



West Herzegovina Canton

Development Strategy of West Herzegovina Canton

For the Period 2021 - 2027

EXCERPT

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1. Introduction

Development Strategy of West Herzegovina Canton for the Period 2021-2027 (hereinafter referred to as: the Development Strategy of WHC) is an integrated development document by means of which strategic framework for developmental activities and projects in West Herzegovina Canton is created (hereinafter referred to as: WHC). Drafting the integrated development strategy of the Canton continues the process of development management in WHC.

The Development Strategy of WHC aims at creating backdrop for a faster commercial and social development, as well as defining framework for action, not just of cantonal institutions, but also municipalities, cities, other institutions and organizations, as well as the private sector.

The process of drafting this Strategy represents continuity of seven-year-long development management through strategic and plan documents and is based on the results of the Development Strategy of West Herzegovina Canton for the Period 2014-2020 (hereinafter referred to as: the Development Strategy of WHC 2014-2020). On top of this, the process of creating the Strategy has been integrated with already adopted sectoral strategies for the same plan period, i.e. the Rural Development Strategy of West Herzegovina Canton for the Period 2020-2030 (hereinafter referred to as: the Rural Development Strategy of WHC) and the Tourism Development Strategy of West Herzegovina Canton for the Period 2020-2027 (hereinafter referred to as: the Tourism Development Strategy of WHC)

"The Development Strategy of WHC has been prepared with the support of the Integrated Local Development Project (ILDP), a joint project of the Government of Switzerland and the United Nations Development Program (UNDP). The contents of this document, as well as the findings presented, do not necessarily reflect the attitudes of ILDP, Government of Switzerland or UNDP."

2. Methodology of Strategy Development

The process of creating the Development Strategy of WHC was initiated by the Decision of the Government of West Herzegovina Canton (hereinafter: the Government of WHC) of 20 December 2019, which entered into force on 30 December 2019. The holder of the process of creating the Development Strategy is the Office for European Integration of the Government of West Herzegovina Canton (hereinafter referred to as: the Office), which has the role of a development management unit in WHC.

Methodology for the preparation of the Development Strategy of West Herzegovina Canton for the period 2021-2027 was developed on the basis of principles and elements established in the Act on Development Planning and Development Management in the Federation of Bosnia and Herzegovina and the Regulation on Drafting Strategic Documents in the Federation of Bosnia and Herzegovina (hereinafter referred to as: the Federation of BH).

The process of creating the Development Strategy of WHC was based on the following principles:

- **Open method of coordination.** This method entails implementation of consultations and coordination of all levels of government in WHC and other stakeholders in order to jointly define development directions in WHC.
- **Gender equality and equal opportunities for all.** Gender equality entails equal participation and representation of the interests of men and women in the process of creating the Development Strategy and defining strategic goals, priorities and measures for the purpose of ensuring balanced developmental effects, while creating equal opportunities for all, and particularly for socially vulnerable groups.

- **Horizontal and vertical coordination in the process of drafting strategic documents.** Horizontal coordination refers to coordinated practice in the process of strategy development at the same level of government in WHC, whereas vertical coordination entails uniform and coordinated practice in the process of strategy development and compliance at different levels of government in WHC, as well as with higher levels of government, for the purpose of ensuring joint developmental directions and compliance with relevant strategic documents in Bosnia and Herzegovina (hereinafter referred to as: BH), relevant documents from the European integration process and internationally accepted global goals of sustainable development.
- **Partnership.** Partnership encompasses cooperation of all levels of government, in addition to cooperation with socio-economic partners in the process of drafting the strategy, which is primarily achieved through the work of advisory bodies, participation in activities of working groups established for strategy development, as well as other forms of partnership consultations, including thematic meetings, electronic consultations, public discussions and exchange of information.
- **The accent lies on the elements crucial for the development of the Canton.** The strategy must be founded on resources, potentials and opportunities which may contribute to the improvement of life quality and create certain developmental perspectives in WHC. In an effort to achieve its goals, the Canton must continuously manage its strengths. On top of that, it must be aware of which functions it can and should develop, which obstacles stand in the way of achieving the goals and how these obstacles can be effectively eliminated or turned into advantages.
- **The Development Strategy of WHC is a synthesized document** which focuses on the main directions of the canton's development which, according to the results of the situation analysis and SWOT analysis, ensure the best effects of the development. The Development Strategy includes ideas and principles that provide orientation to business community, potential investors and donors, and canton administration and citizens, helping them make decisions for the future. This document does not replace nor annul other existing strategies, but is primarily aimed at identifying development directions in areas that are considered development priorities. None of the documents, including this one, therefore, is finally comprehensive.
- **Obligation of constant work on the strategy.** The work on the strategy does not cease after its adoption and publication. Its implementation will be controlled and evaluated. Also, annual audits of progress and possible modifications and adjustments to new conditions are necessary.
- **Publicity and transparency.** Publicity and transparency assume continuous informing of the public about the process of drafting the strategy, as well as public action of the strategy development holder, which is characterized by openness and readiness to make data on the process of drafting the strategy available to the wider community. Publicity and transparency are achieved through regular publication of information on websites, public announcements and by using other appropriate information exchange tools in the strategy development process.

For the purpose of ensuring the involvement of all relevant stakeholders in the process of drafting the Development Strategy of WHC and providing vertical and horizontal coordination, representatives of all segments of society were included in the process of drafting the strategy, through the following bodies:

- **Council for Development Planning and Development Management in West Herzegovina Canton**

The Council for Development Planning and Management in West Herzegovina Canton (hereinafter referred to as: the Council) is a body of the Government of WHC that has an advisory role in the

processes of defining, implementing, monitoring, evaluating and reporting on the implementation of priorities in WHC, and consists of Prime Minister of WHC, Minister of Finance of WHC, Minister of Commerce of WHC, Mayor of Široki Brijeg, Mayor of Ljubuški, Mayor of Grude and Mayor of Posušje. The Council discussed and provided recommendations during the entire process of creating the strategy and agreed on the final draft of the Development Strategy of WHC prior to submitting it for adoption.

