

INTERIM REPORT

1/09/2008- 31/08/2009

Enabling Private Sector Development in the Western Balkans

Activity number: 18541

Project Country: Western Balkans

Contractor: SPARK

Implementing organizations: SME Development Agencies, Universities, and Business Alliances.

University of Novi Sad, Serbian SME Development Agency and Business Start-up center Kosovo are local implementing partners

Grant allocated: 1,784,640.00 €

Agreed Duration: 01/09/2008-28/02/2011

Period covered by Interim report: 01/09/2008 – 31/08/2009

Section 1: Executive summary

The overall progress of the project implementation can be evaluated as medium. The following successes were booked: BSCK and SENSI are registered as local entities; BSCK started raising training fees and won a 56.471 US Dollar project (USAID funded); BSCK training output was reached including reach of 10% from minorities; MA course on entrepreneurship has been designed and is waiting on official accreditation by the Serbian Ministry of Education, the University of Novi Sad is progressing very well and is meeting all agreed interim targets; SME Agencies from Belgrade and Pristina have established official initial contacts and the Serbian Ministry of Kosovo and Metohija supported the attendance and participation of professor from the University of Pristina during the preparatory meetings and workshops in Novi Sad.

The project faces the following bottlenecks: SENSI is not managing to activate the Board and agree on membership fees; Serbian SME Agency is transforming into National Regional Development Agency is lacking administrative capacities for implementation. Therefore, new targets will be identified with them and if they cannot be reached by the end of 2009 SPARK will take over interim management or cancel financial support to SENSI as well as will discuss with other SME Agencies to take the lead in the Establishment of SEE SME Association. The establishment of the BI is delayed due to a drastic change in pledged facilities by the Municipality of Pristina. Therefore, BSCK will need to establish new partnerships in order to meet the targets. BSCK Training in North Mitrovica failed due to political reasons explained in further detail below. In order to overcome this setback, BSCK organised training in 3 enclaves and will organise the next training in North Mitrovica under the name of Spark or a local partner.

Much remains to be done in order to transform BSCK into self-sustainable entity, to foster regionalization of existing national economic development institutions and their actions, to assist youth to improve their entrepreneurial skills and employability and to increase institutional capacities of local partners. We will address this by intensifying coaching and are in the final stages of hiring an international coach to push results from medium to higher level.

Section 2: Activities problems and Recommendations

2A: Activities Planned and Carried Out

Result 1: BSCK transformed into a self-sustainable local entity including incubator

The Business Start-up Centre Kosovo (BSCK) was registered as legal entity¹ in mid 2009. A Board of Directors and Advisory Board have been appointed and have approved the Statute which includes BSCK vision and mission. Sustainability plan, budgets and work plan are yet to be approved (planned before end 2009). The Board of Directors is composed of 7 representatives out of which 4 are from public institutions² and 3 are private sector representatives. The Advisory board is composed of Kosovo Chamber of Commerce, NLB Bank and one independent entrepreneur.

BSCK sustainability plan and strategy has been developed together with an international expert. BSCK has started working towards sustainability by introducing tuition fees for training participants, which resulted

¹ Registration at the Ministry of Public Administration

² Ministry of Trade and Industry/SME Agency, Ministry of Culture, Youth and Sports, Municipality of Pristina, and University of Pristina

in a 3.000 Euro income between April and July 2009. Besides that BSCK started raising external funds, which resulted in a 56.471 US Dollar grant from USAID for the Micro Enterprise Training Programme for youth³.

The Incubator is behind planning for the reason that the originally pledged space by the Municipality of Prishtina was claimed by another government institution just after the start of the project. The Municipality pledged 1000m2 land instead (free of rent for 10 years) and 10.000 Euro co-financing for the incubator building. However, instead of 75.000 Euro for renovation (anticipated for in the budget), BSCK now needs 500.000 Euro in order to build an incubator (according to a preliminary design made by an architect for 1000m2, the minimum surface needed for sustainability). Up to date BSCK was not able to raise the necessary funds, and since it is not realistic that BSCK will manage to raise these funds in the short period of project time still available, it has moved on to considering and negotiating two alternatives (with organisations that both have incubator plans), which will be decided upon before the 1st of January 2010; 1) Cooperation with the SME Agency of Drenas regarding their planned Technology Park; 2) Cooperation with the University of Business and Technology regarding their planned incubator within the University. ,

