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CASE STUDY

Beyond the Certificate:

How BFC Transforms Local Administrations
in Bosnia and Herzegovina

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Overview and Key Findings

This case study asks a single question: when local administrations engage with the Business Friendly Certification South East Europe programme (hereinafter: BFC), does it generate lasting institutional change or does it produce compliance on paper? The answer, drawn from the programme and local administration's data and semi-structured interviews with officials across six local government units (LGUs) in Bosnia and Herzegovina (BiH), depends less on the framework itself and more on how it is used.

These are the **six key takeaways**:

1. Where LGUs engage seriously with the framework, BFC supports genuine improvements in internal coordination, procedural clarity, and public–private dialogue.
2. The depth of change depends above all on leadership — where mayors treat BFC as an organisational reform rather than an administrative task, change tends to be systemic, aligning strategy, budget, and administration into a coherent whole.
3. Distributed ownership matters as much as leadership — when process knowledge is held by one person, it leaves the administration when they leave; when it is shared across departments, it stays.
4. LGUs that embed BFC practices continuously between evaluation cycles — rather than intensifying effort only before each assessment — consistently produce more durable results.
5. Resource constraints are not a barrier — what determines results is how well existing capacity is organised, not how much of it there is.
6. Observed improvements in employment, exports, and revenues point in a consistent direction, but should not be read as proof of direct impact — BFC is one contributing factor among several, alongside market conditions and broader macroeconomic trends.

The BFC programme establishes a common regional standard for local governance of economic development. In BiH, 34 municipalities and cities (around 24% of all local governments) have obtained the certificate at least once; 21 of them have gone on to recertify, a clear signal of sustained institutional engagement. Three of these, Prijedor, Gradiška, and Žepče, are examined here as illustrative cases, chosen because they represent different starting conditions, leadership approaches, and organisational models.

For decision-makers considering BFC, whether as local officials, donors, or development partners, the key implication is this: the framework delivers most where it is treated as a long-term investment in how an institution operates, not as a short-term project with a defined end date. The LGUs that have gained most are those that have stayed in the process, reflected on what they learned, and used each certification cycle to go further than the last.

Governance Context: Why Local Administration Reform is Not an Easy Task

Local governments are responsible for the administrative functions that impact businesses and investors: construction permitting, spatial planning, local fee structures, and day-to-day engagement with firms seeking to expand or locate. How well they manage these functions varies considerably across the country. International assessments, including OECD's governance analysis of the Western Balkans¹ and the 2025 European Commission progress report on Bosnia and Herzegovina², consistently identify weaknesses in strategic planning, cross-departmental coordination, and service delivery at the local level as continuing constraints on the business environment.

¹ OECD (2020), Government at a Glance: Western Balkans, OECD Publishing, Paris, <https://doi.org/10.1787/a8c72f1b-en>

² https://enlargement.ec.europa.eu/bosnia-and-herzegovina-report-2025_en

What these assessments often overlook is the deeper institutional logic behind these issues. Three patterns appear consistently. First, departments work in silos: decisions requiring cross-departmental action are slow and unpredictable, not because of bad intent, but because no shared procedures or coordination mechanisms exist. Second, critical knowledge is held by individuals rather than systems, so when those people leave, institutional knowledge goes with them and progress stalls. Third, local development strategies exist on paper but are rarely used to guide budgeting or operational decisions. These patterns indicate structural problems: the absence of systems, procedures, and incentives that would make coordinated and evidence-informed governance the norm.

BFC addresses these directly. It introduces a structured external reference point: **standardised criteria, independently verified evidence**, and **recertification cycles** that incentivise local administrations to review their own procedures, coordinate across departments, and build the documentation practices that turn individual knowledge into institutional memory. The three case studies that follow later in the document illustrate how this plays out differently in Prijedor, Gradiška and Žepče.

