



**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**

## ***Synthesis Report***

### ***EU Projects of Support to Local, Regional and SME Development in Bosnia and Herzegovina***

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## **DISCLAIMER**

This report has been produced in the frame of the Results-Oriented Monitoring project for Western Balkans and Turkey (ROMWBT). The content of this publication is the sole responsibility of the ROMWBT Team and can in no way be taken to reflect the views of the European Union.

It is recalled that the ROM system focuses on individual projects and is solely designed to measure their performance, within the overall frame of the Project Cycle Management (PCM).

Attention is drawn to the fact that the general findings and conclusions, formulated in this report should be considered as indicative only.

## REPORT DATA

<b>Project Title</b>	“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”
<b>Report Title</b>	EU Projects of Support to Local, Regional and SME Development in Bosnia and Herzegovina
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## **ANNEX I: List of Monitoring Reports on the reference projects**

# INTRODUCTION

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This Synthesis Report presents the main findings drawn from the monitoring of six (6) ongoing grant contracts related to the provision of support to Regional Development Agencies (RDAs) in Bosnia and Herzegovina, and two (2) ongoing service contracts supporting the local, regional and SME development and the SME policy and institutional capacity development.

The monitoring of these projects and the present Synthesis Report were planned in the Workplan of the Results-Oriented Monitoring Project in the Western Balkans and Turkey Region (ROMWBT Project) on the request of the European Union Delegation (EUD) in Sarajevo.

The monitoring and the resulting outputs of the following projects are the main basis for the elaboration of the present Synthesis Report:

- **Technical Assistance (TA) Projects**

- EU Support to Institutional capacity building for Local, Regional Economic and SME Development in Bosnia and Herzegovina (CRIS No C-217213)
- EU Support to SME policy and Institutional Capacity Development (CRIS No C-226665)

- **RDA action grants**

- Support to implementation of REDAH Business Plan (CRIS No C-217315)
- Co-financing Support to the Implementation of NERDA Business Plan 2009-2011 (CRIS No C-217429)
- Support for institutional Capacity Building of SERDA (CRIS No C-217412)
- Support to implementation of REZ RDA activities 2009-2011 (CRIS No C-219214)

The monitoring of the four operational grants took place in February 2010. The first monitoring of the two above mentioned TA projects took place in respectively February (C-218213) and April 2010 (C-226665), and their re-monitoring in October 2010.

The Annex recapitulates all the Monitoring Reports produced concerning the six (6) projects covered by this Synthesis Report.

## 1. PROGRAMME SYNOPSIS

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### 1.1. Brief Presentation of the monitored Projects

The basic identification data of the monitored projects covered by this Synthesis Report are outlined in the table below.

As far as the two TA projects are concerned, the project C-217213 has a relatively significant EC budget of nearly 2.5 Million Euro and a fairly long implementation period of three years, whereas the project C-226665, focused on policy support, has a budget slightly below 1 Million Euro and an implementation period of 18 months.

As for the RDA action grants, it is noted that the four beneficiaries have the same EC contributions of 225,000 Euro (regardless of the size and the scope of actions of each particular RDA), with identical implementation periods of 24 months.

**Table 1: Overview of the Monitored Projects Covered by the Synthesis Report**

#	Project title	CRIS Contract N°	Start Date	End Date	EC Contribution (€)
<b>TA projects</b>					
1	EU Support to Institutional capacity building for Regional Economic and SME Development done in Bosnia and Herzegovina	217213	23/09/09	23/09/12	2,485,000
2	EU Support to SME policy and Institutional Capacity Development	226665	1/02/10	1/08/11	997,500
<b>Total</b>					<b>3,482,500</b>
<b>RDA action grants</b>					
3	Support to Implementation of REDAH Business plan 2009-2011	217315	3/9/2009	3/9/2011	225,000
4	Co-financing Support to the Implementation of NERDA Business Plan 2009-2011	217429	16/9/2009	16/9/2011	225,000
5	Support for institutional Capacity Building of SERDA	217412	16/9/2009	16/9/2011	225,000
6	Support to implementation of REZ RDA activities 2009-2011	219214	1/10/2009	1/10/2011	225,000
<b>Total</b>					<b>900,000</b>

The table below presents the Intervention Logic of these projects, outlining respectively their Overall Objectives, Project Purpose and Expected Results.

**Table 2: Monitored projects supporting the Regional Development Agencies in Bosnia (2010)**

N°	CRIS N°	Project Title	Project Authority	End date	EC Budget (Euro)
1	217213	EU Support to Institutional capacity building for Regional Economic and SME Development done in Bosnia and Herzegovina	WYG International Ltd, UK	23/09/12	2,485,000
<p><u>Overall Objective:</u> To consolidate the efforts already made to stimulate economic growth and employment generation.</p> <p><u>Project Purpose:</u></p> <ol style="list-style-type: none"> <li>Through the Regional Development (RD) component, to provide to the five RDAs continued capacity building support so as: to strengthen their capability to manage regional resources; be able to absorb the EU and other donors' funds; develop and manage business support infrastructure; attract foreign investors; monitor the impact of regional development; increase their capacity to provide support to municipalities; be further recognised in BA and amongst other local, regional, national and international organizations and institutions.</li> <li>Through the SME Training and Consultancy (SME) component, to continue the improvement of skills and knowledge of BA's SME sector through fostering a learning environment and enhancing the capacity of BA training and consultancy providers.</li> </ol> <p><u>Expected Results:</u></p> <p>RD Component:</p> <ul style="list-style-type: none"> <li>RDA network strengthened so as to be able to improve RDA development and undertake effective bottom up representation;</li> <li>Ability of RDAs and municipalities to prepare quality project fiches and applications capable of attracting financing increased;</li> <li>Capability of RDAs and municipalities to absorb EU and other funds increased;</li> <li>RDA capacity to develop and manage regional and local business support infrastructure (technology parks, incubators, business zones, etc.) enhanced.</li> </ul> <p>SME Component:</p> <ul style="list-style-type: none"> <li>Model for training and consultancy providers for a national and/or regional accreditation and voucher system for regional and SME development purposes developed;</li> <li>Continued support to SME related training and mentoring based on the established systematic SME training</li> </ul>					

