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Sida Decentralised Evaluation

Andrea Spear

Midterm Review of CREDO Krajina

Final Report

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Final Report
April 2015

Andrea Spear

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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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Abbreviations and Acronyms

BiH	Bosnia and Herzegovina ('State')
BF	'Business Friendly' (a certification programme for municipalities; NALAS origin)
CREDO	Competitive Regional Economic Development (Sida-funded programme to assist SMEs and local and regional development authorities)
CREDO H	CREDO Herzegovina, implemented by REDAH, 2010-2014
CREDO NE	CREDO Northeast, implemented by NERDA, 2007-2011
CREDO Krajina	CREDO in the northwest Krajina district, implemented by EDA, 2013-2015
CSO	Civil Society Organisation (a not-for-profit organisation like a regional development agency, non-governmental body, etc.)
EDA	Enterprise Development Agency, Banja Luka
EURELSMED	EU Support to Institutional Capacity Building for Regional and Local Economic and SME Development
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/gap analyses)
GIZ	Germany's International Cooperation implementing agency
HACCP	Hazard Analysis and Critical Control Point (food safety quality standards)
IFC	International Finance Corporation (World Bank)
ILDLP	Integrated Local Development Programme (SDC/UNDP)
IPA	EU Instrument for Pre-Accession Assistance
ISO	International Standards Organisation
KM	<i>konvertibilna marka</i> : the Bosnia and Herzegovina convertible mark currency
M&E	Monitoring and Evaluation
MoFTER	BiH Ministry of Foreign Trade and Economic Relations
NALAS	Network of Associations of Local Authorities of Southeast Europe
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
RED	Regional Economic Development
REDAH	Regional Economic Development Association for Herzegovina (based in Mostar)
RIA	Regulatory Impact Assessment
RS	Republika Srpska ('Entity')
SB	Sector Board
SDC	Swiss Development Cooperation agency
Sida	Swedish International Development Cooperation Agency
SME	Small and Medium-sized Enterprise
ToR	Terms of Reference
UNDP	United Nations Development Programme
USAID	US Agency for International Development

Preface

This evaluation of the “Competitive Regional Economic Development” (CREDO) model in the Krajina region of Bosnia and Herzegovina (BiH) was commissioned by the Embassy of Sweden in Sarajevo, BiH, through Sida’s framework agreement for reviews and evaluations.

Indevelop (www.indevelop.se) undertook the evaluation between February – April 2015. The independent evaluation team consisted of Andrea Spear (Team Leader, also part of Indevelop’s Core Team of professional evaluators) and Dejan Kavalec (national coordinator). At Indevelop, Jessica Rothman managed the evaluation process, and Ian Christoplos provided quality assurance to the reports.

This final evaluation report addresses the feedback provided on the draft report by the Embassy.

Executive Summary

I. Objectives of this Report

This report has two intertwined objectives: (1) to assess the overall effects and sustainability of the “Competitive Regional Economic Development” (CREDO) model; and (2) to review the quality, progress and sustainability of the CREDO programme in the Krajina region of Bosnia and Herzegovina (BiH).

CREDO is a Sida-funded programme to assist small and medium-sized enterprises (SMEs) and local and regional development authorities in BiH to enhance competitiveness on a regional basis, thereby contributing to employment growth and poverty reduction. Following a successful initiation in northeast Bosnia and Herzegovina (BiH) in 2007-2011, and in the southwest Herzegovina region in 2010-2014, CREDO is being replicated in northwest BiH, with funding of nearly SEK 30 million over 30 months (February 2013-August 2015).

Implemented by the Enterprise Development Agency (EDA) of Banja Luka, ‘CREDO Krajina’ aims to foster local and regional economic development through support to SMEs from sectors with growth potential; promotion of public-private dialogue on implementation of the Small Business Act (SBA); and strengthening of the local consultancy sector.

II. Key Findings

The CREDO Model

As the head of CREDO Herzegovina Management Board said: “*CREDO is more than a project – it is a methodology and a way of doing things that continues even after it formally finishes.*” This was a common message in interviews with former CREDO participants in Northeast and Herzegovina. In the case of the Northeast, former sector board members were still singing its praises in 2015, even though CREDO Northeast finished in 2011. This is because the programme delivered sustainable results, and companies and implementers are still benefitting.

The basic methodology constitutes a systematic step-by-step approach involving in-depth analysis; priority-setting based on documented evidence; bringing together healthy, growth-oriented SMEs on a sectoral basis; creating opportunities for education, ‘eye-opening’, bonding, networking, cooperation and advocacy on common in-

terests; and offering a timely ‘push’ and support through mentoring and Development Fund co-financing.

The participatory ‘bottom-up’ approach fosters ownership of - and mutual responsibility for - the competitiveness and development priorities the Sector Boards and local authorities respectively select to tackle. Stakeholders assert that the *‘by locals, for locals’* model, with local organisations as change agents, has been a key factor contributing to CREDO’s success.

Interviews with more than 125 stakeholders in the three CREDOs to date revealed some noteworthy results with long-term implications:

- The analyses, training and study visits ‘opened eyes’, altered perceptions and enabled more informed decision-making.
- The above, in combination with the Development Fund, offered an opportunity to take decisions earlier than otherwise would have been the case on procurements to enhance productivity, quality or capacity. This enabled faster growth and timelier capturing of business and export opportunities during a challenging period.
- At least one worthy enterprise (Welding Institute, Tuzla) survived as a result of CREDO and is now contributing to the competitiveness of a whole sector (metal).
- CREDO activities have led to greater recognition of SME issues as development issues, especially in local authorities.
- CREDO participants now recognise the importance of enhancing sector competitiveness in order to improve one’s own competitiveness.
- Participants have gained a more sophisticated, yet practical, understanding of competitiveness factors and tools, and how to access them.
- Intra- and inter-sectoral cooperation continues to grow among CREDO participants past and present, including lucrative joint business collaboration.
- Certain Sector Boards have been transformed into associations, ‘clusters’ and other joint endeavours.
- Many interviewees spontaneously expressed a motivation to work together over the longer term to achieve even more results.

SME participants in, and beneficiaries of, CREDO activities in all three regions revealed that the changes in mindset due to the Sector Board activities were the deciding factor in their continued participation in the programme and in the sustainability of the results. Business collaboration has flourished on various levels, and participants in past and present CREDOs are now thinking about more structured inter-regional and even national cooperation and business development.

CREDO Krajina

This review takes place halfway through the last of three phases scheduled to occur by August 2015. Since the contract between EDA and Sida was signed in February 2013, the project has been proceeding systematically. The Krajina concept, method-

ology, and work and action plans have proved flexible enough to adjust as necessary. After some initial delays (4-6 months for key outputs), major activities are progressing in line with the proposed timeline, though Local Economic Councils have presented more challenges than expected.

The Krajina design builds on the previous CREDOs, strengthening the logical pathway (linking analyses and training more directly to a more innovative voucher scheme) and additional drivers of change (e.g., SBA localisation). It is too early to tell if this will be successful. However, interviews indicated promising progress.

According to participants and beneficiaries, activities are conducted in a professional and timely fashion. The partnership between EDA and the North East Regional Economic Development Agency (NERDA) has been fruitful and harmonious. The quality of the design, teamwork, planning, management and implementation has been good, and is improving as the team's capacity and confidence grow. Stakeholders, partners and beneficiaries hold EDA and CREDO in high regard, particularly mentioning staff members' responsiveness, professionalism and motivation. (This mirrors feedback from the previous two CREDOs.)

CREDO Krajina aims to achieve the following targets:

- At least 200 new jobs created and retention/formalisation of at least 1000 jobs
- At least 50 SMEs achieve productivity improvement measured by value added or operating profit per employee
- 10% increase in average salary in selected sectors
- At least 4 Sector Boards established for priority industries
- At least 50 SMEs in selected sectors invest in business/technology development under the Development Fund (co-financing grants scheme)
- At least 20 SMEs in selected sectors benefit from demand-driven business development services (provided by local consultants and experts)
- 10 municipalities and one canton use the Small Business Act as a tool for vertical and horizontal coordination of SME-related policies
- 12 'SME Development Councils' (now called 'Economic Councils') established as a new institutional mechanism for public-private sector dialogue at the local/cantonal level
- At least 20 local and cantonal SME-related policies improved through public-private sector dialogue (SBA and SME Policy Index).

An analysis of the State of Play to March 2015 reveals satisfactory progress toward the major targets. It is too early to estimate impacts on overall job creation, salaries and competitiveness; the baselines are currently being calculated. However, the job creation target is quite likely to be realised in the second round of the grants scheme.

Interviews with companies and municipalities from around Krajina indicated that support will have a positive impact on competitiveness, through greater productivity,

new technology, higher quality, additional capacity and better management. Evaluators were able to document specific improvements at the company level, and some advances at the municipal level, as well.

Initial ‘outcomes’ documented in Krajina interviews show that CREDO’s ‘theory of change’ has been effective in altering mindsets and behaviour. These outcomes mirror those of CREDO Northeast and CREDO Herzegovina at similar stages.

- A ‘pleasant surprise’ regarding the transparency and efficiency of the grant and voucher processes (A common comment from beneficiary SMEs: *“I can’t believe we got approved without knowing someone on the inside!”*).
- Elimination of initial business scepticism about donor projects (those with experience with other projects said CREDO was the most professional and efficient).
- Willingness among beneficiaries to share in the costs (in fact, a keen desire to see this model used more frequently: *“When there are no conditions or sharing, both sides lose,”* said one CEO).
- A change in mentality about group approaches: all Board members interviewed noted a growing and unexpected awareness of the potential utility of the Sectoral Board initiatives.
- Cooperation among companies in various sectors, leading to new business, import substitution, joint project and export bids, and plans for further collaboration.
- A wish, expressed by many SMEs, for ‘more CREDOS’, noting that it was the first time their efforts to grow and prosper had been recognised in such a fashion, and they no longer felt ‘alone’.

III. Main Conclusions and Recommendations

The CREDO Model

Conclusion 1: CREDO will remain relevant as long as there is a gap in support for SMEs at any level (gaps now exist at all levels). The overall approach is unique, effective and cost-efficient. All stakeholders appreciate that it crosses ethnic, administrative and geographic lines and is not political. It plays a valued ‘neutral’ role in facilitating dialogue and interaction among business people, between business and local authorities, and between business and education institutions.

Conclusion 2: The methodology and its flexibility to adapt to different circumstances have ensured CREDO’s continued relevance for achieving the overall objectives of SME development, employment generation and poverty reduction.

Conclusion 3: The three CREDOS to date have delivered important results and sustainable changes in mindsets and behaviour. There is considerable merit in continuing to support the methodology and the ‘*by locals for locals*’ delivery method in order to consolidate and engender cumulative results. The crucial role of the local civil society (CSO) partners in achieving and sustaining the results must be underscored. This modality and the methodology are mutually reinforcing.

Conclusion 4: CREDO could produce even better results by strengthening the lifespan of the Sector Boards, the approach to local authorities, the mechanism for sharing experiences and lessons among past and present CREDO teams, and exit strategies. Recommendations in Section 7.2 address these issues in more detail.

Conclusion 5: Longer-term support and better coordination with other donors could deliver more coherent and sustainable results. CREDO has the potential to be a vehicle for linking efforts. Used strategically, this could enhance chances of achieving the desired impact of job creation leading to poverty reduction.

Conclusion 6: Numerous stakeholders indicated that a CREDO-type approach might be effective in tackling national SME issues. Some promising steps in this direction have begun as a result of CREDO.

Recommendation 1: Sida should continue to support CREDO programmes and their delivery by local organisations.

Recommendation 2: Sida and the three CREDO teams should work together to strengthen the CREDO methodology, building on the recommendations in Section 7.2 and other ideas for improvements.

Recommendation 3: Sida should consider longer-term CREDO programmes, to allow more time for essential groundwork and consolidation of achievements.

Recommendation 4: Sida should consider ways to encourage both donors and local authorities to coordinate more effectively on local government programmes.

Recommendation 5: Sida and the three CREDO teams should explore in depth the idea of a broader approach, to determine what sort of programme could add the most value. Initial thinking indicates that a well thought-out, ‘top-down, bottom-up’ approach could be designed to enhance local-level and SME support, and add efforts to secure higher-level solutions to SME issues. This would have clear synergies with Sida’s Regional Strategy for 2014-2020.

Recommendation 6: Sida may wish to apply lessons learned from CREDO to other programmes in the region. It may also be timely to explore further the relative advantages of contracting appropriate local organisations to deliver programmes.

CREDO Krajina

Conclusion 1: CREDO Krajina is being implemented professionally and systematically. With the cooperation of NERDA, EDA has refined and improved the CREDO model to tailor it to Krajina’s needs and realities, and to fit with relevant ongoing ini-

tiatives. It has introduced a number of innovations to strengthen the voucher scheme and public-private sector interaction at the local level. It has exposed company executives to new perspectives on competitiveness and productivity, and with the Development Fund and other activities, has given firms an opportunity to apply them.

Conclusion 2: Interviews with 22 companies in all four targeted sectors and four of five municipalities in the CREDO programme indicated that the support could have a positive impact on competitiveness, through greater productivity, new technology, higher quality, additional capacity and better management. Specific improvements were documented at the SME level, and some advances at municipal level, as well.

Conclusion 3: CREDO Krajina's relatively short timeframe of 30 months (finishing in August 2015) constrains the ability to consolidate and extend promising advances to date among SMEs and LECs, and undermines the sustainability of achievements.

Conclusion 4: Reporting to Sida could be better organised and more user-friendly.

Conclusion 5: Gender mainstreaming and environmental sustainability are not as well thought out as they might be, in terms of practical application in the CREDO context

Recommendation 1: Sida should consider extending CREDO Krajina beyond the current deadline of 15 August 2015, in order to allow sufficient time to consolidate promising progress in Sector Board and Local Economic Council activities.

Recommendation 2: Sida may wish to request EDA to prepare an annual (or even 'two-year') report, rather than another semi-annual report, for the period ending February 2015 (the end of two years). In the interest of efficiency, CREDO Krajina reporting to Sida should take the form of a single report, combining EDA and NERDA inputs. The current practice of two voluminous, virtually identical reports wastes time and paper.

Recommendation 3: EDA should strengthen results reporting, including as follows:

- Improve activity and outcome indicators for relevance, results orientation and links to objectives (underway).
- If possible, present activities and results by Phases, instead of by calendar years.
- Streamline the current results reporting from four tables for each set of 'output/activity' indicators to one table.

Recommendation 4: the Enterprise Development Agency (EDA), in cooperation with NERDA, should review risk management strategies to strengthen monitoring of Development Fund beneficiaries and explore options for dealing with political uncertainties at the local level.

Recommendation 5: Sida may wish to offer EDA assistance on gender mainstreaming and environmental sustainability issues. (See Sections 5.8 and 7.4 for details.)

1 Introduction

1.1 PURPOSE

This Competitive Regional Economic Development (CREDO) review has two main objectives:

1. To assess the continued relevance, sustainability and effects of the CREDO model as a whole, following seven years of experience in three regions of BiH.
2. To review the quality, progress and sustainability of CREDO Krajina against the desired results set out in the results framework (at the end of 24 of 30 months).

Further details are provided in the original Terms of Reference and Inception Report, available in the Annexes.

1.2 EVALUATION METHODOLOGY

The Review took place primarily in February and March 2015. It included pre-mission desk analysis and review of the large amount of background documentation sent by Sida, EDA, and the Regional Economic Development Association for Herzegovina (REDAH) and the North East Regional Economic Development Agency (NERDA). This time was also used to prepare, translate and transmit questionnaires tailored to each set of interviews. During this period, the Evaluation Team member in BiH liaised with EDA, NERDA and REDAH to organise meetings with past and present CREDO staff and participants in CREDO programmes. Criteria were established to ensure a good balance of CREDO management and implementation teams, Sector Board and Advisory Board members, representatives of local authorities, beneficiaries of grant and voucher schemes, participants in training programmes, female participants, innovative firms, those with high employment increases, etc. The field mission took place during 23 February to 17 March.

The Evaluation Team met more than 125 people in the Northeast, Herzegovina and Krajina regions:

- Director and staff of EDA Krajina, Banja Luka
- Director and relevant staff of NERDA, Tuzla
- Director and relevant staff of REDAH, Mostar
- CREDO Advisory Board members in the three regions
- Sector Board Presidents in the three regions
- Sector experts and sector coordinators in the three regions
- Selected companies in all the priority sectors in the three regions
- Selected beneficiaries of grant schemes in the three regions
- Selected beneficiaries of voucher schemes in the two regions
- Members of local economic councils and their equivalents in all three CREDO programmes

- Mayors and/or deputy mayors
- Entity officials responsible for SME matters
- Chamber of commerce representatives
- Relevant donors/other organisations active in local and SME development.

Interviews were semi-structured, based on questionnaires tailored to each region and segment. See annexes. The tables below show the distribution of meetings in each of the three regions.

CREDO Northeast Meetings: 23-27 Feb.	No.	WOOD	METAL	FOOD	PLASTICS	IT	Dev.Fund benefic.
NERDA staff	7						
Companies by Sector		5	3	2	2		
CO. by type of assistance							12
Sector Board Members		1	2	2	1		
Sector Experts		1	1	2		1	
Regional Economic Dev. Board Members	5						
Local Authority Officials	2						

CREDO Krajina Meetings: 2-10 March	No.	FOOD	METAL	WOOD	LEATHER	Dev.Fund benefic.	Voucher benefic.
EDA staff	12						
Companies by Sector		4	8	6	4		
CO. by type of assistance						14	3
Sector Board Members		4	1	3	3		
Sector Experts		1	1	1	1		
Local Economic Council Members	5						
Municipality Officials	6						
Entity Government	2						
Dev. Fund Committee	4						
EDA Advisory Board	3						
RS Chamber of Commerce	2						

CREDO Herzegovina Meetings: 11-14 March	No.	Cheese	Metal	Tourism	Plastics	IT	Dev.Fund benefic.	Voucher benefic.
REDAH staff	3							
Companies by Sector		2	1	4	3	2		
CO. by type of assistance							11	6
Sector Board Members		1	1	1	1	1		
Sector Experts		1	2		1	2		
Economic Council Members	2							
Local Authority Officials	3							
Consultants	2							

At the end of the mission, Sida Sarajevo hosted a constructive and animated discussion on the initial findings and recommendations. This was attended by Sida, the evaluators, and the directors of EDA, NERDA and REDAH. This allowed the Evaluation Team to verify findings and fill gaps in information.

The Report

The Evaluation Report was drafted in late March and early April, with additional input from the CREDO partners (EDA, NERDA, REDAH). The questions in bold italics in each section are from the Evaluation Matrix in the Inception Report approved by the Embassy. They reflect the specific questions raised in the ToR and finalised in the Inception Report.

1.3 TIMELINE

2015	February			March				April			
	w7	w8	w9	w10	w11	w12	w13	w14	w15	w16	w17
Review documents, prepare work plan, prepare field mission, questionnaires											
Submit Work Plan, Draft Meeting Plan, to Sida for comment/approval		21/2									
Briefing meeting with Sida			25/2								
Meetings in Northeast											
Meetings in Sarajevo											
Meetings in Krajina											
Meetings in Herzegovina											
Debriefing and Discussion Session with Sida, EDA, NERDA, REDAH						17/3					
Follow-up and prepare Draft Report											
Submit Draft Report to Sida for comment									8/4		
Receive feedback from Sida and stakeholders										15/4	
Finalise Report											
Submit Final Review Report to Sida											27/4

2 The CREDO Model

In line with Sweden's objectives of improving livelihoods and reducing poverty in BiH by strengthening employment and economic development, the Competitive Regional Economic Development (CREDO) initiative was designed in 2007 to enhance the competitiveness of enterprises, sectors and regions. The methodology, based on Swedish experience, focuses on:

1. supporting small and medium-sized enterprises in industry sectors with documented potential for growth and job creation; and
2. assisting local governments to improve the business-enabling environment.

The programme also aims 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.

CREDO has been implemented in three regions since 2007 (map at Annex 1):

1. CREDO Northeast, SEK 30 million, 44 months, implemented by the Northeast Regional Economic Development Association (NERDA), mid-2007 to end-2011.
2. CREDO Herzegovina, SEK 20 million, 3+1-years, implemented by the Regional Development Association of Herzegovina (REDAH), mid-2010 to mid-2014.
3. CREDO Krajina, SEK 29.7 million, 30-months, implemented in northwest BiH by the Enterprise Development Agency (EDA), February 2013 to August 2015.

According to their final CREDO reports, NERDA received SEK 24 081 000 and spent SEK 24 077 804. REDAH received SEK 16 393 700 and spent SEK 16 143 812. (The amounts listed in 2 and 3 above include NERDA's fee for assisting in the roll-out of CREDO Herzegovina and Krajina.)

In Northeast BiH and Herzegovina, CREDO was implemented by regional development agencies established under an earlier EU regional economic development programme. In Northwest BiH (Krajina), the implementer is a civil society organisation/consulting firm that has worked on local government and SME issues for many years, with the support of major donors and government agencies.

The CREDO methodology has been refined and adapted to the needs of each region, with previous implementers helping subsequent ones. The box on the next page explains how CREDO works in practice.

The CREDO Model of 'Participatory Integrated Economic Development'

The CREDO Model features a systematic, step-by-step, participatory approach to SME competitiveness and economic development. The approach starts with analysis, proceeds to formal and informal learning and cooperating, and graduates to taking action in key areas of common interest. The 'bottom-up' model fosters ownership of, and mutual responsibility for, sectoral and local competitiveness and development priorities.

This differs from other enterprise and economic development models in that the objectives and activities are participant-led and evidence-driven (not led or driven by an outside 'expert'). The implementers are local and provide a facilitating and support role, managing strategically 'behind the scenes'. The participants assume – after some changes in mindsets – responsibility for determining priorities and action.

The programme typically takes place in three phases over 3-4 years:

Phase 0 (6-12 months): preparations (planning, organisation, management tools and procedures, staff orientation and training, baseline analyses, training needs analyses, procurement, presentation and promotion of the project to potential participants and partners; etc.)

Phase 1 (12 months): start-up: launch Sector Boards; conduct more targeted analyses, organise study tours, SME training courses; activate strategy for engaging Local Authorities; publish SME Barometer; hold Economic Forum; launch Development Fund (co-financing scheme), etc.

Phase 2 (12 months, plus extension): provide active support to Sector Boards and Local Authorities; organise study tours if appropriate; manage Development Fund; publish SME Barometer; organise Economic Forum; conduct further analyses and policy work; offer SME training; etc.

