Making the most of Serbia’s tourism:
The school calendar and the political economy for change

Case Study

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Abbreviations
PSD Private Sector Development Programme
MoESTD Ministry of Education, Science and Technological Development
MoTTT Ministry of Trade, Tourism and Telecommunication
HORES Business Association of Hotel and Restaurant Industry - Serbia
YUTA Serbia National Association of Travel Agencies
RTOWS Regional Tourism Organisation of Western Serbia
TO Tourism Organisation
Opstanak Association of school staff
SRS Public entity Ski Resort of Serbia
RDA Regional Development Agency
ASD Actives of School directors
About the Private Sector Development Programme

In July 2013, the Regional Development Agency Zlatibor – Uzice (RDA) started to implement the Second Phase of the Private Sector Development Programme (PSD). The programme is financed by the Swiss Government through the Swiss Agency for Development and Cooperation (SDC) and is an essential part of their commitment towards private sector development – as outlined in their Serbia Cooperation Strategy 2014 to 2017. PSD’s second phase is implemented in twenty-five municipalities of Zlatiborski, Kolubarski, Moravicki and Raski districts. It builds on the first phase that was implemented in six municipalities of Zlatiborski district until 2013, and ends in May 2017.

The programme aims at improving employment and income opportunities in the southwest Serbia. PSD’s strategy in tourism is to facilitate pro-poor development of that sector and to use this growth to trigger positive spillover effects into the traditional products sector. Through stimulation of systemic change in the tourism and traditional products sector, PSD aims at improving access to markets, to stimulate economic growth and thus create additional jobs and income for its target groups: un- or underemployed people and small businesses in rural and peripheral areas of southwest Serbia, especially youth and women.

PSD applies a Market System Development approach that aligns market functions and players, and improves the way how they interact towards more efficient and inclusive market systems. The approach is based on a few premises; systemic action addressing underlying causes, sustainable change, pro-poor impact at scale, and facilitative roles. PSD distinguishes itself from traditional projects as it focuses on solving root causes of low market performances instead of symptoms. PSD focuses on establishing mechanisms for improving cooperation among the public, private and civil sector and creating better access to business services through stimulation of market players to take on new roles.
Executive summary

This case study examines the way in which the Private Sector Development (PSD) programme has applied a market systems development approach to trigger growth in the tourism sector which has created more employment and income opportunities, especially for youth and women.

The first chapter outlines the context from which the programme emerged: Serbia’s economy remains weak after the financial crisis. High structural unemployment is exacerbated with cyclical unemployment and youth unemployment is rapidly increasing. Tourism is one of the biggest direct and indirect contributors to employment in Serbia. Although sluggishly, the tourism sector has grown over the past few years. Experts predict further positive growth, impacting positively on GDP and employment.

The second chapter analyses the tourism sector more closely and highlights reasons for sector underperformance: Although projections for the tourism sector are positive, it is still struggling to reach its full potential. The sector faces several challenges; product and service development is stagnating and uncreative as reliable research and development services are not available. Innovative destination marketing is missing due to a lack of coordination and cooperation. Investments are limited because Serbia has no strategic plans and procedures to attract and direct them. Road infrastructure and signage is poor and human resource development inadequate.

The root cause of underperformance in the tourism sector is, however, closely connected to seasonality. Domestic tourism is very important for Serbia, especially for the winter tourism destinations in southwest Serbia. Many small and medium businesses and their employees depend on incomes from tourism. Nevertheless Serbia’s tourism sector, as in many other countries, is suffering from intense fluctuations in visitor numbers due to seasonality. Resources and facilities are either overstretched or lie idle during many weeks. This impacts adversely on cash flow and profitability. It also makes it difficult to hire, manage and retain a skilled workforce. Although seasonality is the nature of the system and cannot be influenced as such, tourism flows can be managed by steering demand. A major factor influencing demand is school holidays and, more specifically, the school calendar that allocates holidays.

Chapter three describes the in-depth analysis that PSD undertook to be able to design an appropriate intervention strategy: The school calendar led the programme team to look closer into the education sector. The process of developing the school calendar is straightforward. The Ministry of Education, Science and Technological Development prepares and approves the school calendar every year by early summer. Schools and colleges are then informed about the changes for the new school year through an official education bulletin. The school calendar affects many stakeholders such as the hotels and restaurants in winter tourism destinations. However, the education sector has very few participatory processes and collaborates rarely with other sectors. Collaboration around education research is in its infancy which inhibits the capability of the sector to innovate and improve the system. PSD’s analysis was complemented with an informal power and political economy analysis that shed light on the capacities and incentives of the various tourism and education players. This set the foundation for an effective intervention strategy aimed at strengthening advocacy and lobbying as well as coordination capacities.
Chapter four describes how the intervention strategy evolved: PSD supported the sectors to gather important information to build a solid evidence base. Based on the in-depth analysis of the stakeholders, the programme facilitated the establishment of the core planning and negotiation group that led the initiative. As the initiative progressed, the programme highlighted the importance of informal linkages to key power brokers within the public administration whereupon various players used their networks to spread information about the initiative. Leading organisations also used media channels to inform a wider audience about the initiative. Capacity building was tailored to the capacities and experience of each organisation and key individuals.

By the school year 2015/2016, the core planning and negotiation group had reached its objective. Their proposal for a new school calendar was approved. The change has had significant impact on creating jobs and reducing underemployment. Over three hundred jobs were created in the project area which generated over 800,000 CHF additional income. At national level, over six hundred jobs were created and more than 1.2 million CHF additional incomes generated during January and February 2016.

The manifold lessons to be drawn from the intervention are elucidated in the last chapter: In-depth analysis requires commitment and takes time but is indispensable to get to the underlying causes of system underperformance. Besides technical, strategic and organisational capacities of key players and their positioning in the system, meaningful analysis necessarily includes market player incentives in order to inform valid and realistic interventions and partnerships. Facilitation tactics are critical to the effectiveness and sustainability of the interventions and determine the success of any intervention aimed at behaviour change. PSDs’ experience reinforces understanding that market systems are complex with multiple bottlenecks and constraints. Advancing in one intervention area often sheds light on other weaknesses in the system. At the same time, these can be opportunities for programmes to support a system further to become more resilient. Although, PSD has strengthened the advocacy and coordination capacity of key players, and has proven that research is crucial for both systems, it is yet to see how well key players have internalised new behaviour or if there are further opportunities to reinforce those behaviours.
1. Tourism: An important employer in Serbia

Unemployment, especially youth unemployment, is one of Serbia’s major challenges. The country is characterised by structural unemployment, exacerbated by the global economic crisis that led to further slow-down of the already weak economy (Gligorov V. et al, 2010).