N°	CRIS N°	Project Title	Project Authority	End date	EC Budget (Euro)
needs' analysis framework and use of developed capacities.					
2	226665	EU Support to SME policy and Institutional Capacity Development	GFA Consulting Group, Germany	01/08/11	2,485,000
<p><b>Overall Objective:</b> To consolidate efforts already made to stimulate economic growth and employment generation thereby contributing to the creation of a basis for sustainable development and economic dialogue in BA.</p> <p><b>Project Purpose:</b> To support the development of BA authorities in SME policy development a comprehensive institutional framework for SME development and support BA in the implementation of the EU Charter for SMEs.</p> <p><b>Expected Results:</b></p> <ol style="list-style-type: none"> <li>1. The SME institutional framework improved;</li> <li>2. The Council for Entrepreneurship and Development established and functioning;</li> <li>3. The Agency for Entrepreneurship and Development established, the associated Fund proposed &amp; agreed;</li> <li>4. Measures under the SME strategy implemented;</li> <li>5. A plan for the networked SME database system developed;</li> <li>6. The European Charter for Small Enterprises attained by BA;</li> <li>7. Stakeholders institutional capacity enhanced to implement IPA component III Regional Development;</li> <li>8. Functional coordination mechanism between various government bodies in-charge of SME and Regional Economic Development in place;</li> <li>9. Assessment to define IPA Component III Regional Development compliant structures;</li> <li>10. The development and delivery of a communication and publicity campaign that promotes the work and activities of the SME policy development conducted with government authorities.</li> </ol>					
3	217315	Support to Implementation of REDAH Business plan 2009-2011	RDA of Herzegovina region (REDAH)	03/09/11	225,000
<p><b>Overall Objective:</b> To contribute to the development and competitiveness of the Herzegovina region.</p> <p><b>Project Purpose:</b></p> <ol style="list-style-type: none"> <li>1) To contribute to the strengthening of capacities of the region;</li> <li>2) To contribute that rural development, agriculture and tourism as main job and income generators take the deserved position in Herzegovina economic activities to facilitate regional economy;</li> <li>3) To raise competitiveness of the businesses and business environment in the region;</li> <li>4) To facilitate regional development and further promote and position region of Herzegovina in domestic and international environment.</li> </ol> <p><b>Expected Results:</b></p> <ul style="list-style-type: none"> <li>• Absorption capacities of local and regional stakeholders to attract and use funds for development activities increased;</li> <li>• Viability and sustainability of income generation activities through creation of opportunity for employment and self-employment increased;</li> <li>• Competitiveness of Herzegovina SMEs enhanced;</li> <li>• Development of Herzegovina region through economic, social and institutional cooperation with cross-border and international partners facilitated.</li> </ul>					
4	217429	Co-financing Support to the Implementation of NERDA Business Plan 2009-2011	RDA of North East region (NERDA)	16/09/11	225,000
<p><b>Overall Objective:</b> To further contribute to the competitiveness of NE economic region through strengthening the sector of SMEs and municipalities.</p> <p><b>Project Purpose:</b></p> <ol style="list-style-type: none"> <li>1. To lead and facilitate the process of local and regional economic development in the NE region;</li> <li>2. To provide assistance to SMEs in the NE Region;</li> <li>3. To further strengthen the capacities and current position of NERDA as a main institution for RED and the focal point for EU related actions in the region.</li> </ol> <p><b>Expected Results:</b></p> <ul style="list-style-type: none"> <li>• Decision making and planning process in the region improved and public awareness on NERDA activities and EU values/best practices increased; Awareness on EU programmes/grant schemes increased;</li> <li>• Absorption capacities of local/regional stakeholders to attract EU funds increased; and improved cooperation between LDAs and NGOs active in the field of economic development</li> <li>• Bi-annual regional socio-economic review and analysis completed and RDS NE revised; New system of dissemination of information on funding sources and opportunities established and updated regularly;</li> </ul>					

N°	CRIS N°	Project Title	Project Authority	End date	EC Budget (Euro)
		Strategic planning approach applied in municipalities and awareness of importance to implement strategies increased;			
		<ul style="list-style-type: none"> <li>• Functional Antenna Office of CBC programme established and capacity of staff increased; Support in monitoring activities provided;</li> <li>• Monitoring visits completed and reports to EU Delegation on grants submitted; and Monitoring and evaluation of economic value chains for each respective economic region in the country performed;</li> <li>• Awareness on entrepreneurship development increased and cooperation of regional stakeholders in providing support to SMEs improved; Awareness of SMEs in NE region to apply EU standards and obtain certificates to become more competitive increased; Access of SMEs to finance and better loan conditions ensured, existing jobs sustained and new jobs generated; Economic trends and business behaviour in the NE region observed, reports by NERDA prepared to be offered to potential investors;</li> <li>• Investment opportunities identified and assistance to potential investors ensured;</li> <li>• Capacities of staff members in identified fields for further training increased.</li> </ul>			
5	217412	Support for institutional Capacity Building of SERDA	Sarajevo Regional Development Agency - SERDA	16/09/11	225,000
<p><u>Overall Objective:</u> To further consolidate the RDAs and support the RDA Network to achieve strengthening of mechanisms of Bosnia and Herzegovina's accession to EU – especially to enable SERDA to continue the harmonised dynamic economic development of Sarajevo Macro Region.</p> <p><u>Project Purpose:</u></p> <ol style="list-style-type: none"> <li>1. To increase economic activity in the region;</li> <li>2. To developed impetus-providing business framework in the region;</li> <li>3. To increase human resources capacities and skills;</li> <li>4. To strengthen competitiveness of the region.</li> </ol> <p><u>Expected Results:</u></p> <ul style="list-style-type: none"> <li>• Economic activity in the region developed;</li> <li>• Impetus for providing business framework in the region created;</li> <li>• Human resources developed;</li> <li>• Competitiveness of the region strengthened.</li> </ul>					
6	219214	Support to implementation of REZ RDA activities 2009-2011	RDA of Central Bosnia region (REZ)	01/10/11	225,000
<p><u>Overall Objective:</u> To improve capacities and competences of the local stakeholders striving to improve the economic performance of Central region and the living standards of the citizens on the path to EU accession.</p> <p><u>Project Purpose:</u></p> <ol style="list-style-type: none"> <li>1. To strengthen the framework for regional economic development;</li> <li>2. To support business infrastructure development;</li> <li>3. To develop SMEs competitiveness and their capacities in order to promote export and increase international competitiveness of SMEs in Central region;</li> <li>4. To develop regional human resources;</li> <li>5. To develop new programme and project in Agricultural and Tourism sectors and provide knowledge and new approaches;</li> <li>6. To strength capacities of RDA REZ as the main institution for RED.</li> </ol> <p><u>Expected Results:</u></p> <ul style="list-style-type: none"> <li>• Absorption capacities of local and regional stakeholders to attract and use funds for economic development increased;</li> <li>• Better entrepreneurial climate ensured with developed business infrastructure and improved municipal orientation towards SMEs support and climate for investment opportunities in the region improved;</li> <li>• Competitiveness and export of SMEs in the Central region increased;</li> <li>• The knowledge of new ICT technology in Region increased and human capacity in SME's developed;</li> <li>• Capacities for project development enhanced, new knowledge transferred;</li> <li>• RDA REZ capacity developed, new skills and knowledge adopted, sustainability improved.</li> </ul>					

