cantonal units. BiH is a highly decentralised state with a mixture of a parliamentary and presidential political system. Each political unit has its own governing body, accumulating to 700 elected state officials and more than 140 ministers. As a result, the state system measures approximately 60 percent of the state budget.

The presence of the international community is coordinated through the Office of High Representative for BiH (OHR) which is the state's ultimate authority, responsible for overseeing implementation of civilian aspects of the Dayton Peace Agreement. The international community's High Representative (HR) in BiH, Austrian diplomat Valentin Inzko, assists the authorities of the country to implement the five objectives and two conditions set out by the Peace Implementation Council (PIC). The PIC was established during the Dayton Accords. The Steering Board of the Council provides the HR with political guidance. However, it has proven to be difficult to reach a consensus on main issues between members of the PIC Steering board that consists of Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, the United States, the Presidency of the European Union, the European Commission and the Organisation of the Islamic Conference represented by Turkey.

Both entities have their own parliament and judicial system. Although the central bank is at the national level, most other financial sector supervisory and regulatory bodies are at the entity level, including the agencies which supervise and regulate banks, micro-credit organizations, the stock markets, and insurance companies.

In February 2016, the country submitted its application to join the EU. This seemingly important international step forward is contradicted by the divisions on the ground and war-time rhetoric by political leaders

The political relationship between the two entities is contentious. The two entities often disagree on legislation, making it difficult to pass new laws. Both local businesspersons and foreign investors are cautious about making long-term investments in the country over fears about the long-term viability of the dual-entity structure. In spite of these problems, beneficial reforms are adopted from time to time, and the business climate is improving overall, although not at an optimal pace.

1.4.3 Montenegro

Prime minister:	Milo ĐUKANOVIĆ
President:	Filip VUJANOVIĆ
Governmental Type:	Republic

Ruling Coalition:	Democratic Party of Socialists (DPS), the Liberal Party and the Social Democratic Party
Last Elections:	16 October 2016 (parliamentary elections)
Next Elections:	2018 (presidential elections)

The political situation has been stable in recent years, which has helped to support business confidence in spite of the tepid economic growth.

Montenegro is in the process of EU accession - talks have been opened on 26 out of 35 negotiation chapters and two of them already closed.

The accession of Montenegro to NATO (North Atlantic Treaty Organization) took place on 5 June 2017.

NATO membership was an issue of debate during the October 2016 parliamentary election. During the elections of 2016 several incidents occurred reflecting the choice between NATO and Europe or Russia on the other hand. In the end, a ‘choice for the West’ coalition was formed led by DPS, which got the majority of votes.

Although divided, the opposition has become stronger due to the reforms that go along with the EU integration process.

1.4.4 Macedonia

Prime minister:	Zoran ZAEV
President:	Gjorge IVANOV
Governmental Type:	Parliamentary democracy
Ruling Coalition:	SDSM, DUI, DPA
Last Elections:	11 December 2016 (parliamentary elections)
Next Elections:	2019 (presidential elections)

For a long time, Macedonia has been considered a relative success story in the region: no major conflicts, a fairly successful state building process, and no territory issues. After years of showing dedication to the Ohrid Agreement – the 2001 peace deal between the Macedonian government and ethnic Albanians – and implementing reforms, the country received EU candidate status in December 2005. The promises of EU and NATO membership (by 2008 the criteria for entering NATO were fulfilled) are important tools in uniting Macedonians with Albanian minorities. However, despite UN mediation, the long-standing name dispute with Greece has been stagnating the EU integration process and NATO membership as Greece has been vetoing the opening of the accession negotiations. It is during the accession negotiations that the EU has the most leverage and influence on structural and sustainable reforms – for example on rule of law and fundamental rights – in a candidate state.

1.5 Gender

Western Balkan countries have some of the lowest female labor force participation and employment rates in all of Europe. The gender gap starts early and persists across all age groups. Inactivity rates are particularly large for women with lower level of educational attainment. Participation is particularly low in Kosovo and Bosnia and Herzegovina, where a large majority of working age

women stay inactive. Labor's contribution to overall GDP growth has been small for most countries in the last fifteen years.

A forensic investigation of labor market trends shows that women's potential contributions to the economy in the Western Balkans are held back by a compound set of factors. These include lack of adequate educational attainment, higher burden of family and inadequate childcare and family leave policies, fiscal disincentives, and low barriers to early retirements.¹²

1.5.1 Serbia

The Main Source for this chapter is Publication Woman and Man in the Republic of Serbia of Statistical Office of the Republic of Serbia.

The Constitution of the Republic of Serbia (adopted in 2006) sets the legal basis for the introduction and regulation of the principles of gender equality in Serbia and establishes gender equality as a fundamental constitutional right. Under Article 15 of the Constitution, the state shall guarantee equality between women and men and develop equal opportunities policies. The Constitution also lays down the principle of prohibition of discrimination, including, inter alia, gender-based discrimination.

The Gender Equality Law (adopted in 2009) binds all public authorities to actively pursue equal opportunity policies, monitor the realisation of gender equality principles and supervise the exercise of international standards and constitutionally guaranteed rights within their remits. The Law addresses gender equality in employment, health care, family relations, education, culture, sports, political and public life and judicial protection.

The National Strategy for Improving the Position of Women and Promoting Gender Equality was adopted in February 2009. This document lays down a comprehensive and consistent state policy aimed at eliminating discrimination against women, improving their status and integrating the principle of gender equality in all spheres within the remits of state institutions, as one of the elements of a wider modernisation and democratisation of society. The Strategy focuses on women's participation in policy and decision making; in the economy, education and health; combating violence against women, and eliminating the presence of gender stereotypes in the media.

51 % of the total population of the Serbia are women. Observed by age, there are more women at the adult and old population, while among younger population men are numerically dominant. On average, women are 2.7 years older than men.

The activity rate of women with higher education is higher than the activity rate of men with the same level of education (71% vs. 65%) and for 31 percentage points is higher than the average activity rate for all women aged 15 years and over, which is 40%.

There are less employed women than employed men by 16 percentage points (42% vs. 58%).

Most of employed women are aged from 45 to 54 years (29.4%), while of employed men are those from 35 to 44 years of age (25.5%).

The employment rate of women aged 25 to 54 years is 14 percentage points lower than the employment rate of men of the same age (56% vs. 70%).

¹² IMF Working Paper, European Department Western Balkans: Increasing Women's Role in the Economy Prepared by Ruben Atoyan and Jesmin Rahman August 2017

There are more employed married women than employed married men by five percentage points (71% vs. 66%).

There are twice as many self-employed among men than among women (aged 15 to 64 years, 29% of men and 14% women).

There is a higher number of informally employed women and men among self-employed persons than among employed workers in all age groups. The largest number of informally employed are aged 65 years and over (81.3% women and 51.6% men).

The unemployment rate for women aged 15 and over is three percentage points higher than for men (24% vs. 21%). The highest unemployment rate for women occurs in the age group 15 to 24 years and it is 12 percentage points higher than unemployment rate of men in the same age group (57% vs. 45%).

Women are much less at the position of the holder of a family holding than men. On the level of Serbia — total, they are represented among the holders of family holding with 17.3%.

Holders of family holdings in the territory of the Republic of Serbia are the most numerous in the age category of 65 years or more (women 47%, men 32%).

Women are a large majority among family members and relatives who are engaged in agricultural activity on the holding (62.9%, men 37.1%), while they constitute a distinct minority among full-time employees on holdings (14.8%, men 85.2%).

On weekdays, on the total work women spend more than seven hours, and men spend less than seven hours. The ratio of paid and unpaid work is in favour of women and unpaid work. On weekend days, women. During weekends, on average women spend more time on unpaid work than men in the total work.

The more educated women are, the more time they spend on paid work, but this rule applies to men when it comes to leisure time. As far as unpaid work is concerned, regardless of the level of education, women spend more than four hours, but women with higher education spend less than other women on unpaid work. Women with secondary education spend most of their time on paid work.

As for leisure activities, on average men spend six and a half hours per day, and women less than five and a half hours, and they spend a half of their total free time watching TV.

On average, both men and women spend one hour in travel, with one difference — women spend less than a half of that time in public transport, while men spend that time driving the car.

Only 5% of municipal presidents/mayors are women, and 29% of the councillors in the municipal and city assemblies are women.

Women seldom have a position of a trustee or manager of holdings: 15.9% are women and 84.1% are men.

Serbia's entrepreneurship support programs, covering both start-ups and existing business scale-up support, have specifically targeted female entrepreneurs. Supporting female entrepreneurship is also one of the major stated goals of Serbia's new SME support strategy for 2015–2020.

1.5.2 Bosnia and Herzegovina

The Main Source for this chapter is Thematic Bulletin Woman and Man in Bosnia and Herzegovina, 2015, Agency for Statistics of Bosnia and Herzegovina

The Law on Gender Equality in Bosnia and Herzegovina was adopted in May 2003. Amendments to the Law were adopted in 2009, and in 2010 The Law on Gender Equality in Bosnia and Herzegovina – consolidated text („Official Gazette of Bosnia and Herzegovina “, no. 32/10) was adopted. According to the General Provisions, this law governs, promotes and protects gender equality and guarantees equal opportunities for all citizens in both public and private spheres of society, and prohibits direct and indirect discrimination on the grounds of gender. Full gender equality is guaranteed in all sectors of society, particularly in the fields of education, economy, employment, and labour, social and health care, sport, culture, public life and media, irrespective of marital or family status. Discrimination based on gender and sexual orientation is prohibited.

Women represent 51.1% of the total population and 51.8% of the working age population. The employment rate of women is 22.7%, while the employment rate of men is 41.2%. Furthermore, the unemployment rate amongst women is 31.2%, while this percentage for men is 6% lower. Within the working age population, 8% of women and 9.7% of men have college, university, masters or doctoral degrees. There are more employed women with higher education than employed men by five percentage points (24.9% vs. 15.5%).

The rate of female participation in businesses as owners or managers is low in Bosnia and Herzegovina.

Although female entrepreneurship is held back by traditional cultural norms, many women find themselves with no other options due to limited employment opportunities. The participation of women in business is reportedly increasing slowly over time, aided by a variety of support programs from the government and international organizations.

According to analysis of women at the leading positions in BiH for 2015, the largest share of active enterprises with women's management is in the Federation of BiH 24.58%, in Republic of Srpska 23.03%, and the smallest in Brčko District 19.68% The share of all women's management companies in the country is 23.8%.

The largest number is in Banja Luka, 1,635 and in Sarajevo 1,556. And this is the general concentration of registered companies in the country.

The majority of women's management companies are registered in trade activities, health care and social work.

In the House of Representatives of the Parliamentary Assembly of BiH, in the new mandate 2014-2018 there is 1 woman more than in the previous mandate, while the gender structure of delegates at the House of people of BiH remained the same in both terms. Most of the representatives in the House of the Representatives re in the age group 50-59 years (50%). No representative is not younger than 30 years

A man was selected as the Chairman of the Council of Ministers of Bosnia and Herzegovina in 2014, while 7 men and 2 women were selected for the position of ministers. Among the deputies of the ministers, in the mandate 2014-2018 no women were selected.

1.5.3 Montenegro

The highest unemployment rate in the age group from 15 to 24 years and it is 34.5% for women and 39.9% for men.

The highest activity rates are in the age group from 25 to 49 years and amount to 86.0% for men and 73.6% for women.

Out of the total employees, 27.0% of them work in companies that belong to the state or municipality.

Most workers are employed in private enterprises, even 54.0%, of this number women were 47.4%. From all persons in employment in 2015 by employment status, most employees are in working force 175.4 thousand, of which 90.1 thousand men and 85.3 thousand women. The lowest number are family workers, only 5.5 thousand.

According to agriculture census data form 2010, 98 949 persons are hired on farms, out of which 39 155 are women, or 39.57%. Out of total number of the persons employed on farms, the largest proportion of the workforce is aged over 65, or 23.45%.

In the total number of unemployed (39 991) in 2015, women take up 51.9 percent (19 242), and men 48.1 percent (19242).

Strengthening of women entrepreneurs has been mostly performed by non-governmental organisations. Centre for Entrepreneurship and Economic Development issued few publications related to the women in the labour market and in entrepreneurship. Special credit line for women who want to start their own business existed in some banks once but it doesn't exist any longer.

Gender Equality Office of the Government of Montenegro organised conferences/round tables/seminars on women entrepreneurs aimed at strengthening women to start their own business and issued the publication entitled "Beginner" which contains basic information on how to start own business aimed at strengthening of women to self-employment.

Chamber of Commerce in Montenegro established the Committee for Women Entrepreneurship in 2006, which beside other institutions have the representative of the Gender Equality Office. At the moment, the Committee is working on the establishment of the data base of women entrepreneurs in Montenegro, since there is a lack of these data.

Government of Montenegro has conducted the project "Job for You" in 2008 aimed at stimulating employment, in particular in the north region, through providing credits of entrepreneurship, and support to the entrepreneurship in the agriculture sector.

Within this project, the Bureau for the development of small and medium sized enterprises has approved the credit line for 27 projects. For the credit line "Start-up", 7 projects have been approved. 2 of them are run by women, while 5 others are managed by men. For the credit line "Encouragement of Employment", 14 projects have been approved. Out of this number, the director of 1 project is a woman while other 13 are men. For the credit line "Energy effectiveness", 6 projects have been approved and all are run by men.

Above mentioned research shows that men are more frequently entrepreneurs than women, and that they used to have own company and then closed it (1.6% of women against 3.8% of men). Young women, as well as women with higher education, are more likely to start their own business, and even 64% of women in the age of 20-29 and 62% of women with higher and university education are ready to open private company under adequate conditions.¹³

1.5.4 Macedonia

The employment in the Republic of Macedonia is characterized by a very unfavourable gender structure. This structure has remained unchanged over a longer period of time due to: unstable economic and social conditions in the country and imbalance between the available and required profiles on the labour market.

¹³ Government of Montenegro general secretariat gender equality office

The employment rate for women in the Republic of Macedonia in 2016 was 33.8, which is significantly lower than the employment rate of 52.3 for men. The unemployment rate for women was 22.7 and for men 24.4. The activity rate for women, at 43.8, was lower, while men had a significantly higher rate of 69.2.

2. Development Strategy of the SMEs Sector

2.1 General Development strategy of the country

2.1.1 Serbia

Strategic documents of the Republic of Serbia adopted in period 2001-2017 related to general and economic development are following:

- Strategy on Development and Promotion of Socially Responsible Business Operations in the Republic of Serbia for period 2010-2015
- Strategy on Republic of Serbia Exports Increase for period 2008-2011
- National Strategy on Economic Development of the Republic of Serbia for period 2006-2012
- Republic of Serbia Trade Development Strategy
- Republic of Serbia Regional Development Strategy for period 2007-2012
- Competitive and Innovative Small and Medium Enterprises' Development Strategy for period 2008-2013
- Strategy on Promotion and Development of Foreign Investments
- Tourism Development Strategy
- Strategy on Long-term Economic Development of Serbian Community in Kosovo and Metohija
- Strategy on Sustainable Subsistence and Return to Kosovo and Metohija
- Strategy on South of Serbia Long-term Economic Development – Municipalities of Presevo, Bujanovac and Medvedja
- Strategy on Market Supervision
- Free Zones Development Strategy in the Republic of Serbia for the period 2011-2016
- Consumer Protection Strategy for the period 2013-2018
- Republic of Serbia Trade Development Strategy 2016-2020
- Tourism Development Strategy 2016 -2025
- Strategy for supporting the development of small and medium enterprises, entrepreneurship and competitiveness for the period from 2015 to 2020
- National Sustainable Development Strategy
- Republic of Serbia Forestry Development Strategy
- Waste Management Strategy for period 2010-2019
- Introduction of Cleaner Production Strategy in the Republic of Serbia
- National Strategy on the Inclusion of Republic of Serbia into Clean Development Mechanism of the Kyoto Protocol for the Waste Management Sectors, Agriculture and Forestry
- Strategy on Agricultural Development of Serbia
- Strategy on Biodiversity of Republic of Serbia for the period 2011-2018
- SME Development Strategy & Action Plan 2015-2020

2.1.2 Bosnia and Herzegovina

Complex political and economic system and state structure significantly limits economic development and transformation of BiH into a modern and functional state.

Bosnia and Herzegovina lacks coherent coordination/cooperation among authorities of state, entities', cantons' and Brčko District's levels and adoption of important sector strategies at state level.

Due to lack of political will, practically there have been no serious activities on the development of strategic and programming documents.

Strategy of Development of Bosnia and Herzegovina is still in draft from 2010; Strategy of Development of Federation of Bosnia and Herzegovina 2010-2020 is still in draft from 2009;

Regarding Cantonal level of Federation of Bosnia and Herzegovina, all cantons have adopted Strategy of Development for the period from 2016-2020 or /2014-2020;

Draft of Strategy and Policy of Industry development of Republic of Srpska 2016-2020, was adopted in March 2016.

2.1.3 Montenegro

Strategic documents of the Montenegro related to general and economic development of country are following:

- Montenegro Economic Reform Programme 2016-2018
- Multi-Annual Action Plan for the Implementation of Industrial Policy of Montenegro until 2020
- Industrial Policy of Montenegro until 2020
- Indicative Strategy Paper for Montenegro 2014-2020
- South East Europe 2020
- Montenegro South East Europe 2020 Strategy National Action Plan 2014-2015
- Development Strategy of the Manufacturing Industry in Montenegro 2014 - 2018
- Strategy for Development of Small and Medium Sized Enterprises 2011-2015
- Strategy for Sustainable Economic Growth of Montenegro through Introduction of Clusters 2012-2016.
- Energy Efficiency Action Plan for Period 2010-2012
- Energy Efficiency Strategy for Montenegro

2.1.4 Macedonia

Strategic documents of the Macedonia related to general and economic development of country are next:

- National Strategy for Sustainable Development
- National Agriculture and rural development strategy
- National Tourism Strategy

2.2 Development strategy of SME sector

The governments of 4 countries (Serbia, Bosnia and Herzegovina, Montenegro and Macedonia) continue to move towards higher levels of EU accession and market integration. They expressed strong interest in adopting the Small Business Act as a guidance tool for SME policy.

The Small Business Act (SBA) is an overarching framework for the EU policy on Small and Medium Enterprises (SMEs). It aims to improve the approach to entrepreneurship in Europe, simplify the regulatory and policy environment for SMEs, and remove the remaining barriers to their development.

The ten principles of the Small Business Act are following:

1. Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded
2. Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance
3. Design rules according to the “Think Small First” principle
4. Make public administrations responsive to SMEs’ needs
5. Adapt public policy tools to SME needs: facilitate SMEs’ participation in public procurement and better use State Aid possibilities for SMEs
6. Facilitate SMEs’ access to finance and develop a legal and business environment supportive to timely payments in commercial transactions
7. Help SMEs to benefit more from the opportunities offered by the Single Market
8. Promote the upgrading of skills in SMEs and all forms of innovation
9. Enable SMEs to turn environmental challenges into opportunities
10. Encourage and support SMEs to benefit from the growth of markets

2.2.1 Serbia

In 2015 Strategy for Development of Small and Medium Sized Enterprises, Entrepreneurship and Competitiveness 2015-2020 (Official Gazette of the Republic of Serbia, no. 35/2015) and Action plan for the implementation of the Strategy for Development of Small and Medium Sized Enterprises, Entrepreneurship and Competitiveness has been adopted.

The Strategy has been aligned with the EU policy in this area, defined by the Small Business Act for Europe.¹⁴ Two principles permeate the entire Strategy: “Think Small First” and the necessity to maintain continual dialogue and cooperation with representatives of SMEs and entrepreneurs about all issues relevant for their operation.

It also established a Council for small and medium-sized enterprises, entrepreneurship and competitiveness, which is tasked with reviewing and coordinating the implementation of the aforementioned strategy.

The implementation adopted Strategy is co-ordinated by the Ministry of Economy and the SME Council. Several institutions are responsible for implementation, among them the Development Fund and the Development Agency of Serbia (RAS).¹⁵

The Strategy presents a part of strategic framework for the development of competitiveness of the economy of the Republic of Serbia and it is complementary to the earlier adopted documents in this field, primarily to the Strategy for development of industry of the Republic of Serbia for the period 2011-2020 (RS Official Gazette, No. 55/2011).

The Strategic and Specific Goals Strategy and corresponding measures are presented in table below:

¹⁴ The Small Business Act for Europe (SBA) is the EU’s flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 principles ranging from entrepreneurship and ‘responsive administration’ to internationalisation. To improve the governance of the SBA, the 2011 review of it called for better monitoring. Published annually, the SBA fact sheets aim to improve the understanding of recent trends and national policies affecting SMEs. Since 2011, each EU Member State has appointed a high-ranking government official as its national SME envoy. SME envoys spearhead the implementation of the SBA agenda in their countries.

¹⁵ Please refer to the Annex 1: Basic data of Development Agency of Serbia (RAS) and Regional Development Agencies (RDAs)

Table 12 The Strategic and Specific Goals and corresponding measures of Strategy for Development of SMEs, Entrepreneurship and Competitiveness 2015-2020

Strategic goal 1. Improvement of business environment	
Specific Goals	Measures
1.1 Establishment of stimulating regulatory framework in accordance with demands and abilities of SMEs	1.1.1 Improvement the legal framework for the establishment, operation and closing of business entities 1.1.2 Reduction of tax and non-tax related obligations of the economy 1.1.3 The introduction of more efficient procedures for investments in construction and management of real estate 1.1.4 Improvement the regulatory framework of inspection control 1.1.5 Improvement the legislative framework in the field of employment and employment rights 1.1.6 Regulatory reform of sector regulations in the business of SMEs 1.1.7 Support for the implementation of regulatory reform at the provincial and local levels
1.2 Improvement of efficiency of the implementation of administrative procedures	1.2.1 Amendments to the regulatory framework governing the implementation of administrative procedures in state administration bodies, autonomous regions and local self-governments 1.2.2 Continued work on strengthening the electronic administration system 1.2.3 Establishing the one-stop shop system for the provision of as large a number of services as possible 1.2.4 Monitoring the effectiveness of implementation of administrative procedures and measuring administrative costs of the economy 1.2.5 Improvement conditions for the participation of SMEs in public procurements
1.3 Increase in transparency of the process of adopting rules and public policies	1.3.1 Obligation to involve representatives of the economy with the process of adopting regulations and public policies and increasing predictability of changes in operating conditions 1.3.2 Forming the Council for small and medium enterprises, entrepreneurship and competitiveness 1.3.3 Establishing a mechanism for monitoring the effects of the application of regulations that affect the business environment 1.3.4 Inclusion of tests of influence on small and medium-sized enterprises in analysis of effects of regulations
Strategic goal 2: Improvement access to sources of funding	
2.1 Improvement in the quality of offer of the banking sector to SMEs	2.1.1 Improvement enforcement procedure 2.1.2 Reform of regulations governing the area of real estate lien

	2.1.3	Develop incentive measures and mechanisms in order for the banking sector to increase crediting of SMEs
	2.1.4	Empowering specialized professions in order to obtain credible financial information in the loan approval process
	2.1.5	Improvement monitoring of the situation with financing of SMEs
2.2 Development of new financial instruments	2.2.1	Development of new models of financing SMEs
	2.2.2	Improvement the system of issuing credit guarantees
	2.2.3	Creating conditions for entrepreneurship capital investment, investment in equity, mezzanine financing and investment of business angels in small and medium enterprises
	2.2.4	Eliminating administrative obstacles and improving the regulatory environment for the establishment of micro-financial support
	2.2.5	Improve the conditions for the use of leasing and factoring by SMEs
2.3 Improvement of ability of SMEs to access various sources of financing	2.3.1	Improvement the process of informing SMEs on available sources of funding
	2.3.2	Improvement the knowledge and skills of representatives of SMEs in the area of financing
	2.3.3	Raising awareness among entrepreneurs and other interested parties about the availability and characteristics of non-banking financial instruments
Strategic goal 3 Continuous development of human resources		
3.1 Improvement in the quality of labour force	3.1.1	Development of mechanisms for regular monitoring and forecasting needs of SMEs for labor
	3.1.2	Harmonization of the formal education system and the labor market
	3.1.3	The development of the system of informal education for the advancement of knowledge and skills
3.2 Support to development of education for entrepreneurship	3.2.1	The introduction of entrepreneurship education at all levels of the educational system of the Republic of Serbia
	3.2.2	Education and training of the entrepreneurship teachers
Strategic goal 4 Enhancing the sustainability and competitiveness of SMEs		
4.1 Improvement in efficiency of institutional support to operations and development of SMEs	4.1.1	Improvement and / or reform of the operating modes and the capacity of existing institutions for the organized provision of services to meet the needs of SMEs
	4.1.2	Monitoring the implementation of institutional support and improvement of the system of supervision over the work of institutions under the Ministry of Economy
	4.1.3	Further development of business services for SMEs
	4.1.4	Further development of trainings for potential and existing entrepreneurs
4.2 Optimisation and improvement in the level of utilization of current business infrastructure and the development of a new one	4.2.1	Systemic regulation of business infrastructure development
	4.2.2	Development of business infrastructure for innovative SMEs
	4.2.3	Development of business infrastructure for regional and local economic development
4.3 Strengthening of innovations in SMEs	4.3.1	Improvement the functionality of the national innovation system

	4.3.2	Improve the support for highly innovative SMEs, eco-innovation, improvement of energy efficiency and efficient use of resources
	4.3.3	Provide support for better absorption and utilization of funds from the European Union project Horizon 2020, for research, development and innovation
	4.3.4	Strengthen the awareness of SMEs of the importance of innovation for their competitiveness
4.4 Encouraging business associations and the creation of value chains	4.4.1	Supporting joint performance on the market
	4.4.2	Creation of new value chains and the increase in the level of product finalization
Strategic goal 5 Improvement in the approach to new markets		
5.1 Ensuring continuous support to SMEs for approach on new Markets	5.1.1	Improvement availability and quality of available information about foreign (priority) markets
	5.1.2	Upgrading knowledge of exporters and rendering professional support
	5.1.3	Establishing contacts with contingent business partners
5.2 Reducing and overcoming technical obstacles in trade	5.2.1	Synchronizing with technical regulations and standards of the EU
	5.2.2	Improvement system of infrastructure of quality
	5.2.3	Raising awareness of SMEs about the importance of synchronizing products with requirements of technical regulations and standards
	5.2.4	Ensuring support for achieving conformity with requirements of technical regulations and standards
Strategic goal 6 Development and promotion of entrepreneurial spirit and encouraging of women's entrepreneurship, youth entrepreneurship and social entrepreneurship		
6.1 Improvement in statistical monitoring and research about entrepreneurship among women, young people and social entrepreneurship	6.1.1	Development of mechanism for strategic collecting, processing and monitoring information about women's entrepreneurship, youth entrepreneurship and social entrepreneurship
	6.1.2	Establishing of a system of regular and comparable monitoring of women's, youth and social entrepreneurship
6.2 Politics and instruments of support to women's entrepreneurship, entrepreneurship of young people and social entrepreneurship	6.2.1	Include support to women's, youth and social entrepreneurship in all state documents that can affect the economy
	6.2.2	Increase participation of women, youth and social enterprise in various programs of support to SMEs
	6.2.3	To introduce special programs of support to SMEs intended exclusively to women, youth and social entrepreneurship
	6.2.4	Promotion of entrepreneurial spirit, examples of good practice, networking, establishing dialogue

Access to finance remains a key obstacle to the development of the SME sector.

Transforming economic recovery into jobs will continue to be the main challenge for the Serbian economy.¹⁶

¹⁶ World Bank, 2016: <http://www.worldbank.org/en/country/serbia/overview>, last

2.2.2 Bosnia and Herzegovina

Although the Ministry of Foreign Trade and Economic Relations (MoFTER) is in charge of SME policy co-ordination in the country, the institutional setup continues to be less advanced in Bosnia and Herzegovina compared with the other Western Balkan economies.

The previous state Strategy for the Development of SMEs 2009-2011 has expired without being implemented and the envisaged SME Consultative Committee has become inactive.

At state level, there is a serious lack of initiatives to follow up, renew or revive these fundamental elements for the creation of an environment conducive to businesses.

Support to businesses is however provided at entity level.

In March 2016, the Republika Srpska entity adopted a Strategy for SME development 2016-2020 at entity level. Strategic goals and SME development programs in the Republic of Srpska for the period 2016-2020 are presented in following table.

Table 13 Strategic goals and SME development programs of Strategy for SME development 2016-2020 of Republic of Srpska

Strategic goal	Development program
Strategic goal 1 Strengthening the competitiveness of SMEs	<ul style="list-style-type: none"> - Development of education in the function of entrepreneurship development - Stimulating SMEs to take advantage of a single market - Creating a infrastructure for product development and technology transfer - Improving access to finance for SMEs - Tax policy in line with the needs of SMEs - Encourage innovation development - Support SMEs in environment protection
Strategic goal 2 Support creation of a favourable business environment for SMEs	<ul style="list-style-type: none"> - Improvement of the framework for the needs of SMEs at the republic level - Faster implementation of bankruptcy proceedings and providing another opportunity - Strengthening of local economic development - Support to the development of entrepreneurial infrastructure - Encouraging the development of craft-entrepreneurial activities
Strategic goal 3 Stimulating the development and promotion of entrepreneurship and entrepreneurial skills	<ul style="list-style-type: none"> - Support to the development of entrepreneurship - Support to women entrepreneurship development - Stimulation to the development of social entrepreneurship - Support to the promotion of entrepreneurship - Support to the internationalization of SMEs-clustering

	<ul style="list-style-type: none"> - Stimulating the employment of unemployed persons - Support the development of entrepreneurial skills
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The monitoring and realization of the Action Plan is a task of the Ministry of Industry, Energy and Mining, the Agency and all other institutions of the Republic of Srpska, which will once a year issue a report on the implementation of the Action Plan within its competence and submit it to the Ministry of Industry, Energy and Mining of Republika Srpska.

The Federation of Bosnia and Herzegovina has no SME strategy or SME agency, but does have a strategic document to foster entrepreneurship, in September 2016 the FBiH entity adopted an action plan for SME support for 2016-2018.

In January 2016. the Federation of Bosnia and Herzegovina adopted an action plan for support to infrastructure, business incubators, clusters and start-ups.

None of the entities' strategies were embedded in the expired national SME strategy. There is a lack of vertical co-ordination and linkages to align SME policy objectives between the state level and the entities and policy co-ordination remains very weak. Neither of the two entity-level strategic documents contain specific actions to address the informal economy. The Republika Srpska has however adopted an action plan on combating the grey economy, but its implementation status is unclear. Following the principles of the Reform Agenda for Bosnia and Herzegovina for the period of 2015 to 2018 the government of the FBiH gave its approval to the model (laws and by-laws) for the mitigation of the grey economy.

The institutional set-up for SME development and SME policy coordination remains weak and fragmented across state- and entity levels or below. This constitutes a major constraint on aligning industrial and SME policies and underlines the continuing need for a coordinated country-wide SME strategy.¹⁷

2.2.3 Montenegro

The Directorate for Development of Small and Medium Enterprise is the government body responsible for defining strategies, proposing policies, and coordinating projects related to SME development.¹⁸

There is no specific law on development of SMEs, but DDSME produced a strategy for SME development which covered the period of 2011–2015. Montenegro is trying to create SME policies in line with EU policies as part of the EU accession process.

Strategic objectives are:

- Improvement of the business environment
- Improvement of financial support
- Strengthening of SME competitiveness and promoting entrepreneurship
- Support for beginners in business - start-ups

The budget for the implementation of the SME strategy is approved on an annual basis through the adoption of action plans.

¹⁷ Please refer to Annex 2: Institutions in charge of SMEs development in BiH

¹⁸ Please refer to Annex 3: Short overview of support models for SMEs in Montenegro

Annual reports are produced by the Directorate for SME Development and compare the activities foreseen in the action plan with those ultimately achieved. Corrective measures based on these monitoring reports are included in the action plan for the next year. Despite having this monitoring system in place, a lack of timely and quality statistical data on SMEs impedes further analysis of SME performance throughout Montenegro.

The previous Development Strategy for SMEs 2011-2015 has expired and no follow-up strategy.

2.2.4 Macedonia

The previous National Development Strategy for SMEs 2011-2013 has expired and follow-up strategy has been drafted National SME Strategy (2017-2022) and Action Plan (2018 to 2020).

Strategic Objectives/Pillars of Draft National SME strategy (2017-2022) and programs are presented in following table:

Table 14 Strategic Objectives/Pillars and programs of Draft National SME strategy (2017-2022) of Macedonia

Strategic goal/pillar	Programs
1. Conducive Business Environment: To create conducive business environment in which entrepreneurship and investment is encouraged.	<ul style="list-style-type: none"> - Enhance Policymaking and Coordination - Simplify the Legal and Regulatory Environment - Strengthen and Institutionalize Social Dialogue - Coordinate SME Data and Monitoring and Evaluation - National SME Association
2. Productive and Competitive SME Sector: To help SMEs in Macedonia become productive and competitive participants in European and other international markets.	<ul style="list-style-type: none"> - Improve Business Development Services - Improve Access to Finance - Facilitate Internationalization - Support Value Chain Development
3. Dynamic Entrepreneurship and Innovation Ecosystem: To drive Macedonia's economic competitiveness through a more entrepreneurial and innovative SME sector.	<ul style="list-style-type: none"> - Expand Entrepreneurship in Education and Training - Enhance Science, Technology and Innovation in SME development - Establish Science and Technology Parks and Innovation Incubators

The Agency for Promotion of Entrepreneurship (APPRM) carries out the implementation of some support programmes, based on an annual action plan developed in accordance with national and EU SME policy priorities but the budget allocated by the government for APPRM staff and services is not sufficient for full-scale project implementation.

3. What is the (possible) linkage between the mentoring service system and the development strategy?

3.1 Serbia

The (possible) linkage between the mentoring service system and the strategic and specific goals as well corresponding measures is presented in the following table:

Table 15 The linkage between the mentoring service system and Strategy for Development of SMEs, Entrepreneurship and Competitiveness 2015-2020 of Serbia

Direct linkage	Indirect linkage
Strategic goal 2: Improvement access to sources of funding	
2.3 Improvement of ability of SMEs to access various sources of financing 2.3.1 Improvement the process of informing SMEs on available sources of funding 2.3.2 Improvement the knowledge and skills of representatives of SMEs in the area of financing 2.3.3 Raising awareness among entrepreneurs and other interested parties about the availability and characteristics of non-banking financial instruments	
Strategic goal 4 Enhancing the sustainability and competitiveness of SMEs	
4.1 Improvement in efficiency of institutional support to operations and development of SMEs 4.1.1 Improvement and / or reform of the operating modes and the capacity of existing institutions for the organized provision of services to meet the needs of SMEs 4.1.3 Further development of business services for SMEs 4.1.4 Further development of trainings for potential and existing entrepreneurs	4.3 Strengthening of innovations in SMEs 4.3.4 Strengthen the awareness of SMEs of the importance of innovation for their competitiveness
Strategic goal 5 Improvement in the approach to new markets	
	5.1 Ensuring continuous support to SMEs for approach on new Markets 5.1.1 Improvement availability and quality of available information about foreign (priority) markets 5.1.3 Establishing contacts with contingent business partners
	5.2 Reducing and overcoming technical obstacles in trade 5.2.1 Raising awareness of SMEs about the importance of synchronizing products with requirements of technical regulations and standards

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Remark:

For Strategic goal 6 Development and promotion of entrepreneurial spirit and encouraging of women's entrepreneurship, youth entrepreneurship and social entrepreneurship within the action plan introduction of mentoring is proposed under the following measures/activities:

6.2.3 To introduce special programs of support to SMEs intended exclusively to women, youth and social entrepreneurship/ To ensure specialised forms of support and mentoring to women entrepreneurs who are export oriented, to business women performing technologically intensive activities and alike.

3.2 Bosnia and Herzegovina

Within the Strategy for SME development 2016-2020 of Republic of Srpska Mentoring has been described under the chapter 5.1. Strategic goal 1 Strengthening the competitiveness of SMEs, 5.1.1 Development of education in the function of entrepreneurship development as follows:

Mentoring for SMEs needs

SMEs face many challenges that they cannot solve on their own. Under strong competition, the most important thing for SMEs is to find a way to survive or improve the business. Mentoring has been created in order to provide comprehensive and long-term support to the development of SMEs. The mentor has the role of service provider, coordinator and advisor, which provides timely and continuous support to SMEs.

SMEs and mentors jointly analyse business and identify critical business points. Once critical business points are established, the mentors together with the SME determine the practical action plan for further activities. A significant feature of mentoring services is that mentoring does not end activities at the time of the diagnosis, because after this phase the mentors continues to support SMEs. In order to facilitate the implementation of the action plan, mentors provide various kind of support to SMEs that meet their needs. If the SMEs requires funds for further investment, the mentor can assist the SME to file a loan request for the bank or to present them to SMEs support programs provided by government or other institutions. The mentor can help the SMEs find a business partner using database that it has or with the help of some other information it possesses. If SME need special expertise, such as the introduction of HACCP standards, ISO and others, mentors can help SME find appropriate professional consultants or public support programs.

Mentors must be responsible not only in fostering SMEs but also as members of an organization that implements SME support programs. This practically means that mentors are expected to support SMEs and provide information about support programs such as grants, loans and vouchers schemes provided by government institutions and other donors. These programs can be feasible and efficient if SMEs register with mentors who already know how to gain access to such programs and how to develop practical action plans.

The mentoring system is already being implemented in Serbia where the annual income of SMEs with the support of the mentor increased by 6.3% and the number of employees 3%. According to the opinion of 59% of mentoring service users, mentoring directly influenced the increase in their sales and the expansion of the market, while in the case of 60% of users, mentoring has had a positive impact on other areas of business. Mentoring is a useful tool and formula for business success, and at

the same time it builds the capacity of SMEs in a proactive way. In this regard, this system of support for SMEs will be established in Republika Srpska.

Taking into account above mentioned in next period following is required:
To establish a mentoring system in Republic of Srpska

Within the framework of the regional project "Establishment and promotion of mentoring services for SMEs in the Western Balkans (Phase 2)", which will be implemented by the Agency in the Republic of Srpska in cooperation with the Japanese Agency JICA, it is foreseen to establish this system, mentor training and concrete support for SMEs. After completion of this project, the mentoring system in the Republic of Srpska will be established and will become part of the continuous support of SMEs.

The Federation of Bosnia and Herzegovina has no SME strategy or SME agency, but does have a strategic document to foster entrepreneurship, in September 2016 the FBiH entity adopted an action plan for SME support for 2016-2018.

3.3 Montenegro

The previous Development Strategy for SMEs 2011-2015 has expired and no follow-up strategy.

3.4 Macedonia

The (possible) linkage between the mentoring service system and the strategic goal of the Draft of National SME strategy (2017-2022) of Macedonia is presented in the following table:

Table 16 The linkage between the mentoring service system and draft of National Strategy (2017-2020)

Direct linkage	Indirect linkage
2. Productive and Competitive SME Sector: To help SMEs in Macedonia become productive and competitive participants in European and other international markets.	
Improve Business Development Services	Improve Access to Finance

4. What is the status quo/future vision of the mentoring service system?

4.1 Current Mentoring System in Serbia

Implementation organization: Development Agency of Serbia (DAS/RAS) through Accredited Regional Development Agencies

Administration team:

1. Ana Žegarac, Director of Sector for Planning and Development, e-mail: ana.zegarac@ras.gov.rs, number of the office 506;
2. Srđan Beljan, Head of Department for International Cooperation, e-mail: srdjan.beljan@ras.gov.rs, number of the office 506;

3. Ivana Tasić, Senior advisor for International Cooperation, e-mail: ivana.tasic@ras.gov.rs, number of the office 509;
4. Mladen Stojanović, Senior advisor for Analysis and Research, e-mail: mladen.stojanovic@ras.gov.rs, number of the office 503;
5. Marija Vukosavljević Branković, Advisor for Analysis and Research, e-mail: marija.vukosavljevic@ras.gov.rs, number of the office 503;
6. Jelena Uzelac, Advisor for International Cooperation, e-mail: jelena.uzelac@ras.gov.rs, number of the office 509;
7. Milan Drobnjak, Senior associate for International Cooperation, e-mail: milan.drobnjak@ras.gov.rs, number of the office 509.

Number of mentors:	47, 43 within RDAs and 4 (2 in Regional Agency for Economic Development and Entrepreneurship VEEDA, Vranje and 2 in Regional Agency for Development of SMEs" ALMA MONS" Ltd. Novi Sad
Number of beneficiaries RAS Budget:	Through RAS programs managed in 2016 in cooperation with regional development agencies, 103 applications for mentoring services were accepted and 3.995 hours of mentoring have been provided, while in 2017 the number of accepted applications was 124 and 4.000 hours of mentoring have been provided.
Number of beneficiary's other donors' support	Within the USAID's Private Sector Development Project (PSD) ¹⁹ achievement of mentoring activity: 184 mature SMEs (companies that exist more than 2 years) and 60 start-up SMEs received mentoring service.

4.2 Current Mentoring System in Bosnia and Herzegovina

Implementation organization:	Ministry of Development, Entrepreneurship and Crafts MODEC (Federation of Bosnia and Herzegovina), Republic Agency for the Development of Small and Medium Enterprises RARS (Republic of Srpska). Sarajevo Economic Region Development Agency role of RA among 5 regional agencies.
Administration team:	
Federation of Bosnia and Herzegovina	<ol style="list-style-type: none"> 1. Zdravko Cerovic, Assistant Minister for Development, e-mail: zdravko.cerovic@fmrpo.gov.ba . 2. Sead Dziho, Expert Adviser, e-mail: sead.dziho@fmrpo.gov.ba .
Republic of Srpska	<ol style="list-style-type: none"> 1. Marinko Djukic, Director, e-mail: marinko.djukic@rars-msp.org . 2. Mico Stanojevic, Head of Department Project Planning and Implementation, e-mail: mico.stanojevic@rars-msp.org .

¹⁹ USAID's Private Sector Development Project (PSD) is a three-year, \$4.2 million activity to strengthen private sector firms in 12 municipalities in the economically disadvantaged regions of south and southwest Serbia. The project is a direct partnering with the Government of Serbia and is implemented by the government's Development Agency of Serbia (DAS) through its network of Regional Development Agencies (RDAs). The RDAs will help growth-oriented companies and business clusters increase sales and exports and create jobs. The project will end in December 2017.

Sarajevo Economic Region Development Agency	<ol style="list-style-type: none"> 1. Sevkija Okeric, Director, e-mail: okeric@serda.ba 2. Sanela Dzevlan, Senio Program Manager, e-mail: sanela@serda.ba .
Number of mentors only in SERDA:	<p>10.</p> <p>MODEC plans to train 40 mentors in 2018. The institutions from which the mentors-to-be will be engaged are still under consideration.</p> <p>RARS plans to train between 25 to 40 mentors in 2018. The institutions from which the mentors-to-be will be engaged are still under consideration.</p>
Number of beneficiaries:	<p>Support to the development of fast-growing small and medium enterprises and local business environment - FGSM", financed by the European Union: 20</p> <p>Start-up mentorship programme, financed by European fund for South-East Europe: 30</p> <p>Mentoring project, Ministry of Economy of Canton Sarajevo: 20</p> <p>Rural Business Support funded by The International Fund for Agricultural Development (IFAD): 11</p> <p>MODEC plans to provide 3 mentoring services for each trained mentor in 2018. If 40 mentors will be cultivated, 120 beneficiaries will receive mentoring services in 2018.</p> <p>RARS plans to provide one mentoring service for each trained mentor in 2018. If 40 mentors will be cultivated, 40 beneficiaries will receive mentoring services in 2018.</p>

4.3 Current Mentoring System in Montenegro

Implementation organization:	The Directorate for Development of Small and Medium Enterprise DDSME
Administration team:	Ms. Anđela GAJEVIĆ and Ms. Sanja VARAJIĆ are in charge off mentoring service management in DDSME. Both have the experience to take leadership in the phase 1, so it can be said that DDSME has enough capability on this activity. As the project expands to nationwide, the necessity to involve new staff shall be raised.
Number of mentors:	11
Number of beneficiaries:	MNE has the vision to establish the nationwide system by the end of 2020, to cover all the regions in MNE with roughly 50 mentors, to provide the mentoring service to 100 beneficiaries per year.

4.4 Current Mentoring System in Macedonia

Implementation organization: Agency for Promotion of Entrepreneurship of the Republic of Macedonia through Regional Agencies

Administration team:

1. Maja Taseva, Head of Sector, e-mail: maja@apprm.gov.mk .
2. Eleonora Bozinovska, Deputy Head Sector, e-mail: eleonora@apprm.gov.mk .

Number of mentors: The plan of APERM is to train 14 mentors in 2018 (2 mentors for each of the 7 Regional Agencies in Macedonia).

Number of beneficiaries: The plan of APERM is to provide mentoring services to 28 beneficiaries in 2018 (each trained mentor will support 2 beneficiaries).

5. What is the situation of the other donors' activity?

The details about activities provided by the other donors for developing SME sector are presented in chapters below. For data about donors' coordination mechanism in Western Balkan Countries please refer to the *Annex 6: The Overview of donors' coordination mechanism in Western Balkan Countries (Serbia, Bosnia and Herzegovina, Montenegro and Macedonia)*.

5.1.1 Serbia

The on-going projects provided by the other donors for developing SME sector are presented in following table:

Table 17 The list of on-going projects of the other donors for developing SMEs Sector in Serbia

Title	Value (EUR)	Development partner	Description
Business Advisory Services Programme	1,978,099.00	Netherlands	The Business Advisory Services Programme (BAS) supports economic transition, by both achieving enterprise change in potentially viable micro, small and medium enterprises (MSMEs) and developing sustainable infrastructures of business advisory services in the EBRD countries of operations
Business Partnerships in Serbia - Sustainable Business Development Through certified quality and environment management in Serbia	200,000.00	Austria	n/a
CIP EIP	2,102,374.00	European Union	This Programme creates means and conditions for entrepreneurship and innovation development, especially for SMEs.
Direct Grant to NALED	332,462.00	United States	The first objective aims at enabling fair competition and providing support to businesses to operate in accordance with the law; influence the GoS to plan strategically and carry out activities targeted at reducing the shadow economy and ensuring citizens'

			support for this reform. The second objective is targeted at enabling local governments to unlock unused property for the purposes of SME growth.
GGF - Promoting economic development in Serbia through business reform	89,680.00	United Kingdom	This project's purpose is to further assist the Government of Serbia in improving the competitiveness of Serbia's economy by identifying and tackling key bottleneck areas which impede on the business environment, thereby increasing the country's position on the World Bank's Doing Business list and further supporting the country's economic development.
Global Development Alliance ICT HUB - Workforce Development	225,960.00	United States	The project is designed to offer easier start-up support for individuals and newly founded companies with the goal of overcoming the initial problems while starting the business—providing office space, high-end platforms for development and testing, joint support services, quality technical and IT support, and most importantly, mentoring and education. The main goals of the ICT Hub are to: a) give a chance to young people, and increase employment in the formal economy; b) improve and support entrepreneurs' skills and ideas; c) transfer people from the shadow economy to legitimate businesses by founding new legal entities, and thus creating opportunities for additional new employment within those entities; and d) create new opportunities for exporting products and/or services is additional boost for overall Serbian economy in this period of huge export deficit (a major Serbian economic problem).
Implementation and follow-up of the Small Business Act (SBA) in the pre-accession region	300,000.00	European Union	The purpose of this project is to support the Western Balkans and Turkey to implement the Small Business Act, especially by improving the overall policy approach to entrepreneurship, by irreversibly anchoring the “Think Small First” principle in policymaking from regulation to public service, and by promoting SMEs' growth.
Improving Environment for Businesses at local level through Regulatory reform	1,104,000.00	Switzerland	The western Balkans region is increasingly being considered as a potentially attractive investment destination for firms seeking to enter the regional market and expand operations in the EU. The overall goal of the project is to improve the business environment in a number of localities in Serbia, by addressing one of the main obstacles – the obsolete and unnecessarily complicated local administrative processes and procedures that in many cases impede or slow down business activities at local level and negatively influence local economic development and new employment.
Private Sector Development Project (PSDP)	7,000,000.00	United States	USAID's Private Sector Development Project is being implemented by NARD through its network of Regional Development Agencies (RDAs). The RDAs in Novi Pazar, Uzice,

			Kraljevo and Leskovac, in cooperation with the Vranje Small Business Agency, will help growth-oriented companies and business clusters increase sales and exports and create jobs. USAID will build the capacity of NARD and the RDAs to run the program by providing support in areas such as program management, monitoring and evaluation, providing export market assessment tools, etc.
Sub-national competitiveness	930,000.00	Switzerland	Provision of a critical regulatory tool to facilitate the approximation of business regulations and procedures at the local level with those in the EU and enhancement of the competitiveness of investment localities. The western Balkans region is increasingly being considered as a potentially attractive investment destination for firms seeking to enter the regional market and expand operations in the EU.
Support to the Competitiveness sector	5,000,000.00	European Union	To improve access to finance and high value-added service for companies To improve market integrity and environment conducive to market operators
The New Beginning Activity	258,359.00	United States	The main aim of this project is to increase entrepreneurship and employment in Serbia by helping recently laid-off workers start their own enterprises. The project will create a catalogue (project database) for starting new businesses. The catalogue will identify opportunities for starting a business in accordance with qualifications, existing resources, and opportunities/needs of the market. Project objectives are: a) Educate and encourage the target group when it comes to the process of starting a business, risk reduction, access to finance and market analysis; b) Motivate and engage local chambers of commerce and local economic development offices to be involved in this process; and c) Establish a pool of corporations that would have an interest in partnering with future entrepreneurs.

5.1.1.1 Short description of ongoing programme of EU and USAID's project

European Union

IPA, or the Instrument for Pre-Accession Assistance²⁰

The priorities of the action programme for Serbia are in line with the Indicative Strategy Paper for Serbia (the strategy paper)¹ which sets out the priorities for EU financial assistance for the period 2014-2020 to support Serbia on its path to EU accession based on two pillars: Democracy and Rule of Law, and Competitiveness and Growth.

²⁰ <https://europa.rs/eu-assistance-to-serbia/ipa/ipa-2016/?lang=en>

The first part of the financing agreement **IPA2016 for Serbia**, which was signed in Brussels on 6 June 2017, amounts to 95,1 million EUR out of a total of 166,4 million EUR (57% of the total agreement). This share of the funds will be implemented by the EU Delegation to Serbia on behalf of the Republic of Serbia.

Overview of priorities:

Competitiveness – 48,7 million EUR

An important priority will be to boost competitiveness in Serbia, and for the first time such a large sum of EU funds has been dedicated for this purpose in one financing agreement.

23,7 million EUR have been allocated for projects aiming to support small and middle-sized enterprises in Serbia. This will include providing advisory services to improve efficiency and helping small and medium sized companies to get easier access to financing. The funds will help to bridge the gap that now exists in the offer of financial services to such enterprises and to provide them with free of charge advice on their business development.

An additional programme to foster competitiveness and job creation at the local level, worth 25 million EUR, will focus on supporting the smallest enterprises such as family companies or start-ups. Such companies will benefit from advisory services, grant-funding and support to infrastructure development. The programme should help boost private business ideas and initiatives and generate jobs at the local level.

USAID

USAID's Private Sector Development Project (PSD)²¹

USAID's Private Sector Development Project (PSD) is a three-year, \$4.2 million activity to strengthen private sector firms in 12 municipalities in the economically disadvantaged regions of south and southwest Serbia. The project is a direct partnering with the Government of Serbia and is implemented by the government's Development Agency of Serbia (DAS) through its network of Regional Development Agencies (RDAs). The RDAs will help growth-oriented companies and business clusters increase sales and exports and create jobs.

Through PSD, USAID provides DAS and the RDAs assistance that improves their program management, monitoring and evaluation, and market assessment capabilities. This in turn allows DAS and the RDAs to support private sector development by working with businesses in high-potential sectors, helping the businesses to:

- Understand and serve local/regional markets better;
- Improve the quality of existing and traditional products, as well as develop new ones;
- Lower their cost of production;
- Broaden the network of suppliers, increasing the profitability and size of their operations.

Results

- One hundred twenty-two SMEs and eight associations/clusters benefited from various forms of project assistance;
- Entrepreneurship training was provided to 318 beneficiaries, of whom 190 were women and youth;
- Two new business services were introduced for client SMEs that help them maximize their participation in and use of international trade fairs to attract new clients and foreign investment;

²¹ <https://www.usaid.gov/news-information/fact-sheets/private-sector-development-project>

- With DAS/RDA support, a total of 43 SMEs exhibited at five international fairs;
- Nine client SMEs introduced new international standards and 15 SMEs adopted new technology and/or management practice;
- Client companies in targeted regions reported \$123 million of additional revenue in the first year of the project;
- Client companies reported additional exports in the total value of \$6 million to the EU and regional markets in the first year of the project.

Project funded by:

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

Project implemented by:

DAS and RDAs in Zlatibor, Novi Pazar, Kraljevo, Leskovac.

Key counterparts:

Small and medium – size enterprises (SMEs), associations, clusters, youth and women owned businesses, others.

Where we work:

Twelve cities and municipalities: Novi Pazar, Sjenica, Tutin, Priboj, Prijepolje, Nova Varoš, Raška, Vranje, Leskovac, Medveđa, Preševo, and Bujanovac.

Total amount:

\$4,159,987

Project duration:

July 2013 to December 2017

5.1.2 Bosnia and Herzegovina

The on-going projects provided by the other donors for developing SME sector, based on Donor Map Database are presented as separate excel document, please see *Annex 5 List of donors' projects in BiH*.

5.1.2.1 The Short description of ongoing programme of EU and USAID's project

European Union

Instrument for Pre-Accession Assistance (IPA II) 2014-2020

Programme Title: Special Measure for flood recovery and flood risk management

Action Title: **Strengthening SMEs Competitiveness**

The Action aims to support the recovery process of flood affected SMEs and municipalities and improve SME competitiveness in the context of an integrated local development. The assistance would enhance access to finance for SMEs of the wood, metal and agribusiness sector and would contribute to improved competitiveness of SMEs in selected business locations through the local partnerships and implementation of value chain initiatives.

At the local level, SMEs should benefit from the pilot implementation of measures which will promote the private sector needs through partnerships which will focus on competitiveness, innovation and jobs creation. The involvement of local actors in the implementation of the Small Business Act would help the country to improve its performance in dimensions reflecting SMEs competitiveness. Finally, the involvement of SMEs and municipalities in the flood affected areas would provide immediate EU assistance for economic recovery and social integration country-wide.

Total Budget: EUR 9 million

Implementing Agency: GIZ

Project: “Local Integrated Development (LID)”

Funded by: European Union

Implemented by: UNDP, GIZ, ILO

“Local Integrated Development” (LID) project is part of the EU Programme for Local Development and Employment which is funded by the EU in the amount of EUR 19 million. Three projects that operate under the Programme will be implemented by UNDP, GIZ and ILO, until January 2019, with aim to assist economic recovery of floods affected areas, support the local economic development and local NGOs with social development recovery assistance and provide structural employment enhancement measures through integrated local development.”

During the implementation period, LID project has made an encouraging progress in the realization of infrastructural procedures in multiple units of local governments in Federation of BiH (FBiH) and Republika Srpska (RS), and strengthening development capacities of municipal and city administrations. Special attention is increased on creation of favourable business environment, strengthening competitiveness of domestic companies and employment. One of the activities which aims to stimulate economic growth in BiH and open new jobs is grant schemes which is offered through the mechanism of public call, to support small and medium enterprises with high development potential. The selection process was conducted in cooperation with FBiH Ministry of Development, Entrepreneurship and Crafts and RS Agency for Development of Small and Medium Enterprises. Based on transparent criteria, 19 enterprises were selected to receive support through LID project.

USAID

The Development Credit Authority (DCA) Loan Guarantee facility mobilizes private capital to finance development initiatives in BiH and demonstrates the economic viability of such investments to the local banking sector. The program's credit guarantees improve access to finance for SMEs and capitalize on technical assistance through other programs.

Implementation and Results:

The DCA program provides the bank with a 50 percent guarantee on the loan principal. This enables ProCredit to make longer-term loans without substantially increasing its risk exposure and to extend loans to borrowers who otherwise may not qualify for loans under the bank's regular lending parameters.

DCA #1:

Partner Banks: ProCredit Bank and Sparkasse Bank

Portfolio Guarantee: \$20 million

Financed jointly by USAID and the Swedish International Development Cooperation Agency (SIDA) (September 2015-2025)

Results: As of May 2017, the participating banks had disbursed 37 loans worth 18.8 million convertible marks (KM), ranging from 60,000 KM to 2.7 million KM, with maturity ranging from three to 10 years. These loans have sustained 1,408 jobs and created 23.

DCA #2:

Partner Bank: ProCredit Bank

Portfolio Guarantee: \$3.5 million

Financed by USAID

(September 2016-2026)

Results: As of May 2017, ProCredit had disbursed 12 loans worth 5.6 million KM, ranging from 165,000 KM to 2.2 million KM, with maturity ranging from three to 10 years. These loans have sustained 395 jobs and created 81.

USAID addresses gender equality in BiH through its democracy and governance and economic growth programs, and in close coordination with the other sections of the Embassy on a mission-wide Women, Peace and Security project.

Women's Entrepreneurship and Other Employment Opportunities

With USAID support, WomenNet also combatted discrimination against women in the workplace and successfully advocated for legislative change to equalize maternity benefits for all women throughout the Federation of BiH. To date, the draft regulation is at the Federation of BiH Ministry of Labor and Social Welfare for review.

USAID assistance provided specialized training to 131 women judges and prosecutors, nearly half the total number of participants. To increase the overall position of female judges and prosecutors in BiH, USAID assistance was also used to develop fair and transparent procedures for evaluating the work of judicial professionals.

Forty-two of 275 women obtained jobs following completion of USAID-supported training in information and communications technologies (ICT). Female participants in the trainings represented 43 percent of all project trainees, which is more than their overall percentage of the technical college graduates targeted (33 percent). USAID also trained 105 women from small and medium-sized enterprises in the ICT sector; 31 of them were in senior technical and/or managerial positions.

Women farmers and agricultural producers represent a significant portion of beneficiaries under USAID's program to expand access to markets for BiH agricultural producers and help them implement international product quality standards. The program supports a wide-range of training for women entrepreneurs and associations that produce and process products made from medicinal and aromatic plants, milk and dairy, and fruits and vegetables. The training is designed to enhance opportunities for women to establish or develop their agri-businesses or obtain full-time, income-generating jobs in target sub-sectors and processing activities. The program also actively supports women's empowerment in agriculture through a small grants program.

USAID/Sweden FARMA II²² project is the third generation of USAID and Government of Sweden projects focused on the agricultural sector in BiH. Previous projects assisted BiH to increase sales and exports for certain crops and food products within the agricultural sector.

Total funding: \$16.3 million
Period: January 2016 - January 2021

USAID/Sweden FARMA II is a five-year agricultural and agribusiness development program that builds on the achievements of the previous activities supported by USAID and the Government of Sweden. USAID/Sweden FARMA II will build on this foundation to elevate USAID and the Government of Sweden's impact through a facilitative approach that will increase the competitiveness of commercially-orientated producer organizations (POs) and upgrade the capability of public services to meet and sustain EU compliance.

5.1.3 Montenegro

The list of implemented EU projects related to Economic Development Sector (SMEs and Tourism Development as key element for development of the economy)

²² <http://farmabih.ba/en>

Table 18 The list of implemented EU projects related to Economic Development Sector in Montenegro

Official Title of project	Programme	Budget / EC contribution (EUR)	Main goal of the project	Results
Adriatic Danubian Clustering	ERDF-MED 2007	60,000.00/ 51,000.00	Strengthening the territorial marketing of the Adriatic - Danubian region with the objective to develop local economies and their resources by creating sectoral networks' relationship suitable for better usage of the more competitive transnational value chains and foster FDI attractiveness, as well as reducing regional disparities.	<ul style="list-style-type: none"> - Selection of strategic economic sectors; - Improved knowledge about economic landscape; - New sectoral governance models for transnational clusters outlined; - Strengthened vertical integrations among cluster; - Conclusion of Transnational Agreement on Cluster Development and Operational Business Plan; - Improvement of e-business environment; - Raised awareness of public decision makers on the benefits of DBE adoption; - Shared vision of Territorial Marketing Strategy; - Improved visibility of Adriatic Danubian Compound; - Improvement of information support services available for SMEs; - Identification of an organizational brand for AD clusters.
Building Pathways for Tourism Cooperation Through Developing Handicraft Products	IPA 2007-2008 CBC ALB-ME	268,900 / 126,000	To contribute to the preservation and revitalization of traditional artisan production in the cross-border area.	<ul style="list-style-type: none"> - The brand "Zadrime home textile" in Guri i Zi Commune is established; - The Albanian and Montenegrin craftsmen are effectively promoting their products (home textiles and trad. dresses) to local and foreign visitors in both sides of the border; - Handicrafts museums in Guri i Zi Commune and Museums and

				<p>Galleries in Podgorica displaying handicraft products are available for visitors;</p> <ul style="list-style-type: none"> - Handicraft products are available in the tourist offer of Capital-City Podgorica.
<p>Business Cooperation and Skills Improvement for the Development of Outdoor Tourism</p>	<p>CBC 2007 – 2008 CRO-ME</p>	<p>234,100/197,000</p>	<p>To promote joint sustainable valorization of nature in the cross-border region.</p>	<ul style="list-style-type: none"> - Joint planning and business cooperation in the tourism sector - Increased knowledge, infrastructure and technical capacity of tourism destinations and related stakeholders in the cross-border region - Improved awareness of the cross-border region:
<p>Improving Business Environment for Small and Rural Enterprises</p>	<p>IPA 2008</p>	<p>1,197,000 /1,357,000</p>	<p>To improve the enabling environment for business in Montenegro, particularly for small and rural enterprises, thus contributing to more balanced regional development, increased investment, employment generation and poverty reduction.</p>	<ul style="list-style-type: none"> - The main impact of elimination of business barriers will be the reduced cost and risk of doing business in Montenegro, particularly for small and rural enterprises, which will enhance country's competitiveness, catalyse private investment and ensure sustainable growth. - A new professionally managed credit guarantee institution will be established, and its key impact and catalytic effect will be the delivery of a more efficient, effective, transparent and sustainable support to SMEs in rural and less developed regions that otherwise would not have access to loan finance due to "market failure". - Two ICT business incubators established and strengthened with EU support will be able to deliver business support services needed

				by promising new enterprises in this area on a sustainable basis, which will catalyse entrepreneurship and innovation in Montenegro
Mediterranean Organization Structure and Strengthening of Innovation Capacities for Sustainable Development	ERDF-MED 2007		To improve the implementation of regional policies in the field of innovation and strengthen innovation capacity for sustainable development in the Med area. In terms of general objective, the project will have impact on economic growth, employment and sustainable development.	<ul style="list-style-type: none"> - Wide dissemination and diffusion of project activities and achievements; - Effective trans-national coordination with clear allocation of responsibilities and optimal use of the partnership's know-how; - Enhanced knowledge on innovation capacity in the MED region; - Establishment of a reception office for fostering entrepreneurial innovation.
Sustainable Biking Development	CBC 2007-2008 SRB-ME	68,300/57,800	To improve quality of recreational tourism in the municipalities Pljevlja and Kraljevo of Serbia and Montenegro cross-border area through interaction of people and communities in order to jointly strengthen mutual cooperation utilizing human, natural and infrastructural resources as well as cultural and sport values.	<ul style="list-style-type: none"> - Improved mountain biking and cycling infrastructure in targeted municipalities; - Promoted mountain biking and cycling as new tourism product as well as tourism potentials of the targeted municipalities; - Raised awareness of citizens and schoolchildren on cycling benefits.
Traditional Olive Industry Like a Part of Cross Border Tourism Offer	CBC 2007-2008 CRO-ME	249,200/211,000	To contribute to development socio-economic conditions through diversification of tourism offer in the cross-border region.	<ul style="list-style-type: none"> - Created common base for cooperation of olive and tourism sectors in the cross-border region; - Increased knowledge and technical capacities for olive producers and related tourism stakeholders in the cross-border region, in order to expand the economic potential of the olive and related tourism industry;

				<ul style="list-style-type: none"> - Improved existing and created a new olive/tourism offer including small infrastructure interventions; - Improved joint promotion and marketing of the regional olive tourism products and services presenting a unique sense of place and tradition.
Valorization of the Ethno-Gastronomic Heritage in Shkoder/Skadar Lake	IPA 2007-2008 CBC ALB-ME	86,400/73,000	To invigorate the sustainable socio-economic development of the trans-boundary region between Albania and Montenegro through the promotion of a new integral tourism model based on the qualitative local products, services, natural, historical and cultural heritage.	<ul style="list-style-type: none"> - Mapped local Ethno-gastronomic traditions, services and products, designed a new offer in Shkodra/Skadar Lake Area; - Improved and standardized ethno-gastronomic goods and services; - Developed and promoted a Shkodra/Skadar Lake Ethno-gastronomy route.

Short description of expected EU programme related to SMEs

Instrument for Pre-Accession Assistance (IPA II) 2014-2020

Programme Title: Annual action programme for the Montenegro

Action Title: **Competitiveness and Innovation**

The overall objective of the Action is to strengthen the competitiveness and innovation sector of Montenegro. This Action will support the private sector development, business modernization and improvement of the national administrative capacity for coordination and implementation in the field of competitiveness and innovation. It aims to develop the private sector and improve its competitiveness, to further develop the knowledge economy sector and to make its capacities stronger and more coordinated.

Final date for concluding Financing Agreement(s) with IPA II beneficiary: At the latest by 31 December 2017

Total cost: EUR 7,721,000

EU contribution: EUR 6,948,900

5.1.4 Macedonia

Short overview of major donors' programmes and projects in Macedonia

European Union

Instrument for Pre-Accession Assistance (IPA II) 2014-2020

Programme Title: Annual action programme for the former Yugoslav Republic of Macedonia for the year 2016

Action Title: **Support for private sector development**

This Action will contribute to the private sector development by improving the dynamics on the markets of financial services. It is grounded on the priorities for financial assistance as defined in the Indicative Strategy Paper 2014- 2020. Improving the competitiveness of the private sector and particularly of the SMEs is of key importance for the country's development towards a functioning market economy and its successful accession to the EU.