The 'Model in Action' (at present)

- A. Baseline study
- B. SME study and training needs analysis
- C. SME Database
- D. Sector Support
 1. Prioritise and shortlist sectors/subsectors with good development potential/high growth potential for SMEs
 2. Establish 'sector boards' in 4-5 key sectors
 3. Carefully select board members as people who can make a difference (e.g., existing or up-and-coming 'champions', respected peers, people who run healthy companies and have the wellbeing of society at heart)
 4. Select highly qualified, respected Sector Support Experts
 5. Design formal and informal 'bonding' activities during first few get-togethers (e.g., seminar on common practical issues, Study Tour)
 6. Facilitate some 'quick wins' (eg, cooperation among companies) to build confidence in the approach
 7. Help Boards to undertake Value Chain Analysis
 8. Help Boards to conduct Gap Analysis (obstacles and opportunities)
 9. Organise study tour(s) (exposure to good practices, different ways of doing things, competitive companies and regions, technology, potential business partners, etc.)
 10. Help Boards, as necessary, to formulate the Action Plan (to address key obstacles impeding competitiveness and economic development)
- E. Development Fund (a grant co-financing scheme, available to SMEs, local authorities and certain types of NGOs, to address issues identified in the above activities and self-assessments). The Herzegovina and Krajina CREDO programmes also offered a voucher scheme for companies to seek advisory or consultancy services on specific competitiveness issues (e.g., productivity, quality assurance, standards, etc.).
- F. Education/training for SME managers/owners (seminars on practical issues)
- G. Support to Local Authorities (different approaches in the three CREDOs to date)
- H. Policy work (e.g., analyses, SME Barometers, policy briefs, etc.)
- I. Economic Fora (present findings of analyses, achievements of Boards, promote policy messages, facilitate networking and interaction, etc.)

A comparison of the three CREDO programmes is in **Annex 7**, with tables summarising structure, participation, main activities and results. Examples of enduring achievements and lessons learned are set out after the tables. Examples of company-specific Development Fund impacts are at the end of Annex 7.

2.1 ONGOING RELEVANCE OF CREDO'S PRINCIPLES AND OBJECTIVES

Do CREDO objectives relate closely to key problems to be solved in BiH?

Problem Analysis (partially adapted from CREDO Krajina Proposal, 2012)

“The Krajina region has a strong industrial and agricultural tradition, and potential. Besides natural resources, the region is close to EU markets. Before the war, the region was competitive in food, wood, leather and metal processing. In 2011, however, its resources were still under-utilised, and most companies were producing low value-added products, and using low and obsolete technologies. They lacked skills in analysis, business and financial planning, management, production planning and marketing. Standardisation and certification in line with international standards was limited. In simple words, most enterprises in this region were trapped in a vicious circle of low skills, low value added, low wages, low employment, and, especially, low creation of high-quality jobs. At the current level of competitiveness, firms in the Krajina region cannot generate dynamic growth or employment, or increase the standard of living.” World Bank and Bosnian statistics highlight BiH’s very high youth unemployment rate – topping 60% - and the consistently high general unemployment rate (25-30% in 2011-2014; the large informal labour market and seasonal work reduce the official rate somewhat – but is part of the problem). SME owners say it is a huge challenge to find workers, technicians and professionals with the right skills set for today’s modern equipment and business practices. Brain drain is high. SME policy and support are very limited. Suffice to say that achieving competitiveness with the rest of Europe poses a real challenge, yet despite this there are many entrepreneurs who are keen to try.

Sources: EDA Proposal, World Bank, IFC, BiH Statistics, Interviews

CREDO’s overall objectives focus on:

- enhancing SME competitiveness (domestically and in trading with the EU)
- strengthening local government capacity to deliver a positive and competitive business environment (including attracting investment)
- fostering new jobs, and maintaining/formalising existing employment
- strengthening the implementer’s capacity to deliver the desired results and become a more effective provider of business and economic development services.

These objectives address longstanding challenges in BiH (and many other countries).

Is the CREDO model relevant to the overall regional and SME development agenda in BiH? The model has proved to be very relevant in terms of providing concrete sectoral results that offer lessons and good practices for the broader regional and SME development agenda. The CREDO model, in terms of principles, objectives and methodology, remains replicable in BiH (and arguably throughout the Balkans). Of course, it must be adapted and tailored – sometimes substantially - to meet each region’s needs and each implementer’s capabilities. The degree of adaptability would need to be examined early in the process, in terms of the specific products and activi-

ties needed to meet the objectives of strengthening sector competitiveness, improving local business enabling environments, enhancing public-private sector dialogue and action, and generating employment.

“The concept was adapted to local situation, tailored various times during CREDO 1, improved in CREDO 2, and improved further in CREDO 3, where it is now more coherent in terms of concept and methodology. CREDO Herzegovina and Krajina have applied progressive localisation and progressive integration of local authorities into the model. This matches the ‘integrated economic development’ approach which counts on the combined efforts of various parties, including mesa-level institutions like municipalities. Thanks to Sida flexibility, EDA has been able to further test and innovate, in developing its Small Business Act localisation approach.” (Professor/co-designer of CREDO NE)

Is the programme necessary and based on documented evidence and regular needs assessments? CREDO is an ‘evidence-based’ methodology that starts out with in-depth analysis of SME structure, needs, obstacles to development, etc. This leads to a cohesive programme to address weaknesses and bolster strengths. One of the key architects of the original CREDO Northeast summed it up: “*In a few words: analyse, propose solutions, make decisions, act.*”

Does CREDO fill gaps that other assistance programmes do not address adequately? The Review had limited capacity to assess in depth the range of donor programmes, though the evaluators were familiar with their history. According to the SMEs interviewed, CREDO has filled a major gap, not only in donor assistance, but in assistance at all levels of government. While other donors have worked on SME policy development for some time, there has been little flow-on impact at the company level in terms of cohesive support for management, productivity and financial improvements. CREDO has narrowed this gap in a small but psychologically important way, by recognising SMEs’ efforts and needs, and helping them to help themselves, as a neutral facilitator. Moreover, as one participant in CREDO Northeast remarked: “*CREDO is still here, even though it ended in 2011. NERDA is still building on it – local people, local understanding – they are still here, sharing their experience and knowledge. This is a long process, to change minds and behaviour, so it has to be local to succeed.*”

Do its objectives relate closely to those of Sweden’s country and regional programme strategies? CREDO objectives meld well with the objectives of Sida’s past and present BiH Strategies for Development Cooperation: to support democratic, fair and sustainable development, and progress towards EU accession. The 2011-2014 Country Strategy focused on democracy, human rights and gender equality; market development; and sustainable infrastructure. CREDO was part of the market development pillar, which focused on economic growth through improved competitiveness and growth conditions for growth for SMEs. CREDO fits very well with several aspects of Sweden’s new Regional Results Strategy 2014-2020:

- 1. Increased economic integration with the EU & a functioning market economy**
 - *Strengthened capacity of institutions for economic integration with the EU.*

- *Competitive small and medium-sized enterprises.*

2. Strengthened democracy, greater respect for human rights and more developed rule of law

With a focus on strengthened public administration and judiciary

- *A more efficient public management with the administrative capacity to implement reforms for EU integration*
- *Public services delivered with better quality, based on principles of non-discrimination and equal rights, and with less corruption.*

CREDO's main focus is SME competitiveness. The programmes strongly support EU integration; many activities (analyses, training, study tours, Economic Fora) focus on enhancing BiH cross-border business linkages and competitiveness vis-à-vis the EU. CREDO Krajina's Small Business Act Localisation is applying a simplified version of the EU's SBA to the local level. If successful, this will bring local authorities' policies and practices closer to EU-OECD benchmarks on the SME business-enabling environment. CREDO may eventually address more directly BiH vertical and horizontal regulatory issues; consistency with the EU is an important aim.

CREDO fits particularly well with the following elements of Sida's Regional Results Strategy 2014-2020:

Results:	Possible Outcomes
1. A regulatory framework conducive to trade and economic development is implemented.	The key institutions for the regulatory framework (inspections, health and safety standards, certification, land administration, etc.) will have received increased capacity, rendering them more competent and reform oriented, and allowing them to implement necessary policies and strategies, which will in turn lead to increased trade and economic development of the region.
2. Productive SMEs increasingly contributing to employment.	Sub regional or business sector programmes will create jobs by removing obstacles to growth, establishing new trade links and raising competence. Support to a country's SME development strategy can strengthen competitiveness, improve the dialogue between the private and public sector, and strengthen the position of female entrepreneurs.

Are there clear synergies between CREDO and other Swedish projects? CREDO has synergies with the Sida-USAID FIRMA and FARMA programmes, which focus on introducing good practices into similar sectors of the economy. These are in their final phases. CREDO has less synergy with the Sida-USAID GOLD local development project, which has a different mindset and theory of change. There are some potential synergies between CREDO and Sida support for the Associations of Municipalities and Cities (AMCs), particularly if the Krajina SBA localisation approach produces the desired results.

To what degree are the stakeholders drivers of change? 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 in their sectors. Similarly, local authorities are expected to take full owner-

ship of the priorities identified for improving the business enabling environment. They are also expected to share in funding the local development tools and opportunities facilitated by the programme. An in-built objective of CREDO is to facilitate conditions for more results-oriented public-private sector dialogue and action.

2.2 THEORY OF CHANGE

The CREDO methodology has led to important and sustained behavioural and mind-set changes among participating SMEs, and among certain local authorities. These are covered for CREDO as a whole in Section 3: CREDO Krajina.

Relevance and accuracy of CREDO's underlying assumptions and risk factors

The underlying **assumptions** can be summed up as follows:

- SME managers and local authority officers will embrace the opportunities offered under CREDO, and
- They will use the knowledge, skills, funding, networks and collaborative approaches to strengthen the competitiveness of their company/locality, sector and region.

The CREDO assumptions link closely to **key risk factors** identified in all three project documents:

- Private sector: lack of willingness and ability of SMEs to participate in the sectoral activities and development fund, due to time, capacity, and ingrained private sector scepticism about the utility of donor projects, group approaches (especially among competitors) to resolving business issues, and paying for business consultancy services.
- Public sector: lack of willingness to take a leading role in business environment programmes due to ingrained fears of: (1) dealing with the private sector; (2) change; and (3) committing to things that require sustained funding, given the uncertainties affecting many local authorities' finances.
- Economic instability: the global financial and economic crisis limits the capacity of both SMEs and local authorities to take advantage of opportunities (eg, due to funding and market contraction).

Overall, the assumptions are relevant, and they have proved to be accurate as far as **SMEs** are concerned. To mitigate the risks, the methodology has been tailored to regional and sectoral realities, has focused on firms with growth potential, has offered participants strong evidence-based information to help them make informed decisions on issues of common interest, and has provided ample opportunities for networking and collaboration, including across borders. This plus some early results have convinced business people of the utility of the approach. Post-CREDO follow-on activities encouraged the sustainability of gains in both the Northeast and Herzegovina.

“This is indeed a challenge – it goes back to the pre-war mentality when people expected the State to solve the problems. They are not used to defining priorities and solutions. The turning point can be

study tours, when they see how change can work. That is why CREDO is a learning experience for all. Sector Boards help to streamline and focus thinking and show how to voice problems in such a way as to define them in terms compatible with available support – to filter discussions and focus on workable, solutions.” (Professor/co-designer, CREDO NE)

Regarding **local authorities**, the assumptions have been less accurate and the risks have been more difficult to manage. Local elections can bring everything to a halt – often for extended periods, and political instability remains a fact of life in BiH. To date, each CREDO has approached the public sector differently, often in conjunction with other (sometimes conflicting or confusing) donor programmes. Since CREDO effectiveness at the local level depends heavily on the political situation and good donor coordination, the approach requires further attention.

To what extent have the expected changes in mindset and behaviour occurred? Have these changes facilitated achievement of the objectives? SME participants in CREDO activities in all three regions revealed that the changes in mindset due to the Sector Board activities were the deciding factor in their continued participation in the programme and in the sustainability of the results. Business collaboration has flourished on various levels, and participants in past and present CREDOs are now thinking about more structured inter-regional and even national cooperation and business development.

2.3 SUSTAINABILITY OF RESULTS

Interviews with 125 stakeholders in the three CREDOs to date revealed noteworthy results with long-term implications:

- More informed decision-making due to the analyses, training and study visits
- Timely action, due to the Development Fund, to secure equipment or service to enhance productivity, quality or capacity and enable faster growth (the team documented quantifiable improvements in many cases)
- Survival of worthy enterprises (e.g., the Welding Institute in Tuzla which now provides a valued training and certification service for metal firms around BiH)
- Greater recognition of SME issues as development issues, especially in local authorities
- Awareness of the importance of enhancing sector competitiveness in order to improve one's own competitiveness
- A more sophisticated, yet practical, understanding of competitiveness factors and tools, and how to access them
- Greater cooperation among companies in similar sectors and with other sectors, including joint business collaboration
- Greater capacity to prepare good project proposals in line with EU PRAG requirements, opening up new channels to access funding

- Transformation of certain Sector Boards into associations, ‘clusters’ and other joint endeavours (e.g., the Herzegovina Wood initiative, which copied CREDO)
- Motivation to work together over the longer term to achieve even more results (but noting the need for continued facilitation and Secretariat functions – which some have managed to address through membership fees and donor support).

The above results are impressive and bode well for the future. Building on the strengths of CREDO and overcoming its weaknesses would make such results even more sustainable and replicable. The following box sets out issues for attention in any future CREDO programmes.

Strengths and Weaknesses of the CREDO Model

Strengths

- Seen as an ‘honest broker’ offering transparent, genuine support.
- Facilitates ownership, mutual responsibility and accountability for sector and local development (‘Partners for Development’).
- Improves awareness and understanding of competitiveness factors through analysis, interactive seminars, training, exposure to good practices, study tours, and practical tools.
- Offers opportunity for networking and cooperating within and among sectors.
- Provides a ‘push’ for SMEs to take action on competitiveness issues via the Development Fund grant and voucher co-financing schemes.
- Offers opportunity to interact with and influence academia, especially in terms of orienting curricula more toward industry needs, and creating opportunities for joint R&D and other activities.
- Facilitates greater awareness and understanding among local authorities of SME issues, the business enabling environment and how it all links to local competitiveness.
- Facilitates concrete benefits for companies (cooperation with other firms, joint business activities, timely action on key production decisions, a different perspective about competitiveness, etc.).
- Offers a potential vehicle for linking diverse initiatives at the local level.

Weaknesses:

- Short-term support for Sector Boards and local authorities may not allow enough time for consolidating gains.
- Lack of a CREDO methodology for strengthening public-private sector interaction on the local business environment has contributed to a fragmented approach at the municipality level.
- Ineffective coordination of the plethora of donor projects targeting local authorities affects CREDO’s effectiveness at the local level.
- Inadequate vertical mechanism for sharing of experiences among all levels of the respective CREDO teams is a lost opportunity to improve capacity, strengthen the model and document what works, what doesn’t and why.
- Terminology used interchangeably from region to region causes confusion (e.g., *Development Boards*, *Sector Boards*, *Regional Boards*; *SME Development Councils*, *Local Economic Councils*, *Regional Development Councils*, etc.).

A Case for Longer-Term Support for Sector Boards

When the Herzegovina Cheese Sector Board was formed, few of the members knew each other. They credited 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). As a group, they were able to secure action on some important sector-wide quality issues. Business collaboration began. *“It stopped too soon,” said one member. “We were just starting to have meetings at each other’s farms when CREDO finished. At that point in time, it was too hard to continue it ourselves without the Secretariat support.”*

A national approach? No easy answer.

Many companies across the three regions spontaneously suggested a broader CREDO-type process that would bring together stakeholders on a national basis. Suggestions ranged from national sectoral ‘arrangements’ (formal or informal) to a more ambitious set-up involving companies, educational institutions and relevant government agencies (Entity- and State-level).

Step by step

A number of stakeholders suggested that – in line with the CREDO methodology - a first step should be a national baseline study to build on and update the regional baseline work, and provide the necessary documented evidence for any subsequent steps.

Some suggested doing baseline studies - or even full CREDO programmes - in the remaining two regions, as well. This, they said, would complete the regional coverage and feed into any future national process.

The big question regarding a national approach is: how could it add the most value without tripping over other bodies’ mandates (e.g., chambers)? Companies interviewed were quite frank about their frustration with ‘nonresponsive’ chambers, so obviously there is a gap to be filled. The Banja Luka Chamber is well represented in CREDO Krajina (Advisory and Metal Sector Boards); it may have views on this.

National as a springboard to Europe?

A number of sector board members expressed interest in getting together with the other CREDO sector boards (or their successors) to promote business collaboration and advocacy on issues of common interest at a broader level. Already some past and present CREDO boards are thinking about establishing a national association (or similar organisation) in order to participate in European-level peak bodies (e.g., leather/footwear, plastics). There may be some merit in providing some well-defined support for such moves in their early stages (e.g., organisational, legal and financial advice), given their potential as a unifying force in BiH and a mechanism to support EU integration – both of which figure highly in Sida’s country strategy objectives. However, again, the pros, cons and options would have to be examined carefully.

Analysing and Managing Risks at the National Level

Potential **risks** for a national approach include, but are not limited to:

- Politics
- Vested interests
- Conflicting donor agendas
- Insufficient funds
- Insufficient capacity to implement, etc.

While these are similar to those identified for the regional CREDOs, the magnitude, nature and weighting are likely to be different. Potential project designers would have to examine these issues in depth with a view to determining the circumstances in which any one – or a combination – of them might derail a project or demotivate participants. Realistic and detailed risk management strategies (going well beyond awareness-building and public relations) would be required.

3 CREDO Krajina Design

This section examines the quality of the CREDO Krajina Design.

CREDO Krajina is being implemented in northwest BiH by the Enterprise Development Agency (EDA) of Banja Luka, from February 2013 to August 2015. It is the third regional CREDO project supported by Sida since 2007, and involves an investment of SEK 29.7 million over 30 months to August 2015. Of this, SEK 6 million covers backstopping support to EDA by the North East Regional Development Agency (NERDA). An additional SEK 5 million were allocated to EDA and NERDA for one-off flood relief to SMEs in the NE and Krajina districts in mid-2014. This has been 98% committed.

This review takes place halfway through the last of three phases scheduled to occur by August 2015. **Phase 0 (February-August 2013)** focused on preparatory activities, baseline analyses, planning, organisation, capacity building for EDA. **Phase 1 (August 2013 – August 2014)** launched key activities such as the Sector Boards, value chain and gap analyses, SME Database, SME Barometer, SME training, Local Economic Councils (LECs), the Development Fund grant and voucher schemes. A temporary flood relief initiative for Krajina and Northeast BiH took place in mid-2014 with additional funding from Sida. **Phase 2 (August 2014 to present)** is implementing and, as necessary, refining support for the scheduled Sector Board, LEC, Development Fund, Economic Forum, and analytical activities.

Purpose and Specific Objectives of CREDO Krajina

Purpose: To enhance the competitiveness of SMEs and local authorities in the Krajina region, thereby contributing to employment growth and poverty reduction.

Specific objectives: To foster economic development in Krajina through support to SMEs in sectors with growth potential; to promote public-private dialogue on enhancing the business-enabling environment and implementation of the EU-aligned Small Business Act (SBA); and to support development of the business services market.

(See the first box in Section 5.1 for the full set of desired results.)

Relevance

The relevance of the CREDO Model is covered amply in Sections 2 and 3. In Krajina, the priority sectors of metal, food, wood and leather/footwear are appropriate in this context. The *Baseline* study and local experts highlighted that these areas have comparative advantages and potential for synergies, value adding and job creation. By encouraging business and trade linkages, skills-building, quality improvements, adop-

tion of recognised standards, and an appropriate and transparent legal/regulatory environment, the combination of Sector Board work, the Development Fund, training and other CREDO activities can contribute to enhanced competitiveness.

“From the Chamber of Commerce viewpoint, the analyses were very important; they were needed, but the chamber didn’t have funding to carry them out. The study tours were useful. Activities were well designed and programmed. This is the first time in our experience in working on international projects that companies tell us this is the first project to directly address their needs and produce concrete action.” (Banja Luka Chamber of Commerce representative)

Cooperation, participative approach, ownership

In designing CREDO Krajina, formal cooperation with NERDA and informal relations with REDAH allowed EDA to learn from and build on previous CREDO experiences. All three Directors say they appreciate each other’s flexibility, transparency, accessibility, responsiveness, positive attitude and professionalism. They also say that Sida’s flexibility has been a major factor in CREDO’s success.

All stakeholders interviewed agreed CREDO is highly participatory - more than they believed possible. They said this approach from the beginning encouraged a change in mindset – towards the private sector taking the lead, instead of sitting back and waiting for the government or donors to organise things. The strong sense of ownership mirrors NERDA’s and REDAH’s experience and gives further credence to the methodology.

“Very relevant and important companies are involved. This project is unique. It gives those who are creating value added for the market the chance to address their issues together.” (Advisory Board member)

“At the first meeting of the Metal Board, members discussed their interminable problems with the government. ‘What are we doing here?’ asked one dubious manager. Then we realised we don’t have to wait for government - we can get on with the things we can do without it. That was a moment of truth! Our Action Plan is based on those things. And that manager is no longer sceptical.” (Krajina Metal Board expert; other experts related similar experiences in their Boards)

“I didn’t know EDA before being asked to join the Sector Board. I had no expectations or idea when I went to the first meeting. I thought it would be like the Chamber so I wasn’t so optimistic. But CREDO is practical and team-oriented. It’s up to us to get things done. It’s opened our eyes. Now we are even thinking of establishing a formal national association in order to join the EU peak Leather and Footwear Association that we met during the study visit to Milano.” (Leather Board member)

“What will last is the stronger trust, collaboration and communications among people who can do things together. CREDO gave us the opportunity to do this in a structured way, and we can carry on. It would be good to have a whole-of-Bosnia approach for meat producers – lots of companies, so would have critical mass to get government to act on market access and other issues. It would be challenging, but it should be done.” (Food Board member)

“We are already seeing some results in the most urgent area – raw materials supply, due to Sector Board efforts to improve communications, responsibilities and practices by both the supplier (Forestry) and processors.” (Wood Board member)

"I tell everyone it's the first organisation devoted to SMEs. That's why I joined. I hoped to learn something different, and I did! The approach got us interested and kept us involved beyond expectations. For the future, I hope we can be connected in a bigger body to give us a stronger voice and to combine our offer for better market access." (Metal Board member)

Harmonisation with regional development objectives

CREDO fits well with the Krajina region's development objectives. EDA has been involved in analysing and setting these since the late 1990s. CREDO offers a proven methodology for addressing SME needs, and its twin-pronged public-private sector approach facilitates integrated development strategies and activities.

