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Sida Decentralised Evaluation

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Midterm Review of CREDO Herzegovina

Final Report

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**Final Report
March 2012**

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The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

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Table of Contents

Abbreviations and Acronyms.....	3
Executive Summary	4
1 Introduction	10
1.1 Purpose of this report.....	10
1.2 Evaluation methodology, including any challenges and limitations	10
1.3 Timeline for CREDO Midterm Review.....	11
2 Brief history of REDAH and CREDO Herzegovina	12
2.1 REDAH	12
2.2 CREDO	12
2.3 Organisation.....	14
3 Programme Relevance and Harmonisation	16
3.1 Ongoing relevance of CREDO's priorities and objectives	16
3.2 Harmonisation	17
4 Quality and Coherence of Design.....	19
4.1 Quality of preparatory activities	19
4.2 Quality of CREDO design	21
5 Management and Operational Efficiency.....	26
5.1 Efficiency of implementation	26
6 Management and Implementation Effectiveness	28
6.1 Progress toward achievement of the stated objectives, desired results	28
6.2 Quality of outputs and activities	30
6.3 Quality of CREDO management AND OPERATIONS	32
6.4 Managing change, challenges & risks.....	33
6.5 Stakeholder relations and ownership	35
6.6 Communications and visibility	36
7 Outlook	37
7.1 Prospects and conditions for achievement of the desired results	37
7.2 Prospects for Sustainability of credo's products & activities	38
8 Conclusions and Recommendations	39
8.1 REDAH/NERDA performance in designing and implementing CREDO	39
8.2 Lessons learned and suggestions for improvements	39
8.3 CREDO replicability	42
8.4 REDAH sustainability	42
Annex A – Map.....	44
Annex B – Terms of Reference.....	45
Annex C – Review Work Programme.....	48
Annex D – Meetings List	49
Annex E – Questions for Meetings	52
Annex F – Documents Reviewed	54
Annex G – Sida's Evaluation Principles and Guidelines	55
Annex H – CREDO Phase 1 Implementation Work Plan and Timeline.....	57
Annex I – REDAH Summary.....	60

Abbreviations and Acronyms

AECID	Agencia Española de Cooperación Internacional para el Desarrollo
ARDA NW	North West BiH Regional Development Agency, based in Banja Luka (defunct)
BiH	Bosnia and Herzegovina ('State')
CP	REDAH's Concept Paper spelling out CREDO objectives, strategy, targets
CREDO	Competitive Regional Economic Development (Sida-funded programme to assist SMEs and local and regional development authorities)
CREDO H	CREDO Herzegovina (implemented by REDAH, 2010-2013+1 inclusive)
CREDO NE	CREDO North East (implemented by NERDA, 2008-2010+1 inclusive)
EDA	Economic Development Agency, Banja Luka, Republika Srpska
FARMA	Fostering Agricultural Markets Activity (Sida-USAID Project)
FBH	Federation of Bosnia and Herzegovina ('Entity')
FIRMA	Fostering Interventions for Rapid Market Advancement (Sida-USAID Project)
GAP	Good Agricultural Practices (not to be confused with value chain/ <i>gap</i> analyses)
GIZ	Germany's International Cooperation agency
HACCP	Hazard Analysis and Critical Control Point (food safety quality standards)
IFC	International Finance Corporation (World Bank)
IPA	EU Instrument for Pre-Accession Assistance
IPARD	EU Instrument for Pre-Accession Assistance for Rural Development
ISO	International Standards Organisation
KM	Bosnia and Herzegovina convertible mark, <i>konvertibilna marka</i>
LF	Logframe (logical framework listing targets and indicators)
M&E	Monitoring and Evaluation
MoFTER	BiH Ministry of Foreign Trade and Economic Relations
NERDA	North East Regional Economic Development Agency (based in Tuzla)
OECD	Organisation for Economic Cooperation and Development
RARS	Republika Srpska SME Development Agency
RDB	Regional Development Board (oversees CREDO; REDAH's Management Board)
REDAH	Regional Economic Development Association for Herzegovina (based in Mostar)
RIA	Regulatory Impact Assessment
RS	Republika Srpska ('Entity')
SMEs	Small and Medium Enterprises
Sida	Swedish International Development Cooperation Agency
ToR	Terms of Reference
USAID	US Agency for International Development

Executive Summary

I. Background and Objectives of this Report and of CREDO

Sida commissioned this midterm review to assess the quality, sustainability and replicability of its Competitive Regional Economic Development programme in Herzegovina (CREDO).

CREDO is a Sida-funded programme to assist small and medium-sized enterprises (SMEs) and local and regional development authorities to enhance competitiveness on a regional basis. Following a successful initiation in northeast Bosnia and Herzegovina (BiH) in 2008-2011, CREDO is being replicated in Herzegovina since June 2010, with funding of SEK 20 million over 3+1 years. It is being implemented by the Regional Development Association of Herzegovina (REDAH), with cooperation from the North East Regional Development Agency (NERDA), which carried out the original CREDO NE.

This review takes place just over halfway through Phase 1 of three phases scheduled to take place to mid-2013, with a possible extension to mid-2014. Phase 0 focused mainly on preparatory activities, basic analysis, organisation, and capacity building for REDAH. Phase 1 has focused primarily on launching key activities such as the Sectoral Boards and the Development Fund (see Table 1). Phase 2 will implement and, as necessary, refine the activities.

CREDO's Purpose, Objectives and Desired Results

Purpose: To enhance the competitiveness of SMEs and local authorities in Herzegovina and thereby contribute to employment growth and poverty reduction.

Objectives:

- To enhance SME competitiveness (domestically and in terms of EU trade)
- To strengthen local government capacity to deliver a positive and competitive business environment (including attracting investment)
- To foster new jobs, and maintain/formalise existing employment (also a competitiveness issue)
- To strengthen REDAH's capacity to deliver the desired results.

Desired results:

- At least 50 new jobs and the retention/formalisation of at least 150 jobs
- At least 150 companies benefit from presentations, meetings, interviews, workshops, etc
- At least 6-10 municipalities and one Canton improve business enabling environment and local planning capacity
- At least 3 Sectoral Boards set up
- 40 SMEs improve competitiveness through the voucher and grant schemes
- 20 firms improve competitiveness supported through SME training programmes
- 20 companies improve competitiveness through Sectoral Board initiatives

Source: CREDO Project Proposal, Logframe, May 2010

II. Key Findings

The quality of the design, teamwork, planning, management and implementation has been good to very good.

The design, based on replicating NERDA's CREDO North East activities to a great extent, is being improved as the REDAH/CREDO team's capacity grows.

Planning and target setting was understandably cautious, as the REDAH team (as part of the programme) had to build up their capacity and gain confidence in their ability to deliver the desired results.

Management of CREDO has been professional and accountable, winning the praise of virtually all the 45 stakeholders, partners and beneficiaries interviewed in February and March. Teamwork and relationships management receive very high marks.

Implementation of Phases 0 and 1 has been systematic and step-by-step, with good sequencing and refining. The team are rapidly getting on top of their briefs and preparing to face the challenges of the 'real' implementation that will get underway in Phase 2, from mid-2012.

One of the main lessons learned is that the CREDO model, in terms of principles, objectives and methodology is very relevant and replicable. However, wholesale replication of everything that other RDAs have done is neither possible nor advisable. Rather, CREDO must be adapted and tailored – sometimes substantially – to meet each region's needs and each delivery agent's capabilities. The degree of adaptability should be examined early in the process of regional needs assessment, in terms of the specific products and activities needed for a region to improve local business enabling environments; strengthen competitiveness of sectors, SMEs and local authorities; and generate employment.

State of Play

By June 2012, all of the major milestones and targets for Phases 0 and 1 can be expected to have been achieved, except the SME training courses and the business service providers situation analysis. The two sectoral and one Regional Board study tours (currently outstanding) are expected to take place by June.

- Baselines studies were completed: *The Most Dynamic SME Sectors in Herzegovina* ('Baseline Study') and *SME Support Packages in Herzegovina* (IEA), used to select the five priority sectors; SME training needs analysis; Guide for value chain and gap analysis, Proposal for development units in municipalities.
- REDAH also completed a Business Environment Barometer setting baselines for local business conditions in 21 of 23 municipalities.
- Sectoral Boards for the tourism, ICT, cheese, metals and plastics industries were formed, conducted initial bonding exercises, are awaiting the results of the value chain/gap analyses, and are looking forward to starting work on concrete activities.
- The CREDO Voucher Scheme was launched, with 18 SMEs benefiting from matching funds to use consultancies to address competitiveness issues.
- A number of other deliverables will be launched by the end of March: SME Barometer, Development Fund Grant Scheme for municipalities and SMEs, sectoral value chain and gap analyses (to be presented at the Economic Forum), and the Economic and Business Forum on 29 March.
- By the end of Phase 1 (end-May 2012) the Sectoral Action Plans and the design for the initial SME managers/owners training programme should be in place. The Plastics Board will visit the Milano Trade Fair in May, and the ICT Board will decide in March or April which neighbouring country it will visit. The RDB tour is also being planned. The detailed Business Service Providers situation analysis remains to be done.

Table 1
Key Milestones as per Plans, CREDO Herzegovina Implementation June 2010 to March 2011

3 Phases: June 2010-June 2013	Original Targets	Date/# actually completed
Phase 0: June 2010-May 2011: Preparations		
Baseline Study of Industrial Sectors	before end-May 2011	April 2011
Integrated Economic Analysis (became SME Support Packages study)	before end-May 2011	June 2011
Prepare to form Sectoral Boards for priority sectors	before end-May 2011	work started during this period
Guidance and training by international experts -training, value chain/gap analysis guide, mentoring	before end-May 2011	ToR & tender by end-May. Upper Quartile contracted August 2011; 3-phase work started Sept. 2011
Prepare training prog. for SME managers/owners	before end-May 2011	May 2011
Prepare Development Fund	before end-May 2011	CREDO team trained
Update the Regional Info Centre database	before end-May 2011	May 2011 (permanent activity)
Phase 1: June 2011-May 2012: Start-up		
Regional Boards - Board formation - Study tours Round 1 - Action Plans adopted - Report on Phase 1 achievements	- Board formation: last Q 2011 - Study tours: by end-2011 - Action Plans adopted: May 2012 - Report on Phase 1: end May 2012	-Formation and 3 study tours completed by end-2011. 2 remaining study tours to take place after value chain analysis (2012) -Action Plans/Reports:
Local Sectoral Experts contracted	- 5 experts	- 5 experts by Sept 2011
Value chain and gap analyses for priority sectors - Value Chain and Gap Analysis training - Guide for value chain/gap analysis - finalisation of value chain/gap analyses -finalisation of sectoral Action Plans	- training: before end-2011 - Guide: before end-2011 - analyses finished: Mar 2012 - Action Plans: May 2012	- training: Sept 2011 - Guide: Oct 2011 - analyses finished: Mar-Apr 2012 - Action Plans: expected end-May
SME Barometer	- #1: 2011 - #2: 2012	- #1 March 2012 - #2 undecided whether to go ahead
Economic and Business Forum	May 2011	29 March 2011
Activities to support municipalities - Local Business Environment Barometer	Barometer: October 2011	Barometer: December 2011
Development Fund - # accredited consultants (50 at start) - Voucher Scheme - Grant Scheme - municipalities - SMEs	# accredited consultants: no target Voucher Scheme: launch in 2011 - VS target: 7 beneficiaries Grant Scheme: launch in 2012 - municipalities: # benef's: min 4 - SMEs : # benef's: min 25	# accredited consultants: 80 (13 added under CREDO) Voucher Scheme: 18 beneficiaries Grant Scheme: Public Call 16Mar - municipalities# benef's: n.a. - SMEs:# benef's: n.a.
Training Programme for SME Managers/Owners	during Phase 1	awaiting Value Chain analyses
Phase 2: June 2012-May 2013: Implementation	Tentative Targets	
Regional Boards - implement Action Plan 1 - Study Tour 2 - prepare Action Plans 2 - Report on Phase 2 achievements and outlook		
SME Barometer	One or twice per year, tba	
Economic Forum	once every 12 months	
Activities to support municipalities - Local business environment barometer - Educ/training based on assessments, Grants	Barometer update once a year at least 10 municipalities participate	# participants:
Development Fund - # accredited consultants: (80 at June 2012) - Voucher Scheme - Grant Scheme - municipalities - SMEs	# accredited consultants: Voucher Scheme: 'Call': by Oct '12 -# beneficiaries: at least 3 Grant Scheme: 'Call 2': by Oct '12 - municipalities # benef's: 4 min - SMEs # beneficiaries: 25 min	# accredited consultants: Voucher Scheme: 'Call': - # beneficiaries: Grant Scheme - municipalities # beneficiaries: - SMEs # beneficiaries:
Training Programme for SME Managers/Owners	# sessions programmed: tba # participants: min. 20	# sessions: # participants:

Source: REDAH CREDO Logframe and Annual Plans Phase 0 and Phase 1.

Table 2
CREDO: Major Outputs and Activities, June 2010-March 2012

Product/Activity	Date launched
Baseline study of 12 industrial sectors	April/May 2011
SME Support study	June 2011
SME Training Needs Analysis	Mid-2011 (not available in English)
Regional Development Board established	September 2011
Sectoral Boards established	last Qtr 2011
Study tours (Round 1) undertaken	3 of 5 completed by December 2011
Local Sectoral Experts contracted	by September 2011
Guide for Value Chain and Gap Analysis	October 2011
Voucher Scheme launched	October 2011
Local Business Environment Barometer launched	December 2011
Grant Scheme launched	March 2012
Sectoral value chain and gap analyses final drafts	March - April 2012
Report on Development Units in municipalities	March 2012 (not available in English)
Economic and Business Forum	29 March 2012
SME Barometer	March 2012

Initial Impacts

It is too early to measure impacts on job creation and SME competitiveness. In fact, the base-lines for such measurements still need to be calculated.

However, some welcome **initial outcomes and impacts** have been:

- greater visibility and credibility for REDAH (important for sustainability)
- voucher beneficiaries experiencing a ‘pleasant surprise’ regarding the transparency and efficiency of the voucher process
- Willingness among voucher applicants to share in the costs of business services
- elimination of initial scepticism among business about donor projects
- a change in mentality about group approaches: all Board members interviewed highlighted their growing awareness (unexpected by them) of the potential utility of the Sectoral Board initiative (again, very important for sustainability).

“CREDO won’t change the way of thinking in this timeframe, but the methodology will influence the way of approaching change and adding value.” – Comment from metals sector

Most stakeholders interviewed said that REDAH’s closer relations with the private sector and local authorities under the CREDO project would have a positive impact on future sustainability prospects.

III. Suggested Improvements

Administration

- Simplify reporting (financial and narrative) to meet CREDO H and Sida requirements in a more time- and resource-efficient manner. Sida Sarajevo to send REDAH and Revsar Sida’s updated reporting guidelines.
- Improve capability to track inflows/outflows by source of funding. REDAH’s auditors, Revsar offered suggestions for managing and tracking inflows/ outflows and attribution when dealing with multiple donors.
- Develop new targets and indicators for CREDO Phase 2 (June 2012-May 2013), to monitor more accurately implementation of Development Fund and Sectoral activities.
- To measure *credibly* jobs generated or retained due to CREDO, systematically recover worker numbers, performance data, etc, from voucher and grant scheme applications, training programmes and other sources.

- Strengthen Development Fund beneficiary application criteria, contracts, monitoring mechanisms, as part of risk-management strategy.

Management

- In implementing CREDO, there may be a constant need for strategic management of ‘make or break’ factors such as relationships, expectations and accountability. This could be an agenda item at weekly or monthly staff meetings and RDB sessions.
- Consult NERDA, FIRMA, FARMA and other sectoral bodies during analyses and development and implementation of Action Plans. They have ‘been there and done that’ and can share lessons learned, as well as analysis, expertise and networks.

Communications

- Provide quick, efficient access to information and news in easy-to-understand formats and language. Enhance communications and outreach by preparing articles in ‘business-friendly language’ (i.e., concise, straight to the point) focusing on concrete issues, policies, regulations, how-to’s, etc. Avoid ‘bureaucratic style’.
- Enhance Public Relations and visibility by *strategically* engaging regional and local media and opinion-makers. This could require an expanded communications strategy, as sectoral and Development Fund activities accelerate.
- Ensure that all beneficiaries and partners are aware of Sida’s contributions (use Sida logo more widely, e.g., in voucher and grants programme, public calls, website, certificates, etc.).

IV. Replicability

As a methodology, CREDO has proven to be effective in focusing both SMEs and local authorities on competitiveness issues and on a participatory approach. As one businessman said, “companies can now see that improving sector competitiveness will assist their own competitiveness”.

CREDO Herzegovina is a ‘work in progress’, and its replicability potential will be clearer once the major activities have been underway for a while. Another review would therefore be useful in January 2013. At that time, the Sectoral Boards will have been implementing their Action Plans for six months, the Voucher and Grant Schemes will have been through two ‘public calls’, and the municipalities will have started to carry out their own CREDO-related activities. REDAH will also have developed some longer-term strategies on how to best use the Barometers and other products and activities being refined or created under CREDO.

V. Sustainability

The ToR requested that this review cover REDAH’s and NERDA’s future sustainability. However, in the short timeframe allocated, a proper evaluation of RDA sustainability issues was not possible, although REDAH and NERDA provided considerable background information. It is recommended that sustainability issues be explored more in depth, perhaps as part of an eventual assessment of CREDO replicability.

REDAH’s stakeholders and partners want it to survive over the long term; they recognise that they need such an agency. In fact, they recognised this in 2005 when REDAH went through some difficulties. Support remains strong today, due to REDAH’s professional and results-oriented approach. Section 6 provides a brief overview of key sustainability issues.

VI. Conclusions

This review finds that CREDO Herzegovina is being implemented professionally and systematically. It is well on the way to achieving virtually all of its major milestones for the first two years. REDAH is refining and improving the CREDO model to tailor it to Herzegovina's needs and realities. Stakeholders, partners and beneficiaries hold both REDAH and CREDO in high regard, with particular mention of the staff members' responsiveness, professionalism and motivation. They have high expectations for concrete results. Their (few) criticisms mainly target certain studies (a need for more analytical rigour). Their suggestions for improvements focus primarily on administrative efficiencies, communications and innovation.

Although it is too early to evaluate the sustainability of CREDO products and activities, initial feedback indicates that these are meeting well documented needs and have the potential to deliver sustainable results that should be replicable in other regions

Regarding REDAH's sustainability, stakeholders and others interviewed believe it could move towards a role as a 'full-service' agency', think tank, 'agent for change'. It is seen as being well placed to play a more important, forceful role in driving innovation, cross border trade, services sector development, investment attraction, business environment improvements, business advocacy, and business-business/business-government linkages. Its regional, cross-boundary, multi-ethnic, apolitical approach, and its reputation as 'an honest broker that delivers', are its major comparative strengths. Its competitive strengths lie in its human resources, networks and information bases. The main challenges will be to find a permanent niche that will not stretch it too thinly, and to develop partnerships, products and activities that will provide an ongoing sustainable source of self-financing.

Stakeholders believe CREDO has considerable potential to underpin REDAH's future sustainability, by consolidating ties between REDAH and its key constituents (small businesses and local authorities), and establishing stronger foundations for business-business and business-government cooperation. If it succeeds in changing mindsets and establishing a more collaborative, 'team Herzegovina' approach to regional competitiveness, it will have delivered much of the impact it was designed to facilitate.