Result 2: Business trainings and competitions resulting in 30 start-ups

In February 2009 BSCK conducted an impact assessment (population: all participants that participated in a Business Skills Training and/or Business Plan Competition between January 2007- January 2009). 58% of BSC alumni surveyed reported that the BSC activities enabled them to secure a stable job. 48% of BSCK alumni surveyed reported that their income increased as a direct result of participation in BSCK activities. In January 2010, the assessment will be repeated to include all 2009 participants. During the period April-June, BSCK organized the School of Entrepreneurship in Pristina (9 week programme) and Business Skills Training modules in 4 other locations. Statistics on Business Skills Trainings and Business Plan Competition are provided in table below:

Business Training	# modules	Price (Euro)	# participants completed	# business plans received	# BSCK support package awarded¹
Pristina	9	95	25	12	6
Peja	6	25	25	13	6
Ostojane	2	Free	13	3	0
Dragash	2	Free	9		0
Strpce	2	Free	18		0
Total training results	# modules	Income from training (Euro)	# beneficiaries (1 person that completed 1 module)	# business plans received	# BSCK support package awarded¹
Total	28	3.000	455	28	12

¹The BSCK support package consists of 100 hours of free consultancy, Micro-credit up to max. 10,000 Euros, Free Business Registration and Networking.

During the pre-training sessions in Pristina and Mitrovica, facilitated by an international expert, training modules and curricula were developed for training in Prishtina, Peja, Mitrovica and Gracanica. Due to the conflicts emerged in some parts of North Mitrovica and deterioration of BSCK position promotional campaign was not successful as planned. Promotional material (posters, etc) were constantly ripped off in every location they were placed, by some radical groups. The Serbian community in Mitrovica distrusts BSCK and does not accept its name. Serbs refer to Kosovo as Kosovo and Metohija. If the name Kosovo is used alone, from Serbian perspective is seen as acceptance and support of independence of Kosovo. For those reasons, we received low interest of Mitrovica youth for a programme that 'comes from Prishtina/Kosovo', leading to cancellation of trainings in North Mitrovica. Trainings in Gracanica are postponed for October 2009 due to internal organisation difficulties that resulted from shifting direction of the Cultural Centre (BSCK's partner).

BSCK dealt with this setback by initiating an intensive campaign in the enclaves and organised a Business Introduction Training for minorities in 3 locations; Osojane (Peja), Strpce and Vraniste (Dragash), with

³Kosovo Private Enterprise Program's (KPEP) Entrepreneurship-Micro Enterprise Training Program

the opportunity to submit a business plan. These trainings consisted of 2 modules and are considered as a preparation for the business training that will be organized later in 2009 (November-December). The majority of participants were Serbian, but also Gorani and Kosovo Albanians. 44% of people that completed the Training (10% of the total beneficiaries) are from the non-Kosovo-Albanian community. A second measure that BSCK will take to overcome lack of motivation for BSCK trainings in North Mitrovica is to offer them under the name of Spark or a local partner.

From the 12 Business Plan Winners, 5 new start-ups registered their company and started using the BSCK support package (credit and consultancy). 1 existing SME started to use the BSCK support package to expand and create new jobs. Additionally 3 winners started using the consultancy in order to start-up and register within the next 6 months. The remaining 3 winners indicated they still have the intention to start their business, but either need more time to work out their plans or want to postpone start to spring due to seasonal business.

BSCK changed their credit-provider, the contract with previous micro-credit provider KEP is in the process of cancellation. A new contract under more favorable conditions has been signed with NLB Bank (5% interest rate instead of 9% with KEP). In addition, the Ministry of Trade and Industry/SME Agency offered 10 vouchers for BSCK II BPC winners each worth of 20 days of free consultancy and training. Total value of vouchers provided to SMEs is 32.000 EUR (200 days * 160 EUR/day). In addition, you can find the latest SME Database which cumulatively records the number of new SMEs and jobs created, attached in Annex.

