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Sida Decentralised Evaluation

NIRAS Sweden AB

Evaluation: Stimulating SME growth and enhancing market and economic development, Bosnia and Herzegovina

Final Report

Evaluation: Stimulating SME growth and enhancing market and economic development, Bosnia and Herzegovina

**Final Report
September 2020**

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Abbreviations and Acronyms

AA	Association Agreement
BAM/KM	Bosnian Convertible Mark/ <i>konvertibilna marka</i> (€1=2 marks)
BD	Brčko District, a small autonomous territory in NE BiH
BiH	Bosnia and Herzegovina
CREDO	Competitive Regional Economic Development (Sida-funded programme)
C2C	Challenge 2 Challenge project
DAC	OECD Development Assistance Committee
DCFTA	Deep and Comprehensive Free Trade Agreement
DESK	Department for Economic Development, Sport and Culture of Brčko District BiH
EBRD	European Bank for Reconstruction and Development
EC	European Commission
Eda	Enterprise Development Agency (SBA project implementer)
ENI	The European Neighbourhood Instrument
EQ	Evaluation Question
ETF	European Training Foundation (assesses BiH SBA Profile Dimensions 1 and 8a)
EU	European Union
EUD	European Union Delegation
FARMA	Fostering Agricultural Markets Activity (project funded by USAID and Sida)
FBiH	Federation of Bosnia and Herzegovina, one of the two 'Entities' comprising BiH
FIC	Foreign Investors Council
FMRPO	Ministry of Development, Entrepreneurship and Crafts
FTC	Foreign Trade Council
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Aid Agency)
IPA	Instrument for Pre-accession Assistance
M&E	Monitoring and Evaluation
MEE	Ministry of Economy and Entrepreneurship, Republika Srpska
MoFTER	Ministry of Foreign Trade and Economic Relations
MOZAIK	Foundation: Fondacija Mozaik
OECD	The Organisation for Economic Cooperation and Development
RARS	Republika Srpska Agency for Development of SMEs
RS	Republika Srpska, one of the two 'Entities' comprising BiH
SAA	Stabilisation and Association Agreement (EU-BiH SAA went into force in 2015)
SAP	Stabilisation and Association Process (EU-Western Balkans)
SBA	EU Small Business Act 2008
SEK	Swedish Krona
SERDA	Sarajevo Economic Region Development Agency (C2C project implementer)
Sida	Sweden's International Development Cooperation Agency
SIEM	Strategy Implementation Enabling Mechanism
SME	Small and Medium-Sized Enterprises
SMEPI	SME Policy Index
ToR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
USDFC	United States International Development Finance Corporation
WB	Western Balkans / World Bank (WBT=Western Balkans and Turkey)

Preface

The Swedish International Development Cooperation Agency (Sida) commissioned this evaluation of “Stimulating SME growth and enhancing market economic development, Bosnia and Herzegovina” through Sida’s Framework Agreement for Reviews and Evaluations with NIRAS. The evaluation was undertaken between March and October 2020, a country visit to Bosnia and Herzegovina was planned but had to be cancelled due to Covid-19 restrictions.

NIRAS collaborated with PEMconsult for this evaluation. The independent evaluation team consisted of:

- Eric Buhl-Nielsen (team leader)
- Andrea Spear (SBA evaluation)
- Anders Aalbaek (Challenge 2.0 evaluation)
- Dejan Kavalec (local consultant)
- Emelie Pellby (NIRAS project manager and analyst crosscutting issues)

Quality Assurance was conducted by Niels Dabelstein. The NIRAS evaluation team was responsible for ensuring compliance with NIRAS’s Quality Assurance system throughout the process, as well as for providing backstopping and coordination.

Executive Summary

Objectives and scope - The purpose of the evaluation is to assess progress and identify lessons learned in two projects within the results area of “enhanced economic integration with the European Union (EU)” in order to inform decisions on improving and adjusting project implementation. The two projects are: i) the Small Business Act project (2017-2021) and ii) the Challenge 2.0 project (2016-2021). In addition, the evaluation aimed, based on these and other earlier evaluations, at developing an outline project identification analysis to help Sida/Embassy in identifying potential projects focused on sustainable and inclusive economic development (e.g., green investments, diaspora investments, rural microfinance for women) which aim at stimulating the Small and Medium Enterprise (SME) sector.

The first overall objective of the assignment is to “Evaluate the two ongoing projects using standard evaluation criteria”. Specific objectives related to this objective are:

- Determine the extent to which the projects have contributed to the intended outcomes
- Assess monitoring and evaluation systems to determine if they are producing the information necessary to assess progress and assist learning
- Determine how lessons learned have been applied to improve/adjust project implementation
- Establish likelihood that the benefits (outcomes) of the projects are sustainable over the longer term.

The second overall Objective of the assignment is to “prepare a project identification analysis”. Specific objectives related to this objective are:

- Explore whether Sweden should consider promotion of energy-efficiency investments in SMEs through particular instruments or approaches
- Assess if Sweden should consider using a guarantee instrument to support microfinance schemes aimed at improving the economic empowerment of women in rural areas
- Provide advice on how Sweden might approach the issue of encouraging Diaspora investment in Bosnia Hercegovina (BiH).

Methodology - A combination of different approaches and methods was used in this evaluation: analysis of the theory of change and development of an evaluation matrix with indicators and criteria for judgement; data collection through instruments such as meta-evaluation, semi-structured focus group discussions and individual stakeholder interviews and surveys; and triangulation and verification through use of multiple interviews and data sources.

Limitations – Covid-19 was a major limitation as it prevented field visits. Instead extensive use was made of teleconferencing and greater use and reliance on data from surveys. As the projects are still ongoing, some grants and actions were not mature enough for results or impacts to be apparent. To mitigate this, the available interventions that were mature were examined for evidence of results and, for the more recent projects and actions, the evaluation focused on the design and implementation arrangements and likelihood of success.

CONCLUSIONS: PROJECT EVALUATIONS

For the project supporting the Small Business Act (SBA), the main conclusions are that:

- The ‘SBA in BiH’ project is progressing steadily towards its specific objective of harmonising, vertically and horizontally, the policy, legal and strategic frameworks for SME development among the country’s various administrative levels, using a methodology that is in line with the EU SME framework.
- Analyses and stakeholder feedback indicate that the project is laying a solid foundation, with strong inroads toward the desired results. The official adoption/approval of the SME-related policies, laws and strategies supported by the project would be likely to institutionalise SBA alignment in major areas.
- Sustainability will depend on appropriate follow-through to further consolidate the approach and gains, fortify capacity, and build confidence. The current timeframe does not allow sufficient time to secure the institutionalisation of SBA alignment, the vertical/horizontal harmonisation of the policy, legal and strategic framework for SME development, and the ownership and capacity to sustain the benefits.
- Surveys and interviews indicated some gaps in stakeholder understanding of the project. The ‘SBA in BiH’ project is complex and multifaceted. Surveys indicated that stakeholders, while committed and knowledgeable in their areas, would benefit from a fuller understanding of how all the activities link together to produce the final outcome.
- Communications and general coordination with the EU and other development partners regarding the SBA project is an area that requires improvement. In particular, the project needs more systematic, regular communications with the EU Delegation.

For the Challenge 2.0 project (C2C) the main conclusions are that:

- The project is well managed with most targets likely to be reached or surpassed. Project performance against output indicators is highly satisfactory. An efficient project management structure has been established with a coherent and efficient set of management procedures and tools. A large number of start-ups and SMEs with innovation potential were stimulated to participate in the challenge.
- The responsibility for monitoring and evaluation is clearly identified among various members of the challenge team and is supported by appropriate tools, guidelines, and templates. Budget and staff allocations are appropriate. The involvement of the independent external evaluation committee has been a success and has enabled the Swedish embassy to withdraw from the selection process.

- The results framework has improved and is serving a useful purpose but is still not sufficiently well operationalised, with some indicators and targets (including for gender and environmental dimensions) not clear or sufficiently specified.
- The project has been running well from the start and only minor adjustments, based on lessons learned, were implemented, e.g. in the areas of communication and visibility, eligibility and award criteria, approval process, and results measurement.
- The project does not place sufficient attention on follow up and graduation of grantees although it appears to have positively influenced supported companies' access to risk-sharing finance, e.g. from the formal banking sector.

RECOMMENDATIONS: PROJECT EVALUATIONS

For the project supporting the Small Business Act, the recommendations are that:

- Sweden, the EU and other development partners should work together to advocate at appropriate levels the approval, adoption and dissemination of the SBA-aligned laws and strategies.
- Sida should consider extending the 'SBA in BiH' project into the 2021-2027 programme cycle (e.g., 2022-2025/26).
- The project implementer, Enterprise Development Agency, should improve understanding among stakeholders of how all aspects of the project fit together.
- The Enterprise Development Agency and the Embassy should agree on a plan to communicate and coordinate regularly with the EU Delegation and relevant donor partners on the 'SBA in BiH' project and other SME-related issues.

For the Challenge 2.0 project the recommendations are that:

- The current set-up and implementing partner should be retained for future support to SMEs and start-ups in BiH through grant mechanisms
- The Sarajevo Economic Region Development Agency which implements the project should identify a few SMART indicators to measure and verify cross-cutting issues of gender equality, environment, and decent work, as well as "income opportunities created".
- The Sarajevo Economic Region Development Agency should follow up on the progress of earlier grantees and measure the longer-term impact and graduation from grants to commercial sources of finance.

PROJECT IDENTIFICATION ANALYSIS

Bosnia and Herzegovina is politically and institutionally fragmented. Reforms and transformation within economic development and other areas are much needed but difficult to achieve and also difficult to support. International cooperation is further complicated by the presence of many donors whose activities are not well coordinated by the government. Nevertheless, as this evaluation shows, results can and have been achieved. Sweden currently supports economic development through 13 different contributions with a total allocation of SEK 263 million programmed for disbursement over the period 2015-2026. These projects can be categorised into different types such as: institutional support to the enabling environment and employment services; twinning between Swedish and BiH state institutions; grant support and technical assistance for SMEs and; provision of loan guarantees for SMEs. There are also a range of cooperation partners which can be categorised as: the state; regional development agency; Non-Government Organisations (NGOs); international organisations (UNDP/World Bank); Swedish institutions (Lantmäteriet); and commercial banks (under the lead of USAID).

This evaluation points to the **benefit of continuing support in subsequent phases to both the Small Business Act and the C2C projects**. The Covid-19 pandemic in particular makes it highly relevant to support SMEs and to promote economic activity by the diaspora. Beyond the recommendations already presented under the evaluation of the two projects, it is recommended to:

- **Strengthen the graduation of SMEs through incubator, challenge funds, loan guarantees and access to commercial finance and business development services.** Sweden, largely with other donors, supports SMEs at different stages from incubation to start up to scale up through projects such as Mozaik, C2C and the access to finance through loan guarantees. Greater attention could be given to seeking means of encouraging graduation of businesses from incubation to scale. This can be done by better linking the Swedish financed (and other support) mechanisms at various stages of SME growth and across different projects.
- **Continue and expand the loan guarantee instruments as a promising way forward for Swedish support to economic development in BiH.** The current partnership with USAID/USDFC is working well and it makes sense to continue this partnership. More attention to additionality (in terms of gender, environment and inclusiveness) is needed. This can be gained through greater conditionality, improved monitoring and providing targeted technical support to both lenders and borrowers. The loan guarantee instruments, in particular, are ideal for reaching the diaspora as shown by the joint USAID/Sida diaspora loan guarantee project especially when combined with technical support to SMEs.
- **Contribute to the longer-term enabling environment through a next phase of support to the SBA and exploration of additional options** – A key result area of the Swedish strategy of cooperation in BiH is to support the closer association with EU which largely involves strengthening the enabling environment for SMEs. In addition to continuing a next phase of SBA support, there are also options to continue to

support the World Bank on employment services and UNDP on the Sustainable Development Goals (SDGs) framework and reporting. There is also an opportunity to work more closely with the EU on their EU4Business and EU4Agri programmes. The first priority should be on developing a programme of cooperation with the EU.

- **Engage in active programming and enhancement of the current portfolio taking into account lessons learned which imply that future support should:**

- Prioritise continuity and creation of a critical mass of change - given the level of ambition, the complexity of the BiH institutional landscape and the tendency of donor overcrowding.
- Work closely and co-finance with other donors - to reduce fragmentation, increase the critical mass and minimise the transaction costs for Sida and BiH.
- Explore options for cooperation on closer association with EU - As noted by an earlier evaluation, a key rationale for continued Swedish support to BiH is to foster closer association with the EU (EBA, 2018).
- Anchor projects with permanent organisations - Even if the financial resources for SMEs and supporting the enabling environment are likely to be donor-sourced for the foreseeable future, the retention of institutional capacity is an important steppingstone for longer-term exit and transition to BiH institutions.
- Respond to the challenges created by Covid-19 - The Covid-19 pandemic threatens to undermine much of the progress that has been made in increasing income and job creation through SMEs. The crisis justifies further the grant intervention for supporting SMEs provided the right conditions are attached.
- Strengthen focus on gender and environmental issues - Swedish support has given some priority to gender and environmental issues, for example in the SBA project and in co-financing with USAID on loan guarantees. These are areas where Sweden has strong credibility and can add value. They are also areas that are increasingly relevant as the partnership with BiH matures and seeks to cooperate around advancing the universal value of the SDGs.
- Seek out opportunities for twinning even if the immediate prospects are not clear - there is only one twinning project in the current portfolio. Other twinning opportunities within economic development have not yet been identified.
- Balance support to the enabling environment and SMEs - There is merit in continuing with the balance in the current portfolio between supporting the enabling environment and direct support to SMEs. The direct support helps SMEs to make better use of an improved enabling environment. It also allows a mix between quick wins and longer systemic change.

1 Background

1.1 CONTEXT AND THE OVERARCHING RESULTS STRATEGY FOR REFORM COOPERATION

The two projects under evaluation are under the current Strategy for reform cooperation with Eastern Europe, the Western Balkans and Turkey (hereafter: The Strategy) and runs from 2014 to 2020. The overall objective of Swedish policies and the objectives of the Swedish reform cooperation are presented below. The two projects fit under the result area ‘Enhanced economic integration with the EU’. They also address environment-related issues under ‘Better environment reduced climate change impact, increased resilience’.

Figure 1.1 Objectives of the Reform Cooperation Strategy



A new strategy for Swedish support to Eastern Europe and Western Balkans for 2021-2026 is now being formulated which will provide overall guidance for the project identification analysis that is also part of this evaluation. It is understood that the results areas and the relevant results for the new strategy will be largely retained. The desired results under the results area: ‘Enhanced economic integration with the EU; Development of the market economy and SMEs’ of the current and likely future results strategy are:

- Partner countries better fulfil EU requirements for entering and applying association agreements, including deep and comprehensive free trade areas (AAs/DCFTAs)
- Competitive small and medium-sized enterprises make up a larger part of the economy

1.2 OBJECTIVES AND SCOPE OF THE EVALUATION

The scope of the assignment includes two project evaluations and a project-identification analysis. According to the ToR, the evaluations should cover each project's implementation to the end of 2019 and should focus on effectiveness and sustainability (both projects finish in 2021). The project identification analysis should be forward looking, drawing on existing analyses undertaken under results area 1 and a field mission, as well as relevant inputs from the evaluations. It should focus on short- and medium-term engagements.

The purpose of the evaluations is to assess progress and identify lessons learned in order to inform decisions on improving and adjusting project implementation. The purpose of the project identification analysis is to help Sida/Embassy in identifying potential projects focused on sustainable and inclusive economic development (e.g., green investments, diaspora investments, rural microfinance for women) which aim at stimulating the SME sector.

The first overall objective of the assignment is to “Evaluate the two ongoing projects using standard evaluation criteria”. Specific objectives related to this objective are:

- Determine the extent to which the projects have contributed to the intended outcomes
- Assess monitoring and evaluation systems to determine if they are producing the information necessary to assess progress and assist learning
- Determine how lessons learned have been applied to improve/adjust project implementation
- Establish likelihood that the benefits (outcomes) of the projects are sustainable over the longer term.

The second overall Objective of the assignment is to “prepare a project identification analysis”. Specific objectives related to this objective are:

- Explore whether Sweden should consider promotion of energy-efficiency investments in SMEs through particular instruments or approaches
- Assess if Sweden should consider using a guarantee instrument to support micro-finance schemes aimed at improving the economic empowerment of women in rural areas
- Provide advice on how Sweden might approach the issue of encouraging Diaspora investment in BiH.

1.3 THE PROJECTS UNDER EVALUATION AND THE PROJECT IDENTIFICATION ANALYSIS

1.3.1 Small Business Act project

The evaluation reviewed progress to end-2019 of the project entitled ‘Small Business Act - Strategic and Policy Framework’ (August 2017- February 2021, with a recent no-cost extension to December 2021). The implementer is Enterprise Development Agency (‘Eda’) of Banja Luka. This SEK 17,5 million project aims to enhance BiH-EU SME policy alignment by harmonising, vertically and horizontally, the legal, strategic and policy framework for SME development among the country’s various administrative levels, using a common methodology that is in line with the EU SME framework. Approximately SEK 5 million of the outlay was allocated to the Strategy Implementation Enabling Mechanism (SIEM), a grant fund to support implementation of existing SBA-based SME strategies and SBA harmonisation activities.

Box 1.1 ‘SBA in BiH’: Purpose, Objectives and Desired Results (2017-2021)

Purpose: To support institutions in BiH to accelerate economic integration with the EU in terms of SME policy and strategic frameworks.

Overall objective: To align BiH’s policy, legal and strategic frameworks for SME development with the EU’s Small Business Act framework.

Specific objective: To enhance BiH-EU SME policy alignment by harmonising, vertically and horizontally, the policy, legal and strategic frameworks for SME development among the country’s various administrative levels, using a methodology that is in line with the EU SME framework.

Desired results:

1. SME laws amended to align with SBA, and adopted by the relevant authorities
2. Implementation of SBA-based parts of existing SME strategies and plans improved
3. A common methodology to formulate, implement and monitor/review SME strategies prepared and agreed among key stakeholders
4. Existing SME strategies and plans revised in accordance with this common methodology
5. Harmonised SME policies
6. New SME strategies and plans for the period after 2020 developed in accordance with the common methodology and adopted by relevant authorities
7. Fully functional, harmonised institutional set-up for SME development
8. Harmonised SME policies and practices promoted to local and international stakeholders supporting SME development

Indicators of achievement

- Improved BiH performance against specific OECD SME/SBA Policy Index indicators/Dimensions in at least 4 of the following areas: 1: a subdimension of Women Entrepreneurship, 3: Legal and Strategic Framework, Public-Private Consultations; 5a: Support for Training and Business-Support Services; 5b: Monitoring of SME participation in Public Procurement; 7: Access to and adoption of standards by SMEs; 8b: Innovation policy for SMEs; 9: SMEs in Green Economy; 10: SME Internationalisation.
- Improved BiH SBA alignment as per EC’s Annual BiH Progress Report, OECD analysis.

Baseline and ongoing data/sources of verification:

- OECD SME/SBA Policy Index, 2016 (2015 data), 2019 (2018 data), 2022 (2021 data)
- OECD BiH SBA.SME Profile
- Annual European Commission BiH Progress Report (Section 4.2.1), 2018, 2019, 2020, 2021
- EU Small Business Act 2008 and related documentation.

Source: SBA Project Document 2016/17 Logframe, Eda Annual Report, Jan. 2020

1.3.2 Challenge 2.0 project

The evaluation will also review progress to end-2019 of the project entitled ‘Challenge 2.0’ (2016-2021). This SEK 53 million project manages a risk sharing challenge fund. The fund aims to support by stimulating the innovation potential in BiH of entrepreneurs and SMEs through co-funding selected innovative businesses. The implementer is the regional development agency Sarajevo Economic Region Development Agency (SERDA). The project is a continuation and up-scaling of a successful 2013-15 pilot project, ‘The Challenge’.

Box 1.2 Challenge to Change: Objectives and Desired Results (2016-2021)

Overall objective: The project will contribute to the enhanced competitiveness and sustainable socio-economic development in BiH

Specific objective: Improved risk sharing funding for innovative and/or inclusive business

Desired results:

R1-System of support to innovative changes with risk sharing fund established

R2-Innovation potential in BiH SMEs stimulated for active participation in Challenge

R3-Selected innovative businesses co-funded by risk fund

Indicators of achievement

Detailed indicators at outcome level:

- Innovative business ideas and/or inclusive businesses with approach to bottom of pyramid identified, supported and promoted
- Number of entrepreneurs or companies supported through Challenge fund
- Number of new jobs created
- Income opportunities created
- Number of new and innovative products, services or processes
- Number of products, services or processes as added value in value chain
- Geo location distribution of grantees
- Innovative (disruptive) environmentally supportive technologies
- Supported micro, SME's and entrepreneurs still in business after two years with employment growth
- Supported start-ups still in business after two years
- Amount of mobilised capital

Detailed indicators at output level:

- Sufficient number of applications received with emphasized cross-cutting issues
- Target group and beneficiaries reached with marketing tailored actions at territory of BiH and Sweden
- Innovative business ideas supported through Challenge fund

Baseline and ongoing data/sources of verification:

- SERDA logframe and monitoring reporting

Source: C2C Project Document 2016/17, Logframe reporting, Annual reports

1.3.3 Project identification analysis

The assignment also aims to assess the findings from earlier studies and evaluations in order to identify options and provide supportive analysis to allow a solid basis for identifying future projects within the result area of economic development. Already three areas

seem relevant from the TOR and confirmed during the inception period i.e. use of guarantee funds for: catalysing green investment; micro-finance for women (including for rural development and agritourism); promoting diaspora investment. Within these, innovative financial instruments, including loan guarantees, are of particular interest. The inception interviews also confirmed that it would be relevant to look more widely at future accelerator and employment services-type projects that build on past and current contributions including the challenge fund project.

Within a demand responsive approach to entrepreneurship, a wide range of economic activities can be considered depending on their merit through mechanisms such as:

- Loan guarantees (depending on the borrower)
- C2C or successor (depending on the applicant)
- Employment services (depending on job seeker and employer)

1.4 METHODOLOGY

The Terms of Reference (ToR) (Annex A) outline four questions, which were slightly adapted during the inception period. These are shown in Table 1.1 below:

Table 1.1 Evaluation question

Criteria	Evaluation Question
Effectiveness	1. To what extent have the projects already achieved or are likely to achieve the intended outcomes/results?
	2. Have the M&E systems delivered robust and useful information that could be used to assess progress to-wards outcomes and contribute to learning?
	3. To what extent have lessons learned from what works well and less well been used to improve and adjust project implementation?
Sustainability	4. To what extent are the benefits (outcomes) of the projects likely to be sustainable?

The questions are answered separately for each project being evaluated.

The team used a combination of mostly qualitative, but also quantitative, data collection tools. The following approaches were adopted and combined:

- Analysis of the theory of change and verification of the evaluation questions
- Desk study and interviews with Sida staff
- Meta evaluation based on earlier evaluations
- Survey for both the SBA and C2C projects
- Interviews with project staff, other donors and beneficiaries

See Annex B for a complete list of institutions consulted and Annex D for more details on the methodology.

For the SBA project, three online surveys were carried out: i) an overall survey of key project participants; ii) a survey of the institutional partner teams working on the ‘Strategy

Implementation Enabling Mechanism' (SIEM); and iii) a survey of the priority-project beneficiaries of SIEM grant fund.

For the C2C project an online survey was carried out of existing contract holders from the first 4 calls for proposals. A second survey was carried out among beneficiaries from the pilot phase; especially relating to 'graduating' to be able to access funding from the formal financial sector. Unfortunately, only six responses were received (out of 27 beneficiaries), and results are only used to supplement other findings.

2 Findings – Small Business Act

2.1 EFFECTIVENESS

2.1.1 Question 1 – Outcomes

Evaluation Question 1 – Outcomes	Indicators/criteria for judgement
<i>To what extent has the project already achieved or is likely to achieve the intended outcomes/ results?</i>	1.1: The project is making steady progress towards the desired results set out in the Project Documents. 1.2: The project model is proving to be an effective way to achieve the horizontal and vertical cooperation necessary to enhance SBA harmonisation. 1.3: The specific objective of improved policy alignment is likely to be achieved by the end of the project period. 1.4: The project has contributed towards relevant cross-cutting objectives, particularly those related to gender and environment.
Summary of Findings: • The ‘SBA in BiH’ project is making steady progress towards the desired results, and a number of key deliverables have been achieved. • The SIEM projects are delivering results and innovations in areas that matter. • The project stakeholders were overwhelmingly positive regarding the project approach. • Stakeholders surveyed and interviewed showed near consensus that the project model was an effective way to achieve the horizontal and vertical cooperation necessary to enhance SBA harmonisation. • An improvement in BiH’s SBA alignment in the areas covered by the project will be visible by December 2021, addressing the strategic objective. • The ‘SBA in BiH’ project has proactively addressed gender and environment/energy issues and objectives in all areas - from design to implementation.	

The ‘SBA in BiH’ project is making steady progress towards the desired results, and a number of key deliverables have been achieved. The project is progressing steadily in terms of substantive work, although the timeline has shifted somewhat due to three factors:

- The nature of the project, which is based on a multi-stakeholder, multi-level cooperative approach of ‘develop, test, trial, learn, refine, monitor, learn...’ Building the necessary trust and confidence, and maintaining motivation and momentum while trialing, learning and refining approaches takes time, even in optimum conditions.
- Delays in forming governments after elections (led to delays in assigning people to the project activities, staff turnover, delays in ministerial and governmental approval processes, etc)
- The coronavirus pandemic, with its continuing uncertainties and shifting priorities (could affect adoption of laws, strategies and measures, and resource allocations).

Box 2.1 Progression of the ‘SBA in BiH’ Project, August 2017- July 2020

In August-December 2017, the main activities included project management and organisation, and initial work on Desired Results Areas 1-3: initial work on alignment of SME laws, conceptualising and setting up the structures to produce the Standard Methodology (one of the main deliverables of the project), and elaborating and refining the Strategy Implementation Enabling Mechanism (SIEM)

In 2018, work on Results Areas 1-3 intensified, the Standard Methodology was completed, a study tour took place, SIEM was launched, and the first SME Conference was held, with more than 100 participants.

In 2019, work further intensified in all Results Areas: law amendment drafting was finished (RS adopted; FBiH and BD adoption in process); the Standard Methodology was applied to revisions of existing strategies and to the preparation of new SME/SBA strategies and action plans; initial SIEM projects were completed and new ‘calls’ were processed; practical work began on policy harmonisation in selected areas, including workshops and a study tour; SME Development Councils were strengthened or launched (public-private dialogue mechanisms); and the 2nd Annual SME Conference was held (90+ participants), featuring the presentation of the new BiH-level Strategic Framework for SME Development 2021-2027, an important advance to which the project directly contributed. A Working Group was established in December 2019 to produce the BiH-level Strategic Guidelines for Harmonisation of SME Support, incorporating a shorter version of the Standard Methodology.

In 2020, work continues in all these areas. Priorities include promoting adoption of the legal amendments, finalisation and adoption of the strategic documents, consolidating the cooperation linkages, and dealing with issues arising from the pandemic situation. This will continue through 2021.

The following table (2.1) sums up progress to mid-2020. A detailed table with the respective indicators and additional progress data is at Annex E 1.

Table 2.1 Summary of progress

Desired Results	Progress to Mid-2020*
1. SME laws amended to align with SBA, and adopted by the relevant authorities	RS: completed. FBiH: pending adoption by House of Peoples (possibly late 2020). BD: Draft Law on Amendments prepared; (possible adoption in late 2020).
2. Implementation of SBA-based parts of <u>existing</u> SME strategies and plans [esp. via the Strategy Implementation Enabling Mechanism (SIEM)]	Following re-elaboration and refining of the SIEM concept, the implementation work is progressing, and stakeholders are pleased with both the institutional learning experience and the practical results of the projects to date. 5 ‘calls’ in 2018-19, 8 projects awarded and 4 finished by Aug. 2020. One third of SIEM 900 000 BAM grant fund committed. One more call envisaged in 2020, and possibly 2-3 more in 2021.
3. A common methodology to formulate, implement and monitor/re-view SME strategies prepared and agreed among key stakeholders:	Completed and being applied to strategies being revised and/or developed at national, entity and local levels.
4. Existing SME strategies and plans revised in accordance with this common methodology	Revisions of RS, FBiH strategies/action plans completed. State and BD revisions not required. SME databases completed.
5. Harmonised SME policies	Ongoing ‘learning by doing’ experience: 9 policies and instruments in 5 focal areas selected to harmonise with SBA; workshops, study tour conducted in 2019; policy briefs/guides delivered; harmonisation work ongoing.
6. New SME strategies and plans for the period after 2020 developed in accordance with the common methodology and adopted by relevant authorities	• BiH Strategic Framework and Strategic Guidelines 2021-2027 expected to be adopted by BiH Council of Ministers in late 2020. • RS SME Dev. Strategy completion expected in October 2020 and final adoption around end-first quarter 2021.

	• New SME strategies/action plans for FBiH and BD will depend on completion of their respective general Development Strategies (expected in 2020). In the meantime, Eda is contributing relevant SBA-aligned input to the Development Strategies. • Banja Luka SME Strategy completed; adoption expected Sept. 2020. • Zenica SME Development Strategy completion expected in Oct. 2020 and adoption around March 2021.
7. Fully functional, harmonised institutional set-up for SME development	SME Development Councils (regular public-private dialogue structures) are operating in RS, Brčko, Banja Luka, Zenica - all strengthened for SME-related dialogue. FBiH SME Development Council pending adoption of the Law on SME Support, late first quarter 2021.
8. Harmonised SME policies and practices promoted to local and international stakeholders supporting SME development	Annual SME conferences held in Nov. 2018 and Nov. 2019. Good attendance and outcomes. Areas for improved communications identified.
*The adoption of laws, amendments and strategic documents in 2020-2021 may be delayed due to the pandemic and related shifts in political priorities. Source: Project documents, consultations with Eda	

The SIEM grant-fund projects are delivering results and innovations in areas that matter (women's entrepreneurship, standards, green economy and internationalisation). The five SIEM beneficiaries awarded contracts during 2018-2019 and the institutional partners (MoFTER, RS MEE, Brčko DESK) expressed strong satisfaction with the process and the support. The SIEM grant fund concept document was agreed by the Embassy and Eda in May 2019. It is a practical tool, with a dual purpose:

- to give the key SBA-implementing institutions (MoFTER, RS MEE, FBiH FMRPO and Brčko DESK) an opportunity to learn how to design and implement SME support in key SBA areas, as explained under #2 of the Progress Table above (the mechanism evolved based on trial, learning and refining)
- to address specific priority SBA indicators/dimensions (to date, women's entrepreneurship, standards, energy efficiency and internationalisation).

