
PETROVO MUNICIPALITY
MUNICIPAL TEAM FOR LOCAL DEVELOPMENT

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How have we prepared
STRATEGIC DEVELOPMENT PLAN OF PETROVO MUNICIPALITY
2007 - 2012

- step by step -

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FOREWORD

This short, clear and practical study is essentially a description of a course of the strategic planning process in Petrovo, as seen from the perspective of one of its direct participants, Dragica Pejic, BA in Chemical Science, independent expert associate for strategic planning in Petrovo Municipality. Simplicity of this introspective insight and freshness of a knowledge recorded in a moment of its application, represents a valuable, thus far lacking contribution to the national body of literature exploring local economic development.

Strategic planning process described herewith was conducted simultaneously in four municipalities (Doboj, Doboj Istok, Petrovo and Usora) involved in Municipal Development Project - MDP. At the time of printing of this text all four municipalities have successfully started implementation of strategies (beginning of summer 2007). We hope that those valuable experiences will also be documented and published. Dragica made the first move, others should follow.

INTRODUCTION

The process of making Petrovo municipality's Strategic development plan (Strategy) can be represented in five basic phases:

- Phase 1Organizing activities
- Phase 2 State analysis and SWOT analysis
- Phase 3 Defining a vision, strategic and operational goals
- Phase 4 Identification and selection of projects
- Phase 5 Preparation for Strategy implementation

Each of the mentioned phases has equivalent importance in the process of strategy making as well as during the presentation of the whole process. The presentation of the whole process will be based on a detailed overview of the content of each of the implemented phases taking into account the fact that there is a high degree of interdependence among the all described steps. For one phase to be performed with a good quality it is necessary to carry out the previous one successfully (see Annex I).

In order to equip the Municipal Development Team's (Team) members with knowledge and skills necessary for successful steering of the Strategy making process, one day seminars were organized prior to each phase of Strategy making and they served to explain how the work should be done and which things require special attention. Development Agency EDA from Banjaluka engaged by MDP - Municipal Development Project in BiH as a consultant, was responsible for implementation of seminars subject matters, a precondition for a good quality preparation of the Team. During the Strategy making process

EDA conducted five seminars/workshops with the members of the Team. Seminars subject matters corresponded with the phase that followed the seminar.

By considering each of the phases of Strategy making individually and the problems which occurred in the case of Petrovo, we will try to go through the whole process and to present to those who are currently launching the process of development strategy making in their respective municipality, what was done, provide them with basic guidelines and help them go through the whole process more efficiently based on lessons learnt in Petrovo municipality.

PHASE 1 - ORGANIZING ACTIVITIES

Introductory phase was characterized by activities directed towards creation of necessary preconditions for continuous process of Strategy making. Prior to that it was necessary to identify key actors of the process and to agree on main activities that will follow the process. Based on its experience, the Consultant provided important inputs about preparation and implementation of introductory activities, something that had important influence on the quality of their implementation and the quality of the whole process as well.

It was established that there are two groups of actors which need to be formed, envisaged to bring together people from clearly identified social categories and entrusted with clearly defined roles in the

process of Strategy making. Based on the Consultant's proposal, Petrovo Municipality leadership has accepted the idea to form two new working bodies, as follows:

- Municipal team for local development - the Team
- Partnership group for development of Petrovo municipality - PG

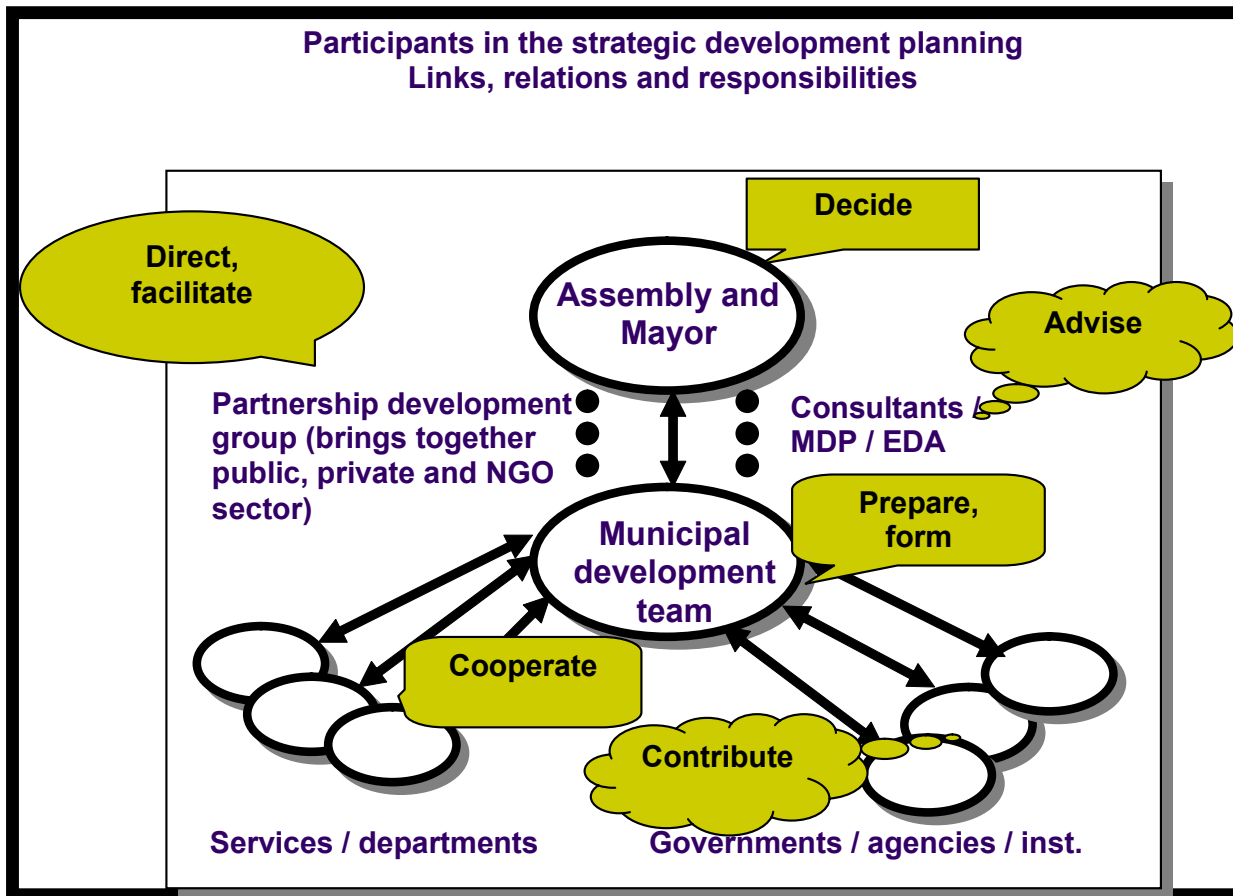
As by definition, a team is a small group of people with complementary skills who are committed to common cause, approach and working goals that they consider achievable. Nominating the team, members of the team respectively was the task of the Petrovo Municipality Mayor. Team members were selected in such a way that together they provide enough sector-wise and professional expertise in all fields relevant for Petrovo municipality development (economists, lawyers, forestry and agricultural engineers, NGO representatives and municipal administration employees). The appointment of the team created preconditions for uninterrupted initiation of implementation of concrete activities directed towards Strategy making. First activities of the team were focused on capacity building of the members in the area which will be the subject matter of their work. Additional education for the Team members in the strategic planning field was performed.