REDAH recognises that these are 'early days' in CREDO's implementation, and that the big challenges lie ahead: i.e., managing expectations, keeping commitment high, delivering the desired results on time, and establishing a firm base for REDAH's future activities.

1 Introduction

1.1 PURPOSE OF THIS REPORT

This report constitutes a midterm review of the Sida-funded Competitive Regional Economic Development (CREDO) programme in Herzegovina. The overall objective of the review is to assess the quality, sustainability and replicability of CREDO Herzegovina, based on the programme design, methodology and achievements to date. The sustainability analysis also covers REDAH and NERDA.

CREDO is a Sida-funded programme to assist small and medium-sized enterprises (SMEs) and local and regional development authorities to enhance competitiveness on a regional basis. Following a successful initiation in northeast Bosnia and Herzegovina (BiH) in 2008-2011, CREDO is being replicated in Herzegovina since June 2010, with funding of SEK 20 million over 3+1 years. It is being implemented by the Regional Development Association of Herzegovina (REDAH), with cooperation from the North East Regional Development Agency (NERDA), which carried out CREDO NE.

This review takes place just over halfway through Phase 1 of three phases scheduled to take place to mid-2013, with possible extension to mid-2014. The start-up phase ended in mid-2011, and Phase 1 will end in mid-2012. See *Brief History of Credo Herzegovina* below and Attachment I for further background on REDAH and the CREDO programme.

1.2 EVALUATION METHODOLOGY, INCLUDING ANY CHALLENGES AND LIMITATIONS

The Review included a week of pre-mission desk analysis and review of the large amount of background documentation sent by Sida, REDAH and NERDA. This time was also used to prepare, translate and transmit questionnaires tailored to each set of interviews. During this period, the local expert organised meetings with REDAH staff, Regional Development/Management Board members, Sectoral Board members, Local Experts, Contractors, Voucher Scheme Beneficiaries, and Donors. (See Attachments C: *Work Programme*; D: *Meetings List*; E: *Questions*.)

Meetings were held during 27 February to 7 March in Mostar, Buna, Nevesinje, Siroki Brijeg, Posusje, Citluk, Konjic and Sarajevo with 45 CREDO stakeholders, partners, contractors and beneficiaries. ('Partners' included both direct and indirect partners, such as donors.)

- Sida Sarajevo (27/2 preliminary briefing, 6/3 presentation of initial findings, 8/3 debrief on 7/3 meetings)
- 11 of 13 REDAH staff, including all except one involved in CREDO implementation
- 5 Regional Development Board members¹, including some founders of REDAH (all mayors, deputy mayors or former mayors)

¹ The Regional Development Board is comprised of REDAH's Management (or Steering) Committee.

- The 5 sectoral experts (Tourism, Cheese, ITC, Metals, Plastics)
- Members of 4 of the 5 Sectoral Boards (the fifth, President of the Metals Board, did not come to the agreed meeting)
- 3 experts contracted by REDAH (Professor Domljan, who prepared the Baseline and SME Support studies; Spin, the IT network support firm responsible for the Regional Information Centre and its links with municipalities; and Revsar, REDAH's auditors)
- 5 voucher scheme beneficiaries representing each of the priority sectors (the sixth cancelled at the last minute)
- the head of NERDA
- 9 representatives of donor programmes (EURELSMED-1, FARMA-3, FIRMA-1, USAID-2, IFC-2).

The meetings took the form of semi-structured interviews based on the questionnaires that were emailed to interlocutors with the initial meeting request.

Following the meetings, initial findings and suggestions for improvements were discussed with Sida Sarajevo. Follow-up with REDAH and NERDA continued during preparation of the Draft Review Report.

Review Limitations and Challenges

The limited amount of time allotted for this assignment (17 days overall, with just 7 working days in BiH) meant that we were not able to cover as thoroughly as we would have liked, all the topics and parties normally included in a midterm review. (In fact, we added extra days of our own time in Mostar and Sarajevo for meetings that were quite necessary, but even that was not enough.)

This review took place at the point where CREDO had met a number of initial targets, and enthusiasm and commitment among the private sector and municipalities were strong. Feedback from virtually all the direct stakeholders, partners and beneficiaries was very positive for both CREDO and REDAH. Perhaps if we had been able to interview more private sector and municipal officials around Herzegovina, we would have heard more criticism and received additional suggestions for improvements.

For future reference, it might have been better to have one 25- to 30-day midterm review after more key milestones had been achieved (e.g., after the Sectoral Boards had completed their Action Plans and after the Development Fund had launched both the voucher and grant schemes). That would have been a more appropriate time to assess CREDO's progress and its replicability prospects.

1.3 TIMELINE FOR CREDO MIDTERM REVIEW

2012	February				March					April
	w5	w6	w7	w8	w9	w10	w11	w12	w13	w14
Review documents, prepare work plan, prepare field mission, questionnaires										
Submit Work Plan, Draft Meeting Plan, Draft Report Outline to Sida for comment/approval			21/2							
Briefing meeting with Sida					27/2					
Meetings in Herzegovina					28/2 - 3/3					
Meetings in Sarajevo						5-7/3				
Present preliminary findings to Sida in Sarajevo						6/3				
Prepare Review Report										
Submit Draft Report to Sida for comment								22/3		
Receive feedback from Sida and stakeholders									30/3	
Finalise Report										4/4
Submit Final Review Report to Sida										6/4

2 Brief history of REDAH and CREDO Herzegovina

2.1 REDAH

The Regional Economic Development Association of Herzegovina (REDAH) was formed in December 2003 as an independent nongovernment, nonprofit body to promote, coordinate, plan and implement development activities in the region. It was part of a larger country-wide process to strengthen economic development through an integrated regional approach supported by the EU Regional Economic Development (RED) programme, along with four other Regional Development Associations (RDAs): North East (NERDA), Central/Zenica (REZ), Sarajevo (SERDA), and North West (ARDA NW in Banja Luka).

REDAH was first registered as an Association for Economic Development in 2004. Its funding still comes mainly from municipalities and donor project. Its associate members are: 23 municipalities (City of Mostar, Jablanica, Prozor/Rama, Čitluk, Stolac, Široki Brijeg, Ljubuški, Grude, Posušje, Livno, Tomislavgrad, Trebinje, Ljubinje, Bileća, Gacko, Berkovići, Nevesinje, Kupres, Istočni Mostar, Neum, Ravno, Čapljina and Konjic); NGOs (LINK Mostar, Centre for Development Trebinje, Association of Croatian Entrepreneurs of Mostar, Association of Independent Craftsmen of Mostar, Association for Progress of Mostar); Association of Tele-Cottage Industries, LEDA Jablanica, Hercebosanska Canton Chamber of Commerce, Hercebosanska Canton Entrepreneurs Association, Herzegovina-Neretva Canton Chamber of Crafts, Republika Srpska Entrepreneurial Chamber.

Since 2004, REDAH (like the other RDAs) has been involved in many regional and donor initiatives as coordinator, contractor, implementer, monitor and adviser.

Sida has been working with the five RDAs since their formation. Sida's ongoing objective has been to strengthen the capacity of business service providers and business development facilitators as a way to improve business conditions and fight high unemployment, the leading cause of poverty.

2.2 CREDO

In mid-2007, Sida contracted the Tuzla-based North East Region Economic Development Association (NERDA) to deliver the first *Competitive Regional Economic Development* programme, with funding of SEK 30m over 3+1 years. CREDO NE was completed at the end of 2011, with numerous laudable results, including contributing to conditions for creating 500 new and maintaining 2300 existing jobs; and establishing four Sectoral Boards (wood, food, metal, plastics) with the active, ongoing commitment of more than 50 senior managers and owners. It also set up a Development Fund to manage grant schemes. (See the recently released Final Report at: www.nerda.ba).

In mid-2009, Sida engaged GRM International to review CREDO and the RDAs with a view to replicating the CREDO approach in another region. The criteria were:

1. The region is economically depressed and ethnically diverse
2. The region contains a sizable number of SMEs with potential to benefit from competitiveness activities
3. Certain elements of a competitiveness programme are already in place since funds may not be available to fully replicate CREDO

4. The RDA staff has the capacity to undertake the complex task of implementing a multifaceted competitiveness programme.

After an exhaustive process, REDAH was suggested for partnership, because:

“The Herzegovina region is economically depressed and ethnically diverse. However, it also has a history of regional cohesiveness. Entity lines are relatively new so the population generally retains its sense of Herzegovinan identity.

The RDA region contains a sizable number of SMEs with potential to benefit from competitiveness activities: The Regional Information Centre already contains a database of 18,000 SMEs in the region. These are spread demographically around region and not all concentrated in and around Mostar. REDAH has already carried out studies on SME Training Needs and an SME Support Plan, so these can be easily updated as appropriate. The initiators of the technology park concept indicated their eagerness to develop clusters. The only potential drawback is the effect of RS RARS Agency activities in eastern Herzegovina on REDAH’s ability to fully implement competitiveness activities across the region.

REDAH has already installed a Regional Information Centre (RIC) offering a wide range of information in each (of 23) municipalities². According to those interviewed, officials and staff have been trained and are using the system to varying degrees. Potentially this system could be used as a platform for the Territorial Information System (TIS) and other CREDO-related information. Other SME activities are also in place, with the voucher scheme for training and consultancy services, baseline studies on SME Training Needs, SME Support Plan and a labour market analysis. REDAH has also conducted a study on the capacity of the region’s municipalities, including a survey interviewing all 23 municipalities regarding priorities and activities that resulted in creation of a Municipal Support Plan.

The RDA staff has the capacity to undertake the complexities of implementing competitiveness programme elements. Other than ARDA, REDAH has had the least amount of donor assistance. The AECID-funded projects demonstrate that its staff has the raw talent and capacity to grow with external technical assistance, indicating good potential. Increased internal capacity as well as more products and services will help address the concerns of stakeholders, who expressed an interest in more initiatives and more in-depth services.

Of all the RDAs, REDAH offers the most potential for growth through a competitiveness programme. The foundation for working more closely with the private sector already exists. Stakeholders also expressed an interest in more private sector and competitiveness-related activities by and through REDAH.”³

Sida and REDAH then proceeded with discussions and developed an initial plan to support a slightly modified CREDO project in Herzegovina. CREDO Herzegovina started up in mid-2010 with funding of SEK 20m and a duration of 3+1 years. NERDA is providing ongoing

² Cantons are not yet part of the Regional Information Centre, but REDAH hopes to include them soon.

³ Source: GRM/Sida: *Sustainability of RDAs in Bosnia-Herzegovina*, August 2009

advice and mentoring. Delivery is taking place in three phases of one year each. A final phase, if approved, will extend the programme into a fourth year ending in mid-2014.

In the process of implementing CREDO, REDAH has refined it to better meet Herzegovina realities and to fit cohesively with existing products and activities. It has also added some other activities that are reflected in the Annual Work Plan June 2011- June 2012 which guides weekly and monthly planning and reporting (see Attachment H: *Annual Work Plan*).

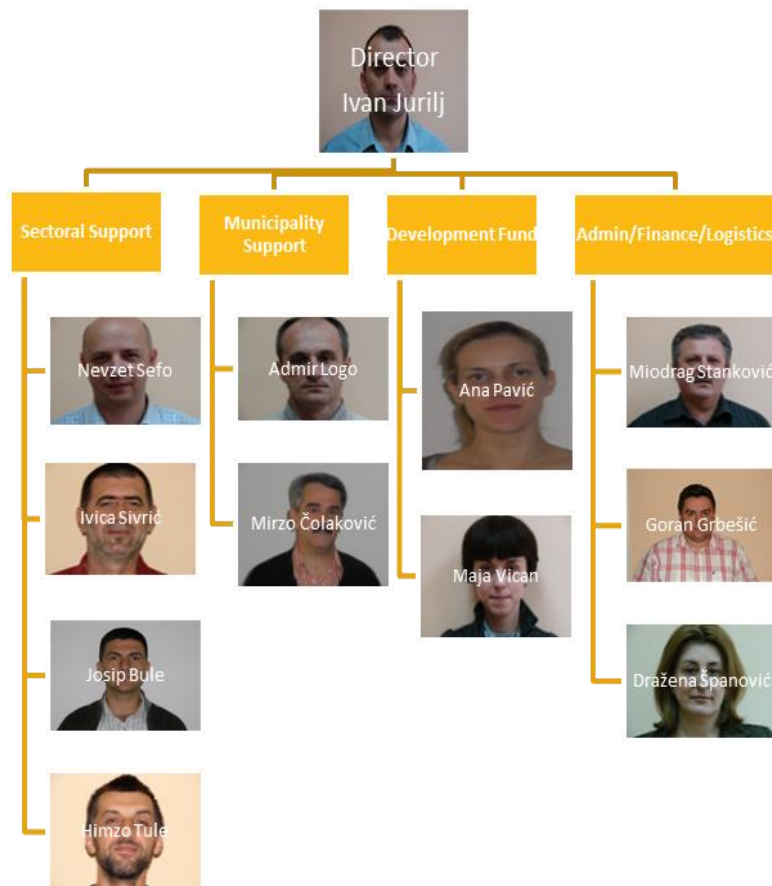
2.3 ORGANISATION

REDAH has organised 12 of its 13 staff into four groups to manage CREDO responsibilities.

Director: Ivan Jurilj

1. **Sectoral:** Nevzet Sefo (sectorwide coordinator + Plastics Board Secretariat), Ivica Sivrić (Tourism Board), Josip Bule (Cheese Board) and Himzo Tule (Metals Board)
2. **Municipalities:** Admir Logo (manager), Mirzo Čolaković
3. **Development Fund and PR:** Ana Perić (manager), Maja Vican
4. **Finance:** Miodrag Stankovic, **Administration:** Dražena Španović, **Logistics:** Goran Grbešić

REDAH's CREDO Team



All of the staff have university degrees; some have or are studying for Master's. In addition to their CREDO duties, they are also responsible for other REDAH projects and ongoing activities (see Attachment I, *REDAH Summary*, for details on all REDAH activities).

The Sectoral Support group is coordinated by Nevzet Sefo, a mechanical engineer. Messrs Sivrić, Bule and Tule are agricultural engineers who run REDAH's Centre for Rural Development and Agriculture, of which Ivica Sivrić is the manager. They have all been with REDAH for 4-7 years and have strong professional backgrounds.

The Municipalities Support group's coordinator is Admir Logo, a mechanical engineer who worked with OSCE and UNHCR before joining REDAH in 2006. He simultaneously heads REDAH's Operations Department, which does project proposals, implementation and monitoring. Mirzo Čolaković, also municipality coordinator, has been with REDAH since 2004 and has a degree in economics. Prior to that he was manager in a large building company in Mostar for 15 years, director of a humanitarian centre for 8 months, director of a bakery-factory for 7 years and one year with MEDA, Mostar's local economic development agency.

The Development Fund is managed by Ana Perić, who has a degree in economics and business information systems, and who has worked in the ICT and tourism sectors. She joined REDAH in mid-2006 and has managed its voucher schemes and accreditation of consultants since 2008. In addition to the Development Fund, she oversees the web portals, e-newsletter, etc. Maja Vican joined REDAH in 2009, with a degree in Croatian and English. She assists Ana on the Development Fund, manages web and RIC content, prepares the e-newsletter, and is in charge of communications and public relations.

The Finance and Administrative officers have been with REDAH since 2004, and the Logistics officer since 2006. Miodrag Stankovic, the comptroller, has a degree in economics; Dražena Španović, the administration manager, in trade economics, and Goran Grbešić, logistics manager, in international law. Miodrag was finance manager for a large state industry group for 13 years. Dražena was in HR and treasury with the EU and then in the Office of the High Representative for several years. Goran was with the Italian Embassy in national programmes for five years and then national polling stations supervisor for OSCE for two years. He also helps in project management and procurement, collects data for databases and studies, and organises seminars.

3 Programme Relevance and Harmonisation

3.1 ONGOING RELEVANCE OF CREDO'S PRIORITIES AND OBJECTIVES

Do programme objectives and priorities adequately address the problems to be solved?

As mentioned in the Executive Summary, CREDO's objectives focus on:

- enhancing SME competitiveness (domestically and in terms of EU trade)
- strengthening local government capacity to deliver a positive and competitive business environment (including attracting investment)
- fostering new jobs, and maintaining/formalising existing employment (also a competitiveness issue)
- strengthening REDAH's capacity to deliver the desired results.

In focusing on competitiveness in terms of employment, trade, investment and local business conditions, CREDO addresses key problems facing Herzegovina today: high unemployment, low foreign investment, challenging business environment, shortages of skilled workers, and threats to trade.

The priority sectors of tourism, cheese, ICT, metals and plastics are appropriate in this context. According to the *Baseline* and *SME Support* studies, and discussions with the local experts, these are areas where comparative advantages exist and where synergies and job-creating 'mini-clusters' have potential. By encouraging business and trade linkages, skills-building, quality improvements, adoption of recognised standards, and an appropriate and transparent legal/regulatory environment, Sectoral Board work, the Development Fund and other CREDO activities are expected to together contribute to enhanced competitiveness.

Numerous interviews indicated that a stronger focus on **innovation and technology** would be desirable as CREDO advances into Phase II (from July 2012). The Sectoral Action Plans, which will be prepared after the Sectoral Value Chain and Gap analyses are finished (end-March in most cases), will be vital in this regard. REDAH is already working on some innovation-related initiatives (eg, the Technology Park in Mostar – see table in next section) and is considering an 'innovation voucher' scheme. The ICT Sectoral Board will be able to play a crosscutting role in supporting technology-related initiatives by the other Sectoral Boards. And both REDAH and the Sectoral Boards are well placed (and keen) to foster stronger **linkages among business, universities and municipalities**, since several of the sectoral experts are academics in relevant faculties (e.g., mechanical engineering and computer science).

Relevance and accuracy of CREDO's 'theory of change'

This Review assesses CREDO's objective of facilitating employment gains and SME development in the context of the broader development impacts that will arise due to behavioural changes expected of the main target groups: SMEs and municipalities.

The underlying assumptions are that: (1) SME managers and local authority officers will embrace the opportunities offered under CREDO, and (2) they will use the knowledge, skills, funding, networks and collaborative approaches to strengthen their own and their region's competitiveness. These assumptions tie in closely to key risk factors identified in the Project Proposal. These relate primarily to ingrained private sector scepticism about the utility of: (1) donor projects; (2) group approaches by business; and (3) paying for business consultancy services.

CREDO's core *Participative Integrated Economic Development* model is based around business people assuming responsibility for driving and funding the changes necessary to achieve competitiveness. Similarly, local authorities are expected to take full ownership and share in the funding of the local development tools and opportunities facilitated by the programme.

Interviews indicated that the assumptions remain relevant and accurate, and that a number of behavioural and mindset changes are already occurring, boding well for the project – *if they are nurtured proactively over the next two years*. These are explored further in Section 4 under 'Change Management'.

3.2 HARMONISATION

Harmonisation with regional development objectives and other regional programmes

CREDO fits well with Herzegovina development objectives, which REDAH has been instrumental in developing since 2004. As a modified version of the CREDO NE programme, it also harmonises with other BiH regional programmes.

CREDO offers a proven methodology for addressing the needs of Herzegovina's priority areas for economic development: agriculture and rural development, tourism, manufacturing, energy, and small and medium sized enterprises. Its twin-pronged public-private sector approach facilitates integrated development strategies and activities.