Result 3: SENSI made self-sustainable

SENSI is established as independent legal entity since mid 2009; SENSI Manager has been employed. During the reporting period SENSI Board did not function optimally which resulted that no membership fees are established yet. The low involvement of the SENSI Board is cumbersome and in case the Board has not come up with a realistic and concrete plan on membership fees in their 2010 Activity plan (supported by the majority of the SENSI members), SPARK will either take over interim management or cancel financial support to SENSI.

Two SENSI network meetings/workshops have been organized. During first, Assembly meeting and workshop for members have been organised. Second workshop was organized for SENSI members in order to strengthen their knowledge on **“Business Angel Networks and their role in financing of start-ups“**. The SENSI website has been significantly developed and all sections, categories and items are being updated regularly. A <Resource Center> is introduced on the website and aims to improve the access and knowledge of SENSI members and other similar organizations in the field of Business Angels, Business Incubators and Business Skills Trainings. Number of articles in all sections has been significantly increased (data provided in the table below).

Website Section	Number of articles in 2007 & 2008	Number of articles in 2009	Total
News	12	29	41
Content	9	5	14
Resource Center	0	21	21
Events	5	8	13

SENSI applied to three calls for proposals (with SEED, SIDA and CIDA) and is actively looking for new funding opportunities. Project submitted to SEED was rejected, for the other two SENSI is waiting on results. Information on new funding opportunities is regularly published to all members in SENSI newsletter and members are actively approached by the SENSI manager to jointly apply for funds.

Result 4: Establishment of a self-sustainable SEE Association of SME Agencies

The MoU and Financial Contract on implementation of regional SEE Association of SME Agencies with the Serbian SME Development Agency, was signed during reporting period. The Serbian Ministry of Economy and Regional Development held reserves regarding the signing of the Project MoU and at the last moment they rejected participation and signing of the MoU. This caused 6 months delay in signing the MoU and Financial contract with the Serbian SME Agency, since SME Agency is under the responsibility of the Ministry and they waited on the Ministry to sign the MoU first. The representatives of 4 national

Agencies have initially met once by the end of 2008 after which preparation for the implementation started. Serbian SME Agency have made first official contact with the Kosovo SME Development Agency regarding the SEE SME Association logo and visual identity. The SEE SME Agencies Association logo and visual identity is finished (attached in Annex). During reporting period, preparation of the SEE SME Association legal framework started. Second meeting among 4 national Agencies regarding the legal registration will be held in November 2009.

Result 5: Regionalization of existing EU Days and Trade Fairs

During reporting period the European Business Association from Macedonia submitted a project proposal for organization of EU Day in Skopje. The European Day of Entrepreneur conference was organised as a part of first EU SME week in Macedonia. The conference gathered more than 500 participants, 27 local, regional and international speakers focusing on 5 different topics related to SME development, economic and SME development in economic crisis, local economic development, and entrepreneurship education. Due to the fact that EU Day celebration is becoming more popular in the region a vast number of project partners could not participate due to the EU Day event celebration and responsibilities in their home countries. In addition, 74% of EU Day costs were covered by local partners (31% by EBA and 43% by other local partners; Ministry of Economy, Agency for Entrepreneurship Support, City of Skopje and PREDA). Additionally, EBA was fully responsible for organization, coordination and implementation of the conference and contributed 320 hours (1.600 EUR) to the project implementation.

Result 6: Regional MA Programme and Bachelor Course in Entrepreneurship

The Financial Contract with the University of Novi Sad as the leading implementation partner was signed at the beginning of 2009. Two meetings and two workshops for designing the MA course were held at the University of Novi Sad. Professors from all six participating regional Universities⁴ actively participated in the discussion and developed 8 syllabuses for all courses⁵. Furthermore, they agreed on main MA study framework, procedures, study language, detailed promotional plan, selection process and defined two target groups: future entrepreneurs and people who work at the governmental agencies. The syllabus development process was moderated by the international expert from the Nyenrode University. The Serbian Ministry of Kosovo and Metohija supported the attendance and participation of professor from the University of Pristina during the preparatory meetings and workshops in Novi Sad.

