

DONOR COORDINATION FORUM
MINUTES OF MEETING, OCTOBER 16TH, 2012

Participants

Mr. David Brozina, Deputy Head of Mission, Embassy of Republic of Slovenia in Bosnia and Herzegovina **(Meeting Co-Chair)**

Donor/IFIs representatives:

Mr. Joseph Guntern, Embassy of Swiss Confederation/SDC
Ms. Florence Bauer, UNICEF
Ms. Anne Claire Dufay, UNICEF
Ms. Olga Zdralkova, Embassy of the Czech Republic
Ms. Anesa Terza Vukovic, Embassy of the Czech Republic
Ms. Ellen van Reesch, Embassy of the Kingdom of the Netherlands
Ms. Nelli Timm, EUD
Ms. Normela Hodzic Zijadic, EUD
Ms. Jelena Milos, EUD
Ms. Azra Dzigal, Embassy of the Kingdom of Spain/AECID
Mr. Csaba Felegyhazi, Hungarian Embassy
Ms. Jutta Zinnel, GIZ
Mr. Stephan Leudesdorff, KfW
Ms. Sabina Dapo, UK Embassy
Mr. Ognjen Grujic, Embassy of the Kingdom of Norway
Mr. Aris Seferovic, UNDP
Ms. Zahira Virani, UNDP
Ms. Indira Bayer, US Embassy
Mr. Jun Hirashima, JICA
Mr. Ken Yamada, JICA
Ms. Amra Basic, OSCE

Government representatives:

Ms. Dusanka Basta, BiH MoFT/SCIA **(Meeting Co-Chair)**
Ms. Edina Topcagic, BiH MoFT/SCIA
Mr. Igor Blagojevic, BiH MoFT/SCIA
Ms. Bruna Kjuder, BiH MoFT/SCIA
Mr. Midhat Dzemic, DEI BiH
Ms. Iva Kurilic, MoFA
Ms. Hoda Dedic, MoFA
Ms. Amra Dzidic, MoFA
Mr. Nikola Jokic, MoJ

Meeting Agenda

- Welcome and Opening Remarks
 - Presentation of activities of the Embassy of the Republic of Slovenia in BiH
 - Presentation of UNICEF strategies in BiH
 - Tour de table - general news from all participants on recent developments and activities
 - Thematic session "Assistance of the Republic of Slovenia to BiH – regarding accession of Republic of Croatia to the EU-challenges for BiH in food export " - Embassy of the Republic of Slovenia
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AD1: Welcome and Opening Remarks

Ms. Dusanka Basta, BiH MoFT/SCIA, welcomed all attendees and introduced colleagues from Slovenia as co-chair of the DCF meeting. She presented a brief overview of the proposed Agenda, and then gave the floor to Mr. David Brozina, Deputy Head of Mission in the Embassy of Republic of Slovenia in Bosnia and Herzegovina, to address the meeting.

AD2: Presentation of activities of the Embassy of the Republic Slovenia in BiH

Mr. David Brozina greeted all attendees and noted that it is a privilege to be in a such distinguished audience, defining Slovenia as the smallest donor, being a small country with a small budget. In a short introduction of the past and future activities in Bosnia and Herzegovina, he stressed out that even Slovenia has got independence only 20 years ago, it became the donor country even before its EU membership in 2004.

Mr. Brozina then gave the presentation of development cooperation activities, focusing on Slovenian commitments, priorities, aid volume and distribution in 2011, and its strategic orientation, mentioning that despite the good will and expectations for the improvement in the development cooperation with BiH, there is a constant decrease in their budget since 2010. However, Slovenia is still engaged in *Infrastructure projects* (joint programmes with Switzerland and Austria); *Training* (Slovenian experts have excellent cooperation with various BiH ministries, in particular in the area of veterinary issues); *Donations* - major donations are focused on demining activities and smaller amount to ITF. For more detailed information, please see the attached presentation.