Complementarity with Sida and other donor strategies and activities

Sida's BiH Country Strategy for Development Cooperation January 2011-December 2014 focuses on three main areas: democracy, human rights and gender equality; market development; and sustainable infrastructure. **CREDO forms part of the market development pillar.**

CREDO has clear synergies with numerous donor programmes, such as the Sida-USAID-funded FIRMA and FARMA, the EU's EURELSMED, and other bilateral, regional and multilateral activities. In most cases, REDAH is a coordinating, implementing or monitoring partner in these programmes, and is therefore well placed to combine efforts in an efficient way (See 'Coordination with other donor projects and activities' below).

CREDO plays an important role as a vehicle for coordinating donor and regional/local government business and economic development activities.

Does CREDO fill gaps/meet needs that other programmes do not address adequately?

According to stakeholders, CREDO is the only regional programme that crosses ethnic, administrative and geographic barriers.

Its regional, multi-ethnic, apolitical approach to sectoral and local development is highly valued and, indeed, is considered by most interlocutors to be the best way to achieve Herzegovina's potential.

Coordination of CREDO with REDAH's other donor projects and activities

As the sole regional development agency in Herzegovina, REDAH plays an important advisory and coordinating role in development assistance projects. It is often the first port of call for donors interested in the region. The following list highlights the impressive synergies among REDAH's activities and underlines its growing in-house skills base.

In addition to CREDO, REDAH is implementing two major projects which will also underpin job creation.

1. **Trebizat Heritage Trails: Heart of Herzegovina**, financed by the EU Delegation, and aimed at improving the tourism offer in Herzegovina; and
2. **'Prilika Plus' (Chance Plus)**, financed by Swiss Development Cooperation (SDC), implemented in cooperation with RARS, and aimed at enhancing labour skills.

Other relevant donor programmes in which REDAH is a delivery partner or contractor for specific activities are illustrated below.

Donor Programme	REDAH's Specific Activities	Timeframe
'EU Support to Institutional Capacity Building for Regional and Local Economic and SME Development' (EURELSMED)	<ul style="list-style-type: none"> - Voucher Scheme Administrator. Based on REDAH's model, with REDAH help, EURELSMED introduced a voucher scheme at the state level. - Project Cycle Management training for municipalities – REDAH co-organised and was beneficiary of advanced training - Mentoring program beneficiary 	2009-2012
'Fostering Interventions for Rapid Market Advancement' (FIRMA), Sida/USAID	<ul style="list-style-type: none"> - Tourism Value Chain Facilitator for cultural tourism in Herzegovina - Coordination in other sectors 	2009-2014
'Fostering Agricultural Markets Activity' (FARMA), Sida/USAID	<ul style="list-style-type: none"> - Coordination of activities - Global-GAP contractor - HACCP contractor 	2009-2014
SeeNet 2 Programme (Oxfam Italia)	<ul style="list-style-type: none"> - Participation in working groups for tourism and SME development in Herzegovina Neretva Canton - Voucher scheme implementation for SMEs 	2007-2012

In addition, in its capacity as the Regional Development Agency for Herzegovina, REDAH cooperates regularly with other countries and organisations, eg:

- Germany (GIZ) – *Starting up*. Rural development, introduction of LEADER methodology, building capacity of municipalities, associations, cantonal advisory services. Local and regional development activities, such as support in the organisation of Business Fora, in coordination with CREDO. Branding of Herzegovina as a tourism region (under discussion). Certification of municipalities as 'investment friendly' in coordination with CREDO.
- Italy: Cooperation agreements with the region of Abruzzo; preparation of cooperation agreement with region of Molise. Exchange of information, businesses linkages, etc.
- Japan (JICA): Coordination and guidance on a new tourism project that will be fully coordinated with CREDO and underpin CREDO efforts in tourism. Under development.
- Norway: Initiation of Technology Park and innovation centre in Mostar. REDAH providing guidance in project preparation to lead partner, Intera Foundation (Herzegovina), and coordinating with CREDO efforts.
- Croatia: Cooperation with different regions to prepare joint projects (within EU IPA Crossborder Cooperation).
- Serbia: Cooperation with Serbian Agency for Regional Development.
- Slovenia: Transfer of experience and knowledge with experts (rural tourism, bed and breakfast, etc.)
- UNDP: Cooperation and coordination of regional and local development activities.

According to Ivan Jurilj, "REDAH is trying to coordinate all these activities, make synergies and avoid overlapping. These projects and activities are very well integrated into REDAH's overall strategy, where CREDO plays a major role. CREDO is the platform for REDAH's overall efforts to make the Herzegovina economy more competitive. Through CREDO's five Sectoral Boards and its Regional Development Board, REDAH can coordinate activities focused on increasing Herzegovina's competitiveness and employment. To that end, REDAH is trying to use the structure and methodology of the CREDO programme for other initiatives and projects that go beyond the CREDO framework. Outputs from the work of the five Sectoral Boards and the Regional Development Board can be used as inputs for launching new activities and pilot projects."

"Thus, all REDAH projects and activities in Herzegovina are harmonised and add value to each other."

4 Quality and Coherence of Design

4.1 QUALITY OF PREPARATORY ACTIVITIES⁴

The CREDO programme is a natural extension of REDAH's activities; as a result, the preparatory activities proceeded more smoothly than if they had had to start from scratch. REDAH has been able to put to good use its existing resources, data, experience, systems and networks - updating and expanding them as necessary to undertake the necessary needs assessments, analyses, procurement and other activities to make CREDO operational.

A key 'success factor' has been close cooperation with NERDA. This has allowed REDAH to design a 'competitiveness' programme, learning from and building on the CREDO NE experience. REDAH is refining it and improving various aspects as CREDO develops.

Teamwork: REDAH and NERDA

Creating CREDO Herzegovina involved (and continues to involve) close cooperation among REDAH, NERDA and Sida. All parties say they appreciate each other's transparency, accessibility, responsiveness, positive attitude, professionalism and flexibility. The Regional and Sectoral Board members express similar appreciation regarding their dealings with REDAH.

In interviews, all REDAH staff members voiced their appreciation for NERDA's cooperation and 'friendly support' in the design and start-up of CREDO, and in its ongoing activities. The Development Fund team was especially grateful for NERDA's ongoing assistance in the Grants initiative, which is a new activity for REDAH.

Ownership

Virtually all stakeholders interviewed agreed that CREDO meets Herzegovina needs and enjoys the ownership of major stakeholders in government and the private sector. The participatory approach that characterises CREDO is considered a major 'plus' by all parties involved. It is hoped that this approach will confer the ownership necessary for key sectoral and municipal activities to become sustainable.

Consultations and participative approach

More than 250 companies, municipalities and universities have been involved directly and indirectly in designing and implementing the programme. All stakeholders interviewed agree it is highly participatory - in fact, much more than they expected. They say this approach is encouraging a change in mentality - towards the private sector taking the lead, instead of sitting back and waiting for the government or donors to organise things. This mirrors NERDA's experience.

Coordination and communications between REDAH and NERDA have been very effective, creating a positive, collaborative working relationship, and delivering the desired results.

⁴ Analysis covers both Phases 0 and 1, as they have both been largely preparatory in nature, and have created and progressively refined the design of CREDO.

FIRMA's Chief said they were keen to work more closely with CREDO and share their experience and analysis in the metals and tourism sectors with the sectoral experts and Boards.

Thoroughness of the needs assessments and analyses of options

REDAH has updated and expanded several of its existing products as part of the CREDO needs analysis: Baseline study of industrial sectors, SME Support study, Business Support Organisations list, and SME training needs analysis, and the municipalities analysis (for producing the Local Business Environment Barometer).

Most stakeholders think the Baseline Study was a good product. All appreciate the primary research and statistics/data. However, a number of people think it should have incorporated more in-depth analysis on potential capabilities and markets, and more rigorous evaluation of options for priority sectors and subsectors. Since well over 200 SMEs were interviewed for this study, more qualitative input on needs, competitiveness, etc, would have been useful.

One municipality official said bluntly that the Baseline Study did not take into consideration its priorities. Several people expressed surprise over the choice of cheese as a priority sector (hinting that the arguments and evidence were not convincing). Others thought the metals and plastics priorities were too broad, and that they should have focused on specific sectors. No one mentioned rubber in connection to the plastics priority. At the same time, some thought the cheese sector was too narrow, and that CREDO should have given priority to the dairy sector. This shows that one cannot satisfy everyone all the time, and that hard decisions had to be made in the choice of the sectors. In any case, after the value chain and gap analyses are completed, the Boards will be in a better position to further focus their activities if they so desire. Interviews indicated that this was indeed the case, and that they were finding enough common problems across subsectors to make their work worthwhile.

Similar feedback was received for the SME Support Packages study (which appeared outdated in some instances). Some stakeholders were uncomfortable with the study's focus on municipality-driven export incubators and business zones, given well documented international experience showing how difficult it is to achieve success in these initiatives. However, the report's recommendation to pursue cluster initiatives remains popular among the private sector and municipalities. The sectoral value chain and gap analyses should highlight where and how such initiatives might be taken forward by the Sectoral Boards. It will be important to adopt a crosscutting approach (eg, cheese and tourism, plastics and metals, ICT and all sectors). Indeed, REDAH is already contemplating concrete actions to introduce cheese-related items into tourism packages, and ICT was always expected to play a crosscutting role, in addition to expanding software and engineering exports.

Independently, municipality officials said both the Baseline and SME Support studies were useful for their own planning purposes. However, only one or two of the five municipality mayors/assistant mayors we interviewed had read the local Business Environment Barometer, though all had contributed to the data gathering. This Barometer, listing municipality strengths and weaknesses, was widely covered by the media. REDAH/CREDO will use it to monitor the local business environment and design education and training for municipalities.

Many people confused the *Business Environment Barometer* (municipality-based) with the forthcoming *SME Barometer*. REDAH said the new titles will be *Business Environment Barometer* and *SME Barometer for the Most Dynamic Sectors in Herzegovina*. However, it may be the word 'Barometer' that is causing the confusion. Perhaps the two products can be further differentiated in name, target audience and end use. For more analysis of the quality of outputs, please see Section 4.2.

Efficacy, relevance and results of preparatory activities

The process is proceeding systematically and in a timely fashion. Most deliverables for Phase 0 (start-up) were delivered during the planning period. Some were deferred into Phase 1, usually for good reasons. Some activities planned for Phase 1 were postponed - also for good reasons: i.e., to use the results of scheduled analyses to ensure that they were correctly focused and met documented needs (e.g., two study tours, SME managers training). Some Sectoral Board members (e.g., tourism) said they would have liked to see the Action Plans emerge rather more quickly, to keep momentum and motivation high. We mentioned that in large part this was up to them, as drivers of the process. (This underscores the challenge of changing the mindset of Sectoral Board members, to make them *drivers* instead of passengers.)

Should additional preparatory activities have been undertaken?

Several people interviewed said that more in-depth analyses of sectoral, market and innovation potential (for employment- and trade-generating activities) would have been useful in further focusing sectoral priorities. In addition, the Baseline Study should have provided clear baseline data to underpin CREDO targets and indicators. Apart from that, the preparatory activities appear to have been thorough and covered the most important bases.

4.2 QUALITY OF CREDO DESIGN

Desired impact of programme

The desired impact is: sufficient competitiveness at the company and local level to sustain employment expansion and economic development, and ultimately reduce poverty. The design focuses adequately on this objective.

Logic

The programme is well designed and based on documented evidence of needs. It reflects lessons learned from CREDO NE, and is tailored and continually refined to meet Herzegovina's needs. The methodology is sound and involves a systematic logical approach. It takes a step-by-step approach to developing systems, capacity, data and resources to introduce the Sectoral and Development Fund activities. REDAH had to commission studies and needs analyses, training sessions, and prepare numerous manuals, procedures, guides, codes of conduct, forms, data management systems, etc, before implementing the activities. The activities are also proceeding on a step-by-step basis. For example, establishing the Sectoral Boards was preceded by several sets of analysis leading to selection of five priority sectors (out of 12 studied), inviting relevant people to become Board members, educating REDAH staff on the sectors, updating databases, etc.

In developing and implementing the CREDO Herzegovina programme, REDAH has built on and found synergies with a number of other projects and activities it has been implementing, either as partner or contractor (see Part 1.1, *REDAH's participation in other donor projects and activities*). Such integration is an indication of efficient and coherent use of resources.

CREDO thus can provide a natural vehicle for coordinated efforts among several interrelated projects. This will enhance the chances of achieving the desired impact of job creation and retention leading to poverty reduction.

For example, while the EU-funded 'Heritage Trails' project has a different methodology, it will be coordinated with CREDO Tourism Sectoral Board activities. FIRMA analyses and activities on metals and tourism can also feed into the relevant Sectoral Boards' value chain analyses and action plans. FARMA's work on the cheese sector and Sida's food safety standards initiatives can contribute to the Cheese and Tourism Sectoral Boards' activities.

Attribution challenges

For the purposes of monitoring and evaluation, it is at times difficult to differentiate between REDAH's past/existing/ongoing projects and those unique to CREDO, as the integration is significant in many cases. For example, under CREDO, REDAH has used the Baseline, SME Support, SME training needs, the RIC database and others that were already in place in 2009 as a basis for new baseline reports for CREDO activities – see *Introduction* above). While this can present some challenges for attribution, one of the reasons REDAH was chosen to implement CREDO was because it had these useful base tools in place.

Regarding another attribution issue, REDAH's auditors also raised the issue of tracking and attribution of inflows/outflows by source, and provided some suggestions for improvements to clarify tax implications. These are listed under '*Suggestions for Improvements*' at the end of this Review.

Realistic targets?

CREDO's original targets are set out in the Concept Paper and Logframe as follows:

Reference	Target
CP 5.1 & LF:	<i>facilitate the creation of at least 50 new jobs and to retain/formalise at least 150 jobs</i>
CP 5.2:	<i>assist 'up to' 80 companies to improve competitiveness (40 through voucher and grant schemes, 20 through SME training programmes, 20 through Sectoral Board initiatives)</i>
CP 5.1 & LF:	<i>support at least three industrial sectors</i>
CP 5.1 & LF:	<i>support at least 150 companies (through presentations, meetings, interviews, work-shops, etc)</i>
CP 5.1 & LF:	<i>provide support to at least 6-10 (of 23) municipalities and one Canton in various activities (financial support to improve business enabling environment, institutional strengthening, local and regional planning)</i>
CP 5.1 & LF:	<i>improve capacity of REDAH's staff to support SME and local authority competitive-ness programmes.</i>
Logframe:	<i>1 Baseline study of priority sectors</i>
"	<i>1 'integrated economic analysis' (later changed to SME Support study update)</i>
"	<i>3 sectoral and gap analyses (later changed to 5)</i>
"	<i>Up to 15 workshops/seminars for SMEs</i>
"	<i>Up to 6 conferences/presentations</i>
"	<i>23 municipalities supporting the Regional Information Centre (this dates from pre-CREDO)</i>

The CREDO targets appear to be realistic, even conservative. For example, after completing the Baseline Study, REDAH decided to support five priority sectors instead of three, so the number of companies supported will be higher than projected. Moreover, interviews indicated that demand for support services and funding programmes will probably well exceed the numbers above. In addition, CREDO NE's experience shows that new and retained jobs could well exceed the targets.

Adequate budget allocations and disbursement schedule?

Overall, the allocations and the disbursement schedule have been more than adequate. By end-November 2011, Sida's disbursements of SEK 8,922,200 (KM 1,909,755) were well above CREDO's expenditures to that date of KM 652,861 (SEK 3,138,842). Expenditures will rise considerably once beneficiaries of the Development Fund (voucher and grant schemes) begin to submit receipts for reimbursement (See 3.1 below).

The CREDO Voucher Scheme was implemented from early October 2011. In the first Public call, CREDO issued vouchers totalling €32,470, or 81% of the €40,000 reserved for the voucher scheme (see Development Fund box below).

CREDO Development Fund

The Development Fund has €650,000.00 to allocate over a two-year period. It is fully financed by Sida. It comprises two components:

1. Private Sector Grant and Voucher schemes to provide SMEs with matching funds for training and consultancy services:
€490,000.00 divided into two parts:
 - €40,000.00 for the Voucher scheme with a maximum of €1533.88 or €2556.46 per grant depending on the type of counselling or consulting
 - €450,000.00 for the Grant scheme, with a maximum of €9000 per grant.
2. Public Sector Grant scheme of matching funds to assist municipalities and cantons to support entrepreneurship
 - €160,000.00, with a maximum of €20,000.00 per grant

Source: REDAH Decision #30-01-390/11, Mostar, 29 September 2011

The Development Fund is a ‘work in progress’, and managers are shaping it to meet needs. According to Ana Peric, one of the successes to date has been the streamlining of REDAH’s existing voucher model to meet CREDO requirements. In addition, some readjustments have been made to meet higher-than-expected demand for the Voucher Scheme. The individual limit for ISO/HACCP consultancies was increased from KM 3000 to KM 5000 in order to better reflect market conditions (e.g., higher fees for such services). The Grant Scheme may also see some readjusting as it is implemented from March 2012. The budget allocations are expected to suffice to meet demand, even if it is higher than expected.

Planning: outputs/activities well sequenced, with realistic and measurable milestones?

The CREDO Phase 1 Work Plan timeline (Attachment H) lists all the major milestones and the activities required to achieve them. These are aligned with needs, objectives and desired impacts, and are well sequenced and realistic. Activities are being carried out in a systematic and timely manner. Sequencing has been refined in a few cases to ensure that certain activities take place at a more appropriate time in the project cycle (e.g., study tours, SME training).

Clear responsibilities for execution and accountability?

All REDAH staff members say their CREDO responsibilities are quite clear. They explained them in detail during interviews, demonstrating a thorough understanding of their responsibilities, targets, milestones and objectives.

REDAH has a Manual on Staff Evaluation which requires each person to list at least five objectives and two development objectives in a performance evaluation form at the beginning of year. According to the Director, this also serves as an annual work plan for each staff member. The Director reviews each officer’s performance and implementation in the middle and end of the year.

The Annual Plan Timeline forms the basis of each staff member’s CREDO work plan. At weekly meetings, each person reports on the previous week and discusses the coming week’s activities. Monthly meetings take a broader view. Every month, each staff member must submit a timesheet, listing daily activities. These feed into CREDO’s yearly audits. These timesheets can be used to extrapolate each person’s time by project, assisting in attribution.

In the future, however, as tasks become more complex, it may be helpful for each staff member to have a written individual annual work plan covering all of his/her responsibilities and milestones across the gamut of REDAH projects and regional development activities.

CREDO’s inbuilt capacity-building is vital to helping REDAH staff meet their growing and increasingly complex responsibilities. Most of them are being ‘multitasked’ to assume sectoral responsibilities. For example, the Agricultural Centre experts are on a steep learning curve as they assume Secretariat tasks for the Sectoral Boards. The officers are motivated and capable, and appear to work well together. The Sectoral Board members and sectoral experts

are very happy with their input and support. The Voucher Scheme beneficiaries we interviewed were also very happy with the CREDO staff's responsiveness and follow-up.

Adequate risk assessment, compared with actual challenges encountered?

The project proposal/concept paper adequately spells out the main political, operational and financial risks. These include the uncertain political and fragmented administrative environment in BiH, obstructionism, uncertainties about stakeholder cooperation (e.g., private sector scepticism about donor projects, challenges in getting regularly updated data from municipalities and SMEs), the economic crisis, etc.