In order to reflect the EU's focus on economic governance and competitiveness, IPA II shall contribute to improving the business environment by supporting small and medium-sized enterprises (SMEs), reduce disparities between the different regions and link research & development institutions to the business and employment sector.

This Action puts an emphasis on strengthening the support systems for the private sector and addresses in particular the issue of poor access to finance under favourable terms for SMEs (both female- and male owned/led) to grow their business. It will support an EBRD-managed facility providing loans, grants and technical assistance to non-bankable SMEs to help them implement their investment strategies. This measure will increase the funding flow to the SMEs. It will also explore the opportunities to integrate and address gender differences to expand SME growth.

Total Budget: EUR 6,000,000

Implementing Agency: The EU Delegation will assume the role of contracting authority for this programme

USAID

USAID's Project areas in Macedonia related to Economic Growth and Trade

Microenterprise and Private Sector

In Macedonia, USAID focuses on improving the competitiveness of micro, small, and medium-sized enterprises that have the potential for growth and job creation. Activities in this area include:

- Providing tailored solutions (business training, technical assistance and networking opportunities) to up to 360 small enterprises that best address specific needs and enhance their probability for success.
- Supporting creation of new start-ups through acceleration programs, provision of co-working space, and access to funding from business angels.
- Establishment of a Micro Investment Fund that provides mezzanine investments for micro and small enterprises with growth potential.
- Supporting micro and small businesses throughout Macedonia to improve their compliance with legal requirements.
- Working with business organizations to engage in a constructive dialogue on streamlining regulation.

Development Credit and Access to Finance

Three Development Credit Authority (DCA) facilities provide access to working and investment capital to companies that want to expand their operations and/or market opportunities. These are loan portfolio guarantee programs through which USAID provides a 50 percent guarantee of the loan amount, thus sharing the risk with partner banks. One of these loan guarantee facilities supports microenterprises, another focuses on agriculture development, and the third supports the capitalization of SME investment funds that target high growth and the job creation sectors of local economies.

The Microfinance Inclusion and Innovation Project is increasing access to finance and is tailored to the needs of low income households, entrepreneurs, and micro and small enterprises. Providing easier

access to finance to these groups will provide an opportunity for creation of new jobs, which will lead to economic growth and poverty reduction.

Economic Policy

USAID also focuses on improving the business policy and investment climate by strengthening the capacity of key economic ministries and agencies within the Government of Macedonia (GOM) to develop and implement economic development policies and programs.

USAID is partnering with local civil society organizations to conduct a broad consultative process for revamping the Public Procurement Law. Specific recommendations are based on EU requirements, experiences from neighbouring countries; and input from the contracting authorities, microenterprises, business chambers, and public procurement experts.

USAID is modernizing the Inspection Authorities to introduce a modern, business friendly, and predictable inspection system that will seek to enhance efficiency, and voluntary compliance by implementing best practices and principles into the inspection process.

6. What is the situation of the private business consultant market?

All target Western Balkans Countries (Serbia, Bosnia and Herzegovina, Montenegro and Macedonia) does not have a unified database of the business entities, and information regarding the market size of the business advisory services.

The support to SMEs is provided by two types of organisations: entrepreneurship supporting institutions and professional private consulting companies, both local and foreign.

Areas of providing consulting services and areas to which the SMEs consultants are the most oriented are primarily associated to writing plans and projects for application to tenders for various incentives, loans, EU funds, and with business planning, including preparation of investment projects market research, marketing plans searching for business partners and investors

SMEs consultants are aware of the importance of building their knowledge and skills, consider it useful, and are open to use different types of educational programmes, but certification programmes for management consultants is insufficiently developed.

The quality of the consultancy services delivered could be evaluated through the willingness of SMEs to repeat the cooperation.

7. What are the other policies to support the SMEs? (financial/non-financial)

7.1 Serbia

Review of sources available for financing of SMEs in Serbia:

National Sources:

Bank financing is the dominant sources of external finance for SMEs. Venture capital (VC) activities remain at an early stage, although efforts made under the umbrella of the Western Balkans Enterprise Development & Innovation Facility (WB EDIF) and the adoption of a draft law on VC may help growth in this area.

The Serbian government also provides SMEs with loans at favourable terms and other financial support mechanisms through the following institutions: Ministry of Economy and regional development, Republic of Serbia development fund, Guarantee Fund of AP Vojvodina, the Export Credit Insurance Agency, Development Agency of Serbia (RAS) and National Employment Service.

European and other regional sources of funding:

The Western Balkans: Enterprise Development and Innovation Facility (WB-EDIF) is funded by the EIF.²³ The facility aims to increase the financial resources available to SMEs in addition to providing technical assistance for strategic investments, particularly in infrastructure, energy efficiency and private sector development, to support socio-economic development and EU accession.

IPA – Instrument for Pre-Accession IPA II (2014-2020)

Regional Cooperation: cross border cooperation programmes, bilateral and trilateral

European Territorial Cooperation 2 transnational cooperation programmes "Danube" programme and Interreg Project

EU Level Funding Opportunities: Horizon 2020, CIP, COSME

Non-Financial Support is available through the following programs:

- the standardised set of training courses that include some small-scale programmes on financial management in accordance with The National Bank Serbia Financial Education Strategy 2016–2020
- mentoring and training programmes for support of women's entrepreneurship
- training programmes for development of SME skills
- and different projects of NGO sector

7.2 Bosnia and Herzegovina

Review of sources available for financing of SMEs in Bosnia and Herzegovina:

National Sources:

Bank financing is the primary source of capital for SMEs with an above-average number of companies accessing bank finance compared to other countries in South Eastern Europe.

Credit guarantee schemes, a key government SME support mechanism, exist at the entity level but without private sector involvement or systematic review mechanism. There is no SME-specific assistance or information programme about sources of external finance. Non-bank sources of finance remain centred around microfinance, which is well developed across the country.

Venture capital (VC) activities remain underdeveloped in Bosnia and Herzegovina, with no legislation facilitating SME investment, although both entities allow investment in VC funds under their respective laws on investment funds.

The government of Federation of Bosnia and Herzegovina also provides SMEs with grant and loans at favourable terms and other financial support mechanisms through the following institutions: Federal

²³ <http://www.wbedif.eu/about-wb-edif/>

Ministry of development, entrepreneurship and crafts, respective ministries at cantonal level and agencies, Federal employment service, Investment Bank of Federation of Bosnia and Herzegovina.

Example:

Loan Guarantee Fund with the cooperation of Sarajevo Canton

Based on the experiences of developed countries, and taking into account the fact that the quality of the provision of capital is one of the biggest obstacles to the development of small and medium enterprises, SERDA is supported by the Cantonal Government established Credit Guarantee Fund, which is a good model for easier and better access to credit and extremely stimulating mechanism for the development of small and medium enterprises and agriculture, and to contribute to the development of the business environment, creating conditions for opening new and maintaining existing jobs and overall economic development.

This opens the possibility that the small and medium enterprises, artisans and registered farmers from Canton Sarajevo apply for loans in the amount of 5,000 KM to 200,000 KM, with an interest rate of 3.50% for loans secured quality and / or first-class collateral, or 6.00% of loans, which are secured by other collateral. Loans will be granted for a period up to 60 months, including a grace period of 12 months for long-term loans.

The specificity of the functioning of the fund is that it will guarantee Department of KGF SERDA provide all necessary technical assistance and support to clients, inform and animate businessmen about the possibilities of financing through Credit Guarantee Fund SERDA, perform reception of clients, prepare a business plan and application clients, and their visits to clients before and after approval of loan funds for the purpose of monitoring expenditure of the same. Before making a request for further proceedings in the Bank, the Department of warranty KGF SERDA analyzes and processes the requests and accompanying documents of the client, while the approval and placement of funds carried out by the Bank. Also, KGF SERDA task is to monitor the repayment of loan funds and carried out activities related to the subsidizing of interest rates of credit users in cooperation with the Bank.

The government of Republic of Srpska also provides SMEs with grant and loans at favourable terms and other financial support mechanisms through the following institutions: Ministry of Industry, Energy and Mining and Republic Agency for Development of Small and Medium Enterprises, Guarantee fund of Republic of Srpska, The Employment Service of Republic of Srpska.

European and other regional sources of funding

- IPA – Instrument for Pre-Accession IPA II (2014-2020)
- The Western Balkans: Enterprise Development and Innovation Facility (WB-EDIF) is funded by the EIF. The facility aims to increase the financial resources available to SMEs in addition to providing technical assistance for strategic investments, particularly in infrastructure, energy efficiency and private sector development, to support socio-economic development and EU accession.
- Regional Cooperation: cross border cooperation programmes, bilateral and trilateral
- European Territorial Cooperation 4 transnational cooperation programmes: "Danube" programme, the "Adriatic-Ionian", "Mediterranean" programme and Interreg Project
- SuperFounders is an acceleration network for communities, companies and people. It is being established by Balkan Unlimited with the support of Europe Unlimited. The network is currently operating in Macedonia, Montenegro, and Bosnia and Herzegovina. It efficiently deploys capital and resources for innovation support to achieve maximum growth.

EU Level Funding Opportunities: Horizon 2020, CIP, COSME

Non-Financial Support in entire country is available through the following programs:

- EBRD program (Advice for Small Services)
- EBRD program (Women in Business Programme)
- Training programmes for development of SME skills chambers of commerce from across Bosnia and Herzegovina
- and different projects of NGO sector

7.3 Montenegro

Review of sources available for financing of SMEs in Montenegro:

National Sources:

- The Programme for cluster development enhancement in Montenegro until 2016 is implemented by the Ministry of Economy.
- The Programme for Competitiveness Enhancing Through the Harmonisation with International Standards, 2014-2016
- AgroBudget – Ministry of Agriculture and Rural Development
- MIDAS Project the Government of Montenegro and the Ministry of Agriculture and Rural Development, as the implementing partners of the project, have a credit agreement with the World Bank called "The Institutional Development and Strengthening of Agriculture in Montenegro", MIDAS project.

Private Sector Source

- Private Banks
- Investment Development Fund

This fund aims to provide credit and guarantee support to small and medium enterprises in Montenegro. Detailed information of specific programs can be found at <http://www.irfcg.me>. These programmes include:

- Support Programme for Agriculture and Food Production
- MIDAS (IDF has defined conditions for financing of special target group of farmers who participate in the program MIDAS grant scheme of the Ministry of Agriculture and Rural Development)
- Programme of Support for Tourism and Hospitality
- Programme of Support for Companies in the field of Primary Wood Processing
- Support Programme for Production
- Support Programme for Service Industry

European and other regional sources of funding

- IPA – Instrument for Pre-Accession IPA II (2014-2020)
- Employment and Social Innovation (EASI) 2014-2020

The Employment and Social Innovation (EaSI) programme is a financing instrument at EU level to promote a high level of quality and sustainable employment, guaranteeing adequate social protection, combating social exclusion and poverty and improving working conditions.

- The Western Balkans: Enterprise Development and Innovation Facility (WB-EDIF) is funded by the EIF. The facility aims to increase the financial resources available to SMEs in addition to providing technical assistance for strategic investments, particularly in infrastructure, energy efficiency and private sector development, to support socio-economic development and EU accession.
- Regional Cooperation: cross border cooperation programmes, bilateral and trilateral
- European Territorial Cooperation 4 transnational cooperation programmes: "Danube" programme, the "Adriatic-Ionian" programme and the "Mediterranean" programme and Interreg Project
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EU Level Funding Opportunities: Horizon 2020, CIP, COSME

Non-Financial Support in entire country is available through the following programs:

- EBRD program (Advice for Small Services)
- EBRD program (Women in Business Programme)
- and different projects of NGO sector

7.4 Macedonia

Review of sources available for financing of SMEs in Macedonia

National Sources:

The proportion of foreign banks in Macedonia is relatively high, representing 73% of all banks and 68.9% of assets, as of 30 June 2015. In particular, two Greek subsidiaries, making up around one-quarter of the banking sector. The government supports lending to SMEs with programmes run by the Macedonian Bank for Development Promotion (MBDP).

Credit guarantees could help SMEs struggling to satisfy collateral requirements, but uptake through commercial banks is relatively limited.

The European Investment Bank (EIB) credit line offered through the MBDP has helped alleviate credit constraints for local SMEs more generally.

Non-bank financing shows little product diversification in the Former Yugoslav Republic of Macedonia. Microfinance is available mainly through savings houses and NGOs.

Venture capital activities in Macedonia are in their infancy but the government has taken important steps to improve the ecosystem for venture capital funds. The relevant legal framework has been put in place to allow for venture capital activities.

The government has also endorsed an Innovation Strategy (2012-2020) that includes provisions on venture capital. In 2013, a Fund for Innovation & Technological Development was created (<http://www.fitr.mk/?lang=en/#top-en>)

There is still no business angel network, despite the government's plan to establish one with the help of the United States Agency for International Development (USAID) in 2011. Plans to establish a network have been taken up again more recently, but with no tangible results to date.

European and other regional sources of funding

- IPA – Instrument for Pre-Accession IPA II (2014-2020)
- Employment and Social Innovation (EASI) 2014-2020
The Employment and Social Innovation (EaSI) programme is a financing instrument at EU level to promote a high level of quality and sustainable employment, guaranteeing adequate social protection, combating social exclusion and poverty and improving working conditions.
- The Western Balkans: Enterprise Development and Innovation Facility (WB-EDIF) is funded by the EIF. The facility aims to increase the financial resources available to SMEs in addition to providing technical assistance for strategic investments, particularly in infrastructure, energy efficiency and private sector development, to support socio-economic development and EU accession.
- Regional Cooperation: cross border cooperation programmes, bilateral and trilateral
- European Territorial Cooperation 4 transnational cooperation programmes: "Danube" programme, the "Adriatic-Ionian" programme and the "Mediterranean" programme and Interreg Project
- SuperFounders is an acceleration network for communities, companies and people. It is being established by Balkan Unlimited with the support of Europe Unlimited. The network is currently operating in Macedonia, Montenegro, and Bosnia and Herzegovina. It efficiently deploys capital and resources for innovation support to achieve maximum growth.

EU Level Funding Opportunities: Horizon 2020, CIP, COSME

Non-Financial Support in entire country is available through the following programs:

- EBRD program (Advice for Small Services)
- EBRD program (Women in Business Programme)
- and different projects of NGO sector

1. References

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20. European Commission, https://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act_en
21. Western Balkans Enterprise Development and Innovation Facility <http://www.wbedif.eu/about-wb-edif/>
22. Ministry of European Integration of Serbia, <http://www.mei.gov.rs/eng/>
23. Intersectoral Development Assistance of Coordination Network <http://www.evropa.gov.rs/Evropa/PublicSite/index.aspx>
24. The Donor Coordination Forum of Bosnia and Herzegovina, <http://donormapping.ba/>
25. Regional Cooperation Council, <http://www.rcc.int/>

Annex 1: Basic data of Development Agency of Serbia (RAS) and Regional Development Agencies (RDAs)

1. Development Agency of Serbia (RAS)

Development Agency of Serbia (RAS) is one of creators of the Support program for economy and the largest carrier of economic policy on behalf of the Government of the Republic of Serbia.

RAS was established on January 11, 2016, pursuant to the Law on Investments, by which the Agency for foreign investments and promotion of export (SIEPA) and National agency for regional development (NARR) were formally closed.

The main activity of RAS is to support micro, small and medium enterprises and entrepreneurs in order to strengthen the Serbian economy, support direct investment and export promotion, raising the reputation of Serbia and Regional Development.

For all parts of Serbia to develop evenly, RAS has 16 regional development agencies (RDAs) in its network, as follows: in Belgrade, Novi Sad, Subotica, Zrenjanin, Ruma, Požarevac, Loznica, Kragujevac, Zaječar, Užice, Kraljevo, Kruševac, Niš, Novi Pazar, Leskovac, Kosovska Mitrovica, and RAS is intensively cooperating with them in the implementation of the program.

As part of its operation RAS works closely with both the domestic and the largest international institutions and organizations and implement the best examples from practice.

Mission of RAS is to empower and inform entrepreneurs about applying for support programs, cooperation with state institutions in creating economic policy, cooperation with business associations in order to improve the business environment.

Also, RAS helps local self-governments with capacity building aimed at economic development, in order to better and more efficiently provide the necessary support to entrepreneurs, but also to apply for the funds and other European funds for regional and local development.

The long-term goal of RAS activity is equal development of Serbia and positioning of the country as an economic leader in the region.

RAS has in 2016 recorded significant results: 22 investment contracts that will bring in 236.8 million euros of investment and create more than 16,000 job positions were realized, which represents a record in the last ten years; while more than 1,100 projects were supported through support programs aimed at the sector of micro, small and medium enterprises and entrepreneurs with about 900 million RSD.

2. Regional Development Agencies

Regional Development Agency is a business organization or association established for the business activities or improvement of regional development, which is accredited in accordance with Law on Regional Development (RS Official Gazette Nos. 51/09, 30/10 and 89/15-other law),

In order to ensure balanced regional development, a minimum number of regional development agencies are required to be accredited in the regions for:

- Region of Vojvodina - three regional development agencies;
- Belgrade region - one regional development agency;
- The region of Šumadija and Western Serbia - four regional development agencies;
- Region of South and East Serbia - three regional development agencies;
- Region of Kosovo and Metohija - one regional development agency.

Funds for work, realization of development projects and carrying out activities of the regional development agency are provided from:

- the income that it receives from the performance of businesses;
- the budgets of local self-government units that are founders of the regional development agency;
- donations, sponsorships, development assistance from local and foreign legal and natural persons;
- other sources, in accordance with the law.

The Regional Development Agency performs the following tasks:

- participates in the preparation and implementation of development documents and monitors their implementation at the level of the regions and local self-government units;
- cooperates with autonomous provinces and local self-government units in the preparation and implementation of local development plans;
- represents the interest of the region in relations with the National Agency and the regional agency and participates in the realization of the adopted development documents within its competence;
- prepares and implements programs of professional development for the needs of development of enterprises and entrepreneurship, development of infrastructure and development of institutions and organizations and for improvement of capacities of local self-government units;
- monitor and implement measures and implement development projects for which it is authorized;
- performs activities of international, cross-border and inter-municipal cooperation within its jurisdiction;
- runs an information system of importance for the region and the area;
- performs other tasks in accordance with the founding act.

The Regional Development Agency submits an annual report on operations to founders and to the National Agency. If necessary, the National Agency and the Ministry may request additional business reports.

The National Agency evaluates the work of regional development agencies once a year.

Region of Vojvodina

Regional Center for Socio-Economic Development – Banat Ltd. Zrenjanin

Activities:	Business advice services and other management consulting activities
Population:	629367
District:	North Banat District, Central Banat District, South Banat District
Address:	Čarnojevićeva 1, 23000 Zrenjanin
City:	Zrenjanin
Municipality:	Zrenjanin
E-mail:	office@rcrbanat.rs
Phone:	+381 23 510 567
Fax:	
Web:	www.banat.rs
Authorized person:	Ms.Irena ŽIVKOVIĆ, director, irena.zivkovic@rcrbanat.rs
Founders:	Municipalities: Novi Bečej, Nova Crnja, Žitište, Sečanj, Kanjiža, Senta, Ada, Čoka, Plandište, Opovo, Kovačica, Alibunar, Bela Crkva, Kovin; City of Kikinda; City of Pančevo; City of Vršac; City of Zrenjanin; Regional Chambers of Commerce: Kikinda, Pančevo, Zrenjanin; European Movement in Banat; District 0230 Kikinda; Association of Private Small and Medium Enterprises and Entrepreneurship, Vršac; Society for Sustainable Development and Environmental Protection THE FUTURE OF PANČEVO; Government of the Autonomous Province of Vojvodina, Provincial Secretariat for Labor, Employment and Gender Equality
Number of employees:	13
Number of mentors:	2; Mr. Lazar DOROŠKOV; Mr. Branislav MILOSAV;
Services provided for SMEs:	Year 2012: Consulting Services Year 2014: Mentoring Services, Trainings and Consulting

Regional Development Agency PANONREG Ltd. Subotica

Activities:	Business advice services and other management consulting activities
Population:	210064
District:	North Bačka District, West Bačka District
Address:	Trg Cara Jovana Nenada 15, 24000 Subotica
City:	Subotica
Municipality:	Subotica
E-mail:	office@panonreg.rs
Phone:	+381 24 554 107
Fax:	+381 24 553 116
Web:	www.panonreg.rs
Authorized person:	Mr. Milan MALIČEVIĆ
Founders:	Municipalities: Apatin, Bačka Topola, Novi Kneževac, Kanjiža, Čoka, Senta, Mali Idoš; Subotica City; Regional Chamber of Commerce Subotica; Faculty of Economy; Open University of Subotica; Association TERRA Subotica; Autonomous Province of Vojvodina
Number of employees:	6
Number of mentors:	3; Ms. Ljubica MESAROŠ; Ms. Ivana RAĐENOVIĆ; Mr. Dragan JOSIĆ;
Services provided for SMEs:	n/a

Regional Development Agency Bačka, Ltd. Novi Sad

Activities:	Business advice services and other management consulting activities
Population:	960524
District:	South Bačka District, West Bačka District (Kula, Odžaci, Sombor)
Address:	Bulevar Mihajla Pupina 20/II,21000 Novi Sad
City:	Novi Sad
Municipality:	Novi Sad
E-mail:	office@rda-backa.rs
Phone:	+381 21 557 781
Fax:	+381 21 557 781
Web:	www.rda-backa.rs
Authorized person:	Mr. Nemanja STAROVIĆ
Founders:	Municipalities: Bečej, Bač, Žabalj, Odžaci, Srbobran, Bačka Palanka, Beočin, Vrbas, Sremski Karlovci, Titel; Assembly of Bački Petrovac Municipality; Assembly of Kula Municipality; City Administration of Sombor City; City Novi Sad; European Movement Novi Sad; Organic Production Center "Selenča" SLOVAN-PROGRES Ltd. Selenča, a company for production, construction, trade and services; "Braća Ilić" Ltd. for recycling metal and non-metal waste and residues Bačka Palanka
Number of employees:	10
Number of mentors:	1, Ms. Nikolina PUPAVAC
Services provided for SMEs:	Year 2014: Mentoring Services, Trainings and Consulting

Regional Development Agency Srem, Ltd. Ruma

Activities:	Business advice services and other management consulting activities
Population:	321724
District:	Srem District
Address:	Glavna 172, 22400 Ruma
City:	Ruma
Municipality:	Ruma
E-mail:	office@rrasrem.rs
Phone:	+381 22 470 910
Fax:	+381 22 470 910
Web:	www.rrasrem.rs
Authorized person:	Mr. Milan MIRIĆ, Director
Founders:	Municipalities: Stara Pazova, Ruma, Pećinci, Inđija, Šid, Irig; Chamber of Commerce of Srem, Regional Development Agency Srem
Number of employees:	6
Number of mentors:	3, Ms. Tanja MIJAJLOVIĆ; Ms Sanja STUPAR; Mr. Zoran RADAKOVIĆ;
Services provided for SMEs:	Year 2014: Mentoring Services, Trainings and Consulting

Belgrade Region

Regional Agency for Development and European Integration - Belgrade

Activities:	Business advice services and other management consulting activities
Population:	1639121
Region:	Belgrade
Address:	Topličin venac 11/4,11000 Belgrade
City:	Belgrade
Municipality:	Municipality Old City Belgrade
E-mail:	office@rarei.rs
Phone:	+381 11 2186 730
Fax:	+381 11 2186 740
Web:	www.rarei.rs
Authorized person:	Ms. Snežana RADINOVIĆ, director, snezana.radinovic@rarei.rs
Founders:	The Secretariat for the Economy of the City of Belgrade Chamber of Commerce Belgrade Network of Sustainable Development Institute of Economic Sciences
Number of employees:	9
Number of mentors:	4, Ms. Ljiljana Marković; Ms. Olga Radulović; Ms. Marija Marković; Mrs. Miloš Milovanović;
Services provided for SMEs:	n/a

The region of Šumadija and Western Serbia

Regional Economic Development Agency for Šumadija and Pomoravlje Ltd. Kragujevac

Activities:	Business advice services and other management consulting activities
Population:	503739
Region:	Šumadija District and Pomoravlje District
Address:	Kralja Petra Prvog, 34000 Kragujevac
City:	Kragujevac
Municipality:	Kragujevac
E-mail:	officekg@redasp.rs
Phone:	+381 34 302 701; +381 34 302 702
Fax:	+381 34 302 706
Web:	www.redasp.rs
Authorized person:	Mr. Nenad POPOVIĆ, director, director@redasp.rs
Founders:	Municipalities: Aranđelovac, Topla, Lapovo, Rača, Knić, Rekovac, Svilajnac, Desputovac, Batočina; Kragujevac City, Jagodina City; Regional Chamber of Commerce Kragujevac; Association of Private Entrepreneurs “Šumadija”, Association of Entrepreneurs-Independent Businessmen “Sloga”; Association of Citizens of Heritage and Future Aranđelovac 1859
Number of employees:	38
Number of mentors:	2, Ms. Milica ČUKARIĆ; Mr. Goran MILJKOVIĆ;
Services provided for SMEs:	Year 2014: Mentoring Services and Consulting

Regional Development Agency for Rasinski District- Kruševac

Activities:	Business advice services and other management consulting activities
Population:	241 700
District:	Rasina District
Address:	Tanaska Rajica 18/3, 37000 Kruševac
City:	Kruševac
Municipality:	Kruševac
E-mail:	office@arro.rs
Phone:	+381 37 202 336
Fax:	-
Web:	www.arro.rs
Authorized person:	Mr. Aleksandar ŠARONJIĆ, Director
Founders:	Municipal Assembly of Brus Municipality; Municipal Assembly of Varvarin; Municipalities: Trstenik, Čičevac, Kruševac; Citizens Association Etno Rasina; Regional Chamber of Commerce Kruševac
Number of employees:	5
Number of mentors:	3; Mr. Vadan NIKOLIĆ; Ms. Sonja JEVREMOVIĆ; Mr. Maja DŽUNIĆ;
Services provided for SMEs:	n/a

Regional Agency for Spatial and Economic Development of Raška and Moravica Districts Ltd. Kraljevo

Activities:	Business advice services and other management consulting activities
Population:	375338
District:	Raška District and Moravica District
Address:	Cara Dušana 49, 36000 Kraljevo
City:	Kraljevo
Municipality:	Kraljevo
E-mail:	office@kv-rda.org
Phone:	+381 36 39 7770; +381 36 39 7777
Fax:	+381 36 511 0 003
Web:	www.kv-rda.org
Authorized person:	Ms. Radojka SAVIĆ, director, radojka.savic@kv-rda.org
Founders:	Municipalities: Ivanjica, Raška, Vrnjačka Banja, Gornji Milanovac; City Kraljevo, City Čačak; Regional Chamber of Commerce Kraljevo; Association of Citizens "Association for the Development of the Ibar Valley"
Number of employees:	6
Number of mentors:	2; Ms. Radojka SAVIĆ; Ms. Ana PETERSON;
Services provided for SMEs:	Year 2014: Mentoring Services, Trainings and Consulting

Regional Development Agency Zlatibor Ltd. Užice

Activities:	Business advice services and other management consulting activities
Population:	284216
District:	Zlatibor District
Address:	Petra Čelovića 66, 31000 Užice
City:	Užice
Municipality:	Užice
E-mail:	office@rrazlatibor.rs
Phone:	+ 381 31 523 065
Fax:	+ 381 31 510-098
Web:	www.rrazlatibor.rs
Authorized person:	Mr. Slavko LUKIĆ, director, +381 31 523 065
Founders:	Assemblies of the Municipalities: Prijepolje, Bajna Bašta, Nova Varoš, Požega, Priboj, Čajetina, Arilje, Kosjerići; Administration of Užice City; General association of entrepreneurs Užice;
Number of employees:	21
Number of mentors:	7; Ms. Nataša KNEŽEVIĆ, Ms. Danijela PANIĆ; Mr. Bojan MITROVIĆ; Mr. Enes TURKOVIĆ; Ms. Tijana KRSMANOVIĆ; Mr. Dejan NEŠEVIĆ, Ms. Jelena Bogičević;
Services provided for SMEs:	Year 2014: Mentoring Services, Trainings and Consulting

Regional Development Agency of Podrinje, Podgorine and Rađevina Ltd. Loznica

Activities:	Business advice services and other management consulting activities
Population:	150000
Region:	Mačva District
Address:	Jovana Cvijića 20, 15300 Loznica
City:	Loznica
Municipality:	Loznica
E-mail:	office@rrappr.rs
Phone:	+ 381 15 875 993; +381 15 876 096
Fax:	-
Web:	www.rrappr.rs
Authorized person:	Ms. Danijela MARKOVIĆ, director, dmarkovic@rrappr.rs
Founders:	Municipalities: Krupanj, Ljubovija, Mali Zvornik, Osečina, Bogatić; Loznica City; Associations of Citizens: General associations of entrepreneurs Bogatić, Ljubovija, Loznica, Mali Zvornik; Association of citizens Club of businessmen Loznica
Number of employees:	6
Number of mentors:	2; Mr. Srboslav JAGODIĆ, Ms. Milena MARJANOVIĆ
Services provided for SMEs:	Year 2014: Trainings and Consulting

Regional Development Agency Sandžak "SEDA" Ltd. Novi Pazar

Activities:	Business advice services and other management consulting activities
Population:	215000
Region:	Zlatibor District (Sjenica), Raška District
Address:	7. juli, bb 36300, Novi Pazar
City:	Novi Pazar
Municipality:	Novi Pazar
E-mail:	office@seda.org.rs
Phone:	+381 20 332 700
Fax:	
Web:	www.seda.org.rs
Authorized person:	Mr. Samir KACOPOR, Director; samir.kacapor@seda.org.rs
Founders:	Municipalities: Sjenica and Tutin; City Novi Pazar; Regional Chamber of Commerce Kraljevo PU Novi Pazar; Public Enterprise, Institute for Urban Planning, Novi Pazar, Novi Pazar; Vojin Popovic - holding company Novi Pazar - in bankruptcy; Citizens' Association Citizen Forum Novi Pazar; Agricultural cooperative Tutin, Tutin
Number of employees:	7
Number of mentors:	4; Mr. Almir ŠACIROVIĆ; Ms. Džamila KRUŠEVLJANIN; Mr. Samir BUHIĆ, Ms. Emina MUSIĆ;
Services provided for SMEs:	Year 2014: Mentoring Services, Trainings and Consulting

Region of South and East Serbia

Regional Development Agency- South, Ltd. Niš

Activities:	Business advice services and other management consulting activities
Population:	556281
District:	Nišava District, Toplica District, Pirot District
Address:	Obrenovićeveva 38,18000 Niš
City:	Niš
Municipality:	Niš
E-mail:	info@rra-jug.rs
Phone:	+381 18 515 447
Fax:	+381 18 522 659
Web:	http://rra-jug.rs/
Authorized person:	Mr. Bojan AVRAMOVIĆ, director, bojan.avramovic@rra-jug.rs
Founders:	Municipalities: Merošina, Bela Palanka, Dimitrovgrad, Blace, Babušnica, Gadžin han, Kuršumlija, Pirot, Prokuplje, Aleksinac, Srvljig; Niš City; Companies: Incubator Center - Niš d.o.o. Niš, Company JUROFUNGO Ltd. Kuršumlija; Associations of Citizens: European Movement in Serbia – Niš, Association of Citizens Initiative Prokuplje, Center for the Development of Civil Society PROTEKTA, Media Reform Center Niš, Non-governmental organization ENESA - Niš, Center for the Development of Civil Society Milenijum, Center for Regional Policy Niš
Number of employees:	8
Number of mentors:	2, Mr. Ivan MIHAJLOVIĆ; Mr. Dragan ILIĆ
Services provided for SMEs:	Year 2014: Mentoring Services, Trainings and Consulting

Center for Development of Jablanica and Pčinja District, Ltd. Leskovac

Activities:	Business advice services and other management consulting activities
Population:	486613
District:	Jablanica District and Pčinja District
Address:	Pana Đukića br. 42 16000 Leskovac
City:	Leskovac
Municipality:	Leskovac
E-mail:	info@centarzarazvoj.org
Phone:	+381 16 3150 115; +381 16 233 440
Fax:	+381 16 3150 114
Web:	www.centarzarazvoj.org
Authorized person:	Ms. Biljana STANKOVIĆ, director, biljana.stankovic@centarzarazvoj.org
Founders:	Municipalities: Vladičin Han, Surdulica, Bosilegrad, Bujanovac, Preševo, Bojnik, Lebane, Medveđa, Vlasotince, Crna Trava; Trgovište; City of Vranje, City of Leskovac; Regional Chamber of Commerce Leskovac; "Resource Center" Leskovac; Citizens Association "Generator" Vranje; Pharmaceutical and chemical industry "Zdravlje-Actavis" a.d. Leskovac; Knauf Insulation doo, Belgrade; "British American Tobacco Vranje" a.d. Vranje
Number of employees:	10
Number of mentors:	5; Ms. Biljana STANKOVIĆ, Mrs. Dobrila SUDIMAC MRATINKOVIĆ, Ms. Jelena PAVLOVIĆ, Dragana BELENZADA, Zoran STOJILJKOVIĆ
Services provided for SMEs:	Year 2011: Mentoring Services for 14 SMEs Year 2012: Mentoring Services for 9 SMEs; 4 Agreements on business cooperation and partnership; Year 2014: Mentoring Services, Trainings and Consulting

Regional Development Agency Eastern Serbia Ltd. – RARIS

Activities:	Business advice services and other management consulting activities
Population:	284112
District:	Zaječar District and Bor District
Address:	Trg oslobođenja 1,19000 Zaječar
City:	Zaječar
Municipality:	Zaječar
E-mail:	office@raris.org
Phone:	+381 19 426 376
Fax:	+381 19 426 377
Web:	www.raris.org
Authorized person:	Mr. Vladan JEREMIĆ, director, vladan.jeremic@raris.org
Founders:	Municipalities: Knjaževac, Sokobanja, Bor, Kladovo, Majdanpek, Negotin, Boljevac; Zaječar City; Regional Chamber of Commerce Zaječar; Management Faculty of Zaječar; Road Company Zaječar, Share Holding Company; Share Holding Company for hydro construction and road construction "Vodogradnja" Zaječar
Number of employees:	8

Number of mentors:	3; Ms. Sidonija JELESIJEVIĆ, Boban KOSTANDINOVIĆ, Branko BRKOVIĆ																																
Services provided for SMEs:	<table border="1"> <thead> <tr> <th>Year</th> <th>Services</th> </tr> </thead> <tbody> <tr><td>2012</td><td>Support for Start-ups</td></tr> <tr><td>2012</td><td>Credits for entrepreneurship development</td></tr> <tr><td>2012</td><td>Innovation Program</td></tr> <tr><td>2012</td><td>Program Gazelle</td></tr> <tr><td>2012</td><td>Mentoring Service</td></tr> <tr><td>2012</td><td>International Fair Business Base</td></tr> <tr><td>2012</td><td>Support for export-oriented companies</td></tr> <tr><td>2012</td><td>Consulting</td></tr> <tr><td>2012</td><td>Training</td></tr> <tr><td>2012</td><td>Informing</td></tr> <tr><td>2012</td><td>Competitiveness</td></tr> <tr><td>2012</td><td>Support program for inovative clusters</td></tr> <tr><td>2014</td><td>Trainings</td></tr> <tr><td>2014</td><td>Mentoring Service</td></tr> <tr><td>2014</td><td>Consulting</td></tr> </tbody> </table>	Year	Services	2012	Support for Start-ups	2012	Credits for entrepreneurship development	2012	Innovation Program	2012	Program Gazelle	2012	Mentoring Service	2012	International Fair Business Base	2012	Support for export-oriented companies	2012	Consulting	2012	Training	2012	Informing	2012	Competitiveness	2012	Support program for inovative clusters	2014	Trainings	2014	Mentoring Service	2014	Consulting
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Regional Development Agency Branicevo – Podunavlje, Ltd. Požarevac

Activities:	Business advice services and other management consulting activities
Population:	383020
District:	Braničevo district and Podunavlje district
Address:	Stari korzo 30/3, 12000 Požarevac
City:	Požarevac
Municipality:	Municipality Požarevac
E-mail:	office@rra-bp.rs
Phone:	+381 12 510 824
Fax:	+381 12 511 823
Web:	www.rra-bp.rs
Authorized person:	Mrs. Nada KOKOT, director, nada.kokot@rra-bp.rs
Founders:	Municipalities: Golubač, Žagubica, Petrovac na Mlavi, Smederevska Palanka, Malo Crniće, Žabari, Veliko Grdište, Kučevo, Velika Plana; Požarevac City, Smederevo City; High School Požarevac; Agricultural, advisory and expert services Požarevac Ltd.; Youth Association of Yugoslavia to Fight AIDS JAZAS; Local Agenda 21 for Kostolac Municipality
Number of employees:	5
Number of mentors:	3; Mrs. Nada KOKOT; Mr. Miloš NAJČEVIĆ; Mr. Saša DEDEIĆ;
Services provided for SMEs:	n/a

Annex 2: Institutions in charge of SMEs development in BiH

SME support infrastructure is very heterogeneous and lacks transparency. There are a wide range of institutions involved in SME development.

The short description of the main institutions supporting SME development in BiH including state and entity level of institutions is detailed in following chapters.

1. Ministries and Agencies

State Level (Council of Ministries of Bosnia and Herzegovina)

- The Ministry of Foreign Trade and Economic Relations (MoFTER) is the central policy institution charged with responsibility for SME policy development through its Department for SME Development and Promotion.

Entities Levels

Federation of Bosnia and Herzegovina

Ministry of Development, Entrepreneurship and Crafts (MODEC)

Administrative, expert and other tasks as defined by the laws related to jurisdiction of the Federation BiH in the following areas:

- stimulation of development, entrepreneurship and crafts;
- support to application of innovations and introduction of modern technologies in the area of entrepreneurship and crafts;
- increase of entrepreneurship and crafts share in the economy;
- organizing of institutions for entrepreneurship and entrepreneurial infrastructure in the economy;
- training of entrepreneurs and craftsmen through regular and supplemental courses, as well as other tasks established by law.

Remark:

Each of the ten cantons in Federation of BiH has competent ministry for SMS issues.

Republic of Srpska

Ministry of Industry, Energy and Mining (MIEE)

Among others The Ministry of Industry, Energy and Mining performs administrative and other tasks that relate to:

- development strategy for small and medium-sized enterprises and crafts and entrepreneurship, and planning of funds for the implementation of strategies and development policies,
- promotion of investments in local companies in the field of industry,

Agency for Small and Medium Enterprises of Republic of Srpska

Republic Agency for the Development of Small and Medium Enterprises (loc. - Republička agencija za razvoj malih i srednjih preduzeća - RARS) was established in accordance with the Law on Promotion of small and medium enterprises in September 2004 as a legal entity and a non-profit organization.

The Agency is authorised to provide professional services of support for the establishment, management and development of small and medium-sized enterprises. It also offers professional services in order to encourage investments in SMEs, support the establishment of entrepreneurial infrastructure, innovator activity, creation of new products and introducing new technologies.

It is prescribed by the Law that the Agency provides support for the improvement of employment, vocational training, retraining and upgrading of workers, participation in trade fairs at home and abroad, establishing cooperation between SMEs and the consultant network, and it also maintains a register of consultants for the needs of SMEs.

The Agency manages and maintains Entrepreneurial Portal of the Republic of Srpska, provides support to women, youth and rural entrepreneurship and other forms of social entrepreneurship, promotes entrepreneurship and enhances cooperation between authorities of the local self-government and the local, i.e. inter-municipal, agencies for SME development. RARS is authorized to conduct researches and collect data, provide analysis and reports on the situation in the field of SMEs, participate in drafting of Strategy and other development documents, as well as prepare and implement projects to achieve the objectives and introduction of measures from the Strategy. The Agency is also in charge of cooperation with international institutions and participation in the development and implementation of international and national SMEs support projects.

Mission and vision

RARS supports establishment, growth and development of small and medium-sized enterprises in cooperation with relevant institutions in order to increase their market competitiveness through provision of professional and technical aid and development of entrepreneurial infrastructure and their access to knowledge and financial resources.

The Republic of Srpska with a lot of small and medium-sized enterprises and strong entrepreneurship, enlarged number of the employed in this sector and increased participation of SME and entrepreneurship in gross domestic product.

2. Regional Development Agencies

In Bosnia and Herzegovina there is no official classification of economic regions. According to historical, economic, social and cultural relations in Bosnia and Herzegovina, five economic regions are identified.

The RDAs are essentially non-profit-making organizations, founded by the public, private and non-governmental sectors, to contribute to overall economic development. They are instruments to support economic regeneration, job creation and human resource and infrastructure development in the different regions.

Regional Development Agencies (RDAs) are key actors in the elaboration and implementation of economic development strategies at regional level.

Five Regional Development Agencies (RDAs) have been established in Bosnia and Herzegovina within the implementation of European Union Regional Economic Development (EURED) programme.

- ARDA – covers the Northwest economic region, 22 municipalities from Republic of Srpska and 12 from FBiH.
- NERDA – covers the Northeast economic region, 17 municipalities from Republic of Srpska, 16 municipalities from Federation of BiH and Brcko District
- REDAH – covers the Herzegovina economic region, including 16 municipalities from Federation of BiH and 7 from Republic of Srpska
- REZ – covers the Central B&H economic region, 15 municipalities from Federation of BiH
- SERDA-covers the Sarajevo Macro Region 19 municipalities from Federation of BiH 13 municipalities from Republic of Srpska

Remark: The agency ARDA, was closed and continued to work as Regional Agency of Una-Sana Canton RA USK

3. Local Development Agencies

The list of the local development agencies in Republic of Srpska (sorted according to geographical regions) in charge of implementation of Action Plan of Strategy for SME development 2016-2020

1. The Banja Luka region (western part of the Republic of Srpska)

City Development Agency Banja Luka (CIDEA)

Address: Cara Lazara 42, TBP Ramici, 78000 Banja Luka

Telephone: +387 51 433 460

Fax: +387 51 433 461

E-mail: info@cidea.org

Web page: www.cidea.org

Agency for Economic Development of the City of Prijedor (PREDA)

Address: Aleja Kozarskog odreda bb, Prijedor

Telephone: +387 52 241 600

Fax: +387 52 241 601

E-mail: office@preda.rs.ba

Web page: www.preda.rs.ba

Local Agency for Development of Municipality Kozarska Dubica

Address: Trebinjska 3, Kozarska Dubica

Telephone: +387 52 424 010

Fax: +387 52 424 011

E-mail: larkd@mail.com

Web page: www.larkd.com

Development Agency of Municipality Celinac

Address: Prvog Krajiskog proleterskog bataljona, Celinac
Telephone: +387 51 555 317
Fax: +387 51 555 316
E-mail: info@racelinac.com
Web page: www.racelinac.com

Agency for Development of Small and Medium-Sized Enterprises APIS Srbac

Address: Mome Vidovica 7, Srbac
Telephone: +387 51 740 001, ext.302
Fax: +387 51 744 030
E-mail: apis@blic.net
apis.srbac@gmail.com
Web page: www.apissrbac.wordpress.com

Agency for Economic Development of Municipality Mrkonjic Grad

Address: Svetog Save, Mrkonjic Grad
Telephone: +387 50 214 257
Fax: +387 50 214 257
E-mail: dam@teol.net
Web page: www.dammg.org

2. The Doboj-Bijeljina region (northern and northeaster part of the Republic of Srpska)

Development Agency of Municipality Modrica

Info Center for Investors
Address: Petra Kocica 4, Modrica
Telephone: +387 53 811 372
Fax: +387 53 811 372
E-mail: oarmsp@gmail.com
Web page: www.raomd.org

Agency for Development of Small and Medium-Sized Enterprises Doboj

Address: Nemanjina 20, Doboj
Telephone: +387 53 961 505
Fax: +387 53 206 852
E-mail: agencijadoboj@gmail.com
Web page: -

Agency for Development of Small and Medium-Sized Enterprises of the City Bijeljina

Address: Mese Selimovica, lamela 2, Bijeljina
Telephone: +387 55 204 024
Fax: +387 55 225 780
E-mail: agencijamsp@sobijeljina.org, agencijamsp@gmail.com
Web page: www.agencijamsp.com

Agency for Development of Small and Medium-Sized Enterprises of Municipality Ugljevik (UGRA)

Address: Trg Draze Mihajlovica bb, Ugljevik
Telephone: +387 55 772 237, +387 65 306 810
Fax: +387 55 772 237
E-mail: ugramsp@gmail.com
Web page: www.ugramsp.com

3. Eastern Sarajevo-Zvornik region (central and eastern part of Republic of Srpska)

The City Development Agency East Sarajevo – RAIS

Address: Vuka Karadzica 30, Istocno Sarajevo
Telephone: +387 57 342 636
Fax: +387 57 342 636
E-mail: info@rais.rs.ba
direktor@rais.rs.ba
Web page: www.rais.rs.ba

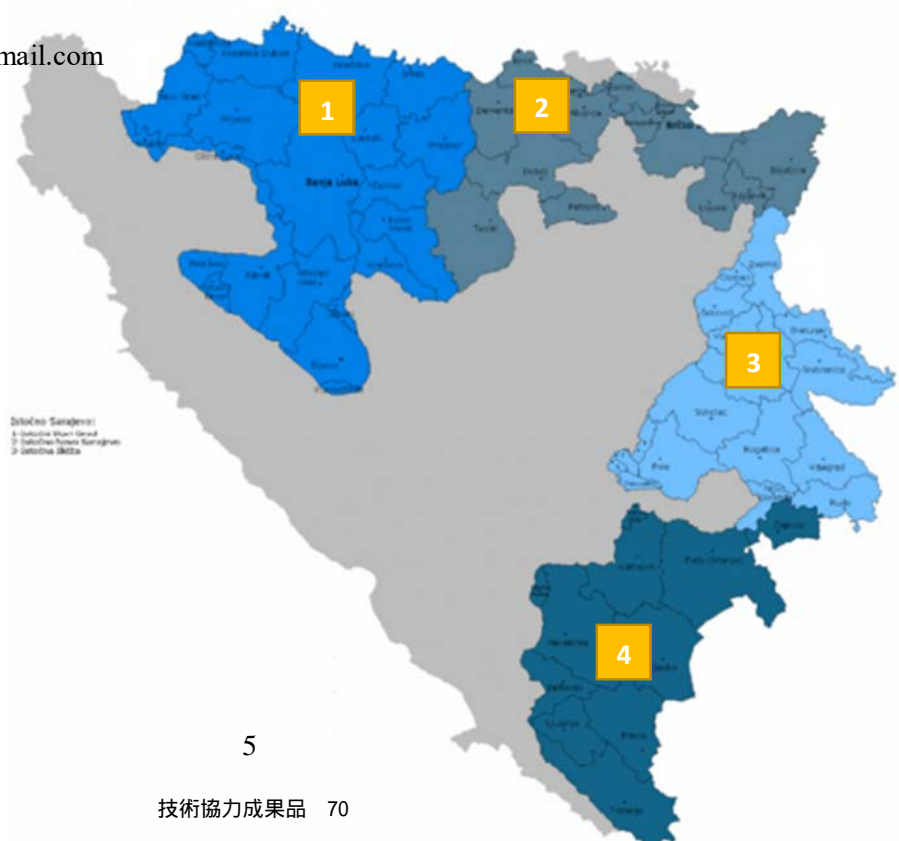
4. Trebinje-Foca region (south of Republika Srpska)

Agency for Development of Small and Medium-Sized Enterprises of the City Trebinje

Address: Vojvode Stepe Stepanovica bb, Trebinje
Telephone: +387 59 245 470
Fax: +387 59 245 471
E-mail: msptb@teol.net
Web page: www.msptb.net

Development Agency of Municipality Ljubinje

Address: Jovana Ducica 6, Ljubinje
Telephone: +387 59 630 296
Fax: +387 59 630 288
E-mail: agencija.ljubinje@gmail.com
Web page: -



The local development agencies established by municipalities' authorities in Federation of BiH are following:

Development Agency Žepče- RAŽ

Ulica Prva bb,
72230 Žepče,
Bosna i Hercegovina
Phone: +387(0) 32 880 273
Fax: +387(0) 32 880 273
<http://www.razepce.com>

Zenica Economic Development Agency

Školska 4
72000, Zenica
Bosna i Hercegovina
Phone: +387(0) 32 449-410
Fax: +387(0) 32 449-415
www.zeda.ba

Agency for Development of Municipality Zavidovići

Phone +387 32 650 608; +387 32 650 390
Email: tra@opcina-tesanj.ba
<http://www.tra.ba/>

4. Chambers of Commerce

There is also Chambers of Commerce. Their roles include, among other things, providing services to the members, such as preparation for registration of enterprise, project preparation, market analysis, and credit request preparation.

State Level: Foreign Trade Chamber of Bosnia and Herzegovina

Entity Level: The Chamber of Commerce and Industry of the Republic of Srpska and The Chamber of Commerce of the Federation of B&H,

District Level: The Chamber of Commerce of Brčko District

Remark:

Each of the ten cantons in Federation of BiH has chamber of commerce.

The Chamber of Commerce and Industry of the Republic of Srpska has regional chambers:

- Chamber of Commerce and Industry of the Banja Luka Region
- Chamber of Commerce and Industry of the Bijeljina Region
- Chamber of Commerce and Industry of the Doboј Region
- Chamber of Commerce and Industry of the Sarajevo Region
- Chamber of Commerce and Industry of the Trebinje Region

Annex3: Short overview of support models for SMEs in Montenegro

1. Municipalities in Montenegro

Montenegro is composed of 23 municipalities, the Old Royal Capital Cetinje and the Podgorica Capital City. Podgorica is divided into two subdivisions called urban municipalities (Urban Municipality of Golubovci and Urban Municipality of Tuzi)

The population of the municipalities of Montenegro according to census results and latest official estimates.

Name of Municipality	Center	Area A (km ²)	Population Census (C) 2011-04-01
1. Andrijevisa	Andrijevisa	283	5,071
2. Bar	Bar	598	42,048
3. Berane (incl. Petnjica)	Berane	717	33,970
4. Bijelo Polje	Bijelo Polje	924	46,051
5. Budva	Budva	122	19,218
6. Cetinje	Cetinje	910	16,657
7. Danilovgrad	Danilovgrad	501	18,472
8. Gusinje	Gusinje	486	132,108
9. Herceg Novi	Herceg Novi	235	30,864
10. Kolašin	Kolašin	897	8,380
11. Kotor	Kotor	335	22,601
12. Mojkovac	Mojkovac	367	8,622
13. Nikšić	Nikšić	2,065	72,443
14. Petnjica	Petnjica	173	6,686
15. Plav (incl. Gusinje)	Plav	486	13,108
16. Pljevlja	Pljevlja	1,346	30,786
17. Plužine	Plužine	854	3,246
18. Podgorica	Podgorica	1,441	185,937
19. Rožaje	Rožaje	432	22,964
20. Šavnik	Šavnik	553	2,070
21. Tivat	Tivat	46	14,031
22. Ulcinj	Ulcinj	255	19,921
23. Žabljak	Žabljak	445	3,569

2. Industry in Montenegro

Name of Municipality	Industry
1. Andrijevica	Catering, trade and craft services, potential for development of mountain tourism
2. Bar	Intermodal freight transport, Tourism
3. Berane	Wood processing, mining, textile industry
4. Bijelo Polje	Tourism, Agriculture, SMEs in area of Food Industry and Production of Construction Materials
5. Budva	Tourism
6. Cetinje	Tourism
7. Danilovgrad	Agriculture, food industry, stone processing, animal feed production, forestry, wood processing, trade, catering, crafts, services, hunting and fishing
8. Gusinje	Agriculture, wood processing, tourism
9. Herceg Novi	Tourism
10. Kolašin	Tourism, wood and metal processing industry; Trade
11. Kotor	Tourism
12. Mojkovac	Wood processing, metal industry, production of leather and textile, food production, potential for tourism development
13. Nikšić	Metallurgy, metal processing, mining, food industry and wood processing
14. Petnjica	Wood processing, Agriculture, possibility for eco-tourism development
15. Plav	Agriculture (livestock breeding), Food processing, Rural tourism
16. Pljevlja	Mining, Energy production (TPP Pljevlja), SMEs: construction works, trade
17. Plužine	Energy production (HPP Plužine), Electrode factory, Agriculture
18. Podgorica	Administrative, political, economic and cultural center
19. Rožaje	Wood processing, agriculture, food industry, tourism
20. Šavnik	Potential for development of agriculture (livestock breeding), rural tourism
21. Tivat	Tourism, Transport (nautical port, airport)
22. Ulcinj	Tourism; Possibility of development of agriculture and food industry
23. Žabljak	Tourism, Agriculture

3. Business Support Models in Montenegro

3.1 Institutional support for business development state level

Directorate for Development of SMEs

DD SMEs is currently focusing its activities on three models of support for business development:

- provision of mentoring services to small and medium-sized enterprises in Montenegro;
- business consulting and finding business partners through EEN – European entrepreneurship network;
- Development Cluster Program in Montenegro by the end of 2016.

Chamber of Commerce of Montenegro

The Chamber has developed a whole set of support services for members that should help ease and streamline business. Service activities, provision of legal aid, consultancy services, in particular in the field of:

- economic law;
- working relationships;
- employment;
- safety and health at work;
- socially responsible business;
- public procurements;
- copyright and related rights and industrial property rights;
- preparation of documentation for foreign company registration or vice versa
- preparation of business plans and elaborate according to user request

Montenegrin Employers Federation (MEF)

<http://poslodavci.org/en/>

Montenegrin Employers Federation is an independent, non-governmental, non-political and not-for-profit organization based on voluntary membership.

MEF actively contributes to improvement of business climate and elimination of business barriers providing a wide variety of services to its members. Along with representing the interests of employers in tripartite working groups and bodies at national level that work on the development of legislation, strategies and action plans, MEF services include provision of legal advises in the areas relevant for enterprise operations, economic studies and analyses, seminars and trainings delivery, production of publications, implementation of EU funded projects, and networking activities at national and international level.

3.2 Institutional support for business development regional and local level

Regional Development Agency Bjelasica, Komovi and Prokletije

<http://www.bjelasica-komovi.me/en/>

RDA BKP was formed in December 2009, with support of the Austrian Development Agency (ADA). ADA has been funding projects implemented by the Austrian Montenegrin Partnership since 2004. All

the staff working with the former project were moved to the RDA, effectively transferring the capacity and know-how of the old project to the RDA.

The mission of RDA BKP is to enhance the development of Bjelasica, Komovi and Prokletije region, and municipalities within the region, through close cooperation with local stakeholders in public and private sectors, increased absorption of EU funds, and creation of employment and income generating opportunities through development of tourism and agriculture sectors, in alignment with national and local strategic development plans.

Since 2004 co-operation has been established with the regional municipalities and a broad range of private sector operators, notably in tourism and agriculture. The focus of the Partnership has been and that of the RDA remains supporting municipal capacity development, national parks, relevant forms of tourism such as mountain, cultural and rural; along with helping local agricultural producers bring their produce to market using local branding.

All our work as an RDA is firmly based on national tourism, agricultural and other economic development strategies. We are networking local governments and other (particularly agricultural and tourism) stakeholders in the region to jointly work towards a strategic approach to the development of the BKP region and are actively helping them access available development funds.

The Municipalities covered by this agency: Andrijevica, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Petnjica, Plav, Rožaje

Regional Business Center for the North-East Montenegro-Business Incubator-Berane (RBC)

<http://www.rbcberane.me/o-nama/>

The Regional Business Center was open on February 2016.

This project is financed by the European Union through Inter-Municipal Development Grant Programme - Instrument for Pre-Accession Assistance (IPA), Component I 2011, Support to Local Self Government Reform III and co-financed by the government of Montenegro and the municipalities of Berane, Bijelo Polje, Andrijevica, Rožaje and Plav, in accordance with the rules of IPA programme.

The value of the project is EUR 630,353.92, of which the European Union finances EUR 484,866.92, Montenegro EUR 76,489.00, and the remaining part of the partner municipalities.

Project was implemented with support of Regional Development Agency Bjelasica, Komovi and Prokletije

The RBC mission is to help create a more favorable environment for the economic development of small and medium-sized enterprises in the north-eastern region of Montenegro.

The regional business center provides technical and administrative support to small and medium-sized enterprises from the region, organizes training, networking and promotion, thus creating a more favourable business environment for small and medium enterprises. The RBC is also a business incubator aimed at supporting the development of start-up businesses.

Entrepreneurial centers of Montenegro in Bijelo Polje, Berane, Mojkovci, Bar

<http://www.preduzetnickicentri.me/>

Entrepreneurial centers are the places that support the development of entrepreneurship and private business in the local and regional community, as well as acquiring professional knowledge and skills that will enable individuals personal and professional development.

Scope of work:

- Provision of business advisory services
- Organization of education programs
- Networking and Promotion
- Project planning and implementation
- Active use of existing school resources

Business Center Bar

<http://www.bsobar.org/en>

BSC Bar was founded in 2007 through the project of opening of business centers and incubators 2007-2010. The project was funded by the Ministry of Foreign Affairs of the Netherlands was conducted by the Dutch NGO SPARK. As part of the same project similar centers in Bitola (Macedonia), Kragujevac (Serbia), Pristina and Mitrovica (Kosovo) were established. BSC Bar is part of this regional network and it collaborates with other centers at the regional level.

In the year 2009 in order to achieve sustainability if the Center project management was transferred to local partners who in October of the same year registered the Foundation Business Start Center Bar. Founders BSC Bar are seven institutions:

- Municipality of Bar,
- Faculty of Tourism Bar,
- High School of Economics,
- Cultural Center,
- Employment Agency of Montenegro, Bureau Bar
- Montenegro Business Alliance and
- Association of entrepreneurs of Bar

Mission of BSC Bar to its support the creation of an enabling environment for economic growth through the creation of small and medium-sized enterprises.

The goals that guide us are to:

- Facilitate the creation and growth of small and medium-sized enterprises in Montenegro and to increase employment;
- Support the development of the education system to better meet the needs of the labor market;
- Influence the reduction of business barriers with our programs;
- Provide easier access to financial capital for start-ups;
- Influence the strengthening of institutional support for SMEs.

- Particular attention is paid to the inclusion of young people, women, minorities and vulnerable groups in our programs.

The BSC Bar in 2010 opened Business incubator with aim to support the development of start-up businesses in the municipality of Bar. The incubator space is contributed by The Municipality of Bar and it is used for development of entrepreneurship. The current capacity of incubator is 34 spaces for start-up businesses, a conference room and 2 meeting rooms. The above-mentioned facilities start-up businesses can use under favourable conditions for the first 3 to 5 years of their business, after which they need to leave incubator and to start working on free market.

3.3 Education, training and the development of knowledge and skills

Center for Vocational Education

<http://www.cso.gov.me/centar?alphabet=lat>

Educational program for development of entrepreneurial knowledge and skills "Getting into business"

Employment Agency of Montenegro

- Education of unemployed persons: Seminar on Self-employment, Seminar on basic knowledge about entrepreneurship
- Provision of specialist training and education in the field of business skills for small and medium enterprises and entrepreneurs
- The project of a virtual enterprise

And programmes of Chamber of Commerce of Montenegro and Montenegrin Employers Federation

3.4 Networking and promotion

European Information and Innovation Centre of Montenegro

Founders: DDSME, the Faculty of Mechanical Engineering, University of Montenegro, the Chamber of Economy of Montenegro and Business Start-up Centre Bar.

The main activities and services of EIICM are:

- provision of practical information and assistance to SMEs in Montenegro in process of finding a business partners;
- establishment of business cooperation and joint ventures;
- participation in tenders;
- access to information on legal aspects and business regulation in the EU;
- Information about support programs, legislation and research results that refer to innovations;
- services in technology transfer and knowledge;
- stimulation to Montenegrin SMEs to innovate;
- information and assistance on the EU Framework research and technology programs development.

3.5 Financial Support to Business Development

Banking sector: commercial banks and micro-financing institutions

- Investment-Development Fund of Montenegro (IDF)
- European Bank for Reconstruction and Development (EBRD)
- Other sources (international support programmes)

3.6 Grant Supporting Schemas

MIDAS, IPARD and Development Cluster Program in Montenegro by the end of 2016.

Annex 4: The Overview of donors' coordination mechanism in Western Balkan Countries (Serbia, Bosnia and Herzegovina, Montenegro and Macedonia)

1.1.1 Serbia

As in many recipient countries, in the early stages of development assistance, coordination in Serbia has been mostly donor driven. Still, as early as 2000, the Development and Aid Co-ordination Unit (DACU) was established. In 2005, Serbia signed the Paris Declaration on Aid Effectiveness and subsequently adopted an Aid Effectiveness Agenda. From 2010 onwards, when DACU was transferred to the Serbian European Integration Office (SEIO), efforts for the improvement of aid and donor coordination were led by SEIO. Within the SEIO, Sector Working Groups (SWGs) were responsible for consultation and coordination of the various national institutions and donor representatives for the programming and monitoring of international assistance and preparation of multiannual National Priorities for International Assistance (NAD) planning documents.

On 26 June 2017, the National Assembly of the Republic of Serbia adopted the Law on Amendments to the Law on Ministries, establishing the Ministry of European Integration. The Ministry started operating on the date when this law entered into force, on 27 June 2017, when the Serbian SEIO ceased to exist.

The overview of International Development Assistance as well project base is available at:

<http://www.evropa.gov.rs/Evropa/PublicSite/InternationalAssistance.aspx>

1.1.2 Bosnia and Herzegovina

The Donor Coordination Forum (DCF)¹ is one of the mechanisms put in place by major donor's in BiH to improve the coordination between donor's activities and BiH.

The DCF was established in December 2005 by 17 of the major donor agencies in BiH. It was intended to serve as a semi-formal platform for information exchange among these organizations, meeting on a quarterly basis. Since its founding, however, the scope of the Forum has expanded and several discussions have focused on how the coordination of donor activities can be further improved.

Meetings of the DCF are often complemented by expert presentations from the government and international organizations active in the country. Therefore, the DCF provides an opportunity for coordination among donor agencies, which is based on sharing knowledge, experiences and best practices.

The Forum - which now has 20 members - meets quarterly, with the chair rotating among the membership. Agenda setting for each meeting is done by the Secretariat in consultation with the incoming chair.

The minutes of last meeting can be found at:

¹ <http://donormapping.ba/>

<http://donormapping.ba/pdf/MINUTES%20OF%20MEETING%20-%20DCF%20eng%2030.03.2017.pdf>

Since its foundation, the Secretariat of the DCF was collectively hosted by UNDP and the UN Resident Coordinator's (UNRC) Office, but in January 2009, the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid has assumed responsibility for this function. This transfer of responsibilities was initiated to ensure better oversight of donor activities and to further reinforce the government's ownership over its own development.

The DCF donor agencies' work to improve coordination is in line with commitments made when signing the Paris Declaration on Aid Effectiveness.

Within donor coordination activities, DCF launched Donor Map Database, projects information is available at:

http://dmd.donormapping.ba/dmd/faces/dmdPublicStart?_afLoop=12585046363148873&_adf.ctrl-state=j311h6c47_40

1.3 Montenegro

The Donors' and IFIs coordination in Montenegro is under the guidance of the Ministry of Foreign Affairs, with the EU Delegation also organising regular donor meetings. The Ministry is currently in the process of defining the basis for the establishment of an institutional and strategic framework for the management of humanitarian and development aid, based on existing best practices and available knowledge.

The data base of EU funded project is available at:

<http://www.delmece.europa.eu/code/navigate.php?Id=2220>

1.4 Macedonia

The Donors' and IFIs coordination in Macedonia is under the guidance of the Ministry of Foreign Affairs, Sector for coordination of the European funds and other foreign assistance.

1.5 Western Balkan Countries

The important institution for donor's activities coordination within the Western Balkan Countries is the Regional Cooperation Council (RCC).² The RCC is an all-inclusive, regionally owned and led cooperation framework. This framework engages RCC participants from the South East Europe (SEE), members of the international community and donors on subjects which are important and of interest to the SEE, with a view to promoting and advancing the European and Euro-Atlantic integration of the region. The RCC has 46 participants. The organisation, headed by the Secretary General, Goran

² <http://www.rcc.int/home>

Svilanovic, is financed by the European Union and its SEE and other Board participants. It has a Secretariat based in Sarajevo, and a Liaison Office in Brussels.

The RCC recently launched SEEDAD - South East Europe Donor Assistance Database ³ – is established with the aim to become the central regional database providing detailed information on donor assistance to SEE region. SEEDAD is created in order to provide data about regional projects and sectors covered with the project on multilateral basis in a user-friendly manner.

³ <http://www.rcc.int/seedad/>

Annex 5: List of donors' projects in BiH.