What is BFC and Where Does It Fit

Put simply, the [BFC programme](#) asks a local government to demonstrate — through documentation and independent evaluation — that it meets a set of concrete standards for how it operates, giving it a methodology, external support, and a benchmark against which to measure progress.

Launched in 2012 by the [National Alliance for Local Economic Development \(NALED\)](#) in Serbia it is now active across seven countries in the region: Bosnia and Herzegovina, Serbia, Croatia, North Macedonia, Montenegro, Albania, and Kosovo³ and **more than 125 local governments have participated so far**. In BiH, the programme is coordinated by two entity-level Technical Secretariats: [Regional Development Agency for Herzegovina \(REDAH\)](#) in the Federation of Bosnia and Herzegovina (FBiH) and [the Chamber of Commerce and Industry in Republika Srpska \(CCIRS\)](#). Their role is central to how the programme performs. Beyond coordination, they shape how local governments experience BFC through the quality of guidance, the relationships they build, and their outreach efforts. In Republika Srpska, for example, CCIRS actively promotes certification through info days and award ceremonies, which increases visibility and encourages participation. The evidence shows that when Secretariats are well resourced, engaged, and trusted, uptake increases and implementation becomes more effective.

BFC has **10 criteria and 62 sub-criteria**, covering areas from strategic planning, organisational capacity for economic development, public-private dialogue, construction permitting, investment promotion, cost predictability, labour market engagement, entrepreneurship support, environmental management, to digitalisation of administrative procedures. An LGU must meet **at least 75% of the criteria** to be certified. The certificate is valid for three years, after which recertification is voluntary.

What's interesting is that the real impact of the certification goes beyond just checking the boxes, it's about going through the process itself. Preparing for BFC forces administrations to review how they work, document what they do, coordinate across departments, and engage with businesses in a structured way. For many local governments, this is the first time they have done these things systematically.

***“BFC is like a blood test for a local government
— it signals what is healthy and working well, and what requires attention.”***

³ This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ opinion on Kosovo Declaration of Independence.

Each recertification asks not only whether the LGU still meets the standards, but what has been consolidated and improved since the last assessment. Across three comparable methodological editions, LGUs moved from an average of around 66% compliance at preliminary evaluation to above 88% at final verification — a pattern that suggests the process of preparing for external assessment drives change independently of whether the score meets the threshold. Of those certified at least once, 62% have chosen to recertify; the success rate is 82% in the FBiH and 100% in RS. These figures indicate that BFC functions less as a one-time benchmark and more as a continuous management framework.

The three LGUs examined in this case study entered BFC at different times, with different starting points and different levels of resources. All three made measurable improvements. Their experiences show what the framework can do across a range of institutional contexts and what conditions determine how much it delivers.

What Changes in the Work of the Administration

The changes that BFC produces are not primarily visible in certification scores. They are visible in how the administration works day to day: how a business request is handled, how departments communicate with each other, whether a procedure has a defined timeline, whether the person responsible for investor support is reachable and informed.

Before sustained BFC engagement, most of these things operated informally — departments worked to their own rhythms with little coordination; dialogue with the private sector was occasional and informal, with no structured mechanism for following up; and the local development strategy, if it existed, played no real role in guiding budgets or operational decisions.

After sustained BFC engagement, the picture shifts. Procedures are written down and shared. Departments coordinate through regular joint processes rather than working in parallel. Dialogue with the private sector happens through a structured forum, e.g. Local Economic Council, with documented follow-up — they become a partner in shaping local decisions. The local development strategy is connected to annual budgeting. Investor services run through a defined internal route with clear timelines and a named contact point. But, none of this happens automatically. It requires deliberate effort from the administration, but BFC creates the recurring “pressure” and the structured framework that makes it more likely to happen and to stick.

A concrete example from Žepče illustrates what this looks like in practice.