## 2. MONITORING WORKPLAN

### 2.1. Monitoring Approach

The Portfolio of EC-funded Projects in the WBT consists of various types of projects which mainly differentiate by their design, geographical location, size, complexity and centralised (regional projects) or de-concentrated (national projects) management. There are two main types to which projects can be grouped: (a) National (bilateral), and (b) Regional. The monitored projects covered by this Synthesis Report belong to the Portfolio of national projects in Bosnia, managed by the EU Delegation in Bosnia and Herzegovina.

### 2.2. Preparation and Implementation of Monitoring Missions

**Table 3: Overview of the ROM Missions Implemented**

#	ROM Mission Timing	MR produced	CRIS Contract N°	Project Monitored
<b>Monitoring of RDA Projects</b>				
1	31/01/2010 - 03/02/2010	129600.01	217315	Support to Implementation of REDAH Business plan 2009-2011
2	02/02/2010 - 10/02/2010	129400.01	217213	EU Support to Institutional capacity building for Regional Economic and SME Development done in Bosnia and Herzegovina
3	09/02/2010 - 13/02/2010	129880.01	217429	Co-financing Support to the Implementation of NERDA Business Plan 2009-2011
4	18/02/2010 - 24/02/2010	129922.01	217412	Support for institutional Capacity Building of SERDA
5	19/02/2010 - 02/03/2010	130343.01	219214	Support to implementation of REZ RDA activities 2009-2011
6	31/3/2010 - 8/4/2010	131744.01	226665	Support to Implementation of REDAH Business plan 2009-2011
<b>Re-monitoring of TA Projects</b>				
7	11/10/2010 – 14/10/2010	131744.02	226665	EU Support to SME policy and Institutional Capacity Development
8	13/10/2010 – 18/10/2010	129400.02	217213	EU Support to Institutional capacity building for Regional Economic and SME Development done in Bosnia and Herzegovina
	Specific CRS sectors covered			32130 -Small and medium-sized enterprises (SME) development
TA	EUR covered (total EC contribution)			3,490,000
	Average size (EC Contribution in EUR) of monitored projects			1,741,250
action grants	EUR covered (total EC contribution)			900,000
	Average size (EC Contribution in EUR) of monitored projects			225,000
Total	MEUR covered (total EC contribution)			4,390,000
	Average size (EC Contribution in EUR) of monitored projects			730,417

## 3. ANALYSIS OF ROM RESULTS

### 3.1. Operational Conclusions

#### 3.1.1 Best Practices

This section normally highlights examples of best practices identified among the monitored projects. Best practices are singled out by applying a 4-stage method, in line with the guidelines provided by AIDCO/E5, in charge of ROM coordination:

**Stage 1:** Draw up a “shortlist” of all “very good” projects, with general average score above 3.00.

**Stage 2:** Select all projects which have at least one “A” grade.

**Stage 3:** Remove all projects which have “C” or “D” grade.

**Stage 4:** Identify the success stories in terms of design quality, sound operational set-up and expected results.

Since none of the monitored projects, whether action grant contracts or the twice-monitored service TA contracts, have been scored “A” on at least one of the five prime issues (i.e. Relevance/Design, Efficiency, Effectiveness, Impact and Sustainability), we have retained for the sake of the appraisal in this Synthesis Report, two action grant contracts, which scored “B” on all Criteria; these SERDA and REDAH grant contracts have the global average score higher than 3.00 (respectively 3.08 and 3.07), as shown below.

**Table 4: Projects with Overall Good Performance**

#	Title	EC Budget	Project Authority	Relevance	Efficiency	Effectiveness	Impact	Sustainability	Average Score	% of excellence
1	Support for institutional Capacity Building of SERDA	€ 225,000	Sarajevo Regional Development Agency - SERDA	B	B	B	B	B	3.08	69 %
2	Support to implementation of REDAH Business Plan	€ 225,000	REDAH - Regional Economic Development Agency of Herzegovina Region	B	B	B	B	B	3.07	69 %

The table below provides short profiles of these two projects which have demonstrated overall good performance.

**Table 5: Overview of Projects with Overall Good Performance**

Project Title	Support for institutional capacity building of SERDA	
<b>Monitoring</b>	<b>Report N°/ grades</b>	MR-129922.01 / B-B-B-B-B
	<b>Previous grades</b>	n/a
<b>Category</b>	RDA action grant	
<b>Intervention Logic</b>	<p><u>Overall Objective:</u> To further consolidate the RDAs and support the RDA Network to achieve strengthening of mechanisms of Bosnia and Herzegovina’s accession to EU – especially to enable SERDA to continue the harmonised dynamic economic development of Sarajevo Macro Region.</p> <p><u>Project Purpose:</u></p> <ol style="list-style-type: none"> <li>To increase economic activity in the region;</li> <li>To developed impetus-providing business framework in the region;</li> <li>To increase human resources capacities and skills;</li> <li>To strengthen competitiveness of the region.</li> </ol> <p><u>Results:</u> (32 results from the logframe clustered in 4 overall results as in the narrative description of the action)</p>	