Following the presented methodology which was the basis of the future work of the Team, initial activities included forming of the Partnership group -PG. Taking care about the structure of the PG (representatives of all sectors - private, public and non governmental; see annex II) and its future role in the Strategy making process (direct inclusion in the Strategy making process through its steering, valuing and complementing), team members were in charge to identify persons who can give optimal contribution in the Strategy making process.

When the list of potential PG members had been created, the team was in charge of making and forwarding invitations to potential participants. During the distribution of invitations we have tried to hand out as many invitations in person in order to use the direct contact to explain the Strategy making process and PG idea. It was important to have large presence of people at the first meeting in order to have as many people as possible acquainted and identified with the Strategy making process. First constitutive PG session was held in the afternoon - choosing the time that best suited the majority of the potential actors in that event. The first meeting served for explaining what the idea of PG is, e.g. what its place and role in the Strategy making process are. Prior to electing PG leadership the management system was presented (one president and two vice presidents). The care was taken to have all three sectors represented in the leadership of PG. The president of the PG was unanimously elected and he was the representative of the private sector, because of the leading role that private sector should have in the economic development of the municipality . After the Partnership group had been constituted and its leadership elected, all members of the PG and Petrovo Municipality Mayor signed the Agreement on partnership. Petrovo Municipality and Strategy making process was characterized by the huge interest for participation in the work of PG, reflected by the fact that there were somewhat less than 60 representatives present at the constitutive session signing the Agreement on partnership for Petrovo municipality development. Registered number of PG members is 70 if the whole Strategy making process is observed, what certainly is an important indicator, and the structure of this body reveals equal representation by all three sectors, as well as significant representation of women, youth, and older community members (retired persons).

1. Two elected vice presidents represent public and NGO sector

Participants in the strategic development planning



PHASE 2 - STATE ANALYSIS AND SWOT ANALYSIS

Prior to the Strategy making process it was necessary to conduct state analysis i.e. to determine the resources which are at Petrovo Municipality disposal. For that purpose, the team started activities on the socio-economic analysis.

Based on the socio - economic analysis findings the Team reached conclusions related to:

- basic characteristics of the municipality,
- position of the municipality in relation to its surroundings ,
- key economic resources,
- economic structure and contemporary economic trends,
- condition of infrastructure and
- level of development of certain society segments

Procession of compiled data facilitated activities directed towards carrying out a SWOT analysis, and subsequently identification of the key, strategic issues when Petrovo municipality and its development are in question.

Bearing in mind the importance of data reached through socio-economic analysis, the Team was especially keen to have the best quality data (relevant, credible, usable, etc.).

It means that the Team has:

- focused on what was important and feasible
- compiled data were used for establishing database which is to be constantly upgraded and represents relevant basis for future activities,
- has taken into account “soft” data (estimates and attitudes of entrepreneurs, agricultural producers and processors, youth, etc..) obtained through surveys, organization of focus groups, discussions, and so on, which can quite often be very useful for strategy making along with the existence of “hard” data received from official institutions,
- did not insist on perfectionism,
- occasional problems with data collection and processing were not regarded as an obstacle which would make the analysis mission impossible, on the contrary it worked on overcoming them in cooperation with the Consultant.

Taking into account the situation in Petrovo municipality and on higher levels in RS and BiH when accessibility of data is in question, the work that the Team has performed during the analysis was quite a demanding task.

Namely, the Team was very often in an uneasy position to judge the credibility of certain sources of data since quite often the Team would get different data for the same matter. Each piece of data which had significant deviation had to be additionally explored and checked, so that the Team can use it as a relevant information for its future activities in the strategy making process.

Data for certain items of socio - economic analysis should be observed in a longer period of time (from 5 to 10 years) because of their relevance, and in a period of three years at least.

The structure of necessary data for a socio - economic analysis is presented with the following table:

Table: Display of data needed for socio-economic analysis

FIELD	TYPE OF DATA	DATA SOURCE
Population	<ul style="list-style-type: none"> • Population number • Born and deceased • Number of retired people 	<ul style="list-style-type: none"> • Statistics bureau • Registry office • Pension and Invalids Insurance Fund
Labor market	<ul style="list-style-type: none"> • Number of employees per types of legal entities • Number of employed people - classified according to the standard classification of trades • Number of registered unemployed people according to the educational structure • Number of registered unemployed people according to the length of time they spend looking for a job 	<ul style="list-style-type: none"> • Pension and Invalids Insurance Fund • Health fund • Employment Bureau
Natural resources	<ul style="list-style-type: none"> • Agricultural land per categories • Forests - surface and structure according to ownership • Other natural resources 	<ul style="list-style-type: none"> • Statistics bureau • Department for agriculture

FIELD	TYPE OF DATA	DATA SOURCE
Economy	<ul style="list-style-type: none"> • Number of companies according to their size (number of employees) • Number of companies - classified according to standard classification of trades • Financial indicators according to standard classification of trades • Average monthly net salary according to types of trades • Number of newly registered companies - according to their size (number of employees) • Number of new companies (newly registered legal entities) - classified according to standard classification of trades • Number of closed companies (signed out legal entities) or companies under the bankruptcy procedure - classified according to their size • Number of registered entrepreneurs (basic trade) • Structure of economy 	<ul style="list-style-type: none"> • Pension and Invalids Insurance Fund • APIF (Agency for mediation, IT and financial services) • Tax office • Department of economy
Infrastructure	<ul style="list-style-type: none"> • Road infrastructure • Power/energy infrastructure • Heating system infrastructure • Water supply system • Sewerage system • Telecommunications 	<ul style="list-style-type: none"> • Distribution of power • Heating station • Public utility company • Telekom
Social activities	<ul style="list-style-type: none"> • Institutions in the education system • Number of employees in education system • Health institutions • Employees of health institutions 	<ul style="list-style-type: none"> • Department of social affairs • Health center • General hospital • Pharmacy center

In order to prepare the socio - economic analysis in an efficient way, it was necessary to:

- Establish contact and cooperation with relevant data sources
- Request data in an official way (with provided tables or in a standard form of the source for a certain data)
- To contact sources on a regular basis in order to speed up the process of data collection
- To sort data in series according to the tables suitable for an analysis

Simultaneously with the data collection and analysis process, the Team was preparing and organizing meetings for representatives of certain economy and social groups from Petrovo municipality, the so called focus groups. During the Strategy making process focus groups were organized for two categories of population in Petrovo municipality: entrepreneurs/business community and agricultural producers. Participants of focus groups significantly helped bringing to light a true sense of the general state of affairs of economy and agriculture in Petrovo municipality. The key priority problems were also identified. The data reached at such meetings represented important inputs for the forthcoming activities in the Strategy making process. They were of great help for the SWOT analysis process.

