



Help

Hilfe zur Selbsthilfe e.V.

STATISTICAL OVERVIEW AND IMPACT ANALYSIS

of socio economic projects implemented by the organization HELP - Hilfe zur Selbsthilfe e.V. in Serbia

STATISTICAL OVERVIEW AND IMPACT ANALYSIS

of socio economic projects implemented by the organization HELP - Hilfe zur Selbsthilfe e.V. in Serbia

LIST OF CONTENTS:

- 03:** Introduction
- 04:** Structure of supported activities by registration and activity criteria
- 05:** Registered and operational activities by type
- 06:** Output of registered and operational non-agricultural activities (crafts and services) - return of investment through fiscal revenues
- 08:** Output of operational activities - impact on the economic cycle

STATISTICAL OVERVIEW AND IMPACT ANALYSIS

of socio economic projects implemented by the organization
HELP - Hilfe zur Selbsthilfe e.V. in Serbia

PUBLISHER

HELP - Hilfe zur Selbsthilfe e.V.
Mission in the Republic of Serbia
Učiteljska 52, 11000 Belgrade
Tel: +381 30 46 340, 30 46 341
Fax: +381 11 30 46 342
www.help-serbia.org.rs

FOR PUBLISHER

Timo STEGELMANN
Aleksandra BRKIĆ

TRANSLATOR

Ilijana ŠAŠA

PREPRESS AND DESIGN

ZAKOVSKI DESIGN

PRINTED BY

GRAFOLIK
Vojvode Stepe 375
Belgrade, Serbia

PRINT RUN

500 pcs

YEAR

October 2008.

With the aim of achieving a more durable solution to the problems of socially vulnerable population in Serbia, HELP - Hilfe zur Selbsthilfe e.V. has already, during year 2002, initiated its strategic re-orientation from the emergency assistance towards development-oriented projects. Within this frame, the first income-generation projects were defined to support self-employment of socially vulnerable groups. These projects, predominantly socially oriented at first, have gradually developed into support to start-up businesses and self-employment, aimed at improvement of the living conditions of vulnerable population groups, decrease of the unemployment rate, creation of a positive environment for entrepreneurship development and sustainable integration of socially vulnerable groups, especially refugees and internally displaced persons.

Thus, following the field experience and lessons learned, global economic development trends in the country, as well as the recommendations stated in relevant governmental strategic documents, selection of potential entrepreneurs to be included in these projects becomes more influenced by the economic criteria, while the social criteria still remain important. Defined this way, **the target group consists of socially vulnerable households without own financial means** or access to micro-credits, but with healthy business ideas that need a small, short-term investment. Another important step taken in

this period is that as of 2004 the supported entrepreneurs have an obligation to register their agricultural households, enterprises or companies, as well as the fact that special attention is given to selection and implementation of necessary trainings, tailor made to fit the needs of each individual, further follow-up of their activities and provision of professional advice. The support package provided to future entrepreneurs consists of an in-kind donation in the form of equipment and/or material for starting the business, management and vocational trainings, business support and advisory services.

Since year 2002, a total of 2662 entrepreneurs (businesses in the critical phase of starting-up their activities) **have been supported**. The types of businesses supported range from various craft workshops (electricians, mechanics, plumbers etc.), to service providers (bakers, hairdressers, language schools, bookkeeping agencies) and agricultural households.

This overview, however, refers only to the entrepreneurs who participated in projects implemented from 2004 till the beginning of 2008, which amounts to 1951 (approx. 74% of the total number stated above). The reason for such an approach is the fact that the extensive and detailed database, giving all the information necessary for calculations presented here, has been developed only for the needs of more advanced projects

started in 2004. Furthermore, the more economic-oriented nature of those projects enabled appropriate monitoring and reporting.

The indicators presented here have been selected to assure the best possible illustration of the results of our income-generating projects. The most important results refer to the economic impact of successful entrepreneurs on the local, but also wider level, as well as their direct benefit to the state and municipal budgets in the form of various fiscal revenues (taxes and contributions).

