



**Bosnia and  
Herzegovina  
Ministry of Finance  
and Treasury**

Donor Coordination Forum  
of Bosnia and Herzegovina

A collage of five images arranged in a circular pattern. The top image shows a pile of Euro coins. The top-right image shows red flowers in a garden. The bottom-right image shows a smiling child sitting on a red toy car. The bottom-left image shows a bunch of dark grapes on a vine. The left image shows two wooden boats on a calm river.

# DONOR MAPPING REPORT 2009–2010

Prepared with financial and technical support from DFID







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# Disclaimer

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This report is published by the Bosnia and Herzegovina Ministry of Finance and Treasury on behalf of the Donor Coordination Forum (DCF), a platform for information exchange between the BiH Government and 20 major donors. The report focuses on the activities and financial portfolios of these donors and does not, therefore, encompass all donor activity in Bosnia and Herzegovina (BiH).

The information and statistics presented in this report are based on the responses of individual donor agencies and of a number of relevant domestic institutions. Although the data has been verified by international and local stakeholders, there is still the possibility of error. The same applies to the information provided in the narrative of the report.

With regard to the analysis by sector, donors have selected the Development Assistance Committee (DAC) code for each of their projects. As the different DAC codes vary and in certain cases overlap, some projects may not entirely fit into the allocated DAC code while others span several DAC codes or contain components that are also relevant to other sectors.

# Acknowledgements

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Preparation of the Donor Mapping Report 2009-2010 would not have been possible without the support and assistance of many individuals and organisations. The BiH Ministry of Finance and Treasury would like to thank all donor agency representatives and Bosnia and Herzegovina's institutions which participated in research interviews, provided necessary information on project and programme activities and reviewed the draft report. Additionally, BiH MoFT would like to extend the gratitude to DFID for its technical and financial assistance within the framework of the *BiH Aid Coordination and Effectiveness (ACE) Project*.

# Message from the Minister

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I have the pleasure to present to you the fourth edition of Donor Mapping Report for the period 2009-2010 that was published by the Ministry of Finance and Treasury of Bosnia and Herzegovina. The report summarizes the contributions provided by the Donor Coordination Forum (DCF) members and activities undertaken to support the reform processes in Bosnia and Herzegovina in 2009 and 2010. Donor Mapping Report 2009-2010 has been prepared with the support of donor agencies and international financial institutions active in Bosnia and Herzegovina as well as our domestic institutions. Ministry of Finance and Treasury of Bosnia and Herzegovina would like to thank to those who contributed in preparation of the Report. I would also like to thank to DFID on its continuing technical and financial support to the preparation of the Donor Mapping Report.

This year's report, as well as previous editions, provides information on the latest development activities within the ten sectors supported by the donors. In addition, to strengthen and promote country ownership, a more central role in the report was given to institutions of Bosnia and Herzegovina.

In December 2009, the Council of Ministers of Bosnia and Herzegovina signed the Paris Declaration on Aid Effectiveness, which committed the state to work with donors on five areas of aid effectiveness such as: ownership, alignment, harmonization, management for results and mutual accountability. These principles oblige both Bosnia and Herzegovina's institutions and donor community to strengthen their mutual partnership as well as to provide the foundation for implementation of aid initiatives, in line with the new Country Development Strategy, whose adoption is expected to take place by the end of 2010. In accordance with the mentioned, I would particularly like to draw the attention to the work we have commenced on piloting the sector approach mechanism in the country, which we consider as one of the key ways in which Bosnia and Herzegovina's institutions and donors can work together in support of country-led development programmes.

With a view to assess the current donor practice in Bosnia and Herzegovina, the Ministry of Finance and Treasury/SCIA has prepared *A Baseline Survey on Adherence to the Paris Declaration on Aid Effectiveness*. The Baseline Survey will be used for monitoring of the future progress in the effectiveness of aid delivery in Bosnia and Herzegovina. Further strengthening of the partnership between the donor community and domestic institutions will demonstrate a commitment to support the Government of Bosnia and Herzegovina in its efforts in regard to the implementation of the reform and modernization of the public administration and bring our country closer to the family of EU member states in the forthcoming years.



**Dragan Vrankic**  
Minister of Finance and Treasury of BiH

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# Abbreviations

<b>ACE</b>	Aid Coordination and Effectiveness Project
<b>ADA</b>	Austrian Development Agency
<b>ADC</b>	Austrian Development Cooperation
<b>AECID</b>	Spanish Agency for International Development Cooperation
<b>BAM</b>	Convertible Mark
<b>BHMAC</b>	BiH Mine Action Centre
<b>BiH</b>	Bosnia and Herzegovina
<b>BIHANSA</b>	BiH Agency for Provision of Services in Civilian Air Transport
<b>BHDCA</b>	BiH Directorate of Civil Aviation
<b>CCYI</b>	Commission for the Coordination of Youth Issues
<b>CDC</b>	Centre for Disease Control and Prevention
<b>CDS</b>	Country Development Strategy
<b>CEDAW</b>	Committee on the Elimination of Discrimination Against Women
<b>CEE</b>	Central and Eastern Europe
<b>CEFTA</b>	Central European Free Trade Agreement
<b>CIDA</b>	Canadian International Development Agency
<b>CIP</b>	Centre for Information and Recognition of Documents in the Area of Higher Education
<b>CIPS</b>	Citizen Identification Protection System
<b>CMS</b>	Court Management System
<b>CoE</b>	Council of Europe
<b>CoEM</b>	Conference of Ministers of Education
<b>CoM</b>	Council of Ministers
<b>CPAP</b>	Country Programme Action Plan
<b>CRA</b>	Communications Regulatory Agency
<b>CSOs</b>	Civil Society Organisations
<b>CTUBIH</b>	Commerce Trade Union of BiH
<b>DAC</b>	Development Assistance Committee
<b>DCA</b>	Development Credit Authority
<b>DCF</b>	Donor Coordination Forum
<b>DEI</b>	Directorate for European Integration
<b>DEMA</b>	Danish Emergency Management Agency
<b>DEP</b>	Directorate for Economic Planning
<b>DFID</b>	UK Department for International Development
<b>DIA</b>	Deposit Insurance Agency of Bosnia and Herzegovina
<b>DIS</b>	DIS Decentralized Implementation System
<b>DOTS</b>	Directly Observed Treatment, short-course
<b>DPA</b>	Department of Political Affairs
<b>EASA</b>	European Aviation Safety Agency

<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EC</b>	European Commission
<b>ECAA</b>	European Common Aviation Area
<b>ECSEE</b>	Energy Community of South East Europe
<b>EEC</b>	European Energy Community
<b>EFSE</b>	European Fund for South East Europe
<b>EIB</b>	European Investment Bank
<b>ENQA</b>	European Association for Quality Assurance in Higher Education
<b>e-SEE</b>	Electronic South East Europe
<b>ERDF</b>	European Regional Development Fund
<b>ETF</b>	European Training Foundation
<b>EU</b>	European Union
<b>EUCOM</b>	European Command
<b>EUCORIN</b>	EU Support to implementation of Cross-Border programmes under IPA instrument
<b>EUFOR</b>	European Union Forces
<b>EUPM</b>	European Union Police Mission
<b>EUROPOL</b>	European Police Office
<b>EUROSTAT</b>	Statistical Office of the European Communities
<b>EUSR</b>	European Union Special Representative
<b>EXBS</b>	Export Control and Border Security
<b>FAO</b>	Food and Agriculture Organisation
<b>FBiH</b>	Federation of Bosnia and Herzegovina
<b>FDIs</b>	Foreign Direct Investments
<b>FERK</b>	Regulatory Commission for Electricity in Federation BiH
<b>FIAS</b>	Foreign Investment Advisory Service
<b>FIGAP</b>	Funding Mechanism for the Implementation of the Gender Action Plan of BiH
<b>GAP</b>	Gender Action Plan
<b>GAVI</b>	Global Alliance for Vaccines and Immunization
<b>GDP</b>	Gross Domestic Product
<b>GEF</b>	Global Environmental Facility
<b>GFAP</b>	General Framework Agreement for Peace in Bosnia and Herzegovina
<b>GFATM</b>	Global Fund to Fight Aids, Tuberculosis and Malaria
<b>GIS</b>	Geographical Information System
<b>GTZ</b>	Deutsche Gesellschaft für Technische Zusammenarbeit
<b>HJPC</b>	High Judicial and Prosecutorial Council
<b>HPAI</b>	Avian Influenza
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>IC</b>	Italian Cooperation



<b>ICMP</b>	International Commission on Missing Persons
<b>IDD</b>	Iodine Deficiency Disorder
<b>IDDEAA</b>	Agency for Identification Documents, Registers and Data Exchange
<b>IFIs</b>	International Financial Institutions
<b>ILDLP</b>	Integrated Local Development Project
<b>ILO</b>	International Labour Organisation
<b>IMAP</b>	Integrated Mine Action Programme
<b>IMF</b>	International Monetary Fund
<b>INTERPOL</b>	International Police Organisation
<b>IOM</b>	International Organisation for Migration
<b>IPA</b>	Instrument for Pre-accession Assistance
<b>IPAP</b>	Individual Partnership Action Plan
<b>IPARD</b>	Instrument for Pre-accession Assistance for Rural Development
<b>ITF</b>	International Trust Fund for Demining and Mine Victims
<b>JICA</b>	Japan International Cooperation Agency
<b>KfW</b>	Kreditanstalt für Wiederaufbau
<b>LEAP</b>	Local Environmental Action Plan
<b>LJR</b>	Legal and Judicial Reform
<b>MAP</b>	Membership Action Plan
<b>MDGs</b>	Millennium Development Goals
<b>MEAs</b>	Multilateral Environmental Agreements
<b>MIFF</b>	Multi-annual Indicative Financial Framework
<b>MIPD</b>	Multi-annual Indicative Planning Document
<b>MoCA</b>	Ministry of Civil Affairs
<b>MoCT</b>	Ministry of Communications and Transport
<b>MoD</b>	Ministry of Defence
<b>MoFT</b>	Ministry of Finance and Treasury
<b>MoFTER</b>	Ministry of Foreign Trade and Economic Relations
<b>MoHRR</b>	Ministry for Human Rights and Refugees
<b>MoJ</b>	Ministry of Justice
<b>MoS</b>	Ministry of Security
<b>MoU</b>	Memorandum of Understanding
<b>MTDS</b>	Medium-Term Development Strategy
<b>NAC</b>	North Atlantic Council
<b>NATO</b>	North Atlantic Treaty Organisation
<b>NATO/ EADRCC</b>	Euro Atlantic Coordination Centre for Disaster Response
<b>EADRCC</b>	Response
<b>NCP</b>	National Contact Point
<b>NEAP</b>	National Environmental Action Plan
<b>NERDA</b>	Northeast Regional Development Association
<b>NGOs</b>	Non-Governmental organisations
<b>NHQSa</b>	North Atlantic Treaty Organisation Headquarters Sarajevo

<b>NTF</b>	NATO Trust Fund
<b>ODA</b>	Official Development Assistance
<b>ODC</b>	Office of Defence Cooperation
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OHR</b>	Office of the High Representative and EU Special Representative
<b>OPEC</b>	Organisation of the Petroleum Exporting Countries
<b>ORF</b>	Open Regional Fund
<b>OSA</b>	Intelligence Security Agency
<b>OSCE</b>	Organization for Security and Cooperation in Europe
<b>PAR</b>	Public Administration Reform
<b>PARCO</b>	Public Administration Reform Coordinator's Office
<b>PBS</b>	Public Broadcasting System
<b>PfP</b>	Partnership for Peace
<b>PIFC</b>	Strategy for Public Internal Financial Control
<b>PSO</b>	Peace Support Operations
<b>RBB</b>	Railway Regulatory Board
<b>RCC</b>	Regional Cooperation Council
<b>REDAH</b>	Regional Economic Development Agency for Herzegovina
<b>RS</b>	Republika Srpska
<b>RSDERC</b>	RS Regulatory Commission for Energy
<b>SAA</b>	Stabilisation and Association Agreement
<b>SAP</b>	Stabilisation and Association Process
<b>SAFFRD</b>	Sector for Agriculture, Food, Forestry and Rural Development
<b>SALW</b>	Small Arms and Light Weapons
<b>SASE</b>	Sarajevo Stock Exchange
<b>SCIA</b>	Sector for Coordination of International Economic Aid
<b>SCRDP</b>	State Commission for Refugees and Displaced Persons
<b>SDC</b>	Swiss Agency for Development and Cooperation
<b>SECO</b>	Swiss State Secretariat for Economic Affairs
<b>SEE</b>	South-East Europe
<b>SEETO</b>	South East Europe Transport Observatory
<b>SERC</b>	State Electricity Regulatory Commission
<b>SERDA</b>	Sarajevo Economic Regional Development Agency
<b>Sida</b>	Swedish International Development Cooperation Agency
<b>SIF</b>	Social Inclusion Foundation
<b>SIFEM</b>	Swiss Investment Fund for Emerging Markets
<b>SIPA</b>	State Investigation and Protection Agency
<b>SIS</b>	Social Inclusion Strategy
<b>SMEs</b>	Small and Medium-Sized Enterprises
<b>SSPACEI</b>	Sector for Strategic Planning, Aid Coordination and European Integration

<b>TB</b>	Tuberculosis
<b>TIMSS</b>	Trends in International Mathematics and Science Study
<b>TIR</b>	Transports Internationaux Routiers
<b>TRANSCO</b>	State-level Electricity Transmission Company
<b>UK</b>	United Kingdom
<b>UN</b>	United Nations
<b>UNAIDS</b>	Joint United Nations Programme on HIV/AIDS
<b>UNCT</b>	UN Country Team
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>UNDP</b>	United Nations Development Programme
<b>UNEP</b>	United Nations Environmental Programme
<b>UNESCO</b>	United Nations Educational, Cultural and Scientific Organisation
<b>UNFCCC</b>	UN Framework Convention on Climate Changes
<b>UNFPA</b>	United Nations Population Fund
<b>UNHCR</b>	United Nations High Commissioner for Refugees

<b>UNICEF</b>	United Nations Children's Fund
<b>UNIFEM</b>	United Nations Development Fund for Women
<b>UNIFEM CEE</b>	United Nations Development Fund for Women Office for Central and Eastern Europe
<b>UNSCR</b>	United Nations Security Council Resolution
<b>UNV</b>	United Nations Volunteers
<b>USA</b>	United States of America
<b>USAID</b>	United States Agency for International Development
<b>USEUCOM</b>	U.S. European Command
<b>VET</b>	Vocational education and training
<b>WB</b>	World Bank
<b>WBIF</b>	Western Balkans Investment Framework
<b>WHO</b>	World Health Organisation
<b>WMO</b>	World Meteorological Organisation
<b>WTO</b>	World Trade Organisation
<b>WUS</b>	World University Service

# Highlights

## Overview of ODA in BiH

€727.75 million was provided in 2009 by DCF members, of which €195.73 million was in the form of grants and €532.02 million in the form of loans.

In 2010 total allocation by DCF members amounts to €726.93 million to date of which €219.57 million was in the form of grants and €507.36 million in the form of loans.

### Chapter 1 – Education

Significant progress was made in the establishment of nine-year primary education. In some areas, the implementation of the joint core curriculum is over 90%.

### Chapter 2 – Health

The adoption of the basic health services package in both entities ensures the provision of essential healthcare for all people.

### Chapter 3 – Good Governance and Institution Building

According to qualitative indicators, in the first quarter of 2010, implementation of the PAR strategy pursuant to Action Plan 1 was approximately 40%.

### Chapter 4 – Conflict Prevention and Resolution Peace and Security

In April 2010 the conditional approval of the BiH Membership Action Plan (MAP) for NATO membership was granted to BiH and all requirements for visa liberalisation were fulfilled in September 2010.

### Chapter 5 – Infrastructure

In February 2010 the BiH Chamber for Foreign Trade began issuing Transports Internationaux Routiers (TIR) carnets in BiH.

The *Framework Law on Digital Tachographs* was adopted by the BiH House of People in May 2010 and by mid June 2010 all vehicles over 3.5 tons with more than 9 seats were required to have digital tachographs installed in order to be allowed to transport goods and passengers abroad.

### Chapter 6 – Economic Development and Social Protection

The 2nd quarter of 2010 showed significant recovery in terms of GDP increase, influenced by a 2.6% growth in industrial production and a 31% increase in exports.

### Chapter 7 – Local Governance

Establishment of a central database for registry books is expected to be in place at the end of 2010. This central database will link the Registry Offices in all municipalities in RS and will provide citizens in any municipality with identification documents that do not expire. Similar activities are being considered in FBiH and are currently awaiting the adoption of important laws.

### Chapter 8 – Agriculture and Forestry

The first steps were taken for defining a model for the *Instrument for Pre-accession Assistance – Component V - Rural Development (IPARD) in BiH*.

The State Forest Inventory (*SFI*) was finalised, and according to the findings, forests in BiH cover a larger area now than 40 years ago and are in much better shape than perceived by the public.

### Chapter 9 – Environmental Protection

Entity level strategies for environmental protection were prepared and they provide a strong foundation for further development.

### Chapter 10 – Cross-cutting issues

The draft Revised Strategy of BiH for the Implementation of Annex VII of the Dayton Peace Agreement was adopted in June 2010.

The Funding Mechanism for the Implementation of *Gender Action Plan 2009-2014* (FIGAP) was established at the end of 2009.

The draft of the coordination strategy *Youth Policy in BiH 2009–2013* with *Action plan* for the implementation of strategic goals was prepared and submitted to the BiH CoM for adoption in 2010.

# Executive Summary

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This fourth edition of the Donor Mapping Report (DMR) is the second edition published by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Aid (MoFT/SCIA). It is a comprehensive view of projects and programmes in ten sectors funded by DCF member agencies in Bosnia and Herzegovina. Over 53 research interviews were carried out with 24 representatives from domestic institutions and 55 representatives from international agencies.

The report finds that DCF members allocated €727.75 million to initiatives in 2009 and €726.93 million to date in 2010. Of the €1454.67 million allocated in both 2009 and 2010, €415.30 million was in grants and €1039.37 million was in loans.

In 2009, total figures in total Official Development Assistance (ODA) allocations decreased by €33.90 million, as compared to 2008<sup>1</sup> figures. Grants increased by €23.70 million whereas loans decreased by €57.61 million. Although figures in 2009 show an increase in grant assistance and a decrease in loan assistance in comparison with 2008, BiH is gradually moving away from an economy dependant on grant development assistance to a more sustainable economy. The largest percentage of external aid in 2009 was allocated to Infrastructure (41%) and Economic Development and Social Protection (32%). Good Governance and Institution Building (7%) received significantly less assistance followed by Agriculture and Forestry (6%) and Conflict Prevention (4%). The least funded sectors in 2009 were Environmental Protection (3%), Health (2%), Local Governance (2%), Cross-cutting (2%), and Education (1%). However, it should be noted that 96% of total allocations to Infrastructure, 86% of total allocations to Economic Development and Social Protection, and 69% of total allocations to Agriculture and Forestry were in the form of loans. 94% of total allocations to Good Governance and Institution Building were in the form of grants.

In 2009 €251.34 million (34.5%) of ODA was allocated by bilateral donor agencies and €476.41 million (65.5%) of ODA was allocated by multilateral agencies, including financial institutions. The same trend was observed in 2010; €210.12 million (28.91%) of ODA was provided by bilateral agencies and €516.80 million (71.1%) was provided by multilateral agencies. Some bilateral donor agencies now prefer to deliver aid through multilateral agencies. Canada/CIDA closed down its office in BiH in 2009. Spain/AECID will cease operations at the end of 2010 and UK/DFID and the Netherlands in 2011. Austria/ADC will phase out its direct bilateral support by 2014. Yearly contributions made by the EU to BiH are steadily increasing. EC 2010 Pipeline projects, not yet contracted, amount to €73.51 million, compared to €49.03 million contracted in 2009, €22.43 million contracted in 2008, and €45.77 million contracted in 2007.

To improve the efficiency of development cooperation resources the BiH government has invested efforts in strengthening cooperation among international and domestic stakeholders. BiH institutions are organising and coordinating donor meetings in Legal and Judicial Reform, Public Administration Reform, Education, Agriculture, Return and Reintegration, and the Funding Mechanism for the Implementation of the Gender Action Plan (FIGAP).

During 2009-2010, the legislative framework in a number of sectors has been improved through the development and adoption of laws and strategic documents. Progress has been made in the establishment of new institutions and the reform of existing bodies. In order to strengthen and develop institutional structures and fully implement adopted policies, both human and financial resources must be properly allocated.

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<sup>1</sup> Due to the currency rate adjustment within the DCF database and changes in allocations of total ODA, figures for 2008 currently in the database are €761.48 million, whereas last year's report published total ODA 2008 which amounted to €765.77 million.



# Introduction

Bosnia and Herzegovina is a potential EU candidate country as well as a country that receives considerable International Development Association (IDA)<sup>2</sup> assistance. In June 2008 BiH signed the Stability and Association Agreement (SAA) with the EU and entered a new phase of development towards EU membership. The largest bi-lateral donors present in the country are, Italy/IC, Germany, the Netherlands, Norway, Sweden, Switzerland/SDC/SECO and USA. The largest multi-lateral agencies are the EU, UNDP, the World Bank, as well as the EIB and the EBRD. The availability of grant-based ODA to the country has been in gradual decline since 2006 whereas the proportion of concessional and commercial loans is increasing. Some bilateral agencies,<sup>3</sup> such as the Netherlands, Spain/AECID, UK/DFID and Austria/ADC are gradually

The Donor Coordination Forum in Bosnia and Herzegovina was established in December 2005 by 17 major donor agencies and financial institutions as a semi-formal platform for information exchange. Over time the forum evolved to become a coordinating mechanism which strives to improve the efficiency of international aid and host country ownership.

Presently DCF has 20 members and meets quarterly. The Secretariat consults with the incoming chair to prepare the agenda for each meeting.

withdrawing from the provision of direct financial assistance to BiH, preferring to provide support indirectly through multilateral agencies. This trend is also noticeable in the share of assistance provided by bilateral and multilateral agencies from 2006 to 2010. Additionally, while donor assistance in the post conflict period was focused on reconstruction and infrastructure, in the last few years the focus of external aid was transferred to issues that cut across all areas of aid delivery.<sup>4</sup>

The Sector for the Coordination of International Economic Aid (SCIA) within BiH MoFT, established in October 2008, was mandated to coordinate international assistance (except EU assistance). It consists of two units: (i) the Unit for Public Investment Programme Preparation and Implementation and (ii) the Unit for the Coordination and Mobilisation of International Aid. As of January 2009, MoFT/SCIA assumed responsibility for the management of the DCF Secretariat previously run by UNDP and the Office of the UN Resident Coordinator. DCF meetings hosted by the SCIA are held quarterly with a rotating chairmanship among the member agencies. DCF meetings are also attended by representatives of other governmental institutions.

## Latest Development in the Aid Coordination Improvement Process in Bosnia and Herzegovina

After assuming responsibility for the management of external assistance in October 2008, the BiH government has taken several important steps toward improving the aid coordination process. In December 2009 the BiH Council of Ministers (BiH CoM) officially endorsed the Paris Declaration on Aid Effectiveness. The government committed itself to 56 partnership obligations in five major areas: ownership, alignment, harmonisation, management for results and mutual accountability. In January 2010 BiH was officially added to the list of signatories to the Paris Declaration. In July 2010, the BiH MoFT/SCIA finalised the Baseline Survey on the Adherence to the Paris Declaration on Aid Effectiveness Principles and Next Steps following the Baseline Survey. The Baseline Survey will be used to monitor future progress in the effectiveness of aid delivery in BiH whereas the Next Steps is proposing concrete actions aimed to improve the aid coordination mechanism in BiH.

In March 2010 BiH MoFT/SCIA, in cooperation with the EU Directorate General for Enlargement, organized a regional workshop, *Sector Based Approaches in the Context of EU Integration*, with the aim of identifying working methods for the formulation of sector approaches and for deepening expertise in their practical application in the context of enlargement.<sup>5</sup> One of the recommendations is that countries who are recipients of IPA funds start applying a sector based approach in selected pilot sectors in the framework of the preparation process for the Multi-year Indicative Planning Document (MIPD) in 2010. The sector based approach to the programming of aid, which is focused on the countries' needs and strengths, can contribute to more effective pre-accession aid. In line with the workshop's recommendation, the BiH MoFT/SCIA with

<sup>2</sup> IDA, established in 1960, is part of the World Bank, which helps the world's poorest countries. IDA aims to reduce poverty by providing interest-free credit and grants for programmes that boost economic growth, reduce inequalities and improve people's living conditions.

<sup>3</sup> Canada/CIDA closed down its office in BiH in August 2009.

<sup>4</sup> BiH MoFT/SCIA - The 2008 Baseline Survey on Monitoring Adherence to Paris Declaration Principles Bosnia and Herzegovina, July 2010.

<sup>5</sup> A sector approach is a way of working together between government, donors and other key stakeholders. It is a process aimed at broadening government and national ownership of public sector policy and resource allocation decisions within the sector, increasing the coherence between policy, spending and results, and reducing transaction costs. (EC, 2007), Source: Support to Sector Programmes Covering the Three Financing Modalities: Sector Budget Support, Pool Funding and EC Project Procedures. [http://ec.europa.eu/development/center/repository/Support-to-Sector-Programmes\\_27072007\\_en.pdf](http://ec.europa.eu/development/center/repository/Support-to-Sector-Programmes_27072007_en.pdf)

the technical assistance of DFID through the ACE Project, has launched the development of procedures and actions for the introduction of a sector based approach in BiH. Consultative workshops for the preparation of MIPD 2011-2013 and the introduction of a sectoral approach were held in June 2010. The Delegation of the EU to BiH, BiH Country IPA Coordinator and BiH MoFT identified two sectors which may pilot a sectoral approach commencing in 2010. These are Public Administration Reform and the Justice Sector. Both sectors have advanced in the establishment of institutional coordination mechanisms for the implementation of sectoral strategies. In that respect, BiH MoFT/SCIA has commenced cooperation with these two sectors to explore options for the preparation of sector based methodology in BiH.

Significant progress was achieved in 2010 in the redefinition of the Public Investment Programmes (PIP) as an analytical tool for improved allocation of development resources. The PIP calendar is harmonised with the calendar for the preparation of the Document on Budget Framework and Annual Budget of Institutions. In this new format PIP links proposed projects with strategic sectoral and institutional goals and with development goals outlined in the BiH Country Development Strategy. Through the new format PIP will represent a quality foundation for the preparation of the National Development Plan. The new format for the identification of priority projects will gradually provide a better focus of funds for the implementation of the development goals. The preparation of PIP, in line with the new methodology, was accepted at all levels of government and will enable a unique plan for Bosnia and Herzegovina.

The new Country Development Strategy (CDS) and the Social Inclusion Strategy (SIS) were prepared and are in the final stage of approval.

The Donor Mapping Report is an overview of donor/financial institution funded projects and programmes in Bosnia and Herzegovina. The data gathered from this exercise is an indicator of trends in the delivery of external aid and economic progress, which has shifted from reconstruction to cross-cutting issues. Today, representatives of domestic institutions are increasingly involved in the preparatory process of the report. Both domestic institutions and international stakeholders provided invaluable information on the latest development issues. DMR 2009-2010 covers the period of July 2009 to the end of 2010. The current report reflects the state of affairs up to July 2010.

# Education Sector

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<b>DCF members active in the sector in 2009–2010</b>	Norway, EC, Austria/ADC, Germany, Sweden/Sida, The Netherlands, UNICEF, USA/USAID, France, Japan/JICA, Hungary, Switzerland/SDC/SECO.
<b>Other key international organisations (IOs)</b>	Council of Europe (CoE); Organization for Security and Cooperation in Europe (OSCE); Office of the High Representative and EU Special Representative (OHR); United Nations Educational, Cultural and Scientific Organisation (UNESCO); European Training Foundation (ETF); European Commission (EC).
<b>Key government partners</b>	BiH Ministry of Civil Affairs (BiH MoCA); entity, district and cantonal Ministries of Education; Pedagogical Institutes; Agency for Development of Higher Education and Quality Assurance, Agency for Pre-school, Primary and Secondary Education, and Centre for Information and Recognition of Documents in the Area of Higher Education (CIP); BiH Rectors' Conference; Conference of Education Ministers in Bosnia and Herzegovina (CoEM); and Education Councils.
<b>Total allocation to the sector in 2009 and 2010 by DCF members</b>	2009: €7.43 million all in form of grants 2010: €10.21 <sup>6</sup> million all in form of grants
<b>Sector strategies</b>	<i>Strategic Directions for the Development of Education in BiH and Implementation Plan 2008–2015; Strategy for Pre-School Education in BiH; Strategy for Development of Vocational Education and Training (VET) in BiH for 2007–2013; Road Map and Action Plan for EU Community Programmes for Life-long Learning and Youth in Action; 7 Key Strategies and Guidelines to Implement the Bologna Process; Strategy for Development of Science in Bosnia and Herzegovina 2010-2015 and Action Plan; RS Education Development Strategy 2010-2014 with Action Plan.</i> There is no FBiH entity-level education strategy.
<b>Donor coordination</b>	BiH MoCA organised and led sector working-group meetings, which included the leading local and international stakeholders. In addition, some donors attended ad-hoc information-sharing meetings organised mainly by the OSCE. A number of donors were invited to meetings held by the Conference of Education Ministers in Bosnia and Herzegovina. The Agency for Development of Higher Education and Quality Assurance established a coordination body.

<sup>6</sup> Including €5.5 million for EC 2010 Pipeline projects in 2010 not yet contracted.

## Overview

Based on the DAC definition, the Education sector is made up of the following elements: basic, secondary and post-secondary education; education policy and administrative management; education facilities and training; teacher training; and education research.

Education, as a fundamental human right, is critical for the development of children and facilitates active participation in society. It is crucial for the accomplishment of all Millennium Development Goals (MDG) by 2015.<sup>7</sup> In December 2006, UN agencies and the Government of Spain signed a long-term agreement to establish a new global fund to accelerate efforts to reach the MDGs, and to support UN reform efforts at the country level. The MDG-Fund intervenes in a number of thematic areas including culture and development. Bosnia and Herzegovina has been selected as the focus country for the implementation of four MDG projects, of which three have a strong educational component.

According to the BiH Constitution, the Education sector is decentralised. The state-level Sector for Education within the BiH Ministry of Civil Affairs is responsible for the preparation and execution of rules, the coordination of activities and the harmonisation of plans made by entity bodies. It also defines strategies at the international level. The authorities for education in FBiH are the cantonal Ministries of Education. The FBiH Ministry of Education has a coordinating role at the entity level. Within RS, the authority is the entity Ministry of Education and Culture. Within the Brčko District the authority for education is the Department of Education. This complex administrative structure, with 13 ministries of Education and the Department of Education in the Brčko District, makes the implementation process challenging.

Over the last decade the Education sector has undergone changes in an attempt to harmonise the BiH educational systems with the modern European educational structure. Following the adoption of a few important laws during 2007/08, the Agency for Development of Higher Education and Quality Assurance, the Agency for Pre-school, Primary and Secondary Education, and the Centre for Information and Recognition of Documents in the Area of Higher Education (CIP) were established. All three agencies are operational and gradually becoming recognised authorities for creating educational standards.

In January 2010 the Agency for Pre-school, Primary and Secondary Education published results of the Trends in International Mathematics and Science Study 2007 (TIMSS). The results of the study of primary school students in their final year of school showed that students tested below average international standards in natural sciences and mathematics.

The BiH Agency for Pre-primary, Primary and Secondary

Education and the European Training Foundation (ETF) organised a two-day conference in February 2010 to address issues of lifelong learning within the emerging BiH qualifications framework.<sup>8</sup>

The *Strategy for Development of Science in Bosnia and Herzegovina 2010-2015* and *Action Plan* were adopted in December 2009. The document will facilitate the development of science, research, education, culture and the economy in BiH consistent with the recommendations for development of science in Europe and worldwide.

In December 2009 Republika Srpska adopted the RS Education Development Strategy 2010-2014 with Action Plan for Implementation of Strategic Educational Projects. The Strategy is based on the concept of lifelong learning in order to accommodate new technological and social changes in the country.

A working group established by the BiH Conference of Education Ministers (CoEM) in 2009 to provide recommendations on the eradication of 'Two-Schools-Under-One-Roof' has completed its work. The report, which was adopted by the BiH Education Ministerial Conference in January 2010, found that over 50 primary and secondary schools under the same roof still exist in five different forms. The report urged that solutions be urgently implemented in accordance with the law and international commitments. Further detailed analysis was suggested to assess whether division or discrimination occurs in the schools.<sup>9</sup> Significant progress was made in the establishment of nine-year primary education. The implementation of the joint core curriculum in some areas is over 90%.

Harmonisation of cantonal legislative framework with the state-level framework laws for higher education, pre-school and vocational education is advancing slowly. Despite some progress made in the Education sector in 2009-2010, implementation of the framework laws is slower than expected.



<sup>7</sup> MDGs includes: halving extreme poverty, getting all children into school, closing the gap on gender inequality, saving lives lost to disease and the lack of available healthcare, and protecting the environment.

<sup>8</sup> [http://roentgen.etf.eu.int/web.nsf/opennews/9DBCD16860B02753C12576BE003D1614\\_EN?OpenDocument&VER=TEXT](http://roentgen.etf.eu.int/web.nsf/opennews/9DBCD16860B02753C12576BE003D1614_EN?OpenDocument&VER=TEXT)

<sup>9</sup> Media Advisory – BiH MoCA 30 March 2010.



Since Bosnia and Herzegovina ratified the Lisbon Recognition Convention and joined the Bologna Process in 2003, BiH is gradually implementing these methodologies. The Feasibility Study for Higher Education Reform from March 2009, supported by the EU, illustrates that in 2007 public expenditure on higher education reform was approximately 0.5% of GDP which is below the EU-19 average (1% of GDP) but still within the limits of the candidate and potential EU candidate countries. The Bologna Process reform should create a 'student centred university'

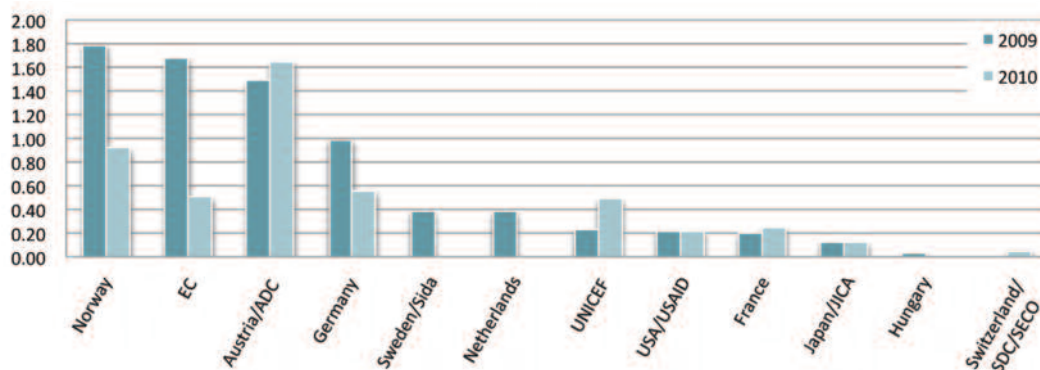
system, replacing the 'teacher centred university' system. Further challenges in this process include standardising classifications of occupations to eliminate difficulties with employment services. The timeline for implementation of the Bologna Process is 10 years from the date of ratification of the Convention by each signatory.

**This sector received 1% of ODA allocations in 2009 and to date 1% of total ODA in 2010 (excluding EC Pipeline projects for 2010).**

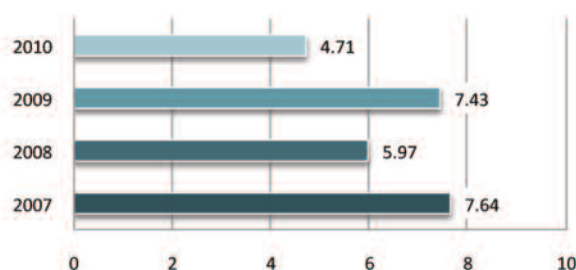
## Donor activities in 2009 and 2010

The Donor Coordination Forum (DCF) members active in the Education sector during 2009 were Norway, the EC, Austria/ADC, Germany, Sweden/Sida, the Netherlands, UNICEF, USA/USAID, France, Japan/JICA, Hungary, and Switzerland/SDC/SECO. Sweden/Sida, the Netherlands and Hungary did not allocate any funding for this sector in 2010. Switzerland/SDC/SECO is the newest donor to join the sector in 2010.<sup>10</sup> The leading donor in the Education sector in 2009 was Norway, followed by the EC, Austria/ADC and Germany; while Austria/ADC made the largest contribution to this sector in 2010 (Figure 1.1)

**Figure 1.1. Donor Aid Flows in the Education Sector 2009-2010 (Euros millions)**



**Figure 1.2. Donor Aid Distribution to the Education Sector 2007-2010 (Euros millions)**



Total allocation to the Education sector by DCF members was €7.43 million in 2009 and €10.21 million to date in 2010, including the EC Pipeline projects in value of €5.5 million, all in form of grants.

The EC Pipeline projects for Education for 2010 are not included in the charts.

It is possible that figures for 2010 may rise during the year. The current figures indicate that funding to this sector has increased from €5.97 million in 2008 to €7.43 million in 2009. (Figure 1.2)

<sup>10</sup> Other organisation which are not members of DCF such as the Council of Europe (CoE); the Organization for Security and Cooperation in Europe (OSCE); the Office of the High Representative and EU Special Representative (OHR); the United Nations Educational, Cultural and Scientific Organisation (UNESCO); the European Training Foundation (ETF); Kulturkontakt; and World University Service (WUS) Austria are also actively involved in implementation of various activities in education in the Education sector.

Donor aid programmes in Education in 2009 and 2010 have targeted all three levels of education: basic, secondary and tertiary. Ongoing reforms include:

- Strengthening the legal and institutional framework.
- Providing training to facilitate social inclusion processes.
- Creating reconciliation programmes.
- Enhancing teaching and learning processes.
- Providing capacity building.
- Improving the quality of and equitable access to pre-school education programmes.
- Improving the quality of and inclusiveness of primary education based on the quality basic education approach.
- Supporting the education system to improve youth employability.
- Supporting the education system and communities to advance inter-cultural education in BiH.
- Supporting entrepreneurs through education.
- Quality assurance and human capital development.

Some donors focus their assistance on certain sub-sectors. There is little overlapping of activities in the Education sector. Domestic stakeholders noted that there is good coverage of donor activities at all levels. The EU Delegation supports the development of the legal and institutional framework while some bilateral donors are more focused on institutional assistance. Austria/ADC, Sweden/Sida, France and Germany assist higher education reform. UNICEF and OSCE are working with preschools, primary and secondary schools. GTZ is working with cantonal and entity levels mainly in secondary education. USA/USAID's civic education programme is implemented at all education levels throughout BiH.

## Support to the strengthening of legal and institutional frameworks

The EC, Austria/ADC, UNICEF and OSCE supported the development of the legal and institutional framework. In June 2008 BiH CoM adopted the *Road Map and Action Plan for Inclusion of BiH into the EU Programme for Life-long Learning and Youth in Action by 2013* proposed by the BiH MoCA Sector for Education. This proposal is currently on hold until BiH acquires candidate-country status and establishes the decentralised fund management system.

Donor assistance to the Agency for the Development of Higher Education and Quality Assurance and Centre for Recognition of Documents in Higher Education supports the implementation of four of the seven basic strategies and guidelines of the Bologna Process in BiH.<sup>11</sup> Donors also assist in meeting the preconditions for membership in the European Association for Quality Assurance in Higher

Education (ENQA).<sup>12</sup> A database for a dynamic agency website was created by the Agency as part of the preconditions for membership to ENQA.<sup>13</sup> The goal of the project is to establish and implement a functional and efficient system for policy development in quality assurance of higher education.

In order to provide a quality modern preschool, primary and secondary education systems in BiH donors actively support the monitoring of activities, data collection, and the development of strategic documents.

UNICEF supports policies in early childhood development, primary education, inclusion of children and the protection of children's rights. They work to identify policies based on non-discrimination. The Organization for Security and Cooperation in Europe (OSCE) mission to BiH<sup>14</sup> promotes the development of a holistic educational system that is accessible, suitable and efficient for all BiH citizens. OSCE continues promotional activities in schools and other institutions. The BiH Agency for Preschool, Primary and Secondary Education has partnered with UNICEF and the OSCE.

