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Infrastructure Repair in Bosanski Petrovac and Bosanska Krupa

FINAL REPORT

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1. GENERAL BACKGROUND

Canton 1 has proven to be one of the most successful minority return areas in BiH, where the process of return started as early as 1997. Bosanski Petrovac municipality, where spontaneous returns of DPs and refugees continue to occur in large numbers today, is a thriving model of minority return. This is partly due to the political will and enabling environment in this municipality, which eases the reintegration and reconciliation process. Similar to Bosanska Krupa municipality, a significant number of returnees from Serbia and Montenegro (SaM) are leaving collective centers or rented private accommodation to return spontaneously, without any assistance. In its ongoing rehabilitation and return project, IOCC is currently returning and assisting refugees from SaM, which represent more than 30% of IOCC's project beneficiaries in these two municipalities.

The International Community has made a considerable investment in rehabilitation projects, such as housing and infrastructure repair in support of the return process. Millions of US dollars have been spent just on basic community infrastructure in Bosanska Krupa and Bosanski Petrovac municipalities to spark economic reactivation, which directly and indirectly encouraged returnees from SaM. With PRM and USDA funding IOCC implements income generation projects to support returnee families, which now can be used as a basis for follow-on loans to guarantee returnee self-sustainability. Income generation assistance provided up to now has contributed to security and stabilization, offsetting the stage to move into medium to large scale economic development undertakings.

The Swiss milk processing company "Meggler", which has established a milk-processing dairy in Bihac, will play a significant role in this process, by representing a model of combining state and private investments for regional and individual development. In most communities of Bosanska Krupa and Bosanski Petrovac, Meggler has organized the collection of milk, either through the establishment of milk collection points and cooling tanks like "lacto freezers", or through daily milk collection routes throughout the region. A major pre-condition for the operation of this milk collection system was the rehabilitation of basic community infrastructure, like electricity supply systems.

Various donor agencies provided major assistance for shelter, infrastructure repair and income-generating undertakings. In most cases this assistance has achieved household sustainability and set a basis for regional economic recovery and development. One of the outcomes is that on June 30 this year, for the first time after the war, the livestock market in Bosanska Krupa has been re-opened. This institution will guarantee household producers a nearby market. The re-opening of the livestock market is an opportunity for local producers and has had a dramatic and positive effect on the way returnees and domicile population think. As one of the return association leaders said: "Now it will be like before the war. Huge trucks from the Dalmatian Coast (Croatia) will come and buy all the cows from the market". The re-opening of the market is an indicator of the developed stage of the return process, which was enhanced by the amount and variety of assistance provided by the International Community.

Partly due to the given geographical breakdown of returnee villages (there are a total of 35 villages in the municipality of Bosanski Petrovac, with only Bjelaj being ethnically mixed) and partly due to the constructive political environment in this municipality easing the reintegration process, minority returnees are overwhelming the capacities of donor agency funds. IOCC was able to continuously provide assistance to this municipality since 1998. With USAID funding, IOCC and other USAID partners, including UNDP and international NGOs, completed major local infrastructure repairs, covering the supply of water and electricity to most of the returnees. Another of IOCC's pilot income generation projects to assist returnee families includes the start up of a first commercial Hog Breeding Farm, operated by a women's association. Also, IOCC has successfully established four community teams that are implementing health post rehabilitation, streetlight repair and garbage collection points with considerable municipal contributions. This developed stage of the return process represents perfect ground for self-sustainability assistance to returnee communities.

Despite the positive development of the return process, the shortage, lack or damaged utility services and community infrastructure in both municipalities continued to prevent desirable rates of sustainable minority return, while hampering economic and social improvement for scores of spontaneous and resettled returnee families. The lack or shortage of electricity prevents not only the return of families to their pre-war households but also limits access to jobs and sustainable livelihoods. The traditional economic backbone of the two municipalities - agro-forestry, woodcutting and processing industries (furniture, carpentry, household fixtures, etc) - could not operate without access to electricity or offer renewed employment to potential returnees skilled in these trades. Lack of employment and basic infrastructure, is a major deterrent to the return process and the self-sustainability of returnees, especially for work capable families with children.

Thus, IOCC's infrastructure repair project funded by USAID aimed to: a) improve minimum living conditions for returnee families, b) enhance additional potential returns and c) set the preconditions for a sustainable return process in five local communities of Bosanska Krupa and two local communities of Bosanski Petrovac through the repair of essential electricity infrastructure.

2. IOCC PROJECT IMPLEMENTATION EXPERIENCE IN TARGET MUNICIPALITIES

Since 1998 IOCC has focused its reconstruction and rehabilitation projects in Cantons 1 and 10 of the Federation of Bosnia and Herzegovina (FBiH) and Northern Republika Srpska (RS).

IOCC began its intervention in Bosanski Petrovac in February 1998. Since then, IOCC has maintained and increased its operational momentum, implementing projects that have

addressed the pressing needs of returnee and domicile families through complementary relief and development approaches. Owing to the international community's strategic foresight, commitment to the return process and financial support, and the work of IOCC and other international and local NGOs, the municipality of Bosanski Petrovac is a model municipality for successful return.

Considerable minority return to Bosanska Krupa started in the year 2000. IOCC recognized the rising need for assistance and requested funding for projects covering shelter and sustainability components. PRM acknowledged Bosanska Krupa as a priority area and allocated funding for two consecutive fiscal years (2001 and 2002) enabling the return of more than 230 persons with the rehabilitation of 67 housing units.

IOCC's five-year experience in the area has provided multifaceted assistance to more than 3,800 individuals through reconstruction of 375 housing units, and approximately 160 km of electricity, and 78 km of water supply lines, including work carried out under this USAID-funded project. Moreover, IOCC has provided livestock, small machinery and other agriculture-related inputs to returnees to guarantee food security and make modest yet significant incomes through agriculture revitalization. Finally, through its USDA-funded project, IOCC has supported various local Non Governmental Organizations (NGOs) in the municipality by building their institutional capacity through intensive NGO management training, and financing small-scale projects that have restored basic health services, secured new vocational skills and employment for women and established small-scale livestock breeding farms with in-kind repayment mechanisms to serve vulnerable returnees and social cases.

IOCC chose to complement its housing rehabilitation project by repairing electricity networks where people are living, prioritizing returnees who had repossessed their pre-war accommodation. For this project, IOCC and USAID jointly selected the villages of Kolunic and Revenik in Bosanski Petrovac and in Bosanska Krupa the villages of Gornji Petrovici, Jasenice, Veliki Radic, Suvaja and Vranjska to maximize housing rehabilitation efforts on-going since 1998, guarantee sustainable return and to further boost the return and revitalization process.

3. PROGRESS AGAINST PROPOSED GOALS AND OBJECTIVES

IOCC proposed the following overall goals and objectives to create conditions for sustainable returns in the municipality:

Goals and Objectives

To ameliorate deplorable living conditions of minority returnees (spontaneous and resettled returnee families) and to facilitate sustainable return of refugees and Internally Displaced Persons (IDPs) to Federation Canton 1 through the repair of essential infrastructure in two local communities of Bosanski Petrovac and five local communities in Bosanska Krupa.

