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EVALUATION SOCIETY IN BOSNIA AND HERZEGOVINA

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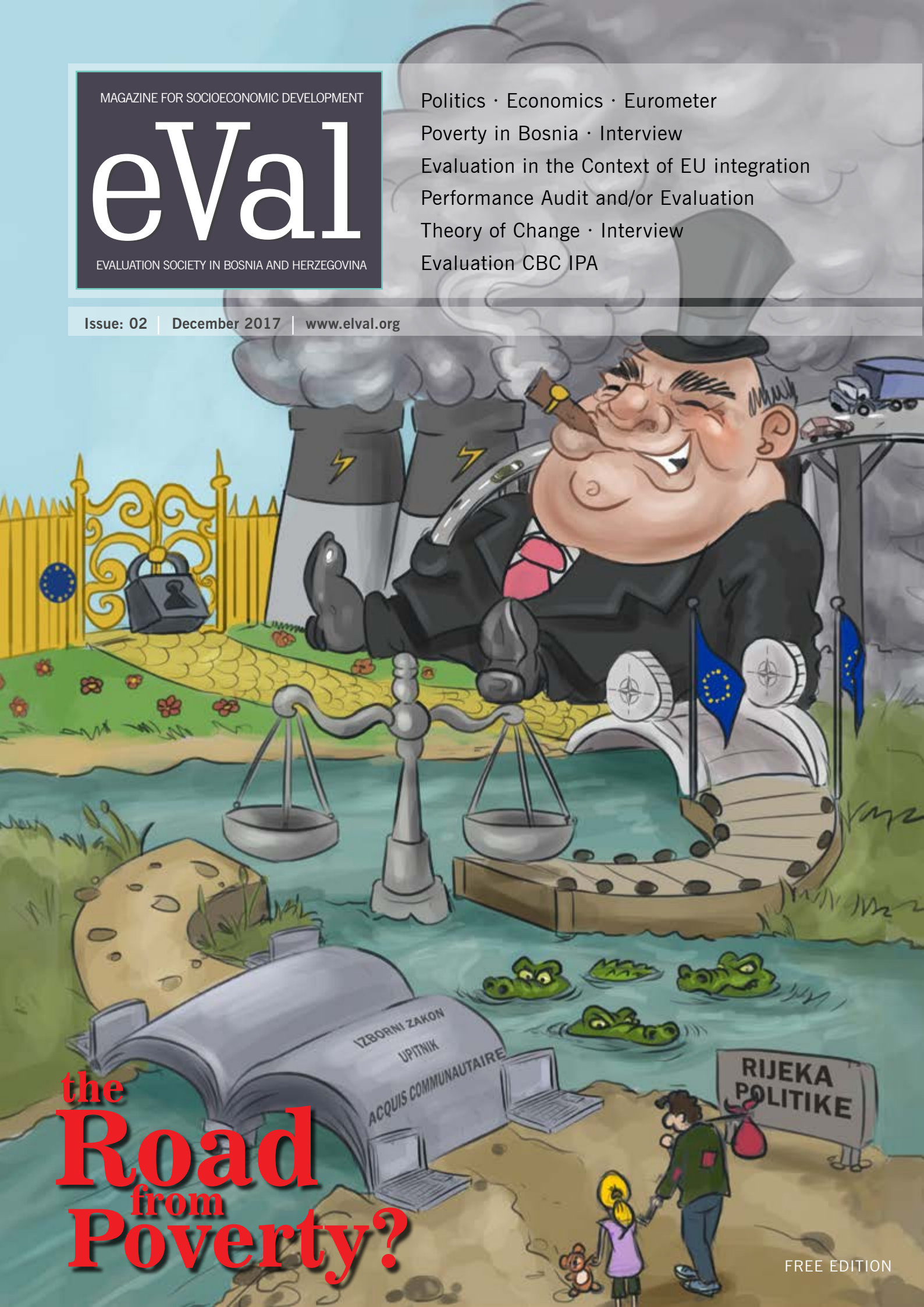

the Road from Poverty?

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MAGAZINE FOR SOCIOECONOMIC DEVELOPMENT
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EVALUATION SOCIETY IN BOSNIA AND HERZEGOVINA
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Excises - requirement for progress?

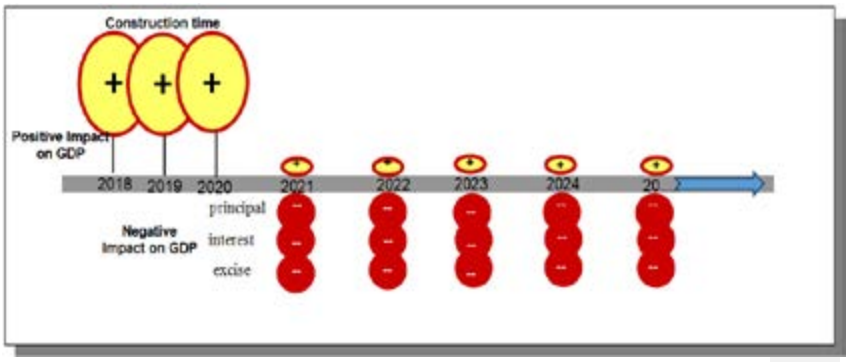
For the past few months, we have been overwhelmed with the story that excises are a condition of progress in all fields. As it seems, there is no arrangement with the IMF without new excise taxes, also, without excise taxes there are no projects for the transport of KM 500 million. The opposition says that the position, by virtue of excises and construction of road sections, has been investing in the next elections at the expense of citizens, while the position talks about the progress and increase of domestic product, employment and even about the increase in the birth rates that the new income will bring.

In addition to the bankers who are very interested in new lending, the head of the EU Delegation to BiH Lars-Gunnar Wigemark, also joined this subject by saying that excise tax will also unlock EU grant funds that are not negligible.

Everyone has his own reasons for and against excises. Politics and politicking use the opportunity to explain to us that excise taxes are good or bad for this or that group. One thing is certain, excise taxes are collateral or insurance for the loans we take for the projects that can not repay themselves.

Common sense suggests that new excises, when securing new loans and building roads and highways, will contribute to total income, employment, and hence the natality. However, after this period of honey, there comes the period of repayment of loans, as well as the interest on loans in the presence of excises, which, per sei, adversely affect the economic growth.

From the above, it can be clearly seen that excise and new loans may have positive effects if the construction of hihgways and roads causes long-term economic growth that will withstand the pressure of the annuity / installments, interest and excise in the future. If that is not the case, then we dig the hole in which we are. Unfortunately, the size of the circles in the diagram shown is not known, and therefore the final impact also remains unknown.



In the end, without citing any reason why such loans are used for the projects that do not have potential to repay themselves, we have to wonder why we do not have a publicly available analysis and an assessment of the impact of introducing new excise taxes. Impact analysis would reduce the space for politicking, it would bring facts into the public sphere and influence the creation of a consensus on the most important economic issues of our society.

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Politics

The Republika Srpska President Milorad Dodik said that the Republika Srpska will enter into the process of passing and adoption of the new constitution of the Republika Srpska next year (2018).

The United States Ambassador to Bosnia and Herzegovina, Maureen Cormack, pointed out that the Referendum on the Court of BiH and the Prosecutor's Office of BiH needs to be completely abolished, and not suspended, in the National Assembly of RS, thus preventing the issue from being re-activated in the future.

The Chairman of the Council of Ministers of Bosnia and Herzegovina Denis Zvizdic said that after some time and certain blockages, in the last three months all the bodies of the Coordination Mechanism are working very valuable, very expertly, in accordance with the planned dynamics.

Mirko Šarović reiterated that if BiH adopted the Rural Development Strategy by the end of the year, EUR 75 million would be available from the European Commission for the next three years, but the opinion of the Republika Srpska and the Brčko District is still pending on the proposed document.

The RS President Milorad Dodik spoke in Banja Luka with the delegation of the Balkan Club of the Moscow State Institute for International Relations of the Ministry of Foreign Affairs of Russia. He spoke about possibilities of opening a representative office of the Balkan Club of the Moscow State Institute for International Relations in RS, and holding events titled "Days of RS in Moscow" and "Days of Russian Federation in Banja Luka".

The results of the visit of the Chairman of the Presidency of BiH Dragan Čović are conversations with the associations that gather our emigrants including at least the second and third generation, and the goal is to tie them to the country in order to give their contribution to the quality of life in Bosnia and Herzegovina and Croatia.

Deputy Speaker of the House of Representatives of BiH Mladen Bosic said in an interview with Anadoli that "Mostar is something that is inconceivable in any democracy, that the elections could not be held for so long". Furthermore, he states, "Practically, you have a dynastic power that is not voted. I do not know on the basis of what credibility, or from where it is drawn to rule at all," Bosic says.

The President of the National Assembly of the Republika Srpska Nedeljko Cubrilovic spoke in his cabinet with the US Ambassador in Bosnia and Herzegovina Maureen Cormack. Čubrilović expressed his expectation that the National Assembly Collegium will determine the agenda of the special session, which will discuss the decision on putting out of force the Decision on Calling the Republican Referendum on the Court and the Prosecutor's Office of Bosnia and Herzegovina.

The minimum hourly rate is 2.60 KM, the duration of the working week is 37.5 hours, and the coefficient of past service is 0.5. With this agreement the Prime Minister of the Sarajevo Canton Elmedin Konaković and the union president Edo Selimić signed a Collective Agreement on the rights

and obligations of employers and health workers in the Canton of Sarajevo, which ended the strike of healthcare workers that lasted for 21 days.

Minister of Defense of Bosnia and Herzegovina Marina Pendesh pointed out in an interview with Fena that efforts in the context of rapprochement with Euro-Atlantic integration remained in the focus of the activities of the Ministry of Defense of BiH (MoBiH) and the Armed Forces of BiH (OSBiH).

Representatives of the SDP BiH, DF and SBB held a meeting on the joint proposal of the Law on Electoral Units and the number of mandates in the FBiH Parliament. Irfan Čengić, Secretary General of the SDP of BiH, said that the scope of electoral units would not be changed, except for the number of mandates in accordance with the valid population census.

“I think that they (Croatian representatives) have been pre-combined so far in political calculations since the disintegration of former Yugoslavia. First they clearly supported the referendum on the independence of BiH, then they fought against Muslims in a few years, and you see the epilogue of that war in yesterday’s judgments”, the RS President Milorad Dodik responded to the question to comment on the yesterday’s verdict of the Herceg-Bosna leaders before the Hague Tribunal.

The Financial Action Task Force (FATF), in a plenary session in Buenos Aires (Argentina) issued a decision granting “on-site visit” to Bosnia and Herzegovina as an essential step towards the final removal of Bosnia and Herzegovina from the FATF “gray list”.