As illustrated in the SIEM table in Annex E 2, eight grant-supported projects have been approved to date, with two completed, five expected to finish in 2020 and one extended to 2021. To date, BAM 282 777 of the BAM 900 000 fund (31%) have been committed, and BAM 155 913 (17,3%) have been transferred to eight beneficiaries.

The first five beneficiaries and their relevant institutional partners responded to targeted questionnaires and follow-up emails and/or phone interviews. All five responded positively to questions about the programme's transparency, effectiveness, efficiency and learning potential (questionnaire in Annex E 5c). Those with projects still underway in 2020 encountered delays due to the pandemic. Nonetheless, four of the five projects were - or were due to be - completed in a timely fashion and were delivering the desired results.

The fifth beneficiary - the Foreign Trade Chamber/Export Agency - had designed a project supporting specific types of trade fair participation in Europe (SBA dimension #10).

It was unable to meet its goals of physical attendance by 10 SMEs because the fairs were cancelled due to the coronavirus. So, it decided to take an innovative approach and is focusing instead on developing virtual solutions like online ‘stands’. This is considered a positive outcome, given the circumstances, and is in line with SBA innovation and digitalisation objectives. This initiative may be taken further under SIEM later this year.

A possible SIEM project may complement the procurement agency’s SBA harmonisation work in order to ensure regular monitoring of SME participation in public procurement (SBA dimension #5b; institutional partner: MoFTER). Another possible project, with institutional partner RS MEE, may involve a call for proposals from universities to support SME-related innovation (SBA #8b), quality infrastructure (#7) and green economy (#9).

The surveys and interviews aimed to help answer the questions posed at the early stages of the evaluation: *Is SIEM really necessary? Will it make enough difference to achieve good value for money? Is it the best use of Sida funds to achieve the overall objective of SBA alignment?* The responses were strongly in favour of having a SIEM-type mechanism to advance SBA priorities and thus improve BiH’s implementation of the Act. The institutional partners - and the beneficiaries - see the value added in such a mechanism, provided it is used in a targeted fashion and refined to adapt to changing circumstances. For the overall project, as a learning tool, it can be considered good value for money and a good use of funds if it fills a gap in the market, if the beneficiaries achieve their objectives, and if the institutional partners manage to advocate successfully for the necessary resources and budget allocations to take it forward in due course. It is too early to judge if the last - and quite important - ‘if’ will be achieved by the end of the project. If it is, then the mechanism will be considered a good use of Sida funds.

The project stakeholders were overwhelmingly positive regarding the project approach, the ‘learning by doing’, the tangible results to date in terms of harmonisation and alignment, and the potential for achieving greater vertical/horizontal cooperation over the longer term, provided support continues for a few more years to maintain the momentum and consolidate the gains

Box 2.2 Survey Results: Stakeholders Provide Firm Support

28 of the 29 stakeholders contacted responded to the survey and follow-up questions/interviews. They overwhelmingly supported the project approach (bottom-up, top-down, multi-stakeholder, ‘trial, learn, test, refine, transfer’) and the cross-boundaries cooperation developed to date. They expressed that continued sensitive and flexible support (e.g., to fine-tune as needed) can strengthen and consolidate institutional capacity and the cooperation linkages relating to SME policies, strategies and implementation activities.

They pointed to progress in the development of the Standardised Methodology, the BiH Strategic Framework and Strategic Guidelines, and the laws and strategies aligned with the SBA. They also spoke highly of the institutional ‘learning by doing’ incorporated into virtually all the activities ranging from development of the Standard Methodology to the Study Tours to support harmonisation of policies and action on key SBA priorities, and the SIEM grant fund scheme focusing on practical implementation of SME support strategies targeting key SBA/Policy Index ‘dimensions’.

Stakeholders also highlighted reality checks that much will depend on what the political level does with these achievements (e.g., adopting the strategic documents and supporting the horizontal and vertical cooperation into the future). One significant stakeholder summed up the views of numerous respondents: *“Participants are really committed to the project, but the political influence is present, and the realisation of activities very often depends on the current politics. In this context, it is important for us to have a project such as ‘SBA in BiH’ to help us overcome the challenges caused by political influences... The Eda team understands all these problems and challenges and has so far managed to overcome them together and make positive progress. For example, Eda has been good in facilitating and managing political sensitivities and getting others to participate ‘within their competencies’ and to contribute.”*

Regarding sustainability, several respondents indicated that the ‘learning by doing’ and the institutionalisation of good practices were a key factor. The key institutional partners would like to see the programme continue into the 2021-2027 cycle in order to consolidate the gains and strengthen implementation capacity. They would also like to maintain the SIEM mechanism continue during part of that period, with the aim of helping authorities develop and implement a similar SME support tool, with appropriate human and financial resources.

Stakeholders surveyed and interviewed showed near consensus that the project model was an effective way to achieve the horizontal and vertical cooperation necessary to enhance SBA harmonisation. This is an important affirmation at this point of the project and indicates that things are heading in the right direction. Vertical and horizontal harmonisation of policies, laws and strategies for SME development are proceeding, and the Standard Methodology is helping to ensure alignment with the SBA. Developing and securing the necessary cooperation linkages was perhaps the most crucial element of the whole project. The project model was built around this. It aimed at overcoming longstanding institutional/political resistance to cooperation between various levels of government, and at strengthening public-private sector dialogue at all levels to facilitate SME input into government policy- and decision-making.

The project theory of change and the step-by-step, multilevel, highly inclusive approach are already seeing indications of the changes in mindsets and cooperative efforts that are necessary to sustain the horizontal and vertical cooperation on SBA harmonisation and implementation. Such changes have facilitated achievements to date. It will be important to nurture and reinforce them, to continue to build confidence and trust - and to institutionalise the linkages in a sustainable way.

Box 4.3 Relevance and accuracy of the underlying assumptions listed in the Project Documents

The assumptions listed in the project documents for the Desired Results were fairly realistic.

- *Readiness of the EC to accept harmonisation of the legal framework as an alternative to a unique SME law at the State level:* The EC has not opposed the project; indeed, it is watching it with interest. In addition, the project has contributed directly to a national framework that is aligned with the SBA and thus will be harmonised in the most important ways with the legal and strategic frameworks at the entity and BD levels.
- *Readiness of Parliaments/Councils to discuss and adopt changes in SME laws or new SME laws:* This remains to be seen, due in part to coronavirus-related delays. RS has adopted a number of changes, and FBiH is at an advanced stage in some areas. The BiH Council of Ministers is expected to adopt the Strategic Framework/Strategic Guidelines for harmonisation before yearend. The Progress Table indicates that a number of strategic documents will be put forth for approval in 2020-2021.

- *Readiness of political bodies to accept (without politicisation) common solutions that respect the country's constitutional status quo:* This is the main reality check mentioned by most senior level respondents to the surveys and interviews. The technical- and even political-level officials who are cooperating in the 'SBA in BiH' project -are in favour of accepting these common solutions, which are not imposed from within, but rather are a 'neutral' way forward that - as currently applied - does not threaten the status quo. One stakeholder said, "We all accept the need to align with the SBA, and this project gives us the 'how to'".
- The pandemic may help advance matters by highlighting ways in which faster EU accession could be beneficial for all parties, and especially for business and employment. Business may need to be more proactive in advocating its interests in this respect.
- *Available resources (co-financing, human and institutional) for implementation of existing and revised SME strategies and plans.* As mentioned in the SIEM comments above, this is the bottom line at the end of the day. Success and sustainability of the achievements will depend largely on the allocation of the necessary resources and budgets over the longer term. And declining dependence on donor assistance. The 'SBA in BiH' project - in a second phase - should have an exit strategy that focuses on these issues. (See Sustainability.)

An improvement in BiH's SBA alignment in the areas covered by the project will be visible by December 2021, addressing the strategic objective. If the legal amendments and strategic documents supported by the project in 2018-2021 are adopted, and policy harmonisation proceeds as expected, improved alignment should appear in the next OECD Policy Index. Attaining the regional average in several dimensions would be a good achievement. The project's overall indicators of achievement are:

- Improved BiH performance in at least 4 of 8 specific OECD SME/SBA Policy Index indicators; and
- Improved BiH SBA alignment as per the EC's Annual BiH Progress Report and OECD Policy Index.

Activities are progressing systematically in several of the 8 areas, and this indicator is likely to be achieved.

The next OECD Policy Index is expected to be published in 2022, based on 2021 data. The results, compared to the 2016 and 2019 Indices, will provide a good indication of the success to date of a number of the project's activities.

Box 4.4 The Project's 8 Specific Focus Areas for Practical Work, 2017-2021 (as per OECD SME Policy Index/BiH SBA Profile Indicator/Dimension)	
Indicator 1: Women's entrepreneurship and entrepreneurial learning	Indicator 7: Access to and adoption of standards by SMEs
Indicator 3: Legal and strategic framework, public-private consultations	Indicator 8b: Innovation policy for SMEs
Indicator 5a: Support for training and business support services;	Indicator 9: SMEs in Green Economy/energy efficiency
Indicator 5b: Monitoring of SME participation in public procurement	Indicator 10: SME Internationalisation.

The project's harmonisation¹ activities are focusing at present on Indicators 3, 5a, 5b, 7 and 10. SIEM projects in 2018-2019 focused on Indicators 1, 7, 9, 10, and possible projects in 2020-2021 may tackle Indicators 5b, 7, 8b, 9 and 10. (See Progress Table and SIEM section above and in Annex E for more details.)

The 'SBA in BiH' project has proactively addressed gender and environment/energy issues and objectives in all areas - from design to implementation. A key objective is to contribute to improving BiH's status on gender equality and environment/energy efficiency in terms of the SME Policy Index (2016), which indicated that:

- BiH needs a more integrated policy approach to women's entrepreneurship addressing training, access to finance and sharing of good practices.
- Environmental policies on state and entity level often do not explicitly focus on SMEs or take into consideration SMEs' interests and needs.

Working groups have aimed for gender equality in their composition as much as possible. The standard methodology and the SME-related policies, laws, strategies and action plans drafted with project support all incorporate gender- and environment-related good practices. In fact, integrating gender equality and green economy issues into SME policy and strategies has been a focus of institutional capacity development, including study visits. Among the priority areas selected by project participants for SME strategy development and implementation are women's entrepreneurship and green economy/energy efficiency. The SIEM learning tool has showed institutional partners how to implement policies and strategies to achieve practical results in these areas; 5 of 8 projects in 2018-2020 involved women's entrepreneurship, and one was in energy efficiency (Annex E 2).

One example is the RS Chamber of Commerce and Industry's SIEM initiative to develop an annual action plan for the Women's Entrepreneurship Council, with a mechanism for planning and harmonising activities to support women's entrepreneurship and raise awareness about the benefits of networking and marketing. Monitoring implementation of this initiative is ongoing. Responding to the survey, the Council's Director said, "The Project implementation showed the importance of women's entrepreneurship and the rich potential that we can use (contribute) in regular Chamber activities regarding communication improvement, knowledge- and experience-sharing, and innovative solutions (for the) economy".

The SBA project has made clear strides towards integrating environmental principles into existing SME laws, policies, strategic planning processes, and new SME strategies and plans beyond 2020. It has also changed institutional stakeholders' perception of 'green economy' as an important dimension for SME policy and strategy (Annex E 3).

¹ Harmonisation means that all policies have the same SME definition (aligned with the EU definition), the same 10 SBA principles (indicators/dimensions) and the same logic. The principles are transformed into strategies; strategies are operationalised by action plans, and public-private dialogue on SME development is institutionalised.

2.1.2 Question 2 – Monitoring and evaluation

Evaluation Question 2: M&E	Indicators/criteria for judgement
<i>Have the M&E systems delivered robust and useful information that could be used to assess progress towards outcomes and contribute to learning?</i>	2.1: The project had a robust results framework with clear indicators, baseline and targets, including indicators, baselines and targets for gender and environmental dimensions of the project. 2.2: The responsibility for M&E was clearly identified and an appropriate budget and level of resources were allocated. 2.3: The project carried out regular monitoring and reporting. 2.4: There was early identification of constraints and opportunities for reaching project objectives.
Summary of findings: • The ‘SBA in BiH’ project’s internal M&E systems have been used consistently to assess progress, identify constraints and opportunities, and contribute to learning and refinements. • The ‘SBA in BiH’ project has a robust results framework with clear targets, indicators and baselines. Gender and environment are covered in all steps of the project. • Project M&E responsibilities were identified in annual planning documents, and regular monitoring and reporting to the Embassy have occurred. • M&E and learning are an integral part of the project approach. Monitoring and analysis of methods, results and impact are part of the capacity-development activities. • Appropriate steps have been taken by both Eda and Embassy to fine-tune the project in a flexible fashion and to review and adjust work plans regularly as needed. Stakeholders appreciate this flexibility, noting that it has contributed to advances.	

The ‘SBA in BiH’ project’s internal M&E systems have been used consistently to assess progress, identify constraints and opportunities, and contribute to learning and refinements. As discussed under EQ1 and EQ3, the project features a strong ‘trial, test, reflect, learn, adjust...’ approach that applies not only to project management, but also to participant activities. This approach has been used systematically from the beginning of the project to assess and refine methods and tools, and to define and inculcate good practices.

The ‘SBA in BiH’ project has a robust results framework with clear targets, indicators and baselines. The baselines are simple and clear, and easy to access. The goals and targets are spelled out clearly and make sense. The indicators are linked to generally realistic output assumptions. Risk assessment/management has been discerning and professional, according to interviews and feedback from stakeholders.

Gender and environment are covered in all steps of the project. Gender and environment (mainly green economy and energy efficiency) have been integrated as relevant into the results framework, project activities, monitoring and reporting, demonstrating application of Sida’s Gender Toolbox in both project design and implementation.

Project M&E responsibilities were identified in annual planning documents, and regular monitoring and reporting to the Embassy have occurred, at first semi-annually, and then annually, including annual financial audits (which have found no problems). The midterm evaluation was funded by the Embassy; SEK 0,5m of the SEK 17,5m

project value was set aside for this review. Embassy oversight responsibilities have evolved over the life of the project, due to staff turnover and the unfortunate death of the main project officer. Both sides, however, seem to be managing this transition. Embassy performance assessments of the project in 2018 and 2019 were realistic.

The Work Plans identified responsibility and resources for monitoring: “Monitoring of implementation of the activities will be conducted by project director and assigned members of the project team, on basis of relevant parts of the project document, applying adequate methods for information and data collection and analysis”. The Eda project team is an experienced long-standing group of professionals who have been exposed to, and continue to learn from, high donor expectations in terms of results-oriented designing and reporting. Annual reporting has improved from year to year, with a clearer result focus.

M&E and learning are an integral part of the project approach. Monitoring and analysis of approaches, results and impact are part of the capacity-development activities. The ‘trial, test, learn’ approach has also been applied to the project design and implementation as a whole. Learning and reflecting on the experiences (e.g., through ‘reflection workshops’ - for example, after the study tours) is a regular activity. Numerous stakeholders mentioned the utility of this ‘learning by doing’ and ‘trial, test, monitoring, learn, follow up and apply’ focus. They said it will help to underpin sustainability.

The project carried out regular monitoring and communicated findings to the Embassy and key partners. The following tables from the project documents provide examples of how this was done in practice.

Work Plan 2019, Project Management Table

Coordination, with reflections on project implementation and tools application (based on monitoring) - every 6 months	Continuous (reflections on tools every six months)	Experience-based insights for improvements
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Annual Report 2019

Coordination, with reflections on project implementation and tools application (based on monitoring) - every 6 months (Project Director, relevant team members and stakeholders)	Experience-based insights for improvements	Completed. Intensive team communication, with frequent communication with key partners/stakeholders
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Appropriate steps have been taken by both Eda and Embassy to fine-tune the project in a flexible fashion and to review and adjust work plans regularly as needed. The monitoring, reflection and learning activities have led to early identification of constraints and opportunities for attaining project objectives. An example is:

Annual Report 2019

Review/redesign of activities (if necessary)	Adjusted activities, if and where needed	Needed adjustments in order to achieve the highest quality of results...in communication, support, cooperation and implementation of SIEM
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2.1.3 Question 3 – Lessons learned Monitoring and evaluation

Evaluation Question 3 – Lessons Learned	Indicators/criteria for judgement
<i>To what extent have lessons learned from what works well and less well been used to improve and adjust project implementation?</i>	3.1 Lessons were learned and documented in project implementation to date. 3.2: Adjustments were made to project implementation based on lessons, constraints and opportunities identified. 3.3: The adjustments have led to improvements in the effectiveness and efficiency of reaching project objectives.
Summary of findings: - The project's focus on learning and reflection entails continuous analysis of what works and what does not. - This learning process and the lessons emerging from it and from the implementers' experience have led to regular refinement of the project approach and tools (e.g., Standard Methodology, SIEM, harmonisation priorities). - These adjustments have improved the effectiveness and efficiency of the project, contributing to a more integrated approach, clearer results and improved utility of tools.	

The project's focus on learning and reflection entails continuous analysis of what works and what does not. Introducing a novel, yet logical, approach means that the project has been able to provide 'lessons learned' that substantiate or invalidate its theory of change, as well as highlighting things that work well, or don't work well. The annual narrative reports provide a section on lessons learned. The 2019 report included the following points; they were confirmed as relevant in surveys and discussions with stakeholders.

- With sensitivity and continuous refinement, the interactive and participatory approach shows good results.
- The focus on facilitation and learning by doing has strengthened capacity development and confidence (and according to surveys, ownership of the outputs and results).

- Flexibility in project planning and implementation is necessary, not only because of the complex political context and its unpredictability, but also because of institutional partners' (senior officials') heavy workloads. The flexibility has contributed to results and is highly appreciated by stakeholders.
- While both workshops and 'learning by doing' activities have contributed to capacity development, in the latter part of the project, 'learning by doing' should prevail, and workshops should be used more as an instrument to sustain and increase both horizontal and vertical cooperation among partners.
- Interlinking the project's activities and outputs can offer synergetic effects and facilitate implementation of each activity. For example, linking SIEM to activities on harmonisation of SME policies and instruments helped in the selection of the harmonisation priorities and implementation of interventions.
- Public-private dialogue in different forms is recognised by partners as a powerful tool for more effective policies. However, it needs to be de-bureaucratised and reinvigorated in order to reach its potential.
- Involving the private sector, together with MoFTER, in organising the annual SME conference in 2019, added value to the event and will be repeated in 2020 (coronavirus situation permitting).

Another lesson that emerged from discussions from stakeholders is that it is not safe to assume that everyone understands the project and how it fits into the complex big picture of BiH EU pre-accession. Communications strategies need to target all relevant groups with a clear message of what the project and its potential outcomes mean for them. FBIH business chambers and other business organisations, for example, may need to be briefed more thoroughly on the SBA project and its SIEM component, to enhance understanding of the project and opportunities to participate in it. Similarly, some sections of government (at all levels) would benefit from learning about the project and how the model might eventually apply to other areas where EU alignment is required for accession. In addition, as suggested in annual reporting, Eda and the Embassy of Sweden could jointly decide how to inform and involve the EU delegation and other development partners in a more systematic fashion.

This learning process and the lessons emerging from it and from the implementers' experience have led to regular refinement of the project approach and tools (e.g., Standard Methodology, SIEM, harmonisation priorities). These adjustments have improved the effectiveness and efficiency of the project, contributing to a more integrated approach, clearer results and improved utility of tools. As explained earlier, stakeholders confirmed that the project's approach of 'trial, test, learn...' has been successful in delivering improvements that will assist in attaining the desired results. The approach is highly participatory and therefore the adjustments enjoy broad ownership. Both the standard methodology and the SIEM tool have undergone critical reflection during their development, leading to regular refinements to enhance their utility. For example, as the 2019 annual report points out: "SIEM monitoring (conducted by the institutional partners) focuses on implementation of contracted measures, and also on lessons learned. The projects are being used as pilot interventions to develop mechanisms that

will be used in implementation of SME development strategies that will be prepared in 2020-2021.”

The 2019 annual reporting also highlights:

“Reflections on project implementation tools were performed three times, with the following experience-based insights for improvements:

- New function of SIEM as a tool to initiate harmonisation of SME policies/instruments
- More closely link SIEM to implementation of SME/SBA Action Plans and preparation of SME development strategies 2021-2027
- Need to interlink (and adapt) standardised methodology with general Strategic Planning framework in FBiH and Integrated Local Development Strategy in BD BiH.”

Regarding interlinking, in recent months, Eda has been liaising more closely with donor partners in the ongoing process of developing SME-related strategies at all levels. For example, the SBA project is linking objectives and priorities with the ‘BiH Framework for Sustainable Development’ being developed by the UN ‘SDGs 2030’ project. And Eda is close to an (informal) agreement with GIZ about how its digitalisation project can support the development of harmonised policies on innovation (Policy Index #8b) among Federation BiH, Republika Srpska and Brčko District.

The project’s practice of having institutional partners deliver briefings and seek views on SBA project-related matters has proved effective. Ministerial correspondence on the SME Conference and other activities has facilitated both understanding and cooperation. In June 2020, MoFTER sent a draft of the Programming Framework of the 3rd phase of developing the Strategic Guidelines to EUD, Sida, UNDP, GIZ, SDC and USAID asking for their inputs. Sida, UNDP and GIZ had responded by early August.

Other examples of learning experiences highly rated by participants were the project’s 2018 and 2019 Study Visits to Berlin (organised by Mesopartner, a German knowledge firm that specialises in economic development, competitiveness and innovation). They said the visits and the subsequent reflection workshops provided both innovative ideas and lessons on different ways of doing things that they are applying in project activities and their daily work (Annex E 4).

2.2 SUSTAINABILITY

2.2.1 Question 4 – Sustainability

Evaluation Question 4 - Sustainability	Indicators/criteria for judgement
<i>To what extent are the benefits (outcomes) of the projects likely to be sustainable?</i>	4.1: The cooperation linkages and the common methodology will become institutionalised enough to become sustainable tools in improving vertical and horizontal alignment with the EU on SME matters. 4.2: Beneficiaries display the commitment, ownership and ability to maintain and build on results after 2021.
Summary of findings: - Prospects for sustainability in key areas of strategic impact are encouraging, but it is still too early to predict exact outcomes. - The official adoption or approval of the SME-related policies, laws and strategies supported by the Project would ensure that SBA alignment is institutionalised in major areas. - The use of the Standard Methodology, tailored as appropriate, should lead to a critical mass of SME strategies and action plans that are aligned with the SBA and harmonised across the country. - Sustainability will depend on appropriate follow-through to consolidate these and other gains and address specific weaknesses. Implementation remains the critical issue of the future. - The participants are motivated and positive about achievements to date, yet realistic about the challenges of maintaining the momentum and securing long-term political ownership. - Participants believe that a continuation into the 2021-2027 programming cycle will fortify confidence and capacity, and enhance commitment, ownership and the ability to sustain the benefits. - With additional targeted support and encouragement, the vertical and horizontal cooperation could become the norm in SBA-related EU alignment issues.	

Prospects for sustainability in key areas of strategic impact are encouraging, but it is still too early to predict exact outcomes, given political uncertainties and the coronavirus situation.

- The official adoption or approval of the SME-related policies, laws and strategies supported by the project would ensure that the SBA alignment is institutionalised in major areas.*** As discussed under EQ 1, a number of critical political approval processes are already underway (Annex E 1). If all goes well, they - and possibly others - could be completed by the end of the project in 2021. The recent advances regarding the SAA are also a positive political move.
- The use of the standard methodology, tailored as appropriate, should lead to a critical mass of SME strategies and action plans that are aligned with the SBA and harmonised across the country.*** Each SME-related strategy (2021-2027) that the project is supporting will have a three-year action plan (initially, 2021-2023). As discussed under EQ 1 (+ see Annex E 1), these strategies include the Strategic Guidelines at the State level and the SME development strategies in Republika Srpska, Federation BiH, Brčko District, Banja Luka and Zenica. The action plans

would be updated in 2023 for the remainder of the implementation period (2024-2027). In 2027, all the SME-related strategies would be revised for the next period (2028-2034).

Sustainability will depend on appropriate follow-through to consolidate these and other gains and address specific weaknesses. Implementation remains the critical issue of the future. For example, while the capacity of MoFTER, as well as that of the Entities and Brčko District, has improved due to the project, it is still not strong enough to sustain the implementation of the SBA-related agenda.

An important milestone will be the next OECD SME/SBA WBT Policy Index and BiH SBA Profile, expected in 2022, based on 2021 data. This will provide an indication of the areas in which the project is succeeding and those which need more attention.

The OECD team responsible for the WBT Policy Index confirmed to the evaluator their interest in the ‘SBA in BiH’ project. *“We have followed the project implemented by EDA and we found it very well thought of, practical and very interesting from the point of view of the implementation of the SMEs-related policies as recommended by the SME Policy Index 2019.”* They went on to express an interest in being more involved in an advisory capacity *“in order to ensure a proper understanding of the findings and recommendations and to provide more context and information”*. EDA said it welcomed the OECD’s readiness to help as its input could be quite helpful in completing the strategic planning process, as well as in the implementation, M&E and revision phases in any subsequent project.

The participants are motivated and positive about achievements to date, yet realistic about the challenges of maintaining the momentum and securing long-term political ownership. In surveys and interviews, stakeholders concurred that much will depend on the extent to which the political decision makers sustain the achievements with tangible measures (i.e., adopt the strategic documents and allocate ongoing resources and budgets to support SBA-related coordination and implementation).

Participants believe that a continuation of the project into the 2021-2027 programming cycle will fortify confidence and capacity, and enhance commitment, ownership and the ability to sustain the benefits. Such an extension could focus on:

- consolidating gains to date and further developing the SBA-implementation capacity of key institutions, continuing to use, and refining as necessary, the ‘SBA in BiH’ approach and model which has strong support among participants
- completing the work on integrating the approach, method and tools into overall strategic planning around the country
- working with government agencies on institutionalising resource and budget allocations for SBA/SME-related work, in cooperation with other donors and the EU Delegation (developing an Exit Strategy to focus on this)
- provide guidance (via learning by doing) in updating the SME-related strategies and action plans during 2021-2027

- provide support in the first year of implementation of the updated three-year Action Plans.

With additional targeted support and encouragement, the vertical and horizontal cooperation could become the norm in SBA-related EU alignment issues. If by 2025/26, the ‘SBA in BiH’ approach has proved itself, there could well be enough confidence in the various levels of government to replicate it in other EU alignment areas. That is one of the reasons why communications and promotion of achievements are so important (see Desired Result 8, and Conclusions and Recommendations).

3 Findings – Challenge 2.0

Findings and statistics below relate to the entire portfolio, unless specifically referring to the survey results from the 68 companies that responded.

3.1 EFFECTIVENESS

3.1.1 Question 1 – Outcomes

Question 1 – outcomes	Indicators/criteria for judgement
To what extent have the projects already achieved or are likely to achieve the intended outcomes/results?	Challenge 2.0 project evaluation indicators: 1.1 The project is making steady progress towards the desired results set out in the Project Documents. 1.2 The project is proving to be an effective way to achieve improved risk sharing funding for innovative and/or inclusive business. 1.3 The overall objective of enhanced competitiveness and sustainable socio-economic development in BiH is likely to be achieved by the end of the project. 1.4 The project has contributed towards relevant crosscutting aspects including gender equality, environment, decent work and others.
Summary of findings: • Project performance against outcome indicators is generally satisfactory, with most targets likely to be reached or surpassed. Only reaching the diaspora in Sweden has not been successful. Performance on environmental aspects is inconclusive (i1.1). • Project performance against output indicators is highly satisfactory (i1.1). ○ An efficient project management structure has been established with a coherent and efficient set of management procedures and tools. ○ A large number of start-ups and SMEs with innovation potential were stimulated to participate in the challenge, with the quality of project ideas steadily improving. ○ The project is on track to co-fund a large number of innovative ideas (although slightly below target), disburse all committed funds, and see project implementation by grant beneficiaries concluded. • The project has been an effective and much appreciated way for innovative and inclusive businesses to access risk-sharing funding. However, some supported activities may be more of a consolidation / scaling up nature than innovative (i1.2). • The project has contributed to enhanced performance and competitiveness of beneficiary companies and, by extension, the overall objective to “contribute to enhanced competitiveness and sustainable economic development in BiH” is likely to be achieved by the end of the project (i1.3). • Project targets on cross-cutting issues of gender equality, environment, and decent work are captured less clearly by the project’s monitoring and evaluation system and annual progress reporting, but survey respondents generally indicate a high impact on those aspects (i1.4).	

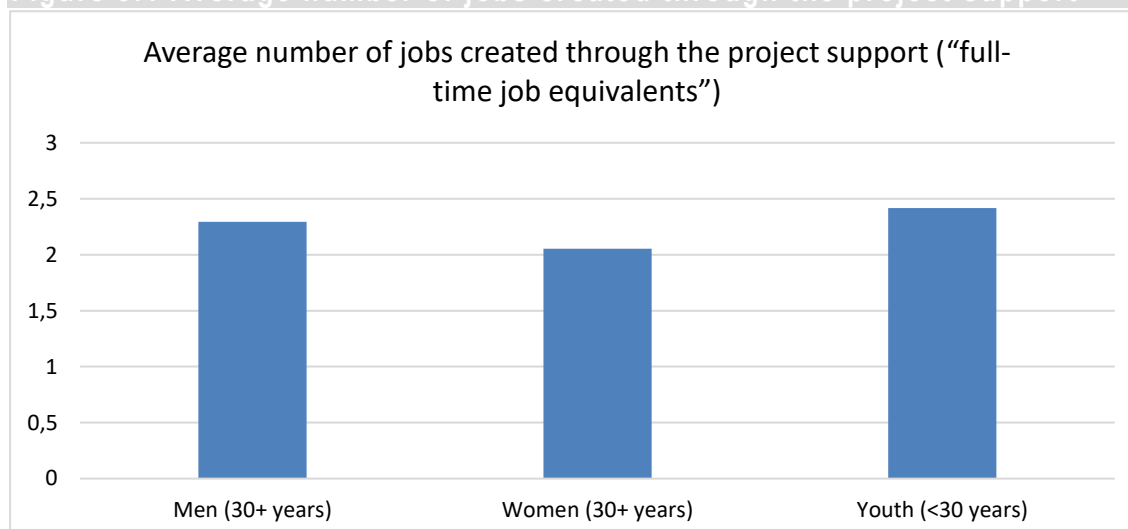
- Cross-cutting issues did not receive sufficient attention during the 1st call for proposals. Attention to especially gender equality has improved significantly during successive calls for proposals (i1.4).
- The project has succeeded in creating jobs for women and youth in line with, and even beyond, set targets (i1.4).