In 2013, the unemployment rate stood at 24% with youth unemployment at nearly 40% for 20 – 24 year olds. More than 750,000 people are registered as unemployed, 52% of which are women. It is estimated that 3.5% of all unemployed (53% women) are skilled in the field of tourism and hospitality (National Employment Service). In PSD’s project area¹, one third of the labour force is unemployed; 17% are skilled in tourism².

Tourism generates a lot of employment, nationally and in the PSD project area. In 2013, the tourism and tourism related sectors³ provided 229,228 jobs in Serbia of which 10.6% were located in PSD’s project area (PSD, 2013). This means in this area nearly one in eight employees is working in tourism and tourism related sectors.

In terms of direct and indirect employment contributions, the sector creates more overall employment than most other industries, especially direct jobs (WTTC, 2013). This is not surprising as tourism services depend heavily on human resources and hence the industry is very labour intensive. Projections estimate 2.3% annual growth, contributing to 3.2% of total employment by 2023 (WTTC, 2011).

Tourism is one of the most important sectors in Serbia. Its potential lies in its natural assets, spas, cultural heritage, traditional and contemporary festivals, and gastronomy. Tourism related incomes have been increasing annually in spite of the economic crisis. In 2014, travel and tourism contributed 2.1% to Serbia’s GDP directly and about 6.1%, including direct and induced impact⁴. This is almost as much contribution to the GDP as the banking and mining sector made in 2014 (WTTC, 2015). Projections also look promising. It is estimated that the sector will experience 5.2% annual growth in constant prices by 2023, resulting in 2.4% contribution to GDP. The expected spillover effects are even bigger; 4.8% annual growth, resulting in 6.8% contribution to GDP (WTTC, 2011). Data on tourism visits in Serbia have been showing continuous growth.

During the winter and summer peak seasons, tourism employment numbers are much higher than the estimated 24,400 because of the additional seasonal workforce hired. In the project area, around 4,500

¹ The project area of PSD covers most of southwest Serbia but not all.
² 4'374 are unemployed but skilled tourism and hospitality workers of which 54% are women (HORES).
³ This includes hotels, restaurants, travel agencies, tourism organisations and leisure organisations.
⁴ This includes indirect and induced impacts (spillover effects) of the tourism sector on the overall economy and GDP such as tourism investment spending, supply chain spending, government spending and domestic purchases of goods and services from employees in the tourism sector. Tourism has arguably also positive effects on other sectors when tourists buy other goods and services during their stay. Research from PSD has shown that tourists spend in average EUR 43 on traditional, local products. Hence, it is assumed that the effects in the tourism sector will also impact sales in traditional goods positively which sector PSD is also supporting.
young women and men and their families depend on incomes from tourism. They are hired as cleaners, chefs, waitresses/waiters and bartenders, or rent out entire flats or rooms.

In southwest Serbia, women make up the largest share of the workforce in the hotel industry, 58% of full time employed and 55% of seasonal workers. Women represent the majority of administrative, kitchen and reception staff, and cleaners and domestic workers. Men usually work as maintenance workers, waiters or in management.

2. Serbia’s winter tourism market: Untapped potential

The tourism sector in southwest Serbia has not yet reached its full potential due to a variety of challenges. Product and service development is stagnating and uncreative as reliable research and development services are not available. Innovative destination marketing is missing due to a lack of coordination and cooperation. Investments are limited because Serbia has no strategic plans and procedures to attract and direct them. Road infrastructure and signage is poor and human resource development inadequate.
Tourism players have insufficient information to be able to produce innovative tourism products and services targeted at specific client segments. Publically funded tourism organisations (TOs) produce information that the private sector does not trust. The latter, however, has no funds to conduct independent research and relies solely on customer feedback which is often unrepresentative.

Inter- and intra-sector cooperation is weak and depends on individuals’ motivation. Tourism players do not understand the importance of collaboration, mistrust each other and no one is willing to be the driving force for organised cooperation. Hence, resources are badly allocated, visitor management is weak and Serbia’s tourism attractions are poorly promoted. The destinations also lack investment due to inadequate provision of information and weak public guidance or prioritisation. The labour market does not provide people with the right set of competences and skills needed by employers. Critically, the educational system does not match the market’s needs; job profiles are outdated and new ones are not introduced, books and methods are out-of-date, and practical training is limited. Short-term training courses do not exist.

In spite of all the challenges, long-term projections are positive for Serbia’s tourism. The country managed to improve its image internationally and Serbians slowly regaining confidence and interest in their own country instead of travelling abroad (WTTC, 2011).

Nevertheless many Serbians continue to holiday abroad, spending the summer at the seaside and/or visiting the Alps or Bulgaria in the winter. From 2013 to 2014, total tourism flow to Serbian tourism destinations stagnated and overnights decreased. This was caused by a significant decline in domestic tourism whereas international tourism grew. This trend heavily impacted PSD’s project area as they depend primarily on domestic tourists.

In PSD’s project area, domestic arrivals declined by 62002C371, international arrivals increased by 16,713 whereas overnights from locals decreased by 653,846 and from internationals increased by 172,661.
Serbia attracts tourists in summer as well as winter; tourist numbers are highest in the months of December, January, July and August. In the PSD project area, winter tourism is most important and lucrative. Besides the accommodation, winter tourists eat in restaurants on ski slopes, rent equipment, book ski instructors, buy ski lift passes and spend money on other winter sport activities. On average a tourists spends around 50 CHF per day.