## Higher education reform

In 2007 Bosnia and Herzegovina adopted the *Framework Law on Higher Education in BiH* beginning the reform processes at the tertiary level of education. The reform process, better known as the Bologna Process, includes: the introduction of accreditation or official ranking of faculties; the introduction of graduate and postgraduate studies at all faculties; the introduction of the credit transfer system; the modernisation of facilities and equipment; and the modernisation of pedagogical methods and organisational structure of universities and faculties.

The core principle behind the Bologna Process reform is to create a unified labour market in Europe. This principle is also the driving force of the EC's 2009 initiative for further advancement of the reform process in the higher education system. The Bologna Process responds to labour market needs combating unemployment,



<sup>11</sup> Assistance provided by the EC and the Council of Europe.

<sup>12</sup> ENQA disseminates information, experiences and good practices in the field of quality assurance (QA) in higher education to European QA agencies, public authorities and higher education institutions. [www.enqa.eu/](http://www.enqa.eu/)

<sup>13</sup> Assistance provided by Austria/ADC.

<sup>14</sup> OSCE is non-DCF member.

increasing academic mobility in BiH and abroad and Introducing an integrated university model to increase the cost effectiveness of administrative and management operations.

Donors active in higher education reform in 2009 and 2010 include: Austria/ADC, the EC, Sweden/Sida, USA/USAID, France, and Germany. Each has provided different types of assistance such as:

- Support to further institutional development of the BiH MoCA Department for Science and National Contact Point (NCP).
- Structural development of quality assurance in higher education and support to the Agency for the Development of Higher Education and Quality Assurance.
- Establishment of a business start-up centre for university graduates in Tuzla to promote entrepreneurship.
- Capacity building in support of state stakeholders in the social sector through University Masters Study in Social Work.
- Regional initiatives to establish cooperation between the Royal College of Music in Stockholm and Western Balkan music academies.
- Implementation of civic educational programme designed to promote inter-ethnic cooperation.
- University exchanges between France and BiH; scholarships in France (8 in 2008; 7 in 2009).
- Research collaboratives at universities in Germany and South Eastern Europe.

### Pre-primary, primary and secondary education reform

Donors active in pre-primary, primary and secondary education reform in 2009 and 2010 include: Austria/ADC, France, Germany, Japan/JICA, Hungary, the Netherlands, Norway, Switzerland/SDC/SECO, USA/USAID, the EC, and UNICEF.

Donors have supported the following activities:

- Harmonisation of quality and access to education in the different educational authorities in BiH.
- Promotion of child friendly schools/quality basic education approach in 20 communities in BiH to prevent social risks among socially excluded children.
- Strengthening of capacities of school management, teachers, pedagogists and parents to promote of democratic values.
- Developing a post crisis model for conflict resolution in 12 segregated schools in Middle Bosnia Canton to end the practice of 'Two-Schools-Under-One-Roof'.
- Improvement of cultural understanding in BiH - an MDGs initiative<sup>15</sup> - through development of legal and cultural policies to improve tolerance within the community.

- Support of French language classes in the new educational system in primary and secondary schools.
- Introduction of common IT curriculum to collaborate on IT modernisation efforts in secondary schools.
- Service learning as a method of promotion of democratic values.
- Promotion of inclusive index methodology and better involvement of local governance in the education process.
- Implementation of civic education curriculum in kindergarten, primary and secondary schools and at teacher training schools.
- Improving access to education for all children including children with special needs and children from multi-problem families.
- Creating common standards for history education.
- Assessment of the implementation of a common core curriculum in the BiH educational system.
- Twinning project to the Agency for Preschool, Primary School and Secondary Education.
- Providing access for minority and underprivileged children to quality pre-school education via the mobile kindergarten democracy project.



In 2009 OSCE finalised a student workbook and teacher guide on National Minorities in BiH. Since late 2009 these teaching tools are in use in all primary schools in BiH. OSCE is working on further promotion of these materials and their usage.

### Vocational education and training

Vocational education and training (VET) in BiH is critical to increase productivity, competitiveness and work-related options for young job-seekers. 76% of students in BiH enrol in vocational education and training, 46% in four-year programmes and 30% in three-year programmes.<sup>16</sup> The VET process meets the requirements of the Copenhagen Declaration establishing a basis for increasing mobility and facilitating access to lifelong learning for students.<sup>17</sup>

<sup>15</sup> Funded by the Spanish MDG-Fund.

<sup>16</sup> ETF Country Plan 2009 BiH. [www.ETF.europa.eu/pub/mgmt.nsf/%28getAttachment%29/F6E90EC6BC6FAFBBC125753900361541/\\$File/NOTE7N5DKB.pdf](http://www.ETF.europa.eu/pub/mgmt.nsf/%28getAttachment%29/F6E90EC6BC6FAFBBC125753900361541/$File/NOTE7N5DKB.pdf)

<sup>17</sup> Declaration of the European Ministers of Vocational Education and Training, and the European Commission convened in Copenhagen on 29 and 30 November 2002 on enhanced European cooperation in vocational education and training: "The Copenhagen Declaration". [http://ec.europa.eu/education/pdf/doc125\\_en.pdf](http://ec.europa.eu/education/pdf/doc125_en.pdf)

Donors active in VET include: the EC, Germany and Switzerland/SDC/SECO. In 2009-2010 the reform process focused on linking the education and training system with the employment market. Assistance was provided in:

- BiH adherence to the Copenhagen Declaration.
- Curricula development and capacity development of professional orientation models.
- Introduction of new teaching material, content and action oriented methodology.
- Modernisation of school management.
- Education of poor, unemployed girls and women in IT, foreign languages and dressmaking/tailoring.

A set of documents for further reform of vocational education and training was produced within the scope of the EC VET III project: Standards for the Modular Curricula in Vocational Education and Training in Bosnia and Herzegovina; Guidelines for Developing VET Modular Curricula in BiH; Manual on Pilot Testing, Monitoring and Evaluation of Modular Curricula Developed in the Framework of the EU VET Project - General Overview of the Methodology; the National Qualification Framework in Bosnia and Herzegovina; Concise Glossary of Terms and Concepts in Vocational Education and Training for Bosnia and Herzegovina; Concept of Training for Teachers in Vocational

Education and Training in Bosnia and Herzegovina; Manual of Initiatives and Income Activities in VET Schools in BiH; Revised Action Plan of the Vocational Education and Training Strategy 2007-2013; VETIS Model and User Manual.

Improvement of cooperation between VET schools and businesses has continued in some specific sectors such as metal-processing, wood-processing and electrical engineering. The new donor in this sub-sector in 2010, Switzerland/SDC/SECO, is focusing on adult and non-formal education in BiH.

### Education facilities and teacher training (pre-service and in-service)

An effort to provide quality care and child-oriented support for children from multi-problem families has continued throughout 2009 and 2010 in different regions of BiH. Training, monitoring and evaluating is provided for teachers, pedagogues and school principals in child centred methodology.

Civic educational programmes to promote education for democracy and human rights continue throughout BiH. Additional certification of primary and high school teachers for the subject Democracy and Human Rights was launched in 2010.

Major projects during 2009-2010 in the Education sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Improving Cultural Understanding in BiH (Joint programme MGD-F, Spanish Fund)	UNICEF/UNDP	6.61
Vocational Education and Training	Germany	3.60
Support to the Higher Education in Bosnia and Herzegovina 2005-2007and 2008-2010	Austria/ADC	2.26
Basic Education	UNICEF	1.30
University Master Study in Social Work	Sweden/Sida	1.26
EU Support of Higher Education in BiH done in Bosnia and Herzegovina	EC	1.10
Education Mostar	Norway	1.02

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)  
IPA projects allocated before 2009 are not included in the table.

## Sector strategies

Implementation of the state-level education strategy, *Strategic Directions for the Development of Education in Bosnia and Herzegovina and Implementation Plan 2008-2015*, adopted by CoEM and BiH CoM in 2008, is not progressing adequately due to financial constraints. Similarly, implementation of the one year of compulsory pre-school education, defined by the *Framework Law on Pre-school Education*, is slow.

In December 2009 the *Strategy for Development of Science in Bosnia and Herzegovina 2010-2015 and Action Plan*<sup>18</sup>

were adopted by BiH CoM. The strategy includes the basic principles, goals, directions and priorities in the development of science and technology education. It also provides strategic guidelines and a plan of action for further scientific and research activities in BiH in 2010-2015 focusing on international scientific and research collaboration.

In December 2009 Republika Srpska adopted the *RS Education Development Strategy 2010-2014 with Action Plan for Implementation of Strategic Educational Projects*. The strategy is based on the concept of life-long learning and harmonisation of education at all ages, which include formal,

<sup>18</sup> [www.mcp.gov.ba/zakoni\\_akti/strategije/?id=1251](http://www.mcp.gov.ba/zakoni_akti/strategije/?id=1251)



non-formal and self-education. Currently, there is no FBiH entity-level education strategy.

An Action Plan for the implementation of the *Strategy for Development of Vocational Education and Training in BiH for 2007–2013* was developed in 2009 with the support of the EU. In 2010 the *New Revised Draft Action Plan* should be prepared.

The *Law on Change and Amendment to the Framework Law on Higher Education in Bosnia and Herzegovina* was adopted. As an amendment to the *Framework Law on Higher Education in Bosnia and Herzegovina*<sup>19</sup> the *Rulebook on Using the Academic Titles and Attaining Scientific and Professional Titles* is in the process of being adopted. The *Law on Higher Education in Republika Srpska* was adopted in July 2010.

Tuzla and Sarajevo Cantons adopted laws on higher education in 2008. In 2009 and 2010 laws were adopted in Una-Sana Canton, Posavina Canton, Zenica-Doboj Canton, Bosnian-Podrinje Canton, Western Herzegovina, Canton 10 (Livno Canton), and the Brčko District. Two cantons, Central Bosnia Canton and Herzegovina-Neretva Canton, are yet to adopt laws on higher education.

## Donor coordination

In 2009 BiH MoCA organised sector working-group meetings of leading donors including: the EC, Council of Europe, OHR, OSCE, the World Bank and UNICEF. The BiH MoCA is satisfied that donors consult them during the preparation of new projects. In recent years there have been more complementary activities with less overlapping.

Some donors attend ad-hoc information-sharing meetings, mainly organised by the OSCE. A number of donors are regularly invited to meetings held by the Conference of Ministers of Education (CoEM).<sup>20</sup>

The Agency for Development of Higher Education and Quality Assurance established its own coordinating body in order to avoid duplication of activities and to present its priorities.

Generally, there is a good information flow within the sector through direct contact with stakeholders or among donor agencies.

## Future activities

Future actions and interventions in the Education sector should be linked with educational priorities set up in the new *Country Development Strategy and Social Inclusion Strategy* which are expected to be adopted during 2010.

Coordination of activities within the decentralised education system in BiH is a challenging task. In order to improve the

flow of information donor agencies suggested clarification of the roles and jurisdictions of the state-level and other levels of government in charge of education. Further capacity building for institutional strengthening at all levels of the government dealing with education issues would be welcome.

National stakeholders in the Education sector emphasised the need for the preparation of a National Qualification Framework. Existing curricula should be revised, harmonised and changed to accommodate technological, market and social changes. Introduction of knowledge and evaluation standards in pre-school, primary and secondary education would be beneficial.

Evaluation of project/programme activities is critically important for future programming of aid. It should be included as an integral part of education-related initiatives. Further linking of education and the employment market should receive more attention by all stakeholders.

Areas that have not received satisfactory donor assistance in the past but need to be addressed in more systematic way include:

- Formal and non-formal adult education.
- Educational infrastructure.
- Teaching tools.
- Pre-primary care as well as pre-service teacher training.

Austria/ADC will phase out its donor operations in the Education sector BiH by 2014, however, as a donor, Austria will continue to support BiH in other forms.

From 2010-2014 UNICEF will support cooperation in social inclusion, promotion and development of standards for early childhood and child-friendly schools/quality basic education. UNICEF has committed to providing access to education for all children free of charge.

Germany will continue to support VET reform. Switzerland/SDC/SECO will provide assistance to adult and non-formal education. Japan/JICA will carry on projects related to IT curriculum modernisation.

Considering OSCE's country-wide presence and commitment to the support of basic school systems, its assistance will be focused on spreading the culture of tolerance, teacher training, the introduction of new methodology for teachers of history, the improvement of curricula, and fundraising for education as well as the incorporation of cross-cutting issues in all activities.

IPA 2008 and 2009 funds will support: reform of financing for higher education; further reform of VET; development of a state level strategy and framework law for adult education; statistical reporting in education; and employment of adults.

In the future enhancement of sustainability and country ownership of the reform process will be given priority.

<sup>19</sup> (Official Gazette BiH no. 59/07) Article 6, Paragraph 4, include new Paragraph 5

<sup>20</sup> The CoEM is an advisory body aiding coordination of the Education sector. Membership of the Conference includes state, entity, and cantonal Ministers of Education and the Head of the Department for Education Brčko District.

# Health Sector

## 2

<b>DCF members active in the sector in 2009–2010</b>	UNDP, EC, Switzerland/SDC/SECO, Canada/CIDA, Germany, The Netherlands, Italy/IC, Norway, UNICEF, France, Japan/JICA, Austria/ADC, World Bank.
<b>Other key international organisations (IOs)</b>	World Health Organisation (WHO); United Nations Population Fund (UNFPA); International Organisation for Migration (IOM); the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM); Global Alliance for Vaccines and Immunisation (GAVI).
<b>Key government partners</b>	BiH Ministry of Civil Affairs (MoCA); FBiH Ministry of Health, RS Ministry of Health and Social Welfare; Brčko District Department of Health; cantonal Ministries of Health; Health Insurance Funds; Public Health Institutes; State Regulatory Agency for Radiation Protection and Nuclear Safety; Agency for Drugs and Medical Devices in BiH.
<b>Total allocation to the sector in 2009 and 2010 by DCF members</b>	2009: €12.38 million - €7.64 million in grants and €4.74 million in loans 2010: €10.31 <sup>21</sup> million - €6.62 million in grants and €3.59 million in loans
<b>Sector strategies</b>	<p>There is no state-level health system strategy. The <i>draft Strategy to Reform the Health System in BiH 2010-2015</i> was prepared by the MoCA. The FBiH adopted the <i>Strategic Plan for the Development of Health in FBiH for the period 2008-2018</i>. The <i>RS Strategic Directions in Development of Health</i> exists in draft form. The <i>Strategy of Health Development in Brčko District BiH for the period 2008-2013</i> was adopted in 2008. Primary, secondary and tertiary healthcare strategies were adopted at the entity level, while a primary healthcare strategy exists at the state level.</p> <p>State-level sub-sector policies and strategies that have been adopted include: <i>Disability Policy in BiH</i>; <i>State Strategy for the Prevention and Suppression of the Abuse of Narcotic Drugs in BiH</i>; <i>National Strategy to Prevent and Combat HIV/AIDS</i>; <i>National Strategy for Sustainable Elimination of IDD</i>;<sup>22</sup> <i>Pandemic Preparedness and Control Plan for BiH</i>. A <i>Road Map of European Integration Priorities and Requirements in the Health Sector</i> was developed with support of the EU.</p>
<b>Donor coordination</b>	There is no formal sector-wide coordination group. The Conference for the Health sector in BiH is the highest advisory and coordinating body for health issues in the country. Donor activities in the Health sector are coordinated on an ad-hoc basis or in the context of sub-sector working groups, which include the Country Coordination Mechanism (CCM) in the field of HIV/AIDS and Tuberculosis, the Inter-Agency Coordinating Committee on Immunisation Issues, and the United Nations Theme Group on HIV/AIDS.

<sup>21</sup> Including €1.1 million for EC 2010 Pipeline projects in 2010 not yet contracted.

<sup>22</sup> IDD – Iodine Deficiency Disorder

## Overview

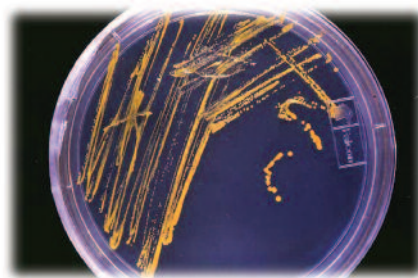
Based on the DAC definition, the Health sector is made up of the following elements: health policy and administrative management; basic and primary healthcare programmes; basic health infrastructure; basic nutrition; infectious disease control; tuberculosis control; medical education and training; medical research; medical services; health education; training of health staff for basic healthcare services; population policies and programmes and reproductive health; and STD control including HIV/AIDS.

Most support to the Health sector in 2009-2010 was given to primary healthcare reform, mental health protection and prevention/control of HIV/AIDS, TB and other transmittable diseases. Domestic stakeholders are satisfied with the distribution of donor aid within the sector. Efforts in the reform of the health system strive to be gender sensitive and focused on providing equal access to health services for returnees, youth and the most vulnerable groups of the population.

The reform process in this sector is progressing gradually. The adoption of the basic health services package in both entities ensures the provision of essential healthcare for all people. In 2009 the BiH Council of Ministers (BiH CoM) adopted a decision on the establishment of the Regional

Centre for Mental Health advancing cooperation in mental healthcare throughout the region. The BiH Agency for Medicines and Medical Devices became operational in May 2009. The World Health Organisation (WHO) will support further strengthening of institutional capacities as well as the establishment of a single market for medication and medical devices in BiH.

Although progress to date is viewed as positive and focus oriented, stakeholders in the sector agree that there is a need to invest additional efforts in order to reach EU health standards.



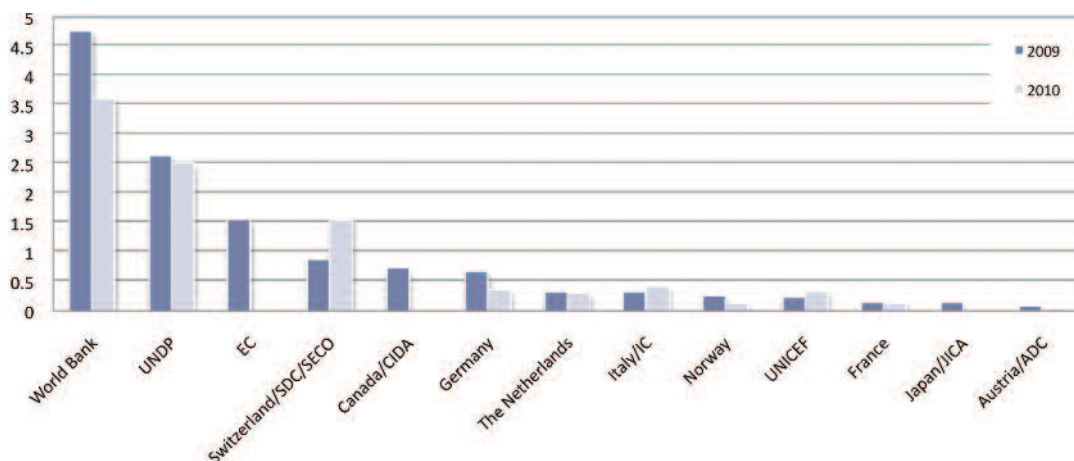
**This sector received 2% of total ODA allocations in 2009 and to date 1% of total ODA in 2010 (excluding EC Pipeline projects for 2010).**

## Donor activities in 2009 and 2010

DCF members active in the Health sector during 2009 were UNDP, the EC, Switzerland/SDC/SECO, Canada/CIDA, Germany, The Netherlands, Italy/IC, Norway, UNICEF, France, Japan/JICA, Austria/ADC, and the World Bank. Assistance from the World Bank in 2009-2010 was in the form of a loan.

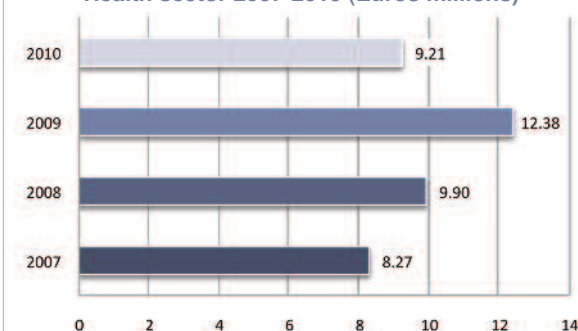
Non-DCF organisations active in the Health sector include: the World Health Organisation (WHO), the United Nations Population Fund (UNPF), the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), the Global Alliance for Vaccines and Immunisation (GAVI) and the International Organisation for Migration (IOM).

**Figure 2.1. Donor/IFIs Aid Flows in the Health Sector in 2009-2010 Grants & Loans (Euros millions)**



The allocation to the Health sector by DCF members was €12.38 million in 2009 and €10.31 million (including EC Pipeline projects for 2010 to the value of €1.1 million) to date in 2010.

**Figure 2.2. Donor/IFIs Aid Distribution to the Health sector 2007-2010 (Euros millions)**



Funding to the Health sector increased from 2008 to 2009.

2010 figures decreased in comparison with 2009; however, donors may allocate additional funds in the course of 2010. The EC Pipeline projects were not included in Figures 2.1 and 2.2.

### Support to the strengthening of legal and institutional framework

In previous years the EU, WHO and UNICEF have supported the strengthening of legal and institutional capacities at all levels of government in the Health sector. With the EU's support, a structure for reporting health indicators to EUROSTAT and other international organisations (WHO, WB, OECD) was established within the BiH MoCA. Further support for the improvement of statistical reporting in the Health sector is currently being prepared. In order to establish a fully operational information reporting system, clarification is needed to define which institution will be authorised to collect the health data for EUROSTAT, enter data into the system and report through BiH MoCA. Harmonisation of legislation with *acquis* and development of sectoral policies is necessary for advancement in the EU integration process. The EC in 2010 will support the Pharmaceutical Agency and the reform of secondary healthcare.

In 2008/2009 special attention was given to the strengthening of the institutional capacity of the Federation of BiH (FBiH) Agency for Healthcare, Quality and Accreditation and the Republika Srpska (RS) Agency for Accreditation and Healthcare Quality Improvement. IPA 2007 funds were allocated for the preparation of technical specifications for and procurement of equipment for microbiology/bio-safety laboratories in BiH, implemented in 2009/2010.

In BiH the organisation, financing and services delivery for the health system is under the jurisdiction of the entities. The MoCA is responsible for the coordination of activities, the harmonisation of plans of the entity line authorities and defining a strategy at the international level in the field of health. Continuation of WHO's support to BiH in the fulfilment of its international obligations has been ensured with the signing of a new two-year agreement with the BiH MoCA, which sets up priorities and goals for the period 2010-2013. Priority goals foreseen by the Memorandum of Understanding (MoU) include: follow up on the implementation of the

strategic plan; integration of the quality and continuity of healthcare into ongoing reforms of primary health, family medicine and the hospital sector in BiH; drafting of an implementation strategy to reduce the burden of TB, HIV/AIDS and non-communicable diseases; improving the monitoring of communicable diseases; and responding to the outbreak of transmittable diseases.

In 2009 WHO assisted BiH MoCA to prepare the working *Draft of Strategy for Reform of the Health Sector in BiH*. This document has not been adopted and some of the donor agencies as well as domestic stakeholders have suggested that further improvements should be made in regard to the general principles. Efforts are under way to provide a joint document, which will clearly shape the developments and priorities in this sector based on relevant entity health strategic documents.

Across all relevant sectors, institutional development, focused on gender based violence and child abuse, was supported by UNICEF through the establishment of a referral mechanism and through the strengthening of the justice system for children in BiH in line with international standards. This brought together local NGOs in targeted municipalities, the BiH Ministry of Human Rights and Refugees and the Justice Juvenile Coordination Body.<sup>23</sup> In 2010 the FBiH Ministry of Health and local NGOs began to develop an early childhood, maternal and childhood health programme. The programme will assist health, education and social protection governmental institutions, CSOs, and the private sector in the implementation of inclusive policies and strategies aimed at improving the quality of early childhood healthcare services through capacity building.

### Primary healthcare reform

Primary healthcare reform includes the introduction of family medicine, which provides a patient-centred team approach to healthcare with an emphasis on safe quality care provided within the community.

<sup>23</sup> This donor initiative includes intervention from the following sectors: Economic Development and Social Protection; Health; Good Governance and Institution Building; Education; and Local Governance.

Donors/IFIs that supported primary healthcare reform in 2009 and 2010 include: Switzerland/SDC/SECO, the World Bank and Canada/CIDA. Their focus was on the following activities:

- Supporting local stakeholders in further strengthening of primary healthcare services to establish a comprehensive model of care which will create a link between family medicine, social sector services and civil sector organisations to ensure affordable, fair and efficient health service.
- Evaluating the reform process in selected areas of the primary healthcare sector. In 2010 the evaluation process will include an assessment of the reform process to date, focusing on the contribution of the family medicine model to the advancement of primary healthcare as well as continuity, coordination and customers' satisfaction.
- Providing technical advice on design and implementation of the reform process in policy development, strategic planning, and human resource management with the integration of a gender sensitive policy.
- Supporting efforts to establish state and federal level nursing and physiotherapy associations.<sup>24</sup>
- Introducing youth friendly health counselling, diagnosis and treatment; promoting healthy life choices among young people; developing quality care standards and integrated care models for selected health conditions; training and making recommendations for more effective management capacities.

Introduction of the family medicine model should be finalised by the end of 2010. Donors believe that further assistance to the reform process is necessary.

### Public health reform

Public health reform in 2009 and 2010 was supported by Canada/CIDA, the EC and UNICEF. Their focus was on the following activities:

- Strengthening the Balkan Civil Society's Voice for Public Health - encouraging them to act as advocate and watchdog for public health, monitoring the impact of health reform on primary healthcare and enhancing the capacities of nascent public health associations in BiH.
- Sustainable elimination of iodine deficiency in Central and Eastern Europe (CEE) through the support of the *National Strategy for Sustainable Elimination of IDD*.
- Sustainable elimination of micronutrient deficiency through wheat flour fortification with iron and folic acid to reduce malnutrition in children.

Under IPA programming the EC has allocated funds from IPA 2007 and IPA 2008 to support of the reform of public health through:

- Strengthening public health institutions in BiH with special focus on public health as an integrated part of planning, decision making and fulfilment of international obligations.
- Drafting technical specifications for the procurement of equipment for microbiology/bio-safety laboratories and for the protection of staff working with radioactive materials.
- Assisting the BiH Pharmaceutical Agency in becoming a fully functional institution in accordance with EU standards.<sup>25</sup>
- Assisting with secondary healthcare, improving the efficiency of healthcare, and harmonising relevant legislation in accordance with the EU Directive.
- Further development of the National Health Account reporting.



### Mental health reform

An ambitious and comprehensive reform of the mental health system began immediately after the war. The purpose of the reform was to shift services from hospitals to community mental health centres as a central pillar of the new system. This process also included the reform of mental health legislation in accordance with EU standards and the development of different forms of support within the community including establishment of a regional centre for mental health in BiH.<sup>26</sup> Donors that were active in mental health reform in 2009 and 2010 include: Italy/IC Switzerland/SDC/SECO, Austria/ADC, and the Netherlands.

Main areas of support in mental health reform include:

- Technical and financial support to improve access to mental healthcare at the community level.
- Assistance to the reform process at the primary mental health level in RS to promote mental health through effective and efficient services for mentally ill people and their families. Twenty-two centres for mental health are planned.

<sup>24</sup> Third Regional Conference "Health in All Policies and Primary Health Care" and Who Policy Dialogue "Global Crisis and Health". [www.canbhp.org/dokumenti/reg-konf-sa-sept09/materials\\_for\\_the\\_conference.pdf](http://www.canbhp.org/dokumenti/reg-konf-sa-sept09/materials_for_the_conference.pdf)

<sup>25</sup> Twinning project for the BiH Agency for Medicines and Medical Devices

<sup>26</sup> Regional Collaboration in Reconstruction of Mental Health Services in Bosnia and Herzegovina. <http://psychservices.psychiatryonline.org/cgi/content/full/56/11/1455>



- Psychosocial counselling, medical and other support to vulnerable groups and traumatised children.
- Improving governance and interethnic cooperation in the support of gender issues. Specific attention directed to women returnees in respect to their pensions, healthcare, social care and employment.

The establishment of the Regional Centre for Mental Health in BiH is progressing. The BiH MoCA is awaiting the transfer of office equipment, documentation and financial funds left over after the completion of the Regional Project on Mental Health which was financed by the South-Eastern Europe Health Network (SEEHN).

### Prevention and treatment of communicable diseases

Donors focused on the prevention and treatment of transmissible, communicable diseases in 2009-2010. There was strong interest in programmes combating HIV/AIDS, TB<sup>27</sup> and the possible threat of avian influenza (HPAI). Since 1986, 162 people in BiH have been diagnosed HIV positive; out of which 105 developed AIDS and 24 have been co-infected by HIV/AIDS and TB. In comparison with 2008, two more people were diagnosed with HIV/AIDS in 2009. A recent study, coordinated by UNICEF with the support of the Global Fund and UNAIDS, reported positive trends in comparison with a survey conducted in 2007.<sup>28</sup> BiH institutions and donors are investing significant efforts in order to maintain the rate of this disease at less than 1% and to suppress the stigma and discrimination against people who live with HIV/AIDS.



All stakeholders active in the health sector highlighted the need for continued work with youth engaging in high risk behaviour specifically, injection drug users. The above-mentioned study called for greater efforts to publicise domestic HIV/AIDS services for injection drug users in order to reduce risky behaviour.

Donors/IFIs actively engaged in the implementation of HIV/AIDS and TB related activities include: UNDP, UNICEF, the World Bank and Germany. These agencies along with

BiH MoCA, entity line ministries and Public Health Institutes have implemented HIV/AIDS programmes in accordance with goals set up in the state-level strategy 2005-2009, which will be replaced with the new strategy that will cover the period of 2010-2015.

Two Global Fund (GFATM) funded projects<sup>29</sup>, implemented by UNDP as a principal recipient, assisted in the establishment of 19 centres for HIV testing. Forty-five medical facilities were reconstructed. Trainings were provided for youth groups 14-19 years of age, as well as the organisation of out-of-school activities for youth from 15-24 years of age to educate youth and prevent diseases. Methadone therapy was provided for drug users in five cities along with counselling and referral systems. The National Monitoring and Evaluation Plan for the Fight Against TB was drafted in cooperation with the coordinators network and the line ministries in 2009-2010. The laboratory network was strengthened with improvements in case detection and provision of effective treatment for people affected by TB. These efforts have resulted in fewer TB cases reported in 2008. The next step, and donor intention, is to transfer responsibility for the implementation of activities related to combating of HIV/AIDS and TB to domestic stakeholders. However, neither the institutions nor non-governmental organisations are equipped with the required capacities to take full ownership over the process.

Other major activities in the prevention and treatment of communicable diseases in 2009-2010 include:

- Prevention programmes aimed at further strengthening of the national coordination mechanisms for HIV/AIDS.
- Monitoring of implementation of the National AIDS strategy and regional activities<sup>30</sup> to strengthen governments, NGOs and the private sector to deliver evidence based interventions to young people engaged in risky behaviour.
- Provision of advisory services on health and HIV/AIDS prevention to youth in rural BiH.
- Immunisation programmes centred on hard to reach communities and contributions to the improvements in basic healthcare and the inclusiveness of education and child protection services.

WHO's strategic agenda for BiH also includes the prevention and treatment of communicable diseases. Its focus in 2009-2010 was to further strengthen international health regulations. This includes mechanisms for response to public-health events, which are of international importance such as the pandemic H1N1 influenza.<sup>31</sup> Treatment of H1N1 was supported by a donation of Tamiflu to BiH. Evaluations of the new vaccines and field trainings were conducted to present new vaccines to health workers.

<sup>27</sup> Koinfekcija HIV/AIDS-a i tuberkuloze – dijagnostičko terapijske smjernice; [www.phi.rs.ba/vijesti\\_jat.html](http://www.phi.rs.ba/vijesti_jat.html)

<sup>28</sup> Report on Behavioural and Biological Surveillance Among Injection Drug Users in BiH. A Respondent Driven Sampling Survey - conducted by UNICEF in cooperation with NGOs, entity Ministry of Health and Public Institutes for Health with support of Global Fund and UNAIDS.

<sup>29</sup> Total value of the HIV project 2006-2009 is \$11 million while the new 2-year project will amount to €12 million.

<sup>30</sup> This project supports six UNICEF offices in Ukraine, Albania, Bosnia and Herzegovina, Moldova, Romania, Serbia and Montenegro.

<sup>31</sup> The purpose of these mechanisms is to respond to the challenges with minimum effect on international trafficking of people and goods.

The Ministries of Agriculture in both entities are working on minimisation of the threats posed to humans and the poultry industry by HPAI infection and other infectious diseases that can be transmitted from animals to humans.<sup>32</sup> Activities integrated in the national plan, which was developed and adopted at the state level in 2009, ensure common objectives across the sectors for dealing with the avian flu issue. Cooperative efforts with other donor agencies such as UNDP, WHO, UNICEF, the EC, and USAID will ensure that BiH's emergency preparedness plan is ready for the HPAI challenge.

### Medical facilities and professional training (pre-service and in-service)

Donor assistance for improvement of the quality of life for disabled and elderly people has continued in 2009 and 2010. Some major achievements in this area include:

- Establishment of a day care centre which provides social contacts and medical treatments for the elderly in the Zenica municipality.
- Establishment of pain therapy treatment for disabled people.
- Provision of working therapy for disabled adults and elderly at the Holly Family Rehabilitation Centre in Mostar.
- Construction of a centre in the Zenica-Doboj canton for early intervention and treatment of disabled and at risk children.
- Regular exchanges between medical specialists and students in France and BiH strengthening the partnerships between hospitals in both countries.
- Trainings in pain therapy treatment for medical staff in major BiH cities to equip them to deliver treatment to war victims in BiH.

Major projects during 2009-2010 in the Health sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Health Sector Enhancement Project (Loan)	The World Bank	12.23
Coordinated National Response to HIV/AIDS & Tuberculosis in a War-torn and Highly Stigmatized Settings	UNDP	11.11
Further strengthening of DOTS strategy in Bosnia and Herzegovina	UNDP	5.86
Avian Influenza Preparedness Project (Loan)	The World Bank	3.53
Balkans Primary Health Care Project	Canada/CIDA	2.38
Balkans Youth and Health Project	Canada/CIDA	2.38
Support to Reform of Mental Health Care at Community Level in BiH, Phase 1	Switzerland/SDC/SECO	2.57
Family Medicine Implementation Project in Bosnia and Herzegovina, IV Phase	Switzerland/SDC/SECO	2.04
Strengthening of Public Health Institutes in BiH	EC	1.50
Strengthening Balkans Civil Society Voice for Public Health	Canada/CIDA	1.02
Support to the sexual and reproductive health and HIV prevention among youth	Germany	1.00

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

## Sector strategies

The Health sector in BiH has been regulated at the entity and Brčko District levels, while the few existing state-level laws regulate prevention and suppression of narcotic drugs, poison circulation, food safety, and radiation protection and nuclear safety.<sup>33</sup>

The Federation of BiH adopted the *Strategic Plan for Development of Health in FBiH 2008-2018* in December 2009. There is a draft form of the *Strategic Directions in Development of Health in Republika Srpska*. Brčko District has its own health strategy. Primary, secondary and tertiary

healthcare strategies exist in both entities.

Based on the entity and Brčko District level strategies MoCA, with assistance provided by WHO, prepared the draft state-level *Strategy to Reform the Health System in BiH 2010-2015*. It should facilitate coordination among health sectors at all levels, serve as a platform for execution of international obligations of the state, and assist in the preparation of international projects. Other state-level strategic documents and policies that exist in the Health sector include the *Primary Health Care Strategy 2006*, the *National Strategy for Sustainable Elimination of IDD*, the *Resolution on Health Policy for all Citizens of BiH*, the *WHO Framework*

<sup>32</sup> Avian Influenza Preparedness Project- Loan provided by the World Bank.

<sup>33</sup> State level laws, BiH Law on Prevention and Suppression of Abuse of Narcotic Drugs, BiH Law on Food, BiH Law on Poison Circulation, BiH Law on Radiation and Nuclear Safety in BiH.

*Convention on Tobacco Control, the Declaration on Long-term Regional Programme of Cooperation and Mental Health Development in South Eastern European Countries, the BiH National Action Plan for the Prevention and Suppression of the Abuse of Narcotics Drugs in BiH 2009-2013, the BiH Strategy for Fight Against Violence over Children, the Pandemic Preparedness and Control Plan for BiH,<sup>34</sup> and the BiH Action Plan for the Solution of Problems for the Roma Population in Regard to Housing, Employment and Health Protection.*

Several state-level Health sector documents currently in preparation include: the *BiH Framework Health Information Systems Strategy*, the *Draft Strategy for Reform of the Health Sector*, the *Action Plan for Implementation of Disability Policy in BiH*,<sup>35</sup> the new *National Strategy to Prevent and Combat HIV/AIDS 2010-2015*, and the *Strategy for the Prevention of Tuberculosis in BiH 2010-2015*. Preparation of these documents is supported by donor funds.<sup>36</sup>

*A Road Map of European Integration Priorities and Requirements in the Health Sector*, prepared with the support of the EU, defines BiH obligations with regard to harmonisation of the healthcare system with EU standards. The Road Map is in the revision process and will be discussed in the second quarter of 2010. BiH's progress in the harmonisation of the health policy with the *acquis communautaire* is in an early stage of development.

## Donor coordination

There is no sector wide donor coordination mechanism in the Health sector. The Conference for Health sector in BiH acts as a permanent advisory and coordinating body in the field of health. The conference is composed of the Minister of Civil Affairs of BiH, entity Ministers of Health and the Head of the Department for Health of Brčko District. It evaluates and approves every donor initiative, which has been approved by the entities and Brčko District. Donor agencies such as the UNDP, WHO, the EC and UNICEF are regularly invited to quarterly meetings. Many donors commend the conference and its efforts to improve donor coordination through regular meetings during 2009-2010. All stakeholders active in the sector encourage governmental institutions to strengthen their capacities to take a leading role in the coordination of donor activities.

Donors active in the Health sector coordinate their activities on an ad-hoc basis or in the context of sub-sector working groups. In regard to the Global Fund projects, the Country Coordination Mechanism on HIV/AIDS and Tuberculosis (CCM) in BiH meets quarterly and bring together representatives from the governments, donor agencies, non-governmental organisations, academic institutions, private businesses and people living with HIV/AIDS and TB. The United Nations thematic meetings on HIV/AIDS convene the



UN agencies in BiH, which are active in preventing and combating these diseases. The Inter-Agency Coordinating Committee on Immunisation Issues exists as a requirement of the Global Alliance for Vaccines and Immunisation (GAVI).

## Future activities

According to domestic stakeholders the priority areas that were not sufficiently covered by donor assistance include:

- Investments to the health infrastructure.
- Procurement of the equipment for emergency departments.
- Reconstructing and equipping microbiology and general laboratories.
- Education of laboratory staff.

Development of the health information systems, specifically the introduction of the electronic Medicare card, would require further donor support. Specific attention should be given to the disposal of medical waste taking into account limited domestic capacities in this area as well as the absence of legislation aligned with EU standards.

Other important issues include: the protection of vulnerable groups through subsidies and access to free medications from the essential list. The exchange of data requires improvement. A centralised state-level data system is needed for planning and informative decision-making purposes.

Costly reform of the tertiary health system (hospital reform) is crucial for further improvement in this sector. Hospital reform depends on the establishment of the primary healthcare system. In order to accelerate the reform process and to ensure efficient use of donor funds, delays between project approval and disbursement of funds should be addressed.

In recognition of the need for emergency preparedness, steps have been taken to establish legislative framework to create an emergency management system.

<sup>34</sup> Document prepared by a BiH Working Group with representation from BiH MoCA, entity Ministries of Health, Brčko District Department of Health and the BiH Veterinary Office. The Working Group was assisted by WHO, the World Bank and UNDP.