Project performance against outcome indicators is generally satisfactory, with most targets likely to be reached or surpassed. Only reaching the diaspora in Sweden has not been successful. Performance on environmental aspects is inconclusive (i1.1)

The number of supported projects is on target. By end of 2019, both “Realized innovative ideas” and “Number of entrepreneurs” had 149 realised innovative ideas and entrepreneurs (against a target of 150). The job creation has been high with 631 jobs reported as created and has exceeded (a low) target of 150 jobs by a factor of four. The evidence base is somehow weak as figures rely on beneficiary self-reporting (without a formulated “contribution analysis”) and are measured during or shortly after implementation of supported activities. The target may have been unambitious but more than four new jobs per project can be considered a success. Job targets for women and youth have also been exceeded, as 79% of new jobs were youth and 61% women which is above target (40% for women and youth). The Performance Indicator Summary Worksheet in the Monitoring and Evaluation Plan disaggregates job creation into regular, part-time, and seasonal jobs. This disaggregation is missing in the project reporting. However, most jobs are reportedly regular fulltime jobs, except for the agricultural sector where jobs are mainly seasonal. Around 37% of supported activities are in the “agriculture and food processing” sector but it is unclear how many jobs are strictly dependent on agricultural seasons.

Among the survey respondents, the C2C funded projects had led to an average of 4.5 new full-time jobs, spread evenly among the categories of youth (male and female), male and female (with slightly less among women, Figure 3.1.

Figure 3.1 Average number of jobs created through the project support



The income opportunities created were high at 1567 and exceeded the target of 300 by a factor of five. However, it is unclear how "income opportunities created" is measured or verified and disaggregation for women and youth is missing. A number of indicators on innovation and number of products, services, and processes, and on environmental aspects are difficult to assess and conclude on.

Reaching Swedish companies has not been successful. Only a couple of supported companies were Swedish, significantly below target. However, in the questionnaire survey, about a third of companies reported some link to Sweden, the most important being partnerships with or links to a Swedish company, Table 3.1.

Table 3.1 Nature of links to Swedish companies

Company links to Sweden	# Respondents	%
Owner or manager is a Bosnian who lives or did live in Sweden	3	4%
Owner or manager is a native Swede	0	0%
There are investors from Sweden involved	1	1%
Technology or business model comes from Sweden	4	6%
Partnership with / links to a Swedish company	11	16%
Other (export to Sweden important)	3	4%
Total (all respondents with links to Sweden)	22 (of 68)	32%

Within BiH, there is a very satisfactory geographical spread across all regions². The mobilised capital has been almost EUR 7m, exceeding the target of 3.4m by a factor of 2. Among survey respondents, the reported leverage³ was 250%. However, survival after two years of supported SMEs and start-ups have not yet been measured.

Project performance against output indicators is highly satisfactory (i1.1). The project performance is assessed against three results known as R1, R2, and R3 below:

An efficient project management structure has been established with a coherent and efficient set of management procedures and tools (result R1). A challenge team consisting of staff from SERDA and RARS is in charge of the day-to-day project implementation, supported by various technical and administrative support functions. An independent external evaluation committee evaluates and selects short-listed applicants in a second stage of evaluations of project ideas.

Roles, functions, decision-making, etc. are defined in the "Rules for Team of project Challenge to Change" which have been updated and refined during implementation. A number of reporting, assessment, and verification tools have been developed as well as guidelines and questionnaires which have enabled both grant beneficiaries and the challenge team to manage project efficiently both at partner and project level. To efficiently manage the calls for proposals through on-line submissions and monitor the application process, a web-based platform "electronic Management System for Application and Evaluation" (known as eMSAE) was set up prior to launching the first call for proposals. This has enabled the project to efficiently manage the calls for proposal, offer better on-line service to applicants, and evaluate applications.

Documentation and reporting have been satisfactory; especially the 2019 annual progress report is informative, relevant, to the point.

A large number of start-ups and SMEs with innovation potential were stimulated to participate in the challenge, with the quality of project ideas steadily improving (result R2). A detailed visibility and communication strategy focusing on marketing the challenge fund was developed and intensive promotional campaigns have been carried out. From 2017 to end 2019, the project web site www.c2c.ba, had just over 40,000 unique visitors, with distinct peaks during the time of the four calls for proposals in that period. 86% of visitors were from IP addresses in BiH, but with only 1.5% from Sweden (just below United States, Germany, and Serbia).

² The challenge team has prepared a mapping tool for locating beneficiaries based on data found in applications and refined during the field visit GPS readings: <https://www.google.com/maps/d/viewer?mid=1-tSJSxr8bIBCnnFCrmosnlg15g&ll=45.09251800760591%2C14.568297557812464&z=6>

³ Defined as own contribution relative to C2C funding.

In the questionnaire survey, respondents were asked about their satisfaction with various steps in the publication, application, implementation, and reporting phases. The results are shown in Table 3.2. Overall, the management of the challenge fund has been perceived extremely well by the grant beneficiaries with most respondents rating the project 5 out of 5 and all overall star ratings above 4.5 (except for monitoring with 4.3 which is still something the project should be proud of).

Table 3.2 Survey: Satisfaction with C2C proposals and grant management processes

Score /	1	2	3	4	5	All
Questions on Call for proposals and grant management processes						
Did C2C publicise the scheme widely and to relevant parties?	0.0%	0.0%	1.5%	4.5%	94.0%	4.9
Was the on-line application system user-friendly?	0.0%	0.0%	1.5%	11.9%	86.6%	4.9
Were selection criteria clear, transparent, and relevant?	1.5%	1.5%	2.9%	8.8%	85.3%	4.8
Did C2C respond in a quick, clear, and professional way?	0.0%	1.5%	4.5%	10.4%	83.6%	4.8
Were agreed funds provided in a timely fashion?	1.7%	1.7%	8.3%	15.0%	73.3%	4.6
Were monitoring guidelines, indicators and timeframe appropriate?	3.0%	6.0%	10.5%	14.9%	65.7%	4.3
All in all, has the process been transparent?	0.0%	0.0%	4.4%	7.4%	88.2%	4.8

This very positive perception of how the challenge fund has been managed is exemplified by narrative statements from two respondents:

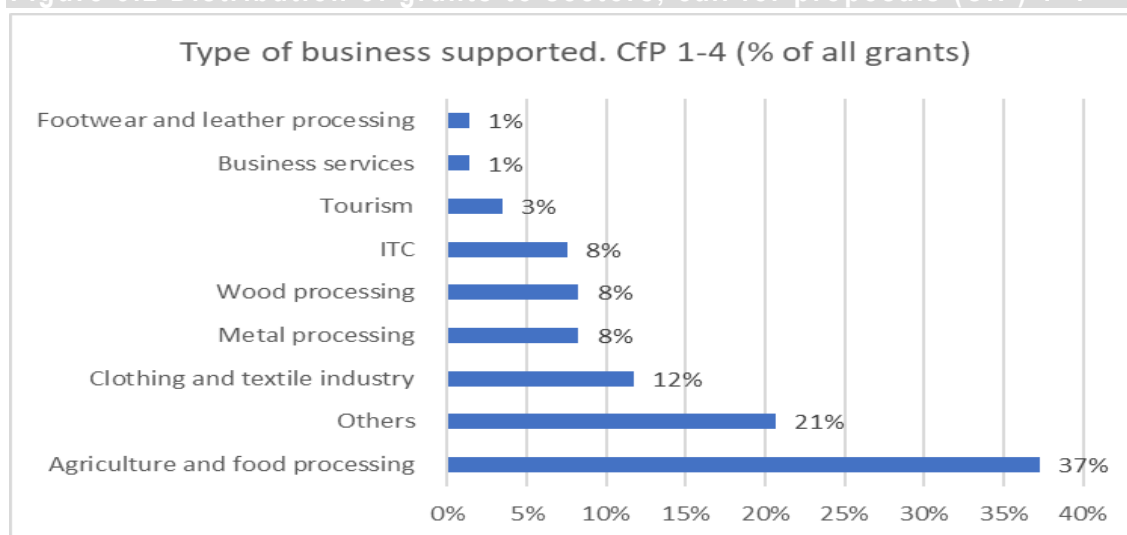
"The project is really great! We only have words of praise! Everything was organized and realized at the highest level. The project team was really friendly and always ready to answer all questions and requests in a timely manner. Also, the transparency of the project is an item that is especially commendable. Everything was clearly defined, accompanied by explanations, and realized exactly as indicated and planned. It would be really great if there were more such projects and initiatives, especially in the current situation when the economy in BiH is very endangered. Many state institutions that deal with similar activities (organization of this type of project) could really imitate the quality of organization and implementation, as well as the transparency of all activities during the project."

"As an applicant, we are satisfied with the cooperation with donor representatives, staff and consider the C2C Project one of the best initiatives in BiH currently for the development of business activities, especially for our sector."

In the Pilot project, information technology companies dominated the portfolio and the evaluation of the pilot project recommended that "The Challenge 2.0 should compensate for the bias towards information technology and English savvy companies by providing training open for all in how to present their business idea in a competitive setting on a

web platform”. Figure 3.2 shows that the project has managed to attract businesses from a wide range of sectors with “Agriculture and food processing” dominating. The Embassy also comments: *“The wide range of companies geographically and thematically that manage to receive a grant is impressive and a success story by itself”* (Embassy Travel Report 12 Feb 2020). This is supported by the testimonials in “Challenge Champions - Impact Stories DEC 2018” on <https://c2c.ba/en/publications>.

Figure 3.2 Distribution of grants to sectors, call for proposals (CfP) 1-4



The project did not have a target on number of female entrepreneurs or business managers, nor on the number of start-ups (<2 years) versus more mature SMEs (>2 years old). The numbers of female entrepreneurs and directors among submitted applications have been around 20-25% of total, Table 3.3. This might be a satisfactory outcome for BiH at the moment, given the potential pool of male and female entrepreneurs.

Table 3.3 Applications from start-ups and companies with female owner or director

Call for proposal #	Number of applications	Start-up companies	Female owner	Female director
1	701	22%	21%	24%
2	599	25%	21%	25%
3	502	22%	21%	21%
4	272	20%	18%	25%
Total	2,074	23%	21%	24%

Among survey respondents, 73% of companies reported the owner(s) as male, 20% as female, and 8% as both. For the gender of the most senior manager(s) 50% reported male, 19% female, and 31% both. When applying for the grant, companies had been in business for between 1 and 43 years. Only ten companies (15%) had been in business for 2 years or less, qualifying as start-ups as per the project’s definition.

The project has tried to engage the Bosnian diaspora in Sweden, e.g. during a challenge team trip to Sweden, field visits from Sweden to BiH, and by holding a meeting for members and partners of the Swedish Chamber of Commerce in BiH in 2019. Any effect of

the latest efforts would only show in the 5th call for proposals, completed in 2020, but overall, it has proven difficult to attract Swedish-based companies. A major reason is the relatively small size of grants, making the C2C less relevant for most Swedish-based companies. This might indicate that a challenge fund is not an ideal means for reaching diaspora.

The project is on track to co-fund a large number of innovative ideas (although slightly below target), disburse all committed funds, and see project implementation by grant beneficiaries concluded (result R3). All five planned calls for proposals have been launched, with between 300-700 applications per call. In total, the first four call for proposals generated 2074 proposals, of which 145 have been granted support. Eleven grantees have terminated their contracts prior to any disbursements for various reasons (such as change of business priorities, additional research needed, inability to co-finance, and wanting to pay equipment in cash (not allowed)), or no activities were implemented (three grantees)). Project periods are 3-12 months, and implementation of all projects funded through the first call for proposal was completed during 2018.

The 5th call for proposals generated 500 applications; 62 were shortlisted for the external evaluation committee, and 36 selected for contracts. The target for the five call for proposals of 190 business ideas supported is likely to be almost met with 181 contracts confirmed, less 14 prematurely terminated so far, so 166 projects.

The project is also on track to sign contracts for the entire grants budget despite having been behind schedule on disbursements. This was because the first call for proposals received a huge volume of applications (701 received vs. 250 planned) and the evaluation process took more time than expected, delaying contract signing as well as the next call for proposals. By end of 2019, total disbursements were EUR 950,070 (24% of the total challenge fund budget of EUR 3,936,929). The implementation period for contracts awarded in the 5th call for proposals is up to 10 months only. The project has a contingency plan to utilise any unspent amounts (to be discussed with Sida after the 5th call for proposals) for launching short time, sector specific call for proposals or possibly for capitalisation of implemented projects. With the overall C2C implementation period now extended to the end of November 2021, the project is likely to be able to disburse all committed funds and see project implementation by grant beneficiaries concluded.

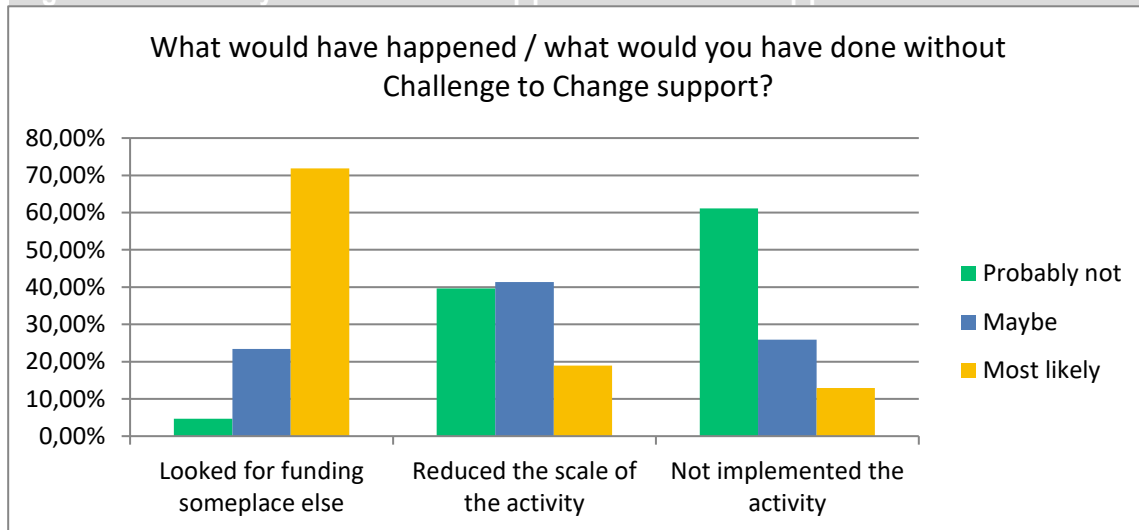
The project has been an effective and much appreciated way for innovative and inclusive businesses to access risk-sharing funding. However, some supported activities may be more of a consolidation/scaling-up nature than innovative (i1.2). According to survey results, the project has been supporting ventures that were considered highly innovative by recipients as well as some of a more consolidation or scaling-up nature. Ranging from 0% (only consolidation/scaling-up) to 100% (completely new venture), 17 companies (25%) report less than 1/3 innovation and more than 2/3 consolidation/scaling up, Table 3.5. At the two extremes, 13 companies (19%) reported 0-2% innovation, and 13 companies (19%) reported 99-100% innovation/new venture.

Table 3.4 Survey: Perceptions of innovation vs. consolidation/scale-up

Innovation (%)	0-10%	10-33%	34-67%	68-90%	91-100%
Respondents	13	4	28	6	17
Percent	19%	6%	41%	9%	25%

Asked what would have happened without support from C2C, relatively few respondents (13%) believe their project would not have happened at all, and only 5% would not have looked for funding someplace else, Figure 3.3. 60% believe the activity would still have continued but at a reduced scale. It is difficult to conclude on counterfactual questions, but the results suggest that most companies strongly believed in their business ideas and were motivated to push through even without project support.

Figure 3.3 Survey: would have happened without support from C2C



The amount of own mobilised capital as per contracts and reported by the project by end of 2019 is EUR 6.9m against a total grant amount of EUR 3.4m. This gives an average leverage of 200% or twice as much as the minimum target of “at least equal to the amount invested by the C2C fund”.

Among survey respondents, the total budget for the C2C funded activities varies from KM 30,000 to 1.5m, averaging KM 160,000 (excl. two outliers at 13 and 31m). In total, 58 respondents indicated funding from C2C totalling KM 2.4m, with own mobilised funds of KM 6.1m, Table 3.5. The leverage of the support is thus 250%.

Table 3.5 Survey: Activity budget and funding

58 projects:	Total sum	Average	Lowest	Highest
Activity budget (KM)	9,248,452	165,151	30,000	1,500,000
Grant (KM)	2,415,813	42,383	3,647	60,000
Other funds (KM)	6,050,023	114,151	0	1,000,000
Leverage (%)	250%	273%	0%	1704%

The project has contributed to enhanced performance and competitiveness of beneficiary companies and, by extension, the overall objective to “contribute to enhanced competitiveness and sustainable economic development in BiH” of and sustainable socio-economic development in BiH is likely to be achieved by the end of the project (i1.3). Most supported activities are more or less on track. Among the 145 contract holders from the call for proposals 1-4, 14 activities never started or were terminated before funds were transferred. But the active or completed activities have mostly advanced as planned and the intended outcomes are likely to be achieved. Among the survey respondents, only 6% of activities are advancing much slower than planned and no activities considered likely to achieve only 25% or less of the intended outcome, Table 3.6. The Covid-19 pandemic is the main risk and reason for delays mentioned.

Table 3.6 Survey: Activity progress and outcome

Rating (%)	25%	50%	75%	100%	>100%	Too early to tell
Project advanced as planned	6%	14%	37%	25%	n.a.	18%
Likely to achieve intended outcome	0%	5%	27%	32%	18%	18%

Project targets on cross-cutting issues of gender equality, environment, and decent work are captured less clearly by the project’s monitoring and evaluation system and annual progress reporting, but survey respondents generally indicate a high impact on those aspects (i1.4). In the survey, respondents were asked to what extent the supported activity had (or were likely to have) led to new innovative business ideas and/or inclusive businesses; increased turnover and profitability; enabled entering new domestic or export markets; a positive impact on environmental or climate factors, on gender equality roles in the workplace, and on decent work conditions. Such self-reporting has to be interpreted carefully, and a lot of respondents also caution that this might be too early to tell, especially on financial sustainability (turnover and profit). Nonetheless, this self-reporting indicates that the funded projects have led to a significant number of new innovative business ideas and/or inclusive businesses (e.g. in terms of e.g. product development, production processes, new business).

The softer targets of impact on environmental or climate factors, gender equality roles in the workplace, and decent work conditions, which are captured less clearly in the project’s monitoring and evaluation system, also all show very positive trends with around 40% of respondents reporting that the supported activity “very much” had an impact on those aspects, Table 3.7.

Table 3.7 Survey: Activity impact

To what extent has the supported activity had an impact on:	Not at all	A little	A good deal	Very much	Too early to tell
Innovation and/or inclusiveness	1%	12%	12%	62%	13%
Turnover	8%	3%	21%	21%	48%
Profitability	9%	5%	30%	14%	41%
Access to new domestic markets	9%	14%	23%	25%	29%
Access to new export markets	22%	12%	16%	20%	30%

Environment/climate ^a	3%	18%	12%	40%	27%
Gender equality roles in the workplace	9%	10%	26%	38%	16%
Decent work conditions ^c	3%	12%	25%	38%	22%

^ae.g. energy efficiency, reduced waste, pollution, innovative (disruptive) technologies.

^be.g. women participation in workplace/work processes, influence on decision-making, taking up management roles, equal pay.

^ce.g. safe working conditions, adequate free time and rest, access to healthcare, pension, and parental leave.

Cross-cutting issues did not receive sufficient attention during the 1st call for proposals. Attention to especially gender equality has improved significantly during successive calls for proposals (i1.4). To encourage female applicants, information days were organised in different parts of BiH for each call for proposals, with one session focusing on technical issues for applying, and a second session on e.g. social and other soft components. Specific questions and requirements in the application forms and supporting documents further support gender equality and other cross-cutting aspects. Between 2017-2019, the project supported 53 projects with a direct positive influence on the environment, according to the results framework.

The project has succeeded in creating jobs for women and youth in line with, and even beyond, set targets (i1.4). Over the three years of implementation, the project has achieved an impressive result in terms of number of direct jobs created for women and youth, greatly surpassing the target of 40% for both indicators.

3.1.2 Question 2 – Monitoring and evaluation

Question 2 – M&E	Indicators/ criteria for judgement
Have the M&E systems delivered robust and useful information that could be used to assess progress towards outcomes and contribute to learning?	2.1 The project had a robust results framework with clear indicators, baseline, and targets, including indicators, baselines and targets for gender and environmental dimensions of the project 2.2 The responsibility for M&E was clearly identified and an appropriate budget and level of resources allocated 2.3 The project carried out regular monitoring and reporting 2.4 There was early identification of constraints and opportunities for reaching project objectives.
Summary of findings: - The project results framework was not sufficiently well operationalised, with some indicators and targets (including for gender and environmental dimensions) not clear or sufficiently specified which in some cases led to them being abandoned. The results framework lacks a baseline (i2.1). - Annual progress reporting on crosscutting issues is highly generic; more emphasis needs to be put on monitoring and reporting on gender, environmental, and decent work dimensions in the annual progress reporting (i2.1). - There is room for the project to do more targeted work with the Gender Action Plan. For example, by adopting some of the suggested indicators into the overall results framework and by monitoring and reporting on these indicators more systematically at output, outcome, and impact levels (i2.1) - The responsibility for monitoring and evaluation is clearly identified among various members of the challenge team and is supported by appropriate tools, guidelines, and templates. Budget and staff allocations are appropriate (i2.2).	

- The project has generally been carrying out regular monitoring and reporting commensurate with the size of the individual grants and overall risk to the project. Monitoring efforts are not too burdensome for beneficiaries and are generally appreciated (i2.3).

The project results framework was not sufficiently well operationalised, with some indicators and targets (including for gender and environmental dimensions) not clear or sufficiently specified which in some cases led to them being abandoned. The results framework lacks a baseline (i2.1). Cross-cutting issues (gender equality, inclusion of youth, environmental concerns, and working conditions) did not receive sufficient attention in the beginning of the project period. Only the number of jobs was disaggregated for women and youth. Attention to cross-cutting issues has improved significantly during successive calls for proposals.

The results measurement does not distinguish between “Realized innovative ideas” and “Number of entrepreneurs”. By end of 2019, both indicators have 149 realised innovative ideas and entrepreneurs (against targets of 150), assuming that all supported projects are inherently innovative, also in realised results. It would be useful to have the realised “level of innovation” both quantified and qualified at an aggregate level.

As noted earlier, job creation has a very low target of 150 (by 2019) which could be revised. A disaggregation into regular, part-time, and seasonal jobs is missing and it is unclear whether the jobs created are fulltime job equivalents. It is unclear how income opportunities created is measured or verified and disaggregation for women and youth is missing. For companies from the diaspora in Sweden, there is an inconsistency between annual targets of between 3 and 12% of all projects and a cumulative target of 20%. Some indicators on innovation and number of products, services, and processes, and on environmental aspects are difficult to assess and conclude on. The project will follow up on impact on business performance (incl. survival) of supported SMEs and start-ups two years after the end of project support, e.g. through a questionnaire survey.

To measure environmental impacts, C2C now counts every project that ostensibly has a “real positive impact” on environmental factors. Partner projects with potential negative environmental effects are in principle ineligible according to the guidelines, and any actual (unforeseen) negative environmental impacts are not considered by the M&E system or reporting formats. Indicators on environmental impacts needs to be specified and reported on for the remaining project period.

Annual progress reporting on crosscutting issues is highly generic; more emphasis needs to be put on monitoring and reporting on gender, environmental, and decent work dimensions in the annual progress reporting (i2.1). Rather than reporting on the achievement on indicators and targets in the results framework, the project annual reports only include a highly generic text on progress on crosscutting aspects. The lack of attention to disaggregation and reporting on crosscutting project dimensions are reported to have been due to the focus on timely implementation of calls for proposals, promotion

activities, outreach, marketing, and assessment of applications that have resulted in less focus on monitoring and reporting on crosscutting aspects.

There is room for the project to do more targeted work with the Gender Action Plan, for example, by adopting some of the suggested indicators into the overall results framework and by monitoring and reporting on these indicators more systematically at output, outcome, and impact levels (i2.1). The Project Document, the Gender Action Plan, and the Grant Manual guide the work on crosscutting aspects in the project. The analysis found that while these key documents offer detailed guidance for the work on gender equality, environment, and decent work, there is room for the project to do more targeted work with the Gender Action Plan. At present, the project does not capture changes at output, outcome and impact level as presented in the Gender Action Plan (page 9) in the overall results framework, monitoring and reporting, and annual progress reporting. This means that the results that the project may be contributing towards may go unnoticed.

The responsibility for monitoring and evaluation is clearly identified among various members of the challenge team and is supported by appropriate tools, guidelines, and templates. Budget and staff allocations are appropriate (i2.2). Results measured and reported (e.g. summarised in the “cumulative indicators”) are collected through a combination of grantees’ own reporting and validation visits. “Technical data”, e.g. on financial aspects, activities), are reported by grantees and confirmed through validation visits (e.g. when buying and installing equipment, which involves a higher risk to the project) and end-of -project visits. The challenge team also visits each company before contract signing to validate activities, get more documentation, etc.

The architecture of the electronic management system for application and evaluation (eM-SAE) was tailored to the C2C project by the challenge team who has years of experience in using similar systems. Then a contracted company did the programming of web applications according to specifications developed by challenge team. It has proven a very cost-effective system for managing the calls and application process (free of charge for Sida). Although the electronic management system also offers the possibility for later monitoring the implementation of projects, the project is still working on how to use the system for monitoring.

The project has generally been carrying out regular monitoring and reporting commensurate with the size of the individual grants and overall risk to the project. Monitoring efforts are not too burdensome for beneficiaries and are generally appreciated (i2.3). Starting from the 2nd call for proposals, the challenge team has been actively monitoring the implementation of grant beneficiary projects, including compliance with all grant requirements. Monitoring visits were carried out to validate progress/final reports submitted by grant beneficiary and documented in an “On Spot Verification Form”, summarising observation, problems and possible solutions. The requirements for beneficiary to submit progress reports were considered too burdensome and subsequently reduced.

During implementation, each company is obliged to report before each disbursement. The reporting frequency also depends on companies' financial capacity, i.e. whether they need a continuous cash flow or can wait till after completion of all activities. Around 90% of grantees choose quarterly payment and reporting. Some projects are short (even three months) and would just submit one report. So far, around 160 reports have been submitted and 145 fully processed.

Payments are done as reimbursements based on received documentation on spending and a verification report signed by all members of the CT. For any procurement of equipment/machinery, a mandatory on-spot verification visit is done.

"Visiting applicants by project staff has proven to be the best way to prevent misuse of grant funds. I would definitely recommend the same approach for future planned projects."

A robust monitoring effort is also appreciated by grant beneficiaries, as quoted by one survey respondent:

The number of on-spot visits depends on the complexity of project activities, level of procurement, and the reporting submitted by the grant beneficiary during implementation. All beneficiaries will be visited at the completion of the project to determine whether all elements of the contract have been adhered to, and to assess project results and impact.

An end-of-project questionnaire has been distributed to grant beneficiaries from call for proposals 1-3 to assess project impact on company performance, value chains, and markets; so far with a response rate of 65% (41 out of 63 completed projects). Another questionnaire will be sent out two years after project completion on long-term impact.

The grant agreement stipulates that even after the implementation period, the progress of the impact will be monitored and evaluated based on submitted final reports and questionnaires. One of the main tasks of the challenge team in the final year (when no new calls are planned) will be to monitor the implementation and results of supported projects and additional efforts will be made to obtain final reports and questionnaires from all grant beneficiaries.

3.1.3 Question 3 – Lessons learned

Question 3 – Lessons learned	Indicators/ criteria for judgement
To what extent have lessons learned from what works well and less well been used to improve and adjust project implementation?	3.1 The projects and programme had adequate mechanisms/processes to review and consider implications of information arising from M&E and other assessments 3.2 Adjustments were made to project implementation based on lessons, constraints and opportunities identified 3.3 The adjustments have led to improvements in the effectiveness and efficiency of reaching project objectives
Summary of findings:	

- The project was running well from the start and only minor adjustments, based on lessons learnt, were implemented, e.g. communication and visibility, eligibility and award criteria, approval process, and results measurement (i3.2).

The project was running well from the start and only minor adjustments, based on lessons learnt, were implemented, e.g. communication and visibility, eligibility and award criteria, approval process, and results measurement (i3.2). The Grant Manual (version 2.1, May 2019) has been updated, incl. a few minor modifications from version 2.0, e.g. on eligible activities and costs, as well as revisions on project duration and number of calls. More significantly, in 2019, the shortlisting of grantable applications for donor assessment and Sida's "No-objection" approval was removed from the evaluation process. The challenge team has also strengthened its capacity for identifying innovative business ideas from different sectors. The project has adapted the indicator on environment during implementation. The 5th call for proposals in 2020 was aiming at having ten projects strong on environmental indicators.

A main reason for the smaller number of applicants in the 4th call for proposals was the better information on the strict eligibility criteria and application requirements through info session and workshops. In addition, this call for proposals was in summer and while there was several similar funding opportunities available at the same time. The quality of applications was higher (number of applications passed evaluation) and the number of ineligible/poor applications much smaller. This is an indication that the project was able to learn and adapt in ways that have improved its ability to reach the project objectives (i3.3)

The results framework has been gradually improved during the course of the project, especially on job creation and cross-cutting issues as well as the more qualitative measures of social entrepreneurship. E.g., after the 1st call for proposals, the environmental impact indicator was changed from "disruptive at a global level" to BiH level and shifted to a focus on "positive environmental impact".

The project has been able to respond to the Covid-19 pandemic which is another indication of its ability to adapt to new and unexpected situations. Several survey respondents mentioned how the project support helped them adjust production and manage cashflow difficulties during Covid-19 crisis.