- **Canton Committee for Development (ŽOR)**

The Canton Committee for Development (hereinafter referred to as: ŽOR) is an advisory and operational body of the Canton in the process of development management, which gathers representatives of the public sector from the canton and local level of government, representatives of the private sector and representatives of the non-governmental sector, as well as representatives of the youth. ŽOR provided advisory support in the process of creating the Development Strategy of WHC, defining strategic goals, priorities and development measures and projects, and monitors the implementation of the Development Strategy of WHC.

- **Sectoral Development Committees**

Sectoral development committees are advisory bodies of WHC, which are founded as needed for individual areas, and most commonly on the occasion of preparing and implementing strategic documents. Sectoral committees gather relevant stakeholders for a particular sector, coming from the public, private and non-governmental sectors, which are relevant to that sector. Currently, the following committees have been founded in WHC: the Committee for Tourism Development of West Herzegovina Canton and the Committee for Rural Development of West Herzegovina Canton.

- **Thematic Working Groups**

Thematic working groups discussed more thoroughly the individual areas which were identified as necessary during the process. A thematic working meeting with business people was held in the process of drafting the Development Strategy of WHC.

- **Assembly Committees**

Assembly committees were involved in the segment of discussing the draft Development Strategy of WHC prior to the adoption of the document.

3. Strategic Platform

3.1. SWOT Analysis

SWOT analysis is a key tool for the identification of comparative advantages and provides the main input data for determining the elements for development. The SWOT analysis was done with joint contribution of key stakeholders of WHC in a discussion on what internal strengths and weaknesses, and external opportunities and threats are. While discussing the SWOT analysis, key questions were asked:

- Which are our weaknesses and what are we doing badly?
- What can we improve?
- What should we avoid?
- What trends would be useful for development?
- What changes are anticipated?
- What obstacles do we face?
- Which are the negative trends that may be obstacles to development?
- Which external changes can or do affect development?

STRENGTHS	WEAKNESSES
<p>Position, natural resources, environment and infrastructure</p> <ul style="list-style-type: none"> • Favorable geostrategic position (proximity to the border with the EU, international border crossings, proximity to Dalmatia as a tourist destination, Međugorje, proximity to Mostar) • Characteristic natural heritage suitable for the development of adventure and active tourism (waterfalls, canyons, mountains, etc.) • Favorable climatic conditions (large number of sunny hours) • Good coverage by municipal waste collection • Developed model of private-public partnership in waste collection • No major industrial pollutants • Good transportation connections within WHC <p>Population and social activities</p> <ul style="list-style-type: none"> • Autonomy in the development of education • Established system of inclusion in primary education • Developed and recognizable sports (developed sports infrastructure and developed and recognizable sports clubs) • Developed cultural-historical and religious heritage 	<p>Position, natural resources, environment and infrastructure</p> <ul style="list-style-type: none"> • Underdeveloped waste management system (no recycling, no separate collection, no recycling yards, no organized collection of solid, construction, organic, medical waste) • Insufficient coverage of the Canton with regulated communal infrastructure (water supply, sewerage, purifiers) • Poor quality and development of roads in rural parts of the Canton • Illegal landfills in rural and urban areas • Dependence on regional landfills • Non-existence of a comprehensive system of air quality control and analysis, as well as reporting itself • Irrational use of drinking water and pollution of watercourses with municipal wastewater and illegal landfills, wastewater and illegal construction in sanitary protection zones of water sources <p>Population and social activities</p> <ul style="list-style-type: none"> • The non-governmental sector does not have sufficient capacity for partnerships with the public sector yet • Insufficient technical and infrastructural equipment for schools and low digital maturity of the education system • Trend of decreasing the number of students

