

POLICY ANALYSIS AND
DIALOGUE ORGANIZATIONS
BOSNIA AND HERZEGOVINA

QUARTERLY PROGRESS
REPORT
April-June 2006

Prepared for



United States Agency for International Development/Sarajevo
Cooperative Agreement: 168-A-00-03-00109-00

Prepared by

Chris Miller
The Urban Institute



THE URBAN INSTITUTE
2100 M Street, NW
Washington, DC 20037
(202) 833-7200
www.urban.org

July 2006
UI Project No. 07588-000

TABLE OF CONTENTS

Summary	1
Review of basic project information The WorkPlan.....	3
Introduction.....	3
Project Objective from the Original Workplan	4
Approach	4
1.1 Capacity Building/Networking Activities.....	5
1.1.1 The Policy Fellows Course	5
1.1.2 Policy Sustainability and Networking Retreat	7
1.2 Research Grants.....	9
1.2.1 First Research Grant to CSS: “Achieving a liberalized EU Visa Regime for BiH citizens”	10
1.2.2 CEPOS Grant 3: “Efficiency of Targeting of Transfers in Bosnia and Herzegovina”	10
1.2.3 EIS Research Grant 3: “Development of Competitiveness and Export Promotion of the Metal Sector in BiH”	11
1.2.4 Research Mentoring	12
1.3 Campaign Policy Issue Grants	12
1.4 PRO Management and Communications Mentoring.....	13
1.4.1 CEPOS	13
1.4.2 Economics Institute Banja Luka.....	14
1.4.3 Economics Institute Sarajevo	15
1.4.4 CSS (Center for Security Studies)	15
1.5 BiH Policy Network	16
1.6 Additional Partners	16
1.7 EPPU and Government Relations	16
2. Actual Performance vs. Goals.....	17
2.1 Eleventh Quarter Work Plan Goals (Milestones) Status	17
2.2 Performance Indicator Achievements	18
3. Problems or Delays	19
4. Work Planned for Next Reporting Period	19

SUMMARY

The Urban Institute launched the USAID-funded Policy Analysis and Dialogue Organizations for Bosnia and Herzegovina on September 15, 2003. The approach to the overall project continues to be a flexible, step-by-step strategy for institutional development. We have learned from hard experience not to “force the pace” of institutional development and are working to ensure a sustainable development of policy research and analysis in BiH, both in terms of research and analysis capacity building and in terms of organizational management.

Since the launch, project staff has continued to maintain and expand contacts with various organizations and individuals from the NGO sector and government agencies.

In Quarter Eleven, a the popular two-week Policy Fellows Course was held for the third time in Sarajevo and led by senior staff of the Institute for Urban Economics, Moscow. The course was the ninth in a series of professional trainings held in-country by the Urban Institute.

Furthermore, the project held a retreat in May with nearly thirty senior representatives of Bosnian think tanks and NGOs, together with senior government and parliament representatives to discuss PRO sustainability, PRO-NGO-government cooperation, and involvement in the pre-elections campaign policy debate.

The project had three active research grants, with three partner PROs in Quarter Eleven and launched four new Campaign Policy Grants. Project staff continued to work most closely with the two PROs selected for research grants and closer partnership with the project, particularly CEPOS, and to a lesser extent with the Economics Institute – Sarajevo (EIS) which has just now resolved management issues and formally named its new director.

In addition, EIS held a very successful presentation of its latest study on metal sector competitiveness, completed in Quarter Eleven, at the large metals sector fair held in Zenica. The event was a success, with approximately 30 industry leaders and government representatives present.

The partnership of our PROs with the EPPU and DEI has continued to develop and in addition to the large project outsourced to CEPOS by the EPPU (with DFID funding), both EPPU and DEI have been open to further cooperation, and have awarded further projects to CEPOS and EIS. Key EPPU and DEI staff attended the Policy Fellows training as well.

CEPOS has implemented visible management changes and now has a much more sustainable structure. EIS has gone through a rough period of management and structural changes, with the new director formally appointed, and now seems to be fully on its feet with many projects flowing in. We hope that we will be able to continue to work more closely on management improvement issues in the last Quarters of the project, and see improvement.

After receiving an invitation to submit a proposal to modify and extend the project, a proposal was formally submitted to USAID. The aim of the extension is to expand some pre-elections activities and extend our

support to PROs beyond the elections period in order to assist PROs in accessing and working with the incoming government after the October elections. If approved, our project will be able to continue supporting PROs at least through February 2007.

The core project team consists of the Chief of Party, Christopher Miller, the Project Director, Raymond Struyk, and Policy Analyst Kelly Kohagen. The team enjoys a productive relationship with USAID Program Manager/CTO Selma Sijercic, with whom Mr. Miller meets regularly to discuss achievements and to seek guidance and advice.



POLICY ANALYSIS AND DIALOGUE ORGANIZATIONS BOSNIA AND HERZEGOVINA ELEVENTH QUARTER PROGRESS REPORT

REVIEW OF BASIC PROJECT INFORMATION THE WORKPLAN

Introduction

Public policy research organizations (PROs) play a key role in the policy development process in many countries – identifying problems that require public actions, studying and analyzing options for dealing with them, and making their findings widely available to the public through their own dissemination efforts and through media and other NGOs. Their work improves the quality of government decision-making and equally importantly provides essential information to smaller political parties and NGOs to use in participating in the policy process. Information generated by PROs constitutes a key ingredient for constructive policy dialog.

