

Country Name	Project for Herzegovina International Tourism Corridor Development and Environmental Conservation
Bosnia and Herzegovina	

I. Project Outline

Background	Bosnia and Herzegovina (BiH)* is rich in tourism resources such as historic towns and natural beauty as well as eco-tourism. In the Southern Herzegovina region, neighboring to the tourism area in Croatia and Montenegro along the Adriatic Sea, an increase of tourists was expected. In BiH, however, national structure to promote tourism industry was not well established because of the influence of conflict. As a result, the influx of tourists from the tourism area along the Adriatic Sea to BiH was very limited and geographical advantage was not well utilized. * BiH consists of two entities, namely, the Federation of Bosnia and Herzegovina (FBiH) and the Republic of Srpska (RS).												
Objectives of the Project	Through development of action plans and a manual for creation of “the International Tourism Corridors (ITC)”, and enhancement of capacities for implementation of the action plans, the project aimed at establishment of a sustainable mechanism for tourism development by public-private partnership for creation of ITC in Southern Herzegovina region, thereby contributing to increased tourism income and employment opportunities. 1. Overall Goal: To increase tourism income and employment opportunities by establishment of “the International Tourism Corridors” in Southern Herzegovina region. 2. Project Purpose: To establish a sustainable mechanism for tourism development by public-private partnership aiming at creation of “the International Tourism Corridors” in Southern Herzegovina region.												
Activities of the Project	1. Project Site: Southern Herzegovina region 2. Main Activities: Development of draft action plans, Formulation, implementation and review of pilot projects, Development of an implementation manual for action plans, Formulation of capacity development programs to implement action plans, Implementation of on-the-job training, training workshops, seminars, and study tours in accordance with the formulated capacity development programs, etc. 3. Inputs (to carry out above activities) <table><tr><td>Japanese Side</td><td>Bosnia and Herzegovina Side</td></tr><tr><td>1) (long-term) 3 persons, (short-term) 1 person</td><td>1) Staff allocated: Staff allocated: 4 persons</td></tr><tr><td>2) Trainees received: 20 persons</td><td>In addition, staff at local governments were engaged in the Project.</td></tr><tr><td>3) Local expenses</td><td>2) Office space</td></tr><tr><td></td><td>3) Local expenses</td></tr></table>			Japanese Side	Bosnia and Herzegovina Side	1) (long-term) 3 persons, (short-term) 1 person	1) Staff allocated: Staff allocated: 4 persons	2) Trainees received: 20 persons	In addition, staff at local governments were engaged in the Project.	3) Local expenses	2) Office space		3) Local expenses
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Project Period	July 2012 – November 2015	Project Cost	(ex-ante) 300 million yen, (actual) 200 million yen										
Implementing Agency	Ministry of Foreign Trade and Economic Relations (MOFTER)												
Cooperation Agency in Japan	N/A												

II. Result of the Evaluation

<Constraints on Evaluation>

- The data for Southern Herzegovina region was not available because there is neither monitoring of the trends nor official records at the regional level. The statistical data for FBiH was not available, either. Therefore, the achievement of the Indicators for the Overall Goal was assessed based on the statistical data obtained for RS together with the results of the interview survey.

<Special Perspectives Considered in the Ex-Post Evaluation>

- The target values of Indicators for the Project Purpose and the Overall Goal are not defined in the Project Design Matrix (PDM, a matrix to describe the project framework). Therefore, to assess continuation of the Project Purpose and achievement of the Overall Goal, in addition to quantitative data specified in the PDM, qualitative information was collected through interviews with agencies/organizations involved in the project. Judgment was made with consideration to information on changes/trends of quantitative data and actual situations related to the Indicators.
- The Project Purpose is to establish a mechanism to create “the International Tourism Corridors” and the Indicators of the Overall Goal are supposed to be the result of the creation of “the International Tourism Corridors”, but the creation of the Corridors itself is not included in either level of the project objectives/indicators. Therefore, information to assess the status of creation of “the International Tourism Corridors” was collected to assess the linkage from the Project Purpose to the Overall Goal.