After the socio - economic analysis of Petrovo municipality had been finished and focus group meetings held the Team organized the second PG meeting. Goal of the meeting was to inform PG members about the findings - results reached in the process and to get their comments. All of that was done in order to get a true picture of Petrovo municipality and to identify competitive advantages which will be the basis of the development strategy of the municipality. All PG members received invitations and hand outs

consisting of a socio - economic analysis of the municipality Petrovo, so to have enough time to prepare for the next meeting and to give maximal contribution for the final version of this document. At the meeting, PG members commented the presented socio - economic analysis which was complemented with their comments and suggestions. The next step was to perform the so called SWOT analysis.

What is a SWOT analysis? SWOT analysis represents a tool to identify internal strengths and weaknesses of the community, an organization or a project, but external opportunities and threats as well. The name is an acronym and it stands for the following English words/notions:

Strengths

Weaknesses

Opportunities

Threats

This analysis represented a very significant tool for the Strategy making process because it has enabled identification of key strengths and opportunities that should be the basis for the strategy development and the most important weaknesses that need to be removed as well as threats which should be neutralized. In that way, SWOT analysis served as a bridge between the past and present time that were analyzed through SWOT and the future time which outlines the Strategy on the other hand.

The SWOT analysis process itself was conceptualized in such a way that each PG member was obliged to make his/her own SWOT analysis based on his/her personal estimates and observations (standard forms created by the Team were distributed to all PG members). The Team has compiled analysis papers made

by PG members, processed and systematized them and made a final version of Petrovo municipality's SWOT analysis, based on the following ideas:

- To build on strengths
- To eliminate weaknesses
- To use chances
- To reduce threats

SWOT MATRIX	STRENGTHS List of strengths	WEAKNESSES List of weaknesses
CHANCES List of chances	<p><u>Maxi-maxi strategy:</u> To use chances which are in accordance with strengths</p>	<p><u>Mini -maxi strategy</u> To overcome weaknesses using chances</p>
THREATS List of threats	<p><u>Maxi-mini strategy</u> To utilize strengths to reduce the influence of threats</p>	<p><u>Mini-mini strategy</u> To prepare a plan for reducing susceptibility of threats influence and to minimize weaknesses</p>

PHASE 3 - DEFINING VISION, STRATEGIC AND OPERATIONAL GOALS

Strategy making process is structured and can be divided on preparatory activities and activities directed towards the real strategy making activities. The previous two strategy making process phases encompass preparatory activities which had created preconditions for the transit to its concrete elaboration. The creation of the main part of the Strategy can be observed in following four steps:

- **CREATION OF VISION**
- **IDENTIFICATION OF STRATEGIC GOALS**
- **ELABORATION OF OPERATIONAL GOALS**
- **SELECTION AND DEVELOPMENT OF PROGRAMS AND PROJECTS**

Definition of the Petrovo municipality Vision was the first step in making the actual Strategic plan of Petrovo municipality development. It is important here to stress what were the leading principles for the process of defining the Vision:

- Development Vision represents a final goal, or an ideal (it doesn't have a character of an instrument)
- Vision is not what you do in order to survive its what you do to develop
- Vision should change behavior
- Vision should reflect uniqueness
- Vision needs to be exciting and it should inspire

It is a well known fact that Vision is for one part sketched out of SWOT analysis results by using strengths and opportunities as a basis for deriving the future key words in Vision. The team was careful to build the Vision on the basic assumptions of the future development. In the case of Petrovo, the Team recognized an aspiration and a need for keeping the youth in the municipality as a motive for creating the Vision and a precondition of a development of any kind. In order to achieve that, it was concluded that a better developed economy and higher number of working places are the priorities to work on. It became clear that reaching the abovementioned goals would upgrade Petrovo municipality out of the undeveloped municipalities' category in RS.

Likewise, The Team was taking into account the following rules:

- To look at the whole picture rather than details
- To put aside all of “ifs” and “buts”
- To think 10 to 15 years in advance
- To use simple expressions, pictures, symbols, metaphors
- To rely on feelings and intuition

In order to be sure that we had done the right thing when defining the Vision of Petrovo Municipality is in question, we tried to find answers within its text to the following questions:

- What are the key values that we care about?
- What common values we want to nurture?

- What are our most important aspirations related to the future?
- Which wishes do we share with other members of our community?

The Team picked up the key words from the received answers and formed the Vision of Petrovo municipality:

PETROVO 2020 - within the developed municipalities' category

Recognizable for its good living conditions and business opportunities, healthy, rejuvenated and progressive community with a steady demographic growth, with around 1000 family businesses and sustainable households and with over 100 growing small and medium size companies, offering good quality employment opportunities and investments in social infrastructure, a community which exists in a complete harmony with natural and spiritual richness of OZREN mountain.

Once the Vision was defined the Team started the creation of the strategic goals which should meet the following baseline requirements:

- they are based on the analysis (critical strategic issues) on one side and on the defined vision on the other side,
- they present the first level of a development vision elaboration
- they should identify 4 - 5 priority fields in order to reach the development vision,
- their implementation means that the final desired result of our development cycle is reached

The basic steps in the process of elaboration of the strategic goals were:

- splitting up the development vision into basic parts and making them the development routes
- defining the final horizon of each identified development route,
- using SWOT analysis again in order to distinguish the key points for accomplishing the vision,
- defining at least one strategic goal for improvement of what was recognized as an extremely critical field,
- defining goals and their synthesis (wherever possible) in order to achieve maximum of 5 strategic goals,
- Revision of the all mentioned steps, adding new inputs, improvement and final definition of goals



Strategic goals were identified through searching for an answer to a basic strategic question - how to preserve and improve declining demographic potential of the municipality - through the following derived questions:

- How to facilitate growth and development of small and medium size private enterprises as leading forces for the economic development of the municipality?
- How to incite income generation in rural households, small estates, so to have better developed villages and rural life?
- How to use natural resources and tourism potentials for community development based on the European concept of a sustainable development?
- How to significantly improve communal and social infrastructure?
- How to develop entrepreneurship and youth participation in all aspects of economical and social life of the municipality?

