

Sweden's Assistance to Bosnia and Herzegovina

A study of aid management and related policy issues

Claes Sandgren

**Department for Central and
Eastern Europe**

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Sida Evaluation 99/24

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Eastern Europe**

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Stockholm in November 1999

Claes Sandgren

Executive Summary

1. The purpose of this study is to assess the management of Sweden's assistance to Bosnia and Herzegovina and to discuss some related policy issues. It is not an evaluation of the results of the assistance.
2. The general *prospects* for an effective assistance to Bosnia and Herzegovina are not good. The country's authorities and politicians are not committed to reform. Most of the pre-war structures and failed economic policies that contributed to the decline and dissolution of Yugoslavia remain intact. Bosnia and Herzegovina is badly managed and politically volatile. The lack of absorptive capacity is a major constraint. The absence of reliable statistics and other information as well as the ignorance of the international community of conditions in Bosnia and Herzegovina also come into the picture. These unfavourable conditions of the assistance are likely to jeopardise its *effectiveness* unless aid projects are carefully prepared and designed, their implementation is closely monitored and a high degree of flexibility is effected. The huge amounts allocated for aid and the desire to rapidly launch and implement aid programmes are contrary to a careful policy in these respects. The recipients should be chosen scrupulously but in many instances the aid must be conditioned on the recipients' fulfilment of their obligations under the Peace Agreement and other policy requirements. Aid should be used to ease the capacity constraint.
3. One of the main problems of Swedish aid to Bosnia and Herzegovina is that *Bosnian ownership* of a great deal of projects is weak and diffuse. Bosnian ownership of donor – financed activities should be strengthened at all levels even though it may slow down speed and reduce flexibility. There is a need of close dialogue between Sida, the implementers and the recipients. Since great responsibility will rest on the local authorities and other stakeholders, including NGOs and the private sector, they must be involved in such a dialogue. The capacity of municipalities and other local organisations to cope with a greater responsibility must accordingly be reinforced. Increased Bosnian ownership will reduce the need for proactivity on the part of Sida. There is a growing need for *agreements* between Sweden and the Bosnian counterparts at various levels, including a procedural agreement at the national level and project agreements also at the national level when the Council of Ministers is competent.
4. A *strategy for reduced aid dependence* will be needed from the year 2000 due to the decline in external, concessional flow of money. Efforts to build up a "self-sustaining state" must be based on a comprehensive strategy, worked out by the Bosnian authorities and organisations, preferably in co-operation with the international community. Institutional reform and other types of capacity building, privatisation, job creation and reduction in military expenditure are some important features of such a strategy. Sustainable economic growth, accompanied by an increased revenue base, will reduce aid dependence. Sida should pay regard to the need for firm *deadlines* for the assistance so that the recipients, governmental as well as non-governmental ones, may start considering their options for financing their activities and restructuring their organisations. Sida should also help the implementing agencies and beneficiaries to develop *indicators* that measure aid dependence and Bosnian ownership. The recipients should be encouraged to give a better account of the results achieved with the help of Swedish funding.

5. Measures contributing to a greater ownership and reduced aid dependence can reinforce the sustainability of aid supported activities. The recipient, together with the implementing agency, should perform a *sustainability analysis* of projects. This analysis should form the basis of a work plan for increased sustainability, including the elaboration of indicators for each relevant project, so that the recipient can measure if the project is moving in the direction of increased sustainability or not. Sida has a responsibility for this being done and for the provision of analytical support if necessary.
6. More support for the *capacity building* of local NGOs is needed. Support of local foundations/endowments and of the legal/administrative environment could be useful. Training in fund raising could be included. It is also up to Sida to encourage the *restructuring* of local NGOs, including the closure of those NGOs that are deemed not to be viable; organisations in the areas of human rights and micro credit schemes are examples. Sida's share in the recipient organisations' budgets, which is sometimes as high as 100 per cent, should be reduced.
7. Sustainability can be improved if Sida and the implementer continue to monitor the projects after the assistance has come to its formal end, "*after-aid-service*". Sida could play the role of a catalyst, with small, additional contributions yielding important benefits.
8. The *organisation of Sida* has been action-oriented, its work being marked by speed, flexibility and proactivity. It has been able to combine various types of assistance and meet the rapidly emerging needs without restrictions due to the system of appropriations. Teaming up with Sida's specialised departments may now lead to the reduction in capacity constraints of the division.
9. Sida has used *NGOs* for assignments that are usually performed by commercial firms. This procedure has had obvious advantages, but the criteria for the use of NGOs as "commercial consultants" are ambiguous. Sida and some of the NGOs work in a symbiotic relationship, which renders the daily operations smooth, but blurs the division of responsibility.
10. The *Ministry for Foreign Affairs* has intervened into the details of the work because of the highly political character of the assistance. Such interventions may reduce the Ministry's capacity to engage in strategical issues, including the formulation of new policies. The Ministry runs the risk of becoming overburdened with details; more steering means sometimes less influence.
11. Sida's proactive approach and the need for careful planning and monitoring of the assistance to Bosnia and Herzegovina justify the size of its *staff* for the assistance.
12. *Methods.* Assistance to post-conflict areas should be governed by the metaphor of a mix rather than a bridge, i.e. diversity rather than linearity. Sida has done that to a reasonable degree. The integrative approach of return programmes – combined with the self-help-principle – has proven to be well designed. Other elements could be incorporated into the programmes. Flexibility has been the key prerequisite for effective assistance to Bosnia and Herzegovina. Sida's performance has been characterised by a high degree of flexibility, decisions having been taken without delay. On the other hand, plans for the assistance have been characterised by unrealistic expectations and the time necessary for their implementation sometimes underestimated. Funding cycles should be extended, in particular those regarding institution-building projects. Local capacity should be further used, and there is a continued need of thorough local knowledge and greater co-operation with local communities. Sweden has had a good field presence and such a presence will be necessary also in the future. The issue of cost-efficiency has been neglected which should be remedied by giving it a great deal of attention in the future. There is ample room for improvements in the areas of documentation, information, statistics and audits.

13. The *overall planning* rests on a solid basis, the weak point being the absence of the Bosnian authorities. The *proactive approach* has been a distinctive feature of Sida's identification of projects. Sida has not only encouraged NGOs to get involved in the country but it has also identified and planned projects. The planning by the Bosnian authorities has been limited, but they now seem to be prepared to take on greater responsibility. Several Swedish NGOs are now well established in Bosnia and Herzegovina which is why there is less need for Sida's proactivity.
14. It has not been possible to find a set of common criteria guiding Sida's *project selection* process – each project being assessed on its own merits and depending on the desk officer's criteria for support. The decisions have often been based on descriptions of planned activities rather than on the analysis of their presumed effects. Some improvement in this respect is, however, noticeable. Project decisions have seldom been justified with reference to the *overriding objectives* and project documents rarely define objectives in a hierarchy, which makes it difficult to evaluate the projects, to make sure that they contribute to the fulfilment of the overriding objectives and to justify the support.
15. The implementing agencies' *reports* are descriptive and insufficiently focussed on the results of the activities. Sida does not use the information contained in the reports in a systematic way, nor are the staff's *visits* of projects carried out or documented in a fully adequate way.
16. The diversity and complexity of Sida's operations require a good *feed-back* system and good *institutional memory* on the part of Sida. In the case of Bosnia and Herzegovina, however, the documentation has been incomplete in some instances, the project decisions at times insufficiently explained, and the reports often not result-oriented. The system does not feed results back to a desirable degree and does not provide a good basis for the external observer to collect information or review the programmes. Although improvements have taken place, a more determined effort should be considered, including the submission of project completion reports.
17. There have been weaknesses in *co-ordination* that, although exaggerated by many observers, have hampered the effectiveness of aid to Bosnia and Herzegovina, including Swedish aid. A trend can be noticed, however, towards improved co-ordination in several respects, and it is likely that reduced funding, less competition between the donors and a better dialogue between the donors and the Bosnian parties will further facilitate co-ordination. Donors will be forced to focus more on their comparative advantages and it will be more difficult for their Bosnian counterparts to play them off against one another. There is no need for a larger number of *co-ordinating bodies* that have no effective authority to co-ordinate – rather fewer. It is, however, important that each organisation respects its own and other organisations' mandates, including OHR's mandate to co-ordinate the civilian implementation of the Peace Agreement (Annex 10). The Bosnian counterparts should be involved to the extent possible, for instance in the Task Forces. Such a co-ordinating mechanism could make the host counterparts more responsible and, hence, reinforce their ownership.
18. Donors should improve their *exchange of information* regarding their activities. Other donors have frequently only vague ideas about Sida's programmes. Sida's information concerning other donors could also be improved. The quality of OHR's and IMG's information concerning needs and donor activities is dependent on the degree of co-ordination among the donors, who should report their ongoing projects to OHR and IMG. Co-ordination works best at the micro level. Exchange of information in the field must be further encouraged and Sida's implementing agencies obliged to share information regarding their plans and their ongoing activities with other organisations.

19. Assistance to public institutions should focus on those recipients who honour the Peace Agreement and pursue sound policies in other respects with no regard to the possibility of receiving assistance as a reward. If assistance is provided to recipients who have a *genuine wish* to comply with the terms of the Agreement the prospects for an effective assistance are good. Such a policy of Sida will also work as an incentive for other Bosnian communities and authorities who will hopefully follow suit. Concerted action of many donors may make a difference: the population in the areas marked by continued nationalism and ethnic contradictions will notice that other areas are better off. The carrot and stick are combined when a *project is designed* in a way that pleases the host community. There is an element of conditionality present but the imposition of the condition does not stand out. The fact that conditionality is present may not even occur to the people concerned. The reason for the application of stringent *conditionality* in Bosnia and Herzegovina has been the fact that donors had no option to cease the aid in spite of the hampering structures of the country and non-compliance with the Peace Agreement. Sida must learn how to apply this conditionality. For conditionality to work there is a need for policy coherence among the donors relating to criteria and implementation of aid as well as transparency. Conditionality cannot be effective without close monitoring and unambiguous outlining of the consequences of non-compliance. Accordingly, there is a need for a close liaison with political bodies such as OHR and UNHCR. Conditionality works best at the community level, where a true give-and-take-deal with politicians may yield lasting results. Conditionality could be increasingly used to combat minority discrimination, for example at the workplace or in the school system. Conditionality undermines, however, the ownership of the recipient. This is a reason why a positive approach is preferable to conditionality from this point of view.

1 Introduction

Bosnia and Herzegovina has in a very short period of time become Sweden's third largest recipient of assistance. Not only has Sweden committed a substantial volume of total commitments to Bosnia and Herzegovina (US\$ 125 million for the period 1996–1999 or 2.5% of total commitments). Its disbursement rate has also been high. The amount committed for 1999 is US\$ 23 million in grants. The Swedish assistance – in terms of volume and sector distribution 1995-1998 – is described in Annex 1.

1.1 Purpose

The purpose of this study is to assess the management of Sweden's assistance to Bosnia and Herzegovina and to discuss some related policy issues. It is not an evaluation of the results of the assistance. The study covers the last three to four years, i.e. starting some time before the signing of the peace agreement in Paris in December 1995.

1.2 Methodology

Discussions and seminars have been held with the staff of Sida's Division for Western Balkans. Interviews have been made with a large number of respondents in Sweden, Bosnia and Herzegovina and elsewhere. Among interviewees are representatives of the host government and of other Bosnian authorities, local NGOs, beneficiaries, foreign NGOs and other implementing agencies, staff of Sida, IMF, IOM, OHR, OSCE, UNDP, UNHCR and of other international organisations and some individuals in their personal capacity. Representatives of four bilateral donors (Netherlands, Norway, UK and USA) and two international institutions (EU and WB) have been interviewed in order to put Sida in perspective (for people met see Annex 2). The study is also based on a large number of documents (for references see Annex 3).

The analysis of Sida's methods is based on the interviews and on a survey of 26 of Sida's projects being decided upon in 1995 and thereafter (referred to as *the project survey*).¹

The following aspects were included in the survey:

- Rationality – are the needs and problems of the projects clearly defined? are the projects justified with being in line with Sida's overriding objectives and strategies for the support to Bosnia and Herzegovina?
- Identification of needs/projects – who (Sida, the NGO, local authorities) has identified the needs/projects?
- Local authorities – have the local authorities participated in the need identification and in the project identification?
- Project appraisals – are the overriding objectives considered? – is the sustainability of the project discussed? is the future financing of the project discussed?

¹ For the projects the following aspects were considered:

- amount exceeding 1 million Swedish crowns
- coverage of all sectors
- coverage of all desk officers
- coverage of all years (1995 – 1998)

- Local capacities – are the possibilities to use them in the project discussed?
- Formulation of objectives – are there objectives defined at each level of the goal hierarchy? – are there measurable objectives formulated? – are the stated objectives in line with the overriding objectives of the Swedish support to Bosnia and Herzegovina?
- Follow-up – how does Sida follow up the projects? what does Sida require regarding reporting and auditing?

2 The Framework for Assistance to Bosnia and Herzegovina

2.1 Post-war Bosnia and Herzegovina

2.1.1 Political development

Bosnia and Herzegovina is characterised by its instability. The absence of a genuine desire on the part of the three ethnic groups to co-operate has negative repercussions in all spheres of Bosnian society. The peace in Bosnia and Herzegovina is fragile. If Sfor (at present 30 000 troops) leaves a new war may well break out. Security is also precarious in some areas and depends on Sfor.

Political and constitutional institutions have been established as foreseen in the Peace Agreement of 1995. But the common institutions are hampered by ethnic tension, and the judicial reform is still awaited. The democratic process has made substantial progress. Reasonably free and fair elections have been held on numerous occasions, although the major political parties are still ethnically based. In the area of human rights limited progress is reported; the situation of independent media has, however, improved. Significant efforts are still required from the international community to consolidate the implementation of the civilian part of the Peace Agreement, and make the peace process self-sustainable. The High Representative has an important role to play in the political life of the country. The assistance is crucial in this context; the need for aid is a major reason for Bosnian authorities not to ignore the High Representative.