Besides this, it is important to emphasize the wider psychosocial impact that economic empowerment has on the vulnerable groups included in these projects. This way they are enabled to become productive members of society and take an active part in socio-economic lives of their communities. It should especially be pointed out that in this manner **the socially vulnerable members of society are transformed from the “problem” into the “development potential”**, by relieving the burden of social contributions paid by the state, in the same time creating new turnover and furthering the economic growth on the local level.

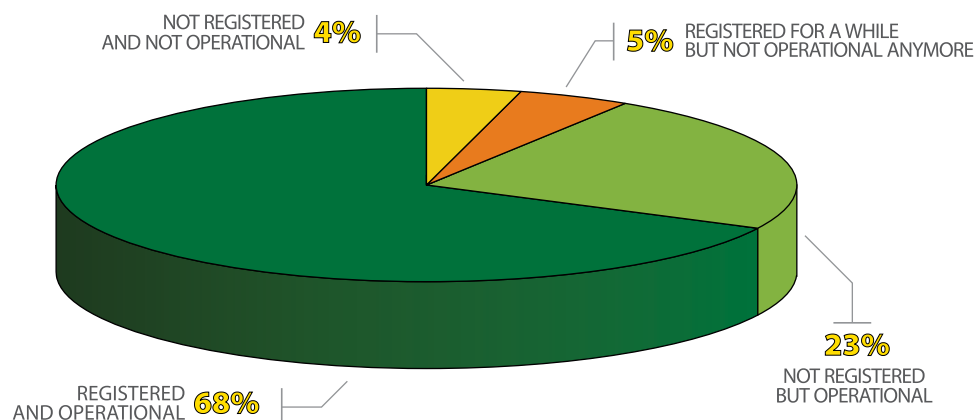
Structure of supported activities by registration and activity criteria

Table 1 and graph 1 give an overview of all supported activities in regard to the registration and status of operation. These two indicators are very important to HELP, as it is our intention to contribute to the country's development efforts by encouraging legal registration and operation of start-ups, thus fighting the grey economy and creating preconditions for the increase of state fiscal revenues and respective budgets.

Furthermore, it is widely acknowledged that the start-ups have a very high mortality rate, especially within the first year of their operation. This is the reason why HELP finds it very important to closely follow-up all the supported entrepreneurs and assist them in overcoming their day-to-day problems. To enable them to survive this critical stage in their existence, HELP dedicates special attention to provision of appropriate training packages together with appropriate professional advice and attention. We believe those are the main reasons for very good results shown in the table and graph above.

As shown above, **operational businesses represent 91% of all supported enterprises**, while the percentage of registered and operational ones is as high as 68%. This means that, within 5 years of HELP's involvement in development-oriented support to micro and small enterprises, we have helped create 1319 successful new businesses. Having in mind that the usual mortality rate of newly established small businesses is as high as 50% already in the first year of their operation, the results achieved through our income-generation projects are quite impressive.

GRAPH1: Structure of supported activities



Municipality	Registered and operational	Not registered but operational	Registered for a while but not operational anymore	Not registered and not operational	TOTAL
Kikinda	12	18	0	0	30
Obrenovac	21	25	4	0	50
Petrovac na Mlavi	10	5	1	3	19
Ruma	16	54	0	6	76
Sremska Mitrovica	67	48	26	18	159
Stara Pazova	41	60	12	23	136
SUBTOTAL BELGRADE AOR:	167	210	43	50	470
Kraljevo	127	66	9	8	210
Kragujevac	142	29	34	7	212
Užice	63	13	1	4	81
Kruševac	48	2	0	0	50
Požega	15	6	2	0	23
SUBTOTAL KRALJEVO AOR:	395	116	46	19	576
Aleksinac	31	32	4	5	72
Niš	35	31	1	0	67
Pirot	141	0	0	0	141
Gadžin Han	39	0	0	0	39
Leskovac	113	26	1	3	143
Vranje	155	36	2	0	193
SUBTOTAL NIŠ AOR:	514	125	8	8	655
Bosilegrad	49	1	0	0	50
Bujanovac	50	0	0	2	52
Medveđa	56	0	0	3	59
Preševo	49	0	0	1	50
Trgovište	39	0	0	0	39
SUBTOTAL BUJANOVAC AOR:	243	1	0	6	250
OVERALL TOTAL:	1 319	452	97	83	1 951