<sup>35</sup> Supported by the Finnish government

<sup>36</sup> Interview with BiH MoCA

# Good Governance and Institution Building Sector 3

<b>DCF members active in the sector in 2009–2010</b>	EC, USA/USAID, Sweden/Sida, The Netherlands, UK/DFID, Germany, Switzerland/SDC/SECO, Norway, Italy/IC, Spain/AECID, Austria/ADC, UNDP, Canada/CIDA, France, UNICEF, Japan/JICA, Hungary, World Bank.
<b>Other key international organisations (IOs)</b>	The Organization for Security and Cooperation in Europe (OSCE), the Office of the High Representative and EU Special Representative (OHR), Council of Europe (CoE).
<b>Key government partners</b>	<p>Legal and Judicial Reform (LJR): BiH Ministry of Justice; RS Ministry of Justice; FBiH Ministry of Justice, BiH Prosecutor's Office; High Judicial and Prosecutorial Council (HJPC); the BiH Court.</p> <p>Public Administration Reform (PAR): BiH Public Administration Reform Coordinator's Office (PARCO); BiH Council of Ministers (CoM).</p> <p>Civil Society (CS): Civil Society Board.</p> <p>Human Rights (HR): BiH Ministry of Human Rights and Refugees; FBiH Ministry of Refugees and Displaced Persons; RS Ministry of Refugees and Displaced Persons; Ombudsman Institutions.</p>
<b>Total allocation to the sector in 2009 and 2010 by DCF members</b>	<p>2009: €49.47 million - €46.60 million in grants and €2.87 million in loans</p> <p>2010: €52.20 million<sup>37</sup> - €48.15 million in grants and €4.05 million in loans</p>
<b>Sector strategies</b>	<i>BiH Justice Sector Reform Strategy; Strategy Against Juvenile Offending for BiH; Public Administration Reform Strategy and Action Plan 1; National War Crimes Prosecution Strategy; draft Revised Strategy of Bosnia and Herzegovina for the Implementation of Annex VII of the Dayton Peace Agreement (adopted in June 2010).</i>
<b>Donor coordination</b>	<p>Legal and Judicial Reform: Quarterly coordination meetings organised by the Ministry of Justice (MoJ) Sector for Strategic Planning, Aid Coordination and European Integration (SSPACEI).</p> <p>Public Administration Reform: Quarterly coordination meetings organised by PARCO.</p> <p>Civil Society: Informal ad-hoc coordination.</p> <p>Human Rights: Project-based bilateral meetings.</p>

<sup>37</sup> Including €16.26 million for EC 2010 Pipeline projects in 2010 not yet contracted

## Overview

The Good Governance and Institution Building sector is made up of four sub-sectors: Public Administration Reform (PAR), Legal and Judicial Reform (LJR), Civil Society (CS) and Human Rights (HR).

Donor efforts in the LJR sub-sector in 2009-2010 focused on helping domestic institutions to take the lead in coordinating activities and developing policies and strategies. LJR has received support to establish a multi-donor basket fund and to prepare institutional strategic plans for LJR institutions at the entity, cantonal and Brčko District levels. Progress has been made in the harmonisation of entity criminal codes with state level laws, which resulted in the fulfilment of visa liberalisation requirements. Both entities are in the process of changing the legal framework for their penitentiary systems in order to introduce alternative sanctions such as electronic bracelets. Furthermore, they are in the process of amending mental health laws. Introduction of information technology systems in the courts and prosecutors' office contributed to the positive perception of the reform process in this sub-sector. The overall implementation of the *BiH Justice Sector Reform Strategy (JSRS)* did not proceed with desired speed because of the complex structure of the judicial system.

In 2007 four donor agencies created a basket PAR Fund for financing concrete measures of Action Plan 1 (AP1) of Public Administration Reform (PAR). It began operations in 2008. The Public Administration Reform Coordinator's Office (PARCO) was mandated to implement and monitor projects. Supervision of operative implementation is carried out by supervisory teams formed by the government and selected by reform areas. Currently, there are 14 active projects in the PAR sub-sector and all available funds are engaged for their implementation. According to the qualitative indicators, implementation of the PAR strategy pursuant to the AP1 for the first quarter of 2010 was approximately 40%. Better

progress was made in IT and at the administrative level of RS. In 2009 there was an increase of 6.5% in the implementation of the strategic goals, in comparison with 2008. PARCO, together with the EC and other BiH institutions such as Directorate for European Integration (DEI) and Directorate for Economic Planning (DEP), is engaged in the preparation of AP2 which will focus on vertical issues unlike AP1 which primarily addressed horizontal level reform. Donors praise progress made in PAR as an excellent example, which could be used as a model for other institutions and sectors.

Following the signing of the Agreement on Cooperation between the BiH CoM and the Non-Governmental sector (NGO) in BiH in 2007, Civil Society Organisations (CSOs) actively engaged in activities related to the establishment of a unified network. This network will contribute to the strengthening of NGOs in BiH through the implementation of the above mentioned agreement. In December 2009 the network, *Sporazum Plus*, was established gathering 370 leading NGOs throughout BiH. This network is working to further develop and promote agreements as a new practice in a relationship among the Civil Society sub-sector, the private sector and the government at all levels in BiH. In the future, the network will provide a democratic forum that will facilitate the participation and influence of CSOs on democratic reforms in BiH.

The Social Inclusion Foundation in Bosnia and Herzegovina (SIF in BiH) was established in January 2010 after two years of preparatory work. The Foundation will increase the role of the NGO sector in its capacity to implement the Social Inclusion Strategy in BiH.

**This sector received 7% of total ODA allocations in 2009 and to date 5% of total ODA in 2010 (excluding EC Pipeline projects for 2010).**

## Donor activities in 2009 and 2010

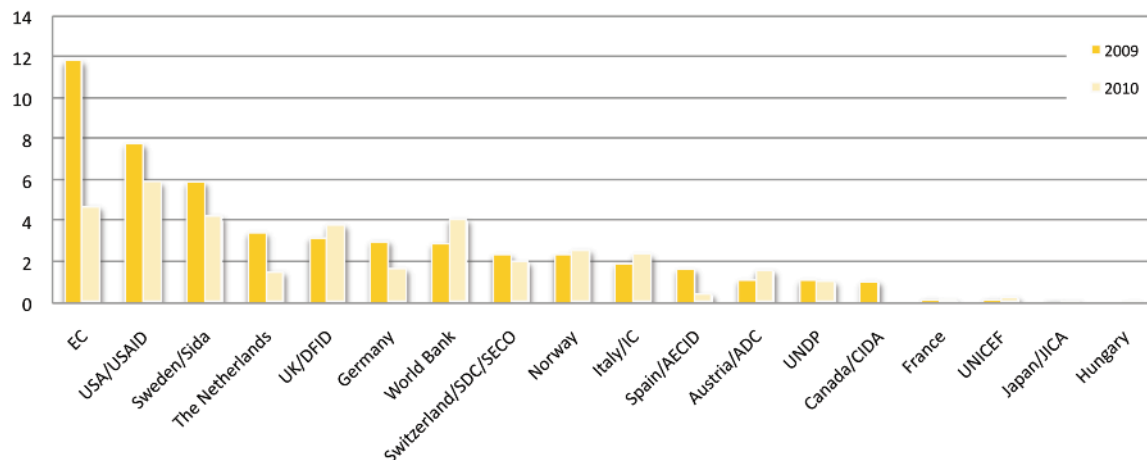
DCF members active in Good Governance and Institution Building during 2009 were Austria/ADC, Canada/CIDA, France, Germany, Hungary, Italy/IC, Japan/JICA, the Netherlands, Norway, Spain/AECID, Sweden/Sida, UK/DFID, USA/USAID, the EC, UNDP, the World Bank, UNICEF, and Switzerland/SDC/SECO. In 2010 Sweden/Sida, Hungary, Norway, Spain/AECID and Austria/ADC launched new projects in this sector.

Total allocation to the Good Governance and Institution Building sector by DCF members was €49.47 million in 2009. To date in 2010 donors have allocated €52.20 million, including €16.26 million for EC Pipeline projects. Assistance from the World Bank in 2009-2010 was in the form of a loan.

EC Pipeline projects for 2010 have not been included in Figures 3.1, 3.2 and 3.3. When EC Pipeline projects are taken into account, it is evident that this is one of the few sectors that is attracting increasing support from the international community.



**Figures 3.1. Donor/IFIs Aid Flows in the Good Governance and Institution Building Sector 2009-2010  
Grants & Loans (Euros millions)**



**Figure 3.2. Aid Flows per Sub-Sector in the Good Governance and Institution Building Sector 2009-2010 (Euros millions)**

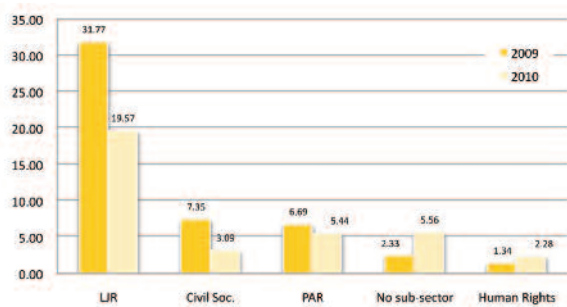


Figure 3.2 illustrates that the most significant assistance in 2009 was provided to LJR, followed by Civil Society and PAR.

Implementation of the existing PAR strategy as well as the JSRS will require further support. Considering the importance of the continuation of the reform processes it is expected that the LJR and PAR sub-sectors will remain in donor focus.

Donor contributions to CS decreased in 2010, while support to Human Rights increased. The Civil Society and Human Rights sub-sectors are closely linked to other sectors; therefore, the actual allocation to these sub-sectors is higher than reflected in this chapter.

**Figure 3.3. Donor/IFIs Aid Distribution to the Good Governance and Institution Building Sector 2007-2010 (Euros millions)**

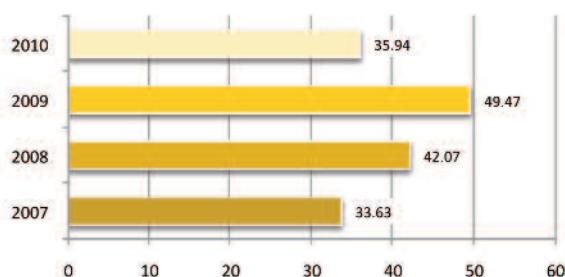


Figure 3.3 indicates that donor assistance to this sector in 2009 has increased in comparison with 2008. Donors may allocate additional funds in the course of 2010.

## Legal and Judicial Reform

The Legal and Judicial Reform sub-sector is composed of the following elements: constitutional development; legal drafting; institutional strengthening of legal and judicial systems; legal training and education; legal advice and services; and crime prevention.

LJR received approximately 64% of donor contributions to the Good Governance and Institution Building sector in 2009 and 55% of allocations in 2010. Donors/IFIs that supported LJR reform in 2009-2010 include: Austria/ADC, Canada/CIDA, USA/USAID, UNICEF, Germany, Italy/IC, the EC, the Netherlands, Norway, Japan/JICA, Spain/AECID, Sweden/Sida, France, the World Bank, UK/DFID, Switzerland/SDC/SECO and UNDP.



In the LJR sub-sector in 2009-2010 there were more than 100 ongoing projects. All projects are accessible in the DCF database ([www.donormapping.ba](http://www.donormapping.ba)); only some projects are mentioned in this report.

Donor/financial institutions' support to LJR was delivered through the following activities:

**Assistance to the Court and Prosecutorial Office:** support to the BiH State Court and Prosecutorial Office; payment of salaries for international judges and payment of operational costs to ensure a smooth transitional process to a fully operational national institution; development and implementation of an ICT-based court management system in the courts and the prosecutors' offices throughout BiH; trainings and further education of judges, prosecutors and other legal staff countrywide; introduction of international professional support to the management and litigation functions of the Court and Prosecutor's Office of BiH; capacity building of cantonal and district Prosecutors' Offices and Courts in BiH to process war crimes cases and strengthen the national judicial and prosecutorial training institutions in the field of war crimes as well as development of innovative communication methods and practice between courts, prosecutorial offices and public in general in targeted areas.

**Assistance to the Ministries of Justice:** supplementary financing to the BiH MoJ to reinforce the Department of Strategic Planning, Aid Coordination and European Integration of the MoJ in charge of promotion, coordination and monitoring of the reform process; support to the High Judicial and Prosecutorial Council (HJPC) to improve

capacity building for judges and prosecutors; development of a monitoring and assessment system within the BiH MoJ; training of staff working with entity and cantonal MoJs as well as the Judicial Commission of the Brčko District to aid in the development of a strategic plan; planning strategic management aligned with *Judicial Sector Reform Strategy*; improving ability of targeted courts to manage and solve the case backlog problem; strengthening of legal reform in the regional context.

**Assistance to the implementation of the Strategy against Juvenile Offending for BiH:** education of judges and prosecutors; improvement of social care centres for the treatment of juvenile offenders; creation of sustainable local mechanisms for the prevention of juvenile delinquency in four municipalities in the Tuzla canton, which will serve as a country wide model; development of gender-based violence and child abuse referral mechanisms in BiH.

**Assistance to the Land Registry System:** education of court staff; equipping the courts with adequate Electronic Data Processing (EDP) databases; supporting the courts in transferring data into a new electronic system and linking the cadastre and the land registry; introduction of a geographic database; establishment of the management and monitoring system in the land registry and cadastre offices; technical assistance to the entity Ministries of Justice and Geodetic Administration in the modernisation of their land administration services.



**Assistance to the NGO sector:** support to improve citizen participation in the decision making process; strengthening of civil society capacities to improve their advocacy role.

**Assistance to the BiH Statistic Agencies:** general capacity building and development of the survey methodology to support the BiH Statistics Agencies; support in preparation of the 2011 Census.

**Assistance in support of EU integration:** improvement of capacities of the DEI in preparation of qualified projects for IPA financing in cross-border cooperation, and regional and rural development; evaluation of the implementation of Stabilisation and Association Agreement (SAA) obligation.

EC funded assistance includes:

- Procurement of furniture for the reception centre for irregular migrants in BiH.
- Procurement of furniture and equipment for the Sarajevo municipal and cantonal courts.
- Design for 3 field offices for the BiH Border Police.
- Design for construction of the BiH Service for Foreigners' Affairs Headquarters.
- Construction of the high security state prison in BiH.
- Anti-corruption capacity building for BiH prosecutors
- Technical assistance to the BiH Public Broadcasting System (PBS) to establish a public corporation which will

provide services to the three existing broadcasters and ensure that the public broadcasting organisation becomes politically unified and financially independent with coordinated editorial policies and with a self-sustainable internal structure.

Other assistance: promotion of foster care for minors; technical assistance to the BiH Parliamentary Assembly and the FBiH Parliament; improvements and protection of human rights though the rule of law, freedom of expression and non-discrimination; implementation of the Gender Action Plan of BiH.

Projected IPA 2010 funds for LJR are 4% of total IPA 2010.

Major projects during 2009-2010 in the Legal and Judicial Reform sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
(JSDP) The Justice Sector Development Project	USA/USAID	11.02
Land Registration Project (Loan)	World Bank	10.58
Canada-Balkans Judicial Reform Project	Canada/CIDA	7.17
(CAPP II) Citizens Advocacy Partnership Programme II	USA/USAID	5.64
Advice on Legislation Activities in the Field of Private Law and Related Procedural Laws	Germany	4.90
War Crimes Chamber II	The Netherlands	4.65
High Security State Prison in Bosnia and Herzegovina	EC	4.00
Assistance to the BiH State Court/Registry	USA/USAID	3.56
(JSDP II) Justice Sector Development Project II	USA/USAID	3.16
High Judicial and Prosecutorial Council/ Court Management System (HJPC/CMS)	Sweden/Sida	2.92
Technical Assistance to the Entity Ministries of Justice and Geodetic Administrations in Modernising their Land Administration Services	Germany	2.90
Land Administration Project (Loan)	Germany	2.90
BHZ Judicial Reform Programme	Norway	2.67
(OPDAT) Overseas Prosecutorial Development, Assistance and Training (total value of the project to be determined)	USA/USAID	2.63
Civil Rights Defenders	Sweden/Sida	2.19
Access to Justice: Facing the past and building confidence for the future	UNDP	2.03
Statistics in BiH	Sweden/Sida	2.04
Construction of State Prison	Sweden/Sida	2.00
Land Administration Project -II Modernisation of the Land Registry System in BiH	Sweden/Sida	1.72
Supplement to IPA 2008 Statistics Fiche	Sweden/Sida	1.70
Information and Communication Technology/Case Management System Project	Germany	1.55
Support to FIGAP - Fund for the Implementation of the Gender Action Plan of BiH	Sweden/Sida	1.50
Olof Palme International Centre (OPC)	Sweden/Sida	1.34
Support to the state court / Registry for War Crimes	Norway	1.31
The Open Regional Fund for South-East Europe Legal Reform	Germany	1.15
Support to the State Court/War Crimes Chamber in BiH	Austria/ADC	1.00
Sectoral Support to State Judicial Institutions	Spain/AECID	1.00
Juvenile Justice, UNICEF	Sweden/Sida	0.90

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

## Public Administration Reform

Based on the DAC definition, the Public Administration Reform sub-sector encompasses the following: reform of government institutions, including but not limited to, the parliament, local government, civil service, administrative buildings, etc.; public sector financial management.

Donors that supported PAR in 2009-2010 include: Switzerland/SDC/SECO, UK/DFID, Norway, the EC, UNDP, Sweden/Sida, the Netherlands and Spain/AECID. In 2009 this sub-sector received 13% and to date 15% in 2010 of all aid allocated to the Good Governance and Institution Building sector.

UK/DFID, Sweden/Sida, the Netherlands and the EC created the joint donor fund for PAR in BiH. They continue to provide support to the reform process within the framework set up by the PAR Strategy.

Donor support to PAR was delivered through the following major activities:

**Assistance to PARCO:** capacity building of PARCO; implementation of activities set up in AP1 of the PAR strategy to develop, strengthen and harmonise six reform areas by 2014 when it is expected that BiH will achieve *acquis*-related requirements.

**Assistance to the Public Procurement Agency:** development of software to enable simultaneous publication of public procurement notices on the web-site of the Public Procurement Agency and in the Official Gazette of BiH.

**Assistance in support of EU integration:** preparation of BiH public administration for EU accession negotiations focusing on lobbying, negotiation and alignment with EU legislation; production of a functional review of the BiH national planning sector; technical assistance to the BiH DEI in the Decentralised Implementation System (DIS) process; fourth cycle of support to the BiH statistical sector to reach full compliance with the requirements of the SAA in structural business statistics, the Industrial Production Index, the Producers' Price Index, IT training, and institutional strengthening.

**Assistance to BiH CoM:** development and promotion of e-Government services to increase the effectiveness, efficiency, and integration of government processes.

**Assistance to the ministries of finance at all levels including the cantons:** support for planning, analysis and public resource management for strategic planning and policy development; improvement of linkages between planning and budgeting in line ministries at the state and entity levels; institutionalisation of the budget process and its linkage to the policy making process at all levels of government.

**Assistance to the Agency for Forensic and Expert Examinations, State Investigation and Protection Agency (SIPA) and the Border Police:** increase capacities of investigation disciplines through procurement of equipment to improve the fight against organised crime, trans-border crime and violations of controlled commodity movements.

**Assistance to MoFTER:** creation of a payment system, administrative management procedures and corresponding legislation for management and payment of agricultural subsidies in accordance with EU regulations and the requirements of IPARDs; improving sensitive, strategic and dual-use commodity licensing functions and export controls through training, computer systems enhancements and harmonisation with EU standards and requirements.

**Assistance to FBiH institutions and the Civil Service Agency of FBiH:** establishment of a modern HR function; introduction of Human Resource Information Software (HRIS); updating job descriptions and specifications; designing and conducting a campaign to create a positive perception among stakeholders of the planned reforms in FBiH institutions and the Civil Service Agency of FBiH.

**Assistance to the local governments:** support to institutional and organisational development in selected municipalities; strengthening the capacity of local CSOs; improvement of inter-municipal cooperation in the north-western region of BiH; promotion of good governance in water and environmental sanitation in both entities.

**Improvement in aid coordination and in the effectiveness of international assistance:** development of capacities for better aid; coordination in integrated training, management support and development tools; linkage of other planning processes such as development of sector based strategic planning and preparation of a *Country Development Strategy*.

Despite evident progress in the implementation of the PAR strategy, insufficient human resources in both entities and the Brčko District could slow down reform processes at the mid-level of the government. The complex approval procedure for the procurement of goods and services is contributing to delays and to the slow implementation of AP1. Projected IPA 2010 funds for PAR are 3% of total IPA 2010.



Major projects during 2009-2010 in the Public Administration Reform sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Programme of Strengthening Central Level Public Administration	Germany	5.70
(GOV-WADE) Governance Project in Municipal Water and Environmental Development	Switzerland /SDC/SECO	5.18
Strengthening Public Expenditure Management III	UK/DFID	3.21
Public Administration Reform Fund	Sweden/Sida, UK/ DFID, The Netherlands	2.78
Strengthening BiH Capacities for Strategic Planning and Policy Development (SPPD)	EC, Norway, UNDP, The Netherlands	1.84
Capacity building of the Office of the Coordinator for Public Administration Reform	EC	1.35
eGovernment at the BiH Council of Ministers BiH, phase I	EC, UNDP	1.08
Aid Coordination and Effectiveness Project (ACE)	UK/DFID	1.02
e-Government at the BiH Council of Ministers - Phase II	EC, UNDP	0.94

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

### Civil Society Development

Based on the DAC definition, Civil Society encompasses the following elements: community participation and development; cooperatives; grass-roots organisations; development of other participatory planning and decision-making procedures and institutions.

Donors that supported the Civil Society sub-sector in 2009-2010 include: Canada/CIDA, the EC, Italy/IC, Norway, the Netherlands, Switzerland/SDC/SECO, USA/USAID, and Hungary. In 2009 this sub-sector received 15% and to date 9% in 2010 of all aid allocated to the Good Governance and Institution Building sector.

Donor support to civil society development in 2009-2010 was delivered through the following major activities:

**IPA programmes:** support to the Civil Society sub-sector to address core challenges faced by the NGO sector;<sup>38</sup> establishment of a dialogue between governmental and non-governmental sectors; sectoral cooperation among NGOs; improvement of transparency in the allocation of funds from budget sources; development and enhancement of social dialogue and social partnerships launched in 2009 (funded by the IPA 2007 assistance programme).

**Assistance to the development of CSOs:** advocating the interest of citizen in BiH through a trust fund for local and regional NGOs and small scale initiatives for CSOs to conduct public campaigns; awarding small grants to CSOs for major structural, political, social and economic reforms to move BiH closer to EU integration; building of good governance through civic engagement at the local level to

facilitate permanent partnerships and sustainable dialogue among CSOs and authorities at different levels of government; provision of training for civil servants; capacity building of NGOs in self-advocating.

**Assistance in mutual competencies:** establishment of a network among Italian public institutions and Balkan institutions to strengthen mutual competencies and integrate the development of territories in support of EU accession for the SEE countries.

**Assistance in investigative journalism and good governance:** provision of sustainable training programmes; broadening of CSOs cooperation in the Balkan region; support to selected radio and TV stations in capacity building; market surveys; production of radio and TV broadcasts to develop an independent media and quality reporting.

**Assistance to the Commerce Trade Union of BiH (CTUBIH):** strengthen the role and structure of CTUBiH through promotion of trade union rights and the development of policies.

**Assisting the regional programme of support to Civil Society Organisations:** development of service delivery and advocacy capacities in the Health, Education and Rule of Law sectors; encouragement of sustainable partnerships among governments and civil society in BiH, Serbia and Montenegro.

As of 1 January 2010 CSOs active in BiH are eligible for Matra assistance,<sup>39</sup> which contributes to democracy, diversity and good governance in transitional countries in the region.

<sup>38</sup> Based on USAID's analysis of the Civil Society sector in BiH and the EU's document, Mapping of Unstate Actors.

<sup>39</sup> Funded by the Netherlands.



Major projects during 2009-2010 in the Civil Society sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Local Initiative Programme	Canada/CIDA	3.05
SEENET II: Cooperation network Italy and SEE	Italy/IC	0.5 <sup>40</sup>
Bosnia: Research and Development (BOSRED) - Phase III	The Netherlands	2.38
Reinforcement of Local Democracy	EC	1.50
Reinforcement of Local Democracy Phase - LOD	EC, UNDP	1.55
Capacity Building of Civil Society to take part in policy dialogue	EC	1.21
Establishment of the Social Inclusion Foundation	Switzerland /SDC/SECO	1.09
Civil Society and Citizens BH	The Netherlands	0.97
VEZZA-Network for Joint commitment	Switzerland /SDC/SECO	0.96
Democracy Commission	USA/USAID	0.93

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

### Human Rights and Other Good Governance and Institutional Building Developments

Based on the DAC definition, the Human Rights sub-sector is composed of the following elements: monitoring of human rights performance; support for national and regional human rights' bodies; protection of ethnic, religious and cultural minorities.

Donors that supported the Human Rights sub-sector in 2009-2010 include: UNICEF, the EC, Italy/IC, Norway, Sweden/Sida, Switzerland/SDC/SECO, and Austria/ADC. In 2009 this sub-sector received 3% and to date 6% in 2010 of all aid allocated to the Good Governance and Institution Building sector. Activities not classified under existing sub-sectors received 5% of total funds for the Good Governance and Institution Building sector in 2009 and 15% in 2010.

In 2009-2010 DCF members funded programmes that

promoted protection of human rights such as: support to actions in favour of children and youth; protection of children at risk and children in contact with the justice system; voluntary return of irregular migrants stranded in BiH; introduction of a European Regional Master in Democracy and Human Rights; strengthening local capacities to prevent trafficking in human beings; and support to vulnerable Roma groups. Small-scale projects funded in 2009 for local civil society organisations focused on activities with strong human rights components, while gender mainstreaming in BiH was supported through the implementation of FIGAP activities.

In 2009 and 2010 UK/DfID provided support to the Directorate for Economic Planning (DEP) CoM. The objective of the project is to ensure that BiH's national planning process serves to accelerate the country's socio-economic development and advance the preeminent national goal of EU integration.

Major projects during 2009-2010 in the Human Rights sub-sector and projects not classified under an existing sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Improving Cultural Understanding in BiH (joint programme MDG-F, Spanish Fund)	UNDP, UNICEF	6.61
Support to the BiH Government for the European Integration process and Co-ordination of Community Assistance - Phase III	EC	1.70
Improving Active Labour Markets in BiH	EC	1.18
Protection of Children at Risk and Children in Contact with Justice System in Bosnia and Herzegovina	Sweden/Sida	1.09
EU Support to implementation of Cross-Border programmes under IPA instrument - EUCORIN II	EC	1.00
Maps for national development and European Integration	Norway	0.98
Support to the Socio Economic Planning Process	UK/DfID	0.97

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

<sup>40</sup> Total value of this project is € 1.6 million. DCF database figures reflect 2010 allocations in the amount of € 0.5 million

## Sector strategies

The PAR strategy, adopted in 2006 to improve general administrative capacities in BiH, is being revised. Implementation of strategic goals is outlined in AP1.<sup>41</sup> Donor agencies point to positive progress and it is expected that AP2, mainly focused on sectoral reforms and activities leading to *acquis*, will be ready by 2011.

The *BiH Justice Sector Reform Strategy 2008-2012* serves as the guiding document for the justice sector. The five pillars of JSRS are: the judicial system, execution of criminal sanctions, access to justice, support to economic growth and coordination, and management and accountability of the justice sector. Five functional groups, composed of representatives of the ministries, monitor its implementation. There are concerns regarding insufficient capacities for the implementation of strategic goals at the cantonal levels and there is a need for more active engagement by both entities.

The *National War Crimes Prosecution Strategy* was adopted in 2008. Forty-eight actions are still unimplemented because of financial constraints. During 2008 the BiH MoJ and Ministry of Human Rights and Refugees (MHRR), with assistance from UNDP, carried out preparatory work for the development of the *Strategy of Transitional Justice*. As a part of this process a feasibility study was prepared which resulted in the drafting of the Guide for Transitional Justice in BiH. The first meetings to support development of *Strategy of Transitional Justice* were organised in the first part of 2010.

Due to the delay in the implementation of activities, the *Strategy Against Juvenile Offending for BiH 2006-2010* and Programme of Action adopted by the BiH CoM in 2006, remain unimplemented at the state level. Progress was noted at local levels such as in the Tuzla canton. Overall, the reform process is moving slowly and additional efforts should be invested to ensure the protection of children's rights.

In January 2010 the BiH CoM sent an updated Revised *Strategy of Bosnia and Herzegovina for the Implementation of Annex VII of the DPA* to parliamentary procedures and adoption. The strategy was adopted in June 2010 and will be implemented by January 2014. As a result of this strategy 113,000 displaced persons should find a permanent solution. This strategy is the backbone for the successful implementation of Annex VII. The implementation of this strategy would require a great deal of resources.

In the CS sub-sector BiH MoJ is developing the *Long-Term Strategy for Sustainable Civil Society* and other development documents.

## Donor coordination

To coordinate donor activities in PAR at the level of PARCO four donor coordinators meet quarterly or as needed. PAR fund donors meet regularly with BiH, FBiH, RS and Brčko District representatives. Other project steering-boards gather to discuss progress in the implementation of activities. Since BiH MoFT/SCIA took over the organisation of the DCF member meeting in January 2009, PARCO is regularly invited to share its progress with this forum. Donors expressed their satisfaction with PARCO's leading role in the harmonisation of activities set up by the existing PAR strategy. Non-formal coordination is taking place with other donors and institutions.

Donor efforts in LJR are monitored and harmonised through quarterly meetings led by the Department for Strategic Planning and Aid Coordination and European Integrations (SSPACEI) within the BiH MoJ. In accordance with the *Strategy for Decentralised Management of Assistance Programmes of the EU in BiH* adopted by the BiH CoM and activities on the establishment of the joint donor fund for implementation of JRSS BiH, the justice sector is focused on strengthening the coordination capacities of domestic institutions. Several meetings were organised to promote strategic goals and to direct donor assistance to the most needed areas of the sector. The Ministry of Justice maintains the donor assistance database for the sector. Semi-annual conferences are organised for the ministers of justice and HJPC. Each conference is followed by an event for donors. The Registry Office hosts quarterly donor meetings. Strong bilateral collaboration exists with institutions and all relevant donors such as USA, Sweden, Norway, EUSR, OHR, and OSCE.

Donor agencies support the CSO sector in BiH through direct funding for the implementation of projects. They have developed partnership relationships. Informal coordination between CSOs is on an ad-hoc basis to avoid overlapping activities. The BiH Ministry of Justice created the Sector for Cooperation with Non-Governmental Organisations and Development of the Civil Society to ensure the preconditions for adoption of legislation and strategies more favourable for the development of the civil society. The Senior Programme Officer (SPO) of the Ministry of Justice is the connection among the National IPA Coordinator, potential applicants and the donor community.

The Ministry of Human Rights and Refugees of BiH established the Consultative Working Group for Return Related Issues as an instrument for coordination and cooperation on issues in the sector.

<sup>41</sup> Based on the general concept of the PAR Strategy, Action Plan contains the agreed actions foreseen for the six core policy areas of public administration in order to enhance the general capacity of public administration.

## Future activities

Although the Good Governance and Institution Building sector received significant donor support in 2009-2010 continuation of the reform process specifically in the LJR and PAR sub-sectors would require additional efforts and the engagement of both domestic and international stakeholders.

Currently AP1 is being revised to prepare project evaluation methodology. AP2 will address the vertical reform of thirty-three sectors as well as progress in the *acquis* application. It is expected to be finalised by the end of 2010. There are hopes that new donors will enter this sub-sector since the PAR model was praised by donors as a best practice example for other sector reforms. DFID and the Netherlands will cease their support to PAR at the end of 2010. Sweden/Sida and the EC will continue to provide their support in 2011.

Further support to the legal and justice reform process will be provided to the Registry Office to implement the *National War*

*Crime Strategy*. Support will also be provided to HJPC to procure works and supplies. Technical assistance will be provided to the BiH MoJ for strategic planning, aid coordination and EU integration during 2010-2011. The overall focus of the EU will be on Rule of Law and EU accession support. To improve aid effectiveness and integrated budgeting in the LJR sub-sector the UK Embassy in BiH, Sweden/Sida and Spain plan to support the establishment of the joint donor *Justice Sector Reform Strategy Fund in 2010*. This fund will allow flow of international assistance from donor agencies to respective BiH institutions. Negotiations with the EC are under way to join to this initiative.

Other donor initiatives planned to be implemented in 2010 and beyond include assistance to the implementation of the population and housing census in BiH and additional support to the BIH.

# Conflict Prevention and Resolution, Peace and Security Sector

4

<b>DCF members active in the sector in 2009–2010</b>	Austria/ADC, Canada/CIDA, France, Germany, Hungary, Italy/IC, The Netherlands, Norway, Spain/AECID, Sweden/Sida, USA, EC, UNDP, UNICEF, Switzerland/SDC/SECO.
<b>Other key international organisations (IOs)</b>	Danish Emergency Management Agency (DEMA), European Union Police Mission (EUPM), International Trust Fund for Demining and Mine Victims (ITF), Office of the High Representative and EU Special Representative (OHR), European Union Forces (EUFOR), the North Atlantic Treaty Organisation Headquarters Sarajevo (NHQSa), Organization for Security and Co-operation in Europe (OSCE).
<b>Key government partners</b>	BiH Ministry of Security, BiH Ministry of Civil Affairs, BiH Ministry of Defence, BiH Intelligence Security Agency (OSA), State Investigation and Protection Agency (SIPA), Federal Ministry of Interior, RS Ministry of Interior, International Commission on Missing Persons (ICMP).
<b>Total allocation to the sector in 2009 and 2010 by DCF members</b>	2009: €33.60 million all in form of grants 2010: €32.98 <sup>42</sup> million all in form of grants
<b>Sector strategies</b>	<i>Defence White Paper 2005; National Strategy for Community Policing; Strategy for Integrated Border Management; Immigration and Asylum Strategy 2008–2011; Strategy for Supervision of Narcotic Drugs, Prevention and Suppression of Abuse of Narcotic Drugs in BiH 2009–2013; Up-dated Strategy and Action Plan for SALW in BiH for the period of 2008–2012; Bosnia and Herzegovina Mine Action Strategy 2009–2019; BiH Strategy for Prevention of Money Laundering and Financing of Terrorist Activities 2009–2013 with Action Plan; BiH Strategy for Fight Against Organised Crime 2009 – 2012; BiH Strategy for Prevention and Fight Against Terrorism 2010–2013; BiH Strategy for Fight Against Corruption 2009–2014 with Action Plan.</i>
<b>Donor coordination</b>	There is no formal donor coordination mechanism at the sector level. Ad-hoc donor coordination initiatives exist.

<sup>42</sup> including €5.73 million for EC 2010 Pipeline projects in 2010 not yet contracted.

## Overview

The Conflict Prevention, Resolution, Peace and Security sector is divided into three sub-sectors. The Security Sector Reform and Civilian Peace-Building Management sub-sector deals with defence and police reforms, civil protection and disaster response as well as civilian peace-building activities. The sub-sector, Reintegration of Soldiers and Control of Small Arms and Light Weapons (SALW) and Ammunition, addresses reintegration of demobilised soldiers and control of small arms and light weapons and ammunition. The Mine Action sub-sector examines mine contamination problems in Bosnia and Herzegovina.

Bosnia and Herzegovina has made significant progress in security, defence and military affairs, public diplomacy and security protection in 2009-2010. Two major accomplishments include: the conditional approval of the BiH Membership Action Plan (MAP) for NATO membership in April 2010 and the fulfilment of all requirements for visa liberalisation in September 2010. In order to join MAP and gain unconditional membership Bosnia and Herzegovina must find a solution to the Status of Defence Properties that is acceptable to all parties. It is expected that visa requirements for BiH citizens travelling to EU countries will be nullified by the end of 2010.

In addition to the conditional approval of MAP for NATO membership, the defence reform process in BiH 2009-2010 advanced in the implementation of *Individual Partnership Action Plan (IPAP)* programmes. Upon successful completion of the first cycle of IPAP in 2008, the first draft of the new cycle document of the IPAP for 2010-2012 was prepared and is in the process of approval with NATO Headquarters in Brussels. Human rights and fundamental freedoms of BiH military personnel in the BiH armed forces were regulated with the adoption of the *Law on Parliamentary Military Commissioner*<sup>43</sup> in 2009.

Institutional enhancement of the BiH police structure was further improved in 2009 with the establishment of the Police Supervisory Board. The Directorate for the Coordination of BiH Police Bodies and Agencies began working in 2010. It is expected that the Directorate will be fully operational by the end of 2010 upon completion of the recruitment process. Implementation of the *Strategy for Community Policing in BiH* of 2007 was advanced in 2010 with the publishing of the Manual on Community Policing in BiH. This manual will be used by police officers in practical work and as teaching material in police academies.

The *Framework Law on Protection and Rescue of People and Material Goods in Case of Natural or Other Disasters in BiH* was adopted in 2008. Provisions for the establishment of the Coordination Board were completed in March 2009. The Rule Book on Organisation, Conditions and Functioning of the Operational-Communication Centre in BiH was

completed in June 2009. Finally, the BiH 112-Centre was opened in May 2009 and became operational in January 2010. The BiH Coordination Board was formed in August 2009. The main role of the BiH 112-Centre is to respond in a timely fashion to protect citizens and material goods in case of natural or other disasters. Further advancement of the legal framework in the area of civil protection in BiH is one of the prerequisites for EU accession and is also in a line with the *Hyogo Framework for Action 2005–2015*.<sup>44</sup> *Building the Resilience of Nations and Communities to Disaster*. In June 2010 a two day conference, Dialogue on the Management of State Policy to Reduce the Risk of Natural Disasters and Other Catastrophes, was held in Sarajevo within the UNDP regional initiative on reduction of risks caused by natural disasters and other catastrophes in Southeast Europe in cooperation with the EC and World Meteorological Organisation (WMO).

A consequence of the war operations in BiH is increased quantity and accessibility of small arms and light weapons. Although authorities in BiH are investing efforts to reduce illegal possession of weapons, the number of incidents, not only in public places but also in private homes, is increasing. According to the Armed Violence Impact Assessment, conducted in 2009 by the joint donor initiative of Small Arms Control and Reduction in BiH (SACBiH), the number of armed incidents from April 2008 to April 2009 increased by 403%. From 2006 through 2009 a total of 6,763,331 tons of unstable ammunition and pyrotechnical devices have been destroyed. 5.1 million tons were in military facilities and 1.7 million tons were in commercial facilities. Ammunition destruction has been conducted under the SACBiH initiative using environmentally friendly methods. In line with the BiH Presidency decision of March 2010, all surplus stocks of small arms (80,000 pieces) should be destroyed by June 2011.<sup>45</sup>

In 2010 the BiH Ministry of Defence launched the establishment of the new NATO Trust Fund for BiH (NTF II) in order to assist reintegration of redundant army staff into the civilian life.

In regard to the legislative framework, the *BiH Law on Arms*, which was developed with technical assistance provided by UNDP and endorsed by the BiH CoM in March 2008, is pending adoption by Parliament. FBiH is currently preparing a draft *Law on Arms* which should be in line with the EC Directive 91/477/EEC on arms acquisition and possession. The Brčko District is also preparing a draft *Law on Arms*. The *RS Law on Arms* was adopted in 2007 and amended in 2009.

The *BiH Law on Transport of Dangerous Goods* and the *Law on Control of Movement of Weapons and Military Equipment* were adopted in 2009. In June 2010 the BiH Ministry of Security (BiH MoS) prepared the proposal for amendments to the existing *Law on Prevention of Money Laundering and Financing of Terrorist Activities*. It is now harmonised with EU standards and was sent to the BiH Council of Ministers for

<sup>43</sup> BiH Official Gazettes, No. 49/09

<sup>44</sup> Hyogo Framework for Action is a global blueprint for disaster risk reduction efforts with a ten-year plan adopted in January 2005 by 168 governments at the World Conference on Disaster Reduction.

<sup>45</sup> Bulletin of the BiH Ministry of Defence and Armed Forces, No. 4, May 2010.



adoption. The most important amendment to the law is the establishment of a separate financial information agency, which will be fully independent from other police agencies in BiH. The *Strategy and Action Plan for SALW in BiH 2008-2012* was endorsed by the BiH CoM in June 2009. Other important strategic documents adopted in 2009 include the *BiH Strategy for Prevention of Money Laundering and Financing of Terrorist Activities 2009-2013 with Action Plan*; the *BiH Strategy for the Fight Against Organised Crime 2009-2012* and the *National Strategy for the Fight Against Corruption 2009-2014 and Action Plan*. The *BiH Strategy for Prevention and the Fight Against Terrorism 2010-2013* was adopted in March 2010.