This project aimed to improve living conditions of returnee families and encourage increased minority return by repairing essential infrastructure to restore community services and guarantee sustainable return of refugees and IDPs in Bosanski Petrovac and Bosanska Krupa. The infrastructure repair works included:

- Providing electricity to returnee families living in Bosanski Petrovac and Bosanska Krupa by repairing high voltage lines, transformer stations, low voltage networks, and house connections

Achievements and Results

- 84 km of electricity network lines (low and high voltage) and 21 transformer stations repaired;
- 240 housing units connected to the electricity network
- Direct Beneficiaries Served: 240 families, approximately 840 persons in Bosanski Petrovac and Bosanska Krupa municipalities;
- Indirect Beneficiaries Served: 321 families, approximately 1,100 persons in both municipalities, whose pre-war homes can be connected to the rehabilitated electricity supply networks, once they return and repair their homes.

4. COORDINATION EFFORTS

With the aim of successfully implementing this project and achieving a multiplier effect for the funding invested, IOCC spent significant time coordinating and strategizing with local authorities (at the municipal, cantonal and entity levels), public partners (Elektrodistribucija), local partners (Associations of Displaced Persons), and the International Community (including the Office of the High Representative (OHR) and the UN High Commissioner for Refugees (UNHCR), main bodies for the coordination and the prioritization of projects in the area), and all international NGOs working in the area, such as Technisches Hilfswerk – THW, Edinburgh Development Aid – EDA, the Lutheran World Federation – LWF, World Vision International – WVI, CARE, etc. IOCC coordinates and shares information with institutions to identify complementary program synergies and gaps, and to avoid programmatic and beneficiary duplication.

Major efforts were undertaken to cover the needs in the field as efficiently as possible and to achieve higher outcomes of project implementation, by coordinating 1) with other IOCC project departments targeting the same areas, 2) with International Agencies implementing projects of the same nature (infrastructure rehabilitation) in the region and 3) with other implementing agencies (international or local) providing assistance to beneficiaries in the region. This approach was chosen to achieve a multiplier effect on the provided assistance on a local, but also on a regional level.

4.1 IOCC Implemented Projects

IOCC has provided a variety of assistance to the two target municipalities for over five consecutive years. This help includes shelter repair for minority returnees (refugees and IDPs), basic infrastructure rehabilitation (repair of electricity and water supply systems), household sustainability assistance (food and hygiene parcels, household appliances, gardening and tool kits), agricultural development activities (provision of seed and tool packages, live-stock and tractor attachments), income generation undertakings (opening of pig and poultry mini farms, a “Bukovaca” mushroom farm, a mini-textile and handicrafts workshop, auto wash and repair shops, a carpentry workshop, and provision of seeds, fertilizer and tools for crop and potato farms), as well as organizational development and capacity building training and grants for local NGOs. Funding for these activities was provided by various donors, including USAID, USDA, PRM, EC, ECHO and IFAD. Having the possibility to cover most of the basic needs of project beneficiaries ensures a sustainable return of families and additionally, encourages and increases the number of spontaneous returnees. A strong return community is essential to community and regional economic development.

Overall, IOCC implemented assistance projects with a total value of approximately \$7 million in both municipalities. Having received assistance during various stages of their return and re-integration process, IOCC beneficiaries now have the chance to start a decent life having all the preconditions to earn their livelihood and to achieve self-sustainability.

4.2 Agencies Implementing Similar Projects

IOCC was in regular contact with international agencies providing community infrastructure repair in both municipalities. The frequent local RRTF (Rehabilitation & Return Task Force) meetings, in cooperation with target municipal authorities, have been a very effective tool of cooperation among the various agencies operating in the same areas. Sharing information at this level allows agencies to coordinate their work, seek synergies and avoid duplication. An additional prerequisite for efficient coordination was the involvement of ED, which supplied gridlines and traces for a regional coverage of electricity supply networks.

SFOR

Various international agencies are rehabilitating electricity supply systems in the two target municipalities. However, most of them operate on a very small scale and in limited locales. SFOR, for example, was able to ensure funding for the repair of 700 meters of low-voltage network and contacted IOCC to seek advice on potential project locations. With the available funding, SFOR was able to connect several homes to already rehabilitated electricity supply lines. Undertakings like these are necessary, since they are targeting communities where the major electricity lines have been repaired some time ago but are not connected to the homes of new returnees.

Dorcas AID

This NGO targeted a rather small transformer station area, by mounting a transformer station and rehabilitating 1.2 kilometers of low-voltage lines in Rasinovac (Bosanski Petrovac). This complementary activity is significant for the regional coverage of existing needs since USAID funded large-scale projects implemented by IOCC, Parsons Delaware (Parsons) and American Refugee Committee (ARC) and the EC funded electricity rehabilitation undertaken by World Vision International and EDA.

Parsons

Implementing large-scale projects funded by USAID, Parsons and IOCC complemented each other's activities by taking advantage of rehabilitated supply lines and efficiently covering the needs of the region. In Gornja Suvaja (Bosanska Krupa) for example, Parsons rehabilitated the transformer station area Gornja Suvaja 2 with the necessary medium-voltage supply line. IOCC – covering the same community – was able to take advantage of this rehabilitation and only needed to repair a branch supply line to transformer station Gornja Suvaja 1. In order to supply transformer stations Gornja Suvaja 3 and 4 with adequate electricity, IOCC only extended the 10/20 kV line repaired by Parsons in 2001.

Very similar was the situation in Runic, Bosanski Petrovac. IOCC rehabilitated the medium-voltage line for the transformer station in Runic, while Parsons only extended this line and completed two branches in order to connect the transformer stations Bare 3 and 4.

ARC

With USAID funding, ARC undertook rehabilitation activities on the village water supply system in Gornji Petrovici in 2001/02. However, it lacked the necessary investment to complete the repair of electricity supply to the returnees and the water pumps to provide running water for the rehabilitated supply systems. ARC was able to repair the 10/20 kV line for two transformer stations in Gornji Petrovici. IOCC completed the two transformer station areas (Gornji Petrovici 1 & 2) and repaired an additional one in total (Gornji Petrovici 3). In Gornji Petrovici, IOCC connected a total of 28 users to the repaired power supply networks, including all four water supply structures containing pumps.

Edinburgh Direct Aid

In Jasenica, Bosanska Krupa, EDA through EC funding aimed to complete 3 low-voltage networks and to connect homes to the repaired lines. However, EDA lacked financial means to replace the three transformer stations and to rehabilitate the 10/20 kV line, supplying the transformer stations with medium-voltage. With minimum investment, IOCC completed the work and now over 40 households in Jasenica are connected to electricity.

CARE International

In 2000/2001, CARE was able to obtain EC funding for rehabilitation of electricity supply grids and transformer station areas. One of them was Gudavac 1, where they repaired only a small part of the electricity supply system due to the lack of returnees. In the meantime 7 more families returned and repaired their homes. With minimum investment, IOCC was able to complete the low-voltage lines and to connect the seven homes of the newly returned families.