BiH is a country with a uniquely challenging environment. The country is normalizing in many ways but the complexities of the structures of government set up with the Dayton Peace Accords in 1995 and a policy agenda driven by the international community are still very apparent. As BiH moves beyond the implementation of Dayton to create a viable system for sustainable development, one sees that in many cases the country's structure itself often holds back building a viable economy and civil society. Strong civil society organizations and local policy research organizations are needed to ensure a sustainable reform process and to ensure transparent, efficient, and accountable government structures.

Policy reform in BiH has been driven almost exclusively by the international community (IC). OHR and various donor institutions divide responsibilities for areas of expertise and agree who will be responsible for the drafting of which laws. Most often, entire laws are drafted by foreign experts with only formal consultations within government ministry working groups. Politically sensitive reforms must often be imposed by the High Representative because government officials do not wish to take responsibility.

This situation has led to general passivity among the people of BiH in terms of reform and policy issues, as reflected in the poor turnout, especially among intellectuals and youth, for elections. This lack of motivation is also reflected in the area of policy development. There is a real lack of bona-fide PROs in BiH that play a true role in policy research, analysis, or advocacy. Only in the past couple of years, as donor assistance has declined, have some NGOs begun to shift their focus from delivering donor-funded humanitarian and post-war reconstruction aid to other activities, such as advocacy and lobbying, or economic development activities. The apparent inefficiencies of the Dayton structures, highly bureaucratic government administrations, and the donor and IC-driven policy agenda have not fostered the development of a pro-active civil society, entrepreneurial spirit, or organizations that do true policy analysis. The result is poor decision-making. According to the 2002 UNDP Human Development Report, "had the post-war governments been trying on purpose, they could hardly have made a less attractive environment for foreign direct investment or found a better way to prolong the social agonies of transition and ensure that the industrial capital of the country devalued in idleness, becoming a burden rather than an advantage."

The creation of the BiH Poverty Reduction Strategy (PRSP) Program Office, supported by the World Bank and the IC as a whole, but officially a Bosnian government institution, helped to open the doors for a healthier dialogue to begin, as did the Bulldozer Committee, set up with OHR's support in 2003. These projects have attracted the attention of many, and both the citizens and government officials are responding in ways that show that they have "woken up" to realizing the importance of dialogue in policymaking. The PRO project is striving to take advantage of this new "dialogue climate" which is encouraging Bosnians to speak out on policy issues. Quality research can feed this process. In addition, the Economic Policy Planning Unit of the Council of Ministers, formed in late 2004, should take over the work of the former PRSP project and will be supported by the EC, DfID, and the World Bank. We are hopeful that this will provide an excellent partner and prospective government client for the PROs we are working with.

Project Objective from the Original Workplan

The main goal of this project is to foster the development of Bosnian organizations so that they have the required professional expertise to perform rigorous policy analysis and effectively communicate the results of their analysis, while maintaining institutional independence and representing the interests of all Bosnians. Our approach is oriented to ensuring that the organizations focus their efforts on relevant policy issues and that government officials, as well as advocacy NGOs and the media, will be prepared to use the results of their analysis.

While not the primary project objective, the formation of a genuine PRO(s) stimulated by the project would certainly be a welcomed outcome. The project will assist the formation of one or two PROs from the transformation or extension of an existing organization or from the initiative of a group of analysts as opportunity permits.

Successful execution of the project will contribute materially to the Mission's achievement of its Strategic Objective 2.1, "A More Participatory, Inclusive Democratic Society," and two sub-objectives in particular, 1 by increasing the flow of information to citizens about key policy issues of the day and further empowering NGOs to participate in the policy process by increasing the volume of reliable information available on a timely basis.

Approach

The Urban Institute's approach to the overall project is a flexible, step-by-step strategy for institutional development. We have learned from hard experience not to "force the pace" of institutional development. After the activities of the first year and a half, we have a concrete and quite detailed plan of action for the rest of Year Two and Year Three to ensure that we have done our best to improve the capacities and status of PROs in the country and to help ensure their sustainability when the project ends.

1. Eleventh Quarter Activity Highlights and Key Accomplishments

¹ IR 2.1.1.1 NGOs Effectively Represent Citizens and Influence Decision Making
IR 2.1.1.2 Citizens Better Exercise their Rights and Responsibilities.



The first ten quarters of the project have been very successful. During the eleventh quarter (March 15, 2005 – June 15, 2006), several important activities took place. All four partner organizations continued to work with policy clients on implementation of policy recommendations provided in the studies performed under current or previous research grants. EIS completed and presented the final version of its second research grant study in Quarter Eleven, while CEPOS completed and selectively distributed its study, with a public presentation planned in Quarter Twelve.

During Quarter Eleven, project staff launched a new grants program in order to increase PROs' involvement in the campaign period and improve the quality of the debate topics and party platforms. Smaller grants were awarded for campaign policy issue briefs, and about a possible extension of one quarter to support PROs and their relations with the new government in the post-election period. Four grants were awarded; to CEPOS, EIS, CSS, and ALDI (a first time grant recipient from this projects).

We have continued to foster relationships between these organizations and government officials that are working on policy issues and that are open and recognize the importance of our objectives – the development of professional policy research and analysis organizations in this country. We continued to encourage cooperation with the Economic Policy Planning Unit within the State Council of Ministers and with the Directorate for European Integration, among other ministries and agencies.

Another important event for the project was the organization of the Policy Fellows course held for the third time here, after many recommendations and much demand from both PROs and government officials.

The project held a day-and-a half long retreat in Jahorina in May with over thirty participants - senior representatives of Bosnian think tanks and NGOs, together with senior government and parliament representatives to discuss PRO sustainability, PRO-NGO-governemnt cooperation, and involvement in the pre-elections campaign policy debate

1.1 Capacity Building/Networking Activities

During the Eleventh Quarter, an important training event was held—the third BiH offering of our 8-day flagship course “POLICY FELLOWS.”