Documents necessary for the MA study programme accreditation process are prepared and sent to the Serbian Ministry of Education. The University of Novi Sad is waiting on official MA course accreditation in order to start with the student's enrollment. The promotion of the MA course started at the end of reporting period at 5 Universities successfully. Promotion at the University of Pristina did not started as planned, but initial contact person will be replaced and new appointed.

During the reporting period partners discussed about participation of Kosovo Albanian students at MA courses in Novi Sad, since they will have difficulties in traveling to Serbia due to the ID and passport issues. For the students which will have travel difficulties, University of Novi Sad and SPARK will jointly try to address this issue with the Serbian Ministry of Kosovo and Metohija.

Result 7: Partner Capacity Development Programme implemented

First joint capacity building training on “**EU project development and financing under IPA**”, was conducted by MDF and was held and organised for partner institutions representatives in June-July 2009. A three day training gathered 17 representatives of partner institutions and participants showed a great interest in developing EU project proposals. The partners capacity in autonomous development of project proposals differs between partners, since few of them were very (pro)active while others were lacking capacities for sound project development. Therefore, post training follow-up was conducted among partners to identify possible project opportunities and additional external consultancy on particular project development was offered to partners. So far 5 partners expressed interest in hiring external consultants on

⁴ Novi Sad (Serbia), Pristina (Kosovo), Skopje (Macedonia), Podgorica (Montenegro), Zenica and Tuzla (B&H)

⁵ Introduction to Entrepreneurship, Strategy for Entering the Market, Entrepreneurial Finance, Human Resources in Small Business, High Tech Entrepreneurship, Industrial Property Law, Entrepreneurial Project Management and Business Ethics

project development. MBA in cooperation with the Sarajevo Chamber of Commerce, after following the above mentioned training, developed a project proposal for the CBC Montenegro – B&H programme. BSKC organized an Incubator Study Tour to Poland in cooperation with international consultant. The participants who attended the study tour were 6 important stakeholders and current BSKC board members. A key purpose of the study tour was to expose the participants to incubators utilizing different models of business incubation and in different settings, ranging from a University-based High-Tech Incubator in a large City to a mixed-use Incubator in a small city in rural Poland and a virtual incubator focused on youth. The study tour also included short lectures which were designed to provide an overview of the various BI models and the role of public-private partnerships in each as well as review the issues associated with the development and operation of each. ICT infrastructure upgrade is planned for 2010.

Result 8: SPARK Coaching and Monitoring Structure operational

In line with project proposal, SPARK role has changed. SPARK is mainly focused on coaching of partners, monitoring the project progress and ensuring that: 1) main project objectives are met 2) regional focus of events are preserved and facilitating inter-ethnic relations in the programme. Leading partners for Results 4 and 6 are submitting regular reports on project progress. For implementation and coordination of Results 1, 2 and 3 BSKC and SENSI are responsible accordingly. SPARK is sub-contracting project partners for implementation of Result 5 and will in future training cycles sub-contract partners interested for implementation of Result 7. We will intensify coaching and are in the final stages of hiring an international coach to push results from medium to higher level.

2B: Problems and recommendations

Was it in time, according to planning?

Result 1: A slight delay in BSKC registration was caused by the administrative procedures that Ministry required. Additional bottleneck was legal adjustment of the Statute acceptable for both the Ministry of Public Administration and representing institutions from the Board of Directors. The establishment of an incubator is delayed due to a big change in (originally anticipated) financial requirements.

Result 2: Partially. Training in North Mitrovica had to be cancelled. Other activities were carried out according to plan.

Result 3: Partially. SENSI was registered later than expected. No membership fee structure is implemented yet.

Result 4: No, MoU and Financial Contract with the Serbian SME Agency were signed 6 months later due to the reasons explained above (see section 2A, Result 4). Therefore action plan implementation was postponed.

Results 5, 6, 7, 8: Yes

Was it carried out completely or partially? If partially or not at all, please explain the discrepancy between expected and actual result.