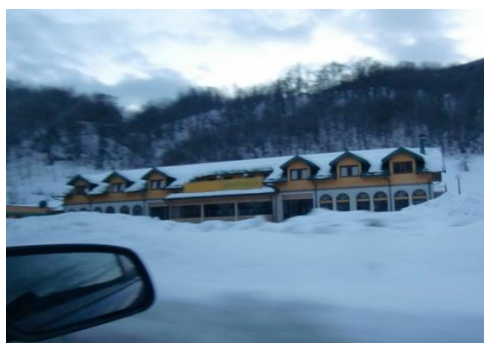
REDAH appears to have managed most of these risks well so far (see Sections 1.2 above and 4.4 below for more details). One important factor assisting in risk management is its enviable reputation as an "honest broker who does what it says it will". Its apolitical, regional, multi-ethnic approach also helps it span the political divide and gain the trust of the public, private and nongovernment sectors.

However, human nature is such that some people may try to take advantage. One challenge not mentioned in the initial risk analysis relates to operational matters – how to avoid misuse of voucher and grant funds through appropriate checks and balances. REDAH was a pioneer of voucher schemes in Herzegovina (and BiH), and has several years' experience in managing donors' funds to their satisfaction. Nevertheless, interviews with CREDO voucher beneficiaries indicated that this might need more attention. REDAH notes, *"We analysed this risk and decided that all the financing will be based on refunding. This means that we will refund the costs for the approved projects after the final report is adopted. So there is minimum risk that there is going to be misuse of grants, since grantees should finance everything in advance by themselves. REDAH also plans to continuously control grants implementation, directly monitoring grantees according to the contracts signed. All the details and procedures are defined in the contracts."* While this strategy may help, more targeted monitoring of controls and beneficiary undertakings will help ensure that use of Sida's funds is transparent and as designated.

The risk assessment did not cover the potential impact of natural disasters on funding sources and delivery of activities. The unusually heavy snowfall in February was an unforeseen event or *force majeure*. The challenges posed by the snowfall will have an impact on local authorities' priorities; this may affect monetary support for REDAH and delivery of CREDO services in some municipalities. Well targeted donor assistance to the most affected municipalities could help to mitigate this risk.

How the Snow Might Affect CREDO Implementation

Several municipalities in Herzegovina, like Nevesinje below, were devastated by the 1.5 metres of snow that fell in 2 days. In addition to the damage to crops, houses, roads, pipes, cars, livestock, etc, most of the greenhouses that had been built over the past few years under donor projects were damaged beyond repair. FARMA said the insurance agencies didn't want to cover damages because the Canton didn't declare a disaster zone. Now there is a danger of floods again. Since municipalities are financial supporters of REDAH, they may be hard pressed to pay their annual contribution to REDAH. And if staff are focusing all their energies on reconstruction, etc, some of the worst-affected municipalities may accord low priority to CREDO's activities, even if they can get matching funds to improve such functions. On the other hand, being stretched, they may see the Grants scheme as a way to implement some changes made evident and urgent by the disasters. REDAH may be able to assist them to see this. (Maybe one lesson from this is that municipalities and cantons may need some assistance in disaster management.)



Hotel-Restaurant on Sarajevo-Mostar road Nevesinje, more than *two weeks* after the snowstorm

Realistic, pragmatic and easy to verify baseline, performance and M&E indicators?

The Concept Paper/Project Proposal of May 2010 lists the main ‘success indicators’ for each Phase (see Table 3 in 6.1). For Phases 0 and 1, the targets/indicators are realistic. The indicators are, with a few exceptions, pragmatic and easy to verify. In most cases, baseline data is not necessary, since absolute numbers suffice (e.g., % increases not required). Nevertheless, a column for baseline data would be useful in logframe and planning documents to facilitate monitoring.

For Phase 2 (June 2012-May 2013), the Project Proposal repeats the same ‘success indicators’ as for Phase 1. This should be revisited before Phase 2 begins, and new indicators and targets should be developed, based on implementation of Development Fund and Sectoral activities. The new ‘tentative targets’ in the Milestones Table (Table 1 in the Executive Summary) reflect early thinking on this.

The difficulty will be to measure *credibly* employment generated or retained due to CREDO. It may be necessary to develop a tool to systematically recover worker numbers, performance data, etc., from voucher and grant scheme applications, training programmes and other sources. Basically this refers to a simple IT tool that would extract measurable baseline information on employment and activities from SME voucher and grant applications. This would enable REDAH to track more easily the improvements in employment numbers a year or two down the track. (REDAH’s Director indicated they were developing such a tool.)

How has the actual implementation reflected on the quality of the design?

The design adopted from NERDA is being modified both to fit Herzegovina’s realities and to fit in with REDAH’s existing products and ongoing projects. This required more effort than expected in Phase 0, as staff had to be trained, many manuals and procedures prepared, procurement organised, etc.

Actual implementation of CREDO has led to improvements (e.g., the existing REDAH voucher scheme was revised to make it more efficient and transparent). It has also highlighted some weaknesses in the design. For example, REDAH adopted a number of NERDA administrative documents and procedures that have proved to be too cumbersome, and are in the process of being simplified. Some products, such as the Integrated Economic Analysis, were not needed, and were replaced by other studies.

Generally, the design has proved sufficiently flexible to allow for refinements and improvements as needed (e.g., to accelerate the voucher scheme, to time the study tours to reflect sectoral priorities, to hold the SME managers/owners training courses only after the value chain analyses have been completed, etc.).

5 Management and Operational Efficiency

5.1 EFFICIENCY OF IMPLEMENTATION

REDAH is taking a logical and realistic approach, not pushing things that shouldn't be pushed, and ensuring that the timing is right for achieving objectives through specific activities. Overall, implementation is proceeding in a sensible and timely fashion, within budget.

Administrative, financial and budget management appear conservative, thorough, accountable and transparent. In interviews, all stakeholders made a point of commending the REDAH team's efficiency, professionalism and integrity. The auditors, who have been doing REDAH's accounts for years, agreed with this. They also offered a number of suggestions for improvements. Specifically, they said that exchange rates needed to be dealt with differently (noting that this was a bank issue, not a REDAH issue) and that REDAH would benefit from better tracking of inflows/outflows by source.

Efficiency and timeliness of budget execution and channelling of funds

Revsar's Auditor's report for Phase 0 showed that actual expenditures were considerably lower than planned levels. This is partly because a number of Phase 0 activities were rolled over into Phase 1. At the end of Phase 0 (end-May 2011), the realisation rate was around 18%, not counting financing set aside for the Development Fund.⁵ At the end of November 2011 (latest accounting period at the time of this review), expenditures were still only a third of disbursements to date. Once the Development Fund is fully operational, expenditures will begin to catch up with disbursements. (See Attachment H. Page 2.)

According to the Director of REDAH, *"This disbursement dynamic was part of the contract agreed with Sida. It does not necessarily reflect the expenditure dynamic. This approach gives CREDO more flexibility to adjust certain activities during implementation if necessary. Initially we planned to have more frequent disbursements. Taking into consideration the experience in CREDO Herzegovina, the disbursement dynamic could be slightly adjusted."*

Procurement of services and equipment took place mostly in 2011, and according to both REDAH and contractors (e.g., IT service provider, auditing firm, local experts), the process was efficient and transparent.

The first Public Call for the Voucher Scheme for SMEs took place on 6 October 2011. The first tranche has been committed and will be disbursed by mid-2012 as the consultancy activities are completed and beneficiaries submit receipts for reimbursement. The first Public Call for the Grant Scheme for SMES and Municipalities was to take place on 16 March.

⁵ "After auditing of all the expenditure items presented in the financial report, with special emphasis on the time aspect of their occurrence, we have verified that all incurred for the intended purpose of the action, during the implementation period of June 8, 2010 till May 31, 2011. During May, only paid costs were recorded. The costs incurred by REDAH were necessary for the activities and objectives of the action. All costs are identifiable and verifiable, and substantiated by originals of supporting evidence which prove that they really occurred, such as contracts, payment slips, decrees and invoices." Source: Auditor's Report, mid-2011.

Have procurement processes delivered the best ‘value for money’?

The process on paper is in line with good practice. The procurement staff appear to have integrity and appropriate experience. Interviews with contractors, consultants and local experts indicate that the procurement process was professional and efficient.

It is too early to know if the people or equipment contracted were the ‘best value for money’. One challenge was that the market for local experts is limited. One Board member, for example, expressed some doubt that the local expert he and other Board members chose was the best person for the job, since his sector experience was limited to managing IT for a big plastics company. And the tourism expert was recruited from Croatia (see Section 4).

Also, while updating previous Baseline and SME Support studies as the bases for CREDO’s priority sectors was efficient, it may have pre-empted new thinking and different, more rigorous ways of analysing the various sectors. Several people interviewed questioned if this ‘build-on’ approach had delivered the best possible outcome.

How has actual delivery compared to original timelines?

As explained in the previous sections, delivery has been methodical and within overall timelines. Some activities and products have been deferred for good reasons. For example, management and stakeholders agreed to postpone two study tours and the SME manager/owner training courses until after the sectoral value chain and gap analyses were finished (March–April 2012) so that they could use the findings to better focus these activities (see Section 4 for accomplishments to date.).

Could the same or similar results have been achieved more quickly and at less cost using other approaches?

Generally, the REDAH team has implemented a large number of complex tasks in an efficient and systematic manner. Stakeholders and partners are quite satisfied with the progress.

In some areas, the ‘imported’ CREDO has displayed some inefficiencies. For example, the replication of NERDA’s reporting templates may not be the most efficient (or user-friendly) way of presenting quarterly narrative and financial reports. In interviews, both staff and auditors proposed suggestions for simplification and efficiency savings.

The financial manager said quarterly financial reporting could be made much more efficient, with a time savings of up to 50%. The administrative manager said that narrative reporting could similarly be made more efficient. The auditors suggested that some fairly straightforward modifications to bookkeeping and financial systems would make it much easier to track inflows and outflows by sources of funds. They said this would save time and costs.

Flexibility, within programme design, to adopt more cost-effective approaches

CREDO design is sufficiently flexible to allow for ‘continuous improvement’ and refinements. Staff are seeking efficiencies, for example, by streamlining and making more transparent the Voucher Scheme process, and thinking of ways to improve reporting. Ana Perić commented that simplified, more transparent Voucher Scheme procedures and faster coordination with beneficiaries and consultants have led to higher quality applications. Maja Vican said that they are trying constantly to improve databases and business solutions; their Lotus programme for managing projects, budgets, consultants, beneficiaries, etc, is a success.

6 Management and Implementation Effectiveness

6.1 PROGRESS TOWARD ACHIEVEMENT OF THE STATED OBJECTIVES, DESIRED RESULTS

The CREDO programme is proceeding as scheduled in meeting its purpose and objectives. In focusing on competitiveness in terms of employment, trade, investment and local business conditions, CREDO addresses key problems facing Herzegovina today: high unemployment, low foreign investment, challenging business environment, shortages of skilled workers, and threats to trade.

Recap: CREDO's Purpose, Objectives and Desired Results

Purpose: To enhance the competitiveness of SMEs and local authorities in Herzegovina and thereby contribute to employment growth and poverty reduction.

Objectives:

- To enhance SME competitiveness (domestically and in terms of EU trade)
- To strengthen local government capacity to deliver a positive and competitive business environment (including attracting investment)
- To foster new jobs, and maintain/formalise existing employment (also a competitiveness issue)
- To strengthen REDAH's capacity to deliver the desired results.

Desired results:

- At least 50 new jobs and the retention/formalisation of at least 150 jobs
- At least 150 companies benefit from presentations, meetings, interviews, workshops, etc
- At least 6-10 municipalities and one Canton improve their business enabling environment and local planning capacity
- At least 3 Sectoral Boards set up
- 40 SMEs improve competitiveness through the voucher and grant schemes
- 20 firms improve competitiveness supported through SME training programmes
- 20 companies improve competitiveness through Sectoral Board initiatives

Source: CREDO Project Proposal, Logframe, May 2010

The implementation process is proceeding systematically and broadly in line with the timeline.

Virtually all Phase 1 'start-up' activities will be underway by mid-2012, as envisaged.

Phase 2, starting in June 2012, will focus on the implementation of sectoral SME activities and Grant Scheme assistance to municipalities.

The 'Success Indicators' table below shows what has been achieved and what has not in Phases 0 and 1.

Table 3
‘Success Indicators’ for Phases 0 and 1 of CREDO Implementation
(Drawn from the CREDO Project Proposal, May 2010)

Preparation Phase: June 2010-May 2011	Achieved
1 Baseline study produced	Baseline study: <i>Most Dynamic SME Sectors in Herzegovina</i> , May 2011
At least 3 key sectors identified	5 priority sectors identified
1 ‘integrated economic analysis’ produced	<i>SME Support Packages</i> study, June 2011
At least 90 SMEs informed on CREDO Herzegovina project objectives	Since the e-newsletter alone reaches hundreds of companies, this target has been met. 60 representatives of SMEs and municipalities attended the 13/10/2011 presentation of CREDO in Mostar.
Methodology for Sectoral Boards prepared	May 2011
Equipment procured	Yes
1 SME Training Needs Analysis done	Mid-2011
1 Business Service Providers situation analysis done (A <i>Business Service Organisations</i> list was compiled based on 2008 data. Very sparse analysis. No date.)	No
Training programme for SMEs managers/owners introduced	Postponed until after Value Chain/Gap analyses completed
Procedures for SME training and consultancy voucher scheme adopted	VS Manual produced in mid-2011.
Phase 1: June 2011-May 2012	
100 jobs created/formalised and/or sustained in companies /sectors included in CREDO interventions	This will be difficult to prove for this timeframe.
3 municipalities provided with improved Local Economic Development tools	Proposal for Development Depts/Units/Functions in Municipalities submitted to RDB in March 2012. The Development Fund will be a vehicle for delivering the LED tools.
REDAH with NERDA’s assistance adopts <i>Integrated Economic Development Methodology</i> for coordination and monitoring of regional economic development processes	
3 Sectoral Boards established and operational	5 Sectoral Boards operational by Dec 2011, supported by 5 sectoral experts and REDAH staff
1 Regional Board established and operational	Regional Development Board operational (comprised of REDAH’s Management Board)
3 study tours organised	3 study tours completed in 2011 (Sectoral Boards: cheese, metals, tourism). 2 sectoral and 1 RDB study tour will take place before or in Phase 2.
3 value chain-gap sectoral analyses produced	5 value chain/gap analyses will be completed by end-May 2012 by local experts/sectoral Boards
2 SME Barometers produced and disseminated	One was produced in March 2012; REDAH is considering whether to produce it annually or semiannually.
1 Economic Forum for business community organised	Economic/Business Forum: 29 March 2012, organised REDAH within the Mostar Economic Fair 2012
23 municipalities supporting Regional Info Centre-RIC	<i>Municipalities supported RIC pre-CREDO; this refers to updating databases and applications for municipalities.</i>
3 municipalities using the CREDO Development Fund to improve business environment	This is envisaged to occur by end-May 2012 under the Grant Scheme launched in March 2012
At least 20 companies supported through the Development Fund	By February 2012, <u>18 SMEs</u> had benefited from the voucher scheme. Numerous other SMEs will benefit from the Grant Scheme, launched in March 2012
At least 10 SME managers/owners participate in Training.	Postponed til after value chain/gap analyses indicate priorities. First training course to be held before mid-2012.

Results and impacts to date

The major results achieved to date have been the establishment of five Sectoral Boards and the awarding of vouchers to 18 companies for consultancy services (both completed in December-January).

The programme foresees at least 150 companies being educated, informed and assisted through their participation in workshops and presentations. So far, CREDO staff/consultants interviewed 216 firms for the Baseline study. 80 SMEs participated in three presentations as part of preparing the SME Support Packages study. CREDO staff visited 70 enterprises while preparing the SME Training Needs analysis. In addition, the sectoral experts are interviewing many companies for the value chain and gap analyses.

It is too early to measure impacts on job creation, SME competitiveness and poverty reduction. In fact, the baselines for such measurements still need to be calculated, and attribution issues addressed.

However, some welcome **initial outcomes and impacts** have been:

- greater visibility and credibility for REDAH (important for sustainability)
- voucher beneficiaries experiencing a ‘pleasant surprise’ regarding the transparency and efficiency of the voucher process
- willingness among voucher applicants to share in the costs of business services
- elimination of initial scepticism among business about donor projects
- a change in mentality about group approaches: all Board members interviewed highlighted their growing awareness (unexpected by them) of the potential utility of the Sectoral Board initiative (again, very important for sustainability).

Most stakeholders interviewed said that REDAH’s closer relations with the private sector and local authorities under the CREDO project would have a positive impact on its future sustainability prospects.

All of these initial positive impacts will have to be nurtured proactively and continuously over the life of CREDO and beyond to ensure that they endure.

Activities underpinning desired changes relating to gender, poor and vulnerable groups, and the environment

Youth unemployment alone is over 50% and three-quarters of the inactive rural population are women, according to Professor Domljan, the local expert who wrote the Baseline and SME Support studies and who is assisting the sectoral experts in the value chain and gap analyses. Implementation of sectoral board activities in particular should contribute to improved employment prospects for these groups – especially when combined with other REDAH activities, such as the SDC labour skills programme. The CREDO initiative to assist municipalities in development planning and implementation will also address issues related to these groups, as well as to the environment. Generally, REDAH/CREDO’s unifying multi-ethnic, multi-stakeholder, apolitical approach is one of their main strengths. This underpins changes desired in the broader agenda.

6.2 QUALITY OF OUTPUTS AND ACTIVITIES

CREDO has managed its programmed outputs and activities quite well, with considerable commonsense. Possibly, if it had developed CREDO Herzegovina from scratch, it would have done things differently, using somewhat different means to achieve the same ends. It is always a challenge to adapt someone else’s model to your needs (see *Lessons Learned* in Section 6).

Table x
Recap Table 2: CREDO: Major Outputs and Activities, June 2010-March 2012

Baseline study of 12 industrial sectors	April/May 2011
SME Support study	June 2011
SME Training Needs Analysis	Mid-2011 (not available in English)
Regional Development Board established	September 2011
Sectoral Boards established	last Qtr 2011
Study tours (Round 1) undertaken	3 of 5 completed by December 2011
Local Sectoral Experts contracted	by September 2011
Guide for Value Chain and Gap Analysis	October 2011
Voucher Scheme launched	October 2011
Local Business Environment Barometer launched	December 2011
Grant Scheme launched	March 2012
Sectoral value chain and gap analyses final drafts	March - April 2012
Report on Development Units in municipalities	March 2012 (not available in English)
Economic and Business Forum	29 March 2012
SME Barometer	March 2012

Relevance

All the outputs and activities listed above are relevant, in terms of both CREDO's objectives and REDAH's longer-term sustainability. The key topic of the Business/Economic Forum is particularly timely and will attract strong interest: *Implications for Herzegovina of Croatia's Accession to the EU in 2013*. Showcasing the five sectoral value chain/gap analyses at this event is a very good way to draw attention to the competitiveness issues affecting the region's potential.

Appropriate targeting and ownership

All the products and activities listed above appear to have been targeted at the right audience. However, as mentioned earlier, some people confused the *Business Environment Barometer* (municipality-oriented) with the forthcoming *SME Barometer*. REDAH is changing the name of the second to *SME Barometer for the Most Dynamic Sectors in Herzegovina*. Nevertheless, further differentiation in name, target audience and end use might be necessary if the confusion persists.