Complementarity with Sida and other donor strategies and activities

CREDO can play an important role as a vehicle for linking donor activities among interrelated projects. In developing CREDO, EDA (like NERDA and REDAH) has built on and found synergies with a number of other projects and activities it is implementing, either as partner or contractor. Such integration is an indication of efficient and coherent use of resources. Used strategically, it can enhance chances of achieving the desired impact of job creation leading to poverty reduction.

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

EDA is a long-established participant in Republika Srpska local development thinking and implementation activities, having participated in many projects over the years for donors and government agencies. At present, EDA is working with several donors on activities related to **local economic development**. These include the SBA localisation process following a methodology developed under CREDO. EDA is managing this process in six municipalities (Mrkonjic Grad, Kotor Varos, Prnjavor, Bosanska Krupa, Cazin, Priejedor); and is cooperating with UNDP-ILDP in six (Bihac, Kljuc, Sanski Most, Laktasi, Velika Kladusa, Jajce), and EU-REGARD in three (Kozarska Dubica, Gradiska, Srbac). EDA is also helping to activate Local Economic Councils in the first five municipalities above, plus - through GIZ ProLocal - Kozarska Dubica, Gradiska, Srbac (Laktasi pending). Three more are in the Business Friendly certification process: Bihac, Banja Luka, Teslic. Regarding the Sida-USAID-supported GOLD programme, EDA's Director said he and his team had sought cooperation and shared a lot of information with GOLD, but the cooperation was not reciprocated.

Is the desired impact of the programme reflected accurately in the design? 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, though in the case of Krajina, 30 months is only enough to get certain processes heading in the right direction.

To what extent have the concept, assumptions, risks, strategies, baselines, indicators, results frameworks proved appropriate in terms of monitoring progress and achieving the desired results? As explained in previous sections, the CREDO methodology is sound and involves a systematic logical approach. It incorporates sufficient flexibility to allow for tailoring and refining as circumstances evolve. The Krajina programme is well designed and based on documented evidence of needs. Activities are properly sequenced and match the objectives and indicators at different levels.

Like previous CREDOs, implementation has been refined as it progresses in order to improve it and target it on real, evolving needs and absorption capacities of Krajina SMEs and local authorities.

The assumptions, risks and mitigation strategies are similar to those used in previous CREDOs. Krajina's list of risks and mitigation strategies is long and appropriate for a project document. One indication of good risk management is a shorter list of risks to deal with as the project progresses. Risk management is discussed in Section 5.5.

To what extent do the outcome indicators reflect the stated objectives? Are they realistic? The outcome indicators reflect the objectives well (job creation, productivity increases, sector boards, salaries, application of the Small Business Act and tools for public-private sector dialogue). The ToR requested a review of the CREDO Krajina activity and outcome indicators for relevance and results-oriented links to the objectives. This was done during the field mission and shared with EDA (see Annexes 8, 9). Some examples of areas for improvement:

- For easier understanding, the indicators could be regrouped in order of: macro, SME-related, and local authority-related.
- Job creation: very relevant; need a reliable way to confirm job creation, given the high incidence of part-time and seasonal work in several of the sectors assisted.
- Jobs sustained/formalised: relating the CREDO assistance to overall job survival is irrelevant, since in most cases the CREDO assistance is relatively small and should not be tied to the total number of employees in the assisted company. Jobs formalised is relevant, but very difficult to measure. *This indicator should be deleted.*
- Productivity measurements and salaries by sector: very relevant, but difficult to see how CREDO can make a sector-wide difference in such a short time. Baselines should be inserted. (Salary data was inserted in March 2015 for the priority sectors: Annex 8.) Productivity baselines are being calculated. (A comprehensive database is gathering the necessary information.)
- The indicators regarding SBA localisation and establishment of Local Economic Councils appear to overlap to a degree. It would be helpful to clarify the linkages, and if necessary combine them.
- SME-related policies improved through public-private dialogue according to SBA and SME Policy Index. This is an important indicator, but it needs further work. For example, it should focus on policies actually improved as a result of CREDO activities. At present, the tendency is to insert every activity, not *every policy improved*. A review of the list of LEC activities in the five municipalities revealed that 7 of 19 activities involved actual policies. In developing indicators, it is important to base them in reality; in this case, it would be useful to know how the target of '20 policies improved' was selected.
- A missing supporting indicator relates to job creation and productivity: CREDO's contribution to raising the skills base and matching skills to present and future in-

dustry needs by strengthening relations between companies and educational institutions.

To what extent are lessons learned and improvements from CREDO NE and CREDO Herzegovina reflected in the CREDO Krajina design (and implementation)?

An important aspect of the CREDO model is that previous implementers are expected to assist new ones. This has important implications for efficiency and effectiveness. Sida formally contracted NERDA to assist REDAH in Herzegovina and EDA in Krajina. However, in the case of Krajina, REDAH had no formal role. REDAH's Director said he has provided input on a largely informal basis to the Director of EDA. The EDA team, including the Development Fund Committee, indicated that they might have benefitted from sharing experiences on implementation issues with their direct REDAH counterparts.

Does the design address the real needs and expectations of the direct beneficiaries and end users (SMEs, local governments, etc.)? This was one of the questions posed to beneficiaries. The answer was usually an emphatic 'yes', and an explanation that CREDO was the first programme to address their practical needs directly, helping them in a well-structured fashion to better understand and deal with their own needs. They frequently mentioned, as examples, how Sector Board activities, study tours, value chain and gap analyses, and training helped them to better understand their own businesses and sectors, to see things in a different way, and to apply what they had learned in their companies. (Employees of a few confirmed independently that after attending study tours and seminars, their bosses instituted changes in marketing, business or production processes, or sought expert advice on productivity issues.) Beneficiaries also said the process of filling out Development Fund applications made them think through their needs in a more structured, results-oriented fashion.

"The Sector Board activities showed me that it is better to learn before doing. I now have a totally different idea of what I need to do. The study tour was very useful in bringing the theory to life. We saw how machines and production could be organised in a different way to save on costs and increase the value of the final product." (Owner of an industrial-footwear producer)

Are the activities tailored, targeted and sequenced appropriately? With NERDA's assistance, EDA developed a well-targeted, well-sequenced plan of activities. The CREDO methodology is sufficiently flexible to allow for refining as appropriate (e.g., postponing certain activities until participants can benefit most from the analyses, assessments, study tours, training, etc.).

Has the implementation design proved to be realistic (in terms of delivering the desired results, meeting expectations and managing risks)? The implementation design was in some cases too ambitious, leading to some delays in start-up. While many of the analytical and preparatory activities were carried out on time, the Sector

Boards started up in December 2013 rather than in August, as planned, and the Local Economic Councils started more than six months later than originally envisaged. The original plan to work with the Una-Sanaa Canton had to be abandoned due to political instability. Similar problems have affected the LEC at Kotor Varos, since the town has been without a mayor for months. As a result, some municipality officers and firms suggested that CREDO might consider targeting the working level of local authorities, rather than the political level. Institutionalisation of good practices in public-private sector dialogue can function at that level, though some risk is involved as it is recognised that mayors are needed to bring the necessary political will to the table.

Has it been flexible enough to be refined to meet evolving needs and requirements?

Both Sida's and CREDO's flexibility to adapt to evolving needs is one of the programme's most positive attributes, according to implementers and beneficiaries in all three regions.

Adequate budget allocations and disbursement schedule?

The budget and disbursement schedule have been adequate.

Disbursement Schedule: CREDO Krajina

1. SEK 3 779 000 (KM 886 538): March 2013
 2. SEK 8 116 000 (KM 1 811 694): October 2013
 3. SEK 7 316 000 (KM 1 589 781): June 2014
 4. SEK 3 450 000 (KM 740 656): October 2014
 5. SEK 1 099 000 (tba): tentatively summer 2014
- Total under original agreement: SEK 23 760 000 (KM 5 028 670)

Additional allocation for SME flood relief: SEK 2 500 000 (KM 528 242): Aug. 2014

Overall total: SEK 26 260 000 (KM 5 556 912)

4 CREDO Krajina Efficiency

This section examines the extent to which CREDO Krajina has been carried out in a timely, streamlined and cost-effective manner.

Has spending been carried out transparently, within budget and according to plan?

The budget is detailed, with major cost items clearly linked to the schedule of activities. Administrative, financial and budget management appear conservative, accountable and transparent. Pre-audit recommendations were addressed in 2012, according to Sida reports, and the project audit of the first year of activities (Feb. 2013-Feb. 2014) confirmed that all was in order. The second year audit is due to take place before May 2015. It should also cover Development Fund management. (In interviews, stakeholders and Development Fund beneficiaries commented on the team's efficiency, professionalism and integrity.)

EDA has been following the CREDO approach, not forcing things, and ensuring that the timing is right for achieving objectives through specific activities. There were some initial delays against plan of about four months for Sector Board activities and six-nine months for Local Economic Councils (discussed below). At present, implementation is proceeding in a prudent and timely fashion. Like CREDOs before it, the Krajina project is underspent at this point in time and is likely to seek a no-cost extension.

Efficiency and timeliness of budget execution and channelling of funds

EDA budget figures indicated that by mid-February 2015:

- 52% of the direct-cost budget was spent by month 24 of 30.
- 98% of the KM993,000 flood relief had been committed or spent.
- 49% of the approximately KM 2 million available for two rounds of the grant co-financing scheme was committed in Round 1 to 29 companies and 6 local authorities/NGOs, with an average CREDO share of 27% (out of a maximum 50%). Receipts for reimbursement were beginning to arrive. (The 49% will be adjusted to reflect cancellations by 2-3 companies for sound reasons documented by the evaluators - e.g., in the end, the desired equipment was inappropriate or unavailable.)
- 46,5% of the KM100,000 available for the voucher scheme had been committed to 8 companies, with an average CREDO share of 65% (out of a maximum 70%).

CREDO Reporting to Sida

As with previous CREDOs, the reports to Sida could be better organised and more user-friendly. The original Project Document (under 'Management') envisaged **single**

reports, **combining both EDA and NERDA inputs**. The current practice of two voluminous, virtually identical reports is not efficient.

In many Sida projects, the reporting requirements set out in the Agreement may not be observed strictly – usually because few people revert to the Agreement after it has been filed away. EDA's Agreement with Sida requires **annual reports**, deliverable before 10 May 2014 and 10 May 2015. So far, in the two full years of the project, no annual narrative report has been issued – only three 6-monthly reports. EDA was preparing another 6-monthly report at the time of the evaluation mission.

The current results reporting (pages 12-20 of the Third Semi-Annual Report to August 2014) is unnecessarily complex and long (four tables for each set of 'output/activity' indicators)¹. The results reporting could easily be reduced to a 1- to 3-page table giving a clear, easily absorbed picture of the status of the project against original targets. Even if the whole 5-page upgraded set of Activities and Outcomes Indicators tables were incorporated into the main body of the narrative report, it would be shorter and much easier to understand than the current 9 pages.

In addition, the presentation of activities and results by calendar year instead of by Phases does not facilitate monitoring and evaluation.

¹ If this confusing template came from Sida, they may wish to review it.

5 CREDO Krajina Management and Implementation Effectiveness

This section examines if the project has been implemented in a well-managed, accountable and appropriate manner.

CREDO has been EDA's largest single project to date. Sida was cautious about approving the project, due to concerns over its capacity to implement. As with NERDA and REDAH before it, EDA faced challenges in getting its team and systems up to speed. They all said CREDO has been a continuous 'learning and improving' experience, and that they are the stronger for it.

Why the 4-6 month delays? Preparing the Baseline Study took longer than expected due to difficulties in getting secondary data, the basis for selection of priority sectors. Choosing Sector Board members also took extra time. Selection of local authorities for the Local Economic Councils (LECs) was delayed by extensive discussions with other donor projects (GIZ, UNDP). Finding the right municipalities (that had adequate resources and were ready to participate in the process) was a challenge. Adapting the Small Business Act (SBA) to local conditions also required additional time.

Implications? The Sector Boards and some of the LECs are starting to produce promising results, so it is hard to say if the delays were ultimately positive or negative. However, if the project finishes in August 2015 as projected, it will be too soon to ensure consolidation and sustainability of gains.

5.1 PROGRESS TOWARD DESIRED RESULTS

CREDO Krajina's Purpose, Objectives and Desired Results

Purpose: To enhance the competitiveness of SMEs and local authorities in the Krajina region, thereby contributing to employment growth and poverty reduction.

Specific objective: to foster economic development in Krajina through support to SMEs from sectors with growth potential; promotion of public-private dialogue on implementation of the Small Business Act (SBA); and development of the local consultancy market.

Desired results:

1. At least 200 new jobs created and retention/formalisation of at least 1000 jobs
2. At least 50 SMEs achieve productivity improvement measured by value added or operating profit per employee
3. 10% increase in average salary in selected sectors
4. At least 4 Sector Boards established for priority industries
5. At least 50 SMEs in selected sectors invest in business/technology development under the Development Fund (co-financing grants scheme)
6. At least 20 SMEs in selected sectors benefit from demand-driven business development services

supported by the voucher co-financing scheme and other consultancy services
7. 10 municipalities and one canton use the Small Business Act as a tool for vertical and horizontal coordination of SME-related policies
8. 12 ‘SME Development Councils’ (now called ‘Economic Councils’) established as a new institutional mechanism for public-private sector dialogue at the local/cantonal level
9. At least 20 local and cantonal SME-related policies improved through public-private sector dialogue (SBA and SME Policy Index).
<i>Source: CREDO Project Proposal, Logframe, Nov. 2012, 6-month report, August 2014</i>

To what extent has the Programme attained the desired results to date?

Table 1 below shows progress on the outcome indicators. CREDO Krajina is on track to attain Indicators 1, 4, 5, 7 and 8. As noted in Section 4.2, several indicators still need attention. EDA is setting baselines for Indicators 2 and 3, and will do calculations at the end of the project. Indicator 6 originally targeted voucher scheme beneficiaries; so far eight have been approved. This indicator is tied to the objective of ‘developing the local consultancy market’. Its scope may be expanded. Indicators 7 and 8 also relate to other donor projects involving EDA (5 LECs directly linked to CREDO, and 7-10 under other projects using the CREDO methodology). Indicator 9 was discussed at length in Section 3.

Table 1: Progress on Outcome Indicators: CREDO Krajina: Feb. 2013 - Feb. 2015

Desired results:	Achievements by mid-February 2015, with 6 months remaining in Phase 2 (end)
1. At least 200 new jobs created and retention/formalisation of at least 1000 jobs	1. Development Fund contracts indicate that 133 new jobs would be created under the approved projects to 15 Feb. 2015. The Second ‘Call’ is expected to add a similar number.
2. At least 50 SMEs achieve productivity improvement measured by value added or operating profit per employee	2. <i>Baselines to be set.</i> Calculations to be undertaken at the end of the programme.
3. 10% increase in average salary in selected sectors	3. <i>Baseline to be set.</i> Calculations to be undertaken at the end of the programme.
4. At least 4 Sector Boards set up with at least 30 members.	4. 4 Sector Boards established: Metal, Wood, Food, Leather/ Footwear, with 48 members.
5. At least 50 SMEs in selected sectors invest in business/technology development (DF grants)	5. To date, 29 SMEs in the metal, wood, food and leather/footwear sectors are participating in DF projects, many with potentially good impacts. The second ‘call’ is expected to add a similar number, thus exceeding the target.
6. At least 20 SMEs in selected sectors benefit from demand-driven business development services	6. So far, 8 companies in the selected sectors have utilised the voucher scheme for local consultancy services aimed at increasing productivity and quality.
7. 10 municipalities, 1 canton, RS Government use Small Business Act as a tool for vertical and horizontal coordination of SME-related policies	7. EDA is working with 12-15 municipalities: 5 under CREDO and the rest under other projects. Piloting localisation of the SBA localisation methodology has the potential to deliver some interesting results.
8. 12 SME Development Councils established as a new institutional mechanism for public-private sector dialogue at the local/cantonal level (original 10 local and 1 cantonal)	8. The name has changed to <i>Local Economic Councils</i> . The canton was deleted due to political instability, and two more municipal LECs were added <i>en lieu</i> . Five LECs have been established under CREDO. Three are operational: Prnjavor, Bosanska Krupa and Mrkonjic Grad. Of the other two, Kotor Varos is

	stalled due to political problems, and Cazin is starting up a bit slowly. As in #5 above, EDA is working with 12-15 municipalities now, applying methodology developed under CREDO.
9. At least 20 local and cantonal SME-related policies improved through public-private sector dialogue (SBA and SME Policy Index)	9. Work on improving 7 policies has started as a result of CREDO activities with five municipalities. Need to define 'policy' clearly.

How does implementation compare to original plans? As mentioned earlier, following 4- to 6-month delays for the key Sector Board and Local Authority activities, activities are being implemented in a systematic and timely fashion. Most of the revised targets for the first half of Phase 2 have been attained, as per Table 2 below.

Table 2: Key Targets as per Plans, CREDO Krajina Implementation: Feb. 2013 –Feb. 2015

3 Phases: 15 February 2013 to 15 August 2015	Original and Revised Targets (Month, Year, #) (Source: Project Document, Action Plans)	Achievements by Feb. 2015 (Month, Year)
Phase 0: 15 February -15 August 2013: Preparations		
Baseline Study of Industrial Sectors	June 2013	September 2013: Draft presented November 2013: Final version published
Survey of SME 'councils' in BiH	March 2013	March 2013: attached to first semi-annual report
Concept Paper on Local Economic Councils (LECs) idea	May 2013	May 2013: attached to the first semi-annual report
Shortlist of appropriate local authorities for LECs	July 2013	July 2013: attached to the first semi-annual report
Establishment of Sector Boards	By August 2013 Target date for holding first constituent meeting with election of President	October 2013: Invitations sent to prospective members December 2013: 4 Sector Boards held first meeting
Sector Experts contracted	October 2013 (one for each priority sector)	November 2013
Education/training for SME managers/owners	April 2013: Needs analysis May 2013: Business Service Providers market analysis May 2013: Methodology for training programme	April 2013: Needs analysis completed May 2013: Analysis of Business Service Providers market completed May 2013: Methodology completed
CREDO Krajina Project Advisory Board (Sida approval)	By August 2013	September 2013 Advisory Board approved by Sida
SME Database	June 2013 (part of Baseline Study preparation) Updates: August-September 2013; February 2014; August-September 2014; February and July 2015 (source: Project Timeline, Annual Plans)	June 2013: Database designed as part of Baseline Study <i>Remark: Updating of databases is a continuous process, as noted in Section 1.6 of the second and third semi-annual reports.</i>
Phase 1: 16 August 2013-15 August 2014: Start-Up		
Development Fund	November 2013: Procurement policy completed January 2014: Development Fund Manual February 2014: Development Fund First Call for grant applications	November 2013: Procurement policy completed; Documents prepared January 2014: Development Fund Manual completed 2 June 2014: First Call for Development Fund grant proposals published

	<p>April 2014: Development Fund Committee established</p> <p>April 2014: at least 60 applicants received <i>Remark: The Project Document envisaged a First Call of €360,000 and 40 applicants. This was later revised to €500,000 and 60 applicants (i.e., to implement two equal Calls). The total of €1m and 120 applicants remains intact.</i></p> <p>End-May 2014: Contracts signed with at least 25 successful applicants Rev: August 2014 (Annual Plan)</p>	<p>27 March 2014: Development Fund Committee established</p> <p>2 July 2014: 132 applications received</p> <p>1 September 2014 (Phase 2): all applicants advised of approval or rejection</p> <p>23 September 2014 (Phase 2): contracts signed with 35 beneficiaries (29 SMEs, 4 NGOs, 2 municipalities) for a grant total of KM970 028, with an average CREDO share of 27%.</p>
Advisory Board first meeting	March 2014	27 March 2014
<p>Sector Boards</p> <ul style="list-style-type: none"> - Regular meetings - Study tours Round 1 - Training Programme for Sector Board (and other SME) Managers/ Owners 	<ul style="list-style-type: none"> - 5 meetings each between Aug 2013 and Aug 2014 - 1 study tour each during first 6 months - Education/training: 3 in 2014 and 3 in 2015, with at least 90 participants in the two calendar years 	<ul style="list-style-type: none"> - 5 meetings each in Dec 2013- Dec 2014 - 1 study tour each in March-April 2014 - 1 joint education/training event in July 2014 (<i>Challenges and development opportunities for industrial enterprises</i>, 26 participants, including 15 Sector Board members and their employees; 0 women)
SME Database update	August-September 2014	18 September 2014 updated; new data provided for use in analyses
Value chain analysis for priority sectors	June 2014	October 2014
Gap analyses for priority sectors	June 2014	December 2014
SME Barometer (1 of 4)	May 2014 (2 in 2014, 2 in 2015)	May 2014
Local Economic Councils established	From August 2013 5 councils in CY2014	<p>14 March 2014: initial workshop for Cazin, Kotor Varos, Prnjavor</p> <p>28 May, 3 July 2014: Kotor Varos initial & first LEC meetings</p> <p>29 May 2014: Prnjavor initial meeting</p> <p>3 June 2014: Bosanska Krupa initial meeting</p> <p>3 June, 8 July 2014: Cazin initial & first LEC meetings</p>
Local Economic Councils Self-Assessment Exercise	February- July 2014 Revised date: June-September 2014 (rev)	<p>4 July 2014: Bosanska Krupa</p> <p>8 September 2014: Kotor Varoš</p> <p>22 September 2014 : Prnjavor:</p> <p>2 October 2014: Cazin</p> <p>2 October 2014: Mrkonjić Grad:</p> <p>2 October 2014: Prijedor:</p>
Education/training for SME managers/owners	3 in CY 2014 and 3 in CY 2015	1 event: July 2014: <i>Challenges and development opportunities for industrial enterprises</i> , 26 participants, including 0 women. (2 more events in 2014: see below)
Phase 2: 16 August 2014-15 August 2015: Active Support & Implementation		
Extra Activity: Additional public call to provide grants for flood relief (joint EDA-NERDA effort under Development Fund, with an additional SEK 5m funding injection from Sweden)	From September 2014: SEK 5m grant co-financing available for flood relief for SMEs in Northeast and Krajina regions (KM 993,000, of which KM 973,096 disbursed)	1 September 2014 (Phase 2): Public call published. 117 applications received, 52 approved (21 applications from Krajina, 31 from NE, but 26 each for EDA and NERDA). Total value of projects: KM 5,437,191. CREDO share: 18%.

