

POLICY ANALYSIS AND
DIALOGUE ORGANIZATIONS
BOSNIA AND HERZEGOVINA

FINAL PROJECT REPORT
September 2003 – June 2007

Prepared for



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BACKGROUND AND INTRODUCTION

The Urban Institute launched the USAID-funded Policy Analysis and Dialogue Organizations – Bosnia and Herzegovina project in September 2003.

Public policy research organizations (PROs) play a key role in the policy development process in many countries—identifying problems requiring public action, 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 provides essential information to smaller political parties and NGOs to use in participating in the policy process. Information generated by PROs is a key ingredient for constructive policy dialogue.

Bosnia and Herzegovina (BiH) is a country with a uniquely challenging environment. While the country is normalizing in many ways, the complexities of the structures of government set up by the Dayton Peace Accords in 1995 and a policy agenda largely driven by the international community have remained apparent, although BiH authorities have been taking on more and more responsibilities over the past four years. In many cases the country's structure itself is an obstacle to building a viable economy and participatory civil society. Strong civil society organizations and local policy research organizations are important to ensure a sustainable reform process and to ensure transparent, efficient, and accountable government structures.

The goal of the Policy Analysis and Dialogue Organizations project conducted in BiH over the nearly four-year period ending in June 2007 was to strengthen the policy development process, in part through mentoring existing or newly forming PROs (often called think tanks) to produce the high quality policy research necessary to address priority policy questions. A goal of the project, therefore, was to build organizations in order to strengthen the institution of evidence-based policymaking in BiH. Institutional development was pursued through increasing executive and legislative branch clients' understanding of the need for quality policy analysis, working with PROs to produce trenchant and relevant policy analyses, and encouraging policy makers to use such analyses as a basis for their deliberations. In addition, the project helped PRO leaders improve management practices to ensure sustainability of their organizations.

The project successfully fostered 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 citizens of Bosnia and Herzegovina. Our approach was designed to ensure that the organizations focus their efforts on relevant policy issues and that government officials, as well as advocacy NGOs and the media, are prepared to use the results of their analysis.

The project has contributed materially to the Mission's achievement of its Strategic Objective 2.1: A More Participatory, Inclusive Democratic Society and two sub-objectives by increasing the flow of reliable, timely information to citizens and NGOs about key policy issues, facilitating their participation in the policy process.

The project's strategy for developing the policymaking capacities and institutions had four related components:

- Improving the quality of analytic work produced and the understanding of such work
 - through training courses with mixed classes of government officials and PRO staff and
 - through international mentors advising PROs on research projects funded by the project.
- Developing management and stakeholder communication capacities in PROs through training courses and in-house diagnostics and management mentoring.
- Increasing decision makers' demand for PROs' products by supplying quality analysis on a timely basis in accessible formats.
- Establishing working relations between policy analysts and decision makers through formal (e.g., roundtables) and informal events.

The Urban Institute's approach to the overall project was a flexible, step-by-step strategy for institutional development to build sustainable policy analysis capacities in BiH, both in terms of research and analysis and in terms of organizational management. In addition, the project has clearly had a positive impact on government attitudes toward and understanding of evidence-based policy making and the need for high-quality, unbiased research and advice provided by expert organizations outside of government.

The broad picture that emerged from UI's assessment of the project's impact is of substantial achievement in the policy development process in Bosnia and Herzegovina. Factual evidence and analysis are playing a much greater role in the policy process, and PROs have been a major provider of this information. The evidence indicates that PROs have been successful in convincing the policy community that they are purveyors of objective, non-partisan advice and analysis, and in this they have distinguished themselves from advocacy NGOs.

There was visible improvement in the quality of locally provided analysis and its targeting of the most important issues during the project period. There is a demonstrable correlation between the stronger research, management, and communications capacity of local organizations fostered by the project with the more positive attitudes of decision makers towards the use of evidence and analysis in the policy process.



POLICY ANALYSIS AND DIALOGUE ORGANIZATIONS – BOSNIA AND HERZEGOVINA FINAL PROJECT REPORT

PROJECT OBJECTIVE FROM ORIGINAL WORK PLAN

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

While not the primary project objective, the formation of PROs/think tanks performing high-quality work stimulated by the project was certainly a significant benefit, as was the improved communication and interaction with key government clients and other stakeholders.

Successful execution of the project contributed materially to the Mission's achievement of its Strategic Objective 2.1: A More Participatory, Inclusive Democratic Society and two sub-objectives by increasing the flow of reliable, timely information to citizens and NGOs about key policy issues, facilitating their participation in the policy process.

1. Overview of Project Activities and Key Accomplishments

The achievements over the past three years and nine months have been impressive. As described below, activities in Year One produced a successful project launch, and Year Two saw significant impact being made by the project on the PROs and on their recognition and utilization by government. Year Three and the extension period witnessed concrete and tangible changes coming into effect in the overall policy environment, the improved perception of PROs, improved interaction with decision makers, and, importantly, an improved market for their work, which is key to their sustainability. More specifically, the project accomplishments include:

- ❑ A comprehensive assessment of the policy development environment, including the role of PROs, was conducted in 2003 as a baseline for preparing project strategy and activities.
- ❑ A second assessment was performed in late 2006, comparing the environment and analyzing changes and improvements in the status of PROs and policy development in the final year of the project. This report, entitled "Were Bosnian Policy Research Organizations More Effective in 2006 than in 2003? Did Technical Assistance Play a Role?" was delivered to USAID and was published in 2007.
- ❑ Eight essential training courses for the development of both institutional and analytic capacities were conducted (for a total of 14 sessions, as several courses were held multiple times) and were

well received by participants. Our courses were attended by over 182 people from nearly 40 organizations, ranging from PRO analysts and managers to senior government/parliament officials, civil servants with policy responsibilities, and NGO and media representatives.

- ❑ A train-the-trainer session was held to institutionalize UI's flagship "Policy Fellows Course" in BiH so that the course could be delivered in BiH by local trainers after project completion.
- ❑ Select representatives went on a USAID/World Learning PTP-financed study tour to Hungary and Poland and on a project-organized PRO management study tour to Moscow hosted by the model Russian think tank, the Institute for Urban Economics.
- ❑ In 2005, the project team organized a policy community conference, "Beyond Analysis: The Broader Role of Policy Research Organizations in BiH," with over 70 participants from local PROs, NGOs, government and parliament. Fifteen international community representatives and guest lecturers from the region also attended. The conference received logistical and financial support of the USAID PTP program.
- ❑ A second policy retreat was held by the project in 2006 with nearly 30 participants. Senior representatives of Bosnian think tanks and NGOs and senior government and parliament representatives discussed PRO sustainability, PRO-NGO-government cooperation, and PRO involvement in enhancing the policy debate in the pre-election campaign period.
- ❑ Four PROs were identified as partner institutions for the project: the Center for Policy Studies (CEPOS), the Economics Institute of Sarajevo, Economics Institute of Banja Luka, and the Center for Security Studies (CSS). These organizations received research and institutional grants and analysis training, as well as in-house, targeted management and communications mentoring. These organizations showed marked improvement in research, management, and communications/networking capacity.
- ❑ Ten institutional development grants were issued by the project, ranging from the creation of an online policy library to technical equipment, trainings, and travel to international conferences, as well as for the establishment and launch of the national Association of Public Policy Analysts.
- ❑ Fifteen research grants (including four campaign policy grants) were issued by the project. For each grant, an international research mentor (experts on the topic being studied) was provided by senior UI staff to enhance the quality of the analysis and improve the PROs' analytic capacity, oversight and quality control. Activities supporting each research grant included roundtables with government and public events presenting their work. For each grant, a relevant policy topic with an interested and committed government "champion" was identified.
- ❑ Partner institutions saw marked improvement in their recognition by government and the public, including the awarding of government contracts, and close contact with top officials thanks to their improved skills and the networking opportunities offered by the project.
- ❑ Senior public officials, including State and Entity Ministers or Deputies, Directors of the Directorate



for European Integration and the Directorate for Economic Policy Planning, Chairman of the BiH Parliamentary Assembly, Central Bank Governor, BiH Presidency Chairman, and Chamber of Commerce President, among others, regularly attended and co-hosted events presenting policy work done by the organizations and other policy–community events supported by the project.

- ❑ Partner institutions also saw increased recognition by international donor institutions, giving them wider responsibilities as local implementers within donor-funded projects.
- ❑ A BiH Policy Network with an electronic mailing list of over 80 members was created to serve as a forum to improve contact and cohesion among members of BiH's policy community (PROs, NGOs, and government).
- ❑ By 2007, the policy network had grown into the Association of Public Policy Analysts of Bosnia and Herzegovina (AJP) through a grant from the project. AJP's launch event was hosted by the BiH Parliamentary Assembly and opened by Presidency Chairman Zeljko Komsic and Parliament Chairman Beriz Belkic.
- ❑ An unanticipated success of the project was the formation of several new PROs in BiH in response to project activities. Such an expansion of the sources of independent policy analysis inspires healthy competition and innovation in the policy research market.

2. Capacity Building Trainings

Eight essential training courses for the development of both institutional and analytic capacities were conducted (for a total of 14 sessions, as several courses were held multiple times). All of our courses were well received and highly rated by participants. Our courses were attended by 182 people, ranging from PRO analysts and managers, to senior government/parliament officials, civil servants with policy responsibilities, and NGO and media representatives. Approximately 15% more women participated in the trainings than men. Representatives of nearly 40 non-governmental organizations participated in our courses. Two intensive international study tours were also organized for a select group of participants.

As mentioned above, to help ensure demand for the research conducted and to support a broader policy dialogue, the team invited potential clients of policy research—policymakers, senior government administrators, members of the media—to participate in training events. This was designed to increase clients' appreciation and interest in such analysis and to link them to the specific organizations and individuals doing the best work. The mixing of officials with policy researchers and advocacy NGO staff proved an effective element in creating a common understanding and policy language among participants and in building bridges for future collaboration. Mixing participants and other project networking activities helped establish relations among these communities and facilitated later work on specific policy issues. The more potential government clients learned, the more they realized that there was much that they and/or their colleagues did not know, increasing the demand for PRO products. Advocacy NGOs, who began to better understand the difference between their organizations and PROs, also began to identify ways in which PROs could play a role in providing evidence-based, realistic, and implementable solutions for their causes.

There were four trainings on management issues, e.g., setting overhead rates and quality control, and the same number on analytic and research skills, beginning with a comprehensive course on policy analysis. All courses required full attendance and participation, as well as passing one or more tests in order to receive a certificate of successful completion. Most courses were offered two to three times. After the first two courses on policy analysis and program evaluation in Year 1, PRO leaders were consulted about their priorities for future trainings, which helped project staff plan future trainings.

When interviewed in late 2006, PRO directors rated the trainings very highly. Importantly, the project received positive comments on the capacity-building program from PRO and government leaders alike, with one senior official stating that the project's trainings were the most interesting and challenging training experiences that the official had ever attended.

| Policy Development Project Training Courses – Participants | | | | | | |
|--|--|-------|---------------------------|------------|------------|------------|
| | Courses by session | Date | Organizations represented | Female | Male | TOTAL |
| 1. | Policy Fellows 1 | 12/03 | 16 | 17 | 9 | 26 |
| 2. | Policy Fellows 2 (Banja Luka) | 3/04 | 20 | 26 | 10 | 36 |
| 3. | Program Evaluation Course | 3/04 | 17 | 9 | 11 | 20 |
| 4. | Communications for PROs | 6/04 | 10 | 8 | 8 | 16 |
| 5. | Financial Management | 12/04 | 14 | 11 | 13 | 24 |
| 6. | HR Management and Motivating PRO Staff | 2/05 | 16 | 8 | 11 | 19 |
| 7. | Quality Control 1 | 4/05 | 10 | 10 | 11 | 21 |
| 8. | Quality Control 2 | 4/05 | 12 | 9 | 12 | 21 |
| 9. | Practical Statistics 1 | 9/05 | 8 | 6 | 7 | 13 |
| 10. | Practical Statistics 2 | 9/05 | 10 | 8 | 7 | 15 |
| 11. | Regression Analysis | 1/06 | 10 | 16 | 2 | 18 |
| 12. | Regression Analysis 2 | 2/06 | 13 | 10 | 12 | 22 |
| 13. | Policy Fellows 3 | 4/06 | 15 | 12 | 10 | 22 |
| 14. | Policy Fellows ToT | 5/07 | 3 | 1 | 2 | 3 |
| 15. | Policy Fellows 4 (delivered by CEPOS) | 5/07 | 10 | 7 | 3 | 10 |
| TOTAL | | | | 158 | 128 | 286 |

2.1 Capacity Building: Research and Analytical Skills Trainings

The Policy Fellows Course

UI's experience of working with many think tanks in Eastern Europe is that, even in EU accession countries, practical policy analysis skills are lacking because these are not taught in the local graduate school programs. Similarly, officials at all levels of government typically do not have a systematic framework in which to analyze policy questions. To address this problem, UI developed the Policy Fellows course, in-service training for government officials and staff from advocacy NGOs and PROs. The Policy Fellows Course is Urban Institute's flagship course, with class time equal to a university semester course. A university textbook based on the course was developed in 2006 and is now being used in universities in Europe and North America and was delivered to key partners in BiH.



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. The course was taught by staff from the Urban Institute and the Institute for Urban Economics, Moscow. Students received a full set of the presentation materials (over 200 pages) in the local language.

This course was held three times in BiH by UI. It was then delivered as a train-the-trainer course to CEPOS, who delivered it with UI supervision the fourth time. The course is now institutionalized in BiH and can continue to be delivered there in the future to domestic PRO and government organizations.

Topics Covered:

- *Subsidies and Targeting.* Strengths and weaknesses of different forms of subsidies and alternative approaches to targeting. Illustrates various principles, e.g., consumer primacy, and uses 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; gives specific examples of monitoring information being useful to program management. Introduces 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 block, the ability to analyze problems and clearly present recommendations is honed. Opportunity to practice writing and critical thinking skills. Analyses of case studies required participants to use concepts from previous days of the workshop.

Program Evaluation Course

A course on Program Evaluation was offered twice, both times in Sarajevo, with the aim of attracting people from both Entities within Bosnia to attend the course together.

The course was taught by Raymond Struyk, Senior Fellow at the Urban Institute and an internationally recognized expert in program evaluation who has conducted numerous evaluations in Eastern Europe and

the former Soviet Union. Program evaluation was rarely undertaken during the socialist period and is particularly important in countries that are creating many new programs: it is essential for government agencies and PROs working on related programs to understand, for example, whether the intended beneficiaries are receiving the services or cash support offered and whether training programs and other interventions are worth their cost.

Topics Covered:

- *Workshop 1: Introduction to program evaluation.* What is program evaluation? What benefits can evaluation provide to policymakers and program managers? Types of evaluation. The critical step: defining evaluations that are relevant to program managers and policy makers; stakeholder analysis.
- *Workshop 2: Process or implementation evaluation.* What is it and when to use it? Applications to questions regarding service utilization and organization effectiveness in service delivery. Defining criteria for judging success or failure.
- *Workshop 3: Impact evaluation.* The difference between outcomes and impacts. Alternative approaches (designs) for determining impacts—experimental and quasi-experimental. What is the evidence on which method is best?
- *Workshop 4: Benefit–cost analysis.* What is it? Why was it so popular 20 years ago and so little used today? Defining the components of benefits and costs; measurement issues. Benefit–cost versus cost-effectiveness analysis.

The course incorporated some theory but emphasized practical examples and relevant case studies. Participants were encouraged to participate actively, to share their professional experiences, and required to work in small groups to solve practice problems and develop policy recommendations. The case studies used were drawn mostly from countries in the region and addressed the types of problems regularly confronted by national and sub-national governments. Participants were expected to demonstrate mastery of the practices and concepts taught in class and complete written tests.

Practical Statistics for Policy Analysis

Two offerings of Practical Statistics for Policy Analysis were held. Each offering lasted four days and included an introduction to the SPSS statistical program (by a CEPOS staff member) and many exercises in SPSS (each participant had a computer to use throughout the training). The training was held in the computer lab of the Sarajevo MBA School and was led by Doug Wissoker, a Senior Statistician and Ph.D. economist with the Urban Institute, who has extensive experience in survey methodology, program evaluation, and in employment/labor and social policy reform areas.