In Kovacevci, a hamlet of Mali Radic (local community of Veliki Radic), CARE repaired two transformer station areas that supplied electricity to 7 homes out of 9 repaired by IOCC. IOCC extended the low-voltage line and connected the electricity supply line to the 2 remaining homes.

World Vision International

WVI's project in Vodjenica, Bosnanski Petrovac, funded by the EC, represented a significant contribution to regional electricity coverage. The village is located between Krnjeusa and Suvaja, communities where IOCC and Parsons have and are re-establishing power supply. WVI provided shelter assistance to approximately 70 homes in Vodjenica and repaired 8 transformer station areas, reconnecting most of the returned population.

4.3 Various Assistance provided by IAs in target region

IOCC has regularly exchanged information with RRTF and other agencies active in the area in order to complement each other's activities and to avoid duplication of assistance. For example, IOCC received regular updates by other international agencies regarding their plans for home rehabilitation, so that individual homes could be re-connected to rehabilitated electricity supply lines.

Complementary activities provided by various international agencies in both municipalities, other than the ones mentioned above are as follows:

- EDA – rehabilitation of 50 homes, provision of livestock and milk cooling tanks.
- LWF – assistance for shelter repair of over 150 homes, income generation activities
- CARE – assistance for repair of over 100 homes
- THW – assistance for repair of over 200 homes, repair of primary health-care center

- ARC – assistance for repair of 36 homes
- IRC – assistance for repair of 40 homes
- WVI – assistance for repair of 60 homes
- Dorcas AID – assistance for repair of 30 homes, provision of emergency food and medicine
- Bread of Life – provision of tools, seeds and fertilizers
- Agrinas – formation and supply of farmers’ cooperatives

5. IMPLEMENTATION METHODOLOGY AND TIMELINE

Given the complexity and size of the proposed activities, IOCC developed an implementation strategy that factored: a) the multiple activities to be achieved, b) the numerous implementation stages, c) the harsh winter weather conditions, and d) the long distances between the targeted sites. IOCC developed a manageable activity breakdown to ensure timely completion of the project. The most efficient way to divide activities was per geographic areas. The electricity repair activities were broken down into three phases, weighing the volume of work and the geographic locations. IOCC projected a four-to-five-month period to complete each phase. Please find attached Annex 1 – Implementation Schedule – for detailed information.

IOCC held several meetings with the local authorities, communities and “Elektrodistribucija” to 1) inform, discuss and subsequently receive approval from the respective parties for the implementation of the initial three project phases and 2) to ensure that the proposed repairs were in compliance with existing BiH technical and environmental standards, and to seek approval from all relevant institutions.

A MOU was signed with the director of “Elektrodistribucija” (ED) in Bihac in late May 2002 prior to project start-up (the MOU can be found attached as Annex 2). According to the signed MOU, ED would prepare and submit to IOCC, at no cost, preliminary designs of project sites. Whenever staff resources allow, ED would also prepare final designs. IOCC agreed to provide ED with one month’s notice before the start of the individual phases, which would give ED time to prepare designs for project locations of each phase.

IOCC’s technical team, consisting of one electrical engineer and a field monitor, worked in close cooperation with ED Bihac and respective field offices’ staff that all rehabilitated homes (or homes being rehabilitated at that moment) were included in the preliminary designs for rehabilitation. These preliminary designs served as a basis for IOCC’s tendering process. Once the preliminary designs were completed, USAID technical staff were invited for the approval (or rejection) of the respective designs. Once the approval was made, IOCC initiated the tendering processes.

The tenders for rehabilitation of electricity supply lines included the preparation of final project designs for the structures to be rehabilitated as a requirement, i.e. the winning bidder would have to prepare final project designs prior to the start of rehabilitation works. These final designs were prepared in close cooperation with IOCC technical staff and the three-delegated persons from ED Bihac – one per target municipality (Bosanski Petrovac and Bosanska Krupa) and one coordinator at the cantonal level.

6. TARGET BENEFICIARIES AND GEOGRAPHIC AREAS

Since the municipalities of Bosanski Petrovac and Bosanska Krupa have been a target area for IOCC's return and reconstruction activities since 1998, IOCC suggested areas with already-resettled and spontaneously returned families (or in the process of return) as a main selection criterion. The chosen target communities also complement electricity rehabilitation works throughout the two municipalities implemented at earlier stages.

The originally proposed electricity repair activities were implemented in seven local communities (two in Bosanski Petrovac and five in Bosanska Krupa) selected because of the high levels of infrastructure damage and minority return. As described earlier, the project sites were grouped according to geographic clusters and prioritized on a "first come - first serve" principle for returnees who returned earlier:

- Phase 1: Bosanski Petrovac – local community Kolunic (Transformer Station areas Sekovac and Runic) and local community Revenik (Transformer Station areas Revenik 1, Revenik 2 and Sepe);
Bosanska Krupa – local community Vranjska (Transformer Station areas Vranjska 1, Vranjska 2, Besirevici, Batinovac and Mosura).
- Phase 2: Bosanska Krupa – local community Gornji Petrovici (Transformer Station areas Gornji Petrovici 1 and 2), local community Jasenice (10/20 kV supply line for Transformer Station areas Jasenice 1 and 2 and Gorinja), local community Suvaja (Transformer Station areas Donja Suvaja 1 & 2, Gornja Suvaja 1, Gudavac 2 & 3) and local community Veliki Radic (Transformer Station area Mali Radic).
- Phase 3: Bosanska Krupa – local community Gornji Petrovici (Transformer Station area Gornji Petrovici 3), local community Suvaja (Transformer Station areas Donja Suvaja 3, Gornja Suvaja 3 & 4 and Gudavac 1).
- Phase 4: This extension period included the extension of existing low-voltage lines and the connection of houses to the repaired networks in the local communities of Bosanska Krupa municipality.

Bosanski Petrovac

In Bosanski Petrovac municipality, various projects have re-established power supply to several return communities, but do not cover all returnee locations. In some communities, returnees have been awaiting electricity supply for almost three years. In the local community of Kolunic, two transformer station areas rehabilitated in 2001 covered a significant amount of minority returnees, while several more transformer station areas were necessary to completely satisfy the community's need. IOCC rehabilitated two transformer station areas in this local community, while USAID funded Parsons to rehabilitate two additional areas. Parson's project was directly connected to IOCC rehabilitation activities, by using the repaired 10/20 kV line and connecting their two repaired transformer stations with high-voltage branches.

NB: For a detailed overview of target geographic locations for Bosanska Krupa and Bosanski Petrovac please refer to the maps in Annex 3a and Annex 3b respectively.

In Kolunic, several international agencies completed shelter repair activities resulting in the reconstruction of over 100 homes. A great portion was completed with EC funding. IOCC completed minor rehabilitation works on the low-voltage line in Kolunic, repaired in 2001, in

order to connect two additional homes – which were just recently reconstructed – to the repaired electricity supply line.