1 Relevance

<Consistency with the Development Policy of Bosnia and Herzegovina at the Time of Ex-Ante Evaluation and Project Completion>

At the time of ex-ante evaluation and the project completion, tourism promotion with the initiatives of local governments and importance of partnership among regions are stated in the Strategy for Development of Tourism of the Federation of Bosnia and Herzegovina (2008–2018) in FBiH, and the Tourism Development Strategy of the Republic of Srpska (2011–2020) in RS, respectively.

<Consistency with the Development Needs of Bosnia and Herzegovina at the Time of Ex-Ante Evaluation and Project Completion>

The importance of tourism promotion for the regional economy development in Southern Herzegovina was highly recognized among stakeholders. No change in the needs was observed at the time of project completion.

<Consistency with Japan’s ODA Policy at the Time of Ex-Ante Evaluation>

Assistance in sustainable economic development with consideration to the environment, including tourism promotion, was one of the

two priority areas of Japan's assistance toward Bosnia and Herzegovina¹.

<Evaluation Result>

In light of the above, the relevance of the project is high.

2 Effectiveness/Impact

<Status of Achievement of the Project Purpose at the time of Project Completion>

The Project Purpose was achieved by the project completion. There were sufficient number of the public and private organizations/institutions in the tourism industry in Southern Herzegovina, as seen in the status of tourism activities and participation in the activities. Regional Development Agency for Herzegovina (REDAH) and Tourism Cluster Herzegovina (TCH) implemented various activities in tourism. TCH, established through the project, also implemented activities for tourism promotion in Southern Herzegovina region, where public and private organizations participated.

<Continuation Status of Project Effects at the time of Ex-post Evaluation>

The project effects have partially continued to the time of ex-post evaluation. The action plans developed and finalized during the project are still utilized in some aspects. The number of the members of TCH has been increasing. The number of the activities implemented by REDAH, TCH and Regional Linkage Center (RLC) is also constantly increasing. Examples of public-private partnership in tourism are observed and it is considered that public-private partnership is functioning, however, public-private partnership system has not been fully established and institutionalized in the territory of FBiH due to the lack of a necessary legal framework. According to the interview, the establishment of ITC aimed by the project has not been clearly achieved because of the limitations in budget management as well as the branding strategy of the region².

<Status of Achievement for Overall Goal at the time of Ex-post Evaluation>

The Overall Goal has been achieved, although the establishment of ITC has not been clearly achieved. The number of those employed by the tourism sector, e.g., accommodation and food service activities, is increasing in RS. According to the statistical agencies on entity and national levels, the number of the employees in tourism sector is increasing in both FBiH and the whole BiH as well. Thus it is considered that the number of the employees in the tourism sector is increasing in the whole Southern Herzegovina region. In addition, the turnover of accommodation and food services has been increasing in RS³, which indicates the expansion of tourism sector in the Southern Herzegovina region. The increase of the number of TCH both in FBiH and RS, as seen in the Indicator 1 of the Project Purpose, also shows the growth of tourism sector in the region as well.

<Other Impacts at the time of Ex-post Evaluation>

No negative impact has been observed.

<Evaluation Result>

Therefore, the effectiveness/impact of the project is high.

Achievement of Project Purpose and Overall Goal

Aim	Indicators	Results
(Project Purpose) To establish a sustainable mechanism for tourism development by public-private partnership aiming at creation of "the International Tourism Corridors" in Southern Herzegovina region.	(Indicator 1) Numbers of organizations/institutions engaging in tourism industry in Southern Herzegovina region	Status of the Achievement: achieved (continued) (Project Completion) • The total number of organizations/institutions was not clarified. The TCH had 22 members from public and private sectors from both FBiH and RS. These 22 members include three local governments as well as private organizations, such as hotel association and restaurant association. So these 22 members cover major actors involved in tourism. (Ex-post Evaluation) • The number of the members of the TCH increased to the current 32. All the parties interviewed stated that the number of the organizations/institutions in the tourism industry in Southern Herzegovina region was sufficient and was constantly increasing, although there is no database.
	(Indicator 2) Varieties of tourism activities and numbers of its implementation	Status of the Achievement: achieved (continued) (Project Completion) • Although the number of activities was not clearly mentioned, REDAH and TCH implemented various activities such as tourism events (exhibitions), tourism workshops, participation in tourism events held abroad, and development of tourism leaflets. A total of 25 public and private organizations participated in TCH activities. (Ex-post Evaluation) • Although there is no data showing the exact number of the tourism activities in Southern Herzegovina region, all the parties surveyed commented that the number of the activities is constantly increasing. REDAH, TCH and RLC continued various activities such as participation in fairs in the country and abroad, workshops, seasonal events, gastronomy events, and printing of the brochures.
	(Indicator 3) Records of tourism activities carried out by established framework under the project*	Status of the Achievement: achieved (partially continued) (Project Completion) • The activities of TCH mentioned above were implemented in the framework of public-private partnership. (Ex-post Evaluation)