Bosnia and Herzegovina is the most mine contaminated country in the region. Currently there are 18,600 registered minefields in BiH containing more than 670,000 mines and unexploded ordnances (UXOs). Approximately 3.04% of BiH territory (+/-1,500 square kilometres) is still suspected of being contaminated. The state-level institution authorised for mine actions is the BiH Ministry of Civil Affairs (MoCA). The expert body of the Demining Commission<sup>46</sup> within MoCA is the BiH Mine Action Centre (BHMAC), which is responsible for implementation of mine action programmes. The new *Law on Demining* is pending adoption. Once the law is adopted it

will transform the BHMAC into the BiH Demining Agency as an administrative organisation within BiH MoCA. This will provide conditions for co-financing for the implementation of the *BiH Mine Action Strategy 2009-2019* at all levels of government. With the adoption of this law, BiH is taking full responsibility for preemptive protection from accidents in mine fields including the marking of landmine fields; landmine warnings; setting the priorities and penalty measures for unauthorised demining; and for stealing or violating warning signs.

The *FBiH Law on Professional Rehabilitation, Training and Employment of Disabled Persons* was adopted in June 2010. In order to become fully implemented the Fund for Professional Rehabilitation and Employment of Disabled Persons should be established. More than 10% of the population in FBiH is disabled persons and approximately 80% of these are unemployed. A similar law was adopted in RS in 2009. Both laws foresee provision of assistance to disabled persons as well as potential employers.

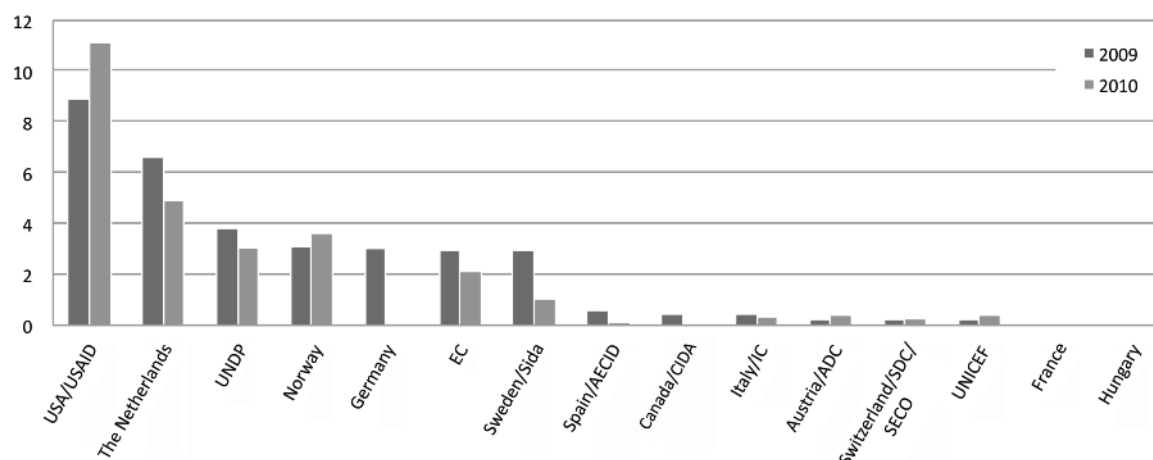
**This sector received 4% of total ODA allocations in 2009 and to date 4% of total ODA in 2010 (excluding EC Pipeline projects for 2010).**

## Donor activities in 2009 and 2010

DCF members active in the Conflict Prevention and Resolution, Peace and Security sector in 2009-2010 include: Austria/ADC, Canada/CIDA, France, Germany, Hungary, Italy/IC, the Netherlands, Norway, Spain/AECID, Sweden/Sida, Switzerland/SDC/SECO, USA, the EC, UNDP, and UNICEF.

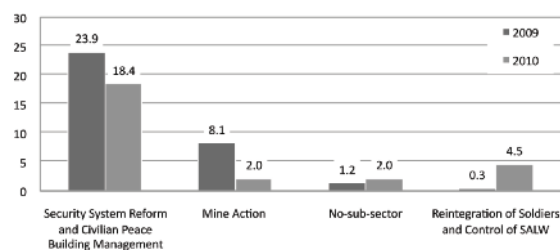
The total allocation to the Conflict Prevention and Resolution, Peace and Security sector by DCF members was €33.60 million in 2009 and €32.98 million (including EC Pipeline projects for 2010 in the amount of €5.73 million) to date in 2010, all in the form of grants. The EC Pipeline 2010 is not included in the charts.

Figure 4.1. Donor Aid Flows in the Conflict Prevention Sector 2009-2010 (Euros millions)



<sup>46</sup> Demining Commission is a part of the Ministry of Civil Affairs and consists of three members.

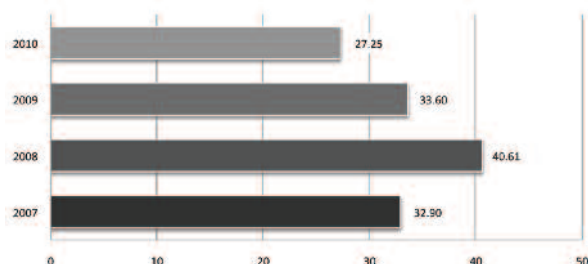
**Figure 4.2. Aid Flows per Sub-Sector in the Conflict Prevention Sector 2009-2010 (Euros millions)**



As Figure 4.2 indicates, the Security Sector Reform and Civilian Peace-Building Management sub-sector received the highest support in the Conflict Prevention sector in 2009 and 2010 followed by Mine Action programmes.

Support to the Reintegration of Soldiers and Control of SALW sub-sector has significantly increased in 2010.

**Figure 4.3. Donor Aid Distribution to the Conflict Prevention Sector 2007-2010 (Euros millions)**



Funding to the sector has decreased from 2008 to 2010. Donors may allocate additional funds to the sector in the course of the year.

## Security Sector Reform and Civilian Peace-Building Management

In 2009 and 2010 DCF donors active in the Security Sector Reform and Civilian Peace Building Management sub-sector include: the EC, France, Germany, Norway, Spain/AECID, Sweden/Sida, the Netherlands, USA, Austria/ADC Switzerland/SDC/SECO, UNDP and UNICEF. The Security Sector Reform and Civilian Peace Building Management sub-sector consists of four areas: Defence Reform, Police Reform, Civil Protection and Disaster Response and Civilian Peace-Building.

### Defence Reform

Bosnia and Herzegovina is working to implement the *NATO Partnership for Peace for BiH (PfP)* and the *Individual Partnership Action Plan (IPAP)* programmes. On April 22, 2010 in Talin, at the North Atlantic Council (NAC) of NATO, BiH was assured an invitation to the Membership Action Plan (MAP) for NATO membership. Furthermore, in October 2009 the Coordination Team of BiH CoM launched activities to prepare the new cycle document of the IPAP for 2010-2012. The first draft was prepared at the beginning of 2010.

The defence reform process in BiH has been supported by the USA since 1996. At the end of 2009 the U.S. Assistance for Defence Reform in BiH was completed.

The US Embassy to BiH and U.S. European Command (USEUCOM) continued to support the Armed Forces of BiH (AFBiH) through the Office of Defence Cooperation (ODC) in 2009. Assistance was provided in the form of military equipment and training, delivery of camouflage uniforms, rifles, military staff support, office computers, satellite communications equipment, nuclear/biological/chemical protective gear, and explosive ordinance disposal robots and tools and training. In August 2009 the Ministry of Defence Operations Centre, valued at \$6 million, was opened.

In 2009, Norway launched an information project aimed at raising public awareness about NATO and BiH NATO integration.

### Police Reform

The Police Supervisory Board was established in 2009. The Directorate for Coordination of BiH Police Bodies and Agencies became operational in 2010 and is currently in the process of recruiting staff. It should be functional by the end of 2010. Its mandate includes coordination and collaboration with police bodies at the state-level, with other police bodies in BiH, and with international police. The Rule Book on Organisation and Systematisation of Posts was drafted and sent to BiH CoM in July 2010 for adoption. The Directorate for Coordination of BiH Police Bodies and Agencies will have jurisdiction over the SIPA Department for Protection of

People and Facilities, INTERPOL and EUROPOL in BiH. Improvement of the reform process was marked by an agreement on electronic data exchange among police bodies and prosecutors' offices in BiH, which will provide better efficiency and will strengthen cooperation among these agencies.

Further completion of the *Strategy for Community Policing in BiH* was put into practice with the 2010 publication of the *Manual on Community Policing in BiH*, which will be used by police officers in practical work and by teachers in police academies. These efforts were supported by Switzerland/SDC/SECO.

In June 2010 the Agency for Gender Equality of BiH, the BiH Ministry for Human Rights and Refugees (BiH MoHRR), and the EU Police Mission (EUPM) presented the report *Women in Police - The Situation in Bosnia and Herzegovina*.<sup>47</sup> This joint initiative marks the commitment of these agencies to implement and encourage actions, policies and programmes, which follow the United Nation Security Council Resolution 1325 on Women, Peace and Security. This study shows that only 6.3% of police officers and officials currently employed in police forces in BiH are female. Few women have reached higher ranks.

In 2009 and 2010, Police Reform was supported by Switzerland/SDC/SECO, USA, France, Norway, and the EC. Funding was provided in support of activities such as:

- Capacity and institution building in the intelligence and security sector in BiH.
- Training sessions for police officers and firemen in accordance with European standards.
- Training of high and middle ranked police officers in management of community policing; prevention campaigns; introduction of community safety mechanisms; implementation of transactional analysis; reconstruction work on police premises; communication with media training and PR campaigns.
- Strengthening the export control licensing system and detection capacity; increasing regional cooperation by law enforcement agencies in counter-proliferation activities, which leads to increased prevention of a range of cross border criminal activities.
- Strengthening of BiH's judicial and law enforcement institutions for sustained and effective action against terrorism and criminal activities including narcotics, human trafficking, money laundering, public corruption and organised crime.
- Supply of equipment and vehicles for governmental agencies.

In 2009-2010 the EC provided support to Police Reform through wide-ranging initiatives such as: supply of equipment to the Agency for Identification Documents, Registers and

Data Exchange (IDDEAA) and the National Security Authority of BiH; supply of vehicles to the Centre for Irregular Migrants in BiH and to the BiH Ministry of Security, Prevention of Money Laundering and Drug Abuse, and to other agencies.

### Civil Protection and Disaster Response

The Protection and Rescue System at the state-level is under the authority of the BiH Ministry for Security - Sector for Civilian Protection. It is responsible for: the implementation of international obligations and cooperation in civil protection; coordination of entity civil protection services; harmonisation of disaster plans and preparation of plans and programmes for protection and rescue. The entity levels of the government are represented in the Federal Directorate for Civil Protection, the Republic Directorate of Civil Protection of RS and the Department for Public Security of the Brčko District BiH.



Civilian Protection and Disaster Response attracts the fewest donors. The few donor agencies active in this field in 2009 include Austria/ADC, UNDP and Italy/IC. In 2010 no activities in civilian protection and disaster response were recorded in the DCF database. However, civil protection and disaster response are included in some projects allocated to other sectors in this report.

DCF members supported capacity building for disaster risk reduction management, preparation of initiatives for preparedness in case of catastrophes in Southeast Europe, drafting of legislative documents, providing training and study tours for firemen and transferring knowledge to BiH MoS.

Following the May/June 2010 floods, which caused damaged to infrastructure, housing and agricultural products, the U.S. Embassy in BiH announced that the U.S. Government<sup>48</sup> will provide a total of \$60,000 in emergency humanitarian assistance to help with recovery in the aftermath of the flooding. With these funds the Red Cross Society of BiH will purchase commodities and distribute flood relief equipment to BiH authorities.<sup>49</sup>

<sup>47</sup> The report assesses different aspects of female policing in Bosnia and Herzegovina. It includes: the participation of women, the recruitment process, promotion, training, disciplinary procedures, sexual harassment, work/family life balance, general working conditions, cooperation and association.

### Civilian Peace-Building

Donor assistance in Civilian Peace Building is focused on support to the search and identification of missing persons, promotion of peace and dialogue, reconciliation and integration, as well as the fight against human trafficking and child pornography.

The Agency for Gender Equality of BiH prepared an Action Plan for the implementation of the UN Resolution 1325, which was adopted in July 2010. In 2010 the UN Security Council prepared a set of indicators to monitor further progress in the implementation of this resolution. It is expected that, by the end of 2010, these indicators will be approved.

In 2009-2010 Civilian Peace Building was supported by a number of DCF members including: USA/USAID, Germany, UNICEF, the Netherlands, Spain/AECID, Norway, EC, and Sweden/Sida. Their activities include:

- Strengthening the capacity of BiH's government to combat human trafficking and to implement the country's National Action Plan.
- Evaluation and improvement of the performance of state-level agencies in preventing terrorist acts.

- Support to victims and witnesses of war crimes.
- Search for and DNA identification of missing persons; reconciliation and integration by education and facilitation of dialogue in ethnically divided communities.
- Peace, reconciliation, tolerance and inter-ethnic community building in Stolac through music and other community work; school and community-based children's sport initiatives.
- Stimulate youth participation through assistance, vocational and educational rehabilitation and training in Srebrenica; a social centre for vulnerable groups in the Neretva Canton.
- Increase the level of integration, improve the educational system in secondary schools and contribute to reconciliation in Stolac.
- Support to social housing reform in BiH; design of a solution for the remaining refugees and IDPs in the Srebrenica region and throughout BiH.
- Support to the SENSE – TRIBUNAL, a specialised project of the SENSE News Agency, based in the International Criminal Tribunal for the Former Yugoslavia in The Hague
- OHR secondments.

Major projects during 2009-2010 in the Security System Reform and Civilian Peace Building Management sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Support to International Commission of Missing Persons (ICMP)	EC, Norway, Spain/AECID, Sweden/Sida, The Netherlands, USA/USAID	19.2
(ICITAP) Assistance to Law Enforcement Agencies	USA	16.55
U.S. Assistance for Defence Reform	USA	13.24
Srebrenica Regional Recovery Programme III	Netherlands	8.44
Integrated Mine Action Programme (IMAP)	Canada/CIDA, UNDP	5.13
ICMP activities in BiH	Netherlands	3.67
Social Housing in Bosnia and Herzegovina	Netherlands	2.60
(EXBS) Export Control and Border Security	USA	1.62
Early Warning System in BiH	Austria/ADC, UNDP and Open Society Fund	1.48
Anti-Terrorism Assistance	USA	1.34
Community Policing in Bosnia and Herzegovina Donor	Switzerland /SDC/SECO	1.09
BiH Reintegration of army personnel	Netherlands	1.00
Application Resettlement in BiH	Norway	0.90
(SUSTAIN) Sustainable Interventions to Combat trafficking in Persons in BiH	USA	0.85

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

Donors such as Norway, the EC, Germany, Spain and the Netherlands also funded a number of small scale projects in 2009-2010.

<sup>48</sup> through the U.S. Agency for International Development (USAID) and the U.S. European Command (EUCOM) of the United States Armed Forces.

<sup>49</sup> This assistance has not been included in the overall donor allocations captured by this report.

### Reintegration of Soldiers and Control of Small Arms and Light Weapons and Ammunition

Based on the DAC definition, the SALW sub-sector refers to the reintegration of demobilised military personnel into the economy; conversion of production facilities from military to civilian outputs; technical cooperation to control, prevent and/or reduce the proliferation of small arms and light weapons.

Pursuant to the decision of the BiH Presidency on the size, structure and location of the BiH Armed Forces (BiH AF), BiH AF should have 10,000 professional soldiers. In order to assist redundant army personnel to transfer to civilian life, the BiH Ministry of Defence established the NATO Trust Fund for BiH (NTF II) in 2010. Norway, Finland, Sweden, the Netherlands, Austria, Italy, UK and USA have announced plans to support the fund which will, together with BiH budget support, provide a realistic basis for the sustainable reintegration of redundant army personnel into civilian life. Through the establishment NTF II, BiH and NATO will provide continuity of common actions, cooperation, and management of defence system reforms in anticipation of NATO and EU membership.<sup>50</sup>

A project in support of reintegration of redundant defence staff, funded by the Netherlands, was completed in 2009. There were no new initiatives recorded in the DCF database in 2010.

Finding an appropriate solution for illegal proliferation of weapons represents one of the key issues for reduction of violence and armed incidents. Increased numbers of incidents involving weapons, including violence against women, require resolute action from governmental institutions as well as strong involvement by the non-governmental sector. The establishment of a central registry for civilian possession of weapons would significantly improve weapons control in BiH.

BiH Armed Forces have 105,465 pieces of different types of arms and approximately 27,157 tons of ammunition and pyrotechnical devices. Approximately 19,657 tons of ammunition and pyrotechnical devices have been declared surplus for BiH AF.

DCF members that provided assistance to the Reintegration of Soldiers and Control of Small Arms and Light Weapons and Ammunition sub-sector in 2009-2010 include: the Netherlands, UNICEF, the EC, Spain/AECID and UNDP.

They have provided support aimed at:

- Reintegration of redundant defence staff; contribution to NATO/PFP Trust Fund.
- Strengthening national capacities to address small arms and armed violence threats through data collection and monitoring mechanisms, as well as through the formulation and implementation of evidence-based small arms and armed violence prevention programmes.
- Provision of coordinated international support to the establishment of proper SALW controls; a safe and effective logistic ammunition disposal system to mitigate the hazards and risks associated with large quantities of ammunition.



Major projects during 2009-2010 in the Reintegration of Soldiers and Control of Small Arms and Light Weapons and Ammunition sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Small Arms Control and Reduction Project in BiH (SACBiH)	EC, Spain/AECID, The Netherlands, UNDP	9.85
Small Arms Control Programme	EC	2.09
Small Arms and Armed Violence Prevention project	UNICEF	0.16

Initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

<sup>50</sup> Bulletin of the BiH Ministry of Defence and Armed Forces, No. 4, May 2010



## Mine Action programmes

Based on the DAC definition, the Mine Action sub-sector refers to explosive mine removal for developmental purposes.

The BiH Mine Action Centre (BHMACH) recorded 28 BiH citizens injured by mine explosions in the first six months of 2009, with 9 explosions resulting in fatalities. Two mine incidents were recorded in the first quarter of 2010, in which one person was killed and two injured.<sup>51</sup> From 1996 to the end of the first quarter of 2010 there were 1,697 landmine victims in BiH with 496 fatalities.

In 2009 approximately 13.5 square kilometres of BiH terrain was demined. Land suspected of containing mines was reduced by approximately 125 square kilometres after systematic surveillance. There are approximately 1,500 square kilometres (3.04%) of BiH territory still suspected of containing mines. The BHMACH estimates that approximately 500 square kilometres will be cleaned by demining actions.

It is expected that demining activities will be completed by 2017/2019. Full implementation of the *BiH Mine Action Strategy 2009-2019* depends on the availability of funds. During 2009 approximately €23 million were secured by donations. This represents a decrease of €5.1 million in the *Action Plan*. This greatly affects the dynamics of demining in BiH. The BHMACH plan for 2010 includes the clearance of approximately 30 square kilometres of suspicious area and the reduction of 120 square kilometres of suspicious area through surveillance.

The International Fund for Demining and Mine Victims Assistance (ITF),<sup>52</sup> established by the Government of Slovenia in March 1998 to assist BiH in implementing the Dayton Agreement by raising funds, provides services and manages Mine Action projects. Since the establishment of ITF the US has been its largest donor. BHMACH is a major partner of ITF in BiH for Mine Action. BHMACH, BiH AF as well as entity and Brčko District Civilian Protection Services are actively involved in the demining process.

Implementation of the *BiH Mine Action Strategy 2009-2019* was further advanced in June 2010 with the promotion of 37 new instructors for mine risk education. They are fully trained



to transfer their knowledge on mines and unexploded ordnance protection to schools and other social organisations. ITF has secured approximately \$12 million in funding<sup>53</sup> for Mine Action in South Eastern Europe in 2010. 35% will be allocated for the various Mine Action activities and support to the mine victims in BiH. Similarly, demining activities in the Sarajevo canton have continued in 2010 with assistance provided by the Swiss Embassy in BiH<sup>54</sup> to clear 1,800,000 square metres of contaminated area.

According to the *BiH Mine Action Strategy 2009-2019* the BiH budget contribution for demining activities should be approximately €15.3 million<sup>55</sup> annually. DCF members supporting demining activities in 2009 and 2010 in BiH include: Austria/ADC, Canada/CIDA, Germany, Hungary, Italy/IC, Norway, Sweden/Sida, the EC, UNDP and UNICEF.

They have provided support aimed at:

- Demining activities.
- Technical surveys.
- Mine risk education and small arms risk prevention.
- Improvement of living conditions and sustainable return in local communities in Boderišće.
- Mine risk education of school children in mine affected communities in Vidovice-Orašje.

<sup>51</sup> <http://www.bhmac.org/ba/stream.daenet?kat=50>

<sup>52</sup> From 1998 to 2009, through various Mine Action activities in BiH, ITF implemented more than \$145 million of donor funds and more than 52 million square metres of minefields were cleared.

<sup>53</sup> ITF signed an agreement with the U.S. State Department, which provided \$12.08 million to support Mine Action in the region of South Eastern Europe for 2010.

<sup>54</sup> Funds provided by the Swiss Embassy in BiH - approximately €0.20 million (0.39 million BAM), not included in total ODA listed in this report.

<sup>55</sup> 30 million BAM

Major projects during 2009-2010 in the Mine Action programmes sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Integrated Mine Action Programme (IMAP)	Canada/CIDA, UNDP	5.13
Mine Action Programme	Norway	5.44
Demining	Sweden/Sida	3.40
Mine clearance and Technical Survey	EC	1.50
Demining	Germany	1.25
UNICEF Mine Risk Education and Small Arms Risk Prevention Integrated Programme	UNICEF	0.59
Support to Mine Action Programme in BiH 2008-2010	Austria/ADC	0.50
Direct Demining Project Phase III	Italy/IC	0.44
Humanitarian de-mining Project – Phase IV	Italy/IC	0.30
Improvement of living conditions and sustainable return in local community of Boderiste	Hungary	0.007
Mine risk education of school children and teachers in mine affected community of Vidovice-Orasje	Hungary	0.005

Initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

In 2009 Germany had five projects in Mine Action with a total value €6.4 million. Implementation of four of these projects has continued in 2010. Hungary funded two small-scale projects in 2009; both have been completed.

#### Other

Activities that are not classified within the above mentioned sub-sectors that support programmes in the

Conflict Prevention sector in 2009-2010 include:

- Support to individuals affected by the war to become a driving force for reconciliation and institutional support for reconciliation.
- Provision of opportunities for youth to gain self-confidence, leadership skills and management experience in youth-led initiatives.
- Support to regional post-conflict activities.

Major projects during 2009-2010 not classified under an existing sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Music academies cooperation between Royal College of Music, Stockholm and WB music academies, incl. BiH- Regional project Sweden/Sida	Sweden/Sida	1.1
(CPT) Choosing Peace Together in Bosnia and Herzegovina	USA/USAID	0.42
Peacing the Future Together – Youth Banks Programme	USA/USAID	0.42
RECOM	The Netherlands	0.19

Initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

## Sector strategies

Defence reform in Bosnia and Herzegovina is guided by the *Defence White Paper* which was adopted in 2005. This document set up three major security priorities: general; economic and military securities; and accession to and possible membership in NATO, which is also a driving force of the defence reform process. The *Law on Parliamentary Military Commissioner 2009* mandates the military commissioner to carry out activities related to the strengthening of the rule of law, human rights protection and freedom of military personnel and cadets in the BiH Armed Forces and the BiH Defence Ministry (BiH MoD).<sup>56</sup>

During 2009-2010 legislative frameworks in the Conflict Prevention sector were enhanced with the adoption and development of strategic documents and laws. The *BiH Strategy for Prevention of Money Laundering and Financing of Terrorist Activities 2009-2013* and *Action Plan* were adopted in November 2009. The *Law on Changes and Amendments to the Law on Prevention of Money Laundering and Financing of Terrorist Organisations* was sent to the Parliamentary procedures in June 2010. The *BiH Strategy for the Fight Against Organised Crime 2009–2012* was adopted in September 2009 and the *BiH Strategy for Prevention and the Fight Against Terrorism 2010-2013* was adopted in March 2010. The *National Strategy for the Fight Against Corruption 2009-2014* and *Action Plan* were adopted in November 2009.

The *Strategy for Mine Victims in BiH 2009-2019* was adopted in 2009 to provide assistance to mine accident survivors in rehabilitation and economic reintegration into society. In 2009, the implementation of the *BiH Mine Action Strategy 2009-2019* slowed pending the adoption of the revised *Law on Demining*. The proposal for this law was prepared by BiH MoCA with support of UNDP. The new proposal foresees the establishment of a state-level fund for demining and a state-level body for tendering procedure. The new law anticipates transformation of the Demining Commission into an inter-departmental body.

Furthermore, there are serious concerns that insufficient fund availability as well as the absence of the *Law on Peoples Rescue* could hold back implementation of the *Mine Action Strategy* within the given framework.

Disaster risk was regulated by the *Framework Law on Protection and Rescue of People and Material Goods in Case of Natural and Other Disasters*, which included assessment of risk and vulnerability.<sup>57</sup> Currently, there is no state-level disaster risk reduction strategy. Several other strategic documents and laws in the sector include: *BiH Strategy and Action Plan for Control of SALW in BiH 2008-2012*; *Strategy and Action Plan for Supervision of Narcotic Drugs, Prevention and Suppression of Abuse of Narcotic Drugs in BiH 2009-2013*; the *National Strategy for Community Policing*; *Strategy Integrated Border Management*; *Immigration and Asylum Strategy and Action Plan in BiH 2008-2011*.

## Donor coordination

The Office of the High Representative and EU Special Representative, EUFOR, the North Atlantic Treaty Organisation Headquarters Sarajevo, EUPM, and the Organization for Security and Cooperation in Europe are non-DCF member organisations actively involved in the coordination of activities in the Conflict Prevention sector in BiH.

There is no state-level formal donor coordination forum in Conflict Prevention. Coordination of donor activities was implemented at the sub-sector level. In the sphere of SALW control there is a coordination board which consists of representatives from SIPA, BiH Border Police, INTERPOL and relevant ministries. ITF acts as a coordinating body for a number of donors, and BHMAG organises ad-hoc presentations. Donors praise the coordination of activities within SALW control. All sub-sectors are covered by donor assistance, and the collaboration of activities is coordinated without overlapping.

## Future activities

Upcoming activities in defence reform are linked to the harmonisation of IPAP BiH with NATO, the adoption of the document by the BiH CoM and final approval by NATO. The positive trend in security affairs, defence, military affairs, public diplomacy and crisis management should be maintained in order to ensure further cooperation with NATO.

In the future, proper function of the Trust Fund will help reintegrate redundant army staff. In the area of Control of Small Arms and Light Weapons and Ammunition plans include complete control of weapons by 2011 and the destruction of 50% of surplus weapons in 2010.

Establishment of the Operational–Communication BiH 112-Centre was the first phase of the disaster management initiative. In the next phases it will be linked to a network with operational centres in other institutions and bodies of BiH, entities and the Brčko District. The BiH 112-Centre will be linked to the network of operational centres of neighbouring countries and regions, to operational centres of UN and regional organisations such as the Euro Atlantic Coordination Centre for Disaster Response (NATO/EADRC) and the Monitoring and Information Centre of EU (EU/MIC).

The focus of future activities in the area of Mine Action will be on the clearance of prioritised areas which have potential for tourism and economic development. Other identified priorities include: technical surveillance, destruction of unexploded ordnances and raising awareness of mine contamination.

<sup>56</sup> The legal framework for the work of the military commissioner was completed in 2009 through the adoption of The Rule Book and The Rule Book on Cooperation with the BiH MoD and the BiH Armed Forces.

<sup>57</sup> Assessment of risk and vulnerability was prepared by BiH Ministry of Security and UNDP with funds provided by EC.

# Infrastructure Sector

# 5

DCF members active in the sector in 2009–2010	Germany, Norway, Spain/AECID, Sweden/Sida, Switzerland/SDC/SECO, USA/USAID, EBRD, EC, EIB, World Bank, UNDP.
Other key International Organisations (IOs) and International Financial Institutions (IFIs)	International Monetary Fund (IMF), Office of the High Representative and EU Special Representative (OHR), Energy Community, South East Europe Transport Observatory (SEETO), Corridor Vc Permanent Secretariat.
Key government partners	BiH Ministry of Communications and Transport; FBiH Ministry of Transport and Communications; FBiH Directorate for Civil Aviation; FBiH Directorate for Building, Managing and Maintaining Motorways; Energy Department at the Ministry of Foreign Trade and Economic Relations (MoFTER); FBiH Ministry of Energy, Mining and Industry; FBiH Ministry of Agriculture, Water and Forestry; RS Ministry of Economy, Energy and Development; RS Ministry of Agriculture, Forestry and Water Management.
Total allocation to the sector in 2009 and 2010 by DCF members	2009: €301.38 million - €10.84 million in grants and €290.54 in loans 2010: €282.30 million <sup>58</sup> - €33.36 million grants and €248.94 in loans
Sector strategies	<p>The new <i>Country Development Strategy 2010-2013</i> was drafted and is expected to be adopted in 2010. Sector strategies have been developed but not yet implemented. There is no state-wide Infrastructure sector strategy.</p> <p>Transport and Storage: The Transport Sector Strategy was developed at the state level.</p> <p>Communication: There is no state level strategy.</p> <p>Energy Generation and Supply: There is no state level strategy.</p> <p>Water Supply and Sanitation: The <i>FBiH Strategy for Water Management 2010-2022</i> was sent to parliamentary procedures in June 2010. RS is preparing a similar document. The <i>BiH Water Protection Plan, Strategic Plan for Implementation of EU Urban Waste Water Treatment (UWWT) Directive</i>; FBiH and RS adopted the <i>Water Laws</i> in 2006 in accordance with the <i>Water Framework Directive</i>. Secondary legislation under the provisions of <i>Water Laws</i> has been prepared.<sup>59</sup></p>
Donor coordination	There is no sector-wide donor coordination mechanism. Donors take part in in-formal information sharing meetings.

<sup>58</sup> Including €22.7 million for EC 2010 Pipeline projects in 2010 not yet contracted.

<sup>59</sup> <http://web.rec.org/documents/peip/3.2%20Bosnia%20and%20Hercegovina%20presentation.pdf>

## Overview

The Infrastructure sector is divided into four sub-sectors: Transport and Storage, Energy Generation and Supply, Water Supply and Sanitation, and Communication. Donor/financial institution activities in 2009–2010 in the Infrastructure sector were focused on obligations set up by the Stabilisation and Association Agreement (SAA)<sup>60</sup> which is a programme for essential economic and structural reforms and a first step towards EU integration.

Investments in capital infrastructural projects have continued despite the current economic situation. Many donor/financial institutions supported initiatives and programmes which enhanced institutional/human resource capacities, the rehabilitation/construction of transport infrastructure, water supply and sanitation infrastructure, solid waste facilities,

railways, energy generation and supply, housing, and implementation of Kyoto Protocol Mechanism. The integral part of these investments also includes environmental protection and the creation of sustainable development systems, which will ensure the economic growth and recovery of the country's economy.

The Infrastructure sector has the potential for increasing the economic development of the country. The partnership between the public and private sectors could accelerate further development of the Infrastructure sector and ensure better services for the population.

**This sector received 41% of total ODA allocations in 2009 and to date 40% of total ODA in 2010 (excluding EC Pipeline projects for 2010).**

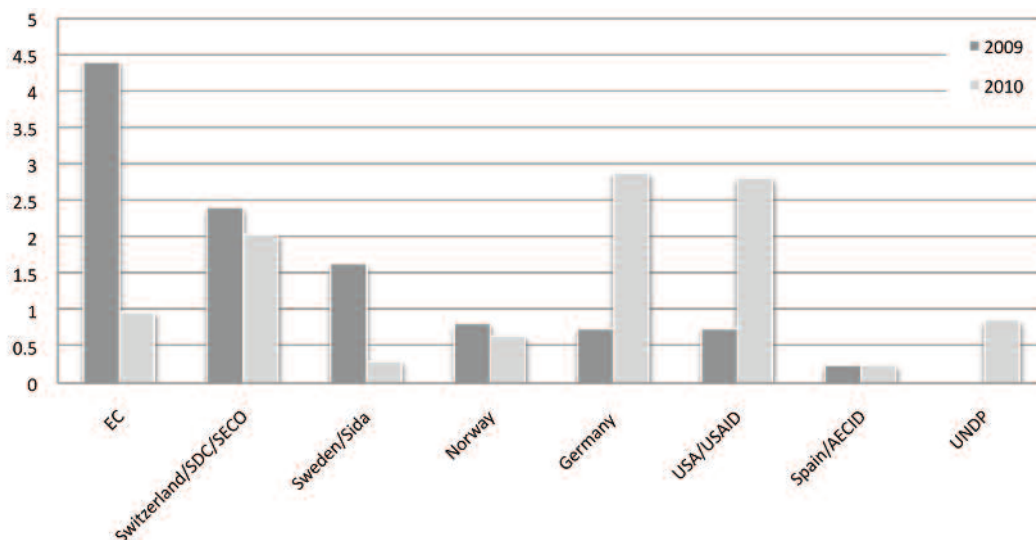
## Donor activities in 2009 and 2010

DCF members active in the Infrastructure sector during 2009 were the EC, Switzerland/SDC/SECO, Sweden/Sida, Norway, Germany, USA/USAID, Spain/AECID, EBRD, EIB, and the World Bank. UNDP joined the sector in 2010.

The Energy Community of South East Europe (ECSEE) and European Energy Community (EEC)<sup>61</sup> as well as activities of the International Monetary Fund (IMF) greatly impact the Infrastructure sector.

Total allocation to the Infrastructure sector in 2009 by DCF agencies/financial institutions was €301.37 million of which €10.84 million was in grants and €290.54 million was in loans. To date in 2010 DCF members allocated €282.30 million (including EC 2010 Pipeline projects to the value of €22.7 million). In 2010 €33.36 million was provided in grants; loans amounted to €248.94 million. The EC Pipeline 2010 is not included in the charts.

**Figure 5.1. Donor Aid Flows in the Infrastructure Sector 2009–2010**  
Grants Only (Euros millions)



<sup>60</sup> SAA was signed in June 2008.

<sup>61</sup> The Energy Community (also referred to as Energy Community of South East Europe and European Energy Community) is a community established between the European Union and a number of developing countries in order to extend the EU internal energy market to South East Europe and beyond. The Treaty establishing the Energy Community was signed in Athens, Greece, on 25 October 2005, and enforced on 1 July 2006. The Energy Community establishes a common regulatory framework for energy markets by extending the *acquis communautaire* of the EU to the territories of participating countries. It covers the relevant fields of energy, environment and competition of the EU legislation. The Energy Community deals with electricity, natural gas and petroleum products.



Figure 5.2. Aid Flows in the Infrastructure Sector 2009-2010  
Loans Only (Euros millions)

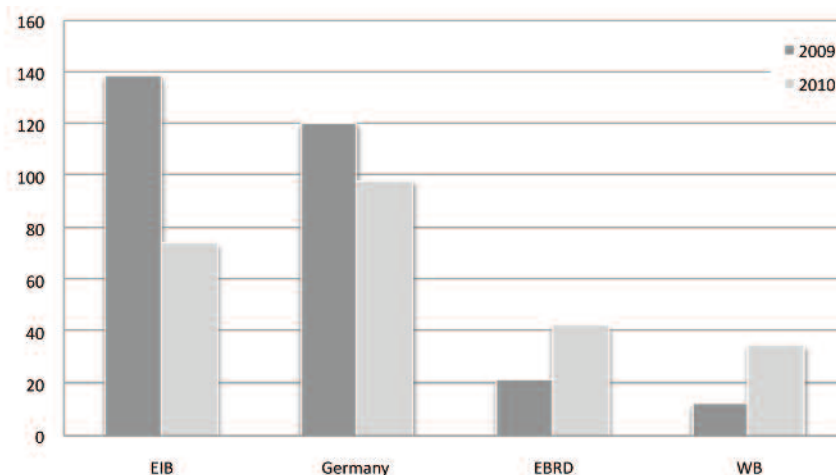
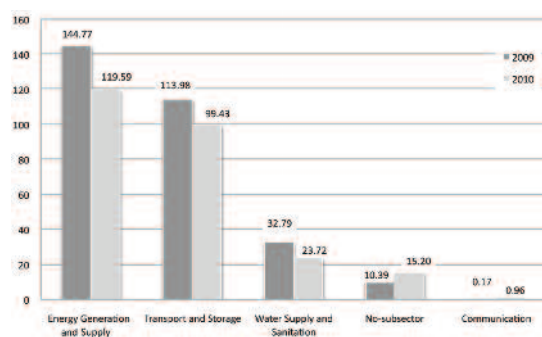
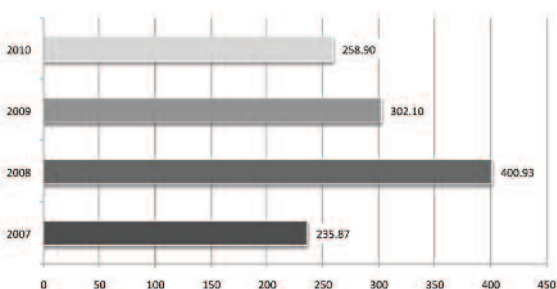


Figure 5.3. Aid Flows per Sub-Sector in the Infrastructure Sector 2009-2010 (Euros millions)



The Energy Generation and Supply sub-sector received the largest support in 2009, followed by the Transport and Storage sub-sector and the Water Supply and Sanitation sub-sector.

Figure 5.4. Donor/IFIs Aid Distribution to the Infrastructure Sector 2007-2010 (Euros millions)



Funding to the sector decreased from €400.93 million in 2008 to €301.38 million in 2009.

2010 figures show a decrease in ODA; however, additional funds could be allocated to the Infrastructure sector during 2010.

## Transport and Storage sub-sector

Based on the DAC definition, the Transport and Storage sub-sector concerns: storage; transport policy and administrative management; and road, rail, water, and air transport.

Top priorities for the country's economy and social development include: rehabilitation of the existing transport infrastructure, construction of new infrastructure and harmonisation of the BiH legislative framework with EU acquis. The BiH Transportation sub-sector will transition gradually towards EU integration which is currently focused on regional development as a basis for further development. The South East Europe Transport Observatory (SEETO), a regional transport organisation, was established by the Memorandum of Understanding 2004 for the Development of the Core Regional Transport Network.<sup>62</sup> The aim of the SEETO is to promote cooperation in the development of the main and ancillary infrastructure of the multimodal South East Europe Core Regional Transport Network and to promote and enhance local capacity for the implementation of investment programmes, management, and data collection and analysis of the Core Regional Transport Network.<sup>63</sup>

The BiH National Coordinator acts as technical support to SEETO and as the interface between the BiH Government and the SEETO Permanent Secretariat. The SEETO Development Plan is currently used for the preparation of annual action plans in the BiH Transport sub-sector, addressing priority investment programmes. Progress in this sub-sector is evident. To ensure institutional and financial sustainability of the entire sector, this sub-sector remains one of the biggest challenges for BiH in the next period.<sup>64</sup>

### Road Network

DCF members active in funding the road network in 2009-2010 include: EIB, EBRD and the World Bank.

As the majority of goods and passengers are transported by roads, the road transport network plays a key role in the BiH economy. Management and construction of the road network is under the authority of the entities. The BiH Public Road Corporation is responsible for the coordination of affairs at the state-level. Currently there are approximately 22,891 km of categorised roads in BiH of which 37 km are motorways. An additional 20 km from Vlakovo to Tarčin are planned to be constructed in 2010. The first step in linking BiH with the European transportation system is the confirmation of the route for Corridor Vc, which will link BiH with Croatia,

Hungary and Central Europe. Corridor Vc was designed as a national development project with over 336 km and, pursuant to the implementation plan, it should be finished by the end of 2018.<sup>64</sup>

Rehabilitation of regional roads and highways throughout BiH is under way. All roads that were not regularly maintained should be rehabilitated in two years.