	Event	Title	Attendees	Time period
1.	Training	Policy Fellows	28	4 -13 April 2006
2.	Retreat	Policy Sustainability Retreat	33	May 26, 27, 2006

1.1.1 The Policy Fellows Course

This course was held for the third time in BiH, led by Sasha Puzanov, Marina Shapiro, and Denis Vizaglov, senior staff of Moscow's Institute for Urban Economics. This offering of the training was held in English, but training materials and supplemental readings, along with the full course presentations in both English and

local language, were provided to all participants. Participants also received a copy of the new textbook “POLICY ANALYSIS FOR EFFECTIVE DEVELOPMENT” by Raymond Struyk and Kristin Morse of Urban Institute, who designed this course with IUE.

The course’s contents are outlined in the box below. Its objective is to raise the policy analysis skills of participants, and it has been structured for mid-career professionals—so there is a minimum of lecturing and an emphasis on problem solving, role plays, and writing policy recommendations. The course consisted of eight full days of classes, divided into four “workshops.” Students were required to demonstrate proficiency through passing tests in order to obtain a certification of completion. A test was given at the completion of each workshop and a final exam was given on the last day of the course.

Policy Fellows Course: Topical Outline

Subsidies and Targeting. Strengths and weaknesses of different forms of subsidies and alternative approaches to targeting. Illustrate various principles, e.g., consumer primacy and use actual examples.

Incentives and Stakeholder Analysis. Identifying and taking proper account of incentives to stakeholders as a key determinant of success in policy and program design.

Basic policy analysis process. Building on the topics already discussed, the students learn the steps involved in basic policy analysis, including defining the problem and weighing policy options against well-defined criteria.

Efficiency in the production of goods and services. This module stresses the proper role of government as setting the right environment (e.g., enforceable contracts), but not directly being involved in the production of most goods and services. When is it appropriate to *contract out* government services?

Program monitoring. Rationale for program monitoring; give specific examples of monitoring information being useful to program management. Introduce modified log-frame for use in deciding what information should be collected and what reports to be produced for whom.

Data assessment techniques. Quality control in data assembly and standard techniques for statistical representation and interpretation of data.

Program implementation evaluation. What are the types of questions that can be addressed with process evaluation and why the answers are important for good program management.

Writing policy recommendations. During this two-day bloc, the ability to analyze problems and clearly present recommendations is honed. Opportunity to practice writing and critical thinking skills. Analyses of case studies require participants to use concepts from previous days of the workshop.

Course Participants and Outcomes

Twenty-two people attended and completed the course. Of the 22 (see list below), 10 included staff from PROs and NGOs, and twelve were from government agencies. The mixing of officials with policy researchers proved effective in creating a common understanding and policy language among participants and in building bridges for future collaboration.



All participants completed the course successfully and were extremely participatory. They, as individuals, and as a group, performed exceptionally and were active throughout the course. Like the earlier policy fellows groups, it was truly an interesting group that showed deep interest in learning both from the instructors and from each other and all were absolutely engaged in the subject matter. Discussions continued during coffee and lunch breaks. They were all extremely complimentary both in terms of the trainers, course materials, and organization of the training, as well as making a specific point to compliment us on the selection of such a bright group of individuals who felt that this was the first time that such a exceptional group of people had been brought together.

Policy Fellows Course Participants - 4 – 7 April and 10-13 April

No	Name	Organization
1.	Selma Tataragic	Center for Policy Studies/CEPOS
2.	Sonja Milutinovic	Center for Policy Studies /CEPOS
3.	Suajb Solakovic	Center for Policy Studies /CEPOS
4.	Damir Kapidzic	Center for Security Studies/CSS
5.	Dzenan Trbic	Independent Bureau for Humanitarian Affairs/IBHI
6.	Adnan Besic	BiH Parliament/Research Center
7.	Ratko Djokic	BiH Parliament/Research Center
8.	Amer Dzihana	Mediacentar
9.	Adla Isanovic	Mediacentar
10.	Aida Kalender	Cultural NGO -Akcija
11.	Amrudin Nurak	Ministry of Labor and Social Policy FBiH /PIU SESER (WB)
12.	Toni Santic	Ministry of Justice BiH
13.	Mehmed Dujso	Ministry of Communications and Transport BiH
14.	Nermina Džepar - Ganibegovic	Ministry for Human rights and Rrefugees BiH
15.	Zoran Lukac	Minstry of Urbanism, Civil Engeneering and Ecology RS
16.	Dragana Lukic- Domuz	Ministry of Education and Culture RS
17.	Gordana Opacic- Zecevic	Ministry of Economic Relations and Coordination RS
18.	Maja Ostro	Ministry of Labour and Social Policy FBiH
19.	Jasmina Khechan - Babic	Ministry of Labour and Social Policy FBiH
20.	Azemina Vukovic	Council of Ministers of BiH / EPPU /PIMU
21.	Mirela Ibrahimagic	Council of Ministers of BiH / EPPU /PIMU
22.	Amina Ceric	Council of Ministers of BiH / EPPU /PIMU

1.1.2 Policy Sustainability and Networking Retreat

The project held a retreat in May 2006 with over thirty participants, including senior representatives of Bosnian think tanks and NGOs, together with senior government and parliament representatives. Participants from NDI and IRI political party support programs were also present. The retreat was held at