<ul style="list-style-type: none"> • Relatively safe Canton (low rate of minor offenses, murders, criminal offenses) Commerce • Dynamic and strong commerce (growth trend of export, revenue, employment in the private sector) • Good basis for further development of the manufacturing industry (metal, plastic, electrical) • Existence of business zones in all municipalities and cities • Protected geographical indications (Ljubuški rani, Herzegovinian tobacco Ravnjak) • Developed trade sector (wholesalers representing well-known brands) • Developed and dynamic entrepreneurial spirit of the population Development management • Established and functional development management bodies • Ability to make quick decisions • Good connection between municipalities and cities in the Canton • Adopted sectoral development strategies (agriculture, rural development and tourism) 	<ul style="list-style-type: none"> • The education system is not adapted to the needs of the market • The school system is not adapted to conducting practical classes (laboratories and cabinets, practical training in the private sector) • Insufficient information, education and awareness of the population for public interests (educational policy, labor market needs, public interest, environment, cultural and historical heritage) • Negative natural population growth • Emigration of the population from rural areas • High level of tolerance to gray economy and corruption • Low average salary (consumer basket) • Passive administration and red tape in public administration • Still underdeveloped system of providing social services (patronage, inclusion of socially challenged persons in the society and employment of persons with disabilities) • Large share of young people under 35 in the structure of the unemployed • Lack of active employment measures • Insufficient digital maturity of the society • Insufficient integration of the diaspora in development and social activities Commerce • Insufficiently competitive agricultural production • Underdeveloped short value chains • No financial instruments to support the economy at the level of WHC • Underdeveloped institutional framework for the development and promotion of tourism in WHC • Poor promotion of WHC and economic opportunities of WHC (no foreign investors) • Fragmentation of agricultural land • Unresolved property-legal relations and slowness of resolving property-legal relations (land registry system, cadaster, land registers) • Low level of investment in research and development initiatives and application of new technologies and innovations in commerce • Insufficiently developed supporting infrastructure in business zones • Low investment share • Insufficiently competitive production, processing
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	<p>and sale of agricultural products</p> <ul style="list-style-type: none"> • Insufficient connection of agricultural producers and food processors • Insufficiently developed entrepreneurship in tourism <p>Development management</p> <ul style="list-style-type: none"> • Underdeveloped organizational, human and financial capacities for development • Insufficient capacity from drafting and implementation of projects • Lack of interest of civil servants in change • Insufficient connection between the academic community and the private and public sector (commerce, society) • Lack of mechanisms for motivating civil servants for development work • Lack of prepared documentation for development and investment projects (studies, project proposals, conceptual solutions, etc.)
OPPORTUNITIES	THREATS
<p>Position, natural resources, environment and infrastructure</p> <ul style="list-style-type: none"> • Development of the gas pipeline through WHC • Construction of the highway Mostar - Split <p>Population and social activities</p> <ul style="list-style-type: none"> • Cross-border cooperation • Diverse diaspora <p>Commerce</p> <ul style="list-style-type: none"> • Trend of demand for specific forms of tourism • Demand for indigenous and home-made products • Availability of EU and other development funds and programs <p>Development management</p> <ul style="list-style-type: none"> • Development of joint cross-border initiatives • Connecting and partnering with institutions in the Republic of Croatia • Establishing a stronger link with Brussels (EU Parliament, Representations, Members) • Coordination mechanism for European integration issues 	<p>Position, natural resources, environment and infrastructure</p> <ul style="list-style-type: none"> • Natural disasters (fires, earthquakes, cold, drought) • Problems with regional landfills (Mostar and Livno) <p>Population and social activities</p> <ul style="list-style-type: none"> • Complicated political situation in BH • Migrant crisis • Occurrence of health disasters, such as epidemics • Terrorism • Closing the borders with the EU <p>Commerce</p> <ul style="list-style-type: none"> • Adoption of legal solutions at higher levels that limit the growth and development of the canton • Limiting the availability of external funding • Unfavorable financial resources • Poor control of import of various goods, of dubious origin and quality <p>Development management</p> <ul style="list-style-type: none"> • Excluding or bypassing the canton from development processes • Intentions to abolish or take over competencies from counties

3.2. Strategic Directions of Development

Strategic directions of development were defined on the basis of situation analysis, SWOT analysis and identification of comparative advantages of WHC. The strategic directions were founded on the analysis of factors which can have adverse effect from the surroundings or represent potential risk, and factors which represent comparative advantages that can support the development. On the basis of these analyses, four key directions of development were identified, to direct developmental activities of the Canton during the upcoming seven years.

1. Development of production and export-oriented commerce

Production and export-oriented entrepreneurship represent the backbone of development of WHC. Growth of all indicators in the production sector is visible from the situation analysis. On top of this, production and export-oriented sectors are the engine of commercial development. Therefore, one of the key directions of development is further support to promotion and development of production and export-oriented sectors in WHC.

2. Retention of population in rural areas through rural development, agriculture and tourism

WHC is a rural region and rural development should play an important role in the overall development of the Canton. The analysis of the situation showed that the conditions in rural areas do not provide enough opportunities for uniform growth and development in the whole area of the Canton yet. In this context, one must work on the development of infrastructure, increasing quality and availability of services in rural areas, and supporting the diversification of activities through support programs. A special accent should be placed on providing support to young people in rural areas through the development of business ideas and business opportunities.

3. Increasing quality and efficiency of public administration and public services

One of the key factors in development and managing the development is quality, dynamic and efficient public administration. It is evident from the analysis of the situation that the administration as a whole is not citizens-oriented. Therefore, investing in an effective administration should be one of the key directions of development during the upcoming seven years. This assumes investing in modernization, strengthening human capacities, simplifying procedures, and finally, ensuring fast and efficient administration.

4. Strengthening the environmental protection system and the quality of public infrastructure

WHC is not environmentally endangered yet, i.e. there are no major polluters and no open pollution. However, the waste management system has not been built yet, and a significant part of energy must be invested in the development of the waste management system during the upcoming seven years. Even though waste management is largely the responsibility of the municipality, various initiatives can be launched at the canton level to develop the waste management system and, finally, to make WHC environmentally responsible. Besides, the most things can be done in the segment of educating and informing the public, as well as changing the awareness of the population regarding the environment, in order to increase the level of environmental responsibility of all residents, and particularly of future generations.

3.3. Development Vision

Development vision is an optimistic image that the Canton wants to achieve, i.e. the desired situation in which the Canton wants to be. The vision is based on developmental opportunities and recognizable values.

West Herzegovina Canton will be a recognizable, entrepreneurial and attractive region

*"A region **recognizable** for its entrepreneurship, characteristic tourist offer in rural and adventure tourism, cultural facilities, **entrepreneurial** for development of business ideas, cultural initiatives, in development of projects in the public sector and **attractive** for investment, visit and living."*

Values on which the development vision of WHC is based:

- entrepreneurial spirit of the population;
- natural and cultural heritage;
- strong tradition and preserved family values.

3.4. Strategic Goals

Strategic goals are long-term goals which answer the question where we want to be, taking into account our resources, as well as the opportunities available to us. Three key strategic goals were defined that complement each other and are closely intertwined.