There are various tourism destinations in PSDs’ project area in southwestern Serbia including Zlatibor, Kopaonik, Vrnjacka Banja, Divcibare, Zlatar, Golija, and Tara. Some are small destinations, some have only one tourism season, and others attract international tourists and run tourism activities all year round. The tourism service providers are manifold and include travel agencies, transportation, accommodation, gastronomy as well as leisure and excursion service providers. Tourism also has a positive effect on other sectors such as traditional products like honey, dry meat, dairy products and rakia.

In southwest Serbia, one-hundred conventional accommodation facilities such as hotels, resorts, villas and apartments provide around 19,000 beds. Around 10,000 beds are in three or four star hotels, and the others are in two star hotels, resorts, apartments and villas categorised with two to four stars. Along with the conventional accommodation facilities, 1,037 private households formally supply another 6,831 beds annually. These are a combination of secondary homes or spare rooms in households. Beyond that, experts estimate about 23,000 additional beds from 4,235 households are operated informally without registration (PSD, 2014). Earnings from renting these private facilities are often the only income source for these households. These informal businesses employ on average 1.5 people. As all employees in tourism, they depend heavily on tourist inflows during the peak seasons.

The average occupancy rate of conventional accommodation facilities is just below 30% per year. In many local tourism destinations, visitor numbers fluctuate tremendously throughout the year, depending

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6 According to the Business Association of Hotels and Restaurants HORES. Eurostat provide similar data, see “Net occupancy rate of bed-places and bedrooms in hotels and similar accommodation” on the website http://ec.europa.eu/eurostat/en/web/products-datasets/-/TOUR_OCC_MNOR.
heavily on peak seasons to make up for the rest. In comparison, Bulgarian tourist accommodation runs slightly above the 30% occupancy rate. In Switzerland and Austria it is 40%, and France above 45%.

In Serbia, the peak of winter season is during winter school holidays, Christmas and New Year when winter destinations are often overbooked. After that, the season immediately becomes low and stays that way until the beginning of the summer season in June.

The problem of seasonality, and its causes

Intense fluctuation of visitor numbers due to seasonality is one of the biggest challenges in the tourism sector. Resources and facilities are either overstretched or lie idle during many weeks. This impacts adversely on cash flow and profitability. It also makes it difficult to hire, manage and retain skilled workforce.

Seasonality is the nature of the system and cannot be influenced per se. However, tourist flows can be managed. Increasing demand whilst balancing tourist flows is a valid strategy to deal with short seasonal peaks. Besides better marketing and more effective tourism destination management by individual businesses and public organisations, a key factor influencing demand is the money and time that people have at their disposal to go on holiday.

The school holidays define the period when families can go on holiday. In Serbia, the school calendar is especially important for destinations with primarily domestic tourists. Twenty years ago, the school winter break was organised in February. Statistical data on tourism flows from that period show that switching to the current school calendar that eliminated the February holidays was followed by a significant decline in domestic tourist flows during the winter season. January inflows remained almost unchanged at a very high rate, while February drastically declined. This resulted in a shorter winter season, causing the tourism sector to contract; jobs were cut and the incomes of many seasonal workers reduced or lost.

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7 Source: Statistical Office of the Republic of Serbia
Seasonality and managing tourism flows is a widely recognised challenge, experienced in many European countries and other international tourism destinations (Baum & Hagen, 1999). Some European countries have long realised that sequencing winter school holidays benefits children and parents and fosters the tourism sector. France, for example, has undergone very recently another round of inter-ministerial and multiplayer consultation to adapt the school calendar to improve the learning rhythm of children as well as to extend the winter tourism season.

In the past, similar initiatives were tried in Serbia. Several tourism players tried independently to request the Ministry of Education, Science and Technological Development (MoESTD) to change the school calendar. However, they failed repeatedly to be heard by the Ministry.

PSDs’ own analysis of the tourism market system (see Figure 8) confirmed the importance of extending the winter season but, importantly, led it to explore the ‘system’ around changing the school calendar in more depth than had been undertaken before.

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9 Ski Resort of Serbia, tourism organisations and hoteliers, all made similar demands with different initiatives.
system. Therefore, PSD found itself looking at the ‘systems’ of education policy and school calendar reform.

3. Calendar change: Understanding the process and political economy

The players and procedures that determine the school calendar regulation system are, of course, completely different from those associated with the tourism market system. In order to understand why no solution to the reform efforts of the tourism players had emerged, PSD set about understanding the process by which change in the school calendar should happen, and what was preventing that change from happening.

A diverse array of different education authorities and organisations exist in Serbia: There are parents’ councils, teachers’ and directors’ associations, municipalities, schools, regional school authorities, and the MoESTD.

The latter is ultimately responsible for developing and publishing the annual school calendars. Every spring, a special unit within the MoESTD is responsible for the development of the calendar, and an intra-ministerial expert task force checks the calendar before the Minister of Education approves it. In many other countries school authorities, teaching staff, research experts, and other players are usually consulted as they have valuable insights about the practicality of education approaches and regulations. This is, however, not the case in Serbia.

After the Minister approves the school calendar, a special internal publication is used to inform education institutes and teachers about the changes for the next school year.

A lack of inclusive and responsive processes in the education system

The process of setting the school calendar seems straightforward but it affects many different actors and is influenced by many external factors. For an education system to function smoothly, some elements are a prerequisite. Intra- and inter-sectoral cooperation and coordination is required to provide information and feedback so that the calendar can be set appropriately. Research is needed to inform innovation in education and assess the effectiveness of innovations on learning outcomes.

Lack of cooperation, coordination and feedback within the educational system: The cooperation within the educational system - from teachers, directors and schools to different local and regional authorities concerned with the functioning of schools (thematic topics or staffing) and to the national regulatory bodies – is relatively weak in Serbia. Bottom-up accountability and feedback loops are absent; concerns from educational institutes, associations, municipalities, students and parents about everyday issues are seldom considered by higher level regulatory bodies like the school authorities or the MoESTD. Coordination among the civil society and schools to make their voice heard is weak; roles are unclear and dynamism is missing.

Lack of collaboration with other players and sectors: Communication between municipalities, whose job it is to provide and care for the school facilities, and the education system, like schools and other regulatory bodies that provide teachers and curricula, is scarce. The MoESTD has little track record of
cooperating with other ministries or stakeholders on wider societal topics that have an impact on education.

