



**The European Union's "2007/145-210" Project  
for the WBT Region**

**Service Contract for a Monitoring system of the  
Implementation of Projects and  
Programmes of External Co-operation financed by the  
European Community  
Lot 6: Western Balkans & Turkey (WBT)**

***Synthesis Report No. 2 on  
Tourism Projects funded under  
EU Support to SME and RED in  
Bosnia and Herzegovina–Call V***

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## List of acronyms

ADE	Agency for Development and Entrepreneurship
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CDE	Council for Development and Entrepreneurship
CfP	Call for Proposal
CSO	Civil Society Organisation
CSP	Country Strategy Paper
EC	European Commission
ECD	European Commission Delegation
EP	European Partnership
EU	European Union
EURED	European Union funded Regional Economic Development
GA	Grant Application
GfA	Guidelines for Applicants
IPA	Instruments of Pre-Accession
IR	Inception Report
LFA	Logframe Approach
LFM	Logical Framework Matrix
LTE	Long-term Expert
MIP	Multi-Annual Indicative Programme
MoUs	Memoranda of Understanding
NGO	Non-Governmental Organisation
OVI	Objectively Verifiable Indicators
PAR	Public Administration Reform
PCM	Project Cycle Management
RDA	Regional Development Agency
RDS	Regional Development Strategies
RED	Regional Economic Development
ROM	Results Oriented Monitoring
SAA	Stabilisation and Association Agreement
SME	Small and Medium Size Enterprise
SAP	Stabilisation and Association Process
SR	Synthesis Report
TA	Technical Assistance
QA	Quality Assurance
WBT	Western Balkans and Turkey region
WP	Work Plan
QA	Quality Assurance

## EXECUTIVE SUMMARY

This Synthesis Report (SR) N° 2 is the result of a synthesis of the findings, conclusions drawn and recommendations made in the frame of the monitoring of five (5) tourism projects funded under EU "Support to Small and Medium Size Enterprises (SMEs) and Regional Economic Development (RED) Fund – Call V" (hereinafter "the Programme"), in the frame of the CARDS Annual Action Programme 2006 for Bosnia and Herzegovina. The programme finances with an overall amount of 3.1 MEUR a total of 12 projects aimed to reinforce, through a bottom-up approach, the results of the two EU RED projects, create jobs and promote the tourism sector. This report follows the elaboration of a Synthesis Report in May 2008, based on the monitoring of the same projects in the period February – April 2008. This previous SR N°1 had presented the main features of the Programme.

The SR No. 2 was elaborated on request of the Task Manager of the Programme in the European Commission Delegation (ECD) in Sarajevo. It presents the findings, conclusions and recommendations that resulted from the monitoring missions implemented in the period April - May 2009 to the five selected projects, when most of the projects were in their final implementation stage (projects 1, 2 and 5 were in the last month of their implementation, while ~70% and ~60% of the duration of projects 3 and 4 respectively had elapsed)<sup>1</sup>. The preparation of the monitoring visits to all target groups and beneficiaries of the monitored projects was based on the projects' documentation, part of which was available since the respective ROM missions of 2008 and another part (recent documentation) obtained from the ECD Task Manager and the relevant stakeholders of the projects. The monitoring visits to all relevant stakeholders of the monitored projects were organised in a smooth way, in close coordination with the Project Authorities, and were implemented efficiently, without any postponements or delays. The current performance of each project was reviewed against the five ROM criteria: Relevance and Quality of Project Design, Efficiency of Implementation, Effectiveness, Impact Prospects and Potential Sustainability. The result of the monitoring of each of the five projects was presented in a Monitoring Report (MR) and a Background Conclusion Sheet (BCS), timely submitted to the EC in line with the provisions of the ROM methodology. A summary of findings is presented in the present SR to provide a recapitulated overview of the overall appraisal.

Overall, the projects' performance was assessed as satisfactory (overall average rating "b"), confirming the respective conclusion of the SR N° 1. Three projects (projects 1, 2 and 4 of Table 1) are assessed as success stories (projects with ratings "a" and/or "b" for all criteria). These theme-based projects could be used as centres of excellence to replicate their best practice in similar regions of the country. The project 3 is assessed as well performing (all ratings "a" or "b", only one "c" for efficiency). The project 5 rated overall with 2.10 and "c" rates for all criteria except project design ("b" rating), is assessed as a "project with problems"; it constitutes the sole case of drop of performance compared to the projects' performance in 2008. There is no "problematic" project, i.e. a project with "d" rates.

The weak elements reported in the SR N°1 remain: these refer primarily to policy support but also to stakeholders' support, due to which the RED is not yet institutionalised and the SME legal framework is still not created. The major outputs of EURED I and II Technical Assistance (TA) projects, namely the draft SME development and promotion law, the model for establishment of a Council for Development and Entrepreneurship (CDE) to guide the future State Agency for Development and Entrepreneurship (ADE), and the draft "white paper" on RED, cannot be produced unless all stakeholders agree on the concepts. Currently, the RED model, based on five economic regions, is not accepted as the RS Entity sees it as unnecessary and encroaching on its own areas of responsibility. The inability of stakeholders to converge to a compromise solution and the delayed adoption of legislation create impediments to the overall economic development in the country. Further to this, some local authorities are slowly materialising their commitments.

The performance per individual monitoring criterion of all monitored projects is good; in fact, most of the projects have managed to optimise their implementation within the prevailing external environment.

Same as in 2008 (SR N°1), **Relevance and Quality of Design** is good, the average rating being "b" (3.10). The current relevance of all projects is good ("b" rating) and their intervention logic is of high quality. No problems are identified in relation to the stakeholders' support and the degree of mainstreaming of cross-cutting issues in the projects' implementation (average "b" rating).

**Efficiency** is still good overall (average "b" rating), though slightly lower than in 2008 -SR N° 1- (average score 3.04 in 2008 and 2.70 in 2009) and is rated lower than the other monitoring criteria. In general, there are problems in the availability of inputs and the timeliness of activities' implementation

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<sup>1</sup> Please see the list of monitored projects in page 7.

("c" / 2,40 average rating), some projects experiencing delays compared to their Work Plan (WP) provisions. Despite delays, the quality of outputs delivered so far is good (rated "b" / 3.00) as confirmed also by the stakeholders and target groups. The project partners' contribution is overall good (rated "b" / 2.80).

**Effectiveness** slightly dropped as compared to 2008 -SR N° 1-, scored in average 2.70 in 2009 (3.13 in 2008). However, the majority of the expected results of the projects is either achieved or in process of being achieved, while also the prospects of achieving the projects' purposes continue to be good.

Same as in 2008 (SR N° 1), **Impact prospects** are good, rated "b" (3.20). Direct impact prospects are high for most of the projects, and indirect positive impacts are being achieved.

**Potential sustainability** remains good, rated "b" (2.90) in average. Economic viability is satisfactory as leading partners ensure financial commitments and have prepared feasibility studies and business plans with income and investment forecasts for the next 5 years. Local project ownership of all projects is very strong and institution building is satisfactory. Policy support is the only weak element for ensuring sustainability, as the RED model based on five regions is not institutionalised and the State level SME legislation is not adopted, thus an appropriate legal framework cannot be put in place and a sound environment for development of SME and RED cannot be ensured.

At project level, among the four well performing projects, referred to above, "Posavina—Hunting and Fishing Paradise" is considered best performing for the following reasons: it established cooperation among all administrative levels in Bosnia and Herzegovina (two Entities and Brcko District) for the first time since 1992; it enjoys strong local ownership by national authorities and target groups; its internal financial monitoring of project costs and benefits is of excellent quality; it ensures continuous and transparent cooperation and communication among its leading partners and target groups; and it involves the final beneficiaries in all implementation cycles.

Based on detailed findings from the ROM missions, the recommendations presented for the consideration of the relevant EC Services concern mainly the following:

- ▶ Organisation of final conference of EU-funded tourism projects would provide experience exchange and lessons learnt;
- ▶ The use of economic tools and assessment of unit costs and benefits would further strengthen cost efficiency;
- ▶ Local governments need to balance appropriately infrastructure investments with investments into human resources;
- ▶ The issue of weak policy support needs to be continuously addressed, in order to place the Theme of the Programme on the institutional level;
- ▶ The PCMLF techniques need to be introduced to new applicants;
- ▶ Phase-out strategies should routinely be integrated in the programme planning;
- ▶ Further assistance needs to be provided to the tourism sector, as these projects have created an excellent foundation for the SME and RED development.



# INTRODUCTION

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At the end of 2005, Bosnia and Herzegovina was invited to begin the negotiations of the Stabilisation and Association Agreement (SAA) with the European Union (EU). This was made possible following the confirmation that two remaining reform areas, police reconstruction and public broadcasting, among 16 priority points from the Feasibility Study 2003, had reached acceptable progress. The European Partnership (EP) with Bosnia and Herzegovina was adopted on 99/11/2005, listing short- and medium-term priorities that the country needs to address in order to move forward towards integration with the EU.