2.1.2 Economic development

No other country – possibly apart from FRY because of the Kosovo conflict – has experienced such a massive economic collapse since World War II. The war damage was estimated by the government of Bosnia and Herzegovina to amount to anywhere between US\$ 65 and 90 billion. Bosnia and Herzegovina had a 75 per cent drop in per capita GDP (1990-1995) from a level that was already low within the former Yugoslavia (US\$ 2400 per capita 1990). The GDP fell to less than US\$ 500 per capita in 1996, i.e. about 20 per cent of its pre-war level.

As is usually the case after a war, economic growth has been high ever since the end of the war. It has averaged about 35 per cent annually in real terms, but in 1998 the GDP per capita was nonetheless equivalent to only roughly 40 per cent of its pre-war level. It amounted to US\$ 965 in 1998 (1081 US\$ in the Federation and 745 US\$ in Republika Srpska, that is 75 per cent of the average GDP). The growth has been driven by reconstruction financed by the international community. Total private sector investment in Bosnia and Herzegovina is insignificant. Official unemployment reached the level of 70-80 percent after the war. The overall unemployment has fallen since but the decline has stagnated over the last year. Figures quoted vary between 30 and 60 per cent (50-60 per cent in Republika Srpska). Bosnia and Herzegovina remains the second poorest country in Europe and the Kosovo conflict has aggravated the situation. This is especially so for Republika Srpska that conducted most of its trade with FRY and continued using the Yugoslav Dinar.

Some important macroeconomic progress has, however, been made. The new currency (Konvertibilna marka), introduced in June 1998, has country-wide acceptance. Inflation has fallen to moderate levels in both entities, mainly thanks to the tight fiscal discipline. A macro-economic financial environment with many of the pre-conditions necessary for long-term investment has been created.

2.1.3 Refugees and displaced persons

Almost 2.5 million Bosnians had to flee or were displaced during the war – about one half of Bosnia's 4.5 million population (1991) – and 200 000 – 250 000 people, mainly men, were killed. In 1995 the population had dropped to an estimated 2.7 million, of which more than half did not live in the areas where they lived before the war. In the three years, following the signature of the Peace Agreement, some 320 000 refugees and 250 000 internally displaced persons returned to or within Bosnia and Herzegovina, the great majority returnees to the Federation.

The return process moved slowly forward in 1998, with a total of 140 000 returns. Over 100 000 of them came from abroad, but most of them were as yet unable to return to their own homes, adding instead to the mass of internally displaced persons. The vast majority of returns has been to areas where the returnee was in the majority. Minority return – a major objective of the Peace Agreement – has so far not materialised. At the end of 1998 only 73 000 minority returns had taken place; 32 500 minority returnees were recorded in 1998 (Federation 22 500 and Republika Srpska 10 000).

At the beginning of 1999, some 400 000 persons were refugees without permanent solutions abroad, half of them staying in FRY (190 000) and Croatia (30000) and most of the remaining ones in different EU countries; in total at least 500 000 were abroad. 860 000 people remained displaced within Bosnia and Herzegovina, most of whom would be minority returnees if they returned to their homes. In addition, Bosnia and Herzegovina was the host of 40 000 refugees from Croatia and, as a consequence of the Kosovo conflict, there was an influx of some 60 000 refugees in April and May 1999. The slow return and reintegration of the refugees and displaced persons constitute a main obstacle to political stability and economic and social normalisation in Bosnia and Herzegovina.

Sweden has received about 60 000 refugees from Bosnia and Herzegovina, of which 80 per cent come from Republika Srpska. About 1 300 of them have returned but this process has almost ceased, the majority of the refugees having already obtained Swedish citizenship or applying for it.

2.1.4 Institutions

Bosnia and Herzegovina and its two entities are “para-states”: they lack essential attributes of a state. Almost all Common Institutions are weak due to a lack of co-operation between the three ethnic groups, lack of human resources and other reasons. Weaknesses of the police and the judiciary are two of major concerns. Corruption, fiscal evasion and easily penetrable borders are some of the consequences. In the absence of an effective National Border Police, Bosnia and Herzegovina lacks a key characteristic of the sovereignty and territorial integrity of a nation-state. It is an impediment to the full integration of Bosnia and Herzegovina.

Some institutional reform has, however, been undertaken in the economic sphere. Most successful has been the founding of the Central Bank which has created a new and stable currency (KM). Significant progress has also been achieved in creating a single economic space in Bosnia and Herzegovina.

The need for further institutional reform is, however, pressing. Public finance reform and private sector development, the dismantling of the payments bureaux and the privatisation of banks, enterprises and utilities are examples of strategic areas. Economic activities must be extricated from political parties and circles. Social protection, including pension and health systems, is another area in need of reform. Bosnia and Herzegovina ranks amongst the most badly – managed countries of the transition economies. In a recent investigation it shared with Albania 24th and 25th positions out of the 27 countries in Central Europe and the former Soviet Union. Only Belarus and Tajikistan scored worse. In the area of the rule of law Bosnia and Herzegovina was ranked next-to-last and last on ease of buying stocks.

2.2 The Regional Dimension and the Kosovo Conflict

The development of Bosnia and Herzegovina is in most respects affected by the events in its neighbouring countries. This is of course not unique for Bosnia and Herzegovina, but its direct links to Belgrade and Zagreb as well as the volatility of the region, recently manifested by the Kosovo conflict, make political leaders and authorities in Bosnia and Herzegovina more subject to factors beyond their control than leaders and authorities of other countries. This has a direct bearing on an assessment of the planning and implementation of the assistance.

The Kosovo conflict has demonstrated the regional interdependence. It has also worked as a reminder of the war in Bosnia and Herzegovina and of the negative effect it has had on the mental state of the people. The crisis has had financial and social effects, associated with the approximately 60 000 refugees from FRY, as well as broader, trade related impacts. 90 million US\$ in fiscal support would be needed to close Bosnia and Herzegovina's budgetary deficit for 1999 as a consequence of the conflict in the region. Budgetary needs are due to costs associated with the disruption of economic activity and adverse effects on security, health, education and transport.

Republika Srpska has been affected in various ways. The political atmosphere has become radicalised. During the Kosovo conflict, the international community withdrew from its territory, which was viewed as a sign of its lack of confidence in the Republic and its authorities. The economy of Republika Srpska suffered badly due to the fact that FRY received 75 per cent of its export and 34 per cent of its import for industrial purposes was of FRY origin. The inflation in Republika Srpska soared considerably after the war broke out. The influx of refugees, estimated at 15000 (May 20), put an extra strain on the Entity's finances. The return of Bosnian refugees and displaced persons to Republika Srpska is likely to slow down because of the conflict.

The medium-term effects of the conflict are difficult to foresee. A favourable scenario would be one in which the leaders of Republika Srpska are made aware of the costs of being tied up with the Yugoslav economy. If they turn to Bosnia and Herzegovina the unity of the state may be strengthened. A positive evolution of Bosnia and Herzegovina, in terms of a democratic process, economic development etc, is one of the keys to the stabilisation of the whole region.

2.3 General Framework Agreement for Peace in Bosnia and Herzegovina (GFAP)

The Peace Agreement, GFAP, often labelled the Dayton Peace Agreement, which was signed in the autumn of 1995 aims to ensure that Bosnia and Herzegovina becomes a viable, unitary and multi-ethnic state based on democracy and respect for human rights and market economy. The present "semi-protectorate" and the presence of Sfor are the main mechanisms for ensuring the successful implementation of the Agreement, but assistance is also a key means for achieving the objectives of peace, democracy, the return of the refugees and economic growth.

The Agreement has strong centrifugal forces pushing for a division of Bosnia into three ethnically separate territories. These forces are reinforced by the implementation of the Agreement and by the entities' dominance of the governance of the country. The Agreement has perpetuated the positions of some of the former warlords, i. e. the politicians now in power are the same people who were responsible for the war and its atrocities. In consequence, the refugee return and the arrest of war criminals have not come about as anticipated. The Agreement has been widely criticised, although it is commonly understood that it was the best settlement possible at the time.

2.4 Bosnia and Herzegovina as a Recipient of Aid

2.4.1 The assistance

Bosnia and Herzegovina has probably been the most assisted country in the world. At the Donors' Pledging Conference in May 1999, donor nations committed US\$ 1.05 billion, reaching the US\$ 5.1 billion target for the Priority Reconstruction and Recovery Programme for 1996 – 1999. The assistance corresponds to US\$ 350-400 a year per citizen, in a country where the average annual salary is about US\$ 1081 in the Federation and US\$ 745 in Republika Srpska. Sfor included, the cost for the international community is US\$ 9 billion per year (only a fraction of Sfor's expenditure is channelled, however, into the Bosnian economy). Bosnia and Herzegovina receives enormous amounts in comparison with, for example, Croatia.

Today's Bosnian economy is almost entirely based on donor-related economic stimuli. During the post-war period (1996–1998), donor spending on the infrastructure and reconstruction projects created most of the country's growth, which occurred in the construction sector; investment in the manufacturing sector was minimal, totalling only 2.3% of the total PRP expenditure. Without the aid Bosnia and Herzegovina would have had negative GDP growth, -1% annually. Nowhere is the impact of the donor presence more clear than in Sarajevo, which plays host to approximately 15000 foreign civilians, spending 60 million DM or 150 DM per Sarajevo resident per month or 42% of the average monthly salary of each Sarajevo citizen (who earns 354 DM per month). These figures do not reflect expenditure on reconstruction or costs carried by Sfor. There is a large NGO sector in Bosnia and Herzegovina (460 registered NGOs), 220 NGOs registered in Sarajevo and 150 in Banja Luka. All these NGOs are almost entirely financed by foreign donors.

2.4.2 Conditions for the assistance

The agenda for the donor community is immense. Not only is the country undergoing transition from a planned economy to a market economy, from one-party state to democracy and from war to peace. Its industrial capacity has been obsolete for a long time now and during the 1990s it lost touch with developments, such as European integration, modernisation (IT), etc.

The huge amounts of aid are spent in an environment that is not conducive to good results. Donors go on with their aid programmes, although the country is politically unstable and the underlying causes of the conflict have not been removed. Bosnia and Herzegovina is effectively divided into three units; a disengagement of the international community would possibly be equivalent to dooming the country to a formal partition. The authorities and political leaders of Bosnia and Herzegovina have not committed themselves to any fundamental changes and the authorities lack the capacity to plan for and implement the use of the aid funds. The public sector projects, which have not spurred systemic changes, have financed the public sector in general to the extent that aid money has been fungible. The authorities and political leaders now want to play a more active role. But there are still capacity constraints and the commitment to change remains questionable.

The present conditions in Bosnia and Herzegovina are difficult to grasp. The knowledge of the local conditions is indispensable for project assessment and implementation, including knowledge from informal sources. The implementing agencies and the international community at large – with inexperienced staff and a high staff turnover – are ignorant of the conditions prevailing in Bosnia and Herzegovina, including their political and ethnical complications. A high disbursement rate has been, nonetheless, achieved.

2.5 Conclusions and Recommendations

- (a) *Prospects.* The general prospects for an effective assistance to Bosnia and Herzegovina are not good. The country's authorities and politicians are not committed to reform. Most of the pre-war structures and failed economic policies that contributed to the decline and dissolution of Yugoslavia remain intact. Bosnia and Herzegovina is badly managed and politically volatile. The lack of absorptive capacity is a major constraint. The absence of reliable statistics and other information as well as the ignorance of the international community about conditions in Bosnia and Herzegovina also come into the picture.
- (b) *Effectiveness.* These unfavourable conditions of the assistance are likely to jeopardise its effectiveness unless aid projects are carefully prepared and designed, their implementation is closely monitored and a high degree of flexibility is effected. The huge amounts allocated for aid and the desire to rapidly launch and implement aid programmes are contrary to careful policy requirements. The recipients should be chosen scrupulously but in many instances the aid must be conditioned on the recipients' fulfilment of their obligations under the Peace Agreement and other policy requirements. Aid should be used to ease the capacity constraint.

3 Ownership, Aid Dependence and Sustainability

3.1 Ownership

3.1.1 Weak Bosnian ownership

One of the *main problems* of the Swedish assistance to Bosnia and Herzegovina is that Bosnian ownership of a great deal of the projects is weak and diffuse. This is worrying because the locus of ownership has a direct influence on the effects of the aid, in particular on its sustainability. Sida has frequently by-passed the *central (state) authorities* in order to avoid red tape. It has often worked in consultation with OHR, which also has had a low confidence in the Bosnian authorities. The consequences are, on the one hand, a rapid implementation of projects and, on the other, a lack of Bosnian ownership at this level. Sida's disregard of the internationally recognised state is understandable, but its attitude has contributed to undermining the state's legitimacy and effectiveness.

There has been no continuous and genuine co-operation between Sida and the municipalities and other *local authorities* who have regularly been bypassed by Sida and other donors because of their ineffectiveness. One reason for their lack of effectiveness is the very fact that they have been by-passed, though. In addition, frequent changes of mayors and their accompanying staff have made co-operation with local authorities difficult. Local authorities were previously not represented in the Task Forces. The fact that they often had other priorities than the Task Forces was often overlooked. In this respect a clear improvement took place in 1998.

Although local authorities have had little influence on many Sida financed projects there are differences between various projects and the level of authority. The Integrated Area Programmes are an example in point: authorities high up in the hierarchy have been by-passed, but there are in many cases agreements between the implementing agencies (not Sida) and local authorities. Nonetheless, in most instances the planning has taken place without the involvement of the local authorities. As a matter of fact, it has occurred that projects have been carried out without the approval of the host municipality.