After Serbian President Aleksandar Vucic said that Serbia is a guarantor of the Dayton Accords and so that it may not interfere with internal affairs of BiH, the OHR says that Serbia is only one of signatories to the Dayton Agreement and that it must respect the sovereignty of its neighbor.

Ratko Mladic was sentenced to life imprisonment. The first-instance verdict that has been awaited for more than twenty years has been pronounced at the International Criminal Tribunal for the former Yugoslavia (ICTY).

Before the International Criminal Tribunal for the former Yugoslavia, the verdicts have been reached in the case against former political and military leaders of the self-proclaimed Herceg-Bosna - Jadranko Prlic (25 years in prison), Bruno Stojic (20 years), Slobodan Praljak (20 years), Milivoje Petkovic (20 years), Valentin Coric (16 years) and Berislav Pusic (10 years in prison).

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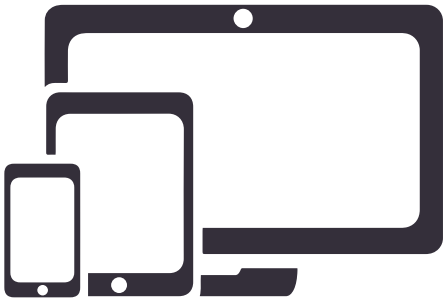

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Economy


Eldin H.

The economies in the region support agriculture five to six times more and that is exactly what makes the producers in FBiH, and BiH uncompetitive.

The questionable cost effectiveness of the Unit / Block 7 of TPP Tuzla and TPP Banovići. It is necessary to have adequate and transparent cost-effectiveness studies in order to avoid any speculation about personal interests.

The number of employees in the FBiH since the arrival of Fadil Novalic as the PM of the FBiH has increased by exactly 35,962, according to the Istinomjer.

The AS Group Tesanj company owns two-thirds of Agrokomerc Kladuša, and has managed to revive production there. It is still a small capacity but there is a growth potential.

The new World Bank Doing Business Report 2018 on ease of operation places BiH at the very bottom of European countries with an additional downgrade for 7 places.

The Central Bank of BiH: as at 1 November, the total number of 75,261 business entities was blocked, while 64,213 companies have, at least, one account blocked.

RS and Croatia, with an agreement with a Russian supplier, signed an international agreement according to which Croatia will ship the gas to the Brod Refinery in RS. According to the BH Gas company, due to this project, Sarajevo, Istočno Sarajevo, and part of Banja Luka may remain without gas.

Citizens' deposits account for 57.6% of total deposits in commercial banks, and with continuous growth in 2017, they reached, at the end of September, the highest level of KM 11.2 billion (CBBH).

According to the results of the Labor Force Survey for 2017, the labor force (economically active population) in BH consisted of 1,026,337 persons, while the number of inactive persons was 1,380,994. Within the labor force, there were 815,659 employed persons, and 210,678 unemployed persons. The unemployment rate in the Survey was significantly lower than that registered one and it was 20.5 percent at the level of BiH for 2017.

The Embassy of Bosnia and Herzegovina in Vienna, in cooperation with the Austrian Chamber of Commerce (WKO) and with the support of Bank Austria, on 29 November 2017, organized the promotion of investment and economic potentials of Bosnia and Herzegovina.

At the Summit of China and countries of Central and Eastern Europe (CEEC), known as the Cooperation 16 + 1, held on November 27 in Budapest, the delegation of BiH led by the Chairman of the Council of Ministers Denis Zvizdic, among signed bilaterial agreements, also signed the one on visa-free regime for ordinary passport holders between the Government of the People's Republic of China and the Council of Ministers of BiH. The second, very important document is the Agreement on Agricultural Cooperation between the Ministry of Agriculture of China and the Ministry of Foreign Trade and Economic Relations of BiH. The third document that was signed is the Loan Agreement for the Unit / Block 7 of the Thermal Power Plant (TPP) in Tuzla. The value of the signed projects is worth almost KM 4 billion.

In the first ten months of this year, Bosnia and Herzegovina exported goods worth KM 9.09 billion, which is 18.2 percent more than in the same period last year.

Nazad na Sadržaj

Qualification Process - Accession Process of Western Balkan States to EU

Zara Halilovic

M.Sc. Zara Halilović *M.Sc. Zara Halilović. Assistant director, Directorate for European Integration BiH, She did her master's degree in 2005 in the area of European studies at the University of Sarajevo and Bologna.Within process of preparation of answers on EU Questionnaire she organizes and prepare proposal for answers connected to EU funds. Since 2006 she published more works about EU integration process and use of EU funds.*

Qualification process

The entire process of accession of the potential candidate state starts with submitting its application for EU membership, continues with the accession negotiations that make up its central part and ends with the crown of this process, i.e. the signing and entry into force of the Accession Treaty. During this process, the status of the state is changed from the status of potential candidate state into the status of the EU member state.

The accession to the European Union may be regarded through three stages of the process with certain steps:

A/ Beginning of the accession process

1. Application for membership in the EU
2. Questionnaire of the European Commission
3. Opinion of the European Commission and obtaining the status of a candidate country for EU membership

B/ Central part of the accession process

4. Opening accession negotiations
5. Accession negotiations

C/ Crown Process - EU Accession Treaty

6. Closing accession negotiations and signing of the EU Accession Treaty
7. In the EU hall - ratification of the EU Accession Treaty
8. Entry into membership

The duration of each individual step and phase is different and depends exclusively on the progress of the state in the implementation of reforms and the implementation of commitments that have been undertaken by signing the Stabilization and Association Agreement, but also on specific challenges of the state, and accordingly, on specific conditions and criteria for their further progress. This is why a very different progress has been achieved among the Western Balkan countries, although in 2000, the EU granted the status of a potential candidate to all Western Balkan states. Today (December 20017), the dynamics of the state on the path towards the EU membership looks like this:

- Bosnia and Herzegovina and Kosovo* potential candidates for EU membership, where Bosnia and Herzegovina has applied for EU membership
- Albania, Macedonia, Serbia and Montenegro are candidates for membership, with Montenegro and Serbia negotiating on membership
- Croatia has been a full member of the EU since 1 July 2013.

Everything starts with the first step - by submitting an application for membership of a potential candidate state, which should result in an EU decision on the status of the candidate state and the opening of accession negotiations in certain areas, or chapters of the EU›s acquis communautaire.

A/ Beginning of the accession process

1. Submitting an application for membership in the EU

The application for membership of a potential candidate country is sent to the Council of the EU, or to a member state that during that period is chairing the EU Council. The submission of this application should be credible, which means that the applicant state properly and fully carries out obligations under the SAA, and the most favourable submission date is chosen as well, according to the political assessment. In its application for membership, the state emphasizes its European affiliation and the political goal of EU membership, as well as the willingness to accept all EU objectives as well as the obligations arising from EU membership. Following the request, the EU Council invites the European Commission to draw up an opinion on the membership application, i. an opinion on the ability and preparedness of the applicant state to fulfil the criteria for membership in the European Union, with an assessment of the state›s readiness to obtain candidate status and open accession negotiations. On the basis of this opinion, the EU Council makes appropriate conclusions.

2. Questionnaire of the European Commission

In order for the European Commission to assess the readiness of the state to fulfil the obligations of EU membership, the Commission sends to a state a special document known as the European Commission Questionnaire. The questionnaire contains thousands of questions related to the overall functioning of the state in areas under the jurisdiction of the EU. All questions are organized in accordance with the criteria for membership through the three basic parts of the Questionnaire: political criteria, economic criteria and the ability to take over obligations from the membership - chapter of the EU›s acquis communautaire, i.e. Acquis. This third part of the Questionnaire follows the division of the acquis into its negotiating chapters and encompasses 33 of the 35 negotiating chapters (Chapter 34, Institutions and Chapter 35. The rest are excluded from the Questionnaire as irrelevant for this stage).

The applicant state submits the answers in English to the European Commission with accompanying documents such as laws, legislation, policies, strategies, etc. The European Commission analyses the answers provided within its services and, if necessary, through a new round of additional questions, requests clarifications for the completeness or clarity of individual responses, with the possibility of asking new questions. In addition to the information obtained through the answers of the state, the Commission receives information through other sources such as expert missions and assessments involving EU Member States› experts, primarily to check the level of law enforcement, and through independent experts› reports, then through reports from independent experts, through consultations with civil society organizations, international organizations and other stakeholders.

The number of questions in the Questionnaire and the deadline for submitting the answers to such questions are different from state to state. Quality answers may be delivered in a very short time if:

- the necessary support is provided through a unique political will with the proclamation that it is the number one priority of the state and that its quality execution is necessary;

- an adequate preparation was made related to the methodology of preparing the answers (identified institutions and formed structures within the state administration for preparing answers, defined coordination and cooperation for the preparation of unique answers, prepared instructions for providing answers), as well as

- administration capacities are built through familiarizing, understanding and analysing the questions in the questionnaire delivered to other states, along with the preparation of own answers.

On December 9, 2016, the European Commission submitted the Questionnaire to Bosnia and Herzegovina with 3,242 questions. The preparation of the answers has lasted for a little over a year, which is much longer than it was required of other states applying for the EU membership. Within a period of 3 months, Croatia answered to 4560 questions received, Macedonia within 4 months answered to 4666 questions, Montenegro, in about 4.5 months answered to 2178 questions, Serbia within 2 months answered to 2483 questions and Albania within 4 months answered to 2280 questions. Having sent the answers, all the mentioned states received additional questions and this second round of questions may be expected for Bosnia and Herzegovina. Answering the Questionnaire directly influences the dynamics and content of the next step in the process of Bosnia and Herzegovina›s accession to the EU, or the European Commission›s opinion on the application for EU membership with recommendations for obtaining candidate status and opening accession negotiations.

It remains to be seen when Bosnia and Herzegovina will provide answers to the Questionnaire, and whether the answers will be quality and unique for the whole state. It remains to be seen how the European Commission will react, but also what decisions will be brought by the EU at the political level. It depends on all this whether Bosnia and Herzegovina will be able to get the candidate status in 2018 as a very ambitious deadline, as well as when it will be approved to open accession negotiations. If there is a will to use the announced EU plan for a new enlargement in 2025, Bosnia and Herzegovina needs to take big steps towards the EU membership, and these steps will become even greater after the decision on opening of negotiations. One thing is certain, in addition to the efforts of Bosnia and Herzegovina (both at the political and technical level), the assistance of the EU is also needed (also at the political and technical level). The EU announces the release of the Western Balkans Strategy in February 2018 and holding the summit of the Western Balkans and the EU in May 2018.

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Poverty in Bosnia and Herzegovina - Basic Facts

Edin Šabanović

Edin Šabanović, was born in Stolac in 1961. He graduated Economics at the University of Mostar and received his M.Sc. in Economics at the same University. He is a PhD student at the University of Sarajevo. He works as Assistant Director in the Agency for Statistics of BiH. His research interest are survey methodology, sampling, living standards statistics and inference in sample surveys with nonresponse and in missing data problems.