Municipality	Agriculture	Crafts	Services	TOTAL
Kikinda	6	3	3	12
Obrenovac	10	5	6	21
Petrovac na Mlavi	5	3	2	10
Ruma	1	3	12	16
Sremska Mitrovica	32	15	20	67
Stara Pazova	19	5	17	41
SUBTOTAL BELGRADE AOR:	73	34	60	167
Kraljevo	41	18	68	127
Kragujevac	42	46	54	142
Užice	9	23	31	63
Kruševac	11	7	30	48
Požega	6	6	3	15
SUBTOTAL KRALJEVO AOR:	109	100	186	395
Aleksinac	12	5	14	31
Niš	4	9	22	35
Pirot	93	28	20	141
Gadžin Han	29	6	4	39
Leskovac	75	20	18	113
Vranje	111	20	24	155
SUBTOTAL NIŠ AOR:	324	88	102	514
Bosilegrad	34	6	9	49
Bujanovac	27	10	13	50
Medveđa	21	11	24	56
Preševo	30	7	12	49
Trgovište	29	5	5	39
SUBTOTAL BUJANOVAC AOR:	141	39	63	243
OVERALL TOTAL:	647	261	411	1 319

Registered and operational activities by type

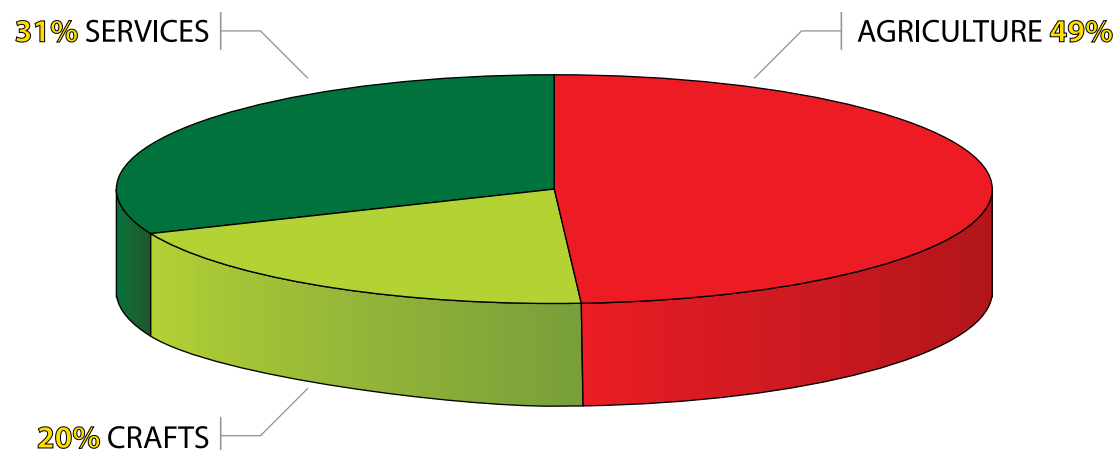
This second overview presents the structure of the most important group, that of registered and operational businesses, by the type of activity they perform.

It is noted that the single most significant activity represented is agriculture, with 49% of all registered and operational enterprises. Such a high share of agriculture is largely due to the local development strategies of the targeted municipalities, especially less developed ones. This is very important in creating the sound base for further development which would in turn favor crafts and services in the future. However obsolete and low on the scale of lucrative modern activities, agriculture still plays an important role in Serbian economy. It brings relatively quick results with low amount of investment and with no special educational background necessary. Therefore, it is still a good option for the poorly educated vulnerable groups, mainly those living in rural areas.

Nevertheless, the fact that the joint share of services and crafts is still higher - 51%, is promising. We expect its further growth in the future, as these activities are the driving force of economic prosperity.