The Team has defined total of five strategic goals after all activities had been conducted. The next step was an elaboration of the defined strategic goals, or defining their operational value through elaboration of the Strategy's operational goals. By definition, operational goals represent utilization of the operational potential of strategic goals and they serve for measuring progress of Strategy achievement, representing measurable and time-bound targets (what, how and till when do we want to achieve that) according to strategic goals. All the while it is important to guide the process according to the rule that all operational goals need to be defined with SMART requirements. This acronym stands for English words:

- Specific
- Measurable
- Achievable
- Realistic
- Timed

By applying SMART rule the team identified and defined total of 15 operational goals in the process of translating strategic goals into operational mode. The process itself contained proposal preparation and streamlining it with the municipal leadership in order to make defined operational goals feasible. In the first place it was important to think about resources (of any kind) in Petrovo municipality in order not to underestimate or overestimate them what would directly affect the efficiency of the implementation of operational goals. Each Team member had the opportunity to express his/her personal view about the all defined operational goals, and their final version was agreed through consensus of all Team members.

PHASE 4 - IDENTIFICATION AND SELECTION OF PROJECTS

Defining operational goals created preconditions for elaboration of the strategy's implementation program or the identification of projects whose implementation would lead to achieving operational goals and consequently contribute to reaching the set strategic goals. The process included holding numerous meetings between the Team and the Consultant, but with the leadership of the Municipality as well. After the program had been drafted a meeting with the PG was organized where participants had a possibility to express their views about the drafted program. Because of the importance of the program for the future implementation of the Strategy, the PG members had a period of 8 days to give feedback i.e. proposals, comments and suggestions to the members of the Team so that they can be included in the final version of the program. It included complementation of the existing project ideas but creation and inclusion of the new ones as well.

By assembling the final list of projects to form the program, along with the earlier defined development vision of the municipality, elaborated and defined strategic and operational goals, the Development matrix of Petrovo municipality was completed. An Outline of the matrix is further in text.

PETROVO MUNICIPALITY DEVELOPMENT MATRIX

DEVELOPMENT VISION		
<p>Recognizable for its good living conditions and business opportunities, healthy, rejuvenated and progressive environment with a steady demographic growth, with around 1000 family businesses and sustainable households and with over 100 growing small and medium size companies, offering good quality employment opportunities and investments in social infrastructure, a community which exists in a complete harmony with natural and spiritual richness of OZREN mountain.</p>		
Strategic goal	Operational goals	Projects
<p>1. Physical and business infrastructure for development of small and medium size enterprises is built</p>	<p>1.1. Created and adopted spatial and planning documentation, coordinated according to the dynamics of achieving strategic and operational goals</p> <p>1.2. At least two business zones built with at least 500 working places opened by 2009</p> <p>1.3. Informative, administrative and business services to entrepreneurs, SMEs and investors is provided from the second half of 2007</p>	<p>1. Making the spatial plan for Petrovo municipality</p> <p>2. Making the Regulatory plan for Kaludjerica</p> <p>3. Design and equipping the business zone Sockovac</p> <p>4. Design and equipping the business zone Petrovo</p> <p>5. Spatial widening of the business zone Karanovac</p> <p>6. Establishing multiple-services center for entrepreneurs, SMEs and investors</p>

Strategic goal	Operational goals	Projects
<p>2. Developed family and rural entrepreneurship with the market oriented agricultural production</p>	<p>2.1. Constant growth in opening of new family businesses achieved (at least 50 in 2007, and at least 300 by the end of 2010)</p> <p>2.2. Efficient and good quality advisory service for agricultural producers established by the middle of 2007 and at least 80 % of agricultural producers actively engaged in associations and cooperatives by 2008</p> <p>2.3. At least 3 % (in 2007) and 5 % (by 2010) of budget funds allocated for inciting development of rural entrepreneurship and agricultural production</p>	<p>7. Improving land management by introducing GIS</p> <p>8. Program for stimulating agricultural production(interest rates retribution incentives...)</p> <p>9. Establishment and capacity building of municipal advisory service for agricultural producers</p> <p>10. Revitalization of agricultural cooperative “Jedinstvo-Ozren”</p> <p>11. Linking agricultural producers with processors of agricultural products</p> <p>12. Regulation of Spreca river bed along with floods protection system (sub-regional project)</p> <p>13. Development of food industry cluster (sub-regional project)</p>

Strategic goal	Operational goals	Projects
<p>3. Economically exploited natural resources and tourism potentials are based on the sustainable development concept</p>	<p>3.1. The implementation of at least two major investments has started by 2009 (with more than 100 new working places), achieved stable growth of investments and new working places in exploitation and processing of natural resources in the period 2009-2012.</p> <p>3.2. By the end of 2008 developed tourism infrastructure and promoted Ozren tourism potentials, from 2009 to 2012 stable growth of revenues and employment in tourism is reached</p> <p>3.3. From 2008 regular measurement of key ecological indicators is introduced and constant improvements of the environment in the period 2009-2012 are provided.</p>	<p>14. Mapping natural resources and compiling documentation related to exploration works</p> <p>15. Promotion of the most probable opportunities and modes for investors</p> <p>16. Support of production and promotion of traditional Ozren handcraft products</p> <p>17. Promotion of Ozren tourism potentials (through youth gatherings)</p> <p>18. Implementation of priority projects according to the Local Environmental Action Plan (LEAP)</p>

Strategic goal	Operational goals	Projects
4. Significantly improved communal and social infrastructure	<p>4.1. To introduce long-term capital and financial planning from 2007; constant improvements in communal infrastructure in the period 2008/2012, according to the priorities set by citizens;</p> <p>4.2. Reconstructed and significantly improved traditional cultural, social and sport manifestations by the 2009; from the second half of 2008 organized monthly events related to cultural, social and sport activities</p> <p>4.3. Improved infrastructure for development of sport-recreational activities by the end of 2009</p>	<p>19. Making the capital investments and long-term financial planning programs</p> <p>20. Enrichment of tourism capacities and promotion of traditional manifestations and customs</p> <p>21. Reconstruction of Culture center (business-cultural center)</p> <p>22. Revitalization of cultural/ educational association "Prosveta" and folk associations</p> <p>23. Organizing artistic colonies and events (exhibitions, theater plays, gatherings, competitions,)</p> <p>24. Building half-open sport facility (Sport center-Kakmuz)</p> <p>25. Development of the scouts center for creative activities, gatherings and youth camps</p>