6 CREDO: OVERALL LESSONS LEARNED AND POSSIBLE NEXT STEPS

SME Database Update	August-September 2014	September 2014
Advisory Board second meeting	September 2014	8 November 2014
Advisory Board third meeting	February 2015	Not held in February 2015
<p>Sector Boards</p> <ul style="list-style-type: none"> - regular meetings <p>- Action Plans adopted by SB members</p> <ul style="list-style-type: none"> - Study Tours Round 2 - Final Meeting (#7) - Report on Phase 2 achievements and outlook 	<p>Meeting #5: Nov 2014 Meeting #6: Mar 2015 Meeting #7: June 2015</p> <p>September - October 2014</p> <p>Mar-May 2015 June 2015</p> <p>September 2015</p>	<ul style="list-style-type: none"> - Nov-Dec 2014: regular meetings #5 - Feb-Mar 2015: regular meetings #6 <p>- 23-24 Dec 2014: Sector Board Action Planning workshop</p> <p>- March 2015 (scheduled): Sector Boards to adopt Action Plans at 6th meeting</p>
Education/training for SME managers/owners, including Sector Board members	3 events in CY 2014 and 3 in CY 2015, with at least 90 participants (<u>45 in 2014</u> and <u>45 in 2015</u>)	<p>2 events held in Phase 2 to 15 Feb. 2015:</p> <ul style="list-style-type: none"> - 1 October 2014: <i>German market entry and linkages with German firms</i>, 27 participants, 4 women - 6-7 November 2014: <i>Improvement of production processes</i>, 25 participants, 2 women. <p>Total: 3 events in CY 2014, with 78 participants, including numerous Sector Board members and 6 women</p>
Local Economic Councils meet	From August 2013, ongoing	<ul style="list-style-type: none"> - 3 July 2014: Kotor Varos - 8 July 2014: Cazin - 25 Sept. 2014: Prnjavor (1st meeting) - 3 Dec. 2014: Prnjavor (2nd meeting) - 16 Sept 2014: Bosanska Krupa (1st meeting) - 23 Oct 2014: Mrkonjic Grad (1st meeting) - 30 Oct 2014: assistance provided to Prijedor (not officially a member of the CREDO programme) - 11 November 2014 - Thematic Meeting of LEC Mrkonjić Grad ("Increasing the competitiveness of wood processing enterprises in Mrkonjić Grad" project concept preparation) - 4 February 2015 - Thematic Meeting of LEC Prijedor (database of mineral resources in Prijedor area, project preparation) - 11 February 2015 – 2nd meeting of LEC Mrkonjić Grad - 27 March 2015 – 2nd Meeting of LEC Bosanska Krupa scheduled
Local Economic Councils Study Tour	Original: October-November 2014 Revised date: June-July 2015	Optional
Local Economic Councils Action/Improvement Plans, setting goals and actions to achieve them.	Original November - December 2014 Revised date: starting in March 2015 tba 2015: Prnjavor tba 2015 Mrkonjic Grad tba 2015 Bosanska Krupa tba 2015 Prijedor tba 2015: Cazin tba 2015: Kotor Varos	LEC action plans for 2015 are to be adopted at the next LEC regular meetings, tba.

Development Fund - Voucher Scheme	Before Dec 2014	23 October 2014: Voucher single 'call'. 8 applicants. 6 sets approved/contracted by Feb. 2015, including 2 joint applications.
- Grant Scheme Second 'Call'	Original: December 2014 Revised date: March 2015	
Economic Forum 1 of 2	August 2014 (rev: October 2014)	9 December 2014
Economic Forum 2 of 2	June 2015	
SME Barometer (2 of 4)	October 2014 (2 in CY 2014, 2 in CY 2015)	December 2014
SME Barometer (3 of 4)	June 2015	
SME Database Update	March-June 2015	

Source: CREDO Krajina Indicators, Annual Plan 2014, EDA Presentations, Website, Interviews with EDA, Reports.

5.2 QUALITY OF OUTPUTS AND ACTIVITIES

Have outputs/services reached the right people, delivered the right products, and been followed up appropriately?

Analyses and interviews with 22 companies and 6 local authority representatives indicated that CREDO Krajina activities and services have been correctly designed, targeted and delivered. The EDA Director explained that in designing the training and voucher programmes, they first conducted the baseline and SME training analyses and sector dialogues, and then tailored the training to address documented problems and needs. The voucher scheme was then linked to those needs, as well as to solutions identified in the training sessions.

How satisfied are clients/beneficiaries with the activities and results to date?

Sector Board members, municipalities and Development Fund beneficiaries said the EDA team had been consistently thorough, professional and responsive. Virtually all said the experience had surpassed their expectations.

Comments from Sector Board Presidents, Municipalities, RS Government

Leather Board: *"The analyses and agendas are ours; we created them. This was something we were missing. Very helpful to us as entrepreneurs." "Thank EDA on their job of trying to create a better society. Deeply appreciate their hard work."*

BL Chamber (Metal Board member): *"CREDO activities/analyses are complementary to Chamber work. This project is interactive and participatory in creating analyses and recommendations. Boards include the best among the sectors – doers, not complainers."*

Food Board: *"We identified key obstacles and after some 5 meetings, we were able to suggest how to resolve some issues. Value Chain analysis explores what can be done in short and longer term. This is the most serious work I have participated in so far."*

Leather Board: *"A study tour helped me with a common cash flow problem - how to shorten the period between buying raw materials and producing the final product. I was surprised that counterparts were frank and honest in relating their experiences. I found the answer to the question, and have shortened the period from 6 months to 2."*

Mayor: *"When preparing our development strategy, we had a public-private body, but only under CREDO was a proper council established. EDA was at first meeting -very important because people*

often accept advice more easily from outsiders. Now have daily communication with EDA and entrepreneurs. This LEC will give us a chance to institutionalise public-private dialogue, and therefore address needs.”

Municipal Business Development Agency: *“CREDO helped us to continue and intensify this cooperation. One is establishing our LEC in Nov 2014. We wanted to do so a year before, so we used push by CREDO to take the decision and act. Efficient process. Work plan focusing on concrete problems. Already some good results (Business Friendly certification, labour inspectors to deal with informal market, freezer for fresh fruit). Used DF for business zone improvements and have now sold 7-8 locations for new investors and expect to have 100 new jobs by end-2015. We could not have done this without CREDO.”*

Municipal Economic Development Department.: *“We previously intended to form such a body. With CREDO in last year we created the LEC. Had all necessary help from EDA on choosing members, topics to address, etc. As others said, having someone from outside works better. The first meeting was very successful; were able to identify some urgent things to resolve: e.g., poor supply of electricity in the business zone. Not jurisdiction of municipality, but we were able to take it up with the electricity company in a joint initiative of the municipality, companies and chamber. The joint approach is working much better. Also in the first meeting, we addressed the labour black market – same issue of no inspector. With our large number of entrepreneurs, it was justified to hire one, so we were able to act. Now we are working with secondary schools on vocational education to meet the skills needs of local producers.”*

Republika Srpska Ministry of Industry: *“EDA has done good work in tailoring the SBA to the local level. We are drafting a new strategy for SMEs based on the SBA, and we are going to work on vertical integration, with a new RS Council networking with the local LECs. CREDO fills a gap – wish there were more such practical initiatives.”*

Table 3: CREDO: Major Outputs and Activities, February 2013-February 2015

Product/Activity	Dates Completed
Baseline Study of 12 industrial sectors completed and 4 priority sectors identified	November 2013
SME Database	Ongoing
SME Training Needs Analysis	April 2013
Sector Boards established	December 2013
Local Sector Experts contracted	5 November 2013
Sector Board meetings (7 rounds of meetings scheduled during the programme)	1 st meetings: Dec 2013 2 nd meetings: Feb 2014 3 rd meetings: Mar-Apr. 2014 4 th meetings: May-June 2014 5 th meetings: Nov-Dec 2014 6 th meetings: Feb-Mar 2015
Sector Board Study tours (Round 1) undertaken	March-April 2014
- Leather/Footwear Board (1 tour, 7 participants)	23-25 March 2014
- Wood Board (1 tour, 8 participants)	27-29 March 2014
- Food Board (1 tour, 7 participants)	2-4 April 2014
- Metal Board (1 tour, 9 participants)	9-11 April 2014
SME Business Environment Barometer launched (1 of 4)	May 2014

Local Economic Councils established; first meetings held	May-July 2014 : establishment
- Kotor Varos: first meeting	3 July 2014
- Cazin: first meeting	8 July 2014
- Prnjavor: first, second meeting	25 September, 3 Dec. 2014
- Bosanska Krupa: first, second meetings	16 Sept. 2014, 11 Feb. 2015
- Mrkonjic Grad: first, second meeting	23 Oct. 2014, 27 March 2015
Development Fund Grant Scheme launched: First Call. KM 977,915 available for grants of up to 50% of total project cost, or KM 30,000 maximum.	2 June 2014
-of 132 applications, 35 co-financing grants approved and contracted (29 SMEs, 4 NGOs, 2 municipalities) - Total: KM 970 019 committed. Beneficiary share: 73% (KM 2,670,681); CREDO share 27%	September 2014?
Flood relief Public Call for both Krajina and NE (EDA/NERDA joint initiative) for grants of up to 70% of the total project cost, or maximum KM 20,000. KM 496,548 available for each region.	1 September 2014
--Of 117 applications, 52 approved (21 in Krajina, 31 in NE) Total :KM 496,548 committed in Krajina; total projects value: KM 1,522,576; CREDO share: 33%, vs 16% in NE. (Overall both Krajina and NE: KM 5,437,000 total; CREDO KM 973,000 = 18%). (In Krajina area, before floods supported firms had 893 employees; after support, 979.)	5 November 2014
Development Fund Voucher Scheme launched; KM 110,000 available for grants of 30-70% of consultancy services cost	23 October 2014
- 6 vouchers awarded to 8 SMEs for co-financing of advisory/consultancy services, including 2 sets of joint vouchers (an innovation introduced by EDA): Total projects value: KM 71,529, of which vouchers worth KM 46,500 are committed, with a CREDO share of 65%	Dec 2014-Feb 2015
Seminar 1 of 3 for Sector Board members and other SME executives: <i>Challenges and development opportunities for industrial enterprises</i>	23-24 July 2014, 26 participants
Seminar 2 of 3 for Sector Board members and other SME executives: <i>German market entry and linkages with German firms</i>	1 October 2014, 27 participants
Seminar 3 of 3 for Sector Board members and other SME executives: <i>Improvement of production processes</i> (Adizes)	6-7 November 2014, 25 participants
Value Chain Analyses completed for each sector, published	October-November 2014
Gap Analyses completed for each sector, published	December 2014
Sector Board Action Planning workshops	23-24 December 2014
Economic Forum 1 of 2	9 December 2014
SME Business Environment Barometer (2 of 4)	December 2014
Policy Brief on competitiveness and regulatory reform	12 February 2015
SBA as a tool for vertical and horizontal coordination of SME-related policies (all using methodology developed under	September 2014 - March 2015

<p>CREDO):</p> <p><u>CREDO</u>: Mrkonjic Grad, Prnjavor, Bosanska Krupa, Prijedor, Kotor Varos, Cazin (<i>Prijedor's CREDO status to be clarified</i>)</p> <p><u>ILDP (SDC/UNDP)</u>: Bihac, Kljuc, Sanski Most, Laktasi, Velika Kladusa, Jajce</p> <p><u>GIZ ProLocal and REGERD- EU</u>: Kozarska Dubica, Gradiska, Srbac, March 2015</p>	
What remains to be done by August 2015?	Scheduled
Sector Boards adopt Action Plans	March 2015
Round 2 Sector Board Study Tours	Mar-May 2015
Municipalities adopt Action Plans	From March 2015
SME Business Environment Barometer (3 of 4)	June 2015
SME Business Environment Barometer (4 of 4)	2015
Policy Briefs on (<i>topics to be based on Barometer results</i>)	2015
Economic Forum 2 of 2	June 2015

Source: CREDO Krajina Project Document Logframe, Annual Plan 2014, Presentations, Website

5.3 MANAGING TEAMS

In both group and individual interviews of EDA staff members, a sense of team spirit and shared vision prevailed. Much of the team had been together for several years. They appeared to have cohesive and congenial interpersonal relations.

The Director delegates effectively and exercises appropriate oversight. However, at times a more hands-on role could enhance management and quality control (e.g., of reporting).

An important feature of the CREDO model is that previous implementers are expected to assist new ones. This has important implications for efficiency and effectiveness. For both CREDO Herzegovina and Krajina, Sida contracted NERDA to be the 'mentoring partner'. By all accounts, the EDA-NERDA partnership in CREDO Krajina has been effective and harmonious. However, the lack of a formal role for REDAH is a shortcoming. (REDAH's Director said he had regularly provided informal input to the Director of EDA.)

Discussions with the EDA team, including the Development Fund Committee, indicated that they all would have benefitted from a more structured sharing of experiences on implementation issues with their direct counterparts in the previous CREDO programmes. For example, EDA, like REDAH, has both grant and voucher schemes; NERDA did not have a voucher scheme, so input from REDAH would have been helpful. This shortcoming can easily be addressed in the time that remains in CREDO Krajina, and in future CREDOs.

5.4 MANAGING CHANGE

To what extent have changes in mindset and behaviour occurred among the main target groups (SMEs and local authorities)? This section follows on from the overall CREDO discussion in Section 2.

CREDO planning documents contain a number of common change-related issues, including the following:

- Private sector scepticism about the utility of donor projects and grant schemes.
- A business ‘culture’ that tends to resist group approaches, one of the bases of CREDO’s Participative Integrated Economic Development model.
- Business reluctance (or disinterest) to seek or pay for management advice.
- Inherently ‘tense’ relations between local authorities and businesses, impeding their ability to find common ground.

This Review revealed that, as in previous CREDOs, these factors are being managed in such a way as to encourage change and cooperation without undue pressure. Part of the strategy is to be a good model oneself.

Initial ‘outcomes’ documented in Krajina interviews show that CREDO’s ‘theory of change’ has been effective in altering mindsets and behaviour. These outcomes mirror those of CREDO Northeast and CREDO Herzegovina at similar stages. They bode well for sustainability, if they are followed up and consolidated systematically.

- A ‘pleasant surprise’ in the high level of transparency and efficiency of the grant and voucher processes (A common comment from beneficiary SMEs: “*I can’t believe we got approved without knowing someone on the inside!*”).
- Elimination of initial business scepticism about donor projects (those with experience with other projects said CREDO was the most professional and efficient).
- Willingness among beneficiaries to share in the costs (in fact, a keen desire to see this model used more frequently: “*When there are no conditions or sharing, both sides lose,*” said one CEO).
- A change in mentality about group approaches: all Board members interviewed noted a growing and unexpected awareness of the potential utility of the Sector Board initiatives.
- Cooperation among companies in various sector groupings, leading to new business, import substitution, joint project and export bids, and plans for further collaboration.
- A wish, expressed by many SMEs, for ‘more CREDOS’, noting that it was the first time their efforts to grow and prosper had been recognised in such a fashion, and they no longer felt ‘alone’.

““*Training by Novi Sad?*” I once said as a joke. Now I have reasons to invite these consultants to come and help us. Without this project, I would not have been able to see how to improve productivity.” (Leather Sector Board member)

“When Board meetings take place at members’ companies, this often leads to cooperation, even the next day. Neighbours get to know each other. The host gets 15 minutes to present his company. At the end of the meeting, we have a tour of the factory, talk to workers, etc. At the sixth Metal Board meeting in Prnjavor, members discovered the host’s impressive results in selling to Scandinavia, Austria, France and Germany. He explained how they did it, and on the spot, we could see how EU standards were being applied. That motivated several firms to request voucher support for advice.” (Metal Board member)

“Due to CREDO, as an entrepreneur I am now looking at things differently. I am changing as a person – substantive, not cosmetic change. This will help me create something tangible and sustainable for the next generation.” (Metal Board member, whose daughter also participated in the interview)

“Most owners and managers in the leather sector are from old times, family companies. Now sons and daughters are succeeding them. One change initiated by CREDO is to get this younger generation more involved. At beginning, the owners saw CREDO as a platform for talks, but now after analyses, training and study tours, they can see the limitations in themselves in terms of transforming things. The next generation is considered more likely to adopt new practices, etc. CREDO is playing a useful role in this process.” (Leather sector expert)

5.5 MANAGING RISK

How effective have risk management strategies and actions proved to be in light of the actual challenges encountered in implementing the project? This section continues the discussion in Section 2 (CREDO Model) and 3 (Krajina Design).

Specific Risk Factors to Monitor

Sida’s February 2013 Decision on CREDO Krajina highlighted five risk factors that required regular monitoring and active mitigation measures and responses:

1. Objective: Number of Jobs Created
Risk: Instability affects participating SMEs
Mitigation: Follow annually and redesign at Midterm Review if necessary
2. Objective: Number of SMEs invest in technology
Risk: Lack of interest or funds to invest
Mitigation: The project promotes benefits of participation and investment
3. Objective: Number of policies improved through public private dialogue
Risk: Lack of interest or weakness in dialogue
Mitigation: The project promotes actively benefits to improved dialogue
4. Insufficient procurement capacity
Risk: No separate procurement department within EDA and procurement capacity is weak.
Mitigation: NERDA as partner to the project has prior experience and knowledge and will support/train EDA staff to manage procurements and the development fund
5. Insufficient ownership and support for the intervention
Risk: Complex political situation in BiH and lack of development policy
Mitigation: EDA and NERDA will make a sustainability plan which elaborates which activities/actions can continue after the end of Sida support

Source: Sida Final Decision on CREDO Krajina, *Beslut om insats* (N) (L), 11 February 2013

1. Jobs created. The overall target for the two rounds of Development Fund co-financing was 200 new jobs. According to contracts signed for the first round, 133 new positions would be created. Field interviews indicated that, with a few exceptions, the numbers were more or less in line with the grant agreements. Therefore, the overall target of 200 jobs is likely to be achieved after the second Round. For consistency across the board, further work is necessary to ensure that the numbers contracted and delivered reflect full-time equivalent jobs, and not seasonal or part-time positions.

Also, it must be recognised that automation often eliminates lower-skilled jobs and adds higher-skilled positions. Hence, CREDO's efforts to strengthen relations between industry and educational institutions are very important in terms of longer-term employment and productivity growth.

2. SMEs' capacity to utilise the Development Fund grant scheme. The first round attracted 132 applications; 35 were approved. Of these, 2-3 have cancelled their contracts because the equipment they wanted to buy was not appropriate, or was too expensive. There does not seem to be a problem of capacity to invest in most cases. In fact, SMEs frequently said the DF scheme gave them a 'timely push' to make a decision, and the application process helped them to think things through properly. A few, however, discovered after signing the contract that the desired equipment was beyond their means, and cancelled.
3. Policies improved through public-private sector dialogue. See Section 3 regarding this indicator. Despite the weaknesses in the indicator per se, EDA has introduced an innovative approach to policy dialogue and improvement. It has simplified and adapted the EU/OECD Small Business Act methodology to local authorities' needs and capacities for self-assessment and action, and is introducing it in several CREDO and other municipalities, with some promising initial moves.
4. Procurement capacity: To strengthen monitoring and internal controls, EDA improved financial bookkeeping and accounting software, and employed an assistant bookkeeper. In cooperation with NERDA, EDA updated the CREDO Development Fund manual and guidelines/procedures. *"These were already very transparent; we tried to make the guidelines more user friendly; to eliminate doubts, we used precise definitions, and we aligned the process with EU PRAG. To increase relevance for business, we created two sets of applications (Nerda had one): (1) for companies, these were aligned to normal business planning, with two separate application forms; and (2) for municipalities and NGOs, we kept the NERDA project-based requirements."* To ensure sufficient expertise in this new area, EDA hired a former manager of the Eurelsmed voucher scheme.

According to the Auditor's report (latest May 2014), CREDO procurement processes follow recognised standards and are transparent and well documented. In

interviews, contractors said the tender information was easy to understand, the application process was straightforward, EDA staff was responsive to questions, and procedures were completed in a timely and efficient fashion. Applicants to the Development Fund told the evaluation team that the process was transparent and straightforward, and the EDA team was professional and efficient.

5. Ownership and support for CREDO Krajina

This has not posed a major challenge. As explained in earlier sections, the CREDO methodology provides a good basis for developing ownership and accountability.

Development Fund risks

Regarding the Development Fund grant schemes, interviews indicated some room for strengthening risk management, in terms of monitoring Development Fund beneficiaries vigilantly and not automatically trusting the evidence provided. Though based on reimbursements against receipts and official documents, the schemes are not fail-safe. Increasingly, firms are using many means to secure funding from donors and government agencies, including contracting outside consultants to search for money, and complete and process project documents. As such consultants' payments may depend on the funds that they secure, the likelihood of unprofessional practices rises. In monitoring beneficiaries, CREDO staff should be vigilant. Receipts can be faked, dates can be altered, new jobs can be part-time or seasonal, etc. It would be useful to review the indicators and application forms to ensure that full-time equivalents are used for job creation targets.

Political and economic risks

The other major **risk factors** are the ongoing economic and political instability. The three projects managed these by 'being there' for SMEs during the economic crises and natural disasters of recent years (floods, heavy snow), and by offering an effective, apolitical forum to support business cooperation and development. The timely assistance provided jointly by EDA and NERDA in the aftermath of the floods in 2014 consolidated the view (expressed by a number of beneficiaries) that CREDO was there for them when others were not.

Regarding local authorities, the risks posed by political uncertainties have been more difficult to manage. Local elections tend to bring everything to a stop for a time, and political instability is a fact of life. In Krajina, EDA decided to remove the cantonal targets from the LEC indicator because the sole canton in the region (Una-Sana) was in the midst of drawn-out political problems. In addition, one of the municipalities that seemed promising at the beginning – Kotor Varos (home to numerous fast-growing SMEs) – is also in a political stalemate.

Some stakeholders, including municipality staff, suggested institutionalising CREDO activities at the working, instead of political, level. CREDO directors worry about such an approach, because "having mayors on board increases the chances of suc-

cess”. The Director of CREDO Krajina said that, in his experience, when the mayors come from the private sector, things tend to go better. This area needs more strategic thinking – on a CREDO-wide basis. In due course, the SBA localisation trial may provide some guidance. EDA’s LEC/SBA team said that overall the private sector had shown unexpectedly strong interest in the LEC initiative, and some encouraging progress had taken place in three of the five municipalities.