Project Holder/Financier	Project Title	Type of Financing	Total Project Value (EUR)	Total Allocated Funds (EUR)
The World Bank (WB) excluding IDA	Improving Quality Infrastructure and Investment Climate	Grant	2,683,436	1,900,272
European Commission (EC)	Modern Economy through New Technology-Oriented Research, Phase II (MENTOR II)	Grant	499,779	499,779
European Commission (EC)	COmpetitiveness of Business Excellence ARea ""COBEAR""	Grant	439,548	439,548
European Commission (EC)	Partnership for effective implementation of local economic development in North East Bosnia and Herzegovina	Grant	410,634	410,634
European Commission (EC)	Gorazde Business Improvement Zone	Grant	440,547	440,547
European Commission (EC)	Institutional capacity development of the three research and innovation centres in BiH - relaunch	Grant	534,460	332,928
European Commission (EC)	FLOODS - Recovering SMEs in flood affected areas and strenghtening their competitives based on local economic development partnership	Grant	9,000,000	9,000,000
European Commission (EC)	Bosnia and Herzegovina SME Competitiveness Support Facility	Grant	4,000,000	4,000,000
Government of Norway	Delivery of Project manager Western Balkans Private Sector Development	Grant		1,576,597
Government of Slovenia	Strengthening the quality system of technology and industrial products and services in Competence centre of CMM quality assurance	Grant	330,000	330,000
Government of Slovenia	Strengthening of Metrology Infrastructure in Chemistry in Fields of Fuels and Environment	Grant	2,500,000	900,000
Government of Sweden (S)	CILAP 2	Grant		3,226,239

Government of Sweden (S)	GOLD, Growth Oriented Local Development	Grant	7,200,000	6,108,459
Government of Switzerland (CH)	Entrepreneurship Program	Grant	783,000	805,598
Government of Switzerland (CH)	World Bank Southeast Europe Catastrophe Risk Insurance Facility (SEE CRIF)	Grant	861,000	919,888
Government of Switzerland (CH)	IFC Debt Resolution in Western Balkans	Grant	452,000	437,892
Government of Switzerland (CH)	IFC Southeast Europe and Central Asia Public-Private Partnership Transaction Advisory Program (ECA-PPP)	Grant	233,000	250,759
Government of Switzerland (CH)	Corporate Governance Program Phase III ECA	Grant	296,967	387,400
United Nations Development Programme (UNDP)	Municipal Environmental and Economic Governance MEG project	Grant	10,837,360	10,837,360
United States Agency for International Development (USAID)	Growth Oriented Local Development Program (GOLD)	Grant	14,600,000	8,743,253
United States Agency for International Development (USAID)	Workforce and Higher Access to Markets Activity in Bosnia-Herzegovina	Grant	3,398,895	467,109
United States Agency for International Development (USAID)	Fostering Agricultural Markets Activity (FARMA II)	Grant	14,863,242	4,479,051
United States Agency for International Development (USAID)	USAID Alliance for Agribusiness Development	Grant	1,118,354	572,466

Total Disbursed Funds (EUR)	Project Status	Project Start Date	Project End Date	Own Allocated Funds (EUR)	Own Disbursed Funds (EUR)
1,843,467	On-going	29.10.2011	31.12.2017		
213,108	On-going	23.11.2014	22.05.2017	499,779	213,108
395,593	On-going	26.11.2014	25.05.2017	439,548	395,593
369,570	On-going	14.11.2014	13.01.2017	410,634	369,570
244,294	On-going	10.10.2014	09.03.2017	440,547	244,294
534,454	On-going	05.10.2012		332,928	534,454
3,300,000	On-going	17.12.2015	31.12.2018	9,000,000	3,300,000
2,000,000	On-going	17.12.2015	16.12.2019	4,000,000	2,000,000
1,137,925	On-going	17.06.2014	31.12.2017	1,576,597	1,137,925
300,000	On-going	01.10.2016	31.12.2018	330,000	300,000
700,000	On-going	23.04.2013	31.12.2017	900,000	700,000
	On-going	01.04.2016	31.12.2019	3,226,239	

460,668 On-going	01.10.2013	31.10.2018	6,108,459	460,668
805,666 On-going	01.07.2015	30.06.2019	805,598	805,666
638,793 On-going	25.03.2015	30.06.2018	919,888	638,793
437,892 On-going	01.01.2014	30.04.2018	437,892	437,892
250,759 On-going	01.01.2015	31.12.2020	250,759	250,759
419,821 On-going	01.04.2012	31.12.2017	387,400	419,821
731,548 On-going	31.12.2014	31.05.2020		
6,545,100 On-going	02.08.2013	01.08.2018	8,743,253	6,545,100
467,109 On-going	09.06.2017	08.06.2020	467,109	467,109
4,460,027 On-going	05.01.2016	04.01.2021	4,479,051	4,460,027
294,113 On-going	18.05.2015	17.05.2018	572,466	294,113

Cofinanciers	Allocated Co-financed Funds (EUR)	Disbursed Co-financed Funds (EUR)	Implementing Agency (Channel of Delivery)	DAC Sector
Swedish International Development Cooperation Agency (SIDA)	1,900,272	1,843,467	FBH and RS inspectorates	250 BUSINESS AND OTHER SERVICES
				250 BUSINESS AND OTHER SERVICES
				250 BUSINESS AND OTHER SERVICES
				250 BUSINESS AND OTHER SERVICES
				321 INDUSTRY
			DEUTSCHE GESELLSCHAFT FUR INTERNATIONALE ZUSAMMENARBEIT (GIZ) GMBH	321 INDUSTRY
			EBRD	321 INDUSTRY
			Athene Prosjektledelse AS	250 BUSINESS AND OTHER SERVICES
			UNIDO	250 BUSINESS AND OTHER SERVICES
			Centre for International Cooperation and Development	321 INDUSTRY
			Swedish mapping agency Lantmateriet	250 BUSINESS AND OTHER SERVICES

			Deloitte	250 BUSINESS AND OTHER SERVICES
			Swisscontact and J.A. Austin Associates	250 BUSINESS AND OTHER SERVICES
			The World Bank Group / IBRD	250 BUSINESS AND OTHER SERVICES
			International Finance Corporation (IFC)	250 BUSINESS AND OTHER SERVICES
			IFC	250 BUSINESS AND OTHER SERVICES
			IFC	321 INDUSTRY
Government of Switzerland (CH)	10,837,360	731,548	UNDP	250 BUSINESS AND OTHER SERVICES
			Deloitte Consulting Inc.	250 BUSINESS AND OTHER SERVICES
			Volunteers for Economic Growth Alliance (VEGA)/ International Executive Service Corps (IESC)	250 BUSINESS AND OTHER SERVICES
			CARDNO EMERGING MARKETS USA, LTD.	250 BUSINESS AND OTHER SERVICES
			Brams d.o.o.	250 BUSINESS AND OTHER SERVICES

CRS Sector	EU IPA 2 Sector	EU IPA 2 Subsector	Geographic Level
25010 Business support services and institutions	6. Competitiveness and innovation	6.1. Trade and internal market	Entity
25010 Business support services and institutions	0. Not defined!	0.0. Not defined!	
25010 Business support services and institutions	0. Not defined!	0.0. Not defined!	
25010 Business support services and institutions	0. Not defined!	0.0. Not defined!	
25010 Business support services and institutions	0. Not defined!	0.0. Not defined!	
32182 Technological research and development	0. Not defined!	0.0. Not defined!	
32130 Small and medium-sized enterprises (SME) development	0. Not defined!	0.0. Not defined!	
32130 Small and medium-sized enterprises (SME) development	0. Not defined!	0.0. Not defined!	
25010 Business support services and institutions	0. Not defined!	0.0. Not defined!	
25010 Business support services and institutions	6. Competitiveness and innovation	6.2. Private sector development	State
32182 Technological research and development	3. Environment and climate action	3.7. Industrial pollution and chemicals	State
25010 Business support services and institutions	0. Not defined!	0.0. Not defined!	State

25010 Business support services and institutions	0. Not defined!	0.0. Not defined!	State
25010 Business support services and institutions	6. Competitiveness and innovation	6.2. Private sector development	State
25010 Business support services and institutions	0. Not defined!	0.0. Not defined!	Entity
25010 Business support services and institutions	1. Democracy and Governance	1.7. Economic governance	Entity
25010 Business support services and institutions	1. Democracy and Governance	1.7. Economic governance	State
32130 Small and medium-sized enterprises (SME) development	6. Competitiveness and innovation	6.2. Private sector development	State
25010 Business support services and institutions	0. Not defined!	0.0. Not defined!	Municipalities
25010 Business support services and institutions	0. Not defined!	0.0. Not defined!	State
25010 Business support services and institutions	6. Competitiveness and innovation	6.2. Private sector development	
25010 Business support services and institutions	0. Not defined!	0.0. Not defined!	Municipalities
25010 Business support services and institutions	0. Not defined!	0.0. Not defined!	



THE ENDLINE SURVEY REPORT

The Project for Establishment and Promotion of Mentoring Service for
Small and Medium Enterprises in the Western Balkans (Phase 2)

JICA Consultant

The views expressed in this publication are those of the authors based on the result of interviews and questionnaires conducted with stakeholders. The view does not necessarily represent those of Japan International Cooperation Agency.

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1 PROJECT BACKGROUND

From September 2017 the JICA Consultant Team has been implementing the Japanese International Cooperation Agency (JICA) funded project, “Project on Establishment and Promotion of Mentoring Service for SMEs in the Western Balkans Phase 2” in four countries: Serbia, Bosnia and Herzegovina, Montenegro and North Macedonia.

The project is designed to “Improve the mentoring service for SMEs in terms of service contents and implementation structure and to establish an inter-regional mentoring system”.

The expected outputs of the project which were developed in Project Design Matrix were as follows:

1. The Mentoring system is established and improved.
2. Sustainable mentor training system is established.
3. The Inter-regional mentoring system is established.
4. The Base for business linkage among Western Balkan and foreign enterprises is established.

2 OBJECTIVES OF THE END-LINE SURVEY

The end-line survey aims to assess the following changes in comparison with the situation of the baseline survey conducted in the period of October 2017 to January 2018.

No	Focuses	Items
1	Macro environment	Changes in GDP, Number of SMEs, Doing Business Indicators, Policies and Development Strategies of the SME Sector
2	Management Structure of mentoring service	implementation agency, number of staff, number of mentoring service providers
3	Provision of mentoring service	number of mentors, classroom training trainers, on the job training trainers
4	Awareness of mentoring service	micro, small and medium-sized enterprises (number of received applications) and utilisation of mentoring services (number of beneficiaries)
5	Impact of mentoring service	
6	Mentoring dissemination	

The main audience of the study is the JICA, project counterparts, and other relevant stakeholders. It is important to note that this study was not a project evaluation.

3 APPROACH AND METHODOLOGY

To determine whether the expected outputs have been achieved the end-line survey used a mixed-method approach for data collection:

No	Modality	Items
1	Desk research	<ul style="list-style-type: none"> - Policies - Public reports, statistics - Project documents
2	Field research	<ul style="list-style-type: none"> - Field survey data (2019), (2020) - The end field survey for the collection of qualitative and quantitative data ¹

The field survey focused on the end-beneficiaries (SMEs). The detailed field survey questionnaires are available in Annex 1. The Questionnaires were customized during implementation based on field experience.

The questions are general to ensure that the feedback received can then be used to assess the possible impact of the project intervention to SMEs.

Data collection was done by an experienced project assistant who is familiar with the survey topic and local business environments.

¹ Due to the exceptional nature of the COVID-19 situation, the JICA Consultant, could not conduct field survey as planned. The field survey has been conducted in North Macedonia (visit to 10 beneficiaries) and Bosnia and Herzegovina, entity Republika Srpska (visit to 19 beneficiaries).

4 END-LINE SURVEY FINDINGS

4.1. The economic context and SME sector in Western Balkan Countries (Serbia, Bosnia and Herzegovina, Montenegro, and North Macedonia)

According to the World Bank's Atlas method all four economies (Serbia, Bosnia and Herzegovina, Montenegro, and North Macedonia) are upper -middle-income economies.

Table 1 GDP and GDP Per Capita per economy

		Serbia	Bosnia and Herzegovina	Montenegro	North Macedonia
GDP	Base Line (2016)	\$ 40.63 billion	\$16.91 billion	\$4.37 billion	\$10.67 billion
	End Line (2018)	\$50.59 billion	\$20.16 billion	\$5.50 billion	\$12.67 billion
GDP Per Capita	Base Line (2016)	\$ 5,756.38	\$ 4,994.68	\$ 7,028.93	\$5,247.30
	End Line (2018)	\$ 7,246.19	\$ 6,065.67	\$ 8,845.91	\$ 6,083.71

All four countries have the objective of joining the EU, but they are each at different stages of the accession process.

Table 2 The EU Accession status per country

Stage	Serbia	Bosnia and Herzegovina	Montenegro	North Macedonia
(Stabilisation and) Association Agreement with the EU in force	Since 2013	Since 2015	Since 2010	Since 2004
Potential candidate status	n/a	Since 2003	n/a	n/a
Candidate status	Since 2012	No	Since 2010	Since 2005
Accession negotiations opened	Since 2014	No	Since 2012	Planned for 2020
Negotiating chapters opened	14/35	No	32/35	No
Negotiating chapters closed	2/35	No	3/35	No
Chapter 20 of the EU acquis, "Enterprise and industrial policy" opened ²	2017.02.27.	No	2013.12.13.	No

² Chapter 20 of the EU acquis, "Enterprise and industrial policy is the most relevant chapter for SMEs. The chapter aims to strengthen competitiveness, facilitate structural change, and encourage a business-friendly environment. Implementing the ten SBA principles is one of the requirements of this chapter.

The SMEs made up 99.39 % of all enterprises in Serbia, 98.98% of all enterprises in Bosnia and Herzegovina, 99.84% of all enterprises in Montenegro, and 99.6% of all enterprises in North Macedonia.

Table 3 The number of SMEs per country ³

Size classes of enterprises by the number of employees	Serbia		Bosnia and Herzegovina		Montenegro		North Macedonia	
	Number of SMEs							
	Base Line	End Line	Base Line	End Line	Base Line	End Line	Base Line	End Line
Unascertained number of employees	n/a	n/a	n/a	n/a	n/a	n/a	8.057	8.221
Micro <10	75.698	72.582	24.983	26.510			56.725	57 174
Small <50	8.787	10.153	6.045	6.475	25. 698	33.456	5.141	5 271
Medium <250	2.025	2.290	2.026	2.144	220	304	1.363	1.399
Total	86.510	85.025	33.054	35.129	25.918	33.760	71.286	72.075

Table 4 The share of SMEs in total number of enterprises per country

Size classes of enterprises by the number of employees	Serbia		Bosnia and Herzegovina		Montenegro		North Macedonia	
	Share Base Line	Share End Line	Share Base Line	Share End Line	Share Base Line	Share End Line	Share Base Line	Share End Line
Unascertained number of employees	n/a	n/a	n/a	n/a	n/a	n/a	11.30%	11.43%
Micro <10	84.17%	85.37%	75.58%	75.46%	n/a	n/a	79.57%	79.32%
Small <50	9.77%	11.94%	18.28%	18.43%	99.15%	99.10%	7.21%	7.31%
Medium <250	2.25%	2.69%	6.12%	6.10%	0.85%	0.90%	1.91%	1.94%

Montenegro has the largest number of SMEs per 1000 inhabitants in 2018, 54.24, followed by North Macedonia 30.09.

Table 5 The number of SMEs per 1000 inhabitants in 2018.

Country	Serbia	Bosnia and Herzegovina	Montenegro	North Macedonia
SMEs per 1 000 inhabitants	12.17	10.03	54.24	30.09

³ The data source for Serbia is the Statistical Office of the Republic of Serbia, for Baseline Survey, "Statistical Yearbook 2016", data for 2015 and for End-line survey "Statistical Yearbook 2019", data for 2017.

The data source for BiH is the Agency for Statistics of BiH, for Baseline Survey "Business Statistics, 2016.", Baseline Survey Data and End-line survey "Business Statistics, 2018."

The data source for Montenegro is the Statistical Office of Montenegro, for Baseline Survey, Publication "Number and Structure of Business Entities for 2015" and for End-line survey Publication "Number and Structure of Business Entities for 2018".

The data source for North Macedonia is State Statistics Office of Republic of Macedonia, for Baseline Survey "Statistical Yearbook of the Republic of North Macedonia, 2019", data for 2018.

The service sector is the dominant sector in all four economies, contributing most to the gross domestic product in terms of value added (54.85% on average) and generating the most employment (58.35 % of total employment on average).

Most SMEs operate in the distributive trade sector. The share of all SMEs operating in this sector ranged from 28.2% in Serbia, 33.36 % in Bosnia and Herzegovina, 50.6% in Montenegro and 40.4% in North Macedonia.⁴

According to World Bank Study the Doing Business, the best - ranking economy among four countries is the economy of North Macedonia followed by Serbia. Economies are ranked on their ease of doing business, from 1–190. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm. The rankings are determined by sorting the aggregate scores on 10 topics, each consisting of several indicators, giving equal weight to each topic.⁵

Table 6 Ease of doing business rankings

Ranking	Country							
	Serbia		Bosnia and Herzegovina		Montenegro		North Macedonia	
	2017 Base Line	2019 End Line	2017 Base Line	2019 End Line	2017 Base Line	2019 End Line	2017 Base Line	2019 End Line
Global Rank	43	44	86	90	42	50	11	17
Starting a Business	32	73	175	184	60	101	22	78
Dealing with Construction Permits	10	9	166	173	78	40	26	15
Getting Electricity	96	94	122	74	127	134	53	68
Registering Property	57	58	97	96	76	83	48	48
Getting Credit	55	67	55	67	12	15	12	25
Protecting Minority Investors	76	37	62	88	51	61	4	12
Paying Taxes	82	85	137	141	70	75	29	37
Trading across Borders	23	23	37	27	44	41	27	32
Enforcing Contracts	60	65	71	93	42	44	35	47
Resolving Insolvency	48	41	40	37	37	43	30	30

⁴ Source SME Policy Index: Western Balkans and Turkey 2019 Assessing the Implementation of the Small Business Act for Europe.

⁵ Source World Bank, Doing Business

4.2. SME policy

The governments of 4 countries (Serbia, Bosnia and Herzegovina, Montenegro, and North Macedonia) continue to move towards higher levels of EU accession and market integration. They expressed a strong interest in adopting the Small Business Act as a guidance tool for SME policy.

The Small Business Act (SBA) is an overarching framework for the EU policy on Small and Medium Enterprises (SMEs). It aims to improve the approach to entrepreneurship in Europe, simplify the regulatory and policy environment for SMEs, and remove the remaining barriers to their development.

The ten principles of the Small Business Act and related policy dimension are:

	SBA principle	Related policy dimension
1.	Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded (Entrepreneurial learning and women's entrepreneurship)	Entrepreneurial learning and women's entrepreneurship
2.	Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance	Bankruptcy and second chance for SMEs
3.	Design rules according to the "Think Small First" principle	Institutional and regulatory framework for SME policymaking
4.	Make public administrations responsive to SMEs' needs	Operational environment for SMEs
5.	Adapt public policy tools to SME needs: facilitate SMEs' participation in public procurement and better use State Aid possibilities for SMEs	5a Support services for SMEs 5b Public procurement
6.	Facilitate SMEs' access to finance and develop a legal and business environment supportive to timely payments in commercial transactions	Access to finance for SMEs
7.	Help SMEs to benefit more from the opportunities offered by the Single Market	Standards and technical regulations
8.	Promote the upgrading of skills in SMEs and all forms of innovation	8a Enterprise skills 8b Innovation policy for SMEs
9.	Enable SMEs to turn environmental challenges into opportunities	SMEs in a green economy
10.	Encourage and support SMEs to benefit from the growth of market	Internationalisation of SMEs

According to principle 1, Sub-dimension of 3.1 having a well-developed SME strategy encompassing a set of policy priorities and measures with well-defined targets is a cornerstone of SME support initiatives – and a key precondition for creating a favourable business environment.

Based on SME Policy Index: Western Balkans and Turkey 2019 all four countries established a well-developed strategic framework for SME policies. All 4 countries had developed SME strategies in accordance with the SBA principles and they are implementing them according to linked action plans.

All the economies have consistent SME definitions in place that are fully aligned with the EU definitions, (micro enterprises: with less than 10 persons employed; small enterprises: with 10-49 persons employed; medium-sized enterprises: with 50-249 persons employed), turnover and total assets criteria are adapted to the specific contexts of each economy.

Remark: Bosnia and Herzegovina still has three SME definitions in use: one in each entity and one in Brčko District.⁴ Each entity has two definitions of SMEs: one in the Law on Accounting and Auditing for accounting purposes, and another in the Law on Fostering Small Business Development for the purposes of providing financial support to SMEs. The definition for accounting purposes is the same in both entities and distinguishes between small, medium-sized and large companies. The Law on Accounting and Auditing provides clear criteria for micro enterprises in the Republika Srpska (RS), whereas the Federation of Bosnia and Herzegovina (FBiH) does not define them separately. Since the last assessment, RS has decreased the turnover and balance sheet thresholds in its second SME definition so as to harmonise it with the first one, which has made the two entities' definitions according to both laws more comparable and coherent.

4.3. Business Support Services for SMEs

All four countries understand the importance of Business Support Services (hereinafter BSS) for SMEs. In their relevant SME policy frameworks, they have included specific steps to improve BSS provision through both public institutions and private providers. SMEs in all four countries have access to BSSs provided by public institutions.

Table 7 List of the main strategic documents

Country		Main strategy documents for BSS provision to SMEs	
		Base Line 2017	End line 2020
Serbia		Strategy for Development of SMEs, Entrepreneurship and Competitiveness, 2015-2020	No changes
Bosnia and Herzegovina	RS	Strategy for the Development of Small and Medium Sized Enterprises, 2016-2020	No changes
	FBiH	Development of SMEs in the Federation of Bosnia and Herzegovina, 2009-2018	Action Plan for SME Development in FBiH for the period 2019-2020 is a planning document for the transition period until the development of the Development Strategy of the Federation of BiH for the period 2021-2027
Montenegro		Development Strategy for SMEs 2011-2015	Strategy for the Development of MSMEs 2018-2022
North Macedonia		Draft National SME strategy 2017-2022	National SME Strategy 2018-2023

Table 8 The dedicated institutions responsible for Business Support Services

Country		Dedicated institutions responsible for BSS provision	
		Base Line 2017	End line 2020
Serbia		Development Agency of Serbia	No changes
Bosnia and Herzegovina	RS	Republic Agency for the development of SME	Development Agency of Republika Srpska
	FBiH	Federal Ministry of Development, Entrepreneurship and Crafts	No changes
Montenegro		Ministry of Economy-Directorate for Development of SME (DDSME)	Ministry of Economy - Directorate for Investments, Development of SME, and Management of EU Funds
North Macedonia		Agency for Promotion of Entrepreneurship of the Republic of Macedonia	Agency for Promotion of Entrepreneurship of the Republic of North Macedonia

The table below and conclusion presents the excerpt of Chapter 5. Support services for SMEs (Dimension 5a) in the Western Balkans and Turkey, OECD, et al. (2019), “Overview of key findings”, in SME Policy Index: Western Balkans and Turkey 2019: Assessing the Implementation of the Small Business Act for Europe, OECD Publishing, Paris.

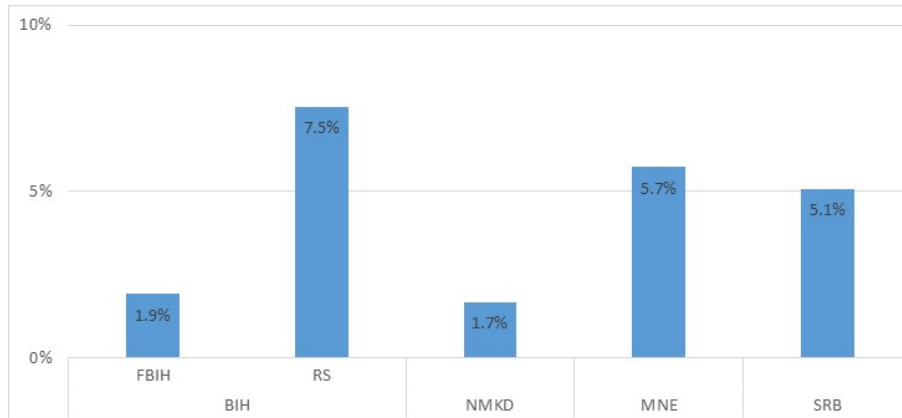
The table presents the 2019 assessment scores by country for the 5th dimension, sub-dimension, and thematic block. Scores range between 1 and 5, with a higher score indicating a more advanced level of policy development and implementation. The scores reflect the situation of SME policy in the four WB economies and reforms introduced between 2016 and the end of 2018.

Table 9 Assessment score 5a.1. BSS provided by the government

		Scores			
		SRB	BIH	MNE	NMKD
V	Adapt public policy tools for SME needs				
5a	Support services for SMEs	4.12	3.41	4.03	4.12
5a.1	Business support services provided by the government	4.33	2.98	3.83	4.33
	<i>Planning and design</i>	4.26	3.07	3.96	4.26
	<i>Implementation</i>	4.37	3.26	4.05	4.37
	<i>Monitoring and evaluation</i>	4.36	2.12	3.08	4.36

Chapter 5. Support services for SMEs (Dimension 5a)

Figure 5.3. SMEs' uptake of BSSs (2017)



Note:

Statistical offices and ministries of the four Western Balkan economies provided economy-specific data as part of the SBA assessment conducted in 2017-18. Data on the number of SMEs for the Republika Srpska and the Federation of Bosnia and Herzegovina does not include unincorporated enterprises.

“Conclusions:

Overall, the relevant public institutions in all the Western Balkan and Turkey (WBT) economies have taken positive steps in this assessment period to improve the provision of business support services to SMEs.

They have all included measures to strengthen BSSs in their wider SME policy framework and have dedicated public institutions which assure their implementation. Some economies have made noteworthy efforts to improve their understanding of SMEs' differentiated needs for services or have benefitted from in-depth independent assessments of their support. Most WBT economies have made information about BSSs more accessible, notably by establishing a single web portal which centralises information about the BSSs available from different institutions.

However, this assessment also found that SMEs' uptake of support services is still very low in most of the WBT economies. The relevant public institutions in all the economies should focus on the design of their BSS offer and use monitoring results to adjust their plans accordingly. In particular, they should make sure that they regularly assess SMEs' demand for BSSs to ensure that the public offer corresponds to the characteristics and dynamics of their SME base, and that suitable support is available for different sectors and stages of development. Similarly, their BSS programmes should be monitored and evaluated against clear performance indicators, taking into account feedback from beneficiaries. They should also assess beneficiaries' performance after support, by comparing them with a control group.

Addressing the recommendations put forward in this chapter will help the relevant institutions in the WBT economies to increase the return on their BSS programmes in terms of SME survival rates, productivity and employment generation.”

In accordance with the above conclusion, the establishment of the standardized mentoring service system due to the system approach and design itself could be particularly important for improving and increasing BSSs in all four countries.

The standardized mentoring service is included in current strategic documents as follows:

Country	The strategic document in which mentoring is specified and described		
	Strategy	Action plan	
Serbia	Strategy for Development of SMEs, Entrepreneurship and Competitiveness, 2015-2020	Strategic goal 4 Enhancing the sustainability and competitiveness of SMEs 4.1 Improvement in efficiency of institutional support to operations and development of SMEs 4.1.3 Further development of business services for SMEs	
Bosnia and Herzegovina	RS	Strategy for SME development 2016-2020 of Republika Srpska chapter 5.1. Strategic goal 1 Strengthening the competitiveness of SMEs, 5.1.1 Development of education in the function of entrepreneurship development	1. Strategic goal 1 Strengthening the competitiveness of SMEs, 1.1. Development of education in the function of entrepreneurship development Mentoring for SMEs
	FBiH	Remark: Action Plan for SME Development in FBiH for the period 2019-2020 is a planning document for the transition period until the development of the Development Strategy of the Federation of BiH for the period 2021-2027	Action Plan for SME Development in FBiH for the period 2019-2020 Strategic objective 3 Strengthening institutions and organizations in the function of entrepreneurship development and promotion Priority 3.1. Cooperation with regional and local development agencies and associations Measure 3.1.2. Development of consulting services for the SME sector 3.1.2.1 Provision of mentoring services for SME development in the Federation of BiH
Montenegro	Strategy for the Development of MSMEs 2018-2022 Strategic goal 3 - Strengthening the competitiveness of SMEs and promoting entrepreneurship	Action plan for the period 2018-2022. Strategic goal 3 - Strengthening the competitiveness of SMEs and promoting entrepreneurship; Operational objective 2 - Capacity building of business service providers M2 - Further development of training for SMEs; 3.2.2.2. Realization of the mentoring program	
North Macedonia	National Strategy for SMEs 2018-2023	Pillar 2 of the Strategy: “Increase and improvement of SME sector growth” .	

4.4. The Standardized Mentoring Service

The starting point of the establishment of the Standardized Mentoring Service was in Serbia, where JICA has been cooperating for standardizing the mentoring service since 2008. During the period of 2008 to 2011, the Standardized Mentoring Service is established in Serbia.

In 2013, JICA expanded this project, in line with its regional approach, to Montenegro and Bosnia and Herzegovina (Sarajevo Macro Economic Region) and in 2017 has been continued with the establishment of the Standardized Mentoring Service in Montenegro, Bosnia and Herzegovina (entity: Federation of Bosnia and Herzegovina and entity: Republika Srpska) and North Macedonia.

The general management structure of the standardized mentoring service system shows as below:

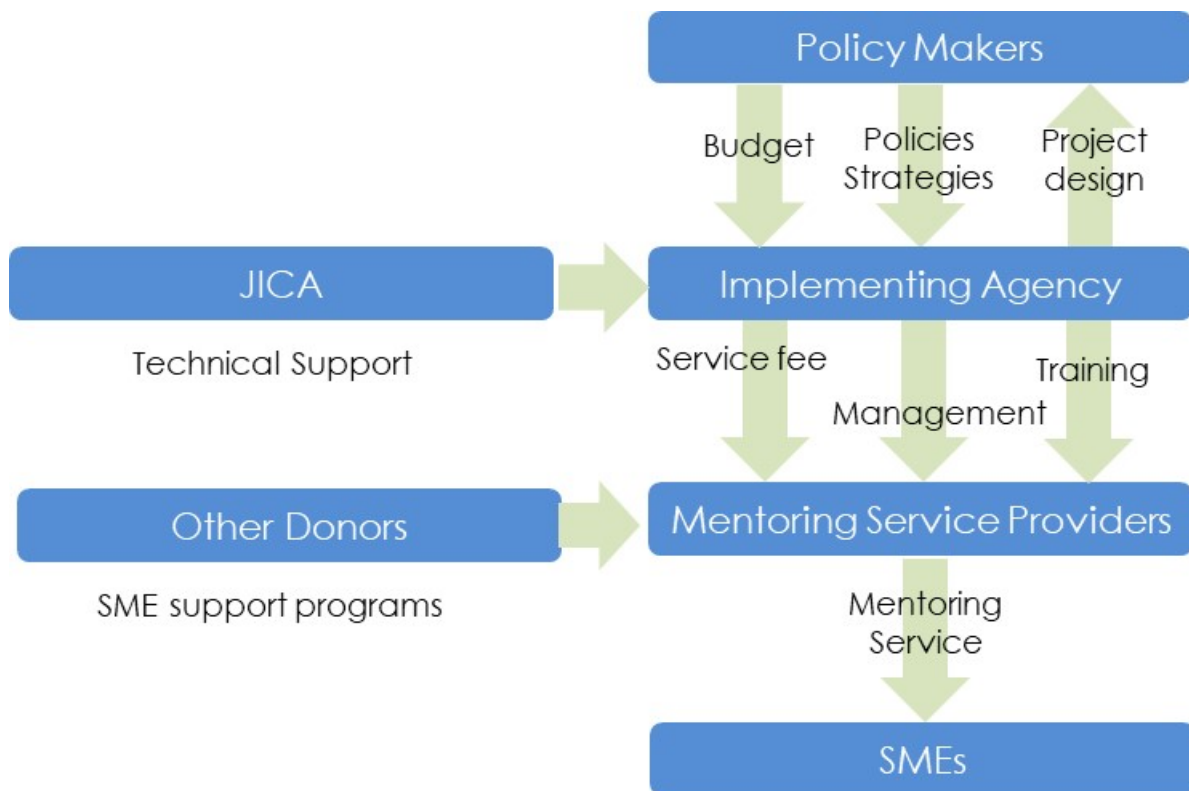


Figure 1 The general management structure of the standardized mentoring service

The management structure of the Standardized Mentoring Service System per country is given in the table below.

Table 10 The management Structure of Standardise Mentoring Service

Country	Management Structure	Base Line 2017	End line 2020	
Serbia	Policy Maker:	Ministry of Economy	No change	
	Implementation organization:	Development Agency of Serbia (DAS)	No change	
	Number of staff in charge of mentoring:	7	9	
	Number of mentoring service providers:	16	17	
Bosnia and Herzegovina	RS	Policy Maker:	Ministry of Energy and Mining of Republika Srpska	Ministry of Economy and Entrepreneurship of Republika Srpska
		Implementation organization:	Republic Agency for the development of SMEs of Republika Srpska	Development Agency of Republika Srpska
		Number of staff in charge of mentoring:	3	6
		Number of mentoring service providers:	0	16 (Active 15)
	FBiH	Policy Maker:	Federal Ministry of Development, Entrepreneurship and Crafts (FMODEC)	No change
		Implementation organization:	FMODEC and Sarajevo Economic Region Development Agency (SERDA)	No change
		Number of staff in charge of mentoring:	3	4
		Number of mentoring service providers:	1	13 (Active 12)
Montenegro	Policy Maker:	Ministry of Economy	No change	
	Implementation organization:	The Directorate for Development of Small and Medium Enterprise	Directorate for Investments, Development of SMEs and Management of EU Funds	
	Number of staff:	3	3	
	Number of mentoring service providers:	5	18	
North Macedonia	Policy Maker:	Ministry of Economy	No change	
	Implementation organization:	Agency for Promotion of Entrepreneurship of the Republic of Macedonia (APERM)	Agency for Promotion of Entrepreneurship of the Republic of North Macedonia (APERNM)	
	Number of staff in charge of mentoring:	2	2	
	Number of mentoring service providers:	0	7	

4.5. The Mentoring Service in numbers

The comparison of the trained number of mentors, trainers, received applications, and mentoring service beneficiaries at the end of the project implementation against the baseline data at the beginning of the project per country is given in the table below.

Country		Provision of Mentoring Service System in numbers	Base Line 2017	End line 2020
Serbia		Mentors	41	Total 86, Active 86
		Classroom Training Trainers (CRTT)	15	22
		On the Job Training Trainers (OJTT)	15	22
		Applications	n/a	595
		Beneficiaries	103	496
Bosnia and Herzegovina	RS	Mentors	0	Total 45, Active 41
		CRTT	0	0
		OJTT	0	0
		Applications	0	56
		Beneficiaries	0	38
	FBiH	Mentors	9 (Phase 1, SERDA)	Total 39, Active 34
		CRTT	7	7
		OJTT	0	7
		Applications	0	45
		Beneficiaries	0	26
Montenegro		Mentors	17	Total 32, Active 30
		CRTT	3	6
		OJTT	0	5
		Applications	0	n/a
		Beneficiaries	0	40
North Macedonia		Mentors	0	Total 28, Active 19
		CRTT	0	0
		OJTT	0	0
		Applications	0	60
		Beneficiaries	0	42

4.6. The Cross-Cutting Issues - Gender

The equality between women and men, or gender equality, is a fundamental right and a common value. It has been a component of the European integration project from its outset. Enshrined in the EU Treaties, gender equality forms part of the accession conditions with which candidates and potential candidates from the Western Balkans have to comply. Therefore, the JICA consultant and CPs, have promoted and encouraged equal opportunities for women and men. The following chart shows the gender distribution among the mentors and trainers in four countries.

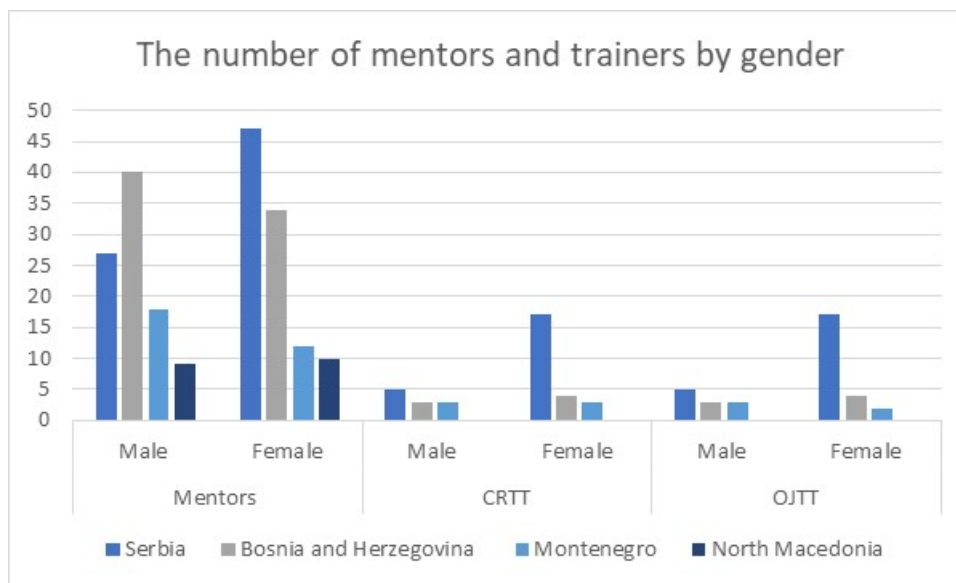


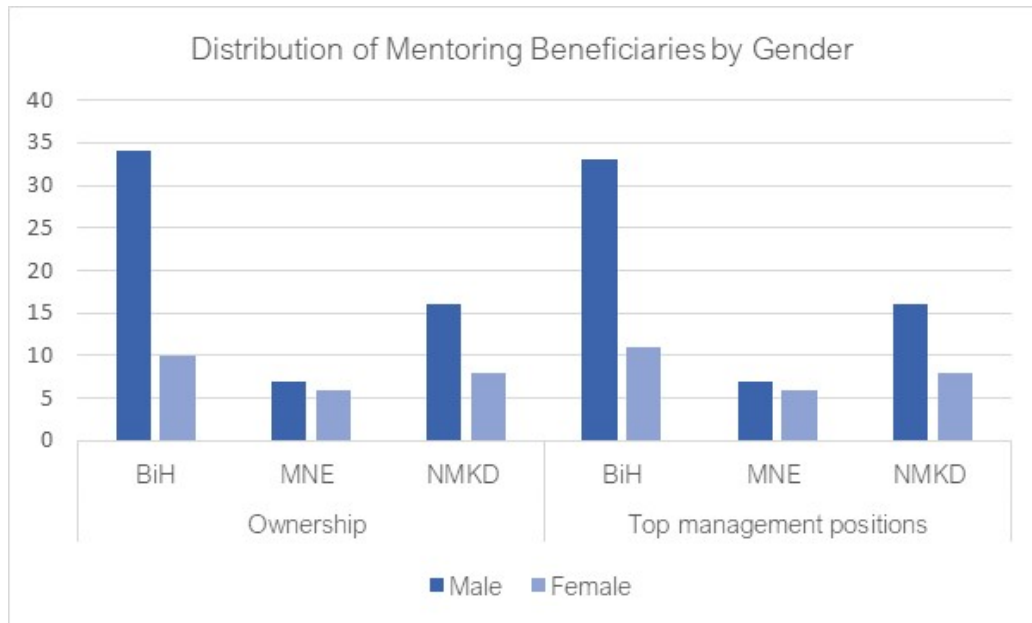
Photo 1 The Mentor Award in Serbia, 2019, The best mentors in Serbia, 3 women and 2 men



According to SME policy index: Western Balkans and Turkey (WBT) 2019, only 27.5% of business owners in the WBT region are women, and they hold just 14.2% of the top management positions.

In the case of the mentoring service beneficiaries 29% of business owners are women, and they hold 30% of the top management positions.

The following chart shows the distribution of mentoring service beneficiaries by gender.



4.7. The impact of the mentoring service

Considering the project design and influence of Pandemic COVID-19, the end field survey was not used for statistical comparison against the baseline study (a direct repetition of the baseline and statistical comparison of results). The assessment has been conducted according to the field surveys conducted during the project implementation.

The impact of mentoring can be assessed from two perspectives, the impact on mentoring service providers and on beneficiaries (micro, small, and medium-sized enterprises).

4.7.1. Impact on the mentoring service providers

The standardized mentoring service in four countries is being implemented through the mentoring service providers - SME support organization based on the regional or local level.

Through the standardized qualification system, JICA has trained employees of the SME support organizations to become mentors, classroom training trainers, and on the job training trainers. This gave a significant number of SME support organization personnel the opportunity to upgrade their skills and knowledge.

This professional development has had a positive impact on the mentoring service providers and, empowered them to provide standardized support to SMEs. The basic information about mentoring service providers is given in Annex 2.

IMPACT:

SERBIA:

- 17 MENTORING SERVICE PROVIDERS
- 86 MENTORS (ACTIVE)
- 22 CRTT
- 22 OJTT
- 496 BENEFICIARIES

BOSNIA AND HERZEGOVINA:

- 27 MENTORING SERVICE PROVIDERS
- 75 MENTORS (ACTIVE)
- 7 CRTT
- 7 OJTT
- 64 BENEFICIARIES

MONTENEGRO:

- 18 MENTORING SERVICE PROVIDERS
- 30 MENTORS (ACTIVE)
- 6 CRTT
- 5 OJTT
- 40 BENEFICIARIES

NORTH MACEDONIA:

- 7 MENTORING SERVICE PROVIDERS
- 19 MENTORS (ACTIVE)
- 0 CRTT
- 0 OJTT
- 42 BENEFICIARIES

It is worth noting the positive impact of implemented mentoring training activities inter-regional cooperation and the process of establishing the Inter-regional mentoring system. Through the training system Classroom training trainers (CRTT) and On the job training trainers (OJTT) had the opportunity to provide trainings in the region. During the project implementation, Serbia dispatched 47 CRTT and 30 OJTT trainers to Bosnia and Herzegovina, 21 CRTT and 13 OJTT to Montenegro, 9 CRTT to North Macedonia; Bosnia and Herzegovina dispatched 7 CRTT and 10 OJTT to North Macedonia; Montenegro dispatched 6 OJTT to North Macedonia.

The mentoring beneficiaries have positive opinions about trainers from other countries but pointed out the lack of presence of Japanese trainers.

Photo 2 : Classroom Training Trainer from Serbia is conducting the CRT in Bosnia and Herzegovina



Photo 3 : On the Job Training Trainer from Montenegro is conducting OJT in North Macedonia



4.7.2. Impact on the beneficiaries (micro, small and medium sized enterprises)

The mentoring service is designed to support Micro, Small and Medium-sized Enterprises in finding and understanding the key challenges to grow the business. The mentoring service embodies a dynamic process and produces opportunities and benefits that flow from gradual business change rather than from quick, easy to implement operational fixes.

Finally, unlike getting a consultant in to diagnose key business challenges and suggest solutions, the owner-managers within the mentoring process remain the key actors that drive the process.

The value of the mentoring can be represented in the following diagram:

Diagram 1 Value of the mentoring



Micro, small and medium-sized enterprises in all four countries face obstacles due to their small size and limited resources. Although some obstacles are different for each country, the following are the most reported:

- Lack of skilled workforce
- Access to finances
- Competitors in the informal sector
- Tax Rates
- Corruption
- Deferred collection of accounts receivable

These obstacles cannot be addressed within the scope of mentoring. However, from these perspectives, the mentors are voices of SMEs and they could be a good channel to report these obstacles to the policymakers.

Based on the mentoring reports and related field survey the main challenges for future growth of SMEs in Western Balkan are:

Start-ups

- High expectations and lack of planning
- Marketing and Sales
- Attracting and retaining talent and skilled staff
- Management
- Time Management
- Cash-flow and liquidity management
- Improving processes and internal operations
- Access to funds
- Product/Service development

Mature MSMEs

- Strategic planning
- Finance management
- Production management
- Building and Nurturing Corporate Culture
- Attracting and retaining talent and skilled staff
- Marketing and Sales
- Innovation
- Access to funds
- Internationalisation

The mentoring cannot address all challenges but can define key challenges for business growth and trigger owner-managers to implement actions to address challenges and improve business.

The field survey demonstrates that the SMEs benefited from the mentoring process. The outcomes and impact of mentoring can be represented as follows:

Immediate outcomes:	Intermediate outcomes:	Long term: Impact on business performance
<ul style="list-style-type: none"> Helped to understand the current stage of business Improved knowledge and application of business analysis tools Clear strategic focus and defined key challenges for business growth Improved action planning skills and developed action plan Assisted in understanding how to implement actions and move forward Improved motivation and confidence to manage growth 	<ul style="list-style-type: none"> Clear strategic focus and management of business growth Staff Management Strengthened teamwork Improved marketing Improved networking and knowledge of funds Increased efficiency of business process Improved existing product/service Developed new product/services Building and maintaining relationships with clients Accessed to the new market/customer 	<ul style="list-style-type: none"> Increased sale/revenue Decreased cost Developed Organisational Culture Number of employees increased Expanded product/service range for export Competitive on local and/or international market

Immediate outcomes

“I have been doing this work for 10 years. I didn’t have time to think about...,” “You know what it is like in SMEs, it is hard to have a medium/long-term vision,” “I only have three workers, I cannot take time for analysis...” are sentences one often hears in SMEs in Western Balkan Countries.

The field survey findings demonstrate that the SMEs benefited strongly from the mentoring process itself. Based on conversations with mentoring service beneficiaries, the mentoring has achieved its immediate outcomes.

All beneficiaries identified the most important goal and the practical action plan to realize it. The added value is the fact that through mentoring activities owners and managers, had the opportunity to develop basic skills and capacity to think and understand their own business holistically and structurally.

It is therefore not hard to understand how the greater perspective, that they gain through the mentoring process, also makes owners and managers more adept at recognizing the challenges that their companies face.

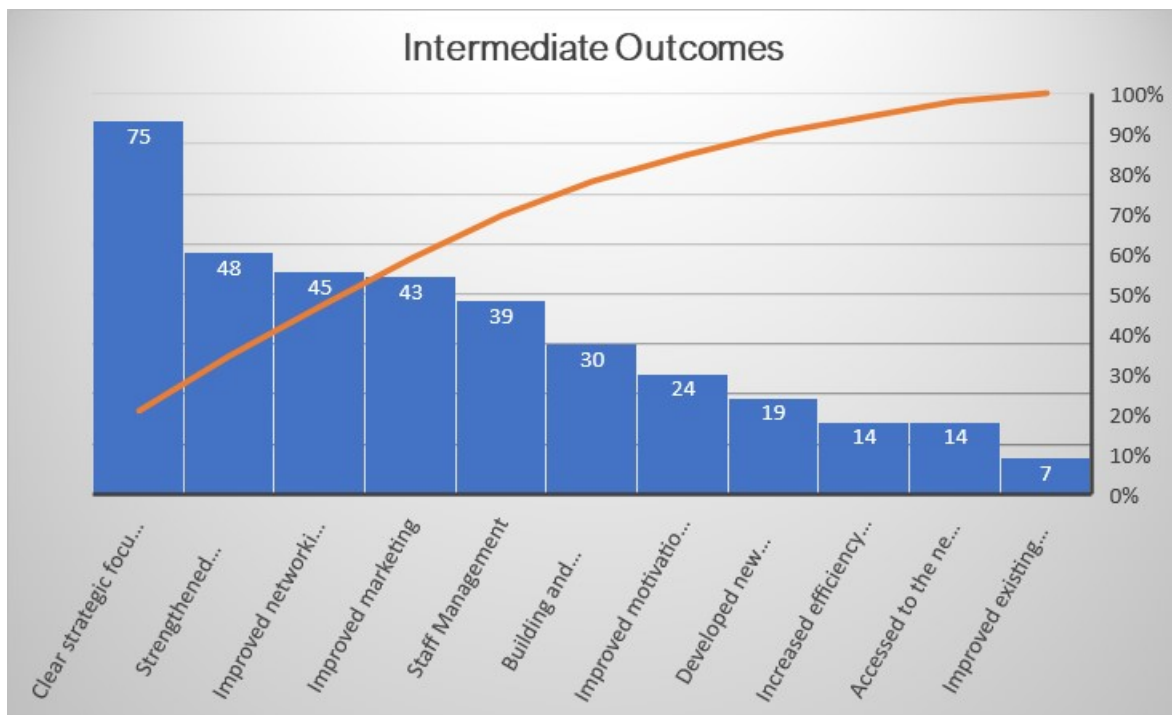
Example in the context of the mentoring activities:

Looking at specific elements of mentoring activities, mentors often helped the businesses to better understand their competitive position and their potential client/customer base.

- Customer mapping: as part of the mentoring process, 60 % of beneficiaries worked with their mentors to map the complete range of customers they could sell to.*
 - Competitor mapping: 60% of beneficiaries also mapped out their competitors with their mentors.*
-

Intermediate outcomes

Depending on the mentoring intervention the mentoring has achieved its intermediate outcomes. The “Clear strategic focus and management of business growth” is the most reported factor to have improved through the mentoring process, with 75% of beneficiaries reporting an improvement due to mentoring, followed by strengthened teamwork 48%, improved networking and knowledge of funds 45%, marketing 43%, staff management 39% and building and maintaining relationships with clients 30%.



Long term: Impact on business performance

When analysing the results of long term mentoring impact on business performance it should be understood, that it would be expected to be achieved over a long period of time, and not only during the one/two year period of the current report.

Anyway, some of the mentoring outcomes have already led to the following impact on business performance, many more should generate an impact in the future.

It takes time to see the effects of mentoring on the balance sheet even though 30% of beneficiaries reported increased revenue and positive impact of mentoring on sale, while 13% of beneficiaries reported cost reductions and profit increases. 17% of beneficiaries reported the increased number of employees and that is an important result as companies tend to hire staff in anticipation of new business opportunities and revenue streams.

The organisational culture is directly related to the effectiveness of SMEs. There is a high degree of interdependence between the cultural dimension, leadership styles, and organizational culture of SMEs in Western Balkan countries. Creating an organizational culture that encourages open communication, the involvement of all employees, openness to ideas, good cooperation and coordination, creativity, innovation, and in which quality and professional development of employees are valued is a great challenge for enterprises in the Western Balkans.

As part of the training, mentors had the opportunity to learn about Kaizen and apply the basics of Kaizen in their work with beneficiaries.

Due to the limited number of assignments of Japanese experts, a small number of mentors/beneficiaries had the opportunity to receive practical OJT and apply Kaizen basics. The JICA consultant has been conducted Kaizen OJT for 8 beneficiaries and 16 mentors. After the successful implementation of the OJT, the mentors continued their work and provided support for the implementation of basic Kaizen activities and results were very positive.

Building Kaizen Culture at Full Dent d.o.o.

Full Dent d.o.o. is a medium sized company, a dental laboratory providing modern reconstructive and aesthetic dentistry solutions in Banja Luka. The company employees 79 highly qualified experts. The knowledge, education, motivation, and passion for the work is the formula for their success and results.

The company is in the growth phase and faces many challenges related to increasing production/services and human resource management.

Through the standardized mentoring process the mentors together with Full Dent d.o.o. identified the key challenges for further development.

Together with JICA expert, the mentors introduced the Kaizen and supported the implementation of 5S.

The results were positive.

“We are really grateful to JICA expert and mentors for introducing the Kaizen. It was completely new for us. The Kaizen makes people feel part of the company and if they have the right to propose an idea, employees become loyal.

People are our competitive edge and Kaizen helped us start to build a culture of continuous improvement and manage the people which will have a positive impact on growing our business.”

Photo 4 Kaizen OJT, by JICA Consultant and 2 Mentors from RARS, Republika Srpska



Internationalization is a challenge for SMEs in all four countries, and, SMEs face a number of unique internal and external barriers to Internationalization.

The 10th dimension on Small Business Act is the Internationalisation of SMEs. The assessment framework for Dimension 10 consists of three sub-dimensions:

- Sub-dimension 10.1: Export promotion assesses governments' support to SMEs for export promotion, examines whether governments have operational export promotion programmes in place that target SMEs and considers the provision of services to help SMEs penetrate international markets.
- Sub-dimension 10.2: Integration of SMEs into global value chains evaluates governments' support for SMEs wanting to integrate into global value chains, as well as programmes to promote linkages with larger exporting domestic firms or MNEs.
- Sub-dimension 10.3: Promoting the use of e-commerce examines government promotion of the use of e-commerce by SMEs. It considers the prevalence of legal frameworks to secure payments and consumer protection online, and further analyses the supports in place to facilitate SME uptake of e-commerce.

As regards to Export promotion (Sub-dimension 10.1) aside from dedicated institutions carrying out export promotion programmes, the SMEs in all four countries can benefit from support services offered by the Enterprise Europe Network (EEN).

During the project implementation 112 mentors (Serbia 49, Bosnia and Herzegovina 31, Montenegro 18, North Macedonia 14) had the opportunity to attend internationalization training and among others learn about Enterprise Europe Network (EEN) and the EU-Japan Centre for Industrial Cooperation.

With the support of the mentors, during the mentoring process 32 enterprises or 50% of total number of mentoring beneficiaries from Bosnia and Herzegovina (RS 28, FBiH 4), 3 enterprises or 13% from North Macedonia, 1 enterprise or 2% from North Macedonia was registered in Enterprise Europe Network (EEN). As a result of registration in the EEN and mentor's continuous support 4 SMEs from Republika Srpska, Satwork d.o.o., E-info d.o.o., Full Dent d.o.o. and MONTING

Since its launch by the European Commission in 2008, EEN has helped SMEs innovate and grow on an international scale. It is co-financed under the European Union's Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) programme. EEN operates in over 60 countries worldwide and co-ordinates more than 3 000 experts and 600 member organisations, making it the world's largest support network for SMEs with international ambitions.

The network manages Europe's largest online database of business opportunities, allowing SMEs to search for business or academic partners to manufacture, distribute, co-develop and supply products, ideas and services. SMEs can access the site directly to find a partner abroad for their business and can also use the European Innovation Council (EIC) wizard to identify which innovation funding instrument is best suited to their needs.

energetika d.o.o., have been registered an Advisory Service Outcome (ASO)⁶ under the EU programme Horizone 2020 and 1 SMEs Partnership Agreement (PA)⁷ MONTING energetika d.o.o.

In respect of e-commerce use by SMEs (Sub-dimension 10.3) according to the available data percentage of SMEs (10-249 employees) selling online in the last 12 months (excluding the financial sector) are as follows: 26% Serbia, 21% Bosnia and Herzegovina, 9% Montenegro, and 3% North Macedonia. As mentioned earlier, 55% of beneficiaries reported marketing improvement as an intermediate outcome of mentoring. Among other, mentors suggested improving websites, social networks, and usage of e-commerce.

Print Screen, Example of E-commerce

Improvement of marketing in Imaginarium sp

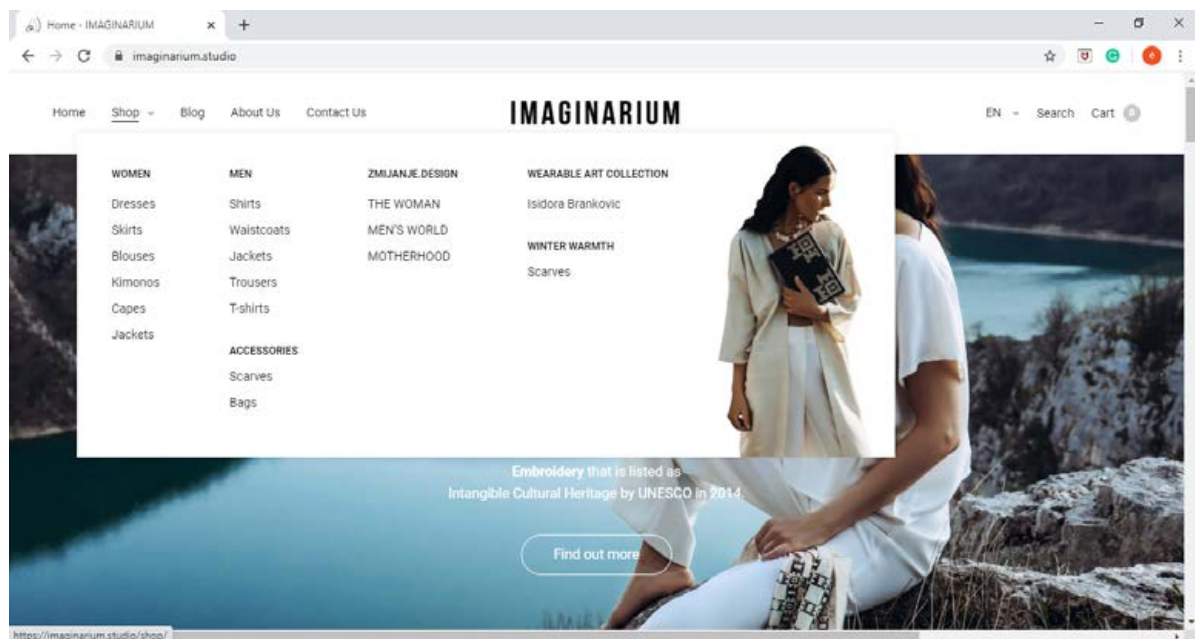
Imaginarium is the start-up design and art studio, woman-owned businesses in Banja Luka.

Through the standardized mentoring process for start-ups, mentor together with the owner identified the key challenges for further growth.

Among others, the mentor has proposed improvement of the web site including the use of e-commerce and improvement of social networks.

The results were positive:

11 months after completion of the mentoring process the social networks are improved and e-shop was in function (please see picture below), consequently the sale is increased. The total sale revenue in the year before mentoring 2018 was 987.00 EURO, in the year after the mentoring 2019. was 14,105.00 EURO.



⁶ Advisory Service Outcome (ASO) is a result of a service rendered by a Network partner to a client that gives a significant and clearly demonstrable impetus to the client's competitiveness at European level, thus leading to an improvement of its economic situation.

⁷ A Partnership Agreement is an acknowledgement by one (or two) EEN client(s) that they entered into a concrete, medium to long-term international cooperation with another SME, company, research institution, researcher or private person (hereafter 'Party ' to the PA) with EEN assistance.

4.8. The Mentoring Service Dissemination

Comparing the baseline data, the potential of inclusion of standardized mentoring service in other projects has been more improved and mentoring service is already involved in projects in Serbia and Bosnia and Herzegovina funded by domestic and foreign donors. As for Montenegro and Macedonia, so far there is no dissemination of the mentoring service although both countries show strong interest in it.

The active projects in Serbia and Bosnia and Herzegovina which include the mentoring service are listed in the following tables:

Table 11 The mentoring service dissemination in Serbia

Project Name	Funding	Year	Implementing Agency/Organization	Use of standardized mentoring service
The Swiss Import Promotion Programme (SIPPO)	SECO, the State Secretariat for Economic Affairs.	2020	Development Agency of Serbia (RAS) in Partnership with Swisscontact	Through the strategic partnership with Swisscontact, RAS provides financial support for trade fairs and study tours of selected SME beneficiaries, upgrading the frame of the program by implementing mentoring services to SME beneficiaries.
DM incubator	DM drogerie markt	2020	Development Agency of Serbia (RAS) USAID Competitive Economy Project National Association for the Development of Organic Production Serbia Organica	In partnership with "Dm Drogerie Markt" RAS will provide further support of selected SMEs through financial and mentoring support. (Through the "DM incubator" project 18 domestic producers, during three months with comprehensive assistance in the form of advice, guidelines and professional consultations of experts in the field of nutrition, cosmetology, assortment, design and marketing, developed 57 innovative, domestic products that have been sold exclusively in DM Drogerie Markt).
The Private Sector Development Project in South and Southwest Serbia (PSD)	United States Agency for International Development (USAID) Mission in Serbia	2013 to 2018	Development Agency of Serbia (RAS)	The standardized mentoring service (around 13.000 hours of mentoring) for 260 beneficiaries.

Table 12 The mentoring service dissemination in Bosnia and Herzegovina

Project Name	Funding	Year	Implementing Agency/Organization	Use of standardized mentoring service
DanubeChance2.0 (Embracing failure to facilitate second-chance entrepreneurship in the Danube region),	Co-financed by the European Union from the ERDF, IPA and ENI funds within the Danube Transnational Program.	2020	Development Agency of Republika Srpska (RARS)	The mentoring service to 22 SME beneficiaries which had faced difficulties in their business.
Establishment of model of innovative business start-up center	Ministry of Economy of Sarajevo Canton	2017 to 2020	Sarajevo Regional Development Agency (SERDA)	Provision of standardized mentoring service for 80 Start-ups.
The Rural Business Support program	The International Fund for Agricultural Development (IFAD).	2017	Sarajevo Regional Development Agency (SERDA)	Provision of standardized mentoring service for 11 rural SME beneficiaries.
The Start-up Mentorship Programme	The European Fund for South-East Europe.	2017	Sarajevo Regional Development Agency (SERDA)	Provision of standardized mentoring service for 30 rural SME beneficiaries Start-up companies.
Support to the development of fast-growing small and medium enterprises and local business environment - FGSM"	EU Funded Project	2016	Sarajevo Regional Development Agency (SERDA)	Provision of standardized mentoring service for 20 fast growing SMEs.
EU4TECH WB PoC Project	European Union (EU) Instrument for Pre-Accession (IPA)	2020-2021	Intera Technology Park	The mentoring for 6 Proof of Concept (PoC) projects in BiH.

4.9. Future Objective and Challenges

The future objective and challenges of the establishment of mentoring service in four Western Balkan Countries could be assessed from three perspectives: counterparts' perspective, mentors' perspective, and beneficiaries' perspective.

All four countries have the objective of establishing the mentoring service system, but they are each at different stages of the process.

Common future objective and challenges for all counterparts are:

- ✓ Established Qualification, Training and Evaluation System
- ✓ Sustainable Network of Mentoring Service Providers with sufficient number of mentors
- ✓ Pool of Classroom Training Trainers and On the Job Training Trainers
- ✓ High quality of the mentoring service
- ✓ Countrywide coverage
- ✓ Mentoring Service recognition and high demand for the service
- ✓ Inter-regional Cooperation
- ✓ Organisation of Inter-Regional events
- ✓ Expressed need for continuous JICA consultant's support
- ✓ Involvement of mentoring in governmental financial business support programs
- ✓ Synergy of mentoring and other donors' projects

Common future objective and challenges for mentors are:

- ✓ Continuous learning and improvement of basic mentor's knowledge.
- ✓ Continuous learning and improvement of advanced mentor's knowledge.
- ✓ More on the job trainings especially by Japanese trainers.
- ✓ Workshops for beneficiaries based on their needs by Japanese trainers.
- ✓ Exchange of experience with mentors within the country and region.
- ✓ Usage of mentoring in other business support projects.

Based on beneficiary's feedbacks on provided mentoring services the challenges for the mentoring are:

- ✓ Additional support for the implementation of the action plan.
- ✓ Involvement and workshops of Japanese experts.
- ✓ Preference of mentoring beneficiaries when applying for governmental financial business support programs.
- ✓ Networking with SMEs from region

Understanding the objectives and challenges put forward in this chapter will help the relevant parties to continue with establishment of a sustainable mentoring service system.

Annex 1: The Field Survey's Questionnaires

- Questionnaire 1 used for the Field Survey in 2019., for the mentoring services provided in 2018. (Bosnia and Herzegovina – entity Republika Srpska, Montenegro, and North Macedonia)
- Questionnaire 2 used for the Field Survey in 2019., for the mentoring services provided in 2018. (Bosnia and Herzegovina, entity FBiH) and for the Field Survey in 2020., for the mentoring services provided in 2019 (North Macedonia)
- Questionnaire 3 used for the mentoring services provided in 2019 (Bosnia and Herzegovina – entity Republika Srpska)

THE FIELD SURVEY	
Interview with Beneficiary (SME)	
Beneficiary (SME) Name:	
Name and position of interviewee:	
Mentor:	
Date:	
Time and location:	
1.	General Information
1.1	For what reasons, the company applied for mentoring service?
1.2	How did your company know about mentoring service?
1.3	Did you see any information about mentoring service in the internet or on TV?
1.4	What is the problem/issue in your company?
2	Mentoring Achievement
2.1	How many mentoring sessions did you received?
2.2	Did mentor inform your company about the procedures? Did you go to mentoring sessions according to the prominent schedule?
2.3	What did you talk about on sessions?
2.4	Did you implement the action plan developed for mentoring service?
2.5	Did you manage to reach the expected result by implementing the action plan?
3	Further Necessary Skills and Know-how
3.1	Was the mentor able to understand your company's problems? (Score: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent)
3.2	What kind of solution did the mentor suggest? Was the mentor's proposal enough? (Score: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent)
3.3	Do you think that conversation/communication with mentor with you helped your company? (Score: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent)
3.4	What kind of mentor do you want to see?
4	Evaluation
4.1	Anything that you are not satisfied with the mentoring hours?
4.2	Anything that you are not satisfied with the mentor?
4.3	What do you think should be improved in the mentoring service?
4.4	What is needed in order for your company to pay for mentoring service?
4.5	After thorough assessment of the mentoring service, what should be improved and how?
4.6	Please rate your overall satisfaction (Score: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent)
5	Impact of Mentoring
5.1	How did the company's turnover in 2018 change from the previous year 2017? a) Increased, b) Decreased, c) Remained the same d) n/a
5.2	Company's aggregate turnover at beginning of mentoring service and end/after of MS. (figures)
5.3	(For those companies that increased turnover) Which of the following statements best describes what would have happened if you had not received the mentoring? a) We would have achieved similar results anyway b) We would probably not have achieved similar results c) We would have achieved some but not all of the results d) We would have achieved similar results but not as quickly

	e) Do not know
5.4	Companies' aggregate number of full-time equivalent employees at beginning of MS and end of MS. (figures)
5.5	Has mentoring been a useful way of improving any of the following aspects of your business? a) Ability to manage business growth b) Ability to identify new revenue streams Overall direction of the business
5.6	Has mentoring been a useful way of improving of financial management? a) Yes b) No If yes, how?
5.7	Who has responsibility for financial management at beginning of MS and end/after of MS.? At beginning of Mentoring Service a) External accountant b) Internal accountant c) Financial manager At end or after Mentoring System a) External accountant b) Internal accountant c) Financial manager
5.8	Has mentoring been a useful way of improving any of the following dimensions of your leadership? a) Staff management b) Personal Efficiency c) Problem Solving ability d) Communication e) Delegating f) Passion and enthusiasm for the business g) Own confidence in managing the business
5.9	Has mentoring been a useful way of improving any of the following aspects of your business? a) Re-defining the Director-Owner role b) Company structure c) Personnel and team structure in production d) Staff morale and retention
5.10	Has mentoring been a useful way of improving any of the following aspects of production management? (if applicable) a) Production planning b) Production control c) Production supervision
5.11	Has mentoring been a useful way of improving any of the following aspects of product development and diversification? (if applicable) a) Research and development of new product / service b) New business models c) Exploration of new international markets
5.12	Has mentoring been a useful way of improving any of the following aspects of your business? a) The company's ability to sell b) Marketing strategy c) The company's Unique Selling Proposition (USP) and brand

5.13	Has mentoring been a useful way of improving any of the following aspects of your business?
	a) Relationships with existing customers/clients b) Relationships with potential customers /clients c) Relationships with potential investors d) Relationships with technology partners
5.14	Has mentoring been a useful way of improving of access to funds a) Yes b) No
	If Yes, how?