*The introduction of BFC-driven procedural reforms in Žepče transformed construction permitting from a slow, unclear process into one of the fastest in the region. **Building permits are now issued within eight days of receiving a complete application, against a legal deadline of fifteen days — a 47% reduction.** The change required no additional staff and no significant investment. It required clarity: who does what, in what sequence, by when. Once that was established and documented, processing time dropped.*

The exact depth of change varies across LGUs and three factors consistently determine how far it goes. Where leadership treats BFC as an organisational reform rather than an administrative task, improvements tend to be systemic — connecting strategy, budget, and departments into a coherent whole. Where BFC responsibilities are distributed across departments rather than concentrated in one person, the gains prove more durable; and where administrations maintain their BFC practices between evaluation cycles rather than ramping up only before each assessment, the improvements accumulate rather than reset.

Key Institutional Effects Across Certified LGUs

The following table lays out changes in day-to-day administrative practice and how these changes add up to at the institutional level — the broader effects that accumulate when a local government engages seriously with BFC across multiple cycles. Although these five effects appear most consistently, they are not guaranteed outcomes, and their depth varies with the conditions described earlier.

The Typical Before-and-After Pattern

AREA OF CHANGE	BEFORE	AFTER
Standardisation of procedures and department coordination	Procedures exist informally, they are not documented and shared. Departments work to their own rhythms with little lateral communication. Cross-cutting tasks, such as handling an investor request or issuing a complex permit stall because no one owns the whole process.	Key procedures are written down, assigned, and accessible to all relevant staff. Departments coordinate through regular joint processes. Cross-cutting tasks move predictably from one stage to the next because responsibilities are clear and timelines are set.
Structured public-private dialogue	Contact with the business community is ad hoc — occasional meetings that show good will but rarely produce decisions. Business input is heard but not recorded, followed up on, or reflected in policy. The private sector is an audience, not a partner.	Dialogue happens through a formal mechanism, e.g. Economic Council, with defined membership, regular meetings, and documented outcomes. Business proposals enter a process that leads to decisions. Commitments are tracked and followed up.
Predictability of the local business environment	Businesses and investors have limited reliable information about what a local procedure involves, how long it takes, or what it costs. The answer often depends on who they speak to. Unpredictability discourages investment and erodes trust in the administration.	Information on procedures, timelines, and fees is publicly available and consistent. Processing times are defined and met. Local businesses and investors know what to expect before they engage, and what they are told reflects what actually happens.
Alignment of strategy, budget, and action	A local development strategy exists on paper but plays no practical role in budgeting or operational decisions. Annual plans are compiled as administrative exercises. The gap between stated priorities and actual resource allocation is wide and rarely examined.	The development strategy is used as a live reference point. Budget decisions are tested against strategic priorities. Departmental plans reflect shared goals rather than individual departmental logic. The administration can explain why it is doing what it is doing.
Readiness for projects and partnerships	Applications for international projects are weak because the administration cannot demonstrate organised processes, reliable data, or a coherent development strategy. Opportunities are missed not for lack of ambition but lack of institutional evidence.	The LGU can present documented procedures, evidence of public-private dialogue, and a strategy connected to budgets and actions making them a more credible partner for external programmes. Gradiška's ability to secure over BAM 35 million in donor-funded projects over eight years reflects this shift directly.

That said, the evidence points to areas where BFC certification is less consistently transformative. Labour market analysis and advanced digital tools, such as GIS-based spatial data systems show greater variation across LGUs. These are areas that require sustained analytical capacity and continued investment beyond the certification cycle. They represent the next frontier of local administration improvement, and they are where the depth of BFC engagement — particularly through multiple recertification cycles — makes the most difference.

Case Study Prijedor: Learning Over Time and Building Continuity

Prijedor is a mid-sized city in RS with a population of around 75,000⁴ and a strong industrial base. Its economy is characterised by a notable export orientation, with annual exports exceeding BAM 128 million⁵, driven primarily by manufacturing and processing industries. Within the BFC programme, Prijedor occupies a pioneering position: it was the first LGU in BiH to obtain the certificate, and the only one to have completed four full certification cycles - in 2013, 2016, 2020, and 2025. This long track record makes it an important reference point for understanding how sustained engagement with the framework shapes institutional practice over time.