In the local community of Revenik (adjacent to Kolunic), minority return was envisaged as early as March 2000. With PRM funding, IOCC assisted 10 returnee families in Revenik to repair their homes. Other agencies followed with additional reconstruction activities. With the previous USAID funded project (IOCC - USAID agreement 168-G-00-01-00105-00) IOCC reconstructed one transformer station area. Under this project, IOCC repaired another two transformer station areas (Revenik 2 and Sepe), extended the earlier repaired low-voltage line (Revenik 1) and connected a total of 23 households to electricity supply networks. Please refer to Annex 4 for a detailed overview of repaired transformer stations, house connections and the respective length of medium and low-voltage lines.

Taking into consideration USAID's ongoing electricity supply rehabilitation activities (in the returnee communities of Dolovi, Tavani, Bare, Vedro Polje, Vranovina, Risovac, Suvaja and Krnjeusa) it can be stated that quite a high percentage of Bosanski Petrovac municipality is covered with electricity supply networks and that the majority of returnees have access to power supply.

Bosanska Krupa

There are two major returnee areas in Bosanska Krupa municipality:

- 1) The largest area, in geographical terms, is the so-called "Podgrmec area", as it rests beneath the "Grmec" mountain. It is located south of Bosanska Krupa town, in the southern part of the municipality and it stretches from the village Veliki Radic in the East (bordering with Bihac municipality) along the Southern border towards Bosanski Petrovac to Jasenica and Majkic Japra Gornja in the West, adjacent to Sanski Most municipality. It includes a total of 5 local minority communities and over 40 villages and hamlets. Until the start of this project, only 6 transformer station areas were repaired – 2 in Veliki Radic, 2 in Mali Radic, 1 in Gudavac (all funded by EC) and 1 in Suvaja (transformer station area Gornja Suvaja 2 – funded by USAID) covering only a small percentage of the existing needs. IOCC repaired 1 transformer station area in Mali Radic, 5 in Vranjska, 3 in Gudavac, 3 in Donja Suvaja, 3 in Gornja Suvaja and provided electricity supply to 3 transformer stations in Jasenica. A total of 171 households in the Podgrmec area were reconnected to electricity supply.
- 2) The second largest area is located West of Bosanska Krupa town, along the Inter-Entity Boundary Line towards the RS. It stretches from the village of Gornji Petrovici in the North to Jasenica in the South. Minority return started in 2001; however, it has become a significant minority return area in recent months. IOCC repaired three transformer station areas (Gornji Petrovici 1, 2 and 3) and connected a total of 28 users to the repaired power supply networks, including all four water supply structures containing pumps repaired by ARC.

7. COMPLETED PROJECT ACTIVITIES

Due to Bosnia and Herzegovina's (BiH) standards for public works, the importance of the work undertaken under this USAID-funded project, and the repercussions on the economic life of the local communities, IOCC has involved all relevant actors and organizations during the process of project implementation. Local, Municipal and Cantonal authorities, international organizations and other involved institutions were regularly approached in individual and collective meetings in order to coordinate, report, inform and collect

information and to keep them engaged in every step of the process to ensure a holistic approach, and to transfer local ownership and future maintenance accountability.

The main institution that IOCC dealt with is "Elektrodistribucija", the public company responsible for electricity works. IOCC held numerous meetings with the cantonal and municipal authorities, returnee communities and associations, and Elektro distribucija to inform, discuss and seek endorsement from all interested parties for the implementation of all IOCC USAID-funded project segments.

In order to ensure a fair competition and a transparent selection process of all potential sub-contractors to undertake rehabilitation works, IOCC completed a BiH-wide pre-qualification process in mid 2001 during its previous infrastructure project funded by USAID. The selection process was based on an evaluation scheme that considered the following criteria:

- the company's financial turn over during the past three calendar years
- experience in the related field
- the number of long-term or permanent employees
- the educational qualification of the company's core staff
- the existing capacity of the company to undertake the works to be contracted
- the company's assets, including necessary machinery available to undertake the project activities.

Based on this pre-qualification test a pool of proven reliable contractors was identified, contacted and invited to submit their bids according to the tenders. In order to ensure an optimal implementation, and a fair competition and selection process of potential sub-contractors, IOCC developed a tendering strategy that combines two main aspects:

- 1) Capacity: contracts shall be signed only with responsible and reliable contractors who proved to possess the capacity to successfully implement the works according to the terms and conditions of the proposed contract
- 2) Transparency

Following these core principles, IOCC invited a minimum of four companies for each tender and bidding process, of which at least one would systematically be a company that IOCC had not worked with before, but showed excellent references from previous contracts with international organizations. The following breakdown provides a detailed overview of completed activities per each implementation phase:

7.1. Phase 1 (June 2002 through December 2002)

In accord with the MOU with ED Bihac, on June 5, 2002, IOCC informed ED Bihac in writing about the start of Phase 1 of this project. IOCC was supposed to receive at least preliminary designs by ED Bihac not later than July 5. However, IOCC did not receive these designs until late August. Reasons for this 2-month delay were as follows:

- The director of ED Bihac was replaced, which in itself caused delays. However, ED's main engineer and the only person at ED Bihac able to prepare these kinds of designs was named Interim Director, and was forced to stop all ongoing work on preparation of designs for IOCC because of other more pressing issues.
- In addition, this person was tied up preparing similar designs for other agencies implementing electricity rehabilitation works in Una-Sana Canton. Consequently, Parsons Delaware, EDA and ARC, all implementing electricity repair projects in Canton 1, also experienced significant delays in the preparation of preliminary designs.

Instead of 1 month as originally planned, ED required 3 months to complete the design. All designs included in-depth field assessments, which made it easy for IOCC to prepare exact tenders. The preparation of tenders started immediately after receiving preliminary designs. The USAID Banja Luka representative in charge of the technical aspects of the project was invited for a site visit, where the Scope of Work was submitted for approval, prior to issuing the tenders.

For efficiency reasons, IOCC divided Phase 1 rehabilitation activities into five approximately equivalent clusters, taking into account the volume of activities to ensure a successful and timely implementation of all planned activities. The rehabilitation activities of each cluster were initiated simultaneously to avoid project implementation delays due to potential harsh winter conditions and to make up for the delay in receiving preliminary project designs. IOCC also anticipated that a company bidding for more than one cluster might have the most cost-effective offers. As such, IOCC opted to allow one contractor to undertake two contracts should its bids be selected in accordance cost and technical criteria.

IOCC invited six well-known construction companies (out of which four had past working experience with IOCC) for a field visit to the implementation sites to ensure that the contractors were fully aware of the environmental context of the works, and handed them the tenders. In mid September 2002 IOCC awarded five contracts to three companies. The rehabilitation works started immediately, and were completed according to the planned implementation timetable without significant delays.

Following the completion of Phase 1 in early December, IOCC prepared for the technical acceptance and hand over of the repaired networks. On-site inspections were carried out by IOCC and its contractors. The technical acceptance and hand over took place in late January with the participation of representatives from IOCC and ED. After 8 years of deprivation, the electricity flow was re-established to the communities in Revenik and Kolonic in Bosanski Petrovac and Vranjska in Bosanska Krupa.