THE FIELD SURVEY	
The surveying method: Interview	
Beneficiary (SME) Name:	
Name and position of interviewee:	
Date and time:	
Location:	
1	Understanding of mentoring service
1.1	For what reasons, the company applied for mentoring service?
1.2	How did your company know about mentoring service?
1.3	Did you see any information about mentoring service in the internet or on TV?
1.4	How did the mentor explain the mentoring service?
1.5	Did the mentor explain the outline of the mentoring process?
	5 The mentor explained well with documents
	4 The mentor explained well orally
	3 The mentor explained somewhat
	2 The mentor explained little
	1 The mentor did not explain at all
2	Receive of mentoring service
2.1	How many mentoring sessions did you receive?
2.2	How many percentages were spent on each of the following activity?
	1 Information collection
	2 Diagnosis and action planning
	3 Supporting implementations of action
2.3	During the mentoring sessions we were open and honest with each other.
	(Score: 1 - Strongly disagree 2 - Disagree 3 - Neither agree nor disagree 4 - Agree 5 -Strongly agree)
2.4	Have you and mentor been prepared for mentoring sessions to use time effectively?
	(Score: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent)
2.5	What tools/analysis did mentor use?
2.6	Which case was most applicable for your mentoring experience?
	A: Mentor worked as a teacher with her/his knowledge and experiences
	B: Mentor worked as a coach with her/his passion and supportive attitude
	C: Mentor worked as a partner with her/his dedication and effort
	D: Mentor worked as a networker/connector with her/his information and networks
2.7	Did the mentor share the result of diagnosis?
	A: With document
	B: Orally
	C: Not specifically
2.8	Did you create the action plan through mentoring process?
	A: With document
	B: Orally
	C: Not specifically
3	Results of mentoring service

3.1	Was the mentor able to understand your company's problems? (Score: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent)
3.2	What kind of solution did the mentor suggest? Was the mentor's proposal enough? (Score: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent)
3.3	Did you implement the action plan developed for mentoring service with?
3.4	Did you manage to reach the expected result by implementing the action plan?
3.5	Do you think that mentor guidance and knowledge helped your company? (Score: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent)
3.6	Please rate your overall satisfaction with provided mentoring service (Score: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent)
3.7	How did the company's turnover in 2019 change from the previous year 2018?
	a) Increased,
	b) Decreased,
	c) Remained the same,
	d) n/a
3.8	(For those companies that increased turnover) Which of the following statements best describes what would have happened if you had not received the mentoring?
	a) We would have achieved similar results anyway
	b) We would probably not have achieved similar results
	c) We would have achieved some but not all of the results
	d) We would have achieved similar results but not as quickly
	e) Don't know
3.9	Has the mentoring given a positive impact to the following aspects of your business?
	- Strategy/overall direction of the business
	- Relationship with potential customer
	- Relationship with existing customer
	- Marketing promotion (domestic)
	- Marketing promotion (international)
	- New business development
	- New product/service development
	- New technology development
	- Production management
	- 5S
	- Training/skills
	- Teamwork/motivation
	- Organisational structure/staffing/evaluation
	- Financial management
	- Cost reduction
	- Accounts receivable collection period
	- Access to funds, information
	- Utilisation of other public support
	- Networking

4	Suggestions for improvement of mentoring service
4.1	In which points have you satisfied with the mentoring service? (If any)
4.2	Anything that you are not satisfied with the mentoring hours?
4.3	Anything that you are not satisfied with the mentor?
4.4	What do you think should be improved in the mentoring service?
4.5	What is needed in order for your company to pay for mentoring service?
4.6	If you recommend the mentoring service to the other company, what will be the reason?

THE FIELD SURVEY	
The surveying method: Interview	
Beneficiary (SME) Name:	
Name and position of interviewee:	
Date and time:	
Location:	
1	Understanding of mentoring service
1.1	For what reasons, the company applied for mentoring service?
1.2	How did your company know about mentoring service?
1.3	Did you see any information about mentoring service in the internet or on TV?
1.4	How did the mentor explain the mentoring service?
1.5	Did the mentor explain the outline of the mentoring process?
	5 The mentor explained well with documents
	4 The mentor explained well orally
	3 The mentor explained somewhat
	2 The mentor explained little
	1 The mentor didn't explain at all
2	Receive of mentoring service
2.1	How many mentoring sessions did you receive?
2.2	How many percentages were spent on each of the following activity?
	1 Information collection
	2 Diagnosis and action planning
	3 Supporting implementations of action
2.3	During the mentoring sessions we were open and honest with each other.
	(Score: 1 - Strongly disagree 2 - Disagree 3 - Neither agree nor disagree 4 - Agree 5 - Strongly agree)
2.4	Have you and mentor been prepared for mentoring sessions to use time effectively?
	(Score: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent)
2.5	What tools/analysis did mentor use?
2.6	Which case was most applicable for your mentoring experience?
A:	Mentor worked as a teacher with her/his knowledge and experiences
B:	Mentor worked as a coach with her/his passion and supportive attitude
C:	Mentor worked as a partner with her/his dedication and effort
D:	Mentor worked as a networker/connector with her/his information and networks
2.7	Did the mentor share the result of diagnosis?
	A: With document
	B: Orally
	C: Not specifically
2.8	Did you create the action plan through mentoring process?
	A: With document
	B: Orally
	C: Not specifically
3	Results of mentoring service
3.1	Was the mentor able to understand your company's problems?

	(Score: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent)
3.2	What kind of solution did the mentor suggest? Was the mentor's proposal enough? (Score: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent)
3.3	Did you implement the action plan developed for mentoring service with?
3.4	Did you manage to reach the expected result by implementing the action plan?
3.5	Do you think that mentor guidance and knowledge helped your company? (Score: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent)
3.6	Please rate your overall satisfaction with provided mentoring service (Score: 1 - Poor 2 - Fair 3 - Good 4 - Very Good 5 - Excellent)
3.7	To which extent the sales was increased? (the rough figure in %)
3.8	Did the mentoring have a positive impact on the change of turnover?
3.9	Has the mentoring given a positive impact to the following aspects of your business? (Yes/No)
a:	Has the number of employees increased?
b:	Have you got access to the new market/customer?
c:	Have you developed new products/services?
d:	Have you improved existing products/services?
e:	Has the efficiency of business process increased?
f:	Has the teamwork been strengthened?
g:	Has the strategic focus of the company become clearer?
4	Suggestions for improvement of mentoring service
4.1	In which points have you satisfied with the mentoring service? (If any)
4.2	Anything that you are not satisfied with the mentoring hours?
4.3	Anything that you are not satisfied with the mentor?
4.4	What do you think should be improved in the mentoring service?
4.5	What is needed in order for your company to pay for mentoring service?
4.6	If you recommend the mentoring service to the other company, what will be the reason?

Annex 2:

Basic data of the Implementing Agencies and Mentoring Service Providers in Serbia, Bosnia and Herzegovina, Montenegro, and North Macedonia

I SERBIA

1. Development Agency of Serbia (RAS)

Development Agency of Serbia (RAS) is one of creators of the Support program for economy and the largest carrier of economic policy on behalf of the Government of the Republic of Serbia.

RAS was established on January 11, 2016, pursuant to the Law on Investments, by which the Agency for foreign investments and promotion of export (SIEPA) and National agency for regional development (NARR) were formally closed.

The main activity of RAS is to support micro, small and medium enterprises and entrepreneurs in order to strengthen the Serbian economy, support direct investment and export promotion, raising the reputation of Serbia and Regional Development.

For all parts of Serbia to develop evenly, RAS has 16 regional development agencies (RDAs) in its network and is intensively cooperating with them in the implementation of the program.

As part of its operation RAS works closely with both the domestic and the largest international institutions and organizations and implement the best examples from practice.

Mission of RAS is to empower and inform entrepreneurs about applying for support programs, cooperation with state institutions in creating economic policy, cooperation with business associations to improve the business environment.

Also, RAS helps local self-governments with capacity building aimed at economic development, to better and more efficiently provide the necessary support to entrepreneurs, but also to apply for the funds and other European funds for regional and local development.

The long-term goal of RAS activity is equal development of Serbia and positioning of the country as an economic leader in the region.

Name of Agency	Development Agency of Serbia
Address:	Kneza Milosa 12, 11000 Belgrade, Serbia
E-mail:	office@ras.gov.rs
Phone:	+381 11 3398 900
Fax:	n/a
Web:	https://ras.gov.rs
Authorized person:	Rados Gazdic, Acting Director
Founders:	Serbian Government
Number of employees:	72
Number of mentors, CRTT and OJTT:	6 mentors: Ana Zegarac, Anđelka Šoškić, Dragana Martinović Ivana Tasić, Milan Drobnjak, Srđan Beljan

2. The mentoring service providers - Regional Development Agencies

Regional Development Agency is a business organization or association established for the business activities or improvement of regional development, which is accredited in accordance with Law on Regional Development (RS Official Gazette Nos. 51/09, 30/10 and 89/15-other law).

Today 16 RDAs provide BSSs to SMEs throughout Serbia. These accredited agencies implement the “standardised set of services” programme through which they provide SMEs with information, training, advisory services, and mentoring, and promote entrepreneurship.

Funds for work, realization of development projects and carrying out activities of the regional development agency are provided from:

- the income that it receives from the performance of businesses.
- the budgets of local self-government units that are founders of the regional development agency.
- donations, sponsorships, development assistance from local and foreign legal and natural persons.
- other sources, in accordance with the law.

The Regional Development Agency performs the following tasks:

- participates in the preparation and implementation of development documents and monitors their implementation at the level of the regions and local self-government units.
- cooperates with autonomous provinces and local self-government units in the preparation and implementation of local development plans.
- represents the interest of the region in relations with the National Agency and the regional agency and participates in the realization of the adopted development documents within its competence.
- prepares and implements programs of professional development for the needs of development of enterprises and entrepreneurship, development of infrastructure and development of institutions and organizations and for improvement of capacities of local self-government units.
- monitor and implement measures and implement development projects for which it is authorized.
- performs activities of international, cross-border and inter-municipal cooperation within its jurisdiction.
- runs an information system of importance for the region and the area.
- performs other tasks in accordance with the founding act.

The Regional Development Agency submits an annual report on operations to founders and to the National Agency. If necessary, the National Agency and the Ministry may request additional business reports.

The National Agency evaluates the work of regional development agencies once a year.

Vojvodina Region

Regional Center for Socio-Economic Development – Banat Ltd. Zrenjanin

Activities:	Business advice services and other management consulting activities
Population:	629367
District:	North Banat District, Central Banat District, South Banat District
Address:	Čarnojevićeveva 1, 23000 Zrenjanin, Serbia
E-mail:	office@rcrbanat.rs
Phone:	+381 23 510 567
Fax:	n/a
Web:	www.banat.rs
Authorized person:	Ms. Irena Živković, director, irena.zivkovic@rcrbanat.rs
Founders:	Municipalities: Novi Bečej, Nova Crnja, Žitište, Sečanj, Kanjiža, Senta, Ada, Čoka, Plandište, Opovo, Kovačica, Alibunar, Bela Crkva, Kovin, City of Kikinda, City of Pančevo, City of Vršac, City of Zrenjanin, Regional Chambers of Commerce: Kikinda, Pančevo, Zrenjanin, European Movement in Banat, District 0230 Kikinda, Association of Private Small and Medium Enterprises and Entrepreneurship, Vršac; Society for Sustainable Development and Environmental Protection the future of Pančevo, Government of the Autonomous Province of Vojvodina, Provincial Secretariat for Labour, Employment and Gender Equality
Number of employees:	9
Number of mentors, CRTT and OJTT:	7 mentors: Branislav Milosav, Darko Vukić, Dejan Nenadović, Irena Živković, Radomir Topalov, Tatjana Dijan, Vesna Pišćević 1 OJTT Radomir Topalov
SME support services:	Information, Trainings (including Online Platform), Advisory services, Mentoring, Promotion

Regional Development Agency PANONREG Ltd. Subotica

Activities:	Business advice services and other management consulting activities
Population:	210064
District:	North Bačka District, West Bačka District
Address:	Trg Cara Jovana Nenada 15, 24000 Subotica, Serbia
E-mail:	office@panonreg.rs
Phone:	+381 24 554 107
Fax:	+381 24 553 116
Web:	www.panonreg.rs
Authorized person:	Mr. Milan Maličević, Director
Founders:	Municipalities: Apatin, Bačka Topola, Novi Kneževac, Kanjiža, Čoka, Senta, Mali Idoš; Subotica City; Regional Chamber of Commerce Subotica; Faculty of Economy; Open University of Subotica; Association TERRA Subotica; Autonomous Province of Vojvodina
Number of employees:	6
Number of mentors, CRTT and OJTT:	5 mentors: Ivana Rađenović, Lila Nagy Fodor, Ljubica Mesaroš, Vladimir Markov, Žoka Mesaroš; 1 CRTT/OJTT Ljubica Mesaroš
SME support services:	Information, Trainings, Advisory services, Mentoring, Promotion

Regional Development Agency Bačka, Ltd. Novi Sad

Activities:	Business advice services and other management consulting activities
Population:	960524
District:	South Bačka District, West Bačka District (Kula, Odžaci, Sombor)
Address:	Bulevar Mihajla Pupina 20/II, 21000 Novi Sad, Serbia
E-mail:	office@rda-backa.rs
Phone:	+381 21 557 781
Fax:	+381 21 557 781
Web:	www.rda-backa.rs
Authorized person:	Mr. Nemanja Starović, Director
Founders:	Municipalities: Bečej, Bač, Žabalj, Odžaci, Srbobran, Bačka Palanka, Beočin, Vrbas, Sremski Karlovci, Titel; Assembly of Bački Petrovac Municipality; Assembly of Kula Municipality; City Administration of Sombor City; City Novi Sad; European Movement Novi Sad; Organic Production Center "Selenča" SLOVAN-PROGRES Ltd. Selenča, a company for production, construction, trade and services; "Braća Ilić" Ltd. for recycling metal and non-metal waste and residues Bačka Palanka
Number of employees:	10
Number of mentors, CRTT and OJTT:	8 mentors: Andrea Stijepic, Darko Milanković, Indira Popadić, Jelena Petrov, Marija Prokopić, Milana Popovic, Nedeljko Ivanišević, Nikolina Pupavac; 2 CRTT/OJTT Marija Prokopić and Nikolina Pupavac
SME support services:	Information, Trainings, Advisory services, Mentoring, Promotion

Regional Development Agency Srem, Ltd. Ruma

Activities:	Business advice services and other management consulting activities
Population:	321724
District:	Srem District
Address:	Glavna 172, 22400 Ruma, Serbia
E-mail:	office@rrasrem.rs
Phone:	+381 22 470 910
Fax:	+381 22 470 910
Web:	www.rrasrem.rs
Authorized person:	Mr. Milan Mirić, Director
Founders:	Municipalities: Stara Pazova, Ruma, Pećinci, Indija, Šid, Irig; Chamber of Commerce of Srem, Regional Development Agency Srem
Number of employees:	6
Number of mentors, CRTT and OJTT:	3 mentors: Tanja Mijajlović, Sanja Stupar, Zoran Radaković; 1 OJTT Sanja Stupar
SME support services:	Information, Trainings, Advisory services, Mentoring, Promotion

Regional Development Agency South Banat Ltd. Pančevo

Activities:	Business advice services and other management consulting activities
Population:	291,327
District:	South Banat District
Address:	Karađorđeva 4, 26000 Pančevo
City:	Pančevo
Municipality:	Pančevo
E-mail:	office@rrajuznibanat.rs
Phone:	+381 13 2190 314; +381 13 2190 315
Fax:	n/a
Web:	http://www.rrajuznibanat.rs/lat
Authorized person:	n/a
Founders:	Municipalities: Kovin, Kovačica, Alibunar, Bela Crkva, Plandište, Opovo; Pančevo City, Vršac City, HiTeam d.o.o., Finnet
Number of employees:	n/a
Number of mentors, CRTT and OJTT:	1, Ana Jović
SME support services:	Information, Trainings, Counseling, Mentoring, Promotion

Belgrade Region

Regional Agency for Development and European Integration – Belgrade

Activities:	Business advice services and other management consulting activities
Population:	1639121
Region:	Belgrade
Address:	Topličin venac 11/4, 11000 Belgrade, Serbia
E-mail:	office@rarei.rs
Phone:	+381 11 2186 730
Fax:	+381 11 2186 740
Web:	www.rarei.rs
Authorized person:	Ms. Snežana Radinović, Director (snezana.radinovic@rarei.rs)
Founders:	The Secretariat for the Economy of the City of Belgrade Chamber of Commerce Belgrade Network of Sustainable Development Institute of Economic Sciences
Number of employees:	9
Number of mentors, CRTT and OJTT:	8 mentors: Branko Radan, Ljiljana Marković, Marija Marković, Miloš Milovanović, Rafael Pupovac, Snežana Radinović, Vesna Dubljević, Zorica Karavdić; 1 CRTT Ljiljana Marković
SME support services:	Information, Training, Consulting, Specialized Support Programs (Mentoring, Cluster Support Program, Competitiveness and Fast-growing SME and Entrepreneurship Support, Women Entrepreneurship Support Program)

The Šumadija and Western Serbia Region

Regional Economic Development Agency for Šumadija and Pomoravlje Ltd. Kragujevac

Activities:	Business advice services and other management consulting activities
Population:	503739
Region:	Šumadija District and Pomoravlje District
Address:	Kralja Petra Prvog, 34000 Kragujevac, Serbia
E-mail:	officekg@redasp.rs
Phone:	+381 34 302 701; +381 34 302 702
Fax:	+381 34 302 706
Web:	www.redasp.rs
Authorized person:	Mr. Nenad Popović, Director, (director@redasp.rs)
Founders:	Municipalities: Aranđelovac, Topla, Lapovo, Rača, Knić, Rekovac, Svilajnac, Desputovac, Batočina; Kragujevac City, Jagodina City; Regional Chamber of Commerce Kragujevac; Association of Private Entrepreneurs "Šumadija", Association of Entrepreneurs-Independent Businessmen "Sloga"; Association of Citizens of Heritage and Future Aranđelovac 1859
Number of employees:	15
Number of mentors, CRTT and OJTT:	3 mentors: Milica Čukarić, Goran Miljković, Ivana Đorđević; 1 CRTT/OJTT Milica Čukarić
SME support services:	Information, Advisory services, Business Networking, The development of the mechanisms for the promotion of the networking and making the chain of value services; Mentoring; The making of analyses, studies and promotional material; The support of the financial mechanisms for the development of the SMEs; The support to the development of the innovativeness; The support to the development of the youth entrepreneurship;

Regional Development Agency for Rasinski District- Kruševac

Activities:	Business advice services and other management consulting activities
Population:	241700
District:	Rasina District
Address:	Tanaska Rajica 18/3, 37000 Kurševac, Serbia
E-mail:	office@arro.rs
Phone:	+381 37 202 336
Fax:	-
Web:	www.arro.rs
Authorized person:	Mr. Aleksandar Šaronjić, Director
Founders:	Municipal Assembly of Brus Municipality; Municipal Assembly of Varvarin; Municipalities: Trstenik, Čičevac, Kruševac; Citizens Association Etno Rasina; Regional Chamber of Commerce Kruševac
Number of employees:	5
Number of mentors, CRTT and OJTT:	4 mentors: Aleksandar Šaronjić, Maja Džunić, Maja Marković, Sonja Jevremović; 1 OJTT Sonja Jevremović
SME support services:	Information, Trainings, Advisory services, Mentoring, Promotion

Regional Agency for Spatial and Economic Development of Raška and Moravica Districts Ltd. Kraljevo

Activities:	Business advice services and other management consulting activities
Population:	375338
District:	Raška District and Moravica District
Address:	Cara Dušana 49, 36000 Kraljevo, Serbia
E-mail:	office@kv-rda.org
Phone:	+381 36 39 7770; +381 36 39 7777
Fax:	+381 36 511 0 003
Web:	www.kv-rda.org
Authorized person:	Ms. Radojka Savić, Director, (radojka.savic@kv-rda.org)
Founders:	Municipalities: Ivanjica, Raška, Vrnjačka Banja, Gornji Milanovac; City Kraljevo, City Čačak; Regional Chamber of Commerce Kraljevo; Association of Citizens "Association for the Development of the Ibar Valley"
Number of employees:	6
Number of mentors, CRTT and OJTT:	5 mentors: Ana Peterson, Jelena Jevtić, Mirjana Stamenković, Radojka Savić, Slavica Čosović; 2 OJTT: Ana Peterson, Radojka Savić
SME support services:	Information, Trainings, Advisory services, Mentoring, Promotion

Regional Development Agency Zlatibor Ltd. Užice

Activities:	Business advice services and other management consulting activities
Population:	284216
District:	Zlatibor District
Address:	Petra Čelovića 66, 31000 Užice, Serbia
E-mail:	office@rrazlatibor.rs
Phone:	+ 381 31 523 065
Fax:	+ 381 31 510-098
Web:	www.rrazlatibor.rs
Authorized person:	Mr. Slavko Lukić, Director
Founders:	Assemblies of the Municipalities: Prijepolje, Bajna Bašta, Nova Varoš, Požega, Priboj, Čajetina, Arilje, Kosjerići; Administration of Užice City; General association of entrepreneurs Užice;
Number of employees:	21
Number of mentors, CRTT and OJTT:	8; Biljana Radović, Danijela Panić, Dejan Nešević, Enes Turković, Jelena Bogičević, Nataša Knežević, Petar Vukotić, Vladan Rosić; 2 CRTT Danijela Panić and Nataša Knežević; 3OJTT Danijela Panić, Nataša Jovanović, Nataša Knežević
SME support services:	Information, Trainings, Advisory services, Mentoring, Promotion

Regional Development Agency of Podrinje, Podgorine and Račevina Ltd. Loznica

Activities:	Business advice services and other management consulting activities
Population:	150000
Region:	Mačva District
Address:	Jovana Cvijića 20, 15300 Loznica, Serbia
E-mail:	office@rrappr.rs
Phone:	+ 381 15 875 993; +381 15 876 096
Fax:	-
Web:	www.rrappr.rs
Authorized person:	Ms. Danijela Marković, Director, (dmarkovic@rrappr.rs)
Founders:	Municipalities: Krupanj, Ljubovija, Mali Zvornik, Osečina, Bogatić; Loznica City; Associations of Citizens: General associations of entrepreneurs Bogatić, Ljubovija, Loznica, Mali Zvornik; Association of citizens Club of businessmen Loznica
Number of employees:	6
Number of mentors, CRTT and OJTT:	6 mentors: Lidija Vicentić, Marija Terzić, Milena Marjanović, Srboslav Jagodić, Vladimir Đalamić, Zoran Injac, 1 OJTT Srboslav Jagodić
SME support services:	Information, Trainings, Advisory services, Mentoring, Promotion

Regional Development Agency Sandžak "SEDA" Ltd. Novi Pazar

Activities:	Business advice services and other management consulting activities
Population:	215000
Region:	Zlatibor District (Sjenica), Raška District
Address:	7. juli, bb 36300, Novi Pazar, Serbia
E-mail:	office@seda.org.rs
Phone:	+381 20 332 700
Fax:	n/a
Web:	www.seda.org.rs
Authorized person:	Mr. Samir Kačopor, Director, (samir.kacapor@seda.org.rs)
Founders:	Municipalities: Sjenica and Tutin; City Novi Pazar; Regional Chamber of Commerce Kraljevo PU Novi Pazar; Public Enterprise, Institute for Urban Planning, Novi Pazar, Novi Pazar; Vojin Popovic - holding company Novi Pazar - in bankruptcy; Citizens' Association Citizen Forum Novi Pazar; Agricultural cooperative Tutin, Tutin
Number of employees:	12
Number of mentors, CRTT and OJTT:	5 mentors: Almir Šaćirović; Džamila Kruševljanin; Samir Buhic, Emina Musić; Amina Kurtanović Nikšić; 1 OJTT Džemila Kruševljanin
SME support services:	Information, Trainings, Advisory services, Mentoring, Promotion

Region of South and East Serbia

Regional Development Agency- South, Ltd. Niš

Activities:	Business advice services and other management consulting activities
Population:	556281
District:	Nišava District, Toplica Distric, Pirot District
Address:	Obrenovićeveva 38,18000 Niš, Serbia
E-mail:	info@rra-jug.rs
Phone:	+381 18 515 447
Fax:	+381 18 522 659
Web:	http://rra-jug.rs/
Authorized person:	Mr. Bojan Avramović, Director, (bojan.avramovic@rra-jug.rs)
Founders:	Municipalities: Merošina, Bela Palanka, Dimitrovgrad, Blace, Babušnica, Gadžin han, Kuršumljija, Pirot, Prokuplje, Aleksinac, Srvljig; Niš City; Companies: Incubator Center - Niš d.o.o. Niš, Company JUROFUNGO Ltd. Kuršumljija; Associations of Citizens: European Movement in Serbia – Niš, Association of Citizens Initiative Prokuplje, Center for the Development of Civil Society PROTEKTA, Media Reform Center Niš, Non-governmental organization ENESA -Niš, Center for the Development of Civil Society Milenijum, Center for Regional Policy Niš
Number of employees:	8
Number of mentors, CRTT and OJTT:	3 mentros: Ivan Mihajlović, Kristina Petrović, Nataša Andrejević; 1 CRTT Ivan Mihajlović and 2 OJTT: Ivan Mihajlović and Maja Virijejić;
SME support services:	Information, Trainings, Advisory services, Mentoring, Promotion

Regional Agency for Economic Development and Entrepreneurship of Pčinja District VEEDA

Activities:	Business advice services and other management consulting activities
Population:	159081
District:	Pčinja District
Address:	Partizanska 10A/21, 17500 Vranje, Srbija
E-mail:	rrapcinjskogokruga@gmail.com
Phone:	+381 61 27 84 991
Fax:	n/a
Web:	http://www.veeda.rs
Authorized person:	n/a
Founders:	City Vranje, Municipaliteis: Trgoviše, Vladičin Han, Serbian Chamber of Commerce, Banca Intesa A.D., Mineralico-Nemetali AD
Number of employees:	n/a
Number of mentors, CRTT and OJTT:	1 mentor Snezana Nedeljkoic
SME support services:	Business Support Services

Center for Development of Jablanica and Pčinja District, Ltd. Leskovac

Activities:	Business advice services and other management consulting activities
Population:	486613
District:	Jablanica District and Pčinja District
Address:	Pana Đukića br. 42 16000 Leskovac, Serbia
E-mail:	info@centarzarazvoj.org
Phone:	+381 16 3150 115; +381 16 233 440
Fax:	+381 16 3150 114
Web:	www.centarzarazvoj.org
Authorized person:	Ms. Dragana Belenzada, Director, dragana.belenzada@centarzarazvoj.org
Founders:	Municipalities: Vladičin Han, Surdulica, Bosilegrad, Bujanovac, Preševo, Bojnik, Lebane, Medveđa, Vlasotince, Crna Trava; Trgovište; City of Vranje, City of Leskovac; Regional Chamber of Commerce Leskovac; "Resource Center" Leskovac; Citizens Association "Generator" Vranje; Pharmaceutical and chemical industry "Zdravlje-Actavis" a.d. Leskovac; Knauf Insulation doo, Belgrade; "British American Tobacco Vranje" a.d. Vranje
Number of employees:	7
Number of mentors, CRTT and OJTT:	6 mentors: Biljana Stanković, Dobrila Sudimac Mratinković, Dragana Belenzada, Jelena Pavlović, Nenad Nikolić, Zoran Stojiljković; 1CRTT Dragana Belenzada; 3 OJTT Dragana Belenzada, Dobrila Sudimac Mratinković, Jelena Pavlović
SME support services:	Information, Trainings, Advisory services, Mentoring, Promotion

Regional Development Agency Eastern Serbia Ltd. – RARIS

Activities:	Business advice services and other management consulting activities
Population:	284112
District:	Zaječar District and Bor District
Address:	Trg oslobođenja 1,19000 Zaječar, Serbia
E-mail:	office@raris.org
Phone:	+381 19 426 376
Fax:	+381 19 426 377
Web:	www.raris.org
Authorized person:	Mr. Vladan Jeremić, Director, (vladan.jeremic@raris.org)
Founders:	Municipalities: Knjaževac, Sokobanja, Bor, Kladovo, Majdanpek, Negotin, Boljevac; Zaječar City; Regional Chamber of Commerce Zaječar; Management Faculty of Zaječar; Road Company Zaječar, Share Holding Company; Share Holding Company for hydro construction and road construction "Vodogradnja" Zaječar
Number of employees:	7
Number of mentors, CRTT and OJTT:	3 mentors: Boban Kostandinović, Branko Brković, Miljana Petrović; 1 CRTT Boban Kostandinović
SME support services:	Information, Trainings, Advisory services, Mentoring, Promotion

Regional Development Agency Branicevo – Podunavlje, Ltd. Požarevac

Activities:	Business advice services and other management consulting activities
Population:	383020
District:	Braničevo district and Podunavlje district
Address:	Stari korzo 30/3, 12000 Požarevac, Serbia
E-mail:	office@rra-bp.rs
Phone:	+381 12 510 824
Fax:	+381 12 511 823
Web:	www.rra-bp.rs
Authorized person:	Mrs. Nada Kokot, Director, (nada.kokot@rra-bp.rs)
Founders:	Municipalities: Golubac, Žagubica, Petrovac na Mlavi, Smederevska Palanka, Malo Crniće, Žabari, Veliko Grdište, Kučevo, Velika Plana; Požarevac City, Smederevo City; High School Požarevac; Agricultural, advisory and expert services Požarevac Ltd.; Youth Association of Yugoslavia to Fight AIDS JAZAS; Local Agenda 21 for Kostolac Municipality
Number of employees:	5
Number of mentors, CRTT and OJTT:	3 mentors: Nada Kokot, Miloš Najčević, Saša Dedeić 2 CRTT Miloš Najčević; Saša Dedeić and 1 OJTT Saša Dedeić
SME support services:	Information, Trainings, Advisory services, Mentoring, Promotion

II BOSNIA AND HERZEGOVINA

II – 1 FEDERATION OF BOSNIA AND HERZEGOVINA

1. The Federal Ministry of Development, Entrepreneurship and Craft (FMODEC) and Sarajevo Economic Region Development Agency (SERDA)

The Federal Ministry of Development, Entrepreneurship and Craft (FMODEC) performs administrative, professional and other tasks within the competence of the Federation related to: encouraging development, entrepreneurship and crafts; giving support for applying innovations and introducing modern technologies in the field of entrepreneurship and crafts; increase in the share of entrepreneurship and crafts in the total economy; organization of institutions for entrepreneurship and creation of entrepreneurial infrastructure, training of entrepreneurs and craftsmen through regular and supplementary education and other tasks determined by law.

The main Ministry's programs/projects for SMEs.

- Establishment of entrepreneurial zones
- Provision of mentoring services to small business entities
- Grant scheme for strengthening the competitiveness of SMEs
- Incentives for innovators-individuals
- Incentives for associations of chambers and educational institutions
- Incentives for the survival of traditional and old crafts
- Incentives for the development of special crafts
- Incentives for start-ups

Name of Ministry	Federal Ministry of Development, Entrepreneurship and Craft
Address:	dr. Ante Starčevića bb, 88000 Mostar, Bosnia and Herzegovina
E-mail:	Assistant Minister for Entrepreneurship, Sead Dziho sead.dziho@fmrpo.gov.ba Assistant Minister of Development, Zdravko Cerovic zdravko.cerovic@fmrpo.gov.ba
Phone:	+387 (0)36 449-120
Fax:	n/a
Web:	www.fmrpo.gov.ba

Sarajevo Economic Region Development Agency (SERDA)

Sarajevo Economic Region Development Agency (SERDA) was established on May 14th, 2003. The Founders are Sarajevo Canton, City of Sarajevo, City of East Sarajevo and 32 municipalities of Sarajevo macro-region (19 from FBiH and 13 from RS).

Within the last 16 years, SERDA has positioned itself as the leading regional economic development agency in B&H. Agency was the first BiH regional development agency that gets certification of Quality Management System in compliance with the international standard ISO 9001:2008.

Agency implements all its projects in partnership primarily, with its founders, and international organization as well. The implementation of projects surpasses the entity and cantonal borders, thus contributing to creation of uniform macroeconomic region as a part of single economic space in the country.

SERDA's primary role is to provide MSP business support through the following activities:

- provision of financial support
- provision of nonfinancial support – mentoring services
- implementation of education
- development of entrepreneurship infrastructure
- development of human resources, strengthening the competitiveness of the region
- rendering information and counselling to the entrepreneurs
- providing service to potential foreign investors
- implementation of various inter-regional and international projects targeted to creation of favourable entrepreneurial environment in Sarajevo Macro Region

2. The Mentoring service providers

Name of Agency:	Sarajevo Economic Region Development Agency (SERDA)
Address:	Kolodvorska 6, 71000, Sarajevo, Bosnia and Herzegovina
E-mail:	serda@serda.ba
Phone:	+ 387 33 641-520
Fax:	+ 387 33 663-923
Web:	https://serda.ba
Authorized person:	Mr. Šefkija Okerić, Director (okeric@serda.ba)
Founders:	Canton Sarajevo, City Sarajevo, and 32 Municipalities in Sarajevo Macro Region, from both entities
Number of employees:	21
Number of mentors, CRTT and OJTT:	14 mentors: Admir Hasić, Amela Ikić Suljagić, Harun Rizvanbegović, Maja Lukić Grabovac, Rifet Džambegović, Saneta Trnka, Asmir Kosovac, Belma Pašić, Aida Džamalija Duran, Sanela Dževlan, Faruk Cerić, Zinaida Porobić, Sinisa Obradović, Zlatan Saračević 7 CRTT and 7 OJTT: Belma Pašić, Aida Džamalija Duran, Sanela Dževlan, Faruk Cerić, Zinaida Porobić, Sinisa Obradović, Zlatan Saračević
SME support services:	Financial Support, Mentoring Service, Trainings

Name of Agency:	Development Agency of Una Sana Canton
Address:	Miroslava Krleža 2, 77000 Bihać, Bosnia and Herzegovina
E-mail:	info@rausk.ba
Phone:	+387 37 224 048
Fax:	+387 37 221 784
Web:	https://www.rausk.ba
Authorized person:	Mr. Samir Jodanovic, Director (info@rausk.ba)
Founders:	Una Sana Canton
Number of employees:	n/a
Number of mentors, CRTT and OJTT:	2 mentors Samir Jodanović, Alma Džanić
SME support services:	Information, Advisory services, Trainings, Mentoring

Name of Agency:	Regional Development Agency for the Central BiH region, REZ
Address:	Štrosmajerova 11/3 72000 Zenica, Bosnia and Herzegovina
E-mail:	info@rez.ba
Phone:	+387 32 462 161
Fax:	+387 32 441 230
Web:	https://www.rez.ba
Authorized person:	Mrs. Maja Kišić, Acting director
Founders:	The founders are 15 municipalities, 2 cantons, 15 business associations, 1 international organization and 1 microcredit organization.
Number of employees:	8
Number of mentors, CRTT and OJTT:	2 mentors: Adnan Gazija, Kenan Kesić
SME support services:	Information, Advisory services, Trainings, Mentoring

Name of Agency:	Tešanj Development Agency TRA d.o.o.
Address:	Trg Alije Izetbegovića br 1, 74260 Tešanj, Bosnia and Herzegovina
E-mail:	tra@tra.ba
Phone:	+387 32 650 608
Fax:	-
Web:	http://www.tra.ba
Authorized person:	Mr. Ismar Alagić, Director (ismar@tra.ba)
Founders:	Municipality Tešanj
Number of employees:	4
Number of mentors, CRTT and OJTT:	4 mentors: Dženita Hopić, Ismar Alagić, Muamer Omahić Maid Suljaković
SME support services:	Information, Advisory services, Trainings, Mentoring

Name of Agency:	Zavidovići Development Agency
Address:	Ul. Radnička 13, 72220 Zavidovići, Bosnia and Herzegovina
E-mail:	info@raz.ba
Phone:	+387 32 878 404
Fax:	+387 32 878 404
Web:	https://raz.ba
Authorized person:	Mr. Aldin Šušić (aldin_susic@live.com)
Founders:	Municipality Zavidovići
Number of employees:	2
Number of mentors, CRTT and OJTT:	1 mentor – Aldin Šušić
SME support services:	Information, Advisory services, Trainings, Mentoring

Name of Agency:	Žepče Development Agency
Address:	lica Prva bb, 72230 Žepče, Bosnia and Herzegovina
E-mail:	razepce@gmail.com
Phone:	+387 32 880 273
Fax:	+387 32 880 273
Web:	https://www.razepce.com
Authorized person:	Mrs. Branka Janko, Director
Founders:	Municipality Žepče
Number of employees:	6
Number of mentors, CRTT and OJTT:	4 mentors: Branka Janko, Berina Grahić Mudžolet, Igor Banović, Mirjana Tomić Zovko
SME support services:	Information, Advisory services, Trainings, Mentoring, Promotion

Name of Agency:	The Association for Local Development Initiatives, ALDI
Address:	Panorama b.b. 73 000 Goražde, Bosnia and Herzegovina
E-mail:	aldi@aldi.ba
Phone:	+387 38 227 850
Fax:	+387 38 227 850
Web:	https://www.aldi.ba
Authorized person:	Mr. Ibrahim Imamović, Director
Founders:	n/a
Number of employees:	5

Number of mentors, CRTT and OJTT:	1 mentor - Demir Imamović
SME support services:	Trainings, Mentoring, Business Planning

Name of Organisation:	Intera Technology Park
Address:	Bišće polje bb, 88000 Mostar, Bosnia and Herzegovina
E-mail:	info@intera.ba
Phone:	+387 36 327 972
Fax:	-
Web:	https://www.intera.ba/
Authorized person:	Mr. Vedran Šimunović, Chief executive officer vedran.simunovic@intera.ba
Founders:	n/a
Number of employees:	9
Number of mentors, CRTT and OJTT:	2 mentors: Goran Dodig, Vedran Šimunović
SME support services:	Business Incubator, Trainings, Mentoring, Internationalization

Name of Organisation:	SPARK business park
Address:	Blajburških žrtava b.b. 88000 Mostar, Bosnia and Herzegovina
City:	Mostar
E-mail:	info@spark.ba
Phone:	-
Fax:	-
Web:	www.spark.ba
Authorized person:	Matea Markić Vučić, Director
Founders:	n/a
Number of employees:	6
Number of mentors, CRTT and OJTT:	1 mentor, Danijela Marić
SME support services:	IT education

Name of Organisation:	MSS Meta Software Solution Ltd.
Address:	Intera Technology Park, Bisce polje bb, 88000, Mostar, Bosnia and Herzegovina
E-mail:	info@mss.ba
Phone:	+387 62 449 747
Fax:	-
Web:	https://mss.ba/
Authorized person:	n/a
Founders:	n/a
Number of employees:	5
Number of mentors, CRTT and OJTT:	1 mentor Haris Hadžiahmetović
SME support services:	IT services

Name of Organisation:	Linnovate Technology Park
Address:	Zgona b.b. (RIMC) 80101 Livno, Bosnia and Herzegovina
E-mail:	info@linnovate.org
Phone:	+387 63 438 484
Fax:	-
Web:	https://linnovate.org/
Authorized person:	Ms. Bernarda Jozić, Director
Founders:	Mr. Mate Rimac, Mr. Mate Jozić, Mr. Bernardin Čenan
Number of employees:	9
Number of mentors, CRTT and OJTT:	1 mentor Ivona Ćorić
SME support services:	Business Incubator, Mentoring, Trainings

Name of Organisation:	Center for Youth Education, Travnik
Address:	Bosanska 131, 72270 Travnik, Bosnia and Herzegovina
E-mail:	cem@cem.ba
Phone:	+387 30 511 565
Fax:	-
Web:	https://cem.ba/
Authorized person:	
Founders:	n/a
Number of employees:	n/a
Number of mentors, CRTT and OJTT:	1 mentor Admir Baharić
SME support services:	Business Incubator, Mentoring

II – 2 REPUBLIKA SRPSKA

1. Development Agency of Republika Srpska

Development Agency of Republika Srpska (loc.- Razvojna agencija Republike Srpske - RARS) was established in accordance with the Law on Promotion of small and medium enterprises in September 2004 under the name Republic Agency for the Development of Small and Medium Enterprises as a legal entity and a non-profit organization. Since 2019. the name of agency is Development Agency of Republika Srpska.

The Agency is authorised to provide professional services of support for the establishment, management and development of small and medium-sized enterprises. It also offers professional services in order to encourage investments in SMEs, support the establishment of entrepreneurial infrastructure, innovator activity, creation of new products and introducing new technologies.

It is prescribed by the Law that the Agency provides support for the improvement of employment, vocational training, retraining and upgrading of workers, participation in trade fairs at home and abroad, establishing cooperation between SMEs and the consultant network, and it also maintains a register of consultants for the needs of SMEs.

The Agency manages and maintains Entrepreneurial Portal of the Republic of Srpska, provides support to women, youth and rural entrepreneurship and other forms of social entrepreneurship, promotes entrepreneurship and enhances cooperation between authorities of the local self-government and the local, i.e. inter-municipal, agencies for SME development. RARS is authorized to conduct researches and collect data, provide analysis and reports on the situation in the field of SMEs, participate in drafting of Strategy and other development documents, as well as prepare and implement projects to achieve the objectives and introduction of measures from the Strategy. The Agency is also in charge of cooperation with international institutions and participation in the development and implementation of international and national SMEs support projects.

Mission and vision

RARS supports establishment, growth and development of small and medium-sized enterprises in cooperation with relevant institutions in order to increase their market competitiveness through provision of professional and technical aid and development of entrepreneurial infrastructure and their access to knowledge and financial resources.

The Republic of Srpska with a lot of small and medium-sized enterprises and strong entrepreneurship, enlarged number of the employed in this sector and increased participation of SME and entrepreneurship in gross domestic product.

2. The Mentoring service providers

Name of Agency:	Development Agency of Republika Srpska
Address:	Save Mrkalja 16, 78 000 Banja Luka, Bosnia and Herzegovina
E-mail:	info@rars-msp.org
Phone:	+387 51 222 120
Fax:	+387 51 222 121
Web:	http://rars-msp.org
Authorized person:	Mr. Marinko Đukić, Director (marinko.djukic@rars-msp.org)
Founders:	Government of Republika Srpska
Number of employees:	15
Number of mentors, CRTT and OJTT:	12 mentors trained, 10 active: Mićo Stanojević, Bojan Ćudić, Sanja Radulović, Aleksandar Vuković, Maja Knežević, Dajana Kerić (not active), Daliborka Gavrilović Kujundžić, Mićo Savanović, Momir Širko (not active) Tamara Đurić, Marinko Đukić, Marica Berić.
SME support services:	Information, Mentoring, Trainings, Promotion

Name of Agency:	Agency for Development of SMEs of Municipality Dobož
Address:	Nemanjina 20, Dobož, Bosnia and Herzegovina
E-mail:	agencijadoboj@gmail.com.
Phone:	+387 53 961 505
Fax:	+387 53 206 852
Web:	-
Authorized person:	-
Founders:	Municipality Dobož
Number of employees:	n/a
Number of mentors, CRTT and OJTT:	4 mentors: Boris Novarlić, Predrag Đurić, Željko Stević Hasan Begić
SME support services:	Information, Training; Mentoring

Name of Agency:	Agency for Development of SMEs of Municipality Bijeljina
Address:	Mese Selimovica 22A, 76300 Bijeljina, Bosnia and Herzegovina
E-mail:	agencijamsp.bn@gmail.com
Phone:	+387 55 204 024
Fax:	+387 55 204 024
Web:	http://www.agencijamsp.com
Authorized person:	Mrs. Tatjana Blagojević, Director
Founders:	Municipal Assembly of Bijeljina
Number of employees:	n/a
Number of mentors, CRTT and OJTT:	2 mentors: Cica Radišić Mičić, Jovanka Đurđević
SME support services:	Information, Mentoring, Advisory Service, Preparation of Business Plans, Promotion

Name of Agency:	Agency for Development of SMEs of Municipality Trebinje
Address:	Ul. Stepe Stepanovića bb, 8900 Trebinje, Bosnia and Herzegovina
E-mail:	info@msptb.net, msptb@teol.net
Phone:	+387 59 245 470
Fax:	+387 59 245 471
Web:	www.msptb.net
Authorized person:	Mr. Dražen Bošković, Director, (boskovic_drazen@yahoo.com)
Founders:	Municipality Trebinje
Number of employees:	n/a
Number of mentors, CRTT and OJTT:	3 mentors Dražen Bošković, Nataša Tučić, Svetlana Mulina
SME support services:	Information, Trainings, Advisory services, Mentoring, Promotion

Name of Agency:	Agency for Local Economic development of the Municipality Kotor Varos ALERK
Address:	Cara Dušana bb, 78220, Kotor Varoš, Bosnia and Herzegovina
E-mail:	cedokomljenovickv@gmail.com
Phone:	+387 51 784 230
Fax:	-
Web:	https://alerk.biz
Authorized person:	Mr. Čedo Komljenović
Founders:	Municipality Kotor Varoš
Number of employees:	n/a
Number of mentors, CRTT and OJTT:	1 Goran Ivanovic
SME support services:	Information, Advisory services, Mentoring

Name of Agency:	Development Agency Municipality Čelinac
Address:	Prvog Krajiškog proletarskog bataljona 50, 78 240 Čelinac, Bosnia and Herzegovina
E-mail:	info@racelinac.com
Phone:	+387 51 555 317
Fax:	+387 51 555 316
Web:	n/a
Authorized person:	n/a
Founders:	Municipality Čelinac
Number of employees:	n/a
Number of mentors, CRTT and OJTT:	1 mentor – Predrag Tešić
SME support services:	Information, Advisory, Mentoring

Name of Agency:	City Development Agency Banja Luka (CIDEA)
Address:	Josifa Pančića 8, 78 000 Banjaluka, Bosnia and Herzegovina
E-mail:	info@cidea.org
Phone:	+387 51 433 460
Fax:	+387 51 433-461
Web:	https://cidea.org
Authorized person:	Mr. Mario Milanović, Director (mario.milanovic@cidea.org)
Founders:	City Banja Luka
Number of employees:	n/a
Number of mentors, CRTT and OJTT:	5 mentors, Ivan Babić, Vanja Todorović, Dabić Danka Kukić Slađana, Mario Milanović
SME support services:	Information, Advisory services, Trainings, Mentoring, Promotion

Name of Agency:	City Development Agency East Sarajevo (RAIS)
Address:	Stefana Nemanje 14, 71 123 Istočno Sarajevo, Bosnia and Herzegovina
E-mail:	info@rais.rs.ba
Phone:	+387 57 342 636
Fax:	+387 57 342 636
Web:	https://rais.rs.ba
Authorized person:	Mrs. Mladenka Pandurević, Director (direktor@rais.rs.ba)
Founders:	The city of East Sarajevo and six municipalities united in the city (Sokolac, Pale, East Stari Grad, East Novo Sarajevo, East Ilidža and Trnovo).
Number of employees:	4
Number of mentors, CRTT and OJTT:	3 mentors: Adrijana Rac Sandra Dragutinović, Mladenka Pandurević
SME support services:	Information, Advisory services, Trainings, Mentoring, Promotion

Name of Agency:	Prijedor Region Economic Development Agency PREDA (not active)
Address:	Aleja Kozarskog odreda bb, Prijedor, Bosnia and Herzegovina
E-mail:	office@preda.rs.ba
Phone:	+387 52 241 600
Fax:	+387 52 241 601
Web:	http://www.predaprijedor.com
Authorized person:	Aleksandar Drljača, Director
Founders:	Prijedor Municipality
Number of employees:	10
Number of mentors, CRTT and OJTT:	2 mentors trained, Saša Karalić, Zoran Dimitrijević
SME support services:	Information, Advisory services, Trainings, Mentoring, Promotion

Name of Agency:	Public Company Directorate for Construction and Development of Srebrenica
Address:	Srebreničkog odreda bb, 75 430 Srebrenica, Bosni and Herzegovina
E-mail:	n/a
Phone:	n/a
Fax:	n/a
Web:	n/a
Authorized person:	n/a
Founders:	Municipality Srebrenica
Number of employees:	n/a
Number of mentors, CRTT and OJTT:	2 mentors, Goran Kočević, Slađana Grujičić
SME support services:	n/a

Name of Municipality	Municipality Han Pijesak
Address:	Aleksandra Karađorđevića 4, 71360 Han Pijesak, Bosnia and Herzegovina
E-mail:	nacelnik@hanpijesak.org
Phone:	+387 57 557 285
Fax:	-
Web:	http://hanpijesak.org
Number of mentors, CRTT and OJTT:	1 mentor, Slavica Ašonja

Name of Municipality	Municipality Laktaši
Address:	Karađorđeva 56, 78250 Laktaš, Bosnia and Herzegovina
E-mail:	info@laktasi.net
Phone:	387 51 334 200
Fax:	387 51 334 258
Web:	http://opstina-laktasi.com
Number of mentors, CRTT and OJTT:	2 mentors, Darko Adžaić, Goran Vujaković

Name of Municipality	Municipality Novi Grad
Address:	Petar Kočića 2, 79220 Novi Grad, Bosnia and Herzegovina
E-mail:	info@opstina-novigrad.com
Phone:	+387 52 720 452
Fax:	+387 52 720 901
Web:	https://www.opstina-novigrad.com
Number of mentors, CRTT and OJTT:	2 mentors, Saša Mirić, Željka Štrbac

Name of Municipality	Municipality Šamac
Address:	Kralja Aleksandra I Karađorđevića 4, 76230 Šamac, Bosnia and Herzegovina
E-mail:	office@opstinasamac.org
Phone:	+387 54 611 650
Fax:	+387 54 620 300
Web:	http://www.opstinasamac.org
Number of mentors, CRTT and OJTT:	2 mentors Natasa Vukovic, Niksa Nezirovic

Name of Municipality	Municipality Srbac
Address:	Trg Boraca 1, 78420,Srbac, Bosnia and Herzegovina
E-mail:	opstinasrbac@teol.net
Phone:	+387 51 740 001
Fax:	+387 51 740 124
Web:	http://srbac-rs.com
Number of mentors, CRTT and OJTT:	1 mentor Vanja Šarić

Name of Municipality	Municipality Stanari
Address:	Stanari bb, 74208 Stanari, Bosnia and Herzegovina
E-mail:	privredaipoljoprivreda@opstinastanari.com
Phone:	+387 53 201 810
Fax:	+387 53 201 818
Web:	https://www.opstinastanari.com
Number of mentors, CRTT and OJTT:	1 mentor Jelena Jerinic

III MONTENEGRO

1. Directorate for Investments, Development of SME, and Management of EU Funds

The Directorate for Investments, Development of Small and Medium Enterprises and Management of EU Funds (the Directorate) was set up in January 2018 as a result of a larger restructuring process with the objective of providing SMEs with a one-stop shop for BSS provision. The Directorate provides training and mentoring to SMEs.

Name of Agency	Directorate for Investments, Development of SME, and Management of EU Funds
Address:	Rimski trg broj 46, 81000 Podgorica, Montenegro
E-mail:	jelena.obradovic@mek.gov.me
Phone:	+382 20 482 285
Fax:	+382 20 234 027
Web:	www.mek.gov.me
Authorized person:	Radosav Babić, General Director
Founders:	Government of Montenegro
Number of employees:	n/a

2. The Mentoring service providers

Name of Organisation:	Business Start-Up Center Bar (Bar BSC)
Address:	Bulevar Revolucije bb Poslovni Centar Kula A, floor V, 85000 Bar, Montenegro
E-mail:	info@bscbar.org
Phone:	+382 30 686 380
Fax:	-
Web:	https://www.bscbar.org
Authorized person:	Mrs. Ivana Tomašević
Founders:	Municipality of Bar, Faculty of Tourism Bar, High School of Economics, Cultural Center, Employment Agency of Montenegro, Bureau Bar, Montenegro Business Alliance and Association of entrepreneurs of Bar
Number of employees:	3
Number of mentors, CRTT and OJTT:	3 mentors: Ivana Tomašević, Saša Jovanović, Vesna Antunićević 2 CRTT and OJT: Ivana Tomašević, Saša Jovanović
SME support services:	Training, Mentoring, Networking, Microloan Support, Business Incubator Services

Name of Agency:	Business Center Cetinje (Cetinje BC)
Address:	n/a
E-mail:	biznis.centar@cetinje.me
Phone:	+382 41 231 452
Fax:	n/a
Web:	n/a
Authorized person:	Mr. Miloš Ivanišević
Founders:	Municipality Cetinje
Number of employees:	n/a
Number of mentors, CRTT and OJTT:	1 mentor, CRTT and OJTT Nikola Mijanović
SME support services:	Mentoring, Networking, Business Incubator Services

Name of Agency:	Regional Business Center Berane
Address:	Rudes bb 84300 Berane, Montenegro
E-mail:	info@rbcbberane.me
Phone:	+382 51 680 118, Cell Phone +382 68 565 727
Fax:	n/a
Web:	http://www.rbcberane.me
Authorized person:	Mr. Nebojša Babović
Founders:	The Municipality of Berane in partnership with the Regional Development Agency for Bjelasica, Komovi and Prokletije and the municipalities of Andrijevisa, Bijelo Polje, Plav and Rozaje
Number of employees:	5
Number of mentors, CRTT and OJTT:	2 mentors, Nebojša Babović, Vladan Šćekić
SME support services:	Information, Mentoring, Business Incubator Services

Name of Agency:	Innovation Entrepreneurship Center Tehnopolis Niksic
Address:	Radoja Dakića bb. 81400 Nikšić, Montenegro
E-mail:	office@tehnopolis.me
Phone:	+382 40 280 431
Fax:	n/a
Web:	https://www.tehnopolis.me
Authorized person:	Mr. Ratko Bataković
Founders:	n/a
Number of employees:	15
Number of mentors, CRTT and OJTT:	3, mentors Jelena Šekarić, Miljana Peković, Vanja Zorić Šundić
SME support services:	Information, Mentoring, Advisory Services, Promotion, Business Incubator Services

Name of Municipality:	Municipality Berane
Address:	Crnogorske brigade 1, 84300 Berane, Montenegro
E-mail:	opstinaberane@t-com.me
Phone:	+382 51 231 973
Fax:	+382 51 233 357
Web:	https://berane.me/
Number of mentors, CRTT and OJTT:	1 mentors Đukić Branko

Name of Municipality:	Municipality Bijelo Polje
Address:	Ul. Nedjeljka Merdovića bb, 84000 Bijelo Polje, Montenegro
E-mail:	preduzetnistvo@bijelopolje.co.me
Phone:	+382 50 484 020
Fax:	n/a
Web:	https://www.bijelopolje.co.me
Number of mentors, CRTT and OJTT:	2 mentors Agović Samedin, Zlatko Lješnjak

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Phone:	+382 41 231 995
Fax:	n/a
Web:	http://www.cetinje.me
Number of mentors, CRTT and OJTT:	1 mentor Marjan Stojanović

Name of Municipality:	Municipality Danilov Grad
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E-mail:	kabinet.predsjednika@danilovgrad.me
Phone:	+382 20 811 928
Fax:	n/a

Web:	https://www.danilovgrad.me/
Number of mentors, CRTT and OJTT:	2 mentors Darija Rajković, Snežana Bozović

Name of Municipality:	Municipality Herceg Novi
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E-mail:	kabinet@hercegnovi.me
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Web:	https://www.hercegnovi.me
Number of mentors, CRTT and OJTT:	1 mentor Nenad Vitomirović

Name of Municipality:	Municipality Kolašin
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Number of mentors, CRTT and OJTT:	1 mentor Dragan Bulatović

Name of Municipality:	Municipality Kotor
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Phone:	+382 32 325 865
Fax:	+382 32 325 865
Web:	https://www.kotor.me/
Number of mentors, CRTT and OJTT:	2 mentors Filip Mihailovic, Vladan Stanković

Name of Municipality:	Municipality Mojkovac
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Fax:	+382 50 472 715
Web:	https://www.mojkovac.me/
Number of mentors, CRTT and OJTT:	1 mentor, Bojana Zejak

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Phone:	+382 40 213 146
Fax:	n/a
Web:	https://niksic.me/

Number of mentors, CRTT and OJTT:	2 mentors Biljana Zorić, Milica Radojičić
Name of Municipality:	Municipality Plav
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Fax:	n/a
Web:	https://www.plav.me
Number of mentors, CRTT and OJTT:	1 Mentor Sulejman Dešić
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Phone:	+382 52 300 192
Fax:	n/a
Web:	https://pljevlja.me/
Number of mentors, CRTT and OJTT:	1 mentor, Marica Leković
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Fax:	n/a
Web:	http://podgorica.me/
Number of mentors, CRTT and OJTT:	3 mentors Jovana Vukčević, Rade Radović, Vladimir Vanja Rajčić
Name of Municipality:	Municipality Rožaje
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E-mail:	opstina_rozaje@t-com.me
Phone:	+382 51 270 430
Fax:	+382 51 270 432
Web:	https://www.rozaje.me/
Number of mentors, CRTT and OJTT:	2 mentors, Nezir Dacić, Velid Nurković
Name of Municipality:	Municipality Tivat
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E-mail:	preduzetnistvo@opstinativat.com petarvujovic@opstinativat.com
Phone:	+382 32 661 300, +382 63 216 200
Fax:	n/a
Web:	https://opstinativat.me/
Number of mentors, CRTT and OJTT:	1 mentor Petar Vujović

IV NORTH MACEDONIA

1. Agency for Promotion of Entrepreneurship of the Republic of North Macedonia

Agency for promotion of entrepreneurship of the Republic of Macedonia (APERM) is a state-owned institution established for implementation of the Governmental SME policies and other related projects/programmes adopted by the Government for support of entrepreneurship, competitiveness and innovation.

The agency supports sustainable economic development, regional development and employment growth, the support of Macedonian companies to start a new business, their growth and development and reaching a technological level for a more competent performance in the international market.

The main responsibilities of the APPRM are:

- Implementation of the Government Program for Supporting Entrepreneurship, Competitiveness and Innovation of SMEs
- Support and promotion of the institutional network for SME development
- Subsidizing consulting services for SMEs
- Participation in the implementation of donor and other EU projects that provide business cooperation, partnerships and increase the internationalization of Macedonian SMEs
- Support for increased innovation and technology transfer at SMEs
- Maintaining and regularly updating the business database for SMEs, as well as dissemination of info-packages intended for SMEs
- Other activities related to strengthening the entrepreneurial spirit and competitiveness of SMEs

The Agency, acts as intermediary between policy makers and SMEs through permanent communication and cooperation with all partner institutions dealing with entrepreneurship promotion SME support:

- SME Support Organisations: Regional Centers - Foundations for Support to SMEs, Enterprise Support Agencies -ESA Agencies
- LED centers
- Clusters
- Entrepreneurial incubators
- Private consultants
- Other entities (universities, ministries, NGOs, chambers of commerce and other associations of small and medium enterprises, banks, etc.

2. The Mentoring service providers

Name of Agency:	Agency for Promotion of Entrepreneurship of the Republic of North Macedonia (Note: not active)
Address:	Kej Dimitar Vlahov 4, 1000 Skopje, P. Box 657, North Macedonia
E-mail:	apprm@apprm.gov.mk
Phone:	+389 2 3120 132
Fax:	+389 2 3135 494
Web:	http://www.apprm.gov.mk/
Authorized person:	Ljubco Dovicinski, Acting director (ljupco@apprm.gov.mk)
Founders:	Government of Macedonia
Number of employees:	13
Number of mentors, CRTT and OJTT:	5 mentors: Eleonora Bozinovska, Maja Taseva, Ljupco Dovicinski, Mihail Indov, Nikola Stankovski

Name of Agency:	Enterprise Support Agency ESA Ohrid
Address:	Nikola Karev, 54, 6000 Ohrid, North Macedonia
E-mail:	esaoh@t.mk
Phone:	+389 70 391 664
Fax:	n/a
Web:	n/a
Authorized person:	Mr. Toni Cvetanoski
Founders:	Established in 1998 by UK (Department for International Development (DFID) and Municipality Ohrid.
Number of employees:	full time employees 2, part time employees 1
Number of mentors, CRTT and OJTT:	3 mentors: Elizabeta Petanova, Mimoza Popovska, Toni Cvetanovski
SME support services:	Provision of business information, Development of business plan for start-ups, Business planning for mature SMEs, Mentoring Consulting- Vaucher Scheme

Name of Agency:	Enterprise Support Agency ESA Tetovo
Address:	blok 87, loc.2, Ilindenska, Tetovo 1220, North Macedonia
E-mail:	esate@t.mk
Phone:	+ 389 44 350 960
Fax:	+ 389 44 350 960
Web:	http://www.esate.com.mk
Authorized person:	Mr. Salajdin Idrizi (Cell Phone +389 70 224 005)
Founders:	UK (Department for International Development (DfID) and EU
Number of employees:	3
Number of mentors, CRTT and OJTT:	3 mentors: Nebi Jusufi, Salajdin Idrizi, Fitim Idrizi
SME support services:	Business advice and information, Development of business plan for start-ups, Business planning for mature SMEs, Support for development of social enterprises, Business training (basic and advanced), Mentoring, Consulting- Vaucher Scheme

Name of Agency:	Regional Center Bitola - Foundation for Support to SMEs RESC Bitola
Address:	11 Oktomvri, 2400 Bitola, North Macedonia
E-mail:	rcbt@t.mk,dragandrcbt@t.mk
Phone:	+ 389 47 228 153
Fax:	+389 47 228 153
Web:	n/a
Authorized person:	Dragan Damjanovski (Cell Phone +389 75 677 304, +389 70 269 219)
Founders:	EU PHARE programme and Municipality Bitola
Number of employees:	1
Number of mentors, CRTT and OJTT:	2: mentors Nikola Dimkovski, Milena Dimkovska
SME support services:	Provision of trainings and development of business plans, Mentoring, Consulting- Vaucher Scheme

Name of Agency:	Regional Center Kumanovo Foundation for Support to SMEs RESC Kumanovo
Address:	Ilindenska 66, 1300 Kumanovo, North Macedonia
E-mail:	razvojku@t.mk
Phone:	+389 31 416 102
Fax:	+389 31 437 594
Web:	n/a
Authorized person:	Dimitar Tasevski (Cell Phone +389 78 300 605)
Founders:	EU (PHARE program) and Municipality Kumanovo
Number of employees:	2 full time employees + 8 based on project's needs
Number of mentors, CRTT and OJTT:	2 mentors Igor Georgiev, Saso Velkovski
SME support services:	<ul style="list-style-type: none"> - The implementation of APPRM programmes: Voucher System of Counselling, Info Desk, Self-employment programme - Mentoring - Organization of information meetings for SMEs and unemployed persons who plan to start their own business, where potential and existing entrepreneurs can obtain information about available open opportunities - The training programmes - Organization and logistics for visiting trade fairs in and out of the country followed by a series of events and discussions for businessmen

Name of Agency:	Regional Center Skopje, Foundation for Support and Development of SMEs - RESC Skopje
Address:	St. 4 Mirče Acev, 1000 Skopje, North Macedonia
E-mail:	recs@recs.org.mk
Phone:	+389 2 329 8065
Fax:	+389 2 323 9053
Web:	n/a
Authorized person:	Svetlana Kirevska (Cell Phone +389 70 720 580)
Founders:	EU (PHARE program)
Number of employees:	3 full time employees, 1 part time employee
Number of mentors, CRTT and OJTT:	3mentors: Blagojce Trifunovski, Svetlana Kirevska, Evgenija Liscova
SME support services:	<ul style="list-style-type: none"> - Consulting- Vaucher Scheme - Mentoring - Support to the SMEs for easier access to financial sources and credit lines - Assistance in business planning and preparation of a business plan - Organize and conduct training programs for unemployed as well as development of the Ideas into the successful businesses - Information and services for professional development of the high educated young people without employment - Matching the SMEs with the young high educated people - Support in managing with the cash flow - Support for easier access to the financial grants and donations of the International Donator's Programs - Identification of sustainable business opportunities - Identification of potential business partners - Provides contacts for SMEs with the external partners and matching them - Estimates the need for human resources development within the management structures or other employees - Provides Organizational Structure Analyse and detailed job description - Carry out selection procedures regarding recruitment of staff - Supports SMEs in increasing their market participation - Organize presentation performances, Seminars, Workshops, Conferences and etc.