It is interesting to note that the share of agriculture varies by municipality and falls in the range from 6% to 74%. The lowest regional participation of agriculture is noticed in Kraljevo AOR (municipalities of Kraljevo, Kragujevac, Krusevac, Požega and Uzice). Those are the more industrialized municipalities, with more opportunities for various craftsmen and service providers. On the other hand, the underdeveloped municipalities in the south, such as Gadzin Han, Vranje, Trgoviste, Presevo, Bosilegrad etc, still favor agriculture. The same is true for generally more developed, but traditionally agriculture-oriented municipalities in Vojvodina, where the natural conditions favor its development.

TABLE & GRAPH 2: Registered and operational activities by type



Output of registered and operational non-agricultural activities (crafts and services) - return of investment through fiscal revenues

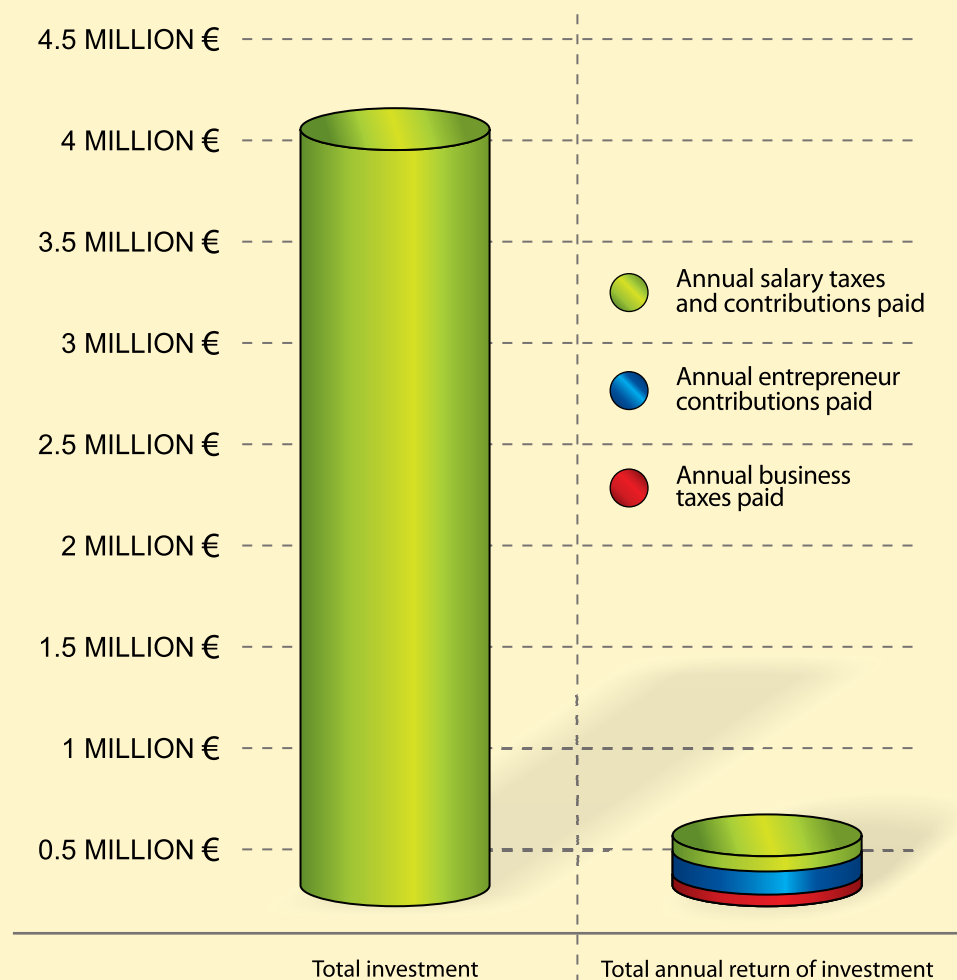
It is important to state here that the presented taxes and contributions are paid only by registered and operational entrepreneurs involved in crafts and services, as agricultural households are not obliged to pay these taxes, even if they are registered. Therefore, only 672 entrepreneurs, out of a total of 1951 supported ones (approx. 34%) repay the whole project investment (meaning the complete amount of project expenses per municipality, including not only direct inputs to all beneficiaries, successful and not, from all types of activities, but also the running costs needed for the implementation of the project) through taxes and contributions only in just over 4 years.