Ms. Indira Bayer, from the US Embassy asked if the plan for completing demining would last until year 2020? If donations stay at the same level as they were in the beginning, demining should be finished by 2020, according to BiH National demining strategy. But, the donations in this area are decreasing and if this trend continues, target year probably will be changed.

Ms. Bayer informed that in 2011, the US Government formed the *Emerging donor challenge fund* where they have invited the new donor countries from the EU, to come up with projects where US Government would match the spending for these projects.

Mr. Dzemic asserted excellent cooperation between DEI and with Slovenian MoFA and Mr. Brozina regarding the planning of their technical assistance to BiH Institutions for EU Integration purposes, concluding that engagement of Slovenian experts in BiH Institutions was an excellent example of a demand driven technical assistance.

Ms. Jutta Zinnel from GIZ, expressed positive experience with experts from Slovenia based on work with them. GIZ had engaged Slovenian experts for several projects, particularly for short term assignments, they have proved to be very valuable and appreciated by partners in regional programs implemented all over the Balkans.

Ms. Basta then gave the floor to the Ms. Florence Bauer from UNICEF to give her presentation.

AD3: Presentation of UNICEF strategies in BiH

Ms. Bauer thanked MoFT for the opportunity to do a short presentation of UNICEF priorities and strategies in BiH, adding that they just had the midterm review of the 5 year Country program realisation, consulting representatives from BiH institutions, civil society, international organizations, private sector, media etc. Even that this is not an official result of the review, to be presented in January 2013, some of suggestions and recommendations are already included.

The Country Programme for 2010-2014 was designed to address the key challenges such as - *poverty*, (the children are affected by poverty more than the rest of the population); *social exclusion*, (socially excluded population like families with children, minorities, Roma, people with disabilities, IDPs, etc.); and *functional gaps in the system* (social services)

The main points of the presentation were focused on UNICEF role and approach, Country programme 2010-2020 for Bosnia and Herzegovina, with the focus on Social protection and child rights monitoring, Health and Education, Child Protection, Cross-cutting area and Disaster risk reduction. For more details, please see the attached presentation.

Mr. Leudesdorff, from KfW asked what is the budget of UNICEF in 2012? Ms. Bauer answered that the budget for 2012 is \$ 6-7 million.

Ms. Basta then invited all participants to take part in the tour the table.

AD4: Tour de table – general news from all participants of recent developments and activities

US Embassy: Ms. Indira Bayer reported that there have not been any changes in the US Government Programme.

KfW: Mr. Leudesdorff gave a brief remark on current KfW activities, and noted that autumn is the time for projects appraisal missions from their H.Q. There will be three big appraisal missions for the projects in the following areas: water/waste water treatment, co-financed with Swiss agencies, and investments in the area of renewable energies (hydro power plant close to Zenica and big wind farm/wind park to be erected close to Mostar). KfW's financing share in these projects would be roughly up to € 120 million.

Swiss /SDC: Mr. Joseph Guntern noted that since his last presentation the news is that their Strategy 2013-2016, was recently approved in Switzerland and will be launched, accordingly. He announced that SDC will organize an *Apero on November 15th*, where they will present a National (Aquazone) network of institutions and organizations engaged in water and sanitation in BiH, inviting DCF members and all attendees interested in water and sanitation sector to attend the event.

GIZ: Ms Jutta Zinnel, mentioned that almost all GIZ programmes are in the process of advanced project control for the next project phase. There are local regional development, energy efficiency as well as regional programmes - foreign trade promotion, energy efficiency, modernization of communal services and legal reform, which second phase will start next year. Ms. Zinnel added that GIZ will continue its practice to cooperate, coordinate and co-finance with other partners in Bosnia and Herzegovina.