3.1.2 Ownership and accountability

One disadvantage of low ownership on the Bosnian part is its inability to account for the use of the assistance. The constituencies at state, cantonal and municipal levels cannot hold their politicians accountable, since the latter did not make the decisions about the use of the funds. In this way, Sweden's zeal to achieve rapid implementation undermines its aspirations to enhance the democratic processes in Bosnia and Herzegovina.

3.1.3 Ownership and conflicting interests

Whatever the need to increase Bosnian ownership it cannot be done without complications because of the tensions in the recipient structure: within and between beneficiaries, municipalities, cantons (in the Federation), entities and the state. Whereas Sida's manuals regard the ownership issue as a matter of distribution of responsibility between only two parties – Sida and the recipient – the Bosnian experience points towards a need to include in the analysis the conflicting interests of the various stakeholders within the recipient structure. This must have a bearing on the distribution of ownership between the two parties mentioned: a balance must be struck between, on the one hand, the principle that ownership should rest with the recipient and, on the other, the need to take into consideration the restrictions ensuing from the conflicting interests within the recipient structure. This type of conflict certainly exists in many of Sweden's recipient countries although it may not be as pronounced as in Bosnia and Herzegovina; the Bosnian experience in this area should be reflected in Sida's policy.

3.1.4 Implementing agencies and ownership

In many instances Sida has encouraged the agencies to involve themselves in Bosnia and Herzegovina and has chosen and planned the projects. The implementing agencies also work very closely with Sida and consult with it a great deal. In other words, Sida acts as a consultant and a confidant of the agencies. This symbiosis as well as the desire of some of the agencies to have continued contracts with Sida may render a transfer of ownership to the Bosnian parties more difficult. This argument is, however, not applicable to house reconstruction. The self-help principle and the returnees' private ownership of houses make the transfer of responsibility quite a natural matter.

3.1.5 The future

The prerequisites for a stronger Bosnian ownership are, however, being improved. The future medium-term economic development programme that will serve as a basis for economic policy making, as well as for mobilising future donor support, will strengthen Bosnian ownership. The capacity building efforts will also be useful in this respect, making the capacity constraints less severe. As for the Swedish projects, greater use of agreements will reinforce Bosnian ownership.

3.2 Aid Dependence

Domestic investment and foreign commercial investment are almost non-existent in Bosnia and Herzegovina, whereas the inflow of aid money and related funds is very huge. The volume of foreign assistance is two times larger than the national budgets. All investment is financed by donors, the World Bank and similar institutions, which finance also to a large degree recurrent cost. Almost all local NGOs depend completely on foreign assistance. Many NGOs funded by Sida depend on Sida funding, some of them to one hundred per cent. Bosnia and Herzegovina is dependent on aid not only in numerical terms but also in the qualitative sense: it has no access to commercial capital markets and will not be able to build a "self-sustaining state" in the absence of aid for the foreseeable future.

3.2.1 The mentality of dependence

The massive involvement of the international donor community has dampened the need to create a revenue base and resulted in a dependency culture and recipient mentality. The far-reaching authority of OHR to take decisions, including the dismissal of people from elected office, and power to overrule decisions of Bosnian authorities has had a similar effect.

Bosnia and Herzegovina of the communist-era was generally pictured as a country of dependence, subsidies, lack of initiative, etc. It is a prime task for the international community to help Bosnia and Herzegovina break this vicious circle, taking measures to encourage initiative and risk taking. Ironically, the aid seems to have contributed to the perpetuation of this mentality of dependence and helplessness instead.

3.2.2 "Donor dependence"

Sweden as a donor has been "dependent" on recipient structures and conduct which are not conducive to development but it has not had the option to stop the aid because of the failed recipient governance. This inverted dependence is likely to have negative effects on the effectiveness of aid. Scrutiny of project proposals and a demand for results become by definition more lax.

"Donor dependence" is the bottom-line of the emphasis on *conditionality* – a policy which is not very familiar to Sida. Due to the pressure exerted on donors to provide assistance in spite of structures which do not conform with the Peace Agreement and which reflect pre-war thinking, there is a pressing need for conditionality. But for an agency like Sida it seems to be difficult to apply a policy of conditionality in Bosnia and Herzegovina. This is so at the inception of the projects and even more so as the projects advance (see Ch. 8).

3.3 Sustainability

3.3.1 Low sustainability

Most observers consider the sustainability of aid supported activities to be low. Lack of Bosnian ownership (section 3.1) and the aid dependence (section 3.2) have had negative repercussions on the sustainability of the activities funded by Sida. Since many projects lack schemes for collecting fees for services and other key components of the sustainability, and since the aid volume is on the decline, the sustainability of many aid-funded activities may come to a critical point already in the next few years. Sida has made some effort to address this issue but no deliberate and comprehensive approach has been worked out as yet.

In seven of the 26 Sida projects examined (see Ch. 1) the sustainability or the future of the project is discussed. In two cases Sida assesses that the financial sustainability has been assured, as Sida does not finance any recurrent costs but only investments; the financing of the recurrent costs of the investments is, however, not discussed. Sustainability was not on Sida's agenda until the last few years; all appraisals where sustainability was discussed date from 1997 and 1998. The reasons for not considering sustainability earlier include the lack of domestic financial resources and the pressing needs that had to be met. Moreover, Sida considered it important to act without delay and for this reason wanted to avoid the Bosnian authorities.

In any case, there is a number of projects financed by Sida that certainly have a prospect of becoming sustainable. Examples include the infrastructure (telecommunications and railway transportation) and media. The prospects of other projects, for instance in the areas of health, human rights and gender, are limited or non-existent.

3.3.2 Sustainability of what?

Sustainability must not always be institutional. If some Bosnian NGO ceases to operate but its staff assume positions in public institutions, the staff's competence is used and a kind of sustainability will be achieved. If NGOs merge in order to maintain a line of activity such a restructuring, sustainability may be enhanced even though some of the organisations cease to exist. Both these options would probably bring positive results in Bosnia and Herzegovina.

It must also be kept in mind that sustainability of aid-funded activities may depend upon sustainable development of the surrounding. The integrated area programmes in Bosnia and Herzegovina, funded by Sida, may well include housing, public services, micro credit schemes, security measures, etc, but the closure of former factories, the brain-drain of young people, the urbanisation processes etc, may nonetheless deprive a programme of its basis. It may therefore come about that a well-designed area programme is not sustainable because the area where it is located is not viable.

3.4 Conclusions and Recommendations

(a) *Stronger Bosnian ownership.* A main problem of Swedish aid to Bosnia and Herzegovina is that Bosnian ownership of a great deal of projects is weak and diffuse. Bosnian ownership of donor-financed activities should be strengthened at all levels, even though it may slow down the speed and reduce the flexibility. There is a need of close dialogue between Sida, the implementers and the recipients. Since great responsibility will rest on the local authorities and other stakeholders, including NGOs and the private sector, they must be involved in such a dialogue. Increased Bosnian ownership will reduce the need for proactivity on the part of Sida. The *capacity building* efforts that are now forthcoming will facilitate stronger ownership on the part of the Bosnian recipients. The capacity of municipalities and other local organisations to cope with greater responsibility must accordingly be reinforced.

- (b) *Agreements*. There is a growing need for agreements between Sweden and the Bosnian counterparts at various levels, including a procedural agreement at the national level and project agreements also at the national level when the Council of Ministers is competent (e.g. aviation, banking, customs, statistics and transport).
- (c) *A strategy for reduced aid dependence* will be needed from the year 2000 due to the decline in external, concessional flow of money. Efforts to build up a “self-sustaining state” must be based on a comprehensive strategy, worked out by the Bosnian authorities and organisations, preferably in co-operation with the international community. Institutional reform and other types of capacity building, privatisation, job creation and reduction in military expenditure are some important features of such a strategy. Economic growth that sustains itself – accompanied by an increased revenue base – will reduce aid dependence.
- (d) *Deadlines and indicators*. Sida should consider the need for firm deadlines for the assistance so that recipients may start considering their options for financing their activities and restructuring their organisations. Sida should also help implementing agencies and beneficiaries to develop indicators that measure aid dependence and Bosnian ownership. The recipients should be encouraged to give a better account of the results achieved with the help of Swedish funding.
- (e) *Sustainability analysis*. Measures contributing to greater ownership and reduced aid dependence can reinforce the sustainability of aid supported activities. Sida should encourage the recipients to perform, together with the implementing agencies, a sustainability analysis of projects. This analysis should form the basis of a work plan for increased sustainability, including the elaboration of indicators for each relevant project, so that the recipient can measure if the project is moving in the direction of increased sustainability or not. Sida has a responsibility for this being done and for the provision of analytical support if necessary. As to some projects, for example projects in the human rights area, such work may be futile. But this is normally not the case; there are numerous examples of sectors, in which cost recovery is possible even in a post-war setting.
- (f) *Capacity building and restructuring of NGOs*. More support for the capacity building of local NGOs is needed. Support of local foundations/endowments and of the legal/administrative environment could be useful. Training in fund raising could be included. It is also up to Sida to encourage the restructuring of local NGOs, including the closure of those NGOs that are deemed not to be viable; organisations in the areas of human rights and micro credit schemes are examples. Sida’s share in the recipient organisations’ budgets, which is sometimes as high as 100 per cent, should be reduced.
- (g). *“After-aid-service”*. Sustainability can be improved if Sida, or the implementer, continues to monitor projects after the assistance has come to its formal end. Sida could play the role of a catalyst, with small, additional contributions yielding important benefits. Such checkpoints are justified because the programmes were initiated during a short period of time, huge sums having been allocated and conditions in Bosnia and Herzegovina constantly changing.

4 Organisation, Staff and Budget

4.1 Organisation

4.1.1 Sida

The Division of Western Balkans, which forms a part of Sida's Department for Eastern and Central Europe, was established at the beginning of 1997. The Division has been in charge of the programming as well as the professional assessments of the contents of the programmes. With the exception of a few projects, Sida's specialised (thematic) departments have not been involved.

A major feature of the organisation is that it has been able to combine various types of assistance (cf. 5.1), without organisational constraints or restrictions due to the system of appropriations. The organisation, which has been very action-oriented and based its activities on local presence has made it possible for Sida to be flexible and proactive. As the development co-operation now deepens and is geared toward institution building there is, however, a need to draw more on the knowledge of Sida's specialised departments and take advantage of the experience of other divisions of the Department for Central and Eastern Europe. Teaming up with Sida's specialised departments may reduce capacity constraints on the Division. The degree of proactivity can also be reduced.

4.1.2 Implementing NGOs and other organisations

Sida encouraged NGOs to take up work in Bosnia and Herzegovina at an early stage (cf. 6.1.4). The NGOs involved in Bosnia and Herzegovina are acting in a new role, namely as a type of consultants. They carry out reconstruction projects on behalf of Sida – a type of projects which they were not familiar with before. One or two of them have been “created” by Sida as implementers.

The reasons for using the NGOs for this type of activities, although there are commercial firms available, are that they have a high credibility with the Swedish public at large; that they can inform the public and in this way create an understanding for the assistance to Bosnia and Herzegovina; and that they create networks between Swedish and Bosnian NGOs which facilitate a reduction of the public involvement when the time comes. NGOs acting as consulting firms are not a new phenomenon in Swedish aid; this form has also been utilised in Latin America.

As was noted above (3.1.4), Sida and several of the implementing agencies work in a symbiotic relationship. The agencies are Sida's consultants, but Sida plans the work of the agencies and acts as a kind of consultant to the consultants, giving advice and intervening when problems arise. This close relationship – often based on friendship between the personnel involved – renders the daily operations smooth and flexible. The reverse side of the coin is blurred division of responsibility. It is difficult to say who is in charge of what and who is responsible if a project fails. It becomes even difficult to judge whether the implementing agency has fulfilled its obligations and to declare a programme concluded. Sida has had good reasons for relying on NGOs in Bosnia and Herzegovina. But the criteria for the use of NGOs as “commercial consultants” are diffuse. More frequent use may introduce an element of arbitrariness, discouraging in the long run commercial firms to engage in development projects.

Sweden has made frequent use of *multilateral channels*, such as IOM, UNHCR, WB and WHO. It is a disadvantage that recipients do often not know the source of the funding. But it has certainly been an indispensable vehicle that has greatly expanded the capacity of assistance to Bosnia and Herzegovina.

4.1.3 The embassy

The Swedish embassy in Sarajevo has been involved in the assistance in mainly two respects. It has monitored closely the activities and proposed new projects, usually in consultation with the implementing agencies. Decision-making has, however, not been delegated to it. No inconvenience has been reported, however, by the implementing agencies that find that decisions are taken without delay.

The embassy has been normally receiving a relevant and timely information, for example, concerning the decisions of newly approved projects. One exception has been the humanitarian assistance for which Sida-SEKA is in charge. Another exception are the Sida-funded activities carried out by SWEBiH, a Swedish NGO working in the area of health care.

4.1.4 The relationship between the Ministry for Foreign Affairs and Sida

Assistance to Bosnia and Herzegovina has not been planned in the way that is regular for Swedish assistance. No strategy had been established by the Government and no guidelines were laid down in the yearly Government instructions to Sida (Regleringsbrevet). Instead the Government would issue a specific, detailed decision for each budgetary year, and in the course of that year a number of specific decisions would be made. In addition, there have been weekly or bi-weekly meetings for consultations between Sida and the Ministry. In other words, Sida has not enjoyed its usual, wide room to take decisions, which is typical for Swedish administrative tradition. The interventions reflect the highly political character of the assistance to Bosnia and Herzegovina.

It is a matter of discussion whether these interventions in details by the Ministry give it an increased influence on the assistance. There is much evidence in support of the view that such interventions typically reduce the Ministry's capacity to engage in strategical issues, including the formulation of new policies. The Ministry runs the risk of becoming overburdened with details; more steering means sometimes less influence.