Name of Agency:	Regional Center Strumica, Foundation for Support to SMEs RESC Strumica
Address:	11 oktomvri bb, 2400 Strumica, North Macedonia
E-mail:	rcsr@t.mk
Phone:	+389 34 349 320
Fax:	+389 34 349 320
Web:	n/a
Authorized person:	Marija Tasheva (Cell Pohne +389 71 201 068)
Founders:	Municipality of Veles and the EU (PHARE program)
Number of employees:	3
Number of mentors, CRTT and OJTT:	3 mentors Marija Tasheva, Vaska Tasheva, Verica Chorev
SME support services:	<ul style="list-style-type: none"> - Provisions of information and advices - Development of business plans - Development of projects proposals according to client needs - Support to introduction of standards HACAP and ISO - Consulting- Vaucher Scheme - Mentoring

Name of Agency:	Regional Center Veles, Foundation for Development of SMEs RESC Veles
Address:	Dimitar Vlahov 27, 1400 Veles, North Macedonia
E-mail:	rcve@t.mk
Phone:	+389 43 613 810
Fax:	+389 43 613 810
Web:	n/a
Authorized person:	Anita Samardzieva (Cell phone +389 75 326 667)
Founders:	Municipality of Veles and the EU (PHARE program)
Number of employees:	2
Number of mentors, CRTT and OJTT:	3 mentors, Aleksandar Samardzieva, Anita Samardzieva, Marija Vaskova
SME support services:	Information, Business planning, Consulting-Vaucher Scheme, Mentoring



Implementation Manual

Standardized Mentoring Service

Ver. 21st Nov 2018

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1 Foreword from the founders

In the last two decades, Serbia has been facing significant economic and social challenges and changes. Over the past four years, especially, Serbia made serious steps to develop a stable business climate by continuing the implementation of overarching reforms, mainly in areas of finance, infrastructure, education and regional cooperation. All of this resulted in the fact that various international organizations (World Bank, IMF, E&Y, World Economic Forum, etc.) recognized Serbia as a regional leader and favorable destination for doing business.

Like in the majority of other economies in the world, small and medium enterprises and entrepreneurs represent core of the Serbian economy, having 99.5% share of all business entities doing business in Serbia.

Development Agency of Serbia (RAS) as one of creators and the leading carriers of economic policy on behalf of the Government of the Republic of Serbia, through its current activities and achievements of its predecessor institutions, has been providing various financial and non-financial support for SMEE sector in Serbia. Main goals of the support are maintaining and enhancement of stable environment for sustainable SME sector, increasing SMEs productivity, export, and competitiveness on domestic and international level, with the overarching goal of equal development and strengthening of Serbia, its economy as well as its leader position in the region.

Starting from 2001 and Serbian Agency for the development of SMEEs (SADSMEE), and later in 2009 National Agency for Regional Development (NARD) SMEE sector in Serbia had a continuous support for its activities and development. Focusing on SMEE sector needs, new "pioneer" service was introduced in 2005 - mentoring for SMEEs. Mentoring was introduced to tackle majority of situations which showed as challenges for Serbian business entities and it was implemented in cooperation with National Employment Service. This fruitful cooperation resulted in over 900 mentoring beneficiaries during its duration, in the period 2005-2009.

While mentoring program was conducted in cooperation with National Employment Service, SADSMEE (now RAS) implemented this project in cooperation with Japanese International Cooperation Agency (JICA). It was concluded that there was a great potential lies in mentoring as a service for

SMEs. As a result, project on mentoring institutionalization was later created and implemented in the period 2008-2011. This helped in establishing of mentoring in Serbia on a firm foundation, with clear methodology, definition of mentors and objectives to be achieved. This new established scheme was tested within pilot-project in 2010, when 44 beneficiaries were supported. First year of the implementation on the whole territory of Serbia was 2011, with 133 beneficiaries, followed by 134 SMEEs in 2012. That year new category of beneficiaries was introduced, start-ups. In 2013 and 2014 same number of beneficiaries was selected, 107. New mentoring scheme in Serbia was proved to be efficient and attractive to the target group, thus new initiative was born: to transfer experiences from Serbia in neighboring countries and to enhance and improve mentoring scheme in Serbia. After reaching consensus, NARD with partner institutions from Montenegro (Directorate for the development of SMEs-DDSME) and Bosnia and Herzegovina (Sarajevo Economic Region Development Agency-SERDA) applied in 2012 to JICA Headquarters in Tokyo with new three-year project proposal. New project proposal was adopted and new "Project on establishment and promotion of mentoring service for SMEs in the West Balkans-Serbia, Bosnia and Herzegovina and Montenegro, 2013-2016". Following the great results in 2017 started and second phase of this program "Project on establishment and promotion of mentoring service for SMEs in the West Balkans, 2017-2020, phase 2" with Macedonia as a new partner country. The project refers to upgrading standardized mentoring services cycle in Serbia, and continuation of transfer of Serbian expertise in the field of mentoring in Bosnia and Herzegovina, Montenegro and FYR Macedonia, with the support of Japanese experts. This is a rare example of JICA Tokyo support the project the fourth time in a row in one country and one of a few projects that has a regional character with RAS as a partner.

Through mentoring, it is important to secure comprehensive support to the mentee (beneficiary). Mentor is a guide and assistant to the mentee, from the moment when they detect problem at the beginning of cooperation, to the point when they find most optimal solution.

Entrepreneurs are definitely generator of business venture and success, but experiences from the praxis have proven that entrepreneur is a cause of inefficient business operations, too; having in mind both entrepreneurs' „roles" and situations, decisions on solutions and future directions have to be brought by entrepreneur, where in mentoring process mentor is assistant who directs and with professional support leads to the improvement.

From the practical point of view, mentoring achievements and success are

measured for every year of implementation, after one year pass. This evaluation of mentoring program is conducted by external independent evaluator every year with the focus on mentoring program, performances of mentors, satisfaction of mentees and to proposal of possible recommendations for future improvements.

So far, more than 2,000 beneficiaries received the mentoring advisory service, of which over 90% felt the positive change in their business performances. According to the results of 2017, companies recorded a cumulative increase in operating income by 15% compared to the previous year.

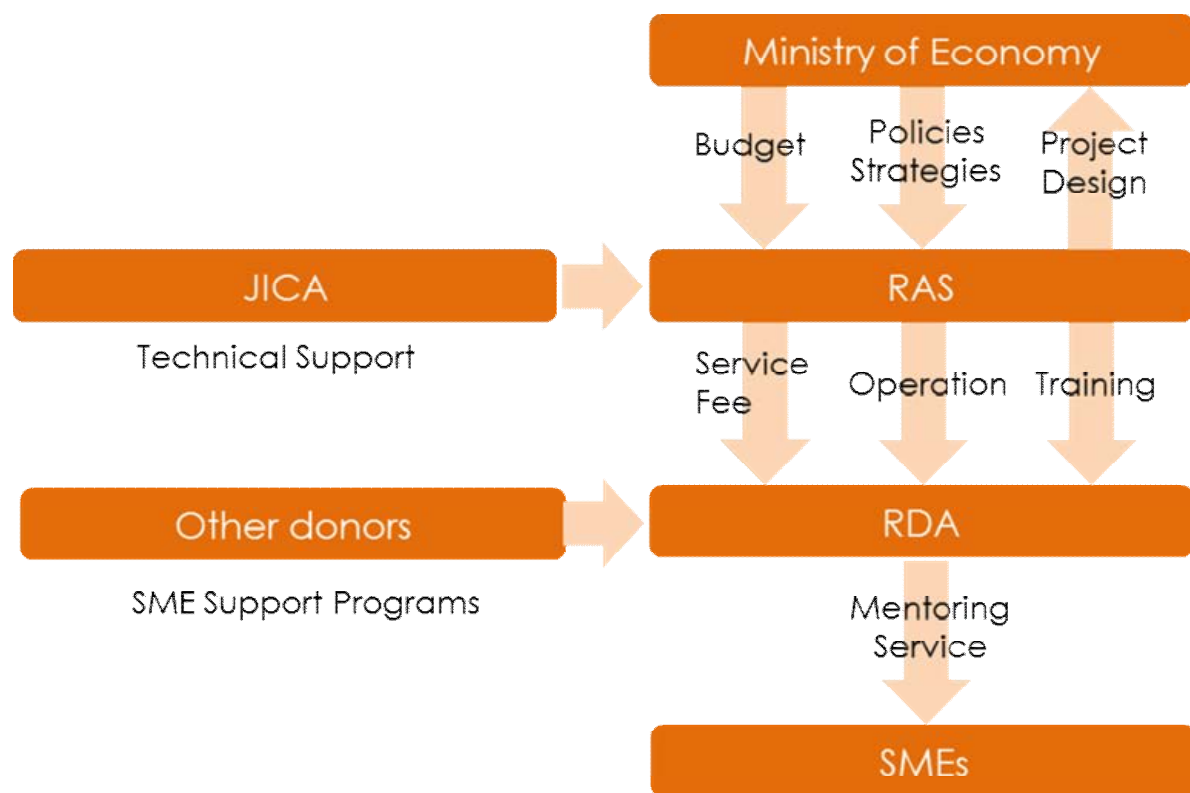
In order to conclude, whether we are talking in terms of numbers or impressions of beneficiaries, mentoring is useful tool and formula for business success, through which beneficiaries receive not only mentors` support, but in cooperation with mentors built their capacities in proactive way. Results from above mentioned external evaluation show that 98% of beneficiaries would use mentors` support again in the future.

2 Management structure of the Mentoring service in Serbia

Mentoring service aims for developing SMEs in entire Serbia, so that RAS collaborates with RDAs in local areas to provide mentoring service to SMEs there. And also RAS and RDAs willingly cooperate with other donors and entities which provide support programs for SMEs, because mentoring service can be more practical and effective together with these programs.

2-1 The management structure of the mentoring service

The management structure of mentoring service shows as below.



RAS administrates the whole mentoring service scheme.

- Develops the mentoring scheme based on the government's policies and strategies.
- Finances and administrates the whole mentoring service.
- Develops and improves the necessary knowledge on mentoring service.
- Operates the training system, qualification system and evaluation systems.
- Provides RDA with comprehensive support corresponding to their needs.

JICA provides comprehensive technical support as follows.

- Dispatches experts of mentoring service.

- Provides RAS with comprehensive technical support from project design to implementation.
- Provides a variety of trainings in order to cultivate mentors to develop their mentoring skills to an optimum level.

RDA provides mentoring service in each regional area.

- Cultivates mentors in order to develop their mentoring skills to an optimum level.
- Prevails the dissemination of mentoring service to SMEs in their territory.
- Provides SMEs with mentoring service.
- Improves mentoring service by reporting RAS about their practical mentoring cases and findings.

2 - 2 Basic Conditions of mentoring service

Service Fee to RDA from RAS:

RAS pays mentoring service fee for a mentoring service according to the condition indicated by RAS.

Service charge to SMEs for mentoring : Free-of-Charge

Duration : A minimum of 50 hours over a six-month period of time
At least 75% of the time has to be spent with the beneficiary.

Mentor : A member of RDA certified as a mentor by RAS

Beneficiary : SMEs

3 Aim of the Implementation Manual

The most critical key to success for the mentoring service to become a valuable service is improving consistency throughout the entire system. It is necessary for mentoring service to consist of systems and activities and each of them to be designed and operated based on a clear aim, in order to be effective as a whole. This Implementation Manual aims to clearly state the key concepts that are the core of the system, in order for all persons who are engaged in the system to understand the ideal image and to be able to design and implement the best system. All subjects described in the manual closely affect to each other and play important roles. Therefore all decision makers of the mentoring service should understand the meaning of contents in the manual in order to establish and conduct implementation of a consistent mentoring service which is effective, valuable and sustainable.

4 The key concepts of designing the mentoring service

4 - 1 Aim of defining the key concepts

These definitions are stated clearly in the manual, as mentoring service consists of a number of parts, which are designed by different persons at a different time. Without these definitions, the mentoring service will lose its consistency, since each part is established based on a goal image of the person who is in charge of it. To establish a consistent, effective and sustainable mentoring service, all persons who are engaged in designing and implementing a part of mentoring service have to first understand the definitions in order to know the true aim and ideal image of their own part, and possible challenges they have to prevent.

4 - 2 What is Mentoring?

“Mentoring is to identify the most important point within the company, and lead the SME focus its management resources towards it.”

There are a lot of challenges which SMEs have to deal with, but it is impossible for the SMEs to solve them all. In a severe competition, the most important thing for SMEs is to find out the key to success for their business, and to focus on it in order to keep running and/or improving their operation and develop themselves.

Mentoring is designed to be comprehensive and provide long term support for SMEs which are going to challenge further improvement and development, collaborating with mentors. Throughout mentoring, the mentor plays a role of facilitator, coordinator and adviser in order to achieve the SME's goal, providing proper support to the SME timely and continuously.

Through diagnosis, SMEs and mentors jointly analyze the business and find out the most important point within the business in order to achieve their goal. During the analysis, mentors objectively provide their advice to the SMEs in order for them not to commit mistakes by having too much self-confidence. After finding out the most important point of the business, in other word, the key to success, mentors and the SMEs draw practical action plan for heading to their goal.

The significant characteristic of mentoring service in Serbia is that mentoring

does not end at diagnosis reporting, as after this phase, mentors also provide support to SMEs on implementing the action plan. To facilitate the implementation of the action plan, mentors provide various kinds of support to SMEs corresponding to their needs. For example, if an SME requires funds for further investments, a mentor may help the SME apply for a bank loan or introduce SME support programs provided by the government or other institutions. If an SME needs a business partner, a mentor may help the SME find the partner using his RDA's database and other useful information. If an SME needs special expert knowledge such as HACCP, ISO, marketing, management and so on, the mentor may help the SME find appropriate professional consultants or SME support programs provided by the government.

While mentors have to take responsibility as supporters of the SMEs, they also have to take the responsibility as members of the pool of people assigned by RAS as governmental agency, which implements SME support programs at national level. It means that mentors are also expected to facilitate SME support programs such as grants, loans and voucher systems provided by the government and other donors. These programs can be more feasible and effective, if SMEs apply for the programs with mentors who know how to get access to these programs and how to draw practical action plans.

In addition to these functions, mentoring can bring other merits into public SME support programs in Serbia. Firstly, mentors can directly communicate with a lot of SMEs, so that mentors can collect SME's crucial information, which is very useful, but very difficult to get from statistical data. This information is useful for developing more required and expected SME support programs. Secondly, there is an issue in the consulting business in Serbia, as it cannot be said the service is consistent enough. To become competitive companies, it is important for SMEs to cooperate with professional consultants, but many SMEs have been reluctant to using consultants. If mentors can provide a high-quality mentoring service to SMEs in the entire Serbia, SMEs will understand the importance of the cooperation with professional consultants. It will promote collaboration among Serbian companies and professionals, and then this environment will make it possible for SMEs to improve their business faster and develop more competitive products.

4 - 3 Who is a Mentor?

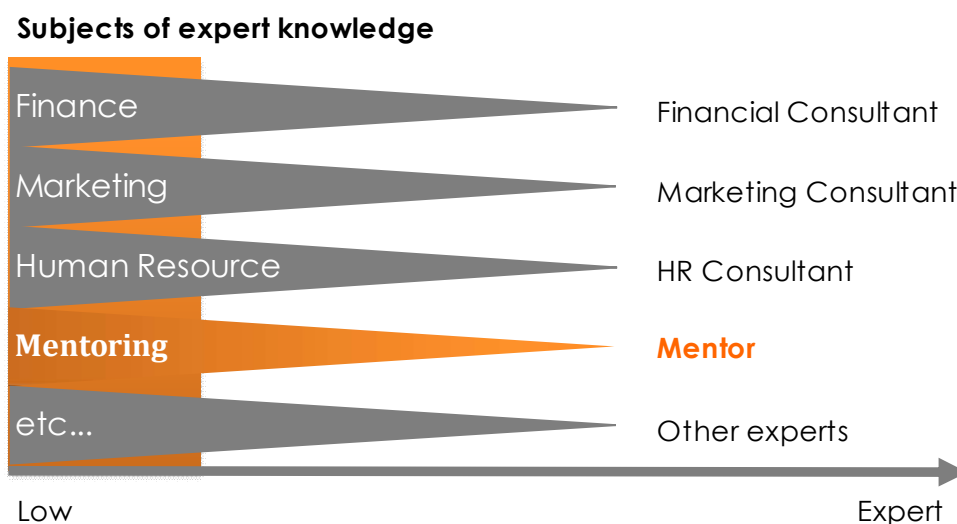
“Mentor is the person who helps SMEs to keep running operations and develop themselves through mentoring.”

Mentors provide support to SMEs through mentoring service and all of them aim for helping SMEs keep running and/or improving operation and develop themselves. With appropriate support provided by mentors, SMEs identify the key to success for their business and by so doing, they can be encouraged to challenge it. In this way, mentors help SMEs keep running and/or improving operation and develop themselves. On the other hand, it is also expected for mentors to support and collaborate with institutions in the field of business development.

Mentors provide mentoring service along with the mentoring processes illustrated in each mentoring guideline. As a facilitator, mentor helps SMEs draw practical action plans and supports them to implement the plans, providing advice from mentor's point of view. On the other hand, mentors have to be able to play the role of coordinator, in order for SMEs to collaborate with banks, to utilize SME support programs provided by the government or other donors and to find appropriate professional consultants corresponding to SME's needs.

Mentors are certified by undergoing required training and exam which are developed and provided by RAS with support from JICA.

The following image shows expected mentor's skills, comparing with professional consultants. The orange area refers to mentor's skills.

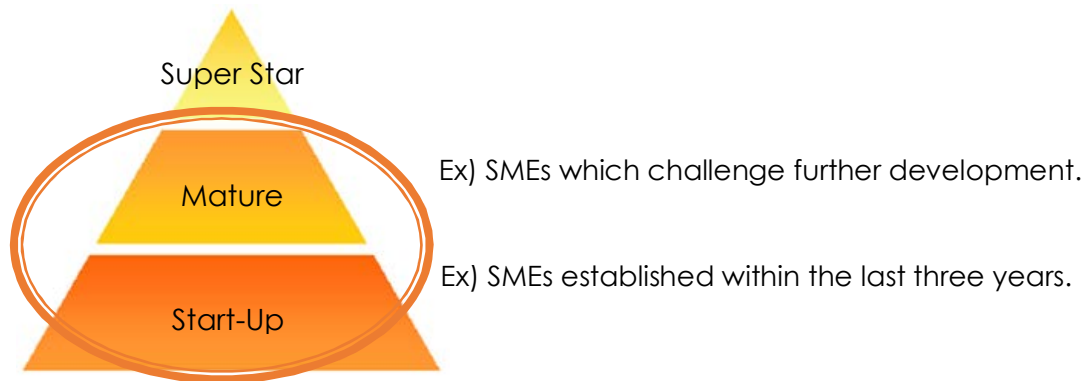


4 - 4 Who are the beneficiaries?

“Beneficiaries of mentoring service are SMEs, clusters, business associations, and institutions in the field of business development, who are the source of dynamism of nationwide economic development.”

As almost all companies are SMEs in Serbia, it is the SMEs which can bring vitality and dynamism into the national economy. Therefore, the development of local SMEs is crucial for economic development in Serbia, this is what mentoring service aims for, too. Based on this aim, mentors also support and collaborate with business associations, clusters, and institutions such as business centers. Furthermore, as “Mentor” is an official qualification in Serbia, mentors can collaborate with government, public donors and other institutions to provide their support programs to the beneficiaries. This is one of the strengths and characteristics of mentors.

Beneficiaries of mentoring service are categorized in mature and start-up companies.



The definitions of each category are as follows.

Start-up is the SME which has started the business within the last three years.

Mature is the SME that challenges further improvement and development of its businesses.

In the future, mentoring will be offered also to associations, clusters, incubators, or other institutions for SME support.

4 - 5 What should the mentor do?

“Using management diagnosis, mentor identifies the most important goal of the company and provides the SME with support on drawing and implementing the practical plan to realize it.”

The most important activity in mentoring is Company Diagnosis. By conducting Company Diagnosis, mentors identify the most important point within SMEs' business and draw concrete action plan together with the SMEs. Furthermore, mentors help SMEs conduct the action plan in order for them to dare to challenge the first action.

4 - 6 What is the result of diagnosis?

“Identify the most important goal, and the practical action plan to realize it.”

In a diagnosis report, the most important point to which the SME should take actions has to be described. It is also necessary for the report to contain a practical action plan, consisting of concrete actions, in order for the SME to understand what they have to do. With both elements, the SMEs can appropriately focus their management resources towards the most important point within their business.

4 - 7 When can one be called a mentor?

Mentor has to meet the following three elements at an optimum level.

1. Understanding the goal that mentor has to achieve

2. Understanding the process for reaching the goal.

3. Have the skills required on each steps of the process

It is important for decision makers to consider the details of qualification requirement of mentor, but if they do not have a deep understanding of the key concepts, qualification requirement of mentor will become too complicated and difficult to be understood, because various kinds of elements will be brought into the qualification requirement as “necessary”. To cultivate practical and skilled mentors within a short period, “Focus” is the most important key to success. Therefore, this manual designs everything based on these three

elements in order to optimize the systems relating to mentor's quality such as training system, qualification requirement system and qualification renewal requirement system. Based on these concepts, RAS develops the training program and qualification system for mentors, and certifies mentors who have undergone the training program and passed the examination provided by RAS.

4 - 8 How mentoring guidelines and training materials should be developed?

Guidelines have to contain the following three elements clearly defined:

1. The goal which mentor has to achieve.

2. The process to achieve the goal.

3. The skills which are required on each step of the process.

Mentoring activities are standardized in order for mentors to provide mentoring service nationwide with expected quality. Therefore, standardized mentoring activities should be described in the mentoring guidelines, and then each of the guidelines has to contain these three elements as a basis. "The goal which mentor has to achieve" is necessary to design "The process to achieve the goal" and "The process to achieve the goal" is also necessary to identify "The skills which are required on each step of the process." It means these three elements always have to be clearly described in the mentoring guidelines and, if the system loses even one of them, it can never have consistency.

"Training materials have to be systemized focusing on the skills required in the mentoring process."

Mentors are expected to know various kinds of special business knowledge, but it does not mean mentors who have learned this knowledge more than others can provide better mentoring service. Training materials should not be developed consisting of many subjects that are irrelevant to mentoring activities. It is more important for mentors to be able to learn the knowledge which is actually used in mentoring service and, only if they have learned it enough, they can provide high-quality mentoring service to their clients, even though they do not know other special business knowledge. Therefore, training materials should focus on the skills required in the standardized mentoring process.

4 - 9 How trainings for mentors should be designed?

Mentors should learn the following three elements:

- 1. The goal which mentor has to achieve**
- 2. The process of reaching the goal**
- 3. The skills which are required on each step of the process**

Regarding mentors:

All training programs have to be designed based on these three elements, as mentors have to learn mentoring know-how, understanding the relation among "Goal", "Process" and "Skills," in order to use their learned knowledge in the appropriate way. On the other hand, with these elements, training programs will be focused only on necessary subjects for mentors, because all of them are selected based on standardized mentoring process, meaning mentors can learn all knowledge considering how to use them in the process. All decision makers have to understand well that the aim of trainings for mentors is to lead them to understand these three elements at an optimum level.

Regarding trainers:

On the other hand, the most important point for trainers is to be able to teach mentors effectively with plain explanation regarding the three elements from above. Therefore, it is more important whether the trainer can teach others effectively than whether the trainer is able to provide high-quality mentoring service. In this sense, it is expected for trainers to undergo some special training regarding trainer skills.

Key point of trainings for skilled mentors:

All mentors should keep improving their mentoring skills, but improving does not mean obtaining new or more difficult technics. The aim of training for skilled mentors is to help the mentors keep their knowledge they have learned at an optimum level. The ideal training for skilled mentors is the one that helps them keep their knowledge at an optimum level and become able to apply basics of mentoring skills in an expected way.

5 Scheme of providing mentoring service

Functional operational system is a crucial factor for providing practical mentoring service. As mentoring service consists of many activities conducted by several different players, a well-designed and clear operational process is necessary in order to make the system effective. The operational process on mentoring service consists of 9 main steps, as follows.

Operational process of mentoring service

1. Public Call

Public Call is announced on the web-site of RAS and RDA and in three daily newspapers which are distributed on the whole territory of the Republic of Serbia;

2. Receiving applications from potential beneficiaries

Potential beneficiaries apply to RDA with requests for receiving mentoring service.

3. Pre-Selection of applicants in RDA

Potential beneficiaries can receive administrative assistance from the staff of RDAs in order to prepare the proposals for mentoring service. The staff examine the applications, and prepare formal opinions regarding the applicants and then forward the proposals with their opinions to RAS.

4. Approval to the proposal by the evaluation committee

The evaluation committee within RAS examines the proposals and takes decisions for each application on approving it or not.

The decision can be:

- The committee approved the proposal which fulfills all criteria.
- The committee requires further improvement and revision on the proposal.
- The committee does not accept the proposal.

After the evaluation, RAS informs the RDA of the result of examination and sends the proposals back to them.

5. Concluding the contract of mentoring service

The RDA concludes the contract of mentoring service with the approved beneficiary.

6. Implementation of mentoring service

A mentor provides mentoring service to the beneficiary based on the contract and the mentoring guidelines.

7. Writing a final mentoring report

After finishing mentoring service, mentors write a "Final mentoring report" and submit it to the director of RDA in which they are employed.

8. Reporting RAS with the final mentoring report

The director of RDA checks the final mentoring report and sends it to the evaluation committee in printed version. Furthermore, the mentor inputs the report into "Mentor Master."

9. Examination of the result of mentoring service

Evaluation committee examines the final mentoring report and takes a decision whether approves the conducted mentoring service and required expenses as appropriate or not. If approving them, RAS proceeds on with the payment procedure.

6 Training system

6 - 1 Structure of the training system

The quality of mentoring service depends on each mentor's skills and all mentors are expected to provide their service at an optimum level. Therefore, it is necessary for the system to have a properly structured training program, consisting of various kinds of trainings. The important thing is that all of them are connected in order to have consistency within the system. The structure of the entire training system is shown below.

The entire structure of training programs

	1	2	3	4	5	6	7	8	9	10	11	12	1	2
Mentor candidates														
Classroom training		■	■											
Mentors														
OJT with OJT trainer							■	■	■	■				
All Mentor Meeting										■				
Mentor Award														■
Classroom Training trainer candidates														
Special Training	■													
On the Job Training trainer candidates														
Special Training					■									

The definition of the trainers.

Classroom training trainer is the person who develops and provides classroom training to mentor candidates.

On the Job Training trainer is the person who provides On the Job Training to mentors.

Both trainers are also mentors who underwent required trainings and passed the examinations.

6 - 2 Training program for mentor candidates

The training program is developed in order to educate new mentors during a short period, providing the basics of mentoring. During the training program, mentor candidates learn three key points of mentoring as the followings:

1. The goal which mentor has to achieve.
2. The process to achieve the goal.
3. The skills which are required on each step in the process.

All training materials and training programs are designed in order for mentor candidates to efficiently learn these elements.

6 - 2 - 1 Training materials for mentor candidates

To help mentor candidates to learn the basics of mentoring, three (3) training materials, generally named "Mentoring guidelines", have been prepared.

Mentoring Guidelines

The mentoring guidelines are main training materials for mentors, describing the goal of mentoring, the standardized mentoring process and the skills required in the process. Mentors provide mentoring services based on the instructions in the mentoring guidelines, but at the same time, it is also expected to customize the service corresponding to the status of each client. To apply the standardized mentoring service to each client, it is necessary for mentors to understand the basics of mentoring, in order to know what is the best way for the client.

1. Mentoring Guideline for Overall Understanding

"Mentoring guideline for overall understanding" is the guideline to learn the definition of the key concepts of mentoring and the official reports should be submitted to the database.

2. Mentoring Guideline for Mature SMEs

"Mentoring Guideline for Mature SMEs" is the most important training material for the mentor candidates, containing the standardized output forms, mentoring process and skills which are required in the process, and all mentors have to provide mentoring service referring to this guideline. The guideline helps mentors to understand how to provide their mentoring service and how to lead mature SMEs to focus their management resources towards the key to success.

3. Mentoring Guideline for Start-Ups

"Mentoring Guideline for Start-Ups" is the standardized mentoring guideline aimed for Start-Ups, SMEs which have established their business within the

last 3 years, focusing on marketing activities, as most of Start-Ups tend to have Challenges on this segment. This guideline helps mentors understand the crucial points on supporting start-ups and leads start-ups to stand out among other competitors.

These three mentoring guidelines contain the most important basics of mentoring, so that all mentor candidates need to have a deep understanding of them.

6 - 2 - 2 Training program for mentor candidates

1. Classroom training for mentor candidates

Aim	Educate new mentors efficiently	
Objective	Learn the basics of mentoring at an optimum level	
Training Schedule	From February to March	
Style of training	Classroom style	
Training period	Totally four weeks	
Training Subjects	① Overall Understanding for Mentoring/ Mentoring for Mature SMEs	2 days
	② Mentoring for Start-Ups	2 days
	③ Marketing	2 days
	④ Financial Management and Business Plan	2 days
	⑤ Production Management	2 days
	⑥ Human Resource Management	1 day
	⑦ Communication Skills	1 day
Summary of training	This training is held in order for mentor candidates who want to become certified mentors to systematically learn the basics of mentoring know-how. Trainees learn "The goal to be achieved", "The process to achieve the goal", "The skills which are required in the process" in their mentoring service, using the mentoring guidelines as the primary training material.	

Summary of each subject

"Mentoring for Mature SMEs" and "Mentoring for Start-Ups" are the core trainings for mentor candidates. These trainings use "Mentoring Guidelines" as the training materials and explain the standard of mentoring.

1. Overall Understanding for Mentoring/Mentoring for Mature SMEs

This module is the most important training for mentor candidates and it is using "Mentoring Guideline for Overall Understanding" and "Mentoring Guideline for Mature SMEs". During this training, mentors learn the standardized mentoring service, including the output forms, standardized mentoring process and skills which are required in the process. During the training, the trainees learn the basic activities and skills of each step of the process.

2. Mentoring for Start-Ups

This module is also one of the core trainings for mentor candidates and it is using "Mentoring Guideline for Start-Ups". The standard mentoring is explained and presented in "Mentoring for Mature SMEs guideline", but if mentors want to provide support to Start-Ups, they need more special knowledge and have to take different measures than the one aimed for Mature SMEs. During this module, trainees learn the basics of mentoring specialized for Start-Ups.

The following five modules of training are held in order to supplement the two core trainings from above. It is very important to understand the aim of these trainings, as the purpose is not to teach mentor candidates about new knowledge in the field, but to help the candidates understand and be able to use the basics of mentoring, which they have learned from the mentoring guidelines. To do so, the following trainings consist of practical cases in each field.

3. Marketing

There is a saying in Japan that "There is no business without sales", so that mentors should have practical knowledge in marketing. To provide appropriate advice to clients on the stage of business planning, mentors are expected to come up with creative and feasible ideas on marketing. During this training, mentor candidates learn various kinds of practical cases on marketing, and understand how to use the basics of marketing know-how described in the mentoring guidelines.

4. Finance and Business Plan

During this module mentors learn know-how on general financial analysis. If mentors have financial knowledge at an optimum level, they can understand the current status of their clients. On the other hand, there is more important for mentors to be able to strengthen the client by appropriate accounting. Therefore, mentors have to learn finance not only for analyzing, but also leading SMEs to their ideal status. In addition to it, it is

necessary for SMEs to build a good relationship with banks because their assistance such as loan and grant with optimum conditions are crucial for their business. Therefore, skills on business planning are very important for mentors.

5. Production Management

During this module, trainees learn various kinds of viewpoints on improvement. When mentors visit a production company, they usually have to analyze client's factory and provide advice in order to improve its productivity or so. It is not so important for mentors to have expert knowledge in the field which the client is already familiar with. The more important point in production management is whether mentors are able to appropriately apply general improvement measures to their clients in correspondence with their status.

6. Human Resource Management

During this module, mentor candidates learn general human resource management know-how, because there are many SMEs that are facing challenges on human resources, while they have developed the company from a mere family business to a bigger SME where various kinds of people have joined. Therefore, it is important for mentors to have human resource management know-how such as how to build a functional organization, how to motivate employees and so on.

7. Communication Skills

During this module, trainees learn the basics of communication skills such as how to open other persons mind, how to have others think more, how to avoid conflicts with others and so on. Any activity in mentoring service needs good communication between mentors and clients, so that it can be said that communication skills is one of the most important skills for mentors.

6 - 3 Training program for mentors

The training programs are developed in order for mentors to keep their mentoring skills at an optimum level. Each mentor should improve his/her own mentoring skills through daily mentoring activities, but it does not mean that mentors have to continuously learn new or more difficult skills of business. Mentors are supposed to provide high-quality mentoring service by performing the basics of mentoring which they have learned during classroom training. Even though mentors use same skills and methods as other mentors, the results will be varied due to each mentor's skill level. Therefore, it is expected for mentors to share their practical cases when they have effectively utilized the

basics in a right way and also their activities which were developed by themselves considering the basics.

In this training program, mentors share their practical cases and learn how to use their basics of mentoring skills more and more.

6 - 3 - 1 Training materials

During the trainings, only handouts distributed by the trainers are used.

6 - 3 - 2 Training program

1. Mentor Award

Aim	Prevail ideal mentoring service among mentors	
Objectives	Learn ideal and practical mentoring activities	
Training Schedule	The end of February	
Style of training	Classroom style	
Training period	2 days	
Training Subjects	① Mentor Award in Mature SMEs cases	1 day
	② Mentor Award in Start-Ups cases	1 day
Summary of training	<p>During this training, nominated mentors provide presentation regarding their last year's mentoring service. Participants learn the key to success of each case and how to apply it to their own mentoring activities. At the end of the event, the mentor who provided the best and practical mentoring service gets the award of "Mentor of the year". It is also a strong message towards mentors that the mentoring is the one which all mentors are expected to perform. In addition to this, the event contains 2 or 3 hours short lecture regarding the key points which were found within last year and explained in the presentations. Then all mentors clearly know what they should learn from the event.</p>	

2. All Mentor Meeting

Aim	Standardize mentoring service
Objectives	Learn how to perform practical analysis
Training Schedule	The first half of October
Style of training	Classroom style
Training period	1 day

Training Subjects	① Practical cases on Company Diagnosis	1 day
Summary of training	It is important for mentors to have a chance to know other mentor's activity, especially practical model cases. During the training, mentors can share their results of company diagnosis which has been performed by them during the year. Through practical cases, mentors can learn how to analyze client's business, what kinds of outputs are preferable and other mentors' creative ideas.	

3. On the Job Training with On the Job Training trainer

Aim	Improve mentoring activities and skills	
Objectives	Learn standardized mentoring service	
Training Schedule	From July throughout October	
Style of training	OJT style	
Training period	2 visits to 3 clients (For one trainee)	
Training Subjects	Actual cases of mentoring which each trainee deal with during the period.	3 days
Summary of training	This training is conducted in order for mentors to improve their mentoring activities towards the standardized mentoring service described in the training materials. When an OJT trainer and a trainee visit a client together, if necessary, the trainer provides his/her advice and introduce standardized mentoring activities to the trainee. In that way, mentors can notice the difference between the standardized mentoring activities and their own ones. On the other hand, OJT trainers sometime accompany mentors from other RDAs, which usually have different mentoring methods and also different internal management styles. It is also an important function of this training that OJT trainers facilitate knowledge sharing among mentors beyond the boarder of RDAs.	

4. KAIZEN Training

Aim	Experienced mentors learn how to apply KAIZEN
Objectives	Experienced mentors are educated in KAIZEN and use it as mentoring service for factory diagnosis.

Training Schedule	Implementation period is made of the decision of RAS	
Style of training	Classroom style	
Training period	3 days	
Training Subjects	⑧ KAIZEN	3 days
Summary of training	This training is held as an advanced training for experienced mentors to learn KAIZEN, in order to use it in the standardized mentoring services to the SME beneficiaries which need factory diagnosis. Trainees are educated to conduct "5S", "Supervision of Factory", "efficiency KAIZEN", "quality control KAIZEN" and overall running of Kaizen for implementing factory diagnosis.	

5. Internationalization Training

Aim	Improve cross-regional cooperation and export capacity of SMEs.	
Objectives	Mentors receive specialized training on basic theme(s) concerning internationalization.	
Training Schedule	Implementation period is made of the decision of RAS	
Style of training	Classroom style	
Training period	1 – 2 day(s)	
Training Subjects	Each year, subject(s) will be chosen in correspondence with mentor's requests.	1 – 2 day(s)
Summary of training	A dispatched professional consultant(s) provides specialized training to the mentors, based on the basic theme(s) selected by RAS, in order to enhance the capabilities of the mentors towards supporting their SME beneficiaries which have interest on connecting with foreign partners. The training is expected to consist of basic training and case study explanation.	

6 - 4 Training program for classroom trainer

This training program is developed in order to educate practical classroom trainers within a short period, providing basics of trainer skills. It is more required to classroom trainers to be able to teach the standardized mentoring activities than be able to perform high-quality mentoring service. To be a good trainer, it is not enough that the person knows practical mentoring know-hows and has experience of developing his own original methods, but also the person has to be able to clearly explain with plain words, relating them to the standardized mentoring know-how. In other words, it is more important for trainers that they can tell the basics of mentoring as described in the guidelines and other supplement training materials.

In this training program, classroom training trainer candidates learn basics of trainer skills in order to be practical trainers and prevail the standardized mentoring service among new mentors.

6 - 4 - 1 Training materials

This training uses only handouts distributed by the trainer during the course.

6 - 4 - 2 Training program

① Special Training for Classroom Training Trainer Candidates

Aim	Produce new practical classroom trainers	
Objectives	Learn trainer skills	
Training Schedule	January	
Style of training	Classroom style	
Training period	1 day	
Training Subjects	① Trainer skills	1 day
Summary of training	This training is held in order for classroom training trainer candidates who want to become authorized classroom trainers to systematically learn the basics of trainer skills. Trainees learn the expected role of classroom trainer, basics of training skills such as presentation, documentation, facilitation, discussion, interactive communication know-how and so on.	

6 - 5 Training program for On the Job Training trainer

This training program is developed in order to produce practical On the Job Training trainers within a short period, providing basics of trainer skills, especially coaching skills. On the Job Training trainers have a significant role, as not only they train other mentors, but also prevail preferable standardized mentoring service in entire Serbia. There will be various kinds of differences on mentoring skills among mentors, and also among RDAs, therefore, On the Job Training trainers have to train each of mentors who belong to the trainer's region in order to disseminate expected standardized mentoring service and also to train other mentors beyond the borders of his/her RDAs.

During this training program, On the Job Training trainer candidates learn basics of trainer skills focusing on coaching skills, as it is necessary for trainees to address their challenges and find out solutions by themselves in order to efficiently improve their mentoring skills and activities.

6 - 5 - 1 Training materials

During the training only handouts distributed by the trainers are used.

6 - 5 - 2 Training program

① Special Training for On the Job Training Trainer Candidates

Aim	Produce new practical On the Job Training trainers	
Objectives	Learn trainer skills specialized for OJT trainer	
Training Schedule	The beginning of May	
Style of training	Classroom style	
Training period	1 day	
Training Subjects	① Trainer skills specialized for OJT trainer	1 day
Summary of training	This training is held in order for On the Job Training trainer candidates who want to be authorized On the Job Training trainers to systematically learn the basics of trainer skills specialized for On the Job Training trainer. Trainees learn the expected role of On the Job Training trainers and basics of training skills such as coaching skills and so on.	

7 Qualification system (Acquisition and Renewal)

When it comes to developing a practical and sustainable system, a well-designed qualification system is very important. To build that kind of a system, decision makers have to keep two key points in their mind: the functions of qualification requirement and qualification renewal system. The main functions are as follows:

1. The function of qualification requirement
It can clearly specify the basics required for applicants to become qualified license holders.
2. The function of qualification renewal requirement
It can help qualified license holders keep their skills at an optimum level.

In mentoring system, there are 3 key roles: mentor, classroom training trainer, and On the Job Training trainer. It is necessary for all decision makers to understand each role of three license holders in order to build a consistent qualification system.

7 - 1 Structure of the whole qualification system

When decision makers design a qualification system, the most important point is to understand the whole structure, consisting of training system, qualification conferment system and qualification renewal system. Each of them influences the others and the combination and balance among them are the most important elements to keep the system functional. If decision makers have to change something in a part of the system, they should consider the whole structure and identify the influences to other systems caused by the modification.

Structure of the entire qualification system



7 - 2 Qualification system for mentors

7 - 2 - 1 Qualification requirement for mentors

Schedule	
<ul style="list-style-type: none"> • Selection of candidates • Conferment 	<ul style="list-style-type: none"> • From the middle of November until the middle of December • The end of March
General conditions	
<ul style="list-style-type: none"> • At least university graduate. • Applicant has to belong to an RDA or an entity that the RDA selected as an appropriate service provider with the agreement of RAS. • Applicant needs the approval from RAS to become a mentor candidate. 	
How to learn and keep the required basic skills.	
Prepared trainings	Required conditions to pass
<ul style="list-style-type: none"> • Classroom training • Examination 	<ul style="list-style-type: none"> • The percentage of attendance to each subject is more than 75%. • The score of each subject's exam is more than 70%.
Other requirements or notes	
<ul style="list-style-type: none"> • The qualification of mentor is effective for 5 years, after that, all mentors have to renew it at each 5 years. 	

7 - 2 - 2 Qualification renewal requirement for mentors

Schedule	
<ul style="list-style-type: none"> • Renewal of qualification 	<ul style="list-style-type: none"> • The beginning of December
General conditions	
<ul style="list-style-type: none"> • Applicant holds a valid qualification of mentor. • Applicant has provided mentoring service to at least 5 beneficiaries during last 5 years. 	
How to learn and keep the required basic skills.	
Prepared trainings	Required condition to pass
<ul style="list-style-type: none"> • Mentor Award • All Mentor Meeting • OJT with OJT trainer 	<ul style="list-style-type: none"> • Applicant has attended to "Mentor Award" or "All Mentor Meeting" at least 5 times during the last 5 years. • Applicant has undergone OJT with OJT trainer at least 5 periods in the last 5 years.
Other requirements	
<ul style="list-style-type: none"> • Mentor needs the approval from RAS to maintain mentor qualification. 	

7 - 3 Qualification system for classroom training trainers

7 - 3 - 1 Qualification requirement for classroom training trainers

Schedule	
<ul style="list-style-type: none"> • Selection of candidates • Conferment 	<ul style="list-style-type: none"> • The middle of December • The beginning of January
General conditions	
<ul style="list-style-type: none"> • Mentor has expert knowledge, based on his career background. • Applicant has provided mentoring service to at least 6 beneficiaries. • Mentor requests to become CRTT. 	
How to learn and keep the required basic skills.	
Prepared trainings	Required condition to pass
<ul style="list-style-type: none"> • Special Training for CRTT candidates • Examination 	<ul style="list-style-type: none"> • Full attendance to all subjects. • The score of each subject's exam is more than 70%.
Other requirements or notes	
<ul style="list-style-type: none"> • Classroom training trainer qualification is effective for 5 years, after that, all classroom training trainers have to renew it at each 5 years. • At the selection of new Classroom training trainer, RAS will consider the candidate's motivation, experience in the field, and extent of understanding the training contents. 	

7 - 3 - 2 Qualification renewal requirement for classroom training trainers

Schedule	
<ul style="list-style-type: none"> • Renewal of qualification 	<ul style="list-style-type: none"> • The first of December
General conditions	
<ul style="list-style-type: none"> • Applicant holds a valid qualification of classroom training trainer. • Applicant has provided classroom training at least once during the last 5 years. 	
How to learn and keep the required basic skills.	
Prepared trainings	Required condition to pass
Other requirements	
<ul style="list-style-type: none"> • Classroom training trainer needs the approval from RAS to maintain the qualification of classroom training trainer. 	

7 - 4 Qualification system for on the job training trainers

7 - 4 - 1 Qualification requirement for On the Job Training trainers

Schedule	
<ul style="list-style-type: none"> Selection of candidates Conferment 	<ul style="list-style-type: none"> April May
General conditions	
<ul style="list-style-type: none"> Mentor has participated to at least 3 OJT sessions. Applicant has provided mentoring service to at least 6 beneficiaries. Mentor requests to become OJT. 	
How to learn and keep the required basic skills.	
Prepared trainings	Required condition to pass
<ul style="list-style-type: none"> Special Training for OJT candidates 	<ul style="list-style-type: none"> Full attendance to all subjects.
Other requirements or notes	
<ul style="list-style-type: none"> The qualification of OJT trainer is effective for 5 years, after that, all OJT trainers have to renew it at each 5 years. At the selection of new OJT trainer, RAS will consider the candidate's motivation, experience in the field, and extent of understanding the training contents. 	

7 - 4 - 2 Qualification renewal requirement for On the Job Training Trainers

Schedule	
<ul style="list-style-type: none"> Renewal of qualification 	<ul style="list-style-type: none"> The end of December
General conditions	
<ul style="list-style-type: none"> Applicant holds a valid qualification of OJT trainer. Applicant has provided OJT, which is described in this guideline, to at least 15 mentors during the last 5 years. 	
How to learn and keep the required basic skills.	
Prepared trainings	Required condition to pass
Other requirements	
<ul style="list-style-type: none"> OJT trainer needs the approval from RAS to maintain the qualification of OJT trainer. 	

メンタリングサービス(MS)制度の 将来像について

基軸コンサルティング株式会社

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1 本資料の目的

将来像を明確化することで、効果的かつ効率的な制度構築を実現する。

2 本資料の目標

- ① MS 制度を構築する上で検討すべき視点が明確となっている。
- ② MS 制度の構築状況が明示され、抱える問題が明確となっている。
- ③ MS 制度の将来像が明示され、検討すべき重要事項が明確となっている。
→資料共有の結果、MS 制度の現状、将来像を関係者が共有し、今後どう活動すべきかが明確となっている。

3 MS 制度の将来像を検討するポイント

3-1 MS 制度の構築状況検討に用いる5つの視点

現在4ヶ国で構築中の MS 制度であるが、その構築状況をより把握しやすくするため、本資料では下記5つの視点を用いて検討する。

- | | |
|----------------|---------------------------------|
| ① 予算の安定性 | ：必要十分な予算を確保できるか。予算の拠出先が多様か。 |
| ② 標準 MS の開発状況 | ：標準メンタリングノウハウ、標準メンタリングプロセスが明確か。 |
| ③ MS 提供体制の構築状況 | ：全国をカバーした MS 提供網が構築されているか。 |
| ④ MS 利用の多様性 | ：MS が様々なプロジェクト（PJ）を通じて利用されているか。 |
| ⑤ メンター/MS の利用数 | ：メンターまたは MS が活発に利用されているか。 |

① 予算の安定性

MS 制度を持続可能なものとするには、必要十分量の予算が、安定確保されることが必要である。そのためには「政府の中小企業振興政策」の中へ「MS が明確に重要施策として採用される」ことが必要である。さらに、MS 制度の運営には MS のサービスフィーのみならず、それに付随して必要となる様々なコストが発生するため、それらコストに対しても適切に予算が計上されなくてはならない。

その一方、MS 制度は主管省による利用のみならず、将来的にはその他省庁や地方自治体等による利用も期待できるため、それら PJ を通じて主管省以外からの予算確保も可能となる。予算の拠出先をより多様化し、予算規模もより大きなものとすることで、MS 制度の持続可能性を高めることができる。

② 標準 MS の開発状況

各国の中小企業支援施策において「経営指導」の需要は大きく、多くの PJ が経営指導を必要としている。しかし、そのために必要な「標準化された経営指導」は各国にて長年検討されて来たものの、これまで実現したケースはなく、JICA が支援する MS 制度が初めての成功事例となりつつある。国策として MS 制度が活発に利用されるためには、求められる「経営指導の標準化」を高いレベルで実現することが必要である。それはすなわち「標準メンタリングノウハウ」及び「標準メンタリングプロセス」を確立し、全てのメンターがこれらの標準ノウハウとプロセスに基づいた「標準 MS」を提供できることである。

③ MS 提供体制の構築状況

MS 制度は対象国の中小企業セクターの経済発展に貢献することを主目的としていることから、全土をカバーしたサービスの提供体制を構築することが必要である。さらには首都圏のみならず、地方の中小企業に対しても MS が提供できることは重要な使命である。したがって、全国各地にメンターを抱えるサービスプロバイダーを配置し、そのネットワークをもって全国へサービスを提供できる体制を構築することが必要である。その際には資金の流れ、契約管理、サービスの評価体制など、サービス提供に付随する様々なスキームを構築することが求められる。またサービスプロバイダーの選定においては、自国のリソースを有効利用しつつ、将来的なネットワークの発展性も考慮した上で、適切なサービスプロバイダーを選定することが重要である。

④ MSの多様性

MS制度の設立初期段階においては標準MSの確立こそが最も重要な課題である。一方、ひとたび「最低限のMS制度が確立」し、「小規模ながらも持続可能な状態が実現」したならば、次のステップとして他省庁や地方自治体等によるメンター及びMSの利用を促進することが可能となる。その際は、各省庁や地方自治体のPJの一部としてメンター及びMSが利用されることが想定され、MSには柔軟なカスタマイズが求められることとなる。主管省が標準MSを維持する一方で、他省庁や地方自治体のPJにメンター及びカスタマイズ版のMSを提供することで、MSの利用を多様化させることができる。

⑤ メンター/MSの利用数

MS制度の発展に伴い、メンター及びMSの利用者及び利用のされ方が多様化し、利用数が増加していく。最終的に対象国の中小企業セクター全体へ明らかなインパクトを与えられるだけの規模を実現することが可能となり、その国の中小企業振興政策における中核的な役割を果たせるようになる。

3-2 MSの有料化の影響について

「無料」か「有料」かは、MS制度において大きな変化ではなく、サービス内容に変更を加えることもない。それぞれの意味合いを比較すると下記のようなになる。

無料のサービス・・・一定単価を支払ってでも受けたいサービスが無料である。

有料のサービス・・・一定単価を支払ってでも受けたいサービス。

すなわち、たとえ「無料」であっても、低品質なMSは中小企業から評価されないため、MS制度は確立しない。初めから「有料」であっても評価されるだけの高品質なMSを提供することが必要であり、だからこそ中小企業からの信頼が獲得でき、MS制度を確立させることができる。

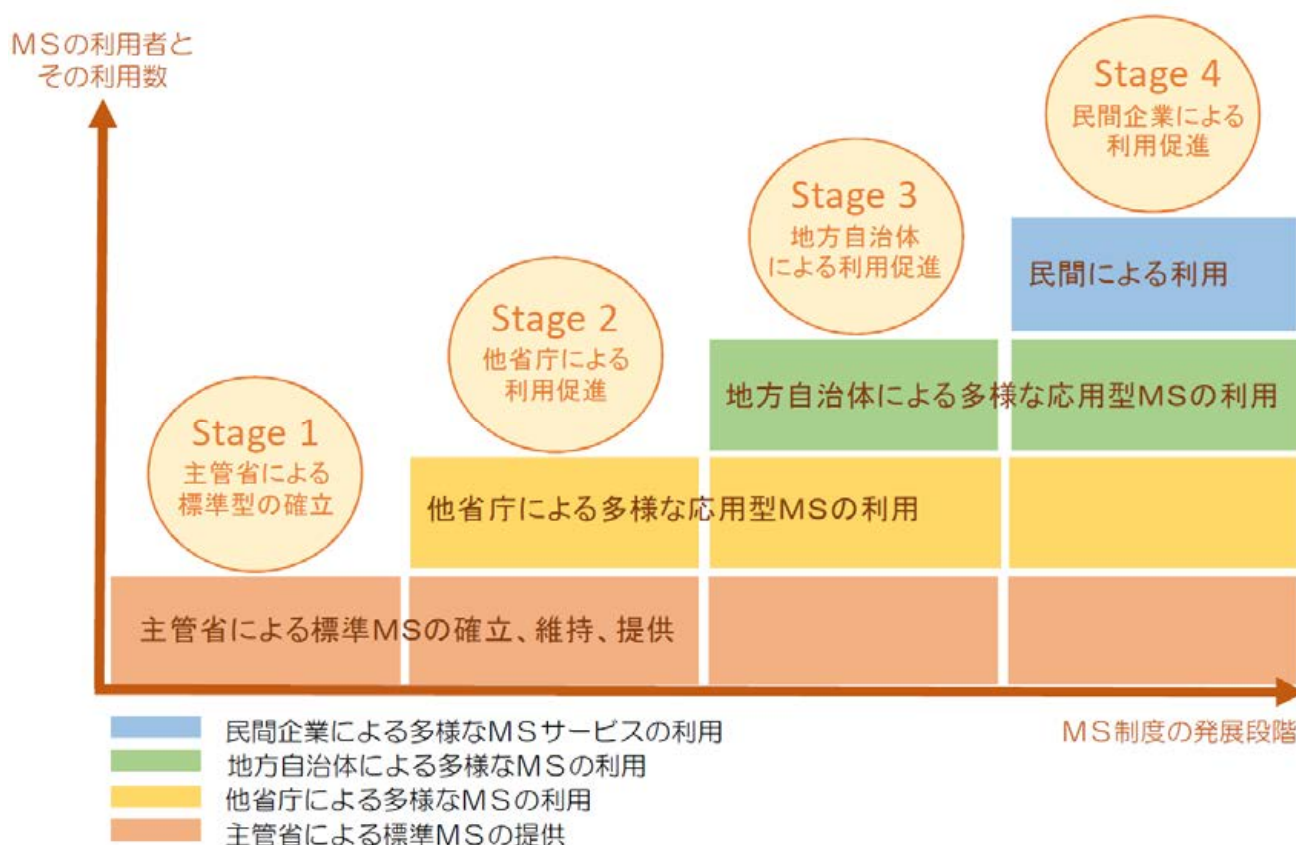
3-3 MS制度の発展プロセス

MS制度の将来に向けた発展プロセスを検討するにあたり、まずその前提を確認する。

前提

JICAによるMS制度の構築は、全国の中小企業の発展に貢献し、対象国の経済発展へ確かなインパクトを与えることを目標とする。従ってMS制度構築の初期段階ではMSを限定数提供するにとどまるも、最終段階ではメンター及びMSが多様かつ多数に利用されることを目指している。

その上でMS制度の発展段階を4つに区切ると、下記のように表すことができる。



図：MS制度の発展段階

各発展段階の概要とその段階へ入った際の特徴をまとめると、下記ようになる。

Stage 1 主管省による標準型の確立

a) この段階の概要

① 主管省によるMS制度運営の基礎スキームを構築し安定化

MS制度の開発は、その活動原資及び開発要員を必要としている。それだけの資金力と人的リソースを有し、さらに関連機関との円滑な業務提携を実現するには、それだけの力を持った機関の存在が欠かせない。従ってこの段階を主管する省が必要であり、主管省の主導によりMS制度の基礎スキーム構築を進め、最低限のMS制度を安定化させることが必要である。

② 標準 MS の開発

MS制度の発展は「標準 MS の実現」が成功のカギを握る。その為には自国の経済環境に適した「標準メンタリングノウハウ」と「標準メンタリングプロセス」を設計し、「メンタリングガイドライン」として明文化することが必要である。

③ メンターの育成制度の構築

開発された「標準MS」を期待された品質水準で提供できるメンターを育成することが必要である。その為にはメンターへの初期教育制度、その後の能力を維持するための継続的教育制度、さらには資格の認定・更新によるメンターの管理制度を構築することが必要である。それによって「メンターの早期育成」と「維持」、「適切なメンターが残り、不適切なメンターが淘汰されるメンターの品質管理」を実現する。

④ 標準MS提供体制の開発

MS制度が全国をカバーするためには、各地に存在する地元中小企業支援機関との連携が必要である。各地の中小企業支援機関の中から、メンターを抱え、MSを期待した品質で提供可能なサービスプロバイダーを選定し、ネットワーク化することが必要である。また、その実務に必要なMSの応募スキーム、裨益企業及びサービスプロバイダーとの各種契約スキーム、資金フロー、報告・評価スキームなどを構築する。

⑤ 標準 MS の認知度向上（政府関係者及び中小企業による適切な理解と支援を獲得）

MS 制度はその構築初期段階において多くの関連機関の協力、政府による財政支援を必要とする。従って、関係者による MS 制度への適切な理解と、それに続く支援を獲得することが必要不可欠である。また、初期段階とはいえ MS に対する裨益企業の評価は、今後の制度構築を進める上で重要な検討材料とされる。その評価時に裨益企業から MS に対して高評価を得るためには、メンターのパフォーマンス向上のみならず、そもそも裨益企業が MS を適切に理解し、その期待水準が適切なレベルへコントロールされていることが重要である。従って標準MSを政府関係者、中小企業が適切に理解できるよう、プロモーションを展開することが必要である。

b) 本段階へ入った直後の特徴

MS 制度に関するリソースが皆無の状態から始まるため、標準 MS の開発と最低限の運営体制を早期に確立することが必要である。また、並行して政府内関係者や中小企業へ MS の必要性を提案し、理解と協力を得ることがその後の発展に必要不可欠である。しかし、MS 提供の初期段階においては、MS 品質のバラツキ、MS の認知度の低さ、MS 制度運営の不備など多くの問題が発生することは避けられない。そのため、特定地区での MS 提供のテストを通じ、生じた問題が致命傷となる前に一つ一つ早急に解決し、まずは最低限の制度の確立へ到達することが目標となる。具体的には標準 MS の確立、全国を網羅するネットワークの構築、MS 制度の運営スキームの構築、MS への政府関係者/中小企業による理解と協力の獲得、そして存続・発展するための最低限の予算確保を実現することである。

Stage 2 他省庁のPJによる利用促進

a) この段階の概要

① 主管省による標準型の維持

主管省により予算は確保されるものの、その金額は全国の中小企業へ豊富な MS を提供し、かつ品質を維持するための各種活動を賄うには不足している。従って主管省の確保する予算は「標準 MS を維持」することへ集中投下する。具体的にはメンターへの教育制度の運営、資格制度の運営、その他活動経費に充てると共に、「標準 MS の提供に対するサービスフィー」として利用する。この標準 MS の年間提供数は少数に限定されるが、その機会を通じて「標準 MS の維持」を実現する。

② 主管省から他省庁へのメンター/MS の利用促進

中小企業支援施策を様々な省庁が実施しており、その PJ の中で「経営指導」のニーズが大いに存在している。しかし「全国をカバー」しつつ「標準化された経営指導」ができる仕組みが不在であることから、経営指導のニーズはあるものの、各省庁の PJ は経営指導を活発に含めてはいない。一方、MS 制度は「標準 MS」を「全国へ提供」することが可能な仕組みであり、各省庁がその PJ に必要とする「標準化された経営指導」を提供することが可能である。従って主管省より各省庁へ MS 制度を適切に紹介し利用を促すことで、他省庁によるメンター及び MS の利用を実現する。

③ 他省庁の PJ のニーズに合わせ柔軟に MS をカスタマイズ

他省庁の PJ にて MS を利用する場合、各 PJ のニーズに合わせ MS をカスタマイズすることが必要である。メンター及び MS の利用方法をカスタマイズすることは「標準型の喪失」の危険性を胎むが、主管省による予算を「標準 MS の維持」へ集中投下することにより、「標準型 MS の維持」と「応用型 MS の提供」の両方を実現することができる。MS のカスタマイズについては主管省が他省庁と議論の上で設計し、応用型 MS の提供は既に構築された MS 提供体制を通じて行う。

④ 他省庁の PJ への応用型 MS の提供

他省庁の PJ との連携は主管省（または管轄のエージェンシー）が一括して請け負う。それによって他省庁の PJ は「全国規模での経営指導」を意図した PJ の設計が可能となる。主管省（または管轄のエージェンシー）が他省庁からの PJ 予算の受け口となり、PJ 予算を MS 制度運営費、サービスプロバイダーへのサービスフィーへ分配する。

b) 本段階へ入った直後の特徴

主管省により最低限の標準 MS が維持できる状態となっている。ただし、その予算規模、MS の提供数は少数に限られている。標準 MS は成果を安定して出せる状況に到達し、MS の提供網は全国をカバーできている。しかし、MS の供給力に対して、MS の依頼数（または予算）が不足している状態であり、用意された MS 提供体制の稼働率の低さが問題となっている。

他省庁で実施される中小企業支援 PJ には「経営指導」を含めるニーズが「大いに」あるものの、そのニーズは潜在ニーズとして眠ったままである。他省庁の PJ へ現地のメンターが活用され、実質的に MS が提供されているケースが散見されるものの、単発的かつ偶発的なものに留まっている。他省庁による MS 活用の成功事例ではあるが、単発的かつ偶発的な利用に過ぎず、さらに国レベルではなく地方レベルでのメンタリングの活用に留まるなど、提供地域や予算規模が小さなものに限定されている。

主管省より他省庁へ MS 制度を PR し、他省庁の PJ での利用を促すことが重要である。全国規模で他省庁の PJ に MS が利用される成功事例を積み重ね、MS の利用を多様化し、より多くの提供数を実現し、政府の中小企業支援施策における MS 制度の地位を確立する。

他省庁の PJ でメンター及び MS を利用する場合、MS には柔軟なカスタマイズが求められるが、利用

を促進するためには不可欠な対応である。そこで、主管省の予算を「標準型 MS の提供と品質維持」へ、他省庁の予算を「応用型 MS の提供」へ重点配分することで、「標準型の維持」と「応用型の柔軟な提供」を両立させる。

Stage 3 地方自治体による利用促進

a) この段階の概要

① 主管省から地方自治体へのメンター/MS 利用促進

主管省による標準 MS 提供、他省庁による応用型 MS 提供を通じ、メンター及び MS の利用が多様化しその効果性についても豊富な実績検証がなされている。しかし、地方自治体には独自の中小企業振興施策があるものの、「経営指導」をその PJ へ取り入れた実績が少ないことから、そのままではメンター及び MS の利用は活発化しない。従って主管省は MS の利用例、効果、利用に当たる条件例（予算等）をとりまとめ、地方自治体によるメンター及び MS の利用モデルを提案し、利用促進することが重要である。

② 地方自治体の PJ に対し柔軟に応用版 MS を提供

他省庁によるメンター及び MS の利用と同様に、地方自治体の PJ の中でメンター及び MS を利用するためには、標準 MS を PJ のニーズに合わせてカスタマイズすることが必要である。そのカスタマイズを容認することで、地方自治体がメンター及び MS を彼らの PJ へ取り入れやすくする。

③ 地方自治体の PJ への MS 提供スキームの構築

地方自治体の PJ へ柔軟に対応する場合、主管省では人的リソースが不足するため、その調整業務を現地認定サービスプロバイダーが請け負うことが必要である。地方自治体の PJ のニーズに合わせた MS のカスタマイズ、メンターの派遣及び品質管理、地方自治体から拠出される資金の管理等は認定サービスプロバイダーが一括して担当する。その一方で、認定サービスプロバイダーが活動内容を主管省へ報告することで、主管省は全国の地方自治体によるメンター及び MS の活用状況を把握する。認定サービスプロバイダーは PJ 予算を自身の MS 運営費、メンターへのフィーへ配分する。

b) 本段階へ入った直後の特徴

主管省の予算により標準 MS が維持され、他省庁の PJ を通じてメンター及び MS が多様かつ多数に活用されている状況となっている。この段階では「経営支援としての MS」の有効性を示す実績が豊富に蓄積されており、地方自治体に対してもその利用促進がしやすい状況となっている。

地方自治体で実施される中小企業支援 PJ には「経営指導」を含めるニーズが「大いに」あるものの、そのニーズは潜在ニーズとして眠ったままである。地方自治体の PJ へ現地の認定プロバイダーへ所属するメンターが活用され、実質的に MS が提供されているケースが散見されるが、単発的かつ偶発的なものに留まっている。地方自治体はメンター及び MS を実質的に利用しているものの、「MS」とはカウントしておらず、その利用条件や利用数が不明な状態となっている。

主管省より地方自治体、認定サービスプロバイダーへ、地方自治体におけるメンター及び MS 利用のガイドラインを提供することが重要である。そのガイドラインには「地方自治体が自身の PJ へメンター及び MS の利用を検討できるだけの情報」が提供されていることが必要なため、地方自治体の PJ での

メンター及びMS 利用事例、その効果、利用条件のモデル等が記載されていなくてはならない。

主管省は地方自治体によるメンター及びMS の利用を促進するとともに、利用における条件向上（サービスフィーの確保等）に注力することになる。また、地方自治体によるメンターの活用数、MS 提供数を主管省が把握できる情報共有スキームを確立し、MS 制度の有効性/必要性をよりプロモーションできるようにすることも必要である。そのため、現地で地方自治体と交渉する認定サービスプロバイダーからの活動報告・実績評価のスキームを構築しなくてはならない。

Stage 4 民間企業による利用促進

a) この段階の概要

① サービス提供認可を「認定サービスプロバイダーのみ」から「個人メンターも可」へ拡大

主管省、他省庁、地方自治体によるメンター及びMS の利用においては、認定サービスプロバイダーが提供窓口であり、個人メンターによるサービス提供は認められていなかった。この段階では「個人メンター」による民間企業に対するMS の提供を認可する。具体的には個人メンターの営業活動において「メンター認定者であること」及び「MS を提供すること」を企業へプロモーションすることを認可する。

認定サービスプロバイダーがMS 提供母体である際は、そのサービス内容及びサービス品質に対する管理責任者は認定サービスプロバイダーであった。それに対し、個人メンターがMS 提供母体となる場合は、個人メンター本人がその管理責任者となる。

② 「メンター認定」が「能力の証明」として機能

既にメンター及びMS は国内において広く認知され、「メンター認定」は「能力の証明」として機能し、メンターの民間における経済活動へプラスの効果を発揮している状態である。例えば「メンター認定保有者が民間企業内でより重要な役職を担う」、「個人メンターが民間企業に対するMS を提供する」などである。

③ サービス内容及び単価は各メンターの裁量とし、結果に対してメンターが全責任を負う

個人メンターが企業へ提供するサービス内容は、企業のニーズに合わせ、企業との交渉の上で決定されるものであるため、サービス内容及び価格は各メンターの裁量となる。従って、主管省による管理責任外であり、個人メンターが全責任を負う。

④ 主なニーズ（提供するサービス）は標準MS ノウハウの科目名そのもの。

個人メンターが「メンター」として、かつ「MS」として民間企業へサービス提供することから、想定される企業ニーズは「メンタリングガイドライン」に示された標準メンタリングノウハウの科目名そのものが基本となる。「企業診断」「マーケティング」「生産管理」「人事管理」「財務管理」「コミュニケーション」「カイゼン」「外国企業との連携」等である。主管省や地方自治体によるMS は提供時期やサービス内容が固定されているのに対し、民間企業から直接個人メンターへ依頼が入る際は、サービス提供時期やサービス内容がより柔軟に変更できるため、タイムリーかつより企業の特性に合ったサービス提供が可能となる。

