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Centre for Policy and Governance

THE EVALUATION REPORT of the project
BUSINESS START-UP CENTRE AT THE UNIVERSITY OF TUZLA -
III PHASE

FINAL REPORT

No. 7999-00/2007

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Sarajevo, March 25, 2010

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Abbreviations

ADA	Austrian Development Agency
ADA CO	Austrian Development Agency Coordination Office
ADC	Austrian Development Cooperation
ASP	Austrian Service Providers
BSC	Business Start-up Centre
CPU	Centre for Policy and Governance
DAC	Development Assistance Committee
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitoring
IDOS	Institutional Development and Organisational Strengthening
LDC	Least Developed Countries
MoU	Memorandum of Understanding
NERDA	Northeast Regional Development Association
OECD	Organisation for Economic Cooperation and Development
R&D	Research and Development
SEENSI	South East European Network of Start-Up Centres and Incubators
SME	Small and Middle Enterprise
TOR	Terms of Reference
TALDi	Citizen Association for Local Development Initiatives
TK	Tuzla Canton
UNTZ	University of Tuzla
ZEPS	Zenica Business Fair



Map of Canton Tuzla

Basic project information

Project title:	Business Start-up Centre at the University of Tuzla – 3rd phase
Project no:	7997-00/2007
Contracting authority:	Austrian Development Agency
Project duration:	01 October 2007 - 30 September 2010
Country of implementation:	Bosnia and Herzegovina
Region/place:	Tuzla, Tuzla Canton
Project management:	Citizens Association for Local Development Initiatives - TALDI
Project implementation:	Business Start up Centre at the University of Tuzla
Planned project value:	468.670,00 €
ADA financing:	365.170,00 €

Executive summary

The external evaluation report for the project: “Business Start-up Centre (BSC) at the University of Tuzla – 3rd phase” is aimed to assess BSC project achievements, explore the possibilities and formulate the recommendations for the BSC future interventions upon the termination of ADA support. The evaluation report has been produced based on ToR requirements, evaluation proposal, review of all project documents and other relevant reports, as well as primary research/stakeholders findings. The evaluation approach follows standard DAC methodology.

The report is structured in following way. First part of report provides introductory and background information which include description of project objectives and expected results. This part of the report elaborates main project activities and institutional set up of the project. Second part of the report presents detailed evaluation methodology and conducted evaluation activities. Third part of the report provides evaluation findings on project relevance, efficiency, effectiveness, impact and sustainability. Last part of report includes evaluation conclusions, main lessons learned and recommendations.

The evaluation shows that the project orientation and approach are highly relevant to the broader social and economic context of Tuzla region. The evaluation report provides sufficient evidences that the project has been implemented in an efficient and effective ways. The project impact assessment provides evidence of substantial impact on direct beneficiaries. Indirect project impacts are partially achieved, mainly because of over-ambitious expected project impact defined within the project proposal. The project sustainability is not completely achieved, both from institutional and financial perspectives.

Based on evaluation findings, conclusions and lessons learned, the evaluation team provides following recommendations. University of Tuzla should ensure BSC institutional sustainability by integrating BSC in its organizational structure. Alternatively, BSC can be register as a separate legal body. Mid-term BSC development plan should be developed. This plan should include clear strategic orientation, goals and key determinants of BCS success. BSC managing, leadership and fund-rising capacities should be improved. BSC should create and implement fund-rising plan which includes different approaches for various potential donors. BSC should extend the area of cooperation geographically and in terms of BSC partners’ diversification. BSC should introduce specific measures for increasing woman participation in the program.

1. Introduction

The external evaluation report for the project: “Business Start-up Centre (BSC) at the University of Tuzla – 3rd phase” has been produced based on ToR requirements, CPU evaluation proposal, review of all project documents and other relevant reports, and primary research/stakeholders findings. The evaluation was based on standard DAC methodology.

The project overall objective is “to contribute to the creation of basis for sustainable economic development and employment opportunities in Tuzla region”. More precisely, the project has two main purposes:

- to support entrepreneurial orientation of the Tuzla University and
- to motivate students, university graduates and young academic staff to start their own businesses.

Expected project results are:

- Promoted values and ideas of entrepreneurship among students/graduates/researchers at the Tuzla University and created supportive climate for development of knowledge based and innovative projects, with the special focus on gender equality principals.
- Secured effective entrepreneurial know how through transferred knowledge and skills to students/graduates/young academic staff at the Tuzla University.
- Business Start-up Centre recognised as a relevant actor in economic development processes that is not only performing its main tasks, but also playing an important role in supporting enterprise development in general and having a positive impact on the image development of the Tuzla University, the City, the Canton and the Region.
- Incubation support provided for the best applicants to help launch their businesses successfully, and to also ensure that they survive difficult early years.
- Created network of BSC enterprises to serve as a platform for exchange of experience, knowledge and skills, and promotion mechanism of Business Start-up Centre brand in the future.
- Promoted and established cooperation between university and industry.
- Successful project management ensured, as well as effective coordination among the TALDi and BSC staff.

The evaluation is conducted in the line with ToR requirements:

- To assess project achievements regarding quantitative and qualitative objectives as stated in project documents;
- To explore the possibilities for BSC future interventions;

- To recommend future BSC interventions upon the termination of ADA support.

More specifically, TOR defines that evaluation will answer the following questions:

- To what extent has the project achieved its intended results (output, outcome and impact) as defined in the project log-frame, and has it been implemented on effective and efficient way?
- To what extent have the project interventions and respective ADA support been relevant?
- How has the project dealt with cross cutting issues (poverty reduction, gender)?

2. Background

The project aimed at the raising of the entrepreneurial awareness and setting-up the knowledge based enterprises. The core components of the Project are entrepreneurial training, consultation, coaching, and the financial support to the best candidates/businesses start ups. The 1st phase of the project “Setting up of the Business Start up Centre at the University of Tuzla” lasted from 01 January 2004 until 30 June 2006 (including extension period from 01 January 2006 until 30 June 2006), and it was supported by the Austrian Ministry of Foreign Affairs. The follow up Project Business Start-up Centre at the Tuzla University 2nd phase (01. July 2006 – 30. June 2007) was supported by Austrian Development Agency and has anticipated the period of exploring the possibilities for the local co-financing as the assumption for the sustainability of the Centre and continuation of the support by respective Contracting authority.

The 3rd phase of the project “Business Start-up Centre at the University of Tuzla” covers three years of the project implementation period (started in September 2007 and ending in September 2010). This phase is providing broader dimension of support by promoting market-oriented R&D at the University in order to strengthen cooperation between the University and the industry, as well as to establish cooperation with international partners by securing input for new R&D activities at faculties which are similar to the Austrian model.

2.1. Project activities

The project activities in the 3rd project phase are grouped in four components: promotion and public relation activities, training and consultancy support, incubation support measures, and research and development component.

2.1.1. Promotion and public relation activities

The aim of this component is to present and promote the project to selected target groups and wider audience in Tuzla Canton. In addition to raising general awareness on BSC, this component is also aimed at encouraging students, graduate, and junior researchers to apply for business start up training program. Different communications means and channels are used to spread information. General public is informed about the project through announcements and articles in printed media, dissemination of promotional material, press conferences and appearances on TV and radio stations. In addition to this, specific target groups (students, graduates, and junior researchers) are also informed through face to face meetings and presentations/information workshops at the University. This activity starts in October each year and it is implemented though the whole school year. However, most of promotional activities take place during the winter semester, since the main purpose of this activity is to inform target groups on upcoming training program.

For the purpose of promoting training program to students, graduates, postgraduates and junior researchers, BSC creates posters, leaflets, and billboards/city lights posters. Each year approximately 200 posters are placed in the main corridors of each faculty and close to places where students are gathering. Posters contain information on

education program, announcement of the date and place of information workshops for potential participants and deadlines for applications (business ideas summations). Leaflets with same information are distributed several days before the information workshop (500-1000 units). BSC website is regularly updated with the above mentioned information. BSC used usually two billboards to announce program and a workshop. Prior to the first information workshop, BSC organises face to face meetings at the faculties. Moreover, face to face meetings with students/graduates at the Tuzla University are held on on-going basis.

Wider media appearance is ensured during each project year. However, most intensive media coverage is visible during the period of education program promotion which includes: interviews for cantonal TV station, Radio Slon, Radio Tuzla, articles in Tuzla Daily newspapers, and STUDENT – student magazine. Information workshops are advertised at Cantonal TV (5 days prior to a workshop) and local newspapers. Information workshop / workshop kick off is organised in December each year at the University of Tuzla. The aim of this workshop is to present training program and to recruit potential participants.