Status	Edition I	Edition II	Edition III	Edition IV
Completion date:	2013	2016	2020	2025
Score	90.5%	91.5%	90%	82.89%

Table: Prijedor BFC certification status overview

Despite its years of participation in the BFC programme, Prijedor faced a common challenge among experienced LGUs: knowledge and process ownership had become concentrated in a single individual. When the original BFC coordinator departed, gaps in documentation and institutional memory quickly became visible. Departments were not working from shared systems, evidence was collected in bursts before evaluations rather than throughout the year, and the process relied on a single person to hold everything together. The most recent certification cycle returned the lowest score to date - 82.89% - not because practices had deteriorated significantly since last editions, but because the way procedures were evidenced and communicated no longer reflected what the organisation had actually built. This exposed a deeper problem: the institution had not yet embedded its practices into a shared, repeatable system.

Rather than treating the lower score as a setback, Prijedor used it as a trigger for internal reform. The administration restructured its approach to BFC implementation around shared ownership and continuous process management. An abroad team was formed, with approximately 12 staff directly involved in certification activities and up to 80 contributing indirectly across departments. The coordinator role was redefined — no longer a gatekeeper of information, but a facilitator and “*internal team captain*” responsible for monitoring, communication, and maintaining evidence throughout the year. Internal checklists were introduced, procedures were documented in a shared format, and coordination meetings were regularised. The approach moved from reactive documentation to continuous management.

BEFORE	AFTER
One person held most institutional knowledge, knowledge left with the individual when they departed	Knowledge embedded in the organisation, responsibilities are shared across approximately 12 staff members
Documentation was compiled shortly before evaluations	Evidence collected and updated continuously throughout the year
Departments contributed individually, without shared systems	Internal checklists and documented procedures in place

⁴ Cities and Municipalities of Republika Srpska, p. 82, https://www.rzs.rs.ba/static/uploads/bilteni/gradovi_i_opstine_republike_srpske/2025/Gradovi_I_Opstine_Republike_Srpske_2025_WEB.pdf

⁵ https://www.prijedorgrad.org/files/sadrzaj/S15445_SEKTORSKA%20ANALIZA%20POSLOVANJA%20PRIVREDNH%20SUBJEKATA%202021.pdf

Take investor services as an example: before BFC, a call from an investor would land with whoever picked up the phone. Today, when an investor enquiry arrives at Prijedor, it follows a clearly defined internal route. A one-stop shop for investors is in place, administrative procedures include defined timelines, and relevant departments are coordinated through a multi-stakeholder working group, including the Centre for Investors operated through the local development agency PREDA.

In addition, the Economic Council, comprising around 25 members from the private and public sectors, has become a genuine platform for co-creating local economic policy. In 2025, it led the design and pilot implementation of a financial support scheme for micro and small enterprises investing in solar energy, in response to risks associated with the EU Carbon Border Adjustment Mechanism. The expansion of this financial support scheme is planned in 2026.

The economic results reflect a city that has maintained a stable and improving institutional environment across four certification cycles. Employment grew from 13,612 in 2016 to 15,144 in 2024, while the average net salaries rose from BAM 791 to BAM 1,317. The city revenues more than doubled, from BAM 37 million in 2016 to BAM 81.3 million in 2024. Export performance, already strong at the outset, reached BAM 128.6 million by 2020. These figures cannot be attributed to BFC directly – they reflect broader structural and macroeconomic conditions. However, what BFC has shaped is the institutional environment within which economic activity takes place. Annual investments in Prijedor exceed BAM 110 million, but in the words of the Prijedor interviewee, certification does not bring investors to the door, but it means that when they arrive, they find transparent procedures, defined services, and an administration that behaves like a serious partner.