The course introduced participants on how to use and understand parametric statistics and how they are applied in the practical policy context—not just in theory. The course was attended by policy researchers and analysts, government officials and legislators with policy responsibility, and people from NGOs involved in policy advocacy. Participants also learned about the concept of normal and other statistical distributions, tests for determining significant differences in means and distributions, and applying concepts to sample problems using SPSS. The training allowed them to better understand the importance and use of correctly performed statistics work, and its interpretation, when used in policy development, policymaking, and monitoring and evaluation.

Regression Analysis for Policy Work

Two offerings of Regression Analysis for Policy Work were held, also led by UI's Doug Wissoker. Each offering lasted four days and included an introduction to SPSS (by a CEPOS staff member) and many exercises in SPSS.

This training provided an introduction to econometric regression analysis for policy research. In this training, the concept behind regression analysis and its use in policy research was developed; how to set up problems for analysis; and interpretation of results. Participants practiced regression analysis using the SPSS statistical software package. Topics included model specification and treatment of problems such as omitted variables and correlation among explanatory variables.

Participants learned that regression analysis is an essential tool for modeling the relationship between a response variable, such as earnings or program participation, and a number of explanatory variables, such as age, education, and work history.

Regression models have several important roles in policy research. First, regression models are used to estimate how a response variable would be expected to change with a change in an explanatory variable. Regression improves on simpler techniques by controlling other factors that simultaneously affect the outcome. For example, a regression model of earnings might be used to estimate the effect of participation in a training program, controlling for age, education, work history and other factors thought to affect earnings and participation. Regression models also are used for describing patterns in the data (such as patterns of program participation) and predicting the response variable given values for the explanatory variables (such as predicting whether a household is expected to be eligible for a program).

2.2 Capacity Building: Institutional Management Trainings

Financial Management and Setting Defensible Overhead Rates

This intensive two-day course was led by Jeffrey Telgarsky, UI's International Activities Center Director, who also developed the course curriculum.

Topics covered:

- Introduction and context: the market for policy research
- Overhead-based financial management
- Defining overhead/types of overhead
- Typical problems with overhead; budgets and cost control
- Example of overhead rate calculation – fringe benefits
- Example of overhead rate calculation – labor allocation and overhead rates

As recommended by project staff, most organizations sent both executive managers and financial management officers to the training to have the best combination of participants from each organization. The training was the first of its kind in BiH and was perceived as a crucial topic for the financial sustainability of PROs and CSOs in the country. Participants were introduced to overhead-based financial management and taught how to set defensible overhead (indirect cost) rates. They were also provided with an important electronic financial management tool, an Excel spreadsheet created especially for them by Mr. Telgarsky, with BiH-specific formulas for calculating various taxes, staff benefit contributions, etc.

Following the two-day training, Mr. Telgarsky visited CEPOS and EIS with the project's Chief of Party, Christopher Miller, to review with management and finance staff their existing financial management capacities and to assist them in setting a provisional overhead rate. With the help of the BiH-specific Excel financial management and overhead spreadsheet, they were able to calculate costs, look at various options, and decide on how to structure their overhead rates. This course was key in ensuring that these and other partners developed an overhead rate that is defensible (can be easily explained and accounted for to clients and accountants) and that can be revisited and changed easily. Mr. Telgarsky also suggested improvements or changes that could help them in improving their overall financial management systems and staffing structures to help them ensure greater flexibility, sustainability, and cost-effectiveness.

Ensuring Good Policy Advice – Quality Control

This seminar provided policy research organizations/think tanks with information about internal processes and systems to control the quality of the work they produce and provided government officials with knowledge about how to recognize the quality of policy research and analysis provided to them. It was perceived as a crucial topic for the development and sustainability of PROs in the country and ensuring the production of high-quality policy work in BiH. During the seminar there were two in-class opportunities to review and comment on short analytic documents. The seminar was led by Dr. Struyk.

Topics covered:

- Why bother with quality control?
- What are the key elements of a quality control program?
- What do think tanks in the region actually do?
- Deciding on the right system for your organization.

Communications for PROs

This intensive two-day course was led by Kathleen Courier, UI's Vice President for Communications, together with Mr. Miller. Course curriculum was developed for the course by Ms. Courier with Mr. Miller.

Topics covered:

- Introduction to principles of communications and communications tools
- Constructing a communications plan and budget
- Working with media
- Basics of research publishing and presentation
- Research publishing step by step
- On-line dissemination of research—effective use of web and e-mail
- PowerPoint presentation tips
- PRO branding
- Performing communications evaluations

The participants were divided into groups and given Bosnia-specific case studies (including budgets) for which to develop a Communications Plan. The strategies developed by the groups were presented and discussed, including the methods with which the success of the communications activities could be evaluated. The participants took a test at the end of the seminar and those who passed were given



certificates of successful completion of the course. Ms. Courier also visited two partner PROs for consultations to discuss suggestions for improving their communications tools.

HR Management and Motivating PRO Staff for Higher Productivity and Increased Retention

This intensive three-day course was led by Clare Romanik, a senior researcher in UI's International Activities Center, who also developed the course curriculum. Ms. Romanik has worked closely with a number of think tanks in Eastern Europe and the former Soviet Union, on a range of issues, including human resources.

Topics covered:

- Writing good job descriptions for administrative and research staff and conducting interviews with candidates
- Using techniques to increase effectiveness in communicating in the workplace and evaluating the strengths and weakness of interpersonal communication styles
- Designing and conducting staff performance evaluations
- Designing motivational organizational structures, including options for compensation and non-monetary reward systems
- Identifying the skills, responsibilities and work values of an effective team leader

The training was viewed as addressing a crucial topic for the development and sustainability of PROs in the country. Participants were introduced to various management styles, communications tools, and motivational and compensation structures. They were also provided with examples of systems and templates that successful think tanks use in the region.

2.3 Capacity Building: PRO Management Study Tours

Participant Training Program – Study Tour to Hungary and Poland

A 10-day study tour to Hungary and Poland for a group of 11 select PRO and key government representative was held in 2005. The project organized the event with the logistical and financial support of USAID's PTP program (World Learning). The study tour aimed to introduce participants to best-practice models of PRO development in transition countries that have become EU members, focusing on management issues, sustainability, and relations with policy clients, particularly those from government. Participants returned to Bosnia with a better picture of the way organizations like theirs develop and function in other transition countries, having seen best practice examples of management, models for cooperation with government, fundraising, etc. It was also a opportunity for key member of BiH's policy community to spend nearly two weeks together, developing and strengthening professional ties and mutual understanding and respect among the PRO and government representatives.

The group spent the first week in Budapest, Hungary, and the second in Warsaw and Krakow, Poland, visiting successful PROs and key government clients in those countries. Organizations visited in Budapest, Hungary included TARKI, Political Capital Institute, Capital Research Ltd., Studio Metropolitana, GPS Capital Ltd., Antall József Foundation, Szonda-Ipsos, GKI Economic Research Institute, policy clients from the National Bank of Hungary, the Budapest Stock Exchange, a Senior Board Member of the Freedom House, and a representative of the Prime Minister's Office. In Poland, the host for the trip was the successful CASE Center for Social and Economic Research, which organized a series of meetings with key executives, staff, and clients. In addition, participants visited the Gdansk Institute for Market Economics, the

Institute for Public Affairs, the Office of the Committee for European Integration, the Undersecretary of State and Minister of Social Policy and the Krakow Real Estate Institute.

PRO Management Study Tour to IUE, Moscow

In 2006, project staff organized a management capacity building study tour to one of the best-managed and most successful PROs in the CEE region, the Institute for Urban Economics, Moscow. Project staff selected eight PRO managers or senior staff to participate, in coordination with the project's CTO. BiH organizations had the opportunity to learn about the experience of IUE in becoming a strong, large, successful, and respected independent Russian think tank over the past ten years, including learning about their internal policies and management systems. They were also provided with materials that were useful to them in improving their own management systems in BiH, including samples of forms, policies, staff handbooks, and guidelines developed and used by IUE's management. They also met with representatives of other organizations. The study tour was also an excellent opportunity for further networking aimed at developing cooperation among BiH's PROs and strengthening of joint efforts for stronger impact in BiH.

3. Technical Assistance through PRO Grants Program

3.1 Research Grants: Providing timely, relevant, evidence-based policy advice

Through research grants, the project supported the production of high-quality, relevant, timely, and evidence-based policy research in order to establish and develop the credibility of Bosnian PROs. Over the life of the project, the project team identified, in collaboration with USAID, four PROs eligible to receive research grants and additional closer mentoring by the project team.

Grantee Identification. Potential grant candidates were assessed on the following criteria:

- Policy research competence and experience
- Demonstrated interest and ability in developing policy research capacity
- Leadership
- Financial stability and prospects
- Broad, Statewide perspective (vs. a single Entity perspective)

The project conducted extensive interviews with the leaders of any organization identified as potentially eligible and read a sample of their prior relevant reports. Important information was obtained through interviews with knowledgeable government officials and staff at donor organizations as well.

Each of the four identified PROs was required to prepare a detailed application with support and guidance from the team. After acceptable applications were submitted, UI signed an agreement with each grantee that clearly spelled out their responsibilities under the grant, including participation in further training events, working with the management mentor, and representing the public interest of all BiH citizens in developing policy recommendations. USAID reviewed and approved the grant applications as a condition of the grant being made.

A key step in the application process was that each grantee had to define a research project with a clear policy client, i.e., a government policymaker interested in the policy question and in a position to apply the



results of the analysis. This was most often a BiH government body or public agency at the State or Entity level. The project team, along with the grantees, discussed the likely BiH and Entity policy action agendas with key officials and donors to avoid overlap and ensure timely, relevant policy recommendations would be made, so that the policy research funded by the grants would have maximum impact and visibility. The project team also helped broker discussions between the grantees and these officials to help define high priority and feasible research projects. Although supporting projects with a clearly expressed policy priority was desirable, the project team remained open to research on clearly important issues that were not on the immediate agenda—considering that good research can move the issue up on policymakers' agendas.

Once the client was identified and the general scope of the work defined, the Chief of Party (CoP) requested a budget from the grantee and the project provided reasonable funding for their project. The project team played a key role in the preparation of realistic budgets, particularly at the outset (which also served as an opportunity to help establish defensible overhead rates and improve financial management). Applicants were also required to draft an initial plan for communicating the results to policymakers, NGOs, and media.

Grants Management. USAID had funded several large projects under which research grants have been made to policy research organizations in Eastern Europe. The team believed that the *Grants Manual* developed and used by the Barents Group and the IRIS Center of the University of Maryland was well-conceived and therefore adapted it for the project. The grantees each produced four key products:

- ❑ a draft detailed analysis plan
- ❑ a revised analysis plan incorporating advice from the mentor and UI
- ❑ a research report, prepared with mentor support, and
- ❑ a series of activities to communicate the results to the relevant policy communities and public

At the research project's conclusion, the grantees each submitted a final report consisting of the research report, other products produced to communicate the results, and a summary of its communications activities and a self-assessment of their effectiveness.

The first three products were reviewed by the mentor, CoP, and senior UI staff. Mr. Miller monitored the communications activities, attending all major events. The grants were disbursed in four tranches: an advance payment, a payment when the analysis plan was approved, a payment when the draft report was submitted, and a final payment when the research report and subsequent activities were complete and accepted by UI.

Eleven large research grants were issued by the project in total. For each grant, senior UI staff served as an international research mentor to enhance the quality of the analysis and improve the PROs' analytic capacity; the mentor also provided oversight and technical mentoring/quality control. Activities in support of each research grant included roundtables with government and public events presenting their work. For each grant, a relevant policy topic with an interested and committed government "champion" was identified.

Through the grants process, partner institutions saw marked improvement in their recognition by government and public, including the awarding of government contracts, and close contact with top officials as a result of their improved skills and the networking opportunities offered by the project. Senior public officials, including State and Entity Ministers or Deputies, Directors of the Directorate for European Integration and the Directorate for Economic Policy Planning, Chairman of BiH Parliamentary Assembly, Central Bank Governor,

BiH Presidency Chairman, and Chamber of Commerce President, among others, began to attend and co-host events presenting the organizations' policy work and other policy–community events supported by the project. One measure of the success of the project is that all major grant-related events were hosted by senior policy clients at their institutions.

Partner institutions also saw a marked increase in recognition by international donor institutions, giving them wider responsibilities as local implementers within various donor-funded projects.

Research Mentoring. A research mentor, chosen for his/her expertise on the topic under analysis, was identified for each funded project. Most research mentors visited their partner organizations twice in Bosnia for four- or five-day trips; two international mentors were already based in Bosnia, and one mentor only made one trip. Mentors remained in close contact via email throughout the process, but their key points of intervention were:

- ❑ After the grantee had produced a detailed analysis plan for the project, so that the mentor could help shape the overall research and communication plans.
- ❑ When the empirical analysis had produced its first results, so he/she could check the methodology, help draw out the policy implications and assist with writing up the results.

In several cases the mentor had a fundamental effect in redefining the issues under consideration into a form more susceptible to rigorous analysis. The project team identified the mentors in coordination with the PRO director for ideas on possible candidates. The mentors were seen as substantially increasing the quality of the products produced.

As part of the research mentoring, most mentors made a presentation at a roundtable with policy clients during one visit, drawing from examples of policy research in his or her area of expertise, explaining the methodological points and how the results were used in the policy process. The grantees were responsible for organizing the seminar, in part to help establish them sources of serious policy research. The CoP was key in catalyzing relationships with senior government officials, who co-hosted and chaired most of these events at their respective agencies, thus raising the profile, attracting more government attendees and media, and promoting the PROs as partners in policy development.

All grants were successful in drawing attention to key policy questions, delivering high quality research on the topics and influencing the future direction of policy development. Details are provided in the project's Quarterly Activity Reports and outlined below.

3.2 Overview and Results of Research Grants – 11 Major Policy Studies Produced

| | Research Grant Topic | PRO | Start date | End date | Grant amount |
|----|---|-------|------------|----------|--------------|
| 1. | Effects of the Employment Support Program in FBiH | CEPOS | 05/04 | 02/05 | \$ 21.474,72 |
| 2. | Economy Demand and Education Supply in BiH | CEPOS | 04/05 | 01/06 | \$ 23.696,44 |
| 3. | Efficiency of Targeting of Transfers in BiH | CEPOS | 12/05 | 08/06 | \$ 21.986,28 |



| | | | | | |
|-----|--|-------|-------|-------|--------------|
| 4. | Philanthropy in BiH | CEPOS | 03/07 | 05/07 | \$ 25.092,05 |
| 5. | Money Market Development in BiH | EIS | 05/04 | 12/04 | \$ 21.458,84 |
| 6. | Impact of foreign trade policy on BiH competitiveness | EIS | 02/05 | 07/05 | \$ 20.576,80 |
| 7. | Development of competitiveness and export promotion of BiH metal sector | EIS | 12/05 | 06/06 | \$ 25.345,47 |
| 8. | Organic Agriculture – Generator of Rural Development | EIS | 01/07 | 06/07 | \$ 25.159,68 |
| 9. | Rationalizing Public Health System through Cost-Effective Prevention Program | EIBL | 08/05 | 03/06 | \$ 22.311,68 |
| 10. | Achieving a liberalized EU Visa Regime for BiH citizens | CSS | 12/05 | 09/06 | \$ 24.065,17 |
| 11. | A more Efficient Ministry of Foreign Affairs and Diplomatic Corps | CSS | 12/06 | 04/07 | \$ 22.979,17 |

Center for Policy Studies (CEPOS) First Research Grant: “Effects of the Employment Support Program in FBiH”

Under the research grant, CEPOS performed a program evaluation on a large Federation youth employment initiative in cooperation with their policy clients, the FBiH Employment Bureau and the Ministry of Labor.

CEPOS held a roundtable, hosted by the Bureau, at which it presented its program evaluation research topic. CEPOS’s research mentor, Dr. Struyk, gave a presentation on the wider CEE region’s experience with various employment generation policy measures and options. In addition, he discussed the characteristics and implications of the most commonly used programs for stimulation of employment, including active employment measures. Both presentations generated lively discussion and clear interest from the participants.