As a part of promotional activities face to face meetings are organised each year before a workshop on several faculties (Faculty of Technology, Mining and Civil Engineering, Economy, Mathematics, Mechanical and Electrical Engineering, Law and Philosophy). Individual meetings with students are taking place continuously and BSC staff meets approximately 100 students each year. Several professors are present regularly presenting program and hosting BSC team at their classes. Institutional promotion takes place on ongoing basis, but most frequently from April to December.

2.1.2. Training and consultancy support

Training and consultancy support is the core project component and it represents a different and innovative approach to training and coaching delivery in comparison to traditional courses provided at The University. This part of the project starts in February and ends in May each year. The component is divided in following activities:

Identification of potential entrepreneurs / Business Idea Competition

As the outcome of the promotion and public relation activities, potential participants submit their business ideas to BSC. Business ideas are presented in the application form which contains description of a business idea, short market assessment and description of an applicant's knowledge and skills.

Introduction workshop to the selected participants

The aim of introduction workshop is to present detailed educational program and process, with a special attention to the process of business plan development that takes place during the education program. Also, the presentation includes description of each training module and trainers' presentations. This workshop takes place in January each year.

Entrepreneurship training

Entrepreneurship training takes place from February to May each project year. The program is implemented in four training groups. Each group is composed of 7 to 13 participants (one group is formed for R&D participants). Total duration of training program is 90 hours per each group. Entrepreneurship training program is carried out based on developed curriculum. The curriculum is subject of yearly revision and adjustments based on trainers' experience and participants' feedback. The project proposal defined five-module training program as follows:

Module 1 – Basis of entrepreneurship, product and business law

Module 2 – Market and Competition

Module 3 – Marketing

Module 4 – Management of small businesses

Module 5 – Financial Management

In the first year of training delivery (2008), the curriculum for Module 5 has been updated with a new financial and fiscal regulation and Module 3 has been updated with marketing research guidelines. In the year 2009, the curriculum has been revised by updating two modules. The training program is structured in the following manner:

1. Introduction to entrepreneurship and presentation of business plan elements
2. Product / service
3. Market and competition / market survey
4. Marketing and marketing plan
5. PR and HR management
6. Management of small businesses
7. Business law and legal framework
8. Financial management / Financial legislative and financial aspects of business plan

In total 10 trainers/consultants are involved in training delivery. Four of them are university professors and lecturers, one is UNTZ's administrative employee and five are practitioners with business background. At the end of the training program, participants evaluate program and trainers.

Advising and coaching during the training

Participants are developing their business plans during the training courses. Advisory and coaching support is intended to ensure individual support to participants for developing detailed business plans. Project proposal prescribed 20 consultancy days of individual advisory support. Majority of advising and coaching support is provided during the training courses. This support is also available shortly after the end of training, aimed at advising participants in the final stage of business plans development. It is provided on individual basis and upon a participant's request. This service is provided by trainers/educators engaged in training delivery and by the BSC staff. This form of support takes a place from February to June each project year.

Business plan competition and selection of applicants

During the training program, participants have expanded their business ideas to detailed business plans. After the end of training program and advisory activities, participants are asked to submit their business plans for Business Plan Competition. Pre-selection process is carried out by a committee composed of trainers//local consultants (which were engaged in training delivery). Pre-selection criteria include:

- Knowledge based ideas
- Ideas with growing potential
- Innovative ideas

Evaluation check list and scoring table are used for evaluation purposes by each committee member. Pre-selection process takes place in June each year.

Upon the finalisation of pre-selection process, final selection process begins. The selection committee is composed of five members (Municipality Tuzla representative, Canton Tuzla representative, local bank representative, ADA representative, NERDA representative and Vice rector of Tuzla University). Final selection is based on same criteria. The committee selected 7 business plans each year for award. The selected applicants are awarded with business incubation support. The selection of 2 R&D business plans has a different dynamics, and it is described below.

2.1.3. Incubation support measures

Incubation support measures are designed to support competition winners. Some of the incubation support services are also available for all education program participants who decided to start their own businesses. Incubation support measures include the following elements:

Provisions of grant means

Upon the business registration, competition winners are awarded with start up grants (in amount of approximately 2.300 EUR per each business plan selected). The purpose of micro-grants is to support early stage of business operation.

Information support / be a focal point

Project proposal defined informational support as a provision of relevant information about financial and non-financial support available in the region, market opportunities, etc. This intervention regularly takes a place on the individual basis. BSC and TALDI staff provide relevant information when opportunities occurred (for example: call for applications for simulative credits by Federal Ministry for entrepreneurship, development and craft and, Federal Ministry for energy, mining and industry, information on NERDA

guarantee fund opportunities, information on office space availability in two business incubators in the region, etc). As per project proposal, BSC is supposed to become a focal point institution for start ups which need partnership with other service providers and BSC has to secure relevant linkages. Each year, BSC ensures presentation of start ups at business fair held in Zenica (ZEPS). Both BSC and TALDI perform information sharing activities and act as a focal point, but there is no formal platform of information sharing mechanisms and procedures in place.

Customised services and consultation

One to one consultations are ensured for new start ups on the permanent basis. New start ups founders are frequently approaching trainers/local consultants for business advice. However, this process is voluntary and ad hoc based; and it is not systematically institutionalised.

Relevant international know-how and cooperation

This intervention mainly refers to R&D component. The participants in R&D programs are supported by Austrian experts and service providers in the process of R&D project development. The study visit to Austria has been arranged with a goal to connect R&D participants with Austrian colleagues and R&D companies. This activity is described under the Research and Development component.

Establishment of founders' network

As per project proposal, it is foreseen that BCS start ups will regularly meet to discuss and exchange their doing business experiences and to support new generations of start ups. Exchange between start ups exists, but dominantly on the individual basis. It was planned to establish alumni network in a structured way with a technical assistance of BSC staff. During the project implementation, several meetings with BSC alumni have been held. However, the institutional platform for organising alumni activities has not been established yet.

2.1.4. Research and development component

Research and development component has been introduced in the 3rd project phase. The aim of this component is to promote market oriented research at the University by supporting R&D business ideas from postgraduate students and academic staff. At the beginning of 3rd project phase, R&D needs assessment was conducted with the aim to assess potentials and justify these interventions. The assessment was conducted with support of Austrian experts. The assessment showed significant potential and solid relevance of this idea. All described project activities (within first three project components) are applicable for R&D participants. In addition to described activities, R&D component includes:

- After the end of education program, R&D participants have to describe and analyse their business ideas in the form of business plan. In addition, R&D applicants have to submit proposal for intended grant use and proposal for mentoring support of local experts for the specific needs of business plan. The submitted business plans/research projects are awarded with 600 EUR for additional research and further elaboration of business plans.
- Between June and September each year, R&D applicants are finalising their business plans and at that time they receive consultancy support by local experts (2 days of consultancy support per project).
- Final selection of the best R&D business plans takes a place in September each year. The evaluation committee based on described criteria award two best R&D business plans. Awarded R&D participants receive a grant of 3.375 EUR upon the business registration.
- Study visit to Austria is organised for R&D start ups. The study visit includes meetings with Austrian experts in related fields, meetings with R&D companies in Austria, presentation of the R&D projects to R&D support institutions in Austria.

2.2. Institutional set up

BSC is a project within the **University of Tuzla**. BSC is not defined as a separate University unit. BSC staff includes four people. Two of them are the UNTZ's employees and two are employed as part-time temporary staff working. BSC staff is reimbursed for BSC related activities by ADA. A part of core BSC staff and several University professors are engaged in the project as lecturers/local consultants, along with external trainers/consultants. There are also paid by ADA. BSC is governed by **Steering committee** composed of University of Tuzla and TALDI representatives.

As per project proposal core responsibilities of BSC staffs are:

- Project implementation
- Overall promotional activities
- Upgrading training curriculum
- Ensuring consultancy and advisory support to trainees, start ups, and R&D projects/ researchers
- Ensuring the space, equipment and other logistics for education process
- Ensuring involvement of trainers/local consultants in the project
- BSC institutional building
- Ensuring the University support to the project, especially in the area of sustainability of BSC institutional development / including financial support by the University
- Networking / lobbying/ information sharing
- Organisation of Advisory Board Meeting
- Regular reporting to TALDI
- Internal project monitoring (in cooperation with TALDI)
- Organisation of Business forum and alumni network
- Fundraising

Citizens Association for Local Development Initiatives (TALDI) is a non-profit organization, established in 1995 with goals to influence the process of strategic planning, reconstruction and development; and to promote local development initiatives and increase local capacities through strengthening the non-governmental and private sectors. TALDI has intensive experience of managing complex donor funded development projects. TALDI engages three persons on BSC project activities on part time bases. Two of them are involved in program activities and one person is responsible for financial aspects of project management.