Hotel Termag on Jahorina mountain near Sarajevo. Topics discussed included what has been achieved so far, government outsourcing and cooperation, the upcoming elections period (GROZD and other initiatives and new campaign issue grants to involve think tanks in the campaign policy discussion), better think tank-NGO networking and advocacy, and ensuring long-term sustainability for evidence-based policy work. The retreat setting allowed for not only presentations of activities planned and performed so far, but also for frank and open discussion and excellent networking on the future of the policy environment and sustainability of PROs. The event was very successful and new avenues of cooperation were explored, better understanding among stakeholders, and some new partnerships planned and launched. Senior officials attending the 2 day event included Igor Blagojevic, Director of the Economic Policy Planning Unit of the Council of Ministers, Osman Topcagic, Director of EU Integrations Directorate (Minister level), Darija Ramljak, Head of Strategy, EU Integrations. CEPOS and Mediacycenter agreed to jointly launch a Public Policy Analyst and Researcher Association for BiH and to apply for some institutional grant funds from the project in order to jump-start the initiative. In addition to the participants listed below, Michael Henning, Jasna Kilajic, and Svetlana Derajic from USAID Mission joined the opening and first sessions.

Policy Retreat Participants, May 26 - 27, 2006

No	Name:	Institution	Position Title:
1.	Azra Brankovic	BiH Parliament / Research Center	Head
2.	Igor Blagojevic	Council of Ministers of BiH / Economic Policy Planning Unit (EPPU)	Director
3.	Darija Ramljak	Council of Ministers of BiH / Directorate for European Integration	Head of Strategy
4.	Osman Topcagic	Council of Ministers of BiH / Directorate for European Integration	Director
5.	Dragan Ivanovic	BiH Parliament	MP
6.	Fikret Causevic	Sarajevo Economic Institute	Senior Researcher
7.	Aleksandra Nikolic	Sarajevo Faculty of Agriculture	Senior Assistant
8.	Senad Slatina	Centre for European Integrations Strategies (CEIS).	Head of the CEIS regional office in Sarajevo
9.	Denis Hadzovic	Center for Security Studies (CSS)	Director
10.	Armin Krzalic	Center for Security Studies (CSS)	Researcher
11.	Haris Abaspahic	ACIPS / Center for Policy Research	Director
12.	Lajla Zaimovic	ACIPS / Center for Policy Research	Researcher
13.	Mirsada Muzur	Center for Policy Studies- CEPOS	Director



14.	Dino Djipa	Center for Policy Studies- CEPOS	Director
15.	Emir Dervisevic	Center for Policy Studies- CEPOS	Principal Researcher
16.	Zlatan Ohranovic	Center for Civil Initiatives (CCI)	Director
17.	Demir Imamovic	Agency For Local Development Initiatives - ALDI	Executive Director
18.	Aida Bogdan	RS Ministry of Economic Affairs and Coordination	Assistant Minister
19.	Radovan Rodic	Banja Luka Economic Institute	Senior Associate
20.	Verica Krajnovic	Banja Luka Economic Institute	Expert Associate
21.	Tarik Jusic	Mediacentar	Director
22.	Aida Kalender	Cultural NGO "AKCIJA"	Director
23.	Fadil Sero	Civil Society Promotion Center	Director
24.	Dobriila Govedarica	Open Society Fund BiH	Executive Director
25.	Amna Hadzikadunic	National Democratic Institute (NDI)	Project Coordinator
26.	Drazena Peranic	USAID MEDIA	Director
27.	Selma Sijercic	USAID	Project Management Specialist
28.	Haris Basic	International Republic Institute (IRI)	Program Assistant
29.	Paul Prosocki	International Republic Institute (IRI)	Deputy Country Director
30.	Faris Hadrovic	Delegation of the European Commission to BiH	Project Officer
31.	Ljubinko Lekovic	Transparency International BiH	Program Manager

1.2. Research Grants

In Quarter Eleven, three Research Grants were active. The Center for Security Studies (CSS) began working on its first grant, the Economics Institute-Banja Luka completed its first grant study, while CEPOS and EIS began working on their third research grant studies.

Research grants active in Quarter Eleven						
	Organization	Grant	Topic	Start date	End date (expected)	Amount \$USD
1.	CSS	1	Achieving a liberalized EU Visa Regime for BiH citizens	Dec. 2005	July 2006	23,346.88
2.	EIS	3	Competitiveness and export promotion of metal sector	Dec. 2005	May 2006	24,624.00
3.	CEPOS	3	Efficiency of Targeting of Transfers	Dec. 2005	June 2006	21,520.00

1.2.1 First Research Grant to CSS: “Achieving a liberalized EU Visa Regime for BiH citizens”

The main goal of study to be performed in Quarter 10 and 11 is to present recommendations of policy actions for the BiH authorities to take in order to qualify for the first level of EU visa regime liberalization—in other words--what must be done in order to see BiH transferred from the Schengen black list to the white list -- from Annex I to Annex II of the Schengen Visa Agreement).

DEI, the main policy client, coordinated cooperation with other policy clients (BiH Ministry of Security, Ministry of Foreign Affairs, Council of Ministers, SBS, and relevant entity ministries) and is willing to provide support, coordinate access to information, and co-host round tables and events related to the topic.

Juris Gromovs, a former Latvian EU Integrations official, who has also worked with the BiH EU Integrations Directorate, was identified and selected to be their research mentor; he began working with them in Quarter Ten. Developments in visa regime softening in Quarter Eleven complicated some work for CSS, requiring some revisions. The final report is expected in early Quarter Twelve.