また、主管省や地方自治体が主導し、民間企業から個人メンターが仕事を受注する仕組みを構築することも可能だが、民業圧迫の観点から関与すべきではない。

b) 本段階へ入った直後の特徴

メンターには主管省、他省庁、地方自治体のPJを通じて、MSの経験を積める環境が整っている。それにより次々と新しいメンターが育成され、さらに経験豊富なメンターが育成される状況となっている。それに加え、メンター及びMSへの中小企業における認知度が高まっており、民間企業からは「時期に左右されず」、「より自社のニーズに特化したMS」を求める需要が生じている。

メンター認定保有者には、民間において様々なメリットが生じている。例えば民間企業に所属するメンターは「メンター認定」が能力の証明として働き、より重要な役職を担うケースが生じている。その一方で、個人メンターが民間の経済活動として企業へ経営支援を提案する際、「メンター認定保有者」であることが営業上のセールスポイントともなっている。

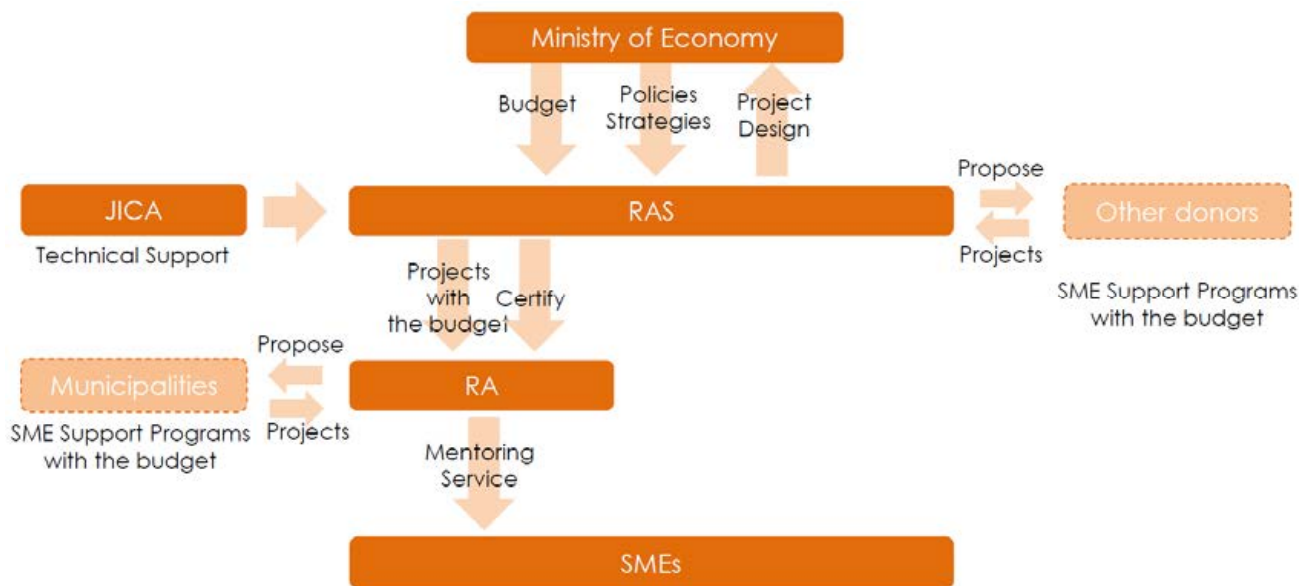
しかしながら、個人メンター間の活動は情報共有されにくいいため、こうした成功事例は表面化せず、一部の個人メンター達のみが保有する成功事例となっている。したがって「メンター認定保有者」となる多くのメリットが既に生じているにもかかわらず、その認知はまだまだ低い状況にある。そこで主管省は「活躍するメンターのケース」を自国民へ広くプロモーションすることで、国内におけるメンターの地位向上へ取り組むことが必要である。それにより「メンターのさらなる認知度向上」「メンター認定保有者の社会的地位向上」「民間における個人メンター及びMSのさらなる利用」を実現する。

4 各国別 MS 制度の現状及び将来像

この章では3章までに記述したポイントを踏まえ、各国のMS制度の現状及び将来像について記述し、将来像を実現する上での重点課題を示す。

4-1 セルビア国

a) 現在の MS 制度



図：セルビア国現在の MS 制度

① MS 制度の発展段階



Stage2 に入った段階である。

- 標準 MS が確立
- 主管省による予算により標準 MS の維持が可能
- 他省庁による MS 利用拡大が次なる課題

② 現況概要

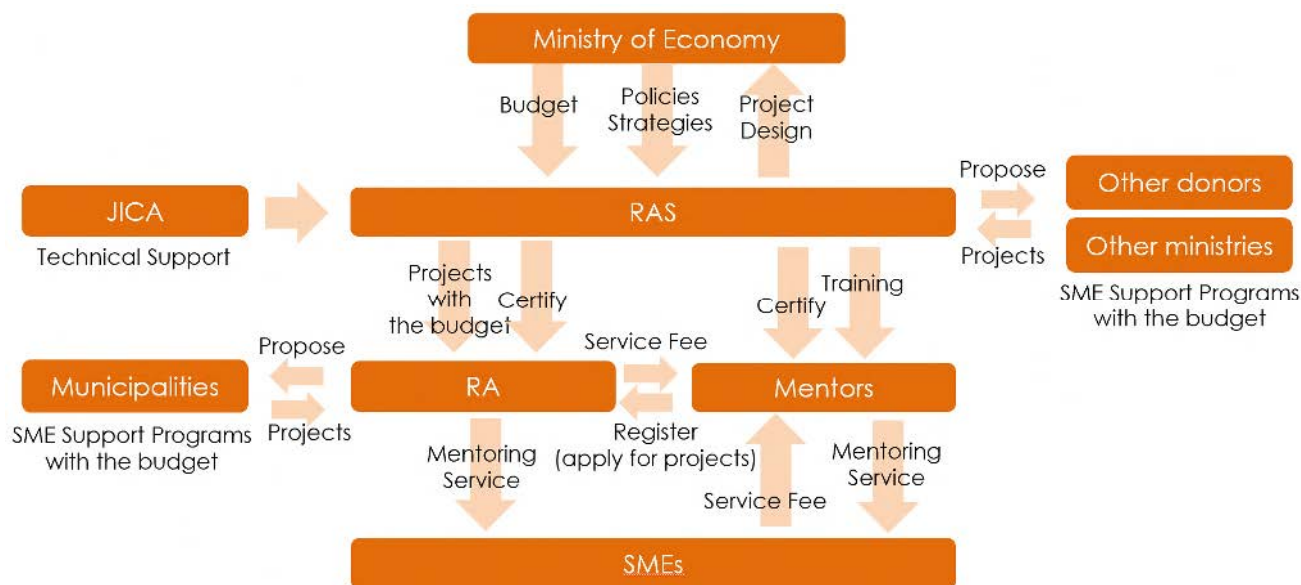
RAS(Development Agency of Serbia)は標準 MS を開発し、16 の RA(Regional Agency)を通じて全国をカバーする MS 提供体制を構築している。メンターの教育体制も整っており、経済省より交付される予算によって十分に標準 MS を維持できる状況にある。

次の段階として他省庁、またその他ドナーPJによるメンター/MS の利用拡大が求められる。実際は 2018 年 10 月の時点で、既に他省庁及び他ドナーによるメンター/MS の利用は始まっているが、各地方における限定的な展開に留まっている。

③ 重点課題

他省庁及び他ドナーによるメンター及び MS の利用拡大に向けて、RAS によるプロモーションが重要なカギを握る。メンター及び MS を他省庁及び他ドナーの PJ で利用するモデルケースを提示し、さらに既に各地で見られる成功事例を収集し、情報提供することが効果的である。特に RAS が交渉窓口立つことによって、他省庁及び他ドナーは地方に限定した展開ではなく、全国を視野に入れた戦略を策定することが可能となり、大幅にメンター及び MS の利用が増加する可能性が高い。

b) MS 制度の将来像



図：セルビア国における MS 制度の将来像

将来像の特徴

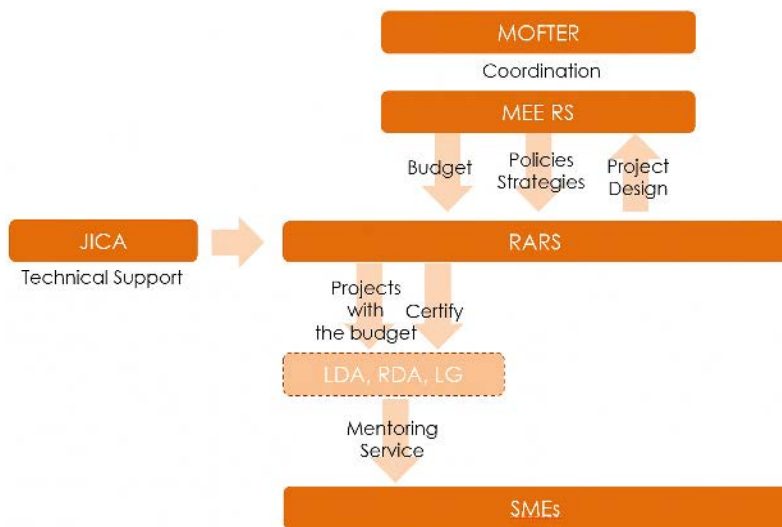
セルビア国の MS 制度は将来的に Stage4 へ到達することが可能で、他省庁による利用に加え、地方自治体によるメンター及び MS の利用が見込まれる。この段階で既にセルビア国の MS は十分に持続可能な状態へ到達しており、セルビア国の様々な中小企業施策において重要な役割を果たしている。

一方、現在は全てのメンターが RA に所属していることをメンター資格認定の条件としているが、将来的にその条件を外し、個人へメンター認定を授与することが可能である。この段階では個人メンターは地域の RA へ登録することで公的な MS を提供する一方、民間企業へ社員として所属したり、または民間企業へ MS を直接提供することも可能となるなど、多様な活躍が可能となる。この状態は育成されたメンターの維持、メンター及び MS 利用の多様性確保の観点からも好ましく、より MS 制度は安定した、持続可能な制度として確立する。

4-2 ボスニア・ヘルツェゴビナ国

① スルプスカ共和国

a) 現在の MS 制度



図：スルプスカ共和国における現在の MS 制度

① MS 制度の発展段階



Stage1 に入った段階である。

- 標準 MS を開発中
- MS の提供体制を構築中
- 主管省による運営スキームの構築中
- 主管省の予算のみでは標準 MS の維持が未だ不安定
- 政府関係者/中小企業からの MS への適切な理解獲得が必要

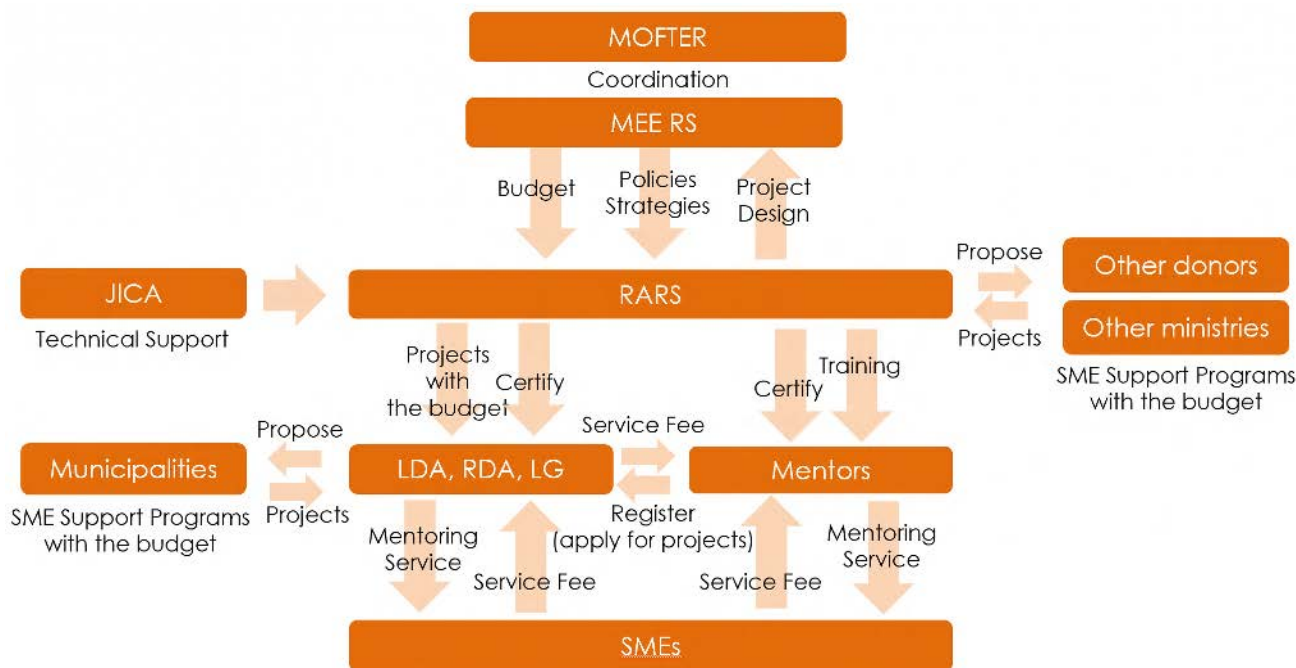
② 現況概要

標準メンタリングサービスが開発され、メンタリングガイドラインが編纂されたものの、期待された品質でサービスを提供できるメンターが未だ育成されていない状況である。各地の LDA(Local Development Agency)、RDA(Regional Development Agency)、LG(Local Government)と提携したサービス提供モデルを構築しているが、全国をカバーするには至っていない。従って、メンターの育成を継続すると共に、実績を積み、より多くのサービスプロバイダーと全国をカバーした提供体制を実現しなくてはならない。

③ 重点課題

スルプスカ共和国における MS の成功事例を積み重ね、メンターの育成を通じて全体的なサービス品質を高めることが必要である。さらにその実績をプロモーションツールへとりまとめ、政府関係者及び中小企業へ広報することが必要である。それにより MS への理解と信頼を獲得し、MS へより多くの支援、より多くの応募を獲得することが課題である。

b) MS 制度の将来像



図：スルブスカ共和国における MS 制度の将来像

将来像の特徴

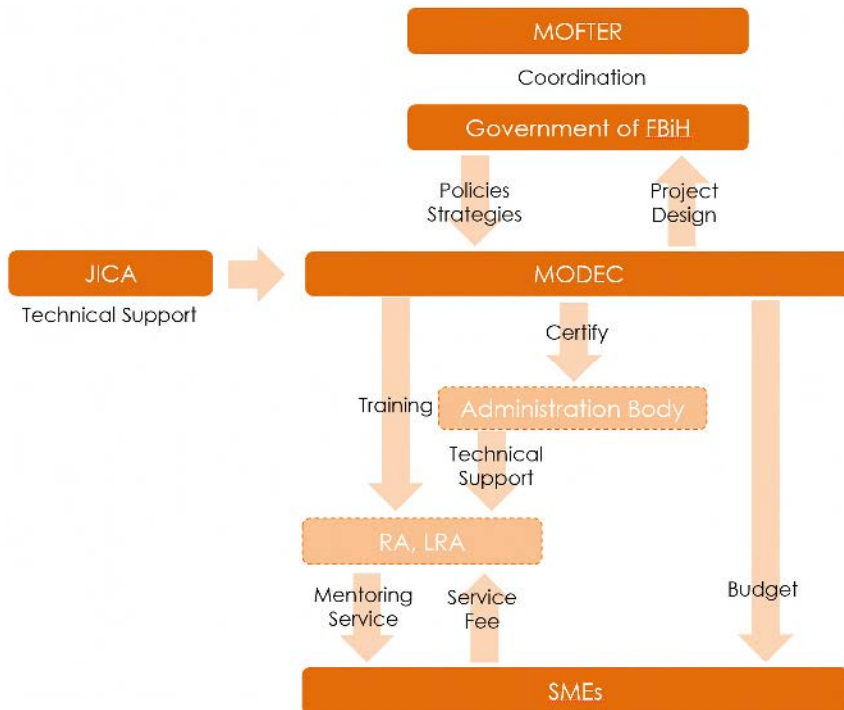
スルブスカ共和国における MS 制度は Stage4 へ到達できるのみならず、公的な MS に対してもサービス料金を徴収することを特徴としている。MS の有料化は、無料である場合と比較すると資金の流れに関するスキームが異なるだけで、それ以外には大きな違いは無い。

有料の MS と無料の MS について、そのサービス内容や品質について議論がなされるが、両者の間で内容及び品質に差をつける必要性は無い。なぜならメンターは中小企業より「例え無料であっても、高品質なサービスが求められる」ためである。従って、「例え有料であったとしても中小企業が受けたいサービス」であることが、MS の前提条件であるため、有料か無料かは大きな問題では無い。

MS の有料化のタイミングは Stage2 以降であれば可能である。すなわち標準 MS が確立し、高品質な MS が安定して提供できる状態であることが、有料化の条件である。

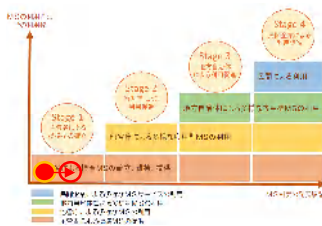
② Federation of Bosnia and Herzegovina

a) 現在の MS 制度



図：ボスニア連邦における現在の MS 制度

① MS 制度の発展段階



Stage1 に入った段階である。

- 標準 MS を開発中
- MS の提供体制を構築中
- 主管省による運営スキームの構築中
- 主管省の予算のみでは標準 MS の維持が未だ不安定
- 政府関係者/中小企業からの MS への適切な理解獲得が必要

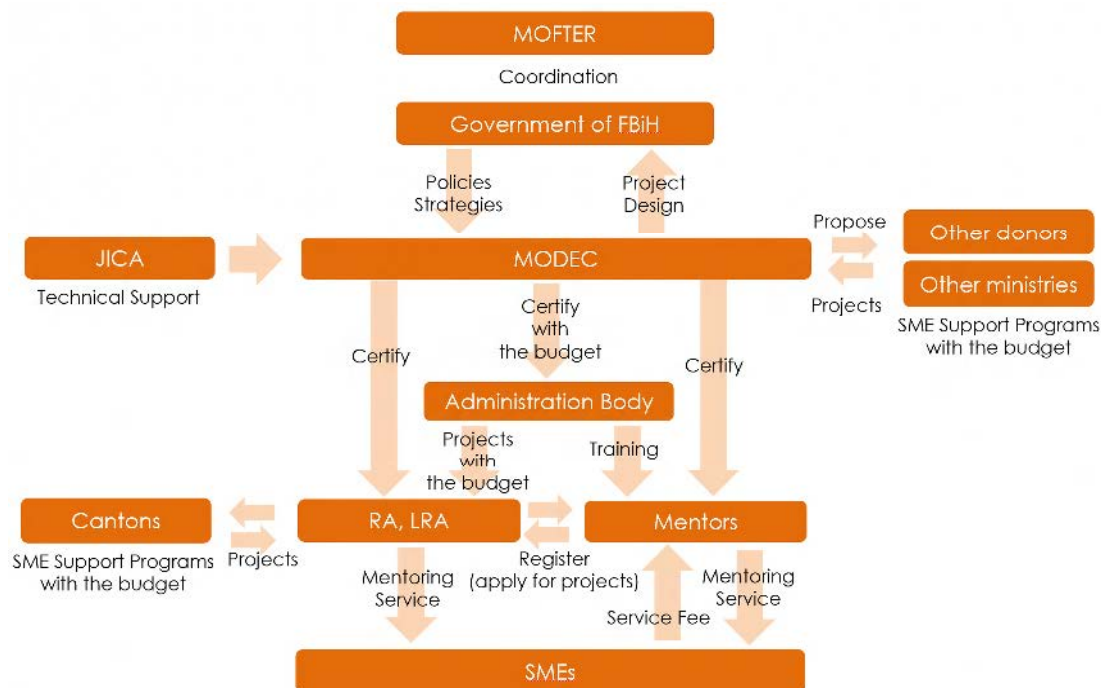
② 現況概要

標準 MS が開発され、メンタリングガイドラインが編纂されたものの、期待された品質でサービスを提供できるメンターが未だ育成されていない状況である。各地の RA、LRA(Local Regional Agency)と提携したサービス提供モデルを構築しているが、全国をカバーするには至っていない。また、省である MODEC (Ministry of Development, Entrepreneurship and Craft) が MS の運営実務を担うことは困難であり、別途運営母体の設置が求められる。

③ 重点課題

ボスニア連邦では MS 制度の運営スキームの構築を急ぐ必要がある。省である MODEC が長期間に渡り MS 制度の実務を担うことは困難であり、持続可能性の観点から見ると早期改善が必要である。MS 制度の運営には公示、メンターの管理、教育制度の運営、資金管理など、多くの運営実務が伴う。それら実務ツールの開発とスキームの整備が重点課題である。

b) MS 制度の将来像



図：ボスニア連邦における MS 制度の将来像

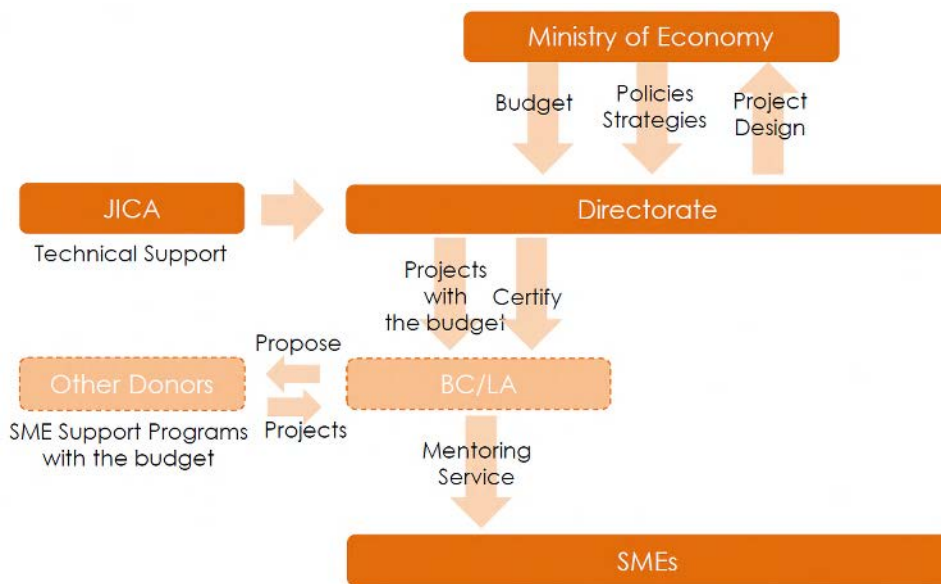
将来像の特徴

ボスニア連邦における MS 制度は MODEC の管理下に MS 制度の運営母体を持つことが一つ目の特徴である。運営母体を公示によって選定し認定することで、省である MODEC では困難であった柔軟な予算管理や MS 運営実務への取組を可能としている。

また自治能力の高い Canton はそれぞれが予算を持ち、中小企業振興施策を実施している。そこへ MODEC よりメンター及び MS の利用促進をすることで、Canton による中小企業振興施策へ経営指導を加えることが可能となり、多数かつ多様な MS 利用が実現する。

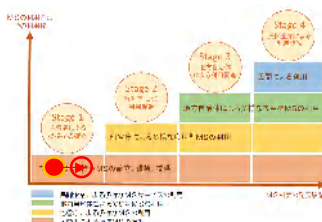
4-3 モンテネグロ国

a) 現在の MS 制度



図：モンテネグロ国における現在の MS 制度

① MS 制度の発展段階



Stage1 の後半段階である。

- 標準 MS を確立中
- MS の提供体制を構築中
- 主管省による予算により標準 MS の維持が可能

② 現況概要

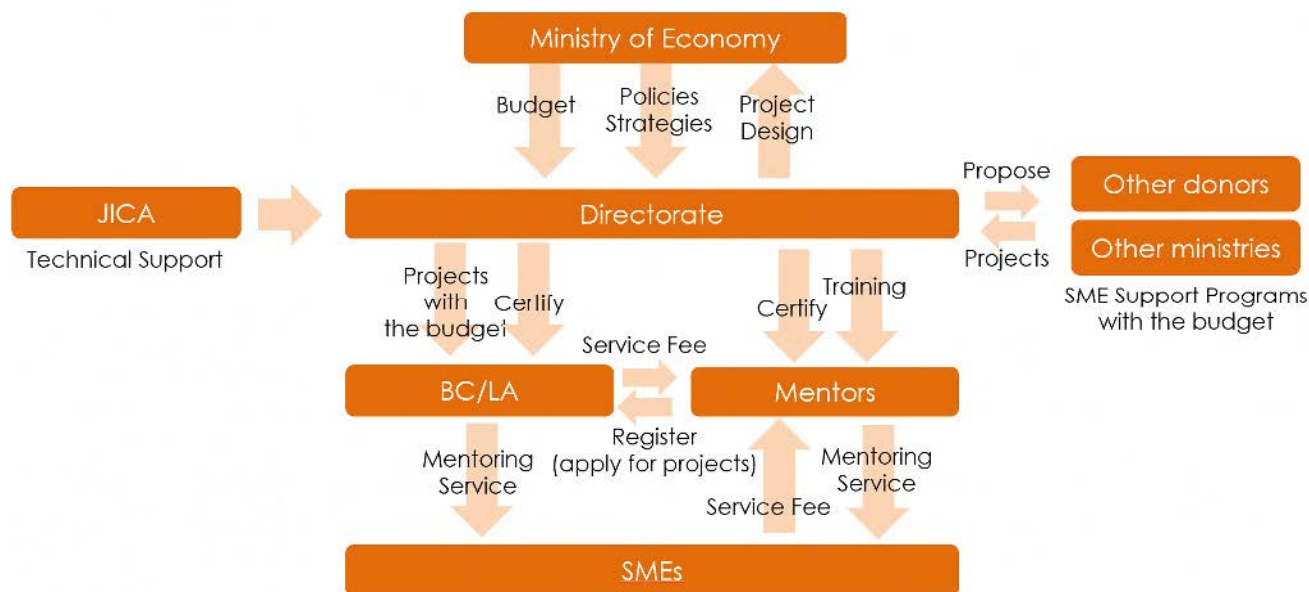
経済省(MoE)は標準 MS を開発し、現在提供エリアを順次拡大中である。各地のビジネスセンター及び市役所(LA)を通じて全国をカバーする MS 提供体制構築を予定しており、順調に提供エリアを拡大している。その一方、新たな提供エリアには新メンターが必要であり、十分なスキルを持つメンターを育成することが課題となっている。

また一部のエリアにおいて他ドナーによる PJ へメンター及び MS が利用されているケースが確認されている。しかし、経済省が積極的に本活動へとり組むことは時期尚早であるため、今後の取組事項としている。

③ 重点課題

経済省の策定した戦略に基づき、計画的に提供エリアの拡大と新メンターの育成が続いている。必要な予算についても概ね目処が立っているため、「標準 MS」を確立することが最も重要な課題である。現在構築中のサービス提供網であるが、各地の提供機関の中でも特に優秀な人物が初期メンターとして採用されている。しかし、優秀かつ経験が豊富であることにより、返って標準 MS を軽視する傾向が確認されている。裨益企業よりサービスへの高い評価を得ることも重要ではあるが、MS 制度の将来像を実現する上で、現在のメンター一人一人が標準 MS を提供できることの重要性を、周知しなくてはならない。

b) MS 制度の将来像



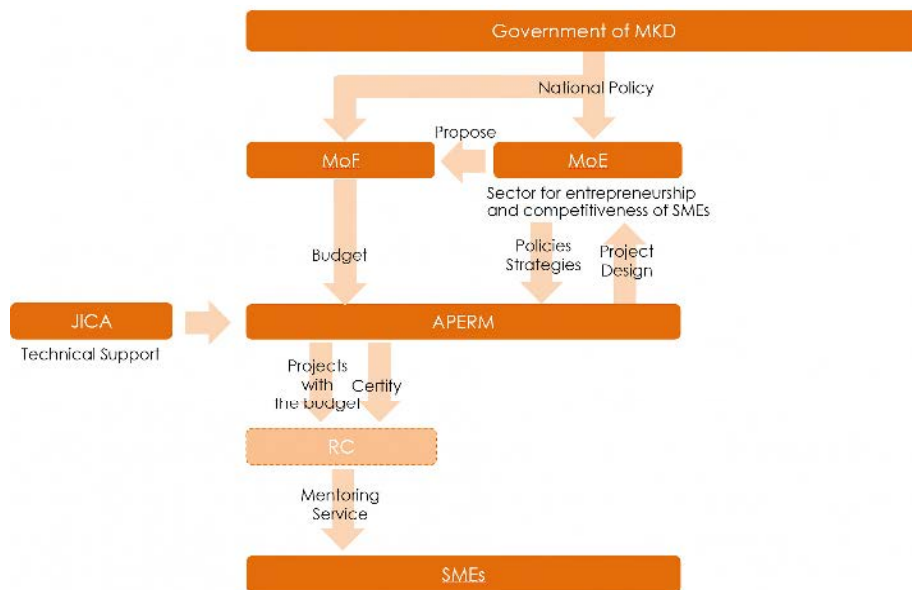
図：モンテネグロ国における MS 制度の将来像

将来像の特徴

モンテネグロ国では地方自治体による地元中小企業への支援は少なく、中央政府主導による施策の展開がメインとなっている。従って MS 制度の将来像においても、経済省による標準 MS 提供と、その他省庁による中小企業振興 PJ へのメンター及び MS の利用を促進することがメインとなる。一方、各地の BC/LA 職員の離職や配置転換が今後も予想されるため、個人メンターを認定することで、一度育成されたメンターがメンターとして活躍し続けられるようにしている。

4-4 北マケドニア国

a) 現在の MS 制度



図：北マケドニア国における現在の MS 制度

① MS 制度の発展段階



Stage1 に入った段階である。

- 標準 MS を開発中
- MS の提供体制を構築中
- 主管省による運営スキームの構築中
- 主管省の予算のみでは標準 MS の維持が未だ不安定
- 政府関係者/中小企業からの MS への適切な理解獲得が必要

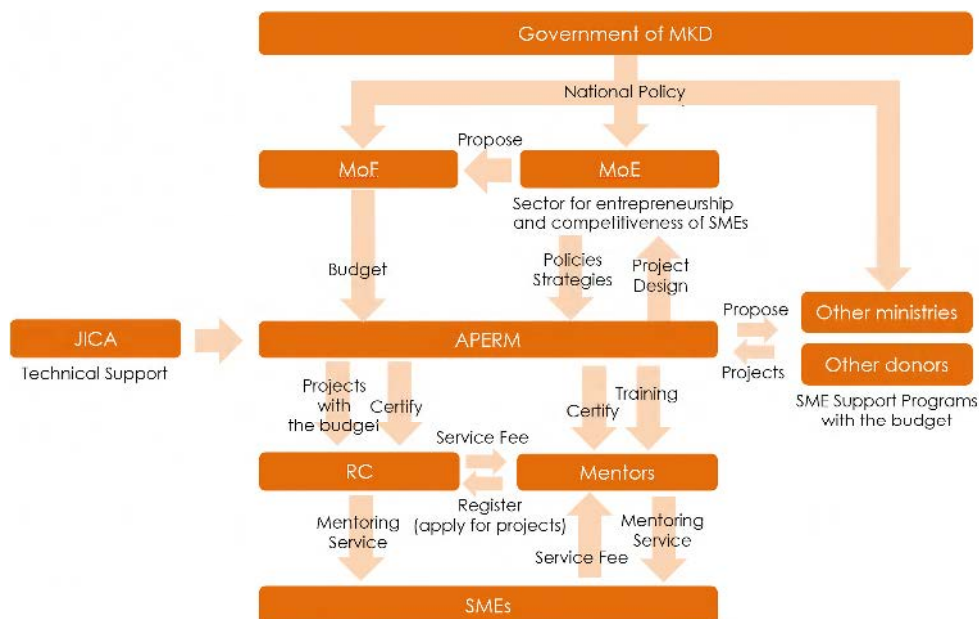
② 現況概要

標準 MS が開発され、メンタリングガイドラインが編纂されたものの、期待された品質でサービスを提供できるメンターが未だ育成されていない状況である。各地の RC (Regional Center) と提携したサービス提供モデルを構築し全国をカバーするには至ったが、肝心の RC の経営が安定していない。北マケドニア政府は中小企業振興を経済政策の重点課題としているが、具体的な施策が打ち出されていないため、APERM は MS 制度をその中核的施策として政府へ提案している。

③ 重点課題

今後は MS 制度の構築を通じて、APERM が北マケドニア国の中小企業振興施策の実施機関としての地位を確立し、より多くの中小企業振興 PJ を形成することが必要である。さらに政府よりサービスプロバイダーである RC への支援を増やし経営を安定させることで、MS の提供体制を安定させることが必要である。

b) MS 制度の将来像



図：北マケドニア国における MS 制度の将来像

将来像の特徴

APERM は北マケドニア国の中小企業振興施策の立案と実施における中核的存在となることを使命として設立されている。従って、MS 制度が確立した暁には、各省庁の中小企業振興 PJ に対し、メンター及び MS の活用を通じた支援を提供する。

APERM は標準 MS の開発と維持、提供体制の維持、他省庁やドナーとの交渉窓口、そしてサービスプロバイダー及び個人メンターへの認証と評価を担っている。



The Mentoring Guideline

2nd edition



RAS

Development Agency of Serbia



The Mentoring Guideline [2nd edition]

June 2020

This material is developed by Development Agency of Serbia (DAS) and Japan International Cooperation Agency (JICA) through the Project for Establishment and Promotion of Mentoring Service for Small and Medium Enterprises in the Western Balkans (Phase 2).

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Introduction to Mentoring

Welcome to the journey through which you will learn of Mentoring

The word mentoring has a broad meaning. In daily conversation, it is sometimes used in the sense that the older generation teaches and guides the younger generation. Mentoring in this guideline is not, however, like a "one-way teaching and leading" kind of thing. You will work with local businesses and help them to find their own way forward.

When we use the term mentoring in this guideline, we are referring to the mentoring system as a public support measure for business. The unique and effective methodology of mentoring in this regard was originally established in Serbia in 2005 through the cooperation between Republic Agency for SME development and Japan International Cooperation Agency (JICA). This leading role of mentoring service system development and provision has been inherited to NARD and DAS in course of restructuring of state institutions and agencies. The mentoring service system has been constantly upgraded with Japanese experts and established reputation not only in Serbia, but also in the Western Balkans. Today, the methodology and experiences of Serbian is transferred also to Bosnia and Herzegovina, Montenegro and the North Macedonia.

As the mentoring service is now established as the regional standard, it is important for all mentors to understand and practice the standardised way of mentoring and this guideline provides essential information and knowledge for it.



Topics

Overview of mentoring, working as a mentor, key concepts, how to develop mentoring skills

1

About mentoring service

SMEs have to manage the business with insufficient business resources, namely, materials, facilities, human resources, funds, information and time. Among these resources, time is the most scarce resource for the SMEs. The owner must deal with tons of daily operational matters and have no time to review the current status and plan ahead.

The mentoring is a non-financial, technical support for the SMEs to support business diagnosing the business status and planning actions to grow further. Different from a business consultant who provides advisory service in a specific field, the mentor provides more general support to the company as a “general medical practitioner” including support to company diagnosis and action planning.

It is important to note that the mentoring is a co-working process; it is not a one-way service, but a joint work between the owner and the mentor to be done on the actual spot, visiting the company. So, mentoring service is not provided in the office, but in the company. This uniqueness facilitates trust building between the owner and the mentor and the communication and collaboration often continues even after the mentoring.



Orientation

To have common understanding about mentoring, role of the mentor and how to proceed.



Information collection

Fundamental information about the business situation is collected. Additional research is done if necessary.



Analysis

Business status is analysed based on several diagnosis methods.



Action planning

As an output of information collection and analysis, the action plan is created with the focus on key actions.



Facilitating actions

The action plan is implemented by the company with support of the mentor.



Reflection

The entire activity is reviewed, the lessons are extracted and plans to step further is discussed.

The Mentoring services scheme

The operational process of the mentoring service consists of the following 8 steps:

1. Public call:

- DAS, Sector for International Cooperation creates and publishes a public call and puts it on the website with all the supporting documents
- DAS informs the ARDA (accredited development agencies) about the announcement of the public call and submits to them the supporting documentation with the obligation to post it on its website.

2. Collection of applications from potential beneficiaries (ARDA):

Applications with accompanying documentation are submitted to the ARDA. At ARDA, potential beneficiaries receive administrative support, prepare the request for mentoring aided by the mentor, and submit application with the accompanying documentation. The competent mentor/mentors process the applications. At the end of this phase, the Director of ARDA (on the appropriate form, which is a part of the mandatory documentation) verifies with his signature:

1. List of potential mentoring beneficiaries with the recommended number of hours and
 2. an explanation why, after checking the fulfilment of the formal conditions of the application, the applicant is not recommended for mentoring.
- It is recommended that when estimating the number of hours required, ARDA mentors keep in mind the following:
 - The number of mentoring hours per beneficiary is defined in the range of 25 -50 hours.
 - For the applicants who have one or two employees, as well as those who are engaged in service activities (hairdressing and beauty salons, tire shops, food kiosks, etc.), the recommended number of hours is 25. This recommendation also applies to newly established economic entities - not older than 3 years from the date of publication of the Public Call.
 - The priority when allocating the maximum number of hours for mentoring should be given to potential beneficiaries that have not had positive performance in the previous year.
 - ARDA submits all applications and documentation to DAS, within 5 days from the day of closure the Public Call.

3. Approval of applications by the Evaluation Committee (DAS):

- The Committee - Evaluation Committee, which is established via the Decision by the Director of DAS, considers the submitted lists of potential mentoring beneficiaries submitted by ARDA, controls the accuracy of the submitted documentation and prepares a Draft Decision on the final selection of economic entities which applied for mentoring, no later than three weeks from the closing date of the Public Call. In the decision-making process, the Committee - Evaluation Committee may request amendments for the

mentoring requests which are formally in order and justified, for which improvement is deemed as necessary.

- The Committee - Evaluation Committee submits its proposal, while the Director of DAS makes a Decision on the results of the Public Call and submits it to ARDA. ARDA informs all applicants of the said Decision in writing.

4. Preparation of the Mentoring services agreements:

- DAS concludes the Agreement on the regulation of mutual relations with ARDA
- ARDA concludes the Agreement on the regulation of mutual relations with each of the selected beneficiaries for the standardized mentoring service

5. Provision of the Mentoring service:

- ARDA is obliged to:
 - report DAS on each initiated mentoring,
 - after diagnosing the situation in the business entity, submit to the DAS the plan of mentoring activities for review and approval
 - upon request of the DAS provide information on the course of the mentoring service

6. Preparation of the final report on mentoring:

- After the provided standardised mentoring service for each individual beneficiary, the mentors prepare a Final Report on Mentoring, which are submitted to the Committee - Evaluation Committee after they have been filled-out in the electronic form within the electronic database Mentor Master, along with a hard copy signed and certified by the Director of ARDA.

7. Submission of the Final Report on Mentoring to DAS:

- ARDA is obliged to submit a Final Report on Mentoring, ten days after the implementation and entry in the Mentor Master Database.

8. Analysis of the mentoring service results:

- After the submission of all Final Report on Mentoring by ARDA, the Committee - Evaluation Committee meets to control and verify the submitted reports and entries in the Mentor Master Database. Upon completion of the control procedure and verification of reports and entries, the Committee - Evaluation Committee prepares a Report on the provided mentoring service. The report on the realized mentoring service is the basis for the preparation of the payment approval.

Key concepts

The standardized mentoring service has been established through programs implemented at the national level. Therefore, it is essential that all participants in the process of mentoring service provision understand the definition and comprehensiveness of mentoring on the common ground. The mentoring service is provided by certified mentors who have been trained as mentors and who are employed by ARDA.

The following are six key concepts related to mentoring service

What is mentoring

Mentoring is to identify the most important point within the company, and lead the company focus its management resources towards it.

There are a lot of challenges which SMEs have to deal with, but it is impossible for the SMEs to solve them all. In a severe competition, the most important thing for SMEs is to find out the key to success for their business and to focus on it in order to keep running and/or improving their operation and develop themselves.

Who is a mentor

Mentor is the person who helps SMEs to keep running operations and develop themselves through mentoring.

Mentors provide support to SMEs through mentoring service and all of them aim for helping SMEs keep running and/or improving operations and develop themselves. With appropriate support provided by mentors, SMEs identify the key to success for their business and by so doing, they can be encouraged to challenge it. It is also expected for mentors to support and collaborate with institutions in the field of business development in order to support companies. Mentors are certified by undergoing the required training and exam.

Who are beneficiaries?

Beneficiaries of mentoring service are SMEs, clusters, business associations and institutions in the field of business development, who the basis of economic development.

Beneficiaries of mentoring service are categorized into mature and start-up companies. Mature is the SME that challenges further improvement and development of its businesses. Start-up is the SME started the business within the last three years.

What should the mentor do?

Using management diagnosis, mentor identifies the most important goal of the company and provides the SME with support on drawing and implementing the plan to realize it.

The most important activity in mentoring is Company Diagnosis. By conducting Company Diagnosis, mentors identify the most important point within the SMEs' business and draw a concrete action plan together with the SMEs. Furthermore, mentors help SMEs conduct the action plan in order for them to dare to challenge the first action.

What is the result of diagnosis?

Identify the most important goal and prepare a practical action plan to realize it.

In a diagnosis report, the most important point of business towards which the SMEs should take actions should be described. It is also necessary for the report to contain a practical action plan, consisting of concrete actions, in order for the SMEs to understand what they have to do. Combining the above the SMEs can appropriately focus their management resources towards improving the most important point within their business.

How can one called a mentor?

Mentor has to meet the following three points

- 1. Understanding the goal that mentor has to achieve**
- 2. Understanding the processes used for reaching the goal**
- 3. Have the required skills corresponding to each step of the process**

Based on these concepts, DAS develops the training program and qualification system for mentors and certifies mentors who have undergone the training program and passed the examination implemented by the DAS.

2

Working as a mentor

① Orientation

Let's see how a mentor works with beneficiaries in the mentoring process. The mentoring starts from explaining what is mentoring to the company side. Even though the company is chosen through a public call, it can happen that the owner does not fully understand process of mentoring, so it is better to start from having a common understanding.



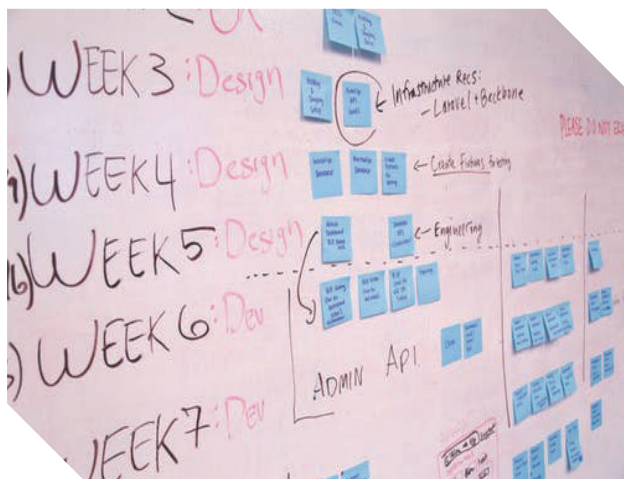
② Information collection

The second step is to understand the company. By interviewing, observing, collecting data and questionnaires, the mentor can collect a large amount of information to understand the status quo of the business. It is also important to understand the personality of the owner and employees at this stage.

③ Analysis

The lynchpin of the mentoring process is the diagnosis. By using key frameworks including SWOT analysis, the mentor and the owner jointly organize/analyze the information and narrow down what is the most important point at the moment for the company.





④ Action planning

Now that the most important point is identified, it is time to tackle it. The action plan should be developed with deadlines and persons in charge.

This is the action plan of the company (not the mentor!) so the mentor supports creation of the company's action plan.

⑤ Facilitating actions

The mentor supports the implementation of the actions by the company. This can be done by coaching, energizing, providing information, providing training, connecting to stakeholders and the other shape of supports.



⑥ Reflection/reporting

At the end of the mentoring, the mentor reflects how the mentoring went and creates a completion report to be submitted to the DAS.

3

How to develop mentoring skills

How to become a mentor

In order to support companies as a mentor, you have to master the standardized mentoring skills. For this to happen, the following steps need to be taken.

1. Participate in the classroom training and pass the examination.
2. Participate in the OJT (On the Job Training)
3. Follow the standardized mentoring process

How to grow as a mentor

A mentor is like a “home doctor” for a company.

While we don't offer specialized consulting, we need to be able to look at the general range of corporate issues.

So, in order to provide effective mentoring, the following four things are necessary.

1. Learn about business management (permanent learning and upgrading the knowledge)
2. Have the mentoring guidelines at hand and practice them
3. Analyze the results on the mentoring provided and find aspects for improvement
4. Share your experience with the other mentors



Types of beneficiaries

Understanding the types of beneficiaries

In this chapter, you will learn about the types/groups of mentoring service beneficiaries.

Mentoring targets three groups of beneficiaries: "Start-ups", "Mature SMEs" and "Organizations/institutions (cooperatives, clusters and associations) *the guideline for this category is being prepared". These groups mostly cannot afford to hire consultants and/or trainers and are in need of government support.

So, it is beneficial for mentors to learn the characteristics of these groups of companies and the mentoring approaches that suit them.

Just as every person is different, every company is different. Nevertheless, there are certain common characteristics that can be seen according to the scale and running years of the company.



Topics

Startups, Mature SMEs, Types of mentoring, Types of businesses

1

Business stages

In order to understand mentoring, you need to understand a process by which a company grows. The SMEs can be categorized into two segments according to the stage of the growth.

(1) Start-up period (1-3 years)

Start-ups are facing with lack of knowledge (financial management, competition, marketing and sales, positioning etc.), business strategy and resources (financial resource, human resources, machines and equipment etc.). With limited resources, the mentor needs to find an effective way to support them to survive, find their place in the entrepreneurial world.

As one of the typical challenges for start-ups is marketing, the current mentoring guideline for Start-ups focuses on entrepreneurial marketing: how to analyse the market and customers, how to position the product/service lineups and how to promote the value of them.

As a mentor, however, it is always important to study the company's situation without any bias and narrow down the points that are critical for the company to survive.

(2) Mature companies (3 years +)

As the business grows up, the complexity of the company management increases as well.

The owner has to deal with finances, investments and loans, production efficiency and quality controls, marketing and sales, team building and so on. With all of these complicated tasks, it is a big challenge for the owner to allocate certain time for organizing ideas and developing strategies. Therefore, the standardized mentoring for Mature SMEs contains Company Diagnosis and mentors help the owner recognizing the current status of the business and identifying the most important point which the owner should focus on.

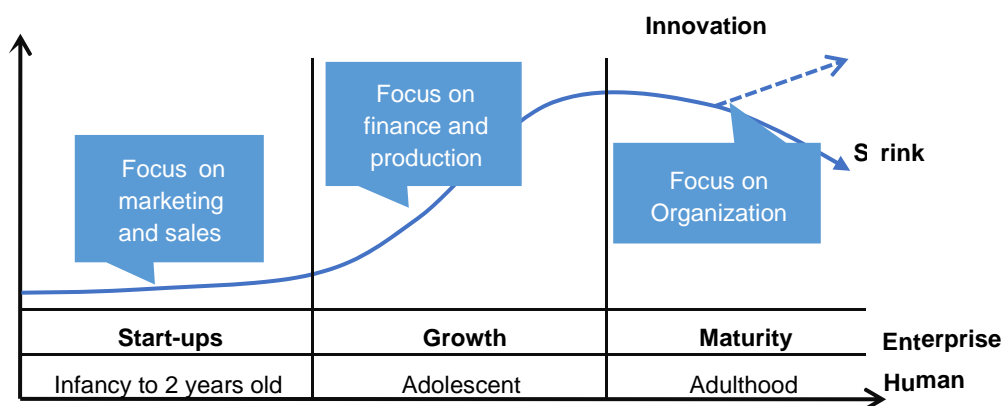
2 Types of mentoring

We offer two types of mentoring.

- Mentoring for Start-ups
- Mentoring for Mature SMEs

What is the difference between them?

From start-up to maturity, a business generally follows the following course.

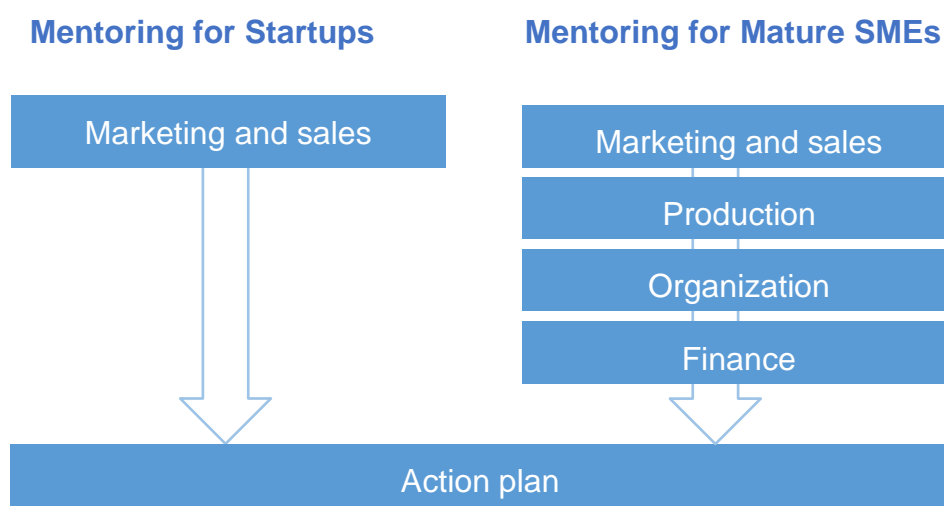


Each stage requires a different focus in organizing a set of business functions.

In a start-up company, marketing and sales needs to be a top priority.

A mature company, on the other hand, needs to take a balanced look at its finances, production, organization, and marketing and sales, depending on its stage of growth.

So even if the overall flow of mentoring does not change, there are different points to focus on when discussing the contents of diagnosis, action plan, etc.



15

3

Types of companies

When you start with the provision of a mentoring service, you will notice that there are many types of companies.

The classification below is not official, but it will help you get a sense of what makes a company tick.

Once the beneficiary is selected for your mentoring, you may want to read through this section again to find some clue to understand the company.

(1) Manufacturers / service providers

You can think of the manufacturing sector as the activity that makes its own products, and the service sector as the activity that does not make its own products but distributes them.

Of course, there is often a mixture of the mentioned sectors and there are service activities that produce "soft content" such as software development.

If a manufacturing process is involved in your mentoring as a target issue, the mentoring will also include a perspective on whether the process is efficient and whether there is room for improvement.

(2) One-man / team management

In Western Balkans, there are many companies with strong owner leadership, some of which are truly one-man operations, while others are run by multiple managers with some degree of delegation of authority.

If your beneficiary adopts a one-man operation, it's important to make sure that you take time out of the owner's day and work closely with him or her to facilitate mentoring.

If the company has more than one manager, you have to involve them into the process. It is possible that the owner and managers have different opinions, or the owner tries to develop/train the managers through the mentoring. But in any cases, it is important to keep close cooperation with the owner.

(3) Relatively small / relatively large companies

Some companies have a small number of people, such as 1-3 staff, while others have a large number of people, such as 100-200 staff.

In a small company, managers often prefer to improvise, and mentors will need to be flexible to some extent.

On the other hand, in a company with a large number of employees involved, you will be required to show a plan for mentoring and take the steps to mentor them. Another challenge is to share the

information about mentoring within the company and foster a preferable corporate culture within the company.

(4) Companies with good / bad performance

In this classification business performance has a significant impact on what business owners should be focusing on.

In a business that is growing in performance, the owner has a lot of ideas. You'll often hear people wanting to promote exports, enter new markets, or take on new business. During these times, prioritizing the things the company need to do, maintaining quality, increasing bottleneck production and organizational capacity, etc., can be a theme.

Companies with sluggish performance have challenges. In this case the mentoring will be about identifying what the issue is and how to overcome it.

(5) Fiercely competitive / niche companies

If the beneficiary is in an industry where there's a lot of competition (such as a travel agency or supermarket), the beneficiary needs to research the competition and come up with something unique as a service.

On the other hand, if the beneficiary offers a niche service with less competition, it is important to communicate the value of the service to the customers and get them to understand it.

These characteristics are only general tendencies and for reference purposes.

Each company has its own unique characteristics and should be observed from several aspects. One of the good ways to become an effective mentor is to understand the uniqueness of the company and provide mentoring that fits the context of the business.



Standardized mentoring process

Mentoring through the standardized process

In this chapter, you will learn a standardized process for providing mentoring. Mentoring has a procedure and proceeding through this procedure will create results. In Japanese martial arts (Aikido, Judo, etc.), there is a word "Shu-Ha-Ri (守破離)". It means that there are steps in learning a technique, first to stick to the basics, then to arrange them, and finally interpret them freely.

This last step does not mean you do not stick to the basics. Rather, it is a state of being able to do it unconsciously because you have mastered the basics well enough.

If you have a lot of business experience, you may be tempted to do mentoring in your own way, but that is not mentoring. Get the basics down with this guideline.



Topics

Standardized Mentoring Process, Step by step guides, reporting formats

1

What is the standardized mentoring process?

Every company is different, but many challenges are common in the process of starting a business and growing as an SME. For this reason, there are also common approaches which we can call "basic" in mentoring.

The approaches are structured as the Standardised Mentoring Process which is shown on the next page.

Each target group/ respectively types of mentoring beneficiaries have different time budget:

- | | |
|---|--------|
| 1) Mentoring for Mature SMEs | 25-50h |
| 2) Mentoring for Start-ups | 25h |
| 3) Mentoring for Organisations/Institutions
(cooperatives, clusters and associations etc.) | 25-50h |

And the standardised process indicates the basic steps and time schedule which the mentor can use as a map of the mentoring activity.

Be sure to refer to this process when you are mentoring.

Depending on your beneficiary's situation, it's okay to devote more than standardized time in certain steps or place a particular emphasis on them. However, it is not advisable to conduct mentoring in complete disregard of the standard process.

A common mistake beginners make is to say like "Well, in this case, this is the task at hand. I know this from my years of business experience" and not to gather information nor to make a diagnosis and jumping to a solution. That may be good as a "friend's advice", but it's NOT mentoring. In business, many of the functions are connected, including organization, finance, sales and production.

Mentoring is about understanding the situation, understanding the big picture and then narrowing down the points.

It is important to note that the standardised process is designed to allocate more than 80% of time to the field activities: visit to company. The important characteristic of mentoring is that it should be done in the field, not at the desktop.

Standardized Mentoring Process for MATURE SMEs

	Visit	Hours	Aims	Activities	Tools		
1	1	1	Have common understanding on Mentoring Service	<ul style="list-style-type: none"> ▶ Explain the mentoring service and role of the mentor. ▶ Explain the standardized mentoring process. 	<ul style="list-style-type: none"> • Leaflet, Video • Standardised Mentoring Process 		
		1	Understand the owner and company	▶ Give interview to the owner on the overall situation and future vision of the business.	• Application form		
	Doc	2	Kick off report				
2	Information collection	2	Collect fundamental information	<ul style="list-style-type: none"> ▶ Discuss which document is needed for the diagnosis process. ▶ Receive necessary documents from the company. 	<ul style="list-style-type: none"> • Information checklist 		
		3	Interview to key persons [managers, core employees].	<ul style="list-style-type: none"> ▶ Discuss current status of the business. ▶ Discuss key challenges to grow the business. 	<ul style="list-style-type: none"> • Collected information 		
3	Analysis	4	Set target vision	<ul style="list-style-type: none"> ▶ Discuss the future vision of the company. ▶ Define three stages of the growth. 	• Diagnosis report (1) Future vision		
		Doc	1	Diagnosis report (1) Future vision			
		5-7	12	Conduct company diagnosis for Mature SMEs	<ul style="list-style-type: none"> ▶ Analyse 4 key elements. <ol style="list-style-type: none"> 1 Finance 2 Marketing 3 Production 4 Organisation ▶ Conduct SWOT analysis. 	• Mentoring Guideline	
Doc	2	Diagnosis report (2) SWOT (Mature SMEs)					
4	Action planning	8	Conduct Action Planning	<ul style="list-style-type: none"> ▶ Plan the actions to grow the business. ▶ Develop action plan. 	• Diagnosis report (3) Action plan		
		Doc	1	Diagnosis report (3) Action plan			
5	Facilitating actions	9-11	Facilitate actions	<ul style="list-style-type: none"> ▶ Motivate the owner and employees. ▶ Provide support to facilitate actions. 			
		Doc	1	Wrap up report			
6	Reflection	12	Reflect the mentoring activity with the owner	<ul style="list-style-type: none"> ▶ Review the result and activities of mentoring. ▶ Advise the owner on the next actions. 	• Wrap up Report		
		Doc	3	Completion report			
Total		50					

Standardized Mentoring Process for START-UPS

	Visit	Hours	Aims	Activities	Tools	
1	1	1	Have common understanding on Mentoring Service	<ul style="list-style-type: none"> ▶ Explain the mentoring service and role of the mentor. ▶ Explain the standardized mentoring process. 	<ul style="list-style-type: none"> • Leaflet, Video • Standardised Mentoring Process 	
		1	Understand the owner and company	▶ Give interview to the owner on the overall situation and future vision of the business.	• Application form	
	Doc	1	Kick off report			
2	2	1	Collect fundamental information	<ul style="list-style-type: none"> ▶ Discuss which document is needed for the diagnosis process. ▶ Receive necessary documents from the company. 	<ul style="list-style-type: none"> • Information checklist 	
		3	Interview to key persons [managers, core employees].	<ul style="list-style-type: none"> ▶ Discuss current status of the business. ▶ Discuss key challenges to grow the business. 	• Collected information	
3	4	1	Set target vision	<ul style="list-style-type: none"> ▶ Discuss the future vision of the company. ▶ Define three stages of the growth. 	• Diagnosis report (1) Future vision	
		Doc	-	Diagnosis report (1) Future vision		
	5-7	7	Conduct company diagnosis for Start-ups	<ul style="list-style-type: none"> ▶ Analyse 5 key elements. <ol style="list-style-type: none"> 1 Market definition 2 Customer definition 3 Differentiation 4 Sales planning 5 Promotion planning 	• Mentoring Guideline	
Doc	1	Diagnosis report (2) 5 keys of Start-up Growth (Start-ups)				
4	8	2	Conduct Action Planning	<ul style="list-style-type: none"> ▶ Plan the actions to grow the business. ▶ Develop action plan. 	• Diagnosis report (3) Action plan	
		Doc	0.5	Diagnosis report (3) Action plan		
5	9-11	5	Facilitate actions	<ul style="list-style-type: none"> ▶ Motivate the owner and employees. ▶ Provide support to facilitate actions. 		
		Doc	0.5	Wrap up report		
6	12	1	Reflect the mentoring activity with the owner	<ul style="list-style-type: none"> ▶ Review the result and activities of mentoring. ▶ Advise the owner on the next actions. 	• Wrap up Report	
		Doc	2	Completion report		
Total		25				

2

How to implement each step

1

Orientation

To kick off the mentoring, the first step is to build a relationship with the owner.

The following two activities are essential here.

- Have a common understanding of "what mentoring is".
- Hear the owner's thoughts on the current state of the company.

1) Have a common understanding on mentoring service

Goal The owner understands what mentoring is all about (important: build trust with the owner)

Why Companies that receive mentoring are those that have applied for the public call. However, it is not uncommon for some owners to sign up without understanding exactly what mentoring is all about.

It is important to have a solid common understanding of what mentoring is and what process is to be followed.

How

	Actions	Description
1	Explaining what is mentoring	<p>Explain "What is mentoring?" using some tools.</p> <p>Tools that can be used to do this include leaflets, videos, past examples and original presentations.</p> <p>Using a leaflet is the easiest way to do this explanation.</p> <p>The point here is to emphasize that mentoring is a "collaborative effort" and a "support".</p>
2	Explaining what is standardized mentoring process	<p>Explain the standardized mentoring process.</p> <p>By explaining the road ahead, the owner can prepare him/herself.</p>

Case

Mentor: "Dobar dan!"

The mentor said. This is the first visit to the company.

"So let me explain what is mentoring."

"Yes please. I've been looking forward to working with you."

"Thanks. The mentoring is a process to support the company to define activities that will contribute to further development. This is a process that involves cooperation - we will work together to collect information, organize thoughts, create action plans and to improve business."

"Sounds exciting. So it is not like you teach me everything, right?"

"No, the mentor is not a teacher. It's more like a coach. We are here to support, not to do something instead of you."

"Got it."

"I brought a leaflet and a video to explain the outline of the mentoring process. Here they are..."

2) Understand overall situation of the company

Goal

The mentor should know the personality of the owner and the general situation of the company.

Why

The application form gives a description of the company. But there is still a lot more information you need to determine your mentoring focus. There is a lot you do not know until you talk to the owner such as the owner's perception about the current situation, the owner's personality, the owner's view regarding corporate culture and his or her vision for the future.

The first visit is a good chance to ask the owner some questions about the business as a whole.

How

	Actions	Description
1	Ask history of the company	Hear the history of the company from its inception until now. In the course of the conversation, we can learn about the owner's personality, as well as the company's strengths, weaknesses and challenges. For an owner, running a company is life itself. Pay respect to the history of the company.

2	Ask reason of application to mentoring	Find out why the owner applied for mentoring. Knowing which aspects of mentoring the owner is interested in will make it easier to decide how to proceed with mentoring. If there are any misunderstandings, it would be better to clear them up at this stage.
3	Ask visions and challenges of the company	Hear the owner's thoughts on where they want to grow the company (do they want to expand into the international market, become the best service in the region, etc.) and what are the current challenges to achieve this. What you hear here will later be corroborated by employee interviews, data, etc.

Case

[Scene 1] History of the company

“So, could you tell me a brief history of the company? According to the application form, it is established in 19XX, right?”

“Yes, we started the business as family business...”

[Scene 2] Reason of application to mentoring service

“For what reason you apply for the mentoring service? What do you expect?”

“I saw the public call information and thought this would be a good opportunity to find a new idea to how to improve business...”

[Scene 3] Visions and challenges of the company

“What is your vision? I mean, is there any goal or objectives that you expect to achieve, for instance, three years? Like sales amount, number of employees, quality of services, branding... What is the objective you want to achieve the most?”

“Well, that’s a good question. I would like to establish our brand as a top brand in this category.”

“I see. To achieve that goal, what are the current challenges?”

“I would say the quality of the product is good, but it is not recognized by the market.”

“So, you think marketing is the challenge, right?”

“Absolutely.”

Kick off Report

Name of Mentor	Agency	Date of Record

Company Profile

Company name		Date of foundation	
Identification number		Tax identification number	
Owner's name		Sector	
Address		Business Field *Code of activity	
Person in charge/function		Stated capital	
Phone		Number of employees	
E-mail		Branches, shops, workshops	

Past support from the Gov/Donors

Year	Amount	Summary

Summary of the business

--

Organizational structure

--

Current business problem / business restrictions

--

Three-year company plans

--

2 Information collection

Doctors do not diagnose a disease based solely on the patient's opinion. They collect data by taking your temperature, putting a stethoscope on your body or taking an x-ray.

In business mentoring, the first step is the same: to gather objective information.

1) Collect fundamental information

Goal The mentor should know the basic information about the company.

Why The mentor must distinguish between "opinion" and "fact".
If you interview a company, you can get a variety of "opinions", but you need to make sure that they are really "facts".

The first action to be taken for fact-checking is to get the company's internal documents.

How

	Actions	Description
1	Explain why the document is needed	Let the company know that you need basic data for analysis. As some companies may be cautious, worrying that their internal information could be leaked, you need to politely explain that the information will be treated as confidential and only you will see it.
2	Request documents	Ask them to give you necessary documents. As a tool for this, a list of basic information is compiled on the following page. You can make a copy of this and give it to the company.

Case

“The first phase of the mentoring is the company diagnosis. We will analyze the situation of the company and create action plan. To do so, we'll need some documents and data from your side. It will be treated as confidential, only I will see of course.”

“Well, OK. What kind of data do you need? “

“Here is the list of items. Let's check if you have them one by one.”

List of basic information

Segment	Items	Note
Finance	Balance sheet	
	Profit and Loss statement	
	Annual cash flow sheet	The sheet should have the amount of cash flow, outflow and remaining cash by month for a year.
	Conditions of loans and its repayment schedule	
Marketing	Marketing process	How to find the customers, selling point, how to retain/maintain the relationship with customers
	Marketing tools	Website, leaflets, brochures etc.
	Sales management system	List of customers, list of potential customers, sales steps, table of sales by products etc.
Production	Value chain	Supplier, distributor, end user
	Process of production	Process flow chart, flaw rate, quality control
	Process of planning new products	Person in charge, how to collect the customer needs
	Production management tools	Standard production time, production volume, inventory disposal rate, defect rate, etc.
Organization	Organization map	Managers, number of staffs, role of each departments
	Job descriptions	
	Appraisal system	
	Annual training schedule of the employees	
Others	Other ideas/concerns of the owner	

While the above items are fundamental to managing a business, it is normal for SMEs to not have everything in place. Depending on a company's situation, it may be necessary to improve the documentation that contains basic information about the company's operations.

2) Interview to managers/key employees

Goal Mentors should have a clear picture of the current situation of the company.

Why Companies are complex formations and depending on which segment you are looking at, you can draw different conclusions about the status / situation of the SME. When you indicate low performance in the production, the owner may find “unmotivated employees” as a cause, however, the employees may find “outdated production machines” as a reason at the same time.

By listening to a variety of opinions, you can see "what's really going on in particular company".