3.2 SUSTAINABILITY

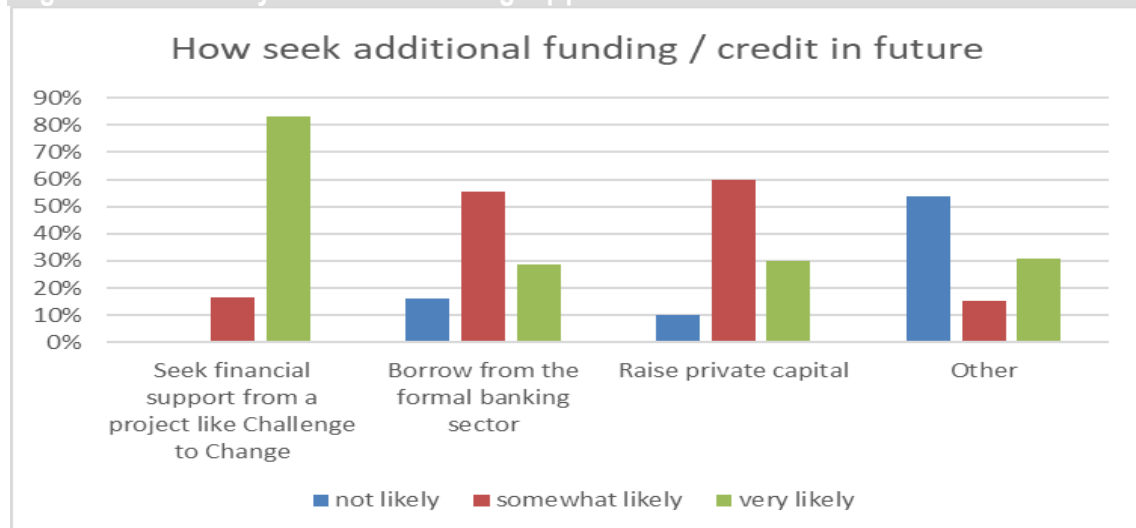
3.2.1 Question 4 – Sustainability

Question 4 - Sustainability	Indicators/ criteria for judgement
To what extent are the benefits (outcomes) of the projects likely to be sustainable?	4.1: The project has positively influenced the access to risk-shared finance by SMEs through market players outside of the project 4.2: The successful businesses supported by the project have sustained their success and are likely to do so in the future
Summary of findings:	

- The project has positively influenced supported companies' access to risk-sharing finance. A majority of survey respondents thinks that with the support from C2C, they are now in a better position to approach the formal banking sector (i4.1).
- Supported companies are generally in a stronger financial position due to the supported activities and are thus more likely to sustain their success in the future (i4.2).

The project has positively influenced supported companies' access to risk-sharing finance. A majority of survey respondents thinks that with the support from C2C, they are now in a better position to approach the formal banking sector (i4.1). Getting access to finance from C2C has definitely encouraged companies to look for similar grant funding in future, as reported by 83% of survey respondents, Figure 3.4. Only a few respondents find it “not likely” that they will seek funding from the formal banking sector (16%) and/or private capital (e.g. joint investors) (10%). Also, the average leverage of the grant funding was 250% (against a target of 100%) which indicates that the companies were bearing the majority of risk themselves.

Figure 3.4 Survey: Future funding opportunities



Also, among survey respondents, 59% think that with the support from C2C, they are now in a better position to approach the formal banking sector (38% think there is no difference and 3% believe they are now in a worse position).

The six pilot phase respondents generally report that the funding through the Challenge Project has resulted in increased turnover and profitability, although answers vary from “not at all” to “very significantly”. Three respondents (50%) think that the support through the Challenge have put them in a better position to meet the conditions for obtaining a loan from a commercial bank; three (50%) think it has made no difference. All six find it likely that they would again seek financial support from a project similar to the pilot Challenge. Only two (33%) find it likely that they will take a loan from the commercial banking sector if they need additional funding. However, the dataset is too small to draw any conclusions with rather varied responses.

Supported companies are generally in a stronger financial position due to the supported activities and are thus more likely to sustain their success in the future (i4.2).

Among survey respondents, 78% indicate that the supported activity had a positive impact on the company's profitability and financial strength (3% indicated a negative impact and 18% no difference). No companies have closed business. A majority of survey respondents report that is too early to measure whether the C2C supported activity has been / will be a commercial success, but the fact that they have maintained an increased workforce of 4.5 new full-time jobs on average signifies a positive impact that is likely to sustain.

The Covid-19 pandemic is noted as the major risk for profitability and sustainability, but respondents note that the C2C project has had a positive impact so far on riding out the storm.

4 Project identification analysis and recommendations

4.1 INTRODUCTION AND BACKGROUND

Objectives of Swedish cooperation - A new strategy for Swedish support to Eastern Europe and Western Balkans for 2021-2026 is under preparation. The desired results under the results area: ‘Enhanced economic integration with the EU and development of the market economy and SMEs’ of the current and likely future results strategy are:

- Partner countries better fulfil EU requirements for entering and applying association agreements, including deep and comprehensive free trade areas (AAs/DCFTAs)
- Competitive small and medium-sized enterprises make up a larger part of the economy

Situation analysis – Bosnia Herzegovina is still at an early stage of establishing a fully functioning market economy. Analysis by the World Bank (WB, Systematic country diagnosis, 2020) and the EU (EC, Staff working document, 2019) points to overly lengthy and cumbersome market entry and exit regulations, low predictability for investors, a large informal economy that distorts competition as well as high levels of structural unemployment especially among women and youth. Economic governance and reforms are impeded by fragmented and complex power sharing arrangements. The institutional and regulatory environment continues to be a crucial weakness with adverse effects on the business environment. To benefit from closer association with the EU and assume the obligations such closer association implies, the analysis finds that the country needs to strengthen its capacity cope with competitive pressure and market forces within the European Union. This implies improvements in the enabling environment where enterprises improve their efficiency, innovate and strengthen market links to the countries within the EU and beyond.

Economic growth and recent improvements in areas such as access to finance for SMEs and employment services are being seriously threatened by the Covid-19 pandemic. Disruption in supply chains and lower demand from the EU will cause decline in both manufacturing and exports of goods and services. However, in the longer term there are also opportunities associated with the desire for shorter supply chains that are closer to Europe and the prospects of building a greener future.

The World Bank, the EU, EIB, EBRD and bilateral donors such as Sweden, the US and others are active in BiH. Donor cooperation within economic development is not

coordinated by government partners. Coordination where it takes place tends to be among donors and based on establishing pragmatic case by case arrangements. Catalysing longer term transformational effects and laying the basis for sustainable change is complicated by high levels of donor support and competition making conditionalities difficult to realise and to some extent postponing the need for difficult decisions to be taken within BiH.

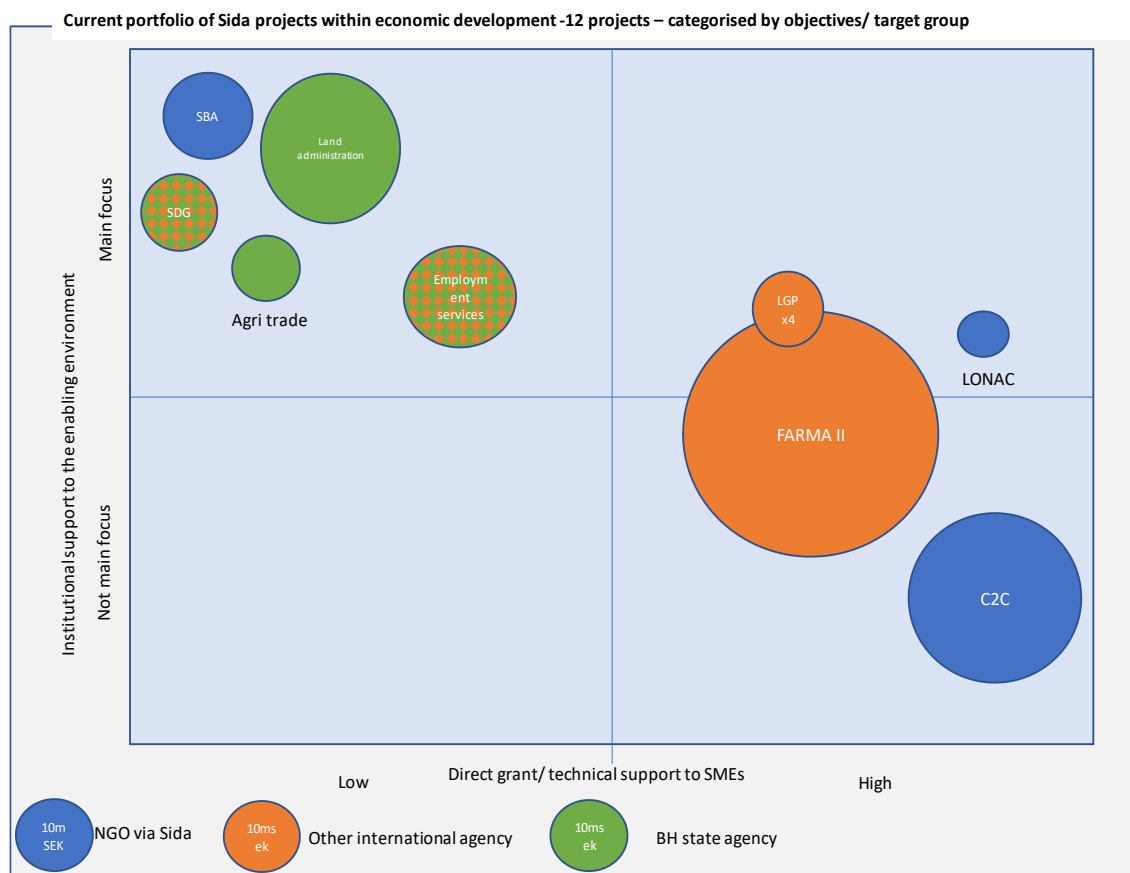
Current portfolio of Swedish support to economic development – Sweden currently supports economic development through 13 different contributions with a total allocation of SEK 263 million programmed for disbursement over the period 2015-2026 (see table and figure 4.2). These projects can be categorised into different types such as: institutional support to the enabling environment and employment services; twining between Swedish and BiH state institutions; grant support and technical assistance for SMEs and; provision of loan guarantees for SMEs. There are also a range of cooperation partners which can be categorised as: the state ; regional development agency; NGO; international organisations (UNDP/World Bank); Swedish institutions (Lantmäteriet) and; commercial banks (under the lead of USAID).

In terms of type of contribution, the current portfolio support shows an even split between supporting SME directly and supporting the wider enabling environment as illustrated in figure 4.1. This also reflects a balance between supporting longer efforts at improving the enabling environment and supporting in a more direct way SMEs to prosper better in the current environment and then be better positioned to take advantage of future improvements in the enabling environment. The key issue is not so much the balance within the Swedish portfolio but more the extent to which it is coordinated and harmonised with the support from other donors and reflects the needs. This is particularly the case given the transaction costs and danger of fragmented support which is an issue raised in evaluations done by EBA and Devfin. Figure 4.1 also shows the variation in main objectives, size of contributions and partner types (also shown in table 4.1below).

Table 4.1 Distribution of current portfolio (see also figure 4.2)

Topic	Element	number	SEK (M)	Comment
Main objective of the contribution	Enabling environment	5	105.5	Objectives are well balanced slight overweight on SMEs which is understandable given the investment nature
	Direct support to SMEs	7	156.9	
Size of contributions	Small (<SEK 10m)	6	26.4	More smaller contributions due to number of small loan guarantees
	Medium (<SEK 30m)	3	54.0	
	Large (>SEK40 m)	3	182.0	
Partner type	NGO	3	77.8	Relatively high focus on funding through NGOs and international agencies, less via the BiH state
	International agency	5	96.6	
	BiH state	2	51.5	
	International agency/BiH state	2	36.5	

Figure 4.1 Current portfolio within economic development – categorised by objectives and target group



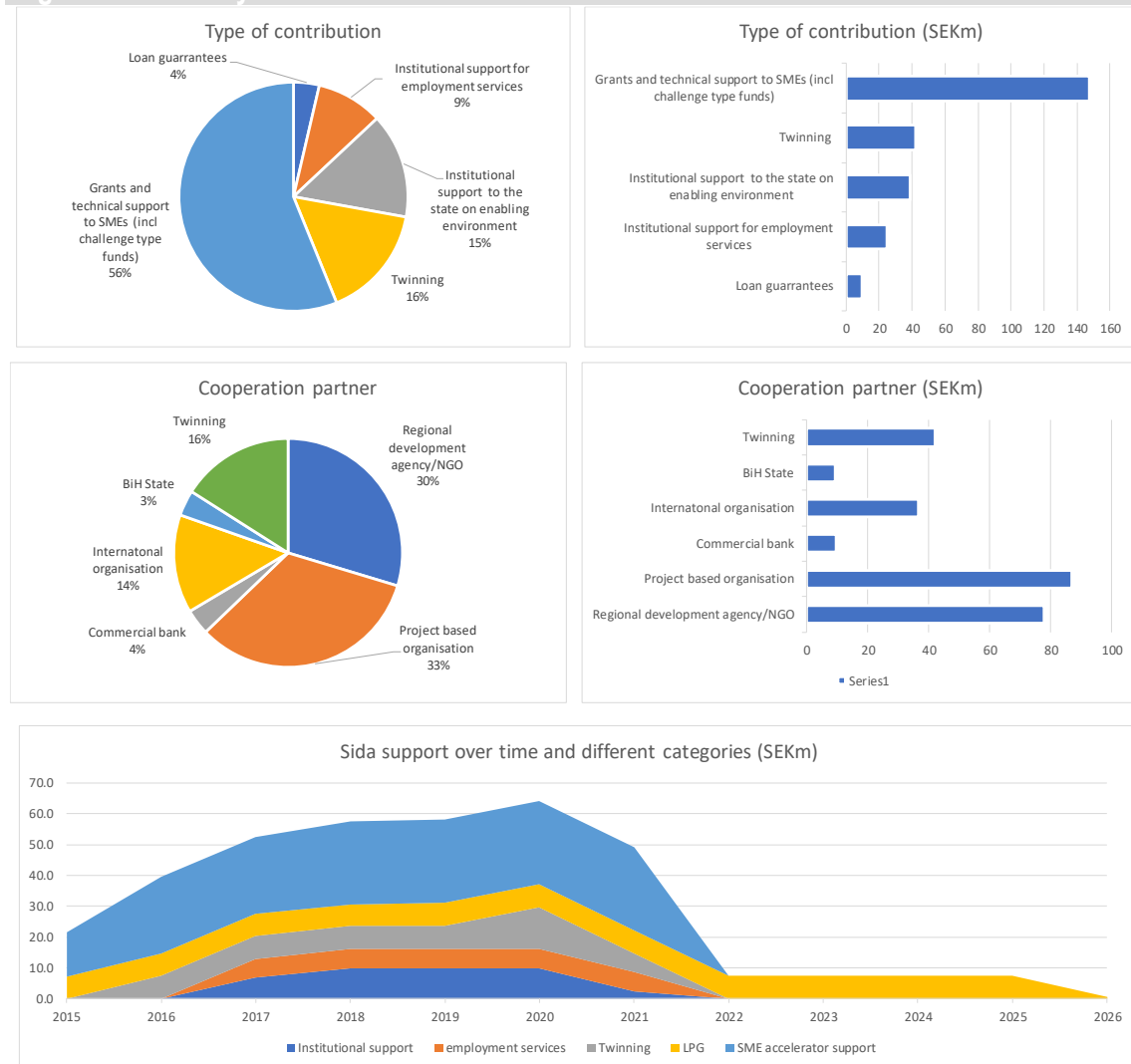
In terms of cooperation partners, relatively little support is focussed on state organisations and even less directly channelled to these organisations. The vast majority of Swedish support is in the form of co-financing with other donors, particularly USAID. Surprisingly, there is very little direct co-financing with the EU programme of support. A significant proportion is channelled via NGOs or regional development agencies. In most cases these are permanent bodies that have a long-term role in BiH. A single project, FARMA is an exception in that it is a project-based organisation that will not continue after the project, although the expertise built up among the mostly local staff will continue. Much of the current portfolio will end in 2021 and by the start of 2022 the likely annual disbursement will be under SEK 10 million and mainly in the form of subsidy for loan guarantees.

4 PROJECT IDENTIFICATION ANALYSIS AND RECOMMENDATIONS

Table 4.2 Active contributions 2020 within economic development

Active contributions (2020)	SEK (m)	Period
CHALLENGE 2 CHANGE	53,0	2016–2021
COLLECTIVE IMPACT FOR YOUTH - LONAC	7,3	2018-2022
ENERGY EFFICIENCY PROCREDIT GUARANTEE	3,7	2019-2026
ENHANCING EXPORT POTENTIAL & IMPROVING COMPETITIVENESS of BH AGRI PRODUCERS	9,5	2018-2020
FARMA II	87,0	2015-2021
GUARANTEE TO NOVA BANK	2,0	2015-2025
GUARANTEE TO PROCREDIT	3,0	2015-2025
GUARANTEE TO SPARKASSE	1,0	2015-2025
IMPROVEMENT OF LAND ADMINISTRATION IN BH PHASE 2	30,0	2016-2020
IMPROVEMENT OF LAND ADMINISTRATION IN PHASING OUT	12,0	2020-2022
INTEGRATED PRIVATE EMPLOYMENT SERVICES PILOT	24,6	2017-2021
SDG and AGENDA 2030 IN BH	11,9	2017-2020
SMALL BUSINESS ACT STRATEGIC FRAMEWORK	17,5	2017-2021
Total	262,3	

Figure 4.2 Analysis of current contributions



4.2 SUMMARY OF FINDINGS FROM EARLIER EVALUATIONS AND SUPPORTIVE ANALYSIS

There have been two major evaluations of the Swedish cooperation portfolio EBA, (2018) which looked at the period 1995-2018 and Devfin (2018) which looked at financing mechanisms. There was also an evaluation of Swedish support to loan guarantees globally where a BiH was one of four case studies.

The EBA report on Swedish cooperation in BiH 1995-2018 in economic development concluded that the portfolio focused on SME development with a variety of approaches and tools in different sectors. It noted that agriculture dominated the portfolio despite low priority to agriculture in Swedish country strategies. Overall, it was concluded that Sida has contributed well to SME development but the specific and measurable contribution to employment and job creation was disappointing, due to portfolio dominance of agriculture; transitioning from humanitarian support to market-based economic development and; BiH governance structure and ethnic policies. However, some success in this area was noted through CREDO which was able to create cooperation between SMEs, academia and public institutions. Start Bosnia (1997-2000) where SME support and Swedish SME collaborations were also noted as successful. The business environment reform (with World Bank) functioned well but efforts on privatization of the state-owned enterprises (together with the UK and the Netherlands) failed due to Bosnian political opposition. The evaluation report recommended a stronger and clearer alignment of Swedish support to the EU accession process with a sharper focus on transition to a market economy. The implication of this recommendation is that traditional grant-based support is replaced by a partnership, based on ensuring internal political change within BiH, led by the EU and the demands of the accession process.

The Devfin report on innovative financing mechanisms (2018) concluded that market is “spoilt” in terms of donor subsidised finance (equity, debt and guarantees), making it difficult for a Sida guarantee institution to charge a fee for its guarantee. The report found that a variety of donor initiatives and financing facilities “compete” to offer soft financing. The evaluation report recommended better donor coordination including more intensive cooperation around loan guarantees especially within energy. It also recommended support to setting up the concept of energy service companies (ESCOs).

The evaluation of SBA and C2C undertaken as part of this report has a number of findings that are relevant for future project identification. The implications of these findings can be framed as follows:

- Both projects are highly relevant for the likely direction of future Swedish cooperation:

- The SBA project directly contributes to the result “Partner countries better fulfil EU requirements for entering and applying association agreements, including deep and comprehensive free trade areas (AAs/DCFTAs)”
- The C2C project directly contributes to the result “Competitive small and medium-sized enterprises make up a larger part of the economy”
- Both projects have largely been successful or likely to be successful in meeting their objectives and outcomes (Conclusions SBA1/ 2 and C2C 1/5 see chapter 5.0.)
- Both projects would benefit from further consolidation:
 - The SBA project needs further support to advocate for the approval, adoption and dissemination of the SBA-aligned laws and strategies as well as to consolidate the institutionalisation of the approach and improve communication (conclusion SBA3, recommendation SBA2, see chapter 5.0)
 - The C2C project needs a longer period to ensure graduation of SMEs from grants to gradually making use of commercial finance (conclusions C2C, recommendation C2C 3 see chapter 5.0)
 - It would seem to be better to respond to the new SME challenges of Covid-19 by making use of existing project facilities rather than create new ones.

Analysis of the prospects of loan guarantees - A solid argumentation for providing loan guarantees is given in the recent Sida appraisal of the contribution on loan guarantee for energy efficiency (contribution #13560). The main findings and line of argument presented in that document have been confirmed through interviews and review of documents. There are 30,000 SMEs in BiH and although the banks are liquid there is a critical constraint in access to finance mainly related to the risk perception of lending to customers on a longer tenure or those without a credit history or collateral. The main rationale for loan guarantees is to kick start a process where: i) borrowers/SMEs get access to credit and obtain a good credit history to enable further borrowing and expansion of business and ii) the banks recognise that SMEs in previously overlooked categories were a good source of business and to start to lend to them even without guarantees. Whilst these effects are plausible and there is anecdotal evidence to support them, there is an absence of hard evidence. Evidence is not documented partly because of the difficulty of measuring the counterfactual of what would have happened anyway and also because following the credit crisis the banks in BiH although very liquid have been guided by a regulatory and low interest environment that leads to highly prudent lending. Thus, a change in behaviour of banks is not yet evident – although the Novabank (before change of ownership), through the diaspora loan guarantee and the diaspora invest project, was starting to lend to a wider range of diaspora clients. There is a need in future work to focus more on documenting the outcomes and demonstration effects of the loan guarantees. More risk accepting lending, where there is access to finance issues, is needed but to be effective, it would probably have to be accompanied by TA/start up support.

BiH has a diaspora community of over 2 million in more than 100 countries many of whom are in a good position to help the country. Currently the diaspora provides USD 3 billion in remittances of which 70% are used for consumption and 30% as savings. Thus, there is as much as USD 1 billion per year available that could be mobilised for SME

growth. Diaspora are involved in transferring their dynamic approach, business skills, finance and export market linkages especially for outsourcing. But the expansion is limited by what the parent company and local savings can provide in terms of finance, as the local partners do not have credit histories. Diaspora businesses provide good prospects for supporting integration into the EU as most of the exports are to EU markets. With Covid-19 there is also the opportunity to shorten the supply chains and create additional competitive advantage.

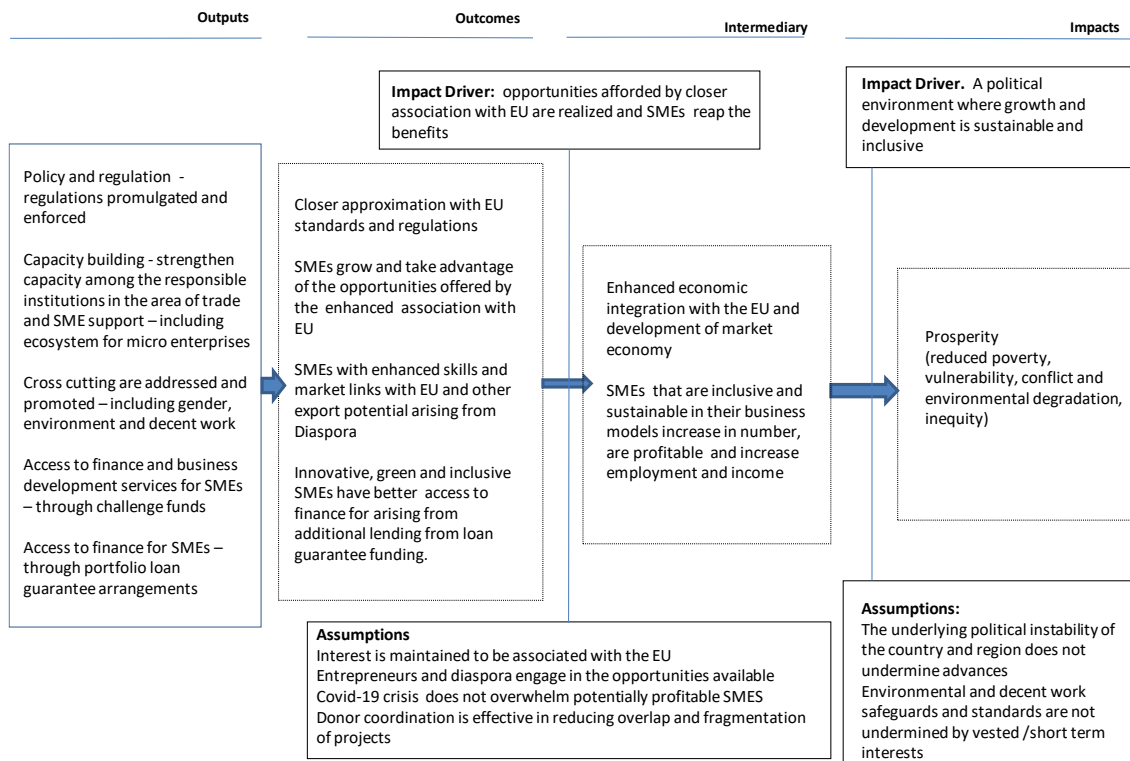
USAID/Sida started a diaspora targeted loan guarantee with Novabank from 2016. It was accompanied by a TA and grant project funded by USAID alone (Diaspora Invest⁴) which provided small grants and TA for companies that could graduate to a loan. This start up financing was needed as banks would normally demand a business to have 2 years of banking records. The potential for market distortion was reduced in the loan guarantee arrangement by ensuring that only new investors (new capital) is supported and for companies less than 3-year-old (less than 5 years old for TA). The loan guarantee was suspended after change in ownership of Novabank but up to then, as earlier noted, it had been working well with the bank lending out to new diaspora and creating a market for itself. This experience shows that targeting diaspora is possible and can create results.

Overall, the cooperation with USAID/USDFC has been successful. The USAID office in BiH has strong analytical and administrative capacity which means that Sida does not need to build this up at its embassy in BIH. A disadvantage is that there could be a dependency on USAID which might become problematic if USAID changes its mind or adopts different policy positions; this seems unlikely right now. There have been information sharing issues, but these appear to be more of a misunderstanding and can be resolved by clarifying what is needed in the agreement letters.

Proposed theory of change - Based on an outline presented in the inception report and the findings above, an intervention logic is outlined below that shows the path from output level to the intended impact. Drivers of change and the assumptions that need to be in place for the change to occur are also identified. The theory of change aims to enhance attainment of the intended impact by closely linking economic development with green growth and ensuring that development is inclusive, contributes to reducing inequalities and is environmentally and climate sustainable.

⁴ <https://www.usaid.gov/bosnia-herzegovina/fact-sheets/fact-sheet-harnessing-diaspora-economic-development> : and <http://www.diasporainvest.ba/home>

Figure 4.3 Theory of change and intervention logic, Results Area 1



The intervention logic is that if projects create outputs in the fields of: improved implementation of policies and regulations; strengthened capacity within trade and an enabling environment for SMEs; improved access to finance and business development services and, improved attention and performance on cross-cutting issues - then this will lead to the outcomes of increased economic integration with the EU with SMEs taking advantages of the opportunities created. It will also lead to innovative, green and inclusive SMEs with enhanced skills and market linkage arising from greater access to finance and engagement with the diaspora. The increased economic integration and sustainable economic development will then in turn contribute to increased prosperity, defined as reduced poverty, vulnerability and conflict, as well as an improvement in equity and environmental sustainability.

The preliminary drivers for this are identified as the trade opportunities and the opportunities of closer association with the EU and a political environment that encourages growth and development are sustainable and inclusive. In turn, the assumptions in the theory of change are that the interest for being associated and deepening the ties with the EU is maintained; that entrepreneurs and the diaspora engage; that a recovery from Covid-19 can be made and, that donor coordination is able to reduce fragmentation and overlap. There are also assumptions that the political situation remains conducive and does not undermine achievement; and, that vested interests do not undermine the efforts to enhance environmentally sustainability and decent work.

Broader relations – Sweden seeks, especially for emerging and transition economies such as BiH to make use of development cooperation to pave the way in the future for broader relations that go beyond development cooperation. This implies that as development cooperation and the need for such cooperation declines a transition is made towards normalisation in the direction of economic cooperation, trade and cultural exchange. The economic development cooperation in BiH has several elements that can trigger and promote the deepening of such broader relations as follows:

- **Twinning** – peer to peer cooperation, subsidized at first but thereafter on the basis of mutual exchange has worked well in a number of West Balkan countries. At the moment there is only one twinning project in BiH within economic development. It will be important that the phasing out of that project is done with the view of establishing longer term relations that are not dependent on external funding. It will also be relevant to seek other twinning opportunities. These are not immediately obvious as the option for employment services, as noted elsewhere, seems closed due to timing. Nevertheless, it would be worthwhile to review and take up an exploratory discussion with the government, the Swedish employment service agency and donors such as the World Bank and the EU. It would also be worthwhile to scan Swedish experience of twinning in the Western Balkans more generally to see if there are opportunities for proven approaches to be initiated in BiH. One possibility that has been mentioned in discussion is twinning through Tillväxtverket⁵.
- **Diaspora** - supporting SMEs with Swedish diaspora is likely to strengthen the basis for broader relations. This is currently being planned through the loan guarantee arrangement. It would be further reinforced, as noted elsewhere, by providing (or co-financing with USAID) the type of initial small grant and networking support carried out by the Diaspora Invest project⁶.
- **Environment, low carbon and energy efficiency** – technical cooperation and especially technology know-how and transfer in these areas is relevant as Sweden has a comparative advantage in them. They would also pave the way for broader relations as they could promote long term technical and commercial cooperation within the public and private sectors of BiH and Sweden. These areas are promoted through the currently planning project guarantee. As noted elsewhere this could be extended by the provision of technical assistance (carefully designed) which would lessen information barriers for linking with Swedish experience and know-how in these areas.

⁵The Swedish Agency for Economic and Regional Growth is a Swedish government agency organized under the Ministry of Enterprise, tasked to promote entrepreneurship and regional growth, and to implement structural funds programme. It currently operates 3 twinning projects as part of the EU twinning programme (in Albania, Serbia and Algeria) <https://www.sida.se/contentassets/a58bfe76f5774fe6b8a4555338afc547/pipeline-eu-twinning-2020.pdf>

⁶ <http://www.diasporainvest.ba/home>

- Enabling environment – improving the enabling environment is a key element of the economic diplomacy because as a country such as BiH creates transparent and efficient public procurement systems and market rules and regulations the risks for commercial operations between BiH and Sweden lessen. The SBA project is one of the leading initiatives in this regard.
- Closer EU association – the Swedish support to BiH aims at enabling BiH to hasten and deepen its association with EU. As BiH becomes more ready to join the single market the prospects for competitive and rewarding commercial relations between Sweden and BiH increases.

4.3 RECOMMENDATIONS

This section provides specific recommendations on future support on: SMEs; loan guarantees and, the enabling environment. It also provides an overview of more general recommendations for future programming within the results area of economic development.