The regional differences are obvious here too. If looking at break-even point per AOR, we can see that it varies from less than 3 years (in Kraljevo AOR), to 12 years (in Bujanovac AOR). This is due to a number of factors, one of them being the already mentioned high share of agricultural activities in some regions, and more widespread industrialization in others. Furthermore, the most underdeveloped region consisting of southern municipalities of Bosilegrad, Bujanovac, Medveđa, Preševo and Trgovište has the lowest number of new additional employees and therefore the lowest share of taxes and contributions paid for them. This is an obvious consequence of the poor economic development of the region as a whole, as the supported entrepreneurs rarely have the opportunity to develop to the stage where they can afford expanding and hiring new employees. However, it is important to keep investing into these municipalities in the initial stage of economic development to bring them to the level when the achieved economic growth will enable individual prosperity and business development.

Still, the overall result is very impressive, as it shows that a quite a small percent of supported entrepreneurs, through a small portion of their output (taxes and contributions only), are able to completely repay the funds invested in slightly over 4 years. This is a very important achievement, as taxes and contributions are a direct gain for the state and municipalities, since they represent their budget revenue. This is the most tangible and direct output of HELP's income-generation projects.

In addition to this, **even more remarkable achievement is the contribution of newly established businesses to the overall economic cycle** in their local communities. This contribution is measured by the additional cash inflow into local economies through creation of a new demand deriving from profits earned by operational entrepreneurs, their various business expenses, as well as salaries paid to newly employed workers, all of this completely as a result of implemented projects. This will be presented below in detail.

GRAPH 3: Annual return of investment



Municipality	Total investment (direct + indirect inputs) ¹	No. of clients (crafts + services)	Estimated annual value of business taxes paid ²	Estimated annual value of entrepreneur contributions paid ³	No. of additional employees	Estimated annual value of salary taxes and contributions paid ⁴	Total annual return of investment ⁵	Break even point (months) ⁶
Kikinda	55,925.01 €	6	7,314.20 €	5,119.94 €	0	0.00 €	12,434.14 €	54
Obrenovac	129,744.86 €	11	13,694.67 €	9,175.43 €	1	933.73 €	23,803.83 €	65
Petrovac na Mlavi	49,303.05 €	5	6,224.85 €	4,172.87 €	0	0.00 €	10,397.72 €	57
Ruma	168,239.92 €	15	19,509.95 €	12,285.26 €	3	2,813.19 €	34,608.39 €	58
Sremska Mitrovica	382,853.96 €	35	43,520.00 €	29,521.98 €	12	11,448.02 €	84,490.01 €	54
Stara Pazova	301,060.91 €	22	27,304.57 €	18,840.15 €	6	5,845.66 €	51,990.38 €	69
SUBTOTAL BELGRADE AOR:	1,087,127.72 €	94	117,568.24 €	79,115.62 €	22	21,040.60 €	217,724.46 €	60
Kraljevo	467,942.11 €	86	20,393.80 €	72,652.90 €	33	39,910.18 €	132,956.88 €	42
Kragujevac	504,648.88 €	100	26,677.93 €	102,502.54 €	34	35,274.15 €	164,454.62 €	37
Užice	233,259.53 €	54	18,407.77 €	68,829.06 €	10	12,094.00 €	99,330.83 €	28
Kruševac	74,759.15 €	37	9,870.83 €	31,257.64 €	13	15,722.19 €	56,850.67 €	16
Požega	50,914.71 €	9	3,067.96 €	6,936.26 €	3	3,628.20 €	13,632.42 €	45
SUBTOTAL KRALJEVO AOR:	1,331,524.39 €	286	78,418.29 €	282,178.40 €	93	106,628.72 €	467,225.42 €	34
Aleksinac	106,139.90 €	19	5,271.56 €	18,881.31 €	8	7,950.02 €	32,102.89 €	40
Niš	148,316.77 €	31	20,675.40 €	29,069.61 €	7	6,564.10 €	56,309.11 €	32
Pirot	281,085.65 €	48	8,771.70 €	43,040.39 €	4	3,586.70 €	55,398.80 €	61
Gadžin Han	74,394.68 €	10	1,916.36 €	8,113.06 €	1	811.31 €	10,840.73 €	82
Leskovac	298,434.09 €	38	10,137.61 €	39,424.05 €	9	9,217.23 €	58,778.89 €	61
Vranje	394,602.82 €	44	9,781.91 €	35,867.00 €	8	8,299.80 €	53,948.70 €	88
SUBTOTAL NIŠ AOR:	1,302,973.91 €	190	56,554.55 €	174,395.41 €	37	36,429.16 €	267,379.12 €	58
Bosilegrad	139,238.62 €	15	5,629.04 €	2,303.19 €	3	1,867.46 €	9,799.69 €	171
Bujanovac	144,808.17 €	23	9,156.16 €	2,733.90 €	0	0.00 €	11,890.06 €	146
Medveđa	164,301.58 €	35	14,489.48 €	6,022.65 €	5	3,023.50 €	23,535.63 €	84
Preševo	139,238.62 €	19	6,983.69 €	1,560.07 €	0	0.00 €	8,543.76 €	196
Trgovište	108,606.13 €	10	2,822.85 €	1,618.92 €	0	0.00 €	4,441.77 €	293
SUBTOTAL BUJANOVAC AOR:	696,193.12 €	102	39,081.23 €	14,238.72 €	8	4,890.96 €	58,210.90 €	144
OVERALL TOTAL:	4,417,819.13 €	672	291,622.31 €	549,928.16 €	160	168,989.44 €	1,010,539.90 €	52

