

BRIEF FINAL PROJECT REPORT AND KEY LESSONS-LEARNED

Project Title:	Via Dinarica: A Platform for Sustainable Tourism Development and Local Economic Growth (Phase II) Award ID 00107283 Output ID 00107611
Country:	Bosnia and Herzegovina
CPD Outcome	Outcome 1. By 2025, people benefit from resilient, inclusive and sustainable growth ensured by the convergence of economic development, and management of environment and cultural resources.
Brief description of context	Bosnia and Herzegovina is an upper middle-income country in southeast Europe with a population of 3.5 million. Accession to the European Union (EU) is an overarching priority. However, over two decades after the signing of the Dayton Peace Agreement, EU accession is constrained by limited reform progress and frequent institutional and political deadlocks that hamper public sector performance and weaken citizens' trust in government. While the country has been living in peace for the past 25 years and has made considerable progress, significant efforts are still needed to achieve true reconciliation and turn resolutely toward better future for all citizens. The human development and economic development trends show vulnerability. The 2020 Human Development Index was 0.780, placing the country in the high human development category. Of critical importance, the population is shrinking and ageing. Out-migration is an urgent challenge, representing a loss of young people and skilled workers upon which future sustainable development will depend: two million citizens of Bosnia and Herzegovina are currently working or residing abroad¹ – the highest share in the Western Balkans². The 2020 - 2021 COVID-19 pandemic has severely affected the country development, economy and society. The crisis affected unemployment, which was already high at 15.7%³ (particularly among young people - 47.3%), as well as aggravated the situation for a large proportion of the population, especially the elderly and the socially excluded, who are trapped in hand-to-mouth existence, with some 18.9 % estimated to be living below the income poverty line.⁴ The annual economic growth of Bosnia and Herzegovina ranged from 3.1% to 3.5 % between 2016-2019⁵ and decreased by 4 % in 2020 due to the COVID-19 crisis. The economy displays a high level of carbon and energy intensity. Gradually, Bosnia and Herzegovina's development agenda will be shifting towards sustainable and inclusive growth with the adoption of the SDG Framework for Bosnia and Herzegovina 2030. Sector-specific context and analysis Bosnia and Herzegovina has unique historical and cultural heritage, as well as one of Europe's most rich natural landscapes. The country is enigmatic for many international tourists, safe and reachable by car or with short flights from major European destinations, at prices that make the country one of the Europe's best-value destinations. Bosnia and Herzegovina is most intriguing for its <i>East-meets-West</i> aura, stemming from blended Ottoman and Austro-Hungarian legacy, its breath-taking natural beauties, and well-preserved tradition and culture. Over the last several years, Bosnia and Herzegovina has

¹ Ministry of Security of Bosnia and Herzegovina, migration profile, 2018.

² *Trends in International Migrant Stock: The 2017 Revision*, the United Nations, 2017.

³ 2019 labour force survey, Agency for Statistics of Bosnia and Herzegovina.

⁴ *Human Development Report: Beyond income, beyond averages, beyond today: Inequalities in human development in the 21st century*, UNDP, 2019.

⁵ World Bank, country report for Bosnia Herzegovina, 2019.