As per project proposal TALDI core responsibilities within the BSC project are:

- Overall project management and coordination with BSC staff
- Internal monitoring, evaluation and project quality control
- Overall financial management and administrative support
- Reporting to donors and communication with Austrian partners
- Participation in promotional activities
- Participation in BSC institutional building process
- Fundraising (in cooperation with BSC)

3. Evaluation method

Defined hypothesis is assessed based on five DAC criteria for evaluating development assistance: relevance, efficiency, effectiveness, impact, and sustainability. DAC evaluation standards are applied. Five evaluation criteria and core evaluation questions are defined in the following table:

Evaluation criteria	Core questions
<p>1. Relevance of the project</p> <p>The general and specific context within which the project has attempted to address the identified problems. An evaluation must anticipate relevance of the selected strategy and the overall approach and the extent to which the performed activity is suited to the priorities and the target group, recipient and donor.</p>	<ol style="list-style-type: none"> 1. Does the implemented intervention prove to be relevant for the Project beneficiary? 2. Does the intervention (and to what extent) comply with development strategies and priorities at local, regional and national level? 3. To what extent the Project strategic goals and program targets correspond with the Austrian Development policy? (Particular focus on the higher education strategy for BiH, labour market oriented education, poverty reduction, and gender).
<p>2. Efficiency</p> <p>The efficiency with which the activities have been undertaken in order to yield the project results. Efficiency measures the outputs - qualitative and quantitative - in relation to the inputs. It is an economic term which signifies that the interventions use the least costly resources possible in order to achieve the desired results.</p>	<ol style="list-style-type: none"> 1. Are the financial resources and other inputs (human resources, logistical resources) efficiently used to achieve results? 2. Is the relationship between input of resources and results achieved appropriate and justifiable? 3. Are the services, capacities created and potentials used appropriately?
<p>3. Effectiveness</p> <p>A measure of the extent to which an intervention activity attains its objectives. The extent, to which the project results have contributed towards the achievements of the project purpose, with special reference to the target groups/ project beneficiaries.</p>	<ol style="list-style-type: none"> 1. To what extent are the objectives of the intervention achieved? 2. Has ADC contributed to sustainable capacity development¹, transfer of knowledge and experience in specific area of project intervention?
<p>4. Impact</p>	<ol style="list-style-type: none"> 1. To what extent the project purpose has contributed towards the overall objectives

¹ According to Definition for Capacity Development of the OECD.

<p>When measures are sustainable, then they will have a positive impact in terms of development. The positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended. This involves the main impacts and effects resulting from the activity on the local social, economic and other development indicators.</p>	<p>of the programme and any other impact (positive or negative) of the project may have had beyond the stated objectives.</p> <ol style="list-style-type: none"> 2. What real difference has the action made to the beneficiaries? 3. To what extent has the development intervention created structures and /or has a broad effect /impact on the entrepreneurial orientation of Tuzla University? 4. What other impact (positive or negative, direct or indirect) could be attributed to this development intervention?
<p>5. Sustainability</p> <p>An assessment should be undertaken for the sustainability with measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawn. Sustainability is to be assessed at the institutional, financial, and human resources level.</p>	<ol style="list-style-type: none"> 1. To what extent are BSC interventions expected to continue within the institutional set up of the UNTZ, after donor intervention has ended? 2. What are the capabilities of BSC to maintain the positive effects of the development interventions and attract and secure long term financial and institutional support for the sustainable operation of the Centre? 3. Will the sustainable effectiveness of the development interventions most likely improve or worsen in the future? 4. What are the minimum of resources and results requested for the continuation of the activities of BSC/UNTZ after ADC support? Are the minimum resources for the sustainable continuation of the BSC/UNTZ guaranteed by the University? Are already made obligations suitable to continue the support of the BSC/UNTZ? 5. To what extent the project interventions can be continued after the termination of ADC support? (Effective use of gained knowledge and experience by BSC team)

3.1. Evaluation activities

Evaluation activities are executed in the line with TOR requirements and Evaluation proposal:

- Desk research review (which includes all project documents and other relevant studies and reports in the field of intervention, strategic plans of relevant stakeholders – University and local governments, ADA, NERDA strategies, etc).
- Primary research - Structured interviews and focus groups with direct beneficiaries (students, start ups, BSC staff, University of Tuzla) and other stakeholders (Municipal administration, Cantonal administration, TALDI). During the field visit, four focus groups were conducted (project management and staff, trainers/consultants, students/graduates, and start ups). Participants in focus group with students and graduates were persons with completed entrepreneurs' training program, but have not been awarded. The focus group with start ups had the following structure: 33% of fully operating start ups, 33% of partially operating start ups, and 33% of non operating start ups. The evaluation team ensured appropriate participation of R&D project component beneficiaries. Representation of start ups included also beneficiaries from the project phases 1 and 2.
- Analysis and interpretation of the collected data and information.
- Consultations with project management and ADA staff.
- Creation of the final evaluation report. Evaluation report has been structured as defined in ToR. Draft of evaluation report will be submitted and presented to BSC TALDI and ADA. Based on comments provided by both organisations, the final report will be produced and submitted.

4. Evaluation findings

4.1. Relevance of the project

Relevance of the project refers to the general and specific context within which the project has attempted to address the identified problems. An evaluation must anticipate relevance of the selected strategy and the overall approach and the extent to which the performed activity is suited to the priorities and the target group, recipient and donor.

Assessment of broader socio-economic context and stakeholders strategic orientations in regards to the project objectives and approach were based on relevant stakeholders' opinions, review of the project documents and review of cantonal, local and ADA strategic documents. The analysis shows that the project orientation and approach is relevant to the broader context. Entrepreneurship promotion and SME development are key strategic development priorities both on local and cantonal level. Project objectives and purposes are in line with strategic orientation of Canton Tuzla, Tuzla Municipality and University' orientation toward research and entrepreneurship. Defining students and junior researchers as the main target groups is highly relevant in this regard. Objectives of the newly introduced R&D component are in line with strategic orientations. However, there are many alternative approaches for connecting University and industry that might be applied. Interviewed cantonal and municipal officials believe that project intervention has a positive synergy effect with other related projects and programs (Business incubators – BIT Centre and Lipnica incubator, NERDA projects, etc). Focus groups participants and interviewed participants confirmed that the project had a significant relevance to their personal and professional needs and development. Information related to the project relevance and broader context are presented in the following text.

Industrial structure of TK in the pre-war period has been characterised by large shares of energy, mining, and chemical sectors. Several large companies in the aforementioned sectors generated more than 50% of GDP and more than 60% of employment in the Tuzla region. However, the war damages and slow post-war transition and restructuring resulted in industrial slowdown and technological obsolescence. Basic industry, mining and energy do not generate significant portion of secure jobs any more. Industrial structure changed in favour of services, construction, and trade sectors. Over the last year it became clear that development orientation of Tuzla region should be focused on SME sector and entrepreneurship initiative. Both Cantonal Development strategy 2008-2013 and Tuzla Municipality Development Strategy (2002 – 2015) identified SME and entrepreneurship development, as well as development of R&D business, as one of the main **development priorities**.

Before the war, **University of Tuzla** was small R&D oriented technical University with seven organisational units (technical institutes) and approximately 2.000 students. At that time, strong linkages between University and regional industries enabled Tuzla University to perform massive basic and applied research activities. In the post war period, pre-war industries have been dramatic damaged and University of Tuzla became more general and education oriented institution with 13 faculties and over 15.000 students. Pre-war University's institutes have been separated from the University and privatised. Current R&D activities within the University are below needed and targeted level and they are mainly project based (dependent of external finances). The University

lacks R&D equipment and laboratories. In the recent times, University expressed its strategic orientation toward a revitalisation of R&D capacities and toward the stimulation of entrepreneurship culture.