Upon completion, the study was submitted to CEPOS’s policy clients, the FBiH Employment Bureau and the FBiH Ministry of Labor. CEPOS continued to work with the Employment Bureau and discussed plans for implementing the policy proposals included in the evaluation. The Director of the FBiH Employment Bureau stated that he was extremely satisfied with the work done but was not comfortable with publicizing results widely.

As a result of the study, the Employment Bureau introduced some changes in the design of their planned active labor market programs. One of the major recommendations of the study was later included in another program, called Second Employment Support Project (SESER), designed and implemented by the World Bank. CEPOS and its researchers are now recognized as leading experts in the field of active labor programs and the evaluation of these programs. They were recently invited to be key experts for the preparation of an Employment Strategy and Action Plan for Bosnia and Herzegovina. In addition, they are known as training providers on active labor market programs and the evaluation of these programs.

CEPOS Second Research Grant: “Economy Demand and Education Supply in BiH: Strategy for Development of a Skilled, Productive, and Educated Workforce”

The main objective of this research study was to determine which skills are most needed for the priority sectors of industry in Bosnia and Herzegovina. The research resulted in policy recommendations for educational reforms to link the education system to the needs of the labor market in these sectors. A more skilled workforce, better matched to sector requirements, would result in a more competitive economy. The project was structured to complement education sector policy work being supported at the time by the international community.

Project staff arranged for a senior labor market expert, Dr. James Wickham, head of the Employment Research Center in Dublin, Ireland, to be the research mentor on this project. In addition to consulting with CEPOS on methodology, relevance, and presentation of the findings, he conducted a presentation at a roundtable with policy clients, co-hosted by CEPOS and the Directorate for EU Integration at the Council of Ministers’ building at the end of Quarter Seven. Dr. Wickham continued to remain in close contact and provide mentorship and recommendations to CEPOS on this very demanding research project, as well as literature for their review.

CEPOS Third Research Grant: “Efficiency of Targeting of Transfers in BiH”

The fundamental objective of the study was to demonstrate that there is a practical, feasible way to target assistance to the lower income families/population. Based on conversations with various officials, the lack of knowledge on how government agencies at the Entity and sub-Entity levels might do this was a significant deterrent to taking up reform of the social assistance system, particularly reform intended to shift from category-based to needs-based allocations. This research was particularly timely due to the introduction of VAT in 2006.

The focus of this research was the efficiency of targeting of transfers in BiH 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. In the context of debates on this issue, questions were raised about how to minimize negative impacts of the introduction of VAT on the poor, with the expected increase in overall prices. The implementation of VAT and revised tax policies were seen as main “driver” directing the attention of key decision makers to the issue of the efficiency and effectiveness of the social transfer targeting systems.

With support from Dr. Struyk, the research mentor, CEPOS succeeded in defining a feasible and efficient targeting system. Critically, by focusing strictly on a means-tested approach, this research aimed to help move the system away from the category-based approach (e.g., assistance to categories including the elderly, war veterans and invalids, refugees and displaced persons) to a needs-based approach, based on means or income criteria

The report was completed in May 2006 and distributed to a select group of key policy clients and international community officials for internal discussion and planning. The EPPU, ITA, Council of Ministers,



World Bank, and the EC Delegation, all responded positively to quality and usefulness of the study. The Deputy EC Ambassador and the head of the Indirect Tax Authority directly quoted the study at a key fiscal policy conference in Banja Luka and recommended its use in the reform process. Reforms in this sector are a time-consuming, ongoing political process and discussions and pre-legislation drafting were still ongoing when the project closed, but CEPOS remained in close contact with officials and the recommendations are expected to have an impact on ensuring a more efficient use and fair distribution of public funds resulting in support for the most vulnerable.

CEPOS Fourth Research Grant: “Philanthropy in Bosnia and Herzegovina: Policy Implications for the Government and NGO Sectors”

The major purpose of this study was to learn about BiH citizens’ and businesses’ support (money, goods, services, time) for NGOs. In addition, the study explored implications of current and proposed regulations of the NGO sector for the citizens’ and businesses’ philanthropy. CEPOS studied whether there has been a shift in NGO fundraising towards domestic philanthropy in reaction to the significant decrease in international donor funds that had been NGOs’ main source of funding.

Dr. Jean Tesche, a former U.S. Treasury Advisor to BiH, now based in Sarajevo, was the research mentor and provided advice and guidance to CEPOS on this topic throughout the research and analysis process.

CEPOS presented its findings at a large event hosted by the Center for Promotion of Civil Society. Many NGO and government representatives were present along with members of the media. The study was extremely well-received and generated much discussion on the implications and recommendations for more concerted action by the NGO sector and on policy recommendations to government to facilitate and encourage philanthropy. CEPOS’s Dino Djipa was also invited as a guest speaker on Hayat television’s primetime political broadcast to talk about the study, its results and policy implications.

Key policy clients were the representatives of the NGO sector in BiH, the Ministries of Finance at the Entity and State levels, and international donors and implementers of projects on tax system reforms. Because the study was completed and presented shortly before project closing, no key recommendations had yet been implemented. However, CEPOS made an agreement with CPCD and CCI to include this study in their regular advocacy activities as evidence for advocating tax policy reforms that will introduce significant tax allowances and deductions for charitable donations. In fact, CEPOS is the first PRO to have made such an agreement with NGOs on joint advocacy. CEPOS also intends to update this research annually for the NGO sector.

The main challenge is that the NGO sector is not able to exert pressure on Governments to address philanthropy issues among citizens and the business community in BiH. Some representatives of the international community in charge of tax system reform were also not interested in promoting such reforms as they would represent a complication, however slight, of the taxation system.

As a result of this study, CEPOS developed stronger ties with the advocacy NGO sector. CEPOS plans to initiate regular meetings with CCI and CPCD in order to resolve the identified issues. CCI is planning to advocate the introduction of the “Law of 1%” and this study will significantly contribute to the arguments in support of such a law.

Economics Institute Sarajevo First Research Grant: “Money Market Development in Bosnia and Herzegovina”

The Economics Institute’s study, “Money Market Development in Bosnia and Herzegovina,” provided key, evidence-based policy recommendations on launching a money market in the country and the sequencing of introduction of instruments, based on its analysis of the situation and the opinions expressed by key experts and commercial bank managers interviewed. The Economics Institute’s primary client was the Central Bank of BiH, along with the BiH Ministry of Treasury and Finance, the Entity Banking Agencies, Entity Finance Ministries, and commercial banks in BiH. These clients felt that the successful introduction of a money market was extremely important to the development of the financial sector of the country.

To present the final study, the Economics Institute Sarajevo (EIS), the Central Bank Governor and staff, and the BiH Minister of Treasury and Finance, organized a large event, including a press conference and a cocktail party, at the Holiday Inn, funded by the Central Bank. Hosted by Mr. Causevic from EIS, the CB Governor and Deputy Governor, the presentation was attended by 90 people, including the BiH Minister of Treasury, high-level officials from the State and Entity governments and banking agencies, representatives of commercial banks, as well as other local and international community representatives. The report received commendation from the highest officials, as well as from key people working on the internal debt law, the U.S. Treasury representative, and BiH Treasury Minister Ljerka Maric, who commented that the report was timely and that it was important to use recommendations immediately for legal drafting before finalizing the internal debt and capital markets legislation. This final presentation was the fourth in a series of seminars on the topic jointly organized by the Central Bank and EIS.

The presentation of the study and additional interviews with Mr. Causevic, the Central Bank Governor, and other participants after the presentation were widely covered by the media, both in print and on five local and national television stations.

Policy recommendations provided include steps to moderate shortcomings in the existing banking legislation, in particular, excessive rigidity, the passing of a law on money market instruments at the BiH level to define the instruments and their sequencing, the modalities of issue and trading, and the supervisory institutions. One of the key recommendations was the adoption of a new Law on Public Debt and Guarantees of BiH. This recommendation was adopted and the Parliamentary Assembly of BiH adopted the Law in June 2005. The Law was published in the Official Gazette of BiH on August 4, 2005. As recommended, the Central Bank of Bosnia and Herzegovina became an official fiscal agent and installed software and hardware in preparation for commencing the issuance of public debt securities such as bonds and treasury notes. The second part of the recommendations on the first issuance of those securities was in the process of being implemented when the project closed; the delay in these was due to the first application of the law overlapping with the election year (2006). The Entity division of the money market and capital market in BiH also hindered quick implementation of the recommended policies.

In addition to having produced a timely and relevant report, the entire research grant exercise, which included implementing a public and policy client communication strategy, resulted in a visible improvement in EIS’s public visibility and credibility as a financial sector expert and enhanced access to government policy clients at the highest levels. As a result of this study’s success, EIS was immediately invited to

participate in the legal drafting by the Central Bank and Ministry of Treasury. Through them, EIS established relations with the Parliamentary Assembly of BiH and was invited to advise on the legislative process and implementation.

During and after the project, EIS remained in close contact with the Minister of Treasury and Finance of BiH and with the Governor of the Central Bank of BiH. Since conducting this study, EIS experts have been included as active participants in all roundtables on financial market development. EIS was a member of the EU-funded project consortium providing technical assistance to the Economic Policy Planning Unit in the Council of Ministers. In March 2007, the Unit became the Directorate for Economic Planning of BiH, and EIS directly participated in shaping the revised version of the BiH Development Strategy in the section dealing with financial markets. In addition, the BiH Banking Association provided funding to publish a hard-cover book version of the study.

The research mentor for this study was Ann Richards, a retired Merrill Lynch executive and money market expert, who had previously advised other CEE countries on establishing money markets.

Economics Institute Sarajevo Second Research Grant: “Foreign Trade Policy Impact on Trade Balance on BiH”

EIS completed the final study, delivered it to policy clients, and held a media event in July 2005. The study was also published as a book in 2006. The study's topic was BiH's foreign trade policy and its impact on the current account and competitiveness of BiH. EIS's policy clients, the Ministry of Foreign Trade and Economic Relations, the EPPU, Ministry of Foreign Trade and Economic Relations, the Foreign Trade Chamber of BiH and the Directorate for EU Integration showed great interest and were extremely cooperative; BiH's trade policy is a priority issue for them. The Vice President of the BiH Foreign Trade Chamber co-hosted the press conference at the Chamber. The press conference was extremely well-attended: all of the major television, radio, and print media attended and carried the story.

The key policy recommendations of this research were to change the bilateral agreements with South East European Countries; i.e. to put BiH into an equal position particularly with the neighboring countries or to adjust these agreements with a multilateral agreement for the region of SEE. Specifically, that trade with EU countries has to be more liberal, particularly within the context of eliminating the customs barriers for the imports of crucial equipment and raw materials to support the competitiveness of BiH companies. The first recommendation on the modification of the bilateral agreements was implemented in 2006 with the signing the CEFTA Agreement. The second recommendation on the trade liberalization for capital goods with EU countries had not been implemented at project end. However, we have learned that simultaneously with the signing of the SA Agreement by BiH with the EU, this recommendation will be implemented.

EIS provided the Council of Ministers of BiH with services from 2005 to 2007 and prepared materials used as a basis for the negotiations for the CEFTA Agreement. Two researchers from EIS, Ante Domazet and Fikret Causevic, served as members of the Council of Economic Advisors to the Chairman of the Council of Ministers from 2005 to December 2006. The BiH Foreign Trade Minister used the recommendations from the study in a presentation to the BiH Parliament urging them to discuss and pass key reforms, quoting EIS.

One sign of the success of the grant was that EIS worked with the Foreign Trade Chamber of BiH to continue lobbying in cooperation with the Ministry of Foreign Trade and Economic Relations to implement the recommended measures and received financial support from the Foreign Trade Chamber of BiH to conduct “Impact Analyses of the CEFTA Agreement on the Economic Development of BiH.”

Their research mentor was David Kernohan, an EU trade expert from the Brussels-based Center for Policy Studies. Oversight on analytical methodology (econometric regression) was provided by Dr. Struyk and other senior UI staff.

Economics Institute Sarajevo - Third Research Grant: “Export Potential and Competitiveness of the Metal Sector in BiH”

The study explored the possibility of increasing the competitiveness of the BiH economy by stimulating competitiveness and promoting exports in the metal production and metal processing industries and related/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 positive impact on the integration of the economies of the two entities in Bosnia and Herzegovina and the 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 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 as mentor on 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 indicated that the metals sector is undoubtedly of strategic importance for BiH, and its exponential export growth over the previous five years shows that it can play a role in improving the huge trade deficit of BiH.

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. Approximately 30 industry leaders and government representatives attended. The report was also circulated to key policy clients as well, who are expected to use the results to reform policies that could support stronger growth and the competitiveness of this strategic sector.

The key policy recommendations referred to the elimination of unnecessary fiscal barriers in trade of capital goods and establishing of institutions at the BiH level responsible for encouraging the competitiveness of this sector, including the establishment of a Ministry of Industry, Energy and Mining of BiH (that is, at the level of the Council of Ministers of BiH). The first recommendation for eliminating the fiscal barriers for import of capital goods and free trade with the EU Countries will be implemented soon within the context of signing the SA Agreement and the CEFTA Agreement. The second recommendation has encountered

resistance for political reasons. EIS monitored implementation of the recommendation based on their direct involvement (as described above) in the Economic Policy Planning Unit of BiH and membership of two staff researchers in the Council of the Economic Advisors to the Chairman of the Council of Ministers of BiH during 2006.

The research demonstrated the need for establishing institutions at the BiH level to support the competitiveness of companies in the industrial, energy and mining sectors and particularly in the metal sector, which leads export growth in the BiH economy.

The Chamber of Commerce of the Federation of BiH supported the study's recommendations and has incorporated them in its Operational Plan. The study was distributed widely to the international community and direct support for implementation of the recommendations was received from GTZ representatives, who support the Metal Processing Industry Cluster Development Project in BiH.

Amendments to the Law on Customs Policy in BiH and Law on Customs Tariffs in BiH were being drafted when the project closed. These amendments and modifications will incorporate EIS recommendations on abolishing the customs duties on the imports of goods and modified customs tariffs for raw materials imported and used for production of export goods.

This research served as one of the basic documents for the development of the first "cluster" established by domestic institutions in BiH. Specifically, the automotive cluster in BiH was established on the initiative of the Metal Processors' Association within the Foreign Trade Chamber of BiH and this study was key source material for the preparation of the Auto Cluster Industry Development Strategy.

Economics Institute Sarajevo Fourth Research Grant: "Organic Agriculture – Generator of Rural Development"

In 2006, the worldwide area of organically farmed land was about 31 billion hectares, employing 662,000 farmers. In Bosnia this type of agricultural production is only emerging. Organic agriculture occupies to date only 0.01% of arable land representing 122 farms in BiH.

The value of world wide organic food market in 2006 is estimated to be 33 billion USD with an annual growth rate of 9%. The most important markets are North America (47% of world market and with annual growth rate of 14%) and Europe (49% of world market and with annual growth rate of 5%). The existing consumption imbalance (domestic consumption/production) in those regions results in increased import of organic food.

In general, BiH has very good environmental conditions for development of organic agriculture, but this production is just emerging. Until 2007, the development of organic agriculture was driven by the NGO sector and supported by internationally funded projects. In spite of the fact that the government has recognized the importance of organic agriculture for rural development, sector development was not supported by any organized, systematic government action. The BiH administration (all levels) was not able to create a regulatory framework necessary for the development of a quality assurance system (certification and accreditation) and proper labeling of organic food that will protect both consumers and producers in Bosnia and in the EU, alongside policies and incentives promoting the development of organic agriculture.

If a harmonized regulatory framework acceptable to the EU is developed, organic agriculture could become an additional generator of rural development and growth in BiH, opening up possibilities to develop value-added products, ensure sustainable employment, create export orientation, and attract FDI.

Dr. Karin Hook, a Swedish national with extensive experience in the organic foods sector and in academia, was selected to be a research mentor and spent a week with EIS in January 2007 and, throughout the process, continued to provide advice and comments on EIS's work via email.

EIS presented the results of its study and recommendations with the Assistant Minister of Economic Relations of BiH responsible for Agriculture at an event hosted by the Foreign Trade Chamber of BiH. Over 50 representatives of government agencies, NGOs, farmer associations, food and agriculture industry attended, as well as FIPA, USAID LAMP, and other donor agencies attended the event. The presentation also generated much media interest, and 14 media representatives attended, including four television stations covering the event for the evening news and requesting EIS staff for future broadcasts and interviews on the topic.