The EP priorities form the basis for programming the financial assistance of the Community, which was provided under relevant financial instruments, in particular the Council Regulation (EC) No 2666/2000 of 05/12/2000 and the Community Assistance for Reconstruction, Development and Stabilisation (CARDS). Starting from 2008, the Instrument of Pre-Accession (IPA) replaced the CARDS financial instrument. Through CARDS Programmes, financial assistance to Bosnia and Herzegovina was provided in the sectors of Democratic Stabilisation, Good Governance and Institution Building, - including Justice and Home Affairs (JHA) and Public Administration Reform (PAR)-, and Economic and Social Development, in the following amounts:

Programme/Year	Allocated amount (M€)
CARDS 2001	105.23
CARDS 2002	70.30
CARDS 2003	60.60
CARDS 2004	69.60
CARDS 2005	49.40

The sector of Economic and Social Development received targeted Technical Assistance (TA) under CARDS 2002 and 2005 for the purpose of strengthening the economic regions, regional development frameworks, economic regeneration and job creation. Two TA projects, EU support to Regional Economic Development and SME (EURED I and EURED II), totalling 5.7 MEUR, aimed to reinforce the sector through a top-bottom approach.

The Programme currently monitored (3.1 MEUR) aims to reinforce the results of these two EURED projects. It finances a total of 12 projects under the “EU Support to SME and RED Fund – Call V”, CARDS 2006 Annual Action Programme for Bosnia and Herzegovina, for the purpose of supporting the country’s participation in the Stabilisation and Association Process (SAP). Out of the overall total of 43.8 MEUR allocated under CARDS 2006, 21.3 MEUR were assigned to the Economic and Social Development sector.

Overall, the Call V was divided in 3 Lots, aimed to support the development of the tourism sector through covering Bosnia and Herzegovina with a coherent network of signposts for tourism attractions, development of successful tourism products, strengthening tourist service delivery, tourist personnel skills, the quality of tourist infrastructure, and tourism marketing and supporting the SME sector by increasing the quality, quantity and affordability of the business infrastructure supply.

**Lot 1** was extended to non-governmental organisations (NGOs) operating in the tourism sector for an indicative amount of 1.0 MEUR, and targeted the network of tourist signposts. **Lot 2** for 1.4 MEUR was aimed at the preparation and enhancement of tourism products and was extended to municipalities, cantons, Districts, NGOs, governmental or quasi-governmental tourism organisations (e.g. cantonal tourism communities, tourist associations etc.), and/or other legally recognised groups / associations which have the ownership or custody of a heritage site. **Lot 3** for 1.4 MEUR aimed the supply of development infrastructure to SMEs; it was extended to municipalities, cantons, Districts, education or research institutes, Chambers of Commerce and business associations or other NGOs.

This is the second Synthesis Report, covering 5 tourism projects financed in the frame of Lots 1 and 3, and monitored in the period April - May 2009. The implementation of these projects commenced between September and December 2007 with the projects’ life-spans ranging from 18 to 30 months.

The Results Oriented Monitoring (ROM) provides an external, independent overview of the achievement of objectives and results under national and regional projects financed by the EU. The ROM is regularly performed at a fixed frequency, by applying the following five monitoring criteria, rooted in the Project Cycle Management (PCM) methodology: Relevance and Quality of Project

Design, Efficiency of Implementation, Effectiveness to Date, Impact Prospects and Potential Sustainability.

#### Previous Calls for Proposals (CfPs)

The CfPs listed below financed 48 projects for an overall total of 6.8 MEUR:

**First CfP**, launched in February 2004, was aimed at creating economic conditions for competitive SMEs and businesses, developing and/or enhancing export related opportunities, mobilizing the labour supply and providing skills for training.

**Second CfP**, launched in August 2004, was targeted at the development of tourism potential through upgrading the quality of available services, increasing the quantity and quality of tourism attractions and improving marketing and promotion of BiH tourism.

**Third CfP**, launched in February 2005, was earmarked as pre-assigned regional allocation for projects implemented by each of the Regional Development Agencies (RDAs).

**Fourth CfP**, launched in August 2005, was aimed at a single human resource titled the European Union Training and Consultancy Project (EU TAC) to increase the competitiveness of SME sector to ensure the awareness raising and foster a well-structured policy dialogue with all key stakeholders.

Two out of five CfPs were launched for tourism projects bearing in mind that both the country and international stakeholders recognised the tourism and tourism development as major priorities having in mind the country's immense potentials in terms of natural, cultural and historical heritage as well as unused human potential.

# 1. PROGRAMME SYNOPSIS

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## 1.1. Background of the Programme

The international assistance to Bosnia and Herzegovina has evolved since the conflict ended in October 1995. The initial focus on reconstruction and rehabilitation has gradually shifted to local economic development aimed at job creation and sustainable return. Learning from the experience of previous pilot projects, but also programmes implemented by other bilateral and multilateral donors, the ECD consolidated the approach in 2003 and launched the EURED I.

The EURED I, amounting 3.2 MEUR, provided TA from March 2003 to October 2005 for the purpose of establishing the institutional framework for RED and territorial definition of economic regions, elaborating regional strategies, establishing the Regional Development Agencies (RDA) and providing capacity building and ensuring the operational Project Fund. The initial EURED Fund provided funding for viable projects emerging from regional strategies, submitted by local NGOs and by the RDAs.

The successor of programme, EURED II, totalling 2.5 MEUR, provided TA from December 2005 to November 2007, aiming to strengthen the economic regions, regional development frameworks, economic regeneration and job creation with an additional focus on the promotion and development of SMEs. Jointly, EURED I and II launched five Calls for Proposals (CfPs) allocating 9.8 MEUR to 60 projects:

Year - Sector(s)	Total value - €	Number of Projects
2004 – SMEs	1,660,000	21
2004 – Tourism	596,000	7
2005 – SMEs and tourism	3,000,000	19
2005 – EU TAC	1,500,000	1
2006 – SMEs and tourism	3,107,942	12
<b>Total</b>	<b>9,863,942</b>	<b>60</b>

## 1.2. Programme Intervention Logic

The Overall Objective (OO) of the Programme for 2006 is to:

- Contribute to SME and regional economic development in Bosnia and Herzegovina.

The Project Purpose (PP) is to:

- Support the development of tourism by covering the country with a coherent network of signposts for tourism attractions;
- Support the development of successful tourism products in the country by promoting the creation/reinforcement of competitive tourism products and by strengthening tourist service delivery, tourist personnel skills, the quality of tourist infrastructures and tourism marketing and commercial activities;
- Support the SME sector by increasing the quality, quantity and affordability of the business infrastructure supply.

The Programme intervention logic remains relevant, being aligned with the tourism and SME related priorities set in the EC, national, local and regional development strategies, i.e. the EC Country Strategy Paper 2002-2006, the Mid-term Development Strategy 2004-2007 (Poverty Reduction Strategy Paper – PRSP) and municipal development strategies. The Programme is furthermore linked to the tourism and SME development measures listed in five Regional Development Strategies (RDS). This relevance was further ensured by addressing clear needs of the target groups. The expected results were not listed in the programming documents; instead, sector priorities were defined. Projects were stipulated to belong to tourism development and/or SME sectors and to address some of nine clearly defined priorities in those sectors. The Guidelines for Applicants (GfA) contained a Logical Framework (LF) template, instructing the potential applicants to define specific PPs, results, Objectively Verifiable Indicators (OVIs), assumptions and risks, so as to enable the management and monitoring of the projects' performance and achievements.

### 1.3. Projects under the Programme Covered by the Synthesis Report

Following the request of the EC Delegation Task Manager responsible for the Programme, the SR N° 2 synthesises the findings, conclusions and recommendations of the second round of ROM missions to five tourism projects, randomly chosen among the total of twelve projects implemented under the CfP V (the initial round of missions was implemented from February to April 2008), but also provides an overall assessment of the progress of these projects since their start. A brief description of the project sample is presented below.