Table - Tuzla Canton Development Strategy 2008 - 2013

<p>Strategic development goal 1 – Fostering economic development</p> <p>This strategic goal includes: economic growth (GDP), growth in employment rates, export, FDI, industrial production growth, development of agriculture, tourism and transportation sectors. The goal also covers the growth in number of companies, change of industry structure, higher investments in R&D, infrastructural development (roads, railways, airports), development of industrial zones, technology parks and research centres, continuing privatization process, creation of public-private partnerships and growing competitiveness of Tuzla Canton.</p>	<p>Strategic goal 1 / related objectives</p> <p>Improvement of economic and industry structure of TK by stimulating export oriented industries and industries with higher added value, generation and support to SMEs, support to agriculture, tourism, trade, and business and financial services.</p> <p>Increased investments in R&D and improvement of support infrastructure for development of technologically advanced companies (research and development centres, industrial zones and technology parks, etc.).</p>
<p>Strategic goal 2 – Human resources development and improvement of quality of life</p> <p>This goal implies the increase in education system quality (from elementary to high education), development of health care system, social protection system, sport and culture, as well as demographic development, infrastructural development and labour market improvement.</p>	<p>Strategic goal 2 / related objectives</p> <p>Human resources development in order to increase participation in knowledge based economy by increasing the scope of R&D activities within the University and linking the University with research institutes and businesses in TK.</p> <p>Increasing employment rates by increasing the quality of labour supply. The quality of labour supply will be increased by creating a system for pre-qualification, informal education, and other measures for improving skills and working abilities.</p>

Table - Development strategy – Tuzla municipality (2002-2015)

<p>General goal</p> <p>Improvement of social capital and prevention of social conflict by catching up with recent global development trends.</p>	<p>Specific goals</p> <p>Harmonization of human potentials with strategic development orientation of economic restructuring of Tuzla</p>
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Development of knowledge based economy and creative individuals.	Municipality Business culture improvement aimed at developing entrepreneurial society (by strengthening managerial skills and entrepreneurial spirit)
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Table - Austrian Development Agency – Strategy for Higher Education and Scientific Cooperation (2009)

Key areas of work	Specific areas of Interventions
6.2.2. Focus on specific regions and areas of work	Educational and research systems
6.2.3. Quality Assurance and quality enhancements	Curriculum development: syllabuses should focus on skills development , they should be based on local needs, be designed accordingly, and should integrate innovative content and methods .
6.2.4. Cooperation and partnership	Fostering cooperation in scientific and business communities , particularly when it comes to public-private partnerships and supporting the establishment of technology and business centres for innovations and technological / economic development. This applies to South Eastern Europe / Western Balkans as well as other non-LDC countries.
6.4. Strategic specifics with respect to ADC East	Improving the quality of higher educationby taking in account cross cutting issues: diversity in teaching, entrepreneurship, innovative curricula , labour market and employment relevance, and an integrated approach to life long learning. The activities entailed by ADC measures will be assigned directly to local partners in a manner that takes into account the partners' country existing institutional infrastructure.

4.2. Efficiency of the project

Project efficiency refers to the efficiency with which the activities have been undertaken in order to yield the project results. Efficiency measures the outputs - qualitative and quantitative - in relation to the inputs. It is an economic term which signifies that the interventions use the least costly resources possible in order to achieve the desired results.

Analysis of the project reports, as well as discussions with BSC and TALDI staff, provide sufficient evidences that the project was implemented in an efficient way. According to the project managers, major increase in the efficiency in the phase III compared to the phases I and II has been related to trainers/consultants fees that were reduced at the beginning of phase III from 200 EUR to 150 EUR. This means that these resources developed in the previous phases were used in a more efficient way.

Provided information regarding budgets and costs for the phases I and II indicate that the budget for the phase III was based on decreased costs for most budget components: total monthly management fee TALDI was reduced from 3.150 for the phase I to 2.050 EUR for the phase III; monthly management fee for BSC staff was reduces from 3.300 2.400 EUR for the respective phases. The promotion and catering costs were also substantially reduced.

Regarding phase I, the approved budget for two years amounted 310.150 EUR. Project mangers accomplished savings in the amount of 88.000 EUR (28%) and this enabled project extension and education of one additional generation.

The Project Proposal for phase III did not plan for the increase in the project outputs through the three implementation years or decrease in costs for specific project component, meaning that the increase in the efficiency was not set as a specific goal for this phase. Costs for the major project components (educational component, incubation phase, networking and promotion) were planned to be the same in each year, and this confirms the conclusion about expectations regarding the project efficiency.

Payments for different costs, including compensation for the work of BSC staff and trainer/consultants, have been based on detailed invoices and reports on implemented activities, meaning that the use of human and other resources has been closely monitored providing for their efficient use.

Analysis of the unit costs for trainers/consultants and for the project management, as presented in the Letter of request for Budget Reallocation, from November 2009 and sent by TALDI to ADA, proves that paid fees and salaries were somewhat bellow market level. The same document proves that during the first two years of the phase III savings were made in several project components as follows:

Project component	Approved budget EUR	Savings EUR	Savings/ Budget %
IDOS	9.540	2.529	27
Educational component	49.470	1.226	2

Incubation phase	72.649	616	1
Networking	6.500	2.000	31
Project management-BSC staff	86.400	11.000	13%

The above presented data confirms that costs and efficient use of resources have been closely monitored by the project managers. Expected savings by the end of this project phase are approximately 40.000 EUR or 13% of the total project budget approved by ADA. Budget analyses confirm that all budget items are in line with market prices and this creates good foundation for future BSC financial sustainability.

4.3. Effectiveness of the project

Effectiveness measures the extent to which an intervention activity attains its objectives. The extent, to which the project results have contributed towards the achievements of the project purpose, with special reference to the target groups/ project beneficiaries.

Project intended results defined by the Logical Framework and presented in the Project Proposal (June 2007) were the following:

	Qualitative objectives	Quantitative objectives/indicators per year
1	Promote values and the ideas of entrepreneurship among students/graduates/researchers at the Tuzla University and create supportive climate for development of knowledge based and innovative projects, with the special focus on gender equality principals.	Kick off workshops attract 150 participants Face to face promotion 100 50-70 concept ideas submitted Min. 30% women as applicants Min. 10 % researchers as applicants
2	Effective transfer of entrepreneurial knowledge and skills to participants.	90 hours of training 40-50 participants in education More than 20 Business plans developed
3	BSC recognized as the relevant actor in economic development processes, plays an important role in supporting the enterprise development and has a positive impact on the image of the Tuzla University, the City, Canton and the Region.	Min. one Business forum that will strengthen cooperation between the University and business sector Min. one joint initiative selected at the Business forum Involvement of BSC at events implemented by other parties.
4	Incubation support provided to the selected business plans and mentoring support to already	Initial grant provided for 8 start ups and 3 start ups

	established start ups.	based on research Space secured for min. 2 start ups per year in the incubators (Lipnica and BIT Centre) Support to 20-30% academic researchers involved in education with seed funds Development support for min. two innovative projects
5	Establish Network of BSC enterprises that will serve as a platform for exchange of experience, knowledge and skills and promotion mechanism of BSC brand in the future.	Min. one seminar/training/consultation for network members Participation at min. two events (conference/round tables/fairs)
6	Establish market oriented R&D and strengthen cooperation between University and industry.	Develop model of cooperation between University and industry 10 to 15 concept ideas submitted 5 to 8 participants at education 3 Business plans based on R&D receive financial and mentoring support One study trip to Austria
7	Successful project management and effective coordination between TALDI and BSC.	Clear evidence of project implementation Effects and impacts of the project are measurable Reports consists of relevant qualitative and quantitative data Appropriate financial and accounting management Effective monitoring and evaluation system established

Results related to major quantitative objectives are presented in the next table, based on information provided by project management (TALDI and BSC staff). As a reference, the table also includes data for the phase I and phase II of the project.