In addition, it might be useful to follow up with municipalities on the results of the local Business Environment Barometer and the Development Units report, because senior officials of several municipalities that provided data and information indicated they had not read the final products and were not aware of the results of the analysis. Since these are both 'sustainability' products/activities, it is important that the municipalities gain a strong sense of ownership at all levels from the beginning.

As for the Sectoral value chain and gap analyses, several Board members said the local experts were consulting them regularly (even intensively) while writing them, and that they would fully 'own' the final product and use it to develop their action plan/work programme.

Quality

Participants report that the quality of the activities to end-February 2012 was high (Board set-up, study tours, voucher programme). However, one partner commented that too many voucher applications are for 'soft' ISO/HACCP consultancies'. Another said that REDAH should promote HACCP more.

The quality of the analytical products has varied from very good to mediocre. (The reviewer was not able to read the full SME Training Needs assessment or the report on Development Units, nor compare the Baseline and SME Support studies with their predecessors prepared by REDAH a few years ago.)

The SME Training Needs study concluded that “*REDAH needs to find a system solution, not to organise training on an ad hoc basis, and the solution should be tailored to all sectors and all levels of the managers of companies from Herzegovina*”. It then went into detail about how the CISCO Institute of Entrepreneurship was the best option. No other options were discussed (REDAH has applied to secure the BiH licence for the CISCO Institute of Entrepreneurial training).

The draft sectoral analyses were not yet available during the review mission, but Professor Domljan said they still needed ‘a lot of work’ before being presented to the public at the CREDO Economic Forum on 29 March. The local experts lauded Professor Domljan’s help in developing the analyses, saying he had gone beyond the call of duty on several occasions.

Timeliness

Most of the products and activities were delivered in a timely fashion. The Voucher Scheme was launched ahead of schedule, but the SME Barometer has taken longer to develop than originally expected. The Cheese, Tourism and ICT sectoral value chain analyses were quite advanced in early March, while the Metals and Plastics reports were about 70% finished, according to the local experts. The Cheese, Tourism and Metals Sectoral Boards held study tours before end-2011, while the Plastics and ICT Boards decided to await the findings of the value chain analyses. The Regional Development Board also decided to undertake its study tour later. The training programme for SME managers/owners was likewise rescheduled to end- Phase 1/early Phase 2, in order to take advantage of the findings of the sectoral analyses.

Effectiveness in contributing to desired and sustainable results

It is too early to evaluate just how effectively these outputs and activities will contribute to results, as work is still in the ‘start-up’ phase. However, judging by interim results and feedback to date, they are definitely driving progress in the right direction.

6.3 QUALITY OF CREDO MANAGEMENT AND OPERATIONS

This Section follows on from Section 2: *Quality of Design*, where a number of management and operational issues were already covered.

Teamwork

All the staff and stakeholders highlight teamwork as a REDAH strength. In both group and individual interviews of 12 of the 13 staff members, a sense of team spirit and shared vision was evident. Weekly meetings, regular (even daily) contact and multitasking contribute to this. The REDAH team has been together for several years and appears to have cohesive and congenial interpersonal relations.

Several said teamwork would be even stronger if they were located in the same building, instead of the current three sites, and had intranet. As this review was being written, the Director reported that they had found suitable accommodation for the whole REDAH/CREDO team and would be moving shortly (as their current contract was due to expire).

Quality of ongoing consultation

All interviews highlighted the CREDO teams’ dedication to consultation. From Board members to voucher scheme beneficiaries, all said they received regular phone calls and emails from CREDO staff. In addition, they lauded REDAH’s responsiveness to questions.

Quality, realism and ownership of performance and action plans

The CREDO Annual Work Plan is based on the key components of the programme: Regional Board, Sectoral Boards, Municipalities, Development Fund, Economic Forum, publications

and training activities. The key milestones under each component are listed, along with targets, indicators and timelines. These plans and their budgets are developed by the relevant staff members in consultation with supervisors and the finance manager. Their own performance targets are based on the milestones and targets to be achieved. The annual work plans form the basis for discussions at weekly and monthly staff meetings, and are refined as necessary. Performance evaluations are carried out by the Director twice yearly. Interviews with staff indicated a solid sense of ownership.

Quality of procurement processes

According to the Auditor's reports, REDAH/CREDO procurement processes follow recognised standards and are transparent and well documented. The 'single offer' approach is used most frequently. In interviews, contractors (ICT, auditors, experts) said the tender information was easy to understand, the application process was straightforward, the staff were responsive to questions, and procedures were completed in a timely and efficient fashion.

Quality of reporting on results: This is an area that can be improved. See Section 3.

6.4 MANAGING CHANGE, CHALLENGES & RISKS

Change management

CREDO's planning documents contain a number of change-related issues, including:

- Private sector scepticism about the utility of donor projects
- A business 'culture' that has tended to resist group approaches, one of the bases of CREDO's Participative Integrated Economic Development model.
- The ethno-political divide (which among others, affects certain RS municipalities' ability to cooperate with REDAH openly).

The Review revealed that so far these 'risk factors' have been managed in such a way as to encourage change and cooperation without undue pressure. In interviews, people highlighted consistently that CREDO is already shaping some very important changes in mindsets. Some examples follow.

Several voucher scheme beneficiaries expressed their 'pleasant surprise' at the transparency and efficiency of the CREDO voucher application and awarding process. They said they had been sceptical about applying because in their experience with other schemes, there had been too much paperwork, obscure processes and lengthy delays. In addition, the voucher scheme beneficiaries we interviewed seemed quite comfortable with one of the main mindset changes that the Development Fund aimed to achieve: i.e., to encourage SMEs to contract local expertise and contribute matching funds.

The Sectoral Boards aim for a collaborative, strategic approach to common problems, based on private sector ownership, shared vision, networking and advocacy. Several Board members said they had been sceptical in the beginning, but were now convinced of the utility and potential the Sectoral approach. Board presidents in particular are encouraged by the 'unexpected' commitment and enthusiasm of the members, and by the bonding that has taken place so far due to joint activities and regular meetings. They believe the next stage – i.e., developing and implementing Action Plans – will further enhance the new collaborative mindset, provided it leads to concrete results. **All parties agree that the main challenge will be to maintain the momentum and achieve results on a regular basis, in order to sustain private sector interest and commitment.**

When the Cheese Sectoral Board was formed, few of the members knew each other. They credit CREDO with connecting them and giving them a forum to discover commonalities and address common problems (which they were surprised to find were shared by the others). According to the Secretariat, they are now 'starting to think like a group'.

A parallel challenge is to institute a proactive ‘ownership’ mindset among Board members. This requires a fundamental ‘change’ in the traditional attitude to such projects, especially where donor projects have been concerned. CREDO gives Board members full responsibility for planning activities and achieving results, while placing the REDAH coordinators and local experts in a supporting ‘Secretariat’ role. Board members reported that they like and fully support this new approach, although they are finding it a bit of a challenge initially to be in the driver’s seat.

Regarding the ethno-political divide, REDAH’s and CREDO’s regional, multi-ethnic, apolitical approach is considered to be the best way to achieve Herzegovina’s potential. Sectoral and Regional Board members are pleased that Board meetings focus on business issues and don’t discuss politics. Municipal officers – especially those involved directly in business and economic development activities – say the Development Unit project (under the Development Fund) could well lead to a less political, more business- and partnering-focused approach to local development planning and implementation.

Nevertheless, BiH politics remains divisive, and REDAH is not spared. The RS ‘noncooperation’ edict (warning local authorities not to cooperate with RDAs, due to perceived sovereignty threats posed by RDAs’ ‘regional’ character) continues to worry some municipal officials. However, stakeholders from all 23 Herzegovina municipalities are actively involved in CREDO and other projects – sometimes informally - because they can see the utility in enhancing local authorities’ economic development performance. REDAH maintains good relations with all 23 municipalities, as well as with the RS SME agency (RARS), with which it has signed a cooperation agreement for the Prilika project (see 1.1 above). Nevertheless, this issue will continue to require careful management.

Challenge management

The four REDAH staff members serving as ‘Secretariats’ for the Sectoral Boards have been on a stiff learning curve, dealing with business people across broad sectors (metals, plastics, tourism), building up credibility, and supporting and encouraging Board members in their work. They said NERDA’s help has been valuable. Feedback on REDAH’s ‘Secretariat services’ from Board Members and local experts has been very positive - in fact, glowing. So the four have apparently adapted well to the multiskilling challenges and expanded their horizons.

Another challenge on the sectoral side is that the market for local experts is limited. A Plastics Board member, for example, expressed some doubt that the local expert he and other Board members had chosen was in fact the best person for the job, since his plastics sector experience was limited to managing IT for a big plastics company. On the other side of the coin, this expert has created a webpage for the Board and is developing an action plan for dealing with plastics recycling (including advocacy for needed government action). This issue is close to the hearts of the plastics industry and Board members, and could enhance the expert’s credibility with them. The expert is also close to the biggest plastics firm, which may be useful to the project as a whole, in terms of critical mass in sectoral activities. And he is a professor at the university, which offers possibilities for partnerships in innovation – another subject close to Board members’ hearts.

Despite Herzegovina’s growing tourism sector, finding a tourism local expert was no easy matter. REDAH and the Board finally procured one in Croatia, where she manages marketing for a hotel chain. She previously worked in the hotel sector in Herzegovina, and had the right credentials. The Tourism Board President said she has built excellent relationships with all the Board members, consults them regularly and is producing a very good and well focused value chain analysis.

The Development Fund staff says that the major challenge lies ahead: i.e., implementing the Grants Schemes. They say this is a new area for them, recognise the risks and are endeavouring to learn as much as possible from NERDA in order to ensure smooth implementation. One unexpected challenge they have faced is people walking into their (RIC) office ‘like a bus station’; they are managing that by referring people to the website and by planning for peak periods (after public calls for tenders, etc.).

6.5 STAKEHOLDER RELATIONS AND OWNERSHIP

“The best thing about our work is the relationship with the stakeholders!” (quote from one of CREDO’s Sectoral Board Secretariat managers).

Relations with Board members, municipalities and other local stakeholders

In interviews, all stakeholders spoke very highly of REDAH/CREDO staff, and especially of the Director. The relationship between municipalities and REDAH is longstanding, and is carefully managed. Nevertheless, it has its challenges. The relationship between REDAH and SMEs is more recent, and credibility is still being built. CREDO will play a vital role in further developing this ‘core client’ base which is so important for REDAH’s future.

It is recommended that the next review allow sufficient time to visit more of the 23 municipalities and more SMEs.

Relations with Sida and the donor community

Sida and other donors say relations are professional and cooperative, and that REDAH is a reliable partner.

Relations with regional and national authorities

REDAH says it has good relations with these authorities, and third parties confirm this. However, we did not have time to confirm it directly with cantonal, entity and national authorities. REDAH did say it was expecting to engage more with the three cantons in Herzegovina, and bring them into the Regional Information Centre network.

CREDO’s ‘partners in delivery’

We interviewed a selection of people from a range of categories (Board members, mayors, assistant mayors, sector partners, municipalities, contractors). They all said that relations with REDAH were positive, professional and long-standing. They said that in implementing CREDO, REDAH staff have been extremely responsive, motivated and helpful.

Effectiveness of institutional arrangements

This is always a challenge in BiH, but REDAH’s network of 23 municipalities and efforts to extend it to the three cantons provides a solid base for development activities. REDAH also cultivates constructive relations with Entity and National (State) institutions. A couple of staff members mentioned challenges in getting data from municipality officers in a timely fashion. These bureaucratic issues occur in most countries, and can be managed with political will and appropriate systems. Sometimes it is just easier to go and extract the information oneself; however, sustainability requires that the local authority task a ‘function’ with meeting such commitments.

Ownership and sustainability

As mentioned in other sections of this report, local ownership of the Sectoral and municipal activities will be a key sustainability issue. Inclusiveness and a ‘*Team Herzegovina*’ spirit has to be nurtured and constantly reinforced. Early and regular results and effective management of expectations will be the key success factors.

6.6 COMMUNICATIONS AND VISIBILITY

REDAH has had a detailed set of Communications Strategy guidelines since 2006. It employs numerous tools, including its website (www.redah.ba), various portals, a monthly e-newsletter to several hundred subscribers, the Regional Information Centre (RIC), Facebook, press releases, newspaper articles, tenders and events such as product launches, training courses and the Economic Forum. The main web portal has a daily news feature covering regional and EU economics and news of interest to businesses in particular. The monthly e-newsletter features news about REDAH, the EU, business topics, etc.

Use of communications as a strategic tool for change

REDAH has an excellent opportunity and the necessary tools and networks to strategically communicate key ‘change’ messages on an ongoing basis, so that they become ‘familiar’ and thereby help to change mindsets (e.g., showcasing results to build confidence, inspire change). Such strategies would fit well with high-visibility CREDO activities such as the Development Fund and the Sectoral activities.

Quality of communications materials (targeting, message, style, etc)

One SME manager told us: “*Before we didn’t have enough information, and now it’s there, by place and by topic*”. Business people said they use RIC and REDAH’s website regularly, and want quick and efficient access to information and news and easy-to-understand formats and language. They suggested cultivating informal relations with the media and avoiding ‘bureaucratic style’.

Indicators of effectiveness of communications

- Number of visits to the website
- Media coverage of REDAH events
- Use of press releases by the media
- Survey results
- Response to Public Calls

Visits to the website

REDAH reports that the number of visits to its website surged from 265,755 in the beginning 2010 to 489,385 at end-2011. Several business people we interviewed said they visit the website regularly, even daily, as it is their main source of up-to-date business information.

Media coverage

The two main newspapers in the region cover REDAH events and activities regularly. In addition, invitations/press releases go to at least five local and national TV stations. The most active is RTVM-TV1, which covers most of the local events and invites REDAH to participate in their programmes. The national TV channel, BHT, also covers REDAH activities.

Response to Public Calls for Voucher and Grant Schemes

At the time of this review, the Voucher Scheme had gone through one Public Call (6 October 2011) and the Grant Scheme was to be launched through a Public Call in March. Thirty companies applied for vouchers; of these, 18 were selected. This put CREDO close to achieving the target of 20 companies benefitting from the voucher and grant scheme. (Since five priority sectors were chosen instead of three, the targets should be raised for Phase 2.)

Sida visibility

There seemed to be scope for including the Sida logo more widely in CREDO materials, Public Calls, documents, certificates, etc. This could be part of a communications strategy.

7 Outlook

7.1 PROSPECTS AND CONDITIONS FOR ACHIEVEMENT OF THE DESIRED RESULTS

At the moment, prospects appear bright, but a number of factors will require careful management in coming months and years, if CREDO is to continue to move in the right direction.

Major factors influencing the achievement/non-achievement of objectives (competitive-ness, a business-conducive environment, employment generation)

1. Results
2. Political will
3. Ownership
4. Trust
5. Partnership mindset/participatory approach
6. Keeping Boards, municipalities and experts focused on concrete results
7. Keeping people motivated by achieving early and regular results
8. Managing expectations, motivation and accountability
9. Building on Herzegovina's regional identity.

"It is much easier to have a regional approach if there is regional commitment. CREDO Herzegovina has definitely benefitted from this. However, without trust, partnership, etc, there will be no success. At the very end, it is much easier to build trust and partnership among local and regional stakeholders if there is regional commitment and identity."

Ivan Jurilj

Many say the main impact of CREDO will be the changes in mentality and approaches in local government and the private sector regarding the utility of cooperative efforts (both B2B and B2G).

As explained above, a more positive attitude toward collaborative approaches is already appearing. However, CREDO is still in its infancy, and enthusiasm and motivation are high due to achievements to date (e.g., Sectoral Boards, study tours, value chain analyses, voucher scheme).

The big challenge, recognised by REDAH staff and Sectoral Board Presidents, will be to sustain the enthusiasm and commitment over the next two years and beyond. This will require careful and strategic scheduling of activities, and early tangible achievements.

Another big challenge - and success factor - will be to inculcate 'ownership' of Sectoral Board agendas, activities and results. Once the private sector takes full ownership of the agendas and assumes accountability for the results, then the Boards will take on their own life and have a greater chance of becoming sustainable entities.

Another change in mentality is a new willingness by businesses and local authorities to pay for consultancy and advisory services. The key tool leading to this change is the Voucher and Grant Schemes, combined with the accreditation of consultants in areas of identified needs. Expansion of the local business services market will itself have a positive impact on competitiveness.

Thus, effective management of relationships, expectations and accountability will be a key success factor in the Sectoral Board, Municipality and Development Fund activities.

7.2 PROSPECTS FOR SUSTAINABILITY OF CREDO'S PRODUCTS & ACTIVITIES

Most stakeholders agree that the CREDO programme has the potential to deliver results that will be sustainable in the longer term.

Members of the Sectoral Boards are already saying that they can see the Boards becoming more formal industry groupings in the future. They say this will fill a major gap regionally and nationally, particularly in terms of advocacy, education and awareness building, access to markets, innovation, networking, etc.

Several municipality officials (e.g., deputy mayors) are very enthusiastic about the potential for implementing the CREDO Development Unit project (under the Development Fund). They believe that combining and focusing disparate development activities at the local level will inject new life into local development planning and business environment improvement.

A number of the activities pursued under CREDO have the potential to become permanent REDAH activities, e.g.:

- SME Barometer (tracking competitiveness factors)
- Business Environment Barometer (tracking municipality strengths and weaknesses)
- Training and skills building
- Servicing Sectoral Boards if and as they evolve into more permanent bodies
- Bringing together business, universities, local governments for research and innovation
- Voucher and grant schemes (revolving fund)
- Business events such as the Business and Economic Forum
- 'Think tank' (adding value through innovative research, analysis and strategic thinking)
- Crossborder trade relations and networking

REDAH will have to find ways of making these activities and products profitable or at least self-sustaining, through sponsorships, advertising, in-kind contributions, fees for service, etc. (REDAH examined sustainability in its CREDO project concept paper, including fee-for-service ideas. However, these remain on the back burner in relation to immediate priorities.).

8 Conclusions and Recommendations

8.1 REDAH/NERDA PERFORMANCE IN DESIGNING AND IMPLEMENTING CREDO

CREDO Herzegovina is being implemented professionally and systematically. It is well on the way to achieving virtually all of its major milestones for the first two years, thanks largely to exceptional teamwork between NERDA and REDAH.

REDAH is refining and improving the CREDO model to tailor it to Herzegovina's needs and realities. Stakeholders, partners and beneficiaries hold both REDAH and CREDO in high regard, with particular mention of the staff members' responsiveness, professionalism and motivation. They have high expectations for concrete results. Their (few) criticisms mainly target certain studies (a need for more analytical rigour). Their suggestions for improvements focus primarily on administrative efficiencies, communications and innovation.

Stakeholders believe CREDO has considerable potential to underpin REDAH's future sustainability by consolidating ties between REDAH and its key constituents (small businesses and local authorities), and establishing stronger foundations for business-business and business-government cooperation. If it succeeds in changing mindsets and establishing a more collaborative, 'Team Herzegovina' approach to regional competitiveness, it will have delivered much of the impact it was designed to facilitate.

REDAH recognises that these are 'early days' in CREDO's implementation, and that the big challenges lie ahead: i.e., managing expectations, keeping commitment high, delivering the desired results on time, and establishing a firm base for REDAH's future activities.