- Including donations of equipment/material to all beneficiaries (including those who failed and those in agriculture who do not pay taxes), trainings and administrative project costs (staff salaries, vehicle costs, office running costs etc.)
- Minimum value of business taxes paid according to applicable tax regulations
- Average value of annual social contributions paid by entrepreneurs (owners' contributions)
- Salary taxes and contributions for additional employees based on minimum salary according to applicable regulations
- Sum of estimated annual business taxes, entrepreneurs' contributions and salary taxes and contributions
- Number of months needed for complete return of investment, under present conditions

Output of operational activities - impact on the economic cycle

Looking at the Table 4, a striking fact is that approximately 91% of all supported businesses create an additional inflow into the economic cycle that is on annual basis two times higher than the complete investment. This means that after only 6 months, these businesses are able to completely repay the amount invested into their municipalities, including not only the direct inputs (equipment, material, business and vocational trainings) of all supported businesses, but also all the other project-related running costs.

The entrepreneurs observed here contribute to the local economy by creating additional cash flow that would not have existed without the project intervention. These entrepreneurs earn a profit, that is mainly spent either for their own consumption, thus enhancing the living conditions of their families and boosting consumer goods market, or reinvested into their businesses, in this case contributing to higher demand for various business-related inputs (equipment, material etc.).

The second form of local economy development is through the increase of business spending. This way, additional funds enter the market through a number of business expenditures, such as purchases of material, different types of business services sub-contracted (bookkeeping, marketing, consultancy services etc.) and a variety of running costs.