1.2.2 CEPOS Grant 3: “Efficiency of Targeting of Transfers in Bosnia and Herzegovina”

The fundamental objective of the study is to demonstrate that there is a practical, workable way to target assistance to the lower income families/population. Based on conversations with various officials, the lack of any information on how government agencies at the Entity and sub-Entity levels might do this is a significant deterrent to taking up reform of the social assistance system -- and for them to consider the shift from category-based to needs-based allocations. Political considerations will still be important, of course, but as it stands now, ignorance about a concrete alternative is holding back discussion. This is particularly timely due to the introduction of VAT in 2006.

The focus of this research is the efficiency of targeting of current transfers in Bosnia and Herzegovina – and what system of targeting of transfers would be best for BiH in general. CEPOS performed a simulation of target efficiency of various methods used in BiH using the latest available, most suitable microdata set. This analysis was supplemented with information on the actual availability of the necessary data, administrative feasibility, and costs of the alternative targeting systems. CEPOS obtained the second block of information by interviewing knowledgeable people and used VAT compensation payments as the case study to illustrate some ideas for the new system, something very current and rather urgent now that VAT is about to be introduced. In the context of debates on this issue, questions have been raised about how to minimize negative impacts of the introduction of VAT on the poor, with the expected increase in overall



prices. The introduction of VAT is seen as main “driver” that will direct the attention of key decision makers to the issue of the efficiency and effectiveness of the social transfer targeting systems currently being applied.

With support from research mentor Raymond Struyk, CEPOS succeeded in defining a workable and efficient targeting system rather than spending further resources documenting the poor targeting of current sub-national programs through new field research. Critically, by focusing strictly on a means-tested approach, this research aims to help push the system away from the current category-based approach that assists the elderly, war veterans and invalids, and refugees and displaced persons among other categories.

The report was completed in May 2006 and distributed to a select group of key policy clients and IC officials for internal discussion and planning. The highest compliments were received from the EPPU, ITA, Council of Ministers, World Bank, EC Delegation, and others on the quality and usefulness of the study. A formal, public presentation is expected in early Quarter Twelve.

1.2.3 EIS Research Grant 3: “DEVELOPMENT OF COMPETITIVENESS AND EXPORT PROMOTION OF THE METAL SECTOR IN BiH”

The study explored the possibility of increasing the competitiveness of BiH economy by stimulating the competitiveness and promoting exports in the metal production and metal processing industries and related and supporting industries (electricity production and mining). The metal sector has been closely related to electricity production in BiH, and taken together they could have a very positive impact on the integration of the economies of the two entities in Bosnia and Herzegovina and sustainable economic growth of the country. EIS decided to build on the previous study (Grant 2) and perform more detailed work, specifically on the metal sector in BiH, a strategic industry where, with improved policies, BiH could see a great increase in production, growth, employment, and industry competitiveness. The need for such sectoral studies and focused policy recommendations, most importantly in the metal sector, was underlined continuously by policy clients upon many occasions.

A European expert in EU-related trade and competitiveness of metal sector and former Arcelor manager, Gerard Delbecq, was engaged to support the project. He made two visits to BiH and provided advice via email regularly. His expertise and experience proved very useful to EIS in this study.

The results of the research study indicate that the metals sector is undoubtedly of strategic importance for BiH, with exponential export growth over the last five years and can play a role in improving the huge trade deficit of BiH. Several key recommendations were provided to the BiH authorities in order to improve competitiveness through improved policies.

EIS presented the study at the large metals sector fair held in Zenica. Presenters on behalf of the Institute included EIS Director Dr. Anto Domazet, Study Team Leader Dr. Fikret Causevic, research mentor Gerard Delbecq, Dr. Bozidar Matic, President of the BiH Academy of Arts and Sciences, who also contributed to the report as a metals industry expert, and the Vice President of the BiH Foreign Trade Chamber Milan Lovric. The event was a success, with approximately 30 industry leaders and government representatives present. The report has also been circulated to key policy clients as well, who are expected to use the

results to reform policies that could support even stronger growth and competitiveness of this strategic industry sector in the country.

1.2.4 Research Mentoring

For each research grant, an international expert research mentor is selected jointly by the partner organization and PRO project staff. Mentors are selected on the basis of their expertise on the topic under analysis.

Research mentors are scheduled to visit the organization twice in Bosnia:

- after the grantee has produced a detailed analysis plan for the project, so that the mentor can help shape the overall research and communication plans, and
- when the empirical analysis has produced its first results, so s/he can check the methodology, help draw out the policy implications and assist with writing up the results.

Mr. Raymond Struyk is research mentor to CEPOS on their third grant project as he has extensive expertise in and experience in benefits targeting.

Mr. Juris Gromovs, CSS's mentor, is an expert on EU integrations and improved visa regime issues as he worked on these topics as an Latvian Government official in their EU Integrations Directorate during Latvia's accession. Since 2005, he has worked as a consultant to the EU Integrations Directorate in Bosnia, and resides in Sarajevo.

Mr. Gerard Delbecq is a senior metals sector expert from France. He worked in senior management of top metal industries in France (Arcelor) and has been consulting with governments and metal industries in developing countries, particularly in Central Europe, over the last decade. He made his first visit to Bosnia in January 2006 and a second visit in May when the study was launched.