Strategic goal	Operational goals	Projects
<p>5. Demographically rehabilitated and rejuvenated community, with solid human resources and developed entrepreneurship by youth</p>	<p>5.1. Constant growth of active participation and initiative of youth in municipal assembly and administration work is ensured</p> <p>5.2. New educational program related to new economy needs introduced from 2007 (entrepreneurship, IT..) and from 2008 constant adjustments of the educational program, trainings and vocational training in order to match perspective needs of SMEs</p> <p>5.3. Constant growth in opening new businesses and shops by young entrepreneurs (at least 15 by the end of 2008 and at least 100 by the end of 2010)</p>	<p>26. "Ozreni on line" - mapping and drawing human capital of Ozren from Diaspora</p> <p>27. Establishment of youth council (affiliated to the Mayor's office in municipal assembly)</p> <p>28. Vocational training for the existing employer</p> <p>29. Youth entrepreneurship</p> <p>30. Establishing incubators for young entrepreneurs</p> <p>31. Forming (re)creative camp for youth in Cavcinovac</p> <p>32. Capacity building for managing the development</p>



The following rules guided the team in priority projects selection:

- Priorities are those projects which are of extreme importance and are ready for implement.
- Projects which are important and are not yet ready for implementation are delayed until the satisfactory level is reached or they are redefined if estimated that the desired level can not be reached
- Projects which are of no importance will be rejected (if they are not important and are ready for implementation, they can be implemented independently of the Strategy)

The importance of a project was assessed in a following way:

- Assess project impact on the achieving of the development strategy
- The level of its contribution to implementation of goals
- The level of “imperative” or necessity
- Interdependence with other projects

Readiness for the implementation is being determined through assessing availability of financial, material and human resources for the implementation.

Rating projects is easiest to be presented in a table.

Criteria and ratings for determining the importance of projects:

Level of »necessity«		Contribution to achieving goals		Impact on other projects	
Ultimate (irremissibly legally conditioned and/or huge health/safety risks)	4	Helps reaching several goals	4	Influences other projects (other projects are dependant of it)	4
High (legal obligation but can be postponed and/or maintenance/improvement of services/facilities)	3	Helps reaching one goal	3	Influences other projects and depends of other projects	3
				Neutral	2
Law (neither of the above)	2	Negligible or non existing contribution	0	Depends from other projects	1

A project is considered important if the score for three criteria is 6 or more.

Practical advice: Each project should be analyzed by a team. It is important to determine the average rating/score since there is a possibility that many projects will get equal ratings. The rating team should be composed of at least five members, and it would be an advantage to even have a larger team (up to 10 people).

Criteria and ratings for determining feasibility for implementation of projects

Sources of funding		Material resources (Facilities, land, etc.)		Professional and organizational	
Funding sources identified with prevalent or full funding	4	Available and accesible	4	Available locally with good references	4
Good chances for finding a funding source (investors, credits, etc.)	3	There is no need for material resources	3	Good chances to build local resources by the start of the project	3
Only from the budget, possible funding sources not identified	2	Available but not accesible	2	Sufficiently available in local environment	2
Critical	0	There are none and they are necessary	0	Critical	0

A project is considered important if the score for three criteria is 6 or more, under the condition that it was not rated 0 in any criteria.

PHASE 5 - PREPARATION FOR STRATEGY IMPLEMENTATION

When the process of rating and evaluating projects had finished, the Team endorsed implementation of one more activity - making of the General plan for strategy implementation. Making of the Implementation plan entailed searching for answers to following question, for each project individually:

- duration and period of project's implementation (how many months/years, when),
- estimated project value in BAM,
- possible funding sources and ratio between potential funding sources,
- Possible implementing parties.

The Team was the main actor of the activities related to the Implementation plan, but a significant support was provided by the Consultant as well as by Petrovo Municipality leadership especially staff in the Department of finances. The procedure included elaboration of projects action plans which represented basis for subsequent detail elaboration of the Strategy's Implementation plan. During this process the team had an extensive support by the Consultant (see Example of the project action plan, page 21.).

One of the important activities during the Strategy making process was directed to capacity building, young people primarily, who should be the main stakeholders in the following period and engaged in activities related to elaboration of concrete project ideas from the Strategy. The mentioned activity is especially important because of the relatively undeveloped resources necessary for elaboration of more complex project proposals (according to EU requirements and procedures) within the municipal

administration. For that purpose the eight days seminar was organized and conducted. The implementing party of the seminar was EDA form Banjaluka and the participants had an opportunity to learn more about basic elements of project proposals drafting in accordance with the EC standards.

PROJECT ACTION PLAN TEMPLATE

Strategic goal:		Operational goal:					
Project title:							
Short project description							
Expected results							
Main activities							
Main risks							
Duration and period of implementation	2007 2008 2009 2010 2011 2012						
Estimated project value				Estimated costs			
Project financing sources (finance sources and percentages of financing)							
Key potential participants							
Direct beneficiaries		Indirect beneficiaries			The main implementing party:		
					Project implementation partners:		
Project monitoring and evaluation:							

The Team assembled all material produced within each of the Strategy making phases, corrected it and finalized taking into account the suggestion and proposals received at PG meeting and produced the Draft of Strategic development plan of Petrovo municipality and forwarded it to the Petrovo Municipal Assembly for endorsement. Petrovo Municipal Assembly passed the draft unanimously with a suggestion to organize and conduct public hearings in all local communities of Petrovo municipality prior to endorsement of the final version of this document.

After the public hearings in local communities had been conducted and modifications and corrections made, the Team produced the Proposal of the Strategic development plan of Petrovo municipality which was unanimously endorsed with no further changes on the session of Petrovo municipality's Municipal Assembly on November 11, 2006.

ANNEX I: TIMELINE OVERVIEW OF CONDUCTED ACTIVITIES ON PETROVO MUNICIPALITY STRATEGIC DEVELOPMENT PLAN MAKING PROCESS

No	ACTIVITY	TIME	ACTORS	REMARK
1	Initial meeting (agreeing on first activities on strategy making)	16/06/2005	<ul style="list-style-type: none"> • Petrovo Municipality representatives • MDP representatives • Chosen consultant for Strategy making (the director of EDA from Banjaluka) 	Activities and first steps for the Strategy making process generally agreed at the meeting. The composition of the Municipal local development team was also generally agreed as well as its role in the Strategy making process.
2.	Introductory seminar for members of the municipal development team	06/07/2005	<ul style="list-style-type: none"> • Representatives of municipal development teams from four municipalities engaged in the development strategy making process • Lecturers from Development agency EDA • MDP representatives 	<p>The following topics were considered:</p> <ul style="list-style-type: none"> • What is strategic planning and how it is being conducted • How to get organized for local development activities • How to prepare socio-economic analysis of the municipality • Making of the action plan for the first phase for each municipality