	<p>1) Economic activity in the region developed;  2) Impetus for providing business framework in the region created;  3) Human resources developed;  4) Competitiveness of the region strengthened.</p> <p><u>Activities:</u></p> <p>1.1 Exploitation of natural resources and promotion of investment opportunities; 1.2 Development of agricultural sector; 1.3 Strengthening of tourism; 1.4 Provision of access to information relevant for development ; 1.5 Promotion of tourist potential on the world market  2.1 Creation of service-providing environment; 2.2 Strengthening of entrepreneurship and SME support; 2.3 Establishment of institutional framework; 2.4 Establishment of the basis to support development of innovations;  3.1 Creation of basic prerequisites to introduce the systemic approach in development of human resources; 3.2 Strengthening the data base of labour force demand and supply; 3.3 Reducing unemployment through the establishment of retraining and educational centres; 3.4 Education, capacity building and support for strengthening the absorption capacities;  4.1 Further continuous development and upgrading of regional development strategy and support the development of local development strategies; 4.2 Introduction of environmental standards to stakeholders; 4.3 Improving waste management and waste resources management; 4.4 Developing of brands and their promotion; 4.5 Continuous development and upgrading of monitoring function; 4.6 Further development of SERDA organisation and strengthening of its adaptability to fund accession opportunities available to BA; 4.7 Networking with other regions, as well with regions in abroad.</p>	
<b>Key issues</b>	<p>The Contractor was advised to: 1) Refine and cluster the 32 results and relate them with respective activities and outputs, in order to facilitate the follow up of achievements; 2) Improve the Workplan with more precise schedule of activities implementation; 3) In order to increase the transparency towards EUD consider establishing the practice of reporting on quarterly basis providing update on the progress against the project logframe/Business Plan, together with the update on all the other donors projects influencing the impact and sustainability of SERDA services; 4) Improve the Sustainability Plan providing more detailed information on confirmed, contracted and expected income from all sources (founders, external donors, service charges) and projections of the future needs; 5) Consider the possibility of updating the Sustainability Plan next year again.</p>	
<b>Project Title</b>	<b>Support to implementation of REDAH Business Plan</b>	
<b>Monitoring</b>	<b>Report N°/ grades</b>	MR-129600.01 / B-B-B-B-B
	<b>Previous grades</b>	n/a
<b>Category</b>	RDA action grant	
<b>Intervention Logic</b>	<p><u>Overall Objective:</u></p> <p>To contribute to the development and competitiveness of Herzegovina region.</p> <p><u>Project Purpose:</u></p> <ol style="list-style-type: none"> <li>1. To contribute to the strengthening of capacities of the region;</li> <li>2. To contribute that rural development, agriculture and tourism as main job and income generators take the deserved position in Herzegovina economic activities to facilitate regional economy;</li> <li>3. To raise competitiveness of the businesses and business environment in the region;</li> <li>4. To facilitate regional development and further promote and position region of Herzegovina in domestic and international environment.</li> </ol> <p><u>Expected Results:</u></p> <ol style="list-style-type: none"> <li>1) Absorption capacities of local and regional stakeholders to attract and use funds for development activities increased;</li> <li>2) Viability and sustainability of income generation activities through creation of opportunity for employment and self-employment increased;</li> <li>3) Competitiveness of Herzegovina SMEs enhanced;</li> <li>4) Development of Herzegovina region through economic, social and institutional cooperation with cross-border and international partners facilitated.</li> </ol> <p><u>Planned Activities:</u> (activities are grouped under four components):</p> <ol style="list-style-type: none"> <li>1) Strengthening framework for regional economic development: 1.1.Provision of guidance to local and regional strategic planning process; 1.2. Development and strengthening the system of collection and dissemination of information in the region; 1.3. Strengthening capacities of local and regional stakeholders and regional networking; 1.4. Regional monitoring.</li> </ol>	

	<p>2) Improvement of Rural, Agriculture and Tourism Sectors. 2.1. Investing in human capital and skills for the rural development, agriculture and tourism. 2.2. Networking stakeholders in rural and agriculture development and tourism in Herzegovina. 2.3. Piloting rural development, agriculture and tourism projects and initiatives.</p> <p>3) Improvement of Entrepreneurship and Investment Promotion. 3.1. Stakeholders networking. 3.2. Introducing training and consultancy scheme for businesses. 3.3. Promotion and attraction of investments in the region. 3.4. Development and promotion of additional instruments to support entrepreneurship;</p> <p>4) Development of Cross-border and International Cooperation. 4.1. Supporting cross-border cooperation programme 2007-2013: Croatia-BA and BA-Montenegro; 4.2. International cooperation.</p>
<b>Key issues</b>	<p>Despite recent implementation start, the efficiency is at commendable level with the output delivery vigorously addressed. The contractor is advised to: 1) Timely submit the future progress reports to facilitate project management. 2) Specify if additional outputs were delivered to show good value for money. 3) Encourage replication of the voucher scheme to other economic regions to develop consciousness on the need to upgrade skills to promote consultancy. 4) Define in the draft fundraising strategy the exact amounts of confirmed and expected incomes under all funding categories, so as to provide clarity and easier follow-up.</p>

### 3.1.2 Problem cases

This section highlights the problematic cases identified among the projects monitored. In order to single out the problematic cases, the following four-stage method was applied:

Stage 1: Draw up a "shortlist" of all projects with "serious deficiencies, having a general average score below 2.00.

Stage 2: Select all projects which have at least one "D" grade.

Stage 3: Identify the problematic cases in terms of design quality, sound operational set-up and expected results.

There have been no such cases amongst the projects covered by this Synthesis Report

## 3.2. Performance Conclusions

### 3.2.1 Overall performance

The frequencies or % of A, B, C, and D occurrence are presented, based on the grades of the Monitoring Reports, in order to illustrate the number of A and B (very good or good performance) over the total number of grades in the ROM outputs, i.e. a percentage of 50% demonstrates that in the respective category there are more A or B than C or D. The following table illustrates the performance of the considered projects, along with the average score.