Strategic goal 1: Economically developed canton

WHC aims at further improvement of the business environment and creating an atmosphere for the development of entrepreneurship and further commercial development of the canton. In this context, one of the three strategic goals for the upcoming seven years is an economically developed canton. The key indicators by which the achievement of this strategic goal will be monitored, i.e. which reflect sustainable and stable economic growth in the upcoming seven years, are as follows:

Strategic goal 1	Impact indicator	Baseline value (2019)	Target value (2027)
Economically developed canton	Employment rate in WHC	31,2 %	over 32%
	Industrial production volume index	111,6	115
	Development index of WHC	1,05	1,20

Strategic goal 2: Socially responsible canton

In the next seven years period, WHC plans to develop services and create an atmosphere for increasing the quality of life, which will, besides the economic development, enable better quality of life for the population. The key indicators by which the achievement of this strategic goal will be monitored, i.e. which show how socially responsible the canton is over the next seven years, are as follows:

Strategic goal 2	Impact indicator	Baseline value (2019)	Target value (2027)
Socially responsible canton	Population growth rate	-146	-30
	Share of population under 14 years of age	14,7%	15,5%
	Unemployment rate in WHC	34,5	under 30%

Strategic goal 3: Effectively organized canton

In the upcoming seven years period, WHC would like to pay attention to setting up a system that will enable a sustainable management of public resources and public services, which should result in a better quality of life and contribute to a sustainable development. The key indicators by which the achievement of this strategic goal will be monitored, i.e. which show how effectively the canton is organized during the next seven years, are as follows:

Strategic goal 3	Impact indicator	Baseline value (2019)	Target value (2027)
Effectively organized canton	Population density	68,5	70
	Migration balance	-104	+10
	Percentage of population living in rural areas of the canton	75,50	over 75,50%

4. Priorities and Measures with Indicators

Strategic goal 1: Economically developed canton

	Priorities	Indicators (level of final result)	Baseline value (2019)	Target value (2027)
STRATEGIC GOAL 1: ECONOMICALLY DEVELOPED CANTON	Priority 1.1. Increase the competitiveness of entrepreneurship and attract new investments	Total realized export per capita, in BAM	6.709	9.000
		Amount of average net salary in industry, in BAM	902	1.00
		Realized tax revenues per capita in BAM on an annual basis	166	200
		Number of employees in business zones	1.505	2.000
	Priority 1.2. Increase the competitiveness of agricultural production	Percentage of family farms registered as business entities	4% (April, 2020.)	10%
		Index of physical volume of food production	115,4	120
		Average net salary in the area of KD - Agriculture, forestry and fishing, in BAM	474	600
	Priority 1.3. Develop the tourist offer and promote the Canton	Number of registered accommodation units in WHC	185	1.500
		Number of registered tourist visits in WHC	9.830	20.000
		Length of registered tourist stay in WHC	1,5	2,5

Strategic goal 2: Socially responsible canton

	Priorities	Indicators (level of final result)	Baseline value (2019)	Target value (2027)
STRATEGIC GOAL 2: SOCIALLY RESPONSIBLE CANTON	Priority 2.1. Increase the quality of health and social protection of the population	Satisfaction of population with the quality of health care based on survey (percentage of respondents)	Does not apply	75% of respondents
		Number of diseases, conditions and injuries identified in primary health care (2018)	121.413	under 100.000
		Satisfaction of population with the quality and volume of social services (percentage of respondents)	Does not apply	75% of respondents
	Priority 2.2. Increase the quality	Number of children in preschool institutions (public and private	714	750

	and competitiveness of education and comply education with labor market needs	kindergartens)		
		Number of primary school students per 1000 inhabitants	83,61	90
		Number of secondary vocational school students per 1000 inhabitants	21,60	25
	Priority 2.3. Create a positive atmosphere for the development of youth and sports	Number of active youth associations	14	20
		Percentage of emigrants under the age of 35 out of the total number of emigrants	68%	40%
		Share of allocations from the budget for sports	0,84%	0,90%

Strategic goal 3: Effectively organized canton

	Priorities	Indicators (level of final result)	Baseline value (2019)	Target value (2027)
STRATEGIC GOAL 3: EFFECTIVELY ORGANIZED CANTON	Priority 3.1. Efficient, open and responsible public administration	Average amount of funds withdrawn in WHC from external sources per year	1.000.000	1.500.000
		Percentage of offenses of bribery of official and other responsible person	10,2%	5%
		Percentage of surveyed citizens satisfied with the quality of public administration work at the canton level	Does not apply	75% of respondents
	Priority 3.2. Efficient system of citizen safety and protection and rescue	Number of criminal offenses committed	300	200
		Number of traffic accidents with casualties	298	200
		Percentage of accidents caused by human activity out of the total number of occurrences	Does not apply	under 10%
	Priority 3.3. Efficient environment management system	Percentage of population involved in separate waste collection	0%	25%
		Air pollution measurement system established	Does not apply	DA
		Number of protected areas of natural heritage in WHC	0	4
	Priority 3.4. Efficient system for the	Percentage of population covered by drinking water	79%	90%

	development and maintenance of local and regional infrastructure	Percentage of population covered by sewage system	17%	40%
		Total length of developed regional roads in WHC in KM	73,8	150-200
	Priority 3.5. Efficient system of cultural and historical heritage management	Number of registered producers of traditional and artistic products	0	8
		Percentage of evaluated archaeological sites put into operation	0	5%
		The amount of allocations for culture in BAM	290.000	400.000

5. Compliance of the Strategy with other Strategic Documents

Verification of mutual compliance encompasses conformation, complementarity insurance of developmental directions and strategic goals with strategic goals of higher levels of government, as well as with strategic documents arising from the European integration process and internationally accepted global goals of sustainable development.

In the compliance process, identification of strategic and planning documents was carried out, and goals of these documents were analyzed, in order to connect strategic goals and priorities of the Development Strategy of WHC for the upcoming seven years period. An overview of compliance of the Development Strategy of WHC was presented in the table below.