No	ACTIVITY	TIME	ACTORS	REMARK
3.	Mayors decision on nominating the Municipal local development team	18/07/2005		
4.	Partnership group for development constitutive meeting	15/09/2005	<ul style="list-style-type: none"> • Members of the Municipal local development team • Representatives of public, private and non governmental sector (selected) • Consultant for the strategy making process • SDC and MDP representatives • Petrovo Municipality Mayor and MA President 	<ul style="list-style-type: none"> • The role of Partnership group explained • Partnership group constituted and leadership elected • Partnership agreement signed
5.	Business Focus group meeting	29/09/2005	<ul style="list-style-type: none"> • 13 company directors • Consultant • NGO representative taking minutes 	The role of municipal administration related to business sector issues, problems that entrepreneurs and businessmen face in their work
6.	Састанак фокус групе пољопривредника	15/11/2005	<ul style="list-style-type: none"> • Пољопривредни произвођачи са подручја општине 	The role of municipal administration related to agricultural producers, problems that they face in their work

No	ACTIVITY	TIME	ACTORS	REMARK
7.	Seminar “State analysis - from data to critical strategic issues”	06/10/2005	<ul style="list-style-type: none"> •Municipal development teams representatives from four municipalities elaborating development strategies •Lecturers from the development agency EDA •MDP representatives 	<ul style="list-style-type: none"> •From data to information (basic tools and a procedure) •Division of data and forming teams for forming an analysis •From the analysis to a diagram of key external and internal factors which influence municipality’s competing value (SWOT analysis) •How do we come to critical strategic questions?
8.	Second meeting of the Partnership group for development	15/12/2005	<ul style="list-style-type: none"> •Municipal development team representatives •Representatives of public, private and non governmental sector (selected) •Consultant for the strategy making process •Municipal Mayor and MA President •MDP representatives 	Considering data from the state analysis

No	ACTIVITY	TIME	ACTORS	REMARK
9.	Seminar "Creation of the strategic plan of municipal development"	03/02/2006	<ul style="list-style-type: none"> • Municipal development teams' representatives from four municipalities elaborating development strategies • Lecturers from the development agency EDA • MDP representatives 	<ul style="list-style-type: none"> • Deriving key elements from the SWOT analysis for defining development vision • Creation of the first sketch of municipal development vision • From the vision and critical strategic issues to strategic issues • Creation of a first sketch of strategic goals • How to define measurable, time-bound operational goals
10.	Семинар „Од визије и циљева до програма и пројеката“	24/03/2006	<ul style="list-style-type: none"> • Representatives of municipal development teams from four municipalities elaborating development strategies • Lecturers from development agency EDA • MDP representatives 	<ul style="list-style-type: none"> • How to select programs which are in line with Strategic goals • Linking projects and programs
11.	Third PG meeting	13/04/2006	<ul style="list-style-type: none"> • Members of the Municipal development team • Representatives of public, private and non governmental sector (selected) • Consultant for the strategy making process • Municipal Mayor and MA President • MDP representatives 	

No	ACTIVITY	TIME	ACTORS	REMARK
12.	Seminar "Preparing for the strategy implementation"	26/05/2006	<ul style="list-style-type: none"> • Members of the Municipal development team • Representatives of public, private and non governmental sector (selected) • Consultant for the strategy making process • Municipal Mayor and MA President • MDP representatives 	<ul style="list-style-type: none"> • Key problems with implementation of strategic plans? • How to select priority projects? • How to prepare a general implementation plan? • How to organize monitoring and strategy implementation?
13.	Fourth PG meeting	10/07/2006	<ul style="list-style-type: none"> • Members of the Municipal development team • Representatives of public, private and non governmental sector (selected) • Consultant for the strategy making process • Municipal Mayor and MA President • MDP representatives 	<ul style="list-style-type: none"> • Presentation of the strategic plan draft
14.	Discussing the Draft of the Strategic plan at the MA session	22/08/2006	<ul style="list-style-type: none"> • MA members 	
15.	Public hearings in local communities	03-09/10/2006	<ul style="list-style-type: none"> • Municin. development team • Citizens in seven local communities 	
16.	Усвајање приједлога Страт.	09/11/2006	<ul style="list-style-type: none"> • MA members 	

The period in between seminars and Partnership group's meetings was covered by ongoing activities of the Municipal development team and the consultant

ANNEX II: MEMBERS OF PETROVO MUNICIPALITY DEVELOPMENT PARTNERSHIP GROUP

No.	NAME	ORGANIZATION AND POSITION
1.	Zoran Blagojević	Petrovo Municipality Mayor
2.	Petar Živković	Petrovo Municipality Deputy Mayor
3.	Vukadin Blagojević	Chief of the Department of economy, finances and social affairs
4.	Mira Katanić	Chief of the Department of general affairs
5.	Zlatan Blagojević	Municipal Chief of finances
6.	Jovo Nikolić	President of Petrovo MA
7.	Obrad Pušeljić	Deputy President of Petrovo MA
8.	Dragica Pejić	Municipal development team
9.	Ozren Petković	Municipal development team
10.	Vlado Simić	Municipal development team
11.	Vesna Petrović	Municipal development team
12.	Miroslav Lazarević	Private entrepreneur
13.	Predrag Petrović	Doboj jail superintendent
14.	Petar Katanić	Director of "Sockovac" (private company)
15.	Stanko Poljašević	RS Pensioners party, Petrovo
16.	Radoslav Petrović	Director of "Spreca" (sport and fishing association)
17.	Radenko Jelisić	Secretary of "Kakmuz" (agricultural association)
18.	Miladin Jovanović	Director of "Jovanovic" Kakmuz (shop)
19.	Dragan Stevanović	Petrovo MA, employee
20.	Branka Ilić	Director of "Drvoprerada Ilić" (private company)
21.	Radovan Katanić	SNSD (political party) Petrovo, MA member
22.	Mara Topalović	MZ Petrovo, President of MZ Council
23.	Novak Nikić	Director of High school center Petrovo
24.	Zoran Lazarević	President of MZ Council Kakmuž
25.	Bogdan Todić	President of MZ Karanovac Council
26.	Duško Petrović	Director of the Health care center/hospital in Petrovo
27.	Ljuban Jovanović	Director of „Duvaplast“ Kakmuž
28.	Stanoje Radeljić	Private entrepreneur
29.	Vaskrsija Savičić	Advisor to the Mayor
30.	Cvijetin Sarafijanović	Pensioner
31.	Zdravko Nedić	Agricultural worker
32.	Zorica Jokić	Women association „Ozrenka“ Petrovo