In February 2010 the BiH Chamber for Foreign Trade began issuing Transports Internationaux Routiers (TIR) carnets in BiH. TIR carnets will simplify customs procedures in the transport of goods. They will provide for the movement of goods in international transport, without delays, and they will reduce the final transportation costs. In June 2009 the BiH Presidency made the decision to join the *Convention on Temporary ATA<sup>66</sup> Carnet for the Temporary Admission of Goods*. Additionally, the *Framework Law on Digital Tachographs* was adopted by the BiH House of People in May 2010 and by mid June 2010 all vehicles over 3.5 tons with more than 9 seats must have digital tachographs installed in order to be allowed to transport goods and passengers abroad. As of 1 January 2011 vehicles which do not meet the requirements will not be allowed to transport passengers or goods abroad. In June 2010 the amendments to the *BiH Law on Road and Traffic Safety* were enforced. These amendments represent improvements in the harmonisation of the BiH legislative framework with EU standards, auditing system and assessment of road safety.



<sup>62</sup> MoU was signed on 11 June 2004 by the governments of Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, the United Nations Mission in Kosovo and the European Commission. The SEETO network includes: roads, railways, airports, seaports, rivers and inland waterways.

<sup>63</sup> <http://www.seetoint.org/>

<sup>64</sup> National Background Report on Transport for BiH

<sup>65</sup> Feasibility Study for Motorway in Corridor Vc through Bosnia and Herzegovina.

<sup>66</sup> The ATA carnet is an international customs document that allows the holder to temporarily (up to one year) import goods without payment of normally applicable duties and taxes, including value-added taxes. The carnet eliminates the need to purchase temporary import bonds. If the goods are re-exported within the allotted time frame, no duties or taxes are due.

Major projects during 2009-2010 in the road network are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Corridor Vc First Phase – North (Loan)	EIB	75
National Roads, Banja Luka-Gradiska (Loan) - Construction of four-lane motorway section between Banja Luka and Gradiska including bridge over Sava River	EIB	65
BiH Roads (Loan) -Rehabilitation of road network RS; Sarajevo Bypass; Čapljina Bridge-Corridor Vc	EIB	60
Road Rehabilitation in Federation BiH (Loan) Rehabilitation of pavement of number of sections of main and regional road network	EIB	50
Road Rehabilitation in Republika Srpska (Loan) -Rehabilitation of 55 sections of road with total length of around 1105 km in RS	EIB	40
Mahovljani Interchange (Loan) - Construction of Mahovljani Interchange on Banja Luka - Gradiska motorway	EBRD	21 <sup>67</sup>
Road Infrastructure and Safety Project (Loan)	World Bank	17.66
Gasification of Central Bosnia Canton (Loan)	EBRD	17

Initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

### Rail Network

Currently there are 1,034 km of railway in BiH; 607 km are in FBiH and 427 km in RS. Approximately 63% of the gross domestic product (GDP) is produced in the area near the railway tracks, and 90% of factories are situated near railways. This sector has been affected by the recession and, compared with 2008, the volume of goods transported by railway in 2009 has dropped by 15.8%.<sup>68</sup>

The Railway Regulatory Board (RBB), an administrative organisation within BiH MoCT, is responsible for transposing EU railway sector legislation into BiH law. In 2009 the RBB issued 46 permits for the use of reconstructed GBS carriages for railway transport in FBiH. During 2009-2010, railway authorities in BiH were assisted in harmonising regulations for the maintenance of railway infrastructure and rolling stock in accordance with EU Directives. Complete execution of the EU Directives and the Annex on Restructuring of Railway Traffic in Europe is awaiting implementation.

Notable progress was achieved in the repairing of railroads.

In November 2009 a loan was provided (by EBRD and EIB) for the rehabilitation of railroads from Čapljina to Konjic and from Dobož to Banja Luka. The next section to be repaired in BiH will be from Sarajevo to Ploče, except for the part between Sarajevo and Bradina, as well as the reconstruction of the Ivan tunnel. These two sections of railroad repair are for future investments. Partial funding<sup>69</sup> has been reserved for these investments and documentation is in preparation. The EC supports the preparation of documentation for future plans, which includes the rehabilitation of the northern part of the railroads on Corridor Vc from Sarajevo to Šamac up to the Croatian border. Similarly, preparation of design and study for railroads from Čapljina to Trebinje to Nikšić,<sup>70</sup> and preparation of design for the repair of the railroad from Podlugovi to Sarajevo, and finalisation of documentation for the connection of the Tuzla and Sarajevo Cantons are planned.

DCF members that supported the reconstruction and development of the rail network in 2009-2010 include EIB and the EC.

Major projects during 2009-2010 in the rail network are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
BiH Railways II (loan)- Priority investment on several railway sections in BiH along north-south and east-west routes	EIB	86
Provision of technical assistance to railway authorities in BiH in harmonising regulations for maintenance of railway infrastructure and rolling stocks with the EU Directives in BiH (Grant)	EC	1
Provision of preliminary design, studies and spatial planning documentation for the regional railway link Čapljina-Trebinje-(Niksic) in BiH (Grant)	EC	0.5

Initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

<sup>67</sup> Total value of the project is €35 million. Total EBRD contribution is €21 million.

<sup>68</sup> *Transport Statistics*, BHAS 2010, [http://bhas.ba/Arhiva/2010/sao/TRA\\_2009\\_001\\_01-bh.pdf](http://bhas.ba/Arhiva/2010/sao/TRA_2009_001_01-bh.pdf)

<sup>69</sup> OPEC will provide part of the fund; OPEC is a non-DCF member.

<sup>70</sup> In accordance with MoU signed between BiH and Montenegro.

## Water Transportation Network

The rehabilitation of the Sava River waterway<sup>71</sup> and its reintegration into the regional transportation system as well as the Danube region transportation system are priorities, specifically due to EU commitments stating that all dangerous cargo must be transported by river to disburden road and railway traffic. These initiatives are led by the State Ministry for Communication and Transport (MoCT) in coordination with entity-line ministries.

The rehabilitation and modernisation on the Sava River is advancing. Marking of the waterway from Sisak (Croatia) to Brčko (BiH) has been completed, which will enable the use of the Sava River for the transport of oil. It is expected that waterway marking of the Sava River, from Belgrade to Sisak (approximately 594 km), will be finalised by 2016. Further rehabilitation of the Sava River downstream from Brčko is planned, as is the modernisation of the Brčko Port. The study of the Brčko Port, prepared in cooperation with the World Bank, proposed a private-public partnership with the Brčko District.

The World Bank has committed to fund the rehabilitation of the Sava River waterway, which includes demining activities. Approximately €5 million from IPA funds have been assigned for the preparation of documentation.



Spain has committed to funding €450,000 in grants in 2009-2010 to create a sustainable water management plan for the Neretva River.<sup>72</sup> The EC funded PORTUS Project, which developed the integrated logistical system between Adriatic ports and their connections with the existing pan-European corridors and axis, was completed in 2009.<sup>73</sup>

## Air Transport

In 2009 the FBiH Air Company, BiH Airlines, was privatised. Sky Srpska is a publicly owned company founded in 2007 by the RS government.

The BiH Directorate of Civil Aviation (BHDCA), as a regulator,

was established within BiH MoCT in accordance with the *BiH Civil Aviation Law 2008*. BHDCA represents BiH in governmental and non-governmental international civil aviation organisation and bodies.

The first standardisation inspection of aviation authorities of BiH was carried out by the European Aviation Safety Agency (EASA) in June 2010. It marks the beginning of the EASA standardisation of the aviation authorities of BiH.<sup>74</sup> EASA standardisations guide the *Aviation Law of BiH* and other regulations to ensure harmonisation with EU regulations. EASA also ensures the competence of aviation authorities in BiH to oversee the implementation of these standards.<sup>75</sup>

The establishment of the BiH Agency for Provision of Services in Civilian Air Transport (BHANSA), in charge of flight control, is expected during 2010. There is no new development in the establishment of an independent civil aviation accident investigation body. Testing of the BiH Air Management System (BHATM) and gradual introduction of independent operations was expected to take place in November 2010. The complete transfer of the BHATM system to the BiH authority is expected in November 2011.

In 2010 EBRD approved loan funds (€32 million) for an extension of the passenger terminal, and for the upgrading and expanding of the taxiway and apron at the Sarajevo International Airport. This will accommodate the growing passenger traffic at the international airport.

## Communication sub-sector

Based on the DAC definition, the Communication sub-sector refers to: communications policy and administrative management; telecommunications, radio, television, print media; information and communication technology (ICT).

In 2009-2010 there was a trend in telecommunications to introduce new services and new tariff models for different categories of users within all operators, and further liberalisation of telecom markets. Apart from the three dominant, fixed telephony operators, nine new operators were granted licences. The number of fixed telephone connections declined at the end of 2009 by 25% and mobile telephones declined by 83%. In an increase from 2008, 77 Internet service providers were operational in BiH in 2009-2010. Broadband Internet access became increasingly popular with subscribers, reaching 73% of the total number of Internet subscribers.<sup>76</sup>

*The Rules on Model of Tariff Rebalance of Voice Telephone Services in BiH for the period 2010-2012*<sup>77</sup> were established

<sup>71</sup> BiH, Croatia, Slovenia and Serbia are signatories of the Framework Agreement on the Sava River Waterway and founders of the Sava River Commission which aims to regulate and improve Sava River navigation of river boats, water use and tourism.

<sup>72</sup> Initiatives are available in the Donor Coordination Forum database – [www.donormapping.ba](http://www.donormapping.ba)

<sup>73</sup> PORTUS - Perspectives on Inter-Regional Transport Unitary System

<sup>74</sup> Under the authority of the EC, in accordance with Annex I of the Multilateral Agreement on the Establishment of the European Common Aviation Area (ECAA), which in Protocol II of Annex V, predicts conducting of this process in two phases.

<sup>75</sup> <http://www1.bhdca.gov.ba/eng/content/blogcategory/19/72/>

<sup>76</sup> CAR Annual Report 2009

<sup>77</sup> Stage III of the rebalance of prices was in effect. It is the last stage postulated by Rule 24/2005 on Model of Tariff Rebalance of Voice Telephone Services in BiH.

in 2009 with the effective date of 1 January 2010. *The Rule on Number Portability*<sup>78</sup> was in the implementation process and scheduled to be operational at the end of 2010. These rules will significantly reduce the time for administrative processing of applications for permits with affordable fees.<sup>79</sup>

Technical assistance, in the framework of IPA 2007, to the Communications Regulatory Agency (CRA), which started in April 2010, will assist capacity building of the CRA in the field of telecommunications and in the harmonisation of the regulatory framework for telecommunications with the EU *acquis*, specifically in market analysis based on EU standards.

Activities related to the transfer from analogue to digital earth television in BiH continued in 2009-2010 and the digital forum (DTT) was formed with CRA. The targeted date for the introduction of the digital TV signal in BiH is 2011.

*The Electronic South East Europe (e-SEE) Agenda Plus for the Development of the Information Society in South East*

*Europe 2007-2012* was revised by the e-SEE Secretariat and, upon completion of consultations with government representatives from SEE, the Regional Cooperation Council (RCC) and the e-SEE Secretariat plan to organise a ministerial conference where the revised *e-SEE Agenda Plus* will be endorsed. The new revised draft refers to the revision of the current deadlines and re-defines some of the content, aligning it to the current EU strategies and regional development needs.<sup>80</sup>

The law on the establishment of a state-level information agency, which will be mandated with the implementation of the *Information Society Strategy in BiH*, has not been adopted. The implementation of requirements of the *Law on Electronic Signature 2006* is slow. The subordinate regulations related to the *Law on Electronic Commerce* were adopted by the BiH CoM in 2009. Republika Srpska adopted its own *Law on Electronic Management and Strategy for Development of e-Government in RS 2009-2012*.

Major projects during 2009-2010 in the Communication sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Technical assistance to the Communication Regulatory Agency (CRA) in relations to telecommunications and telecommunications regulatory framework (Grant)	EC	0.96
Public key infrastructure (PKI) implementation in Citizen Identification Protection System (CIPS) BiH (Grant)	EC	0.17

Initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

### Energy Generation and Supply sub-sector

Based on the DAC definition, the Energy Generation and Supply sub-sector concerns: energy policy and administrative management; power generation and (non)-renewable sources; electrical transmission and distribution; gas distribution; and energy education, training and energy research.

In 2009 the Energy sector used the categorisation from the expired *Medium-Term Development Strategy (MTDS) 2004-2007*.<sup>81</sup> The new *Country Development Strategy*, currently in draft stages awaiting approval at different levels of government, classified the energy sector under the goal Sustainable Development/sub-goal Environment and Renewable Energy Sources.

Rehabilitation of the entire energy system in BiH is ongoing since 1996 and current production of electricity has reached 85% of the pre-war production. Country economic development plans foresee construction of new capacities because BiH is the only exporter of electricity in the region.



Both entities have their own operators and regulatory commissions for electrical energy. The State Electricity Regulatory Commission (SERC) administers the electro-distribution system in BiH and is responsible for electro-distribution and international trade of electricity in accordance with international norms and EU standards.

Despite unfavourable trends in 2009, the energy sub-sector increased production by approximately 6% in comparison with 2008. A stable hydroelectric situation and uninterrupted operations of thermoelectric plants in 2009 resulted in an increase of electricity production. Due to the increase in production, and a 30% reduction in the use of electricity in

<sup>78</sup> The Rule on Amendments to the Rule on Number Portability has been published in the Official Gazette of BiH No. 102/09, 29 December 2009.

<sup>79</sup> CAR Annual Report 2009

<sup>80</sup> Regional Cooperation Council Annual Report 2009-2010, <http://www.eseeinitiative.org/>

<sup>81</sup> The energy sector in MTDS was classified in five major groups: Electricity, Coal, Natural Gas, Oil and Central Heating.



domestic industry (compared to 2008), surplus electricity was sold in the international market at a favourable price. As a result, all three electro-distribution companies recorded the highest profits in the last six decades. In 2009 SERC changed its internal organisation to harmonise its organisational set up with similar regulatory bodies in regional countries.<sup>82</sup> SERC issued new tariff rates<sup>83</sup> in April 2010 and the RS Regulatory Commission (RSDERC)<sup>84</sup> issued new tariffs in December 2009. Tariff rates adopted in 2007 by the FBiH Regulatory Commission (FERK) are still in force.

There is no country-wide legal framework for gas energy. RS has its own gas legislation and regulatory power was granted to the electricity regulator. In FBiH the responsible authority is the FBiH Ministry for Energy, Mining and Industry. Recently MoFTER prepared the Study on Possibilities of Implementation of EU Directive, which requires that all member countries of the energy community have oil supply reserves sufficient for 90 days.

The electricity transfer system was merged into two companies: the Independent Operational System (ISO) 2005 - in charge of managing the transmissions network; and the state-level Electricity Transmission Company (TRANSCO) 2006 - responsible for distribution, maintenance and construction.

The new CDS addresses energy efficiency and the use of renewable energy as a sub-goal within the priority goal, Sustainable Development. In December 2008, facilities that used renewable energy sources for electricity generation<sup>85</sup> were given a connection fee discount of 50%. According to the Athena Treaty obligations, 20% of energy should be generated from renewable sources by 2020. In June 2010 the FBiH Government adopted the *Regulation on Use of Renewable Sources of Energy and Co-generation*. The RS government is working toward meeting their Athena Treaty obligations by stimulating construction of new facilities for environmentally friendly energy. As a country with huge hydroelectric potential, BIH has issued approximately 400 concessions for small hydropower plants and approximately 50% of its electricity has been generated from water resources.

Since January 2008, all consumers, except private households, have been eligible to choose their own electricity supplier. Due to the lack of technology and metering, this practice has not been in place. Activities are under way to introduce remote electronic reading of electricity consumption. It is expected that, as of 2015, all consumers, including households, will be able to use the new enhanced system.

Donors/IFIs active in the Energy Generation and Supply sub-sector in 2009-2010 include: the EC, EIB, Norway, the World Bank, Germany and UNDP.

Major projects during 2009-2010 in the Energy Generation and Supply sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Electric Power Reconstruction II (Loan)	EIB	103
Energy Sector Programme IV (Loan and Grant )	Germany	100.45 <sup>86</sup>
Renewable Energies II (Wind park RS phase 1) (Loan)	Germany	50 <sup>87</sup>
Hydropower Plant Cijevna 3 (Loan)	Germany	50 <sup>88</sup>
Energy Community of South East Europe (ECSEE) APL 3	The World Bank	25.36
(REAP) Regulatory and Energy Assistance Project	USA/USAID	3.46
West Balkan Energy Efficiency Fund (Loan)	EIB	3 <sup>89</sup>
Energy efficiency - Consulting in Bosnia and Herzegovina (Grant)	Germany	2
(3E) Enterprise Energy Efficiency (Grant)	USA/USAID	1.83
Open Regional Fund for South East Europe-Energy (Grant)	Germany	1.79
BHZ. Electrical power supply Srebrenica (Grant)	Norway	1.11
Electrification of Areas of Accomplished Return (Grant)	UNDP	0.84
Electrification of Areas of Accomplished Return (Grant)	Norway	0.79
Clean Development Mechanism in BiH (Grant)	Norway	0.25
Energy Efficiency and Renewable - Supporting Policies in Local level for Energy (Grant)	EC	0.08

Initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

<sup>82</sup> DERK 2009 Izvještaj o radu, <http://www.derk.ba/DocumentsPDFs/DERK%20izvjestaj%20o%20radu%202009%20-%20b.pdf>

<sup>83</sup> Odluka o tarifama za usluge prenoša 27 April 2010; Odluka tarifa za rad NOS-a 27 April 2010; Odluka o izmjenama Odluke o određivanju tarifa za pomoćne usluge 27 April 2010  
<sup>84</sup> <http://www.reers.ba/lat/node/676>

<sup>85</sup> Not applicable for hydro power plants of over 10 MW.

<sup>86</sup> Project implementation will start in 2011 and continue through 2016.

<sup>87</sup> Project implementation will start in 2012 and continue through 2016.

<sup>88</sup> Project implementation will start in 2011.

<sup>89</sup> At the time of writing this report total EIB contribution for BiH was €3 million. Proposed EIB finance for the regional initiative is up to €25, while total costs are estimated at €65 million. <http://www.eib.org/projects/pipeline/2009/20090047.htm>

### Water Supply and Sanitation sub-sector

The Water Supply and Sanitation sub-sector concerns: water resource policy and administrative management; water resource protection; water supply and sanitation, large systems; basic drinking water supply and basic sanitation; river development; and waste management and disposal.

A safe, adequate and high-quality water supply and sanitation system as well as their proper management are necessary for human development, environmental health and economic activities. Jurisdiction over water supply and sewage services in BiH rests with the municipal level of government. There is no regulation of this sub-sector at the central level. Improvement in service delivery, specifically in the water sector, was identified as a priority area in the new BiH Country Development Strategy.<sup>90</sup>

Notwithstanding significant investments into the improvement of the water supply and sanitation infrastructure over the last

period, all urban and rural areas still are not adequately covered with these services. Problems identified in the previous period still burden the water supply sub-sector: insufficient revenue collection, uneconomical prices of water, an inconsistent system of water consumption calculations, and old infrastructure. These issues prevent utility companies from properly managing and maintaining facilities, launching investment projects, operating efficiently, and providing better services to their customers.

There is no central regulatory system in Water Supply and Sanitation and municipal utility companies regulate this sector. Treatment of wastewater does not meet standards. Some municipal utility companies lack funds and staff to conduct quality control and to treat drinking water.

The DCF members active in the Water Supply and Sanitation sector in 2009-2010 include: Germany, Sweden/Sida, Switzerland/SDC/SECO, EIB and the World Bank.

Major projects in the Water Supply and Sanitation sub-sector during 2009-2010 are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Water and Sanitation in FBiH (Loan)	EIB	60
Sarajevo Waste Water Management Project (Loan)	World Bank	24.6
Water and Sewage BiH II	Germany	19.50 <sup>91</sup>
Prijedor Water Supply Project (Grant)	Switzerland /SDC/SECO	7.9
Open Regional Fund (ORF) for the Modernisation of Municipal Services in South East Europe (Grant)	Germany	0.74
Post-graduate specialist study on municipal environmental infrastructure (Grant)	Sweden/Sida	0.46

Initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

### Other infrastructure developments

Major projects during 2009-2010 not classified under an existing sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Second Solid Waste Management Project (Loan)	World Bank	28.14
Solid Waste Management Project (Loan)	World Bank	18.98
Urban Infrastructure and Service Delivery Project (Loan)	World Bank	18.12
Three Roma Housing projects (Grant)	Sweden/Sida	2.3
Safety Infrastructure (Grant)	EC	1.6
Roma action plan on housing (Grant)	Sweden/Sida	1.32
Strengthening of the Metrology System (Grant)	EC	1

Initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

IPA 2007 and IPA 2008 funds were committed to new projects in energy efficiency and renewable sources of energy in 2010. Additionally, IPA 2009 funds are currently the subject of negotiations for the allocation of €5.5 million, as the EC contribution to the construction of a small hydroelectric power plant (*Cijevna III*) valued at €50 million, which will be funded by *Kreditanstalt für Wiederaufbau* (KfW) loan funds.

<sup>90</sup> Sector definition: DAC code 140

<sup>91</sup> Implementation of the project will begin in 2011

## Sector strategies

The new *Country Development Strategy* and the *Social Inclusion Strategy* were developed and are expected to be adopted by the end of 2010. Currently there is no national Infrastructure strategy.

**Transport:** The *BiH Transport Strategy with Action Plan* was developed in 2007. It cannot be approved until the *Draft Transport Policy of BiH 2008–2020*, which was prepared by the BiH MoCT, is adopted. In the absence of other regulations in the Transport sub-sector the *Master Plan* from 2005<sup>92</sup> is still used as the guiding document. The SEETO Development Plan is used to prepare the country's annual action plans. In 2009 the World Bank conducted the Review of the Transport Sector in BiH, which was finalised in 2010. This comprehensive analysis included the Transport sector and its sub-sectors with recommendations for further actions. The BiH MoCT as well as both entity-line ministries were actively involved in the consultation process and provided the input for the final report, which could serve as the basis for the preparation of Transport sector strategies.

In 2009 BiH MoCT signed the MoU with UNDP for the provision of assistance in the preparation of strategic documents which was expected to be ready in 2010. The implementation plan will include regulations and a list of priorities, organisational needs and reforms. These activities will involve state-level and entity-line ministries.

**Roads:** There is no state-level law on roads. Both entities have their own regulations (RS *Law on Public Roads*<sup>93</sup> 2004 and FBiH *Law on Roads* 2002<sup>94</sup>) albeit with different classification of roads. In 2008 FBiH adopted the *Initial Basis of the Strategy for Safety of Road Traffic in FBiH 2008–2013*. The *Action Plan* for implementation of this strategy foresees a reduction of 30% in the number of traffic accidents, casualties and injuries by 2013.

**Communication:** Currently there is no national communication strategy. In December 2008, the Council of Ministers of BiH adopted the *Decision on Telecommunications Sector Policy of BiH 2008–2012*.<sup>95</sup> The *Decision on Broadcasting Sector Policy of BiH* was adopted in 2006.

**Air Traffic:** Air traffic has been regulated and a state-level Law on *Air Traffic*<sup>96</sup> was adopted in April 2009. The *Development Strategy for Air Space Management in BiH* was adopted in 2005.

**Energy:** Since there is no BiH energy strategy, the ECSEE and EEC treaty and the Kyoto Protocol are used as guiding documents for the regulation of energy and the energy market. In April 2008, an energy sector study was prepared to create a comprehensive strategy in BiH. MoFTER has defined energy policies and should begin to prepare the state-level Law on

*Energy*, which was recommended by the study. In May 2010 the RS government adopted the *Draft Strategy for the Development of the Energy Sector by 2030, Action Plan and the Development Plan for the Energy Sector in RS by 2030*. The guiding principle of this strategy is the sustainable development of the energy sector to satisfy current energy needs without reducing opportunities for future generations. In the absence of a strategic document in the energy sector, the *FBiH Strategic Plan and Programme of Development of the Energy Sector by 2022* is used for the reform processes including: modernisation of existing facilities and building of modern energy facilities and infrastructure with high energy efficiency and sustainable development.

**Water:** Environmental protection requirements are an integral part of the new BiH legislation and of the *National Environmental Action Plan 2003* (NEAP), which provides a comprehensive analysis of environmental conditions and is used as the basic framework for protection of the environment. The transposing of water sector directives is under the authority of MoFTER. Intensification of the process of transposing of directives is awaiting the adoption of the rule on transposition of directives. The *FBiH Water Management Strategy 2010–2022* was endorsed by the FBiH government and was sent to parliamentary procedures in June 2010. This document regulates water management and protection policies, namely strategic directions for water protection from harmful activities and sustainable use of water resources.

## Donor coordination

The coordination of activities within the Infrastructure sector has not changed. Non-formal and ad-hoc coordination exist among donor agencies and financial institutions such as the World Bank, EIB, EBRD and KfW with occasional participation of BiH MoCT. Despite this informality, they yield results avoiding overlapping activities.

Many donors have aligned their activities with the priorities set up by the EU accession agenda and are pooling funds to support the implementation of activities. EC funds are merged with loans provided by the EIB, EBRD and the World Bank.

Initiatives for the establishment of formal coordination in the Transport sub-sector date back to 1996. The BiH MoCT assumed responsibility for the transport database in 2000. Task group meetings are held bi-annually. The BiH MoCT will update the database by the end of 2010 and organise a meeting with donors. Regular bilateral meetings are held among BiH MoCT and donors active in this sector. In the absence of a state-level coordination body in the Transport sub-sector other international bodies such as the Sava River Commission and SEETO coordinate activities<sup>97</sup> for transport in SEE. In the case of railways and air traffic, division of work and responsibilities is clearly defined by the legislature. In the cases of roads and navigation, there is no clear division of

<sup>92</sup> Prepared with support from JICA.

<sup>93</sup> [http://www.civilnodrustvo.ba/files/docs/zakoni/Zakoni%20i%20pravilnici%20u%20RS/ZAKON\\_O\\_JAVNIM\\_PUTEVIMA.pdf](http://www.civilnodrustvo.ba/files/docs/zakoni/Zakoni%20i%20pravilnici%20u%20RS/ZAKON_O_JAVNIM_PUTEVIMA.pdf)

<sup>94</sup> [http://www.jpdcfbh.ba/ba/o\\_nama/Legislativa/Zakon%20o%20cestama%20Federacije%20Bosne%20i%20Hercegovine%20SLFBiH%2006-02.pdf](http://www.jpdcfbh.ba/ba/o_nama/Legislativa/Zakon%20o%20cestama%20Federacije%20Bosne%20i%20Hercegovine%20SLFBiH%2006-02.pdf)

<sup>95</sup> Official Gazette of Bosnia and Herzegovina, No. 8/9, 2 February 2009

<sup>96</sup> [http://www1.bhdca.gov.ba/bih/dokumenti/zakon%20o%20zrakoplovstvu\\_bs.pdf](http://www1.bhdca.gov.ba/bih/dokumenti/zakon%20o%20zrakoplovstvu_bs.pdf)

<sup>97</sup> The aim of SEETO is to promote cooperation in the development of the main and ancillary infrastructure in the multimodal South East Europe Core Regional Transport Network and to promote and enhance local capacity for the implementation of investment programmes, management and data collection and analysis of the Core Regional Transport Network. <http://www.seetoint.org/>

responsibilities. All activities are coordinated through a committee, a body constituted of representatives of the BiH MoCT and entity-line ministries.

The coordination of activities in the Water sub-sector is challenging partly due to the decentralised responsibility situated at the cantonal level of the government. Nonetheless the EC is the tool for steering and coordinating activities within the Water sub-sector. The EC has the leading role in the absence of formal coordination mechanisms.

The Department for Natural Resources, Energy and Environmental Protection within BiH MoFTER is responsible for the coordination and implementation of Athens Treaty obligations.

### Future activities

According to the stakeholders, future activities in this sector should focus on the recovery of the entire sector as well as on the continuation of the reform process. Effective management

of infrastructural facilities is essential to maintain a properly functioning, cost effective system.

Due to the recession the quantity of transportation of goods and people has declined in the region. Additionally, BiH transportation turnover statistics are still below 1992 figures. Construction of new transport infrastructure and the upgrading of the existing infrastructure remains a priority to accelerate reform processes and boost the country's economy.

According to domestic institutions, the main reform process in railways should address issues such as: transposing of Package II and III of EU Directives; fulfilment of requirements from the *acquis* in respect to restructuring, and investments into railway infrastructure, further education of staff, and vertical integration of railway companies.

Further harmonisation of regulations in river navigation is required. Reconstruction and rehabilitation of the water supply, waste water infrastructure and solid waste management would require additional donor/financial institution support.

# Economic Development and Social Protection Sector

## 6

<b>DCF members active in the sector in 2009–2010</b>	Austria/ADC, Germany, Italy/IC, Japan/JICA, The Netherlands, Norway, Spain/AECID, Sweden/Sida, Switzerland/SDC/SECO, UK/DFID, USA/USAID, EBRD, EC, EIB, UNDP, UNICEF, World Bank.
<b>Other key International Organisations (IOs) and International Financial Institutions (IFIs)</b>	International Monetary Fund (IMF), International Labour Organisation (ILO), European Court for Human Rights, Office of the High Representative and EU Special Representative (OHR).
<b>Key government partners</b>	BiH Ministry of Foreign Trade and Economic Relations, BiH Ministry of Finance and Treasury, BiH Ministry of Civil Affairs, BiH Ministry of Human Rights and Refugees, FBiH Ministry of Labour and Social Policies, FBiH Ministry of Development, Entrepreneurship and Craft, RS Ministry of Labour and Veterans Affairs, BiH Export Promotion Agency, BiH Deposit Insurance Agency, Central Bank of BiH, BiH Agency for Statistics, BiH Directorate for Economic Planning, BiH Directorate for European Integration.
<b>Total allocation to the sector in 2009 and 2010 by DCF members</b>	2009: €233.04 million - €32.04 million in grants and €201 million in loans 2010: €288.13 million <sup>98</sup> - €40.90 million grants and €247.23 million in loans
<b>Sector strategies</b>	<p>Macroeconomic Policy Support: state-level <i>Country Development Strategy (CDS) and Social Inclusion Strategy (SIS)</i> are expected to be adopted in 2010. The RS and Brčko District have their respective development strategies, whilst FBiH is currently drafting its strategy for 2010-2020. There is no state-level strategy for industrial development.</p> <p>Support to Small and Medium-Sized Enterprises and Improvement of the Business Climate: the <i>BiH Small and Medium-Sized Enterprise Development Strategy</i> was adopted in 2009. There is no state-level tourism strategy.</p> <p>Direct Capital Support – Financial Sector: BiH CoM endorsed the <i>Strategy for Public Internal Financial Control (PIFC)</i> at the end of 2009.</p> <p>Social Protection: SIS is expected to be adopted during 2010. <i>Law on Census of Population and Households in BiH</i> is pending adoption by the BiH House of Peoples. In July 2010 the BiH CoM adopted the <i>Employment Strategy of Bosnia and Herzegovina 2010-2014</i>.</p>
<b>Donor coordination</b>	There are no sector-wide donor coordination mechanisms. Donors take part in non-formal information sharing meetings.



## Overview

Bosnia and Herzegovina began to feel the effects of the 2007/2008 global financial and economic crisis in 2009 through contractions in remittances, exports, employment and the availability of credit. In terms of GDP growth, the first signs of recovery were visible in the second quarter of 2010, due to a 31% increase in exports.

The implementation of the Stabilisation and Association Agreement (SAA) provides the impetus for additional reforms. It also paves the way for future EU integration and for more EU funds for development.

The new *Country Development Strategy (CDS)* and *Social Inclusion Strategy (SIS)* were developed and are expected to be adopted by the end of 2010. These strategies define strategic goals and priorities within these goals. Additionally, they provide a list of achievement measures for the defined objectives.

To help the country's economy, which was affected by the fall of total tax revenues in BiH, the state agreed upon a new three-year stand-by arrangement with the International Monetary Fund (IMF). This arrangement determined a set of restrictive measures and reform requirements, particularly in the sector of social welfare benefits and the pension system.

Progress was made in the area of financial control in BiH. The state-level Standing Committee for Financial Control was created, the Vienna initiative was signed and the *Strategy for*

*Public Internal Financial Control (PIFC)* was adopted at the end of 2009.

In 2009, the Support to Small and Medium-Sized Enterprises (SMEs) and the Improvement of Business Climate sub-sector witnessed major progress through the adoption of the national *Small and Medium-Sized Enterprise Development Strategy 2009-2011*. The strategy will give BiH access to the Competitiveness and Innovation Framework Programme (CIP) fund. The BiH Ministry of Foreign Trade and Economic Relations is developing a state level export promotion strategy.

The state-level *Employment Strategy of BiH 2010-2014* was adopted by CoM in July 2010. Implementation of this strategic document will improve the quantity and quality of jobs while promoting social inclusion and gender equality.

The Economic Development and Social Protection sector is of critical importance for the country's progress in economic, political and social areas. Thus, there is a strong need for the existing development strategies to be synchronised, harmonised and coordinated at all levels. Identification of and support to the strategic industrial branches and private sector development have also been identified as key factors which influence future progress.

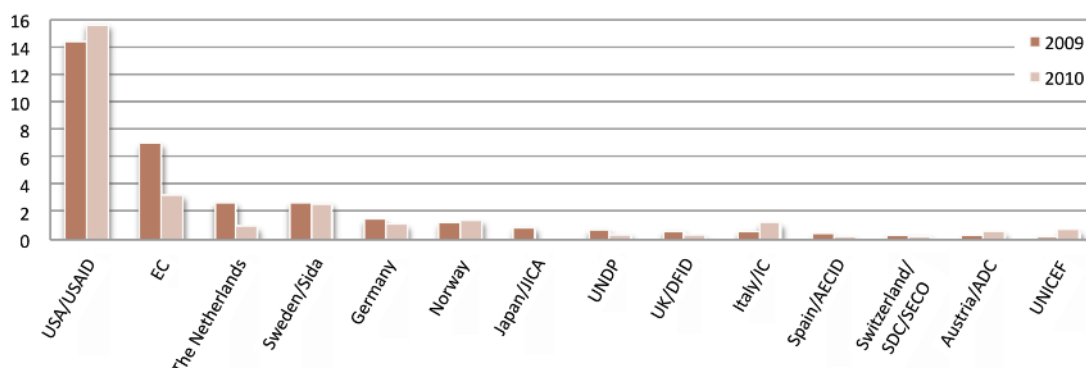
**This sector received 32% of total ODA allocations in 2009 and to date 42% of total ODA in 2010 (excluding EC Pipeline projects for 2010).**

## Donor activities in 2009 and 2010

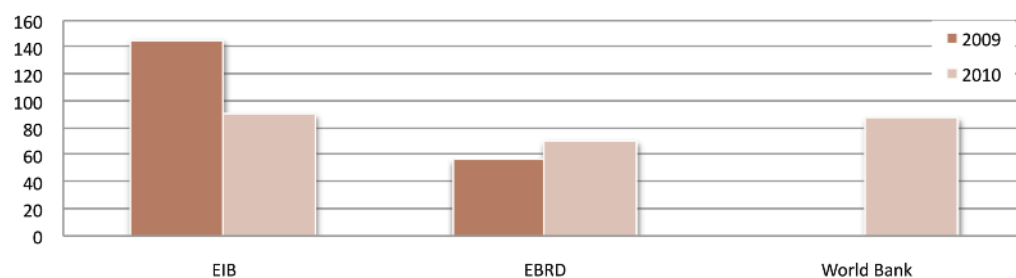
DCF members active in the Economic Development and Social Protection sector during 2009 were Austria/ADC, Germany, Italy/IC, Japan/JICA, Norway, the Netherlands, Spain/AECID, Sweden/Sida, Switzerland/SDC/SECO, UK/DFID, USA/USAID, EBRD, the EC, EIB, UNICEF and UNDP. The World Bank entered this sector in 2010.

Total allocation to the Economic Development and Social Protection sector in 2009, by DCF members was €233.04 million, of which €32.04 million was in grants and €201 million was in loans. To date in 2010 DCF members allocated €288.13 million (including EC 2010 Pipeline projects to the value of €13.88 million). In 2010 €40.90 million was provided in grants; loans amounted to €247.23 million. The EC Pipeline 2010 is not included in the charts.

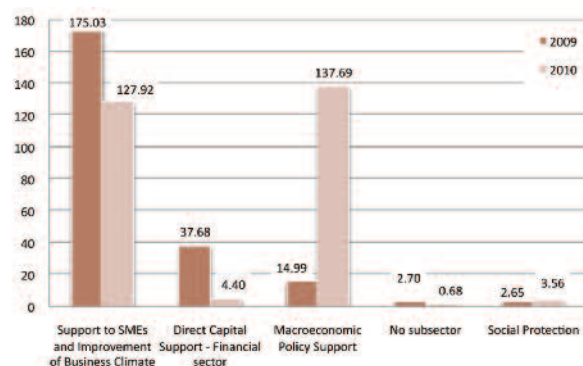
**Figure 6.1. Donor Aid Flows in the Economic Development and Social Protection Sector 2009-2010  
Grants Only (Euros millions)**



**Figure 6.2. Aid Flows in the Economic Development and Social Protection Sector 2009-2010  
Loans Only (Euros millions)**



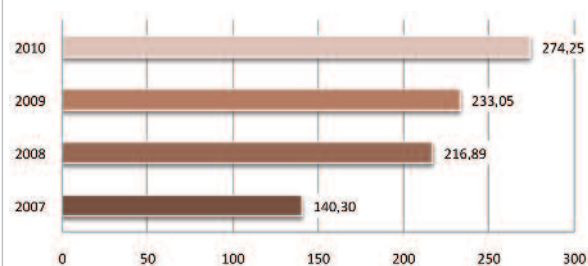
**Figure 6.3. Aid Flows per Sub-Sector in the Economic Development and Social Protection Sector 2009-2010 (Euros millions)**



SMEs and Improvement of Business Climate sub-sector received the largest support in 2009, followed by the Direct Capital Support - Financial sub-sector. Social Protection was the least funded sub-sector in 2009.

In 2010 the most funded sub-sector was Macroeconomic Policy Support followed by SMEs and Improvement of Business Climate.

**Figure 6.4. Donor/IFIs Aid Distribution to the Economic Development and Social Protection Sector 2007-2010 (Euros millions)**



Funding to the sector recorded continuous increases from 2007 to 2010.

Figures in 2010 show a significantly increase in ODA in comparison with 2008 and 2009 allocations.

<sup>98</sup> Including €13.88 million for EC 2010 Pipeline projects in 2010 not yet contracted.

## Macroeconomic Policy Support

According to the DAC definition, the Macroeconomic Policy Support sub-sector concerns activities aimed at assisting macroeconomic, fiscal and monetary policy and planning, as well as economic and social analysis and forecasting. Unearmarked contributions to the government budget for the implementation of macroeconomic reforms and general programme assistance also fall within this category.

After years of economic expansion and relatively high growth rates, in 2009 the BiH economy contracted as a result of the global recession.<sup>99</sup> The second quarter of 2010 showed significant recovery in terms of GDP increase, influenced by a 2.6% growth in industrial production and a 31% increase in exports.

According to the BiH Central Bank Annual Report 2009<sup>100</sup> the previous year recorded -3.2% negative growth in GDP and unemployment increased by 0.7% to 24.1%. In addition, there was a decline in credit growth and in the value of Foreign Direct Investments (FDIs). Net inflow totalled roughly €357.55 million, which represents a decrease of 50.1% in comparison to 2008. There was a 17% decline in exports and a 26% decline in imports. Inflation<sup>101</sup> was below 2% throughout the year. The banking sector remained stable with the help of the compulsory reserve ration policy, the sole instrument of monetary policy which is available in BiH.

There has been a decrease of total tax revenue in BiH. As a direct effect of the global financial crisis, indirect revenues fell by 10% in 2009. Direct tax revenues also recorded a negative trend in 2009.<sup>102</sup> As a result the new three-year stand-by arrangement was made with the IMF. This agreement is expected to safeguard the continued strength of the Currency Board arrangement, to consolidate public finances, to keep bank liquidity by reducing regular government expenditures through the reform of social welfare payments as well as public administration and the budget adoption process. There are four tranches to be allocated through this arrangement. The first stand-by arrangement tranche, amounting to approximately €197.61 million, was allocated to BiH in July 2009.<sup>103</sup>

Trade integration with the EU progressed through implementation of the provisions of the SAA.<sup>104</sup> Some of these positive developments are related to: free movement of industrial and agricultural goods, such as the BiH tariff concessions for goods originating from the EU; regional cooperation; metrology; and intellectual property and some political criteria.