Asked if this type of Local Economic Council was a sustainable model, the four LEC representatives present at the focus group meeting responded:

Bosanska Krupa: *“We always need to have dialogue, and for us, it is much easier to communicate with business on sectoral issues. We are hoping that the CREDO LEC will offer us an opportunity to revive the association, since that would help resolve the problem of getting people together for meetings.”*

Mrkonjic Grad: *“As long as we try to resolve issues at the local level and provide results, the LEC will be sustainable. We also have problems organising meetings, so the key is to ensure that we give not just the right answers, but results.”*

Prnjavor: *“The LEC is sustainable because there are common issues on both sides. It is important for us to be seen as serving the business community. As long as we can address the problems....”*

Kotor Varos: *“Once we get back on track, the LEC should be sustainable because it involves the most significant members of the business community and gives them a forum for addressing issues locally and higher up.”*

The current linking of some LECs to the donor-driven ‘Business Friendly’ certification programme has introduced some rigidities that could be counterproductive. The EDA team suggested detaching LECs from the ‘Business Friendly’ certification process so that the President of the LEC could be a business person, not a mayor. Municipalities agreed that this made more sense.

5.6 STAKEHOLDER RELATIONS

Relations with Board members, municipalities and other relevant stakeholders

The team interviewed about 20 of the 48 Sector Board member companies, four of the five municipalities, members of the Advisory Board, members of the Development Fund Selection Committee, local sectoral experts, etc. They were quite satisfied with their roles in the project and with EDA’s management of it. The municipalities agreed that the challenges were great at their level and any problems were their responsibility, not EDA’s.

Relations with Sida and the donor community

Sida and other major donors and partners (e.g., SDC, GIZ, UNDP) said relations with EDA were longstanding, professional and cooperative.

Relations with entity and national authorities

EDA has good relations with Entity authorities; this was confirmed by the RS Ministry of Industry. A national official involved with SME issues is on the CREDO Advisory Board, but he was not available for interview during the field mission.

“In the last two weeks we have been interacting with the RS Ministry of Industry regarding their potential priorities for the next 2-3 years based on the SBA evaluation they just completed. We have a tentative agreement to link policy improvement priorities to the desirable interventions identified by our sector boards and the priorities identified by our LECs. The next step is to help the Ministry improve the draft SME development strategy to 2020 in order to include those priorities and links. The strategy should be adopted by the end of 2015.” (Director, EDA, 5 April 2015)

5.7 COMMUNICATIONS AND VISIBILITY

EDA was already visible and well known before CREDO began. People interviewed say it is now much more so. EDA main communication tool is its website (www.edabl.org) which offers full coverage of the CREDO project (www.edabl.org/en-UK/Credo/Default.aspx), as well as publications and services. The Evaluation team was impressed by how many people said, without being asked, that they regularly visited EDA’s website and had even read its recent policy brief on competitiveness (which had been released just before the field mission). RS Ministry officials, for example, were keen to discuss its “thought-provoking” assertions, as were a number of SMEs.

Use of communications as a strategic tool for change

As suggested in REDAH’s 2012 midterm review, CREDO offers an excellent opportunity for implementers with the necessary tools and networks to strategically communicate key ‘change’ messages on an ongoing basis. This will make the issues more ‘familiar’ and thereby help to change mindsets (e.g., showcasing results to build confidence, inspire change). Such strategies would fit well with CREDO activities such as the Development Fund, sectoral activities, the Economic Forum, the SME Barometer, etc. Creating communication strategies around them offers an opportunity to strengthen ‘change’ management and influence people at different levels. This is an issue close to the EDA Director’s heart; EDA has initiated steps in this direction.

Some Indicators of Communications Effectiveness

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

5.8 CROSSCUTTING ISSUES

To what extent is gender equality mainstreamed in the programme’s implementation? Gender mainstreaming is a weak point in CREDO. Among the CREDO im-

plementers, NERDA probably has the most female presence at decision-making levels.

EDA has no women among the sector coordinators or sector experts, and very few women have participated in CREDO Krajina SME activities: Sector Boards, training and study tours. However, women do make up half of the CREDO Krajina Advisory Board and the Development Fund Selection Committee. Women also figure strongly in Krajina local authority-related activities, particularly in the more active municipalities.

EDA has developed a set of gender indicators, in line with its February 2013 agreement with Sida. These need refinement. Some initial suggestions are at the end of Annex 9.

In terms of gender mainstreaming, the Development Fund voucher scheme incorporates gender-weighted criteria, for example:

Voucher scheme, page 9: 6.3. Evaluation of applications and selection of voucher beneficiaries: one criterion for determining percentage of co-funding is *"Gender structure of owners, managers and employees of the applicant: higher percentage of co-funding will be proposed for applicants with a more balanced gender structure"*.

One of the problems with this is that so many programmes have similar criteria and some companies have 'appointed' women (e.g., wives) as directors or even owners in order to qualify. This defeats the purpose.

Has the programme led to better opportunities for women? Interviews with leather sector beneficiaries, which employ predominantly women, indicated that women were benefitting indirectly from CREDO – through the purchase of more sophisticated machines which enhanced their efficiency and productivity (and motivation). (Of course, in some cases, more sophisticated machinery reduces the need for lower-skilled workers; these may or may not be women.)

Interviews confirmed that CREDO activities had enhanced awareness of proper succession planning and that in a number of cases - in all three regions - this involved father-daughter teams.

The Evaluation Team counted 13 women among the 48 Krajina Sector Board members or key contacts for Development Fund and prioritised them for visits. In the end the team saw about 10 women, including only a couple of genuine Board members and numerous young women who were assigned to see us because the Board member/owner was unavailable at the last minute. Their input was quite useful, indicating

that in several sectors women are being assigned to marketing as a ‘new topic’ (a few times they attributed this directly to CREDO’s emphasis on marketing). So if EDA decides to pursue marketing further (e.g., with CIM), it should ensure that these women in particular benefit. The team also met several female owners, finance and production managers who provided interesting insights.

Several owners and senior managers mentioned a ‘perception’ that women are better than men at finance and marketing.

Environment

EDA is promoting environmental sustainability and energy efficiency in Development Fund grant and voucher schemes. For example:

- Development Fund grants, Guidelines, page 7, Point 5.2.2. Acceptable activities include "improvement of energy efficiency". Page 14, Point 2.6 in the Evaluation table of Guidelines for applicants defines additional qualities of eligible projects, including protection of environment.
- Voucher scheme, Point 3. Consulting services portfolio defines as examples of activities “Improvement of responsibility of the company towards environment (e.g. energy efficiency)”.

A number of companies mentioned the importance of energy efficiency (eg, metal processors), and gave examples of how modern equipment purchased with the help of Development Fund grants had addressed such issues.

Regarding environmental issues, one of the Food Sector Board’s major action priorities is to improve meat industry waste management. Metal and wood beneficiaries also showed the evaluation team how they have used grants to reduce waste.

EDA is planning to offer further activities related to energy efficiency in coming months. NERDA has been involved in energy efficiency projects for some years and can provide useful advice.

Further comments and recommendations on gender and environment are in Sections 7.1 and 7.4

6 CREDO: Overall Lessons Learned and Possible Next Steps

6.1 SUM-UP: EFFECTS AND LESSONS LEARNED

What have been the effects of CREDO since it started in 2007? Are the outputs and outcomes (eg, jobs created, collaborative bodies, mindset changes) sustainable in terms of beneficiaries' resources? Are ownership, commitment and capacity sufficient to sustain the aims and gains post-support?

Outputs

A number of the activities pursued under CREDO have the potential to become permanent activities for the implementers (and indeed are doing so):

- SME Barometer (tracking competitiveness factors)
- Training and skills building
- Bringing together business, local authorities, educational institutions
- Business events such as the Economic Forum with a continuing focus on competitiveness issues
- 'Think tank' (add value through innovative research, analysis and strategic thinking)
- Cross border trade support
- Servicing Sector Boards if and as they evolve into more permanent bodies.

Outcomes

In the first two CREDO programmes, the SME-related outcomes have largely been sustainable. NERDA and REDAH databases show that employment in many CREDO participants has expanded since the programme ended. Interviews revealed that participants considered the mindset changes and the ownership aspects the most important and enduring outcomes. These outcomes have led a number of the Northeast and Herzegovina Sector Boards to evolve – or to be considering the potential to evolve - into collaborative bodies (Annex 7). Others said they could have done so if secretariat support had been available. This view was echoed by the four Krajina Sector Board presidents: *“The Boards are practical, work-oriented and very useful, but they are not sustainable without longer-term facilitation and coordination.”*

Regarding local authorities, each regional programme has had to contend with ownership-, commitment- and capacity-related challenges, in addition to ongoing political issues specific to the particular region. Unlike the rest of the CREDO programme, no common methodology exists for strengthening public-private sector interaction. Each CREDO implementer has taken a different approach, depending on its pre-CREDO relationship with municipalities, and its other donor projects. Nevertheless, some successes have occurred in Northeast and Herzegovina, and Krajina's approach using a

new methodology is showing some promise. It will be important for the three CREDO teams to examine together the successes, failures and lessons learned, in order to determine a more coherent way forward.

Are the gains sustainable and relevant enough to lead to the desired impacts? The outcomes are definitely relevant enough to conclude that the CREDO model has the potential to contribute to more competitive sectors, sustainable job creation and poverty reduction.

What lessons have been learned that might be applicable to future endeavours?

The overall lessons learned are:

- Direct support to SMEs can work better than indirect support through institutions.
- The choice of partners is crucial for success: competent **local** organisations to deliver the CREDO programme, and healthy growth-oriented SMEs, ‘willing and ready’ local authorities and ‘open-minded’ other institutions (e.g., universities, chambers).
- Close cooperation among past and present CREDO implementers is vital.
- Sustainable results require a proven methodology, transparency, a heavy investment of time, systematic and sensitive relationship building and nurturing, a realistic understanding of the possibilities and potential, and the ability to be flexible.
- The methodology needs time to produce results; it is important to not force things.
- Nonintrusive confidence-building is effective in helping participants to help themselves and take ownership.
- The flexibility of Sida and CREDO to allow implementers to adapt the approach to different circumstances and target groups has been an important success factor.
- Some early concrete results (e.g., business-to-business collaboration) are necessary to convince people that they are investing their time well.
- Targeting things that can be accomplished with the resources at hand is an effective way to start the ball rolling and manage expectations. This is particularly important in public-private sector dialogue at the local level (i.e., focus on what can be done without involving higher authorities).
- More time is required to achieve and consolidate gains; the lifespan of Sector Board and Local Authority support is not long enough.
- A balance between local and higher-level efforts is necessary and requires a long-term strategy (other lessons learned are set out in Annex 7).

6.2 POSSIBLE NEXT STEPS

What could be the follow-up and next level of interventions after CREDO Krajina?

Replicating CREDO in Herzegovina and Krajina has shown that the concept and methodology are effective in addressing needs that are common across regions and the methodology is sound. It is therefore replicable in other regions (even across the Balkans), as long as it is tailored to local realities and given enough time to attain concrete results. It will remain important to analyse carefully each region’s particular

needs and objectives, identify the gaps related to SME competitiveness, and address them with a CREDO programme tailored to that region's circumstances and potential. Interviews and analyses indicated that key outstanding issues for SMEs in all sectors and all three regions remain:

- Access to raw materials
- Availability of skilled workers and managers
- Brainpower and technology
- Access to reasonable funding (e.g., lower interest rates)
- Access to export markets (including standards, certification, SPS issues, cooperation on bidding for large-volume projects, marketing, etc.).

Some of these issues can be resolved at the local or entity level; others require broader or higher-level interventions (advocacy at the State level of government). Ideally, an effective parallel top-down, bottom-up approach can be designed. This means maintaining local-level and SME support, and adding efforts to secure higher-level solutions. Some steps in this direction have occurred as a result of CREDO (e.g., the plastics recycling law change initiative).

In line with Sweden's 2014-2020 Regional Results Strategy, a future CREDO could enhance its direct support to SMEs, while at the same time strengthening its approach on vertical/horizontal integration of business-related regulatory reforms, public-private sector interaction, and female entrepreneurs. This would require close coordination with other donors who are also working on vertical integration, public-private sector dialogue and gender issues.

A national CREDO?

This issue was discussed in some detail in Section 2.3. Some of the former Sector Boards of CREDO Northeast and Herzegovina are evolving into more permanent associations, clusters or informal groupings, filling a gap at the regional level. They say the next step is to fill the gap at the national level. They mention two main objectives: to expand intra- and inter-sectoral business development, and to advocate more effectively for vital action at higher levels of government (e.g., ministries responsible for trade policy and education). These aspirations were aired frequently in interviews, with past and present Sector Board members, and other CREDO participants as well.

This could therefore be one area that Sida might consider for future interventions. In doing so, it would be important, to consider how to address the two regions that have not yet enjoyed CREDO programmes (Central and Sarajevo). It would also be important to ensure that the critical 'local' element is strengthened, so that a parallel top-down, bottom-up approach would be effective. Close and collegial cooperation between new and veteran CREDO implementers is an important success factor. NERDA, REDAH and EDA would therefore be essential allies in any future CREDO programmes.

7 Conclusions and Recommendations

Implementation of CREDO in three regions of BiH since 2007 has demonstrated that the concept and methodology are sound and replicable. CREDO offers an efficient and effective, highly participatory approach to secure results and change mindsets through direct assistance to SMEs. It addresses needs that are common across BiH regions and industrial sectors. It is a continuous learning and improvement experience for all involved, from the implementers to the beneficiaries.

That the gains continue to be built on after each CREDO programme finishes is an important indicator of sustainability. The crucial role of the local CSO partners in achieving and sustaining the results must be emphasised. It is unlikely that these successes could have been delivered by the typical ‘fly-in, fly-out’ projects managed by consulting firms from abroad. In the future, NERDA, REDAH and EDA should remain indispensable allies in replicating CREDO elsewhere, including at the national level.

The following conclusions and recommendations address the key findings of the analysis and field interviews.

7.1 CONCLUSIONS ON THE CREDO MODEL

Conclusion 1: CREDO will remain relevant as long as there is a gap in support for SMEs at any level (gaps now exist at all levels). The overall approach is unique, effective and cost-efficient. It plays a valued ‘neutral’ role in facilitating dialogue and interaction among business people, between business and local authorities, and between business and education institutions.

Conclusion 2: The methodology and its flexibility to adapt to different circumstances have ensured CREDO’s continued relevance for achieving the overall objectives of SME development, employment generation and poverty reduction. Flexibility per se is always a delicate ‘balancing act’. So far, Sida and the CREDO implementers appear to have managed it well. But it is definitely something that must continuously be *managed* conscientiously.

Conclusion 3: The three CREDOs to date have delivered important results and sustainable changes in mindsets and behaviour. There is considerable merit in continuing to support the methodology and the ‘by locals for locals’ delivery method in order to consolidate and engender cumulative results.

Conclusion 4: CREDO could produce even better results by strengthening the lifespan of the Sector Boards, the approach to local authorities, the mechanism for sharing experiences and lessons among past and present CREDO teams, and exit strategies.

Conclusion 5: The outcome indicators reflect the objectives well (job creation, productivity increases, sector boards, salaries, application of the Small Business Act and tools for public-private sector dialogue). Chapters 3 and 5.5 offer suggestions for improving their effectiveness as monitoring and measuring tools. For example, while Krajina job creation targets of 200 new positions are likely to be attained after the second round of grants, it is not clear how many of those will be full-time equivalent positions, given the high incidence of part-time and seasonal work in certain sectors. This illustrates that while CREDO rightly places strong emphasis on job creation, it may not be numbers *per se* but rather quality and sustainability of new jobs that constitute the real issue. It must be recognised that automation leading to higher productivity often eliminates lower-skilled jobs and adds higher-skilled positions. Hence, CREDO's efforts (from the beginning) to strengthen relations between industry and educational institutions are very important in terms of longer-term employment and productivity growth. There is no indicator for this; yet as Annex 7 shows, it appears to be one of CREDO's successes in all three regions.

Conclusion 6: Gender mainstreaming and environmental sustainability are not as well thought out as they might be, in terms of applying them practically in CREDO. Implementing teams may benefit from expert guidance on these issues

Conclusion 7: At the local authority level, many donor projects are approaching similar problems in different, sometimes conflicting, ways. The CREDO implementers are often involved in local government-related projects and try to integrate CREDO into these ongoing activities. This integration is good practice in principle, in terms of efficient use of resources and multipliers, but the lack of coordination (at donor and local authority level) and the resulting fragmentation have impeded the potential effectiveness of the CREDO-supported interventions. Longer-term support and better coordination with other donors could deliver more coherent and sustainable results. CREDO has the potential to be a vehicle for linking efforts. Used strategically, this could enhance chances of achieving the desired impact of job creation leading to poverty reduction.

Conclusion 8: CREDO could extend its impact by addressing well-documented SME issues on a broader scale. Some of these issues can be resolved at the local or entity level; others require broader or higher-level interventions. In interviews, numerous stakeholders indicated their desire for a CREDO-type approach to tackle national SME issues. Some promising steps in this direction have begun as a result of CRE-

DO, and the three CREDO implementers, as neutral facilitators, could play a valuable supporting role well into the future. In line with Sweden's 2014-2020 Regional Results Strategy, a future CREDO could enhance its direct support to SMEs and female entrepreneurs, further facilitate public-private sector interaction and encourage vertical/horizontal integration of relevant regulatory reforms. This would require close coordination with other projects targeting similar issues.

7.2 RECOMMENDATIONS ON THE CREDO MODEL

Strengthening the Model

1. Redesign the Sector Board methodology to keep Boards operating and increasingly focused on results throughout the whole programme, allowing them sufficient time to act on their Action Plans (at present, they terminate prematurely).
2. Establish a common methodology to address issues relating to local authorities and public-private sector action on the local business-enabling environment. The three CREDO teams and relevant Sida BiH staff now have sufficient combined experience with municipalities and SMEs to determine what approaches could work. Ideas could be drawn from the Sector Board methodology and the current Krajina SBA localisation approach, once it has matured.
3. Include, in future CREDO design and implementation, a formal and well-structured mechanism for sharing of lessons and experiences by *all* previous CREDO implementers (Directors *and full teams*, including sector experts). This would improve the efficiency and effectiveness of the overall model.
4. It would be interesting to reflect on how future CREDO programmes could take better advantage of the sector experts' rich experience and how the learning experience of Board members could be transmitted to the rest of their sectors.
5. Similarly, future CREDO design should give more thought to the phase-out and exit stage, with a view toward more strategic consolidation and sustainability of achievements.
6. The three CREDO implementers should agree on common terminology in local language and English, and eventually revise their websites accordingly. For any future programme, it would be useful to have a 'glossary of terms' that can be used as a standard approach by all CREDOs. This would resolve confusion over the various types of 'Boards', 'Barometers', 'Work' vs 'Action' Plans, etc.

Next Steps

7. Should Sida decide to extend CREDO Krajina beyond August 2015 in order to consolidate promising advances on both SME and Local Authorities support, it may wish to suggest piloting the above recommendations for the remainder of the programme (i.e., keep Sector Boards and LECs operational and focused on implementing action plans, and achieving some sustainability-building ‘wins’ before the end of the project).
8. In the future, Sida should consider designing CREDO programmes to take place over a longer period. Some past and present stakeholders with a ‘big picture’ view suggested five years divided into two phases: 2 years to set a solid base, and 3 years for implementation and consolidation.
9. Given strong support (documented in interviews with stakeholders in all three regions) for extending CREDO to the national arena, Sida and the three CREDO teams may wish to consider jointly the next steps, to explore what kind of approach could add the most value, building on CREDO achievements to date and addressing the need for higher-level solutions for SME issues.

Donor coordination

10. Sida, donors and local authorities should find ways to coordinate more effectively on local government programmes.

7.3 CONCLUSIONS FOR CREDO KRAJINA

Conclusion 1: CREDO Krajina is being implemented professionally and systematically. With the cooperation of NERDA, EDA has refined and improved the CREDO model to tailor it to Krajina’s needs and realities, and to fit with relevant ongoing initiatives. It has introduced a number of innovations to strengthen the voucher scheme and public-private sector interaction at the local level. It has exposed company executives to new perspectives on competitiveness and productivity, and with the Development Fund and other activities, has given firms an opportunity to apply them.

Conclusion 2: Interviews with 22 companies in all four targeted sectors and four of five municipalities in the CREDO programme indicated that the support could have a positive impact on competitiveness, through greater productivity, new technology, higher quality, additional capacity and better management. Specific improvements were documented at the SME level, and some advances at municipal level, as well.

Conclusion 3: CREDO Krajina’s relatively short timeframe of 30 months (finishing in August 2015) constrains the ability to consolidate and extend promising advances to date among SMEs and LECs, and undermines the sustainability of achievements.

Conclusion 4: As with previous CREDOs, reporting to Sida could be better organised and more user-friendly.

Conclusion 5: Feedback from clients indicates that EDA's young and motivated team has handled challenges well. However, they may benefit from additional guidance from the top and contacts with their counterparts in NERDA and REDAH.

7.4 RECOMMENDATIONS FOR CREDO KRAJINA

1. Sida should consider extending CREDO Krajina 6-12 months, to give it more time to consolidate promising Sector Board and Local Economic Council activities.
2. Should Sida decide to extend CREDO Krajina beyond August 2015, it may wish to suggest that it pilot the CREDO Model Recommendations 1-5 above, for the remainder of the programme: e.g., keep Sector Boards and LECs operational and focused on implementing action plans and securing sustainability-building 'wins'.
3. Sida may wish to provide expert guidance to CREDO Krajina, if extended, to elaborate thinking, strategies and appropriate indicators for gender mainstreaming and environmental sustainability objectives.
4. EDA should ensure that women with marketing responsibilities in CREDO-supported SMEs are given priority to benefit from training and other opportunities relating to marketing and promotion (including branding and standards).
5. In reviewing Development Fund applications seeking higher weighting due to 'gender structure', EDA should interview the relevant women to ascertain if they are indeed actively involved. It may wish to consider disqualifying firms that simply assign women 'on paper' to key positions in order to meet such criteria.

Reporting and Management

6. In the interest of efficiency, CREDO Krajina reporting to Sida should take the form of a single report, combining both EDA and NERDA inputs, as envisaged in the original Krajina Project Document (under 'Management'). The current practice of two voluminous, virtually identical reports wastes time and paper.
7. Sida may wish to request an annual (or even 'two-year' report), rather than another semi-annual report, for the period ending February 2015 (the end of two years). EDA's Agreement with Sida requires annual reports, deliverable before 10 May 2014 and 10 May 2015. So far, in the two full years of the project, no annual narrative report has been issued – only three six-monthly reports.

