

# PROJECT FACTSHEET

## LED IN BIH

Bosnia and Herzegovina – January 2024



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Embassy of Switzerland in Bosnia and Herzegovina



## **LOCAL ECONOMIC DEVELOPMENT IN BIH (LED IN BIH)**

### **COOPERATION AS A KEY DRIVER OF LED**

By fostering partner-based mechanisms at the local and inter-municipal levels and capacity-building of local actors, the local governance and economic development interventions will be more business-friendly and inclusive. This will result in public-private and inter-municipal partnerships on LED and a more effective and efficient business infrastructure.

The project interventions will give the local population better and more sustainable prospects of generating a decent income.

The first phase of the project (2023-27) will work in two clusters of municipalities:

1) Cluster 1 (350'000 inhabitants): Zenica, Žepče, Tešanj, Dobo, Dobo Jug, Zavidovići, Kakanj and Teslić;

2) Cluster 2 (280'000 inhabitants): Banja Luka, Čelinac and Prijedor.

The vision of LED in BiH is to make selected municipalities a desirable place to live and work. To achieve this vision, we pursue a range of approaches and strategies that can be translated into the key intervention approach: facilitating cooperation among LED actors by strengthening existing structures, exchanging relationships, and systemic support functions.

The key partners in this process are local governments and their LED departments, regional and local development agencies, chambers of commerce, business associations, business councils, and support structures on the entity level.



### **WHAT DO WE WANT TO ACHIEVE?**

The project will strengthen the capacities and institutionalised cooperation mechanisms of actors on LED.

Outcome 1: Local actors collaborate and establish inclusive processes to ease the way of doing business and adapt to future challenges.

Outcome 2: Local actors implement joint activities to maximise their locality's comparative advantage.

The project success is seen through lenses of new and better jobs and income generation.

Embassy of Switzerland in Bosnia and Herzegovina

Zmaja od Bosne 11, RBBH Building, object B, BiH-71000 Sarajevo

Tel. +387 33 27 58 50, +387 33 25 40 30, Fax +387 33 57 01 20

E-Mail: [sarajevo@eda.admin.ch](mailto:sarajevo@eda.admin.ch)

[www.eda.admin.ch/bosnia-and-herzegovina](http://www.eda.admin.ch/bosnia-and-herzegovina)

## SUPPORT AND STRATEGIC INTERVENTIONS

LED in BiH provides direct support, mainly through facilitation, to LED actors to systemically overcome challenges in the relationships between the different actors from the local governments, the businesses, and the civil society through strengthening their capacities and technical skills.

Thus, the intervention approach foresees the following three strategic interventions:

- 1) Institutionalizing horizontal and vertical cooperation, including support to establish partnership-based mechanisms on LED between LED actors and inter-municipal cooperation.
- 2) Capacity Building and Skills Development of different LED actors.
- 3) Pilot Plus approach and scaling-up mechanisms to ensure sustainability and systemic changes.

The participatory joint analysis with the LED actors and joint understanding of their localities is used to design partnerships with the highest potential for bringing sustainable change, pinpointing economic opportunities, and implementing actual LED interventions. Through this, the project fosters dialogue and partnership-building among the LED co-owners.

The essential part of the project is improving the functional dialogue between local actors in defining public policy and decision-making, as well as supporting the development of analytical skills of local actors in accessing the comparative advantages of their locality.

The project will also support the establishment of a funding mechanism for defined LED interventions created by joint forces of local public and private actors.

## OWNERSHIP AND INCLUSIVENESS

Using systemic change, the economic situation in target communities is expected to improve sustainably in the medium to long term without further donor assistance. The roles of the local private sector, local authorities, and other market participants, as well as the formal and informal rules that govern the market, will be examined and, if necessary, changed. The project is implemented using existing local structures that keep the ownership of activities.

Sustainability and inclusiveness are achieved primarily by strengthening the local structures – rather than direct aid in the traditional sense. The local institutions and structures are thus empowered to sustainably improve the economic development of their region, considering all factors and market participants.

## PROJECT IN BRIEF

### NAME:

Local Economic Development in Bosnia and Herzegovina (LED in BiH) – Phase I

### DOMAIN:

Economic Development and Employment

### LAND/REGION:

Bosnia and Herzegovina

### PARTNERS:

Consortium of Caritas Switzerland and NIRAS Switzerland.

### STARTING POINT / BACKGROUND INFORMATION:

According to current OECD data, Bosnia and Herzegovina has the most unfavourable business environment and the weakest productivity of SMEs in SE Europe. The private sector faces significant challenges due to inconsistent, poorly harmonised, fragmented legislation and inefficient and cumbersome bureaucracy.

Incentives and public policies target the public rather than the private sector. Economic policy focuses on consumption promotion rather than investment in local value creation. Municipal services need to be digitised. Dissatisfaction with living conditions and prospects and limited access to decent jobs are significant reasons for increasing outward migration, especially from rural and remote areas.

The consultative workshops conducted during the inception phase in the investigated clusters resulted in key findings that showed the main potentials and needs and analysed the capacities of local actors concerning LED.

### PROJECT OBJECTIVE:

The project aims to facilitate new and inclusive economic opportunities thanks to a joint vision and partnerships of local actors and local economic development.

### TARGET GROUP:

Eleven local self-government units, including Development Agencies or LED Departments, Business Councils, Business Associations, companies, training and service providers, etc., with a particular focus on women, youth, and marginalised groups, targeting around 629,000 inhabitants and approximately 373,000 people from the active and inactive working population.

### COSTS:

CHF 5,805,938

### DURATION:

1 August 2023 – 31 July 2027 (I phase)

**Together, we move forward**



[eda.admin.ch/sarajevo](https://eda.admin.ch/sarajevo)



SwissEmbassySarajevo



SwissEmbassySarajevo



SwissEmbassySarajevo



SwissinBiH.ba