8.2 LESSONS LEARNED AND SUGGESTIONS FOR IMPROVEMENTS

Lessons learned to date (June 2010-March 2012)

Ivan Jurilj says much has been learned, including by trial and error. *"We have learned a lot from NERDA and have tried to upgrade the whole process and methodology and adjust it to new circumstances and new environment. The same applies to the future: a lot will be learned from REDAH's unique experience in this process. Each region has its own specificities and requires specific new approaches."*

"The process should be fully integrated with local needs and requirements. It should not purely replicate the activities from CREDO North East or upgrade those from CREDO Herzegovina. Rather, it should apply the process and methodology, adjusting these to the new environment. CREDO Herzegovina replicated some sets of activities and some of the processes from CREDO North East, but as time goes by we are more aware that some things would be much easier to implement if we approached them differently."

"It is important to simultaneously deal with private sector and municipalities and to act as an intermediary between them. REDAH already had good relations with municipalities, and CREDO Herzegovina helped us to establish stronger links with private sector."

“It is important to be professional, to have a high degree of sensitivity to different interests and needs at local and regional levels, and to act accordingly. Building mutual trust is very important. This project enables that.

“The process and methodology should remain flexible enough to be able to adjust to changing circumstances and new challenges that appear during implementation.

“It is important not only to assist the private sector, but to establish partnership relations with them. It is vital to draw in the major players as leaders and drivers. At the same time we must not to forget those who are not too strong. We have to find the right balance.”

Suggestions for improvements in programme delivery and management

Administration

- Simplify reporting (financial and narrative). The REDAH administrative and financial team said the reporting tools imported from CREDO NE can be retaliated to meet CREDO Herzegovina and Sida requirements in a more time- and resource-efficient manner.
- Improve capability to track inflows/outflows by source of funding. REDAH’s auditors, Revsar, offered suggestions for managing and tracking inflows/outflows and attribution when dealing with multiple donors. Among other things, they said Ana Perić had a good system that REDAH might consider extending to its overall bookkeeping.
- Sida Sarajevo to send REDAH and Revsar Sida’s updated reporting guidelines.
- Develop new targets and indicators for CREDO Phase 2 (June 2012-May 2013), to monitor more accurately the implementation of Development Fund and Sectoral activities.
- To measure *credibly* jobs generated or retained due to CREDO, systematically recover worker numbers, performance data, etc, from voucher and grant scheme applications, training programmes and other sources.
- Strengthen Development Fund beneficiary application criteria, contracts, monitoring mechanisms, as part of risk-management strategy. For example, application forms could include criteria such as ‘this consultancy activity is not already underway or completed’, ‘this consultant has not already performed the same service for the same product’, etc.

Management

- Keep a close eye on management of relationships and expectations. So far, it has been very good. In the implementation phase of CREDO, there is likely to be a constant need for strategic management of these ‘make or break’ factors.
- Consult NERDA, FIRMA, FARMA and other sectoral bodies during analyses and development and implementation of Action Plans. They have ‘been there and done that’ and can share lessons learned, as well as analysis, expertise and networks.

Communications

- Think strategically about how to communicate key ‘change’ messages on an ongoing basis, so that they become ‘familiar’ and thereby help to change mindsets.
- Enhance communications and outreach by preparing articles in ‘business-friendly language’ (i.e., concise, straight to the point) and focusing on concrete issues, policies, regulations, how-to’s, etc. Business people said they use RIC and REDAH’s website, and want quick and efficient access to information and news and easy-to-understand formats and language. They said to avoid ‘bureaucratic style’.
- Enhance public relations and visibility by strategically engaging regional and local media and opinion-makers (including informally).
- Ensure that all beneficiaries and partners are aware of Sida’s contributions: use the Sida logo more widely in voucher and grants programme, public calls, website, certificates, Economic Forum, etc.

CREDO North East Final Report: Lessons Learned and Success Factors

- Transparency is the key success factor for implementation of all project activities. It ensures confidence and trust in project partners and beneficiaries, and it also adds to the positive image of the organization implementing the project.
- Active role of relevant stakeholders and their ability to design action plans was a crucial success factor for implementation. (Over four years CREDO NE involved over 1,000 participants from public administration, SMEs, NGOs, universities, consulting companies, etc.)
- The real needs of local stakeholders must be identified in a systematic and methodological manner based on intense data collection, analyses and research in line with the overall project objective.
- Actions aimed to increase the growth potential of SMEs must be based on thorough analyses of the region in which they operate and their specific industrial sectors. The analyses must be elaborated and produced through a participatory approach and involvement of a wide scope of stakeholders.
- Building local partnerships is a key in sustaining the process of integrated economic development.
- Disbursement of financial support to economic development must be based on specific and clear criteria that are aligned with recommendations outlined in up-to-date baseline analytical studies.
- Dialogue between development stakeholders must be continuous with respect for each stakeholder's specific role and background.
- Apart from formal communication and interaction with stakeholders (i.e. regular meetings, Board sessions, round tables, etc.) informal communication is also important, particularly when identifying obstacles to further growth and defining measures for their overcoming.
- CREDO Project Methodology placing NERDA in the position of process integrator can serve as an example of best practice and can add value to initiation of development processes in a wider region.
- Networking and partnership with local experts is important and they can contribute a lot to realization of specific actions within the project (particularly in industrial sectors).
- Throughout the project implementation learning process must be ensured together with transfer of knowledge and know-how from experts/consultants onto the implementing organization. This will not only build the capacity of the organization but will also ensure sustainability.

Source: CREDO North East Final Report, March 2012

Recommendations for Continued Support for SME Development

- Experience gained through implementation of CREDO North-East should be transferred to other regions that could benefit from it.
- Continue enhancing and improving cooperation between education system (universities) and SMEs, particularly in the field of product design, innovation, etc.).
- Continue cooperating with Employment Services, schools, and SMEs so as to enable better harmonization of SMEs needs for labor (qualified and skilled workforce) and the curricula in schools and at universities.
- Continue publishing SME Barometer as a tool for monitoring of economic trends.
- Continue cooperating with Tuzla Canton Government, especially in reference to monitoring progress of implementation of their Strategic Plans and facilitating their revision.
- Expanding the existing instrument of financial support to SMEs (Guarantee Fund) with the aim of improving conditions for increased production and competitiveness and accordingly job creation.
- Enhance SMEs networking through continued work of Boards and Business Club that will enable their exchange of ideas, improving business relations and joint presentations at business fairs and access to international markets. Such approach will also enable them to lobby for legislation that helps creation of business friendly environment.
- NERDA's participation in future public calls for proposals with economic development and energy management/efficiency projects will be a follow-up to CREDO results.
- In cooperation with the existing pool of experts, provide technical assistance to SMEs and other institutions in applying to various funds/programmes to support economic development.

Source: CREDO North East Final Report, March 2012

8.3 CREDO REPLICABILITY

Replicability

Although it is too early to evaluate the sustainability of CREDO products and activities, initial feedback indicates that these are meeting well documented needs and have the potential to deliver sustainable results that, tailored accordingly, should be replicable in other regions. CREDO Herzegovina is a 'work in progress', and its replicability potential will be much clearer once the major activities have been underway for a while.

Another 'midterm' review will therefore be useful in January 2013. At this time, the Sectoral Boards will have been implementing their Action Plans for six months, the Voucher and Grant Schemes will have been through two 'public calls', and the municipalities will have started to carry out their own CREDO-related activities. By that time, REDAH will also have developed some longer-term strategies on how to best use the Barometers and other products being refined or created under CREDO.

The lesson learned so far from replicating CREDO NE in Herzegovina is that the concept is replicable in other regions, as long as it is tailored to local realities. It will be important to analyse carefully each region's particular needs and objectives, identify the gaps related to SME competitiveness, and address them with a programme tailored to that region's circumstances and potential.

A key success factor already evident from CREDO Herzegovina is close cooperation between the new and veteran CREDO implementers. REDAH and NERDA will be indispensable allies in replicating CREDO in another region.

8.4 REDAH SUSTAINABILITY

REDAH is seen as being well placed to play a more important, forceful role in driving innovation, cross border trade, services sector development, investment attraction, business environment improvements, business advocacy, and business-business/business-government linkages.

Its regional, cross-boundary, multiethnic, apolitical approach, and its reputation as 'an honest broker that delivers', are its major comparative strengths. Its competitive strengths lie in its human resources, project management skills, networks and information bases. The main challenges will be (1) to find a permanent niche that underpins and extends its priority focus, and (2) to develop partnerships, products and activities that will provide an ongoing sustainable source of self-financing.

All stakeholders and partners believe strongly that REDAH needs to continue its good work into the future and become self-sustainable.

The mayor and deputy mayors interviewed said they see REDAH as a vital 'catalyst'; they were strongly supportive and would continue to contribute financially within their means.

Business people and academics said they increasingly recognised REDAH's value and potential as a 'partner in development' and an 'agent for change'. A number saw it evolving into a provider of a full range of useful services.

Donors said REDAH was a 'valued partner' in project management and implementation, successfully executing an important function in a complex situation. They all believed REDAH should become less dependent on donor funding in future, but they did not have clear views on how. Some thought it was not wise to focus *too much* on sustainability at this point in time - ie, that it was not an urgent issue. Others make sustainability an integral part of their programmes. The review team agrees with Sida that sustainability is a crucial issue that programmes should underpin.

REDAH therefore should continue to conscientiously build these constituencies and explore strategically how it can secure funding on a sustainable basis in future by meeting needs and offering services that business in particular will pay for. Of course, donor programmes will continue for the foreseeable future, and REDAH's excellent reputation in the donor community will ensure that it remains a key partner. However, aid will not last forever, and REDAH is already exploring other business solutions that would build on its current activities, and identifying future and unmet needs.

Areas where REDAH could develop comparative and competitive advantages

- Advocacy
- Innovation
- Specialised training and education
- Crossborder trade
- Business-government-university linkages
- Red-tape indices
- Revolving fund
- Specialist agricultural extension services
- Certification



Annex B – Terms of Reference

Case No.: Date: 2010/18097 2012-01-18
Review of CREDO Herzegovina

1 Background

Cooperation between Sweden and BiH takes place within the framework of the Country Strategy for development cooperation Jan 2011-Dec 2014. Development cooperation under this strategy is focused on three main areas: 1. democracy, HR and gender equality, 2. market development and 3. Sustainable infrastructure.

In June 2010, Embassy Sarajevo entered into a project under the market development pillar of the strategy, called Competitive Regional Economic Development in Herzegovina –CREDO Herzegovina. The project is currently in the 7 quarter of implementation and an independent review is planned.

CREDO Herzegovina's overall objective is to increase competitiveness and growth of SMEs in the selected sectors in the Herzegovina region through three-phase interventions. These three phase interventions will consist of the number of activities that are planned to be undertaken in order to achieve this overall objective.

CREDO Herzegovina project aims to support creation of at least 50 new jobs and to formalize and/or sustain at least 150 jobs in companies and sectors included in CREDO Herzegovina interventions. In addition, at least 6 municipalities will introduce or improve their economic development tools in order to more successfully manage local economic development.

Prior to CREDO Herzegovina project, Sweden supported the Competitive Regional Economic Development Project in Northeast BiH (CREDO NE) which ended in December 2011. CREDO NE achieved the following key results:

1. Created conditions for creation of 500 new and sustaining of 2.300 existing jobs
2. Four Regional Boards for priority industrial sectors established (wood, food, metal and plastics industry) – more than 50 senior managers and/or business owners actively and continually involved in the Boards

The CREDO NE was reviewed in August 2009 (by GRM International) The review was on the whole positive about the implementation of the project. The area which needed further development was seen to be the long term sustainability of the project implementing organization. In response to the review, the implementer developed various new services to increase the revenue generating and improve sustainability.

2 Scope of Assignment

2.1 General information

The main beneficiaries of CREDO Herzegovina are unemployed labour active population, as well as poor people seeking job opportunities. In order to enable this category to benefit from the project it is necessary to involve the following stakeholders: production and export companies, SME managers /owners, 23 municipalities in Herzegovina region (mayors and chiefs of economic departments), cantons in Herzegovina region, education institutions (research and development institutes), universities in Herzegovina region, chambers of commerce, chambers of crafts, local development agencies, NGOs dealing with economic issues, cooperatives and other relevant economic actors in Herzegovina region.

Specific objectives of CREDO Herzegovina are:

- To improve capacities of SMEs for growth. Herzegovina region contains sizable number of SMEs with potential to benefit from competitiveness activities. REDAH will, based on the Baseline Study select at least 3 key sectors, and according to the Sector Analysis and Gap Analysis the Project will support at least 150 companies in order to increase their capacities for growth.
- To improve local business enabling environment through support to local governments. Business enabling environment will be improved through tailored support to the 23 municipalities from

Herzegovina region. Specifically, 6 municipalities will use CREDO Development Fund to improve the local business enabling environment through developing and improving local development tools; 23 municipalities will be using Regional Info Centre, at least 10 municipalities will be trained through tailored –made education/training courses; 4 municipalities and 1 canton will participate in the work of Regional Board.

2.2 Scope of Work

2.2.1 Global objective

The objective of this contract is to assess the relevance, quality of preparation and design, impact, efficiency, effectiveness, as well as overall quality, sustainability and replicability of the CREDO Herzegovina project against the expected results, on the basis of the indicators formulated in the project logical framework. Sustainability analysis will not only focus on the project but will address the long term sustainability of the implementers, the North East Regional Development Association (NERDA) and the Regional Development Association of Herzegovina (REDAH).

2.2.2 Specific objective(s)

The specific objectives of the assignment are:

- To assess the relevance of the CREDO Herzegovina. This entails an assessment of the objectives against the problems to be solved, and their physical- and policy environment, i.e. the main political, social and economic factors and pertinent policies (explicit and implicit) of the various actors e.g. Government, EU, other donors, interest groups. The evolution of the context over time and how the programme adapted to this should also be reviewed.
- Assess the project design. This entails an assessment of the logic and completeness of the programme planning and design process from the initial idea to the final financing proposal. This should establish which preparatory activities (pre-feasibility and feasibility studies etc.) were undertaken by which actors, how relevant they were and how well the results were incorporated into the final project document – and which preparatory activities (e.g. studies) should have been done but were not – and explain why. An assessment of the internal logic or coherence of the project design should be made.
- Based on the design of the project, to assess the efficiency of implementation. This relates to the relationship between the activities and the results of the project in the logical framework terminology. It is devoted to the evaluation of the cost, speed and other aspects of “management efficiency” with which the activities have been undertaken in order to yield the project results. Have the means of the project been efficiently transformed through the project's activities into the various results? Could the same or similar results have been achieved at lower costs? Were the activities carried out on time, and at the best time?
- Assess the effectiveness of project implementation. A review of the relationship between the Results (immediate outputs) of the programme and the Project Purpose referred to in the "logical framework" terminology. It gives an assessment of the extent to which the project results have contributed towards the achievement of the Project Purpose, or whether this can be expected to happen in the future on the basis of the current results of the project. In other words, what has been the appropriateness of different interventions in different contexts and what has worked where? Attention should also be paid to results or effects – both positive and negative - not included in the original/ reconstructed intervention logic. Particular attention should be given to the assessment of the actual outcome for the beneficiaries (intended and unintended), differentiating between men, women, the poor and vulnerable groups of society.
- To assess the prospects and conditions for successful delivery of the project logframe activities and results, and long term delivery of results i.e. likely impact and sustainability.

The analyses should conclude with key statements and lessons that ought to be learnt from the success and failure aspects of the project that should guide future project implementation, potential replicability and overall development cooperation design.

2.3 Activity and Timeframe

The review will be fully independent. The activity and timeframe are broken down as follows:

Activity	Timeframe
Review design and workplan	Home
Desk review of existing documents	Home
Discussions with Embassy and project staff	
Field visits and interviews with partners	4 days
Preparation of the evaluation report	Home

Lead consultant: 12 days full incl mission + preparations for the mission+ preparation of the report.
Support consultant (local): 4 days providing logistical and technical/interpretation support.

2.4 Profile of the Supplier and Requirements for Personnel

The review will be carried out by one lead international consultant and one local support consultant. The lead consultant should have at least ten years of local economic development experience, including business support services. He/she will be familiar with Sida's programming tools including Sida at Work, results based management, etc. S/he should have experience in regional development, knowledge of BiH is an asset.

The consultant will be responsible for:

1. Managing the whole evaluation mission
2. Designing the detailed evaluation scope and methodology (including the methods for data collection and analysis)
3. Reviewing documents
4. Conducting an analysis of the activities and outputs and preparing a presentation of draft findings to Embassy
5. Conducting interviews with stakeholders (international, national, local, governmental, non-governmental)
6. Finalizing the report.

2.5 Reporting and Documentation

The key product expected from mid term review is a comprehensive analytical report in English that should, at least, include the following contents:

1. Executive summary
2. Introduction
3. Description of the methodology of the review
4. An analysis of the environment including the latest developments in development assistance
5. Findings from the assignment
6. Advice for future interventions
7. Conclusions and recommendations.
8. Annexes: field visits, people interviewed, documents reviewed, etc.

3 Methodology

Although it is generally the responsibility of the consultant to decide on the concrete review methodology to be used, the following elements should be taken into account for the gathering and analysis of data:

1. Desk review of relevant documents (project document with amendments made, progress reports, Meeting Minutes, work plans, any past evaluation, donor-specific reports, etc)
2. Discussions/briefing with the Project Management in Mostar and programme officer of Embassy/Sida in Sarajevo (including mid mission and/or end mission debriefing);
3. Interviews with and participation of partners and stakeholders;
4. Field visits to key project sites.
5. Consultation meetings

4 Location and Duration

The assignment has to be executed during a period of 8 weeks, indicatively starting February 2012 and ending April 2012.

A total of 12 working days have been provided for the expert lead consultant and 4 working days for the supporting local consultant. A mobilisation and briefing meeting will be held at the Swedish Embassy in Sarajevo. Date to be confirmed once the contract is awarded. **The assignment will be executed mainly in the Mostar/Herzegovina region.**

The budget should make provision for:

International travel depending on the home base of the experts proposed;

Per diems; hotel

Local travel (inter-city travel).