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33.	Ljilja Đukić	Manager of NGO MAK MOST
34.	Slobodanka Lazić	Director of "Kristijan" (shop)
35.	Jelena Stjepanović	RS Employment Bureau, clerk
36.	Vesna Stević	Fund for Pensioners and Invalids Insurance RS, clerk
37.	Slavko Nešković	Agricultural worker
38.	Nebojša Andrić	Beekeeper
39.	Cvijetin Stanojević	Director of „Bistro“ (shop)
40.	Dušan Radeljić	Director of center for social care
41.	Duško Dragić	President of MZ Kaluderica Council
42.	Milorad Mihajlović	Director of „OZRENPROM“ (wood processing industry)
43.	Uroš Todorović	Director of "Poljana" (shop)
44.	Đorđo Lazarević	Agricultural producer
45.	Dragić Đuranović	Agricultural producer
46.	Siniša Tomić	Secretary of the municipal sports association
47.	Milenko Stjepanović	Agricultural producer
48.	Zoran Trifković	Municipal inspection
49.	Miloš Đurić	Director of „Jedinstvo“ (agricultural cooperative)
50.	Milenko Blagojević	Director of bakery
51.	Slavko Božić	„Drvoplast“ (private company)
52.	Dragan Katanić	Vet station
53.	Nenad Katanić	Director of Primary school Petrovo
54.	Đorđo Pejić	Director of „PEJIČKOMPANI“
55.	Dragan Protić	Member of MA Petrovo
56.	Jugoslav Jokić	War veteran association, Memembr of MA Petrovo
57.	Zoran Vasić	NGO "OZ" - Petrovo
58.	Boro Marković	Director of "Limar" (shop)
59.	Miladin Arsenić	Telekom
60.	Dušan Milotić	President of SDS (political party) Municipal board
61.	Bogdan Marušić	Director of „Gradnjamont“
62.	Miladin Nedić	Pensioner
63.	Jovan Tatomirović	Director of "Terme" Ozren
64.	Stanko Stjepanović	Director of "SAS KOMERC"
65.	Desa Ristić	Director of "Limex"
66.	Zoran Ginder	Private entrepreneur
67.	Ozren Jorganović	National library Petrovo
68.	Milenko Petrović	President of MZ Sočkovac Council
69.	Živorad Radić	Cultural center
70.	Milena Panić	Director of "Prenja"

ANNEX III: AN EXCERPT FROM THE PETROVO MUNICIPALITY STRATEGIC DEVELOPMENT PLAN

Petrovo municipality SWOT analysis

Strengths:	Opportunities:
<ul style="list-style-type: none"> • Perspective location for businesses (half way between Dobož and Tuzla, roads and railways, vicinity of Gracanica - developed business environment...) • Unique natural resources (minerals, waters) • Ozren as a unique natural, historical, religious place attractive for hunting, tourism • Favorable local administrative environment (lower costs for businesses, local government is truly acting as a service for economy and offers support for development of business ventures) • The will and enthusiasm of all local actors to contribute to economic and social development of Petrovo • NGO sector expansion and increase in citizens participation 	<ul style="list-style-type: none"> • <i>To find its place</i> in the construction of the European highway 5C, high way Dobož-Tuzla and modernization of railways • Proactive approach in luring the investors in and in application of the concession model and assessment and exploitation of unique natural resources of the municipality • Proactive approach in creating specific tourism infrastructure and facilities on Ozren within the broader strategies related to tourism/clusters • Active inclusion in sub-regional food industry cluster • Creation of the highly attractive business zone with fast growing businesses • Utilizing knowledge, ties, and capital of Diaspora for the projects dealing with development of Petrovo and Ozren

Weaknesses	Threats:
<ul style="list-style-type: none"> • Depopulation in the municipality caused by migrations and negative population growth rate • Poverty and growing unemployment (there are more pensioners and unemployed than employed people) • Insufficient exploration and minor economic effectuation of natural and tourism resources • The budget is insufficient even for operational functioning, let alone the support for development activities (insufficient budget revenues, credits and inappropriate budget planning) • Undeveloped communal infrastructure • Undeveloped financial and non financial business environment/no infrastructure for supporting development... • Neglected and tiny divided land lots, no advisory support, no organized links with processors and distribution channels • Tendency for individual action, critical lack of self organization skills, especially among entrepreneurs • Inappropriate profiles and skills of the available manpower at the local labor market 	<ul style="list-style-type: none"> • Existing financing system stimulates the municipality to remain undeveloped • Legal and political instability in BiH and region • Reduction/cut of donations • Uninterested investors and financial institutions for undeveloped areas • Uninterested higher level of authorities for local communities development, especially in undeveloped areas • Completely unorganized land register and unsolved property-legal problems with Gracanica (cross entity problem) • Worsening of socio-economic conditions could endanger reform processes

From the development vision to the strategy implementation

Development vision:

Petrovo 2020 - in the developed municipalities group
 Recognizable for opportunities it offers for a good quality life and profitable business, a healthy, rejuvenated environment with a steady demographic growth, around 1000 of family businesses and sustainable households, over 100 of growing small and middle enterprises, with high quality employment and investments into the social infrastructure, the community that lives in a full harmony with nature and spiritual richness of the Ozren mountain

Strategic goal 1	Strategic goal 2	Strategic goal 3	Strategic goal 4	Strategic goal 5
<p>Physical and business infrastructure for development of small and middle enterprises is built</p>	<p>Developed family and rural entrepreneurship with the market oriented agricultural production</p>	<p>Economically exploitable natural resources and tourism potentials are based on the sustainable development concept</p>	<p>Significantly improved communal and social infrastructure</p>	<p>Demographically rehabilitated and rejuvenated community, with concrete human resources and developed entrepreneurship by youth</p>

STRATEGIC GOAL 1

Built physical and social infrastructure for development of small and middle enterprises

Operational goal 1.1.

Created and adopted spatial and planning documentation, coordinated according to the dynamics of achieving strategic and operational goals

Operational goal 1.2.

At least two business zones built with at least 500 working places opened, by 2009

Operational goal 1.3.

Informative, administrative and business services to entrepreneurs, MSP and investors is provided from the second half of 2007

Projects:

1. Making the spatial plan for Petrovo municipality
2. Making the Regulatory plan for Kaludjerica
3. Design and equipping the business zone Sockovac
4. Design and equipping the business zone Petrovo
5. Spatial widening of the business zone Karanovac
6. Establishing multiple-services center for entrepreneurs, MSP and investors

STRATEGIC GOAL 2

Developed family and rural entrepreneurship with market oriented agricultural production

Operational goal 2.1.

Constant growth in opening of new family businesses achieved (at least 50 in 2007, and at least 300 by the end of 2010)

Operational goal 2.2.

Efficient and good quality advisory service for agricultural producers established by the middle of 2007 and at least 80 % of agricultural producers actively engaged in associations and cooperatives by 2008

Operational goal 2.3.

At least 3 % (in 2007) and 5 % (by 2010) of budget funds allocated for inciting development of rural entrepreneurship and agricultural production

Projects:

- 7. Improving land management by introducing GIS
- 8. Program for stimulating agricultural production (interest rates retribution, incentives..)
- 9. Establishment and capacity building of municipal advisory service for agricultural producers
- 10. Revitalization of agricultural cooperative “Jedinstvo-Ozren”
- 11. Linking agricultural producers with processors of agricultural products
- 12. Regulation of Spreca river bed along with floods protection system (sub-regional project)
- 13. Development of food industry cluster (sub-regional project)

STRATEGIC GOAL 3

Economically used natural resources and tourism potentials are based on the sustainable development concept

Operational goal 3.1.