4.2 Staff

Similarly to Sida, two of the three donors included in the survey have their representatives in Bosnia and Herzegovina acting as backstops with regards to policy issues, project decisions, follow-up etc. Sida has two field staff and two assistants in Sarajevo working full time with the support to Bosnia and Herzegovina. In the head office in Stockholm six and a half persons are working with the support to the Western Balkans. In addition, one person at the Ministry for Foreign Affairs has been in charge of primarily Bosnian affairs. The three small donors included in the comparison have smaller staff both in the field and in their head offices. One of the small donors does not have a representative in Bosnia and Herzegovina while the other two donors have at least one field representative and some assistance. Two or three persons work with the support to Bosnia and Herzegovina in the head office. These differences may be explained by the fact that the other donors are channelling a larger part of their support through the multilateral system. Moreover, the aid programme of one of the donors included in the survey is much smaller than the Swedish programme.

The size of Sida's staff seems to be justifiable. Careful planning and monitoring are prerequisites of high quality of assistance to Bosnia and Herzegovina (cf. 2.4 above) and Sida has been working in quite a proactive way. Not surprisingly, the three big donors have larger organisations than Sida and the three small donors. They have above all more staff in the field and conduct studies for which the small donors lack resources.

4.3 Budget

Initially there was a problem of meeting new needs emerging during the fiscal year because Sida had consumed the available funds. This problem was solved through a special budgetary reservation. Thanks to a rather flexible combination of various budgetary items it has been possible to satisfy the rapidly emerging needs. The Government approved that appropriations for disaster relief were used for purposes which were not of a disaster-relief character, and appropriations for democracy and human rights were allocated to Bosnia and Herzegovina, which was also granted a concessionary credit. In addition, a new budgetary item was introduced, “appropriations for assistance to Europe”. All the appropriations together have been sufficient to finance all pledges. There have been therefore no major budgetary constraints for the rapid expansion and disbursement of the aid.

The embassies of two of the small donors have their own aid budgets in order to be able to work fast and flexibly. Although the Swedish embassy has not had any authority to decide about money issues, budgetary decisions have been made in a flexible way and without delay. It is the close relations between the staff in Stockholm and the staff at the embassy, which have made it possible. In fact, several NGOs claim that the speed of Sida’s decision-making compares favourably with that of other donors. There seems to be no reason to change the current system.

4.4 Conclusions and Recommendations

- (a) The organisation of Sida has been action-oriented, its work being marked by speed, flexibility and proactivity. It has been able to combine various types of assistance and meet the rapidly emerging needs without restriction due to the system of appropriations. Teaming up with Sida’s specialised departments may now lead to the reduction in capacity constraints of the division.
- (b) Sida has used NGOs for assignments which are usually performed by commercial firms. This procedure has had obvious advantages, but the criteria for the use of NGOs as “commercial consultants” are ambiguous. Sida and some of the NGOs work in a symbiotic relationship, which renders the daily operations smooth, but blurs the division of responsibility. Continued use of NGOs is recommended but there is a need of clarification in the respects mentioned.
- (c) The Ministry for Foreign Affairs has intervened into the details of the work because of the highly political character of the assistance. Such interventions may reduce the Ministry’s capacity to engage in strategical issues, including the formulation of new policies. The Ministry runs the risk of becoming overburdened with details; more steering means sometimes less influence.
- (d) Sida’s proactive approach and the need for careful planning and monitoring of the assistance to Bosnia and Herzegovian justify the size of its staff for the assistance.

5 Methods

5.1 Bridge or Mix?

It seems as though Sida has been able to avoid strict linear thinking: relief, reconstruction and development were not seen as purely consecutive stages (cf. Annex 5). Whether it managed to bring about an adequate mix of measures instead of such bridging is hard to say. But local capacity was used in an early phase and Sida started to plan for reconstruction support as early as in 1994 when the humanitarian needs were still massive, and started the first reconstruction programmes in 1995, well before the signing of the Peace Accord. Sida's organisation (see 4.1) was instrumental in this policy of combining humanitarian aid and long-term support. Its proactive approach (see 4.1.2) made it possible to take rapid action and remain independent of the initiatives of NGOs. In contrast, Sida was not quick to initiate structural reform projects – it was only in mid-1999 that they were being launched.

5.2 Return Programmes: An Integrative Approach

The Integrated Area Programmes (IAP) are based on the principles of self-help, the use of local resources and the integration of house reconstruction, job creation, micro credits and municipal infrastructure, including health services. This approach, formulated by Sida at an early stage (in 1994), has proven to be very useful if the returnees can feel secure. The self-help principle is important, since contributions for house reconstructions are grants to private persons. Close and frequent contacts between Sida, the implementing agencies, the local communities and the beneficiaries are another important feature of the IAPs which account for four per cent of all reconstruction units completed in Bosnia-Herzegovina.

5.3 Flexibility

Flexibility is a key prerequisite for effective assistance in Bosnia and Herzegovina due to the volatile situation. As mentioned before, it is a common statement by the respondents that Sida is characterised by a high degree of flexibility. Sida keeps an open mind as regarding the reallocation of funds within a project, and decisions are taken without delay. There are two exceptions, though. Firstly, Sida has chosen not to take up quite new geographical areas for its IAPs. This geographical limitation seems, however, to be well founded; efficient use of resources requires geographical concentration. Secondly, the execution of a number of decisions taken by SEKA, Sida's department for humanitarian assistance, has been long in delay.

Is there a reason to believe that there are any drawbacks associated with the high degree of flexibility? One possibility could be that Sida does not appraise projects thoroughly enough and that other donors' analysis is more profound. This possibility cannot be dismissed, but this study has not come across any evidence that would support such a proposition.

5.4 Time Perspective

The objectives of the Swedish assistance have been defined on the basis of unrealistic expectations and, accordingly, the span of time needed for the assistance has been underestimated. It was only slowly that Swedish authorities realised that the setting for assistance in Bosnia and Herzegovina required quite a long time span for the aid efforts.

Funding cycles not only for support of NGOs but also for the institution building projects have been rather short. This approach ensures flexibility and may be justified by the need for trial-and-error. But a longer-term perspective seems to be increasingly called for at least with regard to institution building. That would increase the commitment on the part of the Bosnian recipients.

5.5 The Local Dimension

5.5.1 Local capacity

Bosnia and Herzegovina is characterised by a fairly good local capacity in a number of areas and a high educational level. It has been an ambition to take advantage of these capacities. In as many as 14 out of the 26 Sida projects examined, the issues of building up or using local capacities have been mentioned. In nine of these, the purpose of the project was to build up the local capacity through credits and/or technical assistance. In the remaining five cases Sida stated that local distributors should be used. It is likely, though, that it would be more advantageous to utilise the local intellectual capacity.

5.5.2 Local knowledge

Since Bosnia and Herzegovina is characterised by “micro environments”, varying from one village to another, a good local knowledge is needed. Also in this respect Sida has been doing well. It has had good field presence thanks to the local representatives of the implementing agencies and extensive travelling by the embassy personnel. This has ensured the acquisition of such knowledge.

5.5.3 Local communities

Close co-operation with host communities is a sine-qua-non for effective assistance in many areas. Much of Sida’s planning has been carried out without any co-operation with such communities but there has been an increased emphasis on such co-operation. This co-operation is usually handled on a daily basis by the implementing agencies

5.6 Cost-efficiency

The issue of cost-efficiency has attracted too little attention in Sida’s project appraisals and monitoring. *Expected results* are rarely related to costs. The respondents have confirmed in general that Sida seldom questions the cost of a project in view of the expected results. To some extent it may be justified by the fact that cost-efficiency is difficult to measure for some types of projects and that speed has been more important than scrutiny due to the pressure of launching the aid programme in Bosnia and Herzegovina. But it seems obvious that cost efficiency should be given more attention in the future. The elaboration of benchmarks for the cost-efficiency of projects for which it is feasible would be helpful and improved financial records of project costs could be a useful cost assessment tool.

5.7 Documentation, Information, Statistics and Audits

5.7.1 Documentation

Systematic and relevant documentation of the appraisals and of the follow-up process are the cornerstones of Sida’s institutional memory (cf. 6.3). The documentation of Sida’s project decisions and other matters could, however, be improved. It is sometimes difficult to find a documented justification for the decision to support a certain project. Insufficient documentation makes Sida’s appraisals look more ad hoc than they really are. Sida’s staff fail sometimes to refer to visits, reports and other internal documentation that support the decision. Staff practice seems to be guided by

the need to have decisions approved. Documentation is viewed as an “internal affair” and making information available to the public at large or other authorities than Sida is sometimes neglected. This practice renders it difficult to review the effectiveness of Sida’s operations.

5.7.2 Information

Even though the Swedish assistance programme in Bosnia and Herzegovina has attracted great interest it has not been described in a comprehensive publication. One exception is the integrated area programmes. The lack of such a comprehensive publication renders it difficult for members of Parliament, the general public and media to have an overview of the programme. It also reduces the credit that the Swedish government, Sida and the implementers may have for their efforts.

5.7.3 Statistics

It has not been possible to retrieve complete and reliable information of assistance given to Bosnia and Herzegovina from Sida’s statistical system. The problem is mainly a matter of classification. This is why it has not been possible to have the figures broken down by country or sector, for example. Some of the statistics provided in Annex 1 have been produced manually.

5.7.4 Audits

The representatives of a number of implementing agencies and other respondents are strikingly vague about the local auditing of Sida-funded projects in Bosnia and Herzegovina. The absence of chartered accountants in the country is certainly an obstacle to procedures that are fully satisfactory, but the present practice regarding local audits seems to be more lax than is usually acceptable.

5.8 Conclusions and Recommendations

Assistance to post-conflict areas should be governed by the metaphor of a mix rather than a bridge, i.e. diversity rather than linearity. Sida has done that to a reasonable degree. The integrative approach of return programmes – combined with the self-help-principle – has proven to be well designed. Other elements could be incorporated into the programmes. Flexibility has been the key prerequisite for effective assistance to Bosnia and Herzegovina. Sida’s performance has been characterised by a high degree of flexibility, decisions having been taken without delay. On the other hand, aid plans have been characterised by unrealistic expectations and the time necessary for their implementation underestimated. Funding cycles should be extended, in particular those regarding institution-building projects. Local capacity should be further used, and there is a continued need of thorough local knowledge and greater co-operation with the local communities. Sweden has had a good field presence and such a presence is necessary also in the future. The issue of cost-efficiency has been neglected, which should be remedied by giving it a great deal of attention in the future. There is ample room for improvements in the areas of documentation, information, statistics and audits.

6 Planning and Follow-up

6.1 Planning

6.1.1 The overall planning

Quite a number of documents exist regarding the needs of Bosnia and Herzegovina. The Peace Agreement itself sets an agenda for the donor community while the international institutions, such as PICs, IMG, the Task Forces and other fora have provided ample documentation of the needs. There has also been a general consensus as regards the post-war priorities, even though the time required for assistance has been underestimated and the importance of institution building is only slowly moving to the forefront of issues. Sida's field staff have been well informed about the situation in the country. In this sense the basis for the overall planning has been solid. The weak point has been the lack of participation of the Bosnian authorities in the planning process.

6.1.2 The sector level

The quality of information has differed from one sector to another. In the area of reconstruction and repatriation, for example, Sida has been well aware of the needs and of the other donors' activities thanks to RRTFs and an informal exchange of information in the field. In other areas, such as democracy, human rights, gender and health it has been more difficult to get a clear picture of the needs and other donors' activities. Unsatisfactory co-ordination among the donors and difficulties in mapping the needs are some of the reasons (see further Ch. 7).

6.1.3 Project identification: general remarks

Speaking in general, Sida has used three methods for project identification in Bosnia and Herzegovina. *Firstly*, Sida has worked in a proactive way, encouraging the involvement of organisations in Bosnia and Herzegovina and identifying projects (see 6.1.4). *Secondly*, Sida has received project proposals from NGOs and governmental organisations. In this case Sida would make a project appraisal. *Thirdly*, Sida has concluded one-year general agreements with four NGOs. In this case Sida would evaluate the NGO but it would not assess the specific projects and the need identification process behind the project proposals. It is for Sida to satisfy itself that the NGO has the proper capacity, which is why Sida has made a "capacity study" of one of the NGOs.

6.1.4 Project identification: proactivity

The proactive model of work has been a characteristic feature of Sida's planning in Bosnia and Herzegovina even though the degree of proactivity has differed according to time and sector. At the beginning of the reconstruction phase Sida was proactive in the Integrated Area Programs (IAPs) and in the area of democracy and human rights, in contrast to Sida's reactive approach to humanitarian aid. Sida has mapped the needs, planned the projects and encouraged Swedish NGOs to take up work in Bosnia and Herzegovina. It has also been involved in the implementation of projects in several areas. The main reason for Sida's proactive approach was the Swedish NGOs' limited knowledge and their absence in the country. The absence of Bosnian initiatives and lack of internal agreement on the Bosnian side have also contributed to this model of working, however.

Proactivity has made it easier for Sida to bring the assistance into line with the Swedish objectives. It has probably also increased its control of the use of resources. One disadvantage has been the need for administrative capacity, although Sida's organisation seems to have coped well with these demands. It has also resulted in a blurred line of distribution of responsibility (cf. 4.1.2).

The planning activities of the Bosnian *authorities* – whether at the central or the local level – have been limited in many areas, to the detriment of Bosnian project ownership (3.1.1) and of project

sustainability (3.3.1). To some degree Sida's proactivity has made up for this failure. In as much as the authorities now seem prepared to assume a greater responsibility for planning, the need for proactivity on Sida's side has been reduced even though the type of long-term co-operation developing now usually requires a degree of donor proactivity.

The need for Sida's proactivity vis-à-vis the *NGOs* is also becoming smaller – many Swedish *NGOs* have now a good knowledge of the situation in Bosnia and Herzegovina and show greater interest in the region.

6.2 Project Appraisals

It has not been possible to find a set of common criteria guiding Sida's project selection process, each project being assessed on its own merits and depending on the desk officer's criteria for support. The decisions have often been based on the descriptions of planned activities rather than on the analysis of their presumed effects. Improvement in this respect is, however, noticeable. A general finding of the project survey is that the projects were frequently justified with reference to similar projects that had been successful.