**Lack of education and interdisciplinary research:** Nobody actively coordinates and finances research needs or spreads research knowledge among relevant players in the educational system. Although research existed, public and private players seem not to be in the vanguard of innovation and are not used to working with evidence to improve the functioning of the system and educational outcomes. Players are not aware of the importance of research to develop evidence that will make the case for a change e.g. in the school calendar.

Although education and tourism groups had previously lobbied the MoESTD to change the school calendar, the Ministry did not seriously investigate the feasibility and benefits of such a change, partly because of the weaknesses of the proposals submitted. Lobbying efforts were poorly coordinated, opportunistic rather than strategic and failed to use credible evidence about the potential impact on children’s learning and health.

PSD’s diagnosis pinpointed a lack of capacity and strategies for advocacy and lobbying, insufficient research and generation of evidence, and a lack of coordination and cooperation within and between the education and tourism systems.

**Calendar change: Understanding the players**

**The public sector**

The focus of the Ministry of Education, Science and Technological Development (MoESTD) is students’ learning processes and outcomes. Unless concerns and requests are directly linked to educational assets (schools, teachers, or curricula) or children’s education and well-being on national level, they are of little interest to the Ministry. However, the Minister at the time PSD conducted its analysis was well placed to understand the local economic and social circumstances of mountain areas as he grew up near Kopaonik.

Within the MoESTD, knowledgeable secretaries of state, special advisors and ministerial assistants are responsible for the Ministry’s operations, as well as preparation of policy proposals and statements. The former two categories are dependent on political changes and hence can change with a change in Minister.

Interactions with other ministries or with players outside the public sector are practically non-existent; there is limited demonstration of interest in research or pro-active multi-sector coordination. Internal procedures are enforced top-down with very few bottom-up accountability and feedback loops.

The regional School Authority in PSDs area is the direct supervisory body for schools within the region and collects and monitors relevant data on children’s educational outcomes. Equipped with capable education experts, they are well positioned to understand the thematic issues, to liaise with schools and other school authorities but most importantly, give insights about procedures and processes within the

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10 This is also the case in the tourism sector. The tourism industry does not invest in market research. Business decisions are mostly based on estimations from experience instead of empirical market research.
educational system and the MoESTD. Although being aware of the local demands for a change in school calendar, the School Authority has not yet taken an active role in communicating such issues with the MoESTD. The organisation is not averse to take on a mediating role between the different education players, it has simply never crossed their mind to do so. The School Authority seems to have limited access to innovative and new education research and evidence that would enable it to critically analyse the results of its official task; monitoring educational results of children.

The Ministry of Trade, Tourism and Telecommunications’ (MoTTT) responsibility is formulating and implementing policies and strategies to develop the tourism sector. As part of that mandate they create incentives (such as taxes, research or information systems) to businesses and provide a wide range of promotion materials that raises awareness in the country and as well as abroad about tourism opportunities in Serbia. As regulatory body, it is in the position to influence other ministries and advocate sector-relevant changes. In order to do so, it needs clear objectives and strategies that are based on evidence from the sector.

Ski Resorts of Serbia (SRS) is a public enterprise that invests and maintains tourism attractions such as ski lifts or summer sledge runs. During the peak season, their main challenge is infrastructure saturation and unsafe ski slopes due to overcrowding. SRS also favours extending the winter season because snow conditions are better in February. SRS is collaborating well with various ministries such as the MoTTT, Ministry of Youth and Sport or Ministry of Economy. Their earlier initiatives to change the school calendar have been supported by the Ministry of Health. Yet, the MoESTD has been unsupportive of the initiatives because they appeared to lack education relevance or concrete proposals for change.

The Tourism Organisation of Western Serbia (RTOWS) combines all the Tourism Organisations (TOs) of the region. Its role is to streamline the costs of tourism promotion and marketing by organising common promotional activities for the region. It also has a small budget to support local tourism initiatives and TOs. Although RTOWS has convening power, they were not recognising their lobbying and advocacy capability. The organisation acknowledges the seasonality issue as being a key problem inhibiting the growth of the regional tourism sector.

Local Tourism Organisations (TO) exist to promote the regions tourism activities, support tourism providers to perform better, and serve as a feedback mechanism for tourists. Every TO is managed locally; incentives and capacities vary widely. Zlatibor’s TO is not only very active but also well recognised in the political and tourism landscape due to its strong leadership. Although the organisation is well placed to gather and coordinate information locally, it has very little knowledge about advocacy and lobbying approaches.

The private and civil sector

The Active of School Directors (ASD) are informal groups of primary and secondary school directors that frequently meet to discuss school management issues and joint activities. School directors in these mountainous areas face a variety of challenges in winter: Heating costs escalate in the coldest months January and February, children from remote areas struggle to attend school, and schools have to provide
accommodation to snowbound children – this is worst in February when most snow falls\textsuperscript{11}. School directors assume that students’ learning outcomes can be improved by more evenly allocating holidays but have no evidence for this. ASD has made several unsuccessful requests to change the calendar to the municipality, the regional school authority, and the MOESTD, but were determined not to give up.

The association of school staff in Uzice, \textit{Opstanak}, is a member association for all kinds of educational staff. Its aim is to improve the education system to benefit livelihoods and communities by providing a think tank and networking platform involving peers, schools and other relevant players nationally and internationally, as well as educating and providing information to citizens on livelihoods issues such as the environment. The member base is very diverse, giving the association the advantage of informal ties to a variety of key players and insights into the formal processes of the education system. Opstanak has been aware of the initiative of the teachers regarding a school calendar change. However, it has not seen the benefit in getting involved nor the role they can play. When presented with research of both the educational benefits to children and employment benefits to the communities, it became evident that the subject is in line with the association’s mission. Opstanak recognised its potential role in supporting the initiative with technical knowledge.