In July 2009, the EU adopted a Multi-annual Indicative Planning Document (MIPD) for BiH 2009-2011. The MIPD

will offer financial assistance to BiH to support the country in three main areas: political reform - building of democratic institutions; economic reform; and the ability to assume obligations of membership in the

EU by getting closer to European standards in the internal market, sectoral policies, justice, freedom and security. A special component of the programme is committed to cross-border cooperation.<sup>105</sup> A further MIPD is under preparation in 2010 to cover the period 2011-2013. It is envisaged that the new MIPD will reflect a gradual move from a project-based to a sector approach. This process commenced in July 2010 with the conduct of two MIPD consultation / sector approach workshops in the judicial system and public administration reform sectors.<sup>106</sup> The priorities identified in the 2011-2013 MIPDs components will serve as the basis for the annual programming of EU funds in 2011, 2012 and 2013.

One of the major donor initiatives within this sub-sector was the credit line provided by the World Bank. Its aim was to increase social assistance while reducing the fiscal deficit and creating fiscal space for poverty-reducing growth through the improvement of the structure and efficiency of public expenditures.

Furthermore, EBRD provided a credit line to the Deposit Insurance Agency of Bosnia and Herzegovina (DIA) in order to strengthen the financial sector. This project's objective is to establish a sound deposit insurance scheme which will offer greater protection to small depositors. This project is similar to projects in neighbouring countries, which have recently increased their deposit insurance coverage.

On 1 September 2009 the Central Bank of BiH, in cooperation with the Central Bank of Germany "Deutsche Bundesbank" and the Czech National Bank, commenced implementation of a project for capacity building in the field of human resource management for the Central Bank of BiH. This technical assistance and institutional capacity building initiative is aimed at strengthening the human resources department through modernisation of the system and improvement of human resource management.

DCF members that supported the Macroeconomic Policy Support sub-sector in 2009-2010 include: The World Bank, Sweden/Sida, USA/USAID, Germany, Japan/JICA, the EC, UNICEF, Switzerland/SDC/SECO, UNDP, Spain/AECID, and Norway.



<sup>99</sup> The main three channels for the transmission of the crisis for all countries with emerging markets were: rapid reduction in capital inflows, declining demand for exports and a decrease in metal prices.

<sup>100</sup> [http://www.cbhb.ba/files/godisnji\\_izvjestaji/2009/GI\\_2009\\_bs.pdf](http://www.cbhb.ba/files/godisnji_izvjestaji/2009/GI_2009_bs.pdf)

<sup>101</sup> In comparison with surrounding countries, BiH has the lowest inflation rate except for Macedonia, which has a deflation rate of 0.8%.

<sup>102</sup> Bosnia and Herzegovina Economic Trends, Annual Report 2009, BiH Directorate for Economic Planning

<sup>103</sup> Total value of the stand-by arrangement is €1.2 billion.

<sup>104</sup> The SAA was signed on 1 July 2008.

<sup>105</sup> <http://www.delbih.ec.europa.eu/?akcija=vijesti&akcija2=pregled&jezik=2&ID=468>

<sup>106</sup> Information from the DCF held on February 16, 2010.

Major projects during 2009-2010 in the Macroeconomic Policy Support sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Public Expenditure Development Policy Operation (Loan)	The World Bank	78.09
BiH Deposit Insurance Agency (Loan)	EBRD	50
(SPIRA) Streamlining Permits and Inspections Regimes Activity (Grant)	USA/USAID	9.40
(ELMO) Enabling Labor Mobility Project (Grant)	USA/USAID	8.92
(TARA) Tax Reform Activity (Grant)	USA/USAID	8.75
Promotion of Small and Medium Enterprises in the Fruit and Vegetable Sector of Bosnia Herzegovina (Grant)	Switzerland /SDC/SECO	6.67

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

### Direct Capital Support – Financial sub-sector

The Direct Capital Support - Financial sub-sector concerns activities aimed at: finance sector policy, planning and programmes; institutional capacity-building and advice, financial markets and systems; all formal sector financial intermediaries; credit lines; insurance, leasing, venture capital; and microcredit, savings and credit cooperatives.

A major event in 2009 and 2010 within the banking and financial sector as a whole, was the signing of the Vienna Initiative. This initiative commits commercial banks, with branches operating in BiH, to remain credit active and adequately capitalised in the country.

This document was signed on the initiative of the IMF and the EBRD. The Central Bank of BiH is a signatory. Together with entity banking agencies, the Central Bank of BiH began stress testing commercial banks to monitor the BiH banking sector.<sup>107</sup>

The area of financial control has improved with the adoption of the *BiH Strategy for Public Internal Financial Control (PIFC)*<sup>108</sup> at the end of 2009. This strategy will create a unified system, established by the CoM and entity governments, to control, audit and report on the use of budgetary funds and EU funds.<sup>109</sup> The adoption of the strategy was a stipulation of the Stabilisation and Association Agreement. According to this document, a PIFC harmonisation function will be established through a Central

Harmonisation Unit within MoFT. The entity strategies are currently in parliamentary procedures.<sup>110</sup>

In May 2010, the Standing Committee for Financial Control in BiH<sup>111</sup> held its first meeting. It was concluded at this meeting that the financial sector in BiH continues to show signs of stability. But, in the first quarter of 2010, growth of low-quality loans was recorded and profitability problems in a number of banks were evident.

DCF members that supported the financial sector in 2009-2010 include: EIB and USA/USAID.



Major projects during 2009-2010 in the Direct Capital Support – Financial sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
HAA GROUP BIH GL II (Loan)	EIB	75
(DCA) Development Credit Authority (Grant)	USA/USAID	9.97

Initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

<sup>107</sup> BiH Central Bank Annual Report 2009.

<sup>108</sup> <http://www.vijeceministara.gov.ba/akti/zakljucci/?id=9817>

<sup>109</sup> The EC will further contribute to the development of the Public Financial Management System and the Public Internal Financial Control in the 2010 IPA.

<sup>110</sup> All three strategies are similar because the basic requirements of the PIFCs, which are usually recommended by the EC, are the same.

<sup>111</sup> This committee is comprised of state and entity ministers of finance, directors of entity banking agencies, and the director of the BiH Agency for Deposit Insurance.



### Support to Small and Medium-Sized Enterprises and Improvement of the Business Climate

Support to Small and Medium-Sized Enterprises (SMEs) and Improvement of the Business Climate sub-sector is comprised of direct donor support to the development of SMEs in the Industrial sector, including accounting, auditing and advisory services as well as tourism policy and administrative management.

A state-level *Small and Medium-Sized Enterprise Development Strategy 2009-2011* was adopted in April 2009. This strategy envisions the establishment of the Council for Entrepreneurship. The formation of a state-level SME agency and SME fund is foreseen. According to this strategy, the functions of a SME agency will be incorporated within a sector in the BiH MoFTER. Some proposed activities include measures to enable SMEs in BiH to close the gap in technological development and competitiveness with companies from the EU and neighbouring countries. Additionally, the adoption of this strategy will enable BiH to obtain access to the CIP<sup>112</sup> fund.<sup>113</sup>

In the absence of the *Law on the Promotion of SMEs in BiH*, which is currently in parliamentary procedures, the implementation of the strategy is delayed. A state-level law in the area of SMEs is necessary to create conditions for use of IPA funds as well as other foreign resources to support the development of SMEs. The adoption of such a law is a European Partnership short-term priority for BiH.

No comprehensive state-level industrial strategy has been developed. The action plan for the *Sectoral Strategy for Industrial Development of the RS 2009-2013* is currently being drafted. The FBiH industrial strategy was adopted in the form of a project proposal document, *Development of Industrial Policy in FBiH* in 2010.

To date no corporate governance code applicable across the whole country has been developed.<sup>114</sup> In addition, a single business registration valid for the whole country is not yet operational, although initiatives have been taken on the entity level to support SMEs towards improving the inspection and permit processes.<sup>115</sup>

The institutional framework for export promotion was strengthened through the Export Promotion Council. Currently, BiH MoFTER is engaged in preparatory activities for the development of a state-level export promotion strategy with assistance of the EU funded project for export promotion launched in February 2010.<sup>116</sup> Unlike FBiH, the RS adopted the *Strategy for Export Promotion 2009-2012* in June 2009.

One of the major programmes for the support of SMEs

started in 2010 with loan funds provided by the World Bank. The essence of this project is to improve access for SMEs financial support in BiH. The project will assist the country's banking system to respond to the needs of SMEs as important generators of economic growth and employment. Therefore, the key factor for the success of this project will be the ability of the commercial banks to provide financing to SMEs under affordable terms.<sup>117</sup>

At the end of 2009 three similar credit lines were provided by EIB to finance limited-scale projects of SMEs and local infrastructure projects of local authorities though access to long-term funds at affordable interest rates.

Another major donor initiative within this sub-sector during 2009 and 2010 was the launch of Fostering Interventions for Rapid Market Advancement (FIRMA) in September 2009. This five-year project is funded by USAID and Sweden/Sida to support sustainable economic growth, employment expansion, and to increase household incomes in BiH mainly through support to SMEs. FIRMA will be working with three sectors of the BiH economy: wood processing, tourism, and light manufacturing. These three sectors combined comprise approximately one-fourth of BiH GDP and over one-third of its exports.<sup>118</sup>

An agreement between the EU and KfW, regarding improvement of the business environment for export oriented companies, will be concluded in the fourth quarter of 2010.<sup>119</sup>

DCF members that supported SMEs and Improvement of the Business Climate in 2009-2010 include: Germany, the EC, Austria/ADC, Italy/IC, Norway, Spain/AECID, Sweden/Sida, USA/USAID, Switzerland/SDC/SECO, the Netherlands, EIB, the World Bank and EBRD.



<sup>112</sup> EU-implemented programme which encourages competitiveness among European enterprises.

<sup>113</sup> *Bosnia and Herzegovina Economic Trends, Annual Report 2009*.

<sup>114</sup> The Corporate Governance Code for companies listed on the market of Sarajevo Stock Exchange (SASE) was structured based on the OECD Principles of Corporate Governance.

<sup>115</sup> *Bosnia and Herzegovina 2009 Progress Report*.

<sup>116</sup> According to the BiH Central Bank Annual Report 2009: Total reduction in exports in 2009 compared to the previous year amounted to 17.6%.

<sup>117</sup> According to this agreement the FBiH will receive 60% while the RS will receive 40% of the total amount of funds.

<sup>118</sup> <http://www.firmaproject.ba/about/facts.aspx>

<sup>119</sup> Information from the DCF held on 16 February 2010.



Major projects during 2009-2010 in the Support to Small and Medium Sized Enterprises and Improvement of the Business Climate sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
HAA GROUP BOSNIA GL (Loan)	EIB	75
Development Bank Republika Srpska Credit Line	EIB	50
INTESA Loan for SMEs and Priority Projects (Loan)	EIB	50
Enhancing SME Access to Finance (Loan)	The World Bank	49.25
Unicredit bank and Unicredit leasing (Loan)	EBRD	45
RZB Loan for SMEs and Priority Projects (Loan)	EIB	40
NOVA BANJALUCKA BANKA GL (Loan)	EIB	25
UPI BANKA GL (Loan)	EIB	25
Intesa San Paolo SME Credit Line	EBRD	20
(FIRMA) Fostering Interventions for Rapid Market Advancements (Grant)	Sweden/Sida, USA/USAID	11.47 <sup>120</sup>
NERDA regional economic development CREDO (Grant)	Sweden/Sida	3.00
REDAH-Competitive Regional Economic Development (CREDO) Herzegovina (Grant)	Sweden/Sida	2.00
Value chains for employment project (Grant)	The Netherlands	1.41

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

## Social Protection

Based on the DAC definition, the Social Protection sub-sector is comprised of the following components: social legislation and administration; institution capacity building and advice; social security and other social schemes; special programmes for the elderly, orphans, disabled, street children; social dimensions of structural adjustment; and other social infrastructure and services, including consumer protection.

The social protection system in BiH consists of 13 independent systems. Social protection policies are defined at the entity level. The system is centralised in the RS, while the real competencies in FBiH are given to the cantonal level of government. The social welfare system is based on a social insurance scheme: (i) funded by contributions from wages and (ii) from general government income. The pension system which functions on the principle of 'pay as you go' is defined at the entity level.<sup>121</sup> The *Strategy for the Reform of the Pension System in the RS* was adopted in May 2010. The FBiH strategy proposal of the pension system is in parliamentary procedures.

Overall, BiH spends a significant share of its GDP on non-insurance social protection transfers. The average percentage of public spending on transfers, over the last few

years, accounts for approximately 4% of the GDP. Moreover, the distribution of social protection benefits is regressive. Those in the poorest quintile<sup>122</sup> (20% of the population) receive roughly 17% of total social protection benefits. The distribution of overall social assistance benefits is slightly more progressive in the RS, where those in the poorest quintile receive about 26% of non-contributory social benefits, compared to approximately 14% for those in the poorest quintile in FBiH.<sup>123</sup>

The state-level *Social Inclusion Strategy* was prepared through the efforts of all levels of government. It is expected to be adopted by the end of 2010. In terms of strategy implementation, SIS will require strong involvement of NGOs, their coordinated development and improved focus, especially to vulnerable groups. In addition, institutional capacity building and the existence of a legislative framework are essential for the strategy's implementation. They are also a precondition for the withdrawal of funds from the European Social Fund.

Bosnia and Herzegovina ratified the Revised European Social Charter in October 2008, accepting 51 of its 98 paragraphs. Currently BiH MoCA is working on the country's first report which will concern the accepted provisions of the Revised Charter relating to Thematic Group 4, "Children, Migrants and Families."<sup>124</sup>

<sup>120</sup> Total project allocation is \$21 million. USA/USAID's yearly allocation beyond 2010 is yet to be entered in the DCF database.

<sup>121</sup> [www.fes.ba/.../2009-09-policy-paper-Cenic-socijalna-marginalizacija.pdf](http://www.fes.ba/.../2009-09-policy-paper-Cenic-socijalna-marginalizacija.pdf)

<sup>122</sup> Income quintiles - division of households by income.

<sup>123</sup> <http://siteresources.worldbank.org/INTBOSNIAHERZ/Resources/PolicyNoteEngFinal.pdf>

<sup>124</sup> [http://www.coe.int/t/dghl/monitoring/socialcharter/CountryFactsheets/BH\\_en.asp/Articles 7,8,16,17,19,27 and 31](http://www.coe.int/t/dghl/monitoring/socialcharter/CountryFactsheets/BH_en.asp/Articles%207,8,16,17,19,27%20and%2031)

Preparations for the 2011 Census have started.<sup>125</sup> The *Law on Census of Population and Households in BiH* was endorsed by the BiH House of Representatives pending adoption of the House of Peoples.

In March 2010 the BiH CoM adopted the *Social Action Plan for Bosnia and Herzegovina* in respect to the *MoU on Social Issues in the Context of the Energy Community*.<sup>126</sup>

Progress was made in social inclusion and anti-discrimination. The *Law on Prohibition of Discrimination in BiH* was adopted in July 2009 and it covers a wide range of sectors including social security and employment.

In order to promote human rights of persons with disabilities, BiH MoHRR together with representatives of governmental and non-governmental sectors, prepared for the development of the *BiH Action Plan to Promote the Rights and Full Participation of People with Disabilities in Society 2010-2015*,<sup>127</sup> as well as activities for the establishment of the state-level Council for Disabled Persons. These efforts address the reduction of the disproportion of social welfare for civilian war victims, disabled war veterans<sup>128</sup> and non-war invalids, as well as, problems related to employment opportunities and the inclusion of disabled people in public and cultural life.

A joint project between the EU, Norway and UK/DFID, Enhancing the Social Protection and Inclusion System for Children in Bosnia and Herzegovina, is under implementation. This project will enhance the capacity of BiH to increase the effectiveness and relevance of the social protection and inclusion system (SPIS) for children and families in line with the SAA process and the Paris Declaration. This project was used as a platform for the development of the SIS.

In July 2010 the BiH Agency for Statistics, with support provided by UK/DFID, organised the conference, Aspects of Poverty and Social Inclusion, which presented the latest findings on the status of information on poverty and social inclusion.

In order to reduce the large proportion of unemployed people in BiH, improvement of the labour market is a priority issue. A two day conference, Employment – Future and Perspectives, was organised by the EC in June 2010 with the launch of a new project initiative.<sup>129</sup> The aim of the conference was to reduce unemployment and improve the quality of employment and thus support social cohesion.

DCF members that supported social protection in 2009-2010 include: Austria/ADC, Germany, the World Bank, the EC, UK/DFID, Norway, UNDP and UNICEF.



Major projects during 2009-2010 in the Social Protection sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Social Safety Net and Employment Support Project	The World Bank	10.55
Enhancing the Social Protection and Inclusion System for Children in BiH	EC, Norway, UK/DFID	4.75
Enhancing Evidence-based Policymaking in BiH	UNDP	0.41
Social Housing	UNDP	0.64 <sup>130</sup>
Support to Child Protection System Reform in BiH	UNICEF	0.27
1. Developing gender based violence and child abuse referral mechanism in BiH 2. Support to Juvenile Justice System Reform in BiH	UNICEF	0.25

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

<sup>125</sup> <http://www.delbih.ec.europa.eu/docs/ProgressReport20091.pdf>

<sup>126</sup> The aim of this Action Plan is to identify activities, measures and recommendations for the protection of socially vulnerable groups – buyers of energy, social care surplus of employees and improving working conditions and safety at work in the energy sector, as well as, improvement of social partnership.

<sup>127</sup> This document will be in line with the *Council of Europe Action Plan to promote the rights and full participation of people with disabilities in society: improving the quality of life of people with disabilities in Europe 2006-2015*.

<sup>128</sup> According to the World Bank report entitled *Social Transfers in Bosnia and Herzegovina (BH): moving towards a more sustainable and better targeted safety net*: War-related benefits absorb about 3/4 of the total spending for non-insurance cash transfers.

<sup>129</sup> The European Union provided € 1.2 million for the project implementation.

<sup>130</sup> Total value of the project is € 0.85 million. DCF database figures reflect UNDP contribution only. Additional contributors include: Al Zayed Foundation, Federation MORP, Canton Gorazde MDPP, Municipality Gorazde, Sarajevo Canton.

## Other Economic Development and Social Protection Developments

Activities not classified within the above mentioned sub-sectors that support programmes in the Economic Development and Social Protection sector include:

- Provisions of credit lines to finance energy efficiency and renewable energy projects by private companies.
- Support to the formation of Drina Valley Tourist Agency (DVTa).
- Support to sustainable economic development in the Eastern BiH region of Bihać.

- Strengthening the inclusion of citizens in the participative municipal governance of water access through institutional development and infrastructure support.
- Support to students by enabling participation in national and international fairs and summer camps.
- Support to the preparation process of development documents of BiH such as the Implementation of Civil Society and Media Strategy.
- Support to the Senior Business Development/Investment Advisor (SBDIA) in Srebrenica.

Major projects during 2009-2010 not classified under an existing sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
EU/EBRD Western Balkans Sustainable Energy Credit line facility (Loan)	EBRD	10
Sustainable Economic Development Programme in Eastern Bosnia and Herzegovina (Grant)	The Netherlands	1.96
Drina Valley Tourism Development, A Cross Border Partnership (Grant)	The Netherlands	1.8
Economic Governance – Securing Access to Water through Institutional Development and Infrastructure (Grant)	UNICEF	0.98
Student Enterprises (Grant)	Norway	0.56
Process of Preparation of Development Documents of BiH: "Implementation of Civil Society & Media Strategy" (Grant)	Student Enterprises	0.21

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

## Sector Strategies

**Macroeconomic Policy Support:** The new *Country Development Strategy (CDS)* and *Social Inclusion Strategy (SIS)* were developed and are expected to be adopted by the end of 2010.

The structure of the CDS and SIS highlight six common strategic goals: macro-economic stability, competitiveness, sustainable development, employment, social inclusion and EU integration.

Each of the mentioned development goals within the strategies has several sub-goals which specifically determine areas of importance.

The structure of SIS addresses six sub-goals: social policy in the function of employment, improve the position of families with children, improve education, improve health protection, improve pension policy and improve the position of persons with disabilities.

The preparation and adoption of the CDS and SIS are an important step in harmonising economic and social development in BiH with EU standards.

*The Development Strategy of FBiH 2010-2020* is currently being drafted. The *RS Development Programme 2007-2010* is still used as a guiding document in RS. The *Development Strategy of the Brčko District 2008-2012* lists economic, social, ecological, spatial and institutional development strategic objectives relevant for the Brčko District. The cantonal and municipal levels have their own respective development programmes which will have to be harmonised with the CDS and SIS.

Currently, there is no BiH level strategy for industrial development. In July 2009 the RS government adopted the *Sectoral Strategy for Industrial Development of the RS 2009-2013*.

The action plan for the implementation of this strategy is being drafted. In the first quarter of 2010 the FBiH strategy, *Development of Industrial Policy in FBiH*, was adopted as a project proposal document.

### Support to SMEs and Improvement of the Business Climate:

The implementation of the adopted *Small and Medium-Sized Enterprise Development Strategy in BiH 2009-2011*<sup>131</sup> slowed pending adoption of the proposed *Law on Promotion of SMEs and Entrepreneurship in BiH*. The

<sup>131</sup> [http://www.mvteo.gov.ba/vijesti/posljednje\\_vijesti/?id=1204](http://www.mvteo.gov.ba/vijesti/posljednje_vijesti/?id=1204)

strategy foresees the establishment of a sector for support and promotion of entrepreneurship within BiH MoFTER. The *SME Development Strategy in BiH* formally meets the obligations of BiH towards the European Charter for Small Enterprises.<sup>132</sup>

Currently, the *Strategy for Development of Small and Medium Enterprises and Entrepreneurship in RS* is being drafted. A similar document entitled, *Development of Small and Medium Enterprises in the FBiH*,<sup>133</sup> exists at the FBiH level and will be part of their strategy upon completion.

There is no state-level tourism strategy. The *FBiH Strategy on Tourism Development 2008-2018* was adopted in October 2009, while an RS strategy is in preparation.

**Financial support:** BiH CoM adopted the *Strategy for Public Internal Financial Control (PIFC)*<sup>134</sup> at the end of 2009, whilst the entity strategies are currently in parliamentary procedures.

**Social Protection:** The country-level strategy concerning social protection and inclusion is expected to be adopted by the end of 2010.

The *Law on Census of Population and Households in BiH* was endorsed by the BiH House of Representatives, pending adoption by the House of Peoples.

In July 2010 the CoM adopted the *Strategy for Employment of Bosnia and Herzegovina 2010-2014*. This strategy should improve employment opportunities for all in accordance with the Employment Policy Convention ratified by BiH. The FBiH House of Peoples adopted the *Strategy for Employment of the FBiH 2009-2013*.<sup>135</sup> The RS employment strategy is currently in parliamentary procedures.

The EU will support the BiH government in establishing a country-led process for the development and implementation of a strategy for integrated social protection and inclusion of children and families in BiH through the SPIS project.<sup>136</sup>

## Donor coordination

At present, there is no sector-level donor coordination mechanism. Donor agencies and IFIs work with beneficiaries on an ad-hoc basis. Some DCF members suggested that the

establishment of a SME oriented formal coordination body within MoFTER would improve the information flow and coordination of activities as well as enable better utilisation of the existing resources.

Domestic institutions recommended the establishment of a forum for the harmonisation of key economic policies in order to increase the effectiveness of interventions by coordinating activities and information sharing.

The Directorate for Economic Planning (DEP) is responsible for coordinating, monitoring and evaluating the CDS and SIS.

## Future activities

One of the areas of intervention under the 2010 IPA programme is economic and social development, with 1% of total IPA 2010 allocated to social inclusion and 6% to support to SMEs.

Domestic stakeholders recognised areas that need more support in the future:<sup>137</sup>

- Institution capacity building at all levels.
- Definition of key country priorities.
- Effective coordination mechanism and information flow.
- Harmonisation of existing laws.
- More support to vulnerable categories such as senior citizens.

It is expected that the establishment of a sector for SME support within BiH MoFTER will improve collaboration among relevant stakeholders. Existing regional development agencies serve as a functional link among municipalities.

Implementation of the strategic goals defined in the new CDS and SIS will require joint efforts of domestic institutions and the donor community in BiH. Alignment of international assistance with the country's priorities will contribute to win-win options for more sustainable development.

Future initiatives in the Economic Development and Social Protection sector will require a proactive approach of all relevant actors, development institutions, the academic community and associations of entrepreneurs that would primarily focus on issues relevant for the sector's future prosperity.

<sup>131</sup> [http://www.mvteo.gov.ba/vijesti/posljednje\\_vijesti/?id=1204](http://www.mvteo.gov.ba/vijesti/posljednje_vijesti/?id=1204)

<sup>132</sup> [http://ec.europa.eu/enterprise/newsroom/ct/document.cfm?action=display&doc\\_id=4518&userservice\\_id=1&request\\_id=0](http://ec.europa.eu/enterprise/newsroom/ct/document.cfm?action=display&doc_id=4518&userservice_id=1&request_id=0)

<sup>133</sup> [http://www.fmrpo.gov.ba/UserFiles/File/Projekt%20Bazvo%20MSP%20u%20FBiH\(2\).pdf](http://www.fmrpo.gov.ba/UserFiles/File/Projekt%20Bazvo%20MSP%20u%20FBiH(2).pdf)

<sup>134</sup> <http://www.vijeceministara.gov.ba/akti/zakljuci/?id=9817>

<sup>135</sup> The Strategy is focusing on young unemployed, women, older work force, long-term unemployed and inactive, persons with special needs and Roma. This strategy aligns with the Gender Action Plan (GAP).

<sup>136</sup> According to the statement of the regional director of UNICEF for Central and Eastern Europe and Central Asia there are approximately 170,000 children in BiH living in poverty.

<sup>137</sup> Source: Interview with representative from the BiH Ministry of Civil Affairs.

# Local Governance Sector

7

<b>DCF members active in the sector in 2009–2010</b>	France, Italy/IC, Germany, The Netherlands, Norway, Spain/AECID, Sweden/Sida, Switzerland/SDC/SECO, USA/USAID, EC, UNICEF, UNDP.
<b>Other key international organisations (IOs)</b>	The Organization for Security and Cooperation in Europe (OSCE) and Council of Europe (CoE).
<b>Key government partners</b>	FBiH Ministry of Justice (MoJ), RS Ministry for Public Administration and Local Self-Government, BiH Ministry of Human Rights and Refugees (MHRR).
<b>Total allocation to the sector in 2009 and 2010 by DCF members</b>	2009: €11.82 million – all in the form of grants 2010: €10.17 million – all in the form of grants
<b>Sector strategies</b>	A draft <i>Local Self-Governance Development Strategy</i> was developed in 2006 as a Civil Society initiative but not officially adopted by the government.  <i>RS Development Strategy of Local Self-Governance 2009-2015</i> was adopted in June 2009.
<b>Donor coordination</b>	There is no formal government-led coordination. There is informal ad-hoc donor coordination.

## Overview

Based on the DAC Definition, the Local Governance sector is comprised of the following elements: government administration; employment policy and administrative management; multi-sector aid for basic social services; and urban development and management.

The Local Governance sector in Bosnia and Herzegovina is regulated at the entity level. In the Federation of BiH, local government affairs fall under the joint authority of FBiH and ten cantons. The FBiH Ministry of Justice is responsible for the formulation of policies and the adoption of laws. Each canton is in charge of culture, tourism and communal affairs, etc. In Republika Srpska there is a single Ministry for Public Administration and Local Self-Government. There are 141 municipalities in BiH and the self-governing Brčko District. Of that number 79 municipalities are in FBiH and 62 in RS. There is no state-level regulation of local government.

The legislative framework which governs local government issues exists in both entities. The *RS Law on Local Self-Government* was adopted in November 2004. FBiH adopted its *Law on Principles of Local Self-Government in FBiH* in 2006. Federal law mandated that the FBiH Association of Cities and Municipalities be the legal representative of local

administrative units. In 2006 the RS Association of Cities and Municipalities and the RS Government signed the Memorandum of Understanding (MoU) regulating their partnership relations in respect to local governance issues. The RS Association of Cities and Municipalities was part of the RS team for negotiation with the IMF in 2009-2010. The FBiH Association of Cities and Municipalities is consulted when legislation is prepared. Both entity Associations of Cities and Municipalities are recognised in the donor community in BiH and within local structures.

The *draft BiH Law on Local Self-Government* was developed in 2006 as a Civil Society initiative and accepted by both associations. Due to the absence of a state-level authority, the draft law is not yet operative. The Coordination Body<sup>138</sup> was created by both associations in 2007 to represent local government issues at the state and international level. One of the operational goals of this body is the provision of mechanisms at the state level for the use of EU pre-accession funds.

In 2009 the Beacon Scheme<sup>139</sup> was transferred to the RS Ministry for Public Administration and Local Self-Government, the FBiH Ministry of Justice, the Brčko District and both associations.

<sup>138</sup> The Coordination Body of the Association of Local Governments in BiH has eight members. It decides by consensus. Chairmanship is coordinated by the two presidents of the entity Associations.

<sup>139</sup> The BiH Beacon Scheme was launched in August 2005 by the OSCE and the Council of Europe as a means to identify, recognise, and promote innovation and excellence at the municipal level of government. <http://www.oscebih.org/democratization/BeaconScheme.asp>



In June 2009 The RS National Assembly adopted the *RS Development Strategy for Local Self-Government 2009-2015* which became operational in 2010. The Strategy regulates functional and fiscal decentralisation and the transfer of a range of jurisdictions from entity to local self-government. It represents the continuation of the reform process in accordance with the European Charter on Local Self-Government. Preparatory activities to establish a unit within the RS Ministry for Public Administration and Local Self-Government to monitor its progress are underway. The activities should be finalised by the end of 2010. This unit will serve as an advisory body for local self-government issues. At present there is no local self-government strategy in FBiH.

The RS Ministry for Public Administration and Local Self-Government together with RS Government and the Agency for Information Society are actively involved in the establishment of a central database for registry books<sup>140</sup> which is expected to be in place at the end of 2010. This central database will link the Registry Offices in all municipalities in RS and will provide citizens with in any municipality with identification documents that do not expire. Similar activities are being considered in FBiH and are currently awaiting the adoption of important laws.

The Local Self-Government Training Needs Assessment Reports, developed with UNDP support, which were endorsed by the FBiH and the RS governments, mandate the

establishment of entity strategy working groups.

Both working groups have drafted entity Local Self-Government Training Strategies to address the training needs of local government staff and elected officials in a systematic and sustainable manner. A new standardised local development planning methodology was developed through a wide policy-consultation process facilitated by UNDP. In late 2009, the unified local planning methodology was reviewed by both entity governments and the Associations of Municipalities and Cities. They recommended it as a single strategic planning approach country-wide. The practical application of this methodology began at the end of 2009 in 24 municipalities in BiH. Long-term application of the local planning methodology will contribute to a systematic local planning framework and will enable sustainable and socially inclusive local development planning.

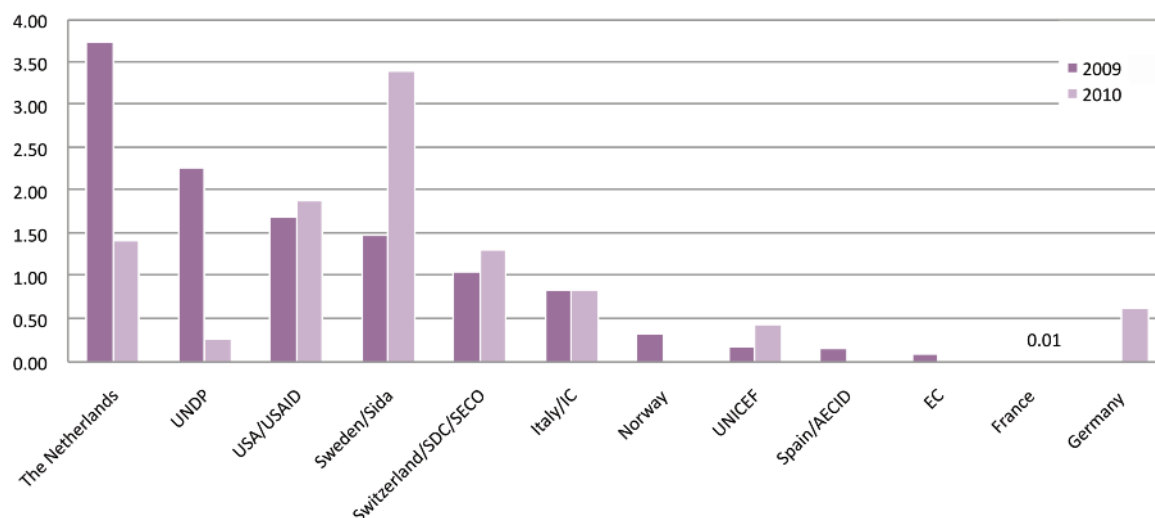
The Local Governance sector has been affected by the recession. Municipalities have experienced a low rate of revenue collection for capital investments. Some donors reported that despite difficulties no municipality failed to meet the required 50% share of the capital investment plan. This indicates their commitment to play an active role in the improvement of policy, capacities, infrastructure and service delivery to their citizens.

**This sector received 2% of total ODA allocations in 2009 and to date 2% of total ODA in 2010.**

## Donor activities in 2009 and 2010

DCF members active in the Local Governance sector during 2009 include: the Netherlands, UNDP, France, USA/USAID, Sweden/Sida, Switzerland/SDC/SECO, Italy/IC, Norway, UNICEF, Spain/AECID, the EC and France. Germany allocated funds in 2010 only. Non-DCF organisations, such as OSCE and the CoE support reform and legal framework development in the Local Governance sector in BiH.

Figure 7.1. Donor Aid Flows in the Local Governance Sector 2009-2010 (Euros millions)

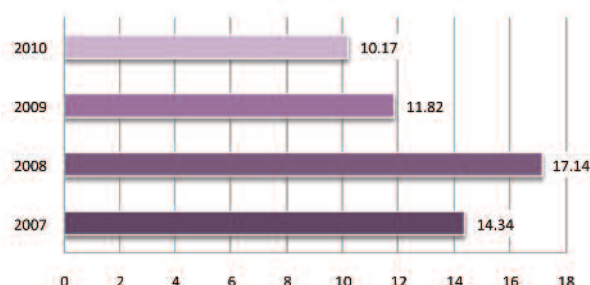


<sup>140</sup> As per the RS Law on Registry Books.

The total allocation to the Local Governance sector by DCF members was €11.82 million in 2009 and €10.17 million to date in 2010.

There were a total of 22 active projects in 2009-2010. Five projects ended in 2009 and two new projects were launched in 2010.

**Figure 7.2. Donor Aid Distribution to the Local Governance Sector 2007-2010 (Euros millions)**



Funding to the sector has decreased from 2008 to 2009 and, although 2010 figures indicate a fall in ODA, donors may allocate extra funds to the sector within the year. (Figure 7.2)

Major projects during 2009-2010 in the Local Governance sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
(GAP II) Government Accountability Project	Sweden/Sida, The Netherlands, USA/USAID	18.51
Srebrenica Regional Recovery Programme (SRRP - Phase II)	Norway, The Netherlands, UNDP	9.88
Upper Drina Regional Development Programme (UDRDP)	The Netherlands, UNDP	7.12
Improving Cultural Understanding in BiH (joint programme MDG-F, Spanish Fund)	UNDP, UNICEF	6.61
Rights-based Municipal Development Programme (RMAP)	Norway, UNDP	2.51
FPA Balkans: Programme of support to the Regional Cooperation – Balkan countries	Italy/IC	2.50
Municipal Training System (MTS)	Sweden/Sida, UNDP	2.32
Peoples Empowerment in Rural Areas (PERA)	Sweden/Sida	2.30
Integrated Local Development Project - ILDP	Switzerland/SDC /SECO, UNDP	2.02
Strengthening of Local Self-government	Germany	1.90
Municipality Development Project in BiH (MDP), Phase 3	Switzerland/SDC /SECO	1.65
Capacity Development of Associations of Municipalities and Cities	Sweden/Sida	1.60
Reinforcement of Local Democracy - LOD	EC, UNDP	1.56
Community Reconciliation through Poverty Reduction	UNDP	1.43

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

In 2009-2010 donor agencies active in the Local Governance sector supported activities such as:

- Improvement of capacities in partner municipalities throughout BiH to provide citizens' services; improvement of transparency and accountability in the decision-making process; enhancement of capacities for efficient human and capital resource management; support to the political and fiscal framework necessary for responsible local governance. These interventions resulted in the establishment and improvement of 23 Municipal Citizens' Services Centres (CSC) in 2009 and 7 centres in 2010. Seventy-two CSCs are currently operational. Over 2.3 million people benefitted from these improvements in service delivery.
- New, innovative Capital Investment Planning (CIP) methodology was adopted in 56 municipalities. It requires 50% co-financing and transparency in the selection of capital investments with the involvement of the civil society and the entrepreneurial sectors. Currently some 95 capital projects are co-financed by Governance GAP II initiative.
- Building of a decentralised cooperation network of municipalities, involved in partnerships with French municipalities, aimed at disseminating information among all members of the network and finding partner municipalities in France. The new principles of cooperation among the French Association, Cités Unies France, and the FBiH and RS Associations of Cities and Towns were established in April 2010.
- Promotion of the socio-economic recovery of multi-ethnic communities with strengthened local government structures.
- Assistance to the development of a competent and professional local administration through the establishment of a sustainable municipal training system, to provide common training standards and programmes throughout the country.
- Programme of support to the Regional Cooperation in Balkan countries.
- Development of human capital and improvement of mobilisation and utilisation of human, natural and economic resources in 100 local communities within the 20 municipalities in BiH.
- Support to selected municipalities in the Doboj Region within the existing legal framework in the introduction and application of key instruments of municipal policies; municipal development planning and municipal management. These new mechanism and innovations will bring improvements in citizens' participation in local public affairs. Exchange and dissemination of experiences will facilitate the application of good practice in other municipalities.
- Support to systematisation and modernisation of local strategic planning in BiH through the creation and anchoring of a unified planning methodology and its practical application in 24 BiH municipalities.
- Support to selected municipalities to establish transparent mechanisms for the disbursement of funds for CSO projects.
- Strengthening citizens' participation at the local level of governance in RS; training of municipal councils and municipal staff to improve the competencies of locally elected councils; enhancement of the capacities of municipal staff for better services provided to citizens.
- Community reconciliation in South-eastern Herzegovina through a multi-dimensional approach to poverty reduction including: mine clearance, waste management, income generating activities in the tourism industry, restoration of cultural heritages and strong PR activities.
- Support to rural areas of BiH with consolidation and transfer of the European LEADER methodology to help municipalities access future European funds for rural development.
- Accountability of Local Governments.
- Technical assistance to the municipalities, to associations of municipalities and to responsible ministries to enhance municipal management capacities in process-oriented spatial planning, gender-sensitive budgeting, inter-municipal cooperation and knowledge management.
- Capacity development of the FBiH and RS Associations of Municipalities and Cities.



In consultations with Civil Society and local governments in 2009, the OSCE Mission to BiH,<sup>141</sup> launched a new 7-component initiative, *Local First*, to deepen citizens' engagement with municipalities to ensure an equitable and accountable allocation of public goods and services.

### Sector strategies

There is no state-level strategy which governs local self-government in BiH.<sup>142</sup>

<sup>141</sup> OSCE is a non-DCF member.

<sup>142</sup> A first draft of a Strategy on Local Self-Government in BiH was created in 2006 as a Civil Society initiative with the assistance of the Open Society Fund in BiH. It was endorsed by both entity Associations of Municipalities and Cities. Another Civil Society initiative, launched by the Forum of Tuzla Citizens in March 2008, created a Bill on the Principles of Local Self-Government and the draft of the amendments to the BiH Constitution.

In June 2009 the RS National Assembly adopted the *RS Development Strategy of Local Self-Government 2009-2015*, which became operational in 2010. This document set five strategic goals to be achieved: effective achievement of the full scope of jurisdictions with their own financial sources and property; accountable and practical administering of public affairs and local development; ensuring accessibility and quality of public services for all citizens; strengthening of citizen participation in local self-governance affairs; development of inter-municipal cooperation and linking local self-government units.