Annex C –CREDO Review Work Programme

Dates	Location	Tasks	Andrea Spear (# days)	Joakim Anger (# days)	Dejan Kavalec (# days)
1-25 February	Home	Mission preparations: <ul style="list-style-type: none"> • Discuss project ToR, proposal, meetings, documentation, etc, with Sida and REDAH • Review project documentation, country papers, donor reports, reviews, other relevant material • Prepare detailed Mission Work Plan and Report Outline • Prepare/translate tailored Questionnaires for meetings • Organise meetings and logistics 	5 days +7 days		2 days
27 February	Sarajevo	Arrive in Sarajevo early afternoon <ul style="list-style-type: none"> • Briefing with Sida: 1500-1630 • Drive to Mostar: 1700-2000 	0,25 day		0,5 day
28 February	Mostar	<ul style="list-style-type: none"> • Meet REDAH staff members: 0900-1545 • Meet Prof. Domljan (author of Baseline and SME Support Studies; ongoing expert): 1600-1800 	1 day		1 day
29 February	Mostar	<ul style="list-style-type: none"> • Meet Pres. Mostar City Council (VP RDB), Pres. ICT Board, Member Cheese Board; Local Experts for ICT, Cheese, Metals, Plastics; ICT SME Voucher Beneficiary, FARMA: 0900-1930 	1 day		1 day
1 March	Siroki Brijeg, Posusje	<ul style="list-style-type: none"> • Meet Assistant Mayors of Siroki Brijeg and Posusje (RDB members); VP Plastics Board; Metal, Tourism and Cheese VS beneficiaries: 0830-2000 	1 day		1 day
2 March	Nevesinje Buna Mostar	<ul style="list-style-type: none"> • Meet Mayor of Nevesinje (VP RDB) and Head of Economic Development Unit: 0930-1130 • Meet 4 REDAH team members: 1230-1400 • Meet IT Regional Information Centre contractor: 1430-1530 • Meet REDAH staff members; debrief with Director 	1 day		1 day
3 March	Citluk Konjic	<ul style="list-style-type: none"> • Meet Tourism Board President, Tourism Local Expert: 0930-1130 (Citluk) • Meet Metal VS beneficiary (Konjic): 1400-1500 • Drive to Sarajevo 	0,75 day		0,75 day
4 March	Sarajevo	<ul style="list-style-type: none"> • Work on findings 	0,5 day		
5 March	Sarajevo	<ul style="list-style-type: none"> • Meet FARMA, FIRMA, EURELSMED, NERDA • Work on findings 	1 day		1 day
6 March	Sarajevo	<ul style="list-style-type: none"> • Prepare initial findings and suggestions • Present findings to Sida: 1430-1700 	1 day		0,25 day
7 March	Sarajevo	<ul style="list-style-type: none"> • Meet IFC, REVSAR (Auditor), Mr Obradovic (President RDB/REDAH Management Committee), USAID 	1 day		1 day
8 March	GVA	<ul style="list-style-type: none"> • Fly to Geneva 			
11-21 March	Home	<ul style="list-style-type: none"> • Prepare draft Review Report • Submit Draft to Indevlop for QA and to send to Sida 	4 days +3 days	2 days	
10 April	Home	<ul style="list-style-type: none"> • Receive SIDA's/stakeholders' comments • Complete final report • Submit final report to GRM/Indevlop to forward to Sida 	1 day		
12 April		<ul style="list-style-type: none"> • Sida receives Final Report 			

*Red numbers indicate extra days required to complete the task.

Annex D – Meeting List

DATE	TIME	PLACE	INSTITUTION / COMPANY	PERSON/Title	email	RELATION WITH CREDO
27 Feb	15.00— 17.00	Sarajevo	Sida	Pelle Persson Nedim Bukvic		-Sida BiH Manager -Project Manager
28 Feb	09:00	Mostar	REDAH	Mr Ivan Jurilj Director	ivan@redah.ba	Director-REDAH
28 Feb		Mostar	REDAH	Mr Goran Grbesic Logistics Officer		REDAH
28 Feb		Mostar	REDAH	Ms Ana Peric Development Fund Manager		Dev Fund
28 Feb		Mostar	REDAH	Ms Maja Vican		REDAH CREDO Dev Fund, Public Relations
	16:00			Asst Dev Fund Manager/PR		
28 Feb	16:15	Mostar	CENTRE FOR REGIONAL ECO- NOMIC STUDIES	Mr Vjekoslav Domljan Professor	vjeko2003@yahoo.co.uk	Local Expert: wrote Baseline Study & SME Support Study
	18:30					
29 Feb	09:00	Mostar	MOSTAR CITY COUNCIL	Mr Murat Coric President of the Council	murat.coric@vijece.mostar.ba	Regional Development Board - Vice President
	10.00					
29 Feb	10.00	Mostar	UNIVERSITY OF MOSTAR	Ms Drazena Gaspar Professor	drazena.gaspar@gmail.com	ICT Board President
29 Feb		Mostar	UNIVERSITY OF MOSTAR	Mr Goran Kraljevic Assistant Professor	goran.kraljevic@hteronet.ba	ICT Local Expert
	11:30					
29 Feb	11:30	Mostar	INDEPENDENT CONSULTANT	Ms Svijetlana Sakic Cheese sector expert	ssvijetlana@yahoo.com	CHEESE Local Expert
29 Feb		Mostar	EKO-KOZA CO.	Mr Dzevad Kovac Owner	upbnk@yahoo.com	CHEESE BOARD Member
	14:00					
29 Feb	14:00	Mostar	UNIVERSITY OF DZEMAL BIJEDIC - MOSTAR	Mr Sead Pasic	sead.pasic@unmo.ba	METAL Local Expert

	15:00			Professor		
29 Feb	15:00	Mostar	UNIVERSITY OF MOSTAR	Mr Zeljko Stojkic	zeljko.stojkic@fsr.ba	PLASTICS Local Expert
	16:00			Professor		
29 Feb	16:00	Mostar	KATARINA CO.	Ms Mirjana	mirko@katarina.ba	VS beneficiary - ICT
	17:00			Mr Mirko Celar		
29 Feb	17:00	Mostar	FARMA Mostar Office	Mr Dzan Tumbak	dzumbak@bosniafarma.ba	
	18:00			Coordinator		
1 March	09:30	Siroki Brijeg	MUNICIPALITY OF SIROKI BRIJEG	Mr Andrija Kraljevic	an-drija.kraljevic@sirokibrijeg.ba	RDB - Member
	10:15			Assistant Mayor		
1 March	10:30	Siroki Brijeg	TEM MANDEKS CO.	Mr Zlatan Mandic	z.mandic@tem.ba	PLASTICS Board Vice President
	11:30			Director		
1 March	12:15	Siroki Brijeg	METALAC CO.	Mr Miroslav Matijevic	miroslav@metalac.ba	VS beneficiary - METAL
	13:15			Director		
1 March	13:30	Siroki Brijeg	HOTEL PARK CO.	Mr Ivo Marusic	info@hotelpark.ba	VS beneficiary - TOURISM
	14:30			Manager		
1 March	15:00	Posusje	MUNICIPALITY OF POSUSJE	Mr Ivan Milicevic	ivan.milicevic@posusje.net	RDB Member
	16:30			Assistant Mayor		
1 March	17:30	Posusje	RAKITNO DAIRY	Mr Tomislav Pavkovic	+387 63 385709	VS beneficiary - CHEESE
	19:00			Owner		
2 March	09:30	Nevesinje	MUNICIPALITY OF NEVESINJE	Mr Brano Mikovic	opstinan@teol.net	RDB Vice President
	11:30			And Municipal Economic Development Manager		
2 March	12:00	Buna	REDAH	Mr.Nevzet Sefo	sefo@redah.ba	Plastics Board Secretariat Manager
				Head of SME Dept.		
2 March		Buna	REDAH	Mr Ivica Sivric		Tourism Board Secretariat Manager
				Head of Agriculture Centre		
2 March		Buna	REDAH	Mr Himzo Tule		Metals Board Secretariat Manager
				Agriculture Centre		
2 March		Buna	REDAH	Mr.Josip Bule		Cheese Board Secretariat Manager
	14:00			Agriculture Centre		
2 March	14:30	Mostar	SPIN CO.	Mr Bojan Sunjic	urednik@poslovniportal.ba	Contractor – ICT (RIC networking)
	15:00			Director		
2 March	15:30	Mostar	REDAH	Mr Miodrag Stankovic	Finance Manager	REDAH Finance Manager

2 March		Mostar	REDAH	Ms.Drazenka Spanovic		REDAH Administration Manager
				Administration Manager		
2 March		Mostar	REDAH	Ms Admir Logo		Coordinator Municipalities Projects
	17:00			Head Operations Dept		
2 March	17:00-18:00	Mostar	REDAH	Ivan Jurilj, Director		Director
3 March	09:30	Citluk	HOTELI MAKARSKA CO.	Ms Mirjana Sutic	mirjana.sutic@hotelimakarska.hr	TOURISM Local Expert
				Director of sales and marketing		
3 March		Citluk	HOTEL BROTNJO CO.	Mr Stjepan Primorac		TOURISM Board President
	11:00			Manager		
3 March	14:00	Konjic	KRISTAL-KOMERC CO.	Mr Armin Cibo	director@kristal-komerc.com	VS beneficiary - METAL
	15:00			Director		
5 March	09:00	Sarajevo	FARMA Project	Mr Bruce Brower	bbrower@bosnifarma.ba	
				Chief of Party		
5 March		Sarajevo	FARMA Project	Mr Benjamin Toric	btoric@bosnifarma.ba	
	10:45			Deputy Chief of Party		
5 March	11:00	Sarajevo	FIRMA Project	Ms Dina Karic	dkaric@firmaproject.ba	
	12:30			Chief of Party		
5 March	12:30	Sarajevo	EURELSMED Project	Mr David Miller		
	14:00			Chief of Party		
5 March	14:00	Sarajevo	NERDA	Mr Enes Drljevic	enes.dreljevic@nerda.ba	CREDO North East
	15:30			Director		
6 March	1430-1700	Sarajevo	Sida	Pelle Persson, Nedim Bukvic		
7 March	10:00	Sarajevo	IFC BiH	Mr Tarik Sahovic	tsahovic@ifc.org	
	11:30			Ms Senka Eminagic		
7 March	11:30	Sarajevo	FBiH Foundation for Sustainable Development	Mr Djuro Obradovic	djobradovic@odraz.ba	President, CREDO Regional Dev Board and REDAH Management Board
	12:30			Deputy Director		
7 March	13:00	Sarajevo	REVSAR CO.	Ms Alma Delic	alma.delic@revsar.info	Auditor
	14:30			Financial Auditor		
7 March	15:00	Sarajevo	USAID BiH	Mr Vladimir Milin	vmilin@usaid.gov	
	1630			Development Specialist		
7 March	1500	Sarajevo	USAID BiH	Ms Amira Vejzagic-Ramhorst	aramhorst@usaid.gov	
	16:30			Dep. Econom. Dev. Office Director		
8 March	1000	Sarajevo	Sida	Nedim Bukvic		

Annex E – Questions for Meetings

Discussion Topics for Meetings

Regional Development Board Members, Mayors/Assistant Mayors, and Professor Domljan

1. Herzegovina development priorities and challenges: regional, local, sectoral, business services, infrastructure, etc
2. Policy and regulatory framework: federal, regional, municipal: how can these be improved to contribute strongly to improving competitiveness of enterprises and local governments?
3. To what extent does the CREDO programme harmonise with regional development plans?
4. Do its objectives adequately and realistically focus on the real problems to be solved (eg, job creation, economic and trade growth)?
5. Will its work programme and activities meet the real needs of SMEs and local governments?
6. To what extent does CREDO complement other donors' activities and fill gaps that others are not addressing?
7. Is there any duplication?
8. How do you think donor assistance should evolve in coming years to support Herzegovina's development?
9. Over the long term, how can organisations like REDAH and programmes like CREDO assist in improving competitiveness on an ongoing basis? What role can they most usefully play?
10. Should REDAH be a permanent entity? If so, how can it become self-sustaining?
11. Which of the activities and outputs of CREDO will be sustainable and useful in the long term? (eg, Business Barometer) How can they be improved to meet evolving needs?
12. Please comment on REDAH's management and operational efficiency and effectiveness - in general and as regards CREDO.
13. Please comment on the quality and usefulness of the Baseline Study, SME Support Packages study, Training Needs Assessment study, Value Chains Guidelines and Training, BSO paper
14. Any suggestions for improvements in the CREDO programme?

Sectoral Boards

1. Comments on quality and usefulness of the Baseline Study, SME Support Packages study, Training Needs Assessment study, Value Chains Guidelines and Training
2. Quality of Board Member selection process (efficiency, transparency, effectiveness in choosing the best people for the activity, clarity of defined activity and expectations)
3. Responsiveness, efficiency, effectiveness of REDAH in establishing and supporting Sectoral Boards
4. How can Board Members address the needs and challenges facing their particular sectors?
5. How well do the Work/Action Plan and scheduled activities meet the needs and objectives of the sector?
6. What can be achieved – realistically – at the sectoral level during the CREDO programme?
7. Should the Boards and activities continue over the longer term? If so, how should their role evolve?
8. How can the efforts be continuously improved over time, to ensure that they have the desired impact on regional development, jobs and wealth creation?
9. Suggestions/views on the long-term sustainability of these sectoral activities and REDAH after the CREDO programme ends

Contractors and Service Providers, including Local Sectoral Experts

1. Quality and transparency of procurement information, terms of reference, selection criteria
2. Selection process (efficiency, transparency, effectiveness in choosing the best person for the activity)
3. Responsiveness of REDAH staff to questions on applications, etc
4. Contracts (efficiency of process; clarity of defined activity and expectations; thoroughness of individual work/action plans; appropriateness of performance measures, milestones, deliverables)
5. Suggestions for improving the process
6. Comments on REDAH and its activities

For Local Experts, add:

7. Comments on the Baseline Study, SME Support Packages study, Training Needs Assessment study, Value Chains Guidelines and Training
8. Views on effectiveness of Board approach (does it address the needs and objectives in an efficient, results-focused manner?)
9. Sectoral Work/Action Plans, objectives, desired results/impacts, activities to date and planned
10. Challenges encountered in meeting objectives: how are they addressing them?
11. Relations with REDAH and Sectoral Board members
12. Relations with Sector producers and VS beneficiaries
13. Relations with relevant municipalities
14. Suggestions for improving sectoral approaches

Voucher Scheme beneficiaries

1. Quality of information, publicity of scheme, criteria
2. Application process (efficiency, transparency)
3. Responsiveness of REDAH staff to questions on applications, etc
4. Timeliness of approval notification and provision of service
5. Process of selecting service provider/consultant (efficiency, transparency)
6. Quality of service provider/consultant
7. Suggestions for improvement in VS

Annex F – Documents Reviewed

- GRM Reviews of: (1) CREDO North East and (2) Sustainability of RDAs, 2009
- REDAH-CREDO Preventative Audit Report, February 2010
- Sida Final Assessment Memo for CREDO Herzegovina, June 2010
- REDAH CREDO Concept Paper/Project Proposal, 25 May 2010
- Agreement between Sida and REDAH of Herzegovina on support of CREDO Herzegovina during 2010-2013. Sida Contribution No: 53020018; Sida Agreement No: A5302010.
- REDAH-NERDA MOU on Cooperation in implementing CREDO Herzegovina
- Terms of Reference and contracts with Local/Int'l Experts, Service Providers, Contractors
- Review of the contribution of municipalities in CREDO implementation Year 1'
- Minutes of CREDO-related meetings (eg, NERDA-REDAH Coordination meetings, Annual meetings, Advisory Board, Regional Development Board, Voucher Scheme, etc)
- Planning and Operations documents: Phase 0 and Phase 1 annual plans, logframes, budgets, time-lines, reporting and disbursement schedules, quarterly narrative and financial reports, annual report
- Auditor's report, CREDO Herzegovina Phase 0, July 2011
- Reports issued by REDAH:
 - *The Most Dynamic SME Sectors in Herzegovina* ('Baseline Study'), to select 5 priority sectors
 - *SME Support Packages in Herzegovina* (ex-IEA)
 - SME Training Needs Analysis: ISTRAŽIVANJE I ANALIZA POTREBA; ZA OBUKOMA
 - Guide for value chain and gap analysis (to assist sectoral experts and boards)
 - Proposal for development units in municipalities (Uspostavljanje jedinica za razvoj općine opštine)
 - Business Environment Barometer setting baselines for business conditions in 21 municipalities
 - Business Service Organisations list
 - ICT Sectoral Analysis
- Questionnaire for Municipalities for the Business Environment Barometer
- Work Methodology for Sector Boards (REDAH)
- Procurement Guide: REDAH Decision 30-01-300/10 of Mostar, 17th May 2010
- Decision on Establishing the Development Fund
- Voucher Scheme documents (Manual, Guidelines for Accreditation & Code of Ethics for Consultants, Public Call, Application form, evaluation form, minutes of selection committee meetings, list of beneficiaries, etc)
- CREDO NE and NERDA documentation:
 - CREDO NE Project Proposal, March 2007
 - Auditor's report, CREDO North East – final review, March 2012
 - Final Report CREDO NE, December 2011
 - Participatory Integrated Economic Development Methodology
 - CREDO NE Second Phase Work Plan, 2008
 - CREDO NE SME Barometer, December 2011
 - CREDO NE Integrated Economic Analysis, 2008
 - Baseline Study of Industrial Sectors in NE Bosnia, January 2008
 - CREDO NE Interim Narrative Report, June 2008
 - NERDA Development Fund Results of First Call for Proposals
 - Lekcije za komuniciranje u međunarodnom marketingu
 - Various other documents on NERDA
- Niras Final Evaluation Reports of FARMA and FIRMA, Nov. 2011
- Various SME-related reports from 2008 to 2011 (surveys, donor reports, Doing Business reports)
- UNDP-SwissDevelopment and Cooperation Agency paper: *Towards Systematic and Integrated Local Development Planning and Management*, 2012 (says 23 municipalities have adopted the model)
- EU IPA 2011 Local Economic Development
- EURELSMED: Various documents provided by David Miller, Programme Manager

Annex G – Sida's Evaluation Principles and Guidelines

Principles Underpinning Evaluation at Sida

(Source: *Sida's Evaluation Guidelines and Evaluation Plan, 2010*)

The objective of Swedish development cooperation is to contribute to an environment supportive of people's own efforts to improve their quality of life. Development evaluation – defined as a systematic and objective assessment of a policy, strategy, theme, sector or an ongoing or completed project or programme – is a key tool for contributing to that objective.

- It is a source of evidence of *what is working and what is not* and elaborates *why* things are working or not. Hence it can play a credible role in supporting mutual accountability among stakeholders in development interventions. It also contributes to evidence-based decision making by development partners, including Sida.
- It is a prerequisite for accountability for development results by providing impartial, unbiased information, which is accessible to the public both in Sweden and in partner countries.
- It is crucial for generating general knowledge on development.
- It contributes to building a culture of learning among development partners.

Evaluation⁶ forms an integral and crucial part of Sida's system for results-based management since:

- Reviews of projects, programmes and strategies provide essential results information which complements and may provide a deeper analysis of regular monitoring data.
- Evaluations can go beyond the project or programme level and test general development hypotheses. Furthermore, they can generate general lessons about what works and what doesn't in terms of thematic areas, aid modalities etc.

Sida recognises that reviews should be integrated into programmes at the outset, and that lessons learned from evaluations should be taken into account into development of policies and strategies, as well as in project and programme planning.

Sida adheres to the internationally recognised evaluation quality principles of independence, credibility and utility. Evaluations are undertaken with the purpose of being useful to the intended users. If they are to be used, they need to be credible, and to be credible, they need to be sufficiently impartial and independent.... This requires a participatory approach to the evaluation process, since intended users are more likely to use evaluations if they understand and feel ownership of the evaluation process and findings.

The credibility of an evaluation relies both on its quality in terms of process and methodology, and the integrity and impartiality of its conclusions. In order to increase the quality and credibility of evaluation findings and conclusions, Sida shall strive to incorporate the opinions and views of all relevant stakeholders in a development intervention. Sida will, whenever appropriate, strive to incorporate the views of beneficiaries in reviews and evaluations.

⁶ 1 *Evaluations* are evaluations which are included in Sida's central evaluation plan... Evaluations typically cover policies, strategies, sectors, thematic areas and aid modalities. On occasion they may also be employed in place of reviews for large programmes and for lesson learning from innovative programmes. All Sida-financed evaluations are coordinated and subjected to quality assurance by UTV (and) are published in the series *Sida Evaluations*. *Reviews* are evaluations commissioned or financed by Sida's teams and included in every team's annual operational plan. They are often of operational character, and feed into the decision-making processes of Sida financed projects, programmes or strategies. All reviews financed by Sida are electronically published in the series *Sida Reviews*.