Poverty in Bosnia and Herzegovina-Basic Facts

Poverty is mostly measured by using absolute or relative indicators. Bosnia and Herzegovina started measuring the poverty in 2001 by applying the methodology of absolute poverty, developed by the World Bank. Three years later, the European methodology of relative poverty was introduced by conducting the household budget survey. This methodology is still in use.

According the European methodology, the poverty is measured by income of households. Since the survey on income and living conditions still has not been conducted, Bosnia and Herzegovina measures the poverty by consumption expenditure of households, which is calculated from the Household Budget Survey. This survey was conducted in Bosnia and Herzegovina in 2004, 2007, 2011 and 2015.

The measuring of poverty according to the consumption approach is based on the concept of relative poverty, which defines the risk-of-poverty threshold by adult equivalent equal to 60% of the median equalised consumption. Equalised household size is calculated according to the modified OECD scale.

At-risk-of-poverty rate is a percentage of households or individuals with the equalised consumption below the risk-of-poverty threshold.

Table 1 shows the distributional dependency of poverty threshold on the data from which it was calculated.

Graph 1 shows the number of people below poverty threshold and at-risk-of-poverty rates in four survey years. Because the total of B&H population, according the survey estimates , has decreased over time, at-risk-of-poverty rates are useful for historical comparisons, because the number of poor has decreased too.

Table 1. Poverty thresholds in Bosnia and Herzegovina, 2004-2015, KM per adult monthly

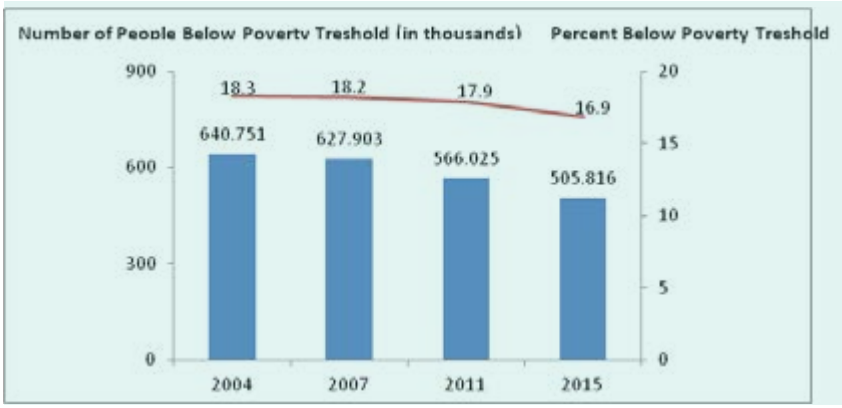
Indicator	Year			
	2004	2007	2011	2015
Poverty treshold (KM/adult monthly)	311.42	385.71	416.40	389.26

There is only a slight trend of reducing poverty rates, which confirms the resistance of this phenomenon, i.e. it tells us about the inefficiency of the poverty reduction measures in the last decade. This can be confirmed by the analysis of other poverty indicators, such as the poverty gap and indicators of inequality.

[1]The household head is given coefficient 1, every other adult in the household aged 14 and over is given coefficient 0.5 and every child under 14 years of the age is given coefficient 0.3.

The poverty gap measures the intensity of poverty and shows how far, on the average, the poor are from the poverty threshold. The poverty gap in Bosnia and Herzegovina was about 25% in the analysed period , which confirms that poverty reduction policies have badly targeted poor population (Šabanović, 2016). Quintile ratios and Gini coefficients show the resistance of the poverty and the high inequality in the distribution of the consumption expenditures. While the Gini coefficients were stable about the value of 0.31, quintile ratios show that 20% of the richest spend about five times more than 20% of the poorest.

Grafik 1. Broj stanovnika BiH ispod praga siromaštva i stope rizika od siromaštva, 2004 – 2015. godina



Detailed pieces of information about the poverty can be obtained by the analysis of the poverty status of several specific socio-economic groups. Households with five or more members and single-member households had the highest at-risk-of poverty rates in 2015 (20.2% and 18.5% respectively). Within single-member households, the poorest were households where the person was aged 65 or over (21.9% in 2015). On the other hand, among the largest households, households of married couples with children and other relatives were in the highest risk of poverty (23.1% and 24.5% in 2015 and 2011, respectively) and households of married couples with three or more children (21.4% and 26.9% in 2007 and 2004, respectively).

When examining poverty by population age, three main groups are usually analysed: under 18, age 18 to 64 and 65 years and older. In 2015, people aged 65 and over had the highest at-risk-of poverty rate among the three groups: 20.0% compared with 18.5% for underage population and 15.6% for adult working age population.

Low education increases the risk of poverty. Out of the total number of people without education in B&H in 2015, 21.9% were poor, while almost every fourth individual with elementary school was poor (23.0%). The risk of poverty only drops significantly by people with a completed secondary school (13.8%) and is the smallest among those with university education (5.2%).

While having a job in 2015 did reduce the poverty risk, it did not guarantee that a person or his or her household would avoid poverty. Among employed people aged 18 to 64, 11.8% were in poverty, compared with 18.6% of poor non-workers (unemployed and inactive) in the same age group. Focusing instead in all those in poverty aged 18 to 64, however, 33.0% had jobs in 2015.

In Bosnia and Herzegovina, in the period from 2004 to 2015, there was a decrease in the number of poor people and a slight decrease in the risk of poverty. One of the reasons for the decrease in the number of the poor was the reduction of the number of inhabitants in BiH during that period. The poverty gap index and inequality indicators clearly point to the basic characteristic of poverty in BiH - rather strong resistance. It is an evidence that the poverty reduction policies are rather inefficient and badly targeted (Šabanović, 2016).

Since poverty measurement by consumption approach does not allow direct comparability of this phenomenon with other European countries and that consumption-based poverty indicators are significantly lower than those calculated by the income approach (Delalić, Kapetanović i Šabanović 2017; Šabanović 2017), it can be concluded that the actual situation is much worse than the indicators show. In this regard, the full harmonization of the methodology of measuring

[2] Population census results did not exist in the survey years
[3] See The Household Budget Survey in B&H-Final results 2004, 2007, 2011 and 2015, Agency for Statistics of B&H.

poverty and inequality in Bosnia and Herzegovina with EU standards is conditio sine qua non for the correct policy of combating poverty. It will be achieved in the near future through the first survey on income and living conditions in Bosnia and Herzegovina in 2018.

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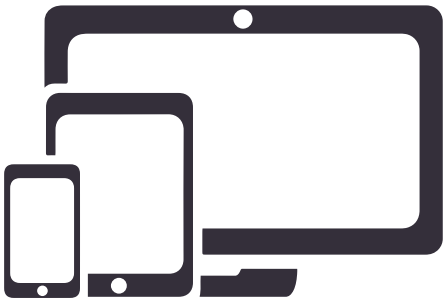

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Improving Agricultural Competitiveness in Bosnia and Herzegovina: Impact Evaluation of USAID and Sida Fostering Agricultural Market Activity (FARMA)

Authors: Naida Čaršimamović Vukotić, Jasmina Mangafić, Yang Chen, Ye Zhang

Introduction:

Fostering Agricultural Markets Activity (FARMA), a five and a half year activity launched in September 2009, is a $22.2 million activity co-financed by the U.S. Agency for International Development (USAID) and Swedish International Development Cooperation Agency (Sida) to provide technical assistance to farmers in Bosnia and Herzegovina (BiH) in targeted sub-sectors (dairy, fruits and vegetables, and medicinal and aromatic plants and honey) through a demand-driven approach aimed at improving the competitiveness of BiH's agricultural products. FARMA worked to expand environmentally sustainable production, processing, domestic sales, export sales, and the production of value-added products. The impact evaluation of FARMA activity addressed the following research questions:

Naida Carsimamovic *Vukotic works for IMPAQ International, LLC serving as the Chief of Party for USAID Monitoring and Evaluation Support Activity (MEASURE-BiH).* ***Jasmina Mangafic*** *is Assistant Professor of Economics at School of Economics and Business at University of Sarajevo.* ***Yang Chen*** *was Research Associate at IMPAQ International, LLC when the evaluation was conducted, and she is currently working at Capital One.* ***Ye Zhang*** *works for IMPAQ International, LLC serving as Technical Director of MEASURE-BiH.*

1. What were the impacts of FARMA interventions on Producer Organizations' (PO) sales and exports? Did the impacts vary by sub-sectors?
2. What were the impacts of FARMA interventions on POs' access to finance? Did the impacts vary by sub-sectors?
3. What were the characteristics of the POs served by the FARMA program?
4. How were FARMA interventions implemented?
5. What were the main challenges to implementation and how could these challenges be addressed?
6. What were the stakeholders' perceptions of the model of joint financing of FARMA by two donors?

Evaluation Methods:

We estimated the impacts of FARMA interventions and used the results to answer a set of research questions. Answering some of the research questions was challenging because many of the observed beneficiaries' outcomes might have been influenced by factors other than the FARMA interventions. Nonetheless, our technical approach isolated the effects of FARMA from other potentially confounding factors. We created groups that represent the counterfactual that most closely approximates the

benefits of a randomized controlled trial (RCT), thus addressing the issue of potential selection bias in the impact estimates. Specifically, we constructed comparison PO groups that are similar to those that received the intervention. We then estimated the FARMA impacts through multivariate regression analysis based on a difference-in-differences (DID) design.

We complemented this quantitative analysis with a qualitative analysis and an implementation study. The implementation study triangulated qualitative data from several sources to answer research questions 3, 4, 5, and 6. The implementation study enabled us to interpret the impact results and to descriptively explore which FARMA interventions likely were the key drivers of development impacts.

Findings:

Evaluation Question 1: Our impact analysis did not find any statistically significant effects for the full sample, nor for the F&V sub-sector or the MAPs sub-sector. However, we did find statistically significant results in the dairy sub-sector. FARMA interventions had a significant positive impact on dairy sub-sector sales. Specifically, the estimated effect of FARMA interventions on dairy POs' sales is 76 percent, statistically significant at 5% level. We did not find any significant results for the exports related outcome variables.

Evaluation Question 2: We observed no clear pattern in our sub-sector analysis, both in terms of signs and magnitudes. Although we found suggestive empirical evidence of a positive effect on long term loans and a negative effect on short term loans with relatively large magnitude, these estimates were measured with low precision and were more likely to be due to chance. We also found that the Development Credit Authority (DCA) guarantee has not been utilized sufficiently by FARMA's beneficiaries and the level of awareness about this tool among the beneficiaries is still low.