There is no FBiH strategy on local self-government and cantonal laws on local self-government are yet to be harmonised with the *FBiH Law on Principles of Local Self-Government*. Donors active in the sector recommended harmonisation of this law with other legislation, such as rights to real estate and cadastre, in order to give more competences to municipalities.

The FBiH and RS working groups drafted entity Local Self-Government Training Strategies in an effort to institute a sustainable model for capacity development and training of staff and elected officials in local government. The Strategies will enable local governments to meet their priority training needs in a systematic manner, also providing a basis for donor coordination when it comes to capacity development programmes.

All donor agencies involved in the Local Governance sector have expressed satisfaction with the cooperation established with partner municipalities and the cross-entity cooperation between municipalities.

## Donor coordination

There is no formal government-led donor coordination in the Local Governance sector. Major donors in the sector such as the Netherlands, USA/USAID, Sweden/Sida and Switzerland/SDC/SECO are interested in supporting activities within the sector. Informal coordination among these agencies is regular. Collaboration exists within other projects active in the Agriculture and Forestry, Economic Development and Social Inclusion sectors. The largest project in this sector, GAP, uses the same methodology to achieve consistency. The GAP Joint Management Council has organised an international donor coordination meeting for local governance with the aim to synchronise efforts in this sector. Entity Associations have been approached by donors to serve as legal advocacy bodies. Despite good informal coordination between stakeholders in this sector, some donors suggested the establishment of formalised, government-led coordination to create a more focused, bottom-up approach.

## Future activities

Future donor assistance in this sector will continue previously launched activities. GAP will complete assistance to 41

municipalities by the end of 2010 and will continue working with the remaining 31 municipalities on demand-driven projects.

Municipalities can select up to 5 projects from GAP's catalogue of 38 project areas until 2012.



Work to operationalise the *RS Development Strategy of Local Self-Government 2009-2015* will continue. Support will be given to municipalities to address issues such as the rights to forestry and concessions, which are potential municipal resources. Further support will be provided to generate local revenue and increase fiscal decentralisation. Because 10% of the EU accession requirements come down to the municipal level, further support will be given to municipal capacity building in compliance with the EU Charter on Local Self-Governance. This level should be strengthened to take subsidiary functions.

UNDP will focus its assistance on addressing disparities among municipalities and regions in BiH, with the aim to reduce poverty and support local and regional development via an integrated local development intervention. OSCE remains committed to a system of benchmarking and to the implementation of Local First with possible involvement at the cantonal level. OSCE is committed to increasing sustainability and engaging other stakeholders.

Challenges in this sector to be addressed in the future include:

- Establishment of an office within the BiH MoJ to coordinate work within the sector.
- Creation of policy and revitalisation of a coordination body at the federal level.
- Lack of staff in weak municipalities.
- Further vertical harmonisation of development policies among all government levels from the viewpoint of building a systematic strategic planning framework of BiH.
- Lack of implementation or slow implementation of existing policies.

Because the Local Governance sector, as a primary form of governance where citizens fulfil their everyday rights, is interrelated with other sectors such as agriculture and forestry, industry, transport, infrastructure, environment, energy, social inclusion, etc., its development is affected by changes in these sectors. Some processes are taking more time to be completed. Donor agencies should reconsider the lifespan of project assistance as well as how their activities are complimentary when delivering aid.

# Agriculture and Forestry Sector

8

<b>DCF members active in the sector in 2009–2010</b>	Italy/IC, Japan/JICA, The Netherlands, Norway, Sweden/Sida, Switzerland/SDC/SECO, USA/USAID, EBRD, EC, World Bank.
<b>Other key international organisations (IOs)</b>	The Food and Agriculture Organization (FAO).
<b>Key government partners</b>	Sector for Agriculture, Food, Forestry and Rural Development at the Ministry of Foreign Trade and Economic Relations (MoFTER); RS Ministry of Agriculture, Forestry and Water Management; FBiH Ministry of Agriculture, Water Management and Forestry; State Veterinary Office; BiH Food Safety Agency; BiH Plant Health Protection Agency.
<b>Total allocation to the sector in 2009 and 2010 by DCF members</b>	2009: €46.61 million – €14.46 million in grants and €32.15 million in loans 2010: €13.10 million <sup>143</sup> – €8.84 million in grants and €4.26 million in loans
<b>Sector strategies</b>	BiH <i>Harmonisation Strategy and Operational Programme for Agriculture</i> ; FBiH <i>Strategy for Agriculture and Rural Development</i> ; RS <i>Strategy for Agricultural Development</i> ; RS <i>Strategic Plan for Rural Development by 2015</i> .
<b>Donor coordination</b>	Donor coordination meetings in the Agriculture sub-sector are organised and chaired by MoFTER. There are no regular coordination meetings in the Forestry sub-sector.

## Overview

Based on the DAC definition, the Agriculture and Forestry sector is made up of the following elements: agricultural policy and administrative management; agricultural development and agrarian reform; agricultural water and land resources; agricultural inputs; food crop production; agro-industries and forest industries; industrial crops and export crops; agricultural services; agricultural financial services; agricultural cooperatives; agriculture education and training; forestry policy and administrative management; forestry research, education and training; and Forestry development.

Bosnia and Herzegovina has 2.57 million ha (50%) of agricultural land and 2.47 million ha (49%) of forest and forest territory.<sup>144</sup> Forestry is a valuable ecological, biological, economical and developmental resource for BiH. However, due to devastation and mine contamination, significant agricultural and forest resources remain unused. Therefore, additional efforts are needed in the clearance and restoration of these forest areas.

Agriculture and forestry issues in BiH are regulated at the entity levels. At the state level the Sector for Agriculture, Food, Forestry and Rural Development (SAFFRD) at the MoFTER deals with the coordination of international affairs, harmonisation and monitoring of donor activities, as well as the synchronisation of activities for both entities.

Donor agencies, financial institutions and MoFTER highlighted improvements in the coordination of activities in this sector in 2009. All emphasised the need for further enhancement of state-level and entity capacities for better aid coordination.

During the course of 2009 the BiH *Strategic Plan for Harmonisation of Agriculture, Food and Rural Development 2008-2011* along with the *Operational Plan* were adopted. The first steps were taken for defining a model for the *Instrument for Pre-accession Assistance – Component V – Rural Development (IPARD) in BiH*.

Notable progress was made in the Forestry sub-sector in 2009 with the introduction of Corporate Governance in

<sup>143</sup> Including €1.3 million for EC 2010 Pipeline projects in 2010 not yet contracted.

<sup>144</sup> Report on Agriculture for BiH 2007, BiH MoFTER.



Republika Srpska Šume along with the expectation that the same structure will be introduced in cantonal forest management enterprises in the FBiH in 2011. The new FBiH revised *Law on Forestry* was drafted in February 2010 and is now pending parliamentary approval. The *State Forest Inventory (SFI)* was finalised and the analysis of data collected will be completed by end November 2010. According to the SFI, forests in BiH cover a larger area now than 40 years ago and are in much better shape than perceived by the public. The SFI provides solid information on composition, size and condition of forest areas and makes a good basis for the development of entity forest management strategies and long-term planning.

Positive developments in these sub-sectors in 2008 resulted from increased income from timber sales through auction. In 2009, as result of the global financial crisis, the demand for timber has decreased significantly, negatively affecting not only the wood/timber industry but also the country's economy.



This sector received 6% of total ODA allocations in 2009 and to date 2% of total ODA allocations in 2010 (excluding EC Pipeline projects for 2010).

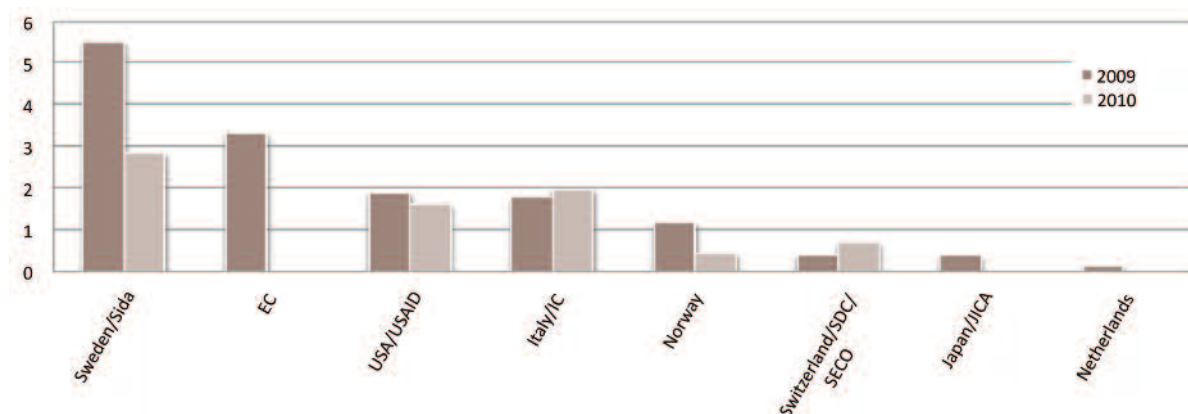
### Donor activities in 2009 and 2010

DCF members active in the Agriculture and Forestry sector during 2009 were Sweden/Sida, the EC, USA/USAID, Italy/IC, Norway, Switzerland/SDC/SECO, Japan/JICA, the Netherlands, EBRD and the World Bank. Of these agencies, Japan/JICA, the Netherlands, and EBRD have not allocated new funding to Agriculture and Forestry projects for 2010. The EC 2010 Pipeline projects for this sector, with a value of €1.3 million, have yet to be contracted. (Figure 8.1)

Compared to the 2008 figures, total assistance to this sector in 2009 has increased more than three times from €12.65 million<sup>145</sup> to €46.61 million. Grant assistance increased by €9.74 million and loan assistance increased by €24.22 million, including commercial loans to private enterprises.

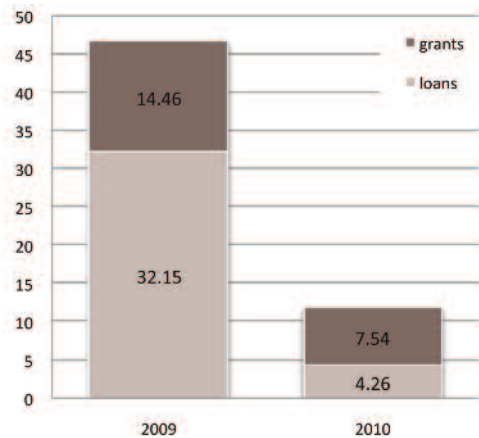
Donor assistance to the Agriculture and Forestry sector includes diverse programmes and activities ranging from the support of institutional development and improvement of efficiency and competitiveness of BiH agricultural producers to the application of new technologies and standards. Agriculture and Forestry sector activities are closely linked to other sectors including Economic Development, Gender, and Return and Reintegration. Therefore, the real allocation to this sector may be higher than presented in the figures mentioned above, as some of the activities may be included in the Economic Development, Social Protection or Cross-cutting chapters of this report.

Figure 8.1. Donor Aid Flows in the Agriculture and Forestry Sector 2009-2010  
Grants Only (Euros millions)



<sup>145</sup> Current DCF database figures.

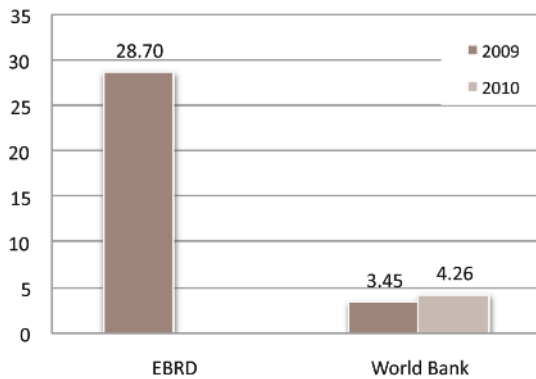
**Figure 8.2. Grant-Loans Split in the Agriculture and Forestry Sector 2009-2010 (Euros millions)**



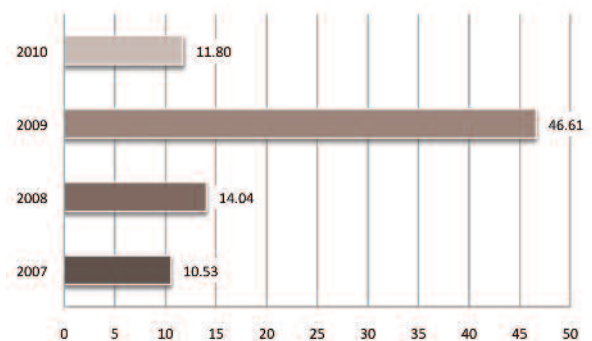
The total allocation to the Agriculture and Forestry sector by DCF members was €46.61 million in 2009, which includes €32.15 million in loans (including commercial loans from EBRD in the amount of €28.7 million and the World Bank loan tranche of €3.45 million) and €14.46 million in grants.

For 2010, to date, donors have contributed €13.10 million, (including EC Pipeline projects for 2010 in the value of €1.3 million and the World Bank loan tranche of €4.26 million). As in all other chapters, EC Pipeline 2010 figures have not been included in the charts. (Figures 8.2 and 8.3)

**Figure 8.3. Aid Flows in the Agriculture and Forestry Sector 2009-2010 Loans Only (Euros millions)**



**Figure 8.4. Donor/IFIs Aid Distribution to the Agriculture and Forestry Sector 2007-2010 (Euros millions)**



The distribution of aid in the Agriculture and Forestry sector recorded a steady increase from 2007 to 2008 and a significant increase in 2009. However, it should be noted that 2009 figures include commercial loans provided to private enterprises working in this sector. To date, in 2010 donor/IFIs allocations to the sector amount to €11.80 million.

## Agriculture

Initiatives that were supported in the Agricultural sector in 2009 and 2010 include:

- Strengthening capacities of state and entity-level institutions as a part of the country's preparation for accessing EU instruments for Pre-Accession Assistance for Rural Development (IPARD).
- Development and expansion of the soft fruit sector.
- Poverty reduction through the increase of sustainable growth and improved efficiency and the competitiveness of BiH agricultural producers and enterprises.
- Assistance in the fight against Brucellosis.
- Adaptation of a national food safety system including adherence to international requirements set forth by the EU and the WTO.
- Assistance to returnees via income generating activities.
- Promotion of traditional agriculture and commercial farming development.
- Support of organic farming certification, training of agricultural producers and introduction of advanced technologies.
- Linking domestic and international markets and providing commercial loans to foodstuff production enterprises.
- Pilot Actions for Rural integrated Development and Revitalisation of Territory in Bosnia and Herzegovina.
- Protection and valorisation of high quality traditional products of Herzegovina.

## Forestry

The forestry sub-sector is one of the least funded sectors with only a few donors implementing programmes and projects in this area.

The focus of donors/IFIs in the forestry sub-sector includes:

- The reform process in forestry organisations and management introducing corporative governance as completed in RS and planned in FBiH by 2011.
- Protection of biodiversity and forest areas with proper land-use planning.
- A second State Forest Inventory to be completed at the end of 2010. It will be the basis for the preparation of forest strategies, development of long-term planning, monitoring of forests and forest area conditions and prioritising for research and development of forests.
- Introduction of the Information System in Forestry to be completed by the end of 2010. To help management through the Geographical Information System (GIS) to

- Support to the Agro-Food Production Chain of small fruits in Bratunac.

Some projects cover the entire country but many specific activities target vulnerable groups such as returnees and socially excluded people in the Srebrenica and north-western regions. Other projects are created with the purpose of revitalising traditional farming methods in agriculture in areas such as the Herzegovina region. These initiatives support sustainable return and poverty reduction.



ensure standardisation of data per type and volume and to improve the information exchange between forest institutions in charge of managing these resources.

- Forest Certification activities completed in RS and 4 FBiH cantons will indicate the success of sustainable, socio-accountable, economically acceptable forest management.
- Certification of wood/timber products to open international markets for domestic producers.
- Introduction of the Codebook (šifarnik) for Forest Categorisation and Household Classes in FBiH, completed at the end of 2009, will help to design a unified management system in FBiH.
- Modernisation of the Land Registry System in BiH. This ongoing effort of donor agencies/IFI is aimed at the establishment of an electronic database to link the Cadastre and the Land Registry. The Land Registry System will clarify ownership and registration of property rights, which will in turn facilitate the development of a transparent land and property market.

Major projects during 2009-2010 in the Agriculture and Forestry sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Konzum BiH (Loan)	EBRD	25 <sup>146</sup>
Agriculture and Rural Development Project (Grant/Loan)	The World Bank /Sweden/Sida	19.07
Fostering Interventions for Rapid Market Advancements – FIRMA (Grant)	Sweden/Sida, USA/USAID	11.50
Fostering Agriculture Market Activity - FARMA (Grant)	Sweden/Sida, USA/USAID	10.01
Small Scale Commercial Agriculture Development Project (Loan)	The World Bank	9.22
Forest Development and Conservation Project (Loan)	The World Bank	5.30
Fight against Brucellosis (Grant)	Sweden/Sida	2.50
Swiss Agricultural Project in the Region of Mostar (SPPOM) (Grant)	Switzerland /SDC/ SECO	2.49
Bimal (Loan)	EBRD	2.40
Agricultural Development (Grant)	Norway	2.40
VF Komerc (Loan)	EBRD	1.30
Strengthening and Harmonisation of the BiH agriculture and rural sectors Information System (Grant)	EC	1.28
The Project for Confidence-Building through Agricultural and Rural Enterprise Development in Srebrenica Municipality (Grant)	Japan/JICA	1.13
Protection and valorisation of high quality traditional products of Herzegovina (Grant)	Italy/Italian Cooperation	1.10 <sup>147</sup>
Pilot Actions for Rural integrated development and the revitalisation of the territory in Bosnia and Herzegovina (Grant)	Italy/Italian Cooperation	0.95
Revival of a valley: integrated action of organic farming, sustainable tourism and socio-economic inclusion in the Una Valley (Grant)	Italy/Italian Cooperation	0.55 <sup>148</sup>

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

## Sector strategies

The *Strategic Plan for the Harmonisation of BiH Agriculture, Food and Rural Development 2008-2011* was adopted in 2009. It provides a framework for essential public sector reforms in order to strengthen collaboration and management of SAFFRD. It improves the roles and the focus of executive agencies in charge of food safety, veterinary and phytosanitary issues. It accelerates legal and institutional reforms and enhances capacities in support of rural development. In addition, a state-level *Operational Programmes for the Harmonisation of BiH Agriculture, Food and Rural Development 2008-2011*, as an associated document to the Strategic Plan, also adopted in 2009, foresees gradual harmonisation of sector policies and mechanisms at state, entity and cantonal levels. This programme will follow EU regulations in this sector for accessing prospective IPARD funds.

Both entities have developed agricultural strategies, the *FBiH Strategy for Agriculture and Rural Development 2006–2010* and the *RS Strategy for Agricultural Development 2009-2015*, which are compatible but not yet harmonised with the *Strategic Plan for the Harmonisation of BiH Agriculture, Food and Rural Development 2008-2011*.

The state-level framework *Law on Agriculture, Food and Rural Development of BiH* that was adopted in May 2008 is awaiting approval of the implementation legislation. There are no new developments in preparation of the *National Rural Development Strategy*. In April 2009 Republika Srpska adopted *The Strategic Plan for Rural Development in RS effective by 2015*. There are some indications that the *FBiH Strategy of Rural Development* will be drafted in 2010.

<sup>146</sup> Total value of the loan is €57 million. Total contribution by EBRB was €25 million.

<sup>147</sup> Total value of the project is €3.29 million. DCF database figures contain 2009 and 2010 allocations in the amount of €1.10 million.

<sup>148</sup> Total value of the project is €2.56 million. DCF database figures contain 2010 allocations in the amount of €0.55 million.

Whilst entity-level strategies are presently being developed, with some indication that they will be completed by the end of 2010, there is currently no state-level forest management strategy. In addition, the national standards for forest certification in BiH that were prepared at the end of 2009 are still in draft form pending finalisation in 2010.

### Donor coordination

Donor coordination meetings, as a platform for information exchange between all stakeholders in the agriculture sector, are organised by MoFTER. Its proactive approach is praised by many donor agencies. The improved, focused collaboration of international assistance has prevented overlapping of activities. Some 400 project ideas compiled by SAFFRD/MoFTER were presented to the donor community at an international donors conference in the agricultural sector in June 2009. Harmonisation with international standards and further strengthening of state and entity-level capacities are essential for further progress.

There is no formal coordination mechanism in the Forestry sector at the state level.

### Future activities

Stakeholders agree that the Agriculture and Forestry sector can ensure inclusive and sustainable growth of the country's economy, poverty reduction through utilising local resources and environmental protection. The establishment of proper management of natural resources and land-use requires continuous donor support and attention from all stakeholders involved. MoFTER plans to organise a donor meeting in October 2010 to present its priorities.

Priority areas in the Agriculture and Forestry sector that would require further assistance include:

- Preparation of legal regulations with better clarification of roles and responsibilities of different levels of the governments.

- Harmonisation of the legislative framework among state-level, entity-level, cantonal-levels and inter-entity levels; and harmonisation with EU provisions and international legislation.
- Strengthening of institutional capacities.
- Enhancement of human capacities and technical and further education.

Furthermore, domestic stakeholders agree that careful assessment of the coverage of the country's strategic priorities with respect to international and domestic funding sources is needed.



Even though advancements and improvements in the forestry sub-sector are evident some donors believe that more attention should be given to the:

- Monitoring of forest health.
- Poor conditions of forest roads.
- Fire protection.
- Better use of the hidden potential of non-timber forest products such as medical and aromatic herbs or mushrooms and wild fruits.



# Environmental Protection Sector

9

<b>DCF members active in the sector in 2009-2010</b>	Italy/IC, EC, World Bank, Norway, The Netherlands, Sweden/Sida, UNDP, Hungary.
<b>Other key international organisations (IOs)</b>	United Nations Environmental Programme (UNEP - no office in BiH, one ongoing project), Food and Agriculture Organisation (FAO), UNESCO, UNV.
<b>Key government partners</b>	BiH Ministry of Foreign Trade and Economic Relations (MoFTER), FBiH Ministry of Environment and Tourism, FBiH Ministry of Physical Planning, FBiH Ministry of Agriculture, Water Management and Forestry, RS Ministry of Urban Planning, Civil Engineering and Ecology, RS Ministry of Agriculture, Forestry and Water Management; Brčko District.
<b>Total allocation to the sector in 2009 and 2010 by DCF members</b>	2009: €19.45 million - all in the form of grants 2010: €16.90 million <sup>149</sup> - all in the form of grants
<b>Sector strategies</b>	There is no state-level Environmental Protection strategy. FBiH has adopted the <i>Federal Environmental Protection Strategy 2008-2018</i> and <i>Action Plan</i> . The <i>Federal Water Management Strategy</i> is in parliamentary procedures. The Republika Srpska has developed an entity strategy that is not yet adopted. The state-level <i>Strategy for Waste Management</i> was developed in 2000 and adopted by RS only.
<b>Donor coordination</b>	There is no formalised donor coordination mechanism in the Environmental Protection sector. A Water sector sub-group exists and it encompasses the water agencies from both entities.

## Overview

Based on the DAC definition, the Environmental Protection sector comprises the following elements: environmental policy, laws, regulations and economic instruments; administrative institutions and practices; environmental and land-use planning and decision-making procedures; air pollution control, ozone layer preservation, marine pollution control; natural reserves and actions in the surrounding areas; other measures to protect endangered or vulnerable species and their habitats; environmental education, training and environmental research; water resource protection; waste management and disposal; and biomass energy.

BiH possesses many natural resources and a large variety of species, including the largest number of endangered flora species in Europe. No more than 1% of species are protected in comparison to the regional average of 7%.

Uneconomical exploitation of natural resources, urban expansion and damage to the environment harm biodiversity

as well as water and soil. Consequently, economic growth in other sectors such as agriculture, forestry and tourism, are negatively impacted. Therefore, an appropriate and environmentally sound management of natural resources is important for sustainable development of the country.

Acknowledging the importance of these issues, donors/IFIs funded capacity strengthening of institutions to develop environmental legislature and procedures. Some progress was achieved in respect to the harmonisation of legislature and the reform process in 2009. Ratification of a few international agreements was reported in the Progress Report 2009 as a positive step toward EU accession. In May 2010, BiH submitted a national report<sup>150</sup> to the UN Framework Convention on Climate Changes (UNFCCC), making BiH a full participant in ongoing global discussions of climate change adaptation and mitigation.

The Inter-entity Coordination Body for the Environment is the main platform for coordination and harmonisation of the activities in the Environmental sector. The state-level *Law on*

<sup>149</sup> Including €5.5 million for EC 2010 Pipeline projects in 2010 not yet contracted.



*Environmental Protection* was drafted with the support of the EC and it is expected that the revised draft will be submitted for parliamentary procedures in June 2010. In the absence of a national strategy for environmental protection there are expectations that the *Country Development Strategy (CDS)*

will address this sector's issues. The CDS will be the basis for the use of IPA III funds and its focus in environmental protection will be on the implementation of Kyoto Protocol mechanisms.

Some donor agencies highlighted the preparation of entity level strategies for environmental protection as the biggest achievement in 2009/2010. These strategies provide a strong foundation for further development, regardless of different applied methodologies.

Donors active in Bosnia and Herzegovina recognise the importance of environmental protection and the opportunities that exist within the sector.

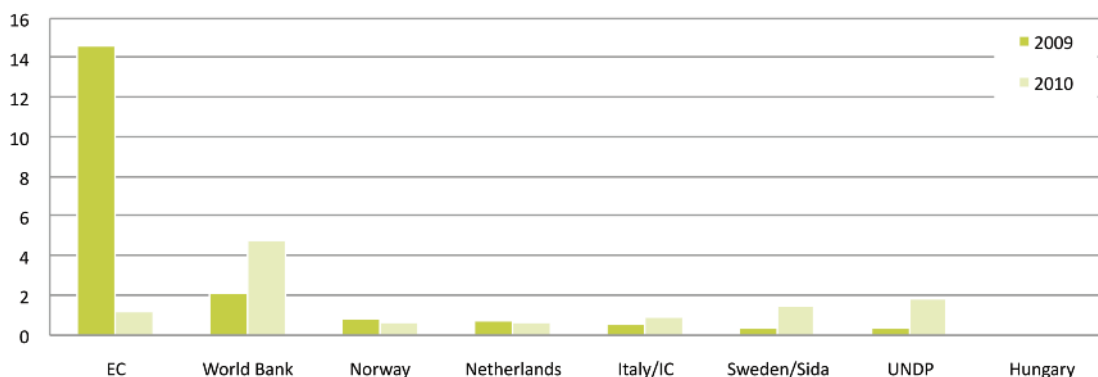
**This sector received 3% of total ODA allocations in 2009 and to date 2% of total ODA in 2010 (excluding EC Pipeline projects for 2010).**

## Donor activities in 2009 and 2010

Donor environmental programmes in 2009 and 2010 were focused on various aspects of environmental protection. Major donors/IFIs active in environmental protection include: the EC, the World Bank, Italy/IC, Norway, the Netherlands, Sweden/Sida, UNDP (through MDG and GEF), and Hungary. Hungary is the newest donor in 2010, while Japan/JICA expressed interest in entering the sector.

Environmental programmes overlap with several sectors, such as Infrastructure, energy, Agriculture and Forestry, Return and Reintegration, Local Governance, and Gender. Therefore, the number of donors involved in this sector is greater than described in this section of the report. Some donors such as UNDP and the World Bank have jointly undertaken activities with the Global Environmental Facility (GEF).

**Figure 9.1. Donor/IFIs Aid Flows in the Environmental Protection Sector 2009-2010 (Euros millions)**

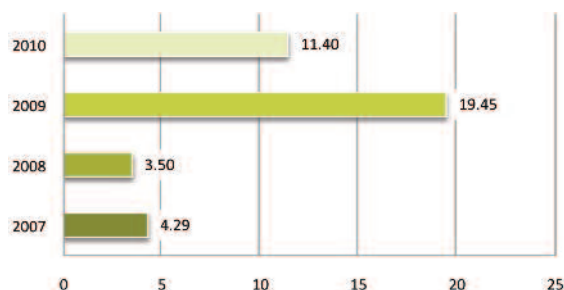


The leading donors/IFIs active in the Environmental Protection sector in 2009 were the EC and the World Bank followed by Norway, the Netherlands and Italy/IC. In 2010 the leading donors/IFIs were the World Bank, UNDP and Sweden/Sida. (Figure 9.1)

Donor contribution to this sector in 2009 was significantly higher than in 2007 and 2008. Funds amounted to €19.45 million – all in the form of grants.

<sup>150</sup> BiH first signed to UNFCCC in 2000. UNDP BiH organised the report with the financial support of GEF.

**Figures 9.2. Donor/IFIs Aid Distribution to the Environmental Protection Sector 2007-2010 (Euros millions)**



To date in 2010 donors have allocated €11.40 million, excluding EC Pipeline 2010. However, it should be noted that some projects related to improvements to Environmental Infrastructure are allocated under the Infrastructure sector. Therefore, the allocations to Environmental Protection initiatives are higher than presented in this section of the report.

The growth of total allocations for this sector from 2007 to 2009 (Figure 9.2) shows an increased interest of donor agencies in funding environmental programmes and projects. This reflects donor awareness of the importance of biological and natural resources.

Together with MoFTER, respective entity ministries and non-governmental sector donors/IFIs have supported programmes and projects in 2009-2010 focused on:

- Formulation of environmental legislation and procedures.
- Rehabilitation and building of the new environmental infrastructure for water and sewage.
- Local Environmental Action Plan (LEAP) preparation.
- Conservation of globally significant biodiversity in critical forest and mountain ecosystems.
- Development of a model for embedding karst biodiversity conservation concerns into policies and regulations governing spatial planning.
- Improving solid waste management in BiH municipalities.
- Water supply and sanitation.
- Control of pollution.
- Raising awareness of the green agenda.
- Energy efficiency, renewable energy and job creation.
- Climate change (mitigation and adaptation).
- Tourism development.
- Management System of Corporate Waste assimilated with Urban Waste.
- Strengthening of the environmental NGOs.
- Remediation of high priority hot spots.
- Strengthening national capacities for sustainable environmental management and land use planning.
- Strengthening capacity of local communities in strategic environmental management, including preparation of the Local Environmental Action Plan (LEAP).
- Regional cooperation programmes aimed at the establishment of a network among universities.
- Capacity building and interactions among policy makers and scientists on the Stockholm Convention.
- Preparation of the *Initial National Communication to the United Nations Framework Convention on Climate Change* – UNFCCC.

- Enhancement of national capacities for sustainable environmental management and implementation of Multilateral Environmental Agreements (MEAs).
- Support implementation of the Aarhus Convention in BiH.
- Implementation of the Integrated Pollution Prevention and Control Directive.

The IPA 2009 national contribution for implementation of the environmental programmes in Bosnia and Herzegovina is €16.5 Million. These funds will be used for development of environmental infrastructure. Project support, which started in February 2010, assists in the implementation of the EU *Directive Integrated Pollution Prevention and Control*.

Projected *Instrument for Pre-accession Assistance* (IPA) 2010 environmental infrastructure programmes will makeup approximately 41% of total IPA 2010 for BiH. It will be used mainly for rehabilitation and construction of the water supply and sanitation and solid waste infrastructure in targeted municipalities.



Major projects during 2009-2010 in the Environmental Protection sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Rehabilitation and construction of the water and waste infrastructure in F BiH	EC	12.0
Municipal solid waste management programme	Sweden/Sida	10.0
Global Environment Facility (GEF) Water Quality Protection	The World Bank	6.32
Global Environment Facility (GEF) – Neretva and Trebišnjica Management Project	The World Bank	4.24
Mainstreaming environmental governance: linking local and national action in BiH (planned)	UNDP	4.26
Securing Access to Water through Institutional Development (MDG-F funded)	UNDP	3.05
Global Environment Facility (GEF) - Forest and Mountain Protected Areas	The World Bank	2.40
Strengthening capacities in BiH to address environmental problems through remediation of high priority hot spots	The Netherlands	1.57
Bio-diversity and Water Management	Norway	1.32
Construction of the sewage collectors in Živinice	EC	1.29
Support to the creation and promotion of environmental and sustainable touristic itineraries in Bosnia and Herzegovina	Italy/Italian Cooperation	1.18 <sup>151</sup>
Support to Implementation of the Integrated Pollution Prevention and Control Directive (Grant – Technical Assistance and Supply of Equipment)	EC	1.20
Support to Implementation of BiH Water Policy (Grant – Technical Assistance)	EC	1.0
Biomass Energy for employment and energy security	GEF/UNDP	0.73
Mainstreaming karsts peat lands conservations concerns into key economic sectors	GEF/UNDP	0.73
Management System of Corporate Waste assimilated with Urban Waste	Italy/Italian Cooperation	0.28 <sup>152</sup>

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

## Sector strategies

Based on the *First National Report of BiH to Convention of Biodiversity*, the draft *Strategy and Action Plan for Protection of Biodiversity and Landscape Diversity 2008-2015* was prepared and adopted by FBiH in 2010 and is pending adoption by RS. There is no state-level Environmental Protection Strategy at present. The revised state-level draft *Law on Environmental Protection* is expected to be sent to parliamentary procedures in June 2010.

There is no state-level agency for environmental protection and the new revised draft *BiH Law on Environmental Protection* does not see its establishment as a separate body. Instead it is seen as reinforcement for the Environmental Protection Department within MoFTER.

A comprehensive Federation *Strategy for Environmental Protection 2008-2018* and *Action Plan* was adopted at the end of 2009. This strategy at present encompasses three areas: air, nature protection and waste management. Water protection and management, as part of this strategy, is

expected to be adopted in 2010. *The Air Quality Protection Strategy of FBiH* is currently in the adoption stage. Currently, there is no FBiH Agency for Environmental Protection. The FBiH Environmental Fund appointed key management at the end of 2009. They are not currently operating at full capacity.



<sup>151</sup> Total value of the project is €3.3 million. DCF database figures contain 2009 and 2010 allocations in the amount of €1.18 million.

<sup>152</sup> Total value of the project is €1.67 million. DCF database figures contain 2010 allocations in the amount of €0.28 million.

Republika Srpska developed the *Environmental Protection Strategy and Air Quality Protection Strategy and Action Plan* to improve the quality of air. However, both strategies are currently being revised. In the absence of integrated water management strategy Republika Srpska currently uses the *RS Water Management Development Framework Plan with Action Plan as a model* to help regulate water management. The water agencies in both entities have been operational with the recent founding of the Trebišnjica River Basin Management Agency. Development of the Brčko District Environmental Protection Strategy is underway.

A state-level *Strategy for Waste Management* was developed and adopted by RS. Both entities use this document as a guiding mechanism in this field.

In March 2010 the BiH CoM adopted the BiH Initial National Communication to United Nations Framework Convention on Climate Change (UNFCCC). Additionally, responsible government institutions in cooperation with the UNDP Country Office in BiH will begin preparation of the BiH Second National Communication to UNFCCC.<sup>153</sup> Some progress was made at the international level with the ratification of several international agreements dealing with environmental protection.

### Donor coordination

There is no formalised donor coordination mechanism or information sharing in the Environmental Protection sector at present. Donor agencies active in this sector suggest better definition of coordination mechanisms, not only between institutions and donors, but also among responsible entities and state institutions. In addition, all stakeholders in this sector would welcome the establishment of formal national donor coordination mechanisms led by MoFTER in order to enhance, harmonise and coordinate donors' initiatives. Some donor agencies also encourage the EC to begin coordination within this sector together with MoFTER. Water agencies from both entities coordinate activities in a Water sector subgroup.

### Future activities

Although the harmonisation of state and entity environmental legislation with EU legal requirements is slow, positive developments should continue with the active involvement of all stakeholders.

According to the donors, further donor support is needed in the following areas:

- Institutional strengthening.
- Capacity building.
- Simplification of project approval procedures.

- Establishment of better monitoring and evaluation systems.
- Improvement of coordination between sector overlap.
- Consciousness raising of institutions and the public about the importance of this sector.

Areas not adequately covered by donor support but requiring urgent attention are:

- Remediation of old industrial waste depot (hot spots).
- Animal waste depot.
- Disposal of expired medication.
- Waste treatment of recyclables and packaging materials.

IPA 2008 provided €1 million as assistance to environmental NGOs. Significant funds from IPA 2009 and 2010 will be used mainly as a complementary assistance for loans provided by international financial institutions for further investments in environmental infrastructure.

As a part of the preparatory activities for IPA III funds, which will provide an operational structure and preparation for implementation of projects and monitoring, MoFTER will take over the current role of the EC in respect to the development of strategic documents action plans, prioritisation in sector, preparation of a list of Pipeline projects and work on investment plans.<sup>154</sup>

Sweden/Sida will continue to fund projects in solid waste management, water supply and waste water management. In addition, Sweden/Sida expressed interest in supporting policy development in these three environmental fields as well as environmental NGOs.

Several donor agencies such as China, USA, UK, Austria, Denmark and Italy have expressed interest in engaging in the environmental sector focusing on the implementation of the Kyoto Protocol.<sup>155</sup>

Japan/JICA has indicated that they would like to enter this sector in the area of dangerous waste management. The Czech Republic<sup>156</sup> is interested in the establishment of a joint eco-committee with BiH. UNDP will continue to provide support for the development of reports in respect to global agreements such as UNFCCC and the Convention on Biodiversity (CBD).



<sup>153</sup> Funded by GEF.

<sup>154</sup> Source: Interview with MoFTER, Environmental Sector.

<sup>155</sup> Ibid

<sup>156</sup> China and Czech Republic are currently not members of DCF.



# Cross-cutting Sector

10

<b>DCF members active in the sector in 2009-2010</b>	Switzerland/SDC/SECO, EC, Sweden/Sida, UNDP, Germany, The Netherlands, Italy/IC, France, USA/USAID, UK/DFID, Norway, UNICEF, Hungary.
<b>Other key international organisations (IOs)</b>	United Nations Development Fund for Women Office for Central and Eastern Europe (UNIFEM CEE); United Nations Population Fund (UNFPA); United Nations Volunteers (UNV).
<b>Key government partners</b>	Ministry of Human Rights and Refugees (MHRR); BiH Agency for Gender Equality, FBiH and RS Gender Centres; Commission for the Coordination of Youth Issues (CCYI) at the BiH Ministry of Civil Affairs.
<b>Total allocation to the sector in 2009 and 2010 by DCF members</b>	2009: € 11.81 million - in the form of grants 2010: € 11.33 million <sup>157</sup> - in the form of grants
<b>Sector strategies</b>	<i>Gender Action Plan 2006; Strategy for Prevention and Combat Against Domestic Violence in BiH 2009-2011; State Strategy to Combat Violence Against Children 2007-2010; State-level Youth Policy 2009-2013 with Action Plan 2010 awaiting adoption; Youth Policy of Republika Srpska 2010-2015 adopted in 2009. Draft Revised Strategy for the Implementation of Annex VII of DPA, adopted in June 2010.</i>
<b>Donor coordination</b>	There are no regular donor coordination meetings in Gender and Youth. Informal meetings take place between key donor project managers who are working in the fields of youth employment. In 2009 and 2010, MHRR organised ad-hoc meetings with donors active in the area of Return and Reintegration.

## Overview

The Cross-cutting sector is made up of 3 sub-sectors: Gender, Youth, and Return and Reintegration. The Gender sub-sector entails support for institutions and organisations working for gender equality and women's empowerment. The Youth sub-sector deals with activities that impact young people's lives. The Return and Reintegration sub-sector is defined as: shelter, water, sanitation and health services, supply of medicines and other non-food relief items; assistance in the repatriation of refugees and internally displaced people; housing policy and administrative management; reconstruction relief; rural development; urban development and management; promotion and technical assistance to enhance returnees' and IDPs access to rights.

In 2009, the Institutional Mechanisms for Gender Issues in BiH prepared a proposal for amendments to the BiH *Law on*

*Gender Equality 2003* to harmonise it with the EU Directives and recommendations of the Council of Europe. At the time of writing this report it was in the final stage of its adoption before the BiH House of People. The most positive development in this sub-sector was the establishment of the *Funding Mechanism for the Implementation of Gender Action Plan 2009-2014* (FIGAP) at the end of 2009. The *Action Plan* for implementation of *UN Council Resolution 1325 on Women, Peace and Security (UNSCR)* in BiH, prepared by the BiH Gender Agency, was adopted by the BiH CoM in July 2010. The RS Gender Centre was actively engaged in activities related to the development of the *RS Strategy for Family Development in the RS 2009-2014*, adopted in 2009, and in the *Proposal of Action Plan for Improvement of the Position of Women in Rural Areas of RS by 2015*, which was endorsed by the RS government in May 2010.