The implementation of at least two major investments has started by 2009 (with more than 100 new working places), achieved stable growth of investments and new working places in exploitation and processing of natural resources in the period 2009-2012

Operational goal 3.2.

By the end of 2008 developed tourism infrastructure and promoted Ozren tourism potentials, from 2009 to 2012 stable growth of revenues and employment in tourism is secured

Operational goal 3.3.

From 2008 regular measurement of key ecological indicators is introduced and constant improvements of the environment/habitat in the period 2009-2012 are provided

Projects:

14. Mapping natural resources and uniting documentation related to exploration works
15. Promotion of the most probable opportunities and modes for investors
16. Support of production and promotion of traditional Ozren handicraft products
17. Promotion of Ozren tourism potentials (through youth gatherings)
18. Implementation of priority projects according to the special action plan (LEAP)

STRATEGIC GOAL 4

Significantly improved communal and social infrastructure

Operational goal 4.1.

To introduce long-term capital and financial planning from 2007; constant improvements in communal infrastructure in the period 2008/2012, according to the priorities set by citizens

Operational goal 4.2.

Reconstructed and significantly improved traditional cultural, social and sport manifestations by the 2009; from the second half of 2008 organized monthly happenings related to cultural, social and sport activities

Operational goal 4.3.

Improved infrastructure for development of sport-recreational activities by the end of 2009

Projects:

19. Making the capital investments and long-term financial planning programs
20. Enrichment of tourism capacities and promotion of traditional manifestations and customs
21. Reconstruction of Culture center (business-cultural center)
22. Revitalization of cultural/educational association "Prosveta" and folk associations
23. Organizing artistic colonies and events (exhibitions, theater plays, gatherings, competitions,...)
24. Building half-open sport facility (Sport center-Kakmuz)

STRATEGIC GOAL 5

Demographically rehabilitated and rejuvenated community, with contestable human resources and developed youth entrepreneurship

Operational goal 5.1.

Constant growth of active participation and initiative of youth in municipal assembly and administration work is obtained

Operational goal 5.2.

New educational program related to new economy needs introduced from 2007 (entrepreneurship, IT..) and from 2008 established constant adjustments of the educational program, trainings and vocational training in order to match perspective needs of MSE

Operational goal 5.3.

Achieved constant growth in opening of new businesses and shops by young entrepreneurs (at least 15 by the end of 2008 and at least 100 by the end of 2010)

Projects:

25. "Ozren on line" - mapping and drawing human capital of Ozren from Diaspora
26. Establishment of youth council (affiliated to the Mayor's office in municipal assembly)
27. Vocational training for the existing employer
28. Youth entrepreneurship
29. Establishing incubators for young entrepreneurs
30. Forming (re)creative camp for youth in Cavcinovac
31. Development of scouts center for creative activities, gatherings and youth camps
32. Capacity building for governing the development

General plan for strategy implementation

Projects (project value, possible financier and stakes percentages)	Duration and implementation period													
	2007			2008			2009		2010		2011		2012	
1. Making the spatial plan for Petrovo municipality (60,000 KM, budget 100%)														
2. Making the regulatory plan for Kaludjerica part ¹ (30,000 KM, budget 100)														
3. Projecting and equipping the business zone Sockovac (400,000 KM, budget 30%, donor 70 %)														
4. Projecting and equipping business zone Petrovo (200,000 KM, budget 20%, donor 80%)														
5. Spatial widening of the business zone Karanovac (150,000 KM, budget 20%, donor 80 %)														
6. Establishing a multiple-services center for entrepreneurs, MSP and investors (30,000KM, budget 50%, donor 50%)														
7. Improving land management through introducing GIS (70,000 KM, donor 100%)														
8. Incentives program for agricultural production (600,000 KM, budget 30%, donor 70 %)														
9. Establishment and capacity building for municipal advisory service for agricultural producers (30,000 KM, budget 40%, donor 60%)-														
10. Revitalization of the agricultural cooperative “Jedinstvo-Ozren” (24,000 KM, budget 40%, donor 60%)														
11. Linking producers with processors of agricultural products (100,000 KM, budget 15%, donor 85%)														
12. Regulation of Spreca riverbed and protection from floods (sub-regional project)(will be defined in the visibility study)														
13. Development of food industry cluster (sub-regional project) (1,000,000 KM, budget 10%, donor 90 %)														
14. Mapping natural resources and uniting documentation related to explorations(30,000KM, budget 40%,donor 60%)														

¹ Since first part of the project is being implemented in 2006, half of the project value will be paid in 2006

Projects (project value, possible financier and stakes percentages)	Duration and implementation period																
	2007			2008			2009		2010		2011		2012				
15. Promotion of the most likely opportunities and modalities for investors (30,000 KM, budget 40%, donor 60%)																	
16. Support for making and promotion of traditional Ozren handicrafts products (50,000 KM, budget 20%, donor 80%)																	
17. Promotion of Ozren tourism potentials (through youth gatherings) (20,000 KM, budget 40%, donor 60%)																	
18. Implementation of priority projects according to the special action plan (LEAP)(to be defined after LEAP is devised)																	
19. Making the capital investments program and long term financial planning(15,000 KM, budget 40%, donor 60%)																	
20. Enrichment of tourism potentials and promotion of traditional manifestations and customs (20,000 Km, budget 50%, donor 50%)																	
21. Reconstruction of cultural center(business-cultural center (10,000 KM - for the initial project documentation,budget 100%)																	
22. Revitalization of "Prosveta" and folk associations (60,000 KM, budget 20%, donor 80%)																	
23. Organizing art colonies and events (exhibitions, theater plays, gatherings, competitions...) (30,000 KM, budget 20%, donor 80%)																	
24. Building of the half-open sports center in Kakmuz (100,000 KM, budget 20%, donor 80%)																	
25. "Ozrenki online" - mapping and attracting human capital of Ozren in Diaspora (30,000 KM, budget 50%, donor 50%)																	
26. Establishment of Youth council (affiliated to the Mayor's office and Municipal assembly) (no costs)																	
27. Vocational training for the existing employer (40,000 KM, budget 10%, private sector 10%, donor 80%)																	
28. Youth entrepreneurs(13,000-annually,budget 20%,donor 80%)																	

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29. Establishment of incubators for young entrepreneurs (300,000 KM, budget 10%, donor 90%)																			
30. Forming (re)creational youth camp in Cavcinovac (50,000 -visibility study, budget 10%, donor 90%)																			
31. Development of scouts center for creative activities, gatherings and youth camps																			
32. Capacity building for development management																			