7.2. Phase 2 (August 2002 through April 2003)

While waiting to receive the documentation for Phase 1, IOCC anticipated the planned implementation schedule, and informed ED Bihac about the start of Phase 2 on August 13, 2002. Unfortunately, ED Bihac could only complete the preparation of preliminary designs by mid October 2002. Accordingly, IOCC prepared the respective tender documentation and issued tenders in late October 2002.

IOCC applied the same principles of Phase 1 and divided the electricity rehabilitation works of Phase 2 into six approximately equal clusters, based on the workload and the location. One cluster included two types of activities:

- (1) Rehabilitation activities to complement Phase 1 undertakings, for which no additional project documentation is necessary, as it was already prepared under Phase 1¹;
- (2) Repair activities for Phase 2, for which the contractor designed new project documentation.

Consistent with its strategy already set under Phase 1, IOCC invited six companies for the Phase 2 tender and bidding process, out of which two companies had not been contracted by

¹ After the completion of the preliminary designs of Phase 1 activities, and due to the increase of returns to those areas, international NGOs and the RS Ministry of Refugees and DPs have rehabilitated over ten houses in Revenik, Kolonic and Vranjska. As these houses were not originally planned to be connected to the electricity network, IOCC has made slight modifications of Phase 2 activities, which enabled the connection of those houses to the electricity network.

IOCC before. After a site visit ensuring the familiarity of the potential contracting companies with the working sites, the companies received the tenders covering the Phase 2 rehabilitation works, and submitted their bids in late October 2002. As a result of the bidding process IOCC signed contracts with three companies on November 12, 2002. Rehabilitation works started immediately, and IOCC anticipated a completion date in February 2003 provided the weather conditions were favorable.

Because of the harsh winter season, IOCC monitored its sub-contractors very closely, but was able to complete Phase 2 only by the end of March 2003. IOCC and its contractors carried out on-site inspections and technical acceptances. On April 23 and 24, 2003 with the participation of representatives from IOCC and ED the official handing over took place. The completed objects are located in the local communities of Gornji Petrovici, Veliki Radic, Suvaja and Jasenica, all in Bosanska Krupa municipality.

7.3. Phase 3 (February 2003 through June 2003)

IOCC's preparations for Phase 3 activities were completed in early March 2003. Soon after, IOCC requested preliminary project designs from ED, which were received by mid April 2003. Upon receipt of USAID's approval for the Scope of Work to be undertaken in the local communities of Gornji Petrovici and Suvaja (both in Bosanska Krupa municipality), IOCC initiated the tendering process. IOCC signed contracts in late April 2003.

As in the two preceding phases, IOCC divided Phase 3 into four approximately equal clusters, which was determined based on the workload and the distances between sites. Three contractors were chosen on the basis of timeliness and cost-effectiveness.

All activities under this phase were completed by mid June 2003. In the second half of June, IOCC technically accepted the completed works by the sub-contractors and handed over the networks to ED in late June 2003.

With the completion of Phase 3, IOCC had fulfilled all requirements of the grant agreement with USAID.

7.4. Extension of Grant Agreement - Phase 4 (May 2003 through June 2003)

Despite the US dollar's decline in value, an optimum management of funds and considerable savings on the rehabilitation and administrative expenses allowed IOCC to record savings in the budget, which in turn allowed the rehabilitation of a few additional electricity supply lines.

Following USAID's approval for budget re-alignment and a one-month no-cost extension, IOCC identified complementary works in the originally targeted communities – additional electrification needs that could be covered in the same target communities in Bosanska Krupa by extending repaired low-voltage lines and connecting additional housing units in Jasenica, Gornja and Donja Suvaja and Besirevici (local community of Vranjska). As a result, IOCC carried out a competitive bidding process, and contracted for these works in early June 2003. These additional works were completed by the end of June 2003 and the final technical acceptance was carried out simultaneously with Phase 3 works. The rehabilitation of a total of 760 meters of low-voltage lines and the reconnection of 7 homes was achieved with the additional funds available under the extension phase.

Overall, in both municipalities of Bosanska Krupa and Bosanski Petrovac, IOCC rehabilitated a total of 21 transformer stations and 85 km of electricity supply networks, and reconnected 240 households, thus enabling the sustainable return of 240 returnee families (840 persons),

and, has the potential to reconnect an additional 321 homes (1,124 persons) to the rehabilitated electricity supply networks.

8. RESULTS AND IMPACT ON HUMAN LIVES

When IOCC focused its assistance in the Northwestern part of BiH, and particularly in Bosanski Petrovac in 1998, the needs were tremendous, and the odds of seeing the area recover from the devastation of war were uncertain. With a cost-effective approach, and many creative and innovative ideas, IOCC succeeded to provide electricity to the returnee population and to those that had already resettled in previous years. Today, IOCC is encouraged to continue in the direction it took years ago by helping municipalities recover through a variety of relief and development assistance projects that promote community mobilization, re-integration, reconciliation and support and sustain the return process.

Actively engaged in the region with the reconstruction of houses, IOCC, with USAID funds, had the opportunity to complement its support to the population by providing over 84 km of electricity lines and by connecting 240 houses to electricity. Moreover, all MOUs and contracts include provisions for a minimum of one-year guarantee on completed works for any eventual repairs caused by faulty materials or damages. Most importantly, Elektro distribucija is accountable for the continuity of maintenance services beyond USAID and IOCC's intervention.

The return and infrastructure revitalization process is not only about returning people to their pre-war homes, giving them access to basic utilities in their households and freeing up space for potential returns, but also about developing rural communities in every social and economic aspect. When basic needs are not met and basic public services are not working, people cannot renew their lives or achieve economic recovery. Electricity should be seen as a crucial element to revitalize communities in all aspects. Access to electricity, directly and indirectly, enables stagnant communities to repopulate and revitalize by sustaining and encouraging the return process. It stimulates the local economy and social capital by increasing demand for social services (like hospitals, community buildings and schools), a supply and demand for retail and wholesale markets (agriculture cooperatives, grocery stores, carpentry workshops, etc.), and the return of a skilled and professional labor workforce for private and state businesses or institutions (doctors, lawyers, economists, teachers, farmers and tradesmen).

If the social and economic environment of municipalities and rural communities did not have access to such a basic utility as electricity, potential future returnees would not return but remain as refugees in other countries or displaced in BiH. This would have a negative ripple effect across the region, such as: contribute to the distortion of social and economic demographic structures by overpopulating urban centers and de-populating rural areas, bolster more "brain drain" of youth that seek education and employment opportunities abroad, and thwart rural development and the possibility to increase national production and trade, especially in the agriculture sector, one of the major backbones of BiH's economy.

The following are some human-interest stories verifying how the access to electricity and IOCC's coordinated community reintegration and support approach have a positive impact on people's lives.

The Bosanska Krupa communities of Veliki Radic and Vranjska represent a major minority return area. Over 200 families have returned since 1999. Most of the returnees were assisted to overcome emergency needs like shelter. Envisaging a good investment

opportunity, Mr. Asim Harbas, a Bosniak from Bosanska Krupa, has recently established a woodcutting and processing sawmill located between those two communities. The sawmill is now operating partly thanks to access to electricity. Mr. Harbas only had to construct 50 meters of medium-voltage line in order to connect the transformer station for his sawmill to the IOCC-rehabilitated regional 10/20 kV network.