THE KEY TAKEAWAY BFC works best when it becomes part of how the municipality or city operates, not a one-off project. Prijedor shows that continuity and shared ownership matter more than individual expertise. **When knowledge lives in systems and is distributed across the organisation, the institution becomes more resilient and more capable of learning from its own experience across successive certification cycles.**

Case Study Gradiška: Leadership and System-Wide Institutional Change

The City of Gradiška is a mid-sized LGU in RS with a population of around 45,000⁶, officially designated as a city in 2018. It holds a strategically important position as a border city with an international crossing point into the EU through Croatia, a factor that shapes its economic profile and its exposure to EU market dynamics. Gradiška entered the BFC programme in 2017, during a period of political transition and administrative renewal. It has since completed three certification cycles, achieving the highest progression of any LGU in BiH in 2025.

Status	Edition II	Edition III	Edition IV
Completion date:	2017	2020	2025
Score	88.6%	96.33%	98.47%

Table: Gradiška BFC certification status overview

⁶ Cities and Municipalities of Republika Srpska, p. 76, https://www.rzs.rs.ba/static/uploads/bilteni/gradovi_i_opstine_republike_srpske/2025/Gradovi_I_Opstine_Republike_Srpske_2025_WEB.pdf

When Gradiška first entered the BFC process, the administration was characterised by fragmented ways of working. Departments operated largely in isolation, with limited cross-departmental coordination and no shared strategic framework connecting day-to-day decisions to longer-term development priorities. As noted by a member of the BFC team, “*the biggest challenge was how the administration was organised.*” There was also initial resistance within the administration to the transparency and coordination demands of the BFC process. The local development strategy in place had not been developed according to an adequate strategic planning methodology and was not used as a practical guide for decisions. Without a system for aligning strategy, budget, and administrative action, the administration struggled to work as a coherent whole.

The turning point came with strong backing from the newly elected mayor who recognised BFC not as a compliance exercise but as a vehicle for reforming how the city was managed. With leadership actively supporting the process, the administration undertook a broader reorganisation. A new local development strategy was prepared with UNDP support, replacing the previous document with one grounded in sound strategic planning methodology. Procedures were formalised and standardised across departments and cross-departmental coordination was institutionalised through regular joint working arrangements, or in the words of the interviewee “*Gradiška went from fragmented administrative work to a formal cross-department coordination model.*” BFC acted as the trigger and the framework, providing the structure within which the reform ambitions could be operationalised. Critically, what distinguished Gradiška was that the administration did not stop at formal compliance: leadership encouraged teams to use the strategic thinking embedded in BFC to address structural weaknesses in the city’s economy and governance.

BEFORE	AFTER
Departments worked in isolation, limited coordination	Cross-departmental coordination institutionalised as standard practice
Strategy not connected to budgeting or daily decisions	Strategy, budget, and activities aligned in a single management system
No shared methodology for development planning	Knowledge embedded in the organisation rather than individuals
The main business zone is almost empty.	The business zone now hosts 27 companies; BAM 35m+ in donor projects secured.

Two concrete examples show the depth of systemic change. First, the city developed the [Digital Gradiška Strategy 2031](#), defining four strategic priority areas and over 30 digital transformation measures, including integrated digital registries, a data management platform, and digital monitoring systems for public services. Second, recognising a gap in local research and development capacity, Gradiška established one of the first Research and Development Centres for the wood sector in BiH. Opened in 2021 and financed through EU4Business, the Centre supports MSMEs in wood processing and furniture through 3D modelling, digitalisation, prototype development, and design assistance. Both initiatives arose from the systematic assessment that BFC certification encouraged and neither would have emerged without the strategic mindset it helped install.