Netherlands: Ms Ellen van Reesch briefly noted that Netherlands has the budget only for Srebrenica region. In the aim to achieve better coordination among municipalities, on the use of available resources for development priorities and for vulnerable groups better social inclusion, they are looking for possible joint activities with UNICEF, UNDP and UNHCR teams. The Dutch Embassy also took an initiative to coordinate among the actors, that are not primarily related to financial assistance, like organizations with political influence (OHR, OSCE), to broad dialogue with authorities in the region. In the end, she gave her support to the thematic sessions, but proposed small changes to be reconsidered, like regarding the thematic sessions combined with several presentations. Ms. van Reesch expressed her interests to lead a next thematic session, which will be focused on budget for 2013 preparation and with the development priorities incorporated into that process.

Czech Republic: Ms Olga Zdralkova, introduced herself as a new person responsible for development cooperation at the Czech Embassy, informing that they are currently in the process of identifying of new projects for 2013. Czech Republic recently have joined US Government and Swedish government in the programme concerning supporting national monitoring plan that should help BiH to export dairy products.

UK Embassy: Ms Sabina Dapo noted that, for the last couple of years, UK Government have been particularly focusing on EU Integration issues, primarily on coordination of EU policies, anti-corruption area as well as supporting security sector, justice sector and reconciliation issues primarily focusing on work with youth.

OSCE: Ms Amra Basic informed that in the upcoming weeks OSCE mission will present its annual budget for 2013 to 56 participating states. She noted that some top priorities in the next year will be in the area of the justice sector reform, regional return and OSCE political military commitment. OSCE mission will be working closely with local and international partners in 2013, but since the OSCE is not a typical donor organization, in implementation of its activities, it will engage different NGOs in the field work in BiH.

Japan/JICA: Mr Ken Yamada noted that JICA is stationed in Belgrade and is covering 6 Balkan countries. The Government of Japan and JICA are engaged in consolidation of peace, private sector development and environment. Mr Yamada introduced Mr Hirashima, from the Country office, who informed about current JICA activities. Mr Hirashima presented the three pillars of assistance to BiH - *the first pillar is reconciliation of the community in the country* - the project for confidence building in Srebrenica through agriculture and rural enterprise development; project for informatics curriculum modernization in the gymnasiums; and securing of music instruments for Sarajevo philharmonic orchestra; *the second pillar is private sector development* - West Balkans SMSs related networking pipeline, project between Serbia, BiH and Montenegro. The new project is recently initiated in the tourism sector named *Herzegovina international corridor development and environmental conservation*; and *third pillar is environment management*, through the project which aims to meet the EU standards in the flue gas desulphurization in Ugljevik.

Norway: Mr Ognjen Grujic from Norwegian Embassy, noted that there weren't any major developments since the last DCF meeting. Norway is still focused on the priority areas: Justice sector, defence and security, economic development and education and strengthening of civil society.

MoJ: Mr Nikola Jokic reported that his department is currently preparing justice sector reform strategy 2014—2018 and are negotiating with the Swiss/SDC about the technical assistance needed for the development of this strategy.

Hungary: Mr Csaba Felegyhazi noted that Hungarian bilateral development assistance is slightly decreasing in the last years. Still, they managed in this year to finish one *grass root* project on environmental protection education of teachers in Tuzla canton. Mr Felegyhazi added that Hungary turned the shift towards assistance to EU Integration through the IPA funds. With Slovenia they are working on the police reform project and they are still involved in census preparation and some other smaller projects.

UNDP: Mr Aris Seferovic announced that early next year UN Country Team in BiH will initiate the process of development of the next 5 year framework strategy for the UN Country Team in BiH. The preparation of so called UN Development Assistance Framework is a long process that should be completed and signed by the government in early 2014.

MoFA: Ms Iva Kurilic noted that Ministry of Foreign Affairs currently has three priorities: EU, NATO and economic diplomacy and also the strengthening of MoFA in the process of the EU Integration, and added that MoFA has also other priorities such as regional cooperation and better relations with the neighbouring countries.

UNDP: Ms Zahira Virani briefly introduced herself as the new Deputy Resident Representative for UNDP and said that she met some of the DCF participants and is looking forward for the future cooperation with all actors involved in development activities.