8. CREDO Krajina activity and outcome indicators could better reflect relevance, results orientation and links to objectives. (The ToR for this evaluation requested a review of the indicators; detailed suggestions for improvements were shared with EDA and it has adopted many of them already: Annexes 8 and 9.)
9. For ease of comparison and monitoring, EDA may wish to consider presenting activities and results by Phases, instead of by calendar years.
10. Similarly, EDA should streamline the current results reporting (pages 12-20 of the third semi-annual report) from 4 tables for each set of ‘output/activity’ indicators to 1 overall table occupying no more than 2 pages, supplemented by the improved activity/outcome indicators table in the Annex. The coverage of variations could be simple, with bullets or one tight paragraph per affected indicator.
11. In reporting, EDA should clarify terminology and apply the agreed terms consistently. For example, ‘target’ could be used in referring to desired results. ‘Results’ could be used for actual achievements. It might be useful to define the word ‘policy’ in the LEC outcome indicators, as well.
12. EDA, in cooperation with NERDA, should review risk management strategies to (1) strengthen monitoring of Development Fund beneficiaries and (2) address political uncertainties at the local level.

Annex 1 – Map



Annex 2 – Terms of Reference

Case No. UF2011/76129

Date: October 24, 2014 (final version 3)

Terms of reference/Requirements specification – Review of the CREDO Krajina

1 BACKGROUND

Over the past seven years and covering three different Development Cooperation Strategies, Sweden has been a strong donor in the area of private sector development in BiH. During this time, under the Economic Development/Market Development area of development cooperation strategy, Sweden supported a series of community driven, locally implemented projects aimed at increasing livelihoods through job creation in the productive small and medium size enterprise (SME) sectors.

The first project, the Competitive Regional Economic Development Project in Northeast BiH (CREDO NE), a 30+MSEK 3 year project which ended in December 2011, implemented by the Northeast Regional Economic Development Association (NERDA);

The second project, the CREDO Herzegovina, a 20+MSEK 3 year project, which ended in the first half of 2014, implemented by the Regional Development Association of Herzegovina (REDAH);

And the third, the CREDO Krajina, a 30+MSEK 3 year project which is mid-term in implementation and implemented by the Enterprise Development Agency (EDA)

All three projects operate/ed in different geographic regions but share the same model or similar elements of the implementation methodology (named CREDO) with similar results indicators. CREDO stands for a SME competitiveness programme, the acronym is spelled out Competitive Regional Economic Development.

Implementing organizations are similar in mission, structure, size and age with the distinguishing feature that the first two were implemented by NGO organizations established through the EU financed EURED project, while the third ongoing CREDO is implemented by a self-established local development NGO. Another less distinguishing operational feature is that the first CREDO implementer assists/ed the two follow-on CREDO implementers in an advisory junior partner role.

2 SCOPE OF ASSIGNMENT

2.1 General information

The main beneficiaries of CREDO projects are unemployed population, the poor people actively seeking new and better job opportunities. In order to enable this category to benefit from the project it is necessary to involve the many stakeholders including **SME managers/owners, municipalities (mayors and chiefs of economic departments), cantons, education institutions, chambers of commerce, chambers of crafts, local development agencies, non-governmental organizations-NGOs dealing with economic issues, cooperatives and other relevant economic actors** in a wider geographical area sharing some common economic denominator (usually clustered around a big city) and, more importantly, having a critical mass of SMEs with growth potential to benefit from a competitiveness programme. In BiH context, the CREDOs have worked in areas covering at least 20 administrative municipalities, crossing over canton and entity administrative boundaries.

Twenty years after the war the country is lagging behind most of its neighbours in the Western Balkans when it comes to EU approximation agenda. The lagging performance extends across all sectors of public administration including the structures dealing with supporting the private sector and business environment. As the condition has lasted for such a long time, more than a few local development NGOs were established through various internationally funded projects dealing with stimulating private sector development.

Through one of the larger and probably the most controversial such projects, the EURED project, 5 “economic regions” were established. The EURED project failed to create regional development agencies in BIH but brought about the creation of 5 local development NGOs. The failings of the EURED project are complex and political confirmed by the fact that even though almost a decade has passed since, a legal framework has not yet been created in BIH for regional development, i.e. BIH has not divided its economic territory according to NUTS classification due to adverse political conditions. Four development NGOs remaining after the EURED project are geographically based in hub-cities,

and there are **5 industrial hub cities: Banja Luka, Tuzla, Zenica, Sarajevo and Mostar**. The EURED established Banja Luka regional development organization does not exist anymore. However, another local development NGO, called Enterprise Development Agency (EDA), with which Sida has partnered has been in existence for a similar if not longer period of time as in the other hub cities.

The reason why Sweden chooses the local implementation modality for a part of its private sector development portfolio is that it was assessed that the implementation capacity was judged to be on a high level, **the organizations were not prone to political cronyism and were overall staffed by professionals knowledgeable about running development projects in various sectors**. It should be noted that many projects were international donor project, including bilateral supported projects. Thus a competitiveness programme CREDO, as mentioned above the acronym standing for Competitive Regional Economic Development, was launched in 2006 with NERDA Tuzla, replicated in Mostar with REDAH and now in third round with EDA Banja Luka over the past 7-8 years.

Specific objectives of all three CREDO projects have been/are:

- To support SMEs growth and job creation. The model begins by identifying sizable number (at least 150-200) of SMEs with potential to benefit from competitiveness activities.
- To improve local business enabling environment through support to local governments. Business enabling environment is to be improved through tailored support to at least 5-10 municipalities and/or Cantons.

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, and sustainability of the CREDO Krajina project against the expected results, on the basis of the indicators formulated in the project logical framework.

2.2.2 Specific objective(s)

The specific objectives of the assignment are:

- **To assess the relevance of the CREDO Krajina and the CREDO methodology as a whole.** 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 (cantons, municipalities) EU, other donors, interest groups. The evolution of the context over time and how the programme adapted to this should also be reviewed. The evaluation should cover beneficiaries of all CREDO projects, not only of Krajina CREDO.
- **To assess activities and their relevance against the design.** 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, time spent 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 what would have been the best time to perform the activities?
- **To assess the effectiveness of project implementation with special focus on sustainability of the CREDO model.** 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. The evaluation should not be limited to the beneficiaries of CREDO Krajina but other CREDOs, i.e. it should cover other companies that worked with previous CREDO projects years ago and can show more realistic sustainability effects than recent CREDO.

- 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 for the future, i.e. what could be the follow up and next level of interventions after CREDO? Provide some ideas on how to best leverage both private and public sector funds for SME development and sustainable private sector job creation. Are Public Private Partnerships with municipalities or other levels of government to be considered as the best future mechanism to achieve good leveraging of public and private funds for the aforementioned goals?

2.3 Activity and timeframe

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

Activity	Timeframe
Preparatory activities (e.g. methodology, review design and workplan) based upon desk study of project documentation	Home 5 days
Field visits and interviews with partners	20 days, BiH
Preparation of the evaluation report	Home 7 days

Lead consultant: 32 days full in mission + preparations for the mission + preparation of the report.

Support consultant (local): 20 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 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, etc.)
6. Finalizing the report

2.5 Reporting and documentation

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

1. Executive summary
2. Introduction
3. Information about the Assessment
4. Information about the Project
5. Description of the methodology of the review
6. Findings from the Assessment
8. Risk assumption and management
7. Lessons Learned
8. Conclusions and recommendations.
9. 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 evaluations, donor-specific reports, etc)
2. Discussions/briefing with the Project Management in Banja Luka, Tuzla (also Mostar) and programme officer of Embassy/Sida in Sarajevo;
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 two to three months, indicatively **starting November 2014 and ending April 2015** at the latest.

A total of **32 working days have been provided for the expert lead consultant and 20 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 has been awarded.

The assignment will be executed mainly in the Banja Luka region.

The budget should make provision for:

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

Per diems;

Local travel (inter-city travel).

Annex 3 – Work Programme

Dates	Location	Activities
January-February 2015	Home-based	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
23 Feb.	Sarajevo-Tuzla	<ul style="list-style-type: none"> • Briefing at Embassy • Meeting with NERDA
24 Feb	Tuzla	<ul style="list-style-type: none"> • CREDO NE Sector Board Chairs • CREDO NE Sector Experts • CREDO NE Regional Economic Board Members • representatives of City of Tuzla • Memprom
25 Feb	Gračanica - Lukavac - Bijeljina	<ul style="list-style-type: none"> • RPC Superfos Balkans (ex-Helioplast), Gračanica • Isowood, Gračanica • Em Oniks, Lukavac • AMC RS, Bijeljina
26 Feb	Bijeljina - Zvornik-Sarajevo	<ul style="list-style-type: none"> • Megadrvo, Bijeljina • Smrčak, Zvornik • Savox, Milići • 6. Maj, Milići
27 Feb	Sarajevo	<ul style="list-style-type: none"> • AMC FBiH, • Faculty: Prof. Murčo Obućina, Wood Sector Expert, CREDO NE
28 Feb	Sarajevo	notes
1 March.: Sarajevo-Banja Luka		
2 March	Banja Luka	<ul style="list-style-type: none"> • EDA Director • CREDO Krajina Sector Board Coordinators • CREDO Krajina Sector Experts • Members of the Development Fund Committee • EDA Finance & Procurement officers • CREDO Krajina Advisory Board Members
3 March	Banja Luka	<ul style="list-style-type: none"> • EDA staff, • RS Ministry of Industry, SBA/SMA officers • CREDO Krajina Local Economic Council representatives • CREDO Krajina Sector Board Presidents
4 March	Banja Luka -Gradiška -Kozarska Dubica -Prijedor -Bosanska Krupa	<ul style="list-style-type: none"> • Reflex, Gradiška • Agroflora, Kozarska Dubica • Eko Bel, Kozarska Dubica • Javor, Prijedor • Prijedor Economic Development Agency
5 March	Bosanska Krupa - Banja Luka	<ul style="list-style-type: none"> • Mayor of Bosanska Krupa and Local Economic Development Adviser • Smrča, Bosanska Krupa • Tri Best, Banja Luka • Spektra DMG, Banja Luka

6 March	Banja Luka - Prnjavor - Laktaši - Banja Luka	<ul style="list-style-type: none"> • Živanić DS, Prnjavor • Vodex, Prnjavor • Dis Eurostandard, Prnjavor • Produkt Coop, Laktaši
7 March	Banja Luka	notes
8 March	Banja Luka	notes
9 March	Banja Luka - Kotor Varoš - Jajce	<ul style="list-style-type: none"> • Elas Metalexpert, Banja Luka • Žitoprodukt, Banja Luka • Bema, Banja Luka • Derma, Kotor Varos • Sim Technik, Kotor Varos
10 March	Jajce - Livno	<ul style="list-style-type: none"> • A&F, Jajce • Metacomm, Jajce
11 March	Livno Tomislav Grad - Posušje - Rakitno - Široki Brijeg	<ul style="list-style-type: none"> • Puđa & Perković, Livno • Ro Kut, Tomislavgrad • Weltplast, Posušje • Mljekara Rakitno, Posušje
12 March	Široki Brijeg - Mostar	<ul style="list-style-type: none"> • Hotel Park ZMC, Široki Brijeg • Mayor of Široki Brijeg, Economic Dept. Head and Legal Adviser. • Tem Mandeks, Široki Brijeg • REDAH: CREDO Herzegovina team • CREDO Herzegovina Sector Board members/experts
13 March	Mostar	<ul style="list-style-type: none"> • Vanima, Mostar • More Screens, Mostar • Softing, Mostar • Restoran MM, Mostar • UNIS TŠP, Mostar • Link, Voucher scheme service provider, Mostar • CREDO Herzegovina Advisory Council
14 March	Mostar- - Sarajevo	<ul style="list-style-type: none"> • I-house Travel Agency
15-16 March	Sarajevo	Prepare briefing for Embassy and CREDO Directors
17 March	Sarajevo	Briefing at Embassy
24 March-8 April	Home-based	Post-mission follow-up, report writing Submission of DRAFT to Sida for comment
20 April	Home-based	Submission of final report to Sida

Annex 4 – Persons Interviewed

CREDO NORTHEAST – List of Meetings

		PERSON NAME	ORGANIZATION / COMPANY	RELATION TO CREDO	DATE OF THE MEETING	PLACE OF THE MEETING
CREDO NE	1	Enes Drljević	NERDA CREDO TEAM Implementer	Director of NERDA	23-2-2015	Tuzla
	2	Amra Jaganjac		NERDA Project Manager		
	3	Marina Filipović		NERDA Project Manager		
	4	Azra Brkić		NERDA staff		
	5	Biljana Smajić		NERDA staff		
	6	Slaviša Stajković		NERDA staff		
	7	Mirza Kušljagić		NERDA Policy Development Expert		
	8	Seid Zulić Welding Institute d.o.o. Tuzla	Sector Board Chairs / Sector Board Experts	Metal Sector Board President - Development Fund Beneficiary	24-2-2015	Tuzla
	9	Nusret Duranov Herceg d.o.o. Srebrenik		Metal Sector Board President - Development Fund Beneficiary		
	10	Alan Topčić, prof. Mechanical Engineering Faculty Tuzla		Expert - Metal Sector		
	11	Nusret Šerifović Agriculture Institute Tuzla		Food Sector Board Member		
	12	Husejin Keran		Expert - Food Sector		
	13	Midhat Jašić, prof. Faculty of Technology Tuzla		Expert - Food Sector		

ANNEX 4 – PERSONS INTERVIEWED

	14	Ramiz Grapkić Jadrina d.o.o. Gračanica		Wood Sector Board President - Development Fund Beneficiary		
	15	Nešad Šabić Bema Ba d.o.o. Gračanica		Plastics Sector Board President - Development Fund Beneficiary		
	16	Damir Kapidžić		Expert - IT Sector		
	17	Mato Mikić Municipality Orašje	Regional Economic Development Board	Regional Economic Development Board Member	24-2-2015	Tuzla
	18	Fernada Helić-Čamdžić Municipality Gračanica		Regional Economic Development Board Member		
	19	Šemso Berbić Employment Agency Tuzla		Regional Economic Development Board Member		
	20	Sadina Bina Micro Credit Agency EKI		Regional Economic Development Board Member		
	21	Miladin Mijatović Smrčak d.o.o. Zvornik		Regional Economic Development Board Member		
	22	Svjetlana Kakeš	City of Tuzla	Partner and Beneficiary of Development Fund	24-2-2015	Tuzla
	23	Esmir Spahić				
	24	Edina Saletović	Memprom d.o.o.	Development Fund Beneficiary – Food Sector	24-2-2015	Tuzla
	25	Rasma Bajić	RPC Superfos Balkan d.o.o.	Development Fund Beneficiary – Plastics Sector	25-2-2015	Gračanica
	26	Sejfudin Kamarić	Isowood d.o.o.	Development Fund Beneficiary – Wood Sector	25-2-2015	Gračanica
	27	Nisveta Zečo	Em Oniks d.o.o.	Development Fund Beneficiary – Metal Sector	25-2-2015	Lukavac
	28	Indira Kahrić				
	29	Milenko Stevanović	Megadrvo d.o.o.	Development Fund Beneficiary – Wood Sector	26-2-2015	Bijeljina
	30	Miladin Mijatović	Smrčak d.o.o.	Development Fund Beneficiary – Food Sector	26-2-2015	Zvornik
	31		Savox d.o.o.	Development Fund Beneficiary – Wood Sector	26-2-2015	Milići
	32	Svetlan Savić	6.Maj d.o.o.	Development Fund Beneficiary – Wood Sector	26-2-2015	Milići
	33	Murčo Obućina, prof. Mechanical Engineering Faculty Sarajevo	Sector Board Expert	Expert - Wood Sector	27-2-2015	Sarajevo

CREDO KRAJINA – List of Meetings

		PERSON NAME	ORGANIZATION / COMPANY	RELATION TO CREDO	DATE OF THE MEETING	PLACE OF THE MEETING
CREDO KRAJINA	33	Zdravko Miović	EDA CREDO TEAM Implementer	Director of EDA	2-3-2015	Banja Luka
	34	Miloš Šipragić		Metal Sector Coordinator		
	35	Goran Janković		Wood Sector Coordinator		
	36	Aleksandar Draganić		Leather & Footwear Sector Coordinator		
	37	Brane Novaković		Food Sector Coordinator		
	38	Stevo Pucar, Assistant Professor Faculty of Economics Banja Luka	Sector Board Experts	Policy Analyst	2-3-2015	Banja Luka
	39	Vid Jovišević, prof. Mechanical Engineering Faculty Banja Luka		Expert - Metal Sector		
	40	Dragan Savić Drvomehanika d.o.o. Banja Luka		Expert - Wood Sector		
	41	Rajko Latinović, PhD		Expert - Food Sector		
	42	Zoran Grumić		Expert - Leather & Footwear Sector		
	43	Brankica Radulović	CREDO Development Fund Committee	Development Fund Committee Member	2-3-2015	Banja Luka
	44	Sara Savanović		Development Fund Committee Member		
	45	Mirko Dejanović		Development Fund Committee Member		
	46	Bojan Kovačević	EDA Staff	Procurement & Finance	2-3-2015	Banja Luka
	47	Sanja Vukmir				
	48	Karin Rau GIZ	CREDO Advisory Board	Advisory Board Member	2-3-2015	Banja Luka
	49	Dragica Ristić Chamber of Commerce RS		Advisory Board Member		
	50	Budimir Balaban City of Banja Luka Parliament		Advisory Board Member		
	51	Dejan Vratonjić	EDA Staff	CIM Expert	3-2-2015	Banja Luka

ANNEX 4 – PERSONS INTERVIEWED

52	Jelena Prohaska	EDA Staff	Local Economic Councils and SBA Team	3-2-2015	Banja Luka
53	Slobodanka Dukić				
54	Zoran Savić Asst. Minister for SME Development	RS Ministry of Industry	Partner	3-2-2015	Banja Luka
55	Milka Latinčić Head SME Development Dept.				
56	Esma Hergić Municipality Bosanska Krupa	Local Economic Councils (LEC)	LEC Representative	3-2-2015	Banja Luka
57	Goran Todorović Municipality Mrkonjić Grad		LEC Representative		
58	Tomislav Todorović Municipality Mrkonjić Grad		LEC Representative		
59	Vanja Kuprešak Municipality Kotor Varoš		LEC Representative		
60	Žana Pekić Municipality Prnjavor		LEC Representative		
61	Mario Derajić Fratello Trade a.d. Banja Luka	Sector Board Chairs	Food Sector Board President	3-2-2015	Banja Luka
62	Radislav Živanić Topling d.o.o. Prnjavor		Metal Sector Board President		
63	Miroslav Petrešin Sportek d.o.o. Kotor Varoš		Leather & Footwear Sector Board President - Development Fund Beneficiary		
64	Darko Partalo Drvoprodex d.o.o. Banja Luka		Wood Sector Board President – Voucher Scheme Beneficiary		
65	Aleksandar Mikić	Reflex d.o.o.	Development Fund Beneficiary – Wood Sec- tor	4-3-2015	Gradiška
66	Stevo Borojević				
67	Zoran Subotić	Agroflora d.o.o.	Development Fund Beneficiary & Wood Sec- tor Board Member	4-3-2015	Kozar.Dubica
68	Vladimir Šušnjar	Eko-Bel d.o.o.	Food Sector Board Member	4-3-2015	Kozar.Dubica
69	Almin Karamehić				
70	Slaven Šalabalija	Javor d.o.o.	Wood Sector Board Member	4-3-2015	Prijeđor
71	Goran Jelisavac				

ANNEX 4 – PERSONS INTERVIEWED

72	Saša Karalić	Preda Prijedor Dev. Agency	Development Fund Beneficiary	4-3-2015	Prijedor
73	Armin Halitović Mayor	Bosanska Krupa Municipality	Development Fund Beneficiary	5-3-2015	Bos. Krupa
74	Zlata Avdagić	Smrča d.o.o.	Development Fund Beneficiary & Wood Sector Board Member	5-3-2015	Bos. Krupa
75	Zejid Mujić				
76	Branko Đudić	Tri Best d.o.o.	Development Fund & Voucher Scheme Beneficiary, Metal Sector Board Member	5-3-2015	Banja Luka
77	Goran Kecman	Spektra DMG d.o.o.	Development Fund & Voucher Scheme Beneficiary, Metal Sector Board Member	5-3-2015	Banja Luka
78	Saša Živanić	Živanić DS d.o.o.	Food Sector Board Member	6-3-2015	Prnjavor
79	Ljubiša Vojvodić	Vodex d.o.o.	Leather & Footwear Sector Board Member	6-3-2015	Prnjavor
80	Tanja Starčević	DIS Eurostandard d.o.o.	Development Fund Beneficiary – Metal Sector	6-3-2015	Prnjavor
81	Dragan Dujaković				
82	Vojo Petković	Produktcoop d.o.o.	Wood Sector Board Member	6-3-2015	Laktaši
83	Željko Petrović	Elas Metalexpert d.o.o.	Development Fund Beneficiary – Metal Sector	9-3-2015	Banja Luka
84	Zoran Vuković				
85	Žarko Milić	Žitoprodukt a.d.	Food Sector Board Member	9-3-2015	Banja Luka
86	Marinko Umičević	Bema d.o.o.	Development Fund Beneficiary - Leather & Footwear Sector	9-3-2015	Banja Luka
87	Dragana Đilas				
88	Gordana Jotanović	Dermal-R d.o.o.	Leather & Footwear Sector Board Member	9-3-2015	Kotor Varoš
89	Katarina Bubić				
90	Ilijana Đurić	SIM Technik d.o.o.	Development Fund Beneficiary – Metal Sector	9-3-2015	Kotor Varoš
91	Stipo Marić				
92	Fahrudin Joldić	A&F d.o.o.	Development Fund Beneficiary – Metal Sector	10-3-2015	Jajce
93	Klara Petrović	Metacomm d.o.o.	Development Fund Beneficiary – Metal Sector	10-3-2015	Jajce
94	Andrea Čelebić				