\textit{Hotels, restaurants and other tourism providers} have the most direct interest in a longer winter season which would enable the winter tourism market to grow. Each group of players has, however, slightly different motivations. Hotels would benefit from a higher bed occupancy rate to make their business profitable. Besides short-term employees, they often hire staff on a yearly basis, not to lose skilled labour, but then have to cross-finance these fixed costs\textsuperscript{12} during low seasons with revenues from the very short peak season. Some hotels even have to take loans to maintain working capital liquidity. Restaurants on the other hand hire seasonal staff for a few weeks during the peak period only. Each season the employers face the same challenge, hiring sufficient qualified staff for just a few weeks. Providing the opportunity for longer contracts increases job and income security and potentially incentivises employees to return to the same employer. Ski lift facilities, tourism agencies, ski schools and other tourism providers face similar profitability and staffing problems.

All these players are able to provide the numbers to make a compelling case for the economic impact of a changed school calendar on businesses and employment. However, as individual entities they lack sufficient lobbying power. Fortunately, professional associations and relevant TOs exist that can be their advocacy and lobbying voice.

\textit{HORES, the association of hotels and restaurants}, aims to improve gastronomy and hotel industry skills, promote the industry nationally and internationally, and ensure quality standards and industry ethics within the industry. The association acts as a voice for the industry and is highly regarded by tourism businesses and the Ministry of Economy as well as the MoTTT. Several individual leaders and members maintain very good relationships with a variety of key players. HORES has several lobbying activities on-

\textsuperscript{11} For example in 2012, schools were closed during the first half of February due to natural disasters in terms of heavy snowfalls.

\textsuperscript{12} All costs that are fixed and do not usually fluctuate with bed occupancy such as human resources, facility maintenance, land and building taxes, communication systems, sales and marketing, advertisements, loans etc.
going and has achieved some change in the past. However, beyond the business sector, HORES is not well-known. The organisation does not see itself having a role or an opportunity in other sectors to lobby for initiatives that are connected to tourism. Although it has considerable skills and experience, it does not fully possess the knowledge about an efficient, systematic and interdisciplinary approach in advocacy and lobbying.

*National association of travel agencies of Serbia (YUTA)* operates as a non-profit trade organisation. Its role to examine domestic and foreign markets and undertake measures to improve and promote local travel agencies through a common brand and promotion campaigns, establish cooperation with national and foreign tourist associations and other tourism organisations, represent group and individual interests, organise research and vocational training for its members’ workers, advocate and lobby for new regulations and fight unfair competition. YUTA maintains very good relationships with a variety of key players. Similar to HORES, it does not see itself having a role or an opportunity in other sectors to lobby initiatives that are connected to tourism. Furthermore, it lacks knowledge in advocacy and lobbying strategies.
Players and relationships in tourism and education

Ministry of Trade, Tourism & Telecommunication

 Nation, regional, local Tourism organisations

 Research institutes

 Ministry of Education, Science and Technical Development

 Task force
 Special unit

 YUTA

 Industry associations

 HORES

 Tourism service providers/employers

 Ski Resort Serbia

 Tourism agencies

 Tourists

 Municipality

 Active of school directors

 School buildings

 School staff

 Civil society organisations

 Teachers associations

 Teachers

 Teachers’ council

 Parents’ council

 Parents

 Children

 Relationships
 — Regulative
 — Financing
 — Collaborative
 — Disrupted

 Figure 9: Interconnected systems – education and tourism players and relationships
4. Analysis to action: Building the case for change

Intervention objective
The intervention goal was to increase seasonal work and incomes by accelerating growth in the tourism sector. The tourism sector will increase its turnover as more tourists visit Serbia’s winter destinations thanks to an extended winter season. To achieve this, PSD’s objective was to get the MoESTD to reschedule the school holiday calendar which would extend the winter tourism season significantly. In view of altering the performance of both the education and tourism systems for sustainable results at scale, PSD decided to build its partners’ advocacy and lobbying as well as coordination capacity so that they are able to continue instigating change.

Intervention strategy
Based on the continuously evolving but informal political economy analysis, PSD was able to develop a strategy to improve the advocacy process within the education and tourism systems by increasing relevant inter-sectoral advocacy, lobbying and coordination skills among key players in both sectors. The strategy used an advocacy and lobbying approach that has proven effective in Serbia and is recognised by local advocacy consultants. Key pillars of this were:

1. **Build an evidence base**: prepare solid arguments that are backed by evidence
2. **Identify key players for advocacy and lobbying**: select key players and assign roles and responsibility to each one based on their incentive, capacity and power. Lobbying and advocacy players take an expert role in a specific topic to defend arguments professionally from all possible angles.
3. **Influence key power brokers**: seek informal linkages to middle level staff within the relevant organisation and other power brokers to position the agenda early on.
4. **Build wider consensus**: use media channels to influence decision makers and public opinion.

PSD’s interventions and tactics followed this approach closely. PSD selected key players with the right incentives and skills to be part of the core planning and negotiation group, commissioned two decisive pieces of research, created linkages between various interest groups, initiated a flow of information and capacitated key partners on effective advocacy and lobbying strategies and skills on the job.

Building an evidence base
In early 2013, PSD started an in-depth analysis of the tourism sector and its players. Discussions started initially with hotels, restaurants and local TOs. After being able to pinpoint the key issues for hotels and restaurants in the targeted area, PSD expanded its interviews by mid-year to other key players in tourism such as public enterprise SRS, HORES and YUTA to validate the system-wide constraints. PSD analysed the letters of rejection from the MoESTD that were sent in reply to previous proposals by tourism players. The Ministry had concluded that the requests lacked evidence and relevance for education. This pointed PSD to weaknesses in advocacy and lobbying as well as coordination capacities.

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13 PSD used its wider informal networks to receive information about professional advocacy and lobbying strategies in Serbia. With some simple information and discussions the intervention manager was able to adapt this expertise to suit the needs for changing the school calendar. It was not necessary to outsourcing this function.
Seasonality with respect to the children’s school calendar, was clearly identified as one of the barriers to sector growth and employment creation. This initial period of analysis allowed PSD to gather sufficient evidence and knowledge to develop an intervention strategy. Analysis continued as part of the intervention and started to include players from the education sector in summer 2013.

In the autumn of 2013, based on the expanded analysis, PSD organised two pieces of research to widen the evidence base for the lobbying initiative. An independent consultant was selected based on recommendations from the ASD. This consultant was a recognised expert in the education field and widely respected. The research looked at the impact of different school calendars on the learning process, outcomes and attitudes of students as well as the opinions from and benefits to parents, teachers and students. Both studies were finalised by January 2014. From the onset, the School Authority of Zlatibor County supported the analysis heavily by disseminating questionnaires to schools and stakeholders in other territories.