	been affirmed as a desirable global destination, with steadily growing number of visitors and tourists.⁶ Tourism sector is among the fast-growing industries in the country, which has the potential to significantly contribute to sustainable growth and quality of life in rural areas. The direct contribution of travel and tourism to the Gross Domestic Product (GDP) in 2019 was 9.3 % of the total economy (US\$ 1.82 billion), while its contribution to the employment in the country accounted for 9.6 % of the total employment (or 79,100 jobs). In 2019, the country had the third-highest tourism growth rate in the world.⁷ At the same time, the tourism sector has a high climate and environmental footprint, requiring heavy energy and fuel consumption and placing stress on land systems. However, in 2020, the COVID-19 pandemic has decreased tourism revenues by more than 85.6 %, reduced the number of international tourists by nearly 70 % and the number of overnight stays by 79.9 % compared to 2019⁸ and disrupted the sector's development. A decade of positive economic growth and development of the tourism sector in Bosnia and Herzegovina has been almost completely shattered by the COVID-19 pandemic in less than a year. Families and small rural businesses that ⁹invested their life savings to welcome tourists now face the threat of losing everything. Responding to these challenges, tourist agencies and service providers have identified a life-saving opportunity in re-channelling the country's tourism potential towards the domestic and regional market. This shift was driven by the fact that in the new COVID-19-imposed reality, majority of tourists opt for driving or short-flight distance destinations, primarily such that offer relaxation and activities in healthy natural environment, i.e. - Via Dinarica type of tourism offers. When compared to the same period in 2020, there is evident trend of increased number of tourists in the first half of 2021, indicating that recovery of the tourism sector is slowly picking up. In the period January - May 2021, tourists made 240,433 visits to Bosnia and Herzegovina, which is an increase of 29.1% and 557,667 overnight stays, which is an increase of 23.5% compared to the same period in 2020. Noteworthy, the number of overnight stays of domestic tourists increased by 93.0%, while the number of overnight stays of foreign tourists decreased by 18.6% compared to the same period in 2020. The share of domestic tourists in the total number of overnight stays is 58.9%, while the share of foreign tourists is 41.1%.¹⁰ Although a full recovery of the tourism sector will take several years, it is evident that the process has already commenced, while the crisis can provide an opportunity for Bosnia and Herzegovina to address some structural challenges and tap into opportunities to make a lasting shift towards sustainable tourism development. UNDP is interested to support such demanding transformation by supporting such transition particularly along the Via Dinarica trails in the country, with focus on rural areas.
Brief description of project	The project sought to further economic development opportunities in Bosnia and Herzegovina by supporting sustainable nature-based tourism development. To this end, the Project advanced the Via Dinarica concept as a mechanism connecting cultural, historical, and natural resources, working in partnership with relevant institutions and other stakeholders, and contributing to improved livelihoods and economic growth, particularly for rural communities along the trails in Bosnia and Herzegovina. These have been achieved through the following outcomes: Outcome 1: Via Dinarica further affirmed and sustained as a safe internationally recognized tourism brand, Outcome 2: Via Dinarica as a tourism platform offering economic development opportunities for local communities. While working with a wide range of institutional stakeholders, main Project partners were the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, Ministry of Environment and Tourism of the Federation of Bosnia and Herzegovina, Ministry of Trade and Tourism of Republika Srpska, as well as the 9 partner local governments selected based on the open call, out of the Local Governments listed under 1.3. During the preparation of the second phase of the project, the Local Project Appraisal Committee (LPAC) meeting was held on January 31st, 2018, where UNDP consulted relevant ministries before formal negotiation with potential donors. The members of the LPAC were informed that the interest for financing the new phase of the project was expressed by the

⁶ United Nations Conference on Trade Development, [General Profile: Bosnia and Herzegovina](#), online factsheet, 2018.

⁷ World Travel & Tourism Council, Bosnia and Herzegovina 2019 Key Data, 2020.

⁸ Agency for Statistics of Bosnia and Herzegovina, [Tourism](#), December 2020.

⁹ [Can tourism survive a post-COVID world?](#), UNDP, Istanbul regional Hub, August 2020.

¹⁰ Agency for Statistics, Bosnia and Herzegovina, Business statistics, tourism cumulative, January – May 2021.