Many refugees and IDPs were encouraged to return seeing the sawmill as one prospect of finding work. Running for only one year, the sawmill is now expanding with a need for more labor. Moreover, the employee composition of the sawmill is a representative model of multi-ethnic reconciliation. Mr. Harbas, the owner of the mill, decided to start his wood processing business after the war with partial international community investment in the form of grants and credits for equipment drops, and to hire employees from the returnee population. Presently, he directly employs 60 persons, of whom 10 are minority returnees to Vranjska and Veliki Radic. Indirectly, 150 families are earning their livelihood by cooperating with the sawmill. Mr. Harbas is waiting for additional credit to develop his business and increase his labor force by 20%, which will include additional minority returnees to the area.

Electricity supply is needed, not only for large and medium-scale businesses, but also at the household level. Besides ameliorating living conditions, electricity supply enables people to make long-term plans. Nada Skoric, a returnee to Vranjska, for example, stated that she is now able to engage in poultry-breeding in an organized and effective manner, since she has a deepfreeze to store perishable food. Similarly, Milka Grbic, another beneficiary, stated that her family is able to slaughter their calf and store the meat, as opposed to running to the market every second day.

Nenad Latinovic, who has returned to Jasenica, was very grateful for the re-establishment of electricity in his neighborhood: "It is very hard without electricity. In the winter it gets dark around 4.30 PM. You don't have any contact with the outside world - you have no access to the information. An additional problem is that the homes in this neighborhood are close to the woods and that nobody lived here for more than 8 years. Wolves, wild boars and bears are 'visiting' our yards almost every night to steal our livestock and poultry. Having some lights turned on outside during the night is a security factor."

Ratko Kovacevic returned to Mali Radic in early 2002 to find his property destroyed. Although IOCC repaired his home and provided him with livestock, Ratko barely sustained his wife, two sons, daughter-in-law, and his mother. With no access to electricity, he could not restart agricultural production of corn, barley, oats and wheat at the pre-war scale in order to ensure a steady income. In March 2003, IOCC connected him to the rehabilitated power supply lines. Ratko has since purchased a powered corn-picking machine and plans to plant corn on a large scale. He is confident of being able to make a profit with this approach.

USAID funds have enabled IOCC to rehabilitate crucial electric power networks that reconnect villagers' homes and provide utilities for community services such as water pumps, schools and health posts. Moreover, industries such as agriculture cooperatives, milk cooling facilities and wood processing plants are able to operate and guarantee sustainable return and the community's economic revitalization and safety.

List of Enclosed Annexes:

Annex 1:	Implementation Timetable
Annex 2:	MOU with "Elektrodistribucija"
Annex 3a:	Maps, Completed Electricity Repair Works in Bosanska Krupa Municipality
Annex 3b:	Maps, Completed Electricity Repair Works in Bosanski Petrovac Municipality
Annex 4:	Overview of Completed Project Activities

Annex 1: Implementation Timetable

Activities	May-02	PM I Jun-02	PM II Jul-02	PM III Aug-02	PM IV Sep-02	PM V Oct-02	PM VI Nov-02	PM VII Dec-02	PM VIII Jan-03	PM IX Feb-03	PM X Mar-03	PM XI Apr-03	PM XII May-03	PM XIII Jun-03
Preparation Activities														
◆ Meetings with Authorities	■													
◆ Signing MoU	■													
Rehabilitation Activities														
P ▷ Kolonic/Bukovaca (2 TS**)														
h ▷ Revenik (3 TS)														
h ▷ Vranjska (5 TS)														
◆ Preliminary Designs														
◆ Tendering Process														
◆ Project Documentation														
◆ Rehabilitation Works														
◆ Technical Acceptance														
P ▷ Mali Radic (1 TS)														
h ▷ Suvaja (3 TS)														
◆ Preliminary Designs														
◆ Tendering Process														
◆ Project Documentation														
◆ Rehabilitation Works														
◆ Technical Acceptance														
P ▷ G. Petrovac (2 TS)														
h ▷ G. Petrovac (2 TS)														
◆ Preliminary Designs														
◆ Tendering Process														
◆ Project Documentation														
◆ Rehabilitation Works														
◆ Technical Acceptance														
P ▷ Jasenica (3 TS)														
h ▷ Jasenica (3 TS)														
◆ Preliminary Designs														
◆ Tendering Process														
◆ Project Documentation														
◆ Rehabilitation Works														
◆ Technical Acceptance														
P ▷ G. Petrovac (3 TS)														
h ▷ Jasenica (3 TS)														
◆ Preliminary Designs														
◆ Tendering Process														
◆ Project Documentation														
◆ Rehabilitation Works														
◆ Technical Acceptance														
P ▷ Low-voltage lines in Target Area														
h ◆ Preliminary Designs														
h ◆ Tendering Process														
h ◆ Project Documentation														
h ◆ Rehabilitation Works														
h ◆ Technical Acceptance														
Completion Activities														
◆ Impact Survey														

* PM = Project Month

** TS = Transformer Station

■ Completed Activities

■ Temporary Suspension of Rehabilitation Works due to Bad Weather Period



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MEMORANDUM OF UNDERSTANDING

between

JP "ELEKTROPRIVREDA BiH" SARAJEVO
"ELEKTRODISTRIBUCIJA" BIHAC

and

INTERNATIONAL ORTHODOX CHRISTIAN CHARITIES

This Memorandum of Understanding (MoU) defines the responsibilities of the International Orthodox Christian Charities (IOCC) and Elektrodistribucija Bihac (ED) in reference to the reconstruction of power projects which shall rehabilitate low and middle voltage networks and facilities through IOCC's 2002 "Infrastructure Repair in Bosanski Petrovac and Bosanska Krupa" project funded by the United States Agency for International Development (USAID) - grant agreement #168-G-00-02-00108-00, implemented in the ED Bihac area of coverage.

General terms:

In the context of the above mentioned project, IOCC shall be authorized to repair electricity supply systems consisting of a minimum of 26 km of high-voltage lines, 23 transformer stations, 60 km of low-voltage lines and 200 house connections in the municipalities of Bosanska Krupa and Bosanski Petrovac, broken down by areas as follows:

- **Revenik (Bosanski Petrovac municipality):** 3 transformer stations, a branch 20 kV supply line and low-voltage network
- **Kolunic (Bosanski Petrovac municipality):** 2 transformer stations, a branch 20 kV supply line and low-voltage network
- **Gornji Petrovici (Bosanska Krupa municipality):** 3 transformer stations, a branch 20 kV supply line and low-voltage network
- **Jasenice (Bosanska Krupa municipality):** 3 transformer stations and a branch 20 kV supply line (low-voltage network to be provided by EDA)
- **Mali Radic (Bosanska Krupa municipality):** 1 transformer station, a branch 20 kV supply line and low-voltage network
- **Gornja Suvaja (Bosanska Krupa municipality):** 3 transformer stations, a branch 20 kV supply line and low-voltage network
- **Donja Suvaja (Bosanska Krupa municipality):** 3 transformer stations, a branch 20 kV supply line and low-voltage network
- **Gudavac (Bosanska Krupa municipality):** 2 transformer stations, a branch 20 kV supply line and low-voltage network
- **Vranjska (Bosanska Krupa municipality):** 4 transformer stations, a branch 20 kV supply line and low-voltage network

This project shall be implemented between 01 June 2002 and 31 May 2003.