Simultaneously, other studies were conducted to build evidence:

- The Special Hospital for Thyroid Gland and Metabolism Diseases Zlatibor14 developed a study on the impact of winter sport on children’s health and development.
- PSD gathered data from the Republic Hydrometeorological Service of Serbia that showed the intensity of snowfalls at different times of the winter across the last decade. Data showed that there is generally more snow in February, and thus, better conditions for outdoor sports but also more problems for ploughing of snow to reach school facilities.
- Local hotels supported the initiative by sending economic data and analysis to PSD. This allowed the team to make projections of incomes and employment benefits and served as further evidence for the initiative.

In March 2014, Opstanak with support of PSD and the core planning and negotiation group15 started to develop a new request to the MoESTD to reschedule the school calendar. This time the initiative highlighted arguments and evidence emerging from the extensive research16 and focused primarily on the benefits for children and the school system. The proposal was more concrete than previous efforts, including a draft school calendar that made the requested changes. With its significant knowledge about education procedures and regulatory bodies, Opstanak was best placed to develop a proposal that resonated with the MoESTD.

Identify key players for advocacy and lobbying

By mid-2013, PSD recognised the need to introduce players from the education system. This was a crucial turning point. PSD gathered essential information from local school staff informally in order to explore points of mutual interest and opportunities among the players of the two systems. Surprisingly, education players had similar intentions and had undertaken initiatives to change the school calendar in the past.

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14 It is the only institute that deals with children metabolism problems and obesity in Serbia. Russians come here and consider it to be the best institute for these specific children issues
15 This group includes HORES, RTOWS, SRS, TO Zlatibor, ASD and RDA. See next section for more details.
16 Arguments included evidence from the various stakeholder meetings with parents’ council, teachers’ associations and ASD, hotels and other TOs as well as hydrometeorological data and health research.
This information allowed PSD to initiate formal discussions with key players from the education sector – parents’, councils, teachers associations, municipality, both ASDs in Uzice for primary and secondary school, Opstanak Uzice, regional School Authority and sports and youth organisations – to gain support as well as to gather further data to build evidence.

What became clear was that the education players did not only have an interest in changing winter holidays but wanted to reallocate some other holidays to balance the school calendar. They agreed to actively support the tourism initiative as this gave them the opportunity to have a say in developing a new school calendar.

This was a period of getting to know education stakeholders, making linkages and developing trust. This was crucial to selecting the right partners by early 2014. When communicating with partners, PSD followed a structured approach, with one of four objectives – inform, persuade, motivate or initiate action.

**Influence key power brokers**

After a rigorous sector and partner analysis, the core planning and negotiation group was selected in January 2014: The Chairman of the Board of Directors of HORES, the CEO of the RTOWS, the Director of the TO Zlatibor, the Director of SRS, the Director of RDA Zlatibor and the President of ASD. Partners were selected on the basis of clear, demonstrated capacity and incentives.\(^{17}\)

PSD started building advocacy and lobbying capacity of the core planning and negotiation group between January and April, until it culminated in a meeting with the Minister of Education. The emphasis of the capacity building was on strengthening and sensitising the partners\(^{18}\) for team lobbying to increase bargaining power, emphasising specific roles that each party plays and the importance of one leading agency organising an initiative.

Capacity building continued over ten weeks. Efforts focused on one partner at a time due to their different levels of skills and experience. PSD could have chosen the easier way and organise group trainings of three or more days. However, thanks to the extensive stakeholder and power analysis, PSD knew that such an approach would have little sustainable effect. Some of the directors and managers would have sent deputies because of their busy schedule and others would not have been open and objective enough to evaluate their capacity gaps. Therefore, PSD chose to deliver tailor made capacity building on the job whenever a particular topic would come up along the process – learning by doing.

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\(^{17}\) PSD used the Will-Skill Matrix for selecting partners. This tools is explained in The Springfield Centre (2015) The Operational Guide for the Making Markets Work for the Poor (M4P) Approach, 2\(^{nd}\) edition, funded by SDC & DFID, p. 24

\(^{18}\) The core negotiating group (HORES, RTOWS, TO Zlatibor, SRS, RDA Zlatibor, ASD) as well as YUTA and Opstanak were benefitting from the capacity building.
Strategy for effective advocacy and lobbying

Keep in mind: The key to good communication is good understanding of the audience; considering topics from the counterparts’ perspectives, identifying what might motivate them and recognising their interest to be able to act. In short: Enter into the shoes of your counterpart!

Process for verbal team lobbying:
1. Define the players and the representatives that shall attend meetings.
2. Establish key messages such as what is the change you want to see, why you want the change, who will be impacted from the change, what is your concrete proposal to solve the issue.
3. Agree on results/agreements that need to be achieved at particular meetings.
4. Prepare arguments and anticipate the reactions of your counterpart.
5. Agree upon roles of each participant for the meeting: Striker - a person who opens and closes the meeting and presents the case. Cleaner - a person who is closely monitoring the direction of the discussion and bring them back to the main topic. Assistant - a person who provides expertise, spreading information, statistical data, evidence.

In early April 2014, the final preparations for the meeting with the Minister of Education were made: defining key messages, agreeing what kind of results and agreements have to be achieved by the end of the meeting, preparing statements and counter-arguments through a role play, trying to anticipate reactions of the Minister. When all members of the negotiating team gathered for the first time before the crucial meeting, it took them only an hour to agree on the final set-up and roles.

One crucial strategy during the lobbying phase was to inform key power brokers within the MoESTD. Individuals in Opstanak, the local School Authority and the ASD were all using informal contacts to representatives in the MoESTD to raise awareness and pave the way for the new initiative from the inside. The core negotiation group also held consultations with public organisations in regard to development of the proposal. All partners used their relationships to disseminate information about the new initiative to get as much attention and support as possible.