	Italian Agency for Development Cooperation (AICS), for which a project proposal worth EUR 1.2 million was prepared. The Project structure included the Project Board as the main steering mechanism and the decision-making authority, responsible for the Project management oversight. The Project Board reviewed and endorsed annual work plans, supervised the implementation progress, and authorized any major deviation therefrom. It provided strategic guidance, as well as gave final approval to selected strategic and operational issues. Members of the Project Board were representatives of the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, the Ministry of Environment and Tourism of the Federation of Bosnia and Herzegovina, the Ministry of Trade and Tourism of Republika Srpska, AICS and UNDP. UNDP served as the secretariat to the Project Board, responsible for sending out invitation for Project Board meetings, preparing meeting agenda and materials, as well as meeting minutes. As most of the Project implementation was carried out during the COVID-19 pandemic besides through standard type of meetings, the members of the Board regularly receiving updates, in an online/e-mail format, on the achieved results in the previous period and activities planned for the next period, including information on the response to the challenges imposed by COVID-19 and much needed adaptation of the project activities to the new situation. This also refers to the new grant schemes, training for tourism service providers and promotional activities, primarily the preparation of a virtual fair presentation and open air-fairs/road show, the organization of voluntary actions and joining the ongoing initiative “Odmori u BiH”, in the form of popularization of Via Dinarica destinations through an intensive promotional campaign and co - financing of Via Dinarica packages, to help Via Dinarica beneficiaries overcome the crisis caused by the COVID - 19 pandemic more easily.
Key project results and successes	As a tourism-oriented project, Via Dinarica faced a number of challenges in the implementation related to COVID-19 outbreak and consequent restrictions of movement, a sharp decline of tourism activities, and impact to collecting the public budgets of the LGs providing their own co-funding. However, despite the COVID-19-related obstacles and difficulties elaborated throughout this report, Via Dinarica managed to adjust its approach and achieve the set objectives. Local financial contribution, including higher level government's (FBiH Ministry of Environment and Tourism) and 18 partner LGs' (9 supported by AICS Grant funds and 9 supported by USAID Grant funds) amounted to over 730,000 USD to the Via Dinarica project funding. Over 550 km of new Via Dinarica trails were marked by Terra Dinarica, a field partner, working in partnership with local mountaineers. Despite the above-mentioned challenges, Via Dinarica trails and tourism locations along remain the major magnet for the tourists. It is therefore of utmost importance to keep maintaining and developing the Via Dinarica trails in BiH. The capacities of Terra Dinarica were strengthened through a capacity building programme and thus basic infrastructure was put in place for Via Dinarica Support Centre led by Terra Dinarica to provide for sustainability of the Via Dinarica initiative. A comprehensive consultation process was facilitated by the project that included a wide range of actors – partner ministries at the state and entity levels, partner LGs, beneficiary mountaineers and other nature-based tourism service providers, and mountaineering associations at the BiH, FBiH and RS levels on Via Dinarica Support Centre role and format. Through a public funding scheme to diversify and enhance tourism offer along Via Dinarica trails, the Activity supported 17 nature-based tourism service providers with grants across the Via Dinarica area. The value of grants was approximately 7,500 to 10,000 USD (13,000 to 17,000 BAM) and included a requirement of 15% co-financing by the grantee. A pilot activity of integrating domestic traditional products in Via Dinarica tourism offer was launched, and through the second public funding scheme, further 8 producers and processors and 3 sales point of traditional products were supported with grants within the seven value chains: honey, herbs, forest mushrooms, forest fruits, traditional handicrafts, fruit, and fruit products. The value of grants was approximately 3,000 to 4,500 USD (5,000 to 7,500 BAM) and included a requirement of 15% co-financing by the grantee. To complement the grants, the beneficiaries received technical assistance for improving business performance. All beneficiaries selected within the public funding scheme to support integration of domestic traditional products in Via Dinarica tourism offer in BiH were offered technical assistance that included: technical assistance for introduction of sound business practices for farm management and the SMEs (Small and Medium Enterprises), facilitating creation of linkages among farmers, buyers (SMEs) and the end consumers, providing technical assistance to the SMEs on possible improvements in business practices with a focus on the adoption of market requirements; proposing connections between value chains and the relevant markets that will offer value chain products in the urban areas too and ensure their placement and presence at the wider market.