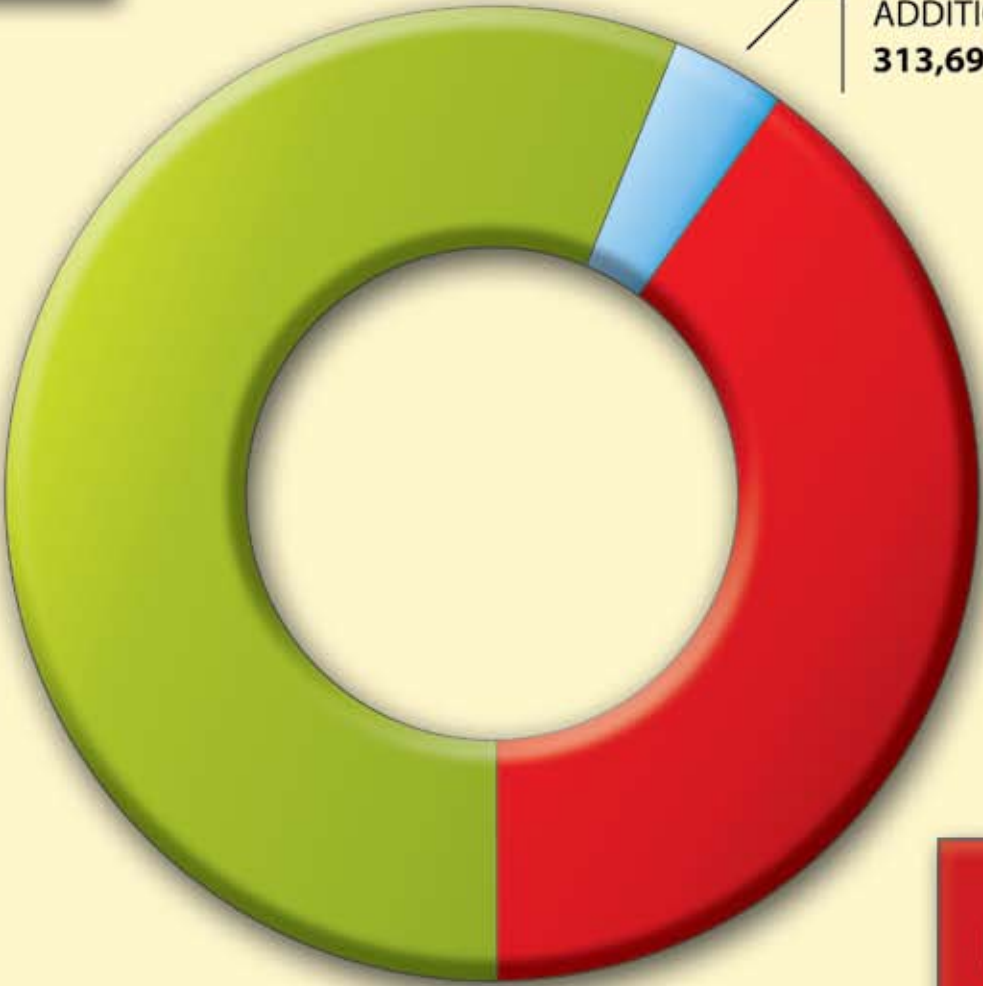
And the last, but very important, impact of newly established businesses is the increase of employment and subsequently the increase of spending by the previously unemployed new workers.

1. Including donations of equipment/material to all beneficiaries (including those who failed and are not operational any more), trainings and administrative project costs (staff salaries, vehicle costs, office running costs etc.)
2. Estimate based on minimum salary according to applicable regulations and number of newly employed
3. Additional inflow into the municipal economic cycles, due to new profit earned by supported entrepreneurs, funds spent for operational costs of newly established businesses, as well as salaries paid to formerly unemployed new employees - all as a result of business activities supported by the project