Economics Institute Banja Luka Research Grant: "Rationalization of the Public Health System through a Cost-Effective Prevention Program"

Republika Srpska's health system suffers from the negative impacts of the war and transitional changes still in progress. With rapid aging of the population, increasing consumption of tobacco and alcohol, growing pollution and traffic accidents, the burden of health problems will continue to grow.

A major challenge for public health in the Republika Srpska is prevention and control of non-communicable diseases. Therefore, the Minister of Health and Social Care of Republika Srpska adopted a Program for Prevention and Control of Non-Communicable Diseases in May 2003.

Working on health projects, the team from the Economics Institute Banja Luka (EIBL) recognized problems in the implementation of the prevention program with regard to coverage, financing and informing citizens of their rights under the program. The goal of the research was to define realistic policies that would enable rapid, effective and consistent implementation of the Program for Prevention and Control of Non-Communicable Diseases in the Republika Srpska, taking into account the economic dimension of the activities included in the program.

This study was completed in June 2006 for the RS Ministry of Health and Social Protection and RS Health Insurance Fund in cooperation with the Council of Ministers of BiH, RS Ministry of Finance, RS Ministry of Transport and Communication, RS Health Protection Institute and primary health care centers in the RS.

Project staff helped to select an appropriate research mentor for the project. The mentor selected was Embry Howell, a health policy expert from UI's Health Policy Center, who advised EIBL and jointly conducted a public presentation with EIBL at the RS Insurance Fund Headquarters.

The research was based on three questions:

- Is the scope of the program too ambitious, given the limited resources for provision of services?
- Are RS citizens aware of the importance of control and prevention of non-communicable diseases?

and the program?

- Is program implementation hindered due to an inadequate and unrealistic financing model?

Key recommendations included:

- Increasing the funds for financing the program through the reallocation of funds in the RS Health Insurance Fund and allocation of additional funds from the Ministry of Health and Social Care for the uninsured. This funding would be derived from an increase in the excise tax based on the turnover of tobacco products, alcoholic beverages, and the introduction of an added fee of 5 BAM (2.5 EUR) for vehicle registration;
- Applying a Population Strategy at the Republika Srpska level in order to educate citizens about the importance and efficiency of prevention; and
- Raising public awareness of the existence of the Program for Prevention and Control of Non-Communicable Diseases.

Results of implementation and promotion of the research included significant changes in procedures, particularly in relations between the RS Government, Health Ministry and Health Insurance Fund: The Ministry of Health and Social Care of the Republika Srpska has initiated financing of the prevention and control of non-communicable diseases for the uninsured; the Council of Ministers of Bosnia and Herzegovina is now considering a possibility of introducing additional taxes on tobacco products for funding this and similar programs. The research study was presented on a poster at the AcademyHealth Annual Research Meeting in June 2007 (Orlando, FL) and was accepted by a scientific and professional journal.

In 2007, awareness activities were also undertaken, specifically on the importance of regularly measuring blood pressure and blood sugar and family medicine teams promoted the prevention and control of non-communicable diseases.

EIBL continues monitoring implementation through direct contact with clients. The issue of financing the health sector in the RS remains open, and the current Director of the Health Insurance Fund expressed a positive opinion about EIBL's work under this project. The study was also presented to representatives in FBiH, as the recommendations are replicable there as well.

Center for Security Studies First Research Grant: "Achieving a Liberalized EU Visa Regime for BiH Citizens"

The main goal of the Center for Security Studies (CSS) study was to present policy recommendations for BiH authorities to take in order to help BiH qualify for the first level of EU visa regime liberalization—in other words- what must be done in order to see BiH removed from the Schengen blacklist (i.e., from Annex I to Annex II of the Schengen Visa Agreement).

The Directorate of EU Integration, 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 provided support, coordinated access to information, and hosted an event to launch the completed study. Juris Gromovs, a former Latvian EU Integration official, who had also worked with the BiH Directorate of EU Integration, was the research mentor.

The study's findings were presented at a roundtable hosted and chaired by Osman Topcagic, Director of the BiH Directorate for European Integration, at the BiH Council of Ministers building. It was attended by key government personnel and over 25 journalists and was widely covered in the press and on all major television channels.

One of the key recommendations related to more intensive and active involvement of the political elite in lobbying for easing the visa regime for the BiH citizens, particularly among EU members. Negotiations started in December 2006 with regard to the visa regime and BiH signed the Agreement on Easing Visa Issuance with the European Commission in April 2007.

Another key recommendation was the need for BiH to establish an Asylum Center in line with European standards, an EU condition for easing the visa regime. This was a quick implementable step and in December 2006 the Council of Ministers signed a contract with the Delegation of the European Commission in BiH on joint financing of construction of the Asylum Center in BiH. A third recommendation described the need to establish a new process for issuing BiH to meet European standards. Early in 2007 the Ministry of Foreign Affairs of BiH proposed establishing a system with four types of visas harmonized with the EU rules. Implementation of the recommendations for capacity building of the Office for Foreigners within the Ministry of Security began in spring 2007, with a new Head of Office appointed and initial hiring of necessary staff.

After the presentation, the Ministry of Security recommended that CSS be invited to participate in two one-hour radio programs dedicated to this topic. CSS also participated in the television broadcast "Open Parliament," which discussed this problem. In addition, the Directorate of European Integration invited CSS to take part in signing a partnership agreement between the governmental and non-governmental sector in May 2007.

CSS Second Research Grant: "A More Efficient Ministry of Foreign Affairs and Diplomatic Corps"

BiH's official foreign policy priorities are EU and NATO integration. The Presidency of BiH is the body responsible for shaping foreign policy, but the Ministry of Foreign Affairs is the instrument for achieving the aims of that policy. However, the Ministry of Foreign Affairs (MoFA) of BiH does not have an adequate structure to meet the priorities of EU and NATO integration in terms of human resources, regulations and financial (budget) matters. CSS's research was designed to analyze technical matters affecting the setting and implementation of foreign policy, such as human resources, internal regulations and finances of the MoFA and its diplomatic network. The Minister of Foreign Affairs when the study was launched, Mr. Ivanic, stated publicly that BiH diplomacy was in need of serious reform. Similarly, the Presidency of BiH announced that one of the main goals of their mandate was to reform the Ministry of Foreign Affairs. Thus, there was, at a high level, recognition of the challenges faced by the MoFA and the urgency of addressing them. This study provided a thorough examination of the major factors resulting in inefficiency in the Ministry, and a preliminary action plan—in the form of recommendations—that are expected to assist government in making the relevant organizational and policy changes.

CSS's research mentor was a professor of foreign policy at the University of Stellenbosch and Secretary General of the UN Association of South Africa. As an expert in this area, she had studied the efficiency and

reorganization of the South African diplomatic/consular corps, which copes with a similar quota/"national key" system like Bosnia.

CSS presented the study at an event hosted jointly with the Ministry of Foreign Affairs at the Council of Ministers, which was opened by the Assistant Minister of Foreign Affairs for Diplomatic and Consular Affairs. The Ministry expressed gratitude for the analysis of its personnel system and staff organization and stated that the study would be extremely useful for the Ministry regarding budgeting and planning issues and helpful in convincing the Council of Ministers and Parliament to approve changes. In addition to representatives of the Ministry, Directorate of EU Integration, Civil Service Agency, and others, the Foreign Policy Advisor to the Presidency and the Ambassadors of Germany, Hungary, and Sweden attended, as did a representative of the OSCE. Twelve media agencies were present, and several interviews were given to various television stations, which aired the results on the evening news.

This report was completed just before project closing, but implementation of the results had already begun as the project ended. The Minister of Foreign Affairs, Mr. Sven Alkalaj gave a statement to the daily newspaper *Dnevni Avaz* in which he stated that actions have been undertaken within the Ministry in accordance with the recommendations of study on the Law on Foreign Affairs, the structure of MoFA and the control and selection of employees. In addition, the Ministry had initiated procedures for closing three unnecessary diplomatic-consular missions (Embassies in South Africa and Argentina and the Consulate in Bonn). Finally, the Presidency issued a decision on new procedures and conditions for appointing Ambassadors for missions abroad.

3.3 Campaign Policy Issue Research Grants

These small grants were issued in early Summer 2006 to four organizations for preparing Campaign Policy Issue Briefs during the pre-election period in BiH. Each grant was for 5000 USD. The goal of these grants was to introduce policy discussion on concrete socioeconomic issues of public interest into the campaigns and provide a basis for debate on real issues and implementable programs. In addition, the grants were given to help promote the work of PROs to a wider audience and increase their visibility to media and to the authorities.

Each organization produced a document of about 10 pages and prepared a related presentation. The documents were written in a reader-friendly format, presenting the basic facts about the topic, a discussion of why current policies are not working, and suggestions of possible areas to explore for improving those policies. Their aim was to make the media and other advocacy NGOs aware of policy issues that candidates should address.

On August 29, 2006, a high profile event was held in order to present the briefs, hosted at the Bosnia and Herzegovina Parliamentary Assembly. The meeting was arranged by the CoP, Christopher Miller, and moderated by the Head of the Parliament Research Center. More than 20 journalists and over 30 other participants from NGOs, parliament, and government attended; the event received excellent media coverage. The four-hour event was followed by a lunch in the dining room of the Parliament.

| | Org. | Campaign Grant Topic | Start | End | Amount |
|----|-------|--|--------|--------|---------|
| 1. | CEPOS | How to fight unemployment in BiH? | 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 all citizens of BiH? | 6/2006 | 8/2006 | \$5,000 |
| 4. | ALDI | A step forward towards efficient social protection of unemployed in BiH | 6/2006 | 8/2006 | \$5,000 |

The project team cooperated closely with IRI and NDI to invite key campaign people from the parties, together with the main audience of advocacy NGOs, and with the USAID Media Project. The project also censured that the press and other guests from government and parliament were invited.

In addition to promoting more policy debate among politicians and media, this activity helped to clearly position PROs as expert organizations that can and should be useful to the policymaking bodies and to parties in developing defensible platforms.

4. Developing PROs' Institutional Capacity: Institutional Development Grants

To varying degrees, PROs and the PRO community required support beyond mentoring and the research grants to develop into effective and efficient PROs. Some suffered from deficits in technical support areas, ranging from computers and office equipment to websites. Others were much better equipped materially but could use support in upgrading services offered or further improving the organization. Seven institutional grants were provided to individual organizations by the project and two were used to support the launch of the Association of Public Policy Analysts of Bosnia and Herzegovina.

| Institutional grants | | | | | | |
|----------------------|--------------------|---|--|-------|-------|----------|
| | Org | Topic | Grant Type | Start | End | Amount |
| 1. | AJP (Media Center) | Association of Public Policy Analysts registration | Institutional | 10/06 | 05/07 | \$3,000 |
| 2. | AJP | Association launch activities – website, promo materials, board retreat, launch at parliament | Institutional (Costs paid by project directly) | 05/07 | 06/07 | \$10,655 |
| 3. | CEPOS | Policy Library and Public Information Center | Institutional | 05/05 | 05/07 | \$8,041 |
| 4. | CEPOS | Policy Fellows ToT and course offering | Institutional | 03/07 | 05/07 | \$21,069 |
| 5. | CEPOS | Conference participation: "10 Years of Dayton and Beyond," Geneva, Switzerland | Institutional (travel) | 09/05 | 10/05 | \$1,200 |
| 6. | CSS | Technological and staff capacity – equipment, training, travel | Institutional (In-kind) | 05/07 | 06/07 | \$6,100 |
| 7. | EIBL | Sustainability and Visibility – equipment, website, and promotional materials | Institutional | 05/07 | 06/07 | \$5,000 |
| 8. | EIS | Visibility and Efficiency: Website and Database | Institutional | 05/07 | 06/07 | \$4,830 |
| 9. | VPI | Conference and focus group audio recording equipment | Institutional (In-kind) | 05/07 | 06/07 | \$2,800 |



Association of Public Policy Analysts of Bosnia and Herzegovina

At the beginning of the extension period, a small grant was awarded to Media Center (in collaboration with CEPOS) to launch and register a new Association of Public Policy Analysts of Bosnia and Herzegovina. During Quarter Fourteen, key people were identified from PROs, NGOs, and government to join the Association's board, and the Association was registered successfully. Reuf Bajrovic was elected the Association's President, and Dino Djipa (CEPOS), Vice President. Other key board members included Azra Brankovic, Head of the BiH Parliament Research Center, and Azemina Vukovic, Director of the Program Implementation and Monitoring Unit of the Directorate for Economic Planning. ACIPS Center, which nominated Mr. Bajrovic, agreed to host the Association and provide logistical support. The Association grew out of the BiH Policy Network, a group mailing list and website for the BiH Policy Community, established in 2005 with support from the project.

After completing its launch, the Association applied for, and was awarded, follow-on assistance for start-up activities of the Association. Due to bank account and other technical issues, the activities planned within the grant were, in agreement with USAID, financed directly by the project rather than issuing a grant formally. The activities included setting up a website, planning the benefits and services to be offered by the Association to the policy community, and organizing a sustainability and objectives retreat for stakeholders, held in Jahorina in early June. The highlight event was the public launch of the Association, hosted by the Parliamentary Assembly of BiH in their "White Hall" and opened by Parliament Chairman Beriz Belkic and President Komsic. Moderators included Azra Brankovic, Head of the BiH Parliament Research Center, and Azemina Vukovic, Deputy Director of the Directorate for Economic Policy of the Council of Ministers. Representatives of all partner organizations made presentations. Many parliamentarians, NGO representatives, and government officials attended. Board members and senior government guest speakers promoted the Association and the importance of using PROs in policy development, while several parliamentarians promised to do their best to establish budget lines within ministries for outsourcing evidence-based policy research to organizations. Both government officials and PRO presenters expressed gratitude to USAID for funding the Policy Development Project and for the great impact the project has had on the quality of their research and analytical skills, their management capacities, their relationship with policymakers and networking skills, their public visibility/communications skills, and the drastic overall improvement of domestic evidence-based policy development over the past four years.

The AJP website (www.ajp.ba) was also launched and is accessible while it is being expanded and its database is under construction.

Below is an excerpt from the statutes of AJP:

The Association of Public Policy Analysts of BiH is a voluntary citizen association. The Association is non-partisan, free and a voluntary association founded to serve the interests of its members. The main goals of the Association are:

- *Promotion and protection of professional, social and intellectual interest of its members;*
- *Promotion of ethical standards and professional integrity;*
- *Improvement of working and social conditions of the members of the Association;*
- *Education of the members;*
- *Harmonization of activities of the organization and individuals who deal with analysis of public*

policy of government, International Community and key decision-makers;

- *Setting up and facilitation of common advocacy, lobbying, and PR activities among individuals and organizations in the area of public policy;*
- *Establishing high standards of research and analysis of public policy;*
- *Improvement of legal framework for the functioning of organizations and individuals who deal with public policy analysis in BiH;*
- *Establishing and promoting the Association as the most relevant source of information, facts, reports and analysis for public policy researchers/analysts as well as decision makers in BiH;*
- *Promotion of discussion and debate within the BiH public policy research community;*
- *Contributing to development of fact-based policy in BiH;*
- *Establishing cooperation with foreign and international organizations and institutions in the sphere of public policy analysis as well as monitoring international trends in this area;*
- *Contributing to exchange of experience and best practice among organizations and individuals who work on public policy analysis in BiH;*
- *Education of the public in general, and especially key decision-makers on the importance and role of research and analysis of public policy;*
- *Improvement of the image of the profession and the experts in the area of public policy.*

CEPOS Policy Library

CEPOS received two institutional grants from the project. In 2005, the project awarded a first institutional development grant to CEPOS, which needed limited support in upgrading its library and creating an Information Center open to the public. A grant was made to CEPOS for this purpose, which completed its extensive library in early Quarter Fifteen. Staff was hired to set up the library both physically and electronically, software was purchased, hundreds of documents were imported or scanned into the database, and many journal subscriptions were made. CEPOS also invested its own funds beyond the amount of the grant in both subscriptions and staff time. The web-based policy library is publicly accessible at <http://www.cepos.org/katalozi.htm>.