Result 1: Partially. The Incubator activities are delayed, BSKC is considering new partners with incubator plans, since it is unrealistic at this point that it will find sufficient funds and build an incubator within the project time

Result 2: Partially; Training targets are reached and 10% of the total beneficiaries were from minorities. However, trainings in North Mitrovica were canceled and in Gracanica postponed. BSKC did not receive enough quality business plans from minorities.

Result 3: Partially. SENSI is registered legally as a member based association, but registration occurred later than planned due to slow SENSI Board functioning and administrative procedures. Participation of SENSI members at joint meetings/activities as well as involvement of SENSI Board members is not sufficient. No membership fees established yet. Having in mind that SENSI was registered as legal entity only recent, number of funding opportunities where SENSI is eligible to apply is limited due to the (EU) funding requirements (co-financing rules, sufficient number of references, in certain calls organization needs to be registered at least 6 or more months, etc).

Result 4: Partially, due to delay in signing of the MoU and Financial Contract. Serbian SME Development Agency is in the transition process (transforming into National Regional Development Agency) and we

are anticipating that implementation of agreed Action plan will be postponed which will cause delay in overall project implementation and achievement of agreed indicators.

Result 5: Yes

Result 6: Partially, since the University is still waiting on official accreditation from the Serbian Ministry of Education. Promotion at the University of Pristina is not intensive due to under performance of existing contact point.

Results 7 & 8: Yes

If there were, which were main problems and which solutions would you propose?

Result 1: BSCK started exploring alternative solutions by approaching the University for Business and Technology (UBT) and the SME Agency. Both institutions are planning incubators (UBT on a new university campus and the SME Agency in Drenas). A decision on cooperation will have to be made before the 1st of January 2010.

Result 2: Blocking of promotional campaigns by radical groups in North Mitrovica and distrust in BSCK activities by minority groups caused lack of sufficient number of applications for trainings. Therefore, during the second half of 2009 BSCK decided to invest resources in other minority locations. In 2010 BSCK will organize training in North Mitrovica under the name of Spark or a local partner in order to avoid association. In particular, BSCK will brand the BST under SPARK not BSCK name and design new programme in cooperation with Serbian businessman, which will eventually alleviate the promotion efforts in North Mitrovica. Second option is to establish cooperation with UNDP thus create political background (under UNSC 1244). However, the respective programme is troublesome (ABD programme) and this needs to be carefully considered first.

The positive results of the introduction trainings in the other 3 minority areas resulted in the planning of multiple-week training in minority areas during November-December 2009. BSCK expects to increase the number of business plans from minority groups in January 2010.

Result 3: SENSI is not functioning according to plan. Proposed solutions are: 1) New attempt will be made in order to activate SENSI Board members; If the Board has not come up with a realistic and concrete plan on membership fees in their 2010 Activity plan that is supported by the majority of the SENSI members, SPARK will either take over interim management or cancel financial support to SENSI; 2) EU funding requirements – SENSI should first start with the implementation of small scale projects in order to build administrative and financial references; 3) Start expanding network and inviting members to take active role in designing joint network meetings.

Result 4: Due to Serbian Government administrative difficulties, signing of the MoU and Financial Contract with the Serbian SME Agency was delayed and agreed implementation dynamic slowed down. In the course of project implementation we are facing transformation of the Serbian SME Agency into National Regional Development Agency thus anticipating that this will cause additional delays. They may jeopardize overall project implementation; therefore we will wait until the end of the 2009 and if Serbian SME Agency does not start meeting the agreed targets and deadlines we will discuss with other national SME Agencies to take the lead in this Result.

Result 5: No major problems were identified, except the fact that EU days are becoming more popular in the region, so future adjustment of dates needs to be secured in order to enable greater participation of project partners at regional events.

Result 6: In the forthcoming period when participation of students at classes starts, it is expected to intensify relations with the Serbian Ministry of Internal Affairs and Ministry for Kosovo and Metohija regarding solving the issue of multi entrance to Serbia for Albanian students from Kosovo. Slow promotion of MA course at the University of Pristina will be addressed by appointing new contact person at the University.