OUTPUTS	Phase III													
	Phase I		Phase I		Phase II		Phase III		2008		2009		2010	
	2005	2006	2007	Students and graduates	R&D	Students and graduates	R&D	Students and graduates	R&D	Students and graduates	R&D	Students and graduates	R&D	
Business ideas	52/40	53/40	60/54	44	7	43	12	44	7	43	12	55	14	
Participants Accepted	48	68	81	61	7	58	7	61	7	58	10	70	14	
Education Entire	39	46	46	34	7	35	7	34	7	35	10	-	-	
Business Plans	22	22	23	17	7	19	7	17	7	19	7	-	-	
Pre-selected	12	12	14	11	7	12	7	11	7	12	7	12	-	
Awarded	7	7	7	7	2	7	2	7	2	7	2	7	2	
Registered (36)	7	7	7	4	2	6	2	4	2	6	2	-	-	
In the process of registration	-	-	-	-	-	1	-	-	-	1	-	-	-	
Still in operation (31)	6	4	7	4	2	6	2	4	2	6	2	-	-	
Numbers of employees 40 full time 41 part time/short term and additional engagements	12 full time / 8 part time	8 full time/6 part time	8 full time /15 part time	2 full time / 2 short term contracts	2 additional engagements under the registered firms ("Tehno Smart" Ltd; SMA Consulting" Ltd)	4 additional part engagements (still one business to register)	4 full time and 3 part time engagements	4 full time part engagements (still one business to register)	2 full time and 3 part time engagements	4 full time part engagements (still one business to register)	2 full time and 3 part time engagements	4 full time and 4 part time employees	Points Ltd, 4 full time employees TSI Ltd, 2 full time employees and 5 short term contracts	
Gender education/entire process -M/F	25 M/14F	32M/14 F	30M/16F	21M / 13F	7M/0F	27M /8F	7M/0F	21M / 13F	7M/0F	27M /8F	7M/3F	44M/26F	12M/2F	
Gender winners M/F	6M/2F	6M/1F	5M/5F	10M/1F	2M/0F	6M/1F	2M/0F	10M/1F	2M/0F	6M/1F	1M/2F	-/-	-/-	

Presented information justifies the following findings:

The number of business ideas submitted each year was within the targeted range (50 to 70), with an increase accomplished each year. This indicates that promotion activities were effective and resulted in the increased interests among targeted groups for entrepreneurial education and for the establishment of their own businesses.

Targeted proportion of ideas submitted by researchers (10%) was accomplished with the clear growing interest among researchers for participation in the education and for establishment of their own businesses. This indicates that changes in the project design in the phase III were justified.

The number of participants who were accepted for the education was above targeted range (40-50), as well as the number of participants who completed education. Among students and graduates, 44% of accepted participants did not complete education in 2008, and 40% in 2009. All accepted participants from R&D groups completed education. Interviews with participants indicate that the major reason for this is that education program is very intensive and requires more time and efforts than envisaged by them.

Participation of women in the group that completed education was above target (30%) in 2008, as well as in the phase I and II. However in 2009 this target was not reached (23%). Participation of the women is especially low in the R&D group.

The number of business plans developed in 2008 and 2009 was also above the target (more than 20) and somewhat higher than in the phase I and II. Results accomplished in 2009 were slightly better than results from 2008.

Quantitative targets regarding number of grants to be awarded to the best business plans have been somewhat lowered during the project implementation (from 8 to 7 for students and graduates group and from 3 to 2 for R&D group) as a consequence of financial constraints and incapacities of local partner (cantonal government) to secure promised funds for grants. The new defined targets have been reached in both years.

Major difference between quantitative targets and accomplishments relates to the year 2008 when three awarded participants from the students and graduates group decided not to register their companies. Interviews with education participants and trainers/consultants indicate that major reason was economic recession and not the quality of respective business plans.

The major proof of the project success is the number of start ups generated within the project that are still in operation. Out of 21 start ups registered within phase I and II, 17 are still in operation (81%) and this survival rate is far above average rate reached even in developed countries. Interviews with the owners of start ups showed that education and incubation support had a crucial role in developing business ideas and transforming them into good business plans. (Note: impact and sustainability).

All start ups registered within the phase III (14 registered and one in the registration process) are operational, but it is not possible to predict their future success and survival. However, interviews with the owners indicate their commitments and high

optimism regarding future operations, as well as trust that they will get needed advice and support from trainers/consultant, BSC staff, and other start ups from the network.

Most of other quantitative objectives have been accomplished: 90 training hours per year, participation of BSC at events implemented by other parties, joint participation of start ups at minimum two events (Summer University and ZEPS trade fair), and one study trip to Austria for R&D group. An example of not accomplished quantitative target is to secure space for minimum 2 start ups per year in the incubators (Lipnica and BIT Centre). However, the reason for this is the limited space available in the incubators.

The evaluation of the accomplishment of qualitative objectives is based on the interviews with the project implementers (TALDI and BSC staff), trainers/consultants, and trainees, and other relevant stakeholders and partners. Findings are as follows:

The project purpose was to support entrepreneurial orientation of the Tuzla University and to motivate students, university graduates, and young academic staff to start their own businesses. Changes in the orientation of the Tuzla University are confirmed by introduction of new entrepreneurial curriculum at several high schools/faculties, as well as by building reputation of this University as entrepreneurial shared by all interviewed municipality and cantonal officials as well as managers of other organizations active in this field, such as NERDA and BIT Center. Interviewed pro-rector Mirza Dzonlagic stated that the future development strategy of the University will explicitly emphasize entrepreneurial orientation of the University. The education and incubation activities implemented within the project had motivated targeted participants to start their own businesses. Although most interviewed participants stated that they had an intention to start business earlier, the education program improved their skills and encouraged them to turn that intention into reality. Created start ups success stories resulted in steady interest among students and graduates (as confirmed by the increased number of business ideas submitted each year) and the increasing interest among young academic staff.

Effective transfer of entrepreneurial knowledge and skills to participants is proved by the number of business plans developed, the number of registered start ups and the number of successful, operational start ups. Evaluation by participants indicates good quality of training materials, as well as teaching methods. The lowest satisfaction is expressed regarding proportions of theory and practical knowledge. However, different educational backgrounds of the participants (students and graduates of economics vs. students and graduates from technical faculties) make it difficult to develop training curriculum that would be adequate for all participants. On the other side, engagement of trainers/consultants with large practical experience was evaluated as one of strongest aspect of the education. Training modules were regularly adapted, based of participants' comments and suggestions.

BSC recognized as the relevant actor in economic development processes, plays an important role in supporting the enterprise development and has positive impact on the image of the Tuzla University, the City, Canton and the Region – The accomplishment of this objective was hard to assess with high certainty. Interviews with municipality and cantonal officials, as well as interviews with other players in this field (NERDA, BIT, SENSE), indicate that they see TALDi as a major and strong implementer of the project. This could justify the conclusion that BSC has not developed its own capacities to carry out functions and achieve desired outcomes without TALDI's managerial support.

Incubation support that was provided to selected business plans was adequate and resulted in registration of 14 new start ups (plus one new start up in the registration process) out of 18 selected and awarded business plans. Results accomplished in specific years indicate somewhat less effective support provided to the business plans awarded in 2008 (6 start ups registered out of 9 awarded business plans). Project managers explain this with the impact of factors external to the project. The owners of new businesses established within the phase I and II of the project evaluated support provided by BSC staff as appropriate, and they especially value support provided by trainers/consultants.

Establish Network of BSC enterprises that will serve as a platform for exchange of experience, knowledge and skills and promotion mechanism of BSC brand in the future – this objective has not been fully accomplished. Interviews with established start ups indicate that the network is not formally established and exchange of experiences among them is mostly based on individual and informal contacts. They also do not make distinction between TALDI and BSC as a focal point of the network. They appreciate information provided to them about different education and finance opportunities, as well as possibility to participate at ZIPS fair, but it not clear who is playing leading role in these activities - TALDI or BSC. On the other side, several successful start ups are very active in promoting BSC to the new participants and to the public.

Establish market oriented R&D and strengthen cooperation between University and industry – Project reports and interviews with project management do not indicate that any substantial change was accomplished regarding University cooperation with industry or change in the R&D policy of the University. On the other side, education and incubation processes developed during the phase I and II were changed and adjusted to the new project component at the beginning of 2009, based on the experience and suggestions provided by Austrian Service Providers (ASP). The addition of this component resulted in much higher participation of business ideas and start ups based on knowledge and innovation in the phase III, than it was achieved in the phase I and phase II. By this, the project helped the establishment of market oriented R&D projects and contributed to the positive image of the UNTZ. More substantial changes in this field require development of the UNTZ's R&D strategy, stronger focus on R&D and substantial financial resources.

Successful project management and effective cooperation between TALDI and BSC – Project proposal for the phase III defined BSC as the major project implementer with project management responsibilities assigned to TALDI. Analysis of the activities and resources presented in the project logical frame indicate that roles and responsibilities of TALDI and BSC were not clearly defined at the very beginning of the phase III. The evidences of the issues in this field were presented in the project reports (the report from July 2007 and the report from February 2008) and during the interviews project managers explained how these issues were resolved TALDI fulfilled all its responsibilities regarding project management, reporting and accounting as planned and agreed with ADA. Responsibilities related to securing local financial commitments and lobbying actions were defined in project proposal as joint responsibility of TALDI and BSC. However, the Memorandum of Understanding signed in September 2007 between TALDI, as the project manager, and Tuzla University clearly states University's obligation to "search (in cooperation with partners, local and Austrian experts) for the best solutions that will ensure full integration of BSC into University's institutional framework and to create

conditions for BSC's long term sustainability". The same MoU explicitly defines BSC responsibilities. Included are, among other, the following responsibilities: i) active participation in organizing and institutional strengthening of BSC in cooperation with Austrian experts; ii) organizing meetings with the University's management in order to implement the project, especially regarding BSC's sustainable development; iii) participate (in cooperation with TALDI) in the activities that will ensure funds/local contributions and search for other sources of financing. Analysis of project reports and accomplished interviews do not provide evidence that all of these specified University's and BSC's responsibilities have been accomplished as planned.