1.3 Campaign Policy Issue Grants

New grants were approved in June to four organizations for preparing Campaign Policy Issue Briefs during the pre-elections period in BiH. Each grant is for \$5000. We envision that this will help to finally breathe some healthy policy discussion on concrete socioeconomic issues of public interest into the campaigns and provide a basis for debate on real issues and implementable programs. With the media and advocacy NGOs involved, we expect the parties to feel compelled to address these issues and refine their party platforms, as well as to be ready to answer tough questions from a more educated audience. The following grants were awarded:

	Org.	Topic	Start	End	Amount
1.	CEPOS	How to fight unemployment in Bosnia and Herzegovina?	6/2006	8/2006	\$5,000



2.	EIS	Rural Development Policy	6/2006	8/2006	\$5,000
3.	CSS	What do BiH politicians intend to do in order to obtain liberalization and subsequent abolishment of the Schengen visa regime for <u>all</u> citizens of BiH?	6/2006	8/2006	\$5,000
4.	ALDI	Step forward towards efficient social protection of unemployed in Bosnia and Herzegovina.	6/2006	8/2006	\$5,000

Each organization is to produce a document of between 5 – 10 pages and make a related presentation at the forums we plan in August. The documents will be written in a reader-friendly format, presenting the basic facts about the topic, discuss why current policies are not working, and suggest possible areas to explore for improving those policies. They will aim to make the media and other advocacy NGOs aware of policy issues that candidates should be addressing. We will work closely with them in all phases, and one or two forums will be scheduled in mid-August, ahead of the elections, to present the policy briefs. We will cooperate with IRI and NDI to invite key campaign people from the parties to attend, together with the main audience of advocacy NGOs, media (with USAID Media and other media and journalism projects), and other guests from government and parliament.

PROs will not affiliate themselves with any specific parties or platforms, but will provide the information publicly, with the hope that the responsible parties will recognize the importance and merit of the issue at stake and will “champion” them. In addition, these grants will help to clearly position the PROs as expert organizations that can and should be useful to the policymaking bodies, so that those elected will be even more keen on continuing and advancing the trend of increased outsourcing of work to PROs from government.

1.4 PRO Management and Communications Mentoring

Messrs. Struyk and Miller have continued to work closely with the EIS and CEPOS on examining current management activities, structures, and communications tools and capacities. In addition to the PRO management-related training activities completed in Year Two, Mr. Miller is working closely with both organizations. Mr. Miller has also discussed with the partner PROs about identifying additional funding opportunities from both local and international clients and donors. We also began working more closely with new partner EIBL expect to continue this and also do so with CSS in the upcoming period.

1.4.1 CEPOS

In 2005, the project awarded an institutional development grant to CEPOS, which needed limited support in upgrading its library and creating an Information Center open to the public by appointment. A grant was made to CEPOS for this purpose, with the funded activities due for completion at the end of the year. Over the last quarters, CEPOS began the process of setting up web hosting of the electronic library. This activity was delayed due to staffing issues. We expect movement on this implementation in the upcoming period.

CEPOS now has a fully established system of electronic timesheets, annual staff performance evaluations, and a set overhead rate. They are making full use of the overhead, financial management, and HR management tools provided by UI through trainings and mentoring. They are also implementing a Quality Control and review system for policy work they produce and have improved their website and marketing/promotional materials. They performed their first staff performance evaluations in 2005, for both

CEPOS and Prism staff, based on the system introduced in Ray Struyk's book "Managing Think Tanks" and subsequent relevant trainings (HR Management and IUE Study Tour –Moscow).

In addition to the 200,000 KM contract for the Data Map Policy Project for EPPU that was completed successfully, they were awarded another 30,000 KM project for secondary analysis of the Household Budget and Labor Force Survey data in Quarter Eleven, also for EPPU. They were also awarded a project for the Open Society Fund, granted to their principal researcher, Emir Dervisevic, (USD 11,000) for an equalization policy study on the BiH fiscal system. CEPOS also applied for a USD 490,000 grant related to PRSP strategy sponsored by the Japanese, Swiss, and Dutch governments.

In addition, as a result of the Policy Retreat organized by the project fruitful cooperation was established between CEPOS and Mediacentar. CEPOS, in cooperation with Mediacentar Sarajevo, has initiated establishment of a domestic Public Policy Researchers and Analysts Association. Mediacentar will be carrying out further activities while CEPOS will be its main associate. Furthermore, CEPOS signed a contract with Mediacentar for the use and design of an on-line data base named iDoc that is a collection of the daily newspapers and magazines published in Bosnia and Herzegovina. CEPOS is the first think tank to join Mediacentar in this activity. The contract defines iDoc as a resource centre which will allow CEPOS, as well as other similar organization in the future, to publish its studies and analyses. Moreover, it is specified in the contract that CEPOS will be given full access to iDoc materials and documents.

1.4.2 Economics Institute Banja Luka

EIBL became our partner in Quarter Eight with the approval of their research grant. They have been dedicated participants at every training we have offered since the project launch, and staff are improving their analytical skills. They also performed very well in organizing the round table discussions related to their grant, and have improved their presentation skills. An EIBL senior staff member also participated in the study tour to Moscow. During Quarter Nine, Ray Struyk and Chris Miller traveled to Banja Luka to meet with the EIBL management in order to perform a diagnostics on their management structures and then prepared a memorandum with suggestions for management improvements. We expect to follow this in over the next quarters and assist them with their performance and in introducing improvements. EIBL has also established a preliminary overhead rate, which they have begun to use. They continue to develop activities and work on RS-government funded projects, which we expect to help them expand. In addition to the distribution of the study on "Rationalization of the Public Health through the Cost-effective Prevention Program" and follow-up with policy clients, other activities in Quarter Eleven included: 'RS Strategy of Financial Sustainability for Forest Management and Protected Areas»; - in progress; "Development Strategy of the City of Banja Luka from 2006 to 2015" - contract signed; "Evaluation of the RS Community Development Project"; contract to be signed; and Enterprise Appraisal Assessment Projects which are performed regularly for various companies due to permanent demand for these services. Additional bids have been submitted for several projects, including one for the World Bank, two for the RS Government, two for international companies, and one for a local firm.