Another finding of the survey indicates that the project decisions were seldom justified by the *overriding objectives* despite the fact that these are the main steering instrument in the absence of a country strategy. Only in seven out of 26 project appraisals reference was made to the overriding objectives. The main reason for this neglect of the overriding objectives has probably been that they are too general; it is almost impossible to find projects that are incompatible with them. In the project appraisals from 1997 and 1998 the overriding objectives were, however, invoked more frequently than in earlier appraisals, at least indirectly. The reason may be greater awareness of the importance of reference to the overriding objectives, which does not necessarily mean that they were considered more than before.

The project documents seldom define objectives in a hierarchy, which makes it difficult to evaluate the projects, to make sure that they contribute to the fulfilment of the overriding objectives and to justify the support. The stated project objectives are either bound up with the activities or defined at such a high level that it is difficult to see the connection between the project output and the defined project objectives. Frequently, no indicators for measuring the attainment of objectives have been elaborated. There may be several reasons for this lack of properly defined objectives. The formulation of objectives may be perceived as a formality taking up the precious time of the desk officers. Also it may be difficult to define any measurable objectives of some projects and/or see any links between the outcome of the project to the overriding objectives. Without clearly formulated objectives it is, however, difficult to show whether or not a given project has contributed to the fulfilment of the overriding objectives.

6.3 Follow-up and Institutional Memory

6.3.1 Reports

The narrative reports are descriptive and do not normally give an account of the results or other effects of the activities. The reasons for the descriptive nature of the reports rather than a result-oriented one may be the lack of project objectives and/or clear instructions from Sida regarding the content of the reports. The implementing *NGOs* often receive descriptive rather than result-oriented reports from the local organisations, making it difficult for them to summarise the reports in a result-oriented way. Although Sida's manuals stipulate that all reports shall be analysed and followed up by Sida in a way that is clear and appropriate for the implementer, Sida does not use the information provided in the reports in a systematic way.

The financial reports of the Swedish NGOs are revised by chartered accountants, who have in most cases only audited the organisation's accounts but not investigated whether and how the activities have been performed, even though Sida's auditing directions stipulate that this should be included in the audit.

6.3.2 Visits

Like the reports, visiting the sites of projects by the staff in Sarajevo and Stockholm as well as their contacts with the implementing agencies constitute an essential part of the follow-up. Sida staff have travelled extensively acquiring a lot of information of what is going on in the field. There is, however, no systematic approach to field visits in order to ensure that relevant information is collected according to a plan. The present ad-hoc approach is not transparent and does not make a good basis for the provision of relevant and comprehensive information to external persons. The field visits are not systematically documented, i.e. the staff's documentation and filing of their observations and conclusions are not fully adequate.

6.3.3 Feed-back and institutional memory

The diversity and complexity of Sida's operations require the presence of a good system of feed-back and good institutional memory on the part of Sida. In the case of Bosnia and Herzegovina, however, the work-load has had negative effects on the system. The documentation has been to some degree incomplete, the project decisions not seldom inadequately explained and the reports usually not result-oriented. As was mentioned, field visits are sometimes carried out in an unsystematic way. Accordingly, the system does not provide the feed – back of results to a desirable degree and does not provide a good basis for an external observer to collect information or review the programmes. Although improvements have taken place, a more determined effort should be considered, including the submission of project completion reports.

6.4 Conclusions and Recommendations

- (a) The *overall planning* rests on a solid basis, the weak point being the absence of the Bosnian authorities.
- (b) The *proactive approach* has been a distinctive feature of Sida's identification of projects. Sida has not only encouraged NGOs to get involved in the country but it has also identified and planned projects. The planning by the Bosnian authorities has been limited, but they now seem to be prepared to take on greater responsibility. Several Swedish NGOs are now well established in Bosnia and Herzegovina which is why there is less need for Sida's proactivity.
- (c) It has not been possible to find a set of common criteria guiding Sida's *project selection* process – each project being assessed on its own merits and depending on the desk officer's criteria for support. The decisions have often been based on descriptions of planned activities rather than on the analysis of their presumed effects. Some improvement in this respect is, however, noticeable. Project decisions have seldom been justified with reference to the *overriding objectives* and project documents rarely define objectives in a hierarchy, which makes it difficult to evaluate the projects, to make sure that they contribute to the fulfilment of the overriding objectives and to justify the support.
- (d) The implementing agencies' *reports* are descriptive and insufficiently focussed on the results of the activities. Sida does not use the information contained in the reports in a systematic way, nor are the staff's *visits* of projects carried out or documented in a fully adequate way.

- (e) The diversity and complexity of Sida's operations require a good *feed-back* system and good *institutional memory* on the part of Sida. In the case of Bosnia and Herzegovina, however, the work-load has had negative effects on the system. The documentation has been incomplete in some instances, the project decisions at times insufficiently explained, and the reports often not result-oriented. The system does not feed results back to a desirable degree and does not provide a good basis for the external observer to collect information or review the programmes. Although improvements have taken place, a more determined effort should be considered, including the submission of project completion reports.

7 Co-ordination

7.1 Does co-ordination work?

7.1.1 Co-ordination of what?

Sweeping statements claiming that co-ordination is not working are commonplace in Bosnia and Herzegovina. These statements are often based on hearsay and are expressed by people who do not work with aid. A study of Sida's experience seems to indicate that a number of restrictions on co-ordination do exist (7.1.2). But it is also evident that the analysis of the issue must make a distinction between policy (incl. conditionality), advice and action (7.1.3); subject area (7.1.4); level/geographic area (7.1.5); duplication or non-optimal use of resources; and good and bad duplication (7.1.6)

7.1.2 Restrictions on co-ordination

Sida's experience indicates several factors that restrict co-ordination. Huge amounts of money and other resources have been made available during a short period of time. There has been a large number of donors – many guided by different policies – and other international actors with overlapping mandates. There are too many co-ordinating bodies most of whom lack the authority to co-ordinate in terms of the harmonisation of policies and action and there is an absence of capacity on the recipient side to co-ordinate the use of resources. The civilian and the military implementation of the Peace Agreement have been kept separate. There has been a rapid turnover of the expatriate staff who are inexperienced and ignorant of the conditions in Bosnia and Herzegovina. All these constraints are cumbersome but, as will be seen, they have not obstructed the co-ordination as much as has been asserted by many observers.

7.1.3 Policy, advice and action

Generally speaking, co-ordination has worked better in theory than in practice. There has been a broad consensus among the donors as regards the general situation, the political and economic needs and the possible solutions. This is the result of the policy work of the WB, PIC and OHR – the latter office becoming increasingly efficient in its co-ordination – as well as other institutions. The donor policy, explicit or informal, and the policy advice given have become increasingly coherent. In this sense co-ordination has worked reasonably well. Quite another matter is the fact that the policy development can be questioned: there is a common agreement that the donor community has, in general, underestimated the need to start capacity building earlier than was the case.

The coherence of policy and advice has not induced, however, a corresponding co-ordination of action. Many donors have pursued their own agendas, aspiring after visibility, and the rivalry between the EU and the USA has been persistent. In particular, there are several examples of different application of conditionality, one donor refusing to grant assistance to a municipality because of its failure to comply with the Peace Agreement only to find that another donor provides support for the same project. This is an example of a lack of co-ordination which is often due to the size of donors' resources and the pressure on them to disburse their funds (cf. 3.2.2).

7.1.4 The subject area

In Sida's experience co-ordination varies from one subject area to another. Co-ordination has not been satisfactory in the area of health care, which is characterised by many small projects, financed by some 100 donors and carried out by a vast number of NGOs, often with limited knowledge of the local conditions. There is a lack of strategy for the development of the health sector, although huge resources have been allocated to health projects. Co-ordination is also unsatisfactory with

respect to reconciliation, human rights, gender and police projects, although certain overlapping in these areas may not be too problematic, and may even be desirable.

It is also Sida's experience that co-ordination works better in certain other areas. Examples are the return projects and the local infrastructure which is due to the exchange of information taking place within RRTFs, local fora, etc even though various house building programmes exist which take little regard of RRTF's recommendations. Other examples are the infrastructure, agriculture and communication projects thanks to the efforts of the WB and the PIUs, set up by the bank. The World Bank Office has a key position as regards structural reform projects. IMG's databases covering four areas also have a co-ordinating function, although some donors, such as the EU, attach less importance to them. The Gender Co-ordinating Group of OHR is likely to improve co-ordination of gender activities.

7.1.5 Level/area

At the *overriding level* the Peace Agreement, the donors' meetings, the discussions within PIC and the documents that PIC adopts give some guidance in the absence of government strategy. Also the economic Task Forces of OHR fulfil such a function at the national level. All this supplies a common basis for donor policy (cf. 6.1.1). Nonetheless co-ordination at this "macro level" of the hierarchy has proven to be more difficult than at lower levels. Each donor has its own agenda and money flows in, even though none of the entities comply with the Peace Agreement.

At the *sector level* fora for discussion and dissemination of information exist, for example RRTFs and other task forces (14 in total), that are chaired by the lead agency of the sector. Members of the Task Forces share information and discuss priorities. Experience from the sector task forces has been mixed, but the growing involvement of local authorities over the last two years has been essential for improving co-ordination and local ownership of the reconstruction programme. A good example is the Task Force for Industry which is co-chaired by USAID and entity authorities. Co-ordination at the *local level* has worked fairly well in many instances, increasingly so now that the local authorities and other local organisations have been included in the co-ordinating bodies. At the *project level* a lot of informal exchange of information has been taking place among local actors. There is, however, a gap between field co-ordination and the state structure – the latter remaining often uninformed of what is going on in the field.

The level of co-ordination differs from one *geographical area* to another. In some areas there has been a fierce competition between donors to the detriment of co-ordination. The Tuzla area is an example.

7.1.6 Good and bad duplication; gaps etc

The effects of weaknesses in co-ordination can be of different types, e.g. duplication, non-optimum use of resources, gaps and diverging policy advice. The experience of Sida-funded activities indicates that outright overlapping has been rare in Bosnia and Herzegovina thanks to the (partly informal) exchange of information taking place in different fora and in the field. It must also be kept in mind that duplication may be advantageous in many areas: human rights activism and the media are but two examples.

Another matter is that there has been insufficient co-ordination to ensure that priorities are decided upon jointly on the basis of a common analysis of needs. For that reason resources have not been allocated in an optimal way. It is probably unavoidable that such things occur in a situation as complicated as the Bosnian one and characterised by a strong pressure on donors to take quick action. It is difficult to judge whether the gaps have resulted from inadequate co-ordination. Such gaps could also be the result of a faulty analysis. Finally, the policy advice offered by the international community seems to have been reasonably coherent and co-ordinated.

7.2 Conclusions and Recommendations

- (a) *Improved co-ordination.* There have been weaknesses in co-ordination which, although exaggerated by many observers, have hampered the effectiveness of aid to Bosnia and Herzegovina, including Swedish aid. A trend can be noticed, however, towards improved co-ordination in several respects, and it is likely that reduced funding, less competition between the donors and a better dialogue between the donors and the Bosnian parties will further facilitate co-ordination. Donors will be forced to focus more on their comparative advantages and it will be more difficult for their Bosnian counterparts to play them off against one another.
- (b) *Co-ordinating bodies and strategies.* There is no need for a larger number of co-ordinating bodies that have no effective authority to co-ordinate – rather fewer. It is, however, important that each organisation respects its own and other organisations' mandates, including OHR's mandate to co-ordinate the civilian implementation of the Peace Agreement (Annex 10). The Bosnian counterparts should be involved to the extent possible, for instance in the Task Forces. Such a co-ordinating mechanism could make the host counterparts more responsible and, hence, reinforce their ownership. There is still no comprehensive strategy in many areas, for example no institutional strategy on minority return exists, although the RRTF 1999 Action Plan is a step forward.
- (c) *Exchange of information.* Donors should improve their exchange of information regarding their activities. Other donors have frequently only vague ideas about Sida's programmes. Sida's information concerning other donors could also be improved. The quality of OHR's and IMG's information concerning needs and donor activities is dependent on the degree of co-ordination among the donors, who should report their ongoing projects to OHR and IMG. Co-ordination works best at the micro level. Exchange of information in the field must be further encouraged and Sida's implementing agencies obliged to share information regarding their plans and their ongoing activities with other organisations.
- (d) *Agreements.* Sweden should continue concluding agreements concerning various projects with the Bosnian counterparts. This will ensure greater Bosnian responsibility for co-ordination.

8 Criteria for Support and Conditionality

8.1 Means to Strengthen Compliance with the Peace Agreement

The Bosnian authorities have to a great degree failed to comply with the civilian part of the Peace Accord. In particular, the area of human rights, including the right of minority return, has not been respected according to Annexes 6 and 7. Aid is an important means of enforcing the implementation of the Peace Agreement. There are basically three ways to make sure that the Bosnian parties comply with the Peace Agreement and other policy requirements. These are criteria for selection of recipients, projects, etc (8.2); project design (8.3); and conditionality (8.4). Sida has made use of all the three types.

8.2 Criteria for Support: Carrot or “Bribe”?

There are several examples of Sida’s practice where the carrot approach has worked well in Bosnia and Herzegovina. Most importantly, support of the municipalities which accept minority return has influenced others – more reluctant parties – to follow suit.

It is commonly assumed that providing aid in reward for good behaviour is typically a better way of achieving results than punishing for bad behaviour. There is, however, a delicate balance to strike in that connection in Bosnia and Herzegovina. After all when does the carrot become simply a bribe? An example of such a danger can be seen in the Open Cities scheme. UNHCR has published figures showing that these cities have received US\$ 87 million for accepting 14 500 refugee returns. The international community has been buying, in other words, space for these minority refugees by handing out huge amounts of money – US\$ 5800 per person – for refugees who have an unquestionable right to return to these cities. This way of procedure, where enticement comes close to bribery, shows that the carrot does not always have to be more attractive than the stick.