**Table 6: Average DAC criterion scores for main criteria**

#	Criterion	TA projects		RDA action grants	
		Good (A or B)	Average Score	Good (A or B)	Average Score
1	Relevance/Quality of design	100 %	2.65	100%	2.98
2	Efficiency	50 %	2.60	100%	3.14
3	Effectiveness	0 %	2.50	100%	3.00
4	Impact	100 %	2.80	100%	3.10
5	Sustainability	50 %	2.50	75%	2.80
<b>Average</b>		<b>100%</b>	<b>2.61</b>	<b>100%</b>	<b>3.00</b>

The overall average score of the TA contracts, though above the threshold of 2.50 which indicates good performance, remains below the overall average score of the grant contracts. The average performance of the TA projects in relation to each of the five ROM criteria is marginally good while there seem to be some problems that can be corrected through relevant actions, with Impact Prospects having been scored better. It is observed that both TA projects seem to be facing problems of Effectiveness (i.e. in the contribution of their results to the achievement of their purpose, including the accessibility of the results by their designated recipients and the use made by these recipients of the results).

The average performance of the four RDA grants in relation to the five ROM criteria is much better. It is important to note the good performance of the RDA grants in relation to Efficiency and Effectiveness (3.14 and 3.00 respectively), since these are performance areas where usually projects are facing the most problems. This could be attributed on one hand to the adequate embodiment of the RDAs in the business sectors of their regions and on the other hand on their efficiency in meeting the needs of this sector. Generally taken, it has not been expected that the implementation of these grant contracts (appropriate consumption of the EC contribution) would raise any particular problem, since this contribution represents only a part of the RDAs overall budget, and all four RDAs have already built up a fairly good track record of efficient implementation of previous EC funded grant contracts in the frame of the grant schemes such as EU RED.

Table 7 below displays the performance overview of the group of the two TA projects from “Very Good” to “Serious Deficiencies”. The same overview is presented in Table 8 for the four RDA action grants.

**Table 7: Overview of performance by DAC criterion of MRs of the 2 TA projects (% of frequency of ratings)**

#	Criterion	Very good (A)	Good (B)	Problems (C)	Serious deficiencies (D)	N/A	TOTAL
1	Relevance/ Quality of design	0 %	100 %	0 %	0 %	0 %	100 %
2	Efficiency	0 %	50 %	50 %	0 %	0 %	100 %
3	Effectiveness	0 %	0 %	100 %	0 %	0 %	100 %
4	Impact	0 %	100 %	0 %	0 %	0 %	100 %
5	Sustainability	0 %	50 %	50 %	0 %	0 %	100 %
<b>BCS TOTAL Score</b>		<b>0 %</b>	<b>100 %</b>	<b>00 %</b>	<b>0 %</b>	<b>0 %</b>	<b>100 %</b>

**Table 8: Overview of performance by DAC criterion of MRs of the 4 RDA action grants (% of frequency of ratings)**

#	Criterion	Very good (A)	Good (B)	Problem s (C)	Serious defi- ciencies (D)	N/A	TOTAL
1	Relevance/ Quality of design	0 %	100 %	0 %	0 %	0 %	100 %
2	Efficiency	0 %	100 %	0 %	0 %	0 %	100 %
3	Effectiveness	0 %	100 %	0 %	0 %	0 %	100 %
4	Impact	0 %	100 %	0 %	0 %	0 %	100 %
5	Sustainability	0 %	75 %	25 %	0 %	0 %	100 %
<b>BCS TOTAL Score</b>		<b>0 %</b>	<b>100 %</b>	<b>0 %</b>	<b>0 %</b>	<b>0 %</b>	<b>100 %</b>

The above tables verify the conclusions drawn from the Table 6. The TA projects are well designed and relevant to serve the needs of their target groups, thus the prospects for their impact are good. However, one of the projects seems to be facing problems of Efficiency (217213: both ROM missions to it identified absence of appropriate project management supports, such as the LFM). Furthermore, both the TA projects have still yet to prove their capacity to reach an appropriate Effectiveness.

On the other hand, the four RDA projects are performing well, with one of them facing some problems in the ensuring of the sustainability of its results. A re-monitoring of these grant contracts at this very advanced stage of their implementation might disclose whether this Sustainability issue is also observed to a broader extent in the other three grant contracts, which can be likely, in particular due to the deterioration of the overall economic and institutional environment in which the beneficiary RDAs operate today.

A deeper insight into the performance of the monitored projects covered by this report reveals certain more explicit differences from one project to another, as illustrated in Table 9, concerning the four RDA grant contracts.

**Table 9: Average ratings for main criteria and prime issues of the four action grants**

Criterion	RDA action grants				Average
	217315 REDAH	217429 NERDA	217412 SERDA	219214 REZ RDA	
<b>1. Relevance</b>	3.00	3.00	2.90	3.00	<b>2.98</b>
R 1.1	3.00	3.00	3.00	3.00	<b>3.00</b>
R 1.2	3.00	3.00	3.00	3.00	<b>3.00</b>
R 1.3	3.00	3.00	3.00	3.00	<b>3.00</b>
R 1.4	3.00	3.00	2.00	3.00	<b>2.75</b>
<b>2. Efficiency</b>	3.35	3.00	3.20	3.00	<b>3.14</b>
Ey 2.1	3.00	3.00	3.00	3.00	<b>3.00</b>
Ey 2.2	3.00	3.00	4.00	3.00	<b>3.25</b>
Ey 2.3	4.00	3.00	3.00	3.00	<b>3.25</b>
Ey 2.4	3.00	3.00	3.00	3.00	<b>3.00</b>
<b>3. Effectiveness</b>	3.00	3.00	3.00	3.00	<b>3.00</b>
Es 3.1	3.00	3.00	3.00	3.00	<b>3.00</b>
Es 3.2	3.00	3.00	3.00	3.00	<b>3.00</b>
<b>4. Impact</b>	3.00	3.00	3.40	3.00	<b>3.10</b>
I 4.1	3.00	3.00	3.00	3.00	<b>3.00</b>
I 4.2	3.00	3.00	4.00	3.00	<b>3.25</b>
<b>5. Sustainability</b>	3.00	2.80	2.90	2.50	<b>2.80</b>
S 5.1	3.00	3.00	3.00	2.00	<b>2.75</b>
S 5.2	3.00	3.00	4.00	3.00	<b>3.25</b>
S 5.3	2.00	2.00	1.00	2.00	<b>1.75</b>
S 5.4	4.00	3.00	3.00	3.00	<b>3.25</b>
<b>Average score of main criteria</b>	<b>3.07</b>	<b>2.96</b>	<b>3.08</b>	<b>2.90</b>	<b>3.00</b>