	Finally, all beneficiaries within both grant schemes were offered technical assistance in the form of guidance, advice and training that included principles of nature-based tourism, including environment preservation; tourism product development based on local resources; ways and methods to provide better service to tourists; development of business plans; tourism product development strategies – partnerships, resources, and market access, effectively communicating one's tourism products – use of social media and digital marketing, and transfer of good practices related to COVID-19. The worldwide outbreak of COVID-19 brought the world to a standstill, and tourism was one of the worst affected of all the economic sectors. This crisis also has implications on tourism in Bosnia and Herzegovina as well, whereby many businesses have been faced with the big decrease in income, while thousands of jobs in this sector have come under a risk. The project target was to generate retain/create 25 jobs (part-time/seasonal) as a result of the Project assistance. Through public calls on Enhancing tourism offer and services along the Via Dinarica trails in Bosnia and Herzegovina, approved applicants (grant and technical assistance beneficiaries) committed to generate retain/create 29 jobs (part time/seasonal). Until completion of this report, beneficiaries provided written confirmation/proof for creation of a total of 10 direct full time / part time or seasonal officially registered jobs. Out of the 10 jobs, 7 or 70% are for women. Further 6 full time jobs were officially reported in writing as retained. Out of the 6, 4 retained full time jobs or 66% are for women. In total, 16 full time/part time jobs were created/retained. Out of that, 11 or 69% are for women. A total of 20,236 visitors/tourists visited beneficiary Via Dinarica tourism service providers in 2020, and the proportion of foreign tourists was a modest 20%. That number grew to 39,979 in 2021, which is a 98% annual increase. The proportion of foreign tourists grew in comparison with the previous year to 27%. Beneficiary Via Dinarica tourism service providers reported a total of 452,202 BAM of sales in 2020. That figure increased to 732,580 BAM in 2021, which is a 62% annual increase. The data are consistent with the overall figures at the national, BiH level, presented in the introduction chapter of this report. When the beneficiaries of the USAID-funded complementary Via Dinarica project are added, the calculation is as follows: a total of 120,372 visitors/tourists visited the Via Dinarica beneficiary tourism service providers in 2020, and the proportion of foreign tourists was 18%. That figure grew to 199,035 (adding to a reference value, it amounts to 409,407), which is a 65% annual increase. The proportion of foreign tourists grew in comparison with the previous year to 23%. Within the partnership with the LGs, 9 small-scale infrastructure projects supporting nature-based tourism development were implemented in the 9 partner LGs, with a total value of over 250,000 USD, and include Arrangement of the picnic area Seget in Tomislavgrad, Improvement of the mountain lodge Klekovača on mountain Kozara, Reconstruction of the local road to village Izgori, etc. Average value of individual project was ca. 20,000 USD. To ensure quality tourism experiences, it was essential to organize network of information hubs along the trails. Thus, 3 Via Dinarica information, promotion and service hubs in Bosnia and Herzegovina were established, located in Blidinje Nature Park, Sutjeska National Park, and Mountain Lodge "Vrela", Tušila on Treskavica Mountain. Along with the execution of works on arranging and equipping hubs, staff capacities were improved through the organization of several trainings for staff who engaged in Via Dinarica hubs. The hubs are now reconstructed, adapted, and equipped for providing information, equipment, accommodation, food, local products, guides, parking, and other necessities to tourists with the staff trained for providing services on Via Dinarica trails. In 2020, Via Dinarica partnered with the Odmori u BiH initiative to raise the interest of domestic market for Via Dinarica and help preserve businesses operating under the umbrella of Via Dinarica that were challenged by the COVID-19 pandemic. From September to November 2020, Odmori u BiH initiative (run by Sarajevo Navigator) created and placed on the market 15 two- and three-day integrated Via Dinarica tourism packages along the three main Via Dinarica trails in BiH, involving 11 beneficiary tourism service providers. 40 vouchers were made available on the www.odmoriubih.ba platform to BiH citizens, with a discount of 200 BAM per voucher, and all 40 vouchers were sold by November 2020. Packages are available under the Via Dinarica filter on the Odmori u BiH web site, and the number of available packages varies by the season, as Odmori u BiH finds most relevant and attractive for the tourism market. Additional 6 new tourism packages/tours were created by Via Dinarica beneficiary tourism agencies/tour operators throughout the project implementation, and they are all still available online. Adjusting its approach to the new COVID-19 pandemic related circumstances, Via Dinarica participated in virtual ITB Berlin, the world's leading travel trade show in March 2021. The 2021 ITB edition was completely online due to COVID-19 pandemic. A Via Dinarica online profile was created, containing promotional videos and publications that included the 95 Via Dinarica beneficiaries from both Activity phases in BiH along the three main Via Dinarica trails – the White, the Green and the Blue. Via Dinarica ITB Profile was
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	linked to the Via Dinarica Outdooractive web platform, which promoted the entire region as a nature-based tourism destination. Additionally, 6 Via Dinarica Open Air Fair/Road Shows were organized across BiH in summer 2021. Via Dinarica Open Air Fair gathered and directly engaged hundreds of people on the spot in Sarajevo, Zenica, Tuzla, Bijeljina, Mostar and Banja Luka. Hundreds of thousands of people were reached in the campaign via mainstream and social media as well. Via Dinarica Open Air Fair gathered many Via Dinarica users and service providers, institutions and governments' representatives, NGOs (non-governmental organizations), and other stakeholders from the tourism sector in the 6 major cities across Bosnia and Herzegovina. Video: VIA DINARICA OPEN- AIR FAIR - YouTube. Prior to the pandemic outbreak, Via Dinarica was also presented at 2019 Sarajevo and Mostar tourism fairs. Cumulatively, over 3 million people were reached through presentation of Via Dinarica at domestic and international fairs. At the conference "Via Dinarica - Green and Sustainable Growth Trails" held in Sarajevo on 14 December 2021, to mark the completion of the second phase of Via Dinarica project, participating institutional governmental and LG partners, donors, beneficiaries, and main regional stakeholders unanimously confirmed their commitment to further support the Via Dinarica initiative. As testified by the main partners at the conference, the importance of Via Dinarica is that it did not only provide financial resources to its beneficiaries; with the support of Via Dinarica, one becomes a part of the wider regional network for sustainable tourism development under the recognizable, internationally affirmed brand. Video: Via Dinarica - Staze zelenog i održivog razvoja / Via Dinarica - Green and Sustainable Growth Trails
Project shortcomings and solutions	Shortcoming: Tourism sector, being in the focus of the Via Dinarica project, was amongst the most affected by the Covid-19 pandemic. Response: The project needed to react promptly and to develop a mitigation plan and to adjust some activities to the new circumstances. New measures in accordance with the COVID-19 prevention policy have been introduced. These included appropriate physical distancing, working in pairs and smaller groups, more stringent hygiene measures, and obeying any other measures where applicable. Starting from March 2020, many activities were implemented online or in a digital manner including meetings, info days, consultations and guidelines, promotion, etc. Whenever and whenever possible, smaller group and/or outdoor events have been organized instead of initially planned indoor events (fairs, networking events, trainings, etc.). Shortcoming 2: The outbreak of Covid-19 had a profound effect on the LGs and their budgets. Out of the initially selected 20 partner LGs, 18 remained committed to partnership within Via Dinarica project and further development of nature-based tourism in their respective areas. Activities in the nine (9) LGs have been co-funded by USAID Via Dinarica (Output 1) and another nine (9) by complementary AICS-co-funded Via Dinarica (Output 2). Covid-19 pandemic has caused problems in collecting the funds to fill the public budgets throughout BiH. The municipality of Stari Grad Sarajevo (USAID co-funded) had given up on the partnership earlier due to their budget deficit, as it relied heavily on incomes from tourism and craftsmanship, which had been virtually non-existent due to pandemic. Response 2: To respond to the effects of belated provision of pledged LGs' co-financing, the project team published and implemented three public calls for applications to enhance tourism offer and services and two public calls for applications to integrate traditional domestic products in the Via Dinarica tourism offer in the partner LGs in BiH throughout 2020 and 2021. The calls for proposals included additional criteria related to job retention, and introduction of hygienic, health and safety measures.
Lessons learned	Lesson 1: Via Dinarica outdoor tourism offer needs a stronger promotion at the national, BiH, and regional, Western Balkans, levels. Despite the challenges that the sector of tourism has faced due to pandemic, the niche of outdoor, nature-based tourism supported through Via Dinarica initiative opened new opportunities for the promotion of Via Dinarica sites as safe locations not only internationally, but also nationally (BiH) and regionally (Western Balkans) for the benefit of the direct beneficiaries. Lesson 2: Further promotion and affirmation of Via Dinarica brand is needed amongst the local populations. Via Dinarica gains its attractiveness from the local populations, traditions, memory of generations. Further support is needed for the initiative since that is exactly what attracts and enchants tourists and visitors. The local populations need to know what Via Dinarica is and embrace it as their own, as the backbone of development and a chance for a better life through sustainable tourism, because without the support of the local populations the Via Dinarica cannot move forward. Lesson 3: Further support to creation of integrated Via Dinarica tourism packages is needed. The next logical step is the strengthening of capacities of local tourist agencies