8.3 Project Design

In Sida’s experience a diversified approach, taking into consideration the political situation and other conditions in each municipality, is often the most effective one. The design of a project could be a useful tool for the application of such a diversified approach. Sida has used this approach successfully in a number of instances. In the return area it means that Sida offers resources for the use of not only the returnees but also the host community. For example, if a school is to be built for the returnees, the host municipality may oppose the construction of it. But if the project includes also a building for the majority children, the municipality becomes involved and may look upon the return process more favourably.

8.4 Conditionality

8.4.1 General remarks

At the fifth Donors’ Pledging Conference in May 1999 the High Representative made the following, unequivocal statement: “Conditionality should and will apply to any direct support to the country... I encourage you to apply a strict conditionality on all disbursements and I will continue to guide and co-ordinate this process.” There was a general agreement among the major donors about the need to condition aid to Bosnia and Herzegovina. This severe attitude of the donors must be attributed to their impatience with the Bosnian authorities’ repeated non-compliance with the Peace Agreement and unsatisfactory economic policy performance.

It is well known that it is difficult to use assistance in order to impose upon the recipient a policy that the latter does not want to pursue. Bosnian experience confirms that. Bosnian politicians often play various donors off against one another, for example by pointing out that people, not the politicians, are hurt. They tend to succeed because of diverging criteria relating to conditionality and the lack of coherence in the implementation of conditionality. There are few examples of conditionality in the strict sense of the word that has worked well in Bosnia and Herzegovina. The Swedish aid programme is no exception. The Swedrail and telecom projects are examples of conditionality of the Swedish programme, but it is still too early to be sure of its outcome.

Some issues concerning the implementation of the Peace Agreement relate mainly to the national political level, whereas others apply to the municipal level. It is Sida's and its implementing agencies' experience that conditionality works best at the micro level where it can be incorporated in the negotiations with local politicians and become part of the package (cf. 8.3). SRSA has programmes for majority return in order to be able to receive a go-ahead for minority return. It is unavoidable that politicians exploit the assistance to enhance their electoral popularity or for other personal purposes. This fact could be used as a means of imposing certain conditions on them. Sida has managed to do so in the course of procurement. In the end, conditionality cannot substitute reconciliation but it can create in many instances a *modus vivendi* and pave the way for reconsideration of positions.

8.4.2 Conditionality and discrimination

As minority return remains one of the major issues in Bosnia and Herzegovina the ways to combat discrimination become increasingly important. The right of return may become illusory if there are no job opportunities for the minority returnees for example. Sida's aid offers it a possibility to use conditionality in promoting minority employment. It could mean that Sida might stipulate that the implementing agencies should require Bosnian companies and authorities to employ minorities. It is not easy to condition aid on the employment of minorities, but as the amount of aid is reduced the possibility of applying conditionality will increase. Conditionality may also be used to fight other types of discrimination, for example exclusion from the public school system or other public services.

8.4.3 Management of conditionality

Sida has encountered a number of problems regarding the management of conditionality in Bosnia and Herzegovina. Firstly, Sida has been anxious to get things moving and, hence, it has been inclined to fulfil its part without waiting for Bosnian politicians to keep their side of the bargain. The need for simultaneity might delay the inception of its projects. Secondly, conditionality requires a continuous follow-up capacity on Sida's part, in some instances for many years to come. Otherwise, Sida will be unable to determine whether the Bosnian parties continue honouring their promises. Thirdly, measurement of the degree of satisfaction of the conditions is an intricate task. What deviation, if any, can be tolerated? In the fourth place, the conditionality that is feasible is targeted in most cases at the recipient's behaviour at the time of the inception of the project. It is difficult to take action later on if the conditions are no longer satisfied. For instance, it would be difficult for Sida to withdraw the telecom credit granted to Republika Srpska on the condition that inter-entity traffic is permitted, if such traffic were to be barred. It is true that discontinuance of some other projects could be considered, but any consistent policy of "switch-on/switch-off" would be difficult to pursue.

8.4.4 Type of recipient

The selection of recipients should be carefully considered. Only the three states are parties to the Peace Agreement. Private persons, enterprises, private associations and NGOs are, in other words, not bound by the Agreement and may always become recipients of aid with no regard to their compliance with the Agreement unless the support gives legitimacy to authorities. If a public institution is privatised, such as the telecom company of Republika Srpska, conditionality becomes superfluous. Another matter is that the support of an NGO is in many cases not a substitute of the support to a public institution, such as, for example institution building. All kinds of public institutions are bound by the Agreement, in principle also those working in the areas of humanitarian aid and human rights but, of course, the grant of humanitarian aid may normally be considered. If it is difficult to impose a condition on a public institution the support should normally be held withdrawn.

8.5 Conclusions and Recommendations

- (a) *Criteria for support.* Assistance to public institutions should focus on those recipients who honour the Peace Agreement and pursue sound policies in other respects with no regard to the possibility of receiving assistance as a reward. If assistance is provided to recipients who have a genuine wish to comply with the terms of the Agreement the prospects for an effective assistance are good. Such a policy of Sida will also work as an incentive for other Bosnian communities and authorities who will hopefully follow suit. Concerted action of many donors may make a difference: the population in the areas marked by continued nationalism and ethnic contradictions will notice that other areas are better off.
- (b) *Project design.* The carrot and stick are combined when a project is designed in a way that pleases the host community. There is an element of conditionality present but the imposition of the condition does not stand out. The fact that conditionality is present may not even occur to the people concerned.
- (c) *Conditionality.* The reason for the application of stringent conditionality in Bosnia and Herzegovina has been the fact that donors had no option to cease the aid in spite of the hampering structures of the country and non-compliance with the Peace Agreement. Sida must learn how to apply this conditionality. For conditionality to work there is a need for policy coherence among the donors relating to criteria and implementation of aid as well as transparency. Conditionality cannot be effective without close monitoring and unambiguous outlining of the consequences of non-compliance. Accordingly, there is a need for a close liaison with political bodies such as OHR and UNHCR. Conditionality works best at the community level, where a true give-and-take-deal with politicians may yield lasting results. Conditionality could be increasingly used to combat minority discrimination, for example at the workplace or in the school system. Conditionality undermines, however, the ownership of the recipient. This is a reason why a positive approach, stipulated under (a) and (b) above, is preferable to conditionality from this point of view.

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Appendix 1

Terms of reference for

1. A study on the Swedish assistance to Bosnia and Herzegovina from 1994–1998 and

2. Preparation for a strategy

1 Background

Sweden has since 1991/92 supported a comprehensive reconstruction and return program in Bosnia and Herzegovina. The second phase includes increased assistance to the rehabilitation of communications and institutional Cupertino and support to the restructuring of the country's economy. The total Swedish assistance since the outbreak of the war will by the end of 1998 amount to around 2 billion SEK.

The Swedish support started as an emergency/humanitarian assistance from the Department for Co-operation with Non-Governmental Organisations and Humanitarian assistance.

The assistance has had to adjust to the specific circumstances, which characterise the transition between war and peace. For example, the target group for the Swedish humanitarian assistance via UNHCR from the beginning was the civil population. Eventually only some 30 % of the assistance benefited this group. This was one of the reasons why a need arose for a gradual change to a more long-term approach to the assistance, of a more traditional kind. This resulted in the establishment of a project organisation (EVB) which was placed at Sida's Department for Central and Eastern Europe.

EVB work is characterised by flexibility. One of the goals for EVB is to establish recipients for the contributions. So far, Sida has only entered into agreements with Swedish NGOs, UN organisations and local communities. Gradually, the assistance will be carried out with agreements with the government. This transition to a more ordinary method has led to the decision to write a land strategy for Bosnia (and later for the whole region) which is planned to be ready during 1999.

The number of donors to BiH after the war was about 350. Soon 1,5 million USD were allocated to Bosnia. Sida decided to support areas where the need was big but where neither UN, nor EU, nor other donors were active.

2. Purpose and scope of the study

The reason for the study is twofold:

1. – to find out whether the methods used in the development assistance to BiH during the years 1995-98 has been appropriate with respect to the changing needs in a changing situation – from humanitarian aid in wartime to reconstruction and development co-operation in a more and more peaceful situation. This part of the consultancy assignment is meant to result in a useful report for Sida, the Ministry of Foreign Affairs, other donors and UN organisations.
 - to assess the relevance, effectiveness and sustainability of the Swedish support
 - to make recommendations to Sida regarding future support to BiH

2. to make a proposal for a strategy for BiH which shall be elaborated by Sida during the spring of 1999 and decided on by the Ministry for Foreign Affairs at the end of 1999.

3. The assignment (issues to be covered)

In particular, the consultant shall answer the following questions:

Relevance

- Has the support been relevant with reference to 1) Sida's overriding goals, 2) Sida's goals for humanitarian assistance d) the needs of the recipient groups.

Achievement of Objectives

- Did Sida choose the right kind of projects to support?
- Could other kind of support and activities have made a deeper impact?
- Has the gender perspective been integrated in the different activities of the projects.

Effects on peace process

- Has the Swedish inputs somehow negatively affected the peace process – the reconciliation process – the society's effort to bridge from war to peace?

Assessment on the Sida project organisation for Bosnia

- Has the methods and the organisation that Sida choose for this assistance been appropriate and effective? Looking at the process – from humanitarian aid from Sida/SEKA, to the change into a project organisation by its own at Sida/Öst, halfway towards getting a long term land strategy with flexible budget (?), to turning to other departments within Sida for co-financing or other collaboration towards entering into ordinary development co-operation – what lessons can be learnt for the future?
- Has the method and the organisation been adequate and efficient for the planning and implementation of the support?
- Specific for this support has been the intensive co-operation and frequent contact between Sida and the Ministry for Foreign Affairs. Has the balance between these two parties been sound with respect to tools and management?
- Has Sida been able to adjust to methods according to the changing situation and new demands?
- Has the combination of pro-active and reactive ways of acting been well balanced?
- How has Sida succeeded in establishing formal contacts with the recipient, giving them more and more of the ownership of projects, avoiding the risks of corruption and satisfaction of own interests?
- How has Sida succeeded in finding a *raison d'être* in the co-ordination between the military, the diplomacy, and the development aid?
- How has Sida handled the Task Forces, PIUs and other tentative structure, which have replaced ordinary relations between donors and recipients?
- Has the role distribution between Sida-S and the Embassy staff been the most effective and corresponded to the needs?
- Has the choice of projects to support been exclusively made according to needs?
- For the future co-operation: what kind of organisation should Sida concentrate on (field and home staff)? Need for development of new methods? Are there any experiences from co-operation with East Europe to consider?

- After analyses of the experiences from these last four years: how should Sida plan the future co-operation with Bosnia?
- The methods used for the assistance to Bosnia – are they good examples to be copied when Sida gets involved in other countries with similar war situation?

4 Methodology, Team and Time Schedule

The study is planned to be carried out by one senior consultant with the help of one assistance consultant. The consultant shall possess competence within the area of development co-operation and evaluation work and have a very good knowledge of English.

The evaluation shall take about 10 weeks: about two weeks in Bosnia and the rest in Sweden inclusive of analysis and report writing. The study shall take place during the period October 1, 1998, and March 1, 1999. The background material for a strategy shall be ready by May 1.

As the study proceeds, specific questions may need to be modified or complemented by others. Sida and the evaluator shall therefore treat the Terms of Reference as negotiable. The consultant shall be prepared to take part in small seminars at Sida to discuss the consultancy assignment: the terms of reference for the final work of the study may be finalised in the light of the findings from the first trip to Bosnia.

The consultant shall

- as a background to the work acquire a survey knowledge of all assistance given to Bosnia
- study project documents available in Stockholm, compilation of other written relevant documentation and analyses made by others
- contact other donors and get a picture of their aid programmes during the period in question
- consult other evaluations and relevant reports which have been carried out by the World Bank, UN and other organisations
- make two trips to Bosnia: *one* at the beginning of the consultancy assignment to study projects and interview donors, the Swedish Embassy, consultants, implementing organisations, target groups and individuals; *one* at the end of the consultancy assignment to finalise the draft report.

5. Reporting

1. The study report shall be written in English and should not exceed 25 pages, excluding annexes. Four copies of the draft report shall be submitted to Sida no later than March 15, 1999.

The consultant undertakes to participate in a Sida seminar as part of the overall study assignment, where the draft report will be discussed with involved people from Sweden and invited stakeholders.

The draft report will be sent to the Swedish Embassy in Sarajevo, to the Ministry for Foreign Affairs and a few stakeholders for comments.

Within 2 weeks after receiving Sida's comments on the draft report, a final version in 2 copies and on diskette shall be submitted to Sida. Subject to decision by Sida, the report might be published and distributed as a publication within the Sida Evaluation series. The report shall be written in Word 6.0 for Windows and should be presented in a way that enables publication without further editing. The final report shall include an Executive Summary not exceeding four pages.

The consultancy assignment includes the production of a newsletter summary following the guidelines in Sida Evaluations Newsletter – Guidelines for Evaluation Managers and Consultants

(Annex 2) and also the completion of Sida Evaluations Data Work Sheet (Annex 3). The separate summary and a completed Data Work Sheet shall be submitted to Sida along with the final draft report. Annexes 1.2. and 3 are retrievable from Sida-mall/Sida Evaluations.

2. The draft version of a country strategy shall be presented to Sida by May 15. After discussions within Sida and with the consultant, the final version shall be presented by June 15, 1999.