Gradiška’s structured and strategic approach was triggered by the BFC requirements but extended beyond them. For instance, at the start of the BFC process, the main business zone was described as “*almost empty*” and today it hosts 27 companies. Over roughly eight years, the city also secured more than BAM 35 million in donor-funded projects, with an estimated 30-40% obtained through proactive outreach to development partners, reflecting a more outward-looking approach to local development.

The economic results seem aligned with the change. Employment grew from 9,028 in 2016 to 11,129 in 2024, average net salaries rose from BAM 789 to BAM 1,349, and annual exports increased from BAM 210 million to BAM 468 million. City revenues more than doubled — from BAM 23.7 million to BAM 56.5 million.

THE KEY TAKEAWAY Leadership is what determines whether BFC produces incremental compliance or genuine transformation. In Gradiška, the mayor’s commitment created conditions for systemic change, aligning administration, strategy, and budget into a coherent whole. The biggest gains came not from meeting formal certification requirements, but from using BFC as a starting point for going further. **Where leadership is present and ownership is genuine, the framework becomes a tool for building an institution that works as a system.**

Case Study Žepče: Dialogue and Efficiency with Limited Resources

Žepče is a mid-sized municipality in the FBiH, with a population of approximately 29,000⁷. It operates with limited administrative capacity and modest financial resources relative to larger municipalities in the region. A distinctive feature of its institutional model is the central role of the local Development Agency of Žepče (RAŽ), which functions as an integral part of the BFC implementation structure and performs the role of the municipal development management unit. Žepče completed its first certification in 2015, its second in 2019 and in 2024 the municipality formally adopted a decision to enter a third certification cycle, initiating the process in February 2025.

Status	Edition II	Edition III	Edition IV
Completion date:	2015	2019	2026
Score	90.3%	93.33%	92.50%

Table: Žepče BFC certification status overview

At the outset of the BFC process, Žepče faced constraints common to smaller municipalities in BiH. Staff capacity was limited, and the administration relied on a small number of people to manage a broad range of responsibilities. Dialogue with the private sector existed — a Local Economic Forum (LEF) had been established in 2013 — but it was not operating in a structured or systematic way. Business input was not consistently translated into policy decisions, procedures for construction permitting and other investor services were slow and unclear, and the forum lacked the internal procedures needed to function as a genuine decision-making platform. The challenge was not the absence of dialogue, but the absence of the systems needed to make it work effectively.

BFC provided Žepče with the framework to improve coordination and formalise what had previously been informal or inconsistent. The Žepče Development Agency (RAŽ) was formally integrated into the BFC implementation structure, combining development expertise with the administrative requirements of certification. The LEF was strengthened as a formal mechanism, with clearer procedures, defined timelines, and a more systematic approach to recording and following up on business feedback. An external consultant, engaged through an international development partner, introduced structured public–private dialogue practices based on experience from similar initiatives in Croatia, helping to clarify the roles of public and private actors. Electronic document tracking systems were introduced, a one-stop-shop service for investors was established, and coordination between municipal departments was formalised through clear procedures.

⁷ FBiH Institute for Development Programming, “Socioeconomic indicators per FBiH municipalities in 2024”, 2025, <https://fzpr.gov.ba/files/Socioekonomski%20pokazatelj%20po%20op%C4%87inama/Socioekonomski%20pokazatelj%20po%20op%C4%87inama%20FBiH%202024.pdf>, p.59

BEFORE	AFTER
LEF existed but operated informally, with limited practical impact	LEF operating as a formal platform with 19 members and 60+ initiatives launched
Business input rarely translated into formal policy	LEF proposals formally adopted into municipal decisions and policy
Construction permits and other procedures slow, without clear timelines	Building permits issued within 8 days — against a legal deadline of 15 days
Coordination between municipal administration and development agency ad hoc.	RAŽ fully integrated into BFC implementation and development management.