CREDO HERZEGOVINA – List of Meetings

		PERSON NAME	ORGANIZATION / COMPANY	RELATION TO CREDO	DATE OF THE MEETING	PLACE OF THE MEETING
CREDO HERZEGOVINA	95	Marijo Matić	Puđa & Perković Mljekara d.o.o.	Development Fund Beneficiary & Cheese Sector Board Member	11-3-2015	Livno
	96	Marijan Puđa				
	97	Ivana Milardović				
	98	Robert Bagarić	Ro Kut d.o.o.	Development Fund Beneficiary & Plastics Sector Board Member	11-3-2015	Tomislav Grad
	99	Ivan Bagarić				
	100	Marijana Sabljo	Weltplast d.o.o.	Development Fund Beneficiary & Plastics Sector Board Member	11-3-2015	Tomislav Grad
	101	Tomislav Pavković	Mljekara Rakitno d.o.o.	Development Fund & Voucher Scheme Beneficiary, Cheese Sector Board Member	11-3-2015	Tomislav Grad
	102	Marija Sabljo				
	103	Miljenko Crnjac	ZMC d.o.o. Hotel Park	Voucher Scheme Beneficiary	12-3-2015	Široki Brijeg
	104	Slavica Mandić	Tem Mandeks d.o.o.	Development Fund Beneficiary & Plastics Sector Board Member	12-3-2015	Široki Brijeg
	105	Miro Kraljević Mayor	City of Široki Brijeg	Partner - Local Authority	12-3-2015	Široki Brijeg
	103	Andrija Kraljević Head Economic Dept.				
	107	Alenka Kvesić Legal Advisor				
	108	Ivan Jurilj	REDAH CREDO TEAM Implementer	Director of REDAH	12-3-2015	Mostar
	109	Nevzet Sefo		Plastics Sector Coordinator		
	110	Admir Logo		Metal Sector Coordinator		
	111	Stanko Ivanković	Sector Board Chairs / Sector Board Experts	Expert - Cheese Sector	12-3-2015	Mostar
	112	Pero Lončar Lončar plast d.o.o. Posušje		Plastics Sector Board Member - Development Fund Beneficiary		
	113	Stjepan Primorac Hotel Brotnjo Čitluk		Tourism Sector Board Member - Development Fund & Voucher Scheme Beneficiary		

ANNEX 4 – PERSONS INTERVIEWED

114	Tomislav Marić Director for IT and Services at HT <i>Mostar</i>		Expert - IT Sector		
115	Željko Stojkić, prof. University of Mostar		Expert - Plastics Sector		
116	Goran Kraljević Head of Department for Business Information Systems at HT <i>Mostar</i>		Expert - IT Sector		
117	Mladen Kostić Technology Park Mostar		Metal Sector Board President		
118	Safet Isić, prof. University Džemal Bijedić Mostar		Expert - Metal Sector		
119	Valerija Miljko	Vanima d.o.o.	Development Fund Beneficiary & REDAH Consultant for IT	13-3-2015	Mostar
120	Nikola Miljko				
121	Predrag Mandlbaum	More Screens d.o.o.	Development Fund & Voucher Scheme Beneficiary, IT Sector Board Member	13-3-2015	Mostar
122	Adnan Gosto	Unis TŠP d.o.o.	Development Fund & Voucher Scheme Beneficiary, Metal Sector Board Member	13-3-2015	Mostar
123	Ema Badžak	Restoran MM	Development Fund Beneficiary, Tourism Sector Board Member	13-3-2015	Mostar
124	Mirela Jurić	LINK Association	REDAH Consultant	13-3-2015	Mostar
125	Đuro Obradović Agency ODRAZ Federation BiH	CREDO Economic Council (LEC)	LEC Representative	13-3-2015	Mostar
126	Murat Čorić City of Mostar Council		LEC Representative		
127	Miran Hasibović	i-house travel Mostar	Joined Tourism Cluster	13-3-2015	Mostar

Annex 5 – Interview Guide

Discussion Topics to Guide Meetings

(meetings with CREDO Northeast and Herzegovina used the past tense)

Sector Boards

1. Comments on the Baseline Study, Value Chain, Gap Analyses, Training, Study Tours
2. Responsiveness, efficiency, effectiveness of EDA in establishing and supporting Sectoral Boards
3. How can Board Members address the needs and challenges facing their particular sectors?
4. How well do the Work/Action Plans and scheduled activities meet sector needs/objectives?
5. What can be achieved – realistically – at the sectoral level during the CREDO programme?
6. Should the Boards and activities continue over the longer term? If so, how should their role evolve?
7. Suggestions/views on the long-term sustainability of these sectoral activities after CREDO ends?

Sector Experts and other Service Providers: Questions on Procurement Process

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 EDA 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

For Sector Experts, add Questions on Sectoral Work:

7. Comments on the Baseline Study, Training Needs Assessment, Value Chain, Gap Analyses, Training, Study Tours
8. Views on effectiveness of Board approach
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?
14. Suggestions for improving sector approaches

Development Fund and Voucher Scheme Beneficiaries

1. Quality of information, publicity of scheme, criteria	1. How did the CREDO support help your business development?
2. Application process (efficiency, transparency)	2. What specific problems did it help you to solve?
3. Responsiveness of EDA staff to questions on applications, etc	3. What was the impact on your workforce
4. Timeliness of approval notification and provision of service	4. What was the impact on your bottom line (ie, sales, profits)?
5. Process of selecting service provider/consultant (efficiency, transparency)	5. Looking back, do you think you used the support offered by CREDO in the best way possible?
6. Quality of service provider/consultant	6. What were the lessons learned from your experience with CREDO
7. Suggestions for improvement	

Mayors/Assistant Mayors; Local Economic Council Members

1. Does CREDO focus on the real problems/issues (eg, economic and trade growth, job creation)?
2. Please comment on the quality and usefulness of the Baseline Study and other CREDO analyses
3. Is its approach at the local level realistic and likely to succeed?
4. To what extent does CREDO complement other donors' activities and fill gaps that others are not addressing? Is there any duplication?
5. How do you think donor assistance should evolve in coming years to support local development?
6. Over the long term, how can organisations like EDA and programmes like CREDO assist in improving competitiveness on an ongoing basis? What role can they most usefully play?
7. Any suggestions for improvements in the CREDO programme?

Annex 6 – Documents Reviewed

- NERDA and REDAH final reports
- GRM Reviews of: (1) CREDO North East and (2) Sustainability of RDAs, 2009
- Midterm Review of CREDO Herzegovina, 2012
- Sida Assessment documentation for CREDO Krajina, 2011-2013
- NGO and Business Audit, Sarajevo, Pre-Project Audit of EDA, June 2012
- EDA CREDO Concept Paper/Project Proposal, 2012
- Agreement between Sida and EDA on support of CREDO Krajina during 2013-2015. Sida Contribution No:55060006; 21 February 2013.
- Agreement between Sida and NERDA on support of CREDO Krajina during 2013-2015. Sida Contribution No:55060006; 21 February 2013
- EDA-NERDA MOU on Cooperation in implementing CREDO Krajina
- Terms of Reference and contracts with Local/Int'l Experts, Service Providers, Contractors
- Minutes and other documents of CREDO-related meetings (eg, Sida-NERDA-EDA meetings, Annual meetings, Advisory Board, etc)
- Planning and implementation documents: annual plans, logframes, indicators, budgets, timelines, reporting and disbursement schedules, the first three semi-annual narrative and financial reports – to August 2014, draft financial report to Feb. 2015; EDA presentations on August 2014-February 2015 results to Advisory Board. No annual reports available.
- Auditor's reports of first year of CREDO Krajina, EDA and NERDA, March-April 2014
- Reports issued by EDA:
 - 'Baseline Study', to select 4 priority sectors
 - SME Training Needs Analysis
 - Value Chain Analyses
 - Gap analyses (to assist sectoral experts and boards to prepare Action Plans)
 - Local Economic Councils activity lists, including some potential policy improvements
 - Policy Brief: Regulatory Reforms or Competitiveness of Economy, Feb, 2015
- SME Barometer
- Financial Management, Development Fund and Procurement Procedures
- Decision on Establishing the Development Fund Committee
- Development Fund Grant and Voucher Scheme documents

Annex 7– Summary of CREDO Achievements: 2007-present

CREDO NORTHEAST (2007-2011)

The Northeast Regional Economic Development Association (NERDA) was the pioneer of CREDO, which started in 2007. The methodology was produced in collaboration with Swedish experts, based on a model used in Sweden.

Source: “CREDO: Results of the Project”, NERDA publication: Dec. 2011	Participants	Activities/Achievements 2007-2011
Sector Boards (aka Regional Boards)	4	Wood, Food, Plastics, Metals produced Action Plans.
- Food (2009-2011)	10 members (8 companies, 21 academic, 1 institution)	Analyses, board meetings, study tours. Studies on geographic indications (GIs), branding, quality assurance (QA); Reference Centre for QA; Reference Centre for Food Processing Technology; study on opportunities for agrifood sector.
- Metal (April 2008-2011)	8 members (7 companies, 1 academic)	Analyses, board meetings, study tours. Studies on education and skills needs of industry; cooperation among the industry, academia, vocational schools, employment office and government; brochure to encourage secondary school students to pursue a career in the metal sector; QA awareness building; cooperation on R&D; analysis/inventory of production and equipment; catalogue and website for SME metal producers
- Wood (2008-2011)	8 members (6 companies, 1 academic - Institute of Civil Engineering, 1 institution - Forestry)	6 meetings, 1 study visit, analyses in 2008, training/seminars on key issues. 2 more study visits. Defined strategic products (2009); supported marketing/branding (2010); established Reference Centres to improve networking, cooperation, education on technologies (2010-11); promoted uniform BiH system of quality control and control bodies.
- Plastics and Tools (2009-2011)	9 companies?	Analyses, board meetings, study tours. Handbook on QA and good practices; Reference Centres for Injection, tools, blowing PHD, extrusion of colour, expansion of polystyrene, tool design; awareness building on plastics and tools sector; strategic guidelines for human resource development, advanced technologies, networking and information sharing.
Training Programme “Improve your Business” (Sept 2008-March 2009 and Oct 2009-March 2010)	30 SME managers and owners	2 cycles of 5 modules over 7 months, transferred progressively to a local consulting firm
Development Fund grants (co-	2 public calls in	KM1,6 million worth of grants awarded

financing of projects, based on reimbursing the agreed amount against receipts)	April and November 2009. Criteria based on recommendations of Baseline and Gap Analyses and Sector Boards; process based on adjusted EU procurement guidelines	to 51 SMEs, 8 municipalities. Total value of projects: KM 6.2 million. CREDO share 26%. Supported creation of 500 new jobs (well over the original target of 300).
SME Barometer (2008-2011)	5 Business environment assessments published	Continues annually
Municipalities	34 municipalities and Brčko District Government (35)	Computers, software, information, education to facilitate data collection and analysis. Introduction to Business Friendly certification process (2011).
Cantonal Government	Capacity-building for Strategic Planning for 6 ministries and 22 employees	6 cantonal ministries developed medium-term strategic plans. These are being implemented. NERDA is still involved.
Regional Economic Development Board (2008-2011)	3 municipalities, 2 financial institutions, 2 employment services, 3 companies	Study visits to Croatia, Slovenia, Austria. 2 Economic Fora (2009, 2010); Business Environment Barometer (2010). Intro to FDI Attractiveness (2009-10) and Business Friendly (2011) certification
Strengthening of NERDA capacity	10 staff benefitted directly + 5 supporting employees	Advanced training and certification in project management, energy efficiency consulting and auditing... Better understanding of both businesses and local authorities. Has continued to develop as a respected and sought-after partner in development.
Overall participation in CREDO NE activities	1000+	Participants from SMEs, public administration, academia, NGOs, consultancies

Sustainable achievements, including those that followed on from CREDO:

- Changes in mindsets and behaviour of both companies and local authorities, resulting in better business-to-business cooperation, better understanding by local authorities of SME issues
- Former Sector Board members are still cooperating with each other and with NERDA.
- Plastics Sector Board members of CREDO NE and Herzegovina successfully joined forces to advocate for changes in laws on plastic recycling (2012).
- Loan Guarantee Fund with subsidised interest rates, set up by Tuzla Canton Government and Tuzla City Municipality, via Sberbank BH, a Russian-owned commercial bank selected through public procurement. The Fund is managed by NERDA.
- Partnership with the Tuzla Canton Government is contributing to NERDA's financial sustainability (including budget support). This also enhances NERDA's position as a reliable partner for economic development, as it is involved in co-planning a variety of SME-related initiatives, leading to more project opportunities.

CREDO Northeast 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 Northeast 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 labour (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, competitiveness and 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 Northeast Final Report, March 2012

CREDO HERZEGOVINA

In mid-2009, Sida engaged GRM International to review CREDO Northeast and the country's various Regional Development Agencies (RDAs) to see if CREDO could be replicated in another region. The criteria were:

1. economically depressed and ethnically diverse region
2. a sizable number of SMEs with potential to benefit from competitiveness support

3. elements of a competitiveness programme already in place since funds may not be available to fully replicate CREDO
4. the RDA has the capacity to undertake the complex task of implementing a multifaceted competitiveness programme.

After an exhaustive process, the Regional Economic Development Association of Herzegovina (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 Herzegovina identity”*.

The Regional Economic Development Association for Herzegovina (REDAH) is a non-government, non-profit, independent agency founded by the Herzegovina economic development bodies for the purpose of promoting, coordinating, planning and implementing development activities in the region.

Sida and REDAH developed an initial plan for a slightly modified CREDO project. In the process of implementation, REDAH further refined it to better meet Herzegovina realities and to fit cohesively with its existing products and activities. Its three phases were spread out as follows (midyear to midyear): (1) 2010-2011; (2) 2011-2012; (3) 2012-2013, with no-cost extension to mid-2014 (underspending due in large part to SEK exchange rate fluctuations).

Source: CREDO Herzegovina Final Report (REDAH, Sept. 2014) and “CREDO Herzegovina” Brochure, March 2014	Participants	Activities/Achievements 2007-2011
Sector Boards (aka Regional Boards)	4	Work/Action Plans developed for 2012-2013; implemented during & after CREDO, which finished for them in mid-2013. (See this column and points below table for sector achievements.)
- Cheese (2011-2013)	9 companies, 1 academic	Value chain, Gap analyses; study tours to Slovenia, Croatia, Italy; hygiene manual for milk producers; joint endeavours between cheese and tourism Boards to increase use of local cheese in hotels and restaurants; joint activities with FARMA.
- Metal (2011-2013)	10 companies	Value chain, Gap analyses; study tour to Slovenia; training needs assessments in the industry; inventory of equipment and production capacity
- Plastics (2011-2013)	7 companies	Value chain, Gap analyses; study tours to trade fairs in Italy, Turkey, Germany. Cooperation (in 2012) with CREDO NE Gracanica plastics producers initiated changes in the regulatory framework for managing and recycling plastic waste, and marketing recycled plastics. This has improved the quality of collecting, recycling plastics and had an impact on the environment.
- Tourism (2011-2013)	10 companies	Value chain, Gap analyses; study tours to Croatia and Serbia. Tourism Cluster Herzegovina established (2013) with 15 founding members, including the 10 SB members. Participation in tourism trade fairs in Europe, image enhancement and packaging are leading to tourism growth. Currently, the cluster has 26 members.
- Information and Communications Technology (ICT) (2011-2013)	8 companies, 1 academic	Value chain, Gap analyses; regular technology fair initiated; conferences on e-Government and ‘regional development through software development’ (2013, 2014); agreement on R&D and

		education between HT Eronet telecommunications company and Mostar University (2014); curriculum changes initiated with Mostar University to better meet needs of IT/software sector. Informal IT group and vision of ‘Mostar-Software City’ emerged from this experience.
Training Programme on LEAN management	All Sector Boards and sectoral SMEs	Tools and techniques to improve business processes
Development Fund grants and vouchers (co-financing of projects, based on reimbursing the agreed amount against receipts). Process based on EU procurement guidelines. <u>Grant scheme</u> : KM 880,000 available for companies, maximum KM 18,000 per firm. KM 313,000 available for municipalities, max. KM40,000 per municipality. <u>Voucher scheme</u> : KM 78,000 available, maximum KM3000-5000 per company for consultancy services. Source: REDAH <i>CREDO Results</i> booklet.	7 public calls in 2012-2014. Criteria based on findings of Baseline and Integrated Study of Industrial Sectors, Gap Analyses and Sector Boards’ recommendations.	KM 1 275 864 worth of grants and vouchers awarded to 83 SMEs, 8 municipalities. CREDO share in grant scheme projects: 32% of KM 3,585.061 (66 projects). CREDO share in voucher scheme: 48% of KM 250.214 (35 projects). Source: REDAH final report on CREDO, July 2014. Supported creation of 180 new jobs (well above the original target of 50).
SME Barometer (2011-2013)	3	1. April 2012 2. September 2012 3. March 2013
Municipalities	8 municipalities directly benefitted, while all 23 benefitted indirectly.	“Invest in Herzegovina” guide, with information on all municipalities and canton in Herzegovina. Introduction to FDI Attractiveness (2009-10) and Business Friendly (2011) certification. Introduction to ‘economic development units’ (or similar term) (2013). Related training and educational seminars.
Regional Development Board (2011-2014)	REDAH’s existing Management Board (9 current and former municipal executives or mayors)	2 Barometers of Local Business Environment (2011, 2012). Study tour to Brussels. <u>Economic Forum 2012</u> : “Competitiveness of the economy and the challenges for BiH of Croatia joining the EU”. <u>Economic Forum 2013</u> : “E-Government: Modernisation of Public Management at Local and Regional Levels”. <u>Economic Forum 2014</u> : “Regional Development through Software Development”
Strengthening of REDAH capacity and sustainability	13 staff members have benefitted	CREDO brought REDAH much closer to the private sector, strengthened its visibility and credibility with both the public and private sectors, enhanced its reputation as a valuable neutral facilitator.

Sustainable achievements, including those that occurred post-CREDO, include:

- The Tourism Board evolved into the Tourism Cluster/Association (BiH’s first) which is putting Herzegovina on the map in Europe through participation in tourism fairs and marketing initiatives; this should start to be reflected in tourism arrivals in mid-2015. Herze-

govina Tourism Cluster has positioned itself as one of the most important players in Herzegovina tourism.

- The CREDO-supported joint effort (Northeast-Herzegovina) to change plastics recycling regulations confirmed the power of engaging in joint initiatives. *A Plastics Association may emerge – possibly on a national level – so that Bosnian plastics producers can advocate their interests more effectively and also join the European Plastics Association.* In addition, following on from CREDO achievements, the Cantonal Ministry of Economy joined REDAH and took over the initiative of supporting the Plastics Cluster.
- Herzegovina wood processors decided independently to adopt the Sector Board methodology after seeing how the 5 CREDO Boards were operating.
- Overall improvement in hygiene occurred among raw milk producers, as Sector Board Members agreed to jointly refuse to buy milk with a high bacteria count from them and CREDO and FARMA together helped farmers to achieve better compliance.
- The IT Sector Board brought together relevant companies dealing with software development, leading to new initiatives such as the ‘Mostar Software City’ vision, new IT accelerator in Mostar (SPARK) (most of those people did not know each other, and thanks to CREDO, they have begun to find synergies).
- The Faculty of Mechanical Engineering and IT, University of Mostar, has adjusted the curriculum to the needs of the market, fully based on CREDO inputs. The Faculty has formed an Economic Advisory Committee with REDAH as a full member.
- Western Herzegovina Canton has utilised CREDO analyses and findings in its Development Strategies.

REDAH: Lessons Learned

Ivan Jurilj said 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 forget those who are not too strong. We have to find the right balance.”

Source: CREDO Herzegovina Midterm Review, March 2012 (Mr Jurilj says these remain applicable)

CREDO KRAJINA (EDA)

Implemented by the Enterprise Development Agency (EDA) of Banja Luka, ‘CREDO Krajina’ aims to foster local and regional economic development through support to SMEs from sectors with growth potential; promotion of public-private dialogue on implementation of the Small Business Act (SBA); and strengthening of the local consultancy sector. The programme includes structured cooperation with the North East Regional Development Agency (NERDA), which carried out the original CREDO Northeast and assisted in the design and implementation of CREDO Herzegovina. The following table is added for easy comparison with the previous two CREDO programmes.