Evaluation Question 3: We found that FARMA generally applied a demand-driven approach in selecting the types of technical assistance provided to beneficiaries. However, in terms of selecting PO beneficiaries, the approach may have been less demand-driven, as most beneficiaries were carried over from the previous USAID/BiH agricultural activity (LAMP). We found no overall qualified evidence that FARMA increased the value-added level of the three sub-sectors. We found no evidence that FARMA interventions increased the share of female-owned businesses (which is low at 17%). On the other hand, the FARMA implementation database suggests that there has been an increase in the number of full-time, part-time, and seasonal employees females over the life of FARMA activity (an increase of 17%).

Evaluation Question 4: We found that beneficiaries overall reported a positive experience with FARMA's implementation of grants, technical assistance, and training, with many informants reporting increases in production and support to after-production activities. FARMA also successfully transferred technical knowledge to beneficiaries as well as provided them other benefits further detailed in this report. FARMA did not substantially improve the overall policy environment for the POs, however.

Evaluation Question 5: The major challenge expressed by beneficiaries was the lack of resources to implement new practices. Another challenge was the complex political environment in which FARMA operated and the lack of political will for improved strategic planning in the agriculture sector.

Evaluation Question 6: Our analysis suggests that FARMA has successfully promoted and facilitated a joint donor approach, including joint policy dialogue and prioritization of financing, information sharing, and coordination. This feature of FARMA was a good example of integration and cooperation between partners and joint donor actions.

Recommendations:


pixabay

As a result of our study, we offer the following lessons and suggestions to future programs considering activity similar to FARMA:

- The design of future activities for specific sub-sectors should be informed by a timely comprehensive assessment of the overall agricultural sector.
- Future activities should continue to be customized based on sub-sector specificities,
- In future activities, ensure that the selection criteria of the activity's beneficiaries are comprehensive and clearly documented.
- Ensure that the criteria for technical and financial assistance clearly track the activity's objectives and targets, and that both selection criteria and selection decisions are clearly communicated to all applicants.
- Policy constraints need to be more aggressively confronted in future programming through high-level dialogs and leveraging of assistance.
- Continue policy interventions on EU food safety requirements.
- Access to finance interventions should be based on careful study that takes into account the specificities of the agricultural sector.
- In the design stage of future activities, integrate appropriate impact evaluation early in the program cycle.
- Ensure that the activity data collection is comprehensive and accurate.
- Ensure transfer of activity database to the following activity in the same sector.
- Facilitate and assist cooperation among different local activity stakeholders.
- Establish clear communication protocols between the activity and the main local stakeholders to ensure that donor interventions and local government interventions do not overlap.
- Multi-donor approach to activity development and funding.

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The Road of Development

„Starting from 1859 to the present, it has never even been forbidden by law in BiH to form a credit union compared to today's independent, democratic, multi-party, market, capitalist, BiH."

In this issue we are talking with the Profesor Vjekoslav Domljan, one of the most eminent economists in the Western Balkan. Professor Domljan, the Government of the Federation of Bosnia and Herzegovina (FBiH) established the Economic Council in 2017 and appointed you to lead it. Can you tell us what the Council's job is and how much power it has to influence future decisions in the Federation of Bosnia and Herzegovina?

The Economic Council (EC) has the mandate to advise the Government of FBiH on economic politics; to analyze proposed laws and legislations and their potential impact; to submit proposals of potential economic measures and activities to the Government of FBiH on its own, with a sustainable economic growth as the primary result previously outed by the Government of FBiH, the Reform Agenda and Letter of Intent to the IMF, not excluding the other goals; and to collectively and individually communicate with a wider social community pertaining to reforms.

The composition and work of the EC is reflected by the condition and trends in BiH society. Anything new takes a long and hard way to materialize. The EC has been formed in the middle of the third year of the Government's mandate, when it was not easy to propose something new that could hardly be acceptable on account of new elections, especially having in mind working conditions of the Government and Parliament of FBiH. However, there was plenty of time to come up with and promote fiscal devaluation, which is fundamental to speeding up growth of the economy and reducing inequalities in society. The year 2018 should be dedicated to the design of fiscal reform and fiscal devaluation followed by the reform of the deposit-loan system and the introduction of productivity policies, in order to implement all of this in 2019, which will be the first year of new Government's mandate.

Prof.dr. Vjekoslav Domljan was educated in his native Mostar and Belgrade, and professionally educated in the US and Japan. During his rich professional career he has collaborated with many renowned financial institutions in the region and the world. He participated in the work of the World Economic Forum (1999) and the UN Commission for Europe (2001). He has been engaged in drafting several strategic documents in Bosnia and Herzegovina. He is the author of numerous scientific studies and publications in the field of economics, international relations and social sciences. He is currently serving as President of the Economic Council of the Government of FBiH, as well as the Dean of the Faculty of Economics at the University of Sarajevo School of Science and Technology (SSST).

In the past period, news that Government of FBiH adopted the so-called "Blue Book" was not picked up by the media. What is the aim and purpose of this document? How can Blue Book improve the lives of citizens of the Federation of Bosnia and Herzegovina?

The Blue Book is the joint work of the members of the EC, the FBiH employers' board of directors, and the BiH Council of Foreign Investors. Public presentation of the Blue Book will also be scheduled at a later date due to respect for the public which has the right to have an insight and make inquiries. But the crucial thing is that its content and its messages were communicated to the Government.

The purpose of the document is to show that (F)BiH has to undertake significant structural reforms in order to be able to rectify internal and external imbalances, which are reflected in high rate of unemployment, insufficient production, negative domestic savings rate, low investments, high bank account deficits and deeply negative international position of net investment.

Without structural reforms, it is not possible to create a basis for a growth rate of 7% or more. To put it simply, the (F)BiH has no engines of growth, and the Blue Book has shown how they can be built.

The population of Bosnia and Herzegovina has been decreasing in recent years through negative natural increase and so-called economic migration, and we have often heard from you that our citizens "vote with their legs", meaning that their response to the current political and economic situation is to leave our country. How would you assess the current economic situation in Bosnia and Herzegovina, is the road to Europe the only way out of poverty, or can this be a European road of BiH?

The global recession has clearly shown that (F) BiH is not able to react to external shocks the same way as the former Yugoslavia was unable to respond in the event of oil shocks. They both have brought out reform programs with medium-term delays. It is all a well-known fact for the older generations.

Those who "vote with their legs" have lost all hope that job tide can rise in the (F) BiH and lift up their boats. Out there is a growing inequality while the position of the middle class weakens, which will be certainly felt by our people abroad. However, there is a legal safety and order. It is precisely why this insecurity, combined with a disorder and the arrogance of the ruling structures, drove people from here.

BiH does not have to be a member of the European Union, but it must grow into a high income country. Ukraine, Belarus and the Balkan countries (except Greece) are the black hole of Europe, and these are not high-income territories. The Eastern European countries managed to become high-income countries and OECD members in only one-generation, alongside EU members. Some countries, for example South Korea, has succeeded in becoming an economic wonder in two generations without any natural resources, while Finland has turned from a Russian pond to one of the world's most competitive countries in three generations.

And what did BiH accomplish in these 20 years? Do not say that BiH is 'complex', because it has always been complex, take a look on what others managed to do in BiH in two decades with illiterate peasants.

It is true that political and economic climate is eventually created by politicians. How much are they aware of the fact that by often provoking crises they also affect the poor economy, economic migrations and departures from our country?

Politicians are rational beings. They know that no system in the world would offer them more benefits than this one. On the other hand, in a society with a history of deeply-rooted conflicts, which has lasted since 9th century or 14th century, it would suffice to maintain an ethno-national manipulation in order to preserve power.

However, an honest man who does not see his first neighbour as an enemy but as the first help in a case of emergency becomes cheated and therefore a society looses a basic pillar.

If honest and professional work is not appreciated, and really it is not in a morally depraved society, and on top of that gets ridiculed by those who "got by", there can be no progress. It is enough to see that no ruling body in Bosnia and Herzegovina put the issue of people leaving the country on the

agenda, which means that politicians welcome this migration. Those who are not their voters and who could damage them in the future simply leave.

The budget-oriented politicians stay, so the question arises as to whether, as far as BiH is concerned, the Berlin Wall should have been destroyed at all. The farce regarding the electoral law shows the essence: they do not need the elections as it has been clearly shown with the case of Mostar. Hence the initiative to delay the elections by 2020. Each and every budget year is a blessing for this budget system, but also a curse for the indolent and the unemployed, including those with uncertain jobs.

According to EUROSTAT data, Bosnia and Herzegovina has about 30% of the average European Union GDP, on par with Albania, while other countries from the region (Serbia, Macedonia, etc.) are better ranked. What growth do we need to catch up with our closest neighbors?

We need a growth of 7% until 2035 to reach the threshold of high-income countries. They used to tell us that we would become a 'second Switzerland', however we are on a good path to become 'another Kosovo'.

The industry of Switzerland creates over USD 100 billion, the industry of Slovakia around USD 20 billion, the industry of Kosovo's 1 billion, and the industry of Bosnia and Herzegovina creates about USD 2 billion. These are the consequences of deindustrialization in our country. Instead of going towards the Third and Fourth Industrial Revolution, BiH struggles through the remains of the Second Industrial Revolution.

How to accelerate economic growth? What is the "therapy" for that? How much should we rely on our natural resources or whether we should turn to other sources of growth (innovations, tourism, etc.)? How should the public administration behave and is it up to the task?

In the economics theory, one of the most important questions is whether natural resources are a blessing or a curse. In the case of BiH, they are currently more of a curse.

Those who rely on natural resources and cheap labor in the era of globalization, are doomed to fail. As indicated in the Blue Book, it is necessary to move from extensive to intensive development.

The wealth of a country is not in the country itself, but in the minds of its people. If we do not know how to make a product with high-tech content (except antibiotics), we may not have high salaries and high standard. Conversely, only well-paid employees can make highly sophisticated products.

The standard of the African Union is to allocate 1% of GDP to research and development, in EU that is 3% (with 0.4% and 2.0% respectively). R&D investments in BiH amount to 0.15% of total GDP. If there are no such investments or researchers (which can be counted on the fingers of one hand) in the economy, there will be no innovation.

And all of this should be added to the fact that BiH has a small market and must export in order to secure the scale of the economy that other countries have by "beating" the comparative advantage that our country possesses. Therefore it is necessary to find ou global niches in which BiH can participate. These should be sought in metal, wood and agricultural industries, in tourism, etc. But nobody deals with finding out the chains of value, clusters of development, so this all is a dull story. The results are well known to us.


Damir Balić

How much the lack of business market is hampering economic development? And how do you evaluate the existing banking system? Are the reforms needed in this sector as well?

The domestic savings rate has been negative since 1995. It varies from -5% to -1% GDP depending on the year. However, the overall aggregate (national) savings rate is positive: around 10% of GDP.