**Table 1: Projects monitored under the Programme and covered by the SR No. 2**

N	CRIS N°	Project Title	Project authority	End date	EC Budget	Short description
1.	141037	Vrbas Adventure Resort	Tourist Organisation Banja Luka	06/05/2009	297,000	A sustainable and competitive eco and adventure tourism product is planned to be developed on the Vrbas river (North-West BA), including water and extreme sports activities, to be accompanied by eco and ethno small scale tourism offers.
2.	144261	Posavina—Hunting and Fishing Paradise	Tourist Association of Posavina Canton	27/05/2009	295,480	The rich hunting and fishing potentials of the Posavina Region are planned to be revived by re-connecting 9 municipalities of two Entities and the Brcko District to bring the region back on the map of top hunting and fishing destinations and to attract tourists.
3.	144039	Vrbas, Joint Tourism Development of the Vrbas Valley	Bugojno Municipality	28/12/2009	272,095	The project contributes to social and economic development in the county through the promotion of cultural heritage and natural beauties of the Vrbas Valley, Central BA region, aimed to become a recognised tourist destination. The area has a great but unused potential in view of natural, cultural and historical heritage, unspoilt nature and convenient geographical position.
4.	144041	Bosnian Kingdom Trail	Community Development Foundation Mozaik	02/04/2010	299,941	The project builds on its CARDS 2004 predecessor. Ten municipalities of the Central BA and Sarajevo Regions are brought together for the purpose of producing a well branded tourist offer on the common ground of medieval Bosnian Kingdom.
5.	144256	New Tourism Product – Ecotourism Sabici	Foundation of Local Democracy Sarajevo	16/07/2009	270,000	An ecotourism product is planned to be developed based on natural, cultural and historical heritage, gastronomic offer and human potentials of Sabici village located in the Trnovo municipality, Sarajevo canton.

## 2. ROM WORK PLAN

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### 2.1. Monitoring Approach

The portfolio of EC-funded projects in the Western Balkans and Turkey (WBT) region consists of various types of projects which mainly differentiate by their:

- Design
- Geographical location
- Size and complexity
- Central or de-concentrated management.

There are two main types of projects: (a) National (bilateral) and (b) Regional. As concerns the national projects (like the ones covered by this SR), the main characteristic is that the project activities are implemented in one WBT country and that the achievement of specific results concerns this WBT country (i.e. Bosnia and Herzegovina). The monitoring approach to national projects thus involves the monitoring exercise, which takes place in the WBT country where the project activities are being implemented and where the Project Authority (coordinator) and leading project partners are based.

The monitoring of a group of projects under a Programme is assigned to a team of national and/or international monitors, who possess relevant skills and experience, led by a Lead Monitor who has the overall responsibility for the monitoring of the whole group of projects. The monitoring mission is announced approximately one month prior to the scheduled briefing meeting with the ECD Task Manager. The monitors implement visits to the project(s) assigned to them, firstly to the ECD Task Manager, then to the Project Authority and leading partners and finally to beneficiaries, end recipients and relevant stakeholders. The monitors prepare an independent review of the progress of each national project against five criteria: Relevance and Quality of Project Design, Efficiency of Implementation, Effectiveness to Date, Impact Prospects and Potential Sustainability. Finally, the Lead Monitor is responsible for the elaboration of the Synthesis Report, working in close cooperation with the other involved monitors.

The national projects covered by this SR are listed below:

- Vrbas Adventure Resort;
- Posavina—Hunting and Fishing Paradise;
- Vrbas, Joint Tourism Development of the Vrbas Valley;
- Bosnian Kingdom Trail; and
- New Tourism Product – Ecotourism Sabici.

### 2.2. Preparation and Implementation of Monitoring Missions

The five projects covered by the SR N° 2 were monitored in the overall frame of the ROM Portfolio of national projects for Bosnia and Herzegovina, in agreement with the EC Delegation in Sarajevo. In addition, and in response to the ECD Task Manager's request, the present SR provides an overall synthesis of the outcome of the ROM missions to these projects. The main data of the implemented ROM missions to these projects are presented in the following two Tables:

**Table 2: Overview of the monitoring activity for the Programme**

Statistics of the Programme Monitoring Activity from 01/04/2009 to 30/05/2009			
N° of projects monitored	5	N° of monitoring reports	5
N° of specified sectors covered (at the level of CRS code)	1	Million € covered (All projects monitored)	1.4
N° of missions undertaken	5	Average size of Project monitored (mio €)	0.3

**Table 3: Monitored projects**

N°	Period	Projects monitored	Monitoring Reports produced
1	01/04/2009 – 09/04/2009	Vrbas Adventure Resort Briefing 01/04/2009 – Debriefing 09/04/2009	MR-144037.02
2	09/04/2009 – 23/04/2009	Posavina—Hunting and Fishing Paradise Briefing 09/04/2009 – Debriefing 23/04/2009	MR-144261.02
3	24/04/2009 – 4/05/2009	Vrbas, Joint Tourism Development of the Vrbas Valley Briefing 24/04/2009 – Debriefing 04/05/2009	MR-144039.02
4	04/05/2009 – 12/05/2009	Bosnian Kingdom Trail Briefing 04/05/2009 – Debriefing 12/05/2009	MR-144041.02
5	12/05/2009 – 18/05/2009	New Tourism Product – Ecotourism in Sabici Briefing 12/05/2009 – Debriefing 18/05/2009	MR-144256.02

The preparation of the monitoring visits was based on the project documentation obtained from the ECD Task Manager and concerned Project Authorities, as well as detailed contact information on project partners and target groups and beneficiaries obtained from each Project Authority. The monitoring visits to respective leading partners, beneficiaries and stakeholders were organised by and coordinated with the assistance of the Project Authorities.

Briefing meetings with Project Authorities and partners were timely announced and implemented as planned. The progress reports and project documentation were readily prepared for the Monitor's reference, with additional monthly and quarterly reports provided in order to update on the current implementation stage. Most of the projects were in final implementation stages (projects 1, 2 and 5 were in final implementation month, while ~70% and 60% of the duration of the projects 3 and 4 had elapsed). The monitoring visits to all target groups and beneficiaries were smoothly organised and coordinated by the Project Authorities, without any postponements or delays.

### 3. INSIGHTS OF THE PROGRAMME

#### 3.1. Programme Performance by Monitoring Criteria

The following table presents the average performance of the projects, which were monitored in 2009. This performance is calculated as the average of the five ROM criteria. For the calculation of the average, the grades a, b, c, d have been replaced by scores (4, 3, 2, 1 respectively).

**Table 4: Average ratings per each main criterion**

Criterion	Average rating	Sample (Number of Projects)	Sample (Number of Monitoring Reports)
Quality of project design	3.10	5	5
Efficiency	2.70	5	5
Effectiveness	2.90	5	5
Impact	3.20	5	5
Sustainability	2.90	5	5
<b>AVERAGE</b>	<b>3.00</b>	<b>5</b>	<b>5</b>

NOTE: Average rating under each project was calculated first and then the average criteria under all projects were calculated.

As illustrated in the table, the performance of the monitored projects is satisfactory (overall rating 3.00 or “b”). Three projects (projects 1, 2 and 4 of Table 1) are assessed as success stories (projects with ratings “a” and/or “b” for all criteria). The project 3 is assessed as well performing (all ratings “a” or “b”, only one “c” for efficiency). The project 5 rated overall with 2.10 and “c” rates for all criteria, is assessed as a “project with problems”; it constitutes the sole case of drop of performance compared to the projects’ performance in 2008. There is no “problematic” project, i.e. a project with “d” rates.

The projects listed below are considered to be well performing, being the theme-based projects that can easily be turned into centres of excellence for demonstrating the best practice to be replicated to other regions in Bosnia and Herzegovina:

- Bosnian Kingdom Trail**, rated “a” for efficiency and impact prospects, exploits well the benefits issuing from similar projects implemented by the same contractor and further builds on the existing foundation created by these. This is coupled with the long term commitment of the concerned local governments, communities and citizens. The ambitious task of involving ten municipalities in the project design has been successfully implemented through a participatory approach, joint decision making and steering of the orientation of implementation, resulting in the creation of a tourist product based on the theme of “Medieval Bosnian Kingdom”. Significant financial allocations provided by the national partners (46% of the total cost of the operation) confirm a strong local project ownership and add to the prospects for sustainability. Efficiency of implementation is commendable, with the majority of outputs delivered to date. Excellent promotion includes the book “Legends of Bosnian Kingdom” being published, finalisation of the work on the “Bosnian Kingdom Trail” novel, and preparation of a documentary film “Bosnia Kingdom Trail” at no cost, thanks to a long term cooperation with TV Seville, which further support project international promotion and visibility.
- Posavina—Hunting and Fishing Paradise**, same as the above project, is rated “a” for efficiency and impact prospects. The project is successfully contributing to the revival of the hunting and fishing potentials of the Posavina region through the networking of 18 hunting and fishing associations. Benefits are also felt from the experience gained by the contractor through the implementation of a similar project, which created an excellent basis for the current intervention and initiated inter-Entity cooperation. The internal financial monitoring of the project costs and benefits is exemplary; through the use of economic tools (cost-benefit analysis), the project follows-up cost efficiency and achieves more at the same costs: through savings made on infrastructure works, additional outputs were delivered, hunting ambushes, shooting stands and fishermen huts (good value for money). Over 30 tenders among the project outputs and timely delivery point out

commendable project management. Taking into account also the expanding of inter-Entity cooperation and diminishing administrative borders, the project has grown into a driving force of not only Posavina economic development from tourism, but of the country development as well.