Recommendation 1 - Strengthen the graduation of SMEs through incubator, challenge funds, loan guarantees and access to commercial finance and business development services. Sweden, largely with other donors, supports SMEs at different stages from incubation to start up to scale up through projects such as Mozaik, C2C and the access to finance through loan guarantees. Greater attention could be given to seeking means of encouraging graduation of businesses from incubation to scale. This can be done by:

- Better linking together, the Swedish (and other donor) financed project that support various stages of SME growth.
- Combining technical assistance and financial support in an appropriate mix so that SMEs are not just supported financially but also have technical assistance to graduate to the next stage of development.

This would entail ensuring that SME contributions provide follow up support and link their target group to the next stage of development. In this way incubators would actively monitor and encourage their clients to access various challenge funds (including but not only the C2C or any successor to it). The challenge funds would in the same way actively monitor and encourage their clients to access funding through loan guarantee provisions. And, banks offering loan guarantees would encourage earlier clients under loan guarantee provision to access normal commercial loans. These processes are already implicit to varying degrees in the projects but could benefit from a more explicit follow up and by adding the post-support progress of earlier clients to the results frameworks of the projects. An example of an explicit integration is the USAID supported “Diaspora Invest” grant and technical assistance project that was linked to a USAID/Sida diaspora-focussed loan guarantee instrument.

Box 4.1 Strengthening graduation of SMEs – the options that could be considered include:

- Making reporting on post grant performance an obligation both for the grantees and the project implementor (in the case of C2C: SERDA). The performance reporting would be on indicators such as turnover, profit and employment (jobs) as these are central to the aims and also part of normal obligatory company reporting for tax and other reasons.
- Financing an annual review of ex-post grant holders to identify and create awareness among those that could benefit from graduation from grant to loan under guarantee or loan under commercial conditions.
- Provide funding to support business associations (and possibly other projects, business development service hubs, municipalities, ecosystems) to network among members to share information on sources of finance and development of sound bankable proposals.

Box 4.2 Provision of technical assistance – this would involve providing or subsidizing access to business development services. Options include:

- Offering a subsidy for business development services alongside (and often in advance) of an investment grant
- Supporting business associations (and possibly other projects, business development service hubs, municipalities, ecosystems) to market and improve their range of business development services
- Providing project-based mentorship both at pre and post grant stages.

Recommendation 2 - Continue and expand the loan guarantee instruments as a promising way forward for Swedish support to economic development in BiH. Some noteworthy points that emerge from interviews and document analysis that have implications for the design of future loan guarantee arrangements are:

- USAID/USDFC is a trusted partner and it would make sense to continue that association, being open to going alone but not for the sake of it. Advantages are the size of the USAID office in BiH which allows a piggy backing on robust analytical and administrative system. Disadvantages could be the dependency if USAID changes its mind or adopts different policy positions; this seems unlikely right now.
- The earlier evaluations and general practice point to the need to find opportunities to sharpen the additionality of the loan guarantees and consider conditions i.e. targets on extent of lending to new customers; relaxation on collateral and acceptance of higher risk profile.
- A TA package like the one mentioned in the Pro-Credit loan guarantee (or the one provided through the USAID supported Diaspora Invest project) would enhance the guarantee effect by supporting borrowers and even the lender.
- TA or other resources could also enable a more detailed monitoring and follow up not only on the financial results but also the development results. The high interest rate (which is the justification for the guarantee fee subsidy) is not the only market failure, there is also lender/borrower capacity and lack of evidence-based adjustment in loan conditions and development of loan products.

- Sida, given its support to initiating loan guarantees in BiH (with USAID), has a role to play in ensuring good mapping and harmonisation between donors involved and entering the access to finance arena.
- Loan guarantees that target energy efficiency, green growth and women's economic empowerment in rural areas are relevant. The loan guarantee on energy efficiency (contribution #13560) where 20% of the loans are set aside for green investments shows that some extent of earmarking is possible. In some cases, earmarking can play a role in gradually providing banks with evidence that the future market prospects are promising and likely to lead to a sizeable new business area.
- Loan guarantees that target diaspora are highly promising as they mobilise external skills and export market connections for SMES. There is experience of an earlier one supported by USAID/Sida which was promising although stopped early due to change in ownership of the bank involved. There is also the possibility of mobilising Swedish diaspora and linking the other Sida financed initiatives such as Swedpartnership.

Box 4.3 Loan guarantee technical assistance package – this would involve supporting the development of loan products and loan decisions at the participating bank and/or support to borrowers to develop stronger projects and potentially to implement them. The optional elements of such a package could include:

- Bank
 - Consultancy support for adjusting credit procedures and practices
 - Funds to carry out more in-depth evaluation and studies (including independent studies) on the outcome and additionality of the loan guarantees
- Borrowers
 - Start-up funds made available to support development of improved proposals
 - Provision of technical support or access to subsidized business development services

For the bank target group, it would be possible to include the TA as part of the overall loan guarantee agreement whereby the TA funds would be self-managed by the bank under the normal governance arrangements of the agreement.

For the borrower target group it will most likely be necessary to anchor the technical assistance either in a new project (like what was done for the USAID Diaspora Invest) or in a project (e.g. one that provided challenge type funding (like C2C) or was geared towards supported the ecosystem for SMES (like Mozaik)

Recommendation 3 – Contribute to the longer-term enabling environment through a next phase of support to the SBA and exploration of other options – A key result area of the Swedish strategy of cooperation in BIH is to support the closer association with EU which largely involves strengthening the enabling environment for SMEs. Some noteworthy points that arise from the interviews and document analysis that have implications for the design of future loan guarantee arrangements are include:

- The enabling environment is crucial for the longer-term success of the direct grant and loan guarantee support for SMEs. Even though the Swedish support alone is not enough to change the enabling environment, working closely with others a cumulative effect can be gained.
- Continuity of support the next phase of SBA is highly recommended to consolidate, institutionalise, communicate the approach and results so far.
- Other options are less well developed in terms of the history of Swedish support but there are partners such as the World Bank, UNDP, EU and others with whom it would make sense, depending on the funds available, to co-finance. The options include:
 - World Bank / employment services and active labour market policies – Although Sweden has a long history of twinning on employment services it seems that a bilateral twinning would not be the most helpful step at this time as methodologies and approaches are already developed. Working with World Bank would be beneficial as they are providing a large (USD 55m) loan in addition to the project involving the current Sida co-financing. There are prospects of responding to a key constraint in the enabling environment (mismatch of supply and demand in the labour market). There is also an opportunity to contribute to women's economic empowerment by narrowing the gap between male and female un- and under-employment. However, there also other actors involved such as the EU, ILO, UNDP and others. Thus, a mapping of the potential for overlap would be needed.
 - UNDP/ SDG – continuation of the current cooperation on developing a public and private sector framework for promoting SDG reporting and planning. It is difficult without a review of the current project to know what the added value of Sida would be other than the finances. It would seem the public sector framework might be more relevant as there is less overlap and potential fragmentation of small grant support to SMEs which might be a risk for the private sector initiatives under the current SDG project.
 - Working with the EU – as noted in the EBA (2018) evaluation working with the EU is highly logical and potentially the most effective means of ensuring closer association. However, there is not a long track record to fall back on and the immediate prospects are not obvious. There is potential in co-financing the EU4Business⁷ and the EU4Agri programs but the programming and need for such co-financing is not yet clear. A close dialogue with the EU delegation in BIH needs to be established perhaps with the aim of attempting some form of joint programming even if not direct co-financing.

⁷ <https://eu4business.ba/>

Box 4.4 Prioritisation of options for supporting the enabling environment

The first priority should be to explore options of working closer with the EU because this option most strongly underpins the logic of Sweden supporting the EU efforts on economic development. The aim is that this will increase the coherence of EU and EU member state actions. In so doing it will potentially both contribute to and benefit from the EU leverage on reforms as well as promoting closer association with EU. However, it is also recognised that such cooperation is new in BIH and it might take time to develop and mature a joint cooperation.

Support to the WB employment services and the UNDP/SDG projects have trade-offs for Sida. Sida is likely to have greater influence and add more value to the UNDP/SDG project than the World Bank project where its role including on gender is likely to mainly providing funding (as gender support will be provided by the World Bank in-house team). On the other hand, the World Bank project on employment services tackles an acute issue in the enabling environment rather than a longer-term goal of improving SDG reporting and frameworks. The World Bank project will go ahead without or without Sida, this is less certain in the case of the UNDP/SDG project. The longer-term sustainability of the World Bank project and its capacity to make irreversible system change is likely to be higher because of its size and the conditionality of associated loans.

Recommendation 4 – Engage in active programming and enhancement of the current portfolio taking into account lessons learnt so far. Some of the key points related to lessons learnt that should influence the future programming within economic development are:

- Prioritise continuity and creation of a critical mass of change -given the level of ambition, the complexity of the BiH institutional landscape and the tendency of donor overcrowding, emphasis should be given to continuity of cooperation and reaching a critical mass for change.
 - A direct implication is that it would be more constructive to continue with follow up phases of SBA and C2C, to consolidate and expand on what has been achieved, rather than starting new initiatives on the same topics.
- Work closely and co-finance with other donors – more than 80% of the current portfolio is co-financed with other donors. Particularly given the low level of donor coordination by the state, this helps to reduce fragmentation, increase the critical mass and minimise the transaction costs for Sida and BiH.
 - A direct implication is that future programming should continue with the majority of support being co-financed with other donors. It should be remembered that donor funds create competition between entities especially those that are relatively dependent on donor funding and in this way the funding can inadvertently worsen the institutional barriers that the cooperation is trying to overcome.
- Explore options for cooperation on closer association with EU – As noted by the EBA evaluation, a key rationale for continued Swedish support to BIH is to foster closer association with the EU. So far there has been no direct co-financing with

the EU although most of the project portfolio directly and indirectly helps in closer association with the EU. An example of direct support to closer association with the EU is the SBA project. Close coordination with EU initiatives is more important than necessarily co-financing initiatives. However, within co-financing are some potential areas within the EU4Agri and EU4Business programmes as well as others but they would require early, close and continuous dialogue to mature into concrete opportunities for Swedish co-financing.

- A direct implication is that the contribution of each project to closer association should be made explicit and the potential for co-financing with the EU should be explored.
- Anchor projects with permanent organisations – although some progress has been made with project-based organisations (e.g. FARMA), the longer-term function of supporting SMEs will be easier to sustain if it is anchored in permanent organisations such as SERDA, EDA, Mozaik or others. Even if the financial resources are likely to be donor sourced for the foreseeable future the retention of institutional capacity is an important steppingstone for longer term exit and transition to BiH institutions.
 - A direct implication is that where possible new projects should work with institutions that have a permanent institutional anchorage in BiH. Of particular importance is the role of SME business member organisations as in most countries they fulfil many of the information exchange and access to business development services that the donor projects are funding. Municipalities are also relevant as they are more agile than central government and close to and dependent on thriving SMEs and have an implicit and often explicit role in information exchange and breaking down of barriers for SME creation and expansion. Another implication is that provision or subsidy of business development services should, to the extent possible, use associations and market operators in BiH rather than set up project delivery units.
- Respond to the challenges created by Covid-19 – The Covid-19 pandemic threatens to undermine much of the progress that has been made in increasing income and job creation through SMEs. The crisis justifies further the grant intervention for supporting SMEs provided the right conditions are attached. At the same time there are opportunities for innovation, and the prioritising of gender and environment (building a green future) as well as taking advantage of the desire within the EU for shorter supply chains. The urgent and immediate nature makes coordination doubly important. Box 4.5 outlines further some Covid -19 relevant considerations.
 - A direct implication is that follow up should be made on opportunities to support a World Bank initiative under preparation (known to the Swedish embassy) through a trust fund or similar arrangements.

Box 4.5 Covid -19 implications for SMEs

The World Bank country report on BiH concerning Covid-19 (World Bank (2020)

“The Economic and Social Impact of Covid-19- The country notes – BIH”,p12) concludes that:

- The coronavirus pandemic poses the most serious threat to the BiH economy since the global financial crisis.
- Despite important reductions in internal and external imbalances, the growth outlook for 2020 is much less optimistic than it was earlier, mainly because of COVID-19 but also because of political gridlock, low capital spending, and slow progress in reforms.
- The immediate challenge for the government is to prevent further COVID-19 infections, reinforce medical care, and counteract the negative economic effects of the containment measures.
- Several policy measures to limit the human and economic cost of the pandemic have been announced. However, the complexity of the country’ s institutional setup and its limited resources constrain the provision of support.

Covid-19 will and already is creating special challenges for SMEs particularly those in the service sector similar to the situation being experienced throughout the EU where special measures by member state governments have been put into place. As noted earlier this strengthens the case for continued support by the international community and an intensification of support to SMEs compared the pre-Covid-19 situation. The SBA project, the loan guarantees and many of the projects under economic development can potentially mitigate Covid-19 and these projects and the underlying institutions are considering and putting in place measures. Swedish support can contribute and build on opportunities thrown up by Covid-19 by reviewing the entire portfolio and how well it maximises the opportunities of Covid-19 and how well it mitigates the risks. Highly specific opportunities within the economic development cooperation result area are:

- Strengthening digitalization and E-commerce e.g. Through the C2C call for proposals i.e. targeting proposals and offering higher subsidy, ;relaxing pre-conditions for interventions of this type.
- Supporting early recovery using a green economy approach e.g. through additional targeted support through the loan guarantees including targeted technical assistance.

Looking forward, as noted elsewhere there is a potential to support the World Bank funded Covid-19 emergency response project being developed.

- Strengthen focus on gender and environmental issues – Swedish support has given some priority to gender and environmental issues for example in the co-financing with USAID on loan guarantees. These are areas where Sweden has strong credibility and can add value. They are also areas that are increasingly relevant as the partnership with BiH matures and seeks to cooperate around advancing the universal value of the SDGs.
 - A direct implication is that the challenge funds and loan guarantee could target women economic empowerment and environment/green growth.
- Seek out opportunities for twinning – there is only one twinning project in the current portfolio. Other twinning opportunities within economic development

have not yet been identified. There are potentials in the area of employment services and quality infrastructure based on cooperation with other Western Balkan countries – however these are also areas that are potentially already quite crowded so they would need careful identification.

- A direct implication is that that a dialogue should be established with potential areas of cooperation to explore if there is scope for twinning.
- Balance support to the enabling environment and SMEs – as noted earlier in this analysis, there is a balance in the current portfolio between supporting the enabling environment and direct support to SMEs. There is merit in continuing with this balance as the direct support helps to lift SMEs to be in a position to make better use of an improved enabling environment. It also allows a mix between quick wins and longer systemic change. Some projects such as the loan guarantees are particularly beneficial in that they have an element of both i.e. they direct support SMEs to access finance but also have an expected wider effect of de-risking and normalising lending to SMEs. The same is also true of the Mozaik project that combines direct support to micro enterprises whilst also contributing to an ecosystem of support based at the municipality level.
 - A direct implication is that future projects should support both the enabling environment and SMEs.

5 Conclusions and recommendations

5.1 CONCLUSIONS AND RECOMMENDATIONS – SMALL BUSINESS ACT PROJECT

The findings across the ‘SBA in BiH’ evaluation questions led to five main conclusions and four recommendations, as summarised below.

Conclusion SBA 1: The ‘SBA in BiH’ project is progressing steadily towards its specific objective of harmonising, vertically and horizontally, the policy, legal and strategic frameworks for SME development among the country’s various administrative levels, using a methodology that is in line with the EU SME framework. The project has demonstrated in its 2,5 years of active implementation that with patience, persistence, tact and flexibility, its participatory, learning-intensive model and theory of change have the potential to deliver results. This is a meticulous process that must be pushed but cannot necessarily be hurried. Building confidence and trust takes time in any setting, and in BiH it requires particular sensitivity. In addition, a number of the activities and deliverables must happen in sequence, in order to create the conditions for the following steps.

Conclusion SBA 2: Analyses and stakeholder feedback indicate that the project is laying a solid foundation, with strong inroads toward the desired results. Systematic monitoring and assessment have identified what works well and what doesn’t, leading to regular refinements and more effective approaches. The official adoption/ approval of the SME-related policies, laws and strategies supported by the Project would institutionalise SBA alignment in major areas. The use of the Standard Methodology, tailored as appropriate, should lead to a critical mass of SME strategies and action plans that are aligned with the SBA and harmonised across the country. While activities are progressing in a satisfactory fashion, it is too early to predict exactly how much of this will be achieved by the end of the project in December 2021. Much will depend on the coronavirus situation and political will. Appropriate advocacy may help.

Conclusion SBA 3 : Sustainability will depend on appropriate follow-through to further consolidate the approach and gains, fortify capacity, and build confidence. Additional time is needed to secure the institutionalisation of SBA alignment, the vertical/horizontal harmonisation of the policy, legal and strategic framework for SME development, and the ownership and capacity to sustain the benefits. Implementation remains a critical issue. The highly participatory, intensive learning approach is something of considerable value that should continue to be reinforced during the whole programme, including in any extension. The good practices it inculcates are important for sustainability.

Stakeholders surveyed and interviewed overwhelmingly endorsed the project model as an effective way to achieve the horizontal and vertical cooperation necessary to enhance SBA harmonisation. This is an important affirmation at this point of the project and indicates that things are heading in the right direction. However, such improvements need constant encouragement and a well-planned joint effort to continue to build confidence and trust - and to institutionalise the linkages in a sustainable way. If by 2025/26, the ‘SBA in BiH’ approach has proved itself, there could well be enough confidence in the various levels of government to replicate it in other EU alignment areas.

Conclusion SBA 4: Surveys and interviews indicated some gaps in stakeholder understanding of the project. The ‘SBA in BiH’ project is complex and multifaceted, involving a large number of stakeholders at various levels of government and the private sector. One of the key success factors is a common understanding and uptake of the project’s vision, objectives and practical, cooperative approach. While the surveys and interviews indicated good understanding and commitment in stakeholders’ particular areas, they showed scope for improving understanding of the big picture on the one hand, and how all the activities link together to produce the final outcome on the other.

In addition, other relevant parties that are not directly involved in the project may benefit from learning more about it. For example, some sections of government may be interested in exploring how the model might eventually apply to other areas where EU alignment is required for accession.

Conclusion SBA 5: Communications and general coordination with the EU and other development partners regarding the SBA project could be improved, given the complementarities with other development assistance and EU pre-accession activities. Both Eda and the Embassy have raised these issues in project and internal reporting and discussions. While some coordination and consultation is occurring (e.g., at the annual SME Conference and in certain project activities), interviews indicated that the project could benefit from more regular communications with the EU Delegation, the OECD and other international partners.

Recommendation SBA 1: Sweden, the EU and other development partners should work together to advocate at appropriate levels the approval, adoption and dissemination of the SBA-aligned laws and strategies.

Rationale: The project is supporting its participants on advocacy to advance official processes, but a coordinated effort focusing on higher levels may also be worthwhile. (linked to Conclusions SBA 1 and 2)

This recommendation could be implemented through the following actions:

- Eda and the Embassy of Sweden could develop a strategy for coordinated advocacy efforts at higher levels, in cooperation with the EU and other development partners.
- The Embassy could coordinate the implementation of the strategy.

Recommendation SBA 2: Consider extending the ‘SBA in BiH’ project into the 2021-2027 programme cycle (e.g., 2022-2025/26).

Rationale: The capacity of the state, entity, BD and local levels is still not strong enough to sustain the implementation of the SBA-related agenda. Participants believe that continuing to address these needs during a Phase 2 could deliver the commitment, ownership and ability to sustain the benefits over the longer term. This may require extra technical support to develop sustainable resource and budget allocation systems for SBA/SME-related work. The project should develop an Exit Strategy focusing on dealing with sustainability issues, including in cooperation with other donors and the EU Delegation. (linked to Conclusions SBA 2 and 3)

This recommendation could be implemented through the following actions (for Embassy of Sweden/Sida):

Consider extending the ‘SBA in BiH’ project for 3+1 or 3+2 years, in order to:

- consolidate gains to date and further develop the SBA-implementation capacity of key institutions, continuing to use and refine as necessary the ‘SBA in BiH’ approach and model
- complete the work on integrating the approach, method and tools into overall strategic planning around the country
- work with government agencies on institutionalising resource and budget allocations for SBA/SME-related work, in cooperation with other donors and the EU Delegation (in line with the new project’s Exit Strategy)
- provide guidance (‘learning by doing’) in updating the SME-related strategies and action plans for 2021-2027
- provide support in the first year of implementation of the updated three-year Action Plans.

Recommendation SBA 3: Improve understanding of how all aspects of the project fit together.

Rationale: There is scope to improve understanding of the big picture on the one hand, and how all the activities link together to produce the final outcome on the other. (linked to Conclusions SBA 3 and 4)

This recommendation could be implemented through the following actions: (For Eda)

- Communications strategies need to target all relevant groups with a clear message of what the project and its potential outcomes mean for them.
- On the Eda website and in SIEM calls for proposals, Eda should consider inserting - and possibly disseminating - a brief and clear explanation of the SBA programme, its steps and inter-linkages, and how it works in practice. This should be in both English and local languages.

- Eda should follow up the OECD’s stated interest in ensuring a proper understanding of the SMEPI findings and recommendations in BiH, and in providing more context and information.

Recommendation SBA 4: Agree on a plan to communicate and coordinate regularly with the EU Delegation and relevant donor partners on the ‘SBA in BiH’ project and other SME-related issues.

Rationale: Interviews supported the suggestion in the 2019 Annual Review Meeting Minutes that “Coordination should be closer with other projects and initiatives, such as UN SDGs 2030, GIZ, USAID, Coordination between projects (‘SBA in BiH’ and SDGs 2030) will be initiated by the Embassy”. Interviews also revealed that the EU Delegation would benefit from more regular updates on the project, and that the OECD would be interested in more active participation in the project and its SME-related activities. (linked to Conclusions SBA 4 and 5)

This recommendation could be implemented through the following actions (For Eda and the Embassy of Sweden):

- Identify shortcomings and opportunities that need to be addressed (e.g., frequency of communications and updates on progress, areas of possible coordination or cooperation, division of labour, etc)
- Decide who will do what, at what level, and in what sort of forum (e.g., what can be accomplished at the SME Conference, what is best addressed bilaterally, what can be improved in existing donor coordination groups, etc). This can complement Recommendation 2 above.
- Enlist the support of the OECD and other international partners in communications and cooperation with the EUD in Sarajevo, as well as with the European Commission as necessary.

5.2 CONCLUSIONS AND RECOMMENDATIONS – CHALLENGE 2.0

Conclusion C2C 1 – The project is well managed with most targets likely to be reached or surpassed. Project performance against output indicators is highly satisfactory. An efficient project management structure has been established with a coherent and efficient set of management procedures and tools. A large number of start-ups and SMEs with innovation potential were stimulated to participate in the challenge. The project is on track to co-fund a large number of innovative ideas. The project has been an effective way for innovative and inclusive businesses to access risk-sharing funding, although some supported activities may be more of a consolidation / scaling up nature than innovative. The project has contributed to enhanced performance and competitiveness of beneficiary companies and the overall objective of and sustainable socio-economic development in BiH is likely to be achieved by the end of the project. Cross-cutting issues

(gender equality, inclusion of youth, environmental concerns, and working conditions) did not receive sufficient attention in the beginning of the project period. Attention to cross-cutting issues has improved significantly during successive calls for proposals

Conclusion C2C 2 – The responsibility for M&E is clearly identified among various members of the challenge team and is supported by appropriate tools, guidelines, and templates. Budget and staff allocations are appropriate, and the project has generally been carrying out regular monitoring and reporting commensurate with the size of the individual grants and overall risk to the project. The involvement of the independent external evaluation committee has been a success and gives confidence that the process of evaluating, shortlisting, and selecting project is transparent and has enabled the Embassy to withdraw from the process.

Conclusion C2C 3 – The results framework has improved and is serving a useful purpose but is still not sufficiently well operationalised, with some indicators and targets (including for gender and environmental dimensions) unclear or insufficiently specified. Only number of jobs is disaggregated for women and youth. Although attention to cross-cutting issues has improved significantly during successive calls for proposals, there is still room for improvement. To measure environmental impacts, C2C now counts every project that ostensibly has a “real positive impact” on environmental factors. Partner projects with potential negative environmental effects are in principle ineligible according to the guidelines, and any actual (unforeseen) negative environmental impacts are not considered by the M&E system or reporting formats.

Conclusion C2C 4 – The project was running well from the start and only minor adjustments, based on lessons learned, were implemented, e.g. communication and visibility, eligibility and award criteria, approval process, and results measurement. The withdrawal of the Embassy from the project selection process is one significant adjustment based on lessons learnt and is at the same time testament to the finding that the project is well managed.

Conclusion C2C 5 – The project does not place sufficient attention on follow up and graduation of grantees although it appears to have positively influenced supported companies’ access to risk-sharing finance, e.g. from the formal banking sector. Supported companies are generally in a stronger financial position due to the supported activities and are thus more likely to sustain their success in the future. This is a preliminary conclusion pending the planned project monitoring of supported companies’ performance in the two years following finalisation of funded activities.

Recommendation C2C 1 – The current set-up and implementing partner should be retained for future support to SMEs and start-ups in BiH through grant mechanisms.

Rationale: The number of applications received under the five calls for proposals, and the steady increase in the quality of proposals, confirms the justification of the challenge fund for innovative businesses in BiH. Also, the results that the grant beneficiaries have

achieved / are likely to achieve with support from the challenge fund (e.g. employment, networking, entry into new markets, gender equality and environmental awareness), further justifies this investment by Sida. The fact that the 5th and last call for proposals still generated more than 500 applications, supports the argument for a next phase. C2C has a unique focus on innovation among start-ups and SMEs. EU and GIZ do provide financial support to companies but mainly for equipment and are not focused on innovation. JICA is also supporting SMEs but is focusing on technical support and mentoring. C2C has proven to be less relevant for most Swedish-based companies. The ambition of reaching the diaspora in Sweden should be abandoned or a different approach adopted that is more effective in meeting the larger grant financing that the diaspora led projects generally need. (linked to conclusions C2C 1 and 4)

This recommendation could be implemented through the following actions (For SERDA and the Embassy of Sweden):

- Develop a proposal for a next phase of the project taking into account the related recommendations of this evaluation (closer links to other donor support and to graduation of companies)
- Consider how diaspora can be better served through a specific call for proposals that has conditions better suited for this target group.

Recommendation C2C 2 – The project should identify a few SMART indicators to measure and verify cross-cutting issues of gender equality, environment, and decent work, as well as “income opportunities created”.

Rationale: The current results framework and monitoring does not adequately demonstrate the contribution to cross cutting issues. (linked to conclusions C2C 2 and 3)

This recommendation could be implemented through the following actions (For SERDA):

- More attention should be given to disaggregation of indicators, specifically to give a better picture of the extent to which the project has contributed towards gender equality and women’s economic empowerment.
- Indicators on environmental impacts needs to be specified and reported on for the remaining project period.

Recommendation C2C 3 – The project should follow up on the progress of earlier grantees and measure the longer-term impact and graduation from grants to commercial sources of finance.

Rationale: The project was not tasked to follow up on grantees and this was therefore not integrated into the reporting or project budgets. A long period of operation is needed to follow up to see if there has been a graduation of SMEs from grants to gradually making use of commercial finance (possibly via loan guarantee arrangements). (linked to conclusion C2C 5)

This recommendation could be implemented through the following actions (For SERDA):

- Offer support or at least point to sources of support for accessing commercial sources of finance.
- Follow up progress of earlier grantees as part of the monitoring and evaluation.

5.3 PLAN FOR ENHANCING THE UTILITY OF THE EVALUATION

Four mini workshops are proposed to enhance the utility of this evaluation:

- **Broad dissemination** – a short 30-60 minute virtual presentation in a webinar type format with an invited audience including relevant partners among government, NGOs, donors and implementation agencies. The intention is to inform all about the evaluation and its main findings and recommendations and invite comment and discussion. Questions and comment will be recorded via a chat line. Prior action: presentation by the consultants; invitation list by the Swedish embassy.
- **SBA workshop** – a 2 hour virtual presentation in a webinar type format with an invited audience including relevant project staff and partners among donors and implementation agencies that are directly involved in SBA. The intention is to discuss the conclusions and recommendations and develop downstream action plans. Questions and comment will be recorded via a chat line. Prior action: presentation by the consultants; invitation list by the Swedish embassy.
- **C2C workshop** – a 2 hour virtual presentation in a webinar type format with an invited audience including relevant project staff and partners among donors and implementation agencies that are directly involved in C2C- this could also include grant holders. The intention is to discuss the conclusions and recommendations and develop downstream action plans. Questions and comment will be recorded via a chat line. Prior action: presentation by the consultants; invitation list by the Swedish embassy.
- **Internal project identification** – a 2 hour discussion on the findings and implicit recommendations, leading to the development of a prioritised roadmap which might be drafted after the event. The discussion would be among embassy staff and potentially the Euro-Latin office in Stockholm. Prior action: presentation by the consultants including draft roadmap, and adjustment of the road map after the event.

Annex A – Terms of Reference

Terms of Reference for the evaluation of two projects stimulating SME growth and enhancing market economy, Economic Development, Bosnia and Hercegovina

Date: 2020-03-06

1. Introduction

Current result strategy with Western Balkan and Turkey is on its last year of implementation. In the area of economic development there is two projects that are about to be evaluated in 2020; “Small Business Act - Strategic and Policy Framework, SBA in BiH” and “Challenge 2.0”. The Embassy of Sweden in Sarajevo wishes to consolidate these evaluations to one, more elaborated and encompassing evaluation, looking into the results as well as giving recommendations on how Sweden should continue to work in this area.

A description of the development problem in its context

In June 2008, BiH signed a Stabilization and Accession Association Agreement (SAA) with the EU. In the context of accession to the EU, the SAA serves as the basis for the implementation of the accession process. The council of the European Union adopted on 21 of April 2015 a decision concluding the SAA with BiH. The Agreement entered into force on 1 June 2015.

The SAA Economic criteria for integration within the EU requires the existence of a functioning market economy and the capacity to cope with market pressure and competitive forces within the EU. In addition, successful integration of BiH to the EU requires meeting EU standards which affect industry, SMEs, agriculture, free movement of goods and capital, and energy. In the area of SMEs, Bosnia and Hercegovina need to comply with the “Small Business Act (SBA)” which is an overarching framework for the EU policy on Small and Medium Enterprises (SMEs). It aims to improve the approach to entrepreneurship in Europe, simplify the regulatory and policy environment for SMEs, and remove the remaining barriers to their development.