The web-site of the Institute is under construction, and the Development Strategy is under process of being defined and adopted.



1.4.3 Economics Institute Sarajevo

EIS was formally re-registered as an independent institution, with the Faculty of Economics as its founder in the end of Quarter Nine. Finally, in Quarter Eleven, the management structure and strategy of EIS were resolved and Dr. Anto Domazet was formally appointed as EIS Director, with a four-year term. It is clear that structural and management improvements are underway and that EIS is now becoming a more sustainable, competitive organization. EIS initiated market expansion and institutional development. EIS plans to have five researchers (of which 4 have managing positions) – director, deputy director and 2 managers of the centers, 1 administrative worker and 3 support staff. EIS now acts as a virtual organization with managing and core research functions, and outsourcing represents a way of recruiting additional research staff from the Economics Faculty in Sarajevo. In the following years, the plan is that the core of the Institute will become stronger and a greater number of young researchers will be recruited to EIS in a sort of transformation of EIS toward a think-tank organization that will strengthen its own potentials for around 15 new researchers which will also be capable of generating and implementing its own projects (although it will still hire experts as needed from the Economics Faculty and elsewhere).

EIS has seen a continued improvement in its image, reputation, and business, partially thanks to support from PRO project staff and the work done on the studies funded through the project.

Ongoing work in this quarter included projects for BH Telecom (assessment of value of fixed assets in Marijin Dvor, 28,080 KM); for Canton Sarajevo («Instruments and Institutions of the New Land Policy» for the needs of the development of the Urban- Spatial Plan to 2023 –completed and delivered in April); Council of Ministers – Restitution Commission (Feasibility Study on Restitution, 99,000 KM; Inter-Cantonal Pharmaceutical Chamber (“Study on Procedures and Criteria for Procurement of Drugs” to harmonize the implementation of the Public Procurement Law in BiH and Law on Drugs in FBiH, 60.000,00 KM); Meander-Otoka Swimming Pool Project (study on construction, equipping, maintenance and managing of the covered Olympic swimming pool –34.800 KM- completed); Danish Refugee Council (Development Strategy for Stolac and Foca Municipalities, 20,000 KM -completed)

In addition, the European Commission awarded the 1.5 million € Fiscal Policy Support Project to the international consortium that includes EIS, expected to bring substantial work to EIS.

During the quarter, EIS also prepared proposals for nine projects, worth in total over 1 million KM for various projects. Award notification is pending.

1.4.4 CSS (Center for Security Studies)

CSS is our newest grantee. They have shown dedication to development of both management and analytical capacities. They have attended our trainings diligently and have also made strides to improve their sustainability.

Projects worked on in Quarter Ten also included participation in the European Security Defense Politics Seminar in Belgrade, hosting with NATO HQ support, a series of roundtable discussions in Banja Luka, Mostar, and Sarajevo, on ICTY called “War Crimes- An Obstacle for our Future”. Another conference,

called Media and the Security Sector Reform was co-organized by CSS and NATO. CSS launched a Safer Community Plan within a larger CARDS (EU) project with Saferworld (UK) to improve civil society-government structure links for citizens' security, and formed a new organization, the Council of Residents (similar to neighborhood watch councils). CSS also completed the third annual review of BiH activities on small arms and light weapons (SALW) control, called SALW Monitor 2006, together with Saferworld.

CSS also organized and hosted the second annual General Meeting of SEE Network on Arms Control (SEENCA) in June. In addition, CSS staff attended conferences in Zagreb, Belgrade, Sofia, and Reichenau (Austria).

1.5 BiH Policy Network

The BiH Policy Network, a group mailing list and website for the BiH Policy Community, established in Quarter Five, has continued to grow through Quarter Nine. Over one hundred people are now members, partially thanks to the promotion of the network at the July Policy Conference, and use of the network had grown substantially. The network is administered by CEPOS, and is now expected to expand grow into a public policy researcher and analysts association through a new joint effort between CEPOS and Mediacycenter in the coming months.

1.6 Additional Partners

ALDI, Agency for Local Development Initiatives, from Gorazde, is the fifth organization to be offered a grant from the project. Although not a bona-fide PRO with full analytic capacities, ALDI has shown to be a dedicated member of civil society and to have policy capacities. A \$5,000 campaign policy issue brief grant was issued to them in Quarter Eleven.

1.7 EPPU and Government Relations

The project has continued the highly productive relationship it established with the Economic Policy Planning Unit of the BiH Council of Ministers. From the outset, Mr. Miller has developed and maintained excellent contacts and open channels of communication with the management and staff of the EPPU. Three EPPU staff members, including the Head of EPPU-PIMu (the Mid-term Development Implementation Strategy), Azemina Vukovic, attended the Policy Fellows course. Igor Blagojevic, EPPU Director-General, also attended the 2-day Policy Retreat in Jahorina and was an active participant and networker, as were Osman Topcagic, Director of the Directorate for EU Integration (DEI) and Darija Ramljak, Head of DEI Strategy. Furthermore, Azra Brankovic, Head of the BiH Parliament Research Center, attended the retreat and several trainings, and has been an active supporter of our project and PROs, and has arranged events for them at the BiH Parliament. She looks forward to further guidance from us on developing the Center and on cooperating with PROs.