- **Vrbas Adventure Resort**, rated “a” for Impact prospects, is going beyond its objectives and lays solid foundations for complex institutional and legal changes in the tourism sector, as it has concentrated on constraints perceived in the sector, such as absence of local Eco and Adventure Tourism Policy, status issues’ documents and quality assurance (QA), legal framework, insufficient infrastructure and poor communications. The project infrastructure is part of the overall infrastructure endeavour undertaken by the City of Banja Luka, the major organiser and financing authority of the World Rafting Championship (14-24 May 2009). Thus, project and government activities were united under a single approach with the implementation deadline targeted at the official start of Championship. Good quality outputs in direct support of the tourism legal framework, institutional strengthening and local ownership are coupled with other initiatives aimed to network 3 other competitive adventure tourism areas (Una, Neretva and Tara rivers) and create another tourist product (“Four Rivers”), aimed to boost regional coordination and improve the image of the country regionally and internationally.

One of the five monitored projects, the “**New Tourism Product – Rural Ecotourism in Sabici**”, is at a critical stage, rated “c” for all the criteria except relevance and quality of design. The project’s performance had been better in 2008 (see SR N° 1). Despite written, verbal and financial commitments of various involved national stakeholders, a lack of serious national commitment in the middle of the project’s implementation jeopardised the project’s relevance as well as the delivery of major outputs, i.e. the construction of infrastructure and facilities for the ethno village and extensive promotion of the tourist product. Thus, the project’s original timescale is currently completely unrealistic, with outputs, project purpose and overall objective seriously at risk unless a serious commitment is materialised. Allegedly, national stakeholders are in the process of issuing construction permits during the final implementation months (June-July 2009). In case this happens, the project will need to be extended to be able to achieve its objectives. The ECD management monitors daily the situation and lobbies for finding a solution.

### 3.2. Projects Performance by Monitoring Criteria and Prime Issues

Table 5 overleaf presents a more detailed insight in the scoring of the monitored projects by monitoring criteria and their related “prime issues”.

**Relevance and Quality of Design and Impact Prospects** are rated similarly (3.10 and 3.20 respectively, “b” rating). The current relevance is high (3.00/“b”) and so does the quality of the intervention logic (3.20/“b”). No major issues are identified in relation to the stakeholders’ support (except project 5) and the degree of mainstreaming of cross-cutting issues in the projects’ implementation (3.00/“b”).

The performance of the projects in terms of **Effectiveness and Sustainability Prospects** is good (rated 2.90/“b”). Results’ achievement is either completed or in process of being completed (rated 2.80/“b”). Prospects of achieving the projects’ purpose are indeed good (rated 3.00/“b”). Sustainability prospects are also good (rated 2.80/“b”) and so is the economic viability, as the leading partners ensured financial commitments and prepared feasibility studies and business plans with income and investment forecasts for the next 5 years. Local project ownership is very strong for all projects and institution building as a result of their implementation is satisfactory. Policy support is the only weak element for ensuring sustainability, as for some projects the RED model based on five regions is not yet accepted on the State level (thus the National SME Strategy and State level SME legislation are pending adoption, and the improvement of the legal framework for SMEs and RED and SME development is stagnant).

**Efficiency** is still good overall (average “b” rating), though slightly lower than in 2008 -SR N° 1- (average score 3.04 in 2008 and 2.70 in 2009) and is rated lower than the other monitoring criteria. In average, the projects experience problems in the availability of inputs and the timeliness of activities’ implementation (rated 2.40/“c”). Nevertheless, the quality of the delivered outputs is good (rated 3.00/“b”). The project partners’ contribution to the projects remains satisfactory, though it has dropped slightly compared to 2008 (rated 2.80/“b”) due to issues of project 5 mentioned in the following pages.

**Table 5: Average ratings for main criteria and prime issues**

Code	Criterion	Projects					Average per ROM Criterion
		1	2	3	4	5	
<b>M1</b>	<b>Design Relevance and Quality</b>	<b>3.00</b>	<b>3.30</b>	<b>3.00</b>	<b>3.30</b>	<b>2.70</b>	<b>3.10</b>
M11	Present relevance	3.00	3.00	3.00	3.00	3.00	3.00
M12	Intervention logic	3.00	3.00	3.00	4.00	3.00	3.20
M13	Stakeholders support	3.00	4.00	3.00	3.00	2.00	3.00
M14	Cross-cutting issues	3.00	3.00	3.00	3.00	3.00	3.00
<b>M2</b>	<b>Efficiency</b>	<b>2.60</b>	<b>3.55</b>	<b>2.25</b>	<b>3.60</b>	<b>1.55</b>	<b>2.70</b>
M21	Input availability	2.00	4.00	2.00	3.00	1.00	2.40
M22	Activity timeliness	2.00	3.00	2.00	3.00	2.00	2.40
M23	Outputs achievement	3.00	4.00	2.00	4.00	2.00	3.00
M24	Partner contribution & involvement	3.00	3.00	3.00	4.00	1.00	2.80
<b>M3</b>	<b>Effectiveness</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.50</b>	<b>2.00</b>	<b>2.90</b>
M31	Results achievement	3.00	3.00	3.00	3.00	2.00	2.80
M32	Project Purpose achievement	3.00	3.00	3.00	4.00	2.00	3.00
<b>M4</b>	<b>Impact</b>	<b>3.60</b>	<b>3.60</b>	<b>3.00</b>	<b>3.60</b>	<b>2.40</b>	<b>3.20</b>
M41	Impact prospects	4.00	4.00	3.00	4.00	2.00	3.40
M42	Indirect positive/negative impacts	3.00	3.00	3.00	3.00	3.00	3.00
<b>M5</b>	<b>Sustainability</b>	<b>3.10</b>	<b>2.80</b>	<b>3.10</b>	<b>3.30</b>	<b>2.00</b>	<b>2.90</b>
M51	Economic viability	3.00	3.00	3.00	3.00	2.00	2.80
M52	Local ownership	4.00	3.00	4.00	4.00	2.00	3.40
M53	Policy support	2.00	2.00	2.00	3.00	2.00	2.20
M54	Institution building	3.00	3.00	3.00	3.00	2.00	2.80
	<b>TOTAL AVERAGE</b>	<b>3.10</b>	<b>3.25</b>	<b>2.90</b>	<b>3.50</b>	<b>2.10</b>	<b>3.00</b>

The table below presents a comparison of the assessment of the performance of the five projects in 2008 and in 2009.

**Table 6: Comparison of the performance of the five monitored projects in 2008 and in 2009**

Criterion	2008	2009
Number of Projects	5	5
Number of Visits	5	5
Quality of project design	3.14	3.10
Efficiency to date	3.04	2.70
Effectiveness to date	3.13	2.90
Impact Prospects	3.40	3.20
Sustainability	3.00	2.90
<b>AVERAGE</b>	<b>3.13</b>	<b>3.00</b>

The average performance of the projects has not changed dramatically. There are no significant changes of performance in relation to the relevance and quality of project design and to sustainability prospects. Effectiveness and impact prospects have slightly dropped, but remained within the limits of a satisfactory performance. However, the efficiency of operations seems to have been affected negatively by the delays in the implementation of the projects 3 and 5, due to reasons mentioned further below. A short analysis of the current situation of each project provided hereafter:

### **Project 1 – Vrbas Adventure Resort**

The overall performance has not changed compared to 2008 (rated 3.10/“b”). The average rating for Relevance and Quality of Project Design (3.00/“b”) indicates a satisfactory present relevance of the project, which reinforces the nature-based tourism and creates a competitive product that strengthens tourists service delivery, promotes eco and adventure tourism and encourages job creation and development of local entrepreneurship. The intervention logic is still good, and so are the level of support provided by the stakeholders and the degree of mainstreaming of cross-cutting issues in the project implementation. The Efficiency of implementation has decreased (2.60/“b”) compared to 2008: problems occurred in the availability of inputs (rated 2.00/“c”), as the project delayed payments towards its partners. Delays occurred in the implementation of activities (rated 2.00/“c”), in view of the prolonged developing of infrastructure designs and the complicated process of obtaining construction permits. However, since the project’s infrastructure is part of the overall infrastructure endeavour undertaken by the City of Banja Luka (the major organiser and financier of the World Rafting Championship of May 2009), and the foreseen outputs are planned to be delivered in the final month of implementation and the achievement of outputs is satisfactory (3.00/“b”). Partner contribution and involvement is as needed (rated 3.00/“b”). Effectiveness to date is good (rated 3.00/“b”). The achievement of the expected results and the progress in achieving the project purpose are satisfactory. The prospects for impact are high (rated 4.00/“a”), while also there are indirect positive impacts (rated 3.00/“b”). The immediate impacts are quite visible, in view of institutional and legal framework improvement, which in turn created a more conducive environment for the sector development, as well as in view of the significant capacity building of certified guides, which ensures existence of resources ready to work with potential tourists to spread project benefits. The project could be turned to a centre of excellence to demonstrate the best practice and replicate it to other regions (Una, Neretva and Tara rivers), providing thereby multiplier effects on the society and the tourism sector. The prospects for sustainability (rated 3.10/“b”) increased slightly, compared to 2008. The local project ownership is high (rated 4.00/“a”), as also indicated by the fact that local authorities envisage further 2.5-5.0 MEUR medium to long term investments into the sector (directly expanding project benefits). Beneficiaries, project partners and stakeholders remain involved in all aspects of project implementation and decision making. Economic viability is satisfactory (rated 3.00/“b”), and so is the institutional building resulting from the project. Policy support is slightly decreased, since the RED does not seem to be an acceptable model for the Republic of Srpska Entity (where project is located) and the National SME legal framework is not adopted.