How

	Actions	Description
1	Create a list of questions	Based on the stories and documents heard and received from the owner, narrow down the areas you want to dig into. Write it out as a questionnaire.
2	Interview to the key persons	Interview key employees such as managers who know the details of the business. In this interview, show interest also in their private topics such as their carrier as the mutual understanding and trust can help you a lot in the process of mentoring.

Case

“Thank you very much for taking your time. So, you are working as a sales manager, aren't you?”

“Yes I am. “

“Have you been in the sales field from the start of your career?”

“Actually, I started my career as an engineer. I studied engineering in the university. But...(omit)”

“Thanks. I'm here to support the company as a mentor. And this is the interview to understand the company. So please be open and straight in answering. The answer will be kept as confidential.”

“Alright.”

“So as for the sales, I see it is in a slight uptrend. How do you see this?”

“Well, the background is...”

Sample questions

Finance	<ul style="list-style-type: none"> - Is the sales increasing? - Is the profit growing? How much is the growth? - Structure and number of customers? (natural or legal entities) - Have you ever used any government financial support? - If there is any room to reduce the cost, what would it be?
Marketing	<ul style="list-style-type: none"> - Who is the target customer? - How customers find your service? - What is the reason that the customer chooses your products, not the competitors'? - Who is the competitor/s? - Could you show me some marketing tools?
Production	<ul style="list-style-type: none"> - Do you have a quality system in place? - Are there any instructions for using the machine? - Do you have a control system? - How long does it take for a new employee to learn how to use this machine? - What is the defect rate? - How do you decide the number of inventories?
Organization	<ul style="list-style-type: none"> - Do you have a communication plan? - What is the flow of information in the company? - What is the good point of the corporate culture? - What are the challenges for the teamwork? - How do you use IT? - How and how often do you communicate within the company (e.g. meetings) to share the situation of the company? - Are workers aware of responsibilities and authorities? - Do you have a staff development plan? - Do you have a developed training system? - Do you have a reward system?

3 Analysis

1) Set target vision

Goal The owner and the mentor "put on paper" the goals that the company will strive for in the coming period.

Some companies from this area are not used to planning their business 2-3 years in advance. Therefore, these companies do not set medium-term goals. However, in order to delve into the company's issues, it is necessary to have an overall picture on the direction that the company want to grow into.

How

	Actions	Description
1	Discuss vision/overall direction of the company growth	Some owners are thinking about their medium-term goals for the first time, so instead of trying to define them strictly, it is better to expand your idea like a brainstorming.
2	Set three levels/stages of growth	Divide the vision into three stages: the first stage, one year from now, and then the next stages, a few years from now. This process helps companies distinguish between what they should be working on now and what they should be working on in the future.

Case

"Let's discuss the vision. What is your vision? Do you want to grow as a global company? "

"That's too much. At first, we want to become the best service provider in this region."

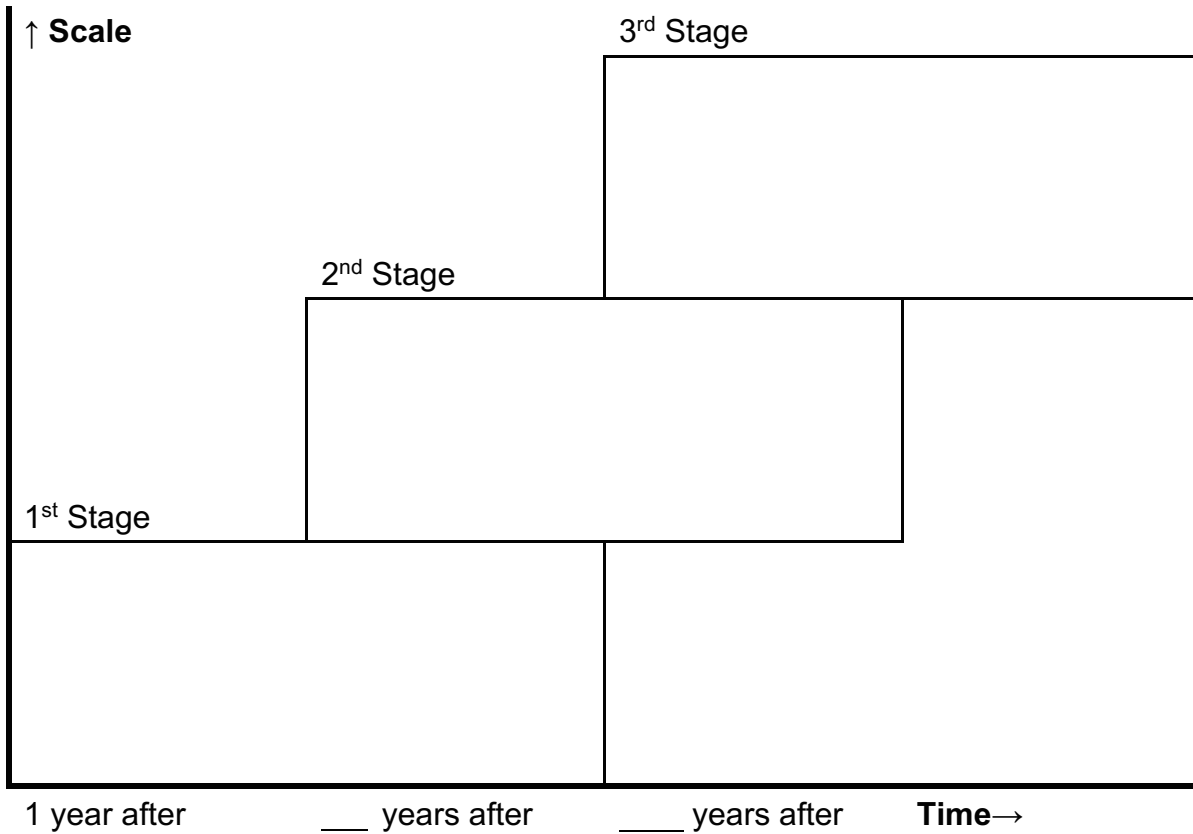
"Great. Let's discuss outline of the roadmap. What should be the first step to achieve that?"

"At first, we need to improve the quality. Zero complaints should be the first aim. Second stage is to expand the business. We will invest a lot in marketing in this stage. The third stage is, let's say, to strengthen the teamwork. We'll hire new staffs, so we need to train them and create good culture."

Diagnosis Report 1

Name of Mentor	Agency	Date of Record

Future Vision



Background

2) Conduct detailed analysis

Goal The company's situation is clearly sorted out and the points that need to be addressed are identified.

Why A lot of information has been gathered in the previous activities. At this point mentors have to note that the information collected are new to mentors, but not to company.

In order for mentoring to generate insights, it is necessary to shed light on the pieces of information from different angles and bring to light what they mean to the company. In other words, analysis is the process of rearranging information, digging into it and extracting its meaning.

Once you actually start diagnosing, you'll realize that gaining trust from the owner is key to getting honest inside information about the company.

Many excellent mentors have pointed out the importance of building trust from the owner. But how can you earn their trust?

The key to this is to show that you can provide a perspective that the owner doesn't have. The following points may be helpful in this regard:

- Research what's going on in the industry/sector before the visit.
- Listen to the owner's story and point out the good parts of it.
- Perform financial analysis and other analyses at an early stage to show your expertise.
- Show them the standard mentoring process, tools, etc.

Also, it is important to note that the diagnosis process is often a back-and-forth process. For instance, it is very likely that you will recheck the financial perspective after narrowing down the strategic options to evaluate the feasibility of each option.



How

	Actions	Description
1	Review on the information	Reflect on the collected information and file them neatly so that you can easily find what you need. Corporate information must be treated as confidential.
2	Analyze the company's strengths and weaknesses along the diagnostic steps	<p>This process is the most important and the analysis methods are different between a mentoring for mature SMEs and mentoring for Start-ups. Please refer to chapters 4-5 for the detailed explanation of each.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 10px; text-align: center;"> <p>Chapter 4 Mature SMEs</p> <div style="border: 1px solid black; padding: 5px; margin: 5px;">Finance</div> <div style="border: 1px solid black; padding: 5px; margin: 5px;">Marketing</div> <div style="border: 1px solid black; padding: 5px; margin: 5px;">Production</div> <div style="border: 1px solid black; padding: 5px; margin: 5px;">Organization</div> <div style="margin: 10px 0;">↓</div> <div style="border: 1px solid black; padding: 5px; margin: 5px;">SWOT</div> </div> <div style="border: 1px solid black; padding: 10px; text-align: center;"> <p>Chapter 5 Start-ups</p> <div style="border: 1px solid black; padding: 5px; margin: 5px;">Market definition</div> <div style="border: 1px solid black; padding: 5px; margin: 5px;">Customer definition</div> <div style="border: 1px solid black; padding: 5px; margin: 5px;">Differentiation</div> <div style="border: 1px solid black; padding: 5px; margin: 5px;">Sales planning</div> <div style="border: 1px solid black; padding: 5px; margin: 5px;">Promotion planning</div> </div> </div>
3	Narrow down the points to be addressed	As the output of analysis, identify what the company needs to work on.

Case

“So the next step should be the analysis, right?”

The owner said.

“Then I will wait for the result of the analysis. Call me when it is ready.”

“No, that’s not how it goes. This is a collaboration so we will conduct the analysis together!”

“Oh, but I don’t know much about the business theories...”

“Don’t worry, we will provide some basic frameworks and checklists, so let’s give it a try.”

4 Action planning

Goal The activities to be taken by the company are identified, along with the due dates and persons in charge.

Why A company changes when the behavior of its employees has changed.
 In order to reach the next growth point which is defined as a result of mentoring, every single person in the company needs to change own behavior.
 As the action plan is the roadmap for that, it should clearly state by whom, by when and how defined activities. should be taken.

How

	Actions	Description
1	Write out the actions	Let the owner write down the actions they need to take in order to realize the points found in the diagnosis.
2	Pick out the highest priority actions	Out of a number of actions, let the owner pick out the ones that have the highest priority. As small businesses have limited management resources, they need to focus on the important actions rather than working on everything.
3	Make an action plan	Let the owner write out the company's actions in an action plan format. The important thing is that this action plan is not the mentor's plan, but the company's one. It is a good idea to keep your action plan less grandiose and more focused on "grabbing the small successes" and more like six months.
4	Share the action plan	Share the action plan not only with the owner, but also with the managers and employees.

Case

"I think I know what we need to work on. We're going to do it gradually."
 said the owner.

"Let's create an action plan for that. Neatly write out who is going to do what and when.
 That way, we can steadily build up the action."

"That would be nice. Sure, if I don't write it out, it tends to get put on the back burner in my busy life."

Diagnosis Report 3

Name of Mentor	ARDA	Date of Record

1. Challenge to be focused on

--

2. Action Plan

Date	Action	Who	Time

5 Support on implementation

Goal Action plans are being implemented and companies are seeing results.

Why For companies with busy day-to-day operations, there can be some psychological hesitation in implementing new actions.

Mentors can visit and psychologically support the execution and give positive feedback to the achievement to drive the changes in the company. Of course, when the company performs an action, it often turns out differently from the initial image and the action plan may need to be amended.

As a mentor, helping the company getting back on the track is important at this stage.

How	Actions	Description
1	Encourage the company to take the first step in implementation	Once the owner has decided what to do, the biggest hurdle will be taking the first step. Make it clear how and when the company takes the first step in implementation.
2	Support implementation	Support implementation of defined activities by providing examples, know-how, training, etc., as needed.
3	Celebrate the accomplishment	Once the actions are well underway, praise the employees and celebrate the achievement. The company can be additionally motivated by realizing they are moving forward.

Case

[Scene 1] Remind the action

“How's the action going?”

Mentor asked.

“Well, no progress to be honest. I've been pretty busy.”

The owner said.

“I know you're busy. But this action is important for growing your company. Let's check now to see when we can do it.”

[Scene 2] Provide training

“I was wondering if you could get some training from your mentor on the action of better teamwork. I think it's a good stimulus for our employees.”

“That's a good idea. Let's plan it.”

[Scene 3] Turn down an excessive request

“This action is difficult, so why don't you(mentor) do it for me?”

“It is not impossible, but if I do the actions instead of you, how will you manage them after the mentoring is over? Mentors are here to help, not to substitute. I'll help you with one part of it, of course, but you'll have to do it with me.”

[Scene 4] Celebrating the achievement

“You did it! This is a huge step forward. Let's order a pizza next time and celebrate with our employees.”



6

Reflection

Goal

Have a common understanding with the owner about mentoring outcomes.

Why

When the mentoring is coming to an end, reflect on what the company has done, what has been accomplished and what are left as the challenges ahead. Write out your reflections as a mentor and discuss them with the owner.

How

	Actions	Description
1	Write a wrap-up report	Write a wrap-up report reflecting on the conducted activities.
2	Share a wrap-up report with the owner	Discuss the wrap-up report with the owner, reviewing what the company has accomplished through mentoring.

Case

“Mentoring is finally coming to an end.”
said the mentor.

“Yeah. You really helped a lot. Thank you.”

“I've been making a brief report in the sense to look back at what we've done. Let's check it out together.”

“Hmmm. When I look back at it like this, it's clear what we've accomplished so far and what we have to do now.”

“Yes. Mentoring is over, but the corporate journey is still on. I hope that what we found in this process will work positively for the company going forward.”

Wrap Up Report

Name of Mentor	ARDA	Date of Record

1. Planned goal of this mentoring

--

2. Main conducted activities

--

3. Achievement and its key factor

Achievement
Its key factor

4. Unachieved point and the reason

Unachieved point
The reason

5. Next Challenge / Key points on next challenge

--

7 Reporting

Goal Submit a completion report to the DAS

Why As a government funded project, the completion of mentoring must be formally reported to the competent institution in a proper manner.

How

	Actions	Description
1	Write a completion report	Prepare a completion report according to the received format (the basic one is on the next page, but the format may vary depending on the project).
2	Submit the completion report	Submit the completion report in accordance with the instructed procedures.

Completion Report

Name of Mentor	ARDA	Date of Record

1. Period of Mentoring

Period of Mentoring	From	To
---------------------	------	----

2. Conducted Actions

Date	Conducted Actions	Time

3. Beneficiary's Satisfaction

Score	Comments from the beneficiary
1 2 3 4 5	

Criteria: 1-Poor, 2- Fair, 3-Good, 4-Very Good, 5 Excellent

4. Important Learning and Matters to be shared with other Mentors

--

5. Comments / Remarks from Mentor

--



Company diagnosis for Mature SMEs

Supporting company as a “General practitioner”

In this chapter, we will take a closer look at how to diagnose a company. Be sure to check out the overall flow of the standardized mentoring process, which is explained in chapter 3, noting the company diagnosis plays a significant role in the process. On that basis, we will now extract and explain the diagnostic process, which requires a particularly detailed understanding.

Chapter 4 shows you how to proceed with the diagnosis for Mature SMEs.

The diagnosis does not mean that the mentor identifies challenges and solutions in place of the company's members and present them to the owner. Mentoring is a collaborative effort in which the mentor facilitates the discussions to deepen the consideration of the company. If you have ever worked in an organization, you can understand that the life is, in some ways, days of turmoil. There is a lot of work to be done and workers are constantly jammed with various deadlines. Of course, they want to calm down and collect their thoughts but still it is hard to take the time.

Therefore, mentoring is a great opportunity for these employees to take some time out of their day to look at their current situation and think about their future.

1

Overview of the diagnosis process

We are going to look at the diagnostic process for mature companies.

In order to understand the process of diagnosis, it would be helpful to start from thinking about the process of a doctor giving you a health checkup.

"I think I'm healthy," you say.

So, it is your "opinion".

While your doctor respects your opinion, he or she also wants to know the "facts" of what is going on inside your body. Therefore, the doctor collects a lot of data. The doctor will weigh you, take your temperature, put a stethoscope on your body and take an x-ray. The collected data is then analyzed to make an overall diagnosis of your health condition.

The company diagnosis we conduct in mentoring is similar to the doctor's case, since you also listen to the "opinions" of the owner and employees and you still have to collect information on the facts. For a proper diagnosis, firstly, you will gather the data of the company and check the status from four perspectives: finance, marketing, production and organization. Secondly, you will analyze the collected data and consider the future of the company. Here, we use a framework called SWOT analysis.

2

Basic analysis on business elements

In this section, we will learn at how to gather data on four perspectives (finance, marketing, production, and organization) to understand the current status of the company.

1

Finance

The financial statements reflect the state of the company like a mirror. Once you know how to read the financial statements, it becomes much easier for you to understand the state of the company. The financial analysis in mentoring does not require so much like the case of MBA. Let's take a step-by-step look at how to proceed with financial analysis in mentoring.

1) Receiving financial statements

In order to proceed with the financial analysis, you need to receive financial statements from the company.

There are three types of financial statements:

- Income statement
- Balance sheet
- Cash flow statement

The first challenge the mentor will face is that some owners often do not want to show the financial statements. It is no wonder that owners feel a psychological hurdle to show financial statements that belong to the most confidential of the company's internal information if they haven't already built a trusting relationship with mentors. Owners often worry that providing information to mentoring, a government program, will be passed on to the tax office and others.

So, at the beginning, the mentor needs to explain the basic setting carefully like, "mentoring is an independent program and the information received should be viewed only by the assigned mentor and treated confidentially." Also, let the owners know that you are going to discard them after the mentoring is over.

Then, if the owner still hesitates, it is better to listen only to the approximate content verbally and not to stick to receive the financial statements, but to discuss them after a trusting relationship has been established.

2) Three approaches to financial analysis

There are three main approaches to doing financial analysis.

- Ratio analysis
- Multi-year comparison
- Comparison with other companies in the industry

A ratio analysis is a comparison of one number in a financial statement with another number. For example, the ratio of profit to sales (profit margin) is an example of ratio analysis. The same is true of the ratio of raw material costs to sales (cost ratio). As another simple example, it is also useful to compare current assets and current liabilities. Current assets are assets that can be used for immediate payment, such as cash on hand. Current liabilities are liabilities that come due in the short term. If your current assets are more than your current liabilities, then you have enough room to make payments. But if current assets are less than current liabilities, there is a risk of running out of cash in the short term. If this happens, even if the company is in the black, it may go bankrupt. By comparing the figures inside the financial statements, we can see the strength and efficiency of the company's financial position.

A multi-year comparison is a comparison of financial statement figures with those of the past two to three years to check for trends. In order to do this, we need to have figures for the past few years. By looking at the trends, it is easier to see how a company is doing - whether sales are up, costs are down, advertising expenses are up and whether they are leading to sales.

Comparing with your peers means, literally, comparing numbers with your peers. We compare ratios, not absolute amounts, because the size of our competitors is different. For example, if you run a restaurant, compare the ratio of food and labor costs to sales. You can then check whether your company is running more efficiently than others. On the other hand, if you check the ratio of advertising expenses to sales, you can know whether you are doing enough and proper promotion.

3) Financial analysis in mentoring

How far should financial analysis in mentoring go?

Mentors are not accountants, so it is not their goal to make a detailed financial diagnosis (of course, a mentor with financial expertise can use it as a strength to dig deeper in the financial perspective).

In addition, in SMEs, the financial statements may not always show the actual situation, for example, the way of making sales may be vague, the owner's living expenses may be included in the company's costs.

So, as a mentor, being able to get a rough picture of the situation would be sufficient.

4) Basic questions

What should we look for in mentoring?

The detailed analysis process is covered in the Classroom training, but below we repeat the most important aspects that we focus on.

A: Overall situation of the business

The first question is whether or not the company is making a profit now. Also, as a trend, see if the sales are expanding, staying at the same level, or contracting.

If the company is now profitable and sales are growing, there is a good chance that the company will be able to grow by continuing the current measures. But scaling up brings risks to the company, too. A typical challenge is a decline in quality as a result of, for example, a lack of production capacity or a lack of human resources. In these companies, we can expect that mentors may need to help in the areas of production management and improvement of organization scheme rather than marketing.

If the company is making a profit and the sales are flat, you will have to discuss with the owner whether he or she wants to expand the business or maintain the current level and continue to exist as a company that is expected to create jobs and contributes to the community. If the company has secured a certain share of the market in the region and the sales have remained flat, the expansion measures can be risky such as expanding into other regions or exporting to overseas markets. Some owners are willing to take risks, while the others prefer to focus on improving the strength of the company by cutting costs and improving human resources to build a strong corporate structure, maintaining the current level of the sales. That way, the company can have the robustness to get through even recessions that will come someday. So, either approach can be a rational choice for a company.

If the company is not making a profit right now and sales are falling a drastic change in strategy probably be needed. Reviewing the current strategy and discussing how to fix it will be the focus in the mentoring. In this case, marketing is more likely to be the topic.

B: Break-even point analysis

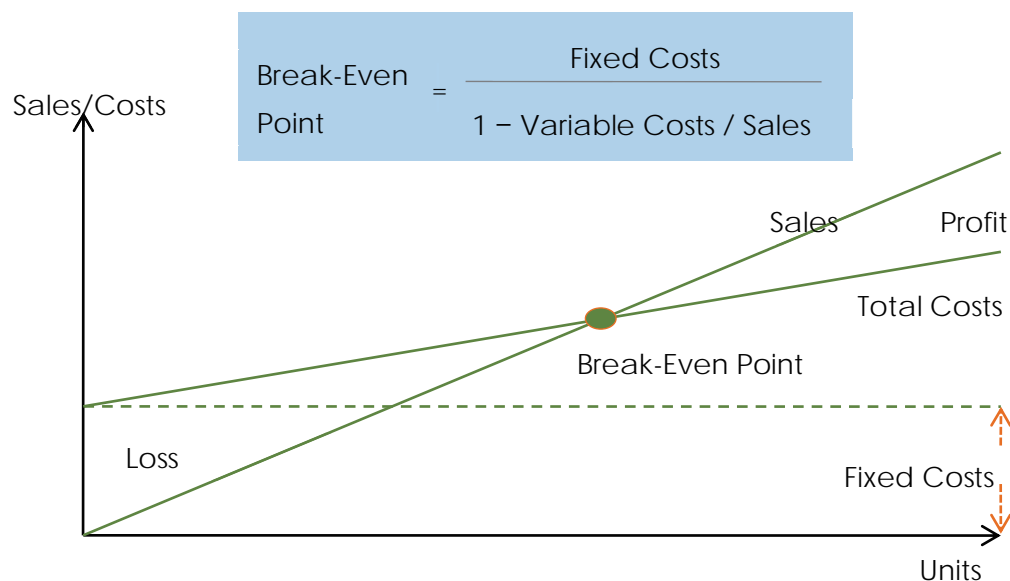
This is the kind of analysis you need, when you are helping a start-up also or a company that is now in the red. Of course, it is also very effective for other companies as well.

You have opened a pizzeria. The monthly rent is €1000 and the labor costs are €500. The sales of a single pizza is €3 and the cost is €1. Now, how many pizzas do you need to sell, at a minimum, in order for your restaurant to be profitable?

Calculating this is the analysis of the break-even point.

When you start a business, you have to know how much you have to sell to make a profit. In the case of this example, with a monthly fixed cost of €1,500 and a marginal profit of €2 per pizza, you will reach break-even point by selling 750 pizzas.

If you have accounting figures, the break-even point can be calculated using the following formula.



For companies that have just started up or are in the red, the first goal is to calculate the break-even point and ensure that it is stably exceeded. It is also important to calculate the break-even point when making large investments (such as establishing a new factory or opening a new store).

C: Liquidity analysis

Liquidity analysis is a simple check on the short-term stability of a business.

Let's say you have a house and a bank deposit. These are both assets. Of these, the house is considered as a fixed asset and the bank deposit is considered as a current asset. These are categorized according to how much of each asset is handy and available for payment.

For example, when the repayment of the car loan is coming up next week, you cannot immediately sell the house and use it for the repayment, right? There are various procedures to sell a house and it takes a lot of time. So, a house is an asset, but it is not useful for paying off short-term debts. Assets that can be converted into cash in a short term and applied to payments are called current assets. Bank deposits are an example of this.

The same is true for companies. Factories and equipment are expensive assets, but they cannot be cashed in immediately. No matter how expensive a machine you have, it will not help you to make the impending payment in the next week. As it can often happen that you have to pay unexpected expenses in your business and need more cash, you need to keep certain amount of current assets on hand. Checking that there is enough of this is a liquidity analysis.

This analysis is simple.

All you have to do is compare the company's current assets with its current liabilities. If the current liabilities are more than the current assets, the company may run out of cash in the short term. With the liquidity ratio lower than 100%, even if the company is in the black on the books, there is a possibility that it will not be able to pay its salaries or go bankrupt because it cannot generate cash.

Typically, current assets include cash and those that can be cashed in within a year such as securities, merchandise inventory, accounts receivable, etc. But product inventory may not be sold when needed, and accounts receivable may not be collected as planned. Therefore, in general, the ratio of current assets to total assets should be kept reasonably high.

For accounting purposes, we calculate the current ratio.

$$\text{Current Ratio} = \text{Current Assets} / \text{Current Liabilities}$$

In general, this ratio should be around 120-200% as the standard.

If the current ratio is too high, it means you may not making good use of cash and can consider further investment in equipment, training, IT, etc.

D: Comparison (Benchmark analysis)

Suppose a business has a 10% profit margin. Is this profit margin high or is it too low?

You cannot make a blanket judgment on this (although financial analysis would be a lot easier if you could!). This is because preferable profit margins, labor cost ratios, capital turnover, etc., vary greatly from industry to industry. That is why you need to read the financial statements of the beneficiary and compare the indicators with the ones of similar companies to determine whether the numbers are sound or not.

Ideally, it is best to compare with other companies of the same size, in the same industry. (For example, in Japan, companies are required to publish their financial results in the official gazette or on a website, so if you use a paid information service, you can collect the data published). If you cannot access to such information, you may need to ask your colleagues or someone in the industry/sector for rough figures.

Anyway, in the case of small businesses, it is normal that the expected data is not available. Therefore, a more realistic approach is to compare the company's data with those of the past few years to see how the situation has changed.

The following is just one example, but even this kind of simple comparison can bring findings.

	2 years before	1 year before	Recent year
Sales amount			
Gross profit			
Gross profit margin			
Operation profit			
Operation profit margin			
Ordinary profit			
Ordinary profit margin			
Breakeven point			
Capital adequacy ratio *Equity capital / Total capital			
Current ratio *Current assets / Current liability			

2 Marketing

After the financial analysis, let's analyze marketing.

Marketing is not a concept that refers only to promotion, but it includes the communications with the market overall. A company has to identify expectations of the target customers, design new products, communicate with the potential customers with prototypes, promote new products and keep the relationship with the customers. That whole process is marketing.

Check list	
3C analysis	<p>(Customer)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Is there a clear definition of the target market/customer? <input type="checkbox"/> Is there a clear understanding of the customer needs? <input type="checkbox"/> Is the current target market and customer attractive enough to facilitate future growth of the business? <p>(Competitor)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Is the competitor's information collected and updated? <input type="checkbox"/> Is there a clear strategy how to stand out from the competition? <p>(Company)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Are the strengths and weaknesses of the company clear? <input type="checkbox"/> Is there any investment capacity (cash, loan, etc) which can be used for new product/service development?
4P analysis	<p>(Product)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Does the current product/service line-up match customers' needs? <input type="checkbox"/> Is there any activities/processes to develop new products/services? <p>(Price)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Is the price adequate and profitable enough? <input type="checkbox"/> Is there any chances of adopting different way of pricing? (subscription service, set price, volume discount etc.) <p>(Place)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Is the current distribution channel effective enough? <input type="checkbox"/> Is there any online channel used? <input type="checkbox"/> Is there any new channel can be tried to distribute the products/services? <p>(Promotion)</p> <ul style="list-style-type: none"> <input type="checkbox"/> What is the current structure of the promotion mix? <input type="checkbox"/> Is the value, not only the functions, delivered in the promotion messages? <input type="checkbox"/> What can be the new promotion tools?

1) 3C analysis

3C is an acronym for Customer, Competitor and Company.

All three need to be considered when developing a company's strategy.

	Check points
Customer	<ul style="list-style-type: none"> - Market size - Market growth potential - Customer needs - Consumption and purchasing behavior
Competitor	<ul style="list-style-type: none"> - Current market share, trends of competitor - Characteristics of each competitor (strategies adopted, resources, etc.) - Threat from new competitors and competitors that produce substitutes - Competitors to which your company should pay particular attention (key customers, similar product characteristics, etc.)
Company	<ul style="list-style-type: none"> - Corporate philosophy and vision of the company - Current status of existing businesses and products (sales, market share, product lineup, strategy, etc.) - Company features - strengths and weaknesses Existing resources, strengths and weaknesses of employees, goods and money - Capital and investment capacity

With all this information gathered, what should we conclude?

The focus is the following question: "Is the company in the best possible position to do the business?" The best position means being able to offer products and services that meet the needs of the customers and differentiate the products in the competition.

Some companies in the Western Balkans are often not focusing on whether they are delivering products that meet customers' actual demands. Often, some owners say, "I've been in this industry for decades, so I know all about it." That is true in some cases, but there are also cases that they are too confident and forget to hear the customers' voices and consider the actual demands. In addition, when companies received claims for defective products, some companies just deal with

the claims without keeping any records. Although it is important to record how many complaints are received in a month and find the causes of their occurrence, many companies do not have such a system of work.

Each question in the process of 3C analysis can reveal different company's issues. On the other hand, if you get too deep into it, since it is so profound, you may spend all your time only on 3C analysis. Therefore, it would be good enough at this stage, if you could understand the outline situation of the company.

If the result of the 3C analysis indicates that the strategic position of the company is ambiguous, you can take advantage of Positioning Map and PERSONA introduced in Chapter 5 as the first and second tools for start-up companies.

2) 4P analysis

4P is an acronym for Product, Price, Place and Promotion.

Once the company's strategic position is determined or reconfirmed through 3C analysis, the company should analyze how to deliver the products and services.

In 4P analysis, use the check points from the list on the next page in order to understand the current status of the company, writing out the current situation in the company. Then, discuss to what extent each mentioned point has been effective so far. Thirdly, identify what should be changed, what should be added, and what should be tried, considering the findings from each point.

4P analysis is a practical and effective tool in helping SMEs.



Check points	
Product	<p>The aim is to plan and develop products and services that meet the needs of customers. It's important to analyze things from a consumer's perspective.</p> <ul style="list-style-type: none"> - What are the characteristics of the company's products and services? - What do customers want from the products and services? (merchantability, price range, emotion) - How to plan and develop the new products, and purchase raw materials and arrange packaging?
Price	<p>A fair price is a price that the customer can buy without resistance and at which the company can make a solid profit. In recent years, new pricing methods have emerged, such as set sales and subscription methods.</p> <ul style="list-style-type: none"> - The reasonable price range for customer's value? - Attractive price compared to competitors? - Profitable price for cost? - Is there any possibility to set a new way of pricing? (e.g. member price, discount, etc.)
Place	<p>Sales locations and distribution channels should be designed to ensure the smooth delivery.</p> <ul style="list-style-type: none"> - Where do customers search and find the products? - Where does the company sell products? - What can be a new channel to distribute products?
Promotion	<p>The company will be required to use a variety of media to develop the promotion strategy.</p> <ul style="list-style-type: none"> - How to communicate with people who are looking for the products and services? - Which medias do the company use? - What kind of advertising is cost effective? - What kind of promotional strategy does the competitor have? - Who will do the sales promotion, when and how to realize it?

3 Production

As the sales increase, the production also faces challenges. Typical challenges include running out of factory capacity, training failing to keep up, defect rates rising, inadequate inventory management and the need to increase efficiency. See also the separate Kaizen Mentoring Manual for more information on this area.

Some mentors may be tempted to shy away from production-related mentoring as it is outside their expertise. What is important here is how far we can go in mentoring to help the beneficiary. Mentors are not necessarily experts in production management, so you are not expected to teach the company how to assemble the production line or how to maintain the machines. Think of what mentors do from the aspect of "people" and "management".

Let's focus on the management aspect, such as whether you have the necessary data, training systems, quality control systems, etc., and the people aspect, such as whether you have a motivational system in place, good communication and positive culture.

It is very important to communicate with the workers in the field when supporting such production sites.

Check list	
Kaizen and teambuilding	<input type="checkbox"/> Does the owner understand the basic concept of Kaizen? <input type="checkbox"/> Is the owner open to new ideas and suggestions? <input type="checkbox"/> Are the employees understand the basic concept of Kaizen? <input type="checkbox"/> Is there a Kaizen leader assigned from employees? <input type="checkbox"/> Was the kick-off meeting held to initiate the Kaizen process?
GEMBA walk	<input type="checkbox"/> Is the production process established? <input type="checkbox"/> Is the production process established efficiently? <ul style="list-style-type: none"> ➤ Aren't there any wastes in time, costs, materials, human resources observed in the production process? ➤ Is all the necessary data collected, recorded, shared and discussed within the production team? <input type="checkbox"/> Are the discipline, rules, workflow respected and maintained? <input type="checkbox"/> Is the communication between the production team and the other departments smooth enough?

5S check	<input type="checkbox"/> Isn't there any unnecessary items/tools in the workplace? <input type="checkbox"/> Are the home positions set for all the necessary items/tools so that they can be found always in the designated place? <input type="checkbox"/> Is the workplace and machines maintained clean and functional status? <input type="checkbox"/> Is the steps/rules to implement the first "3S" set? <input type="checkbox"/> Is the culture to respect the steps/rules nurtured?
Process management	<input type="checkbox"/> Is the key business process visualised and managed with data? <input type="checkbox"/> Is the key business process improved constantly?

1) Kaizen and team building

Kaizen is a Japanese word which means "Continuous Improvement"

It is a management approach to increase efficiency and effectiveness of the business process. Many companies in Japan have been practicing this approach to realise the efficient production process with less deficit. Kaizen is widely used not only in the manufacturing sectors but also in the service sectors. As long as there is a business process, Kaizen can be applied.

"Kaizen mentoring manual" contains detailed step-by-step instruction.

As this is a new concepts for most of the owners, it is important to explain what is Kaizen and what can be done through it.

One of the uniquenesses of Kaizen approach is in its involvement of employees. It is more like a bottom-up approach rather than a top-down approach. So it is important to have a common understanding with the owner why taking this approach is effective.

2) GEMBA Walk

Let's start by walking the field.

GEMBA is the Japanese word for a place where things are actually happening. In the case of manufacturing, the factory is the equivalent of a GEMBA.

Learn about the process by which raw materials arrive, are processed, are shipped and ask question that came up in the visit.

The following is an example of what to look for when visiting a factory. In fact, the questions will vary from factory to factory. There is no need to stick to this checklist and just walk and see the site and ask questions which you found.

Check points	
Management system	<ul style="list-style-type: none"> - Do you have a production plan? - Is the production plan based on the actual number of sales or orders? - Is there a system in place to properly manage the amount of inventory? - Do you have a system for disposing of expired products? - Do you have a plan for quality improvement and cost reduction? - Is labor management system established?
Production flow	<ul style="list-style-type: none"> - Do you have a process flow chart? - Is production time measured on a product-by-product basis? - Is the production time efficient enough? - Is the flaw rate measured and is it low enough? - Is the placement of the production line reasonable and free of movement? - Are the machines properly maintained? - Is there a good atmosphere in the production team? - Is the bulletin board being used effectively? - Can the workers see their daily production targets and progress at a glance? - Is the system able to cover work outside the scope of responsibility so that it can respond to a worker's sudden illness? - Are safety and health adequately taken care of?

3) 5S check

The 5S is one of the most fundamental perspectives for improving the production floor. 5S is an acronym for five Japanese words: Seiri, Seiton, Seiso, Seiketsu, and Shitsuke. Every Japanese company has a 5S system in place at every factory. See the Kaizen Mentoring Manual for more information.

Here is an example of a 5S checklist:

Check points	
Set-in-order (Seiri)	<ul style="list-style-type: none"> - Isn't there a clutter of unnecessary tools and documents? - Are there any tools, etc., that you haven't used in over a year? - Is there any material or work-in-progress that you're keeping because you might use it in the future? - Is only what you need placed in your workplace?
Sort (Seiton)	<ul style="list-style-type: none"> - Do all tools have fixed positions? - Are there fixed positions for all materials? - Is the fixed position labeled and can the newbie find what they need without asking anyone else? - Is the fixed position close enough to where the worker will actually use the tools and materials?
Shine (Seiso)	<ul style="list-style-type: none"> - Is there a major cleanup by all employees on a regular basis, such as once a year? - Is there a set schedule and division of labor to clean the workplace? - Is there a set schedule and division of labor to maintain the equipment? - Do you have enough tools for cleaning and maintenance? - Is the unnecessary stuff put away and is it always a comfortable situation?
Standardize (Seiketsu)	<ul style="list-style-type: none"> - Is there a clear division of labor and checking system for carrying out 5S? - Do you have a 5S leader? - Are unwanted items being disposed of regularly? - Are tools and materials in place and are they reviewed on a regular basis? - Is there a checklist, to check the status of cleaning and maintenance?
Sustain (Shitsuke)	<ul style="list-style-type: none"> - Are the rules being followed? - Are the value and importance of 5S understood by the workforce? - Is there a culture that praises the 5S for being thorough?

- Does the company value the accomplishments of the employees?

As the field of production management is an in-depth one, we mainly focus on the people and management aspects in mentoring. For more information in this area, please refer to the separate Kaizen Mentoring Manual.

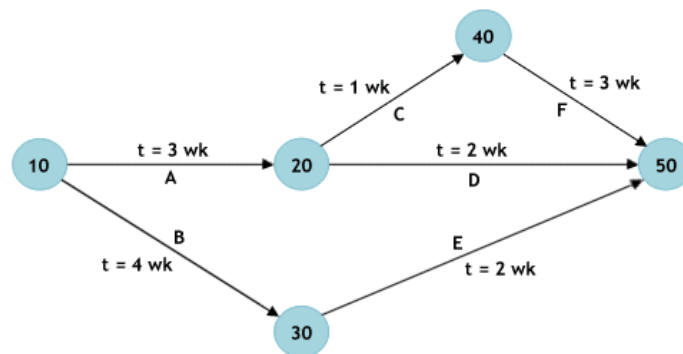
4) Process management

For further improvement of productivity without investment in equipment, such as mechanization, mentors need to pay attention to process management.

“PERT chart” is a process management tool used to schedule, organize, and coordinate tasks within a production process.

You can illustrate the process with PERT chart. Then you can find out the key point of improvement, for instance, changing orders, paralleling tasks, shortening specific process.

<Sample of PERT chart>



4 Organization

The last perspective of the diagnosis is the organization.

As SMEs do not have a lot of employees, they need to be flexible about how far they can make the organization systematic. For example, in an organization of 100 employees, the payroll system and labor management system will need to be IT based and operated under clear rules. On the other hand, if it is a small company of five employees, it is more important to communicate with them on a regular basis than to create some systems.

Organizations have soft part and hard part. The soft part includes intangible things like corporate culture and communication schemes. The hard part includes tangible things like regulations and institutions. Generally, the bigger the scale, the more important the hard part becomes. The soft part, on the other hand, is always important regardless of the size.

	Check list
Organization chart	<input type="checkbox"/> Does the company have an organization chart? <input type="checkbox"/> Are the strategic roles and objectives of each department clearly defined? <input type="checkbox"/> Does each department have optimum number of staff? <input type="checkbox"/> Which department will need more staff near future? <input type="checkbox"/> Are there any cross-departmental meetings?
Skills and trainings	<input type="checkbox"/> Are the required skills defined for each role? <input type="checkbox"/> Are the training scheme (who, when, how) set for each work flow? Is there any annual training plan? <input type="checkbox"/> Is there a scheme to evaluate the skills of each employee? <input type="checkbox"/> Are there any tools like manuals, guidelines and video materials?
Team culture	<input type="checkbox"/> Is teamwork good and the employees are motivated to work? <input type="checkbox"/> Is the communication between the owner and the employees open and positive?
Appraisal system	<input type="checkbox"/> Are there any appraisal systems? <input type="checkbox"/> Are there any systems/actions to motivate employees?

1) Organization chart

The organization chart is a representation of the people's arrangement.

A review of the organization chart will tell you if there are enough people in each department and if the roles are clearly defined. If a department (e.g., the sales team) does not meet its goals, solutions can be discussed with the chart such as whether the company can assign some employees from the other departments (e.g., the technical team) or not.

Once you received an organizational chart, interview the owner about the brief background and abilities of the department heads. Also, check if there are any meetings to share information within the company. Information sharing meetings include intra-departmental meetings and cross-departmental meetings. In particular, when you cooperate with a company which has some departments, setting a stage for cross-departmental communication can help the company increase the efficiency as a whole.

2) Skills and trainings

Even if there are 10 employees in a factory, if their skills are not good enough, they will not perform as expected. Based on the organization chart, discuss what capabilities are needed in each department and who will teach them and how. If these points are well structured there is a minimum of sustainability as an organization. Among these, you should check whether the company has manuals and guidelines for each role and whether their report forms have the uniform. If you find missing manuals or guidelines, it can be a good option to develop teaching materials in the mentoring; you can easily create video manuals by shooting their work with your smartphone.

Don't forget the soft skills like communication, sales and management. These soft skills also need to be developed when developing managers.

If the company does not have anyone to teach these skills in-house, they might consider sending potential managers to trainings or requesting you to conduct trainings.

3) Team culture

The moment you enter a company's building, you can feel the atmosphere of the company.

In an organization with good teamwork, people are less likely to quit, and as a result, their ability levels rise and the performance increases. In an organization that has poor teamwork, people are always looking for the owner's help and have to wait for the owner's decision on even the smallest of things. Definitely, it will slow down the growth of the business.

The role of management is not inherently to give instructions, but to build a team that can work without instructions. The role of a leader is to develop the strengths of each employee by setting a vision, presenting a strategy, dividing roles, educating, and hopefully praising them.

It should be noted that in the Western Balkans, there is a top-down culture in many cases. This is partly a good thing because it is linked to the speed of decision making and ability of execution, but it does not mean that teamwork should be disrespected. Therefore, check out the communication and atmosphere of the company.

If the teamwork is sparse, you can function as a good catalyst, because the presence of an outsider can allow employees to communicate in a way that they would not normally do. Having a short training or meeting, creating a relaxed atmosphere and listening to what the employees are really saying can breathe new life into the organization.

4) Appraisal system

It's important to have a fair assessment of the employees' abilities.

For this reason, if the companies have more than a few dozen people, it will be time to consider creating an appraisal system. The system evaluates the ability and performance of each employee and gives him or her a salary or promotion based on the fair assessment.

It should be noted that creating an appraisal system is an extremely sensitive process, because every appraisal system has both its good points and bad points, and once an appraisal system is created, it often has unexpected adverse effects. For example, if an owner decides to evaluate a worker according to the number of units produced, factory workers may still try to produce even though they already have enough stock.

So, creating an appraisal system is a very challenging job. Unless a mentor specializes in human resources, mentoring may be limited to "analyzing an existing appraisal system, if any," and not to creating a new appraisal system.

When it comes to appraisal systems, generally, there are two types: one based on actual performance (e.g., sales) and the other one based on ability (e.g., the ability to operate the machine). Another way to classify them is: individual evaluations and evaluations of everyone in the department based on the department's performance.

In any case, in the small business phase, it is more important to have good communication between owners and employees on a regular basis than to create a rigid system. Also, as a general rule, the amount of one employee's salary, etc., should not be disclosed to other employees. It is often a source of frustration, such as comparing the way they work with each other and saying like "it's unfair".

If the company already has an appraisal system in place, the mentor should check whether the content of the system fits the company's strategic target, whether it is being used appropriately and whether the employees receive the feedback.

5 Reviewing each element

So far, you have conducted analysis from the four perspectives. The diagnosis in mentoring does not aim for examining the details like attending doctors do, but checking overall status as general practitioner do to find out where the big issues are lurking.

Each of the four perspectives is so profound that you may feel any length of time as insufficient. As a mentor, however, you should take time to consider the relations among the perspectives and conduct the analysis towards the goal of having a big picture.

In the discussions on the four perspectives, the owner finds new ideas and will be interested in them. It is a good opportunity for the owner to think about things he or she normally cannot take time to. As the owner notices that he or she can think deeper through the discussion with you, you can gain more the trust from the owner.

At the end of analysis, read back through the records at hand. Now that you understand the company's strengths, weaknesses and the overviews of each perspective, you can move on to the next step. It is to wrap up the diagnosis, identifying the strategic options in the future through SWOT analysis.

3 SWOT analysis

1 Basic SWOT

At the end of the diagnosis, let's summarize the situation of the company that you have identified through the analysis and consider business opportunities (growth direction) in the future. The framework used for this is SWOT analysis. SWOT analysis is an acronym for strengths(S), weaknesses(W), opportunities(O) and threats(T). There are two steps in SWOT analysis. The first step, Basic SWOT, involves writing out and organizing the beneficiary's strengths, weaknesses, opportunities and threats.

	Positive	Negative
Company	<p>Strengths</p> <p>Internal competences, valuable resources or attributes that an organization can use to exploit the external environment.</p>	<p>Weaknesses</p> <p>Internal lack of competences, resources or attributes that an organization requires to perform in the external environment.</p>
External environment	<p>Opportunities</p> <p>External possibilities that an organization can pursue or exploit to gain benefits.</p>	<p>Threats</p> <p>External factors that have the potential of reducing the organization's performance.</p>

This work prepares you for deeper reflection in the second step. The strengths and weaknesses you write out here must be "factual" as found in your analysis so far. It is also better to list the ones that are of high importance, rather than to list too many items.

Some of the perspectives for examining the external environment include the following:

Customer	The influx of new customers, changes in customer preferences, changes in customer purchasing power
Competition	The entry of new competitors, new products from competitors, price reductions from competitors
Policy	Changes in laws and regulations and political circumstances
Economic conditions	Recession, exchange rate fluctuation risk, fuel price increases
Technology	development of new technologies, application of new technologies, a combination of technologies, IT

SWOT analysis worksheet (1) Basic SWOT

	Positive	Negative
Company	Strengths	Weaknesses
External environment	Opportunities	Threats

2 Cross SWOT

The second stage of SWOT analysis is Cross SWOT.

Here you will explore business opportunities by combining the strengths, weaknesses, opportunities and threats we wrote out in the first step. For example, if you combine the strengths of multilingualism with the opportunities of an increasing number of foreign tourists, you can see the direction of expanding services for foreigners. Another example is, combining the strengths of high quality and organic products with the threats of a recession and declining customer purchasing power, you might consider taking the lead in developing low-priced packages.

This Cross SWOT is about finding a direction to confront the opportunities and threats that may arise in the future by utilizing your company's strengths and weaknesses.

	Opportunities	Threats
Strengths	<p>Aggressive Offense</p> <p>Making use of strength aggressively towards opportunity with intensively investing in management resources.</p>	<p>Differentiation</p> <p>Making differentiation with raising strength level in an overwhelming level against a threat.</p>
Weaknesses	<p>Entry improvement</p> <p>Improving a way of entry with complementing a lack of resources to prepare for further development.</p>	<p>Defense/Withdrawal</p> <p>Prevent from causing a fatal problem in the near future. Resources should not be invested.</p>

SWOT analysis is an effective framework for discussing the direction of the company and this is not something that should be carried out only by mentors. Explain how to make SWOT analysis to the owner and write down many ideas together with the company side.

See the next page also to learn KJ method, a practical way to facilitate the discussion.

SWOT analysis worksheet (2) Cross SWOT

	Opportunities	Threats
Strengths		
Weaknesses		

KJ Method

The KJ method is a method of idea generation advocated by Dr. Jiro Kawakita. The process is to write down as many ideas as you can, then to group them together for further discussion. An advantage of KJ method is that it can involve the company's members in the diagnosis process.



	Actions	Description
1	Determine a focus question	The focus question drives the results. Every session will have its own focus question. Sample focus questions: <ul style="list-style-type: none"> - Who are our users? - What features do users need? - What goals do users have when they come to our site? - What did we learn in our usability study? - What are the biggest obstacles preventing our products to be sold?
2	Write down ideas onto sticky notes	All participants will share their ideas as they look at the Focus question. Prepare sticky notes and instruct them to write a single idea on a single sticky note. Once an idea has been written, the person who wrote it will explain it to other participants so that the other members can use the idea as a clue to generate new ideas. At this stage, the participants focus on expanding ideas as much as possible.
3	Grouping	When you have a certain number of notes, you can start grouping them. You can group them together for similar themes. It may be an idea to create groups with two axes like cost and impact (in this case, there will be four groups: expensive cost and high impact, low cost and high impact, expensive cost and low impact, low cost and low impact.)
4	Digging deeper	The results of the grouping should be examined and discussed. Ideas can be added to the group. Several ideas can be combined and evolved as an upgraded idea.



Company diagnosis for Start-ups

Supporting new businesses

Have you ever thought about creating a company?

When an entrepreneur starts a business, one of the first things he or she worries about is whether he or she will really find customers. Even if you have a good idea on products or services, it does not mean that your business is on the course of a success unless you have a clear image of how to reach potential customers.

In a start-up business, the main challenge is how to stabilize and grow the company which still does not have enough customers. Of course, the challenges vary from company to company, but in this regard, our mentoring will focus on start-up marketing. If your beneficiary is not experiencing any marketing problems, you can take advantage of our diagnostic framework for Mature SMEs.

In this chapter, a start-up marketing perspective will be introduced, assuming a typical start-up company.

1

Overview of the diagnosis process

Mentoring for start-up companies focuses on marketing and sales.

When a company has just started the business, it does not have a good marketing and sales structure yet. This is why it is necessary for mentors to diagnose "how to sell more" and support "activities on marketing and sales".

The process of start-up marketing and sales can be broken down into the following steps:

Aims	Analysis viewpoints	Key questions
To improve the appealing point of products and services	1) Market definition	Which markets and which segment are the company targeting?
	2) Customer definition	What is the specific image of the customers?
	3) Differentiation	What are the points that differentiate the product/service from the competitors?
To communicate the appealing point of products and services	4) Sales planning	What is the message the company needs to deliver to the customers?
	5) Promotion planning	What channels should be used to find customers?

These perspectives are connected in a linear fashion.

If the previous point is ambiguous, the later points will become ambiguous too. For example, if you do not identify your target customer, you can't even think of an effective way of promotion. On the other hand, you do not have to spend your time equally on all the five concepts. As you can't cover everything in a mentoring, you will practically be asked to focus on one to two key activities.

Therefore, mentors have to properly allocate own time budget to the concepts critical to the beneficiary, identifying the priority with the 5 perspectives.

2

Basic analysis on entrepreneurial marketing

1

Market definition

This perspective gives you an idea of where the business should take the position in the market. For example, if you want to open a cafe, you need to consider whether the price range is high or low, whether you want to target locals or tourists and so on.

Positioning map

Goal The business domain of the beneficiary has been defined.

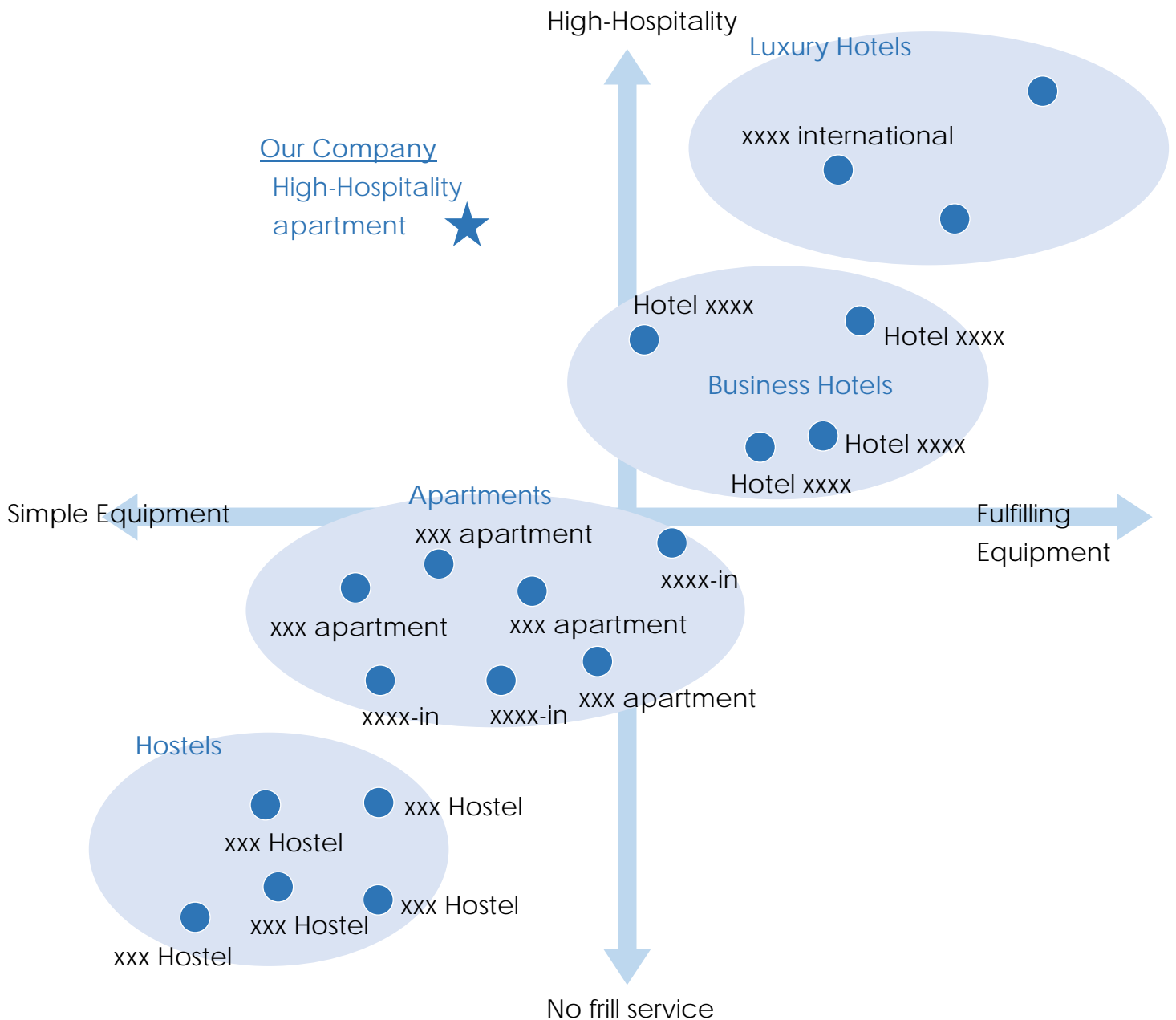
Why This analysis is especially important for companies that find themselves in a highly competitive industry. For example, let's say you have a company that is looking to build a new hotel. If you are going to be the first hotel in that town, you do not need to spend much time on this analysis. On the other hand, if you are building a new hotel in a city that already has 50 hotels, you need to have a clear understanding of "what is the price range, quality and brand image of the other hotels" and "what makes the new hotel different".

The tool used for this is the Positioning Map

How

	Actions	Description
1	Brainstorm attributes of the business	Find out how to evaluate the business. There are many axes, for example, price, quality, scale, frequency of use, whether the product is for everyday or non-daily use, whether it is for domestic or international use, whether it is for adults or children, whether it is for men or women, etc.
2	Draw positioning maps	Combine the attributes to create positioning maps. The important thing at this point is to make several versions of maps. Try to place the company's business and their competitors on the maps and consider where their business can stay out of the competition (or win the competition).
3	Define the business domain	The final step is to pick out a positioning map which can represent the company's business domain best and define the business with clear words.

Case 1- Service



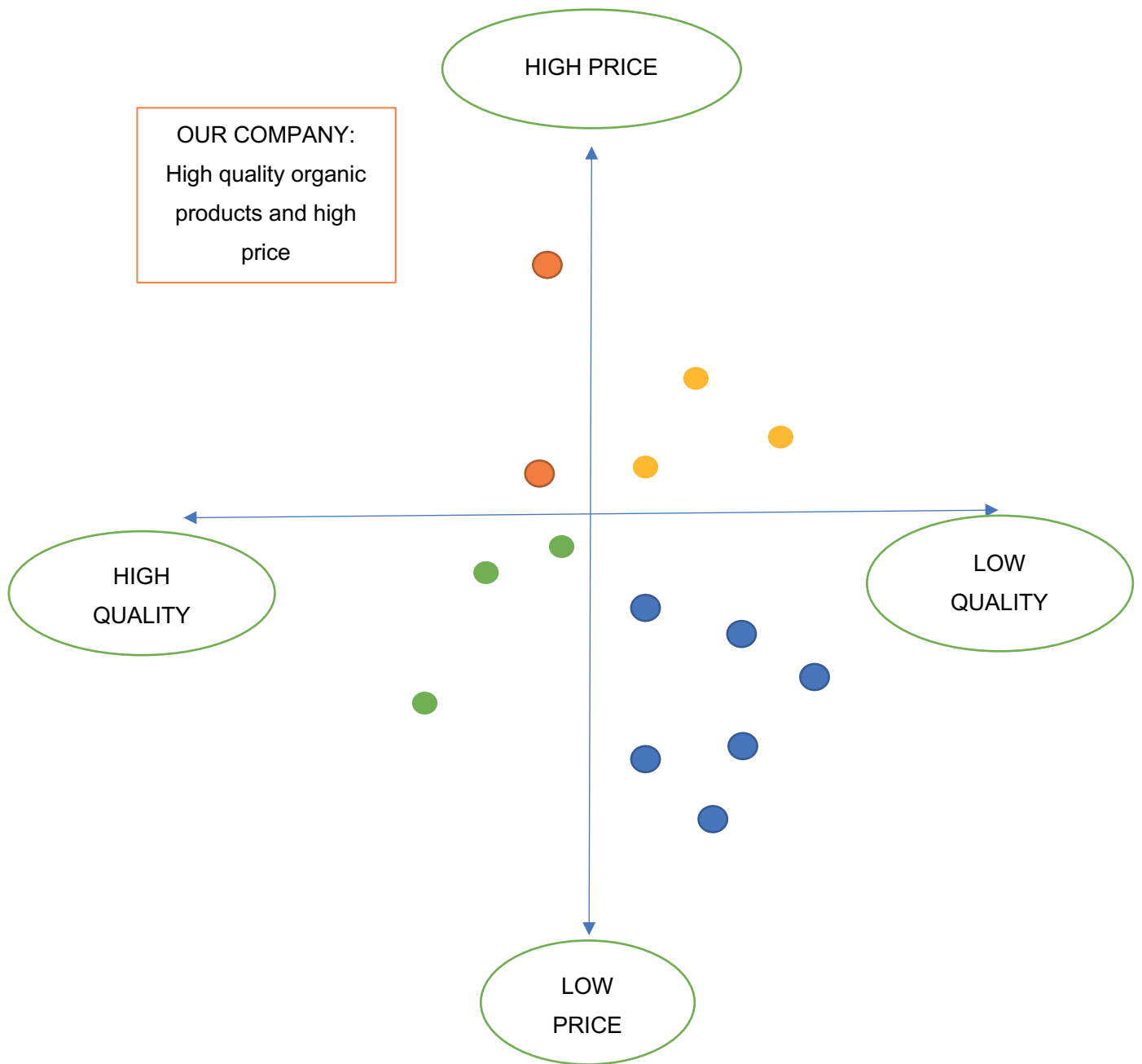
Ideas of criteria

- | | |
|---------------------------|------------------------------|
| Domestic/International | High frequency/Low frequency |
| Local/Wide area | Intuitive/Logical |
| High price/Low price | Open/Close |
| High quality/Low quality | Masculine/Feminine |
| Technical/Simple | Retro/Avant-garde |
| Multiple functions/Simple | Discretionary/Package |
| Casual/Formal | Mass/Niche |
| Basic/Trend | For professional/For amateur |
| Real/Virtual | ... |
| Durable/Consumable | |

Case 2 –
Production

Production of organic products

Criteria for analysis: price and quality

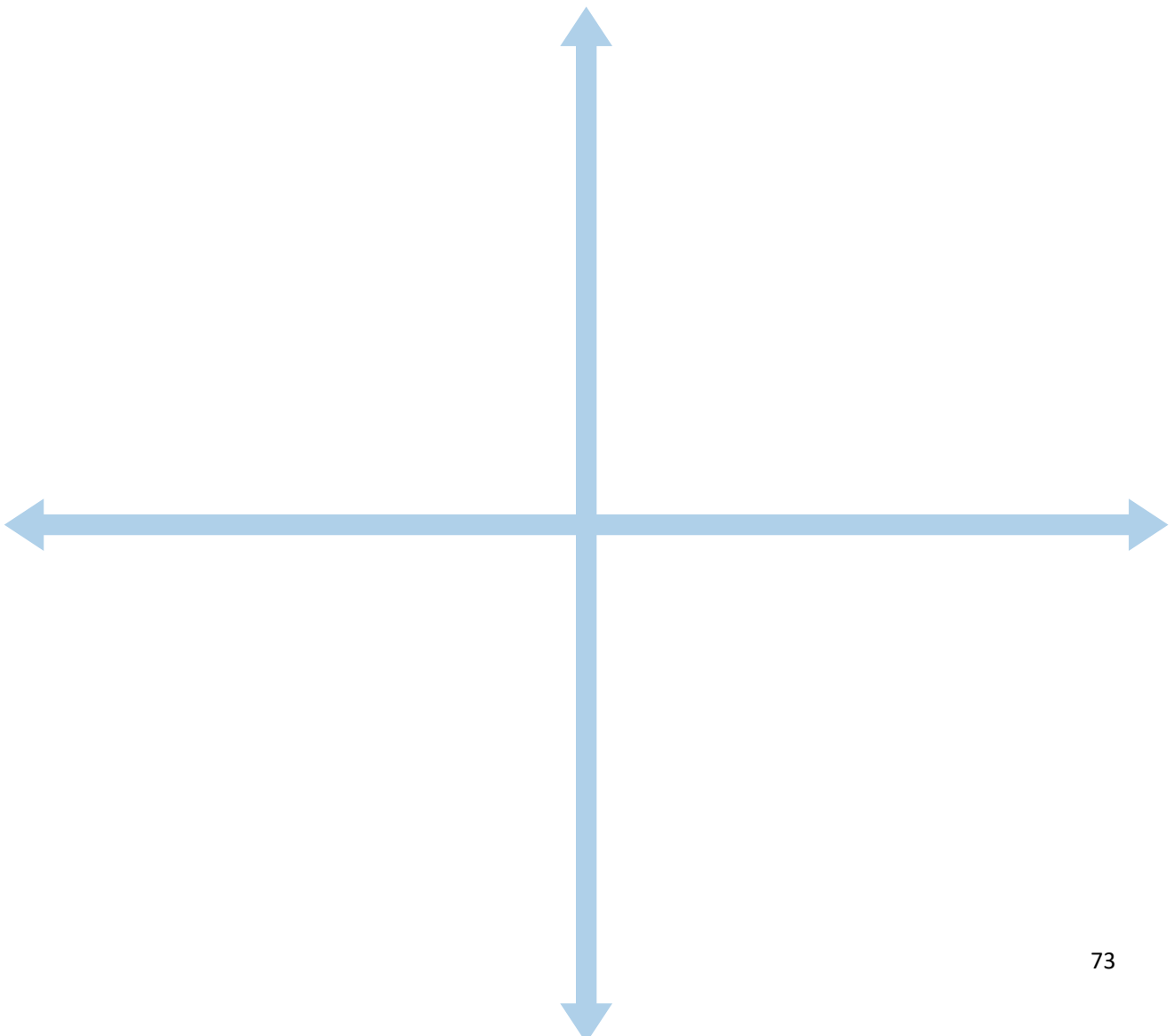


Positioning map worksheet

Ideas of criteria



Selected criteria



2 Target definition

The basic strategy of start-up marketing is to find own niche market. If a start-up company try to compete with large companies, it may last for a short period but anyway the company will be worn out soon due to the limited resources. For example, there are already many breweries in Western Balkans. So, it is not easy to open a new brewery and enter the market. However, if the start-up company can find a "niche" market and narrow down its target, there is a chance to win. For example, if the company is aware of health-conscious trends and can sell organic beer with low calories, or sell mini-bottles with 70% of the conventional capacity which is more suitable for the elderly, the company may have an opportunity to win these niche customers.

Therefore, it is important to draw a picture of customers who will buy the company's unique products. Rather than developing products for "everyone," it is easier to create products for "a niche" with a narrowed and specific target image.