4.4. Impact of the project

When measures are sustainable then they will have a positive impact in terms of development. The positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended. This involves the main impacts and effects resulting from the activity on the local social, economic and other development indicators.

The major direct impact envisaged by the Project Proposal (June 2007) is the same as the project purpose: support and encourage entrepreneurial orientation of UNTZ and motivate students/graduates and young academics staff to start their own businesses. The expected evidence of accomplished impact was defined as follows:

- Institutional support provided by the local and cantonal authorities in creating more favourable environment for business development – This impact was partially accomplished, especially with local, municipal authorities that have improved their services for businesses, provided support to local business incubators and BSC (indirectly through grants approved to TALDI) and have introduced other instruments to support private sector. Although this project can not claim the major role in creating these impacts, it has for sure contributed to their accomplishment. Evidence show that TALDI and BSC contribute to this impact by: active participation in Local Economic Development Forum (established by Municipality Tuzla in 2007), leading role of BSC within SEENSI Network (South East European Network of Start-Up Centers and Incubators), UNTZ affiliating position for GEM (Global Entrepreneurship Monitoring) project in BiH.
- Support secured by the University Senate to incorporate entrepreneurship subjects into existing curricula – This impact was partially accomplished since several faculties introduced entrepreneurship subjects into their curriculum and the project has played important role in this change.
- Evident commitment of UNTZ management to BSC sustainable development – This impact has not been accomplished at the satisfactory level and the sustainable development of BSC has not been secured yet. This issue is elaborated later in the evaluation of sustainability.

Three expected indirect impacts were:

- To contribute to the poverty reduction by promoting entrepreneurship and motivating and supporting young students and graduates in establishing their own businesses and creating new jobs – There are evidences that poverty has

not been substantially reduced in the previous period BiH in general and in Tuzla region as a targeted region for this project. This project has resulted in 31 operational start ups, 40 full time employees and 41 part time employees, contributing directly to the prosperity of approximately 80 families, or more than 200 people. It would not be realistic to expect that this project can have larger impact on poverty reduction.

- To contribute to the economic development of the region by strengthening relations between UNTZ and industry and stimulating development of applied R&D and establishment of knowledge-based businesses – Relations between UNTZ and regional industry have not been substantially improved, but reasons for this are as much external to the project, as they are a result of the weaknesses of UNTZ. R&D component has created additional venue for better cooperation between UNTZ and industry.
- To promote gender equality by motivating women to participate in the entrepreneurship education and to establish their own businesses – Planned participation of women in the education has been achieved, but their participation in the number of developed and awarded business plans and in the number of established start ups was very low. However, project did not include any specific measure targeting women, except active quota for the participation at the training and it is not realistic to expect larger impact in this area.

The major impact that can be clearly and solely contributed to the project is substantial impact on direct beneficiaries that is to all participants at the entrepreneurship training and especially to owners of established new businesses. Focus groups discussions confirmed participants' understanding of the importance of entrepreneurial skills for their more effective work as employees or as managers of their own businesses.

4.5. Sustainability of the project

Measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawn. Sustainability is to be assessed at the institutional, financial and human resources level.

The evaluation of institutional sustainability is based on project documents and information provided by University's management, TALDi and BSC staff.

BSC institutional sustainability was not explicitly stated in the project proposal as the objective of the phase III. This document also did not include the obligation of the University or BSC to develop BSC's strategy, define its position and institutionalize it as a specific organizational unit with clear resources needed for sustainable functioning after completion of ADA's support. However, the Memorandum of Understanding signed in September 2007 between TALDI, as the project manager, and UNTZ clearly states University's obligation to "search for the best solutions that will ensure full integration of BSC into University's institutional framework and to create conditions for BSC's long term sustainability". This obligation has not been fulfilled and the operation of BSC is based on short term and part time contracts with the designated staff (four in total Part of their salaries related to the BSC's activities has been fully paid by ADA. The duration of

the contracts related to the BSC's activities has the same duration as the project. There is no evidence that University's management plans to institutionalize BSC within its organizational structure and it could be expected that after ADA's funds are used, University's staff now active in BSC will not be obliged to continue these activities. If that is the case, than all BSC activities will stop or will be substantially reduced after completion of the project.

The evaluation of financial sustainability is based on project documents and interviews with the University's management, municipality and cantonal officials, and TALDI and BSC staff.

Analysis of the planned and used budget proves that most activities have been fully paid by ADA's funds: IDOS, R&D, educational component, networking and project management. UNTZ's contribution was planned and has been fulfilled for the previous two years in the annual amount of 12.000 EUR (36.000 EUR for three years) as in-kind contribution (covering mainly space, facility and utility costs for BSC's office and training), and 3.000 EUR (9.000 EUR three years) as cash contribution related to the production of PR materials. This means that UNTZ's contribution to the project costs is 10%. One of the weaknesses of the Project Proposal is that the same amount was planned for each year. The consequences of this approach is that UNTZ has postponed the efforts to built financial sustainability of the BSC and there is no evidence to support that UNTZ plans to allocate at least minimum financial resources needed for the sustainable continuation of BSC.

Planned local contribution for grants for start ups (project component incubation phase) by Tuzla Municipality amounted 3.500 EUR each year, and by the cantonal Ministry of reconstruction, development and return in total amounted 45.000 EUR, increasing each year (from 10.000 EUR in the first year, 15.000 EUR in the second year, to 20.000 EUR in the third year). If planned contribution was fulfilled, ADA's contribution would have decreased from 86% in the first year, to 80% in the second year, and to 71% in the third year.

Municipality Tuzla has fulfilled its obligation, but Cantonal Government has not. Main reason for this was reduced budget and reduced funds available for grants for NGOs. Other weakness of the project becomes obvious: neither municipal nor cantonal governments feel responsible for budgeting specific funds for BSC as promised in the Memorandum of Understanding signed in 2007 with TALDI and BSC. Funds have been provided from budget line Grants for NGOs. It is important to notice that the MoU was signed with TALDI and that TALDI has legal possibility to apply for the grants from both sources. The UNTZ can not apply for these funds. This issue has not got appropriate attention by the UNTZ and alternative solutions have not been explored. One opportunity could be to advocate for introduction of specific budget line by the Cantonal Ministry of Education and Ministry for Industry and Energy. Also, contributions from other municipalities in Tuzla Canton could be advocated for, since student and education participants come from all municipalities. Although 76% of registered start ups are located in Tuzla municipality, it would be realistic to expect that at least municipalities focused on entrepreneurship development, such as Gracanica and Zivinice, would be open for cooperation and support. Discussions and interviews with several start ups demonstrate that even their financial and in-kind support, however small, could have been provided. This opportunity has not been explored by BSC.

The assessment of the capacities if BSC staff is to continue with BSC's activities after the completion of the phase III, indicates several weaknesses. Major one is related to the lack of a true leader who would have appropriate power and reputation within the UNTZ, as well as in local/cantonal community as a precondition for effective advocacy for stronger support to BSC. During the project life, main fundraising efforts have been realized by TALDI. On the other side, BSC's staff has not demonstrated needed proactive approach and adequate fundraising capacities. Several successful fundraising activities accomplished by BSC staff can not be taken as a prove of built capacities needed for future financial sustainability.

BSC's staff has appropriate capacities to promote education and to organize all activities related to the education and incubation phase. Capacities related to networking should also be strengthen if BSC aims to build its reputation and attract local and international support for its future activities.

In estimating the minimum resources needed for BSC future activities, it should be taken into account that important resources have been built by the project:

- BSC's staff capable to promote and organize education and other support for start ups;
- Good relations with TALDI that can support BSC in the future fundraising activities;
- BSC relations with the reliable and capable trainers/consultants;
- Developed promotional and training materials;
- Specific models developed for R&D group;
- Good relations with majority of established start ups that can have important roles in promotion and in supporting new start ups;
- Good relation with other players in this field.