Strategic documents in BH	Related strategic goal, priority and/or measures from the Development Strategy of WHC
STRATEGIC PLAN OF RURAL DEVELOPMENT OF BOSNIA AND HERZEGOVINA (2018-2021) - Framework document	
<p>Strategic goal I: Ensuring stability of income and equalizing business conditions with the environment</p> <p>Strategic goal II: Strengthening the competitiveness of agriculture, forestry and rural areas by increasing the level of investment and improving knowledge transfer and promotion of innovations</p> <p>Strategic goal III: Improving the marketability of agricultural and food products by increasing added value, improving quality and safety standards, and strengthening links within value chains</p>	<p><i>Strategic goal 1: Economically developed canton</i> <i>Priority 1.2. Increase the competitiveness of agricultural production</i></p>
<p>Strategic goal V: Improving the quality of life in rural areas by creating new sources of income and improving physical infrastructure, social inclusion and availability of public services</p>	<p><i>Strategic goal 1: Economically developed canton</i> <i>Priority 1.3. Develop the tourist offer and promote the canton</i></p>
<p>Strategic goal IV: Sustainable management of natural resources and adaptation to climate change</p>	<p><i>Strategic goal 3: Effectively organized canton</i> <i>Priority 3.3. Efficient environmental management system</i></p>
FRAMEWORK TRAFFIC STRATEGY OF BOSNIA AND HERZEGOVINA (2016 - 2030)	
<p>Strategic goal: To meet the needs in the sense of maintenance, improvement and development of transport infrastructure</p>	<p><i>Strategic goal 3: Effectively organized canton</i> <i>Priority 3.4. Efficient system of development and maintenance of local and regional infrastructure</i></p>
DRAFT STRATEGY FOR THE DEVELOPMENT OF THE FEDERATION OF BH (2021 - 2027)	
<p>Strategic goal 1: Accelerated economic development</p>	<p><i>Strategic goal 1: Economically developed canton</i> <i>Priority 1.2. Increase the competitiveness of agricultural production</i> <i>Priority 1.3. Develop the tourist offer and promote the canton</i></p>
<p>Strategic goal 2: Prosperous and inclusive social development</p>	<p><i>Strategic goal 2: Socially responsible canton</i> <i>Priority 2.2. Increase the quality and competitiveness of education and comply education with labor market needs</i> <i>Priority 2.1. Increase the quality of health and social</i></p>

	<p><i>protection of the population</i></p> <p><i>Priority 2.3. Create a positive atmosphere for the development of youth and sports</i></p>
<p>Strategic goal 3: Resource-wise efficient and sustainable development</p>	<p><i>Strategic goal 1: Economically developed canton</i></p> <p><i>Priority 1.2. Increase the competitiveness of agricultural production</i></p> <p><i>Strategic goal 3: Effectively organized canton</i></p> <p><i>Priority 3.2. Efficient system of citizen safety and protection and rescue</i></p> <p><i>Priority 3.3. Efficient environmental management system</i></p> <p><i>Priority 3.4. Efficient system of development and maintenance of local and regional infrastructure</i></p>
<p>FRAMEWORK FOR SUSTAINABLE DEVELOPMENT GOALS IN BH - SDG FRAMEWORK</p>	
<p>Development direction: "Good governance and managing the public sector"</p>	<p><i>Strategic goal 3: Effectively organized canton</i></p> <p><i>Priority 3.1. Efficient, open and accountable public administration</i></p> <p><i>Priority 3.2. Efficient system of citizen safety and protection and rescue</i></p>
<p>Development direction: "Smart growth"</p>	<p><i>Strategic goal 1: Economically developed canton</i></p> <p><i>Priority 1.1. Increase the competitiveness of entrepreneurship and attract new investments</i></p> <p><i>Strategic goal 2: Socially responsible canton</i></p> <p><i>Priority 2.2. Increase the quality and competitiveness of education and comply education with labor market needs</i></p> <p><i>Priority 2.3. Create a positive atmosphere for the development of youth and sports</i></p> <p><i>Strategic goal 3: Effectively organized canton</i></p> <p><i>Priority 3.3. Efficient environmental management system</i></p> <p><i>Priority 3.4. Efficient system of development and maintenance of local and regional infrastructure</i></p>
<p>Development direction: "Social inclusion - a society of equal opportunities"</p>	<p><i>Strategic goal 2: Socially responsible canton</i></p> <p><i>Priority 2.1. Increase the quality of health and social protection of the population</i></p> <p><i>Priority 2.2. Increase the quality and competitiveness of education and comply education with labor market needs</i></p>

6. Framework for Implementation, Monitoring, Reporting and Evaluation of the Strategy

This chapter describes Framework for Implementation, Monitoring, Reporting and Evaluation of the Development Strategy of WHC, in accordance with regulations from Article 22 paragraph (2) and Article 30 paragraph (2) of the Act on Development Planning and Management in the Federation of Bosnia and Herzegovina.