CEPOS- Institutionalization of Policy Fellows Course in BiH

CEPOS was awarded a grant in Quarter Fourteen to have CEPOS staff trained as trainers for the Urban Institute/Institute for Urban Economics (IUE) flagship Policy Fellows course. In May, representatives of Moscow's IUE came to Sarajevo and held a train-the-trainer course for four trainers (three CEPOS staff and the Director of the BiH Parliament Research Center) who were trained successfully on presenting the course and in trainer methodology. The ToT was led by Marina Shapiro, Executive Director of IUE, who has delivered the training over 100 times, including three times in Bosnia, as well as several other ToT courses. After the ToT session, the eight-day course was successfully delivered to eight course participants by the new trainers, with support and oversight from the IUE trainers and UI.

CEPOS: Conference Participation in "Ten Years of Dayton and Beyond"

The project identified a high-profile conference opportunity for both EIS and CEPOS. Fikret Causevic of EIS and Dino Djipa of CEPOS were both panelists at the "Association of Bosnia and Herzegovina – Ten Years of Dayton and Beyond" conference in Geneva in October 2005. The conference organizers agreed to cover the costs for one (Mr. Causevic) with sponsor funds. The project provided a grant to CEPOS for Mr. Djipa's participation. There were many eminent international and local experts, diplomats, and VIPs in attendance.

Mr. Djipa was a panel member in the session entitled “Responsibility for the Future” and he presented CEPOS and some examples of their policy recommendations. He also actively participated in discussion sessions and took the opportunity to meet and engage with other conference participants. It was an excellent opportunity to profile CEPOS as a key player in developing policies for growth and sustainable development in BiH’s future.

CSS – Improving Technical and Staff Capacity of CSS

The institutional grant provided CSS with much-needed equipment, as well as staff development. CSS received two laptops, a digital camera, a scanner, a fax machine, and a network printer. They also received staff training in financial management and in Corel/Photoshop. This will greatly enhance their capacity for normal daily work, as well as saving money spent paying for external production and formatting of reports, graphic design of their covers, etc. Funding was also given for the development and printing of promotional leaflets on CSS. Furthermore, funds were provided for tickets for two key staff members to visit key partners on mini study-tours to Paris (OECD) and London (Saferworld) to become better acquainted with these organizations and the key partners there. CSS covered all other travel costs aside from the airfare.

EIS – Improving EIS’s Visibility – www.eis.ba

This grant supported the development of a dynamic webpage for Economic Institute Sarajevo. The portal will be used not only for the presentation of the Institute on the web, but also for supporting its research activities. In addition, the site contains a database of the Institute’s research projects, studies and other products and services. Staff time was used to prepare policy briefs and various pages for the site so that documents would be web-friendly. Documents were also translated so that the site would be fully functional in both English and the local language.

EIBL – Support for Efficiency, Visibility, and Sustainability – www.eibluka.org

EIBL was given two laptops to replace old and problematic computers, and to ensure the ability of staff to travel and work at the same time. EIBL also received funds for designing and printing PR materials and brochures and for the development and translation of their functional (but local language-only) website in English, which is important for foreign partners and international donors when determining which partners to work with.

VPI (Foreign Policy Initiative) – Conference Recording Equipment

This subgrant supported the institutional development of VPI, through the purchase of technical equipment for audio recording of focus-groups and meetings, which are key to their research. Using both the subgrant and its own funds, VPI purchased interactive conference and recording equipment and a sound mixer desk system, along with a hard disk recorder and ten desk microphones. VPI also agreed to allow other organizations to use this equipment and to only pay for the time of their technician and other actual costs when using it.

5. PRO Management and Communications Mentoring

Throughout the life of the project, the Chief of Party, Christopher Miller, together with UI home-office project directors Raymond Struyk and Annette Brown (who replaced Jeffrey Telgarsky as the UI International Activities Center Director), continued to work closely with EIS, and CEPOS, our primary partners from the outset, as well as with CSS and EIBL, and with the newly formed Association of Public Policy Analysts, on

management activities, structures, and communications tools and capacities. Towards the end of the project, Mr. Miller discussed with the partner PROs, USAID, and other donors, including Soros Open Society Foundation, UNDP, and Swiss Development Cooperation, options for identifying additional funding and support opportunities from both local and international clients and donors for sustainability when the project ended. Copies of Raymond Struyk's Think Tank "Bible" for PROs in transition countries, *Managing Think Tanks*, were delivered to our partners. In-house management diagnostics reviews were performed by Dr. Struyk with Mr. Miller for these four partners, memorandums suggesting improvements were delivered, and the project team followed up on the implementation of the recommendations with these organizations and provided further advice and support.

CEPOS

CEPOS had developed into a reliable organization known for performing work at the highest level, standing behind the work it does and with solid management structures and practices.

Based on the management mentoring and other project inputs, CEPOS has implemented several important improvements in their management practices: a rationally based overhead rate was determined, costs are being tracked at the project level and reported to managers in a timely fashion, a fully established system of electronic timesheets is in place, and an annual staff assessment system is being implemented. CEPOS makes full use of the overhead, financial management, and HR management tools provided by UI through trainings and mentoring. It is also implementing a Quality Control and review system for policy work it produces and has improved its website and marketing/promotional materials. CEPOS conducted the first staff performance evaluations in 2005, for both CEPOS and Prism staff, based on the system introduced in Raymond Struyk's book, *Managing Think Tanks*, and subsequent trainings (HR Management and IUE Study Tour – Moscow). By June 2007, CEPOS had begun to launch the first scientific journal for empirical social research and was also preparing to establish a CEPOS advisory board.

Thanks to relationships catalyzed by the project, CEPOS began to be recognized by key government officials as a reliable potential partner and has begun receiving government contracts. In addition to the 200,000 KM contract for the Data Map Policy Project for EPPU that was completed successfully, CEPOS was awarded another 30,000 KM project for secondary analysis of the Household Budget and Labor Force Survey data, also for EPPU. As the project closed, several new research projects were being developed with government clients. In addition to work done for government clients, extensive work financed by various donor organizations is being done on a regular basis.

At the time of project closure, CEPOS was working on finalizing two major policy research projects. One project was for the Open Society Foundation, focused on educational system reforms. CEPOS was also finalizing research for the World Bank entitled "Social Audit of Local Governance." The work on this project helped CEPOS to position itself very well in the field of local governance. These two contracts totaled over 100,000 USD.

Local governance, together with socioeconomic policies (labor market, education, youth, social policy) are the key strategic directions for CEPOS. CEPOS has been recognized by the donor community as one of the major think tanks in Bosnia and Herzegovina and was asked to participate in OSF's institutional support scheme worth potentially more than 100,000 USD over the next three years; CEPOS is currently working on its proposal for this scheme.

Economics Institute Sarajevo

EIS was founded in 1958 as a public institution and had been self-financed since the 1980s. However, the war and resulting situation greatly affected this institution, which was still producing good work and maintaining its reputation, but was completely cash strapped. When the project began, EIS was barely covering costs and had no real HR or financial management structure; few, mainly unmotivated staff; and no clear vision for its future.

The project team worked closely with EIS and saw a significant institutional improvements over the project's life. In early Year Three, the management structure and strategy of EIS were resolved, EIS was re-registered, and a new board was named. Dr. Anto Domazet, a university professor of economics and former BiH Treasury Minister was formally appointed as EIS Director, with a four-year term. Structural and management improvements have continued, many based on recommendations from project staff, including a recommendation memo prepared for them based on a survey of their management practices. EIS is becoming a sustainable, competitive organization.

EIS has greatly expanded its market and is continually growing, with much work for government agencies at the national, entity, and local level, as well as for industrial clients and donors. EIS now has management and core research functions in-house, with outsourcing experts used as a way of recruiting additional research staff from the Economics Faculty in Sarajevo and elsewhere. EIS expects to hire around 15 new researchers who will be capable of expanding the generation and implementation of projects, in addition to external experts.

EIS has seen a continued improvement in its image, reputation, and business, as a result of the mentoring from PRO project staff on management, quality, and analytical capacity and through the experience of work done on the studies funded through the project. EIS participates in a number of projects for local, entity, and state government agencies, in donor-financed projects. Two top researchers were named to the advisory council of the Chairman of the Council of Ministers (Prime Minister).

Economics Institute Banja Luka

EIBL became our partner in Year Two with the approval of its research grant. EIBL staff were dedicated participants at every training we offered since the project launch and the staff have improved their analytical skills.

Because of the lack of funding for policy work, EIBL had been focusing more on the work it was doing for commercial clients. The project helped EIBL return to its core mission. EIBL has greatly improved its policy research department and analytical skills through project mentors and is conducting much more research for government and donor clients. Through project support, EIBL also improved its promotional materials, website, and financial management, and determined a defensible overhead cost rate, helping them to better plan and budget projects. Because of the increase in government clients during the project's extension period, EIBL decided not to overload itself and did not apply for a second research grant. This was seen as a great success by project staff. Through work with the project staff and the research grant (see grants section), EIBL has also seen its reputation and visibility improve and in addition to core macro- and microeconomic expertise and issues related to local governance, it has positioned itself as expert in both the energy sector and health-sector finance and management, which are growing issues in BiH.

Center for Security Studies

CSS, which became our partner in Year Three, has shown dedication to the development of both management and analytical capacities. Staff have attended our trainings diligently and have also made strides to improve their sustainability and established excellent and constructive relations with their research project mentors and with project staff in relation to improvements to management and, particularly, financial management. The project also provided funds for additional staff training in publication design and DTP so that their research products could be prepared in-house.

CSS continues to work extensively with NATO, EUFOR, and Saferworld, among other international organizations. CSS is also the host and implementer of the EU Information Centre (EUIC) in Sarajevo and EU Information Points (EUIPs) in Foca, Zenica and Gorazde. The EUIC, managed by CSS, was opened in March 2007 in Sarajevo by the Ambassador of the EU to BiH.

6. Building Partnerships: Stakeholder Relations

As highlighted in the sections above, the activities organized by the project and connected to the trainings and research grants issued greatly impacted the status of PROs in the country and their relationship with key stakeholders—government and parliament clients, advocacy NGO partners, and the media. Their visibility improved dramatically over the nearly four years that the project was active.

In addition to the activities described above, three significant retreat-style events were organized, designed to improve stakeholder relations and provide networking opportunities. In 2005, with logistical and financial support from the USAID PTP program, the project team organized a policy community conference, “Beyond Analysis: The Broader Role of Policy Research Organizations in BiH,” with over 70 participants from local PROs, NGOs, government and parliament as well as 15 international community representatives and guest lecturers from the region. It was opened with speeches by USAID Mission Director Howard Sumka and the Deputy Director of the EPPU, Azemina Vukovic. A second, more intimate two-day policy retreat was held by the project in 2006 with nearly 30 participants. Senior representatives of Bosnian think tanks and NGOs and senior government and parliament representatives discussed PRO sustainability, PRO-NGO-government cooperation, and involvement in enhancing the policy debate in the pre-election campaign period.

In 2007, the project supported the registration and launch of the Association of Public Policy Analysts of BiH, including board members from PROs, government, and academia. With the AJP board, a third retreat on sustainability of the PRO sector and Association objectives for stakeholders was held in Jahorina. Following this, the project supported the public launch of the association, hosted by the Parliamentary Assembly of BiH in their “White Hall” and opened by Parliament Chairman Beriz Belkic and President Komsic. Moderators included Azra Brankovic, Head of the BiH Parliament Research Center, and Azemina Vukovic, Deputy Director of the Directorate for Economic Policy of the Council of Ministers. Representatives of all partner organizations made presentations. Many parliamentarians, NGO representatives, and government officials attended. Board members and senior government guest speakers promoted the association and the importance of increased use of PROs in policy development, while several parliamentarians promised to do their best to establish budget lines within ministries for outsourcing evidence-based policy research to organizations.



Partner PRO representatives also signed the Agreement on Partnership between Government and Civil Society, signed in Spring 2007.

PRO–Government Relations

From the outset, the project's Chief of Party acted as a catalyst to establish and develop relationships between PROs and key senior policy clients. Much of the specific information related to relations with the government has been outlined within the sections of this report on capacity building, management mentoring, and in particular, research grants.

As mentioned earlier, to help ensure demand for the research conducted and to begin a wider process of dialogue from the outset, the team invited potential clients of policy research—policymakers, senior government administrators, members of the media—to participate in all training events to increase their appreciation and interest in such analysis and to link them to the specific organizations and individuals doing the best work. The mixing of officials with policy researchers and advocacy NGO staff proved an effective element in creating a common understanding and policy language among participants and in building bridges for future collaboration. Mixing participants and other project networking activities helped establish relations among these communities and facilitated later work on specific policy issues.

The project continued to develop the highly productive relationship it established with the Economic Policy Planning Unit of the BiH Council of Ministers, which formally became the Directorate for Economic Policy (DEP) in Quarter Fourteen. More than 10 staff members attended various trainings and three DEP staff members, including the Head of EPPU-PIMu (the Mid-term Development Implementation Strategy), Azemina Vukovic, attended the eight-day Policy Fellows course. Ms. Vukovic also acted as a moderator and co-chair at several retreats and conferences supported by the project. Igor Blagojevic, former EPPU Director-General, also attended the two-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, who attended numerous project trainings and events and retreats. Assistant RS Minister for Economic Relations and head of the RS Socio-Economic Council, Aida Bogdan, also attended many trainings and events and was a key partner in the RS for the project, assisting in coordination with other RS ministries as needed. Ms. Vukovic, Ms. Bogdan, and Ms. Ramljak all participated in the PTP Study Tour early in Year Two with PRO representatives, which further cemented the developing collaboration.

As mentioned in the sections on research grants, both EIS and CEPOS have worked extensively with or for the Directorate for Economic Policy (former EPPU) after contacts were established via project staff and events. One individual project outsourced to CEPOS from EPPU (using funds provided by DFID) was in the amount of 200,000 KM (over 120,000 USD)

Azra Brankovic, Head of the BiH Parliamentary Assembly's Research Center, attended the retreat, the AJP launch retreat and several trainings, and has been an active supporter of our project and PROs. She arranged four large-scale events for PROs at the BiH Parliament, including the half-day presentation of the campaign briefs and the launch of AJP. She also placed a line in the 2007 parliament budget for beginning outsourcing policy work to the PROs supported by the project, and expects those amounts to be augmented greatly in the 2008 budget.

All of our partner organizations participated in one or more public hearing at parliament, and in several government-sponsored working groups. The DEP, like the Parliamentary Research Center, plans to support outsourcing policy work to organizations rather than to individuals and clearly understands the importance of the institutional development of PROs that can be partners in creating sound socioeconomic policies for the country as it aspires to join the EU, reduce poverty, and jump-start the weak economy. Government agencies in BiH have also become increasingly consultative over the past years, both thanks to urging from the international community, but due to support to PROs through this project and other support for CSO participation and advocacy.

Communications and Media Relations

Public and media relations, as mentioned throughout the document, were something the project placed great emphasis on. Many in the think tank world are focused on research and analysis alone and write for a scientific, academic audience. The project helped these organizations recognize the importance of having their work understood, if it was to be relevant and actually used by civil servants, the media, and the general public. All opportunities were used to improve the communications skills of these organizations, their promotional materials, their websites, their presentation skills, and production of reader-friendly policy briefs. Cooperation was also initiated with Media Center and the USAID Media Project in order to identify journalists interested in policy topics. The organizations took advantage of this and improved their capacities and their products, as well as their visibility, by holding press conferences or inviting media to attend events. The media showed great interest in the research studies presented and attendance numbers grew throughout the life of the project as coordination of media relations and presentation skills improved. More than 50 media representatives attended events organized by our beneficiaries and reported on their research. Most of these journalists were those interested in covering socioeconomic policy issues and these have continued to cover events. On average, about 10 media representatives were present at each event organized by our partners and provided coverage of their work. Other electronic media create articles from press releases and policy briefs without needing to attend the events in person. In addition, all of our partner PRO leaders have given multiple print, television and radio interviews on research topics and were invited to participate in television talk shows as guest experts.