At minimum, the savings rate should be doubled to about 20% and have the investments amounting to 1/3rd of GDP, which is the amount that the countries with upper middle average income have. Some of these countries, such as China, have a savings rate of 52% of GDP plus a growth rate of 9.6% over the past 38 years.

BiH must introduce new financial institutions and financial instruments. Here is an example that can clarify this: when the global recession arose, Kengen (the leading electric power generation company in Kenya) has issued bonds. Citizens could have invested their assets in these bonds at 12% instead of bank at 5%. Kengen received money at 12% instead at 15% from the bank. And the bonds were "sold like hotcakes".

Starting from 1859 to the present, it has never even been forbidden by law in BiH to form a credit union compared to today's independent, democratic, multi-party, market, capitalist, BiH. And yet there is no one to raise his or her voice against such a legal monopoly in conditions of negative domestic savings rate. The miserable sum of citizens' savings of BAM 5 billion, which has remained dormant for many decades (remember the sudden rise in savings following the withdrawal of Deutsche Mark) as a result of various international and personal remittances, speaks more about the weakness than about the virtue of the current banking and investment systems. What does the average increase in citizens' savings of 200 million BAM per year mean if the budget deficit exceeds 200 million BAM and if citizens spend at least 200 million BAM per year more than they earn. Hence the negative savings rate.

Finally, how much do we need the International Monetary Fund and what is your opinion on the use of IMF funds? Do we have any alternatives?

On the IMF website you can see who is dealing with them, and these are the countries that have frivolous politicians in power who constantly say "we need the IMF because we don't know how to stop", just as little Peter does not know when to stop eating bananas.

As long as BiH has politicians, and not statesmen, there will be a need for the IMF. And not only that - there will also be a need for an imperial structure such as the currency board.

If BiH had statesmen, it could move away from the currency board to the central bank system and immediately get free and clean 5 billion BAM.

However, the international community (read USA) does not want to hand over the money printing machine to BiH politicians, who are not even aware of friendly intentions. It would suffice to let loose speculators attacking the currency board, and have them wiped not 5 but 11 billion in 11 seconds. The country could not escape the chaos like Hong Kong in 1997 when it was attacked by speculators because the amount of foreign exchange reserves was three times higher than money in circulation. There is also the case of Argentina clearly demonstrating how frivolous politicians can ruin such a gadget as the currency board.

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Evaluation in Context of Accession of Republic of Croatia to EU

Marijana Sumpor

Dr. Marijana Sumpor (msumpor@eizg.hr) has more than 20 years of experience including Institute of Economics Zagreb (since 2001), Ministry of Finance RH (1995-1998) i BNP-Dresdner Bank (Croatia) (1998-2000). She did PhD in 2005 at the Economic Faculty University of Split. Areas of interst include: regional policy, strategic planning and evaluation. Since October 2015 she coordinates Croatian Evaluation Network (HEM) and from October 2017 Western Balkan Evaluation Network (WBEN).

The need for practical knowledge on the evaluation of projects, programs and public policies increased with the admission of the Republic of Croatia into the European Union.

The process of accession of the Republic of Croatia (RC) to the European Union (EU) has triggered a stronger development and application of evaluation practice in the public management system. Evaluation requirements are primarily focused on programs and projects financially supported by the EU, but also by international development organizations and financial institutions. It is interesting to follow the gradual process of transferring knowledge and evaluation experience into a national context of public policies that is not directly conditioned by the outside, i.e. external financing. Below is the Evaluation Strategy for European Structural Instruments implemented by the Ministry of Regional Development and EU Funds (MRRFEU, 2012); Operational Program Evaluation Plans (OPs), and national legislation including evaluation rules.

The Government of the Republic of Croatia (GRC) adopted in 2012 the Evaluation Strategy for European Structural Instruments .
This Strategy was developed in the pre-accession period within the preparation of the transition of the Republic of Croatia from the Instrument for Pre-accession Assistance (IPA) to the structural instruments in the second half of 2013 and further for the programming period 2014-2020. Based on the adopted Strategy, there have been appointed the persons responsible for evaluation tasks in the bodies competent for the management and implementation of operational programs for European structural instruments. The Evaluation Strategy is implemented by the body responsible for the coordination of European structural instruments (Coordinating Body, Directorate for Strategic Planning , MRRFEU) in co-operation with the bodies responsible for managing and implementing OPs (Managing Authorities, MAs).

The overall objective of the Strategy is to improve the efficiency, effectiveness and viability of the EU assistance to the Republic of Croatia, and the establishment of a single framework for the evaluation activities of the Structural Funds and the Cohesion Fund (SKF), and to ensure the consistency of evaluations within the bodies responsible for fund management after accession. The individual objectives of the Strategy are as follows:

- Objective 1: To increase the capacity of the bodies of the Republic of Croatia for contracting, managing and using the evaluation of interventions financed by the SKF; Priority 1: Building

[1] http://www.strukturnifondovi.hr/UserDocsImages/Izvje%C5%A1%C4%87a%20i%20evaluacije/Evaluacijska%20strategija%20za%20europske%20strukturne%20instrumente.pdf

Evaluation Capacity.

- Objective 2: To provide a systematic and consistent application of the evaluation through the overall implementation of the SKF of RH; Priority 2: Evaluation of SKF interventions.
- Objective 3: To include evaluation results in decision-making processes for the implementation of SKF in Croatia. Priority 3: Introduction of evaluation into decision-making processes.

In connection with the implementation of Objective 1, priority 1 - construction of evaluation capacities has several levels that are mutually reinforcing. This includes an individual level that consists of the necessary skills and competencies; organizational level of control systems and structures; an inter-organizational level that connects public and private bodies through networks, procedures and partnerships; and the social level that embeds the evaluation as a way of thinking in the public sector and civil society including professional organizations. What is common to all these levels are institutional factors, legislation, laws, resources, norms, etc., which are necessarily supported by organizational structures and mechanisms. In addition to the level of demand for evaluation activities (evaluation contracting institutions), it is also necessary to consider the level of supply of evaluation activities so to ensure that there is a supply of domestic evaluators, and that evaluators have their own professional organization.

In connection with the achievement of Objective 2 and Priority 2- MAs are responsible for contracting and conducting evaluation projects for OPs and for presenting results to supervisory boards on specific OPs. In the program period 2014-2020, Croatia has implemented four OPs (Table 1) and the evaluation plan is prepared for each one of them (i.e. plan of evaluation). For example, for the OPKK, the MA has prepared an Evaluation Plan 2014-2020 which includes a list of planned evaluation studies through the period of implementation of the OP.

Table 1. Allocation distribution from the European Structural and Investment Funds for the Republic of Croatia 2014-2020.

European Structural and Investment Funds (ESIF)	Operational program (OP)	Managing Authority (MA)	Allocation (EUR)
European Regional Development Fund (ERDF)	Competitiveness and cohesion (OPKK)	Ministry of Regional Development and Funds of the European Union (MRDFEU)	4.321.499.588
Cohesion fund			2.559.545.971
European Social Fund (ESF)	Effective human potentials (OPLJP)	Ministry of Labor and Pension System (MLPS)	1.516.033.073
European Agricultural Fund for Rural Development (EAFRD)	Rural development (OPRR)	Ministry of Agriculture (MA)	2.026.222.500
European Maritime and Fisheries Fund (EMFF)	Maritime and fishing (OPPR)		252.643.138
TOTAL			10.675.944.270

Source: Ministry of Regional Development and EU funds, Republic of Croatia. (available at http://www.strukturnifondovi.hr/esi-fondovi-2014-2020)

[1] The document avilable at: http://www.strukturnifondovi.hr/UserDocsImages/Izvje%C5%A1%C4%87a%20i%20evaluacije/Evaluacijska%20strategija%20za%20europske%20strukturne%20instrumente.pdf

In connection with the achievement process of Objective 3, priority 3 - there may be noticed a certain transfer of knowledge and practices related to the management and implementation of ESIF programs and projects including evaluation as part of the public policy management process in the national context. During the 2000s and an intensive process of preparing institutional structures for EU accession, especially within the framework of regional development policy, the Ministry for Regional Development started with guidelines for the preparation of local and regional development documents that also included the evaluation process. the provision on evaluation was subsequently incorporated in the Law on Regional Development of the Republic of Croatia (Official Gazette, 147/14). With the proposal of the Law on Strategic Planning of the Republic of Croatia, sent by the Government in the autumn of 2017 to the Croatian Parliament, the evaluation system is proposed as an integral part of the management of national public policies. In addition to the policy of regional development, what may be highlighted is a long-standing practice of evaluating public policies, programs and projects in the fields of education, science and creating an incentive environment for the development of civil society.

In conclusion, it is worth mentioning that along with the implementation of the Evaluation Strategy, the Croatian Evaluation Network (HEM) has been established, which acts as an informal platform for communication, exchange of experiences and development of knowledge in the field of evaluation. In 2013, an initiative was launched to create a national network of evaluators in Croatia which resulted in the gathering of over 200 interested experts from the academic community, public sector representatives and the private sector or consultants who had been active for many years in the preparation of development projects and strategic programs, a database of evaluators was established and a training program for evaluators was launched. The HEM is coordinated by the Economic Institute, Zagreb (EIZ, www.eizg.hr) and is a member of the Western Balkans Evaluators Network (WBEN) . In addition, the Croatian Evaluation Network (CEN) was registered in the International Register of Voluntary Organizations for Professional Evaluation (VOPE) led by the International Organization for Cooperation and Evaluation (IOCE, www.ioce.net).

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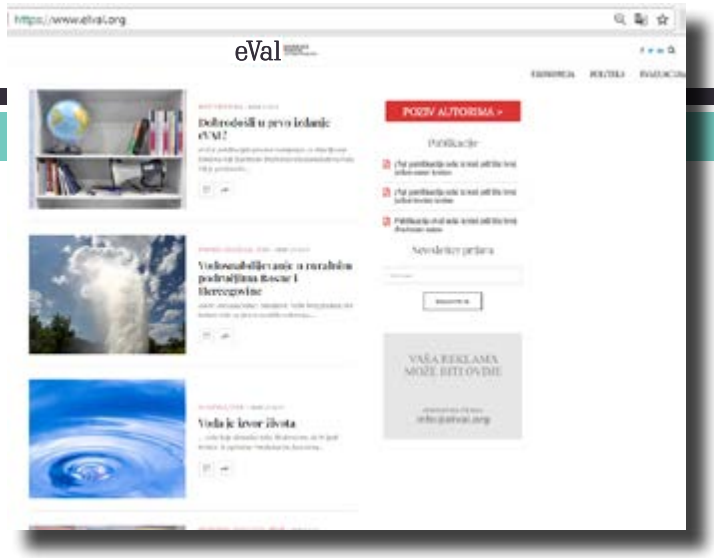

www.eval.org

Performance Audit a New Chance for Evaluators in WB Countries

Risto Ivanov

Risto Ivanov is PhD in economics, Certified Management Consultant and Project manager professional with over 34 years working experience, 9 years in business, 8 years in politics and 17 years consultancy. He specialized in designing and managing practical tools aim at improving private and public sector performances. He is external evaluator of Erasmus+, Cross border programs and other national and international donors projects.