Coordinating of preparation and implementation of the Strategy

Key institutions that coordinate both drafting and implementation of the Development Strategy of WHC are as follows:

- **The Office**, which, in accordance with the Regulation on the Founding of the Office, is in charge of managing and coordinating the process of drafting the Development Strategy of WHC and monitoring its implementation, i.e. coordinating the process of evaluation and reporting on the achievement of the strategy;
- **The Council** is a body of the Government of WHC, which has an advisory role in the processes of defining, implementing, monitoring, evaluation and reporting in the realization of priorities in WHC and acts in accordance with principles of partnership and cooperation. The Office carries out professional and administrative tasks for the needs of the work of the Council;
- **Canton Committee for Development (ŽOR)** is an advisory and operational body in the process of managing the development in WHC, and it consists of representatives of the public, private and non-governmental sector. ŽOR is coordinated by the Office. ŽOR will monitor the implementation of the Development Strategy through the discussion of development reports on an annual basis;
- **The West Herzegovina Canton Development Forum** is a development body representing a platform for gathering representatives of the public sector from the canton, municipal and city levels of government, representatives of the non-governmental sector, representatives of the private sector, as well as representatives of other relevant institutions and organizations outside of WHC. The Development Forum is a platform for introducing participants with current trends in the Canton, exchanging information on projects which are implemented and are planned to be implemented in the Canton, in order to improve coordination of projects and activities and preparation for project funding opportunities and presenting current project funding opportunities;
- **Sectoral development committees** are advisory bodies of WHC which are founded when needed for individual areas. Sectoral committees gather relevant stakeholders for a particular sector coming from the public, private and non-governmental sectors, which are relevant to that sector. The role of sectoral committees will be to improve coordination of the implementation of the strategy by individual sectors.

The Development Strategy of WHC will primarily be implemented through the work plans of bodies of government at the level of WHC and through the implementation of projects funded from external sources of funding, and implemented by municipalities, cities and other organizations from WHC or outside of WHC, which are linked or may be linked with implementation of the measures from the Strategy.

The Office will coordinate the implementation of the Development Strategy in the following manner:

- coordination of activities of the Government of WHC, ministries and other bodies of government, in the preparation of work plans and their compliance with the Development Strategy;
- coordination of entrepreneurs, associations, chambers, institutes, faculties, NGOs and international organizations regarding the launch of development initiatives in the Canton and their coordination with the Development Strategy of WHC;
- strengthening the human and institutional capacities of canton ministries and institutions, as well as municipalities in the process of strategic planning and project implementation;
- managing the databases of development projects and coordinating the preparation of project proposals funded from EU assistance programs and other external sources of funding.

Monitoring, Reporting and Evaluation of the Strategy Implementation

Monitoring the implementation of the Strategy assumes systematic and continuous collection, analysis and use of data and indicators for the purpose of measuring progress of achieving the set goals/priorities/measures and progress in using available funds and undertaking appropriate activities with possible corrections.

In order to establish and implement the monitoring system successfully, all bodies of government at the level of WHC are to establish and regularly update electronic records of indicators of priorities and measures from the strategic document within their competence, while the Office will maintain a single database of development indicators on the basis of which the degree of realization of strategic goals, priorities and measures is monitored. These records are the basis for the preparation of work reports and development reports, i.e. reports on the implementation of the Strategy.

Monitoring the implementation of the Strategy is carried out by means of the following documents:

- **Annual work reports** - Annual work reports are prepared by bodies of government with the aim of monitoring the implementation of planned activities/projects and assessing their contribution to the implementation of programs/measures. The annual work report precisely states whether and to what extent the planned activities from the work plans were performed, the expected results achieved, the planned and spent funds for the execution of activities, and for possible non-execution, the reason for non-execution or partial execution.
- **Development report** - It is prepared on an annual basis and the development report monitors general development trends, as well as progress in achieving the strategic goals of the Development Strategy. The Development report of WHC is prepared by the Office on the basis of reports on the work of bodies of government, official statistical data and other available relevant data on the basis of which the development trend of WHC and fulfillment of strategic goals, priorities and development measures can be established.

The Government of WHC approves Development reports, and after adoption, the Development report is published on the website of the Office and is submitted to the General Assembly of WHC for use.

Evaluation of the Strategy is a process that assesses the value and significance of the intervention or individual measures. The evaluation of the Strategy will be carried out as needed, after the first three years of implementation of the Strategy, as well as in the last year of implementation of the Strategy.

Bearing in mind that the strategy development process took place in the year of the COVID-19 pandemic and the final consequences of the pandemic on both economic and social development are still unknown, it is necessary to analyze the situation after the first year of the strategy and comply indicative financial framework and certain indicators.

7. Detailed Description of Measures

This chapter presents a detailed description of all development measures with planned activities and projects, expected results, stakeholders, indicative resources required and beneficiaries. The strategy includes 37 development measures which are divided into 11 priorities in frames of three strategic goals:

- **Strategic Goal 1: Economically Developed Canton** includes three priorities and 9 development measures
- **Strategic Goal 2: Socially Responsible Canton** includes three priorities and 10 development measures
- **Strategic Goal 3: Effectively Organized Canton** includes five priorities and 18 development measures

	Priorities	Measures
STRATEGIC GOAL 1: ECONOMICALLY DEVELOPED CANTON	Priority 1.1. Increase the competitiveness of entrepreneurship and attract new investments	Measure 1.1.1. Strengthening research and development and application of new technologies and innovations in economy
		Measure 1.1.2. Development and raising the competitiveness of SMEs and crafts in WHC
		Measure 1.1.3. Development of business zones and attraction of new investments in WHC
	Priority 1.2. Increase the competitiveness of agricultural production	Measure 1.2.1. Support for the development of agricultural production
		Measure 1.2.2. Organized associating of agricultural producers and food processors for the purpose of promotion, sales and increase of export
		Measure 1.2.3. Increasing quality and standardization of agricultural products
	Priority 1.3. Develop the tourist offer and promote the canton	Measure 1.3.1. Development of tourist infrastructure
		Measure 1.3.2. Support for the development of entrepreneurship in tourism and increase of accommodation capacities
		Measure 1.3.3. Promotion of WHC as an attractive region for tourism and business
STRATEGIC GOAL 2: SOCIALY RESPONSIBLE CANTON	Priority 2.1. Increase the quality of health and social protection of the population	Measure 2.1.1. Increasing quality and facilitating access to health services
		Measure 2.1.2. Strengthening quality of primary health care
		Measure 2.1.3. Protection and improvement of health of the population
		Measure 2.1.4. Increasing quality and availability of social protection
	Priority 2.2. Increase the quality and competitiveness of education and comply education with labor	Measure 2.2.1. Investing in educational infrastructure and modernizing the education system
		Measure 2.2.2. Strengthening quality of inclusive education
		Measure 2.2.3. Compliance of education and labor market needs
		Measure 2.2.4. Development of a labor market needs

	market needs	monitoring system
	Priority 2.3. Create a positive atmosphere for the development of youth and sports	Measure 2.3.1. Strengthening the institutional framework for youth support Measure 2.3.2. Support for the development of sports infrastructure and sports activities