PRO–CSO Relations

As discussed throughout this report, the PRO sector in BiH also improved its profile within the CSO sector. Through events and trainings organized by the project, CSOs and PROs were brought together. Involving CSO leaders in the trainings, retreats, and other events helped advocacy NGOs learn more about evidence-based research and analysis techniques and their importance. They began to better understand the difference and value of PROs and then began to identify ways in which PROs could play a role in providing evidence-based, realistic, and implementable solutions for the issues they were lobbying for. On the other hand, PRO leaders became more respectful of the advocacy NGOs, understood their roles and comparative advantages in the policy community, and their excellent skills at lobbying, promoting issues, and getting the media and public informed and involved. Relations among PROs also benefited, with organizations attending events organized by their colleagues and organizing joint events, coming together to have a stronger, united voice to promote their work and to ensure more responsible, evidence-based policies are developed in BiH to take the country forward to growth, stability, and prosperity. This was most evident with the creation of the BiH Association of Public Policy Analysts described earlier, comprised of members from the government, parliament, academia, advocacy NGOs, and media, as well as PROs.



7. Project Management

The organization of the project consisted of the following key elements:

- ❑ *Chief of Party, Christopher Miller*—had full day-to-day responsibility for project implementation, grants management, relations and networking among partner PROs, government officials, advocacy NGOs, donors, and other stakeholders. Additionally, he worked to improve the partner PROs' communications, networking and media relations skills, as well as advising on sustainable management structures.
- ❑ *Project Director, Dr. Raymond Struyk*—responsibility for overall project management and quality control. He was intensively involved in all stages of the project, provided technical mentoring in policy research methodology, provided management mentoring to the partner organizations, and assisted the CoP with other tasks such as identifying PRO mentors. At the end of Year Three, Dr. Struyk was replaced by Dr. Annette Brown, who became UI International Activities Center Director. Subsequently, Rebecca Lawrence took over the project management function for the final two months of the project.
- ❑ *Policy Analyst, Kelly Kohagen*—provided overall technical and financial management support and backstopping to the project from headquarters, assisted in identifying research mentors, and conducted interviews for the analysis comparing the changes in the policy environment in 2003 and 2006. Previously this role was filled by Darya Kosmyrina and Maresa Becerra.
- ❑ *Logistical support and office space*—the project contracted with the Sarajevo Economic Region Development Agency (SERDA) for logistical support. SERDA provided office space and accounting and administrative support. This included Office Manager and Executive Assistant, Dean Savkovic, who worked full-time throughout the project, in addition to other part-time support staff and interns assigned to the project.

8. Recommendations to USAID for Further Support to the PRO Sector

While the outlook for PROs in BiH has greatly improved over the past four years, there are simply not enough BiH budget funds to sustainably finance the level of evidence-based research required to support the best policymaking needed to meet the country's development challenges, nor for the viability of these organizations. Therefore, these organizations are still not able to depend on public funds or philanthropy the way think tanks in many other countries can, and must pursue donor-funded projects. Most of these projects will still be targeted to government policy clients and many will be processed and outsourced by government agencies like DEI or DEP, or PIUs with funds provided by donors like the EC or the World Bank. Coordination with donors, particularly the EC and the World Bank, UNDP and other bilaterals, will be vital in ensuring that funds provided to the government for policy development allow for outsourcing and that there is priority given to outsourcing to PROs rather than to individual consultants. Prospective donor programs include:

- SDC, Swiss Development Cooperation, solicited advice from our project in preparation for a Balkans-wide research support project. We introduced them to our partners and provided them with extensive

information. Mr. Miller participated in several internal planning events in Bosnia together with SDC representatives from the region and Bern headquarters and involved CEPOS representatives in these discussions. The research support project, the Regional Research Promotion Programme for the Western Balkans, is to be launched in Fall 2007. It will support social sciences research. While the SDC is interested in supporting PROs, the fact that the contract was awarded to the University of Fribourg may mean that there will be a slight bias towards university-based research. Aside from the SDC offices in Sarajevo (Swiss Embassy), the key contact for the project is Professor Nicholas Hayoz, based in Switzerland, nicolas.hayoz@unifr.ch. USAID collaboration and coordination with SDC is recommended.

- UNDP has an existing program supporting the ACIPS Center for Policy Research. It is, with funds provided by JICA, providing complete institutional support for this organization, which may complicate sustainability when funding ceases, as it seems that the Center is currently fully subsidized. The Center is made up mainly of relatively young analysts and was in the process of hiring a more senior manager/researcher to advise and oversee work. Funds might be spent more efficiently if they could be channeled to support various organizations through competitive grants, rather than fully subsidizing one organization.
- Soros–Open Society Foundation (OSF) also has funds to support policy development, and has a very well-respected individual policy fellowship program including trainings and small grants to individual researchers. The Director, Dobrila Govedarica, was extremely cooperative with our project and remained very open to the possibility of pooling funds with USAID for supporting PROs once the project ended. These opportunities should be explored further, as with SDC.

9. Going Forward: Legacy and Sustainability of USAID's Support to PROs

To ensure the sustainability of the legacy left by USAID's support to this sector through the Policy Development Project, the project team would strongly recommend that USAID continue to support PROs and the development of independent, relevant, evidence-based policy development by local organizations. It should also continue to support those government agencies that are cooperating with PROs and who are attempting to collaborate and/or outsource as much as possible, with limited funds. USAID should advocate for the idea of more BiH budgetary funds going to outsourcing of policy research, and might consider direct support or grants to or via those government agencies, such as the Parliamentary Research Center, the Directorate for Economic Policy, or the Directorate for European Integration, among others.

We would strongly recommend that USAID, possibly together with OSF, continue giving policy research grants similar in scope to the ones given by the project, using similar selection criteria, application forms, and oversight/mentorship, with funds channeled through another USAID-funded CSO grantmaking project.

This could take the form of being financially and logistically managed by a USAID grantee/contractor (local CSO) organization such as CCI. While CCI was actively involved with our project and our partners, CCI is not equipped to handle the tasks requiring more expertise in the social and economic policy arena or to advise or oversee research methodology for example. But having PROs cooperate more directly with CSOs would also be beneficial. We would suggest using a similar grants-management process as that used successfully by this



project. Calls for proposals could be made to pre-selected organizations such as our partners or to a wider range of organizations. Organizations would be required to pre-identify policy clients (by name) from government agencies interested in such research. A review board would be named, including donor community (but preferably senior local staff) and key government officials (particularly those named as our key partners) to assess the topical relevance, research methodology proposed, budget, staffing ability, and past performance of the organizations to perform such research and analysis. The board would primarily focus on relevance, need, and timeliness in the BiH policy agenda. It should also involve the indicated policy clients on confirming the timeliness, relevance, and usefulness of such research.

The initial applications selected would then be sent to a senior international research manager who would be the primary technical mentor. This person (or persons) would preferably be a senior economist or other senior research manager such as the main mentor in the OSF project (OSF tentatively indicated to us the possibility of providing his services for a future joint project). This mentor would evaluate the proposed methodology and past performance in particular. Comments provided by the board and the mentor would be preliminarily sent back for further clarification and revisions before formal approval. This person would play the role of the senior UI home-office staff, that is, providing methodological oversight, guiding grantees and their mentors, reviewing analysis plans and draft reports, and providing overall quality control, ensuring that policy recommendations provided are based on evidence obtained through research and analysis with stringent standards applied. The majority of the work of the primary technical mentor could be done remotely, via email.

The primary technical mentor, as needed, for each grant, should choose and appoint, in collaboration with the grantee, an international research mentor, an expert on the topic to be studied, to spend approximately 10 days (80 hours in total) working with grantees until the project is complete. It is easiest to hire them with a fixed lump-sum amount, plus covering travel costs. This would be very similar to our research mentor component described earlier. Mentoring can be done remotely (via email or phone), and is most vital when the organization is preparing its analysis plan and when the report is being drafted (and reviewing the draft). Mentors would provide advice based on their expertise and experience on the topic in other countries, as well as guiding grantees to other relevant international literature. Mentors would preferably make one trip to BiH for three to five days (part of the 10-day total) either while the PRO is preparing the analysis plan, or while the report is being drafted (see earlier section on research grant mentors).

The board members would be able to be called upon to assist, if necessary, with further contacts with government agencies from which cooperation is needed during the research phase.

Once the study is complete, the organizations would co-organize events with their policy clients to promote the study to relevant officials, public, and media. These events could also be supported logistically by the organization managing the grants (e.g., CCI).

We could recommend several changes to the process used in the project, taking into consideration the improved policy environment. These recommendations are related to obtaining a more concrete commitment from the government client agency to assume the role of the primary contracting client, even if not the funding agency. To date, monitoring implementation of policy recommendations has depended largely on the PROs' initiative and interest and, while information was often forthcoming, the client had no formal obligation to inform the grantee on implementation, results, or formal comments on the recommendations. This became problematic when the key contact within an agency changed positions or after elections, when a new minister

came in with different priorities. A model should be identified which would create some obligation for the client institution to deliver a report to the service providers on satisfaction with the study and implementation (or non-implementation) of the recommendations. This would also help organizations to target areas of further involvement or offer additional services, as well as to learn from what was or was not appreciated or useful for their clients. The best way to do so would be to develop short, simple feedback forms on implementation to be filled out within one month of receipt of the study, and then again at least every two months until results have been implemented, considered, adjusted, or rejected. A memorandum of understanding obligating the government client to do so could be signed during the grant approval phase, thus also ensuring their interest in the project from the outset. This feedback process would also serve a marketing function, in essence reminding the client about the PRO and the research done, possibly opening doors for closer cooperation and improving the chances of the use of the recommendations.

Secondly, if deemed appropriate, USAID could also make part of any available funds for further research grants described above accessible only upon application by a government agency for external policy research to be performed. Then a call for proposals would be announced or, if urgent, only pre-selected PROs fitting the profile would be invited to apply. The policy client would also be involved in the selection board.

Furthermore, for all of the above scenarios, the project team believes that it may now be appropriate to consider requiring financial participation from the client agency with a token amount from budget funds (even if only 5 or 10%) to ensure true interest, full collaboration and access to information, and to promote the exercise of outsourcing policy work to PROs by government. This could eventually help increase both the amount of work outsourced and funds budgeted for this, thus making this a routine practice in more and more government agencies.

We would also suggest an additional component for continued support to PROs and for increasing collaboration with advocacy NGOs, to unite the wider CSO community. This would be to provide research grants to PROs to provide evidence-based policy advice to NGOs or an NGO coalition to help back up their agendas with hard evidence and allow them to advocate for implementable solutions to policymakers.

10. Conclusion

The broad picture that emerges is one of substantial positive development in the policy development process and the policymaking environment in Bosnia and Herzegovina over the 2003–2007 period. Various factors contributed to these changes, but undoubtedly the activities of the USAID Policy Development Project played a significant role. Factual evidence and analysis are playing a greater role in policy making and PROs have been a major provider of this information. PROs have been successful in convincing the policy community that they are purveyors of objective, impartial advice and analysis, and in this they have distinguished themselves from advocacy NGOs.

Clearly, the improved attitude toward a more rigorous basis for decision making occurred in a favorable environment, with the reduction of international community involvement and more responsibilities transferred to domestic authorities. USAID should be commended for the timeliness and relevance of this project in relation to realities on the ground and needs of the country.

There is no question that there was improvement in the quality of local analysis *and* its targeting of the most important issues. This improvement was certainly produced at least in part by the substantial capacity-building efforts of the Policy Development Project. The stronger research and communications performance by local organizations fostered by the project had an impact in changing attitudes by decision makers towards the use of evidence and analysis in the policy process, as did the catalyzing role the project staff played in networking the various stakeholders.

Looking to the future, key decision makers themselves indicated that they believe that now that these stronger ties between the PRO representatives and government have been established, they will continue to grow. The EU pre-accession reform processes will continue to demand more concrete information, analysis, and evidence. Furthermore, the public is becoming more knowledgeable about key policy issues, and politicians will have to become better informed to be credible to the citizens they represent. Locally generated analysis will have to expand and improve to fill the void left by the ever-decreasing role of the international community. In short, while support to the sector is still vital, the prospects in Bosnia and Herzegovina for sustained PRO development appear bright.

11. Actual Performance vs. Goals

All planned goals were achieved and exceeded over the life of the project, which was successfully completed before closing on June 30, 2007.

Performance Indicator Achievements

| Indicator | Targets | | | |
|--|-------------|-------------|-------------|---|
| | Year 1 Goal | Year 2 Goal | Year 3 Goal | Accomplishments to date (end Q15/Extension) |
| 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 | 182) |
| # of organizations implementing management improvements | 2 | 5 | 8 | 10+* |
| 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 | 30+* |
| #/type of public policies/laws change in line with CSO recommendations | -- | 3 | 8 | 14+* |
| # of PROs in Bosnia ¹ | -- | 1 | 2 | 6 |
| 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 | 33 ² |
| # of media representatives attending dissemination/dialogue events held by selected CSOs | 4 | 20 | 40 | 45** |

¹ A PRO is an organization whose primary focus is conducting policy research and working to have it used in the policy process.

² No valid citizen survey information available on this point, but eight CSOs surveyed believe that on average about one third of the population knew about a prominent issue on which they work

| | | | | |
|---|----------------|----|-----|-----------------------|
| on policy options (PROs only) | | | | |
| Degree of media coverage of particular policy development work (PROs only) | 2 ³ | 4 | 6 | 10+ |
| 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 | 100+ ^{**} |
| #/type of new, formal consultative mechanisms established ⁴ | -- | 2 | 6 | 7 ^{***} |
| 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 | Yes, greatly improved |

* Numbers obtained by interviewing project's beneficiary organizations

"+" Indicates that we are confident that there are more but that exact numbers cannot be given

** These numbers are reflected in government, parliament, and media attending various events organized by the PROs or on their behalf.

*** There are new socioeconomic councils now established at the State and Entity levels (3); DEI and DEP have systems for consulting with NGO sector and outsourcing, The BiH parliament now invites organizations to present on topics at public hearings, and also has created a budget line for outsourcing research

³ This is the average number of outlets covering stories of interest.

⁴ Includes public hearings, other forums for meeting with CSOs and PROs, etc., for both the legislatures and Administrations at the State and Entity levels.

WERE BOSNIAN POLICY RESEARCH ORGANISATIONS MORE EFFECTIVE IN 2006 THAN IN 2003? DID TECHNICAL ASSISTANCE PLAY A ROLE?

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SUMMARY

In 2003 the policy development process in Bosnia and Herzegovina was characterised by international community (IC) dominance. The IC provided the vast majority of the analysis of problems facing the country and drafted many of the laws. This article documents developments from fall 2003 to fall 2006 in the use of evidence and analysis in the policy development process and the role of local policy research organisations (PROs—often called think tanks) in it. The likely relation between these changes and the activities of a PRO mentoring project that operated over the same period is also assessed. Evidence comes as a series of interviews in both years with government officials and members of parliament, on the one hand, and leaders of PROs and advocacy NGOs on the other. The broad picture that emerges from the above review is of a substantial positive development in the policy development process in Bosnia and Herzegovina over the period. Factual evidence and analysis are playing a much greater role, and PROs have been a major provider of this information. The evidence indicates that PROs have been successful in convincing the policy community that they are purveyors of objective, disinterested advice and analysis. The improvements occurred in a conducive environment that steadily placed greater responsibility for policy formation on Bosnian officials. Copyright © 2007 John Wiley & Sons, Ltd.

KEY WORDS—think tanks; policy making; technical assistance effectiveness; Southeastern Europe

INTRODUCTION

In discussing the reconstruction of countries like Bosnia and Herzegovina (BiH), Marina Ottoway makes an important distinction between the development of organisations and the creation of institutions. As she says:

Institution building is a slow process. Donors can create organisational structures that bear a resemblance to the functioning, legitimate institutions of stable states, but converting these organisations into real institutions in states recovering from collapse is an entirely different matter. The first task—establishment of organisations—can be accomplished with money and technical assistance. Their transformation into legitimate institutions is the result of domestic political processes that take time. . . (Ottoway, 2002, p. 1016).

The goal of the Policy Research Organisations (PROs) project conducted in BiH over roughly 3.5 year period ending in Spring 2007 was to strengthen the policy development process, in part through mentoring existing or newly forming PROs (often called think tanks) to produce the high quality policy research necessary for addressing priority questions of the day. In this sense the project is about building organisations in order to strengthen the institution of evidence-based policymaking in BiH. A fundamental project principle was that in this environment a

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policymaking audience could be stimulated by evidence-based research delivered on time and in accessible formats (defined to include continuing dialogue with key policy clients).