1. Sida's support to the Former Yugoslavia 1991/1992–1998

1.1 Sida's support to the Former Yugoslavia

The Statistics

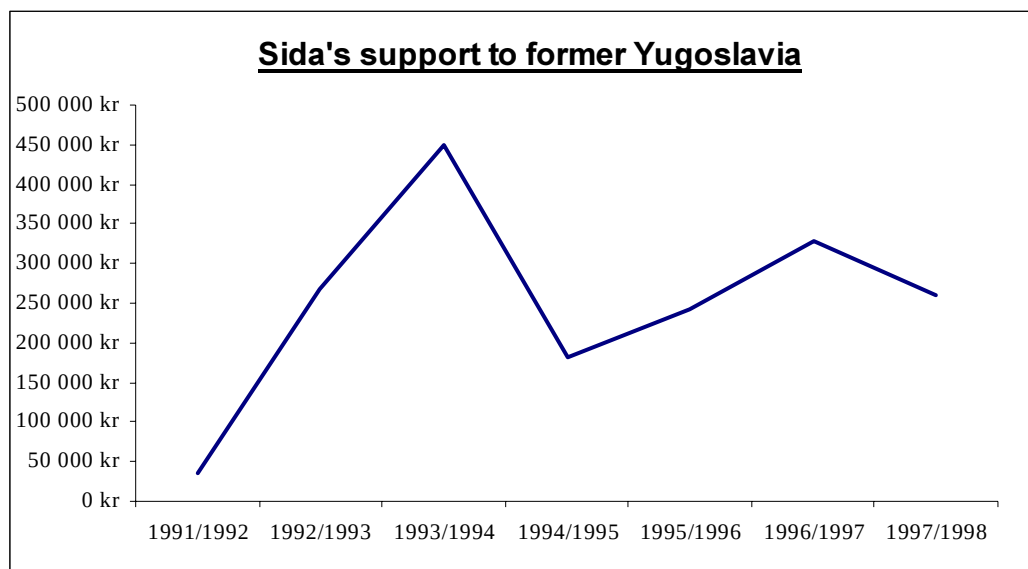
The figures presented in this appendix are given in thousands of Swedish Crowns (SEK) and are deflated to the price level of 1998. The figures represent net disbursements of aid from Sida, aid disbursed from the Ministry for Foreign Affairs is not included. The sources are Sida's administrative systems; the SEO-system, the EA-system and PLUS.

Sida changed budget year in 1995 from July-June to the calendar year (January-December). Hence, in order to be able to compare the statistics of aid before 1995/1996 with the statistics of aid for 1997 and forward the years 1995, 1996, 1997 and 1998 are modified to budget years corresponding to July-June (1995/1996, 1996/1997 etc.).

Sweden started to support the Former Yugoslavia in 1991/1992. The support was above all given in the form of humanitarian aid, such as food and health care directed to people suffering from the war. The Swedish support was mainly given through Caritas, ICRC and minor Swedish NGOs.

In 1992/1993 the Swedish support increased from 36 million SEK to 267 millions. The main part of the Swedish support was channelled through UNHCR and ICRC.

Figure 1



The overriding objective of the support was to make it possible for refugees to stay in the Former Yugoslavia. The Swedish support was concentrated to Bosnia and Herzegovina, even though Croatia received a substantial amount of the support as a large number of refugees from Bosnia and Herzegovina fled to Croatia.

In 1993/1994 the Swedish support reached a peak of 449 million SEK. The support was still in the form of food and health care even though support was also given to shelter programs as there

was an acute need for shelter. Moreover, in the spring of 1994 Sida and the Swedish Ministry for Foreign Affairs started to plan for the reconstruction phase. In the

Table 1

Sida's support to former Yugoslavia							
	1991/1992	1992/1993	1993/1994	1994/1995	1995/1996	1996/1997	1997/1998
Totalt	36 468 kr	266 695 kr	449 260 kr	182 406 kr	241 524 kr	327 283 kr	261 023 kr

beginning of 1994 the “Washington agreement” was signed between the Muslims and the Croats making it possible to start some reconstruction programs, hence Sweden supported a reconstruction programme through the UN. Moreover, in 1994/1995 the Swedish Government decided that 20 million SEK from the appropriation (anslagspost)¹ of democracy and human rights should be used for projects in the Former Yugoslavia. Despite the decision to start giving aid through other modalities than humanitarian aid, the total Swedish support decreased substantially from 449 million SEK to 182 million SEK. The disbursements from the appropriation of humanitarian aid declined from 449 million SEK to 171 million SEK, while disbursements from other appropriations had not yet started to increase. Hence, the year 1994/1995 was a year in between two different phases, the purely humanitarian phase and the reconstruction phase. Moreover, it was a year of uncertainty, as the outcome of the Dayton negotiation was uncertain until the agreement was signed.

In 1995/1996 Sweden initiated some reconstruction programs parallel to the humanitarian aid. Moreover, Sida placed a consultant in the Tuzla-

Government decision 1995-04-06, “Stöd till återuppbyggnadsinsatser i Bosnien-Hercegovina”

“The Government decides that the Swedish International Development Cooperation Agency (SIDA) shall conduct aid projects for reconstruction in Bosnia-Herzegovina”

Zenica region in November 1995 to support the reconstruction programs. The Swedish support to the Former Yugoslavia increased in 1995/1996 from the bottom level of 1994/1995 to 242 million SEK.

The Swedish support continued to increase in 1996/1997, reaching 327 million SEK. The reconstruction programs were now rolling and the Swedish support was less of the humanitarian kind and more of the reconstruction kind of support. Two major changes concerning Sida’s organisation took place in 1996/1997. First, the Swedish Government decided to establish a development co-operation unit of two persons at the Embassy in Sarajevo. Second, the Division for Western Balkans was set up within the Department for Eastern and Central Europe at Sida.

As from January 1998 the support is no longer financed through the appropriation of humanitarian aid and appropriation of democracy and human rights but from the “appropriation of Europe”. 1997/1998 signified a decrease of the Swedish support to the Balkans from 327 to 261 million SEK. This may be an indication that the peak has been reached and that the Swedish support might slowly decline. The Division for Western Balkan got 230 million SEK for the year 1999 a decrease from 280 million SEK in 1998.

¹ The term appropriation refers to “anslagspost” through out the whole study.

1.2 Sida's support to Bosnia and Herzegovina

The Swedish support has been geographically distributed according to needs thus Bosnia and Herzegovina has received the largest part of the Swedish support to the Former Yugoslavia having the largest physical and psychological damages. In 1991/1992 and in 1992/1993 a large part of the Swedish support to Former Yugoslavia was directed to Bosnia and

Table 2

Sida's support to Bosnia Herzegovina							
	1991/1992	1992/1993	1993/1994	1994/1995	1995/1996	1996/1997	1997/1998
Totalt	3 766 kr	39 818 kr	191 011 kr	85 478 kr	113 993 kr	179 522 kr	191 528 kr

Herzegovina but the support to Bosnia and Herzegovina was not reported separately in Sida's administrative system until 1993/1994. Moreover, although the support to Bosnia and Herzegovina should have been registered as such from 1993/1994 onwards some of it has probably been registered as support to the Former Yugoslavia. Thus, the figures in tables 2, 3 and 4 are likely to be underreported.

Despite this statistical problem it is possible to see the trends of the total support to Bosnia and Herzegovina. It has more or less followed the same trend as the support to the Former Yugoslavia in total, increasing until 1993/1994, decreasing in 1994/1995 and then increasing until 1997/1998.

Table 3²

The share of Sida's support to Former Yugoslavia going to BiH							
	1991/1992	1992/1993	1993/1994	1994/1995	1995/1996	1996/1997	1997/1998
%	10,3%	14,9%	42,5%	46,9%	47,2%	54,9%	73,4%

About 50 percent of the Swedish support was given to Bosnia and Herzegovina between 1993/1994 and 1995/1996. During this period Croatia received quite large amounts of the Swedish support due to the refugees coming from Bosnia and Herzegovina. However, after the Dayton agreement was signed at the end of 1995 the reconstruction phase began, and the Swedish support became even more concentrated to Bosnia and Herzegovina.

The coming into force of the Dayton agreement created the necessary preconditions for gradually replacing the humanitarian aid by more long-term support. According to the decision of the Swedish Ministry for Foreign Affairs stating the principles for 1996, the Swedish aid to the Former Yugoslavia should include humanitarian support as well as support to infrastructure, social sectors, local production, institutional building and democracy and human rights.

² The figures are probably too small due to the statistical problem.

Table 4

Sida's support to Bosnia Herzegovina

	1995	1996	1997	1998
Health and psychosocial	2 811 kr	19 091 kr	21 296 kr	19 294 kr
Food distribution	11 450 kr	3 822 kr	0 kr	0 kr
Democracy and human rights	2 283 kr	15 002 kr	17 412 kr	12 650 kr
Reconstruction, repatriation	32 300 kr	93 424 kr	102 066 kr	93 775 kr
Demining	0 kr	1 030 kr	575 kr	8 641 kr
Institutional building	0 kr	410 kr	12 978 kr	11 567 kr
Industry	445 kr	0 kr	0 kr	0 kr
Transport	6 118 kr	0 kr	0 kr	0 kr
Infrastructur	0 kr	23 422 kr	4 768 kr	5 485 kr
Agriculture	0 kr	7 036 kr	7 447 kr	7 165 kr
Start Bosnia, Credits	0 kr	0 kr	13 705 kr	6 546 kr
Seconding, administrative costs	3 455 kr	3 549 kr	6 551 kr	9 502 kr
ICRC Appeal 1998	0 kr	0 kr	0 kr	11 500 kr
Culture	0 kr	0 kr	0 kr	224 kr
Other	270 kr	3 064 kr	1 729 kr	9 869 kr
TOTAL	59 131 kr	169 851 kr	188 526 kr	196 217 kr

In 1997 a decision was taken to try to apply the “StartÖst” model in Bosnia and Herzegovina called “StartBosnia”. Sweden has stopped giving food aid, started to give credits and increased the support for reconstruction and repatriation, see table 4. The Swedish support to institutional building has also increased. Altogether this indicates a transformation of the Swedish support from humanitarian aid towards reconstruction and more long-term support.

There have also been changes in the geographical distribution of the Swedish support within Bosnia and Herzegovina. Until 1998 the Federation (one of the two entities in Bosnia and Herzegovina) received almost 100 per cent of the Swedish support while *Republika Srpska* received almost nothing. The main reason was the unwillingness of Republika Srpska to accept the Dayton Agreement. In 1997 Republika Srpska elected a non-nationalistic government that accepted the Dayton Agreement which changed the preconditions for supporting the area. Hence, in 1998 Republika Srpska received almost 30 % of the Swedish support to Bosnia and Herzegovina.

Appendix 3

People met

Amberg Adam, Desk Officer, Sida
Amhof Peter, Head Delegate for BiH Emergency Relief, Caritas
Andersson Bertil, IMG
Andersson Stellan, Senior Consultant, Boliden Contech
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Berggren Birgitta, Counsellor, Embassy of Sweden Sarajevo
Bjällerstedt Jöran, Head of Humanitarian Department, OHR
Boström Ann Marie, Svenska Helsingforskommittén
Bozo Andric, RIV13MART
Brolenius Anette, Political Officer, OHR
Bruynjes Hans, Resident Representative, UNDP
von Buchwald Ulrike, Senior Liason Officer, UNHCR
Byman Per, Communications Officer, Caritas
Börjesson Barbro, Desk Officer, Sida
Cedergren Ingemar, Repatriation Counsellor, Embassy of Sweden Sarajevo
Dubinovic Gordana, Director of Credit Line, Project Co-ordination Unit Credit Line Sector
Duric Svetlana, Olof Palme Internationella Center
Elding Bo, Head of Division, Sida
Eliasson Nils, Ambassador, Embassy of Sweden Sarajevo
Ellerkmann Richard, Ambassador, Deputy High Representative Head of Regional Office South, OHR
Engström Torbjörn, General Manager, Ericsson
Finci Jakob, President of Jewish Community of Bosnia Herzegovina, SOROS
Fau Didier, Deputy High Representative, OHR
Fuchs Gabriela, Delegate for BiH Emergency Relief, Caritas
Förberg Pontus, Desk Officer, Sida
Gazic Emir, Field Representative, USAID
Gennebäck Kaj, Project Manager, SRSA
Good Matts, Deputy Liaison Officer, SFOR SWEBn Tuzla
Grebo Zdravko, Professor, Faculty of Law, Sarajevo University
Grey Z Eugene, Consultant, Bank Privatisation Unit, Ministry of Finance RS
Göransson Bo, Director General, Sida
Hadzimuratovic, Counsellor, Department for Multilateral Relations Unit for Reconstruction, Ministry for Foreign Affairs
Hansson Lena, Red Cross
Herrström Staffan, Head of Department for Central and Eastern Europe, Sida
Hopkinson Bryan, Director, ICG

Hrizic Branka, Project Manager, Stope Nade
 Hutson, OHR North Representative, OHR
 Iwansson Per, Consultant
 Irvine Walter, Head of Sub Office, UNHCR Tuzla
 Jadranka, PMAU, The World Bank
 Jaksic Dusko, Professor, Ekonomski Institut of RS
 Karavdic Aziz, Deputy Project Manager, SRSA
 Karlsson Stig, AB Delonia
 Kaunitz Elma, Psychosocial PGM Deputy, NPA
 Kovacevic, Deputy Ministry of Traffic and Communication
 Kotsalainen, Head of Regional Office, UNHCR
 Kurovic Mirsad, Minister, Ministry of Foreign Trade and Economy
 Ladjabi Meriem, Fund Raiser, Stope Nade
 Lagerkvist Bengt, Associate Professor, Östeuropakommittén
 Lidén Anna, Kvinna till Kvinna
 Linder Sven G, Ambassador, Head of Swedish Delegation, ECMM-EC
 Lindgren Marie, Kvinna till Kvinna
 Lönnback Johan, OHR
 Mannion Kevin, Deputy General Manager, IMG
 Marlowich Dario, Caritas
 Martin Ian, OHR
 Mason Craig, Program Co-ordinator, NSU
 Mehmedbasic Berina, Economic Advisor, IMF
 Milicevic Nedjo, Professor, Faculty of Law, University of Sarajevo
 Mitra Samuya, Deputy Director, The World Bank
 Morris Eric, Deputy SRSG, UN Mission to BiH
 Mossberg Björn, First Secretary, Embassy of Sweden Sarajevo
 Mustabasic Ismet, Mayor, Maglaj Municipality
 Månsson Marie, Svenska Helsingforskommittén
 Nilsson G Lennart, Deputy Head of Mission Office, ECMM-EC
 Nozica Senka, Alternative Council of Ministers
 Olofsen Audun, Program Co-ordinator, LWF
 Olofsson Ann Louise, Desk Officer, Sida
 Pasic, Head of Unit, Department for Multilateral Relations, Unit for Reconstruction, Ministry for Foreign Affairs
 Pallant Charles, Task Manager, DG1A EU
 Pecanin Senad, Editor in Chief, Dani Magazine
 Perko Tanja, Operations Assistant, IOM
 Pettersson Åke, Ministry for Foreign Affairs Sweden
 Rasmusson Elisabeth, Deputy Head of Mission for Democratisation, OSCE