¹ ODA Data Book (2012)

² The budget for tourism development can be obtained through project proposals that are submitted to the local or entity level. Since the Southern Herzegovina region covers two entities, ITC budgeting becomes even more complicated. As to the branding of ITC, the administrative division of BiH does not recognize Southern Herzegovina region as a subject of branding but is considering branding of Herzegovina region as a whole.

³ The number of tourist arrivals is also increasing: 323,908 in 2016, 344,659 in 2017, and 381,802 in 2018.

		<p>*Based on the description of the PDM, it is understood that “framework” here means “framework in public-private partnership established under the project”.</p>	<p>• Examples of public-private partnership in tourism are observed. TCH is one of the best examples of the public-private partnership. TCH is expanding cooperation and networking of the public and private sectors. For example, when an event carried by public institutions is organized in the venue of a private hotel (a member of the TCH), another TCH member prepares catering for this event. However, the public-private partnership system has not been fully established and institutionalized in the territory of FBiH, as necessary laws have not been adopted to carry out these activities. Mostar Municipality’s cooperation is mainly related to assistance to the private sector in obtaining the required work permits.</p>					
<p>(Overall Goal)</p> <p>To increase tourism income and employment opportunities by establishment of “the International Tourism Corridors” in Southern Herzegovina region.</p>	<p>(Indicator 1)</p> <p>Number of tourism sector employment in Southern Herzegovina region</p>	<p>(Ex-post evaluation) achieved</p> <p>• According to the statistical agencies on entity and national levels, the number of the employees in tourism sector is increasing.</p>						
		<p>Employees by Sector Classification in RS</p>						
		<p>Year</p>	<p>2013</p>	<p>2014</p>	<p>2015</p>	<p>2016</p>	<p>2017</p>	<p>2018</p>
	<p>No. of employees in accommodation and food service activities</p>	<p>2,619</p>	<p>2,528</p>	<p>2,475</p>	<p>2,578</p>	<p>2,780</p>	<p>3,166</p>	
	<p>(Indicator 2)</p> <p>Volume of income from tourism sector in Southern Herzegovina region</p>	<p>(Ex-post evaluation) achieved</p> <p>Volume of turnover of accommodation and food services of 3rd quarter of 2018 in RS compared to:</p> <p>2nd quarter of 2018: 16.4% higher</p> <p>3rd quarter of 2017: 23.2% higher</p> <p>average turnover in 2017: 37.3% higher</p>						

Source: JICA documents, Questionnaire and interview, Institute of Statistics Republic of Srpska

3 Efficiency

Although the project cost was within the plan, the project period exceeded the plan (ratio against the plan: 67% and 114%, respectively). The Outputs of the project were produced as planned. Therefore, the efficiency of the project is fair.

4 Sustainability

<Policy Aspect>

In FBiH, in the Strategy of Development in Tourism of the Federation of Bosnia and Herzegovina (2008-2018)⁴, the main goals expected to be achieved are: increasing the competitiveness of tourism economy, growth of domestic tourist traffic, increasing the foreign exchange inflow from tourism, and increasing employment through tourism. In RS, the Tourism Development Strategy of Republic of Srpska (2011-2020), the strategy at the time of the project completion, is still effective.

<Institutional Aspect>

There is an established structure to implement tourism promotion in cooperation from BiH level to municipality level, together with REDAH, TCH, RLCs and other related organizations/associations. All the parties surveyed stated that they had enough staff for all the necessary works and activities for tourism development as well as for the tourism promotion by public-private partnership. However, there are certain difficulties in the functioning of public-private partnership in BiH in all sectors including tourism due to insufficient experiences of such partnership as well as complicated and long procedures and legislation limitation, etc. So far, skilled staff in the municipalities are moderating and overcoming such difficulties.