### **Project 2 – Posavina—Hunting and Fishing Paradise**

The project is indeed well performing, being rated overall higher than compared in 2008 (3.25/“b”). Design relevance and quality are rated 3.30 (“b”) due mainly to the very good support by the stakeholders (rated 4.00/“a”) and to satisfactory current relevance, intervention logic and mainstreaming of cross-cutting issues (all rated 3.00/“b”). Overall, the efficiency of implementation is very good (rated 3.55/“a”), thanks mainly to a very good availability of inputs (rated 4.00/ “a”), ensured by the use of modern economic tools, which allows the project to follow up cost efficiency and, through savings made, to deliver more outputs (rated 4.00/“a”) at the same cost (good value for money). The timeliness of activities implementation and the involvement and contribution of the project partners remain satisfactory (rated 3.00/“b”).

Effectiveness (rated 3.0/“b”) is good, given that the expected results and the project’s purpose are well on the way to be achieved. Regular coordination meetings with target groups remain to be organised, to sustain transparency. The impact prospects are high (rated 3.60/“a”), with the already visible positive impacts including improved attractiveness of hunting and fishing destinations, significant infrastructure investments, enriched pheasant and fish flocks, improved safety of fishermen and hunters, improved transportation, all being the driving force of development of Posavina region. Since the project managed to unite resources of various stakeholders to achieve competitiveness of the tourism product, it can also serve as a centre of excellence to demonstrate best practice in similar regions. The sustainability prospects (rated 2.80/“b”) are satisfactory, with the exception of the policy support, for the same reason as project 1.

### **Project 3 – Vrbas, Joint Tourism Development of the Vrbas Valley**

The average performance of the project has decreased compared to 2008, but still remains good (rated 2.90/“b”). Design relevance and quality are satisfactory, in terms of present relevance, intervention logic, stakeholders’ support and mainstreaming of cross-cutting issues (all rated 3.00/“b”). It is worth noting that this is the only project that tried to establish cooperation with other EU funded tourism projects, with low response rate from other projects. The project is indeed ambitious, as it

starts from scratch since significant natural resources and favourable climate are still unused, although there is great potential in terms of developing the agriculture, forestry, industry and tourism. Efficiency has dropped compared to 2008 (rated 2.25/"c"), indicating problems. Inputs were not utilised in accordance with the set timeframes (rated 2.00/"c"). The timeliness of activities' implementation (rated 2.00/"c") has been affected by the consortium members (budgetary institutions) not being experienced in the project's approach, by several changes of focal points at municipalities and by incompatibility of domestic legislation procedures with EC-funded initiatives, which slowed down procurement. For these reasons, the outputs' delivery has been slowed (rated 2.00/"c"). Partners' contribution and involvement remain satisfactory (rated 3.00/"b"), with continued transparency enabled through frequent coordination meetings. Despite the low efficiency, effectiveness is satisfactory (rated 3.00/"b"), as the activities picked up recently and the achievement of results and project purpose is on the way, although considered slightly ambitious due to the pilot nature of this project. The impact prospects are good (rated 3.00/"b"). The project removes invisible barriers as the rural tourism is a relatively new concept in the region, which includes organic farming, healthy and traditional food production and selling, farm catering services and remodelling the farms to become the tourism farms, recognised for the first time in the region, all ensuring impact achievement and wider planned effects with the strong commitment of local authorities. The prospects of sustainability are indeed positive (rated 3.10/"b") in terms of economic viability, local ownership and institution building. The local ownership is high (rated 4.00/"a"), but policy support is low, due to the inadequate legal basis for the SME and RED across the country.

#### **Project 4 – Bosnian Kingdom Trail**

The performance of this project has improved compared to 2008 (overall rated 3.50/"b"), which is now best performing among the monitored projects (same as project 2). The quality and relevance of the project design are still high (rated 3.30/"b"). Present relevance, stakeholders' support and mainstreaming of cross-cutting issues are satisfactory. The Intervention logic is highly appropriate (rated 4.00/"a"), as benefits from previous projects continue to be present and so are great interest and commitment of local authorities and citizens, ensured through the project's participatory approach to community development, which further reinforces already strong local ownership aimed at producing a recognised tourist brand "Bosnian Kingdom". Efficiency is the highest among the five projects (rated 3.60/"a"), with good input utilisation and activity timeliness (rated 3.00/"b") and outputs' delivery as well as partners' contribution and involvement (both rated 4.00/"a") above expectation, with excellent transparency over implementation. Effectiveness is good (rated 3.50/"b"), with satisfactory achievement of results (rated 3.00/"b") and very good perspectives for achievement of the project purpose (rated 4.00/"a"). Impact prospects are also very good (rated 3.60/"a") as the project, through strong promotion, regional networking and joint problem resolution, is steadily removing obstacles to tourism development and creating multiplier effects on the society and the tourism sector. This project could also be a centre of excellence to replicate its best practice to other regions. The prospects for sustainability have further improved (rated 3.30/"b") in terms of economic viability, policy support and institution building and the local project ownership is high (rated 4.00/"a") due to the strong commitment of local authorities and beneficiaries in planning and decision making concerning project orientation and implementation.

#### **Project 5 – New Tourism Project – Ecotourism Sabici**

The project's performance has deteriorated since 2008 (overall rated 2.10/"c"). Design relevance and quality are rated 2.70/"b". The present relevance is satisfactory, as this project is a continuation of efforts of both local government and civil society to address destroyed tourist facilities (due to war), the lacking qualified tourist personnel, poor promotion, transportation and accessibility for the purpose of developing a new ecotourism product based on the natural, cultural and historical heritage and gastronomic offer of Sabici. The intervention logic is adequate (rated 3.00/"b"), but the support of local stakeholders is reduced (rated 2.00/"c"). A lack of serious national commitment occurred in the middle of project, when the construction of the ethno village faced problems as the original site was announced (by the Federal Ministry of Spatial Planning) to be an area of special interest, allowing only reconstruction but not construction works. After the changing of the original location and starting of construction work on another site, the elections came and the new government changed the location again, returning it to the original location. In addition, the issuing of construction permits is seriously delayed, putting at risk the achievement of the project objectives, as the project ends in July 2009. Thus, efficiency is rated lowest among the five projects (1.55/"c"), with input utilisation at 25% when 95% of the project duration has elapsed (rated 1.00/"d"). Due to delays and absence of partner commitment (rated 1.00 or "d"), activity timeliness and outputs' achievement are not satisfactory (rated 2.00/"c"). In case the commitment would still materialise, the project would need to be extended to enable satisfactory finalisation of pending construction and promotion activities. All these problems

result in effectiveness to be limited (rated 2.00/“c”) and impact prospects to be low (rated 2.40/“c”). The same is valid for sustainability; despite significant investments, the lack of a responsible approach by the government is surely going to have an adverse effect on the sustainability of the tourism product.

**In conclusion:**

On average, the projects’ performance is satisfactory with regards to all ROM criteria. Theme-based projects could be used as centres of excellence to replicate the best practices in similar regions and thus to ensure continued benefits from the use of the bottom up approach. The only weak elements are on one hand the policy and stakeholders’ support to the projects and on the other hand the difficulty of some local authorities to cope with their expected commitments. For these reasons exit strategies need to be prepared, appropriately addressing the involved risks and assumptions and supporting sustainability prospects.

**3.3. Strong and Weak Points by Criterion**

The strengths and the relative weaknesses of the monitored projects are presented in Table 7 below, by referring to the specific ROM criteria and sub-criteria (see Table 5 for their definition). Strong points are considered the criteria / sub-criteria rated above 3.00, while weak points the ones rated below 2.50. All projects except project 5 have strong points under main criteria and sub-criteria. As already reported in previous sections of this SR, the weakest point is related, in all cases, to poor policy support (M53). For some projects, low efficiency (M21 and M22) is a weak point, while for the project 5 efficiency and sustainability are particularly weak.