CREDO Krajina	Participants	Activities/Achievements February 2013- February 2015
Sector Boards	4 Boards with approx. 50 members	All had their first meetings in December 2013.
- Metal (11 companies + 1 rep from Chamber of Commerce Metal Branch	Value chain, Gap analyses; study tour to Slovenia. Used findings to identify priorities for action. Cooperation among enterprises, including with other sectors (e.g., wood), and Faculty of Mech. Eng.
- Food Processing	12 companies	Value chain, Gap analyses; study tour to Serbia. Used findings to identify priorities for action. Cooperation among enterprises, including with other sectors. Visit to Serbia led to cooperation between the RS & Serbian Food Tech. Faculties. Will pilot an apprenticeship programme.
- Wood	15 companies	Value chain, Gap analyses; study tour to Austria, Germany. Used findings to identify priorities for action. Cooperation among firms, including with other sectors. Joint wood-metal endeavour at Faculty; joint product dev. idea emerging.
- Leather and Footwear	10 companies + 1 rep from Chamber and 1 from RS Ind. Min.	Value chain, Gap analyses; study tour to Italy, Croatia, Slovenia. Used findings to identify priorities for action. Cooperation among companies.
SME Training Programme	78 SME rep's	3 training seminars, with 78 participants
Development Fund grants and vouchers (co-financing of projects, based on reimbursing the agreed amount against receipts) <u>Grant scheme</u> : About KM 2 million available; maximum KM 30,000 per firm. <u>Voucher scheme</u> : KM 100,000 available, various levels per firm for consultancy and advisory services, incl. joint vouchers.	1 public call in June 2014 for half of the KM 2m grant fund. Criteria based on findings of Baseline and Integrated Study of Industrial Sectors, Gap Analyses and Sector Boards' recommendations. Process based on EU proc.guidelines.	KM 970 028 worth of grants committed to 29 SMEs, 4 NGOs, 2 municipalities in Sept. 2014. CREDO share in co-financing: 27% of KM 3 640 700 (35 projects). 46% of the KM 100 000 voucher fund has been committed to 8 companies by March 2015. CREDO share 65 % of KM 71 529 (8 projects). Supported creation of 133 new jobs to date (well on the way to the 200 new job target).
SME Barometer	2 of 4 produced	May and December 2014
Municipalities/Small Business Act Localisation methodology	5 Local Economic Councils, of which 3-4 active in 2014	The CREDO-developed SBA methodology is also being utilised by EDA in other donor projects (GIZ, UNDP/SDC) at another 7-10 municipalities
Strengthening of EDA capacity	12 staff benefitting	Training, learning new skills, enhancing contacts with, and understanding of, SMEs and private sector issues

Annex 8 – Upgraded CREDO Krajina Activity/Outcome Indicators

Progress Report to February 2015, and Targets for 2nd half of Phase 2 (Feb-Aug. 2015)

'UPGRADED' CREDO Krajina Activity and Outcome Indicators: Summary of Results to February 2015

Outcome objective		Improve competitiveness of SMEs in the Krajina region in order to create and/or sustain jobs, reduce poverty and improve the economic status of the region					
	Indicator	Base-line	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug 2013
Indicator 1	Number of new jobs created in companies/sectors included in project interventions (<i>Data/confirmation letters from relevant tax administration office are used. Confirmation required from grant beneficiaries issued by Tax Administration contains data on employees with labour contract for full time employees (8 hours/day, 40 hours/week).)</i>	0	At least 200 new jobs created		133 (contracted within the first DF call)		
Indicator 2	Number of jobs formalized or sustained in companies/sectors included in project interventions (<i>Indicator is defined as in previous CREDO projects, Eda is aware of shortcomings of such formulation, but no better alternative was found</i>)	0	Up to 1000 jobs formalized or sustained		4987 (number of employees of grant beneficiaries contracted within the first DF call)		
Indicator 3	Number of supported SMEs that achieved productivity improvement (measured by value added or operating profit per employee)	0	At least 50 SMEs	At least 50 SMEs			
Indicator 4	Sector Boards as a new instrument to enhance influence of SMEs in creating support policies	0	At least 4 boards	0	0	4	
Indicator 5	Average salary in selected sectors increased <i>Baseline: Metal: 1,181; Wood 838; Food: 1,063, Footwear: 725. (data for 2011, KM)</i>	See at left	10%	10%			
Indicator 6	SBA as a tool for vertical and horizontal coordination of SME related policies applied in the region	None	10 municipalities, 1 Canton and RS Govt		6 municipalities under CREDO, 9 additional from other projects	0	0

ANNEX 8 – UPGRADED CREDO KRAJINA ACTIVITY/OUTCOME INDICATORS

					(ILD, RE-GERD, ProLocal) that are testing our methodology		
Indicator 7	Local Economic Councils as a new institutional mechanism for public-private dialogue at the local/cantonal level promoted and sustained	0	12 Councils	5 newly established within CREDO + 1 existing supported (Prijedor) and 7 more councils established in the region by other projects	3 Mrkonjic Grad, Prnjavor, Bosanska Krupa (plus support to Prijedor ²)	2 Kotor Varoš, Cazin	0
Bridging objective	Foster economic development in Krajina through support to SMEs from sectors with growth potential, promotion of public-private dialogue on implementation of Small Business Act (SBA) and development of local consultancy market						
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Number of SMEs from selected sectors that invested in business/ technology development	0	At least 50 SMEs	At least 25 SMEs	29 SMEs (DF grant prog.)		
Indicator 2	Number of SMEs from selected sectors that benefited from demand-driven business development services	0	At least 20 SMEs	At least 12 SMEs	8 (DF voucher scheme)		
Indicator 3	Number of cantonal and local SME related policies/instruments/practices improved through public-private dialogue according to SBA and SME Policy Index as a result of CREDO activities	0	At least 20 policies/instruments/practices	At least 1 improved	19 were/are being improved and 10 identified for improvement		
Output objective 1	Critical gaps in sectors with growth potential and barriers in related value chains identified and made clear to key stakeholders						
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Baseline study of industrial sectors published and promoted, 4 sectors with growth potential selected	0	1			1	0
Indicator 2	Value chain analysis for selected products prepared, approved by sector boards and published	0	4		4	0	0
Indicator 3	Gap analysis for selected sectors prepared, approved by sector	0	4		4	0	0

ANNEX 8 – UPGRADED CREDO KRAJINA ACTIVITY/OUTCOME INDICATORS

	boards and published						
Output objective 2		Four sector boards established and functional, with at least 30 SME owners/managers involved					
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Number of meetings of the sector boards (4 boards x 7 mtgs)	0	28	8	4	16	0
Indicator 2	Number of members of the sector boards (total, for all 4 sectors)	0	32	0	0	48	0
Indicator 3	Number of active board members satisfied or very satisfied with results of Boards and benefits for SMEs (<i>'active' defined as 'participating in at least 2/3 of activities'</i>)	0	At least 2/3 of active boards members	Satisfaction to be measured after the 7 th (final) SB meeting		80%	0
Indicator 4	Number of study visits organized for sector boards (2 tours each)	0	8	4	0	4	0
Output objective 3		Business development priorities and needs for improvement of skills in SMEs in selected sectors defined and mostly satisfied by delivery of <u>new demand-driven services</u> of local training and consultancy providers					
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	SME training needs assessment prepared and promoted	0	1	0			1
Indicator 2	Number of topics covered by priority training programmes	0	At least 6	3	2	1	0
Indicator 3	Number of local trainers involved in training delivery (<i>Local trainer is a person with BiH citizenship or a legal entity registered in BiH</i>)	0	At least 10 (as trainers, co-trainers or consultants delivering voucher scheme assistance)	6	2 as assistant trainers (<i>4 lead trainers from abroad are not included in this number</i>)	2 as assistant trainers	0
Indicator 4	Number of training participants in general SME training courses	0	At least 90	45	52	26	0
Indicator 5	Number of SMEs that developed management improvement plans	0	At least 20	14	6 (<i>plans prepared and being implemented in food processing, metal industry, and wood processing</i>)	0	0
Indicator 6	Percentage of SMEs that implemented the management improvement plans	0	At least 66%	66%	See above	0	0
Output objective 4		At least five Local Economic Councils as a public-private dialogue mechanism established and functional					
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results

ANNEX 8 – UPGRADED CREDO KRAJINA ACTIVITY/OUTCOME INDICATORS

		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Number of Councils established	0	5	0	3	2	0
Indicator 2	Number of Council meetings held	0	At least 20	9	9 (6 ordinary meetings of LEC + 2 thematic on topics identified at LEC meeting + 1 supported in Prijedor)	2	0
Output objective 5		Development fund established and functional					
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Development Fund established and procedures developed	0	1			1 Fund with SEK9m (€1m)	0
Indicator 2	Number of applicants	0	At least 120	60	0	132	0
Indicator 3	Number of supported beneficiaries	0	At least 50	25	35	0	0
Indicator 4	Value of co-funding provided by beneficiaries of Development Fund grants	0	At least €1m (ie, at least 50% co-funding)	€ 500,000	€1,365,492 (= 73.% co-funding by beneficiaries, under 1st call)	0	0
Output objective 6		Methodology for implementation of SBA at local and cantonal level developed and successfully applied					
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Guide for promotion and use of SBA at local level developed, published and distributed throughout the country	0	1	1	0	0	0
Indicator 2	Self-assessment reports on SBA implementation produced and discussed with key stakeholders	0	5	0	5	1	0
Indicator 3	SBA as a policy improvement tool for SMEs successfully applied in selected locations (Successful cases are those where self-assessment is performed, priorities identified, plan for improvement is prepared and implementation of activities is progressing.)	0	5	5	Self-assessment performed and improvement plan prepared in 5 locations	0	0
Output objective 7		Benchmarking tools for SME policies and practices promoted and used					
	Indicator	Baseline	Target for	Target	Actual Re-	Actual	Actual

ANNEX 8 – UPGRADED CREDO KRAJINA ACTIVITY/OUTCOME INDICATORS

			Whole Project		sults	Results	Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	SME Barometer reports created and distributed	0	4	2	1	1	0
Indicator 2	Barometer used for preparation of policy briefs	0	2	2	0	0	0
Output objective 8		Horizontal and vertical coordination of SME policies improved					
	Indicator	Baseline	Target for Whole Project	Target	Actual Re-sults	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Online presentation created	0	Web-based presentation created	1	0	0	0
Indicator 2	Number of 'good practices' adopted	0	At least 10 practices adopted	10	0	0	0
Output objective 9		Sustainability of public-private dialogue on SBA implementation ensured					
	Indicator	Baseline	Target for Whole Project	Target	Actual Re-sults	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Number of joint coordination meetings of Local Economic Councils	0	At least 4	4	0	0	0
Output objective 10		New tools for improving competitiveness and fostering economic development promoted throughout the region and the country					
	Indicator	Baseline	Target for Whole Project	Target	Actual Re-sults	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Number of SME-related policy briefs published and promoted	0	At least 3	2	1	0	0
Indicator 2	Local priorities for improvement of SME policies included in cantonal and entity Economic Council agendas	0	At least 4 priorities	4	0	0	0
Output objective 11		Improved networking among SMEs from all CREDO regions in BiH					
	Indicator	Baseline	Target for Whole Project	Target	Actual Re-sults	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Number of Economic Fora organized with specific SME networking opportunities for	0	At least 3 forums	2	1	0	0
Indicator 2	Number of SME participants in Economic Forums	0	At least 200 participants	100	104	0	0

ANNEX 8 – UPGRADED CREDO KRAJINA ACTIVITY/OUTCOME INDICATORS

Indicator 3	Number of conferences/ presentations organized for SMEs from all 3 CREDO regions	0	At least 2	2	0	0	0
Indicator 4	Business links and agreements between SMEs in BiH (B2B cooperation agreements or deliveries)	0	At least 15% of supported SMEs establish links with other BiH SMEs	<i>Still to be revised or deleted</i>	0	0	0

Annex 9 - Original CREDO Krajina Activity/Output Indicators with Evaluation Comments

It would be easier to understand these cells if all the LEC / SBA indicators (5, 7, 8, 9 10) were placed in chronological order together, rather than being separated by other unrelated indicators.

CREDO Krajina Activity Indicators: Summary

Outcome objective		Improve competitiveness of SMEs in the Krajina region in order to create and/or sustain jobs, reduce poverty and improve the economic status of the region					
	Indicator	Base-line	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug 2013
Indicator 1	Number of new jobs created in companies/sectors included in project interventions (<i>ensure that the contracted and final numbers refer to full-time positions</i>) Data/confirmation letters from relevant tax administration office are used. Do they refer to full-time positions? We found indications of part-time and seasonal workers in a number of the companies interviewed.	0	At least 200 new jobs created		133 (contracted within the first DF call)		
Indicator 2	Number of jobs formalized or sustained in companies/sectors included in project interventions <i>Note: number of jobs maintained as the result of the support is not necessarily the total number of employees in a company. Thus the 'actual results' column as it stands is misleading. You may need to review this issue for DF Call 2, and clarify numbers with companies before reimbursing.</i> It was already discussed and being aware of shortcomings of the indicator in terms of relevance, it will be re-considered for future activities. Does 'future activities' mean 'DF Call 2'? Maybe just eliminate this indicator altogether!	0	Up to 1000 jobs formalized or sustained		4987-?? (number of employees of beneficiaries contracted within the first DF call)		
Indicator 3	Number of supported SMEs that achieved productivity improvement (measured by value added or operating profit per employee)	0	At least 50 SMEs	At least 50 SMEs			
Indicator 4	Sector Boards as a new instrument to ensure enhance influence of SMEs in creating support policies promoted in the region	0	At least 4 boards	0	0	4	
Indicator 5	Average salary in selected sectors increased (<i>insert average KM salary in the 4 sectors as base-line</i>) Metal: 1,181;	At left	10%	10%			

	Wood 838; Food: 1,063; Footwear: 725. (data for 2011, KM) <i>Good!</i>						
Indicator 6	<i>SBA</i> as a tool for vertical and horizontal coordination of SME related policies applied in the region (<i>You are applying the SBA localization tool in which 12 municipalities?</i>) In fact, it is 15 now, i.e. Mrkonjic Grad, Kotor Varos, Prnjavor, Bosanska Krupa, Prijedor, Cazin + Bihac, Kljuc, Sanski Most, Laktasi, Velika Kladusa, Jajce (ILDP) + Kozarska Dubica, Gradiska, Srbac (REGERD - EU, applied in March 2015 and therefore not included in the report before) ³ <i>Is EDA working with these 15, or are other implementers involved?</i>	None	10 municipalities, 1 Canton and RS Govt		5 or 6 municipalities under CREDO; overall, 15 being assisted under all programmes <i>How many assisted under CREDO?</i> - 5: Mrkonjic Grad, Kotor Varos, Prnjavor, Bosanska Krupa, Cazin, Prijedor also receives support, <i>outside?</i> the CREDO programme.	0	0
Indicator 7	Local Economic Councils as a new institutional mechanism for public-private dialogue at the local/cantonal level promoted and sustained	0	12 Councils	5: Mrkonjic Grad, Prnjavor, Bosanska Krupa, Cazin, Kotor Varos Prijedor (<i>how is this part of CREDO?</i>) 7 councils supported (4 established through GIZ ProLocal - Kozarska Dubica, Gradiska, Srbac (Laktasi pending) + 3 Bihac, Banja Luka, Teslic participating in BF process	3 (<i>please list these 3</i>) (plus support to Prijedor ⁴) <i>Please clarify status of Prijedor under CREDO.</i>	2 (<i>Please list these 2</i>)	0
Bridging? objective	Foster economic development in Krajina through support to SMEs from sectors with growth potential, promotion of public-private dialogue on implementation of Small Business Act (SBA) and development of local consultancy market						
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results

³ Localisation of SBA methodology was developed through CREDO Krajina.

⁴ As mentioned in the second and third semi-annual report, due to unstable Government of Una-Sana Canton, the initial plan to establish a council on cantonal level was changed to allow two additional municipal LECS instead.

ANNEX 9 - ORIGINAL CREDO KRAJINA ACTIVITY AND OUTPUT INDICATORS

		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Number of SMEs from selected sectors that invested in business/technology development	0	At least 50 SMEs	At least 25 SMEs	29 SMEs (DF grant prog.)		
Indicator 2	Number of SMEs from selected sectors that benefited from demand-driven business development services	0	At least 20 SMEs	At least 12 SMEs	8 (DF voucher scheme)		
Indicator 3	Number of cantonal and local SME related policies <i>improved</i> through public-private dialogue according to SBA and SME Policy Index <i>as a result of CREDO activities</i>	0	At least 20 policies	At least 1 policy improved ??? <i>Need to focus on policies actually improved, or revise the indicator</i>	<i>How many at the 5 CREDO LECs? (Table of activities provided) It shows work on 7 policies, out of 19 activities</i>		
Output objective 1		Critical gaps in sectors with growth potential and barriers in related value chains identified and made clear to key stakeholders					
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Baseline study of industrial sectors published and promoted, 4 sectors with growth potential selected	0	1			1	0
Indicator 2	Value chain analysis for selected products prepared and published	0	4		4	0	0
Indicator 3	Gap analysis for selected sectors prepared and published	0	4		4	0	0
Output objective 2		Four sector boards established and functional, with at least 30 SME owners/managers involved					
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Number of meetings of the sector boards (4 boards x 7 mtgs)	0	28	8	4	16	0
Indicator 2	Number of members of the sector boards (total, for all 4 sectors)	0	32	0	0	48	0
Indicator 3	Number of active board members satisfied or very satisfied with results of Boards and benefits for SMEs	0	At least 2/3 of active board members ('active' defined as 'participating in at least 2/3 of activities').	Satisfaction to be measured after the 7 th (final) SB meeting		80%	0
Indicator 4	Number of study visits organized for sector boards (2 tours each)	0	8	4	0	4	0
Output objective 3		Business development priorities and needs for improvement of skills in SMEs in selected sectors defined and mostly satisfied by delivery of new demand-driven services of local training and consultancy providers					
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August	2 nd half Phase 2: Feb-Aug	1 st half Phase 2: Aug. 2014-	Phase 1 Aug 2013-	Phase 0 Feb-Aug

ANNEX 9 - ORIGINAL CREDO KRAJINA ACTIVITY AND OUTPUT INDICATORS

			2015	2015	Feb. 2015	Aug 2014	'13
Indicator 1	SME training needs assessment prepared and promoted	0	1	0			1
Indicator 2	Number of topics covered by priority training programmes	0	At least 6	3	2	1	0
Indicator 3	Number of local trainers involved in training delivery (including local presenters in general SME training and local consultants delivering voucher scheme assistance)	0	At least 10 <i>Please define 'local trainers' (who does it include?) Local trainer is a person with BiH citizenship or a legal entity registered in BiH. So this includes the Adizes trainers from Novi Sad?</i>	5	<i>Please revise to reflect VS (All services within voucher scheme are provided by local trainers, according to the definition. There are 4 different providers currently engaged, all legal entities.)</i>	2	0
Indicator 4	Number of training participants in general SME training courses	0	At least 90	45	52	26	0
Indicator 5	Number of SMEs that developed management improvement plans	0	At least 20	20	<i>Our interviews showed results in this period</i>	0	0
Indicator 6	Percentage of SMEs that implemented the management improvement plans	0	At least 66%	66%	<i>ditto</i>	0	0
Output objective 4	At least five Local Economic Councils as a public-private dialogue mechanism established and functional						
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Decisions on establishment of Local Economic Councils <i>Why only 'decisions'?</i> # of Councils established? Councils established is better and we shall use this from now on, since after making decision, technical assistance is provided to establish operational councils.	0	5	0	3	2	0
Indicator 2	Number of Council meetings of the councils held <i>What about effectiveness of dialogue/action in delivering improvements as per 'Bridging Objective' Indicator 3?</i>	0	At least 20	9	9 (6 ordinary + 2 thematic + <i>Does this really reflect the indicator? (Ordinary meetings are those planned within the ordinary work, thematic ones to discuss specific topics at request Of LSGU,</i>	2	0

ANNEX 9 - ORIGINAL CREDO KRAJINA ACTIVITY AND OUTPUT INDICATORS

Output objective 5		Development fund established and functional					
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Development Fund established and procedures developed	0	1			1 Fund with SEK9m (€1m)	0
Indicator 2	Number of applicants	0	At least 120	60	0	132	0
Indicator 3	Number of supported beneficiaries	0	At least 50	25	35	0	0
Indicator 4	Value of co-funding provided by beneficiaries of Development Fund grants	0	At least €1m (ie, at least 50% co-funding)	€ 500,000	€1,365,492 (= 73.% co-funding by beneficiaries, under 1st call)	0	0
Output objective 6		Methodology for implementation of SBA at local and cantonal level developed and successfully applied					
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Guide for promotion and use of SBA at local level developed, published and distributed throughout the country	0	1	1	0	0	0
Indicator 2	Self-assessment reports on SBA implementation produced and communicated <i>discussed?</i> with key stakeholders <i>What about successful application of SBA?</i> <i>(Successful cases are those where self-assessment is performed, priorities identified, plan for improvement is prepared and implementation of activities is initiated. Applied in improvement of policies in all 5 cases.)</i>	0	5	0	5	1	0
Output objective 7		Benchmarking tools for SME policies and practices promoted and used					
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	SME Barometer reports created and distributed (<i>how do you propose to meet the objective of 'used'?</i>) <i>(In addition to publishing Barometer, thus enabling various stakeholders to use findings, it will be used for preparation of remaining policy briefs.)</i>	0	4	2	1	1	0

ANNEX 9 - ORIGINAL CREDO KRAJINA ACTIVITY AND OUTPUT INDICATORS

Output objective 8	Horizontal and vertical coordination of SME policies improved						
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Online presentation created	0	Web-based presentation created	1	0	0	0
Indicator 2	Number of 'best good practices' promoted <i>The objective is 'improved', , so 'adopted' might be a better indicator than 'promoted'.</i> <i>We shall change this as suggested.</i> <i>Initial idea was to identify good practices and promote them, to provide an opportunity for relevant stakeholders to get acquainted with them and possibly use information in their initiatives.</i>	0	At least 10 practices promoted	10	0	0	0
Output objective 9	Sustainability of public-private dialogue on SBA implementation ensured						
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Number of joint coordination meetings of Local Economic Councils held <i>What about 'agreement on joint action agendas' ? That would be more in line with 'sustainability'.</i> <i>We can change this as suggested.</i> <i>In project preparation, taking into account differences of local conditions, it was defined as less ambitious, but still making step in improvement of communication/cooperation.</i>	0	At least 4	4	0	0	0
Output objective 10	New tools for improving competitiveness and fostering economic development promoted throughout the region and the country						
	Indicator	Baseline	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Number of SME related policy briefs <i>published and</i> promoted	0	At least 3	2	1	0	0
Indicator 2	Local priorities for improvement of SME policies included in cantonal and entity Economic Councils agendas (<i>what does this mean in practice?</i>) <i>Since not all identified issues can be addressed at local level, this</i>	0	At least 4 priorities	4	0	0	0

	<i>was planned as one of ways to include identified priorities in plans of higher levels of authorities. It is also a step forward in harmonization of initiatives of different levels.</i>						
Output objective 11		Improved networking among SMEs from all CREDO regions in BiH					
	Indicator	Base-line	Target for Whole Project	Target	Actual Results	Actual Results	Actual Results
		2012	February 2013-August 2015	2 nd half Phase 2: Feb-Aug 2015	1 st half Phase 2: Aug. 2014-Feb. 2015	Phase 1 Aug 2013-Aug 2014	Phase 0 Feb-Aug '13
Indicator 1	Number of Economic Forums organized <i>with specific networking opportunities for SMEs</i>	0	At least 3 forums	2	1	0	0
Indicator 2	Number of SME participants in Economic Forums <i>from outside the Krajina region</i>	0	At least 200 participants	100	104	0	0
Indicator 3	Number of conferences/ presentations organized <i>for SMEs from all 3 CREDO regions</i>	0	At least 2	2	0	0	0
Indicator 4	Business links and agreements between SMEs in BiH (<i>how do you propose to verify this?</i>) (<i>Communication with SMEs from CREDO Krajina area includes questions on cooperation with partners</i>)	0	At least 15% of supported SMEs establish links with other BiH SMEs	At least 15% of supported SMEs establish links with other BiH SMEs	0	0	0

Annex 10 – Inception Report

Please see separate document.



Midterm Review of CREDO Krajina

This Review assessed the Competitive Regional Economic Development (CREDO) model in BiH, and the current project in the northwest Krajina region. CREDO Krajina (2013-2015) is the third iteration of the model developed with Swedish support in Northeast Bosnia in 2007-2011 and further refined in Herzegovina in 2010-2014. They have been tailored regionally with the common aim of enhancing SME competitiveness in sectors with development potential and improving local authorities' capacity to address SME-related issues. The Review found that the CREDO model is an effective catalyst for change. Highly participatory and run 'by locals for locals', with a strong analytical and networking focus, it offers value for money and sustainable outcomes. The methodology and the modality are intrinsically linked. CREDO Krajina is progressing systematically, introducing innovations that may further improve the model. SME participants in the three regions expressed interest in "taking the model national".