Build wider awareness
As with any public entity, the MoESTD had to consider public opinion. Therefore, it was necessary to raise awareness among Serbians about the issues around the old school calendar by using media. Every partner emphasised messages from different but reinforcing angles; some of the partners emphasised benefits for children, some for schools and some for the local economy and development of tourism. Tourism players - especially SRS and TO Zlatibor - independently used a variety of media channels to talk about the issues as soon as the initiative was defined.
The initiative was also fortunate to have contracted a consultant who independently chose to publish a piece in an educational journal and professional paper\textsuperscript{19}.

\textbf{The final hurdle: Getting change through...}

The core negotiation group met with the Minister and his adviser in April 2014 for an initial exchange to get his views. The Minister was open to receiving a formal request and gave his recommendations on the content and process. In the beginning, the RTOWS led the negotiation process. Based on the meeting with the Minister, PSD and the core negotiating group recognised that their influence would be stronger if someone from the education sector took over, whereupon the president of ASD accepted the leading role in planning and negotiation.

Opstanak finalised the new proposal in accordance with the Minister’s recommendations. Players sent their letters of support to attach to the request. In May 2014, the first proposal for rescheduling the school calendar was sent to the Minister with more than thirty support letters.

However, national elections thwarted the initiatives plans. The Minister was replaced and the new one took office with three months delay. The division for planning and developing the school calendar published the calendar in the meantime - in contradiction to formal procedures - without the review of the task force and much before the official deadline in June/July. The opportunity to reschedule the calendar for 2014/15 was lost.

In June 2014, the ASD received a letter from the new Minister stating his support for the initiative for the school year 2015/2016 and making several recommendations related to the timing of students’ competitions and the Vojvodina particularities with a proposal to decentralise school holidays.

\textbf{School calendars that fit local needs}

*With the new initiative the school calendar will change in a way that takes into account local needs. For example, the autonomous province of Vojvodina (light blue territory on the map) has different school breaks than Central Serbia (darker blue) due to different religious holidays.*

*Schools in Vojvodina are having three weeks winter holiday from catholic Christmas until the middle of January whereas schools in Central Serbia have one week during New Year and orthodox Christmas and two weeks in the first half of February.*

*Schools not only used the initiative to change winter holidays but also reallocate some days to autumn and spring holidays, according to their regional needs. The start and end dates of the school year are the same however.*

In the following months, the core negotiating group had several meetings with the special advisors responsible for checking the school calendar to incorporate the feedback of the new Minister into the school calendar.

\textsuperscript{19} ‘Factors and Models of School Calendar Organisation’ in the national publication \textit{Learning and Teaching}. The author plans to publish more in professional papers until the end of 2016 to promote his expertise in the field.
In December 2014, a new proposal was submitted by ASD. This time with even more support letters. For example, the MTTT also supported the initiative and sent an official letter to the MoESTD.

Serbia’s school staff went on strike twice in 2014 and 2015 - once during submission of the first, and once during submission of the second proposal. Although, this influenced the priorities of the MoESTD, the tourism/education initiative was accepted and the new calendar for 2015/16 was announced to the education system in June 2015.

The core negotiating group accomplished the rescheduling of the school calendar for the winter season 2015/2016. This change allows families with children to organise their winter holiday in Serbian destinations beyond the peak season in January.

5. Todays’ headlines

After the first winter seasons, preliminary results look satisfying. A total of 30920 new full-time jobs have been recorded for last winter season in the PSD project area. These tourism workers earned about 802’363 CHF more than in the previous year.

In the project area, the tourism and traditional products sectors grew during January and February 2016: They generated 3.1m CHF21 of additional revenues, resulting in 827,000 CHF additional profits for SMEs. The tourism sector alone created 686,000 CHF profits and a total of 2.563m CHF revenues.

The number of beginners in ski school increased by 10% and in some areas by 30%. Retail stores increased their revenues in the first two months by 5% compared to the same period in 2015. Hospitality facilities in the area achieved 40-50% growth.

Nationwide, the estimated change is also significant. Over six hundred new jobs were created, six in ten are occupied by women, and tourism employees earned over 1.7m CHF more overall.

Tourism and related sectors generated over 4.6m CHF additional revenues. This amounted to 1,225,000 CHF in profits. The traditional product sector generated additional revenues of 848’000 CHF and 223’000 CHF additional net profits.

Although snow conditions were poor this year, more domestic tourists came to southwest Serbia to spend their winter holidays. Field research found that six in ten families that spent their winter holidays in local ski destinations did so due to the school calendar change. This means about 17% more tourists.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>PSD area</th>
<th>Serbia</th>
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<tbody>
<tr>
<td>Additional full time jobs (FTE)</td>
<td>309</td>
<td>636</td>
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<td>FTE Women</td>
<td>179</td>
<td>369</td>
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<tr>
<td>Additional incomes of seasonal workers</td>
<td>CHF 802,363</td>
<td>CHF 1,733,191</td>
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<tr>
<td>- Additional income per additional female worker</td>
<td>CHF 2,599.84</td>
<td>CHF 2,724.25</td>
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<tr>
<td>- Additional income per additional male worker</td>
<td>CHF 2,592.25</td>
<td>CHF 2,726.37</td>
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</table>

20 In the PSD area, 5,180 employees benefitted from the school calendar change by either getting a job or having extended contract durations. This translated in 309 full-time employments (FTE).
21 Tourists spent additional 537,000 CHF on traditional products and souvenirs, amounting to 141,000 CHF profits.
came to the southwestern winter destinations. Overnight stays in the project area increased by around 98’000 in PSD area or 17%, of which 59,312 is PSD’s attribution since 61.9% of interviewees declared the reason for coming was the new timing of winter school holidays. Nationally, 127,000 more overnights were recorded in 2016 compared to the first two months of 2015. Project experts estimated PSD’s attribution to 88,000 nights. The significant increase in February more than compensated for the slight decline in January. With the new school calendar, the season had extended by about fifteen days.

To compare the results to the status quo, experts took control samples from Novi Sad in the district of Vojvodina as the old school calendar remained unchanged there. Over 90% of families spent their winter holidays unchanged in January.