Result 7: No major problems were identified, but we are anticipating that intensive support to project partners shall be provided in order to start engaging external experts for EU project writing.

Result 8: No. We will intensify coaching and are in the final stages of hiring an international coach to push results from medium to higher level.

Section 3: Project and management performance

3A: Project performance (According to identified targets/indicators)

Report on project indicators is summarized in Annex 1

According to **risks and assumptions** identified in project proposal:

Assumptions at project conception	Validity of assumption (Y/N)
The political & security situation in the Western Balkans,(especially Kosovo) remains relatively stable	Y ⁶
Political and institutional support is expected, notably at governmental and university level	Y/N ⁷
Stakeholder staff that was trained for remains working at their institutions and attend all modules.	Y

3B: Management performance:

It's noted in this interim report that the capacity of some of the most important partners, in particular BSCK, SENSI and the Serbian SME development agency, to plan, implement and evaluate agreed activities is not yet sufficient for meeting the agreed targets. This resulted in the decisions to invest in additional coaching and advising of these partners. If we notice that the project dynamics are not anticipated we will solve that by either one of the following to measures: 1) reformulate the targets with partners, and in case that has no effect 2) we will take financial measures according to the SPARK sanction policy.

Section 4: proposals for substantive or Financial Changes to the Project

4A: Substantial changes: No substantial changes are proposed, but an explanation is provided on the substantial under expenditure of the budget.

Result 1 and 2:

Due to delay of the establishment of the Incubator, the significant budgets for Incubator refurbishment (75.000 EUR), office supplies (60.000) and the manager salary (33.000) have not yet been used.

After the training and BPC that ended in July 2009, 9 winners started using consultancy (budget of 52.000), however this does not yet reflect in the budget since payments are only made when consultancy has been delivered. We expect this to catch up in the remaining part of 2009.

Result 4: Establishment of SEE Association of SME Agencies

Due to the internal administrative difficulties that Serbian SME Agency is facing, in particular delayed signing of MoU and Financial Contract as well as transformation into National Regional Development Agency, implementation of agreed action plan was slower than anticipated. This caused under spending of 29.088 EUR. In addition, since interim targets were not attained, SME Agency did not request second installment, did not submit their Financial and Narrative report on spending of first installment. Therefore, bookings of expenditures that were made regarding the first inception meeting and design of Association logo are not reordered.

Result 5: Regionalization of existing national EU Days and Trade Fairs

Due to the low interest of partners for organization of trade fairs under spending of 19.684 EUR occurred. Spending will be intensified in the course of end 2009 and 2010 by re-organising the SME Agency lead.

⁶ The political stability remains relatively stable, but the recognition of BSCK within Serbian minority was not sufficient. Due to its name BSCK activities were often blocked by radical groups, This problems will be addressed by intensifying promotion in the enclaves, expanding cooperation with UNDP in North Mitrovica,

⁷ Support was not sufficient: Instead of providing a suitable incubator building, the Municipality of Pristina provided 1000m2 land for construction of incubator and also committed 10,000 Euros for construction. However to construct an Incubator, BSCK will have to fundraise additional 500.000 Euro. Technical University in Mitrovica promised to provide training space and support the programme, but this was never realized

Result 6: Regional MA Programme and Bachelor Course in Entrepreneurship

Under spending of 48.593 EUR occurred due to the fact that MA course started in October (official calendar year) hence after reporting period. Therefore scholarships will be disbursed to students in the fourth quarter of 2009. IN addition second financial report from the University of Novi Sad is not due yet, hence lots of expenditures related to promotion are not booked.

4B: Financial changes

During reporting period the following budget neutral revisions are proposed in the attached financial report:

Result 1: BSCK transformed into a self-sustainable local entity including incubator

During reporting period BSCK staff changes occurred which caused advertising more job vacancies and thus overspending of 618 EUR. We request an amount of 1.000 Euro to be reallocated from the Translation Module Materials (*budget line 5419*).