The estimation of financial resources that should to be provided by UNTZ for future BSC operation is based on the budget for the third year of the project for the following components:

- Educational component	16.500 EUR
- Incubation phase (without grants)	3.080 EUR
- Networking	2.200 EUR
- Project management (BSC staff)	28.800 EUR
TOTAL	50.580 EUR

It is obvious that the core activities can be continued with 21.780 EUR per year if UNTZ decides to cover full management costs. In addition to that, grants for start ups should be secured from other sources, such as municipal and cantonal governments, Federal Ministry for Entrepreneurship Development and Crafts, large companies in the region, successful start ups from the network, donors' funds, etc. By now UNTZ's management has not provided any guarantee that needed minimum resources will be ensured.

5. Conclusions

5.1. Relevance

Assessment of broader socio-economic context and stakeholders strategic orientations shows that the **project orientation and approach is relevant to the boarder context**. Project objective and project purposes are in the line with strategic orientation of Canton Tuzla and Tuzla Municipality (toward entrepreneurship promotion and SME development) and the University's orientation (toward research and entrepreneurship). Defining students and junior researchers as the main target groups is highly relevant in this regard. Objectives of the newly introduced R&D component are in line with mentioned strategic orientations. However, there are many alternative approaches for connecting University and industry that might be applied. The project intervention has a positive synergy effect with other related programs and projects (business incubators – BIT Centre and Lipnica incubator, NERDA projects, etc). Focus groups participants and interviewed participants confirmed that the project had a significant relevance to their personal and professional needs and development

5.2. Efficiency

Conducted analysis shows that the **project was implemented in an efficient way**. Major increase in the efficiency in the phase III compared with the phases I and II has been related to management and trainers/consultants fees that were reduced at the beginning of the phase III. This means that the resources developed in the previous phases were used in a more efficient way. Project costs and fees paid in the phase III are on or below market level providing good foundation for the future BSC sustainability.

5.3. Effectiveness

Significant majority of **quantitative targets** defined within the project proposal has been achieved. The number of business ideas submitted each year was within the targeted range. Targeted portion of ideas submitted by researchers (10%) has been accomplished. Number of participants accepted for the education program was above target (40-50), as well as the number of participants that completed education. Portion of the female participants which completed the training in 2008 is in line with target (30%). In 2009 this target was not reached (23%). Participation of the women is especially low in the R&D group. The number of business plans developed is above the target (more than 20). Grants awards targets have been redefined during project implementation (from 8 to 7 for general business plans and from 3 to 2 for R&D projects). This adjustment is done because local partners have not secured committed financial contributions for grant fund. The revised targets have been reached in both years. Out of 21 start ups registered within the phase I and II, 17 are still in operation (81%) and this survival rate is far above average rate reached even in developed countries. All start ups registered within the phase III (14 registered and 1 in the registration process) are operational. Vast majority of other quantitative objectives have been accomplished.

Qualitative objectives achievements are presented in the following paragraphs.

Project purpose to support entrepreneurial orientation of the Tuzla University and motivate students, university graduates, and young academic staff to start their own businesses. Changes in the orientation of the Tuzla University are confirmed by introduction of new entrepreneurial curriculum at several high schools/faculties. The development strategy of the University will explicitly emphasize entrepreneurial orientation of the University. The project activities have motivated targeted participants to start their own businesses; the education program provided them with appropriate skills and encouraged them to turn their intentions into reality. Success stories of start ups generated within the project resulted in steady interest for entrepreneurship among other students and graduates.

Effective transfer of entrepreneurial knowledge and skills to participants is proved by the number of business plans developed, the number of registered start ups and the number of operational start ups. Evaluation done by participants indicates overall good quality of training materials and teaching methods. The lowest satisfaction is expressed regarding ratio between theoretical and practical parts of training. The engagement of trainers/consultants with extensive practical experience is one of strongest aspects of the educational program.

BSC recognized as the relevant actor in economic development processes, plays an important role in supporting the enterprise development and has a positive impact on the image of the Tuzla University, the City, Canton and the Region – The accomplishment of this objective was hard to assess with high certainty. Majority of stakeholders see TALDI as the main project implementation actor. This could be justified by the fact that BSC has not developed its own capacities to carry out all functions and achieve desired outcomes without TALDI's managerial support.

Incubation support that was provided to selected business plans was adequate and it resulted in registration of 14 new start ups (plus one new start up in the registration process) out of 18 awarded. The owners of the new businesses established within the phase I and II of the project evaluated support provided by BSC staff as appropriate, and they especially valued support provided by trainers/consultants.

Establish network of BSC enterprises that will serve as a platform for exchange of experience, knowledge and skills, and promotion mechanism of BSC brand in the future – this objective has not been completely accomplished. The network is not formally established and exchange of experiences among participants is based on individual and informal contacts. The established start ups do not make distinction between TALDI and BSC as a focal point of the network. They appreciate information provided to them regarding different education and finance opportunities, as well as a possibility to participate at ZIPS fair, but it is not clear who is playing leading role in these activities - TALDI or BSC. On the other side, several successful start ups are very active in promoting BSC to the new participants and to the public.

Establish market oriented R&D and strengthen cooperation between the University and industry – The education and incubation processes developed during the phase I and II were changed and adjusted to the new R&D project component at the beginning of 2009, based on the experience and suggestions provided by Austrian Service Providers (ASP). This change resulted in much higher participation of knowledge based business ideas and start ups in the phase III, than it was achieved in the previous phases. By this, the project helped the establishment of market oriented

R&D projects and contributed to the positive image of the UNTZ. Project reports and interviews with the project management do not indicate that substantial change was accomplished regarding the University cooperation with industry or significant change in the R&D policy at the University. More substantial changes in this field require development of the UNTZ's R&D strategy, stronger focus on R&D and substantial financial resources.

Successful project management and effective cooperation between TALDI and BSC – Project proposal defines BSC as the major project implementer with the project management responsibilities assigned to TALDI. Analysis of the project reports and conducted interviews do not provide evidence that all specified UNTZ's and BSC's responsibilities have been accomplished as planned (particularly in the field of project ownership, leadership, and fundraising).

5.4. Impact of the project

The major **direct impact** envisaged by the Project Proposal is the same as the project purpose: support and encourage entrepreneurial orientation of UNTZ and motivate students/graduates and young academics staff to start their own businesses. Main conclusions related to this impact are presented below.

Institutional support provided by the local and cantonal authorities in creating more favourable environment for business development – This impact was partially accomplished, especially with local, municipal authorities that have improved its services for start ups. Although this project can not claim the major role in creating these impacts, it has contributed to their accomplishment. Evidences show that TALDI and BSC contribute to this impact by: active participation in local and regional related networks and initiatives.

Support secured by the **University Senate to incorporate entrepreneurship courses into existing curricula** – This impact was partially accomplished since several faculties introduced entrepreneurship courses into their curriculum and the project has played important role in this process.

Evident **commitment of UNTZ's management to BSC's sustainable development** – This impact has not been accomplished at the satisfactory level and the sustainable development of BSC has not been secured yet.

Main conclusions related to the **indirect project impacts** are presented in the following text:

Poverty reduction - there is not evidence that poverty has been substantially reduced in the previous period in BiH and Tuzla region. However, the project has resulted in 31 operational start ups, 40 full time employees and 41 part time employees, contributing directly to the prosperity of approximately 80 families, or more than 200 people. It would not be realistic to expect that this project could produce larger impact on poverty reduction.

Strengthening relations between UNTZ and industry and stimulating development of applied R&D and establishment of knowledge-based businesses – Relations between UNTZ and regional industry have not been substantially improved, but reasons

for this are as much external to the project, as they are a result of the weaknesses of UNTZ. R&D component has created additional venue for better cooperation between UNTZ and industry.

Motivating women to participate in the entrepreneurship education and to establish their own businesses – Planned participation of women in the education has been achieved, but their participation in the number of developed and awarded business plans and in the number of established start ups was very low. Project did not include any specific measure for targeting women, except for active quota for the participation at the training and it is not realistic to expect larger impact in this area.

The **major impact** of the project is substantial influence on direct beneficiaries, i.e. to all participants at the entrepreneurship training and especially to the owners of established new businesses.

5.5. Sustainability of the project

BSC institutional sustainability has not been completely achieved. This goal was not explicitly stated in the project proposal as the objective. The Memorandum of Understanding signed in September 2007 between TALDI, as the project manager, and UNTZ clearly states the University's obligation to "search for the best solutions that will ensure full integration of BSC into University's institutional framework and to create conditions for BSC's long term sustainability". This obligation has not been fulfilled and the operation of BSC is based on short term and part time contracts with the designated staff. There is no evidence that the University's management plan to institutionalize BSC within its organizational structure and it could be expected that after ADA's funds are used, University's staff will not be obliged to continue with BSC activities.