Ridemark Hans, Red Cross
 Robertson Joakim, Head of Political Department, ECMM-EC
 Rogan Janet, Deputy Head of Mission, British Embassy
 Runnedahl Hans, PMAU, The World Bank
 Salokoski Juuso, Ministry of Finance Bank Privatisation Unit (RS), HIFAB
 Staub Bernhard, Program co-ordinator, LWF
 Stilhoff Sörensen Jens, First Secretary, Ministry for Foreign Affairs Sweden
 Struijf Margriet, First Secretary for Development Co-operation and Humanitarian Aid, Netherlands Embassy
 Stålgren Roland, Program Co-ordinator, Cross Roads International
 Sullivan-Michaels Frances, Chief of Mission, IOM
 Tench Andrew, Ministry of Foreign Economic Affairs
 Tesanovic Natasa, General Manager, ATV
 Thelin Krister, Director General, IMC
 Tihi Boris, Professor, Deputy Rector of Sarajevo University
 Torbjörnsen Arnulv, Deputy Chief of Mission, UNHCR
 Tunnacliffe Jeremy, First Counsellor, European Commission
 Unge, Gunnel, Desk Officer, Sida
 Vetejard Asgerd, NPA
 Vilusic Mira, Women and Child Centre
 Wagle M Therese, Second Secretary, Norwegian Embassy
 Wennström Gunnar, Professor, MD PhD hc, Östeuropakommittén
 Zikic Husein, Mayor, Zavidovici Municipality
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 Zrilic Natasa, Junior Adviser, Ministry of Foreign Economic Affairs
 Östman Peter, Senior Liaison Officer, SFOR SWEbN Tuzla

Appendix 4

Abbreviations and Acronyms

ATV	Alternativna Televizija
BiH	Bosnia Herzegovina
DAC	Development Assistance Committee
ECMM	European Community Monitor Mission
IAP	Integrated Area Program
ICG	International Crisis Group
ICRC	International Committee of the Red Cross
IMF	International Monetary Fund
IMG	International Management Group
IOM	International Organization for Migration
LFA	Logical Framework Approach
LWF	Lutheran World Federation
MFA	Ministry for Foreign Affairs Sweden
NGO	Non Governmental Organisation
NPA	Norwegian People's Aid
NSU	National Support Unit
OHR	Office of the High Representative
OSCE	Organization for Security and Cooperation in Europe
RRTF	Return and Reconstruction Task Forces
RS	Republic Srpska
SRSA	Swedish Rescue Services Agency
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	United Nations High Commission for Refugees

1. Aid to an Emergency Area

1.1 Introduction

This annex is a survey of the literature regarding the best practice of humanitarian aid, in particular as regards the problems of linking relief and development.¹ 1.2 deals with the best practice of humanitarian aid in general. In 1.3 the problems of linking relief and development are discussed followed by a survey of best practice of aid to complex emergency areas in 1.4.

1.2 Humanitarian aid

The complexity of humanitarian aid has increased with the accelerating amount of conflicts and disasters. The most elementary form of humanitarian aid provides the basics for survival such as food, shelter, water and sanitation, basic medical services and protection against violence. The basis for the humanitarian aid is the immediate needs of the suffering people.

Humanitarian aid has to be given in time and with short notice, i.e it requires *timeliness*. Hence, it is important to have effective early-warning systems which requires thorough analysis of the underlying causes of the conflict as well as understanding of the normal situation.

To be sure that the humanitarian aid reaches the areas in the greatest need it is important to conduct a *need identification*. This includes identifying and quantifying the relief required to meet the needs. The need identification is dependent on the quality of the analysis of the conflict's underlying causes which in turn depends on the quality of the available information. The population suffering from the conflict should be consulted when the situation is analysed. However, there may be a conflict of interests, as need assessment might trigger competition of support between communities. Therefore, it may be appropriate for external assessment teams to be involved as well.

Providing the right form of humanitarian aid where it is most needed at the right time requires *knowledge of the area and the underlying causes of the conflict/disaster*, as mentioned above. This knowledge may be obtained by working with NGOs having the required expertise and/or by using local partners and specialist agencies. However, it is important not to over- or underestimate neither the area's vulnerability nor its capacity for self-help. Expecting too much of local capacities may undermine the ability to recover and expecting too little of local capacities may lead to aid dependence. Moreover, the desk officers in the field have to possess the competence needed to analyse the underlying causes of the conflict/disaster.

¹ The following literature is studied:

- Anderson M B (1996)
- OECD, DAC (1992)
- OECD, DAC (1998)
- Duffield M (1998)
- Lindahl C (1996)
- Ljunggren B (1994)
- Ministry for Foreign Affairs, Sweden (1998b)
- Sida (1998a)
- Sida (1999)
- SIDA (1995)

Since the situation may change quickly in a conflict area it is important that the relief is *flexible* and adjustable to the shifting circumstances. Flexibility may require the delegation of responsibility for funds and decision making to the field staff. Moreover, it is important not to tie funds to specific projects for long periods.

Effective aid in general requires donor *co-ordination*, as each recipient country receives aid from a large number of donors with their own policies, regulations and requirements. Although the recipient is responsible for the co-ordination of aid this can not be done without the donors' assistance and willingness to co-operate. In conflict areas co-ordination becomes even more important as there are multiple needs and multiple activities needed.

Since the risk for unintended negative consequences of aid, such as abuse of the aid system resulting in a benefiting elite, is higher in emergency areas, it is important to closely *monitor* the relief actions.

Even when all the above mentioned issues are considered and the humanitarian aid meets the

DAC "Conflict, peace and development co-operation on the threshold of the 21st century", page 45

"...what makes good sense in terms of saving lives may in some circumstances make longer-term solutions harder to attain"

immediate needs there may be unintended negative effects in the long-term.

Lindahl (1996) lists the following *unintended effects*:

- food aid might negatively affect (suppress) the market prices and distort the local food production system
- aid dependence
- emergency relief might fuel the conflict
- top-down supply of emergency aid may reduce the local capacity to deal with crises
- emergency relief might distort the overall function of the government
- refugee camps may have negative effects on the recipient country and its neighbours

Avoiding these unintended effects requires a deep understanding of the local, regional, national and international dynamics of the conflict. Some of the negative consequences may be avoided by seeing humanitarian aid as part of the overall development co-operation. Moreover, it is important to realise that humanitarian aid is not a neutral activity. Resources allocated to conflict areas inevitably means involvement in the conflict.

1.3 Linking relief and development

SIDA "Beyond relief ?", page 32

"Relief should contribute to the development of communities rather than undermine their capacities and create dependence"

The view on the relationship between relief and development has changed during the 1990's as the discussion has evolved. The conceptual model RRD (Relief – Rehabilitation – Development) divides the process from a normal economy into the emergency situation and back onto the development track into different stages. According to the model relief actions should as soon as possible be followed by rehabilitation which in turn should be followed by development activities. This model is criticised for being too simple. Today most donors have realised that development co-operation and disaster relief are not isolated events and should thus occur simultaneously.

Relief provided in a development mode should use local skills and local organisational and administrative capacities as well as local resources. Moreover, the communities should be encouraged to take responsibility for the development. It is important not to create too many new structures in parallel to the ones already existing in the country. The donors should try to help people in their home areas and prevent the formation of refugee camps.

Lindahl (1996) emphasises that it is possible to see disaster relief as a subset to development co-operation. Thus, disaster relief should have more or less the same objectives as development co-operation. This form of humanitarian aid is called *developmental relief* in the literature. Lindahl lists the following activities as being essential to restore the process towards development after a crisis: demobilisation of soldiers, political and social reconciliation, reintegration of displaced populations, judicial reforms and setting up administration of justice, protection of human rights, democratic reforms, and strengthening of civil society.

The question of relief and development has also been discussed by the Swedish Ministry for Foreign Affairs (Ministry for Foreign Affairs, 1998b). The ministry concludes that it is not a matter of bridging from relief to rehabilitation to development but to adjust the support to the changing situation. Besides the rebuilding of a society after a conflict is not about restoring, but rather about contributing to the creation of a more stable economy.

In 1998, DAC published “Conflict, Peace and Development Co-operation on the Threshold of the 21st Century” which serves as guidelines for the donors. According to this report support in the form of relief, rehabilitation and development exists at the same time. The donors should not only try

DAC “Conflict, peace and development co-operation on the threshold of the 21st century”, page 45

“It is often possible to reconcile within the same activity short and long-term objectives and to address simultaneously the needs for relief, improved disaster preparedness and development.”

to co-ordinate these activities but to integrate relief, rehabilitation and development objectives into a long-term strategy. Moreover, long-term planning should be undertaken at the early stages of a crisis, in order to promote self-reliance and avoid aid dependence. The guidelines also mention factors that hamper the integration of relief, rehabilitation and development objectives notably the donors’ institutional, budgetary and functional barriers between relief assistance and rehabilitation.

DAC lists the following as the best practices:

- All emergencies are different; thus a deep understanding of local conditions is vital.
- The scope and duration of emergency relief should be limited to a strict minimum.
- Examine the risk that humanitarian aid may prolong the crisis.

- Local capacities should be supported. In order not to create too high expectations the donors should avoid overfunding. Donors should also introduce effective control procedures.
- A code of conduct should be introduced concerning the relationship between the donors and the partner agencies. Strict impartiality is essential.
- Create information exchange mechanisms between agencies in the field and at the headquarters.

DAC also mentions the importance of avoiding market distortions, for example, free food aid may hurt the local food producers as the external resource flows drive out local competitors. Moreover, donor financed projects compete for local human resources, which are a very scarce resource in conflict areas.

The donor community seems to share the view of DAC which regards humanitarian aid in a more long-term, developmental perspective. There are some critics though. According to Mark Duffield (1997) applying a long-term perspective on humanitarian aid changes the objective from supporting the suffering people to strengthening the institutions. Consequently, Duffield argues that the threshold of acceptable limits of suffering increases. Hence, it is important not to think about the future development to such an extent that the people suffering do not get the support that they need.

Sida “Ett Utvecklingsfrämjande humanitärt bistånd”, page 1

“Developmental humanitarian aid is in acute situations supporting long term and locally supported solutions of the suffering peoples’ acute needs and sees these acute needs as a part of the suffering peoples’ entire life situation.”

1.4 Complex emergencies require complex relief

Giving aid to an emergency area resulting from warfare and political insecurity is even more difficult than supporting areas suffering from for example natural disasters. In complex emergency situations it is even more important to understand that humanitarian aid is not isolated actions in an emergency situation. Humanitarian aid affects the conflict and is thus a socio-cultural, political, economic and technical operation. According to Sida’s strategy for humanitarian aid to conflict areas the current conflicts require political analysis of peace- and safety-policy aspects as well as knowledge about the dynamics of the conflicts. Moreover, disaster relief in complex emergency situations has to be combined with political negotiations, in order to ensure peace and return to normality. The

Lindahl “Developmental relief?”, page 7

“...the complex disasters are generally of such nature that the basic fabric of the society breaks down. Thus it is quite difficult for the relief agencies to balance the urgent need to rescue lives and deal with massive refugee populations with restoring some fundamental social prerequisites for development.”

amount of agencies present guarding their own niche and area makes co-ordination difficult. Moreover, the absence of an accepted authority which could act as co-ordinator may lead to overlapping provision, competition, unmet needs and inappropriate relief.

Recent Sida Evaluations

- 99/11 Apoyo de Asdi al Sector Salud de Nicaragua. Prosilais 1992-1998. Marta Medina, Ulf Färnsveden, Roberto Belmar
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- 99/12 Nordic Support to SATCC-TU, Southern Africa Transport Communications Commission, Technical Unit. Björn Tore Carlsson, Leif Danielsson.
Department for Infrastructure and Economic Cooperation
- 99/13 Cooperation Between Sweden and Ukraine in the Field of Local Self-Government. Lars Rylander, Martin Schmidt
Department for Central and Eastern Europe
- 99/14 Research Cooperation between Sweden and Uruguay 1986-1995. An evaluation and some general considerations. Osvaldo Goscinski, Mikael Jondal, Claes Sandgren, Per Johan Svenningsson
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- 99/15 Sida Supported Advantage Projects in the Baltic States. Claes Lindahl, Petra Stark
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Department for Latin America
- 99/17 Dollars, Dialogue and Development. An evaluation of Swedish programme aid. Howard White, Geske Dijkstra, Jan Kees van Donge, Anders Danielsson, Maria Nilsson
Department for Evaluation and Internal Audit
- 99/18 Atmospheric Environment Issues in Developing Countries. Gun Lövblad, Per Inge Iverfeldt, Åke Iverfeldt, Stefan Uppenberg, Lars Zetterberg
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Department for Central and Eastern Europe
- 99/20 Sida Support to the Energy Sector in Egypt. Rolf Eriksson, Edward Hoyt
Department for Infrastructure and Economic Cooperation
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