The change in the school calendar sought to positively affect children’s education and health. Although one year is not enough to prove a positive effect on learning outcomes and health, research showed that this winter students were significantly less absent than in the first two months of 2015. The number of absences decreased by one fourth. Data on children’s health are inconclusive yet. Results are expected to show in a few years’ time. School directors and staff however are generally satisfied with the effects so far.

**Lasting changes in the system**

In the tourism system, PSDs’ intervention has been successful in bringing tourism players together to exchange information actively. These players have been able to cooperate and take concerted action to lobby the MoESTD. Over forty players were supporting the initiative eventually, and some are now discussing cooperation on other initiatives such as school excursions in the near future.

In the education system, the project also empowered the School Authority to measure and observe the effects of the change on pupils’ learning process in terms of fewer absences, and on schools’ energy savings. In March 2016, MoESTD assigned the School Authority to question school directors about their opinion on the school calendar change. For the first time, the Ministry sought feedback from its front line. It also revealed its interest in field research conducted by mid-level authorities. Both foster bottom-up accountability. The Ministry is satisfied with the results thus far, pointing out the initiative as a good practice example. The new school calendar was published recently. Beyond a few minor changes, it remains the same for the school period 2016/2017.

To enlarge its commitment to inter-sectoral private-public dialogue, the MoESTD approved in July 2016 a tourism sector committee that will act as professional and advisory body to the ministry. Among the members are representatives of the core negotiation group, specific faculties, tourism vocational

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**Indicator**

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<td>- in sector</td>
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<td>- in traditional product sector</td>
<td>CHF 537,000</td>
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<td>Additional net profits for businesses</td>
<td>CHF 827,000</td>
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<td>- in tourism sector</td>
<td>CHF 686,000</td>
<td>CHF 1,002,000</td>
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<tr>
<td>- in traditional product sector</td>
<td>CHF 141,000</td>
<td>CHF 223,000</td>
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</tbody>
</table>

*Figure 13: SME revenues and profits indicators 2016*

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**Data gathering**

PSD outsourced two studies to track results and shed light into attribution. Both studies dealt with impact and sector level change, one for the project area and another covering all Serbia. System level changes or behaviour changes were tracked through the PSD monitoring system.

*Figure 14: Data gathering*
education and training schools, and other selected players as well as both ministries, MTTT and MoESTD. The main role of the Committee is to develop qualification standards in the tourism labour market, and to revise and improve current curricula to respond to market needs. It responds to the need for a sustainable dialogue between the tourism labour market and education sector to create better youth employment.

6. Lessons learnt

Digging deep

Although the school calendar was rapidly identified as one of the key constraints in tourism, PSD continued the thorough diagnostic process and ventured into the education sector. Without the continuous political economy and power analysis, PSD could not have understood the incentives of the education players, especially the MoESTD. PSD realised that the various lobbying players had little knowledge about advocacy strategies, weak coordination capacities and no research available to build evidence. The programme deliberately kept the analytically phase internal as it helped PSD to build their credibility with market players. Instead of expensive formal studies, the programme chose to conduct informal interviews over an extended period of time with a broad set of players, including experts in advocacy and lobbying.

The outcome of the intervention shows how important it was to understand the market players’ incentives and capacities as well as their position and power in the system. On this basis, the programme was able to select the right partners, and develop the right intervention strategy. Without that knowledge, the project was likely doomed to fail.

Tailored-made support

Thanks to the initial analysis and the focus on sustainability, PSD was able to develop an effective intervention strategy that defined the intervention areas but more importantly shed light on how to work on those.

Instead of extensive technical assistance and funding, the programme focused on triggering behaviour change. The emphasis was on bringing in research skills to gather evidence

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22 The diagnostic process enabled PSD to
  a) identify the reasons why former initiatives were refused and get education players more involved,
  b) select the most important education and tourism players able to push for change, and
  c) pinpoint the gaps in advocacy and lobbying capacities of these key players.
and tailoring the capacity building on advocacy and lobbying strategies\textsuperscript{23} towards short, on-the-job inputs for each key partner individually.

**Mastering facilitation**

PSD convinced stakeholders with its “soft art of facilitation”: It leveraged its informal networks, it gathered knowledge to establish itself as a credible interlocutor between stakeholders, and used its insights to influence them. It then ensured stakeholders owned this knowledge too, empowering them to take action on their own behalf. This shows how crucial it is for programmes to be investigative but also to be ‘smart’ at influencing in a flexible way. Previous initiatives failed to recognise that collaborative solutions that focus less on technical issues\textsuperscript{24} are more successful i.e. understanding the players’ incentives and motivations.

**Embedding behaviour change**

Market systems are complex with multiple bottlenecks and constraints. Advancing in one intervention area often sheds light on other weaknesses in the system. PSD has built the capacity of players to coordinate and develop effective advocacy and lobbying strategies. First signs of sustainable and wider changes look promising but thus far, RDA who implements PSD has supported coordination of the initiative significantly. Evidence for that is seen in the new National Strategy for Tourism Development 2016-2025 that mentions “Regional Development Agencies are important for tourism development as they have capacities to mobilise and implement donors’ funding and projects, they have development function and use different development and innovative approaches such as Market System Development implemented by RDA Zlatibor from Uzice which significantly contributes to Serbian tourism market system functioning”. The acid test will be whether the newly-acquired coordination and advocacy capacity deployed in this case is seen as successful and begins to be adopted elsewhere in the education and tourism sectors, to drive wider changes.

PSD has also proven that research is a prerequisite to build an evidence base for decision-making. Nonetheless, a wider lack of research capacity and coordination is evident and inhibits the functioning of the education as well as tourism sector. The School Authority started to do field research thanks to the programme. However, it is yet to see if it (or someone else) will coordinate more education research in the future. In the tourism sector, the research function is even weaker. It is yet to see how players will behave to generate evidence for future lobbying and advocacy initiatives.

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\textsuperscript{23} The earlier chapter highlights the key points of effective lobbying and advocacy strategies. The knowledge on advocacy and lobbying strategies was built on local expertise in this field. One important part of the strategy was to inform and later to involve the middle management of the MOESTD about the initiative to receive information, counter resistance and to eventually get their buy-in.

\textsuperscript{24} Or at least on the right technical issues
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Source: Statistical Office of the Republic of Serbia