Bosnia and Herzegovina’s constitutional arrangements mean that it does not have a unified approach to SME policy planning and implementation, making it challenging to develop coherent policies. Greater co-ordination across all levels of the administration is needed to ensure a whole-of-government approach to SMEs. The bureaucratic procedures continue to be viscous and hampered by severe issues such as company registration and business licensing, which currently have to be performed twice, once in each respective entity, creating serious market

distortions within the country⁸. Weak coordination between public institutions at state and entity levels not only leads to the creation of disconnected policies but also impedes their implementation. These challenges, and others, highlight the urgent need for increased policy co-ordination between the state, entities and the district and the need to introduce a nationwide SME development strategy⁹.

Every 2-3 years OECD conducts a SME Policy Index and a “Small Business Act” assessment on the Western Balkans and Turkey. In 2019, the OECD *SME Policy Index: Western Balkans and Turkey* report stated that the business environment of Bosnia and Herzegovina has made good progress in implementing the Small Business Act since publication of the SME Policy Index 2016. Nonetheless, it is still lagging behind its peers in the region. Most of the developments relate to the enhancement of the economy’s legal and regulatory environment, which has laid the foundations for better SME policy making¹⁰.

Regarding a functioning market economy, the EU Country Progress Report issued in May 2019, concluded that “*Bosnia and Herzegovina has made some progress, but is still at an early stage of establishing a functioning market economy*”. The report also points out that Bosnia and Herzegovina still remains “*at an early stage in achieving the capacity to cope with competitive pressure and market forces within the [European] Union*”¹¹. In the EU, Small and Medium Sized Enterprises (SMEs) accounted for slightly more than half (52 %) of the total increase in employment in the non-financial business sector from 2008 to 2017¹². On average there are about 57 enterprises per 1,000 people in the EU¹³. In comparison, in Bosnia and Herzegovina (BiH) there are only 8.5 enterprises per 1,000 people which is far below the average of the Western Balkans and Turkey of 37 enterprises per 1,000 inhabitants¹⁴.

Developing a dynamic and competitive SME sector has become even more of a priority for the region’s governments as they advance toward EU accession. Both the international community and the representatives of the BiH public and private sector agree that entrepreneurship and enterprise development are crucial in creating dynamic market economies. SMEs are a source of new jobs, and support to the growth of the SME sector is a major challenge even for developed countries, and especially to countries in development and in transition. This is reflected in the Swedish result strategy.

Result Strategy with Western Balkan

⁸ OECD SME Policy Index: Western Balkans and Turkey 2019 p 526-527

⁹ Ibid

¹⁰ OECD SME Policy Index: Western Balkans and Turkey 2019 p 526-527

¹¹ EU Country Progress Report, May 2019 p. 74

¹² Annual Report on European SMEs 2017/2018 -The 10th anniversary of the Small Business Act, p. 38.

¹³ Annual Report on European SMEs 2017/2018 -The 10th anniversary of the Small Business Act, p. 127.

¹⁴ SME Policy Index Western Balkans and Turkey 2019 p. 39.

The “Result Strategy for Sweden’s reform cooperation with Eastern Europe, the Western Balkans and Turkey 2014-2020” result area 3: *Enhanced economic integration with the EU and development of market economy* defines expected result as:

- Enhanced capacity among institutions to continue economic integration with the EU; and
- Competitive small and medium sized enterprises make up a greater share of the economy

Project descriptions

The “Small Business Act - Strategic and Policy Framework” project runs between 2017 and 2021 and aim to accelerate economic integration with the EU in the area of SMEs. This is done by harmonizing legal, strategic and policy framework for SME development in Bosnia and Herzegovina internally – between different administrative levels in the country - and to interlink internal harmonization with the external EU SME framework. The project is financed by Sweden, with a budget allocation of 17 500 000 SEK, and implemented by the *Enterprise Development Agency, Eda*.

Challenge to Change is a 5 years project between 2016-2021 funded by Sweden. It is a challenge fund with the main objective to stimulate positive changes and strengthen socio-economic development in BiH, as well as cooperation between Sweden and Bosnia and Herzegovina. The implementation partner is the *Sarajevo Economic Region Development Agency, SERDA*, and the project has a budget allocation of 53 000 000 SEK.

Activities and expected results of both projects falls under the “Market development” pillar of the “Result Strategy for Sweden’s reform cooperation with Eastern Europe, the Western Balkans and Turkey 2014-2020”.

2. Evaluation rationale

SBA in BiH

The Amendment to the Agreement on Grant for The Project “Small Business Act Strategic and Policy Framework in BiH, SBA in BiH” between Sida and Association of Citizens EDA-Enterprise Development Agency Banja Luka Sida Contribution No. 10496, stipulates in Article 6 (Review and evaluation) that:

An Independent Evaluation regarding results achieved will be organised during 2019, the Cooperation Partner is responsible for drafting the Terms of Reference and Sida shall give its no-objection to these (or vice versa), the cost of the evaluation shall be borne by Sida (Article 6.5).

According to the agreed Minutes from The Annual Meeting on Implementation of the project held in Sarajevo on the 20 February 2019, it was decided that Midterm evaluation will be postponed, and instead in the second half of 2019 it will be implemented in the first quarter of 2020. Hence the Mid-term evaluation shall be conducted in the beginning of 2020 according to referred documents.

Challenge 2.0

Article 6 Evaluation and Review of the Amendment no. 1 to the Grant Agreement declares that:

Sida shall commission and independent evaluation regarding Challenge 2.0 at least once during project implementation. The cost of the evaluation shall be borne by Sida (Article 6.5).

As the project now starts its 4th year of implementation, it is time to conduct this evaluation.

3. Evaluation object: Project/programme to be evaluated

The overall goal of the “Small Business Act project” is to support institutions in Bosnia and Hercegovina to accelerate economic integration with the EU in the area of SMEs. The project encompasses all stages of policy development (planning, implementation, M&E, revision) and facilitating interactions of key stakeholders and is estimated to achieve the following results:

- 1: SME Laws in the country changed and adopted in accordance to SBA
- 2: Improved implementation of SBA based parts of existing SME strategies and plans in the country
- 3: A common methodology for preparation, implementation, M&E of SME strategies prepared and agreed between key stakeholders in the country
- 4: Existing SME strategies and plans revised in accordance with common methodology based on SBA
- 5: Harmonised SME policies
- 6: New SME strategies and plans for the period after 2020 developed in accordance with common methodology and adopted by relevant authorities
- 7: Fully functional harmonised institutional set-up for SME development
- 8: Harmonised SME policies and practices promoted to local and international stakeholders supporting SME development

Approximately 5 000 000 SEK is allocated for the development and application of a Strategy Implementation Enabling Mechanism (SIEM) in order to accomplish Expected Result 2: *Improved implementation of SBA based parts of existing SME strategies and plans in the country*. The SIEM tool serves as source of (co)funding for priority projects from the strategies.

The Challenge 2.0 project is executed mainly through a grant scheme consisting of five calls for proposal. The upper grant limit is EUR 30,000 for mature business entities (existing more than 2 years), and at least a 50 % private sector cost-sharing will be required. The challenge fund is open for businesses registered in Bosnia and Hercegovina or in Sweden interested in doing business in BiH. Grants are given based on three criteria; feasibility, innovation and cross-cutting issues why Challenge 2.0 has a combined focus on economic growth, poverty reduction, CSR and innovation.

The three main result foreseen in the Challenge to Change project are:

- 1: System of support to innovative changes with risk sharing fund established
- 2: Innovation potential in BiH SMEs stimulated for active participation in Challenge
- 3: Selected innovative businesses co-funded by risk fund

The development hypothesis of Challenge 2.0 is that if the private sector effectively implements approved project proposals, then sales on domestic and international markets and employment on company level will increase. The assumption is that risk/investment capital is needed by SMEs to move up the value chains, provide for new job sustainable and inclusive opportunities and sustain overall market development in Bosnia and Herzegovina. Challenge 2.0 grants should help private sector become competitive on both EU and international markets. However, the main added value of Challenge 2.0 will be its support to innovation and conscientious inclusive business investment and growth.

For further information, the project/programme proposal is attached as Annex D.

The intervention logic or theory of change of the project/programme shall be further elaborated by the evaluator in the inception report.

4. Evaluation scope

The evaluation scope is limited to the conducted period of project implementation 2016-2019 and 2017-2019 respectively. The assignment will be executed mainly in Banja Luka and Sarajevo.

If needed, the scope of the evaluation may be further elaborated by the evaluator in the inception report.

5. Evaluation purpose: Intended use and intended users

The primary purpose or intended use of the evaluation is to help the Embassy/Sida and its partners EDA and SERDA to assess progress of on-going projects “Small Business Act Strategic and Policy Framework in BiH, SBA in BiH” and “Challenge 2.0” to learn from what works well and less well. The evaluation will be used to inform decisions on how project implementation may be adjusted and improved.

The secondary purpose of the evaluation is a desk study of prior evaluations undertaken in the area of Economic Development under the present Result Strategy and a project identification field mission on the ground in BiH, taking the following two previous evaluations as main entry points: EBA report¹⁵ and DEVFIN report¹⁶. This is to help the Embassy/Sida to make a project identification analysis for interventions in the result area of Economic Development *Enhanced*

¹⁵ <https://eba.se/en/rapporter/nation-building-in-a-fractured-country-an-evaluation-of-swedish-cooperation-in-economic-development-with-bosnia-and-herzegovina-1995-2018/10631/>

¹⁶ DEVFIN ADVISERS, 2018, Project Identification in Innovative Finance/Blended Finance in Strategic Sectors of Environment and Market Development, Case number UF2015/14464

economic integration with the EU and development of market economy with a particular focus on sustainable and inclusive economic development. This includes but is not limited to the following considerations:

- Efforts to catalyse green investments by Small and Medium Sized Companies, possibly combining with Guarantees (refer to DEVFIN study)
- Exploring ways to complement micro finance schemes in rural settings, with a particular focus on women (refer to DEVFIN study)
- Exploring possibilities for promoting diaspora investments

The primary intended users of the evaluation are:

- The project management team of Small Business Act - Strategic and Policy Framework in BiH (SBA in BiH) at EDA.
- The project management of the Challenge to Change team at SERDA.
- Sida's unit/the Swedish Embassy in Bosnia and Herzegovina.

The evaluation is to be designed, conducted and reported to meet the needs of the intended users and tenderers shall elaborate in the tender how this will be ensured during the evaluation process.

During the inception phase, the evaluator and the users will agree on who will be responsible for keeping the various stakeholders informed about the evaluation.

6. Evaluation objective: Criteria and questions

The primary objective of this evaluation is to assess progress of on-going projects “Small Business Act Strategic and Policy Framework in BiH, SBA in BiH” and “Challenge 2.0” using standard evaluation criteria. The standard evaluation criteria/questions are:

Effectiveness

- To which extent have the projects contributed to intended outcomes? If so, why? If not, why not?
- Have the M&E system delivered robust and useful information that could be used to assess progress towards outcomes and contribute to learning?
- To what extent has lessons learned from what works well and less well been used to improve and adjust project implementation?

Sustainability

- Is it likely that the benefits (outcomes) of the project are sustainable?

Questions are expected to be developed in the tender by the tenderer and further developed during the inception phase of the evaluation.

The secondary objective of this evaluation is to make a project identification analysis, considering the ongoing projects and information available.

The questions to be in focus on the project identification analysis include the following:

- Should Sweden consider promoting energy efficiency investments in SMEs by using different instruments (Guarantees, TA projects, or a combination). There is an initial feasibility study made in this area (DEVFIN report) The consultants should expand on this study.
- Should Sweden look to using guarantee instrument in order to support micro finance schemes with a focus on helping the economic empowerment of women in rural areas. Possibilities for agritourism should be considered in this respect.
- Should Sweden consider a guarantee aimed at promoting diaspora investments? Lessons learned through the Challenge project would be a valuable input into design of interventions that promote diaspora investment in BiH.

Other questions, more general in approach with respect to the Result Area 1, as to how Sweden can stimulate SME (green) growth, enhancing the market economy and contribute to a sustainable and inclusive economic development of BiH. In particular, how to continue supporting innovative business ideas and social entrepreneurship after terminating Challenge 2.0? Could Challenge 2.0 grantees benefit from business accelerators? Consultants should also reflect on the possibilities of involving other Swedish actors such as institutions and companies in line with Sida's concept of Broader Relations. The expectation is for consultants to develop a generalized analysis in this part prioritizing short and mid-term engagements for Sweden in BiH.

7. Evaluation approach and methods

It is expected that the evaluator describes and justifies an appropriate evaluation approach/methodology and methods for data collection in the tender. The evaluation design, methodology and methods for data collection and analysis are expected to be fully developed and presented in the inception report. Limitations to the methodology and methods shall be made explicit and the consequences of these limitations discussed. A *gender responsive* methodology, methods and tools and data analysis techniques should be used. A clear distinction is to be made between evaluation approach/methodology and methods. The evaluator should also identify limitations and constraints with the chosen approach and method and to the extent possible, present mitigation measures to address them.

Sida's approach to evaluation is *utilization-focused*, which means the evaluator should facilitate the *entire evaluation process* with careful consideration of how everything that is done will affect the use of the evaluation. It is therefore expected that the evaluators, in their tender, present i) how intended users are to participate in and contribute to the evaluation process and ii) methodology and methods for data collection that create space for reflection, discussion and learning between the intended users of the evaluation.

In cases where sensitive or confidential issues are to be addressed in the evaluation, evaluators should ensure an evaluation design that do not put informants and stakeholders at risk during the data collection phase or the dissemination phase.

8. Organisation of evaluation management

This evaluation is commissioned by Embassy of Sweden in Sarajevo.

The evaluation partners will be provided with an opportunity to comment on the methodology/workplan report as well as the final report but will not be involved in the management of the evaluation. Hence the commissioner/Embassy will evaluate tenders, approve the methodology/workplan report and the final report of the evaluation. The start-up meeting and the debriefing will be held with the commissioner, i.e. the Embassy only.

The partners, primarily EDA and SERDA, will have the possibility to comment on all draft reporting before it is submitted for approval to Embassy.

9. Evaluation quality

All Sida's evaluations shall conform to OECD/DAC's Quality Standards for Development Evaluation¹⁷. The evaluators shall use the Sida OECD/DAC Glossary of Key Terms in Evaluation¹⁸. The evaluators shall specify how quality assurance will be handled by them during the evaluation process.

10. Time schedule and deliverables

It is expected that a time and work plan is presented in the tender and further detailed in the inception report. The evaluation shall be carried out April- July 2020. The timing of any field visits, surveys and interviews need to be settled by the evaluator in dialogue with the main stakeholders during the inception phase.

The table below lists key deliverables for the evaluation process. Alternative deadlines for final inception report, final report and other deliverables may be suggested by the consultant and negotiated during the inception phase.

Deliverables	Participants	Tentative Deadlines
1. Start-up meeting with Embassy, Video	Embassy Sarajevo	Upon signing call off contract, estimated beginning of April
2. Draft methodology and workplan for evaluation report (inception report)	Evaluators	By mid of April
3. Comments from intended users to evaluators	EDA, SERDA	By end of April

¹⁷ DAC Quality Standards for development Evaluation, OECD, 2010.

¹⁸ Glossary of Key Terms in Evaluation and Results Based Management, Sida in cooperation with OECD/DAC, 2014.

4. Data collection, analysis and report writing	Evaluators	Through May
5. Partner and stakeholder workshop (meeting)	Embassy Sarajevo, EDA, SERDA, others	End of May
6. Debriefing	Embassy Sarajevo	
7. Draft evaluation report		Mid of June
8. Comments from intended users to evaluators/ seminar in Sarajevo?	Embassy Sarajevo, EDA, SERDA,	Mid July
9. Final evaluation report		End of July

The inception report will form the basis for the continued evaluation process and shall be approved by Sida before the evaluation proceeds to implementation. The inception report should be written in English and cover evaluability issues and interpretations of evaluation questions, present the evaluation approach/methodology (including how a utilization-focused and gender responsive approach will be ensured), methods for data collection and analysis as well as the full evaluation design. A clear distinction between the evaluation approach/methodology and methods for data collection shall be made. A specific time and work plan, including number of hours/working days for each team member, for the remainder of the evaluation should be presented. The time plan shall allow space for reflection and learning between the intended users of the evaluation.

The final report shall be written in English and be professionally proof read. The final report should have clear structure and follow the report format in the Sida Decentralised Evaluation Report Template for decentralised evaluations (see Annex C). The executive summary should be maximum 3 pages. The evaluation approach/methodology and methods for data collection used shall be clearly described and explained in detail and a clear distinction between the two shall be made. All limitations to the methodology and methods shall be made explicit and the consequences of these limitations discussed. Findings shall flow logically from the data, showing a clear line of evidence to support the conclusions. Conclusions should be substantiated by findings and analysis. Evaluation findings, conclusions and recommendations should reflect a gender analysis/an analysis of identified and relevant cross-cutting issues. Recommendations and lessons learned should flow logically from conclusions. Recommendations should be specific, directed to relevant stakeholders and categorised as a short-term, medium-term and long-term. The report should be no more than 35 pages excluding annexes (including Terms of

Reference and Inception Report). The evaluator shall adhere to the Sida OECD/DAC Glossary of Key Terms in Evaluation¹⁹.

The evaluator shall, upon approval of the final report, insert the report into the Sida Decentralised Evaluation Report for decentralised evaluations and submit it to Nordic Morning (in pdf-format) for publication and release in the Sida publication data base. The order is placed by sending the approved report to sida@nordicmorning.com, always with a copy to the responsible Sida Programme Officer as well as Sida's Evaluation Unit (evaluation@sida.se). Write "Sida decentralised evaluations" in the email subject field. The following information must always be included in the order to Nordic Morning:

1. The name of the consulting company.
2. The full evaluation title.
3. The invoice reference "ZZ980601".
4. Type of allocation "sakanslag".
5. Type of order "digital publicering/publikationsdatabas.

11. Evaluation team qualification

The proposed consultant, apart from conditions set out in the framework agreement, should have degree in economy and/or 10 years of work experience from economic development in the area of SME development and policy framework. The team as a whole should have experience of working and/or reviewing of donor projects from the Western Balkans region supporting sustainable and inclusive economic development and experience of having conducted similar assignments. At least one in the team needs to speak the Bosnian/Serbian/Croatian language. The evaluation may comprise of international and local consultants team.

It is desirable that the evaluation team includes the following competencies: experience of working with women's economic empowerment, experience managing successful projects.

A CV of maximum 3 pages for each team member shall be included in the call-off response. It should contain a full description of relevant qualifications and professional work experience. For the lead consultant, two donor references would be desirable.

It is important that the competencies of the individual team members are complimentary. It is highly recommended that local consultants are included in the team if appropriate.

The evaluators must be independent from the evaluation object and evaluated activities, and have no stake in the outcome of the evaluation.

12. Financial and human resources

The maximum budget amount available for the evaluation is 1 million SEK.

¹⁹ Glossary of Key Terms in Evaluation and Results Based Management, Sida in cooperation with OECD/DAC, 2014

The contact person at Sida/Swedish Embassy is Emma Bergenholtz, Programme officer Economic Development at the Embassy of Sweden in Sarajevo. The contact person should be consulted if any problems arise during the evaluation process.

Relevant Sida documentation will be provided by Emma Bergenholtz, Programme officer Economic Development at the Embassy of Sweden in Sarajevo. Relevant documentation should be prepared well in advance.

Contact details to intended users (cooperation partners, Swedish Embassies, other donors etc.) will be provided by Emma Bergenholtz, Programme officer Economic Development at the Embassy of Sweden in Sarajevo.

The evaluator will be required to arrange the logistics booking interviews, organising focus groups, preparing field visits, etc including any necessary security arrangements.

13. Annexes

Annex A: List of key documentation

- SBA Strategic and Policy Framework in BiH_final
- Grant Manual_SIEM_revised version_May 2019
- SBA in BiH_First narrative report on implementation of the project_2017
- Report on addressing Swedish thematic priorities in the project “Small Business Act Strategic and Policy Framework in BiH – SBA in BiH”
- SBA in BiH_Annual Narrative Report 2018
- SBA in BiH_Annual Narrative Report_2019
- SBA in BiH_Annual Work Plan_2018
- SBA in BiH_Annual Work Plan 2019
- SBA in BiH_Annual Work Plan 2020+
- SBA in BiH_Minutes ARM 30Jan18
- SBA in BiH ARM Minutes Feb 2019
- Challenge 2.0 Project Design, July 2015
- Amendment 2 C2C.docx
- C2C Grant Manual, 2019
- LFA_updated.docx
- final budget C2C.xlsx
- Annual Progress Report 2017
- Annual Progress Report 2018
- Annual Progress Report 2019
- The Challenge - Evaluation Final Version.pdf (the pilot project)

- DEVFIN ADVISERS, 2018, Project Identification in Innovative Finance/Blended Finance in Strategic Sectors of Environment and Market Development, Case number UF2015/14464
- EBA, no 10 2018, Nation Building in a fractured country: An evaluation of Swedish cooperation in economic development with Bosnia and Hercegovina 1995-2018

Suggested reference documents

- SME Policy Index: Western Balkans and Turkey 2019 “Bosnia and Herzegovina: Small Business Act profile”

- Sida, 2019, Sida's Private Sector Collaboration: Opportunities for improving, scaling and diversifying methods for partnerships with the private sector

Annex B: Data sheet on the evaluation object

Information on the evaluation object (i.e. project or programme)	
Title of the evaluation object	Small Business Act Strategic and Policy Framework in BiH
ID no. in PLANIt	10496
Dox no./Archive case no.	
Activity period (if applicable)	2017-2021
Agreed budget (if applicable)	17 500 000 SEK
Main sector	Market Development
Name and type of implementing organisation	Enterprise Development Agency, EDA - NGO
Aid type	Project type
Swedish strategy	Result Strategy for Sweden's reform cooperation with Eastern Europe, the Western Balkans and Turkey 2014-2020

Information on the evaluation object (i.e. project or programme)	
Title of the evaluation object	Challenge 2.0
ID no. in PLANIt	55060034
Dox no./Archive case no.	
Activity period (if applicable)	2016-2021
Agreed budget (if applicable)	53 000 000 SEK
Main sector	Market Development
Name and type of implementing organisation	Sarajevo Economic Region Development Agency, SERDA
Aid type	Project type
Swedish strategy	Result Strategy for Sweden's reform cooperation with Eastern Europe, the Western Balkans and Turkey 2014-2020

Information on the evaluation assignment	
Commissioning unit/Swedish Embassy	Embassy of Sweden in Sarajevo
Contact person at unit/Swedish Embassy	Emma Bergenholtz
Timing of evaluation (mid-term, end-of-programme, ex-post or other)	End of projects
ID no. in PLANIt (if other than above).	

Annex C: Decentralised evaluation report template

Annex D : Project/Programme document

To be sent upon request

Annex B – Institutions consulted

Key Project Partners	Activities
BiH: Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina (MoFTER), Section for Econ. Dev. & Entrepreneurship	BiH Project Partner, SBA Working Group, SIEM team, Co-organiser of SME Conference, Leading development of Strategic Guidelines, Study tour
RS: Ministry of Economy and Entrepreneurship (MEE), Sector for SME & Entrepreneurship Development	RS Project Partner, SBA Working Group, SIEM team, Legal drafting, Leading development of RS SME strategy, Study tour, Workshops on methodology development
FBiH: Federal Ministry of Development, Entrepreneurship and Crafts (FMDEC)	FBiH Project Partner, SBA Working Group, Legal drafting, Workshops on methodology development, Study tour
Brčko District Government, Department for Economic Development, Sport and Culture	Brčko Project Partner, SBA Working Group, SIEM team, Legal drafting, Study tour, Reflection workshops, Methodology development, Quality standards workshops

Co-organisers of annual SME Conference

BiH Foreign Investors Council, Sarajevo	Co-organising SME Conference
BiH Foreign Trade Chamber - Sector for Economy	Co-organising SME Conference

Developing Strategic Guidelines at State Level

BiH Foreign Trade Chamber - Sector for Economy,	Developing Strategic Guidelines at the State level
BiH Institute for Standardization (see SIEM below)	Developing Strategic Guidelines at the State level
BIH Directorate for EU Integration - Section for Coordination of Econ. & Social Dev. Programmes	Developing Strategic Guidelines at the State level
BiH Agency for Public Procurement, Sarajevo	Developing Strategic Guidelines at the State level
BiH Directorate for Economic Planning, Sarajevo	Member of State-level Strategic Guidelines WG

SME Dev. Strategy for RS

RS Chamber of Commerce	Participating in developing SME strategy in RS
RS Ministry of Scientific and Technological Development, Higher Education and Information Society	Participating in developing SME strategy in RS

SME Dev. Strategy for Banja Luka

Banja Luka Development Agency (CIDEA)	Host for development of SME strategy for Banja Luka
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SME Dev. Strategy for Zenica

Zenica Development Agency (ZEDA)	Host for development of SME strategy for Zenica
FBIH Federal Institute for Development Programming	Participating in developing SME strategy for Zenica
Regional Development Agency (REZ)	Participating in dev. of SME strategy for Zenica

Participation in Workshops, Study Tour

BiH Institute for Standardization, Sarajevo	Workshop on policy instruments for supporting SMEs
FBIH Ministry of Education and Science, Mostar	Study tour and reflection workshop
BD BiH Government (Office in BiH Council of Ministers). Link between BD and BiH levels.	Workshops on Methodology development; WS on policy instruments for supporting SMEs reflection workshops
BD BiH Department for European Integration	Workshops on Methodology development;
BiH Foreign Investors Council, Sarajevo	Workshops on Methodology development
FBIH: Federal Ministry of Development, Entrepreneurship and Crafts (FMRPO)	Study tour; Workshops on Methodology development
BD BiH Department for Economic Development, Sport and Culture, Brčko	Study tour; workshops on Methodology development
BiH: Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina (MoFTER), Section for Econ. Dev. & Entrepreneurship	Study tour; Reflection workshops
Mechanical Engineering Faculty, Banja Luka	Study tour

Beneficiaries of SIEM project funding

BiH Foreign Trade Chamber, Export Promotion, Sarajevo	International Trade Fair participation
BiH Institute for Standardization, Sarajevo	Translation, e-access of international standards
RS Council for Women Entrepreneurship, Banja Luka	Women's entrepreneurship
TUV ADRIA, Novo Sarajevo	Energy efficiency management, ISO 50001 certification
HUZ Duga, Banja Luka	Women's entrepreneurship

Others consulted:

Eda
Embassy of Sweden in Sarajevo
EU Delegation BiH
OECD Southeast Europe Division, SME Policy Index/SBA Team
External Evaluation Committee Members
FARMA BiH
Mozaic
RARS

Region Östergötland
SDC BiH
SERDA
Sida EuroLatin office
Sida Guarantee and loan office
UNDP, BiH
USAID, BiH
World Bank, BiH
World Bank, Washington

Annex C – Documents reviewed

1. General background/contextual documentation relevant to the evaluations

Sida (2015) Strategirapport för Bosnien och Hercegovina inom ramen för Resultatstrategin för reformsamarbete med Östeuropa, Västra Balkan och Turkiet 2014-20

Sida (2017) Strategirapport för Bosnien och Hercegovina 2017 implementering av resultatstrategi vid reformsamarbete med Östeuropa, Västra Balkan och Turkiet 2016-2020

Sida (2017) In-depth Strategy Report for Bosnia and Herzegovina, implementing the Results Strategy for Sweden's Reform cooperation with the Western Balkans and Turkey 2014-2020

Sida (2019) Strategy Report for Reform Cooperation with Eastern Europe, Western Balkans and Turkey 2014-2020 – Bosnia and Herzegovina

Sida (2019), *Sida's Private Sector Collaboration: Opportunities for improving, scaling and diversifying methods for partnerships with the private sector*, October 2019

Embassy (2018-20), various donor coordination/consultation documents related to economic development portfolio

BiH Government (2018), *Economic Reform Programme (2018-2020)*, BiH Directorate for Economic Planning, Sarajevo

FBiH Government (2015?), *Development of SMEs 2009-2018* and Action Plan 2016-2018 (local language)

RS Government: RS Strategy for Development of SMEs 2016-2020 ('SME Strategy' (local language)

Claes Lindahl, Julie Lindahl, Mikael Söderbäck and Tamara Ivankovic (#10 201), *Nation Building in a fractured country: An evaluation of Swedish cooperation in economic development with Bosnia and Herzegovina 1995-2018*, Expertgruppen för biståndsanalys (EBA), Sweden

Stefan Jansson; Zahida Karić; Henric Thörnberg Devfin Advisers (2018), *Project Identification in Innovative Finance/Blended Finance in Strategic Sectors of Environment and Market Development, Case number UF2015/14464*, DevFin Advisers AB, Sweden

Sida, (2015) Supporting Women's Economic Empowerment: Scope for Sida's Engagement (Sida Gender Toolbox)

Sida-DCA Joint Market Assessment and Recommendations (February 2019)

EU Announcement to Fund Tourism, Agriculture and Entrepreneurship in BiH (May 2020)

EU Press-release: Response to Covid-19 BiH (May 2020)

2. SBA project-related documents

Eda Contractual Documents

Sida-Eda Contract, 31 July 2017

Sida-Eda contract amendments, 27 June 2018

Eda (2020), Request for a no-cost extension, 4 May 2020

SBA Project Documents

Eda (2017), Project Document: *Small Business Act Strategic and Policy Framework in BiH (SBA in BiH)*, July 2017

Eda (2017), *Harmonisation of SME Policy and Strategic Framework in BiH* (earlier version of above), July 2017

Eda (2017) Project Summary: *SBA in BiH*

Eda (2018), *Relation between the project 'SBA in BiH' and the BiH Small Business Act Profile*, May 2019

Eda (2018), *Report on addressing Swedish thematic priorities in the project "Small Business Act Strategic and Policy Framework in BiH – SBA in BiH"*, Banja Luka, Feb. 2018

SIEM Project Documents

Eda (2017, 2019), *Rules and Concept of SIEM – Strategy Implementation Enabling Mechanism* (update 5/2019)

Eda (2017), *SIEM Grant Manual* v1, 10 July 2017

Eda (2018), SIEM forms, templates in local language

Eda (2018), SIEM monitoring document and forms (local language)

Work Plans

Eda (2018) SBA in BiH Annual Work Plan 2018

Eda (2019) SBA in BiH Annual Work Plan 2019

Eda (2020) SBA in BiH Annual Work Plan 2020+

Financial Plans and Reports

Eda (2018) SBA in BiH Annual Financial Plan 2018; Financial Report 2018

Eda (2019) SBA in BiH Annual Financial Report 2019

Eda (2020) SBA in BiH Financial Plan Jan. 2020-Feb. 2021

Eda (Jan. 2020), SBA in BiH, Balance August 2017-December 2019

Eda (May 2020), proposed financial/budget revision for 2020-2021

Annual Reporting

Eda (2018) SBA in BiH, First narrative report on implementation of the project 2017

Eda (2019) SBA in BiH, Annual Narrative Report 2018

Eda (2020) SBA in BiH, Annual Narrative Report 2019

Annual Review Meeting Minutes

Eda (Jan. 2018) SBA in BiH, Minutes of The First Semi-Annual Review Meeting (for August-December 2017)

Eda (Feb. 2019) SBA in BiH, Minutes of the Annual Meeting on the Implementation of the Project (for 2018)

Eda (April 2020), SBA in BiH, Minutes of the Annual Meeting on the Implementation of the Project (for 2019)

Audit Reports

Revidere doo (2019), Audit Report of SBA in BiH project, Aug. 2017-Dec. 2018, Banja Luka, March 2019

Revidere doo (2020), Audit Report of SBA in BiH project, January-December 2019, Banja Luka, March 2020

Performance Assessments

Embassy (2018), Conclusions on Performance Assessment for 2018, Sarajevo, April 2019

Embassy (2019), Conclusions on Performance Assessment for 2019, Sarajevo, November 2019

Project Outputs

Eda (2019), *Standardised Methodology for Strategic Planning and Management of SME Development* – final version translated into English in May 2020

Eda (2018), Conclusions of the (first) Conference on “How to provide better support to SME development by all levels in BiH”, Banja Luka, December 2018

Eda (2019), *Highlights of the Second Annual Conference on Support to SME Development in BiH*, Sarajevo, 20 Nov. 2019

Eda (2020), *Harmonization of legal framework for SMEs* (Brcko District, Republika Srpska, Federation BiH)

Eda website: www.edabl.org

1. [Standardized Methodology for Strategic Planning and Management of SME Development](#) (29. Jan., 2019)
2. [Guide on Public-Private Dialogue: How to Develop SMEs in BiH Together](#) (8 Jan. 2020)
3. [Why and How to Support the Introduction of Technical Standards in Enterprises-Policy Study](#) (9 Apr. 2020)
4. [State Aid as an Incentive for SME Development in BiH – Guide for Policymakers and Entrepreneurs](#) (25 April 2020)
5. [Mapping of Institutions for Product Conformity Assessment](#) (5 May 2020).