Target Persona

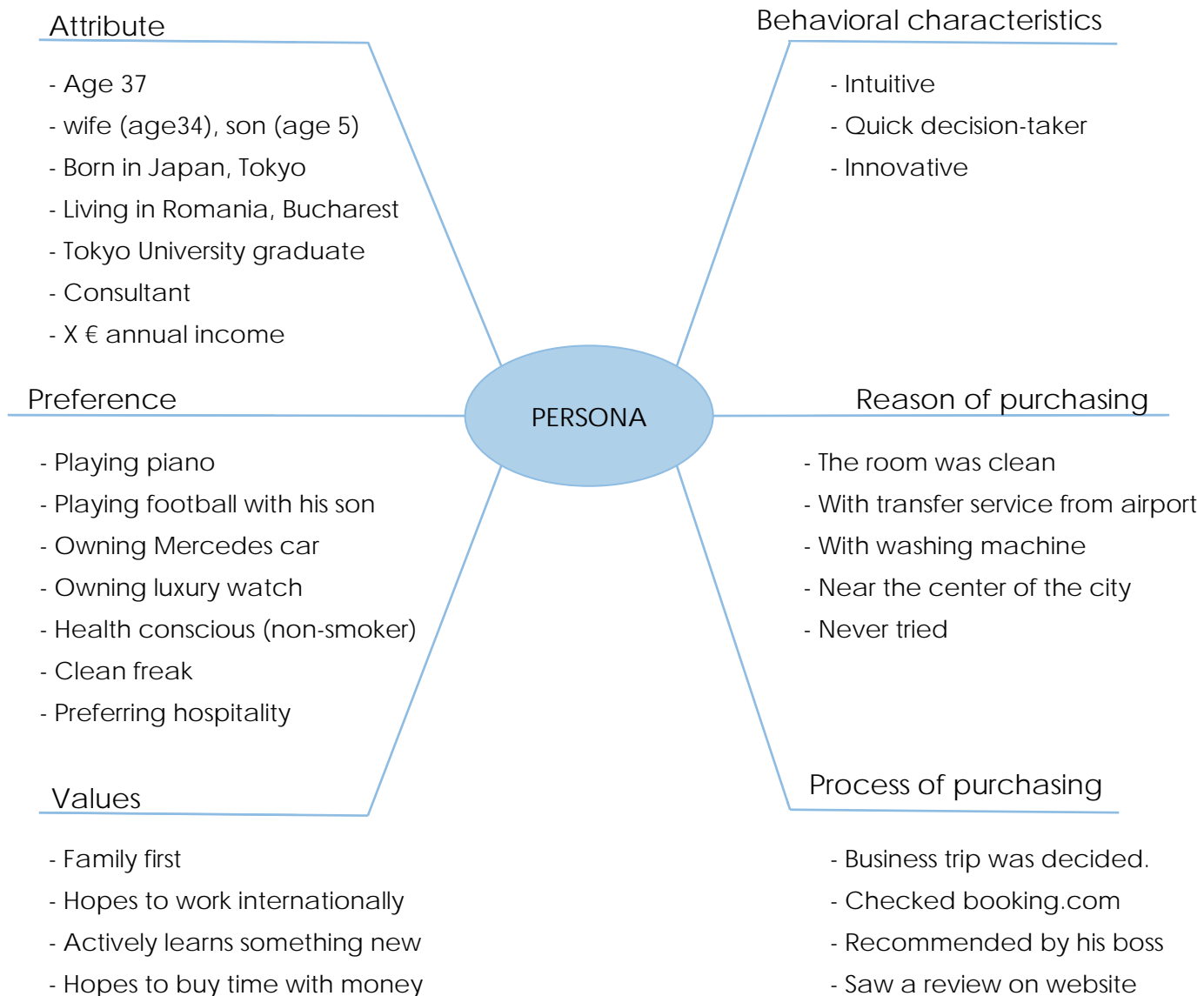
Goal PERSONA marketing of the target customer is identified.

Why PERSONA is a technique for creating the image of the company's main customer. Especially for companies in highly competitive industries, having a clear image of the company's target is a big part of the development process of new products to stand out from the competition. If the competition is not so fierce, the necessity of narrowing down the customer's profile is not that high. But even so, this approach can make it easier to answer the questions such as "Who are the customers you really have?", "In which direction does your technology development take?" and "What kind of brand image do you want to establish."

How

	Actions	Description
1	Examine existing customers	Research the company's existing customers and delve into their reasons for buying from the company. By understanding the reasons, the company will be able to accurately identify the needs of the customer.
2	Describe PERSONA	Use the worksheet on the next page to write out the information and clarify the main customer's picture/ image. If the company finds unmet needs, it can be good hints on the development of new products.

Case



Ideas of PERSONA

◆ Attribute

Age, family, income, profession, educational background, residence, native place, friends, community

◆ Preference

Hobbies, possessions, favorite pastime, lifestyle

◆ Values

Values/beliefs important for him/her

◆ Behavioral characteristics

Reasons/Tendencies to purchase the other product (intuitive, analytical, conservative, fashion-oriented ... etc.)

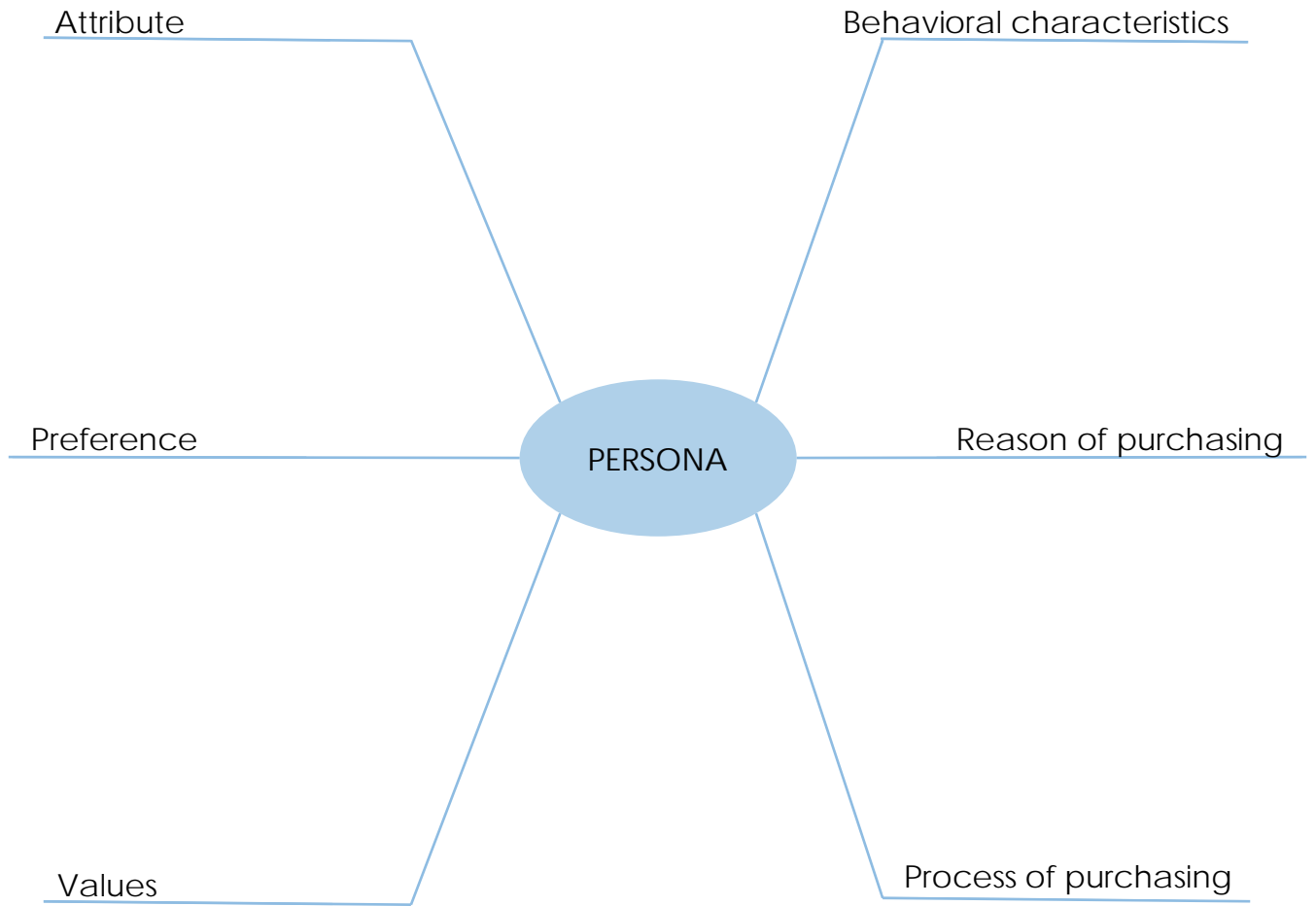
◆ Reason of purchasing

The reason to purchase your product

◆ Process of purchasing

In what circumstances, which kind of process, he/she purchased (story of purchasing)

PERSONA worksheet



3 Differentiation

What kind of products and services should the company develop for the target customers?

In a market that is not saturated with competition, "better quality, lower price" would be one solution. If there are not many competitors offering something similar yet, the company can obtain certain share of the market by offering products with a certain quality. On the other hand, such a simple strategy will not work on a market where a lot of companies compete, because the market is full of products from big companies, foreign companies and local suppliers. Therefore, the company has to find a way of making the products stand out from such a product range.

One of the tools for this is the Value Curve.

Value Curve

Goal The features of the product/service are visualized.

Why Value Curve is a tool to visualize the uniqueness of the company's products in the market. If the company wants to have a customer choosing their product, the company needs to make the products and services more differentiated. Value Curve helps the company to identify the difference.

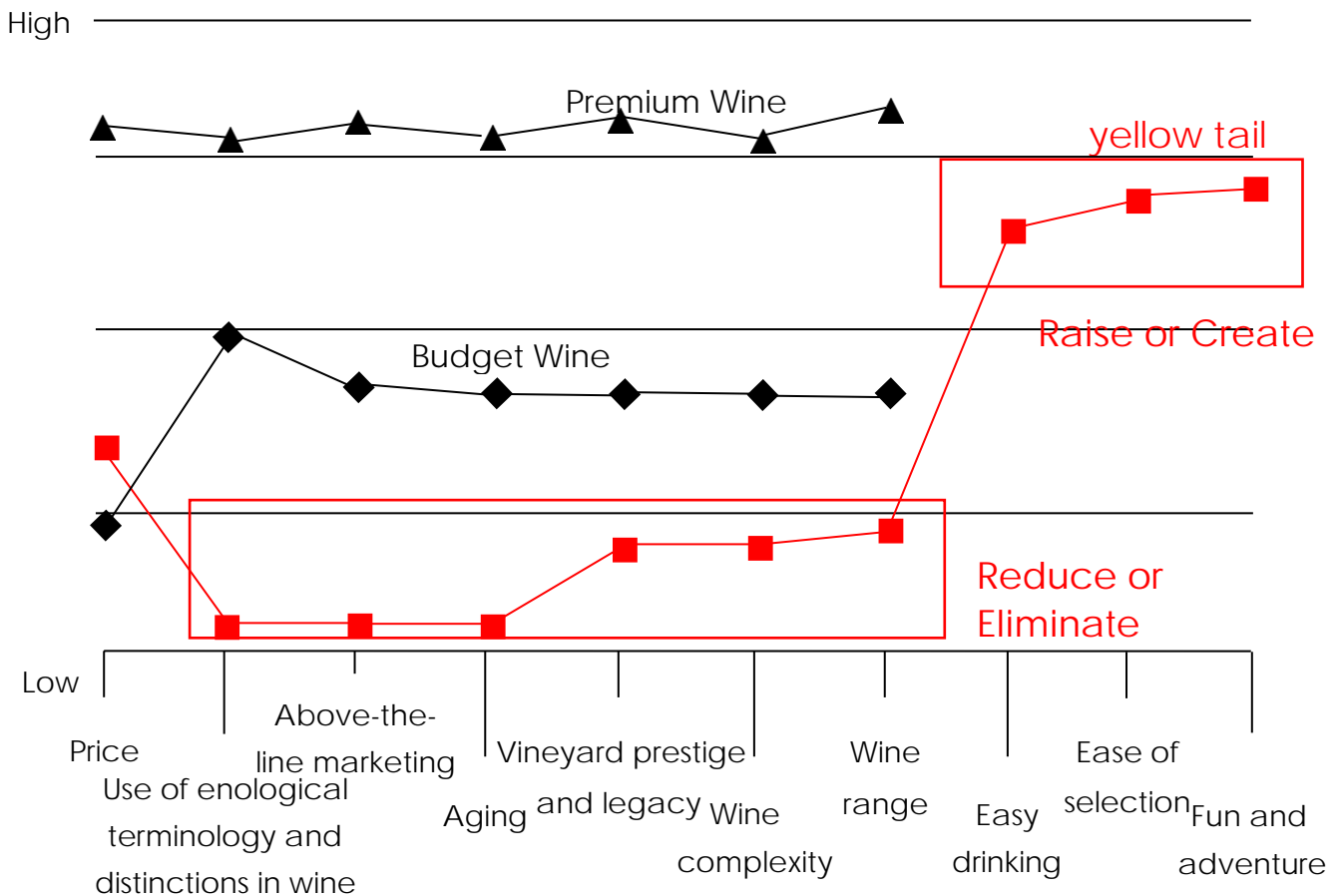
It is common to use a curve as a way of expression, of product features. However, what is important is not the way of visualization itself which means that you can use another visualization method if it is more convenient for you. The key is to design the product's point of differentiation from the four points. (See Action 2.)

How

	Actions	Description
1	Axis setting	Identify what customers generally consider as the evaluation criteria for the product or service.
2	Examining product design from four perspectives	Consider the following four points: 1) Create: Which factors should be newly added? 2) Increase: Which factors should be increased/raised? 3) Reduce: Which factors should be reduced? 4) Eliminate: Which factors should be eliminated?
3	Designing point of differentiation	Summarize considerations and finalize the differentiation points of the product and service.

Case

▼ The Value Curve of "yellow tail"



Have you ever heard of the Australian wine, Yellow Tail?

It was a major success in the U.S. market in 2001 that catapulted this wine brand, which can be found in supermarkets in the Western Balkans, into the global arena.

Yellowtail was born in 1957 by Filippo and Maria Casella, who emigrated from Sicily, Italy to Australia. Italian winemaking techniques have made it possible to produce wines of consistent quality, but overseas markets have preferred the "traditional" wines of France and Italy, and Australian wines have been ignored.

They decided not to play on the same playing field as traditional wines in order to enter foreign markets. They didn't fight over the strong points of their rivals, but rather discarded them and decided to add new value. These were "ease of drinking", "enjoyment" and "ease of selection".

The reason why Yellow Tail was accepted by the United States and became number one is because of its adherence to this blue ocean strategy. Yellowtail was focused on the concept of "easy and fun drinking" and targeted the beer and cocktail drinkers rather than the upper class, which had been the main target audience for wine until then.

They didn't focus on grape varieties or ripening, and they kept a bright, pop image in their advertising, and kept the concept of "just simple, easy to enjoy" consistent. The strategy worked, and when Yellowtail was first sold in the United States in 2001, it sold one million cases (12 million bottles), far more than originally planned.

Value curve worksheet

Competitors

Competing factors

High —————

—————

—————

—————

Low |—————|

Competing
Factors

4 Sales planning

Even a real diamond needs light and fantastic wrapping to deliver the value. To sell the products, you need to know how to deliver their value.

B-FAB is a useful tool for designing a sales message. When presenting a product, companies tend to emphasize the features and functions of the product. But the truth is, what the customer care about most is the benefit, not features nor functions.

B-FAB

Goal The key message deliver the benefit of the product is designed.

Why There is a saying like:
 "When a customer buys a drill, what they really want to get isn't the drill, it's the hole."
 A mediocre salesperson focuses on the features of the drill like the material of the blade, the number of rotations, the power consumption and so on. On the other hand, an excellent salesperson focuses on what the customer is looking for and simply explains what kind of hole it can make.

This perspective is important in all sorts of product presentations.

How

	Actions	Description
1	Describe characteristics of the product	Write out the features, advantages, and benefits for the company's products, respectively. To make things simpler, you can leave out ADVANTAGE and just use FEATURE and BENEFIT.
2	Design sales message focusing on benefits	Dig into the product benefit and write out something that is as essential and communicative as possible. Next, make sure the company is emphasizing Benefit in the sales message they are putting out, and make sure their existing sales and promotional tools are communicating Benefit. If it is just an introduction of features, you can advise them to refine the tool to focus on the benefits the customer can get from it.

◆Features

Characteristic points of the product: function, performance, price

◆Advantages

Superiority and a good point of the product from the seller's point of view

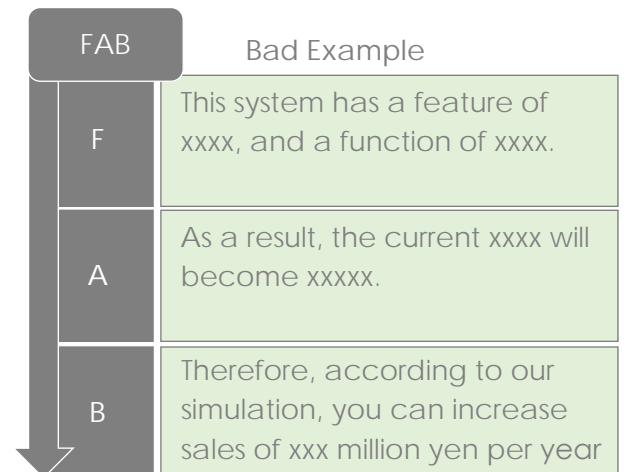
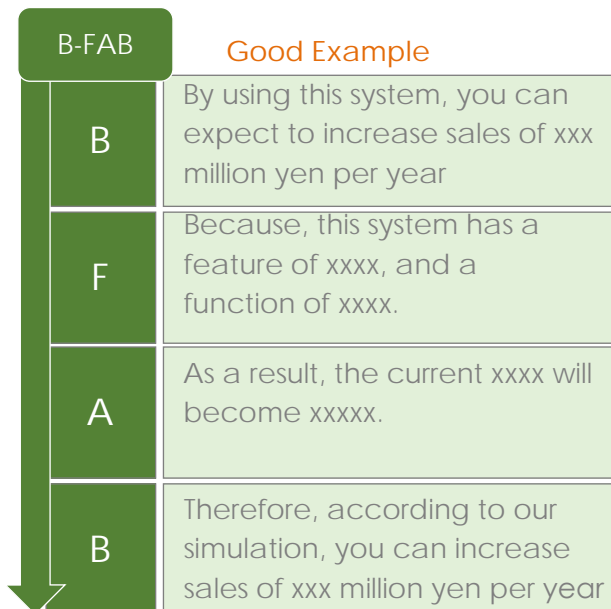
◆Benefits

A good result of using the product from the customer's point of view

Feature	Advantage	Benefit
Weights 1kg / B5 size	Compact design	Easy to carry around
1920×1080 graphics monitor	High number of pixels	Less Eyestrain with clear image
CPU3.5GHz / memory8GB	High processing speed	Comfortable operation
Pre-installed Image editing software	Image editable	Image editable without any cost and time

Most of the companies tend to focus on features and performance, so the structure of the presentation is like "F-A-B". But it is the benefits that their customers want to know, therefore talking about performance is a way to lose the customers' interest. Considering the points above, start from the Benefit. The better structure of the presentation should be "B-F-A-B", which can be described as Benefit first.

▼ Example of B-FAB presentation



B-FAB planning worksheet

Product

Feature

Advantage

Benefit

How to improve current sales, promotion message

5 Promotion planning

You have reviewed the market position of the company, described the main customers, designed the differentiators and crafted sales messages. Finally, it is time to promote and get customers.

When it comes to promotion, of course the company needs to make a promotion plan. What channels, how many promotions, and how many prospects will they get? By making the plan properly, taking actions as planned and also revising the plan corresponding to the results, the company will be able to achieve their goal.

Promotion Plan

Goal Promotion plan is designed.

Why Through the previous processes, you have focused on “sharpening and communicating the strengths” for niche marketing. The last thing the company needs to do is to make a promotion plan in order to communicate the appeal points which are found until this point. Of course, not all marketing activities goes according to the plans and even if you have a concrete plan, you will most likely have to revise it. Even so, still it is important to make a promotion plan and apply PDCA cycle to it.

In the startup marketing plan, there are three steps to be focused on:

- How to reach out to potential customers
- How to get customers to make a buying decision
- How to build a relationship with the customer after the purchase

If you can cover these things, you have a basic marketing plan.

How

	Actions	Description
1	Examine current marketing activities	Check the status of the existing promotional activities. Analyze the channels the company is using for sales promotion (website, local events, etc.) and how many responses and sales are being generated for each channel. If such data is not being measured, it is a good idea to start managing the data.
2	Create promotion calendar	In order to be effective, it is necessary to combine a variety of promotional measures. Websites, local events and large trade shows, for example, are not separate tools, but work well in combination. For instance, the company can connect event announcements to your website and/or directing local event attendees to trade shows. This activity should be designed as an annual calendar.

Example of promotion calendar

	January	February	March	April	May	June
Digital marketing	Launch website	Create Facebook channel				
Local event		Cooking class with our products				
Trade show					Trade show in Munich	
Newspaper advertisement			Local news			Local news

To create a promotional calendar, the first step is to include the big events that have already been decided upon (such as a trade show or store opening). The next step is to think about what kind of promotion the company can conduct before and after the event, getting the most out of the event. Make sure the company's prospective customers are properly directed from one event to another.

Once the company has decided when to start the promotion with this calendar, they can set numerical targets for each activity. For example, "build a website" is not enough as an action. To check if the promotion is going well according to the defined plan, you need a target number like "build a website and get 5,000 page views." Instead of saying, "I'm going to do an event," set quantified goals in a way that says, "I'm going to hold an event, and I'm going to get 50 prospective customers and I'm going to get 10 people to buy."

3

Reflection of the analysis

So far, you have checked out five perspectives on what you need to do to market the startup company. Along with taking stock of the situation, you have probably already come up with a lot of marketing ideas as well. But it is not practical to cover everything in the limited time of mentoring. It is more valuable to make sure you get two or three activities completed than to support 20 activities halfway through.

Check out the following questions to see which points to narrow down.

	Check points
Market definition	<ul style="list-style-type: none"> - Is that market big enough for the company and does it have a future? - Is there a good position for the company to take in that market? - By taking that position, can the company expect good profit and win the competition?
Customer definition	<ul style="list-style-type: none"> - Does the company have a clear target customer picture? - Does the company understand the needs of its target customers? - Are there enough target customers to make a profit?
Differentiation	<ul style="list-style-type: none"> - Does the company have a understanding of what the customers want? - Does the company have a understanding of what its competitors are offering? - Does the company have a understanding of what value it can offer to differentiate itself?
Sales planning	<ul style="list-style-type: none"> - Does the company understand not only the features of its products and services, but also how they will benefit the customer? - Does the company accurately communicate not only its features but also its benefits to the customer in its sales and promotional tools? - Are the benefits attractive to the customers?
Promotion planning	<ul style="list-style-type: none"> - Does the company have the right media mix for its promotion? - Does the company have an annual plan for promotion? - Does the company have quantified targets from each media exposure for the promotion?



Kaizen Guideline

For Mentors



RAS

Development Agency of Serbia



1st edition

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Chapter 1

Introduction to Kaizen

How Kaizen started in Japan

In 1945, the end of the World War II left Japan nothing but burnt lands and people. With no natural resources like oils and gasses, Japan had to find the way to recover her economy by **exploiting the maximum potential** from the existing resources: outdated machines and people.

As Japanese companies had no model case of success at that time, they took the approach to try **countless small improvements** continuously to find out which approach is effective. Kaizen, a well-known management system, was born here.



KAIZEN
改善

**Continuous
Improvement**

What is Kaizen?

Kaizen is a Japanese word which means "**Continuous Improvement**"

In the business context of today, it has more specific meaning: a management approach to increase efficiency and effectiveness of the business process. Many companies in Japan have been practicing this Kaizen approach to realise the efficient production process with less deficit.

Kaizen approach is widely used not only in the manufacturing sectors but also in the service sectors. As long as there is a business process, Kaizen can be applied.

Scope of Kaizen

Kaizen is a concept developed through the effort of many companies. The world known manufacturers like Toyota, Nissan, Honda, Panasonic, Sony, UNIQLO, JTI and the other firms have developed and implemented their own way of Kaizen.

So, when we say “Kaizen” today, it means the **combination of management approaches** which can be found commonly in these historical efforts.

Typically, the many concepts like 5S, 7 wastes, Kanban, Andon, Poka-yoke are included within the scope of Kaizen. So the implementation of Kaizen is not a process of copying and pasting. It is a process to analyse the status quo and apply several tools and approaches to realise the incremental change in the company.



Kaizen in Mentoring

As Kaizen might look complicated at the beginning and some expert level knowledge seems to be required to fully implement it, it is understandable that some mentors are hesitant to open the door of Kaizen.

So, it is important to confirm the role of the mentor in Kaizen implementation.

As the mentor is a **generalist**, not a specialist in any specific field (in other words the mentor is a specialist of mentoring), it is not expected to the mentors to provide very detailed, expert level advices in mentoring; mentor's role is to provide **basic frameworks and support on Kaizen activities** to the beneficiary.

In this guideline, the **5 steps of Kaizen implementation** specially designed for mentors is instructed. In chapter 2, we will learn this process step-by-step.

When Kaizen should be used?

The following factors are essential to lead Kaizen to success. In the company diagnosis phase, mentor should collect information on these points and evaluate the feasibility of Kaizen.

1: Leadership by owner

One thing essential to the success of Kaizen is the COMMITMENT OF TOP MANAGEMENT. Without the strong initiative of the top management, Kaizen cannot be successful. The most important (and difficult) part in the Kaizen activity is to enhance the teamwork and to change the corporate culture.

The commitment of the top management to this change is therefore necessary.

2: Engagement by all the workforce

It is mandatory to all members in the workplace (office/factory) engage in Kaizen without exception. This is critical to nurture a sustainable culture in the company.

The change of the business is derived from the change of culture, and the change of culture is derived from the change of mind.

3: Trust between leadership and employees

In Kaizen, it is important that the employees can believe that the management will accept and/or appreciate their idea and contribution. The trust or at least a positive relationship between the top management and employees are required to kick-off Kaizen activity smoothly.

Benefit of Kaizen

Kaizen at its core is an effort to make the business process more efficient and effective. As the result, Kaizen can have many positive impacts on various aspect of the business.

Benefits for customers

- Better quality of items and services
- More reasonable price
- Shorter and more convenient shipping

Benefits for employees

- Safer working environment
- More clean and comfortable workplace
- Fairer allocation of workload
- Less excessive workload
- Better teamwork

Benefits for managers

- Better production capability
- Lower cost
- Less defects
- Higher customer satisfaction
- Higher employee satisfaction and retention

Chapter 2 Kaizen Mentoring in Five Steps

Small things matter

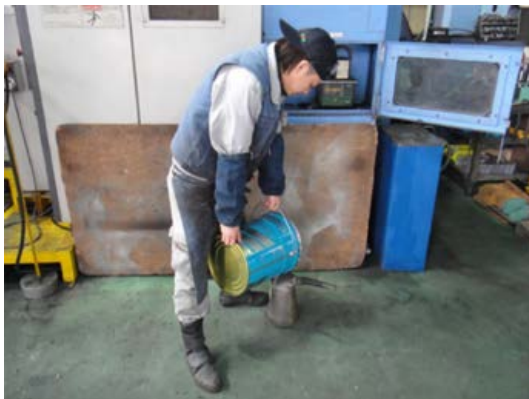
We may state from simple examples.

In Kaizen, each improvement can be a simple and small.

Before



After



These pictures show some ideas of Kaizen.

Are the improvements too small? They might be.

But if you **continue** these **improvements** and the result of hundreds of improvements are synergized, the result can be a game-changer.

Suppose you are running a rakija bar. You sell precisely one hundred shots of rakijas every evening. Now that you want to increase the sales, you start to improve small things in the business.

- *You reprint the menu so that customer can order premium rakijas easily.*
- *You replace some old dirty glasses with new ones.*
- *You changed the furniture arrangement so the customer can feel more relaxed.*
- *You put some plants at the corner of the bar.*

These are all small improvements. But in the long run, the accumulation of the positive results can have a big impact.

Suppose you improve your business for 1% every day, and your sales increases 1% as well accordingly.

On the first evening, you sold 101 shots of rakija.

How would this end up after one year?

$$100 \text{ shots per day} * 1.01^{365} = ?$$

The answer is here:

3,778 shots per day

So, you can increase your sales almost 38 times in one year!



Of course, this is just a calculation. But it clearly shows how continuous improvement can have a big impact. What tend to happen in the real world is, however, usually people loose their patience before it bears fruits; only a handful of companies which continue Kaizen can enjoy the positive result.

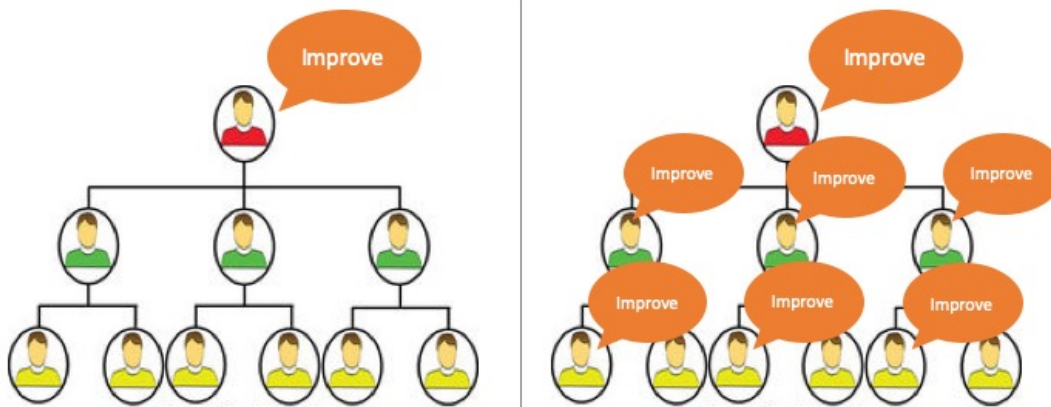
In this regard, it should be underlined that **the challenge of Kaizen is not to learn and adopt the latest fad of manufacturing**. Far from it, **the true challenge is how to nurture the sustainable Kaizen culture** in the company involving all the employees.

Importance of Kaizen culture

To make the improvement continuous and sustainable, the Kaizen activity has to be embedded in a corporate culture. Literally all the members of the company, from the owner to the employee in the frontline, must engage in Kaizen.

Creating Kaizen culture is the most important step in the journey. So mentor's focus should be put on this point: to nurture the culture.

KAIZEN has to be a CULTURE



Kaizen mentoring in five steps

This is the 5 steps framework uniquely tailored for mentors.

The aim of this framework is to establish the Kaizen culture in step 1-3 with general improvements and tackle to more specific issues in step 4-5 with advanced knowledge.

Step 1: Kick-off

To set the ground, kick-off meeting should be held with participation of as many employees as possible. Concepts and steps of Kaizen are instructed in the kick-off meeting.

Step 2: 5S

5S is a good starting point as the needed actions are clear and the result can be visible instantly. So, it is suitable to share a sense of "quick victory" within the company.

Step 3: Kaizen proposal (Quantity)

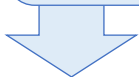
Kaizen idea should be generated/proposed by the employees toward any aspect of the company. At this phase the focus is put on building a momentum; the number of ideas is the objective.

Step 4: Kaizen proposal (Quality)

Now that the company has nurtured basic culture on Kaizen, the focus should be put on a key topic that the company should tackle; the quality of ideas is the objective.

Step 5: Advanced tools

The company is ready to apply some tools developed in the other companies. Typically, eliminating 7 wastes may be an adequate step at this phase. But the other tools can be used depending on the situation of the company.



Story of Balkan Furniture

Kick-off meeting

5S

Kaizen proposal
(Quantity)Kaizen proposal
(Quality)

Advanced tools

Introduction: Story of Balkan Furniture

Marija is a mentor who is mentoring Balkan Furniture d.o.o., a furniture manufacturer with 20 employees.

The owner is interested in Kaizen, so he read some books and tried to apply some tools in his company.

"At first, it worked."

The owner said.

"But as the time went by, the effort faded out. It didn't last."

He was struggling on the sustainability of Kaizen.

Marija told him that culture is essential part in Kaizen; The employees should be instructed about the whole picture of Kaizen and encouraged to engage in the process so that they can create culture to implement Kaizen.

"I understand that. But where to start? How should I involve the workers? They are not motivated at all."

Marija remember what she read in the Kaizen Guideline.

"There are 5 steps we can suggest."

Marija said.

"First, we should start from the kick-off meeting."

<1> Kick-off meeting

"Ok, how should we start?"

"At first, we should gather all the workers at one place, and you, as the owner, instruct them why this is important and what will be the process."

"Sounds a bit difficult."

"Don't worry, I will support you. I have a basic presentation to explain Kaizen, so we can use them with some modifications to fit your company."

"That's useful."

"I, as a mentor, can explain some concepts and show them videos. But most important thing is that you, as the owner, show your leadership to make this Kaizen process successful. You also clearly tell them that you are open to change and ready to accept any idea to improve the business."

"Alright. But I'm not sure if my staffs have any idea or not."

"I'm sure they have. But they have had no chance to put it on the table. So, let's start. 15-30 minutes will be enough to hold a kick-off meeting."

"Alright. Let's get the ball rolling."

STEP 1: Kick-off Meeting

What is this?

Kick-off meeting is a brief orientation meeting with all the members of the workforce in the target area of Kaizen (whole company, one factory, one office, etc.) The purpose of this meeting is to:

- 1) Instruct the outline of Kaizen and action plan
- 2) Ask employees to participate in the activities
- 3) Motivate employees

Why is it important?

The success of Kaizen activity relies on how many people participate in the activity proactively. So, it is critically important to involve as many people as possible.

How should it be done?

- 1) Decide the scope of Kaizen activity (entire company or one factory)
- 2) Assign a Kaizen leader or a team as the driving force within the company.
- 3) Gather all the managements and workers of the target workplace.
- 4) Explain following things.

Items	Description
Why	The purpose of Kaizen activity should be introduced by Top Management.
What	The meaning/methodology of Kaizen should be introduced clearly.
How	How to implement Kaizen/what is expected to the employees should be instructed clearly.

- 5) Show commitment of the top management and encourage workers.

<2> 5S

The Kick-off meeting was successful. The employees are interested in something new, but still not convinced if it goes well or not.

"We need to give them a quick victory."

Marija said to the owner.

"I understand it. But where to start? Kaizen is a long process and it is about incremental changes, so no quick victory can be earned."

The owner said.

"Don't worry."

Marija replied.

"There is a good starting point. It's 5S"

"5S?"

"Yes, originally it came from the five Japanese words, Seiri, Seiton, Seiso, Seiketsu and Shitsuke. But they also have English translation for this also starting from S, Sort, Set in order, Shine, Standardise and Sustain."

"Sounds interesting. What's the point of starting from 5S?"

"This is a very good kick-off activity. It is to apply the 5S principles

to the workplace, so everyone can engage in, and the result can be visible to everyone."

"And it can be done in a short period of time, right?"

"Compared to the other activities, yes."

Marija said, and continued.

"But it does not mean that this activity is light and less important. It's polar opposite. 5S is an important activity and if done well, it can put an impact on the profit."

"That's great."

"Yes, but please remember that the most important point at this stage of Kaizen is to create Kaizen culture in the company. So we should let everyone participate in 5S, and use this change to enhance their motivation to Kaizen. We'll give them some instructions, and then time and opportunities to voice out their ideas."

"Sounds that I need a bit of patience."

"Exactly. The role of the owner is to encourage and support the employees. I know this is difficult, but trust me, it worth it."

STEP 2: 5S

What is this?

5S is a method to make the workplace more efficient, safe and comfortable for the workers. Its name is derived from the first letter of the Japanese words Seiri(整理), Seiton(整頓), Seiso(清掃), Seiketsu(清潔) and Shitsuke(Shitsuke).

There are also a well-known version of English translation also starting from S.

Japanese	English	Translation	Description
Seiri	Sort		All unneeded tools, parts and supplies are removed
Seiton	Set in order		Everything is in its best position
Seiso	Shine		Everything is clean and well maintained
Seiketsu	Standardise		Order and cleanliness are kept through procedure
Shitsuke	Sustain		5S is practiced as a culture and is continuously improved

Why is it important?

The key to nurture a team culture is to win a quick victory. In this regard, 5S is a good starting point in Kaizen activity.

5S is a most basic concept of the Kaizen activities and it will be a solid foundation to the further activities.

Moreover, 5S can be done by many people and the result is visible.

How should it be done?

- 1) Set 5S as the first activity of Kaizen implementation.
- 2) Provide a short lecture about 5s to the workforce.
- 3) Empower managers and employees to implement 5S (detailed steps for each "S" will be explained from the next page).

5S (1) Sort

Usually the workplace is packed with unnecessary things and/or the things which are unclear if they are necessary or not. No one knows who is responsible for these things.

As the result, the workplace is occupied by the items which are rarely used or totally unnecessary.

The first step of 5S is to remove these things.

	Actions	Description
1	Set criteria	Which item should be disposed? e.g. Items not used for six months, items duplicated, copied documents of which the original is stored.
2	Red tagging	Red tags should be put on the item
3	Listing up	List of the tagged items should be created
4	Disposal	Tagged items should be moved to the red-tag-zone to be made the final decisions. If it is decided to be disposed, it should be disposed.



5S (2) Set in order

The items in the workplace should be placed in an order which enables workers to work most efficiently. However, in most of the workplaces this is not the case. So, the home positions should be allocated to each item.

	Actions	Description
1	Set home position	Each item in work place should have its home position so that people can easily find it anytime. The home position should be closed to the place in which the item is used.
2	Set optimal amount	If the item is consumables, optimal amount of its stock should be set.
3	Display	The name of the item, numbers and maintenance information should be displayed at the home position
4	Disposal	Tagged items should be moved to the red-tag-zone to be made the final decisions. If it is decided to be disposed, it should be disposed.



5S (3) Shine

Shine is a step to maintain the tools in its best condition. Originally this word is coming from a Japanese word which means cleaning the room and polishing the items, but in the business context it also includes maintenance and check in its scope. The workers should be in charge of their own workplace.

	Actions	Description
1	Cleaning day with everyone (at the beginning)	A thorough cleaning up with all the workers is recommended at the beginning of the 5S activity. The workers are broken down to teams and each team is responsible for an assigned area of the workplace. Te picture to record Before and After should be taken.
2	Keep cleaning/doing maintenances	The cleaning up is a good opportunity to detect the hint of malfunctions and do maintenances to prevent the accidents from happening. So it is meaningful to be done by workers themselves.

5S (4) Standardise

After the successful implementation of the first 3“S”, the firm should develop a procedure to follow, so that the process can be continued as the regular work.

	Actions	Description
1	Set cleanliness standard	Sense of cleanliness is subjective and it is possible that a condition is clean enough for a person, while the others feel in a different way. Therefore, the standard status of being “clean” should be defined and shared as the target.
2	Set standardized procedure	The way of cleaning (shining) should be defined (place, person in charge, frequency, tools, check-lists).

Person in charge

Cleaning check sheet

Monday-Sunday

清掃チェックシート

__年 __月 場所 __ No. __

曜日	月	火	水	木	金	土	日
日付							
担当者							
掃除	小便器						
	大便器						
	洗面台						
	鏡						
	床						
	壁						
	ゴミ箱						
補充	トイレトイペーパー						
	石鹸						
	消臭剤						

Items

To clean

To replenish

5S (5) Sustain

Even though the procedure is set, it is meaningless unless it is actually implemented by the workers. To sustain the positive result so far, the company should cultivate culture and discipline to maintain it.

	Actions	Description
1	Celebrate progresses	To make Kaizen as culture, it is important to share the sense of achievement among the workers. Celebrate the progress, share positive feelings with everyone.
2	Keep discipline	Once the standard is set, it has to be realized. The small violation of the code should be corrected so that everyone can trust the standard.
3	Upgrade standards	There is always room for improvement in the standardized procedure. Discuss it and revise/upgrade the standard for the better.

Case story: 5S in Balkans

Serbia



Kick off meeting and Set in order

Mtr. Sasa Dedeic, Pozarevac

Montenegro



Set in order, Mtr. Sasa Jovanovic, Bar

BiH



Sort,
Mtr. Ismar Alagic,
Tesanj



Sustain,
Mtr. Mico Savanovic
Mtr. Sanja Radulovic
Banja Luka



<3> Kaizen proposal (Quantity)

"Thanks Marija. With the 5S activities, our factory and offices are really well organised now!"

The owner said.

"All the credit goes to your team. The employees are really engaging in the activities"

Marija answered, and continued.

"Now the next step is to expand the target field of Kaizen. So far we have worked in the workplaces. But there are many more aspects in a company, namely, sales, marketing, IT systems, equipment, rules, appraisal systems, and so on. Now that we have a momentum to improve, it is high time to gather ideas to improve these other aspects."

"I see. But how should we do? Should I ask the employees the idea one by one?"

"There are many ways to proceed this."

Maria said.

"But typically, it is better to use a Kaizen Card to collect the ideas. With this, the ideas can be recorded, counted and monitored."

The owner asked,

"A card? I'm not sure the employees write such cards..."

"They will get used to it, don't worry."

Marija answered.

"But it is better to start from a meeting. In the meeting, the employees discuss the idea of Kaizen and then you encourage them to write it down to the card."

"That sounds good."

"Yes, and the thing is, at this point, you should focus on the quantity of the ideas, not the quality."

"Why?"

"If you stick to the quality idea from the first, you have to turn down many ideas and it would discourage employees. At this moment, you better start with the quantity of the idea so that everyone can feel the sense of contribution. That sense creates the culture gradually."

"I see. I'll give it a try!"

Kaizen Card					
Location	Objective	Date	Name		
Problem			Expected result		
Before			After		
			Required cost/tools		
For Kaizen Office Use		No	Evaluation/reaction		

STEP 3: Kaizen Proposal (Quantity)

What is this?

This is the step to widen the scope of Kaizen activity from the workplace (5S) to the overall situation of the business. Employees are encouraged to propose any Kaizen ideas to any aspect of the business using Kaizen card. At this moment the owner should focus on creating momentum and increasing motivation of the employees, so as long as the idea is reasonable, the basic attitude is to give it a try.

Why is it important?

Everyone has an idea. But only few proposes it. So it is important to give the employees the opportunity to propose Kaizen ideas to the company.

How should it be done?

	Actions	Description
1	Create proposal system	Any proposal should be recorded as a card. Define proposal card (Kaizen card) and submission process etc.
2	Set regular meeting	To encourage the workers to submit the proposals, it is useful to have a regular Kaizen meeting to discuss the ideas in the team. The meeting should be held in Gemba (the actual working place. For instance, if you discuss the idea about manufacturing process, it is better to do it in the factory, not in the meeting room).
3	Evaluate proposals and implement them	The proposal should be evaluated and if it found to be useful, it should be implemented.
4	Celebrate!	To sharing positive feeling within the company is an important step to nurture Kaizen culture. Celebrate the achievement!

Kick-off meeting

5S

Kaizen proposal
(Quantity)

**Kaizen proposal
(Quality)**

Advanced tools

<4> Kaizen proposal (Quality)

After 3 months, the company collected 300 Kaizen ideas and implemented 150 of them. Some worked really well and gradually, the mood in the company started to change. Now the employees have a feeling that they can change the business.

"Congratulations! So we've come far. Thanks to you all, our business is becoming more efficient and this workplace is becoming more comfortable."

The owner made a short speech at the beginning of a small party in the company. Employees are enjoying catering and drinks.

"Now it is the time to step in to the next step."

The owner said.

"What would it be?"

A manager asked.

"Well, the mentor advised me that we should narrow down focus to go deeper. So we would like to set a topic or challenge to tackle. For instance, we can focus on improving quality, increasing efficiency, reducing inventory, and so on."

"You mean all of them?"

"No"

The owner said.

"We are still cultivating Kaizen mind, so we should go step by step. At this moment, the key is the focus."

"Sounds good. Then why don't we start from the quality? To be honest there are some flaws in productions, and also we've received some complaints from the customers."

"Hm. How many complaints are we receiving?"

"I'm not sure. No one is keeping the record, but the number is increasing."

The manager answered.

The owner nodded.

"Then we should start from keeping record to analyse the data. Let's discuss what else would we need in the next meeting."

STEP 4: Kaizen Proposal (Quality)

What is this?

Now that the momentum is established, it is the time to focus on the solid achievement. At this stage, the idea of improvement may be proposed by employees, but the topic for improvement should be narrowed down more than the previous phase. Top management, or with the discussion with employees, set one key topic to tackle. Collect the data on it and conduct analysis to find the key elements to improve.

Why is it important?

People generate ideas when a topic is specified. "Any ideas?" is a difficult question as it is too broad. "Any ideas to create this in cheaper cost?" is more specific and it stimulates our mind to generate specific ideas. At this stage, the management can stick to the quality of the ideas, but to do so, usually, collecting proper data is the key.

How should it be done?

	Actions	Description
1	Visualise workflow/performance	The workflow and performance of the key activity should be visualized. Typically, process mapping should be done for manufacturing process. Time and flaw rate should be measured.
2	Set KPI	Start from 1-2 KPI. Generally people can generate ideas easily when the focus is narrowed down.
3	Analyse the element to affect KPI	Use Ishikawa diagram (aka fishbone diagram) to analyse which element is affecting the KPI.
4	Improve the elements	Improve the key elements which are affecting the KPI.

Ishikawa diagram (Fishbone diagram)

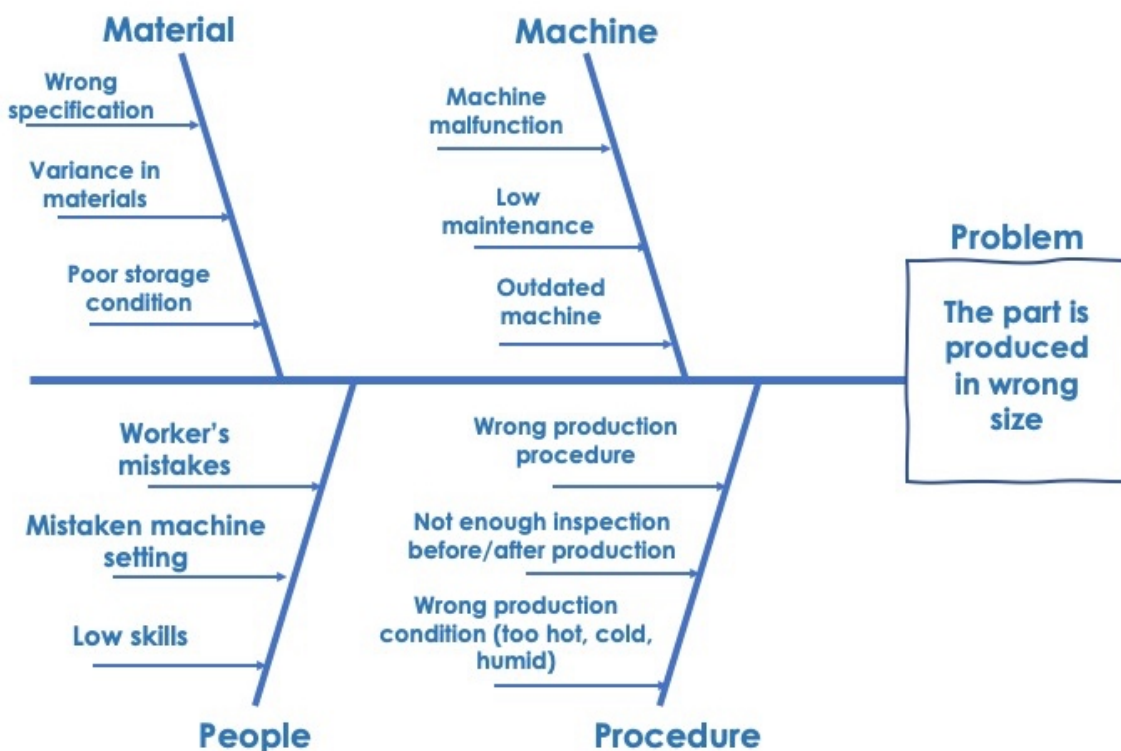
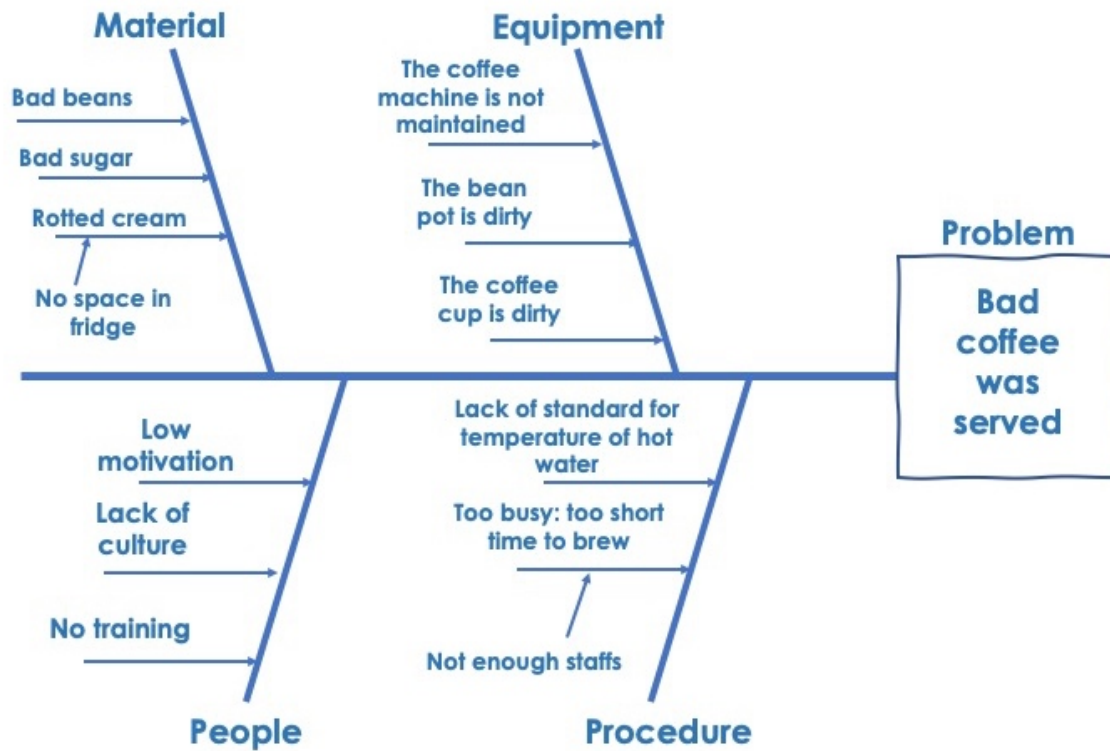
Ishikawa diagram is a diagram proposed by Kaoru Ishikawa in 1960s. It is a tool used to visualize the potential causes of a problem in order to specify the root causes. It is also helpful to structure the causes so that the team can discuss based on the common understanding.

Here are the steps to apply the Ishikawa diagram.

	Actions	Description
1	Define the problem	Agree on a problem. Write it at the center right of the flipchart or whiteboard. Draw a box around it and draw a horizontal arrow to it.
2	Brainstorm categories	Brainstorm the major categories of causes of the problem. If this is difficult, use 5M, which is often used as generic headings. <ul style="list-style-type: none"> - Methods - Machines - Manpower - Materials - Measurement Write the categories of causes as branches from the main arrow.
3	Brainstorm causes	Brainstorm all the possible causes of the problem for each category. As the idea is given, the facilitator writes it as a branch from the appropriate category. There is no need to brainstorm category by category; it can be mixed, as the creativity plays freely. Causes can be written in several categories if they relate to them.
4	Dig deeper	Ask "why does this happen?" to each causes and write down the ideas as the branches to its arrow.
5	Discuss the cause to tackle	When the group runs out of ideas, review the diagram and discuss which one can be the cause to be solved. Create action plan to solve them.

Examples of Ishikawa diagram (Fishbone diagram)

The following diagrams are examples of the Ishikawa diagram. The titles and number of categories can be changed according to the problem.



<5> Advanced tools

Gradually the Kaizen culture has established in Balkan Furniture. Though already the mentoring was finished, the owner was able to continue the activity as the company created the action plan with support of the mentor.

One day the owner was sitting on the chair in his office and thinking about the plan ahead.

"Well, the next step is to use the tools developed by the other companies."

The owner said.

"Now I understand why the mentor suggested not to start from these pre-packed tools. I realized the most important thing is not the tool, but the culture and teamwork of the company. In Kaizen, the leader has to nurture the culture by motivating people step by step."

Suddenly, someone knocked the door.

"Come in."

The owner said.

"Owner, our team had a weekly meeting and we have discussed that the current layout of the factory is not efficient enough."

"Can I have your permission to change the layout?"

It was a manager of the factory.

The owner said.

"That sounds good. But we have to plan it based on data. Do you have any idea how to visualize the efficient layout?"

"I remember an example that the mentor Marija showed us. It's called the string diagram (aka spaghetti diagram)."

"Oh, I remember that one, too. Why not, let's give it a try."

"There are some other tools that Marija showed us. We can try them one by one."

"Yes, but we should not just copy and paste it. The important thing is to understand the purpose of the tool and utilize it in a way that fits our company."

The owner said.

STEP 5: Advanced Tools

What is this?

As the Kaizen culture has been established, the company is ready to apply many tools developed in the historical effort by the manufacturers. The demarcation between mentoring and consulting should be noted at this point. As advanced level of Kaizen is a sort of complex art, basically the mentor should connect the beneficiary with the professional consultant, if asked support in expert level.

So in this phase, the mentor will support the refinement of action plan of the company by suggesting some frameworks and tools.

Why is it important?

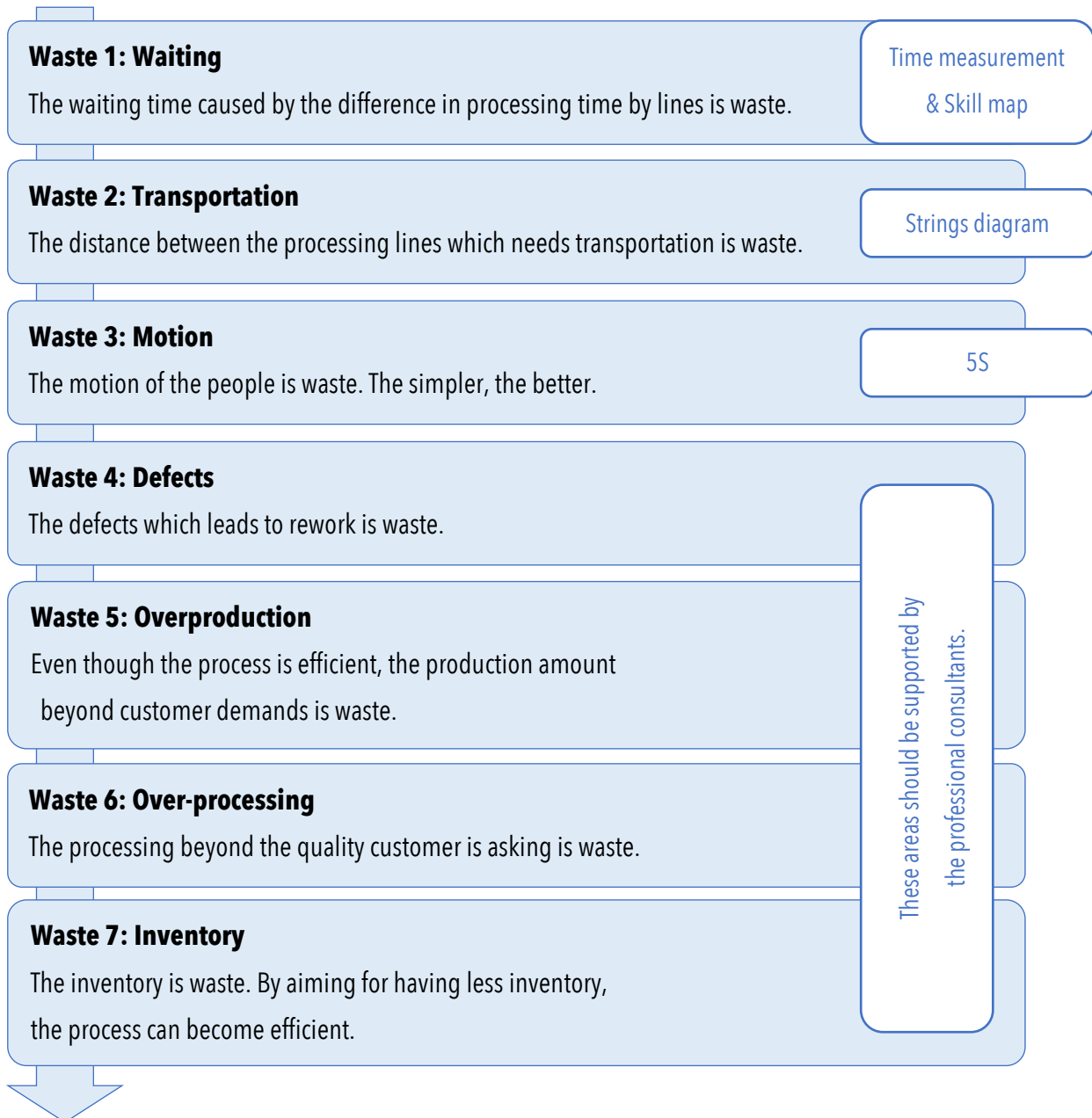
Showing examples and tools are, still, very important at this stage. Some tools easily applicable are introduced in this chapter. It is also advisable to search online information to find relevant tools.

How should it be done?

	Actions	Description
1	Review progresses	Review the progresses made during the mentoring. It is always better to take pictures and data so the progress can be visible. E.g. Before/After
2	Specify next challenge and tools to be used	Specify the next challenge that the company will tackle, discuss which tool to be used. If no clue about the challenge, 7 wastes can be a universal viewpoints. <ul style="list-style-type: none"> - waiting - Transportation - Motion - Defects - Overproduction - Over-processing - Inventory
3	Refinement of action plan	Update the action plan so that the company can use it after the finish of mentoring. Assign person in charge to each action and set deadlines.

7 wastes

7 wastes is a framework developed by Toyota to discover wastes in the business process. Originally it was developed in the manufacturing industry, but it can be applicable also in service sector.



(1) Eliminating waste of waiting

Where the waste of waiting comes from? There are two reasons.

At first, basically, it is caused by the difference in the processing time of each manufacturing process. If process A is slower than process B, there will be a waste of waiting before process B.

Another reason is the unskilled, or too specialized, workforce. If the worker in process B can help process A when they are available, this waste can be eliminated. But in most of the company especially in Balkan, workers are attached to 1 or 2 manufacturing process and not trained or allowed to help the other line even when they are just waiting and have time.

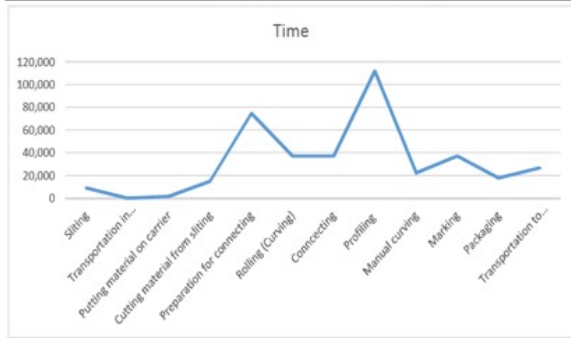
So, to eliminate the time, at first, the company needs to measure the processing time of each production line and find the challenge. And then create skill map to diversify the capability of the workers.

	Actions	Description
1	Draw process map	List up the manufacturing process and specify how many steps they have.
2	Measure the processing time and volume	Measure the processing time and volume of each step and record it on the list.
3	Discuss processing time	Have a meeting with workforce with visualization of the result of measurement. Facilitate the discussion how to improve the situation.
4	Create skill map	If necessary, create skill map to visualize the skills of each worker. List up the skills, machines or manufacturing processes to evaluate the skill. Evaluate the skill level of each worker and visualize it.
5	Use skill map	Discuss with each worker with the skill map about the plan to increase the capability of the worker.
6	Amend rules	If necessary, amend the rules of the workplace so that the worker can support each other when they have time.

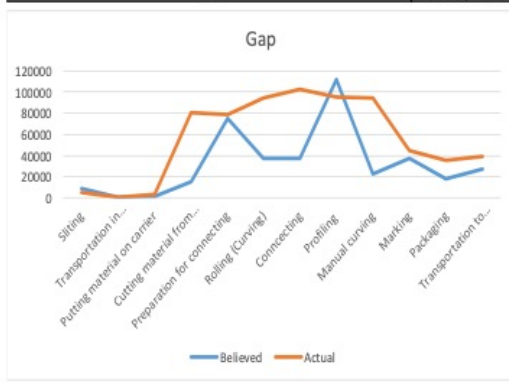
1 Time measurement

The following chart is an actual example of time measurement in a Serbian firm. At first the workers estimated the processing time without measurement. After that, the mentor measured the time and visualized the GAP. The workers are shocked and started to discuss the cause and solution immediately.

Production processes	Process with Non-production steps	Time			Lot	Description	
		Believed	Actual	Ideal		Pieces	Time
1 Slicing	Slicing	9,000			7462	2h 30 min/lot (5t,7462 pieces)	Cutting big iron lot on different width (size)
2	Transportation in production hall	120			7462	2 min	Transport with forklift in production hall
3 Putting material on carrier	Putting material on carrier	1,800			7462	3x10 min	Preparing material for cutting
4 Cutting material from slicing	Cutting material from slicing	14,924			7462	2 sec/piece	
5 Preparation for connecting	Preparation for connecting	74,620			7462	10 sec/piece	
6 Rolling (Curving)	Rolling (Curving)	37,310			7462	5 sec/piece	Curving piece of material
7 Connecting	Connecting	37,310			7462	5 sec/piece	
8 Profiling	Profiling	111,930			7462	15 sec/piece	Making shape
9 Manual curving	Manual curving	22,386			7462	3 sec /piece	
10 Marking	Marking	37,310			7462	5 sec /piece	
11 Packaging	Packaging	17,909			7462	1 min/25 pieces	
12	Transportation to warehouse of finish goods	26,863			7462	45 min /750 pieces	
Total		391,482					
13	Delivery to customer	895,440			7462	2 min/piece	



Production processes	Process with Non-production steps	Time			Lot	Description	
		Believed	Actual	Ideal		Pieces	Time
1 Slicing	Slicing	9,000	4,850		7462	2h 30 min/lot (5t,7462 pieces)	Cutting big iron lot on different width (size)
2	Transportation in production hall	120	600		7462	2 min	Transport with forklift in production hall
3 Putting material on carrier	Putting material on carrier	1,800	3,520		7462	3x10 min	Preparing material for cutting
4 Cutting material from slicing	Cutting material from slicing	14,924	80,590		7462	2 sec/piece	
5 Preparation for connecting	Preparation for connecting	74,620	79,009		7462	10 sec/piece	
6 Rolling (Curving)	Rolling (Curving)	37,310	94,257		7462	5 sec/piece	Curving piece of material
7 Connecting	Connecting	37,310	102,976		7462	5 sec/piece	
8 Profiling	Profiling	111,930	95,416		7462	15 sec/piece	Making shape
9 Manual curving	Manual curving	22,386	94,021		7462	3 sec /piece	
10 Marking	Marking	37,310	44,772		7462	5 sec/piece	
11 Packaging	Packaging	17,909	35,818		7462	1 min/25 pieces	
12	Transportation to warehouse of finish goods	26,863	38,802		7462	45 min /750 pieces	
Total		391,482	674,631				



② Skill map

Skill map (aka skill matrix) is a tool to visualize who is capable of which process. Having this map the management can easily plan the proper assignment, training plan, contingency plan and so forth. It is also effective to make this open to the workforce so that the workers are motivated to develop their skills.

Employee	1	2	3	4	5	6
	Milan	Marko	Sanja	Boban	Ana	Novak
Machines	Skill level					
①						
②						
③						
④						
⑤						
⑥						
⑦						
⑧						
⑨						

Legend

1	2
4	3

Skill level=3

Level 1: can support

Level 2: can do that job under supervision

Level 3: can do that job

Level 4: can train that job

(2) Eliminating waste of transportation

Though the waste of transportation is generally decreased during the 5S process, it should be also effective to tackle to this issue in addition to 5S, as most of the factories places machines just to the vacant spaces and as the time goes by, the logistics within the factory got inefficient.

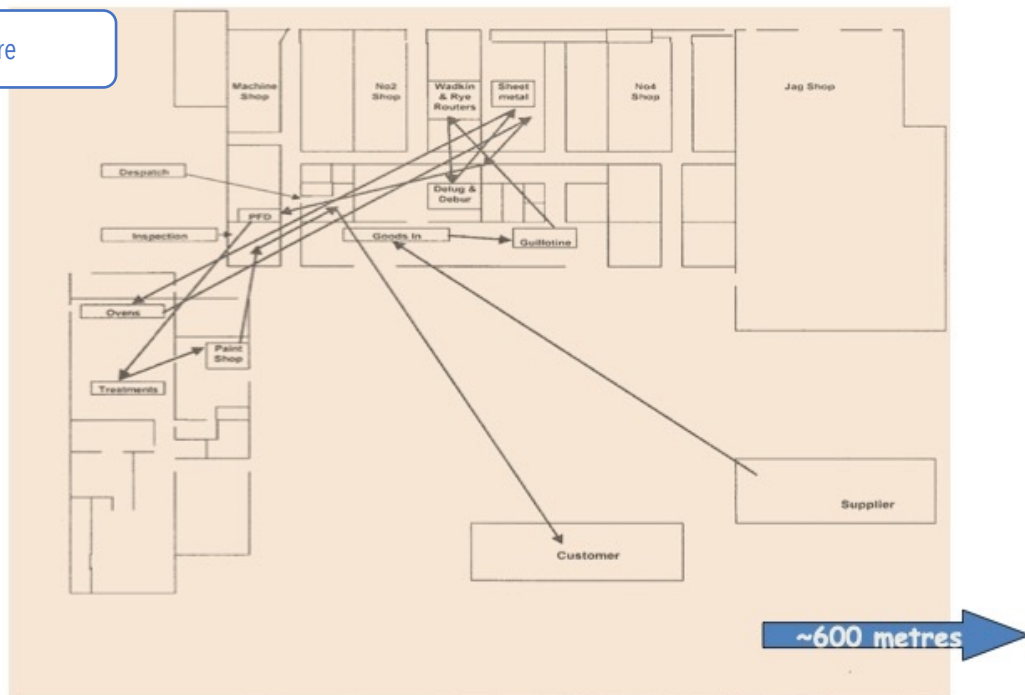
The simple yet powerful tool to eliminate the waste of transportation is the strings diagram (aka spaghetti diagram).

	Actions	Description
1	Prepare the floor plan of the factory	Get the floor plan of the factory. Usually it is outdated and anyway the machines are not described on it. So the first step is to write down the machines and/or manufacturing lines so that the trajectory of transportation can be recorded.
2	Draw the trajectory onto the floor plan	Follow the transportation or just discuss with workers and draw the line of transportation on the floor map
3	Discuss rearrangement	With the map, discuss which process is the waste and how the layout can be rearranged.
4	Draw the ideal floor plan and trajectory	Draw the ideal image of the layout and the trajectory of transportation.
5	Rearrange the layout	Move the machines and rearrange the layout. This is a good chance for 5S also.

String diagram (Spaghetti diagram)

The following picture is an example of the string diagram. At first, the current trajectory of transportation is drawn. Then the rearrangement is done and the new trajectory is recorded.

Before



After