	Priorities	Measures
STRATEGIC GOAL 3: EFFECTIVELY ORGANIZED CANTON	3.1. Efficient, open and responsible public administration	Measure 3.1.1. Strengthening efficiency and transparency of public administration
		Measure 3.1.2. Increasing quality and efficiency of the work of the General Assembly of WHC
		Measure 3.1.3. Development of a system for the prevention and suppression of corruption
		Measure 3.1.4. Strengthening institutional and administrative capacities for European integration processes and use of funds
	3.2. Efficient system of citizen safety and protection and rescue	Measure 3.2.1. Strengthening the protection and rescue system
		Measure 3.2.2. Strengthening institutional and human capacity in law enforcement institutions
		Measure 3.2.3. Increasing awareness and informing the public about protection and safety of citizens
	3.3. Efficient environment management system	Measure 3.3.1. Development of waste management system
		Measure 3.3.2. Investment in protection and maintenance of land, water, forests and air
		Measure 3.3.3. Development of protected area management systems
		Measure 3.3.4. Increasing energy efficiency and the use of energy from renewable sources
	3.4. Efficient system for the development and maintenance of local and regional infrastructure	Measure 3.4.1. Supporting the development of availability and quality of water supply systems
		Measure 3.4.2. Supporting the development and increasing the quality of wastewater management systems
		Measure 3.4.3. Increasing quality of transport infrastructure in WHC
	3.5. Efficient system of cultural and historical heritage management	Measure 3.5.1. Strengthening institutional capacities for cultural-historical and traditional heritage management
		Measure 3.5.2. Improving the infrastructural conditions for development, promotion and management of cultural and historical heritage
		Measure 3.5.3. Support for the development and promotion of cultural and creative industries
		Measure 3.5.4. Raising awareness about protection and preservation of cultural and historical heritage and its promotion

8. Strategic Projects

In frames of development measures, a total of 17 key projects were identified that represent interventions of the greatest importance for the achievement of strategic goals. These key projects have multiple impacts on development, and their implementation will be a basis for initiating other projects. The key projects were selected on the basis of expectations of how much they contribute to a positive influence on the improvement of quality of life of a larger group of the population, especially socially vulnerable categories, and how much they enable sustainable growth and development.

In frames of Strategic Goal 1 - Economically Developed Canton, 7 key projects were identified, within Strategic Goal 2 - Socially Responsible Canton, 6 key projects were identified, and in frames of Strategic Goal 3 - Effectively Organized Canton, 4 key projects were identified.

Strategic goal 1: Economically developed canton

1. Strengthening the supporting infrastructure for development and associating of education, science and economy (business incubators, accelerators)

The goal of this project is to support the establishment of support institutions and to make a certain specialization at the level of WHC, so that the development of support institutions is specialized by municipalities and cities. For example, specialization can be developed that the municipality of Posušje specializes in the metal and plastics sector by means of the existing Technology Park. The City of Ljubuški can specialize in the agricultural sector through the existing incubator at HERAG and sorting plant, as well as laboratories at the Institute of Agriculture of WHC, while Široki Brijeg can specialize in the development of cultural and creative industries in the future developed area of the tobacco station in the city center. Grude can specialize in some of the sectors that would prove to be the most potent and necessary in the value chain, such as paper industry, graphical industry etc.

The estimated value of this project is approximately BAM 1,000,000, and the expected share of own funds is 15%, and 85% from external sources. Funding for this project will apply to open tenders and calls from the EU and other programs in cooperation with municipalities and cities.

2. Setting up a scheme for funding SMEs and crafts (Entrepreneurial Canton)

The goal of this project is to create a background for further development and investment of existing entrepreneurship and the development of youth entrepreneurship and crafts. Any development depends on the instruments that can be used as a lever for development, so the scheme "Entrepreneurial Canton" is a lever for further development and development management in the segment of entrepreneurship.

The estimated value of the project is BAM 2,500,000, of which 25% is expected from own funds, and 75% from external sources. External funds relate to the multiplier that would be achieved with partner banks when a development scheme is developed.

3. Setting up and promotion of a comprehensive online investment database (InWestHerzegovina)

The goal of this project is to create preconditions for the identification and attraction of new investments in WHC. The database of investment projects would be used to attract investors to WHC.

The estimated value of this project is BAM 30,000 on an annual level, while 30% would be allocated from own sources, and 70% would be ensured from external sources. External funds will be provided through applications for public calls and tenders from external sources of funding.

4. Scheme for funding agriculture and rural development (Rural Herzegovina)

This project aims at providing easier access to financial resources for family farms for production, processing and sale of agricultural products, institutional capacity for promotion of tourist offer of WHC, and attracting tourists and visitors to WHC. With this project, the canton wants to create a financial lever that will be used to manage and direct the development of agriculture in WHC.

The estimated value of the project is around BAM 4,000,000 on an annual level, and the project is planned to be realized from own funds in the amount of 25% and from external sources in the amount of 75%. External funds relate to the multiplier that would be achieved with partner financial institutions.

5. Development of a system of advisory services at the Institute of Agriculture of WHC

The project is planned as to develop a system of advisory services to agricultural producers in order to facilitate agricultural production and increase competitiveness of agricultural production.