The clearest illustration of improved efficiency is building permit processing. Following the introduction of standardised procedures and clear internal timelines, Žepče now issues building permits within eight days of receiving a complete application — compared to the legally prescribed maximum of fifteen days, a 47% reduction in processing time. A further example: early in the certification process, private sector members of the LEF proposed financial incentives to reduce investment costs in the Polja Business Zone. The proposal was adopted by the Municipal Council, introducing a 75% reduction in land rent and development fees for production facilities, with a graduated employment-linked incentive scheme ranging from 30% to 75%. This incentive has remained in place continuously and is regularly used by investors. More than 60 initiatives have been launched through the LEF since BFC certification began, with approximately 20 in the last three years alone, and an overall realisation rate of around 65%.

Municipal revenues nearly doubled between 2019 and 2024, rising from BAM 8.07 million to BAM 16 million, and exports grew from BAM 84 million to BAM 157 million over the same period. Employment increased steadily from 4,577 in 2014 to 5,944 in 2024, while unemployment declined from 52.2% to 37.1%. As with the other cases, these results are shaped by broader structural and macroeconomic conditions and cannot be attributed exclusively to BFC certification. However, they are consistent with a municipality that has measurably improved its governance, its administrative efficiency, and its capacity to engage productively with the private sector.

THE KEY TAKEAWAY BFC can deliver strong results even within the constraints typical of smaller municipalities. In Žepče, the key was not adding resources but organising existing capacity more effectively — integrating the development agency into the governance structure, formalising dialogue mechanisms that already existed, and introducing clear procedures and timelines. **When the system is well organised and responsibilities are clearly defined, even a limited administration can improve measurably for businesses and investors.**

These three case studies show how BFC operates across different institutional contexts. Prijedor demonstrates what sustained engagement and organisational learning look like over four certification cycles. Gradiška illustrates the accelerating effect of strong leadership on system-wide reform. Žepče shows that meaningful improvement is achievable even with limited resources when existing capacity is well organised. Together, they offer decision-makers concrete, comparable examples of what the BFC framework makes possible and why the institutional approach taken matters as much as the certification outcome itself.

What BFC Means for Decision Makers

For mayors and municipal leaders, BFC provides something most local administrations lack: a clear external definition of what good governance looks like, a structured process for getting there, and a recurring cycle that sustains the pressure to improve. It does not do the work, but it creates the conditions that make improvement more likely to happen and to stick. The LGUs in this document that changed most deeply were those where the mayor chose to treat certification as an organisational reform, not an administrative task. That choice is available to any leader willing to make it.

For donors and development partners the evidence is equally clear. BFC-certified LGUs are better institutional partners — they have documented procedures, functioning public-private dialogue, and strategies connected to budgets and actions. Gradiška's BAM 35 million in secured donor projects, Žepče's building permits processed in eight days without adding a single member of staff, and Prijedor's Economic Council designing and piloting a solar energy scheme within a year are not coincidences. They are the product of institutional infrastructure that BFC helped build. Supporting BFC engagement is, in practical terms, an investment in the absorptive capacity of local governments — their ability to use resources well, deliver on commitments, and sustain results.

The three LGUs examined in this case study entered BFC at different times, with different resources and different starting conditions. All three made progress proving that the framework does not require a specific starting point. It requires ownership, continuity, and leadership willing to use it seriously.

Final Reflections

The evidence in this document points to a straightforward conclusion: BFC works best when it is not treated as a certification exercise. The LGUs that produced the most durable changes were not those that prepared the most thoroughly for evaluations. They were those that used the framework as a practical guide for how to run a better administration — clearer procedures, shared ownership, structured dialogue with the private sector, and a strategy that actually guides decisions.

That distinction matters for everyone involved. For mayors, it means the value of BFC is not the certificate on paper — it is what the administration learns to do differently in the process of earning it and continues to do between cycles.

For donors and development partners, it means that supporting BFC engagement is not a bet on a certification outcome — it is an investment in the institutional foundations that make local governments capable partners for development, able to absorb resources, deliver on commitments, and sustain improvements over time.



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