Result 2: Business training and competitions resulting in 30 start-ups

The planned 2009 budget for Training of Trainers: Remuneration EU Expert (*budget line 4260*) turned out to be insufficient for professional implementation of particular activity. We request to reallocate 1,237 Euro from the Training of Trainers: Travel–experts (*budget line 6282*). We are not expecting any expenditure on this budget line in 2010, since BSCK wants to use SEE experts for ToT from this point onwards.

Result 3: SENSI made sustainable

SENSI registration (*budget line 4386*) turned out slightly more expensive than foreseen. We request a 97 Euro reallocation from SENSI Office expenditures (*budget line 5827*).

Result 4: Establishment of a self sustainable SEE Association of SME Agencies

By the letter dated 28th August 2009 budget the following neutral reallocation was approved: **Result 4: Establishment of a self sustainable SEE Association of SME Agencies**, shifting of 2.500 EUR from the budget line *Remuneration external workshop facilitators (budget line 4265)* to the newly created budget line **<Legal expertise for preparation of Contract regarding establishment of SEE Association of SME Agencies>**.

Result 6: Regional MA Programme and Bachelor Course in Entrepreneurship

Due to the intensive local travels over spending of 116 EUR on the *budget line 6344 (Travel on regional meetings)* occurred. Since the budget for boarding of SEE professors during MA course delivery (*budget line 6294*) will not be fully used, we would like to request reallocation of 116 EUR to the budget line 6344.

Due to higher international travel rates there is overspending of 52 EUR on the *budget line 6293 (Travel International Expert)*. Local implementing partner also overspent 9 EUR on budget line 5564 (*Refreshment during 1-week training/workshop*). Since the budget for boarding of SEE professors during MA course delivery will not be fully used, we would like to request reallocation of 61 EUR to the budget lines: *Travel International Expert (budget line 6293)* in the amount of 52 EUR and *Refreshment during 1-week training/workshop (budget line 5564)* in the amount of 9 EUR.

Result 7: Partner Capacity Development Programme implemented

By the letter dated 28th August 2009 budget the following neutral reallocation was approved: **Result 7: Partner Capacity development programme implemented**, shifting of 1.000 EUR from the budget line *Translation (budget line 5420)* to the newly created budget line **<Printing of training materials>**.

Result 8: Coaching & Monitoring & Evaluation Structure established

Due to intensive travelling within SEE (*budget line 6020*) the planned was not sufficient for the implementation of project activities. We request 5000 EUR reallocation from Travel to SEE (*6001*).

Part of the monitoring tasks of the Head of Finance has been transferred to the Finance Officers. Therefore, we kindly request a re-allocation of 10.000 EUR from the budget for the Head of Finance to

the Finance Officers. 5.000 EUR will be used to cover additional expenses made in 2008 – 2009, and the other 5.000 EUR will be used to cover expenses in 2009 – 2011.

Requests for budget neutral shifts to anticipate on expenditures in the upcoming year:

Result 1:

Due to the large number of bank transactions and payments of international experts during reporting period, bank fees and banks transaction costs were higher than expected. We request a 250 Euro shift to *Bank fees* (budget line 8016) from the Translation Module Materials (*budget line 5419*).

Result 2:

Due to the difficulties which BSKC faced during training courses promotional campaign, especially in North Mitrovica it was decided to invest additional resources and intensify promotional campaign in the enclaves, due to which we spent more on promotion than planned. We request a 4,000 Euro shift from the Translation Module Materials (*budget line 5419*).

Due to cancellation of training in North Mitrovica and expanding training locations to enclaves we expect to need more budget for *Remuneration for Local trainers* (*budget line 4261*). We request a 2,500 Euro shift from the Translation Module Materials budget line (*budget line 5419*).

Result 5: Regionalisation of existing national EU Days and Trade Fairs

During the implementation of EU Day in Skopje we spent more than anticipated and we foresee a shortage in the budget for *Information packages* (*budget line 5053*). Since local partner fully financed promotion of EU Day 2009 and no funds were spent in 2009, we are requesting reallocation of 1.000 EUR from the budget line *Promotion of the event* (*budget line 6431*).

Result 8:

Due to intensive travelling within SEE we would like kindly to request reallocation of an extra 2.500 EUR from the budget line *DSA* (*budget line 6041*).