An aspect of impartiality is that evaluations and reviews financed by Sida generally are conducted by consultants. Consultants who carry out evaluations and reviews financed by Sida shall not have been involved in the activities they are evaluating. Although Sida and other stakeholders have the right to comment on the accuracy of draft reports, it is essential that all parties respect the integrity of the consultant.

Evaluation Criteria

1. Relevance

This is the extent to which the aid activity is compatible with the priorities and policies of the target group, recipient and donor. Relevant questions include:

- Are the activities and outputs of the programme consistent with the overall goal and attainment of its objectives?
- Are the activities and outputs of the programme consistent with the intended impacts and effects?
- To what extent are the objectives (and *raison d'être*) of the activity/programme still valid?

2. Effectiveness

This measures the extent to which an activity attains its objectives. Relevant questions include:

- To what extent were the objectives achieved or are likely to be achieved?
- What were the major factors influencing the achievement or non-achievement of the objectives?

3. Efficiency

This measures the outputs - qualitative and quantitative - in relation to the inputs. It seeks to establish if the aid used the funds in a cost-efficient and accountable manner to achieve the desired results. This generally requires comparing alternative approaches to achieve the same outputs to see if the most efficient process was adopted. Relevant questions include:

- Were activities cost-efficient?
- Were objectives achieved on time?
- Was the programme or project implemented in the most efficient way compared to alternatives?

4. Impact

This refers to positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended. This involves the main results and effects of the activity on social, economic, environmental and other development indicators specified in the design. The examination should be concerned with both intended and unintended results and include the positive and negative impact of external factors such as changes in terms of trade and financial conditions. Relevant questions include:

- What has happened as a result of the programme or project?
- What real difference has the activity made to the beneficiaries?
- How many people have been affected?

4. Sustainability

This measures whether the benefits of an activity are likely to continue after donor activity is finished. Projects need to be environmentally as well as financially sustainable. Relevant questions include:

- To what extent did the benefits of a programme or project continue after donor funding ceased?
- What were the major factors which influenced the achievement or non-achievement of sustainability of the programme or project?

Source: www.oecd.org/document/22/0,2340,en_2649_34435_2086550_1_1_1_1,00.html

Annex H – CREDO Phase 1 Implementation Work Plan and Timeline

PHASE 1		ANNUAL WORK PLAN																											
		June .11			July .11		Aug.11		Sept .11		Oct .11		Nov .11		Dec .11		Jan .12		Feb .12		March .12		April .12		May .12				
Activity		Expected outputs	Indicators	1-15	16-30	1-15	16-31	1-15	16-31	1-15	16-30	1-15	16-31	1-15	16-30	1-15	16-31	1-15	16-31	1-15	16-28	1-15	16-31	1-15	16-30	1-15	16-31		
1.	WORK OF REGIONAL BOARDS																												
1.1.	Preparation of ToR for local industrial experts	5 ToRs developed in the 0 phase	5 Tors																										
1.2.	Selection of most appropriate candidates	5 experts selected	5 contracts signed																										
1.3.	Contracting local sector expert process	5 experts selected	5 contracts signed																										
1.4.	Regular meetings (based on methodology previously prepared)																												
1.5.	Study visits	Key stakeholders gaind relevant insight in good practicies	At least 30 participants in study visits																										
1.6.	Regular updating of SME data base (sector based)	SME data base updated	Data base																										
1.7.	Preparation of the final report	Final report prepared	Final report																										
1.8.	Presentation of findings to the Assembly and stakeholders	Members of the REDAH Assembly familiarized with the findings	Report from Assembly																										
2.	GAP ANALYSIS OF PRIORITY SECTORS																												
2.1.	Preparation of questionnaires for purpose of gap and value chain analysis	Questionnaires prepared	Questionnairy																										
2.2.	Visits to the companies, collection of questionnaires	At least 50 companies visited	At least 50 questionnaires filled																										
2.3.	Performing of gap analysis	Gap analysis finalized	5 gap analysis																										
2.4.	Performing of value chain analysis	Value chain analysis finalized	5 value chain analysis																										
2.5.	Work with international consulting experts	Local experts and REDAH staff gained skills	Report from training																										

Annex I – REDAH Summary

(Source: REDAH's website: www.redah.ba)

The Regional Economic Development Association for Herzegovina is a non-government, nonprofit and independent agency founded by the regional economic development entities for the purpose of promoting, coordinating, planning and implementing development activities in the region. The work of the Association is based on partnership between public, private and non-government sector.

Vision

Herzegovina will be a developed and competitive region within the European Union.

Mission

REDAH mission is to be the catalyst that will structure and provide holistic support to the regional economic development of Herzegovina and in turn Bosnia and Herzegovina.

i. The Reasons for Establishing REDAH

REDAH was created as the result of relevant actors' desire to devote more attention to common interest issues in order to accelerate the economic development of local communities and achieve balanced development of the entire region.

Founders/Members of REDAH

The Assembly establishing REDAH was inaugurated on December 17, 2003. It consists of mayors of 22 municipalities from Herzegovina and the Mayor of the City of Mostar, representatives of local development associations, chambers of crafts and trade, chambers of commerce, and NGOs dealing with development issues. Local authority members of REDAH are: City of Mostar, Jablanica, Prozor/Rama, Čitluk, Stolac, Široki Brijeg, Ljubuški, Grude, Posušje, Livno, Tomislavgrad, Trebinje, Ljubinje, Bileća, Gacko, Berkovići, Nevesinje, Kupres, Istočni Mostar, Neum, Ravno, Čapljina and Konjic. NGO members of REDAH are: LINK Mostar, CRH (Centre for Development Trebinje), PROHUM (Association of Croatian Entrepreneurs of Mostar), USOM (Association of Independent Craftsmen of Mostar), HERDA (Association for Progress of Mostar), Chamber of Commerce of HBC and Entrepreneurial Chamber of RS.

Herzegovina

Herzegovina is located in the southern and south-western part of Bosnia and Herzegovina. It covers 24% of the territory of Bosnia and Herzegovina. The number of inhabitants is estimated at 12% of total population of Bosnia and Herzegovina. Its largest economic centre is Mostar; others are Trebinje, Konjic, Livno and Široki Brijeg.

Administratively, Herzegovina consists of 22 municipalities and City of Mostar. Sixteen municipalities are in the Federation of Bosnia and Herzegovina spread over three cantons (Herzegovina-Neretva Canton, West Herzegovina Canton and Herzeg-Bosnia Canton) and the remaining seven are in the Republika Srpska.

Priority areas for economic development are: agriculture and rural development, tourism, manufacturing, energy, and small and medium sized enterprises.

Agriculture

Herzegovina is predominantly rural region and it represents a very diverse economic ambience with very different types of soil components and a much diversified usage value of soil. Its common characteristics are the abundance of sunshine and water, tradition in production and readiness of the people to continue pursuing agricultural production. In the environmental sense, the southern and central parts of the region with very long and sunny summers and previously regulated and future (potential) hydro-amelioration systems offer extraordinary agricultural opportunities. Warm climate, fertile soil, inexhaustible quantities of good-quality water for irrigation enable the production of vegetables, fruit, grapes and flowers of exceptional quality both in winter and in early spring season when the demand

for these products is the highest and when it is possible to get best prices. Analyses confirm that these products are competitive on the European market due to low production and transportation costs compared to products reaching European market from remote destinations.

Tourism

Herzegovina's potential for tourism development is excellent, but insufficiently exploited as no real tourist product exists yet (except Medugorje religious shrine which attracts up to 1 million visitors per year). The Adriatic coast and its hinterland offer great opportunities for summer tourism, rural tourism, gastro-tourism, photo-tourism, rafting, lakes and national parks, gourmet and cultural tourism, etc. Furthermore, the area of Blidinje, Kupres, Livno, Gacko, Nevesinje and Trebinje present good potential for winter tourism. Exploiting this potential requires planning and investment.

Manufacturing and Processing

Industry in Herzegovina has a long and strong tradition dating from the former Yugoslavia, where it was the basis of the economic system and employed about 80% of the population. Metal treatment and processing (eg, aluminium) and the agricultural industry boasted strong firms like Soko Mostar, Konjic Igman, Aluminum Mostar, Feal Siroki Brijeg, Tools Trebinje, UNIS, Hepok Mostar, Winery Čitluk etc. Nowadays, Herzegovina has mainly metal processing, construction, manufacturing, food processing and agribusiness. Improving the competitiveness of these sectors will lead to stronger, more profitable SMEs, and ultimately enhance employment prospects.

Energy

Herzegovina is one of the top regions for energy in B&H, and among the top regions in the EU, according to the installation of very powerful energy sources and unused energy potential. The current strength of the energy system is in the production and export of hydroelectric power, with great experience and tradition, then the proven power management and satisfactory infrastructure. Hydroelectric energy is a renewable resource and clean way of producing electricity. Opportunities in this sector are great and will help the region fulfil its strategic economic development potential. Among the greatest opportunities could be increase of electricity export, then to develop and build a new alternative energy sources using wind and sun, which could contribute to the development of SMEs in the region.

Entrepreneurship

Medium and small enterprise (SME) is the most important and vital segment of Herzegovina. Out of the total number of employed persons in Herzegovina, the SMEs employ 65-70%. There are about 20,000 companies in the region. Most SMEs in Herzegovina are in services and commerce; about 10% are in manufacturing. Considering the potential of natural and produced resources in the region, there is a realistic chance of developing new primarily manufacturing SMEs. The existing strength in Herzegovina is the high level of service and trade SMEs. Various natural resources and the availability of quality workforce represent a vital and prospective strength of SMEs as well. An entrepreneurial spirit needs to be developed, strengthened and encouraged.

Activities

Project Management

REDAH prepares and implements plans and projects that are of great importance for the region. It provides assistance to local and regional partners, as well as to organizations and institutions to design, prepare and implement development projects. REDAH has been accredited by the Delegation of the European Commission to Bosnia and Herzegovina to monitor projects implemented in Herzegovina financed by the European Commission. Therefore, we can make sure that the projects are being implemented according to the proper procedures and requirements determined for each individual project.

Strategic Planning

As a central development association for Herzegovina, REDAH coordinates and manages the process of creation of development strategy for Herzegovina. This activity comprises coordination throughout the process of creating the strategy, provision of technical assistance to participants in the process, participation in the implementation of the strategy, assurance of funds for implementation of projects from the strategy, monitoring the strategy implementation process, etc. Additionally, REDAH assists municipalities in creating local development strategies that are effective, realistic and harmonised with the regional development strategy.

Strengthening Local and Regional Absorption Capacities

These activities include provision of technical assistance to municipalities and other partners with the aim to strengthen their capacity to use funds from European programs and initiatives and other sources. Moreover, REDAH provides consultancy and technical assistance, organizes and holds various seminars, training sessions and workshops, disseminates gained knowledge and skills, develops databases, acquaints with EU funds, etc.

Crossborder Cooperation

Bosnia and Herzegovina, and therefore Herzegovina, has the opportunity to access different funds that can be used for the purpose of financing projects and activities. The most important tool is the Instrument for Pre-accession Assistance of EU (IPA). Besides IPA, there are also different community and multilateral programs as well as possibility of bilateral cooperation with certain countries.

In the segment of cross-border cooperation REDAH has an active role in the project implementation of cross-border cooperation throughout collaboration with the Directorate for European Integration, as well as with other institutions and organizations in Bosnia and Herzegovina.

Throughout international cooperation REDAH also seeks to adduct additional funds in order to enhance the regional development and to stimulate transfer of knowledge, skills, know-how and new technologies into the region.

Investment and Export Promotion

In order to promote regional investment and export, REDAH cooperates with various domestic and foreign institutions, promotes the region and its potentials. Therefore, REDAH works together with Foreign Investment Promotion Agency (FIPA), as well as with other institutions and organizations, and participates in different programs and projects that promote foreign investment and export.

Creation of Favorable Business Environment

The main activities are composed of provision of technical assistance for start-up and existing businesses small and medium enterprises in the form of training sessions and seminars, introduction to the EU funds, cross-sector linking, connection of businesses with common goals and projects in the region, assistance with planning processes, etc.

Additionally, REDAH strives to promote and develop various instruments for supporting entrepreneurship as well as finding the means of financing them. REDAH considers the following activities as especially important for the region: introduction and development of funds, enterprise zones, one-stop-shops, business incubators, local business development centers, innovation centers, technology parks, etc.

Moreover, REDAH transfers positive experiences from other regions and initiates the development of similar instruments in municipalities and the entire region itself.

Projects

Within its mission and defined goals, REDAH implements different activities in order to fulfill its priorities defined in the Regional Development Strategy, which present the basis for REDAH activities. All activities are based on previously made analyses and determined needs. In addition to its current activities, REDAH also implements its activities throughout series of projects that are grouped as follows:

- ❖ *Cooperation with Local Communities (municipalities, cities and counties)*
- ❖ *Entrepreneurship*
- ❖ *Rural Development and Agriculture*
- ❖ *Tourism*

Cooperation with Local Communities (municipalities, cities and counties)

- Capacity Building and Capacity Strengthening Program for preparation and implementation of projects in the units of local self-government in Herzegovina
- Practical School of Regional Development (strategic planning, PCM, information seeking, EU funds)
- Provision of guidelines and assistance to the units of local self-government in Herzegovina in the process of strategies preparation
- Expert assistance to the municipalities in Herzegovina in the process of projects preparation and implementation

- Strengthening of capacities for implementation of cross border program
- Projects of sustainable return in the municipalities of Čapljina, Stolac and Berkovići
- Projects of sustainable return in Mostar
- Project of sustainable return in the municipality of Konjic
- Analysis of administrative capacity of the municipalities from Herzegovina region
- Elaboration of the Study "SME support packages in Herzegovina"

Entrepreneurship

- EU Funded project 'Establishment of Regional Info Centre'
- Managing Regional development fund
- Voucher scheme for trainings and consulting in Herzegovina region
- Baseline study for selection of the most dynamic sectors to increase the competitiveness of the region
- Development of GAP and Value chain analysis for the selected sectors
- Analysis of labour market in Herzegovina
- Analysis of needs for trainings of entrepreneurs in Herzegovina
- Analysis of consultancy market in Herzegovina
- Project of export promotion in the European Union throughout cooperation with CBI
- Analysis and data base development on business subjects and business zones
- Analysis and database development of unused natural and industrial resources
- Capacity building and strengthening for development and management of the business infrastructure in Herzegovina
- Feasibility study development for business zones in Herzegovina
- Competitive Economic Development of Herzegovina – CREDO Herzegovina

Rural Development and Agriculture

- Establishment of the Centre for Rural Development and Agriculture in Herzegovina
- Transfer of the LEADER method for rural development and diversification of municipality groups
- Education program in rural development, agriculture and rural tourism in Herzegovina
- Organization of practical schools of agriculture in Herzegovina: Agriculture cooperatives, Fruit-growing, Apiculture, Animal husbandry, Viticulture, Healthy herbs and Gardening
- Support to the preservation of autochthon animal breeds in Herzegovina
- Protection and valorisation of traditional agricultural products which are important for Herzegovina
- Western Balkan Rural Extension Network through Curriculum Reform within TEMPUS programme
- Pilot project of support to berry production in Herzegovina
- Support to vulnerable groups in Konjic and Široki Brijeg municipalities through establishment of berry plantation, financed by Foundation for Social Inclusion in BH,
- Pilot project "Monitoring of economically dangerous insects in F&V production in Herzegovina by using Insect Surveillance System"
- Participation in writing, preparation and printing of brochure "Vineyard Planting", "Canopy management", "HACCP Info", "GlobalGAP Info", "Cooperative managing, running and business"
- GLOBALGAP implementation in BH and trainings for farmers on Farm Record Keeping on different locations in Herzegovina region
- NATO TRUST FUND Programme for Assistance to Redundant Military Personnel,
- Support to the Cooperative Association of B&H in the organizing of the 1st conference of cooperatives, support to RS union of cooperatives, support to establishing of new cooperatives

Tourism

- Preparation and publication of the serials of promotional material for Herzegovina
- Education program in rural development, agriculture and rural tourism in Herzegovina
- Classification and standardization of agro-touristic objects in Herzegovina
- Coorganizer of International days of tourism Mostar Tourism Fair within Mostar Economy Fair
- International conference of touristic possibilities of Adriatic hinterland
- Strengthening of capacity of participants in rural tourism in Herzegovina

- Protection and valorisation on traditional agricultural products valuable for Herzegovina
- Tourism development in south Dalmatia and border areas of Herzegovina
- Developmen of promotional books *"Rural Herzegovina"* and *'Gastro Herzegovina'*
- Financial and organizational support to the international symposium *"Rural Development"* organized by Faculty of Geography and Nature
- EU Funded project 'Trebizat Heritage Trails – HEART OF HERZEGOVINA'
- Support to cultural events in Herzegovina trough FIRMA USAID Project
- Process of branding of Herzegovina
- Organization of sommelier courses
- Herzegovina - Paradise for Biking

Regional Information Centre (www.ric.redah.ba)

Regional Information Centre (RIC) is a portal networking 22 municipalities in Hercegovina. The main objective is to create the basic preconditions for faster economic development through a more dynamic and functional environment in the municipalities of Herzegovina.

On the portal, users can find a database with more than 18,000 trade and business from Herzegovina, as well as information on all business areas, unused resources, and projects implemented in Herzegovina. In addition, RIC provides information on registration procedures, trades and businesses, together with all the necessary forms for registration, as well as the latest tenders, legislation and business news.

RIC users also have access to all offers of banks, microcredit organizations, local government and EU funds, information from the Employment Service, information on training programs, exhibitions, and situation on the stock exchanges as well as many other useful information.

Regional Infomation Centre web portal has over 130,000 visits annually.

Voucher Scheme for Training and Business Consulting

With the support of Spanish Agency for International Cooperation – AECID, REDAH has developed its own instrument of support to companies from Herzegovina: "Voucher Scheme for training and business consulting". With counsulting, the voucher scheme can also provide other forms of support to entrepreneurs - through information, training and managing the implementation of business ideas.

Through the Voucher scheme REDAH, so far, awarded accreditation for 80 consultants in 22 consultancy fields, and supported over 100 entrepreneurs in the Herzegovina region.

Currently, REDAH supports entrepreneurs through cooperation with the following projects and institutions:

- *CREDO Herzegovina financed by Swedish development agency - Sida;*
- *FIRMA project financed by USAID and Sida;*
- *EURELSMED project financed by European Union;*
- *Program SeeNet 2 implemented by Oxfam Italia.*



MIDTERM REVIEW OF CREDO HERZEGOVINA

The aim of this midterm review was to assess the quality, sustainability and replicability of Sida's Competitive Regional Economic Development (CREDO) programme in Herzegovina. This programme seeks to improve the competitiveness of both SMEs and local authorities in a region that has strong agricultural, industrial and services (tourism) trade potential. The review took place 20 months into the 3 (+1)-year programme, when initial preparatory and baseline activities had finished and implementation of major activities was commencing. The implementer, REDAH, was on schedule to complete virtually all of the activities programmed for the first 24 months. CREDO Herzegovina is the first attempt to replicate the model piloted in North East Bosnia by the North East Region Development Agency (NERDA) in 2008-2011. The main lessons learned to date were that it is important to carefully determine what is replicable and what is not, based on each region's particular priorities, realities and existing data, analysis, products, etc. REDAH has refined and adapted the model to meet the needs of the Herzegovina region and to complement and underpin its other regional development projects.

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