Other SBA Background Documents

- Andrea Spear and Dejan Kavalec (2015), *CREDO Krajina Midterm Evaluation* and CREDO Model Assessment, Indevlop Sweden AB, April 2015
- EC (2019), *BiH Analytical Review*
- OECD/ETF/EU/EBRD (2019), *SME Policy Index: Western Balkans and Turkey, 2019*, Chapter 14: “Bosnia and Herzegovina: Small Business Act Profile” (OECD, in cooperation with EBRD and the European Training Foundation)
- OECD/ETF/EU/EBRD (2019), *SME Policy Index: Western Balkans And Turkey 2019*, Chapter 3- “Institutional and Regulatory Framework For SME Policy Making (Dimension 3) in the Western Balkans and Turkey”
- OECD (2019), *Small Business Act Assessment for Europe 2020*, Eastern Partner Countries, regional SBA stakeholder meeting, Paris, 2-3 July 2019. EU4Business: From Policies to Action
- [Eu4business.eu/events/small-business-act-europe-assessment-2020-regional-sba-stakeholder-meeting](http://eu4business.eu/events/small-business-act-europe-assessment-2020-regional-sba-stakeholder-meeting)
- OECD country web pages: <https://www.oecd.org/countries/bosniaandherzegovina/>

- EBRD Annual Meeting & Business Forum in Sarajevo (May 2019), Discussion of the *SME Policy Index: Western Balkans and Turkey 2019 – Assessing the implementation of the Small Business Act for Europe*.
- EC (2008): COM (2008) 394 final, *Think Small First - A “Small Business Act” for Europe (translating 10 principles into action)*
- EU SME policy website and database : https://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act_en
- EC SBA/SME Performance Reviews: https://ec.europa.eu/growth/smes/business-friendly-environment/performance-review_en
- EC (2019), *SBA Fact Sheet for Bosnia and Herzegovina*, 2019, European Commission, Bruxelles
- Dilger (2016), *The European Union’s Small Business Act: A Different Approach*, US Congressional Research Services, 7-5700, Washington DC

3. Challenge 2.0 project-related documents

C2C Contractual Documents

Amendment no. 1 signed to the agreement on the project “Challenge 2.0” (no date)

Amendment no. 2 to the Grant Agreement on the project “Challenge 2.0”, including disbursement schedule, not signed (no date)

Request for additional funds for the Challenge to Change Project (Nov. 2017)

Project Documents

C2C Gender Action Plan

C2C Grant Beneficiaries

C2C Grant Beneficiaries updated

Embassy of Sweden (2015) Design Challenge 2.0

Embassy of Sweden (Jul. 2016) Notification on call for proposals Challenge 2.0

Serda (no date) The Challenge 2.0 Background Document

Serda (Oct. 2016) Project Document final draft

Serda (2016) The Challenge 2.0 Full Application

Serda (May 2019) C2C Grant Manual 2.1 pre-final

Serda (May 2019) C2C Grant Manual 2.1 final

Sida (Nov. 2017) Appraisal of Intervention Challenge 2.0 Final

Performance Indicator Summary Worksheet (with Annual Targets) and planned amount of achievement (no date)

Application Process Documents

C2C Application Manual

C2C_5th CfP_Guidelines for Applicants

C2C_5th CfP_Offline_ Budget Form

C2C_5th CfP_Offline_Application Form

Budgets

C2C final draft budget Oct. 2016

C2C Final Budget

C2C Budget New Addendum 1

Annual Reporting

Annual Progress Report 2017, plus financial report

Annual Progress Report 2018, plus financial report

Annual Progress Report 2019, plus financial report

Embassy of Sweden (Feb. 2020) Statement on Annual Narrative Report

Audit Reports

C2C Audit Report 2017, MERFI

C2C Audit Report 2018, REVKER d.o.o. Sarajevo

C2C Audit Report 2019, REVKER d.o.o. Sarajevo

Work Plans

C2C Action Plan 2019

C2C Action Plan 2020

C2C Monitoring and Evaluation Plan 2020

C2C LFA updated

C2C LFA updated 2

Annual Review Meeting Minutes

C2C Minutes of Meeting, Meeting of representatives of SIDA and C2C Team, 7th of March 2018

C2C Minutes of Meeting, Meeting of representatives of SIDA and C2C Team, 19th of March 2019

C2C Minutes of Meeting, Skype Meeting of representatives of SIDA and C2C Team, 19th of March 2020

C2C Annual Review Meeting, Agenda, Thursday March 19, 2020

C2C 4th Annual Review Meeting, March 2020, PPT

Other C2C Background Documents

Inclusive Business Sweden, (Oct. 2018) Impact stories #ChallengeChampions “*Sharing Impact Stories of Sida’s Bilateral Challenge Funds in Bosnia and Herzegovina, Colombia and Somalia*”

Claes Lindhal, Tamara Ivankovic (2015) Evaluation - The Challenge in Bosnia and Herzegovina

Sida, Guidelines for a Simplified Environmental Assessment (Aug. 2017)

Study Tour on Quality--- driven Green and Innovation Promotion in Berlin/Germany - Review of the Study

Tour 3 Weeks after the Tour Realization, [First Draft](#), 03. (Oct. 2019)

Travel Report (Dec. 2019)

Travel Report (Feb. 2020)

4. Embassy of Sweden, General Documents

Embassy of Sweden, (2014) Country Operational Plan 2014-2017 Bosnia and Herzegovina

BiH Operationalization, Result 1: Enhanced capacity among institutions to continue economic integration with the EU

BiH Operationalization, Result 2: Competitive SMEs make up a greater share of the economy

MDPA – Skopje meeting 14th of May 2019

Overview Projects and Contributions, Nedim Bukvic, Embassy of Sweden, (February 2020)

Embassy of Sweden, Project Portfolio Overview, (December 2019)

5. Other project identification-related documents

Andrea Spear, Vera Devine, Oleh Myroshnichenko (2017) Evaluation of the OECD's 'Sector Competitiveness Strategy' Project in Ukraine, NIRAS Indevlop Sweden AB

Draft Action Plan Ukraine Working Group on Energy Efficiency (June 2015)

Embassy of Sweden Appraisal of Intervention Energy Efficiency Pro-credit Guarantee

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Annex D – Methodology

OVERVIEW

A combination of different approaches and methods were used in this evaluation including:

- Analysis of the theory of change

- Development of the evaluation questions and evaluation matrix

- Data collection instruments– meta-evaluation, interviews and surveys

Given the Covid-19 situation, interviews were conducted via Skype/Zoom or similar means.

The methodology and approach are outlined further in the sections below and followed by considerations on enhancing utility, and identification of limitations.

ANALYSIS OF THE THEORY OF CHANGE

A first ‘light’ reconstructed theory of change and intervention logic was developed for the two projects and proposed future support. This helped the evaluation team to deepen their understanding of what the projects were trying to achieve, and how. The analysis also served to also shed light on how future proposed project support from 2021 could contribute to change. The theory of change examinations were provided as an internal working aid for the evaluation team in the inception report.

It was also recognised that the project identification analysis should take place within an overall understanding of the theory of change underlying the proposed support. It was assumed here that the results area and results for economic development would be similar in the next strategy period (2021-2026) as they were in the previous strategy period (2014-2020). Based on this a theory of change was drafted and discussed and formed the basis for the later version presented in this evaluation report.

DEVELOPMENT OF EVALUATION QUESTIONS AND EVALUATION MATRIX

An evaluation matrix showing the indicators, data sources and methods as well as considerations on the validity and reliability was developed and is shown below.

Table A.1 Evaluation matrix

Evaluation Question	Indicator(s)/Criteria for judgement	Data Sources	Method	Notes on availability, validity and reliability ²⁰
Question 1: <i>To what extent have the projects already achieved or are likely to achieve the intended outcomes/results?</i>	<u>SBA project evaluation indicators:</u> 1.1. The project is making steady progress towards the desired results set out in the Project Documents.	<u>SBA project evaluation:</u> • Project design documents and logical frameworks • Baseline documents (OECD, EU, Sweden, World Bank, WTO) • Project and Embassy reporting • EU, OECD, World Bank SBA and SME Progress Reports • Feedback from interviews and surveys of selected stakeholders (see 'Methodology' section for 'long-list').	<u>SBA project evaluation:</u> • Analyse/reconstruct the project theory of change. • Compare reported results to date with desired results and the respective activity and result indicators. • Analyse progress to date against baseline data and relevant reports and analyses. • Assess quality and utility of project outputs • Consult selected stakeholders using targeted questionnaires, surveys, semi structured interviews, and focus group discussions if possible.	
	1.2. The project model is proving to be an effective way to achieve the horizontal and vertical cooperation necessary to enhance SBA harmonisation.		As above, plus: • Compare the SBA project model approach to previous efforts to achieve harmonisation. • Consult stakeholders specifically on the model/approach. • Identify the lessons learned, challenges, factors contributing to success, weaknesses, etc. • Consult selected stakeholders to triangulate findings.	

²⁰ Validity means: *Does the indicator actually measure what we want to know.* Reliability means: If the evaluation was carried out again or by different people, it would give the same answer.

Evaluation Question	Indicator(s)/Criteria for judgement	Data Sources	Method	Notes on availability, validity and reliability ²⁰
			• Apply findings to EQ 4.	
	1.3. The specific objective of improved policy alignment is likely to be achieved by the end of the project period.		As in 1.1 above, plus: • Identify and study the gaps remaining (refer to OECD ‘spiderweb’ and EU SBA principles, as well as achievements of other Balkan states) • Assess the validity of the key assumptions and the respective reality checks for the remaining project period (to Dec. 2021) • Consult relevant stakeholders on extent of achievement likely by end-2021 • Identify the key challenges in and risks to achieving the desired results • Develop suggestions for dealing with these • Consult stakeholders to validate and triangulate findings and conclusions.	
	1.4 The project has contributed toward relevant crosscutting objectives, particularly those related to gender and environment.		• Review the project design and monitoring for attention to crosscutting issues • Review effectiveness of support for women’s entrepreneurship and energy efficiency initiatives.	
	Challenge 2.0 project: C1.1 The project is making steady progress towards the desired results set out in the Project Documents.	Challenge 2.0 project: • Project design documents and logical frameworks • Project and Embassy reporting (strategy level) – especially evaluation done of the earlier phase • C2C monitoring of the key indicators • Feedback from interviews and surveys	Challenge 2.0 project: • Analyse/reconstruct the project theory of change. • Consult and/or construct a project portfolio • Compare reported results to date with desired results and the respective activity and result indicators.	Challenge 2.0 project: The indicator on progress (1.1) is relatively reliable and valid and rests on traceable and verifiable project generated evidence that

Evaluation Question	Indicator(s)/Criteria for judgement	Data Sources	Method	Notes on availability, validity and reliability ²⁰
			- Analyse progress to date against baseline data and relevant reports and analyses. - Consult selected stakeholders using targeted questionnaires, surveys, semi structured interviews, and focus group discussions if possible.	can be tested. To some extent the same is true of indicator 1.4.
	C1.2: The project is proving to be an effective way to achieve improved risk sharing funding for innovative and/or inclusive business		As above, plus: - Consult stakeholders and specifically the grant holders on the approach. - Identify the lessons learned, challenges, factors contributing to success, weaknesses, etc. - Consult selected stakeholders to triangulate findings. Apply findings to EQ 4.	The other indicators (1.2/1.3) are more complex and involve a degree of judgement – it will be important to ensure triangulation between the documents and multiple interviews in order to reduce bias.
	C1.3: The overall objective of enhanced competitiveness and sustainable socio-economic development in BiH is likely to be achieved by the end of the project.		As in C1.1 above, plus: - Assess validity of the key assumptions for the remaining project period - Consult relevant stakeholders on extent of achievement likely by end of project - Identify the key challenges in and risks to achieving the results - Develop suggestions for these - Consult stakeholders to validate and triangulate findings and conclusions Including other projects and financial sector operators	It will also be prudent to qualify the finding and introduce the scope of uncertainty in inherent in trying to answer hypothetical questions or questions of a counter-factual nature.
	C1.4: The project has contributed towards relevant cross cutting aspects including gender equality, environment, decent work and others.		- Review the project design and monitoring for attention to crosscutting issues - Review evidence that performance cross cutting aspects where improved	

Evaluation Question	Indicator(s)/Criteria for judgement	Data Sources	Method	Notes on availability, validity and reliability ²⁰
Question 2: <i>Have the M&E systems delivered robust and useful information that could be used to assess progress towards outcomes and contribute to learning?</i>	2.1 The project had a robust results framework with clear indicators, baseline and targets, including indicators, baselines and targets for gender and environmental dimensions of the project 2.2 The responsibility for M&E was clearly identified and an appropriate budget and level of resources allocated 2.3 The project carried out regular monitoring and reporting 2.4 There was early identification of constraints and opportunities for reaching project objectives	• Project design documents • Results frameworks • M&E systems and work plans, e.g. C2C Monitoring Database as part of eMSAE • Sex-disaggregated data • Interviews with project management staff and embassy • Annual progress reports • Mid-term evaluations	• Review project design documents and results frameworks, M&E systems and plans • Interviews with project management and (M&E) staff and the embassy	High degree of validity of the indicators formulated as they correspond to evaluation question 2. The documentation trail on M&E is reliable in the sense of being easily repeatable. Where possible answers will be triangulated with documents and multiple interviews.
Question 3: <i>To what extent have lessons learned from what works well and less well been used to improve and adjust project implementation?</i>	3.1: The projects and programme had adequate mechanisms/processes to review and consider implications of information arising from M&E and other sources 3.2: Adjustments were made to project implementation based on constraints and opportunities identified. 3.3: The adjustments taken have led to improvements in the effectiveness and efficiency in reaching project objectives.	• Project design documents • Sida regional strategy reporting processes • Interviews with project management staff and embassy • Project monitoring reports and strategy reporting • Interviews with beneficiaries and operators	• Examine project design and strategy reporting for evidence of mechanisms • Complement with interviews with project management and embassy • Examine project and strategy monitoring reporting for evidence of adjustments • Complement with interviews with project management and Embassy • Triangulate with field interviews	The documentation trail is reliable in the sense of being repeatable. Interviews with several different people in different parts of the project chain will provide greater reliability and reduce bias. Interviews will identify the presence of informal mechanisms for learning that might not be documented.

Evaluation Question	Indicator(s)/Criteria for judgement	Data Sources	Method	Notes on availability, validity and reliability ²⁰
Question 4: <i>To what extent are the benefits (outcomes) of the projects likely to be sustainable?</i>	SBA Project evaluation indicators: 4.1: Beneficiaries display the commitment, ownership and ability to maintain and build on results after 2021.	SBA Project evaluation: - Theory of change analysis - Project reporting - Quality and utility of project outputs - OECD, EU progress and analytical reports - Other analyses - Feedback from interviews, surveys and, where possible, focus groups of selected stakeholders	SBA Project evaluation: Build on analysis and interviews set out in 1.1-1.3 above, to - Examine institutional and private sector beneficiaries' commitment and ownership to date and how that has been achieved, including through the SBA project - Study recent forward-looking analyses of institutional issues in BiH - Identify the main ongoing/future challenges to beneficiaries' commitment, ownership and capacity to sustain the gains - Consult selected stakeholders for reality checks and to triangulate findings. - Suggest follow-up or follow-through that could support sustainability in 2022-2027 - Explore the replicability of the SBA project model/approach.	
	4.2: The cooperation linkages and the common methodology will become institutionalised enough to become a sustainable tool in improving vertical and horizontal alignment with the EU on SME matters.			
	Challenge 2.0 Project	Challenge 2.0 Project	Challenge 2.0 Project	Challenge 2.0 Project
	C4.1 The project has positively influenced the access to risk-shared finance by SMEs through market players outside of the project C4.2: The successful businesses supported by the project have sustained their success and are likely to do so in the future	- Interview of grant holders, SERDA and other financial partners and donors - Documentary evidence from project reporting	Build on analysis and interviews set out in C1.1-C1.3 above, to: - Identify the main ongoing/future challenges to sustainability at project (business level) and at the sector level (access to finance and replicability) - Consult selected stakeholders for reality checks and to triangulate findings.	Similar to the points expressed for indicators 1.2 and 1.3

DATA COLLECTION INSTRUMENTS – META EVALUATION, INTERVIEWS AND SURVEYS

5.3.1 Small Business Act and C2C projects

Documentation - The team assembled considerable documentation for the desk analysis, thanks to the embassy, SERDA and EDA, as well as other sources including documents that were identified during interviews (see annex C). The documents for SBA can be summarised as follows:

- SBA project documentation, including original Project Documents, annual Eda progress reporting and related items
- OECD and EU baseline reports and progress reports on SBA/SME-related alignment issues
- Sida reporting at Strategy level on results area 1
- CREDO Krajina Review (2015) and Eda reporting on SBA localisation; EBA Review
- A variety of other reports and analyses on BiH EU and WTO alignment, SME issues, business environment (e.g., EU, World Bank, World Trade Organisation, UN, etc).

The documents for C2C can be summarised as follows:

- Reporting at strategy level on results area 1 (mid-term review (2017) and annual reports)
- Earlier project review
- Annual progress reporting including detailed
- EU and other related reporting on progress of SMEs and access to finance

Interviews and stakeholder consultations- A shortlisting of interviews for both projects was drawn based on criteria formulated after reading all the documentation and consulting further with Eda, SERDA and the embassy. All the key project partners were surveyed and interviewed (see Annex B). Beneficiaries were surveyed and those selected to interview were prioritised to ensure a balanced representation of geography and the types of activities they participated in (e.g., legal drafting, training, study tours, advisory/mentoring services, grant fund, etc).

Email questionnaires and surveys were tailored concisely for each group and translated where necessary into the local language. Interview discussion points were also tailored for each group. Interviews were mostly semi-structured. The use of a consultant fluent in the local languages ensured that language barriers were minimised. To ensure accuracy, relevance and usefulness, we checked and double-checked with a variety of sources key findings around the project assumptions, facts, figures, findings, outlooks, praise, complaints, suggestions for improvements and recommendations for future action.

For the SBA project, an email survey operation was carried out in three parts: i) a survey of key project participants: ii) Survey of the Institutional Partner Teams working on the ‘Strategy Implementation Enabling Mechanism’ (SIEM) and iii) Survey of the Priority-Project Beneficiaries of the ‘Strategy Implementation Enabling Mechanism’ (SIEM). A

97% response rate was achieved (28 of 29 recipients responded). About half were followed up by email or skype for additional information and targeted interviews.

For the C2C project an online survey was carried out among 144 (out of 145) existing contract holders from the first 4 call for proposals. Responses were received from 68 companies; hereof, 66 from among 130 companies (51%) with active/completed projects (some projects never started or were terminated before funds were transferred). A second survey was carried out among beneficiaries from the pilot phase; especially relating to “graduating” to be able to access funding from the formal financial sector. Unfortunately, only six responses were received (out of 27 beneficiaries), and results are only used to supplement other findings.

5.3.2 Project identification analysis

Documentation - the sources of information were :

- The earlier EBA and Devfin evaluations
- The evaluations of the SBA and C2C (undertaken through this assignment)
- Current project documentation especially on the USAID/DCA loan guarantees
- Project documents on the accelerator and employment services projects

Interviews and stakeholder consultations- Interviews were held with the EU, World Bank, USAID, Swiss Development Cooperation, Embassy of Sweden, other donors and project implementers (see annex B).

LIMITATIONS

The limiting factors included

- Projects and contributions that are not yet finished or mature enough for results or impacts to be apparent. Mitigating action: We examined mature interventions for evidence of results and then also examined the design and implementation arrangements and likelihood of success.
- Difficulty in contacting key informants. Mitigating action: Use of national consultants to follow up; lengthen the period of evaluation to ensure that more convenient timings for meetings could be arranged.
- Attribution and contribution in some cases was difficult to demonstrate a clear causal link between participation in a project and results on the ground. Mitigating action: A contribution analysis approach was used (Step 1 – identify the change: step 2 – examine the factors that give rise to the change: Step 3 – examine the influence of the Swedish support: step 4 consider alternative explanations.
- The ongoing Covid-19 pandemic affected the opportunities for data gathering in the field and face to face conversation. Mitigating action: use of tele-conferencing and greater reliance on surveys.

Annex E – SBA details

E.1 'SBA IN BIH': PROGRESS TOWARDS DESIRED RESULTS: AUGUST 2017 - JULY 2020

Desired Results	Indicators, Targets, Milestones: 2017-2020 (from Project Document, Work Plans)	Results to July 2020/Projections (Note: Covid-19 uncertainties are causing delays in a number of areas.)
1. SME laws amended to align with SBA, and <u>adopted by the relevant authorities</u> <i>*Aligned to reflect:</i> - EU definition of SME - SBA 10 principles - SBA approach: law-strategy-action plan-M&E indicators to measure progress - institutionalisation of public-private dialogue.	<i>Indicator:</i> SME Laws in RS, FbiH, BD have same SME definition as EU, same 10 SBA principles, same M&E indicators, similar dialogue set-up; gender and environment sensitivity. 2018: RS: Harmonise Law on SME Development with SBA 2018: FBiH: Harmonise Law on Stimulating Development of SMEs with SBA 2018,2019: BD: Harmonise with SBA Law on Enterprises, Law on Stimulating Economic Development 2018-2019: Develop advocacy, etc, for Govt. approval/adoption 2019-2020: Adoption of revised laws	RS: Law on Amendments to the Law on SME Development <u>adopted by RS National Assembly in Oct. 2019</u>, RS Official Gazette (84/19). FBiH: Draft Law on Stimulating Development of SMEs approved by FBiH Govt, Parliament in 2019. <u>Pending adoption by House of Peoples. Possibly late 2020.</u> BD: Draft Law on Amendments to the Law on Enterprises and Draft Law on Amendments to the Law on Stimulating Economic Development prepared. <u>Possible adoption late 2020</u>, but BD Oct. elections might interfere with timeframe.
2. Improved implementation of SBA-based parts of existing SME strategies and plans (SIEM). (Aims to develop capacity of FMRPO, RS MEE, DESK BD to carry out, with scarce resources, selection, approval, contracting, monitoring, reporting on funding support for SBA-SME priorities.)	<i>Indicators:</i> A number of priority projects/measures linked to SBA in state, entity, BD strategies supported and implemented. SIEM tested, proven and embodied in new SME focused strategies and plans (2021-2027) SIEM: Grant Fund of BAM 900,000 (SEK 5m when project was approved) 2017-2019: design, refine, finalise concept, mechanism 2018-2021: implement concept (RS MEE, FBiH FMRPO, BD DESK, BiH MoFTER) 2019-2021: M&E of results 2020-2021: Finalise SIEM or SIEM-type instrument; seek adoption by relevant institutions and integration into their budgets.	5 'calls' during 2018-2019 (2 calls for RS, 1 for BD, 2 as part of MoFTER support). This resulted in <u>8 SIEM projects</u> with a contracted value of 282 776.89 BAM, or 31,4% of the 900 000 BAM Fund). Of this, BAM 155 913.07 had been transferred to beneficiaries by 20-7-2020 (55% of amount contracted and 17,3% of the total Fund). See separate SIEM table below. Four projects were completed/ near completion in July 2020. The projects address four SBA priorities (women's entrepreneurship, energy efficiency, standards and internationalisation). MoFTER, RS Ministry of Economy and Entrepreneurship (MEE) and the Brčko Department for Economic Development, Sport and Culture (DESK) are the institutional partners. 2020 (envisaged): 1 more call with RS MEE (innovation, quality infrastructure, green economy), 2 more with MoFTER (FTC virtual trade fair innovation; Procurement Agency monitoring systems for SME participation in public procurement).

		2021: possibly 2-3 calls with FbiH FMRPO. <i>Note:</i> FbiH did not participate in calls to date, though it was invited to do so. [It reportedly had enough skills and funding (5m+ BAM), and a portfolio of projects.] However, this may change due to the pandemic. Eda expects to know by Oct. 2020.
3. A standardised common methodology to formulate, implement and monitor/review SME strategies, <u>prepared and agreed among key stakeholders</u>	<i>Indicator:</i> Methodology/guidelines for SME development policies and strategies developed, accepted and applied by relevant BiH, FbiH, RS, BD and at least 2 local governments. 2018: Develop Standardised Methodology: 2019: Standard methodology <u>accepted and applied</u> by relevant bodies in BiH, FbiH, RS, BD, and at least 2 local governments.	Standard Methodology (SM) completed Dec. 2018. Joint effort leading to good ownership. SM contributed to the creation of, and is being integrated into, the BiH overall Strategic Framework for SME Development 2021-2027 and the Strategic Guidelines to harmonise SME development support and align with SBA. SM being applied in RS SME Development Strategy. SM being used in the Banja Luka and Zenica SME development strategy preparation. Eda assisted FMRPO on SME-relevant inputs into the FbiH integrated Development Strategy in 2019 and is currently assisting BD with the SME parts of its Development Strategy. It expects that, with certain adjustments, the Standard Methodology can be applied to the respective SME strategies/action plans.
4. Existing SME strategies and action plans revised <u>in accordance with the new common methodology</u>	<i>Indicator:</i> Revision of RS, FbiH, BD strategies/action plans; support local governments in SME action planning. June-Dec. 2018: Revise RS SME Dev. Strategy 2016-20 and Action Plans Revise FbiH SME-focused Action Plans 2018-20. Revisions postponed to Jan.-June 2019.	Numerous workshops, etc, held on innovation, green economy, etc, to support strategy preparation. Revision of RS 2019-20 Action Plan for SME Development completed. Inputs for FbiH Action Plan for SBA implementation (with GIZ) and inputs for FbiH Dev. Strategy and SME Action Plan completed April 2020. No revisions required at State and BD levels. Eda delivered SME databases to MoFTER, FMRPO, RS MEE to help in analyses as a base for new policies.
5. Harmonised SME policies	<i>Indicator:</i> At least 5 SME policies harmonised with the SBA. 2019: Define 5 focal areas to harmonise with SBA (to use for practical learning purposes and to advance the SBA agenda). Set up WGs. Study visit focusing on good practices in SME innovation, standards, green economy (at least 5 participants). First drafts of policy paper initiatives. 2020: Harmonise initiated policies and instruments related to SBA Dimensions 3, 5a, 5b, 7, 10. Identify and harmonise policies and instruments emerging from	Identified 9 policies and instruments under 5 SBA dimensions with certain state-level responsibility: 3: institutional & regulatory framework 5a: support services for SMEs 5b: public procurement 7: standards and technical regulations 10: internationalisation of SMEs. Also looked at 8b (model of innovation voucher scheme) as an area of possible future interest. Study visit to Berlin: July 2019. 9 participants. Intensive focus on practicalities of innovation, value chains and green economy. High satisfaction rate. Useful ideas for SME strategy development. Relevant workshops (see #4 above). Policy studies/guides prepared in 2019-early 2020:

	the new Action Plans for SBA implementation.	- Public-Private Dialogue: How to jointly support development of SMEs in BiH (SBA #3) - SME support and state-aid rules: How to harmonise Laws on Stimulating SMEs (Economic Development) with the BiH Law on State-Aid (#5a) - Supporting introduction of technical standards in SMEs: A harmonised policy instrument (#7) - Analysis and Mapping of Quality Infrastructure in BiH and neighbouring countries (#7) - How to support SMEs in Energy Efficiency, Energy Management and investing in Renewable Sources (#9)
6. New SME strategies and plans for the period after 2020 developed <u>in accordance with the common methodology and adopted by relevant authorities</u>	Indicators: BiH Strategic Framework for SME Development 2021-2027 FBiH SME Development Strategy 2021-2027 RS SME Development Strategy 2021-2027 BD SME Development Strategy/Plan 2021-2027 SME Development Plans 2021-2027 for 2 cities/municipalities. Work Plans: 2019: Select 2 cities for support in SME dev. strategy, action plans 2019-20: Finalise Strategic Framework/ Guidelines for whole-of-BiH SME development/SBA alignment 2021-2027 (MoFTER) 2020-: Strategic Guidelines for harmonisation of SME support in BiH completed and adopted by Council of Ministers. SME development strategy in <u>RS</u> completed and adopted. SME development strategies in <u>Banja Luka</u> and <u>Zenica</u> completed and adopted. SME development strategy in <u>FBiH</u> initiated and adopted. SME development strategy in <u>Brčko District</u> initiated and adopted.	2019: Banja Luka and Zenica selected for SME development strategy support. Nov. 2019: <u>BiH Strategic Framework for SME Development 2021-2027</u> presented to SME Conference. Broad-based support. <u>BiH Strategic Guidelines for Harmonisation of SME Support</u> initiated Dec. 2019. WG established. A shorter version of the Standard Methodology has been integrated into these Guidelines; confirmed by feedback of WG (April 2020). 2020: <u>BiH Strategic Framework and Strategic Guidelines</u> expected to be <u>adopted by BiH Council of Ministers in late 2020</u> (if pandemic does not continue to delay action). First three parts are completed (Methodology, Analysis, Strategic Orientation) and Programming is ongoing. Its adoption would represent an important step forward in the EU SBA alignment process. RS SME Development Strategy support initiated in Dec. 2019. First two parts are completed (Analysis and Strategic Orientation) and Programming is ongoing. Completion expected in October 2020 and <u>final adoption around end-first quarter 2021</u>. Banja Luka SME strategy preparation initiated in Oct. 2019. Completed in April 2020. Adoption process ongoing (expected timeframe: <u>September 2020</u>). Zenica SME development strategy preparation initiated in Oct. 2019. First two parts are finished (Analysis and Strategic Orientation) and Programming is ongoing. Completion is expected in October 2020 and <u>final adoption around end-first quarter 2021</u>. New SME strategies/action plans for FBiH and BD will depend on completion of their respective general Development Strategies (expected in 2020). Eda assisted FMRPO on SME-relevant inputs into the FBiH integrated Development Strategy in 2019 and expects that, with certain adjustments, the Standard Methodology can be applied to the respective SME strategies/action plans.