**Table 7: Strong and weak points per main criterion and sub-criterion**

Project		1	2	3	4	5	ALL
Project-visits		1	1	1	1	1	5
Strongest	Main Criterion	M4, M5	M4, M2, M1	M5	M4, M2, M3, M1, M5	-	M4, M1
	Sub-criterion	M41, M52	M13, M21, M23, M41	M52	M12, M23, M24, M32, M41, M52	-	M41, M52, M12
Weakest	Main Criterion	-	-	M2	-	M2, M3, M5, M4	-
	Sub-criterion	M21, M22, M53	M53	M21, M22, M23, M53	-	M21, M24, M13, M22, M23, M31, M32, M41, M51, M52, M53, M54	M53, M21, M22

**3.4. Analysis per Type of Partner**

This Programme has already attracted a large number of multi-disciplinary partners, with a wide range of technical, administrative, financial and scientific capacities. Partners are mainly falling under the following main categories:

- Local Authorities
- Public Sector Institutions
- Museums
- NGOs
- Government non-profit organisations

Depending on the scientific, technical and business project context, as well as on the experience and capacity of each individual partner institution, the involvement, motivation and effectiveness of each partner type may vary significantly. The type of partners of each of the monitored projects is presented in the Table 8 below.

**Table 8: Type of Partners of Projects**

Type of partner	Projects				
	1	2	3	4	5
Local Authorities		✓	✓		✓
Museums/Libraries				✓	
Public Sector Institutions	✓	✓	✓		
NGOs	✓	✓		✓	✓
Government non-profit Organisations					✓

In view of the small sample used for this synthesis, there can be no reliable overall conclusion as to the effective structure of the partners' scheme. One fact worth noting is that the partners' structure of the most successful of the five projects involves a mix of academic and NGO organisations, which had cooperated also previously, and aims to bring together a group of municipalities towards a common target.

An analysis is provided below of the performance and attitude of each partner type group, as observed through the monitoring of the implementation of the five projects used for the elaboration of this SR.

### **Local Authorities**

Commitment and involvement of local authorities remain strong. In case the local authorities have the role of project partners, resource capacity is at satisfactory level and so is local ownership of the project. There was only one case of low partner commitment (project 5). In cases where local authorities are the implementing agencies, although this was the first time some of these authorities implement an EC funded project, adequate knowledge of the PCM methodology and good skills in Grant application preparation are evident, noted that, however, that the definition of results and outputs remains confused. Coordination and transparency is ensured by the local authorities in the majority of projects, thus helping to maintain the quality of collaboration at a satisfactory level. The policy support and the national (Bosnia-Herzegovina) authorities still need to adopt a unified approach as regards to the RED concept and SME legal framework.

### **Public Sector Institutions**

Complete adequacy in terms of resource capacity and support to the relevant project is noted, with high involvement in all cycles of project implementation. The coordination of numerous target groups is very good, and the transcending of administrative borders for information exchange and transparency in order to ensure multiplier effects is a confirmed achievement.

### **Museums**

The involvement of such organisations in the project 4 is satisfactory and more than adequate resources have been assigned by them to allow the efficient implementation of the project. Coordination and transparency issues are given adequate attention, so as to ensure speedy delivery of the planned outputs. However, the museums note that funding needs for meeting the high demand for reconstruction of monuments and infrastructure are extensive, and this could impede their ability to effectively cope with the requirements of future similar projects.

### **NGOs**

Excellent management and coordination skills are noted in projects' implementation, ensuring high involvement of project partners and beneficiaries in all project activities and implementation cycles for the benefit of implementation efficiency. Coordination, transparency and proactive approach in lobbying towards national authorities are worth noting, which will contribute to ensuring lasting benefits from the Programme.

### **Government Non-Profit Organisations**

Adequacy in terms of resource capacity and financial support to the project is noted. Collaboration among partners is ensured on a daily basis and through frequent coordination meetings, and is of good quality.

## 4. SPECIAL ISSUES

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### 4.1. Logical Framework (LF) Approach

All monitored projects provided an LF in their grant applications. The majority of projects have developed appropriate OVI, which, in some cases, were not measurable or specific enough and/or they were mixed with outputs. In other cases, results were mixed with outputs (project 3) or inconsistencies of PP definitions were noted, between the LF and the grant application text (project 5). However, as these projects are rather small, relatively simple and straightforward, with results and outputs well defined and qualitative, it is possible to assess their achievements even at the absence of fully developed OVIs.

### 4.2. Follow up on Recommendations

In view of the variety of project partners, the recommendations presented in the Monitoring Reports (and listed below) have been addressed to both the contractors and the partners of the monitored projects. Since the interaction between EU RED tourism projects has not been optimal, an overall recommendation for all five monitored projects is to create synergy among EU funded projects, so as to enable information and experience exchange, as well as transparency. In the frame of this second - and final- monitoring of these projects, it was confirmed that the majority of the recommendations of the previous round of monitoring missions have been considered and taken on board.

#### **Project 1 – Vrbas Adventure Resort**

The project is going beyond its objectives and laying solid foundation for complex institutional and legal changes in the tourism sector.

- 1) The sustainability should be addressed in the Final Report, so that the handing over strategy is presented and fully understood by project partners;
- 2) Delayed payments to project partners should be prevented and a flexible approach among partners adopted;
- 3) The risk of "issue of electrical power plants on Vrbas" needs to be continuously monitored even after the project's closure;
- 4) Pending outputs need to be delivered: adventure, eco<sup>2</sup> and ethno tourism facilities in 8 locations, tourism infrastructure reinforced, tourist locations signed and accessible and small scale tourism business established or reinforced;
- 5) Grant application "Four rivers" could be prepared for future financing.

#### **Project 2 – Posavina—Hunting and Fishing Paradise**

The project is expected to achieve its objectives, based on commendable cooperation of stakeholders, efficient implementation and delivery of the planned outputs.

- 1) Sustainability issues should be addressed in the Final Report, especially in terms of anticipated lower budget for the tourism sector available with local administrations;
- 2) The provision of permanent guard positions at renovated locations needs to be secured by the local authorities (the guard positions to be included in the phase-out strategy);
- 3) Pending outputs need to be delivered, with a special focus on package deals for tourists, promotion and distribution of offers for investors;
- 4) The risk of sand extraction needs to be continuously monitored to prevent fish ponds destruction.

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<sup>2</sup> Tourism involving travel to areas of natural or ecological interest, typically under the guidance of a naturalist, for the purpose of observing wildlife and learning about the environment is called ecotourism. An increasing number of countries in 2007 began to work to ensure that tourism not only protects the environment, but also benefits indigenous people, in a trend referred to as "ethno-tourism" or "community-based eco-tourism". The main formula for ethno-tourism involves governments working with aid agencies and private partners to help indigenous communities develop sustainable tourism industries. These initiatives are aimed to help local communities preserve their natural surroundings while avoiding environmentally destructive activities, like hunting and de-forestation.

### **Project 3 – Vrbas, Joint Tourism Development of the Vrbas Valley**

The project overcame initial implementation difficulties thanks to the high level commitment and communication among project partners (contractor, beneficiary municipalities, Regional Development Agency REZ, ECD).

- 1) The issue of the under-spent budget categories should be promptly addressed to ensure adequate input utilisation;
- 2) The division of tasks and responsibilities between project partners and sub-contractors should be clearly drawn;
- 3) Timely delivery of outputs needs to be ensured for the components: analysis of current situation, preparation of tourist products as well as development of the promotional and business strategy;
- 4) Sub-contractors should respect deadlines and ensure high quality of outputs;
- 5) The local authorities could consider paying contributions to project partners from municipal budgets (per Grant Application);
- 6) The costs of State training of tourists guides could be paid by the project;
- 7) An exit strategy needs to be provided in the Final Report.

### **Project 4 – Bosnian Kingdom Trail**

The project continues its excellent performance towards achieving its purposes based on a participatory approach. Through the involvement of relevant stakeholders and final beneficiaries in all implementation cycles, the benefits are replicated even further than the targeted region.

- 1) The change of activity for Fojnica (Kozovgrad) should be approved by the project;
- 2) Media coverage could be considered by the project, to assist municipal efforts of promoting the Vares Tour II 2009 (municipal promotional endeavour of two bikers driving from Holland to Vares);
- 3) Draft itineraries need to be shared with involved team members in the field, to obtain input;
- 4) Consistency in the payment of travelling costs for the training attendees needs to be ensured;
- 5) Sustainability issues need to be addressed in the Final Report, especially in terms of the anticipated slower realisation of financial commitments by the partner municipalities.

### **Project 5 – New Tourism Project – Ecotourism Sabici**

With the slow realisation of the national commitment, the project purpose related to construction of infrastructure and facilities for the ethno village and promotion campaigns is at big risk. It is obvious that the project would be able to deliver all pending outputs in case the national partners issue urban and construction permits.