A series of lessons on bridging the research-to-policy gap have emerged from recent studies. We rely on the results of the analysis by Court and Young (2006) of 50 carefully selected case studies from transition and developing economies to highlight a few of them.¹ A strong conclusion is the primacy of the political and decision making environments in which policy research is produced and offered (this is a key factor in Bosnia and is discussed below). Among factors affecting policy maker receptivity is their at least implicit familiarity with the basic concepts of policy analysis, which in turn depends on their backgrounds and institutional environment.

With respect to the provision of policy research, Court and Young identify two main blocs of findings. The first is the credibility of the evidence produced and how it is communicated. Lessons here are that results are given greater credibility depending on the reputation of the person or organisation producing them and the conclusions greater apparent objectivity. Evaluation findings on pilot programmes carry strong weight, for example. Communications strategies are more effective if they are developed at the start of the project and kept in mind throughout. Presentation format matters.

The second bloc emphasises feedback, dialogue and collaboration between the analysts and policymakers—in other words building partnerships from a project's inception. Additionally, building loose coalitions of researchers and policymakers creates a positive environment for dialogue and acceptance. Finally, PROs building coalitions with advocacy and service NGOs can be effective in lobbying for the adoption of results.

The PRO project was designed keeping such lessons in mind. Institutional (as opposed to organisational) development was pursued by increasing the policy analytic acumen of policy clients in the executive and legislative branches, working with PROs to produce trenchant and relevant policy analyses and making policy makers more reliant upon using these results as a basis for their deliberations. In addition, the project helped PRO leaders improve management practices to ensure sustainability of their organisations.

The project's strategy for developing the policymaking institution had four related components:

- improving the quality of analytic work produced and the understanding of such work through training courses with mixed classes of government officials and PRO staff and through international monitors advising PROs on research projects funded by the project,
- developing management and stakeholder communication capacities in PROs, including issue-specific coalition building with NGOs, through training courses and in-house diagnostics and management mentoring,
- creating the view by decision makers that the products offered by PROs contain badly needed information by supplying quality analysis on a just-in-time basis and in accessible formats and,
- establishing working relations between policy analysts and decision makers through formal (e.g., roundtables) and informal events.

Relations among these components are extremely close. Concrete cases of high-quality, focused policy analysis delivered on time can create a demand for more such analysis particularly when role of the analysis in policymaking is clear to the policymaking community. At the same time, relevant policy analysis requires a policy maker client to help define the task to be done (so the work hits the target) and to champion the analytic results.

This article presents an assessment of the development of Bosnian PROs' role in the policymaking process during the 2003–2006 period and indirectly of the success of the PRO-Project. This represents a contribution to the evaluation literature, since to date there have only been limited attempts to determine the impacts of projects of this type.²

¹A comprehensive overview of the literature is provided in de Vibe *et al.*, (2002). From the authors perspective the following are useful discussions of the issues involved: Weiss (1977), Krueger (1993), Carden (2004), Gordillo and Anderson (2004) and Johnston (2006).

²See McGann (2006) for a review of the limited entries. As far as we can judge, none of these assessments have been published in scholarly journals. Of course, numerous studies of the effectiveness of international technical assistance on the performance of other types of projects have been conducted, however. See, for example, Fortmann (1988), Messick (1999), Buss and Vaughan (1995), Godfrey *et al.* (2000), Stern (2000), Low *et al.* (2001) and Batra and Syed (2003).

Before turning to the assessment itself, however, an appreciation of the dynamics of Bosnia's policymaking environment during 2003–2006 is important. This is the subject of the following section. The next section then describes the data employed and the indicators of PRO development used in the analysis of developments over the period. The third and fourth sections present an assessment of the progress made in two areas during the project: the emerging role of Policy Research Organisations and the use of policy analysis in policymaking at the State level, and the effectiveness of technical assistance in strengthening PROs' capabilities and policy role. Both assessments are facilitated by baseline information collected in the fall of 2003.

THE EVOLVING POLICY ENVIRONMENT

In 2003

The 1995 Dayton Agreement gave the Organization for Security and Cooperation in Europe (OSCE) and the Office of the High Representative (OHR) significant powers to promote the creation of multiethnic political institutions and create the legal framework for a market economy.³ The Agreement was substantially amended in 1997 expanding OHR's powers. Under the new terms, the High Representative (HR) could make binding decisions in several areas, including issuing policy statements carrying the force of law, ensuring the implementation of the Peace Agreement throughout the country and removing officials from office for good cause.⁴ In effect, as argued by Bojkov (2003), because of the strong powers accorded to the international community, BiH is a controlled democracy.⁵ The OHR frequently used its expanded powers. By 2002, over 100 laws and decisions were issued on a wide range of topics where governments or legislatures were unable to agree on action. Over 60 officials were dismissed (Bieber, 2002, p.25). Cox (2001) among others argued that the HR's decisions relieve officials and law makers from having to negotiate and compromise, thereby permitting nationalist politicians to continue to hold extreme positions. More broadly, many saw the active role of the HR and other donors as weakening official institutions.⁶ Moreover, the strong role of the international community also affected the development of civil society institutions, NGOs and think tanks among them (Bieber, 2002, p.27–8).

The dominant role of the International Community (IC) in policy development was by far the most striking aspect of the environment for policy research in the BiH. The Office of the High Representative and a host of supporting donor organisations drove the policy agenda and provided most of the underlying analysis. The incentives were indeed modest for the State and Entity governments to engage in policy development and to commission the essential policy research to support it when the principal laws were frequently delivered to them in practically final form for passage.⁷

This was not to say that the streamlined policy development and enactment process is without its merits. To become competitive over the next few years, BiH must reform its economy very quickly and thoroughly, as well as operate more efficiently as a single country. Hence, the pressure on legislative development has been understandable. Nevertheless, the prominent question of the ability of the Entity and lower level governments to implement these new laws that 'descend from heaven' is largely an open question.

What was different in BiH in fall 2006 compared with fall 2003?

One can list at least five developments that have altered the policy environment in the past 3 years.

- The European Union initiated talks with BiH on a Stabilisation and Association Agreement (SAA) that places the country on the road to eventually join the European Union. This increased the country's

³The use of external multilateral organisations to administer post-conflict societies is an evolving practice, as described for example, in Matheson (2001) and Wilde (2001).

⁴Specifically, the Peace Implementation Council revised Annex 10 of the General Framework Agreement for Peace signed in Paris in December 1995, after being negotiated in Dayton, Ohio.

⁵Some would argue that it is better thought of as an international protectorate (Freedom House, 2001, p. 96).

⁶See, for example, Bieber (2002, p. 27) and European Stability Initiative, (2004, p. 10).

⁷The role of the international community in defining the legal framework for Brcko District is a striking example in this area (Karnavas, 2003).

self-confidence significantly and simultaneously pressed the case for accelerated political and economic reforms, particularly in strengthening the relative position of the State because of the requirement of harmonising Bosnian legislation with the *acquis communautaire* (Foreign Policy Initiative of Bosnia and Herzegovina, 2006).

- The Office of the High Representative (OHR) that has exercised such strong leadership and control since the Dayton Accords is being phased down. In 2004, for example, of the 159 decisions taken by the HR none imposed a new law and less than one-quarter amended or repealed laws (Bieber, 2005). Probably in the summer of 2007, the HR will be transformed into a much less powerful European Union Special Representative (EUSR). Legislators and elected officials will be increasingly responsible for legislation enacted and the way programmes are implemented: they are less and less able to hide behind international community mandates.
- The importance of the State relative to the Entities has increased. There is now a Ministry of Defence at the State level. Another indicator is the 2005 agreement on the creation of a multi-ethnic national police force, although implementation remains problematic. The strong, but ultimately unsuccessful, push by the international community for State-strengthening constitutional changes signalled a strong likelihood of power shifting in the future from Entity and lower level governments. In a less fragmented policy space, policy researchers can better focus their efforts.
- The fall 2006 elections marked a modest shift away from relatively nationalistic leaders, a development that may vindicate those who believed that eventually the Bosnian electorate would move in this direction and that the EU's use of 'normative power' will ultimately pay off (Juncos, 2005; Bose, 2005; Tesan, 2006).
- At the State level, the Economic Policy Planning Unit (EPPU) was established within the Office of the Prime Minister in 2005 and is fully operational. The EPPU has provided contracts to some policy research organisations and, more importantly, has become the symbol of the necessity of a stronger analytic basis for new legislation. Additionally, a Parliamentary Research Center was created in 2004 to provide information from non-government sources on pending legislation to State-level MPs. The Director of the Center has requested a budget line from parliament for outsourcing work to PROs in 2007.

As measured by the Freedom House Nations in Transit Ratings, BiH has continued its steady development of democracy. The overall Democracy Score improved from 4.54 in 2003 to 4.18 in 2005 (Bieber, 2005, p. 136). The Civil Society component changed less but was still in a positive direction—from 4.00 to 3.75.

Similarly, according to the USAID NGO Sustainability Index, the overall civil society environment did not change much, registering a small but steady improvement between the 2002 and 2005 indices (U.S. Agency for International Development, 2006, p. 216).⁸ Indeed, some commentators see NGOs in particular as weak participants in the policy process (Foreign Policy Initiative of Bosnia and Herzegovina, 2006, p. 8). If there is little respect for NGOs in policy formation overall, it may well still be hard for PROs to participate.

Overall, the factors just listed suggest that the environment for receptivity by the State and Entity governments and legislatures for quality, evidence-based policy analysis and advice improved over the period. In other words, 2003–2006 proved to be an opportune time for the PRO development project.

In view of the many changes in BiH's policy environment during the project period, it is not possible to assign any strict causality between improvements in PROs policy activities and the PRO Project, should positive patterns be documented for both. Nevertheless, it is certainly worth exploring if various indicators of PRO policy-activity

⁸The advocacy part of the component did improve from 3.9 in 2002 to 3.3 in 2005 (in the index, 1 indicates the most favourable situation and 7 the least), because greater effectiveness by PROs may be an important element in explaining the change. We did not include this factor in explaining changes in the environment that may affect PROs' effectiveness.

development are positive, i.e., consistent with them being stimulated by and taking advantage of the improved policy environment, and coincident with useful technical assistance.

INFORMATION AND INDICATORS EMPLOYED

Information acquisition

To chart developments our analysis relies on a series of semi-structured interviews conducted with PRO and advocacy NGO directors and government officials and members of parliament (MPs) at both the State and Entity levels in the fall of 2003 and in September 2006. The general strategy was to explore both the demand for policy research and its supply.⁹

On the demand side, in 2003 we conducted semi-structured interviews with 17 individuals or small groups of policymakers at the State and Entity levels that were actively involved in the policy development process; in 2006, 24 policymakers from the same groups were interviewed.¹⁰ The objective here was to understand their degree of interest in and reliance upon locally generated policy research when they address a policy question, including the development of legislation to correct identified problems.

On the supply side of the market, we interviewed 19 (2003) and 15 (2006) existing and soon-to-form advocacy, policy research, and other organisations with public policy interests about their general operations and their involvement in the policy process. We cast our net widely, especially in 2003, in the hope of not missing any relevant organisation. In the end, however, five existing organisations in 2003 and seven in 2006 were found at least to be approaching the operational level of PROs at the lower level of development elsewhere in the region. We define a PRO as an organisation focused on actively participating in the policy process, conducting research that supports an evidence-based approach to policy development, and sufficiently established that it is likely to continue operations. Among the four PROs interviewed in both years, we interviewed the same person in three cases.

Finally, we held discussions with numerous staff members of donor organisations and their contractors to get their views on Bosnian PROs and the policy environment more broadly. While we talked with many individuals, we cannot claim that our sample is strictly representative.

The section of the 2003 and 2006 interview guides on the policy development process was essentially identical. In the 2006 guide we added questions on perceived changes over the period and in the guide for PROs and advocacy NGOs we added questions on their experience with the PRO Project and self-assessed organisational development over the period.

Outcome indicators

Two sets of indicators are employed: (a) those measuring the use of locally generated analyses in the policy development process and the change in PRO involvement and effectiveness in the process and (b) those measuring the success of the project in strengthening PROs so that they could be more effective.

Greater involvement in the policy process

In the analysis we employ indicators measuring three kinds of policy-involvement development of PROs. The first focuses on PRO development, i.e., their growth, as measured by changes in the number of PROs and in their staff size. The idea is that positive growth comes in response to encouragement. Logically, some of this encouragement should come from their experience in the policy process. It is hard to imagine talented people creating or joining organisations that are unable to fulfil their basic mission. At the same time we recognise that the role of funding availability, particularly from the international community, can be an important factor. Indeed, over this period the creation of one PRO was wholly supported by international donors. In short, we take growth in the number as an indicator of positive PRO experience.

⁹The 2003 interview guides were patterned on those used in an earlier analysis of think tanks in the region. See Struyk (1999).

¹⁰At the Entity level, only senior government officials were interviewed: seven in both 2003 and 2006.

The second developments measured concern the extent of PRO involvement in the policy process. We employed two indicators:

1. Absolute level of involvement in 2006. All PROs were rated to the intensity of their involvement, ranging from low to high based on their responses to a series of questions asked in 2006. The ratings are subjective. They took into account whether the PRO worked with both MPs and government agencies, the number of concrete examples offered of where the PRO's work was used in the policy process, and the apparent extent of informal dealings with policymakers indicated. This does not measure change but does help to create a context in which to interpret the change measures.
2. Change based on interview response comparisons. For all PROs operating in 2003 and still in 2006 the absolute levels of involvement were compared.

The working hypothesis for the second measure is that these PROs will have higher ratings in 2006 than in 2003, i.e., they make better connections and understand where and how to intervene in the process as they gain experience.

The third development measured was the dynamic in the perceived interest in government agencies and MPs in receiving information from PROs and advocacy NGOs. Several indicators were utilised. Policy makers were asked in a series of questions in 2003 and 2006 about the information sources they rely upon for policy decision making. Changes over time were identified. Second, government officials, MPs and PRO and advocacy NGO directors interviewed were asked to rate this interest on the part of government officials and MPs on a scale from 1–5, where 5 indicated a strong interest and 1 essentially no interest. The question used in the two survey waves was identical. On one hand, it can be argued that this is an indicator of the environment in which PROs operate; but, on the other, it is also the case that PRO effectiveness (or lack thereof) is a powerful environmental determinant.

Indicators of project influence on PRO performance

The general logic here is that the greater the value that PRO directors assign to workshops and the mentoring provided by the technical assistance project, the greater the impact on PROs' effectiveness in the policy process. Indicators in two areas were developed to address this point. The first uses information on the eight workshops offered by the project—four on research topics and four on managing PROs, including one on strategies for communicating policy research results. Three indicators were defined:

1. An overall rating on all the workshops attended by staff from a PRO based on responses to questions on each of the eight workshops (PRO director–respondents were reminded of the specific staff members who had participated in each workshop). A rating on a 3-point scale was assigned based on open-ended responses, including specific examples of how the information from the workshop had been used by the PRO. The scale ranges from 3 (clearly useful) to 1 (not very useful). Scores were computed only for the workshops attended by each PRO's staff.
2. PRO directors were asked to rate on a scale from 1 to 5 (best score) whether the right kind of workshops were offered for strengthening PROs.
3. PRO directors were asked to rate the overall effectiveness of the training programme for PROs on a scale from 1 to 5 (best score).

The second area addresses to PROs' opinions of the utility of specific mentoring provided by the project.

1. Four organisations received a total of eight research grants from the project by the time of this analysis. For each grant the project provided an international mentor who is an expert on the specific topic under analysis. Statements by PRO respondents on mentors' utility were converted to the 3-point scale listed above.

2. A ‘management diagnostic’—a fairly complete review of an organisation’s management practices and follow-up memo on recommended improvements—was conducted with three PROs. Statements by PRO respondents on mentors’ utility were converted to the 3-point scale listed above.

Clearly, the above indicators will reveal PROs’ views of the utility of the various project activities. They do not, however, permit one to draw a causal inference between these activities and changes in PROs’ success in working in the policy arena.