Financial sustainability of the project is not achieved. At the moment UNTZ's contribution to the project costs is 10% of the total project value. One of the weaknesses of the Project Proposal is that the same amount of the University's contributions was planned for each year. The consequence of this approach is that UNTZ has postponed the efforts to build financial sustainability of the BSC. There is no evidence that UNTZ plans to allocate financial resources needed for the sustainable continuation of BSC. In addition, local and cantonal contribution to the project is still insignificant for sustaining core project activities.

The **estimation** conducted by the evaluation team showed that core project activities can be continued with 21.780 EUR per year if UNTZ decides to cover full management costs. In addition to that, grants for start ups should be secured from other sources, such as municipal and cantonal government, Federal Ministry for entrepreneurship development and crafts, large companies in the region, successful start ups from the network, donors' funds.

The assessment of the **BSC staff capacities** to continue project activities after the completion of the phase III, indicates several weaknesses. The major one is related to the lack of the true leader who would have appropriate power and reputation within the UNTZ, as well as in local/cantonal community as a precondition for effective advocacy for larger support to BSC. During the project life, main fundraising efforts have been

realized by TALDI. On the other side, BSC's staffs have not demonstrated needed proactive approach and adequate fundraising capacities. On the other side, BSC's staffs have appropriate capacities to promote education and to organize all activities related to the education and incubation phase.

6. Lessons Learned

This project resulted with a number of lessons that should be respected in designing future project similar to this one.

The comprehensive scope of the project covering wide range of activities (promotion, training, consultancy and other support to start ups) is appropriate approach in providing adequate support to potential start ups. The need for different approach within R&D component is clearly proved by this evaluation. .

The appropriate time frame is very often an issue in designing projects that aim to establish a new and innovative organization such as BSC. This project proved that accomplishing this aim requires at least mid term (five years) time frame with clear phases and exit strategy defined at the very beginning of the project.

Major lessons learned from the evaluation of this project are related to building new sustainable local organization which should be able to continue with activities on its own after completion of the project. Donor's experience shows that this is one of the most difficult aspects to implement and the objective which is rarely achieved.

If the organization sustainability and continued functioning is the project objective, then the project should be designed in a way that includes comprehensive analysis of all relevant factors, as well as clear and timely actions that will ensure project success.

The chances to achieve sustainability of BSC would be much better if UNTZ was obliged to increase its financial contribution each year, providing at least 50% of needed funds in the last project year. These funds could have been provided from different sources. The key condition should have been that all additional funds are to be secured by UNTZ efforts. This approach would send very strong message to UNTZ that it has ownership over BSC and thus the responsibility for its success as well.

As it happens very often with the projects funded by donors, very little attention was given to finding the optimal legal status of BSC and to building appropriate institutional status during the project implementation. This explains why BSC is actually a group of people tasked with the project implementation and not an organizational unit that has secured resources for survival after project completion.

Important lesson is related to the lack of attention given to the staff issue during the project design/proposal stage. Due to that, the implementer's staff capacities needed for independent operations after the project completion were not gradually built. This project repeated often seen error of not devoting enough resources and activities needed to build and develop necessary leadership, general and financial management, as well as fundraising skills.

One additional lesson is related to the project management tools. The most important ones are project reports and project evaluation. Project reports should sincerely and timely warn on all issues present and suggest needed actions, including possible changes in the project design. In the case of this project, the issues were mentioned in the reports, but without recommendations for specific actions, especially the actions that should have been implemented by UNTZ in order to provide larger financial support for

BSC and to build its financial sustainability. Timely external evaluation is also important tool that could help the achievement of project objectives. In the case of this project, if the evaluation was done at the beginning of 2009 (as planned in the project proposal), it could have resulted in appropriate recommendations and better project results regarding BSC sustainability.

7. Recommendations

Ensure **sustainable institutional set up** for BSC. Institutional sustainability should be ensured by integrating BSC into the University's organizational structure as a separate organizational unit with core permanent staff and ensured core financing. These decisions should be made as soon as possible, since the 3rd phase of project is already in the final stage of implementation. University' decisions to include BSC in existing organisational structure and to assign at least one person on the full-time basis for BSC management will present major step toward BSC continued existence and sustainability after the ADA financial support termination. Such scenario will increase BSC financial sustainability potential, since the integration of BSC in University structure lead to substantial financial commitment (both from University and Canton Tuzla). This will also increase BSC attractiveness for external financing from international sources.

Alternatively, BSC can be registered as a separate legal entity (for example NGO, association or foundation), founded by relevant stakeholders (University, Canton, municipalities). Such scenario will require substantial project rearrangements, but it will create pre-condition for exploring different funding opportunities available for NGOs. The future TALDI enrolment in the project should be clearly defined. University of Tuzla should overtake a leading role in the all aspects of BSC activities, and TALDI can provide advisory project related services. TALDI can assist in this process since it has large experience in: managing complex projects financed by international organizations, providing sustainable training services and raising local and foreign funds for different projects.

Develop **mid-term BSC development plan**. This strategic document should include clear strategic orientation, goals and key determinants of success. The plan should be developed by the University, BSC staff and TALDI. TALDI should play advisory role in this exercise by providing technical assistance in areas of strategic planning and project management. However, this process should be lead by University and BSC. Currently BSC has two main strategic orientations: to promote entrepreneurship among general students and to promote R&D commercialization among junior researchers. BSC should prioritize specific target groups: undergraduate or graduate students, technical or non-technical faculties. For example, future strategic orientation can be to support the knowledge based ideas and initiatives, and postgraduate students can be the main target. However, further development of R&D component will require substantial increase in technical and financial support. Project objective to improve the linkages between Tuzla University and industry is very ambiguous. The possibility to achieve this objective in grater extend is out of project scope. Therefore, the BSC should not exclude this objective from BSC development plan.

BSC internal capacities should be strengthening mainly in the areas of overall BSC management and leadership, fund-raising and financial management. Capacity building efforts should result in BSC management being able to lead the project and ensure project sustainability both in institutional and financial terms. Success of internal capacity building exercise is directly related to determination of BSC institutional set up and existence of full-time BSC manager. The BSC capacity building activities might be exclusively or partially implemented by TALDI.

Based on the evaluation team estimates, the **minimum level of financial resources** needed for maintaining BSC core activities was determined. Financial sustainability of BSC can be hardly based only of local financing; optimally it should be based on mix of local and international funding. However, considerable local contribution will extend possibilities for international financing. Therefore, BSC has to create and execute fund-raising plan, which would include different approaches for potential financial contributors. The plan should include approach to potential local contributors (Federal Government, Cantonal government, Municipal administrations in Tuzla region, etc); and international donors (including various EC funds, bilateral donors and other international organizations). This plan should explore potential for private financial contributions (both from companies and individuals). BSC start-ups alumni should be considered for financial and in-kind contributions. The University should advocate for ensuring permanent financial support from cantonal budget.

Extend the area of cooperation. BSC should pay more attention to potential participants coming from other municipalities in Tuzla Canton/region. More balanced geographical distribution of participants in BSC activities will promote Cantonal/regional dimension of the project which can lead to the increasing project quality and potential diversification of funding sources. BSC should try to establish stronger cooperation with other Universities in the country with a goal to transfer the concept and know-how to other Universities in BiH. Transferring BSC concept to other Universities will have substantial effects on entrepreneurship promotion and R&D commercialisation across the county. **Maintain cooperation with ADA** in the area of project monitoring, evaluation and quality control. Also, the established relations with other **Austrian partners** should be maintained after the termination of ADA financial support.

Explore the opportunities for more substantial **cooperation with other organisations and programs for entrepreneurship promotion**, such as Business incubator Lipnica, Business incubator for Information technologies (BIT Centre), NERDA (regional development agency). Closer cooperation with mentioned organisations will have synergetic impact on entrepreneurship development in Tuzla canton/region.

Introduce specific measures for **increasing woman participation** in the program. Apart of defined woman quotas for participation in training program, targeted promotional activities should be developed and executed with a goal to improve gender balance in BSC activities. The women quota for business plan competition awards can be introduced. BSC promotional activities should emphases on women entrepreneurship. Better gender sensibility of the project will increase funding opportunities since there are various local and international funds allocated for this purpose (for example: 30% of Tuzla municipality funds for NGOs are directed toward gender related projects).

8. List of Annexes

- Evaluation ToR
- CPU evaluation proposal
- CPU evaluation inception report
- List of reviewed documents