- 1) Grant applications and Logframe for future projects have to contain unified definitions of project objectives (OO, PP), with time-bound and measurable OVIs;
- 2) Sustainability issues should be addressed in the Final Report, especially in relation to the slow realisation of commitments by national partners, which adversely affects the sustainability of the ethno-tourism product.

## 5. SUCCESS STORY

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Three of the five monitored projects can be considered as success stories in line with the ROM methodology. The best performing project (overall rate 3.50) is the “Bosnia Kingdom Trail”. Since this project was already highlighted as a success story in the SR N° 1, the project “Posavina - Hunting and Fishing Paradise” (overall rate 3.25) is presented in this SR as a success story.

### 5.1. Background

The project design benefits from a similar project implemented previously by the same contractor, covering 3 hunting and 3 fishing locations. That project is considered a solid foundation for the current assistance, as it created, for the first time since 1992, inter-Entity cooperation and involved all administrative levels in project implementation. The hunting and fishing potentials of the Posavina region (including 9 municipalities) are being revived, planned to be re-established as a top fishing and hunting destination for both local and international sportsmen (fishermen, hunters) and tourists. The Overall Objective and the Project Purpose remain fully relevant and aligned with country and EC strategic policies and regional and local development plans. Memoranda of Understanding (MoUs) were signed between the contractor, main project partner (Brcko District) and 8 municipalities involved in the project’s implementation, to clearly define the responsibilities of co-financing, procurement, infrastructure works, tourist product promotion and attraction of investments, and monitoring and evaluation of the project. The coordination, management and financing arrangements are transparent, and the applied participatory approach further reinforces the already strong local ownership. The municipal administrations are committed and have provided financial support (4,500 € each), as local municipalities are actual owners of hunting and fishing resources.

The project’s cost efficiency can serve as an example for other tourism projects; through exemplary financial monitoring of costs and benefits, more outputs are delivered for the same costs, ensuring thus good value for money. The majority of the planned outputs are delivered and the likelihood of achievement of the Project Purpose is very high. Concrete investments in facilities and infrastructure, and enrichment of pheasant and fish flocks; increase the attractiveness of the selected locations. Promotion activities raise awareness on theme-based tourism offer, being excellent promoters of the country. Capacity building increases resource capacities and creates prerequisites for sustained tourism development. Local tourist agencies are becoming more involved, so the concept of short stay tourism is re-introduced (tourists staying some few days in the area for hunting/fishing). The citizens in the selected communities see the high potential of fishing and hunting resource development as a prerequisite for the economic development of the region and for improved standards of living. All above contribute to the establishment of a more harmonised overall environment, and facilitate the establishment of a single economic space in the country. Significant assistance and investments are still needed to turn the region into a top hunting and fishing destination; however, the project has certainly paved the way towards this ambitious goal.

### 5.2. Reasons for Success

The main reasons for the project’s success are as follows:

- **Strong local ownership**, as the project is deeply embedded in local structures and the relevant actors had been fully involved in the project design. The Grant Application was designed jointly by project partners, based on well defined needs of the target groups/beneficiaries; local authorities were fully involved to ensure financial and other sorts of commitment, and the end beneficiaries were consulted during the programming and implementation stages.
- **Awareness** meetings and presentations to target groups were conducted during the inception phase, ensuring that the project objectives are clearly understood by all parties for the purpose of sustaining productive relationships. Furthermore, **coordination** meetings among partners are frequent and the project reporting is of high quality.
- **Cost efficiency**, which can be an example for other projects. The internal financial monitoring of costs and benefits is of high quality; by using economic tools (e.g. unit cost and cost-benefit analyses), the cost efficiency is followed up and more outputs are delivered at the same costs.
- **Excellent quality of the LF**, which contains measurable (time-bound and qualitative) OVIs at Overall Objective, Project Purpose and Results levels, and greatly facilitates project management and monitoring.

- **Previous cooperation** among project partners and target groups, involving smaller scale hunting and fishing destinations, had built a strong foundation for the current project.
- **Transcending of political barriers**, with inter-Entity cooperation re-established for the first time since 1992, is producing positive (multiplier) effects, and enables information exchange among various actors in the sector and all over the country.
- **Regional networking**, among governmental institutions, hunters and fishermen associations, SMEs and NGOs, enables transparent communication, problem resolution and consolidation of resources and creates a synergetic effect aimed at sustained regional development and employment creation.
- **Theme-based** tourism offers are excellent promoters of the country and could be easily replicated in other regions to sustain a positive image of the country.

## 6. CONCLUSIONS AND RECOMMENDATIONS

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### 6.1. Overall Conclusions on the Programme, as implemented

Appraised on the basis of five monitored projects, the Programme clearly reinforces the achievements of the EURED, aiming to contribute to SME and RED by assisting the five economic regions in Bosnia and Herzegovina to get closer to EU principles through supporting the development of tourism, successful tourism products and business infrastructure supply in order to provide for economic regeneration, job creation, human and infrastructure development.

The CfP requested for projects based on regional allocation and in particular providing benefits for most of the municipalities in the given region, or designing a cross-regional project. The sectors to be covered by the proposals are very clearly defined (SME and tourism) and there is a detailed list of priorities to be addressed.

The individual projects' objectives and results are consistent with the Overall Objective and the Purpose of the Programme. They appropriately cover the sectors identified in the CfP (SME support and tourism development) and embrace more or less all the sectors' priorities. This provides a portfolio of projects adapted to the specificities of each region and balanced in terms of Programme objectives.

The Purpose of the entire package is to support economic regeneration, job creation and human and infrastructure capacity development of the regions through individual projects' achievements. The projects' designs are realistic, thus it is likely that the Programme as a whole will achieve its objectives in the given timeframe.

All grant contracts stipulate the submission of mid-term and final reports. In addition, frequent coordination meetings of the projects' leading partners are held, e-mail and telephone communication with the ECD is ensured and monthly reporting is in place. The monitoring mechanisms, both internal (by the project management and partners) and external (established by the RDAs) function well.

A summary of key issues identified by the ROM is presented below:

#### ▪ **Project Design**

The relevance of the Programme's design and the appropriateness of its intervention logic remain appropriate, with logical individual PPs, results and outputs being defined in LFs for all projects, clearly leading to the achievement of Programme's objectives and purpose. However, the LF tool and the importance of OVI need to be fully reinforced in the case of some projects, and the definitions of OO, PP and results vs. outputs need to be clarified.

#### ▪ **Project Duration**

The implementation of the monitored projects commenced between September and December 2007. The projects' duration (from 18 to 30 months) seems appropriate for four of the projects, considering the engaged methodology and detailed activities elaborated in the WPs. One project (N<sup>o</sup> 5) requires time extension due to the slowly materialising partner commitment and to the need for adjustments to the WP in view of reviewed timelines to include longer life span for the needed construction and promotional activities.

#### ▪ **Sustainability Prospects**

The co-financing scheme applied in the Programme ensures sustainability as well as full participation and ownership of local authorities, as the projects are obliged to provide between 10% and 46% of the total budget from other sources than the EC. Contributions have been provided by the local authorities (municipalities), partners involved and/or implementing agencies as planned. All projects are fully embedded in the relevant local structures and the Programme, due to its bottom-up approach, is expected to be sustainable despite the inadequate support at the policy level. The respect of social and cultural aspects, the mainstreaming of gender equality and environment, and the ensuring of adequate human and technical resources for the continuation of the flow of benefits are adequately addressed. Exit strategies need to be elaborated for all projects, to cover future potential risks and assumptions.

## 6.2. Lessons Learnt

The monitoring, in 2009, of five tourism projects in the frame of the Programme, has concluded on the following:

- **Synergy** with other EU RED and SME projects: unfortunately, the monitored projects did not create sufficient synergy within the Programme, due to absence of respective guidance / requests in the Programme set up, as well as to lack of a proactive approach by the projects themselves in this respect. The project “Vrbas, Joint Tourism Development of the Vrbas Valley” tried to initiate coordination and invited other projects to various public events and meetings, but the responsiveness of the other projects was low. The lack of sufficient coordination can result to inefficient implementation and overlapping/duplication. It is therefore important to pay specific attention to the creation of synergy.
- **Focus on theme based** projects: it has been noted that such projects consolidate human and technical resources both locally and regionally, create a synergetic effect and can become a driving force of working together more transparently. The regional approach supports sector coordination and networking, helps to maximise the resource utilisation and contributes to the grouping of regional attractions grouped and their recognition as a single brand.
- **Mobilisation of national stakeholders:** The involvement and commitment of national stakeholders in terms of financial commitment and involvement in various implementation stages proved to reap additional benefits and further support project activities, thus supporting the stakeholders’ overall cooperation, transparency over national/donor actions, easier problem resolution and removal of obstacles in the development of tourism. Finding the right balance between competencies on State and Entity level to support the RED and SME still needs to be addressed.
- **Frequent coordination** between projects and target groups: communication and coordination between leading partners and target groups/beneficiaries on frequent basis would provide for information exchange and transparency and for systematically addressing of the improved perception of tourism in target areas, aiming at ensuring that opportunities offered by the tourism sector are properly understood so as to sustain project benefits. This could be also applied for **policy and activity coordination**, as transparency, timely update and coordination between national authorities (decision makers) and/or projects/target groups would assist sound decision making and uninterrupted implementation.
- **Proactive involvement of beneficiaries** in projects’ implementation: it was noted that by proactively involving the end beneficiaries in all implementation cycles, certain reservations towards new experiences and technologies are being removed and greater benefits ensured.
- **Economic tools:** the analysis of unit costs and benefits should be generally strengthened, i.e. the use of cost benefit analysis could be utilised in order to create benchmarks and allow the assessment of cost efficiency and thus to ensure good value for money. The existence of such tools would enable a reliable evaluation of the future project sustainability.
- **Exit strategies:** besides the internal and external monitoring system, projects need to perform regular analysis of accompanying risks and assumptions, for ensuring that remedial actions are foreseen in order to improve positive and/or decrease negative effects.