FINDINGS ON PROS’ POLICY PROCESS PARTICIPATION

Data for the indicators outlined above are presented in three subsections, beginning with information on the number of PROs in 2003 and 2006 and concluding with that on the frequency of use of analytic materials produced by PROs and policymaker receptivity to information from these organisations.

Change in the number of PROs

Table 1 shows that in 2003 there were five PROs—the four listed in the top table panel as still operating as PROs in 2006 plus the Center for Promotion of Civil Society listed last as having moved away from policy research. Over the three year period three additional PROs were created either *de novo* or through the transformation of a pre-existing institution. Thus, in 2006 there were seven PROs compared with five in 2003, a significant increase suggesting that the rewards of participating in the policy process were significant. Note that the team was unable to interview one recently formed PRO, so the experience of six main ones are considered below.

The idea that PROs are prospering is reinforced by the increase in employment in the four PROs operating in both years. Full-time staff increased from an average of 11.9 to 15.5. Staff growth was not universal: one large PRO experienced a decline of about 25% in its staff over the period.

PRO involvement in the policy process

PROs and NGOs were rated on a 3-point scale as to their involvement based on opened questions on their activities; concrete examples of activities were requested in the interviews. Four of six PROs (two-thirds) were rated as highly active and two as moderately so. The figures for the nine advocacy NGOs interviewed, indicate a somewhat lower level of engagement: three were rated as highly active (one-third), four moderately and two hardly active at all.

Table 1. The evolution in the number of PROs 2003–2006

| |
|---|
| <i>PROs in both 2003 and 2006</i> |
| Economics Institute of Sarajevo ^a |
| Center for Policy Studies (CEPOS)-Prism Research ^b |
| Independent Bureau for Humanitarian Issues (IBHI) |
| Economics Institute of Banja Luka |
| <i>New or changed functions towards PRO activity since 2003</i> |
| ACIPS Center for Policy Research |
| Center for Strategic Studies ^c |
| Center for European Integration |
| <i>Changed activity away from policy research</i> |
| Center for Promotion of Civil Society |

^aThe Economics Institute over the period merged with the former Institute of the Economics Faculty of the University of Sarajevo which was not classified as a PRO in 2003.

^bPrism created CEPOS (Center for Policy Studies) as a wholly owned subsidiary. The transition was so smooth and the two organisations so integrated that we can treat the responses in 2003 and 2006 as strictly comparable.

^cExisted in 2003 but altered the nature of its work over the period.

Examples of specific involvement among the PROs include the following:

- Economics Institute of Sarajevo reported the results of its analysis of the need for money market instruments, where the Central Bank was the prime policy client, resulted in the necessary legislation being passed and instruments appearing in the market.
- Economics Institute of Banja Luka (EIBL) worked at the Republic Srpska level used analysis on health care administration in working with the Ministries of Health and Finance on developing health policy programmes.
- CEPOS's work on social targeting provided input for public hearings and legal reform.

As a result of these kinds of accomplishments, government agencies initiated or expanded their outsourcing of policy analysis. For example, the EPPU outsourced two policy research project to CEPOS in 2005 and 2006, including one worth over \$120,000, and various RS agencies have increased their contracting with EIBL.

In 2006, all four of the PROs that were active in 2003 were rated as highly active. In 2003, for the same group, two were rated hardly active and two low-to-moderate. In other words, the more seasoned PROs were leading the way and the experience gained over time was paying off.

Use of PROs' analytic material and policymakers receptivity to such PRO input

PROs' success depends on having receptive clients. How interested are decision makers in receiving analyses from PROs? The results for how they rated various analytic sources, summarised in Table 2, show a very substantial shift toward greater reliance on PROs and NGOs and away from government agencies. This pattern exists despite some upgrading of the analytic capabilities of the agencies (in asking these questions, we did not attempt to distinguish between PROs and advocacy NGOs in the interview because many respondents do not make a clear distinction). The entries in the third row document the stronger interest in using NGO/PRO analyses, indicating an increase from about 1-in-3 officials in 2003 to 8-in-10 in 2006, saying that they had received useful analyses from them. This pattern is consistent with over half of decision makers in 2006 relying partially or completely on non-agency sources for informative analyses compared with practically none 3 years earlier. One official explained the reason for the change as a combination of stronger analytic education of Bosnian researchers and capacity building by the international community and more specifically, the PRO project.

Table 2. Summary statements on the sources of information used by policymakers, 2003 and 2006

| 2003 | 2006 |
|--|---|
| Analysis produced by government institutes and senior academics is generally viewed as not being useful for policy work. | No change. |
| Most officials do not look beyond their own agency for information or analysis to inform them about policy questions they are addressing; when they do, they consistently turn to other government agencies. | In terms of primary reliance, seven officials relied on govt agencies; ^a 12 on a combination of govt agencies and PROs; 4 on non government sources only. ^b |
| About one-third use analyses from the IC and NGOs, including PROs. | 80% said they had received useful analyses from NGOs and PROs, about the same share for both officials and MPs. |
| About one-half could identify event organised by NGOs or PROs, such as roundtables. But, typically, the respondent pointed out that the event originated with an IC organisation. | All 24 had attended roundtables, discussions, or presentations by NGOs or PROs. Much greater sense of independence of work. |

Sources: for 2003, Struyk and Miller, 2004; for 2006, interviews conducted for this analysis.

^aGovernment agencies include the Parliamentary Research Service and the new Economic Policy Planning Unit in Prime Minister's office.

^bOne respondent did not name a primary source.

Table 3. Ratings of PROs and advocacy NGOs regarding the receptivity of government officials and Members of Parliament to information from such organisations

| Rater | Distribution | | |
|------------------------------------|--------------|-------|-----|
| | 1–2.5 | 3–3.5 | 4–5 |
| PROs | | | |
| –All in 2006 | — | 3 | 3 |
| –Those present in both 2003 & 2006 | 0 | 2 | 2 |
| Advocacy NGOs | 5 | 2 | 2 |

The patterns just reviewed are further supported by responses to a question about changes over the period in the use of objective analysis in decision making. Ten of the 18 government officials and four of the six MPs, or 60% overall, rated the change as ‘big’ or ‘significant.’ Importantly, nearly all those interviewed rated the information received from PROs as objective and this as a reason for using it.

An important feature in the policy process that emerged over the period is to commonly include public input, either through public hearings or Working Groups. As one official put it, ‘Working Groups are becoming an everyday practice.’ In 2003, such practices were very rare (Struyk and Miller, 2004).

The results to the question asking leaders of PROs and advocacy NGOs to rate the receptivity of government agencies and MPs to receiving information from PROs and advocacy NGOs, displayed in Table 3, are highly informative (this is the same question asked from officials). In 2006, PROs had a quite positive view overall, with all ratings at 3 or above on the 5-point scale. In contrast, in 2003, among the four PROs present in both years, two gave ratings in the 1–2 range. Interestingly, advocacy NGOs gave less positive ratings, with five of nine giving ratings in the 1–2.5 range.

One factor that may be at work here is that a condition for getting a research grant from the PRO project was that the applicant PRO has an identified government client for the research findings at the time of the application. This meant that the client’s needs shaped the research and presumably the utility of the final product. In other words, the research was a topic considered important by the policy client. PROs have therefore been in closer touch with more senior officials. In contrast, advocacy NGOs often pursue agendas emphasising their own priorities.

It is also possible that the difference in part may be explained by the evolution of policymakers towards more evidence-based information for decision making. The interviews with PROs and NGOs included a question about their perception of the change in use of factual information in decision making during 2003–2006 by government agencies and parliaments at the State and at the Entity level. Respondents were asked to classify change (‘a big change’, ‘not so big but positive,’ or ‘none’). Two distinct patterns emerge from the responses:

- The change is greater at the State than at the Entity level. Seven of 15 State-level respondents gave a ‘big change’ rating and only two said there was no change. In contrast, only three rated the change in each of the two Entities as a ‘big change,’ but again there were only one or two saying there was no change.
- PROs see greater change than NGOs. For example, at the State level five of six PROs gave a ‘big change’ rating but only two of the eight NGO leaders who responded.

Table 4. Ratings of PROs and advocacy NGOs on the likelihood of greater use of research in policy making in the future

| | Rating | | |
|------|----------|----------|---------|
| | Positive | Negative | Neutral |
| PROs | 5 | 1 | — |
| NGOs | 3 | 5 | 1 |

We can also look at responses PROs and advocacy NGOs gave to a question about future developments in the use research findings from such organisations. As shown in Table 4, there is a sharp contrast between the view of PROs and advocacy NGOs on this point, with the PROs being much more optimistic. Still, three of the nine NGOs gave a positive rating. One NGO respondent made an interesting statement in his response: ‘Think tanks have better capacity and reputation and have more access to Government.’ Thus, the comparatively negative ratings of advocacy NGOs may reflect more their sense of a lesser ability to compete for policy influence in the evolving decision making environment.

Evidence of senior policymakers’ clear interest is shown by the fact that they are now hosting events on PROs’ research findings. In 2003, PROs had to organise their own events and worked to induce policymakers to attend. By 2006, senior government officials were co-hosting round tables and presentations of policy recommendations to relevant officials, media and other stakeholders. These have included the Director of European Integration Directorate, the Head of the BiH Parliament Research Center, the President of the Foreign Trade Chamber, the Governor of the Central Bank, and the Director of the EPPU together with the Deputy Ambassador of the European Commission.

FINDINGS ON THE UTILITY OF TECHNICAL ASSISTANCE

The discussion proceeds in two parts. First, we look at the self-ratings by PROs to their development during 2003–2006. Second, we present information on PROs ratings of project activities.

PROs self-assessment

PRO leaders were asked to rate their development during 2003–2006 in three areas shown in Table 5. These leaders clearly rated their organisations in 2006 as stronger analytically, managerially and better able to communicate research results to policy clients than they were in 2003. Only one PRO leader rated the increase in analytic capacity as ‘not so big’ and other one gave the same rating to management improvement. All the rest stated there had been a ‘big change.’

Utility of project activities

The key question is whether the ratings of project activities are consistent with the self-ratings of change just presented. Ratings of three project activities are reviewed below: the training workshops, the international mentors for project-funded policy research projects and the management assessments.

Training workshops

The eight training courses given by the project are listed in Table 6. There were four on management issues, e.g., setting overhead rates and quality control, and the same number on research skills, beginning with a comprehensive course on policy analysis. Most courses were offered two or three times. After the first two courses, on policy analysis and programme evaluation, PRO leaders were consulted about their priorities for future trainings.

The six PROs were not able to send staff to all courses. Attendance was highest for the policy analysis course, as PROs were told that an important factor in selecting PROs to receive research grants would be staff performance in

Table 5. PROs self-rating of development, 2003–2006

| | Rating | | |
|---|------------|--------------------------|-----------|
| | Big change | Not so big, but positive | No change |
| 1. Analytically stronger than it was 3 years ago? | 5 | 1 | — |
| 2. Communicates research results better than 3 years ago? | 6 | — | — |
| 3. Is better managed today than 3 years ago? | 5 | 1 | — |

Table 6. PRO ratings of training workshops

| Training course | Enthusiastic-positive | OK | Not very helpful |
|--------------------------------|-----------------------|----|------------------|
| <i>Management workshops</i> | | | |
| Establishing an overhead rate | 5 | 0 | 0 |
| Staff policies | 4 | 0 | 0 |
| Communicating results | 3 | 0 | 0 |
| Quality control | 2 | 0 | 0 |
| <i>Research tool workshop</i> | | | |
| Policy analysis | 4 | 0 | 0 |
| Programme evaluation | 5 | 0 | 0 |
| Statistics for policy research | 3 | 1 | 0 |
| Regression for policy research | 3 | 0 | 0 |

the course. Generally, PRO leaders participated in the policy analysis course in addition to one or two staff members. Leaders were also particularly interested in the course on setting overhead rates, human resources policy, and quality control. Other staffs were typically the participants for the statistics and regression courses.

A key element in all the training activities is that participants were a blend of PRO and advocacy NGO staff, senior and mid-level government officials, staff from the parliamentary research centre, and an occasional MP. Mixing participants and other project networking activities helped establish relations among these communities and facilitated later work on specific policy issues.

The ratings by PRO directors for the workshops shown in the table are extremely good. This result read in relation to PROs views about the improvement in their capabilities over the period noted above suggests that the training programmes were on target. When asked directly to rate the effectiveness of the overall training programme on a 5-point scale, the six PRO leaders gave an average rating of 4.55, the lowest score being 4 (given by 2 raters). All said the selection of topics was correct; no one suggested that a key topic was omitted. Importantly, the project received positive comments on the capacity building programme from PRO and government leaders alike, with official stating that the project's trainings are the most unique and interesting, challenging training experiences that they have ever had.

International mentors

The PRO project provided an international mentor, an expert on the specific topic of the research, for each policy research project supported by a project grant. Each mentor visited Bosnia twice for 3–4 days—once when the analysis plan was available for review and discussion and once when the draft report was ready for review. In several cases the mentor had a fundamental effect in redefining the issues under consideration into a form more susceptible to rigorous analysis. In all cases they introduced additional experience of their own and from the international literature. The project team identified the mentors but always in discussion with the PRO director for ideas on possible candidates.

Ratings from PRO directors for the mentors for seven of the eight research grants were highly positive. In one case, the PRO director was somewhat disappointed with the mentor, stating that someone better could have been found, although in this case the mentor was one of their choice. Overall, the mentors were seen as substantially increasing the quality of the products produced.

Management assessments

These assessments consisted of the project director reviewing specific management practices—quality control; tracking costs of research projects; staff practices with respect to assessment, training, and compensation; use of the board of directors; and, preparation of a communication plan for individual projects. Three assessments were conducted, all on-site and with the PRO leadership and selected other staff as respondents. The project director

prepared a memo for each organisation that summarised findings, made recommendations for improvement, and laid out an improvement programme.

Leaders of all three PROs for which assessments were conducted were enthusiastic about them, even if not all made a great deal of progress in implementing the action plan. Nevertheless, the effects are demonstrable. The Economics Institute of Sarajevo said that one result was that of restructuring the institute to make it sustainable. CEPOS implemented time sheets to better track costs, developed defensible overhead rates, and put a staff assessment process in place. The Economics Institute of Banja Luka developed a defensible overhead rate that is now used in all proposals.

PRO directors clearly highly valued the package of services provided by the PRO Project. It is reasonable to associate their valuations with the utility of the services in improving their organisations. This indicates, but does not 'prove,' that the project affected PRO performance in the policy process.

CONCLUSIONS

The broad picture that emerges from the above review is of substantial positive development in the policy development process in Bosnia and Herzegovina over the 2003–2006 period. Factual evidence and analysis play a greater role and PROs have been a major provider of this information. The evidence indicates that PROs have been successful in convincing the policy community that they are purveyors of objective, disinterested advice and analysis, and in this they appear to have distinguished themselves from advocacy NGOs.

We emphasise that the improved attitude towards a more rigorous basis for decision making occurred in a favourable environment. Probably the most important single factor was the initiation of negotiations with the European Union on a SAA for BiH. Negotiators needed more quantitative and more rigorous bases for their positions than needed under the prior Yugoslav regime or to date during the post-war transition, and they needed to produce the analysis themselves, i.e., the IC was not doing it for them. 'Negotiations pressure' may be having similar salutary effects on analytic quality elsewhere in the Western Balkans as negotiations are pursued.

There is no question that there was improvement in the quality of local analysis and its targeting on the most important issues. This improvement was certainly produced at least in part by the substantial capacity building efforts of the PRO Project. We do not have the ability to causally link the stronger research and communications by local organisations fostered by the PRO Project with the changed attitudes by decision makers towards the use of evidence and analysis in the policy process. But the coincidence is clear.

The results reviewed also provide additional affirmation of the ingredients for a more evidence-based policy process as outlined by Court and Young.

Looking to the future, when the policymakers interviewed were asked whether they thought objective information would become more important in policy decision making, the general response was that it would. They cited two principal reasons: the application process for joining the EU demanded more concrete information and evidence, and the public is becoming more knowledgeable about key issues so that politicians will have to become better informed to be credible. They also noted that locally generated analysis would have to increase to fill the void left by the decreasing role of the international community. In short, the prospects in Bosnia for PRO development appear quite positive.

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