INTERNATIONAL ORTHODOX CHRISTIAN CHARITIES

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Additional terms:

- 1) IOCC shall inform ED about the start of implementation phases of the approved projects.
- 2) ED shall prepare and submit at no costs preliminary designs to IOCC one month upon notification. Whenever staff resources allow, ED shall prepare final designs. USAID shall review the prepared project documentation and Scope of Works (SoW). Once the SoW is agreed upon and signed by USAID, IOCC and ED, it will be handed over to subcontractors.
- 3) When a final design is not available, the subcontractor shall prepare it. The final design shall be reviewed by ED and IOCC engineers.
- 4) IOCC has full authority to select a subcontractor in accordance with the established procedure. ED may recommend private companies, which can be added into the bidding list, together with other qualified subcontractors. ED engineers can participate in the technical evaluation of the proposals.
- 5) ED shall assign a Project Engineer to each approved project to be the single point contact with IOCC's staff.
- 6) ED shall be responsible for obtaining construction and other permits from the local authorities and for resolving all landowner issues in a timely manner so as not to delay the project implementation.
- 7) During the implementation of the project, ED can inspect the works, but can address eventual issues only to an IOCC engineer. ED can not instruct the subcontractor(s). ED employees can not be engaged by the subcontractor(s) on the IOCC's project.
- 8) Upon notification on the project completion, ED shall certify and accept the work within 10 working days. ED shall put the system into operation at the latest 7 calendar days after accepted rehabilitation works. ED shall be responsible to provide all necessary resources for operation and maintenance of the power system.
- 9) This MoU shall be valid throughout the whole project. The English language version of this document is the official one.

FOR: "ELEKTRODISTRIBUCIJA" BIHAC

FOR: IOCC

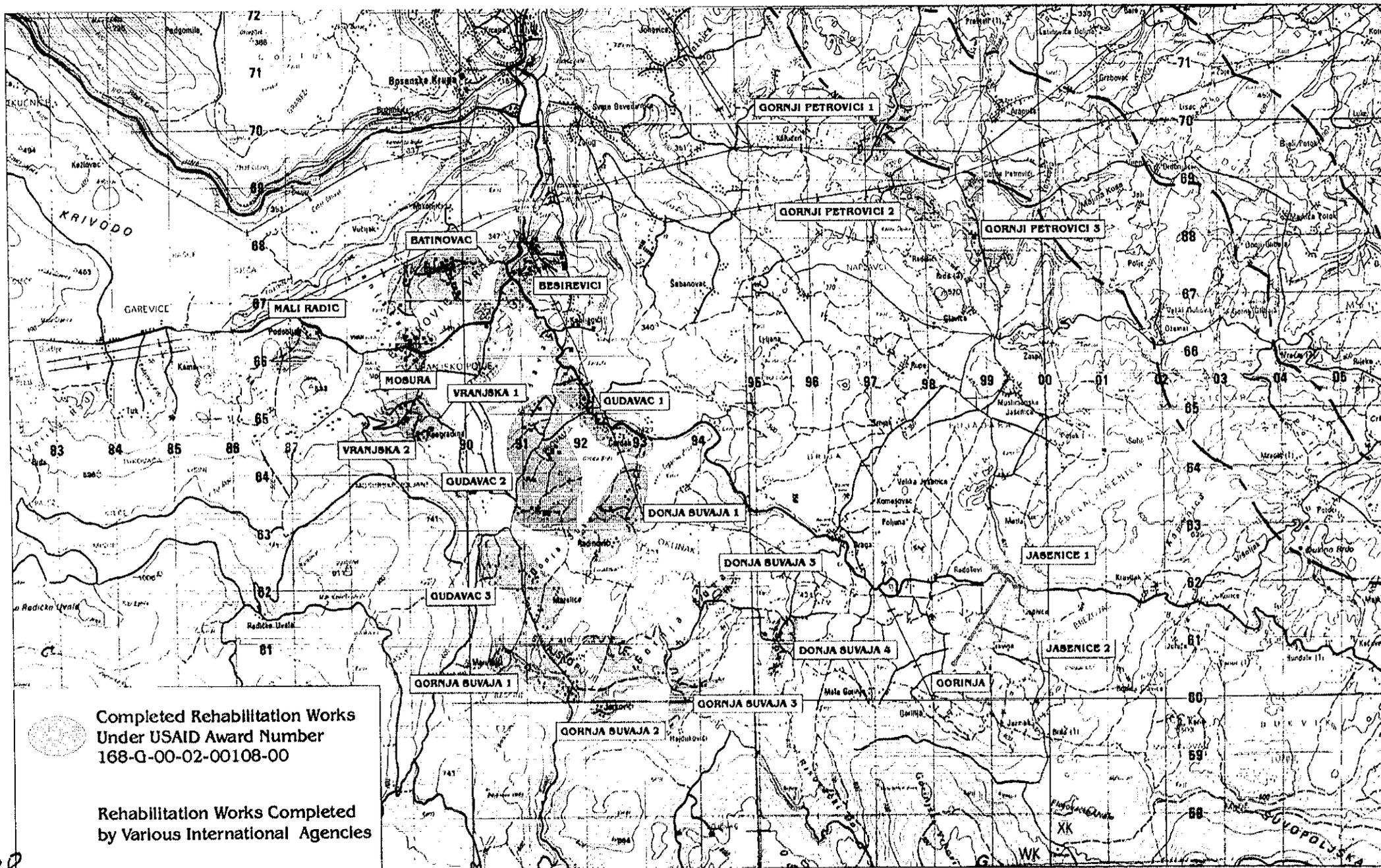
DIPL. ING. NURFET BADNJEVIC
DIRECTOR JP "ELEKTROPRIVREDA BIH",
"ELEKTRODISTRIBUCIJA" BIHAC