Municipality	Total investment (direct + indirect inputs) ¹	Number of active clients (registered and not registered)	Total annual value of profit earned	Total annual value of business costs	Total annual value of salaries paid to additional employees ²	Total annual inflow into the economic cycle ³	Break even point (months)
Kikinda	55,925.01 €	30	56,984.93 €	52,691.02 €	0.00 €	109,675.95 €	6
Obrenovac	129,744.86 €	46	73,298.11 €	96,216.47 €	1,369.27 €	170,883.85 €	9
Petrovac na Mlavi	49,303.05 €	15	11,525.93 €	17,630.64 €	0.00 €	29,156.58 €	20
Ruma	168,239.92 €	70	182,882.42 €	67,671.28 €	3,597.79 €	254,151.49 €	8
Sremska Mitrovica	382,853.96 €	115	247,869.30 €	308,260.41 €	15,411.16 €	571,540.87 €	8
Stara Pazova	301,060.91 €	101	280,702.48 €	210,304.10 €	7,195.57 €	498,202.15 €	7
SUBTOTAL BELGRADE AOR:	1,087,127.72 €	377	853,263.17 €	752,773.93 €	27,573.79 €	1,633,610.89 €	8
Kraljevo	467,942.11 €	193	464,339.61 €	881,845.07 €	66,027.88 €	1,412,212.56 €	4
Kragujevac	504,648.88 €	171	462,100.93 €	624,486.71 €	88,185.38 €	1,174,773.02 €	5
Užice	233,259.53 €	76	227,364.15 €	344,776.68 €	20,008.45 €	592,149.28 €	5
Kruševac	74,759.15 €	50	105,422.29 €	439,089.10 €	26,010.98 €	570,522.37 €	2
Požega	50,914.71 €	21	46,561.88 €	75,667.50 €	6,002.53 €	128,231.92 €	5
SUBTOTAL KRALJEVO AOR:	1,331,524.39 €	511	1,305,788.85 €	2,365,865.06 €	206,235.22 €	3,877,889.14 €	4
Aleksinac	106,139.90 €	63	65,069.30 €	132,664.72 €	14,441.65 €	212,175.67 €	6
Niš	148,316.77 €	66	118,134.14 €	213,741.54 €	12,636.45 €	344,512.13 €	5
Pirot	281,085.65 €	141	115,315.32 €	109,960.95 €	7,220.83 €	232,497.10 €	15
Gadžin Han	74,394.68 €	39	90,510.48 €	53,108.22 €	1,805.21 €	145,423.91 €	6
Leskovac	298,434.09 €	139	97,128.60 €	245,988.31 €	16,246.86 €	359,363.77 €	10
Vranje	394,602.82 €	191	232,718.07 €	365,977.34 €	14,441.65 €	613,137.06 €	8
SUBTOTAL NIŠ AOR:	1,302,973.91 €	639	718,875.91 €	1,121,441.08 €	66,792.65 €	1,907,109.64 €	8
Bosilegrad	139,238.62 €	50	91,861.01 €	109,761.99 €	5,234.72 €	206,857.71 €	8
Bujanovac	144,808.17 €	50	122,929.09 €	129,708.47 €	0.00 €	252,637.56 €	7
Medveđa	164,301.58 €	56	99,705.51 €	122,111.41 €	7,855.17 €	229,672.08 €	9
Preševo	139,238.62 €	49	124,751.07 €	121,718.17 €	0.00 €	246,469.24 €	7
Trgovište	108,606.13 €	39	70,975.30 €	73,246.93 €	0.00 €	144,222.23 €	9
SUBTOTAL BUJANOVAC AOR:	696,193.12 €	244	510,221.97 €	556,546.96 €	13,089.89 €	1,079,858.82 €	8
OVERALL TOTAL:	4,417,819.13 €	1,771	3,388,149.91 €	4,796,627.04 €	313,691.54 €	8,498,468.49 €	6

TOTAL INVESTMENT
4,417,819.13 EUR

TOTAL ANNUAL VALUE
OF SALARIES PAID TO
ADDITIONAL EMPLOYEES
313,691.54 €



TOTAL ANNUAL VALUE
OF BUSINESS COSTS
4,796,627.04 €

TOTAL ANNUAL VALUE
OF PROFIT EARNED
3,388,149.91 €

**TOTAL ANNUAL
INFLOW INTO THE
ECONOMIC CYCLE**
8,498,468.49 EUR

GRAPH 4:
IMPACT ON THE ECONOMIC CYCLE

In the end, having in mind that the previous two tables showed only annual results, we would like to present a 10-year timeline, where the outputs are compared with a one-time investment.

As the Graph 5 summarizes the outputs of two previous tables, the investment is reached through additional inflow into the economic cycle in only 6 months, while the return of investment reached only with taxes and contributions paid takes less than 4.5 years. When observed on the long-term basis, the figures become even more encouraging. After 10 years (under present conditions), the total boost of local economies created by entrepreneurs supported within past 5 years will reach a cumulative total of almost 85 million EUR.

To summarize, the results of HELP's income-generation projects clearly show the development potential of such actions and justify this manner of development assistance. HELP's unique combination of material inputs (in-kind grants of equipment/material) and intensive trainings and mentoring, contributes to the local sustainable economic development in a number of ways. This is also fully in line with the Serbian government's Poverty Reduction Strategy, Regional Development Strategy and a number of other relevant strategic documents. Therefore, it is our intention to further upgrade our approach and continue providing development assistance in the field of support to micro, small and medium enterprises.

GRAPH 5: Break-even point