## 6.3. Recommendations

The following recommendations are presented for the consideration of the relevant EC Services:

1. The organisation of a final conference of all EU funded tourism projects would ensure a wider scale dissemination of lessons learnt, and would allow for exchange of experience and potentially ideas for future projects.
2. The local governments need to be addressed with the issue of balancing significant infrastructure investments with appropriate investments in human resources and job creation.
3. The use by EC funded projects of economic tools to assess unit costs and benefits should be strengthened in order to create benchmarks and allow the assessment of cost efficiency.
4. New applicants need to be introduced to the PCM/LF techniques so as to have proper understanding of OO, PP, Results and outputs, in order to ensure appropriately defined intervention logics and OVIs in future.

5. Sustainability or phase-out strategies need to be part of the Final Reports, to address risks and assumptions relating to anticipated lower budget for tourism sector to be provided by the local administrations, slow materialisation of support or financial commitments by the local authorities as well as proper understanding of the strategy for handing over to project partners.
6. Furthermore, phase-out strategies should routinely be integrated in the programme planning and concepts for maintaining activities and the flow of benefits after project end, including sufficient capacity building and financial sustainability measures to ensure post-project continuity and ownership.
7. Lobbying with the relevant national authorities should be continued, for assisting resolution of various project implementation issues, facilitating adoption of relevant secondary legislation (regulations and rulebooks) and permanent financing for the tourism sector to place the issues upstream, on the institutional level, in order to contribute to the creation of an enabling and more conducive environment for these community-based projects.
8. Further assistance needs to be provided to the tourism sector, as these tourism projects are paving the way for the SME and RED development.

## ANNEX I

### Monitoring Reports Produced<sup>3</sup>

C/N	Project Ref. No	Project Title	Project End Date	Project Authority	Monitoring Report Ref.	Design	Efficiency	Effectiveness	Impact	Sustainability	Key Observations / Recommendations
1.	144037	Vrbas Adventure Resort	06/05/09	Tourist Organisation Banja Luka	41106.01	b	b	b	a	b	The project is going beyond its objectives to lay solid foundation for complex institutional and legal changes in the tourism sector. The Task Manager is advised to consider: 1) organising final conference of all EU funded tourism projects to provide experience exchange, lessons learned and potentially ideas for new projects; and 2) addressing the issue with local governments of the need to balance significant infrastructure investments with appropriate investments in human resources and job creation. The contractor is recommended to: 1) address the sustainability in the Final Report so the handing over strategy is fully understood by project partners; 2) prevent delayed payments to project partner and adopt flexible approach; 3) continue monitoring the risk of "issue of electrical power plants on Vrbas" upon project's closure; 4) deliver pending outputs: adventure, eco, ethno tourism facilities in 8 locations, tourism infrastructure reinforced, tourist locations signed and accessible and small scale tourism business established or reinforced. Moreover, project partners and stakeholders are advised to prepare the project application "4 rivers" for future financing.
2.	144261	Posavina—Hunting and Fishing Paradise	28/05/09	Tourist Association of Posavina Canton	41109.01	b	a	b	a	b	The project is expected to achieve its objectives, based on very good cooperation of stakeholders, efficient implementation and delivery of the planned outputs. The Task Manager is advised to: 1) consider organising a coordination conference, with participants from all EU tourism projects, to provide experience exchange, reap lessons learnt and potentially ideas for future projects; 2) continue lobbying with local governments to balance infrastructure investments with investments in human resources and to allocate budget for the institutions in the tourism sector. The contractor is recommended to: 1) address sustainability issues in the Final Report, especially in terms of anticipated lower budget for the tourism sector available with local administrations; 2) discuss with local authorities on the provision of permanent guard positions at renovated locations (include the guard positions in the phase-out strategy); 3) finalise the delivery of pending outputs (special focus on package deals for tourists and promotion and distribution of offers for investors); 4) continue monitoring the risk of sand extraction to prevent fish ponds destruction.
3.	144039	Vrbas, Joint Tourism Development of the Vrbas Valley	28/12/09	Bugojno Municipality	41105.01	b	b	c	b	b	The project overcame initial implementation difficulties due to the high level commitment and communication among project partners (contractor, beneficiary municipalities, Regional Development Agency REZ, ECD). The Task Manager is advised to consider organising a coordination meeting with participants from all EU tourism projects to provide experience exchange and potentially ideas for future projects. The contractor is recommended to: 1) promptly address the under-spent budget categories and ensure adequate input utilisation; 2) ensure that division of tasks between project partners and sub-contractors is clear; 3) pay attention to unrealistic timescale for components (ii), (iii) and (v) to ensure timely delivery of outputs; 4) insist that sub-contractors respect both deadlines and high quality of outputs; 5) address with local authorities the possibility of paying contributions to project partners from municipal budgets; 6) consider paying the costs of State training for tourists guides; and 7) elaborate the exit strategy in the Final Report.
4.	144041	Bosnian Kingdom Trail	02/04/10	Community Development Foundation Mozaik	41108.01	b	a	b	a	b	The Task Manager is advised to consider organising a coordination meeting with participants from all EU tourism projects to provide an opportunity to exchange experience, learn lessons learnt and generate ideas for future projects. The contractor is recommended to: 1) Support the change of activity for Fojnica (Kozovgrad); 2) Try to support the media coverage for Vares Tour II 2009; 3) Share draft itineraries with involved team members in the field to obtain input; 4) Ensure consistency in the payment of travelling costs for the training attendees; 5) Address sustainability issues in the Final Report, especially in terms of anticipated slower realisation of financial commitments by the partner municipalities.
5.	144256	New Tourism Product – Rural Ecotourism in Sabici	16/07/09	Foundation of Local Democracy Sarajevo	41107.01	b	c	c	c	c	With the lack of national commitment, the part of PP relating to construction of infrastructure for guest reception at Tusila site and promotional campaigns (including the building of web portal) is at risk. Regarding Efficiency, there are no recommendations, because it is visible that project would be able to deliver pending outputs in case the national partners process urban and construction permits. In case this happens within projected period (Jun 2009), the Task Manager is recommended to approve additional and final time extension. The contractor is recommended to: (1) ascertain that grant applications and LF for future projects contain unified definitions of project objectives (OO, PPs) with time-bound and measurable OVs to be provided; (2) address sustainability issues in the Final Report, especially in terms of slow realisation of commitments by national partners, which adversely affects the sustainability of ethno-tourism product.

<sup>3</sup> Different colour is assigned to the score columns depending on the score: e.g. "a" is green, "b" is blue, etc.

## ANNEX II

### Comparison between two monitoring visits in 2008 and 2009

Project	Year	Quality of project design	Efficiency	Effectiveness	Impact	Sustainability	AVERAGE
Project 1 (Vrbas Adventure)	2008	3	3	3	3.7	3	3.1
	2009	3	3.3	3	3.3	2.7	3.1
	Average	3	3.15	3	3.5	2.85	3.1
Project 2 (Posavina)	2008	3	3	3.22	3.5	2.9	3.12
	2009	3.3	3.55	3	3.6	2.8	3.25
	Average	3.15	3.3	3.1	3.55	2.85	3.2
Project 3 (Joint Vrbas)	2008	3	3	3	3	2.9	2.98
	2009	3	2.25	3	3	3.1	2.9
	Average	3	2.6	3	3	3	2.9
Project 4 (Kingdom)	2008	3.7	3.2	3.22	3.5	3	3.32
	2009	3.3	3.6	3.5	3.6	3.3	3.5
	Average	3.5	3.4	3.4	3.55	3.15	3.4
Project 5 (Sabici)	2008	3	3	3.22	3.5	3	3.14
	2009	2.7	1.55	2	2.4	2	2.1
	Average	2.85	2.3	2.6	3	2.5	2.6