	that develop and sell such packages and connecting them with the international tour operators to sell Via Dinarica packages in Europe and worldwide. The best option is to connect tourism service providers into a network that creates new tourism arrangements under the Via Dinarica brand, with a unique message to the market. A good example from this phase of the project is the sale of tourism packages in cooperation with the " Odmori u BiH " platform with a voucher system that encouraged tourists to enjoy the Via Dinarica tourism offer .
Follow-up Actions	A concept note: <i>Sustainable tourism for green growth in Bosnia and Herzegovina - Prioritising sustainability in restarting tourism along the Via Dinarica trails</i> was prepared by UNDP CO BiH and submitted to AICS in August 2021, as AICS expressed an interest to consider supporting next phase of Via Dinarica project. AICS and UNDP signed a Financing Agreement in March 2023 for the implementation of the Via Dinarica Project Phase III in the amount of 1.5 million EUR.

Project Information									
Award ID:	00107283								
Output ID:	00107611								
CO Focal Points:	Božena Kaltak, Via Dinarica Project Manager								
Partners:	The Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, Ministry of Environment and Tourism of the Federation of Bosnia and Herzegovina, Ministry of Trade and Tourism of Republika Srpska, as well as the 9 partner local governments be selected based on the open call: Bosanski Petrovac, Jablanica, Konjic, Mostar, Mrkonjić Grad, Posušje, Rudo, Sokolac, and Teslić.								
Project resources:	<table> <tr> <td>Total budget:</td><td>USD 2,000,910.10</td></tr> <tr> <td>AICS:</td><td>USD 1,165,000.85</td></tr> <tr> <td>UNDP:</td><td>USD 100,150</td></tr> <tr> <td>Government of BIH:</td><td>USD 735,759.25</td></tr> </table>	Total budget:	USD 2,000,910.10	AICS:	USD 1,165,000.85	UNDP:	USD 100,150	Government of BIH:	USD 735,759.25
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Report prepared by:	Božena Kaltak, Project Manager								
Date:	31.12.2024.								