DEI: Mr Dzemic informed on the latest news regarding the IPA programming and noted that DEI had finalized the IPA programming for 2012-2013. The packages for 2012 and 2013 were finally adopted on the session of the CoM on October 10TH, and are ready for the IPA Committee in Brussels on December 5th. That means that ratification of the new financial agreement for 2012 and 2013 programme will probably be at the beginning of the next year. In addition, the EU Commission will also prepare two fiches for the law enforcement and support programmes for the EU.

EUD: Ms Normela Hodzic Zijadic noted that she is coming from the Operations section, which is directly engaged on coordination activities of IPA programming exercise. She introduced her colleague Ms Jelena Milos, programme manager involved in issues of veterinary, food safety, phytosanitary, environmental institutions; and a new colleague Ms Nelly Timm that will be involved on IPA programming and donor coordination issues. She presented the recent activities of EUD Operations section and reported that they finished almost all activities regarding the IPA programming for 2012 and 2013. The IPA packages for 2012 and 2013 were submitted by the NIPAC on July 13TH. IPA 2012 package is presented at today's session of the CoM and most probably will be adopted. IPA 2013 package was additionally revised by the national authorities and project preparation groups, where some projects still have to be fine-tuned and quality improved. The plan is to submit the IPA 2013 package to IPA Committee on December 5th to be presented to EU member states. After IPA 2013 is hopefully approved, the financing agreement will shortly be sent to the BiH authorities. The same preparation and inter service consultations in Brussels takes place for IPA 2013, and hopefully by spring time IPA 2013 package will be adopted.

Netherlands: Ms van Reesch asked if the expected adoption of the package include the support to the EU Integration facility, as the coordinating mechanism? Ms Zijadic answered that it does.

Ms. Basta then asked Mr. Brozina to make presentation on thematic session.

AD4: Thematic session “Assistance of the Republic of Slovenia to BiH – regarding accession of Republic of Croatia to the EU - challenges for BiH in food export “ - Embassy of the Republic of Slovenia

Mr. Brozina introduced the above mentioned thematic session focused on food safety and veterinary control. The highlights of the presentation were:

- In June 2012, some milk producers from BiH contacted Slovenia for assistance in regard of system of veterinary control in BiH, which was not synchronized with the EU legislation. They also asked Slovenia for assistance of their experts. EU Delegation concerned with delays in this area, supported idea of involving Slovenian experts in BiH. In that regard BiH Veterinary Office was contacted and offered support.
- The experts were brought first in the area of laboratories and on that basis a big project was initiated, recently. An expert from Slovenia is already involved in assessment of the situation in this area, through the UNDP project. The evaluation data showed that out of 36 laboratories in BiH, 13 were very much interested to perform veterinary analyses. However, food prepared for export into EU needs to be checked and analysed in almost 70 different methodologies of analyses.
- The aim is to develop as many as possible of these methods, but BiH has recently accredited the first method of the analyses. Slovenian expert found out that there are 3-4 major laboratories in BiH with the best technology and instruments to perform these analyses, but they do not have the knowledge to use them. The plan is to assist in developing of the next 16 methods. The problem also is a lack of resources for equipment for analyses such as glass test tubes, some filters, etc. This temporary is solved through the new project, currently implementing by UNDP, which is funded by the British Embassy in BiH.
- The second part of this project is related to producers. Veterinary Office is not certain if the producers in BiH apply the EU conditions, since there is no official control of their work. Slovenian proposed to conduct inspections in those factories to screen the situation. TAIEX programmed these inspections and engaged Slovenian experts. The second inspection is currently underway in the area of milk production. The results for controlled dairy producers had shown that nine out of ten had reached very good results. The first impression is that the producers in BiH are ready to apply the EU standards with just minor adaptations.
- There will be two more inspections in the area of poultry and eggs in November (by TAIEX and Slovenian experts)so all potential producers for export to the EU will be checked. There was a good response from producers to these inspections, that also serves as

an education process since they include up to 15 local veterinary state/entity inspectors, learning how to inspect the buildings according to EU process.