Evaluation market is being captured by audits, economists and management consultants. The audit professionals are well organized though established international standards for financial, organizational and performance audit. The performance audit concerned to public sector and is based on 3E indicators (economy, efficiency and effectiveness) that are overlapping with evaluation methodology. The demand for performance audit is increasing in Western Balkan Countries proportionally to the increase in public depts. and allocated EU funds. At the moment the performance audit market is manly covered by State Audit Offices which practice is to use top-dawn perspective, focusing mainly on the basic question: Are things being done in right way? The bottom-up perspective is focused on the effects of the activity on entity and larger community, answering basic question: Are the right things being done?

The objective of this article is to present opportunities for evaluators in performance evaluation of governments' policy, programs and projects. The methodology of the brief research, carried out in September 2017, is focused on analyses of existing performance audit gaps, identification of fields to be covered by evaluators and chances for evaluators to introduced bottom-up perspective in performance evaluation.

What is performance Audit?

Performance auditing is an independent and objective examination of government undertakings, systems, programs or organizations, with regard to one or more of the three aspects of economy, efficiency and effectiveness, aiming to lead to improvements.

Market actors and size

The market actors on the supply side are mostly recruited by auditors, economists, management consultants and State Audit Bureaus.

Figure 1 Principle of performance Audit – 3E (economy efficiency and effectiveness)

Auditors are the best organized segment whose market positioning is built with the International Standards of Supreme Audit Institutions, ISSA 3000. It is hold by INTOSAI International Organization of Supreme Audit Institutions .

Economist defined market positioning by Licenses and certificates about performance evaluation. Management Consultants have developed CMC (certified management consultant) and PMP (project manager professional) where evaluation is one of the six phases of project management cycles.

The market position of the State Audit Bureaus in western Balkan Countries is the defined by the Laws and they are mainly engaged in performance audit of the national Government policies, programs and projects.

On the demand side for performance audit and evaluation the following segments are visible in WB region: National Governments (State Budget Programs); International Donors programs and projects; EU Programs and funds; World Bank Loans; CSOs (Civil Society organizations) that are beneficiaries of the granted projects.

Table 1 Number of Performance Audits (PA) implemented in five WB Countries

	2016	2015	2014	2013	Total
Croatia	86	58	N/A	N/A	144
Serbia	63	N/A	N/A	N/A	63
BiH	5	5	8	6	24
Macedonia	6	18	80	7	111
Total	160	81	88	13	342

The brief research carried out among State Audits Bureaus about the market size for the performance audit market is presented on table below

In the last four years the total number of PA reports is 342. The biggest number of PA reports are implemented in Croatia and Macedonia. Having in mind the number of the programs and projects that used public resources it is small number of performance audit. In some Countries is difficult to differentiate between Financial Audit and Performance Audit so those table cells are marked as N/A (Not Available).

Beside the number of PA reports brief research was focused as well on the principles that were evaluated. On the Macedonian case is obviously that the huge number of the reports concerned only to two principles (economy and efficiency).

Two main conclusions can be drown concerning PA: (1) – the State Audit Offices is more focused on Financial Audit than to Performance Audit; and (2) more than 80 % from analyzed PA Report in Macedonia evaluated only two principles, economy and efficiency.

Table 2 Principles implemented in PA reports – Macedonian case

Macedonia	2016	2015	2014
Economy	5	18	75
Efficiency	5	18	75
Effectiveness	1	3	5

Performance Audit Gaps

The identified gaps are chance for professional evaluators to enter market for performance evaluation:

1) EU citizen oriented policy that means to evaluate from citizen (bottom) to policy, programs, projects (UP) , answering the question: Are the right things being done? . However the evaluation of public policy, programs and projects is still focused on the way how the public resources are spend and monitored, meaning the answers about the question: Are things being done in right way?

In addition the assessment of 3E's is usually avoiding or it is not compared with baseline indicators.

2) In the most of the public sector institutions and NGOs the performance evaluation is carried out by internal evaluators without visible capacity to implement it with high quality standards. According to Macedonian practice the demand for external performance evaluators is increase by International donors.

[1] www.issai.org
[2] www.icmci.org
[3] www.pmi.org

3) The recommendations from performance audits refer to legislations and institutional improvements rather than effects to audited entity or larger community, steaming from dominant top-dawn perspective in performance audits. Briefly stating that up or the money- resources are more important than dawn or citizens.

4) In the Macedonia case the amount of the state budget that is spent for Programs is 1 billion euro per year and additional 300 million euro from EU and International Donors. The principle of effectiveness is more than important for 2 million citizens, meaning what are achieved goals compared to desired goals.

5) Existing PA does not included qualitative assessment techniques. It is linked with the principle of effectiveness and citizens satisfaction from implemented policy, program or project. Briefly stating that bottom, the people are more important than up or the money-resources.

6) Evaluators' community is not well organized and lacking networking to enter on the market for assessment of performances in public policy, programs and projects.

Chances for professional evaluators

The existing market gaps can be overcome by better cooperation among evaluators in WB countries. Bottom-up perspective of performance audit is chance for WBEN to conquer the evaluation markets through cooperation on developing common baseline and comparative indicators for 3Es. The identified good practices in performance evaluation can be network potential to promote relevance of WBEN to support national VOPEs for beater market positioning.

WBEN and National VOPEs could start to promote the importance of evaluation of effectiveness of Governmental policy, programs and projects, focusing on achieved results that improve citizens' lives. The Governments from WB Countries have to be aware of usability of performance evaluation in drawing lessons about the changes that have been occurred, comparing with EU living standards and improvement of quality of citizens lives.

The chances for professional evaluators to enter this new market are linked with three types of activities of the Governments related to:

- Readiness to involve performance evaluation as systematic solution in terms of accomplishment of strategy goals, meaning that evaluation is part of each adopted policy, program and/or projects. It will demonstrate interest for citizens' needs steaming from policy implementation;
- Willingness to allocate resources for external professional evaluators who will carry out performance evaluation. It is recommended the share from 0,5 to 2% from the total budget of the programs/projects to be allocated for performance evaluation;
- Drawing lessons learnt from performance evaluation as base for definition of future policy in the fields it is concerned to. It will be step towards respecting citizens' needs and the progress of its living standards.

Implementation of the recommendations above will open new perspectives for the professional evaluators in WB Countries and usage of their big potential to contribute towards successful citizen oriented policy.

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Audit Office of institutions of Bosnia and Herzegovina http://www.revizija.gov.ba/default.aspx?template_id=79&langTag=bs-BA&pageIndex=1

State Audit Institution - Republic of Serbia http://www.dri.rs/home.4.html

Visualizing Theories of Change - how not to confuse causes and definitions

Steve Powell

Arrows in Theories of Change, Logical Frameworks and Logic Models are supposed to show causal influences. But often they are (mis-)used to show definitional connections as well, e.g. when one variable summarises others. This article explores the problem and suggests a solution.

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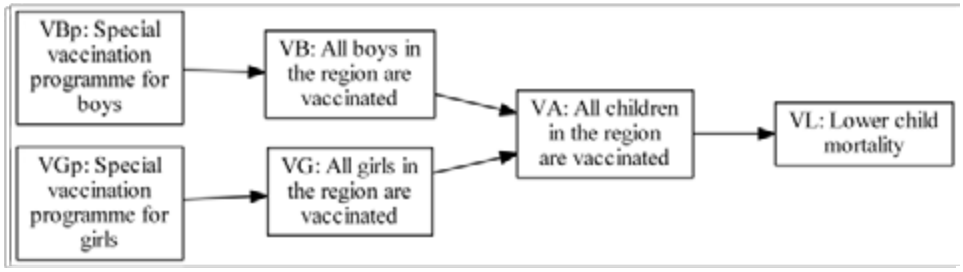


The arrows in this kind of diagram are supposed to be causal but the two arrows in the middle of this diagram are not

Logical Frameworks, Logic Models and Theories of Change (here, we'll call them all "Theories of Change" although there are important differences) very frequently contain the kind of problem shown in this figure. According to standard manuals the arrows joining up the items are supposed to show causal influence, like the two arrows on the left and right of the toy example above. But the two arrows in the middle are not causal: VA is not caused by VB or VG.

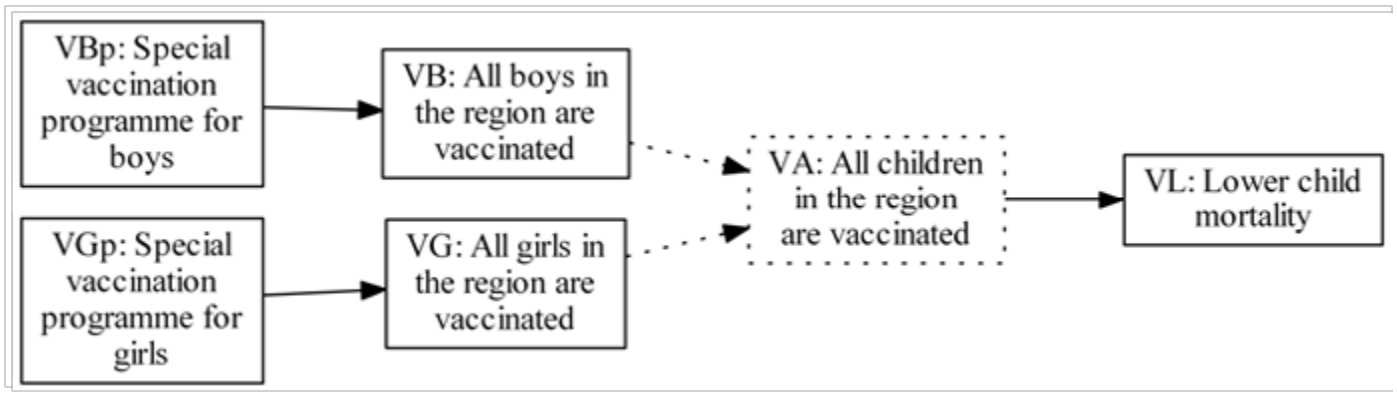
(We'll assume that these rectangles all represent binary, true/false variables, e.g. vaccinated or not, rather than the number or percentage who are vaccinated - though the problem is essentially the same whether they are binary, numerical or anything else.)

These two arrows show a relation of definition: the value of VA is determined by definition, not causation, to depend on the values of VB and VG.