All four RDA grants are relevant and their design is good. With the exception of the SERDA, their design takes well into account the applicable cross cutting issues, mainly the one of mainstreaming good governance. The four grants are being implemented to date efficiently, without visible problems. It is worth noting the very good performance of the SERDA in terms of management of the implementation of the planned activities, and the very good performance of the REDAH in terms of delivery and quality of outputs. No problems are identified in the area of Effectiveness and Impact prospects. The picture in relation to the expected Sustainability of the projects' results is mixed. The sustainability prospects of the REDAH's results are good, with contribution to institutional and management capacity as the stronger point and policy support provided to the project as the main weakness. Respectively for the SERDA, the level of embedment of the project in the local structures and the ownership of the latter is the stronger point, while there are serious deficiencies in terms of policy support provided to the project. The sole weakness in relation to the sustainability of the NERDA's results lays in the area of policy support provided to the project. The sustainability prospects of the REZ RDA are comparatively the lowest among the four projects. Main weaknesses are related to the ensuring of the financial sustainability of the project's results as well as to the policy support provided to the project. All these difficulties are emblematic of the current institutional environment in which the beneficiary RDAs evolve, with a weakening of the local institutional support (municipality budget cuts) and unclear prospects as to their future role and involvement in the economic development of the country.

The same overview for the two TA projects is presented in Table 10, together with the evolution of the performance of these projects between two ROM missions to them.

**Table 10: Average ratings for main criteria and prime issues of the two TA projects**

Criterion	TA Projects			
	217213		226665	
	EU Support to Institutional capacity building for Regional Economic and SME Development done in BA		EU Support to SME policy and Institutional Capacity Development	
	1st ROM in 2010	2 <sup>nd</sup> ROM in 2010	1st ROM in 2010	2 <sup>nd</sup> ROM in 2010
<b>1. Relevance</b>	1.70	2.60	2.90	2.70
<b>R 1.1</b>	3.00	3.00	3.00	3.00
<b>R 1.2</b>	1.00	2.00	3.00	3.00
<b>R 1.3</b>	1.00	3.00	3.00	2.00
<b>R 1.4</b>	2.00	2.00	2.00	3.00
<b>2. Efficiency</b>	1.65	2.45	3.20	2.75
<b>Ey 2.1</b>	3.00	3.00	3.00	3.00
<b>Ey 2.2</b>	1.00	2.00	4.00	3.00
<b>Ey 2.3</b>	1.00	2.00	3.00	3.00
<b>Ey 2.4</b>	2.00	3.00	3.00	2.00
<b>3. Effectiveness</b>	2.00	2.50	3.00	2.50
<b>Es 3.1</b>	2.00	2.00	3.00	3.00
<b>Es 3.2</b>	2.00	3.00	3.00	2.00
<b>4. Impact</b>	2.60	2.60	3.00	3.00
<b>I 4.1</b>	3.00	3.00	3.00	3.00
<b>I 4.2</b>	2.00	2.00	3.00	3.00
<b>5. Sustainability</b>	1.80	2.40	2.60	2.60
<b>S 5.1</b>	2.00	2.00	3.00	3.00
<b>S 5.2</b>	2.00	2.00	3.00	3.00
<b>S 5.3</b>	1.00	3.00	2.00	2.00
<b>S 5.4</b>	2.00	3.00	2.00	2.00
<b>Average score of main criteria</b>	<b>1.95</b>	<b>2.51</b>	<b>2.94</b>	<b>2.71</b>

The project of support to institutional capacity building for regional economic and SME development (217213) has considerably improved its performance in relation to all ROM prime Criteria. Its overall average performance is enhanced from a very low 1.94 to a minimum acceptable 2.51; however, this performance is still rather low and must be further enhanced. The 2<sup>nd</sup> ROM mission confirmed persistence of problems, in particular in the areas of the projects' design quality, the activities' implementation and management, the delivery and quality of the outputs, the accessibility of the results by their recipients and the use made by the latter. Furthermore, the prospects for sustainability are not at all bright, with main weaknesses identified in the areas of ensuring the financial sustainability of the results and of embodying the project in the local relevant structures, thus enhancing the ownership of theirs. The project has now reached a very interesting milestone at which it can considerably reinforce its operational platform and thereby enhance its visibility and relevance, by associating the Republika Srpska beneficiaries in its implementation (SME Support Agency, newly created inter-communal development agencies).

The overall performance of the project of support to SME policy and institutional capacity development (22665) has, on the contrary, slightly worsened from 2.94 to 2.71 (while remaining overall at a good level), with a more significant decrease observed in its Efficiency (from 3.20 to 2.75) and Effectiveness (from 3.00 to 2.50). Weaknesses are identified in particular in the areas of support of the project's design by the beneficiaries, in the partners' contribution to the project's implementation, in the low adaptability of the project to changing external conditions and in the policy support provided to the project. It is true that the initial project design has been somewhat "shaken up" by absence of clearly defined conditionalities on the inter-Entity level, but this situation seems now to have evolved towards a

more pragmatic scenario which are expected to allow for a smoother project implementation in the remaining months of its life span.

### 3.2.2 Performance over Time

It can be generally noted that the provision of reliable comparisons regarding the performance of the portfolios of EC external cooperation which are monitored from year to year in a Region or country is always fairly difficult, for a number of reasons, such as size and representativity of samples of projects, different stages of projects monitored and re-monitored, no assurance that the projects have been monitored in all reference years etc. Consequently, such an assessment of the performance over time -has always to be based only on re-monitored projects, i.e. those that have been monitored twice or more. Whereas none of the projects covered by this report were re-monitored in 2009 and 2010, the two TA projects were monitored twice in 2010 and their comparative scores have been outlined and commented on in the previous section.

## 4. FOLLOW UP ON RECOMMENDATIONS

The feedback of the EC on the ROM outputs is an essential link in the overall ROM chain, as formally channelled through the Response Sheets. For the projects covered by this Synthesis Report, Response Sheets have been submitted by the EU Delegation Task Manager for all the RDA Grants and for the 1<sup>st</sup> monitoring of the TA Contracts.