The estimated value of the project is BAM 140,000, and 50% is expected from own funds, while 50% of funds are expected from external sources. External funds will be ensured primarily through applications for public calls and open tenders from external sources of funding.

6. Opening and equipping of network centers for visitors in municipalities and cities in WHC

The aim of the project is to develop the infrastructure for the promotion of the tourist offer in the municipalities and cities of WHC and to enable tourists and visitors access information about the tourist offer. The implementation of this project creates preconditions for further development of entrepreneurship in tourism and an increase in the number of visitors, as well as the length of stay of tourists and visitors in WHC.

The estimated value of the project is around BAM 1,000,000, and the project is planned to be realized from own funds in the amount of 10% and external sources in the amount of 90%. External funding refers to funding through external sources of funding and support to municipalities and cities in attracting external sources of funding.

7. Support program for the development of small business and family accommodation in tourism (WestHerzegovinaAdventures)

The project is to increase the recognizable accommodation capacity in WHC, and especially in rural areas by means of renovation and putting the old houses in the function of tourism. The implementation of this project will enable residents put their property in use, and through this project to preserve the traditional architectural heritage by renovating old family houses and putting them in the function of tourism.

The estimated value of the project is around BAM 700,000, and the project is planned to be realized from own funds in the amount of 50% and from external sources in the amount of 50%. External funds will be provided through projects and external partnerships with projects, and in cooperation with financial institutions.

Strategic Goal 2: Socially Responsible Canton

1. Digitization and informatization of services in health care institutions in WHC

The aim of this project is to facilitate availability and use of health services to the population and to reduce the costs of health services in the long term, but also to increase satisfaction of health service beneficiaries. This project includes the introduction of an e-health card, e-health file, integration of laboratory and radiological information system with e-health file.

The estimated value of the project is BAM 450,000.00, and the project is planned to be realized from own funds in the amount of 50% and from external sources in the amount of 50%. External funds will be provided through projects and external partnerships with projects, and in cooperation with financial institutions.

2. Creating a social map of WHC

This project is aimed at creating presumption for initiating new activities and initiatives towards target groups, in order to ensure a better quality service to social categories of the population.

The estimated value of the project is BAM 20,000, and the project is planned to be realized from own funds in the amount of 10% and from external sources in the amount of 90%.

3. Strategy of education in WHC

The aim of this project is to set the foundation for the long-term development of education, including pre-school, primary and secondary education, as well as higher education and science.

The estimated value of the project is BAM 50,000, and it is planned to allocate 50% of funds from own funds, and 50% of funds from external sources.

4. Strategy for the youth of WHC

The aim of this project is to create a strategic framework for detailed measures to support youth projects and initiatives, in order to create a positive atmosphere for young people to stay in WHC and enable them make choices in their future.

The estimated value of the project is BAM 20,000, 10% is expected from own funds, and 90% from external sources of funding.

5. Digitization and informatization of public administration in WHC

The aim of the project is to create presumptions for investments in digitalization and informatization of services and functions in public administration in order to develop the capacities of the administration that will be oriented towards citizens i.e. beneficiaries.

The estimated value of the project is BAM 200,000, and 30% of the funds are expected from own funds, while 70% of funds are expected from external sources. External funds will be provided through applications for open tenders and calls from external sources of funding.

6. System of project co-funding

The aim of the project is to develop a system of project co-funding, in order to facilitate the implementation of projects and stimulate project applications to open public calls. The co-funding model should facilitate the application to open calls from public institutions, but also from other institutions and the non-governmental sector to apply for projects that are in accordance with the Development Strategy of WHC. The model can include some of the solutions such as revolving, warranty, etc.

The estimated value of the project is BAM 2,000,000, and 25% is expected from own funds, while 75% of funds are expected from external sources. External funds will be provided through cooperation with financial institutions in a way that provides an appropriate multiplier.

Strategic Goal 3 - Effectively Organized Canton

1. Building a network of recycling yards and waste transfer stations in the cities and municipalities of WHC

The aim of the project is to prepare project documentation and create preconditions for further investments in the development of recycling yards and waste transfer stations, as well as green islands in municipalities and cities, and separate waste collection. The project refers to drafting necessary documentation, which includes: preparation of a feasibility study, preparation of technical documentation, preparation of project proposals for application to external sources of funding, etc.

The estimated value of this project is BAM 100,000, of which about 50% is planned to be allocated from own funds, and 50% of funds are planned to be provided from external sources. External funds will be provided through applications for open calls and tenders from external funding programs.

2. Preparation of a study on the founding of protected areas in WHC

The project is aimed at creating preconditions for sustainable management of natural heritage and protected areas in WHC, defining specific areas of protection and enabling sustainable and responsible development of these areas.

The estimated value of the project is BAM 50,000, of which 25% is planned to be allocated from own funds, and 75% from external sources. Funds from external sources will be provided through applications for open calls and tenders of external funding programs.

3. Development of a strategy for the development and maintenance of public roads in the area of WHC

The aim of the project is to create a strategic framework for maintenance and management of roads in WHC and to identify detailed measures and projects in order to further connect and integrate WHC.

The estimated value of the project is BAM 30,000, and 75% is expected from own funds, while 25% of funds are expected from external sources. External funds will be provided through applications for public calls and tenders for external funding sources.

4. Creating a register and digitization of cultural and historical heritage

The aim of the project is to create presumptions for the preparation of project documentation for other projects, protection of the sites, and promotion and management of cultural and historical heritage sites.

The estimated value of the project is around BAM 30,000, and the project is planned to be realized from own funds in the amount of 50% and external sources in the amount of 50%. External funds will be provided through applications for public calls and tenders from external funding programs.