Most manuals forbid this as nonsense because links like these are not in fact causal. The reason we nevertheless often see this kind of configuration is because it is useful nonsense. For example the project is paid for VA, not for VB or VG. A variable like VA can summarise multiple small achievements into something which is significant when we take "a higher-level perspective", for example that of a donor. Or perhaps we only have evidence about gender-specific vaccinations on the one hand (VBp to VB, VGp to VG) and about the effect of VA on VL on the other, so we are not quite justified in drawing arrows directly from VBp and VGp directly to VL.[1]

[1] e.g. USAID. (2010). Performance Monitoring & Evaluation Tips. Building A Results Framework; see p. 8

Here is an improved version.



An improved version

If we agree a convention that dotted lines show definitional links, this new version is no longer nonsense, because those links are no longer to be interpreted as causal. It also shows that being on the receiving end of definitional links does not make a variable unreal or virtual; VA really does cause lower mortality. The defined/caused distinction is not about variables but about the relationships between them.

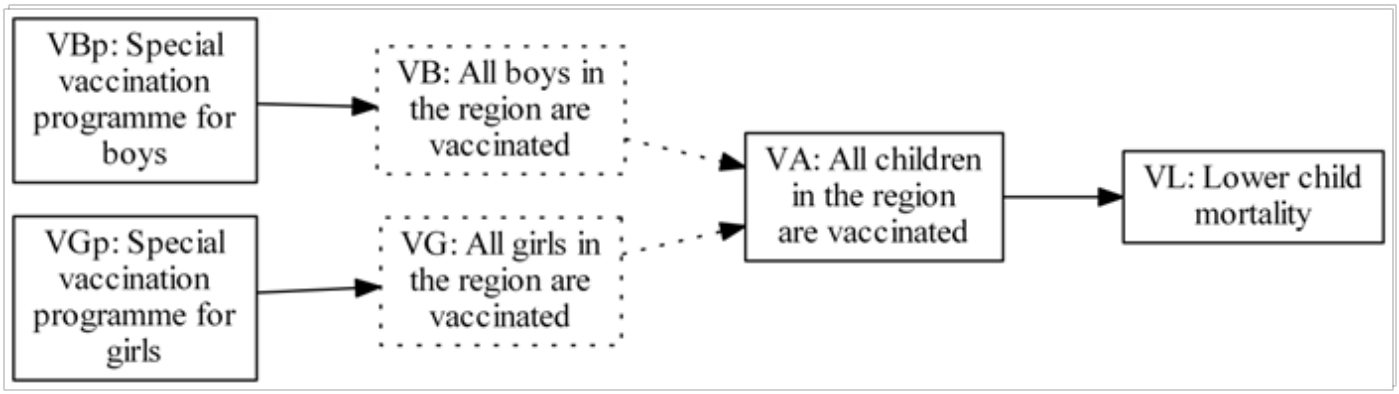
If there's space in the diagram, the narrative inside the rectangle could say:

VA: All children in the region are vaccinated; Defined as VB & VG ; Indicator: Not Applicable

In the diagram above we also introduce an additional convention: a dotted border around a variable shows that it does not have its own data. If you want to know about VA, given that you know how it is defined in terms of VA and VB, you just look at the data for them instead, and combine them. Either VB and VG have their own data, or VA does, but not both. That is why, if you have "indicators" for VG and VB, it is nonsense to ask for indicators for VA. Insisting that every item in a logical framework has its own indicators leads to nonsense in the case that it includes variables which are defined in terms of, rather than caused by, others.

The same principles can and should be followed not just in graphical but also in narrative Theories of Change, which should spell out that VA is "defined as VB & VG" and that no separate indicator should be specified.

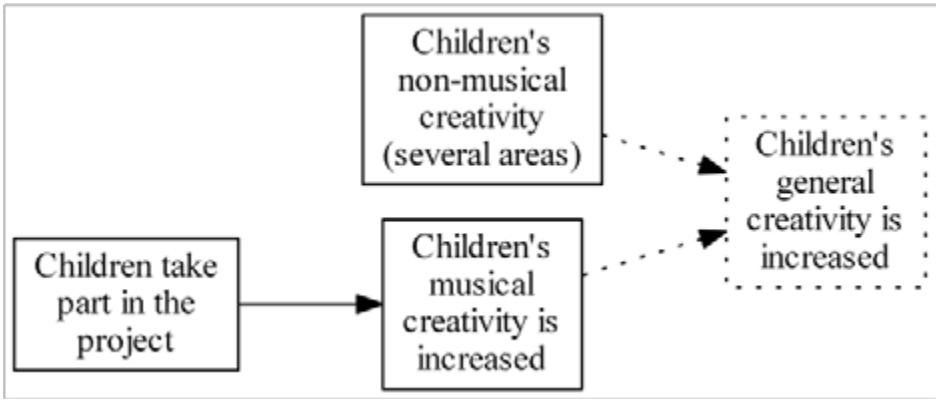
It is also possible that VA is the variable we are going to measure, in which case it is VG and VB which don't carry their own data and get dotted borders, like this:



Alternative improved version, in which VA, not VB or VG, contains data

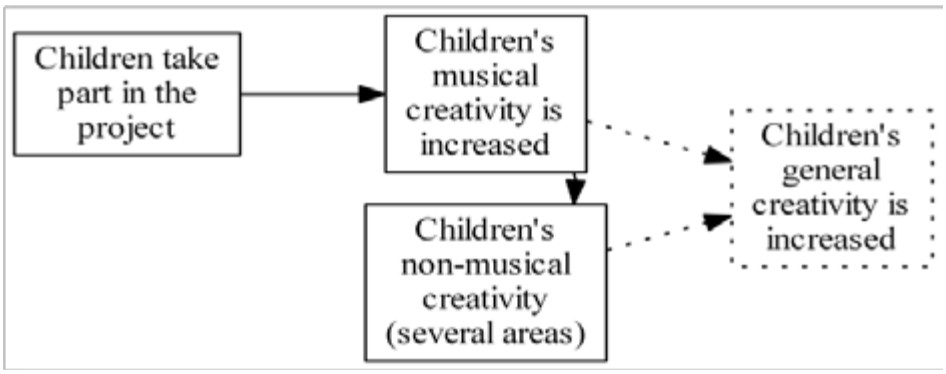
[2] i.e. the logical "&" which is true if an only if VB and VG are true

Finally, another example. Suppose a project's activities lead to an increase in children's musical creativity. The project is funded as part of a programme which aims to increase children's creativity in general. Musical creativity is presumed to be a part of general creativity; perhaps the latter is defined as the average of creativity in several different domains, one of which is music. The project management is keen to show how the project's immediate benefit (musical creativity) is a benefit for the donor's broader focus too, like this:



Contributing to a higher-level defined variable

General creativity is shown as (partially) defined in terms of musical creativity, so a dotted arrow is shown. It has been necessary to show the other factor(s) too in order to complete the definition. Showing only the contribution of musical creativity to (the definition of) general creativity would not be satisfactory.
Very frequently, this kind of project also tries to influence the rest of the "higher-level" outcome too, which would seem to result in a link which is both causal and definitional at the same time: not a good idea. Instead, we can show a link from musical creativity to the other part(s) of the definition, like this:



Contributing to a higher-level defined variable and causing it too?

These conventions - using dotted lines to show definitional links, and dotted borders to show variables without data, can be used on their own and are also part of the Theorymaker language for visualising Theories of Change.

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[3] Theorymaker has other ways to solve the problem outlined here, see pogol.net/public/slides.html#/defined

Development of the Result Based Monitoring System


Eldin H.

Step 2: Agreement on outcomes of the M&E system

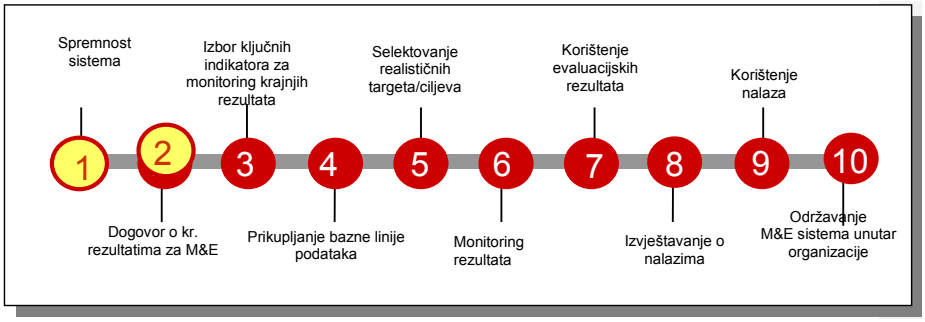
Rijad Kovač

This section is devoted to discussion of result based monitoring as presented by Ray Rist and Kusak in the famous book "Ten steps to a results-based monitoring and evaluation system: a handbook for development practitioners" Jody Zall Kusek and Ray C. Rist.

In the previous issue we introduced the result based monitoring system and discussed the readiness of the system to establish an organized and systematic monitoring of result achievement. In this issue we present Step two Agreeing on Outcomes to Monitor and Evaluate.

In this part it is assumed that setting goals is part of regular government decision making process. Even though all governments spell out some goals, they do not always quantify them. And quantifying the goals is the success in itself. More often we have situation that we need to choose and agree on the outcomes (derived from the goals) to monitor and evaluate. Knowing where you are going before you get moving is key, however underdeveloped countries often do not have capacity to plan financial resources that can be dedicated to the achievement of the goals, which makes planning and defining target values very difficult or impossible. At the same time setting outcomes as explicit as possible is of crucial importance, because without knowing what we want to achieve we cannot move forward nor we can set indicators that will measure progress towards success.

Step 2: Agreement on outcomes of the M&E system



Without outcomes to be monitored we cannot build monitoring system and from where those outocomes come from? They should primarily come from development strategies of the country or organization or ministry strategic plan. Examples, in the region might include goals from Economic Reform Programs or in Bosnia might include Reform Agenda or sectorial strategies.

These, to a certain level, should be linked to international development issues, such as Sustainable Development Goals, Europe 2020, or SEE Strategy 2020 or the EU accession plan. Outcome recognition sometimes can come from political promises and government mandate plans. It is important to mention that outcomes are longer term results, while goals are usually set for very long term and outputs in the short term. Earlier we mentioned that deficiency in financial planning can

impose difficulties in setting the goals. In addition to this lack of political will, lack of planning and analytical capacity, weak central agency may also may prevent a country, a ministry or an organization from setting priorities and outcomes. In this case donor or EU assistance may be of crucial importance.