As can be seen from the overview of the received Response Sheets in Table 11, the EC feedback has been very positive indeed, with the overall scoring of the ROM Outputs being 4.00 (i.e. very good – A). The EU Delegation Task Manager provided also in the Response Sheets useful feedback on the timing and needed focus of the projects' re-monitoring.

**Table 11: Response Sheets for the MRs submitted per reference project**

Title	CRIS Contract Nr	Clarity	Recommendations	Relevance and Quality	Efficiency	Effectiveness	Impact	Sustainability	Overall Grade	Follow-up Mission (months)	Special Attention in the next Rom Mission
Support to implementation of REDAH Business Plan	217315	A	A	A	A	A	A	A	A	12	<ul style="list-style-type: none"> <li>- Upgrading/follow up on the developed systems/structures, including the voucher scheme;</li> <li>- Intervention logic (clear results against indicators and activities against outputs).</li> </ul>
Co-financing Support to the Implementation of NERDA Business Plan 2009-2011	217429	A	A	A	B	A	A	A	A	12	<ul style="list-style-type: none"> <li>- Impact of the reporting system installed;</li> <li>- Improved cooperation with relevant TA project (especially in RDA network strengthening);</li> <li>- Possible development of further cooperation with founders (Tuzla canton) incl. financial support;</li> <li>- Progress in promoting the GF model.</li> </ul>
Support for institutional Capacity Building of SERDA	217412	A	A	B	A	A	A	A	A	12	<ul style="list-style-type: none"> <li>- Improvements of the cooperation with the TA project</li> <li>Improvements of the RDA network strengthening;</li> <li>- Improved reporting system including detailed and clear intervention logic (logframe).</li> </ul>
Support to implementation of REZ RDA activities 2009-2011	219214	A	B	A	A	A	A	B	A	12	<ul style="list-style-type: none"> <li>- Potential improvements of the financial sustainability (realisation of the foreseen activities outside the scope of this grant);</li> <li>- Improvements of the cooperation</li> </ul>

Title	CRIS Contract Nr	Clarity	Recommendations	Relevance and Quality	Efficiency	Effectiveness	Impact	Sustainability	Overall Grade	Follow-up Mission (months)	Special Attention in the next Rom Mission
											with the relevant TA project; – Reporting improvements.
EU Support to Institutional capacity building for Regional Economic and SME Development done in Bosnia and Herzegovina	217213	A	B	B	B	B	A	A	A	9	– RDA network; – Training component from the aspect of the RDAs and municipalities' full participatory and networking approach required to strengthen the local economic development and business oriented capacity reinforcement of the target groups.
EU Support to SME policy and Institutional Capacity Development	226665	A	B	B	B	B	B	C	B	9	– Legal framework set up against the project objectives; roles of lower administrative level beneficiaries and modus operandi of delivery of support to them; – Donor coordination.

## 5. CONCLUSIONS

The six projects monitored in 2010 and covered by this Synthesis Report converge to support local, regional, economic and SME development in the country, on various levels:

- The four action grants are a direct financial support to four Regional Development Agencies, with the target of helping them build up their future effectiveness, impact and sustainability in an evolving economic and institutional environment of the country;
- The TA project in support of the regional economic and SME development provides a parallel non-financial support not only to these and other existing Regional Development Agencies, but also to local authorities and to the SMEs, through the development of the SME voucher scheme;
- The TA project in support of the SME policy and institutional capacity development is targeted more upstream and directly on the key institutional actors in charge of defining a nation-wide SME strategy and its corresponding frameworks.

The findings and conclusions of the monitoring of these projects, as synthesised in the present Report, concluded that the respective evolution and performance of the projects have not been equal:

- The Regional Development Agencies have not had a very difficult task in implementing their grant contracts, in particular so since the EC grants do not represent a major share of their overall funding: all the RDAs already have a fairly good track record of implementing EC-funded projects (EU RED grant schemes) and, for most of these, have developed partnership relations with other donors, whether international (multilateral and bilateral cooperation) or national (funding by local authorities for some of them). The challenge which they now face, and for which a more effective support of the TA project on regional economic and SME development can be very important, is to “redraw” their business strategy and plans in line with the new difficulties and risks generated by the economic crisis (less or interrupted funding from local authorities and/or international funding sources) and by the presently more dynamic evolution of the institutional frame in which they are to develop in the future.
- The TA project in support of the regional economic and SME development has a twofold challenge: the above underlined more effective assistance to the RDAs in the (re)formulation of their respective business strategies, and the staking out a more sustainable space for its further action, by widening its operational platform so as to include the partners and beneficiaries from the Entity of Republika Srpska (SME Agency, inter-communal development

agencies), thanks to the policy agreement reached between the EC and the Entity of Republika Srpska Government.

- The TA project in support of the SME policy and institutional capacity development will certainly optimise its effectiveness and impact in seeking a tighter synergy with the above TA project, so that their combined “top to bottom” and “bottom up” effects can be set into synergy.

# ANNEX I

## List of Monitoring Reports on the reference projects

C/N	Project Ref. No	Project Title	Project End Date	Project Authority	Monitoring Report Ref.	Design	Efficiency	Effectiveness	Impact	Sustainability	Key Observations / Recommendations
1	217213	EU Support to Institutional capacity building for Regional Economic and SME Development	22/09/12	WYG International Ltd, UK	MR-129400.01	C	C	C	B	C	The project Inception Phase, though prolonged, did not provide the planned results. Contractor: 1) Review the IR to deliver a much better structured intervention logic with clear sequence of activities for each Component and a clear strategy for the implementation of the intervention at all levels. This should comprise a more precise and better differentiated appraisal of the RDAs' real needs and, on this basis, an action plan tailored to such needs: consultation with the RDAs in the frame of the review of the IR would contribute to create a more conducive partnership environment. 2) Consider the REDAH voucher scheme and deliver a critical assessment of it in the reviewed IR, with the view to the possibility of its replication in the frame of the project's SME Component.
2	217315	Support to implementation of REDAH Business Plan	3/09/11	RDA of Herzegovina region (REDAH)	MR-129600.01	B	B	B	B	B	Despite recent implementation start, the efficiency is at commendable level with the output delivery vigorously addressed. The contractor is advised to: 1) Timely submit the future progress reports to facilitate project management. 2) Specify if additional outputs were delivered to show good value for money. 3) Encourage replication of the voucher scheme to other economic regions to develop consciousness on the need to upgrade skills to promote consultancy. 4) Define in the draft fundraising strategy the exact amounts of confirmed and expected incomes under all funding categories in order to provide clarity and easier follow-up.
3	217429	Co-financing Support to the Implementation of NERDA Business Plan 2009-2011	16/09/11	RDA of North East region (NERDA)	MR-129880.01	B	B	B	B	B	NERDA's reputation is well established based on successful implementation of numerous projects. The Contractor is advised to: 1) Provide 4-monthly progress reports to facilitate project management; 2) Clarify responsibilities and cooperation aspects with EURLSMED project to ensure that relevant assistance is provided to NERDA and RDA Network Support Unit is established; 3) Provide in the draft Sustainability Plan the elaboration of political sustainability, clear fundraising strategy with comprehensive description of products, services and amounts of confirmed and expected incomes to enable clear follow-up; 4) Discuss with Tuzla municipality the possibility of future funding of NERDA operations, and if agreed, include it in the draft Sustainability Plan. 5) Promote the GF model to other economic regions as a good practice for regional economic development.