		BD's Development Strategy is ongoing since April 2020. Eda is integrating SME development into the process and document. First two parts (phases) are completed (Analysis and Strategic Orientation) and Programming is ongoing. Completion and adoption expected by October 2020.
7. Fully functional, harmonised institutional set-up for SME development (public-private dialogue - PPD)	<i>Indicator:</i> SME and Entrepreneurship Development Councils established or strengthened for BiH, FBiH, RS, BD, 2 cities. At least 15 meetings (2-3 per Council) for preparation of the SME strategies). 2020: Support functioning of SME Dev. Councils. Support PPD at state level if <u>MoFTER and entities demonstrate readiness</u>. Introduce other, less formal PPD structures.	SME Development Councils - regular public-private dialogue structures - are operating in RS, Brčko, Banja Luka, Zenica; strengthened for SME-related dialogue. FBiH SME Development Council pending adoption of the Law on SME Support, expected late first quarter 2021. Pandemic situation reduced the number of projected meetings. Now expect 5-7 in 2020 to the first quarter of 2021.
8. Harmonised SME policies and practices promoted to local and international stakeholders supporting SME development	<i>Indicator:</i> A set of harmonised SME policies and practices promoted via publications and events. 2018: Annual SME Conference: Nov/Dec 2018, at least 50 participants 2019: Annual SME Conference: Nov/Dec 2019, at least 50 participants 2020: Annual SME Conference: Nov/Dec 2020, at least 50 participants 2020: Promote harmonised policies/instruments at SME Conference. 2020: More targeted, intensive communication with EU Delegation and other donors, with support from Embassy of Sweden.	Nov. 2018: 1st Annual SME Conference, in RS. 100 participants. Jointly organised with RS MEE. Nov. 2019 : 2nd Annual SME Conference, in Sarajevo. 90 participants. Jointly organised by MoFTER, FTC, FIC, Eda. Strategic Framework promoted at 2019 SME Conference. Supported by broad cross-section of participants. Policy briefs/guides on SBA and harmonisation issues published and promoted. See #5 above.

Sources: Project Documents, Annual Work Plans, Annual Reporting, surveys, interviews

E.2 SIEM CONTRACTS AND DISBURSEMENTS 2018-2020

No.	Call for Proposals (number of call, month of call)	Beneficiary & Project Focus	Contracted Grant (BAM)	Status of the Projects	Status of the grants at 20 July 2020
1.	SBA/EDA/SIEM-Call # 01/18 (December 2018) Institutional partner : RS MEE	HUZ 'Duga', Banja Luka Women's entrepreneurship (strategy development, network set-up for handicrafts marketing)	35,000.00	Finished	28.01.2020, transferred grant of 34,966.33 BAM to the beneficiary (33,67 BAM less than contracted)
2.	SBA/EDA/SIEM-Call # 01/18 (December 2018) Institutional partner : RS MEE	RS Chamber of Commerce and Industry: RS Council for Women's Entrepreneurship	44,997.25	Finished	03.02.2020, transferred grant of 43,105.23 BAM to the beneficiary (1.892,02 BAM

		Implementation of RS Strategy for Dev. of Women's Entrepreneurship			less than contracted)
3.	SBA/EDA/SIEM-Call # 03/19 (September 2019, contract signed in Oct. 2019) Institutional partner : MoFTER	Foreign Trade Chamber of BiH EU Trade Fair participation for 10 metal, wood, electric sector SMEs	50,000.00	Ongoing Aiming to finish in October 2021.	On 26.05.2020, transferred 11.700 BAM, in accordance with the contract and activities implemented to date.
4.	SBA/EDA/SIEM-Call # 04/19 (October 2019) Institutional partner : RS MEE	TUV ADRIA, d.o.o, Novo Sarajevo SME energy efficiency/mgmt systems: training & certifying 10 internal auditors and 5 lead auditors on adoption of ISO 50001:2018; introduction of 50001:2018 to 5 SMEs	45,050.00	Ongoing Aiming to finish in August 2020	On 10.01.2020, transferred 45,050,00 BAM, in accordance with the contract
5.	SBA/EDA/SIEM-Call # 05/19 (October 2019, contract signed Dec. 2019) Institutional partner : MoFTER	Institute for Standardisation of BiH. Translation of, and e-access to, technical standards for wood and metal-processing and welding, enhanced business participation in work	55,000.00	Ongoing Aiming to finish in November 2020	Not transferred
6.	SBA/EDA/SIEM-Call # 02/19 (August 2019) Institutional partner: Brčko DESK	CA Mali Princ Brčko Youth Organisation 'Petit Prince' Women's Entrepreneurship (self-employment, start your own business)	12,946.86	Ongoing Aiming to finish in August 2020	5,178.40 BAM
7.	SBA/EDA/SIEM-Call # 02/19 (August 2019) Institutional partner: Brčko DESK	Becirevic Family Foundation Brčko Women's Entrepreneurship (promotion, networking, training)	20,000.00	Ongoing Aiming to finish in December 2020	8,000.00 BAM
8.	SBA/EDA/SIEM-Call # 02/19 (August 2019) Institutional partner: Brčko DESK	CA Initiative for Quality and Sustainable Development (IKOR), Banja Luka Women's Entrepreneurship (mentoring, training)	19,782.78	Ongoing Aiming to finish in December 2020	7,913.11 BAM
Total			282 776.89		155 913.07

Source: Eda and project documents.

E.3 GENDER AND ENVIRONMENT IN THE 'SBA IN BIH' PROJECT (2017-2021)

Activity	Gender and Environment Aspects
Common (standardised) methodology for SME strategic planning developed in co-operation with relevant stakeholders	Inter-Institutional Working group for development of common (standardised) methodology for SME strategic planning had an optimal gender balance (7+7). The Working group consisted of representatives of relevant ministries and government at the BiH, entity and Brčko district level. Gender and Environment aspects are addressed by principles of common (standardised) methodology for SME strategic planning.

A common methodology for planning, implementation, M&E of SME strategies promoted in the country	All stakeholders involved in project activities as part of SME framework in BiH build capacities for incorporating gender equality and environment in policies and strategies they produce
Existing SME strategies and plans revised in accordance with common methodology based on SBA	Support to women's entrepreneurship was part of revised SME strategies and plans. Green economy was a special topic which was specially considered in the context of updating of the AP for SME development in RS. Key stakeholders in this field had the opportunity (some of them for the first time) to discuss this topic in the context of SME development.
Development of new SME strategies and plans 2021-2027	Sex-disaggregated data were used for SME analysis (wherever the data was available) to better understand the gender differences in entrepreneurship. Sub-dimension of the SBA that promotes women's entrepreneurship and this section which explores the gender gap in entrepreneurship will be part of SME strategies and plans. Dimension 9 of SBA - Green economy and SMEs will be elaborated in the SME strategies and plans. ToR for Gender expert, which will provide support to address gender aspects in SME strategies and plans, is in the process of preparation (finalisation).
Development of policies (strategy/action plan) for Women Entrepreneurship	Policies (strategy/action plan) for Women Entrepreneurship coordinated with EU ProLocal (GIZ) that supports this priority, developed in cooperation with the partners from FBiH, RS and BD.
SME-related laws in FBiH, RS and BD harmonised* with SBA and mutually, before the end of 2019	Both Gender and Environment aspects are properly addressed by principles of SME related laws that are drafted with the project support. Gender aspects are properly addressed in harmonisation of PPD as harmonized institutional set-up for SME development. <i>*Harmonised=Use of the same definition, principles and logic: Principles transformed into Strategy; Policies prioritised and elaborated by the Strategy; Strategy operationalised by Action Plan; public-private dialogue harmonised institutional set-up for SME development.</i>
Guide on Public-Private Dialogue prepared and published	Guide includes principle of gender equality and non-discrimination. It is important to ensure that, to the extent possible and justified, gender equality and equal opportunities for all stakeholders are ensured in public-private dialogue.
Concept paper with recommendations for development of policies for SMEs in energy efficiency and renewable sources of energy	 Concept paper
Strategy Implementation Enabling Mechanism (SIEM)	Both Gender and Environment aspects are included in the Strategy Implementation Enabling Mechanism (SIEM) principles. Two projects in the field of women's entrepreneurship funded by SIEM in RS. Incorporating gender equality in SME-focused documents include gender equality as one of criteria for providing support to implementation of SME strategies, thus not only promoting gender equality and producing real results in this area, but also building capacities of SME supporting institutions for implementation of similar SME support measures in future. Council for women entrepreneurship in RS was established, the conference for women entrepreneurship was organized. https://komorars.ba/?s=%C5%BEensko+preduzetni%C5%A1tvo&lang=sr The web shop to support women's entrepreneurship is established: http://dugasuve-niri.com/proizvodi/ Three projects in the field of women's entrepreneurship funded by SIEM in Brčko District (training sessions for 80-90 women entrepreneurs aligned with the expressed needs for capacity building in different areas). SIEM financed project focuses on improvement of energy efficiency of SMEs, focusing on awareness raising and promotion of introduction of energy management systems in

	the final phase of implementation. The project activities will be implemented in five SMEs in RS. Also, five lead and ten internal auditors for energy management according to the standard ISO 50001: 2018 will be trained and certified.			
Study Tour on Quality-driven ‘Green and Innovation Promotion’ in Berlin/Germany	Study Visit participants			
	Male		Female	
	6		4	
	The Study Tour on Quality-driven “Green and Innovation Promotion” in Berlin/Germany on 9-13 September 2019 focused on a systemic insight into the policy and support structure of economic development in Germany in SME-related innovation, green economic development and the promotion of new business models. The programme schedule focused on relevant policy analysis and on real implementation projects and initiatives. The objective was to promote new ideas for the promotion of a more systemic intervention approach in BiH in regard to innovation, green and inclusive development. A large number of ideas came out as possible entry points for further action (based on the Study Tour Reflection Workshop).  Review of the Study Tour			
Conferences 2018 and 2019	Conference 2018 participants		Conference 2019 participants	
	Male	Female	Male	Female
	62	34	43	40
	https://edabl.org/more-intensive-and-effective-support-to-enterprise-development-required/ 2019 - https://edabl.org/common-support-to-the-harmonization-of-the-legal-and-strategic-framework-for-smes-in-bih/			
Source: Eda, 2020				

E.4 PARTICIPANT FEEDBACK ON 2019 STUDY VISIT TO BERLIN

**BOSNA I HERCEGOVINA
MINISTARSTVO VANJSKE
TRGOVINE I
EKONOMSKIH ODNOSA**



**БОСНА И ХЕРЦЕГОВИНА
МИНИСТАРСТВО СПОЉНЕ
ТРГОВИНЕ И
ЕКОНОМСКИХ ОДНОСА**

**BOSNIA AND HERZEGOVINA
MINISTRY OF FOREIGN TRADE AND ECONOMIC RELATIONS**

Dear Madame,

A Study Tour on the topic of *Quality Promotion, Innovation and Green Economy* was held in the period 9-13 September 2019. It aimed to provide new insights for the implementation of the 'SBA in BiH' project, and to provide examples of how to promote intelligent top-down approaches that would encourage effective bottom-up initiatives, and which are associated with increasing knowledge and technical skills, which requires interaction between the public and private sectors, as well as with institutions of applied sciences.

The Study Tour focused on 3 aspects:

1. Understanding how smart top-down policies (and SME-related policies) are transferred to create strong bottom-up networking initiatives. The institutions visited were: Tender Agency VDI-VDE; Federal Ministry of Economics and Energy BMWI; EUREF- Technical University Campus.
2. Understanding how research and implementation go in parallel with strengthening the competitiveness of SMEs at the local (city) and national levels. The institutions visited were: Potsdam Economic

Development Agency; Potsdam Science Park; Media-Tech-Hub Potsdam; Fraunhofer Institute; Wind-NODE hab.

3. Understanding how to promote green SMEs and start-up innovations. The institutions visited were: WindNODE hub (Technical University Berlin); Borderstep Institute for Innovation and Sustainability; Mobility2Grid Research Camp; EUREF- Technical University Campus; Climate-KIC.

Conclusions and recommendations from the Study Tour workshops refer to how to:

- * Encourage the development of start-ups through institutional support
- * Provide budget support for new innovation programmes, including a mandatory partnership
- * Support and finance green start-ups, connecting them with markets
- * Support the promotion of the green economy together with educational institutions and participating firms
- * Promote cooperation of SMEs, academics and institutions through institutional support
- * Promoting networking and mutual cooperation, providing support through the preparation of international public calls
- * Develop targeted support programmes for innovative SMEs.

The post-study tour reflection workshop led to conclusions about what can be realised with the support of SIEM:

- Predefinition of needs and problems by industry; search for solutions
- Support for projects submitted by IT companies in cooperation and for the needs of industry
- Competition/selection of the most successful start-ups (by sectors)
- Support women's entrepreneurship and innovation areas
- Presentation of entrepreneurial good practices to students
- Presentation of start-up experiences to potential entrepreneurs.

The Study Tour organisation was very good, so I think it achieved the set goals.

Kind regards,

Zvezdana Marković, Expert Adviser, MoFTER

July 2020

E.5 SURVEY QUESTIONNAIRES

A) Mid-Term Evaluation of the “SBA in BiH” Project Implemented by Eda

Survey of Key Project Participants

Srednjoročna ocjena uspješnosti projekta implementiranog od strane organizacije EDA
Evropski Akt o malom biznisu kao okvir strategija i politika za MSP u BiH: ‘SBA u
BiH’

Anketa za ključne učesnike u Projektu

Name/Ime i prezime:

Organisation/Institucija:

Email:

Telephone/Telefon:

Please return to/Molimo pošaljite natrag: Andrea Spear: and Dejan Kavalec:

If you have any questions, please feel free to contact Mr Kavalec.

Ukoliko imate nekih pitanja molimo da kontaktirate g. Kavaleca

For reference: ‘Small Business Act in BiH’: Project Purpose and Objectives Referenca: “Akt o malom biznisu u BiH” Svrha i ciljevi projekta Purpose: To support institutions in BiH to accelerate economic integration with the EU in terms of SME policy and strategic frameworks. Svrha: Podržati BH institucije da ubrzaju ekonomske integracije sa EU u odnosu na politike vezane za MSP i relevantne strateške okvire. Overall objective: To align BiH’s policy, legal and strategic frameworks for SME development with the EU’s Small Business Act framework. Opšti ciljevi: Uskladiti BH politike, zakonske i strateške okvire za razvoj MSP sa EU Aktom o malom biznisu. Specific objective: To enhance BiH-EU SME policy alignment by harmonising - vertically and horizontally - the policy, legal and strategic frameworks for SME development among the country’s various administrative levels, using a methodology that is in line with the EU SME framework. Specifični ciljevi: Poboljšati usklađenost BiH-EU politika vezanih za razvoj MSP tako što će se harmonizovati – i po vertikali i horizontalno – relevantne politike, zakonski i strateški okviri na svim administrativnim nivoima u zemlji, pri tome koristeći metodologiju koja je usklađena sa EU okvirom koji se odnosi na MSP.
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Please tick ✓ your response. Molimo označite Vaš odgovor sa ✓.

Assessment of ‘SBA in BiH’ Project by Key Partners Procjena projekta “SBA u BiH” od strane ključnih partnera	Yes Da ✓	Somewhat Osrednje ✓	No Ne ✓
1. Is the Project making <u>steady progress</u> towards the following Desired Results? C. Da li Projekat ima <u>stalni napredak</u> prema ostvarenju željenih rezultata ?			
1. <u>Improved capacity</u> to formulate and implement SME policies and strategies that are aligned with the SBA <u>Unaprijeđeni kapaciteti</u> za formulisane i primjenu politika i strategija vezanih za MSP koje su usklađene sa SBA Comment/Komentar:			
2. <u>Standardised methodology agreed</u> and institutionalised (being used) <u>Standardizirana metodologija prihvaćena</u> i institucionalizirana (primjenjuje se) Comment/Komentar:			
3. <u>Existing SME laws and policies amended</u> to conform with SBA requirements <u>Postojeći zakoni i politike iz oblasti vezanih za MSP izmijenjeni</u> da odgovaraju uslovima iz SBA Comment: Komentar:			

4. <u>Existing SME strategies and plans revised to conform with SBA requirements</u> Postojeće strategije i planovi vezani za MSP revidirani da odgovaraju uslovima iz SBA Comment: Komentar:			
5. <u>SME policies being harmonised around the country</u> D. <u>Politike vezane za MSP su usklađene</u> širom zemlje Comment: komentar:			
6. <u>Implementation of SBA parts of existing SME strategies and plans is improving (eg, through SIEM)</u> E. <u>Realizacija</u> dijelova SBA u postojećim strategijama i planovima je unaprijeđene (npr. korištenjem SIEM instrumenta) Comment: Komentar:			
2. <u>Is the Project model an effective way to achieve the horizontal and vertical cooperation necessary to enhance SBA harmonisation in BiH?</u> F. Da li je ovakav model Projekta efikasan način da se dostigne neophodan nivo horizontalne i vertikalne saradnje kako bi se unaprijedilo usklađivanje sa SBA u BiH ? Comment: Komentar:			
3. <u>Is the specific objective of improved policy alignment with the EU SBA likely to be achieved by the end of the project (December 2021)?</u> Da li smatrate da je izvjesno da će specifični cilj Projekta, unaprijeđena usklađenost politika sa EU SBA , biti ostvaren do završetka projekta (decembar 2021) ? Comment: Komentar:			
4. <u>Will the cooperation linkages and the common methodology supported by the Project become institutionalised enough to be a sustainable tool in improving vertical and horizontal alignment with the EU on SME matters?</u> G. Smatrate li da će uspostavljena suradnja i zajedničke metodologije podržane ovim Projektom biti dovoljno institucionalizirane da budu održiv alat za unaprijeđenje vertikalne i horizontalne usklađenosti sa EU, a vezano za pitanja iz oblasti razvoja MSP ? Comment: Komentar:			
5. <u>Do you think the participants in this Project have the commitment, ownership and ability to maintain and build on results after the Project ends in Dec. 2021?</u> H. Smatrate li da su učesnici u ovom Projektu posvećeni, da imaju vlasništvo i sposobnost da održe i nadgrade rezultate nakon što Projekat završi u decembru 2021 ? Comment: Komentar:			
6. <u>Have you attended any Workshops, Study Tours, Training Sessions, Conferences organised by this Project (Eda)?</u> I. Da li ste prisustvovali nekim radionicama, studijskim putovanjima, obukama i konferencijama organizovanim u okviru Projekta (EDA) ?			
Please tick ✓ the 'SBA in BiH' activities you or your organisation have participated in to date.			
Activity			✓
SBA Working Group / SBA Radna grupa			
Annual SME Conference / Godišnja konferencija o MSP			
Legal drafting / Kreiranje nacrtu zakona			
Workshops on Standard Methodology development / Radionice za razvoj standardne metodologije			
Working Group on Development of Strategic Guidelines at State Level / Radna grupa za izradu strateških smjernica na državnom nivou			

Workshops on Policy Instruments for SMEs / Radionica o instrumentima politika za MSP			
Study Tour / studijska putovanja			
Reflection Workshops / Radionice refleksije			
Workshops on Quality Standards / Radionice za standardizaciju kvalitete			
SME Strategy in Republika Srpska / Strategija za MSP Republike Srpske			
SME Strategy for Banja Luka / Strategija za MSP Banja Luke			
SME Strategy for Zenica / Strategija za MSP Zenice			
SIEM design and oversight / SIEM kreiranje i nadzor			
SIEM-related capacity-development workshops / Radionice za razvoj kapaciteta vezanih za SIEM			
SIEM support applicant / Podrška podnosiocima zahtjeva SIEM			
Other (please describe) / Drugo (molimo opišite)			
<i>In your view, did these events achieve their objectives?</i> Iz Vašeg ugla, da li su ovi događaji ostvarili zacrtane ciljeve ?			
<i>Comment: Komentar:</i>			
<i>Are you applying in your day-to-day work what you learned at these activities?</i> Da li u Vašem svakodnevnom poslu koristite saznanja koja ste stekli na ovim događajima?			
<i>Please explain how/Molimo objasnite na koji način:</i>			
	<i>Excel- lent Odlično</i>	<i>Good Dobro</i>	<i>Poor Loše</i>
7. How do you rate Eda's management of this Project to date? J. Kako ocjenjujete dosadašnje rukovođenje Projektom od strane EDA-e?			
<i>Please comment/Molimo komentar:</i>			
8. How could the 'SBA in BiH' Project be improved? Na koji način bi Projekat "SBA u BiH" mogao biti poboljšan ?			
9. Any other comments? Neki drugi komentari ?			

B) Mid-Term Evaluation of the “SBA in BiH” Project Implemented by Eda
 Survey of the **Institutional Partner Teams** working on the
 ‘Strategy Implementation Enabling Mechanism’ (SIEM)

Srednjoročna ocjena uspješnosti projekta implementiranog od strane organizacije EDA
 Evropski Akt o malom biznisu kao okvir strategija i politika za MSP u BiH – “SBA u
 BiH“

Upitnik za članove timova partnerskih institucija koje rade na
 “Mehanizmu za poboljšanje implementacije strategija” (SIEM)

Name(s)/Ime i prezime (Imena i prezimena):

Organisation/Organizacija/institucija:

Email:

Telephone:

Molimo pošaljite natrag: Andrea Spear: a.spear.v@gmail.com and Dejan Kavalec: dejan.kavalec@gmail.com

Ukoliko imate nekih pitanja molimo da kontaktirate g. Kavaleca: +387 61 180 181.

Questions for key partners (SIEM teams)/Upitnik za ključne partnere (SIEM timovi)

(Please note: A separate survey will cover other aspects of the ‘SBA in BiH’ programme.)

(Molimo da obratite pažnju da će drugi aspekti vezani za projekat “SBA u BiH” biti predmetog zasebnog upitnika)

1. *How is the Sida/Eda support helping to improve your SME development policymaking, implementation and monitoring capabilities?* **Na koji način vam podrška od strane SIDA-e/EDA-e pomaže da unaprijedite vlastite kapacitete kreiranja politika vezanih za razvoj MSP te njihovu realizaciju i praćenje ?**
2. *What specific problems has it helped you to resolve?* **Koje specifične probleme ste uz ovu podršku uspjeli riješiti?**
3. *What lessons have you and your team learned from the SIEM process to date?* **Koje lekcije ste Vi lično i Vaši saradnici naučili iz dosadašnje primjene SIEM procesa ?**
4. *How do you plan to apply these lessons and good practices in your day-to-day work?* **Na koji način planirate naučene lekcije i dobre prakse primijeniti u svakodnevnom radu ?**
5. *How could the ‘SBA in BiH’ project and the SIEM support be improved to help you consolidate your understanding and ability to implement and monitor SME policies/measures/strategies in 2021-27?* **Na koji način bi projekat “SBA u BiH” i SIEM instrument mogao biti unaprijeđen sa ciljem da Vam pomogne da učvrstite vlastito razumijevanje i mogućnost realizacije i praćenja politika/mjera/strategija vezanih za razvoj MSP u periodu 2021-2027 ?**
6. *By the end of the project (December 2021), do you foresee improved **implementation** of SME strategies in BiH in line with the SBA principles?* **Da li smatrate da će, do završetka projekta u decembru 2021, realizacija strategija vezanih za MSP u BiH biti unaprijeđena u skladu sa SBA principima ?**
7. *What is needed to ensure **sustainability over the long term** of the good practices?* **Šta je potrebno da bi se osigurala dugoročna stabilnost usvojenih dobrih praksi ?**
8. *Please provide any other comments you may have on the SIEM mechanism.* **Molimo da iznesete dodatne relevantne komentare vezane za SIEM instrument, ukoliko ih imate.**

C) Mid-Term Evaluation of the “SBA in BiH” Project Implemented by Eda
 Survey of the Priority-Project Beneficiaries of the
 ‘Strategy Implementation Enabling Mechanism’ (SIEM)

Srednjoročna procjena uspješnosti projekta
“Evropski Akt o malom biznisu kao okvir strategija i politika za MSP u BiH –
“SBA u BiH“

Anketa za prioritetne korisnike projekta
 “Mehanizam za poboljšanje implementacije strategija (SIEM)”

Ime i prezime:

Organizacija/institucija:

Email:

Telefon:

Please return to/Molimo pošaljite natrag: Andrea Spear and Dejan Kavalec.

If you have any questions, please feel free to contact Mr Kavalec.

Ukoliko imate nekih pitanja molimo da kontaktirate g. Kavaleca

Please tick ✓ your response. For example, if you think the information on the grant scheme was clear and complete, please insert a tick ✓ in the ‘Yes’ column.

Molimo označite sa ✓ Vaš odgovor. Npr. Ako smatrate da su informacije vezane za grant šemu jasne i kompletne molimo označite vaš odgovor sa ✓ u koloni “Da”

Assessment of SIEM Mechanism by Funding Recipients Procjena SIEM mehanizma od strane korisnika sredstava	Yes Da ✓	Somewhat Osrednje ✓	No Ne ✓
1. Quality of the information prior to application/Kvalitet informacija potrebnih za prijavu			
Was information on the grant scheme clear and complete? Da li su informacije vezane za grant šemu bile jasne i kompletne ?			
Did Eda/partner institution publicise the scheme widely and to relevant parties? Da li je objava informacija vezanih za šemu od strane EDA-e/partnerske institucije bila dostupna svim zainteresiranim ?			
Did Eda/partner institution provide help to understand how to use the support? If so, what kind of help? Da li Vam je EDA/partnerska institucija pružila neku vrstu pomoći kako da koristiti podršku ? Ako je Vaš odgovor potvrđan molimo objasnite kakvu pomoć ?			
Were the selection criteria clear, transparent and relevant? Da li su kriteriji za selekciju korisnika bili jasni, transparentni i relevantni ?			
2. Application process/Proces prijave			
Were the application forms user-friendly? Da li su formulari za prijavu lagani za korištenje ?			
Was the process efficient (easy to submit)? Da li je proces bio efikasan (lagan za prijavljivanje) ?			
Was the process transparent? Da li je proces bio transparentan ?			
3. Responsiveness of Eda team/Odgovornost osoblja EDA-e			
Did the Eda team respond in a quick, clear, professional way to your questions during the application process?			

Da li je osoblje EDA-e, na Vaše eventualne upite vezano za proces prijave, odgovaralo brzo, jasno i profesionalno ?			
4. Timeliness of approval notification and provision of service			
4. Vrijeme obavijesti o odobrenju prijave i početku primjene			
Was the approval of your application communicated within the stipulated timeframe? Da li ste informaciju o odobrenju Vaše prijave dobili u predviđenom vremenskom roku ?			
Were the agreed services/funds provided in a timely fashion as per the agreement? Da li su ugovorene usluge/sredstva obezbjeđena na vrijeme kako je i ugovoreno ?			
5. Implementation of your project/ Implementacija Vašeg projekta			
Has your project advanced as planned? Da li se realizacija Vašeg projekta odvijala kako je i planirano ? <i>If no, why not?/Ako je Vaš odgovor Ne, pojasnite zašto ?</i>			
Have you contacted Eda or the institutional partner for guidance during this period? Da li ste tokom ovog perioda realizacije kontaktirali EDA-u/partnersku instituciju za upute ?			
Has the Eda team been in contact independently of any request? Da li ste bili u kontaktu sa osobljem EDA-e neovisno o Vašim eventualnim zahtjevima ?			
Has the relevant institutional partner been in contact independently? Da li ste, neovisno o Vašim eventualnim zahtjevima, bili u kontaktu sa relevantnom partnerskom institucijom ?			
6. Monitoring and review/ Praćenje i pregled			
Do you think the monitoring guidelines, indicators and timeframe are appropriate for your particular project? Smatrate li da su smjernice za praćenje, indikatori i vremenski okvir adekvatni za Vaš projekat ? <i>If not, please answer #8. Ako je Vaš odgovor Ne, molimo objasnite pod pitanjem br.8</i>			
Have you learned any lessons that you will apply? Da li ste “ naučili lekcije ” koje će te moći primijeniti ? <i>If so, what?/ Ako je Vaš odgovor “Da” pojasnite koje ?</i>			
7. Do you think this ‘SBA in BiH’ project and the SIEM instrument will improve implementation of SME strategies in BiH? Smatrate li da će ovaj projekat “SBA u BiH” i Instrument SIEM poboljšati implementaciju strategija za Mala i srednja preduzeća u BiH ? <i>If not, please comment in #9. Ako je Vaš odgovor Ne, molimo upišite Vaše komentare po red.br. 9</i>			
8. Suggestions for improvement of SIEM? Prijedlozi za unaprijeđenje instrumenta SIEM ?			
9. Other comments? Drugi komentari ?			



Evaluation: Stimulating SME growth and enhancing market and economic development, Bosnia and Herzegovina

An evaluation of the Swedish supported "Small Business Act Project" focusing on the enabling environment for businesses and "Challenge 2.0 Project" providing direct support to small and medium enterprises found that both projects were relevant, on track to achieve the expected results and making important contributions through: strengthened policy and laws and, and access to catalytic finance for innovative and inclusive business ideas. The evaluation pointed to the need for greater coordination among donors, for closer cooperation with the EU association efforts as well as prioritising continuity in the portfolio given the complexity of the institutional landscape.

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