It is very important that setting goals is done in participatory and consultative process involving the stakeholders. To do this we firstly need to identify Specific Stakeholder Representatives and their major concerns. After this we must be able to translate Problems into Statements of Possible Outcome Improvements. Formulating problems as positive outcomes is quite different from a simple reiteration of the problem. An outcome oriented statement enables one to identify the road and destination ahead. For example, "We want improved health for infants and children," rather than "We want fewer infants and children to become ill." Another example of an outcome might be to "increase the percentage of employed people." To know whether this outcome has been achieved, the goal needs to be disaggregated in other words we need to define "increased employment" in terms of a target group, sector, percentage change, and timeframe. For instance, the disaggregated outcome may be to "increase employment among youth in the rural sector by 20 percent over the next four years." Simplifying and distilling outcomes at this point also eliminates complications later when we start to build a system of indicators, baselines, and targets by which to monitor and evaluate. By disaggregating outcomes into subcomponents, we can set indicators to measure results. Finally, if there is no given government or organizational priorities, and there is a will to develop result based monitoring system, we need to define priorities and outcomes through participatory process with main stakeholders.

Outcome: Benefi ts that are achieved from a project, program, or policy (an outcome entails behavioral or organizational change and cannot be bought) (Road to Results)

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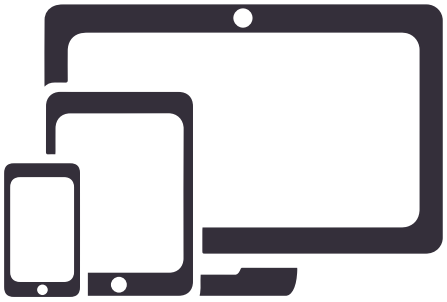

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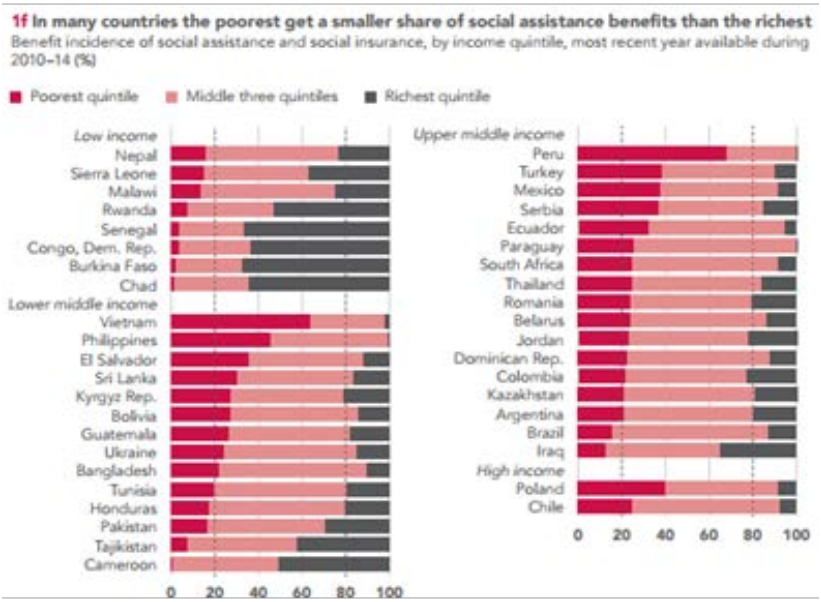
Atlas of Sustainable Development Goals 2017



The Atlas of Sustainable Development Goals 2017 uses maps, charts and analysis to illustrate, trends, challenges and measurement issues related to each of the 17 Sustainable Development Goals. The Atlas primarily draws on World Development Indicators (WDI) - the World Bank's compilation of internationally comparable statistics about global development and the quality of people's lives.

Given the breadth and scope of the SDGs, the editors have been selective, emphasizing issues considered important by experts in the World Bank's Global Practices and Cross Cutting Solution Areas. Nevertheless, The Atlas aims to reflect the breadth of the Goals themselves and presents national and regional trends and snapshots of progress towards the UN's seventeen Sustainable Development Goals: poverty, hunger, health, education, gender, water, energy, jobs, infrastructure, inequalities, cities, consumption, climate, oceans, the environment, peace, institutions, and partnerships. Between 1990 and 2013, nearly one billion people were raised out of extreme poverty. Its elimination is now a realistic prospect, although this will require both sustained growth and reduced inequality. Even then, gender inequalities continue to hold back human potential.

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Project evaluation process within IPA CBC Programmes in the Western Balkans

Venera Gudachi

The aim of this content is to provide a brief overview of the process of project evaluations under IPA CBC programmes, implemented in the Western Balkans. The evaluation process of each programme is performed according to PRAG and IPA evaluation guidelines, therefore similar approaches are practiced when a project assessment is undertaken. This part of evaluation is very important as it provides essential output of project impact and value, thus facilitating the decision of supporting a project. As the entire process is interconnected, results of some evaluations conducted on project contracts are explored as to compare its findings with the project objectives and hopefully draw some conclusions.

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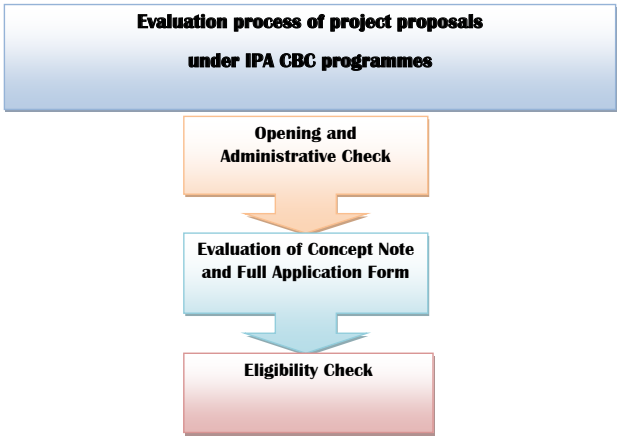
Project assessment practice in IPA CBC programmes:

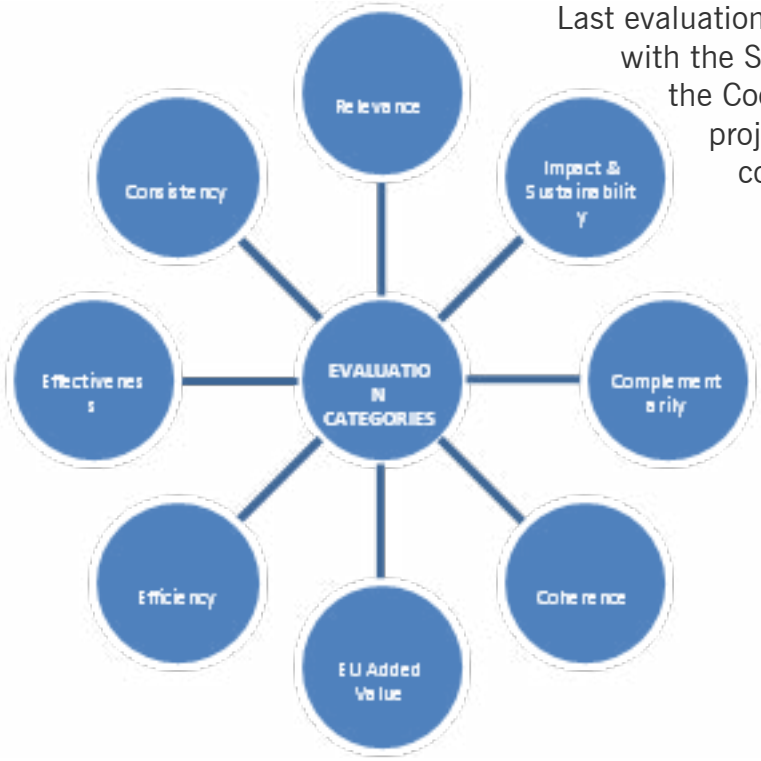
Draft Commission guidelines for 2014-2018 highlight that each type of evaluation has its own strengths and weaknesses and should be adapted to the specific question to be answered. Whenever possible, evaluation should be looked from different angles. Evaluations can provide quantified evidence, judgment, impact or thematic evaluation analyzing parallel aspects of a project: innovation, ICT, SME development, horizontal principles, environment effects, equal opportunities and others.

Project evaluation in IPA CBC programmes includes three phases that of assessment, as presented in the following chart.

The evaluation performance is a supported by a series of conditions including grids for technical assessment, selection criteria and methodology for assessment using the logic consistency objective-activity-result. It's important to see if predicted activities are realistic, well defined and justified and whether output indicators are quantified and relevant. The aspect of environment, social and economic development is assessed too. Eligibility of costs, comparison of beneficiary expenditures with market rates, ineligibility expenditures, and arithmetical errors are evaluated too. Quality assessment is based on scoring system. Each criteria group is normally assessed on a basis of several assessment categories, as seen in the following chart.



Source: Evaluation process according to PRAG and guidelines of IPA programmes



Source: Based on evaluation grids of several IPA CBC programmes

Last evaluation processes include compatibility check with the Strategic Environmental Assessment of the Cooperation Programmes to avoid potential projects which may harm environment components according to the Directive 2001/42/EC.

The process of quality and technical assessment represents a very important part of the project evaluation as it ensures that the project is relevant to the priorities and measures of the specific programme and whether it fits properly into political, geographical, socio-economic and cultural environments. This is the most objective and fairest part as it refers to the assessment of the viability and the feasibility of the project, its profitability, not only in monetary terms, but in terms of resources used vs. results obtained. According to the Report I- Evaluation of Grant contracts by EIDHR, IPA projects are relevant to the objectives of the programme, resulted with moderate efficiency and showed positive cooperation among communities. Sustainability showed better results in infrastructure projects, impact on economic growth has little significance. Cooperation, exchange of knowledge and networking among partners is visible. Additionally, the findings of the IBF International Consulting showed similar results on project relevance, efficiency at satisfactory level on overall technical and human resource capacities. Results related to project sustainability and impacts are very similar to the first evaluation. Moreover, based on the findings of the Impact Evaluation Report of the Republic of Bulgaria, CBC programmes resulted positively on socio-cultural aspects and moderately on socio-economic aspect. Mayor contribution is achieved in establishment and maintaining of long-term partnerships.

Based on the project evaluations under IPA CBC Programmes the demand-driven and bottom-up approaches with a special focus on cooperation among countries were practiced. Obtained results contributed to enhance factors of growth, improved enterprises competitiveness, improved tools for better protection of the environment and prevention of risk, but without significant contribution on economic and social integration aspect. Main effects of CBC could not be measured as set indicators didn't permit quantitative assessment. Project coherence with different local/national/EU strategies is appreciated. The approach of mutual learning and sharing best practices and models among partners is one of the strongest assets of CBC.

One of the recommendations for the policy makers of IPA CBC programmes will be inclusion of some assessment tools to promote projects that generate relevant strategic durable improvements, specific actions contributing to larger initiatives and strategies, put a special emphasis on result-oriented approach and convergence with regional competitiveness and employment programmes.

Whereas, the recommendations for relevant beneficiaries and project partners would be to focus more on project activities that promote sequencing activities and use of already existing sources, with a special focus on innovation, inclusion of ICT and human development platforms constantly in line with local/regional/national/EU strategies.

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