As the EPPU and DEI should be key policy clients of our PROs, our project is coordinating closely with all involved to encourage them and all government agencies to support the outsourcing of policy work to



capable PROs. We believe that this is important to the sustainability of such organizations in BiH, and equally important to the government as a client, who can expect to have high-quality partners for policy development from the civil society sector.

Our highly cooperative relationship is one in which the PRO Project and our PROs are seen by the EPPU representatives as key partners in their development and future work. This positive and friendly relationship led to constructive amendments being made to project plans. The EPPU plans to favor and support the outsourcing of organizations over the outsourcing of individual consultants for policy work, and clearly understand the importance of the institutional development of such PROs that can be their partners in creating sound socioeconomic policies for the country as it aspires to join the EU, reduce poverty, and jump-start the weak economy.

EIS is a member of the EC consortium for EPPU Support and therefore is currently a paid member of the project and at this time cannot bid further on subprojects. After completing the 200,000 KM "Data Map Policy Project" earlier in the year, CEPOS received a second project valued at 30,000 KM during Quarter Eleven for secondary survey analysis. Further projects are expected to be outsourced in the upcoming period.

2. Actual Performance vs. Goals

2.1 Eleventh Quarter Work Plan Goals (Milestones) Status

The schedule for the Eleventh quarter (Year Three program) according to the work plan is given in the table below. The implementation schedule milestones were revised slightly in early Quarter Five, in accordance with the project's CTO. Timelines for partner PRO research grant schedules were also revised, and from Quarter Nine forward, we will not consider the grants as given in 'rounds.'

Year Three, Quarter Eleven Implementation Schedule

Implementation Schedule		
Activity	Month Planned	Status
Invite "round 5" research grant applications	Feb (orig)	No more rounds as agreed with USAID – new set of research grants to be awarded in Fall 06 during extension (if approved)
Policy Fellows course taught	April	Complete
Conference on PRO-NGO networking (retreat)	June	Complete (May)
*Campaign Grant applications submitted	May	Complete
*Campaign Grants awarded	June	Complete

All planned goals were achieved during the eleventh quarter of the project's life and the project is running smoothly. As noted above, research grants are no longer given in 'rounds' and campaign grants are being

done in Summer 06, with further research grants to be issued in Fall 06, post-elections. New activities not originally in the Y3 workplan implementation schedule are marked with an *.

2.2 Performance Indicator Achievements

Indicator	TARGETS			
	Year 1 Goal	Year 2 Goal	Year 3 Goal	Accomplishments to date (end Q11/Y3)
Objective: Increased capacity of CSOs to be involved in the policy development process				
# of CSO organizations trained in policy research or communications techniques	8	14	20	39
# of persons trained in policy research or communications techniques	40	70	100	173
# of organizations implementing management improvements	2	5	8	7+*
Objective: Increased influence of Bosnian policy research on policy development in BiH				
#/type of policy research conducted by CSOs to influence government views on a particular issue	2	8	16	25+*
#/type of public policies/laws change in line with CSO recommendations	--	3	8	13+*
# of PROs in Bosnia ²	--	1	2	4
Objective: Increased public awareness on particular policy issues				
% of general public that is knowledgeable about a particular issue that affects the general population	10	20	30	-- ³
# of media representatives attending dissemination/dialogue events held by selected CSOs on policy options (PROs only)	4	20	40	27**
Degree of media coverage of particular policy development work (PROs only)	2 ⁴	4	6	8
Objective: Increased openness of public institutions/government to CSO involvement in the policy process				
# of government officials attending events on policy research and policy options	6	25	70	65+**
#/type of new, formal consultative mechanisms established ⁵	--	2	6	--
CSO/other's views of willingness of public institutions to accept Bosnian policy research as useful input into policy making improves by 25% over life of project	--	--	Y/N	--

*numbers obtained by interviewing 8 CSOs (incl. 2 PROs) in Q4 and Q5 that have attended our trainings and with which we have worked most closely.

² A PRO is an organization whose primary focus is conducting policy research and working to have it used in the policy process.

³ No valid citizen survey information available on this point, but 8 CSOs surveyed believe that on average about 18 percent of the population knew about a prominent issue on which they work

⁴ This is the average number of outlets covering stories of interest.

⁵ Includes public hearings, other forums for meeting with CSOs and PROs, etc., for both the legislatures and Administrations at the State and Entity levels.



“+” indicates that we are confident that there are more by this time but that exact numbers cannot be estimated (the numbers including a “+” are numbers obtained in Q4 and Q5 through a survey of 8 PROs/CSOs we work with).

** More than thirty government officials, plus over twenty parliamentarians and political party officials attended the July 2005 Policy Conference. Five senior people attended the 2006 policy retreat. EIS’s round tables have seen between 15 and 20 officials and several media representatives attending, as have the CEPOS study round tables. CEPOS’s presentation of the second study included over 55 government and parliament officials out of @75 total. In addition, 7 representatives from media and 30 from government that have attended one or more of our trainings and have expressed their sincere desire and intent to follow developing PROs and attend meetings and other events planned by them. EIS has also participated in several TV interviews and a prime-time debate show. CEPOS has been mentioned and information from CEPOS has been used by several magazines and TV stations, and several newspaper and magazines have published interviews with CEPOS staff; more media events planned in Q10. CSS’s various events are also covered extensively by media, and EIBL to a lesser extent.

3. Problems or Delays

No relevant problems or delays have occurred in Quarter Eleven.

4. Work Planned for Next Reporting Period

Principal activities planned include:

- Campaign Policy Issue Briefs to be completed and presented
- CEPOS to present Targeting report publicly
- CSS to present Visa Regime study
- Invite post-election research grants
- Prepare for extension period upon formal USAID approval