- The third part is the legislative. In one of the TAIEX missions, the EU prepared a list of legislative measures that must be adopted in BiH. The most important among them are the four regulations (ref. hygienic package), governing hygienic standards of the buildings where the food is produced. The hygienic package must be adopted if BiH want to be able to export to the EU countries. BiH institutions had long discussions, reaching finally agreement on how to transpose regulations. They agreed that two of these regulations will be transposed by the BiH Veterinary Office and two by the State food agency. At the end of August, these legislations were prepared and sent to BiH CoM for adoption.

- The system of authorization of veterinary controls from the state level to the local veterinary inspector, remained as an open problem. Until now veterinary inspections were under the competence of entities, even for food prepared for export. In February, the EU inspection found out that the chain of command between the personell on the top and the last veterinary inspector in the field was not clear enough and there were some gaps in cooperation. Slovenian experts prepared a rulebook on cooperation between the state and the entity level, whose adoption could solve the problem. Director of the Veterinary Office presented the Rulebook in Brussels on September 21ST, and the EC accepted it. However, for adoption of the Rulebook, the authorization of both entities is needed. BiH Federation already gave its approval, while the approval of the RS is still awaited.

- Croatia will enter the EU by July next year, and it is expected there should be no products from BiH on the shelves by July 2013, since by the end of this year Croatia will close the border for the foods coming from BiH.

- Press conference was held yesterday (by USA, Czech Republic and Sweden) where it was clearly said that BiH will not be able to apply all EU regulations by the end of the year and the products would not be able to come to Croatia anymore. Unfortunately, BiH authorities had any comments towards the addressed issue.

- Mr Brozina concluded that Slovenia will continue to engage its experts in BiH, and added that they wish and hope to be able to provide aid for the next year.

Ms Jelena Milos thanked to Mr. Brozina for a very clear presentation, fearing that it will be gap in the export meaning that the market will be lost for a year at least. She stressed out some issues within primary legislation also need to be resolved in BiH. TAIEX expertise should include the farms, too, were inspectors should be present more at the farm level, to check the raw milk, for example. An issue that need to be addressed, is the residue monitoring plan, which will also delay BiH export prospects till at least end of 2013.

Ms Anesa Terza Vukovic, mentioned concerns about overlapping of activities in this area, hoping that since this is such a complex problem, there will be space for all interested donors. She noted that the activities of FARMA project mostly focuses on national residual monitoring of milk and honey.

Mr Brozina noted that dairy companies are concerned with scenario when market in Croatia will be closed and milk will stay in BiH . There will be a surplus of at least 20 million litres per year, and consequently the price of the milk will drop, farmers will not be able to feed cows, because of economical reasons. The black scenario says the milk price will drop, farmers would start to slaughter the cows, and meat price would drop for one to two years. In the end when the European market would open for BiH products there will be no farmers with a current production of milk. Some of them might even leave farms.

Mr. Brozina gave example of Slovenia where they try to keep farmers on the farms, providing them with financial support to develop farm tourism, just to stay there. BiH needs another secondary market outside the EU, but the only way to export is through harbour in Montenegro or trough Ploce in Croatia. In case of Ploce the EU would have to adopt the regulation that non EU-standardized food can cross EU territory, on its way towards non EU markets. It would take at least one year to realize any improvement, meaning that dairy producers in BiH will be left at least for a year without new markets for their products.

Ms Jelena Milos agreed and in that regard mentioned an example from Livno in the cheese and dairy area. A company from Livno plan to give its brand name to the factory in Croatia, just so they can keep their brand on the shelves. This is an example of extraordinary measures that will be done by farmers/companies to just keep their name on the market.

Ms Basta concluded that these are not good news and that we should be hoping this will be resolved before the time runs out, since when the place on market is lost it is very hard to return it again.

The meeting was closed at 13:25 hrs.

SCIA, October 2012