C/N	Project Ref. No	Project Title	Project End Date	Project Authority	Monitoring Report Ref.	Design	Efficiency	Effectiveness	Impact	Sustainability	Key Observations / Recommendations
4	217412	Support for institutional Capacity Building of SERDA	16/09/11	Sarajevo Regional Development Agency (SERDA)	MR-129922.01	B	B	B	B	B	The Contractor is advised to: 1) Refine and cluster the 32 results and relate them with respective activities and outputs, in order to facilitate the follow up of achievements; 2) Improve the Workplan with more precise schedule of activities implementation; 3) In order to increase the transparency towards EUD consider establishing the practice of reporting on quarterly basis providing update on the progress against the project logframe/Business Plan, together with the update on all the other donors projects influencing the impact and sustainability of SERDA services; 4) Improve the Sustainability Plan providing more detailed information on confirmed, contracted and expected income from all sources (founders, external donors, service charges) and projections of the future needs; 5) Consider the possibility of updating the Sustainability Plan next year again.
5	219214	Support to implementation of REZ RDA activities 2009-2011	1/10/11	RDA of Central Bosnia region (REZ)	MR-130343.01	B	B	B	B	C	Project efficiency is satisfactory, however, medium to long term sustainability is questionable. The contractor is advised to: 1) Submit future progress reports on 4-monthly basis to facilitate project management; 2) Provide in the draft Sustainability Plan: comprehensive elaboration of financial sustainability beyond 2011; exact amounts of confirmed and expected incomes under all categories; and elaboration of additional incomes from services, products, private sector, donors and national authorities; 3) Continue lobbying with national institutions (i.e. Cantonal Ministry of Economy) and sharing regular reports, publications, to secure financial commitment; 4) Clarify: with EURLSMED the aspects of cooperation to ensure that relevant TA is provided to REZ; and with RDAs useful sustainability models (voucher scheme, credit guarantee fund, etc.).
6	226665	EU Support to SME policy and Institutional Capacity Development	31/07/11	GFA Consulting Group, DE	MR-131744.01	B	B	B	B	B	Despite the fact that the Law (a project pre-condition) has not been adopted yet, the timing of the project is adequate as some activities can be implemented without the legal framework. Nevertheless, the adoption of the Law remains the prerequisite for the achievement of the project objectives. The Contractor is advised to: 1) Identify measurable OVIs, and ensure that the ToR goal "the achievement of level three of the EU SME Charter Policy index" is reflected; 2) Clarify the project's contribution and outcome related to the ER 2.1. on the attainment of the EU Charter for Small Enterprises; 3) Clarify the areas and scope of support to lower levels and re-assess the adequacy of project inputs for this support (Activity 1.1.); 4) Clarify the level of inputs required by the beneficiaries; 5) Improve the project's identity by devising an acronym; 6) Include donor coordination in the agenda of the future SC meetings. EUD and Contractor are recommended to: 1) Follow up the nominations of SC members. Continue monitoring developments on the adoption of the Law, and in case the Law is not adopted on time, re-consider the justification for the continuation of the project.

C/N	Project Ref. No	Project Title	Project End Date	Project Authority	Monitoring Report Ref.	Design	Efficiency	Effectiveness	Impact	Sustainability	Key Observations / Recommendations
7	226665	EU Support to SME policy and Institutional Capacity Development	31/07/11	GFA Consulting Group, DE	MR-131744.02	B	B	C	B	B	The Contractor is recommended: 1) To initiate the new SMEP ToR Addendum in order to formalise the recent changes. 2) To revise the LFM in order to reflect the latest sector developments. 3) To start considering rebalance and reallocation of unutilised inputs in order to use them where most needed in future, bearing in mind the possibility of a no cost extension. The MoFTER and related state-level authorities are recommended to accelerate the implementation of the Strategy and to officially inform the EU Delegation about the latest official developments enabling appropriate follow-up and evaluation of the project related events.
8	217213	EU Support to Institutional capacity building for Regional Economic and SME Development	22/09/12	WYG International Ltd, UK	MR-129400.02	B	C	C	B	C	The project has now reached a stage of implementation which calls for further consolidation of its formal intervention logic and for a more proactive approach for reinforcing its operational set-up. Contractor: 1) Work further on the LFM in order to introduce key Results, consolidate the too long list of Outputs and fine-tune certain OVI's, to render them usable for project benchmarking. 2) Widen the approach to the preparation of the SME Voucher scheme in order to (i) include the RS Entity actors in the present operational set-up, (ii) carry out a critical appraisal of the donors' views and readiness to enter this scheme and (iii) approach financing organisations (national banks and IFI) in order to build a possible link between non-financial and financial business support. 3) Support further the RDAs in their final review and consolidation of their business plans. 4) Develop tighter coordination with the project "EU Support to SME Policy and Institutional Capacity Development". EUD and Contractor: 1) Convene as soon as possible the 2nd meeting of the SC and invite the RS Entity actors (RS SMEA, inter-communal agencies of East Sarajevo and East Herzegovina) to join the Steering Committee. 2) Integrate these RS Entity actors in the platform of project partners/beneficiaries within both Components.