MR. MARK OHANIAN
HEAD OF OFFICE
INTERNATIONAL ORTHODOX CHRISTIAN CHARITIES

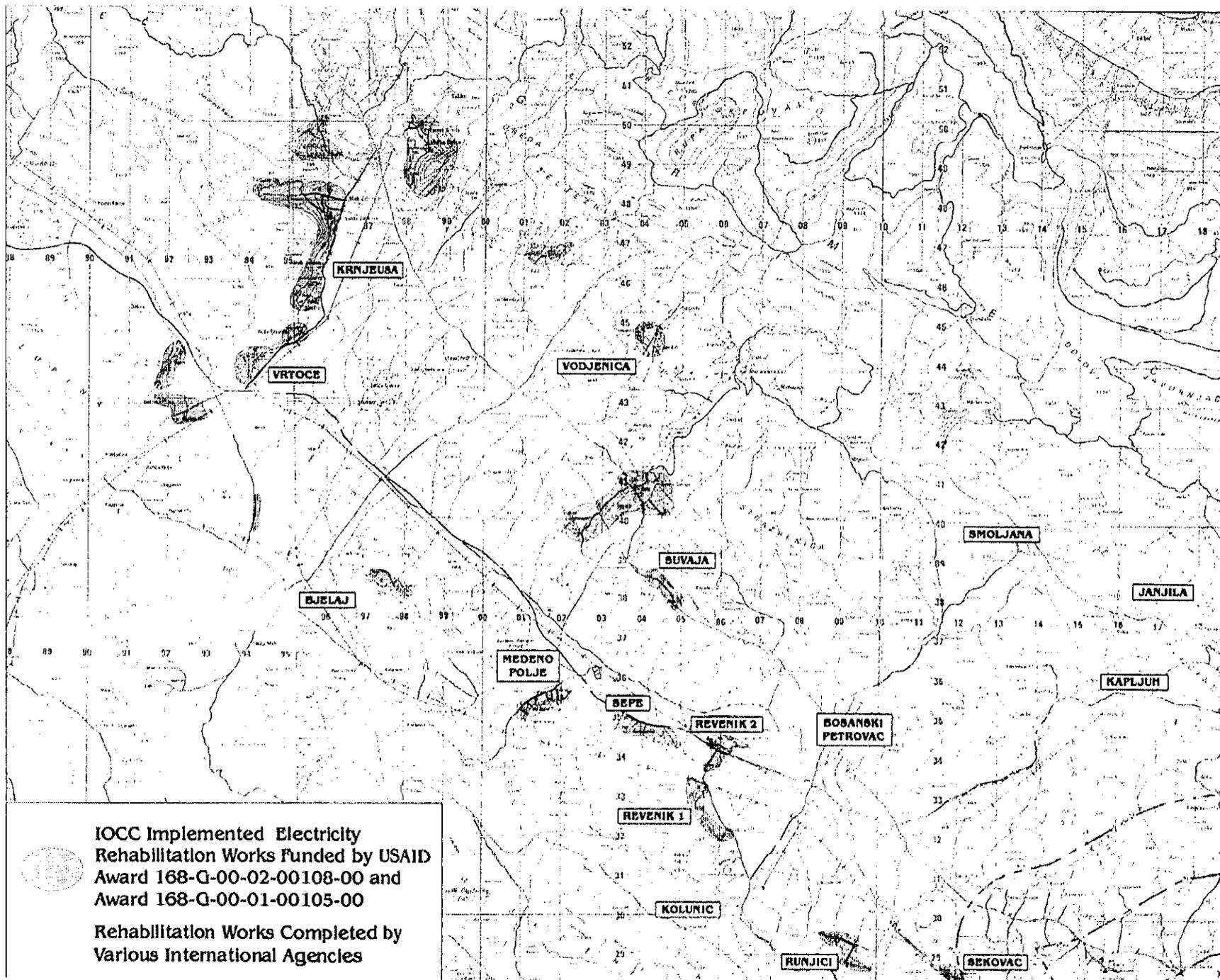
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Annex 3a: Completed Electricity Repair Works in Bosanska Krupa



Annex 3b: Completed Electricity Repair Works in Bosanski Petrovac



Annex 4: Overview of Completed Project Activities
 Breakdown per Local Communities

Completed Project Activities									Overview of Beneficiaries			
Municipality	MZ	TS	# of TS (PCs)	HV (10/20 kV) Net (km)	LV Net (km)	Total Lines (km)	# of HU connections	Average Network Length per connection	Connected HU - Direct Project Beneficiaries		Indirect Project Beneficiaries (HU not yet repaired as of June 2003)	
									Families	Persons	Families	Persons
Bosanski Petrovac	Kolonic	Sekovac	1	0.726	2.623	3.349	8	0.419	8	28	17	60
		Runic	1	2.693	2.886	5.579	9	0.620	9	32	21	74
		Kolonic	0	0.000	0.200	0.200	1	0.200	1	4	0	0
	Revenik	Revenik 1	0	0.000	1.923	1.923	6	0.321	6	21	10	35
		Revenik 2	1	0.689	2.669	3.358	7	0.480	7	25	8	28
		Sepe	1	0.184	3.217	3.401	10	0.340	10	35	17	60
		Subtotal	4	4.291	13.518	17.809	41	0.434	41	144	73	256
Bosanska Krupa	Vranjska	Vranjska 1	1	0.551	1.421	1.972	5	0.394	5	18	6	21
		Vranjska 2	1	0.083	1.744	1.827	8	0.228	8	28	10	35
		Besirevici	1	2.396	3.929	6.325	25	0.253	25	88	17	60
		Batinovac	1	1.095	3.139	4.234	12	0.353	12	42	9	32
		Mosura	1	0.636	2.685	3.321	13	0.255	13	46	22	77
	Gornji Petrovici	G. Petrovici 1	1	0.000	3.897	3.897	16	0.244	16	56	6	21
		G. Petrovici 2	1	0.000	1.696	1.696	5	0.339	5	18	12	42
		G. Petrovici 3	1	1.726	2.974	4.700	7	0.671	7	25	4	14
	Jasenica	Jasenica 1	0	0.388	0.400	0.788	3	0.263	3	11	11	39
		Jasenica 1	0	1.219	0.100	1.319	1	1.319	1	4	8	28
		Gorinja	0	1.123	0.000	1.123	0	-	0	0	7	25
	Suvaja	D. Suvaja 1	1	1.060	2.738	3.798	12	0.316	12	42	10	35
		D. Suvaja 2	1	2.342	3.534	5.876	13	0.452	13	46	35	123
		D. Suvaja 3	1	1.402	2.802	4.204	8	0.525	8	28	7	25
		G. Suvaja 1	1	0.167	2.776	2.943	13	0.226	13	46	16	56
		G. Suvaja 3	1	1.326	1.675	3.001	8	0.375	8	28	2	7
		G. Suvaja 4	1	1.466	1.197	2.663	5	0.533	5	18	5	18
		Gudavac 1	0	0.000	2.137	2.137	7	0.305	7	25	13	46
		Gudavac 2	1	0.900	4.038	4.938	17	0.290	17	60	24	84
		Gudavac 3	1	1.488	2.628	4.116	16	0.257	16	56	19	67
	Veliki Radic	Mali Radic	1	0.038	1.334	1.372	3	0.457	3	11	5	18
Kovacevci		0	0.000	0.400	0.400	2	0.200	2	7	0	0	
		Subtotal	17	19.406	47.244	66.650	199	0.335	199	697	248	868
Grand Total			21	23.70	60.76	84.46	240	0.352	240	840	321	1,124

MZ: Mjesna Zajednica - Local community

TS: Transformer Station

HV (10/20 kV): High-Voltage (10/20 kV) Line

LV: Low-Voltage

HU: Housing Unit