<Technical Aspect>

All the actors involved have satisfactory knowledge in this field, as tasks are fulfilled on satisfactory level. At the same time, they are expected to have numerous skills for tourism development through public-private partnership, awareness of the positive examples as well as adequate educational background, and all parties are aware that there is a need for further capacity building. Currently there is no concrete plan for it and training and manuals for tourism development through public-private partnership are rarely organized or available.

Budget for Tourism Sector

Unit: EUR

Year	2015	2016	2017	2018
FBiH government	1,022,584	1,380,488	1,585,005	1,197,957
RS government	612,500	500,000	850,000	850,000
REDAH	N/A	N/A	N/A	N/A
Local government (Trebinje Municipality)	2,000	2,500	1,000	4,000
Local government (Mostar Municipality)	1,425,000	1,425,000	1,425,000	1,425,000

Source: Questionnaire and interview

<Financial Aspect>

Although it is observed that the budget for tourism sector is secured, with a constant or increasing trend as indicated in the table above, the parties interviewed commented that their budgets were not sufficient. There is no budget for development activities but only for the maintenance of the current level of the tourism sector. A role of the private sector is recognized as crucial in overcoming administration and budgeting issues between two entities. In addition, during the survey it was noticed that all relevant parties in the tourism sector had very good cooperation especially at the regional-local level. For example, when participating in the fairs in the country and abroad, costs are usually shared by the several different organizations/institutions such as municipalities, TCH, REDAH, Tourist Organizations, Tourist Boards, etc.

<Evaluation Result>

In light of the above, some problems have been observed in terms of the institutional, technical and financial aspects of the implementing agency. Therefore, the sustainability of the effectiveness through the project is fair.

5 Summary of the Evaluation

⁴ At the time of the ex-post evaluation, the draft of the Strategy for the following period was under preparation.

The project achieved the Project Purpose of establishing a sustainable mechanism for tourism development by public-private partnership aiming at creation of the “International Tourism Corridors”. At the time of the ex-post evaluation, the project effects have been partially continued as the public-private partnership has been practically implemented and activities in public-private partnership in tourism are expanding although the public-private partnership system has not been fully institutionalized,. Although the ITC expected by the Project was not fully established, the Overall Goal of increasing tourism income and employment opportunities in Southern Herzegovina region have been achieved through the expansion of tourism activities in the Southern Herzegovina region. Sustainability is ensured in the policy aspect but some problems have been observed in the institutional, technical and financial aspects, as seen in the lack of the implementation system of public-private partnership and the budget. As to the efficiency, the project period exceeded the plan. Considering all of the above points, this project is evaluated to be satisfactory.

III. Recommendations & Lessons Learned

Recommendations for Implementing Agency:

- Although the organizations/institutions in the tourism sector in Southern Herzegovina region have satisfactory level of knowledge and skills in development of tourism by public-private partnership, they need further improvement. TCH has been recognized as one of the best examples of the public-private partnership. Furthermore, TCH has great cooperation with all the organizations/institutions relevant to tourism sector development in the both entities. Their reputation, knowledge and experience in organizing various educational workshops and seminars can be seen as a driving force for further public-private partnership development. In that regard, it is recommended that TCH organize workshops with public-private partnership topics on a regular basis.

Lessons learned for JICA:

- It was difficult to develop ITC aimed by the project, and one reason is the situation of budget management. There is no special fund secured for the tourism development in Southern Herzegovina region. As a result, there are limitations in budget management of ITC promotion as well as for branding of the region. Southern Herzegovina region covers two entities, different regional/cantonal⁵ authorities as well as the municipalities. Synchronized budget planning and management for development of ITC is not feasible under such circumstances. A better analysis of the situation on the ground such as budget management situation was necessary before the project implementation.
- TCH has a reputation as one of the best examples of the public-private partnership and its establishment was supported by the project and REDAH. TCH stakeholders became aware of the necessity of cooperation through the joint activities, starting from the local seasonal events, “Young Wine Tasting“ in Citluk and Trebinje till the participation in the International Tourism Fairs in Dusseldorf and London. Therefore it is suggested that the establishment of the tourism clusters should be incorporated in project in tourism sector.



RLC Trebinje - Tourist Information Center and “Herzeg House” with the local products



RLC Stolac – Tourist Information Center with souvenirs and locally produced honey

⁵ Canton: Administrative level between entity and municipality.