<sup>157</sup> Including € 1.55 million for EC 2010 Pipeline projects in 2010 not yet contracted.

The role of the non-governmental sector in the implementation of GAP in 2009-2010 was enhanced through involvement in the implementation of joint activities with Institutional Mechanisms for Gender Issues, such as: encouraging women to appear on election candidate lists, increasing the role of women in reconciliation in the community, implementation of UN SCR 1325 in BiH, and preparation of promotional materials, joint press conferences round tables and exhibitions.

The Gender Awareness in Peace Support Operations (PSO) conference was held in May 2010 in Sarajevo. In marking the tenth Anniversary of UN SCR 1325 on Women, Peace and Security, Major General Bernhard Bair, Commander of EUFOR said, *"Enabling the full and equal participation of women in peace and security initiatives is recognised as one of the most important international mandates...It has facilitated the mainstreaming of gender issues in the context of armed conflict, peace-building and reconstruction processes...It is important to note that in BiH, gender is incorporated into their constitution."*

The Gender Scorecard for BiH<sup>158</sup> was completed in December 2009. It is the first assessment of the effectiveness of gender mainstreaming by the UN Country Team (UNCT) Performance Indicators for Gender Equality in BiH.

To support further implementation of the *BiH Gender Action Plan 2006-2010* some donor agencies active in BiH are integrating gender mainstreaming in their projects/strategies or are preparing special gender sensitive action plans. Other donors are using the capacities and the expertise of the BiH Agency for Gender Equality to incorporate gender mainstreaming<sup>159</sup> while implementing their projects/programmes.

On 2 July 2010 the United Nations General Assembly voted to create a new entity to accelerate progress in meeting the needs of women and girls worldwide. The UN Entity for Gender Equality and the Empowerment of Women - to be known as UN Women - is part of the UN reform agenda,

bringing together resources and mandates for greater impact.<sup>160</sup>

The Commission for the Coordination of Youth Issues (CCYI) BiH was reconstructed in 2009 by the BiH CoM. The CCYI BiH was moved to the Ministry of Civil Affairs of BiH in order to increase its efficiency. New members of the CCYI were appointed at the end of 2009.

In 2009-2010 progress was made in Youth sector legislation. The draft *Youth Policy in BiH 2009-2013* with *Action plan* for the implementation of strategic goals was prepared and submitted to the BiH CoM for adoption in 2010. *Youth Policy of Republika Srpska 2010-2015* was adopted in October 2009 and the *FBiH Law on Youth* was adopted in 2010. Approximately 46 municipalities in both entities adopted youth strategies by the end of 2009. The proposed *Law on Voluntarism in BiH* was endorsed by BiH CoM in May 2010 and currently is in parliamentary procedures.

The conference, the Role of Youth in Actions within EU Integration in BiH, was held in June 2010 in Sarajevo.

At the State level, the Ministry for Human Rights and Refugees is mandated to deal with issues related to the return and reintegration of refugees. The State Commission for Refugees and Displaced Persons (SCRDP) coordinates activities among state and entity levels and approves projects in the area of Return and Reintegration.

The SCRDP manages the Return Fund, which was established in 2004. The draft *Revised Strategy of BiH for the Implementation of Annex VII of the Dayton Peace Agreement* was adopted in June 2010. In 2009, seventy-three priority areas for return, including the Brčko District, were identified by MHRR. Responsibility for the selection of the final beneficiaries was transferred to the local level.

**This sector received 2% of total ODA allocations in 2009 and to date 1% of total ODA in 2010 (excluding EC Pipeline projects for 2010).**

## Donor activities in 2009 and 2010

DCF members active in the Cross-cutting sector during 2009 and 2010 were Switzerland/SDC/SECO, the EC, Sweden/Sida, Italy/IC, UNDP, Germany, the Netherlands, France, USA/USAID, UK/DFID, Norway, UNICEF and Hungary. Other organisations that are active in the Cross-cutting sector are the United Nations Development Fund for Women, Office for Central and Eastern Europe (UNIFEM CEE); the United Nations Population Fund (UNFPA); and the United Nations Volunteers (UNV). These organisations are non-DCF members.

Total allocation to the Cross-cutting sector by DCF members was €11.81 million in 2009 and €11.33 million including EC Pipeline projects for 2010 to the value of €1.55 million to date in 2010. EC Pipeline 2010 is not included in the charts.

<sup>158</sup> Gender Scorecard for BiH [http://www.undg.org/docs/11180/BiH%20-%20Final%20gender%20scorecard%20narrative\\_DUP\\_04-01-2010\\_11-51-44-118\\_AM.pdf](http://www.undg.org/docs/11180/BiH%20-%20Final%20gender%20scorecard%20narrative_DUP_04-01-2010_11-51-44-118_AM.pdf)

<sup>159</sup> Gender mainstreaming is the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in all areas and at all levels. It is a strategy for making women's as well as men's concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated.

<sup>160</sup> <http://europeandcis.undp.org/gender/show/ACE1171E-F203-1EE9-BF2A73D70BE9B646>

Figure 10.1. Donor Aid Flows in the Cross-cutting Sector 2009-2010 (Euros millions)

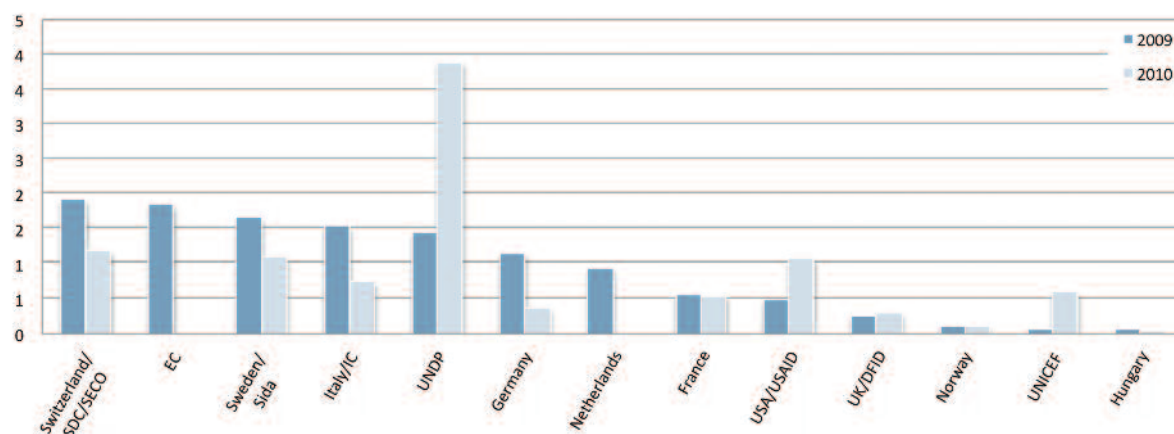
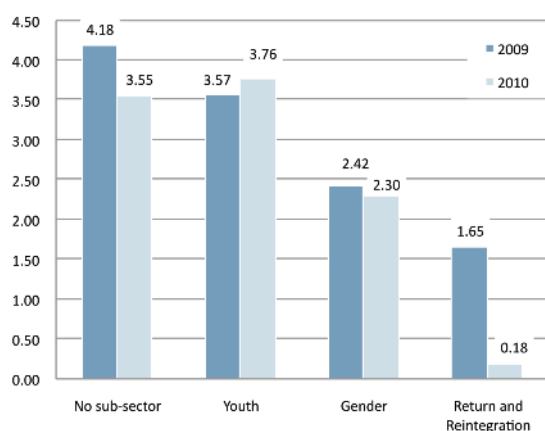


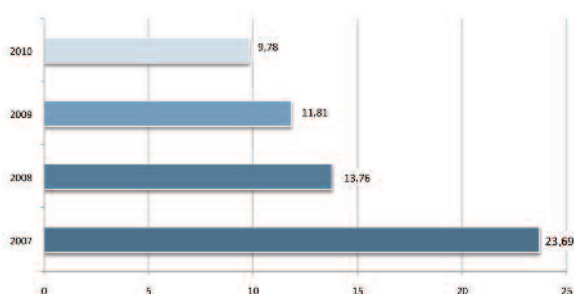
Figure 10.2. Aid Flows per Sub-Sector in the Cross-cutting Sector 2009-2010 (Euros millions)



In 2009 the greatest donor support was provided to activities classified under No Sub-sector, followed by Youth and Gender. The Return and Reintegration sub-sector received the least donor funding.

In 2010 the Youth sub-sector received the most support, followed by No Sub-sector and Gender.

Figure 10.3. Donor Aid Distribution to the Cross-cutting Sector 2007-2010 (Euros millions)



Aid distribution to the Cross-cutting sector has decreased since 2007 and this trend has continued throughout 2008 and 2009. In 2010 to date this sector has received €9.78 million.

## Gender

In BiH, gender equality and the inclusion of women has become increasingly important in all aspects of social, economic and political life. The Labour Force Survey 2009 identified that women in BiH make up 52% of the population able to work; however, only 37% of women are participating in the workforce. Women are also underrepresented in other areas, for example: only 6%<sup>161</sup> of women are employed as police officers, 5% of women lead public enterprises, but one in four entrepreneurs is a woman. Although formal and legislative gender equality is legally ensured, statistics on women's representation in political life in BiH shows that albeit women make 51% of the electorate, their representation at different levels of the government is low. Women represent only 14%<sup>162</sup> of the legislative bodies in BiH, below the global average of 18%; while at the local level that percent is even lower at 5%. A recently published regional report, *Enhancing Women's Political Participation*,<sup>163</sup> confirmed that BiH has very few women political leaders at both the state and local party levels. In order to increase women's participation in political and public life, the RS Gender Centre launched a 'Vote Equally' campaign implemented at all levels of government in RS in August 2010 prior to the October General Elections.

The major institutional gender mechanism at the state level is the BiH Agency for Gender Equality within the BiH Ministry for Human Rights and Refugees and the FBiH Gender Centre and the RS Gender Centre.<sup>164</sup> In the last decade these agencies have developed a national institutional and political framework for the application of gender issue in BiH.

Both entity Gender Centres established SOS telephone lines to help victims of domestic violence. State and entity level strategic documents were adopted. The *Strategy for Prevention and Combat Against Domestic Violence in BiH 2009-2011* was adopted at the end of 2008. This state-level strategy includes the *Strategic Plan for Prevention and Combat Against Domestic Violence in FBiH 2009-2010* and *Action Plan for the Fight Against Domestic Violence in RS 2009-2010*.

Assistance to the implementation of GAP is provided by the Sweden/Sida, Austria/ADC, UK/DFID, Switzerland/SDC/SECO, the Netherlands and others. The programme document was finalised in 2009 in cooperation with donors and the *Funding Mechanism for the Implementation of GAP (FIGAP Programme 2010-2014)* was established. Donor assistance to the development of FIGAP helps promote gender equality in programmes, plans and

budgets in BiH governmental institutions. UN agencies committed assistance to the implementation of GAP's goals through complementary individual projects. Even though these activities are not the subject of FIGAP, they contribute to its long-term goals.

The main goal of FIGAP is the implementation of GAP, which is separated into two major groups: key priorities and cross-cutting areas.

- The key priorities of GAP include: cooperation and improvement of capacities; political life and decision making; social inclusion; life-long learning; health, prevention and protection; domestic violence, gender based violence, abuse, sexual abuse and trafficking.
- The cross-cutting areas: EU integrations in gender equality, macro-economic and development strategies; gender sensitive budgets; gender sensitive media; role of men; harmonisation of professional and family life; gender and sustainable environment; information and communication technologies.

In 2009-2010 the BiH Gender Agency, with support of the state-level Commission for Gender Equality, was actively involved in the promotion of UNSCR 1325. These efforts resulted in the preparation of the *Action Plan for the implementation of UNSCR 1325 in BiH*, which was adopted in July 2010. In June 2010, the Agency for Gender Equality of BiH, BiH MHRR, and the EU Police Mission (EUPM) presented the report, *Women in Police - The Situation in Bosnia and Herzegovina*. The report assessed various aspects of female policing in BiH, including: the participation, the process of recruitment and promotion; training; disciplinary procedures; sexual harassment; work-family life balance; general working conditions; as well as cooperation and association.

The assessment of the effectiveness of gender mainstreaming within UNCT in BiH against UNCT Performance Indicators for Gender Equality (scorecard) was carried out in October and November 2009. The scorecard assessed eight dimensions, based on the UNCT planning and programming process, which captured all important elements related to gender mainstreaming, including: programming; partnership; policies and capacities; decision-making; budgeting; monitoring and evaluation; and quality control and accountability. The best results were achieved in programming while areas that require further attention include: partnership, monitoring and evaluation, and quality control.

<sup>161</sup> Women in Police – The Situation in Bosnia and Herzegovina

<sup>162</sup> Report on Gender Equality in Bosnia and Herzegovina, pg. 21, December 2009

<sup>163</sup> Enhancing Women's Political Participation: A Policy Note for Europe and the Commonwealth of Independent States  
<http://europeandcis.undp.org/gender/show/0C9D0589-F203-1EE9-B2EAB8FD2B7B54A4>

<sup>164</sup> Other institutional bodies mandated for implementation of the gender issues include: Cantonal level (FBiH) - Commissions on Gender Issues have been formed in cantonal assemblies; whereas coordination boards for gender issues have been formed in cantonal governments. Municipal level: In most municipal councils/assemblies, as well as in municipal mayors' cabinets, boards/commissions on gender issues have been formed.

Two non-DCF members that support gender mechanisms in BiH are UNIFEM and UNFPA. UNIFEM provides assistance to the entity Gender Centres in the implementation of gender-sensitive security sector reform and women's engagement in peace processes at all levels of public life in line with UNSCR 1325. The RS Gender Centre supported preparation of the *Action Plan for Improvement of the Position of Women in Rural Areas of RS by 2015*. UNFPA and UNDP provided support to the RS Gender Centre for specific activities related to the *Strategy for the Fight Against Domestic Violence in RS 2009-2013*. The BiH report to the Committee on the Elimination of Discrimination Against Women (CEDAW), coordinated by the UNIFEM, is due in 2010. Other support includes implementation of gender responsive budgeting at entity levels of government and prevention of youth and gender violence. A good example of coordination between agencies, in line with the aim of the MDG Spanish fund, is an initiative supported by UNDP and UNFPA on combating violence against women. UNFPA Gender Equality Programme Component in 2010 and beyond will focus on preventing and combating gender-based violence through the establishment of referral mechanisms in BiH.

Donors active in 2009 and 2010 in the Gender sub-sector include: Sweden/Sida, the EC, Germany, Italy/IC, Switzerland/SDC/SECO, UNDP, UNICEF, USA/USAID and



UK/DFID. They have supported initiatives aimed at:

- Incorporation of gender responsible budgeting into state, entity and cantonal level budgets, as a part of PAR, to help create a comprehensive, mid-term planning budget process linked to the priority governmental policies.
- Further reduction of gender based violence in BiH, with special focus on violence against women and sexual violence. The government officials and service providers at all levels will be empowered to appropriately respond to violence against women and sexual violence, to raise public awareness on gender based violence in the society. dialogue in South Eastern Europe

Major projects during 2009-2010 in the Gender sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Kvinna till Kvinna Foundation	Sweden/Sida	3.34
(CCSP II) Sustainable Development of the NGO Sector in Bosnia and Herzegovina II	USA/USAID	0.99
Master Studies in Gender	Norway, Sweden/Sida	0.68
International Project ARS AEVI - Museum/Centre of Contemporary Art Sarajevo and promotion of inter cultural dialogue in South Eastern Europe	Italy/Italian Cooperation	0.60 <sup>165</sup>
Strategic Impact Fund	UK/DFID	0.51
Violence Against Women	UNDP	0.45
For old age with dignity	EC	0.09
EIDHR 2008 Gender Sensitisation of the Budget as Part of Reform Changes on the Road to European Integration and the Basis for Strengthening Women Rights in BiH	EC	0.08

Initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

- Reduction of gender and other disparities in access to basic education.
- Ethnic reconciliation among young people.
- Improvement of post conflict cultural dialogue, development of stronger relations among SEE countries, promotion of a unique BiH multicultural identity, increased cross-cultural understanding, and promotion of contemporary art in SEE.
- Civil society development in SEE, focusing on women's participation in society, violence against women, women in

- education and labour, women's health and an increase women's participation in the election process.
- Creation of a Master's Degree in Gender Studies.
- Improvement of the analytical and policy basis for influencing of the EU accession process.
- International Project ARS AEVI - Museum/Centre of Contemporary Art Sarajevo and promotion of inter cultural

<sup>165</sup> Total value of the project is €0.90 million. DCF database figures contain 2009 and 2010 allocations in the amount of €0.6 million



## Youth

In BiH young people between 15-30 years of age constitute 23% of total the population and approximately 22% of electorate. The youth issue at the state-level is addressed by the Commission for Coordination of Youth Issues in BiH. The nine-member CCYI is a permanent body within the BiH MoCA Department of Science and Culture with four representatives from BiH governmental institutions and five representatives from the youth NGO sector. The members of the CCYI are obligated to meet on a monthly basis. Youth issues in BiH are regulated at the entity level and cantonal levels. The responsible ministry in RS is the Ministry for Family, Youth and Sport.

As a first step in the creation of the state-level *Youth Policy in BiH 2009-2013*, the Analysis of the Youth Position and the Youth Sector in BiH<sup>166</sup> was carried out. It identified key areas to be addressed in the coming years. These areas include: education, employment, health and social position, youth active participation in the society, work with the youth, culture, sport and free time. The draft of the coordination strategy *Youth Policy in BiH 2009-2013* with *Action plan* for the implementation of strategic goals was prepared and forwarded to BiH CoM for adoption. Preparation of these documents was supported by donor funds.<sup>167</sup>

In December 2009 BiH MoCA, with support of the Embassy of the Czech Republic in BiH,<sup>168</sup> launched a web portal, Study Abroad, [www.studirajvani.ba](http://www.studirajvani.ba) to help young applicants find information on university studies and scholarships available for the BiH students in the EU countries.

To raise awareness of the global programme, Youth in Action, authorised governmental institutions and media in BiH, the CCYI, the EU Delegation in BiH and the SALTO Resource

Centre of South East Europe organised a conference, the Role of Youth in Actions within EU Integration in BiH, in June 2010. The conference assessed the impact of Youth in Action with respect to employment, entrepreneurship, student exchanges, and European volunteer service implemented in BiH. Approximately 54 projects were allocated to organisations in BiH from 2007 to 2009, totalling € 1.05 million.

At the municipal level, donors supported the preparation of youth strategies adopted in approximately 46 municipalities in both entities by the end of 2009.<sup>169</sup> Youth officers who link municipality administration and youth organisations exist in 50 municipalities. The establishment of youth officer positions within the municipal government contributed to the development of local-level youth policies. Although there have been positive changes at the local level, youth policy still must be developed in two-thirds of local governments throughout BiH.



In January 2010, UN agencies began implementation of the new three year MDG-F programme on Youth, Employment and Retention. The programme aims to increase capacities of the education system and local communities to improve youth employability.<sup>171</sup>

DCF members that provided support to the youth sub-sector in 2009-2010 include: UNDP, UNICEF, Sweden/Sida, the EC, Germany, Italy/IC, France, Switzerland/SDC/SECO, and Hungary. They fund activities aimed at:

- Elimination of high unemployment of youth; prevention of the loss of valuable resources through increased capacities in the educational system and local communities; enhancement of the capacities of Public Employment Services and Civil Society to develop and deliver an integrated package of youth employability measures; maximising the positive impact of youth migration whilst minimising the impact of irregular migrations.
- Improvement of employability of new entrants into labour markets including unemployed youth; establishment of cooperation, policy dialogue and networking with private sector labour market service providers. Approximately 1200 young people will find employment with the support of this initiative.
- Support of existing local initiatives to gain synergy with local, regional and international institutions.
- Revitalisation of native resources in cultural, traditional, communication sectors, as well as recreational opportunities and aggregation.
- Support to the CCYI in the development of a national strategy document, *Youth Policy in Bosnia and Herzegovina 2009-2013*.
- Regional programming aimed at rebuilding tolerance and coexistence among different ethnic groups through sport for school children within the twin-city concept; provision of regional trainings for coaches, trainers and instructors.

<sup>166</sup> Within the GTZ Youth Project.

<sup>167</sup> The World Bank funds and the GTZ Youth Project as well as CCYI budget funds.

<sup>168</sup> Currently the Czech Republic is not a DCF member.

<sup>169</sup> GTZ Youth Project.

<sup>170</sup> The MDG Achievement Fund for BiH, funded by Spain, contributes to the achievement of MDG 2015 goals. UNDP and other important UN agencies are implementing 4 different projects in cooperation with IOM, UNFPA, UNV and UNICEF.

<sup>171</sup> UNFPA and UNV are also active in this project.

- Prevention of juvenile delinquency at the local level.
- Opening of youth centres in underserved municipalities where these structures can help in peace building. Subsidies to youth associations and NGOs in Sarajevo, Banja Luka and Mostar with training sessions to enhance youth organisations in civil society and with support to continuing education programmes for professional integration.
- Promotion of youth policies at local level in North East of BiH.
- Support to the European Cultural Centre to promote the European idea among targeted youth groups in BiH municipalities.
- Youth involvement in strategic local development.
- Increased student awareness of EU-integration and tolerance.
- Support to youth organisations for peace development activities in the Srebrenica area including training and community development actions.



Major projects during 2009-2010 in the Youth sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Youth Employability and Retention Programme - MDG - F (Spanish Fund)	UNDP, UNICEF <sup>171</sup>	5.37
Forum Syd Balkans Youth Programme	Sweden/Sida	3.56
Development and support of structures in the Youth Sector	Germany	3.00
Youth Employment Programme (YEP)	Switzerland /SDC/SECO	1.94
Mladi za Mlade: youth for youth. Action of Social promotion and development for the youth and adolescents	Italy/Italian Cooperation	1.25
Pilot project in support of communication for social and cultural development in Bosnia Herzegovina	Italy/Italian Cooperation	0.44
Promotion of youth policy at local level in North East of Bosnia and Herzegovina	Italy/Italian Cooperation	0.42 <sup>172</sup>
Social Development Initiative for SEE countries (BiH, Moldova, Macedonia and Kosovo).	Italy/Italian Cooperation	0.31

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

Donors such as Hungary, the EC, also funded a number of small scale projects in 2009-2010 in the Youth sub-sector.

## Return and Reintegration

Currently there are approximately 113,000 internally displaced persons waiting to find a permanent solution for their status. Out of that number, approximately 2,500 families are housed in collective forms of accommodation. In addition, it is estimated that nearly 80,000 refugees from BiH are still in need of durable solutions, which may include their return to BiH.

According to BiH MHRR total funds for Return and Reintegration in 2009 amounted to €51.13 million, out of which 11% was secured by donor funds.

Donors active in 2009 and 2010 in the Return and Reintegration sub-sector include: the Netherlands, Germany, Switzerland/SDC/SECO, the EC, and France. They funded activities aimed at:

- Return related housing reconstruction projects, as well as social housing projects in BiH, including provision of necessary sustainability measures, such as the provision of relief items and initial supplies for returnees, distribution of fire wood, beds, food, assistance to generate income, etc.
- Establishment of the Consultative Working Group for Return Related Issues as an instrument for coordination and cooperation on issues in the Return sector. Laying the

<sup>172</sup> Total value of the project is €1.18 million. DCF database figures contain 2009 and 2010 allocations in the amount of €0.42 million.

groundwork the BiH *Strategy for the Implementation of Annex VII of the GFAP*, including the revision of the strategy, development and improvement of relevant procedures, and the provision of recommendations for concrete activities to be taken by the respective competent institutions.

- Reconstruction of health centres with necessary medical equipment and central heating systems.
- Subsidies to support economic projects for BiH returnees from France.
- Durable return solutions in Eastern BiH.
- Improvement of human rights of Roma and other national minorities in BiH.
- Promote the involvement of landmine survivors and other persons with disability into BiH society in 112 municipalities.



Major projects during 2009-2010 in the Return and Reintegration sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Complementary Integrated Return Assistance to Residents of Collective Accommodation in Bosnia and Herzegovina	The Netherlands	4.22
Rebuilding Lives - Rebuilding Communities: Durable Return Solutions in Eastern BiH	The Netherlands	0.90

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

Donors such as Hungary, the EC, Germany, France and Switzerland/SDC/SECO also funded a number of small scale projects in 2009-2010 in the Return and Reintegration sub-sector.

### No sub-sector

Cross-cutting issues that are not classified within an existing sub-sector were supported by the following DCF donors: USA/USAID, EC, Germany, France, Hungary and UK/DFID. These initiatives were aimed at:

- Increasing credibility of media institutions and strengthening the mechanisms for protection of speech and journalists' rights.
- Capacity building and institutional strengthening of Science and Research through support provided to BiH MoCA, and support to entity ministries and other institutions responsible for science and technology. Initiatives will secure the right internal and external mechanisms, knowledge, institutions and capacity building to drive the wider agenda for Science, Research, Development and Innovation in the Service of Socio-Economic Development in BiH and ensure the establishment of its comparative advantage on the regional, European and global stage.
- Co-financing of the entry ticket for BiH participation in Framework Programme (FP7) for 2009.
- Contribution of coal and firewood to the poor at the time of gas crisis.
- Subsidies for the autonomous Cultural Centre André Malraux (Sarajevo) and for French Cultural Centre's network (Tuzla, Mostar, Banja Luka), salary of vice-director of Centre André Malraux, and support of BiH festivals and cultural events.
- Provision of education and training for Bosnian citizens to help them understand, overcome, and reconcile the ethno-religious differences that present an impediment to permanent peace, reconciliation, and development of BiH.
- Promotion of mutual understanding, co-existence by organising discussions and debates among representatives of different ethnic and religious communities in BiH.
- Provision of training to fifteen Roma community advocates on the protection and advocacy of human rights, as well as meaningful democratic participation in public affairs with emphases on: health, social assistance, adequate housing, personal documents.
- Modest collaborative initiatives involving BiH institutions, civil society organisations, UK government departments, and the local EU Delegation to support EU integration for BiH.
- Protection of the public from unprofessional and manipulating journalistic reporting; protection of the print media from political, economical or other pressure; education of young journalists, students and certain professional groups; and cooperation with self-regulating bodies from the region.
- Supporting the functioning of EU Information Centres and EU Information Points throughout BiH.
- Distribution of fire wood, beds, and food to people in need.

Major projects during 2009-2010 not classified under an existing sub-sector are listed below:

Project Title	Donor/Financial Institution	Project Value (Euros millions)
Participatory Mine Action and Development in Mine Affected Municipalities of Stolac and Berkovići (PMAD Project)	Switzerland /SDC/SECO	2.31
(SIM) Strengthening Independent Media Project	USA/USAID	1.21 <sup>173</sup>
Cooperation for Cultural activities	France	1.20
International Project ARS AEVI - Museum/Centre of Contemporary Art Sarajevo and promotion of inter cultural dialogue in South Eastern Europe	Italy/Italian Cooperation	0.90

Other small-scale initiatives not included in the table are available in the Donor Coordination Forum database - [www.donormapping.ba](http://www.donormapping.ba)

Donors such as Germany, Hungary, USAID, Norway, the EC and UK/DFID also funded a number of small scale projects in 2009-2010 classified under no sub-sector.

## Sector Strategies

The main strategic document in the Gender sub-sector is the *Gender Action Plan 2006-2010* adopted by the BiH CoM in 2006. This is a five-year strategy for inclusion of gender equality in all aspects of the public and private life. FIGAP was established in 2009 and its steering board and the supervisory board of FIGAP were adopted by BiH CoM in July 2010.

In 2009 the *Law on Public Radio-Television Systems in BiH*, the *Law on Public Radio-Television Service in BiH* and the *BiH Law on Communications* were harmonised with the *BiH Law on Gender Equality*.

The CCYI, with donor support, developed the state-level draft of the coordination strategy, *Youth Policy 2009-2013* with *Action Plan*, which was sent to the BiH CoM for adoption in 2010.<sup>174</sup> RS adopted the *Youth Policy of Republika Srpska 2010-2015* in October 2009. In June 2010, the FBiH government adopted the *FBiH Law on Youth*. This law is established the legal ground for the adoption of youth strategies and the institutional capacities necessary for their implementation at local, cantonal and FBiH levels. Approximately 46 municipalities in both entities adopted youth strategies by the end of 2009.

The proposed *Law on Voluntarism in BiH* has been endorsed by BiH CoM in May 2010 and sent to parliamentary procedures. The *RS Law on Volunteering* was adopted in 2008. The Committee on Youth Issues in the FBiH parliament has been assisted by the UNV in preparation of a law on volunteering in FBiH.

In July 2010 BiH CoM adopted the *BiH Employment Strategy 2010-2014*. This strategic document projects an increase in the employment of women by 2.5% annually, and a decrease of 30% in the unemployment rate for youth by 2014. In addition, the strategy should improve the job market for

everyone in accordance with the Employment Convention to which BiH is a signatory. The strategy will contribute to the quality and quantity of employment while at the same time promoting social inclusion and gender equality.

The draft *Revised Strategy of BiH for the Implementation of Annex VII of the Dayton Peace Agreement* was adopted in June 2010. The *Programme for Return and the Concept for Compensation of Damage with Action Plan*, were also adopted by both parliaments in BiH. This revised strategy presumes that the process of return will in essence be completed by 2014 under the condition that funds are secured. The revised strategy provides a review of the current situation, identifies problems and obstacles in the sector, and proposes measures and recommendations for implementation. In line with Annex VII of the Dayton Peace Agreement, the strategy foresees the implementation of rights on return as well as the selection of permanent residence and possible property compensation.

## Donor coordination

There is no formal donor coordination in the Gender sub-sector. However, there was intensive collaboration among donors during the creation of FIGAP led by the BiH Agency for Gender Equality. Donors active in the Gender sub-sector participate in ad-hoc, non-formal information sharing meetings.

Domestic institutions in the Gender sub-sector have found the division of labour to be more equitable in comparisons with the previous period. However, a critical area that requires improvement is information sharing on projects and programmes being implemented at all levels of the government in BiH. Institutional Mechanisms for Gender Issues would welcome information sharing to avoid overlapping of donor efforts and unconnected activities and to ensure a more efficient allocation of aid. Gender

<sup>173</sup> Total allocation planned for this project is approximately €4.01 million (\$5.7 million). DCF database figures contain 2010 allocations in the amount of €1.21 million.

<sup>174</sup> Other CCYI BiH strategic documents include Analysis of the Youth Position and the Youth Sector in BiH; Study on Youth Employment in BiH; EU and Youth – An Assessment of Human Resource Development for the Needs of the European Integration Process; the Law on the Youth of the Federation of BiH - a study on legal solutions for youth in the Federation of BiH; Policy for the Youth Health, in the Republic of Srpska and the FBiH; Guidelines for the Creation of Youth Policy of BiH. The RS Government adopted the Youth Policy 2010-2015 in November 2009. This document represents the strategy which systematically improves the status of multi-sectors, such as: education, employment, housing, free time, health and others issues of importance for young people.



mainstreaming should not be perceived as an obligation of Institutional Mechanisms for Gender Issues, but rather as the responsibility of all stakeholders mandated for the creation and implementation of gender sensitive programmes and plans.<sup>175</sup>

Representatives of Institutional Mechanisms for Gender Issues regularly participate in UN Council sessions on gender issues and the empowerment of women, such as the 52nd Session of the Commission on Women Status, Economic and Social Council of the UN. International cooperation is also reflected in the regular participation of representatives from the Institutional Mechanisms for Gender Issues at the meetings of the CoE steering board for Gender Equality and Ministerial Conferences of the CoE on gender equality.

The UN Gender Group in BiH gathers 11 agencies, which meet quarterly under the chairmanship of UNIFEM. They strive to increase women's participation in everyday work. Training sessions include gender sensitive modules with at least 45% of women participating. In 2009 gender indicators were developed, which will serve as useful markers to determine the level of gender integration in all project activities.

There is no formal donor coordination within the Youth sub-sector. Donors meet on an ad-hoc basis. Nevertheless, the creation of a government-led forum, which would provide a harmonised approach to youth related issues, would be welcomed.

Ad-hoc meetings with donors active in the area of Return and Reintegration are organised by MHRR.

### Future activities

Notwithstanding the efforts of all stakeholders in the promotion of gender equality and awareness in 2009-2010 in BiH which has resulted in legislative improvement, there is still a lot to be done in the empowerment of women.

Some of the challenges identified by domestic and international stakeholders include:

- Enhancement of human and technical capacities of the BiH Agency for Gender Equality and both entity gender centres.

- Support to research activities of gender agencies and establishment of the statistical database system.
- Improved position of women in rural areas as a part of rural development.
- Increase of women's participation as political candidates and in political life.
- Increase the number of women leadership and managerial positions.
- Increase involvement women in the EU accession process.
- Improvement of the employment status of women, ensuring access to education, health and social services.
- Combating domestic violence and prevention of harassment at the work place.
- Combating human trafficking and support to victims of sexual violence during conflict.

Donors active in the Gender sub-sector, such as UNDP, expressed an interest in staying actively involved in the implementation of activities focused on gender mainstreaming in all projects, incorporating gender equality into local economic development or mainstreaming gender through social inclusion. Sweden/Sida will support gender activities related to the laws, budgets and institutions in BiH.

According to international donor agencies, youth policies should be streamlined at all levels of the government including: education, employment, social services and health. Donors suggested that youth NGOs be consulted when regulatory framework is developed. A number of donors plan to implement youth mainstreamed projects in the future.

Implementation of the *Revised Strategy for the Implementation of Annex VII of the Dayton Peace Agreement* will depend on the availability of funds. The process of Return is contingent on Cross-cutting. Employment, education and social services are crucial to the sustainability of return, reintegration and compensation. Donors have noted that the current needs of returnees are different from the needs of those who returned after the end of the war. These changes should also be considered when planning and implementing reforms in this sector.

<sup>175</sup> Report on Gender Equality in Bosnia and Herzegovina, December 2009.



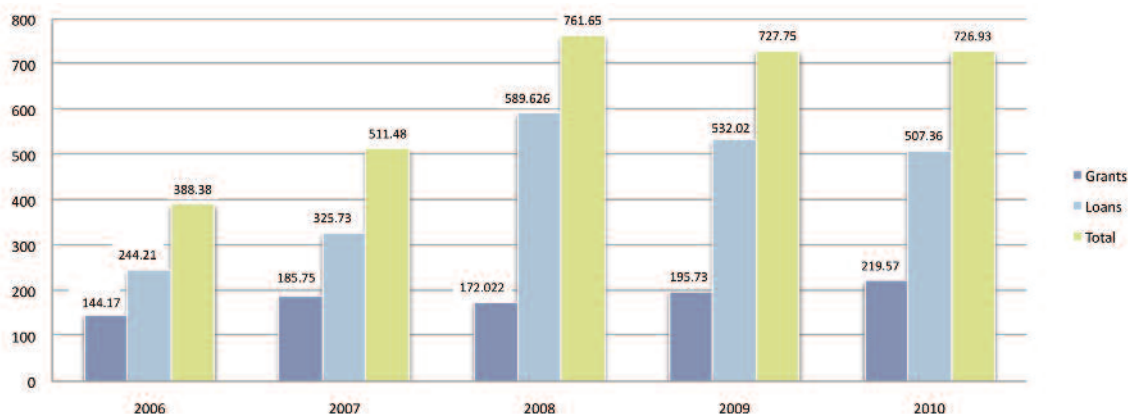
# Donor profiles

## Overview of ODA allocations to Bosnia and Herzegovina

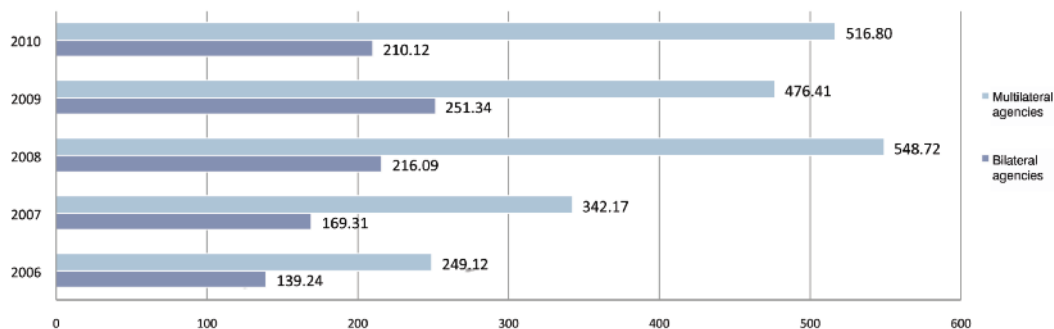
Total allocations of DCF members in 2009 amounted to €727.75 million out of which €195.73 million was in the form of grants while €532.02 million was in the form of loans. These figures represent an overall decrease of €33.90 million in total ODA allocations. In comparison with 2008,<sup>176</sup> there was a €23.70 million increase in grants but a €57.60 million decrease in loans.

In 2010 total allocations by DCF members to all ten sectors was €726.93 million<sup>177</sup> to date, out of which €219.57 million<sup>178</sup> was in the form of grants and €507.36 million was in the form of loans.

**Comparison of Grants, Loans and Total Allocation (Euros millions)**



**Ranking of DCF members: Bilateral vs. Multilateral (Euros millions)**



The above chart provides a ranking of DCF members per source of ODA from 2006-2010. Out of total figures for 2009, €251.34 million (34.5%) of ODA was allocated by bilateral donor agencies and €476.41 million (65.5%) by multilateral agencies including financial institutions. The same trend was observed in 2010 with €210.12 million (28.9%) of ODA provided by bilateral and €516.80 million (71.1%) provided by multilateral agencies. (Figures for 2010 include EC 2010 Pipeline)

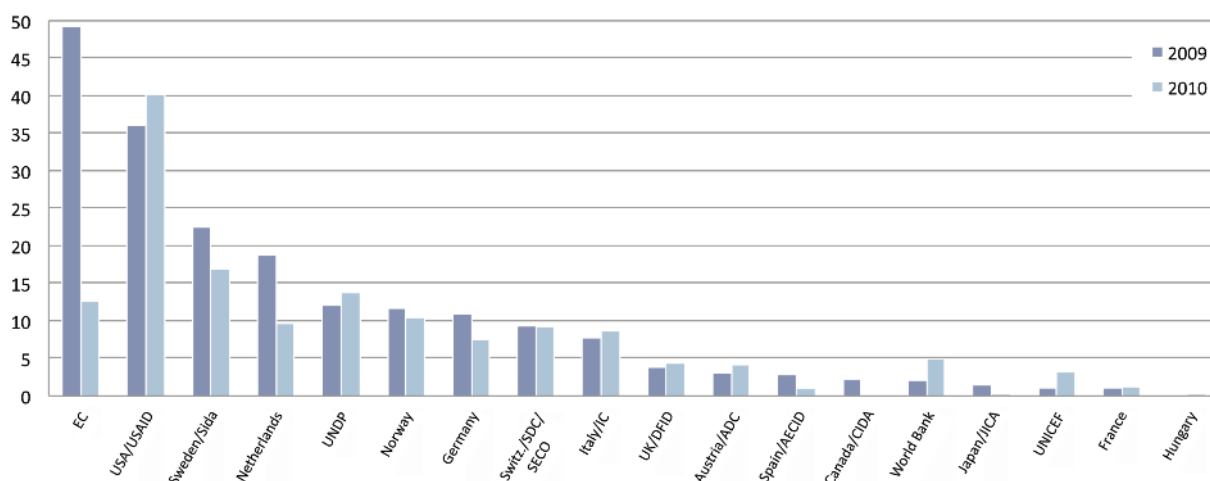
<sup>176</sup> Due to the adjustment of currency rates within the DCF database and changes in total ODA, figures for 2008 currently in the database are €761.65 million whereas last year's report published a total ODA 2008 of €765.77 million.

<sup>177</sup> The figures for 2010 do not give a full picture of total ODA since some of the DCF members were not able to provide total allocations for 2010.

<sup>178</sup> Including EC 2010 Pipeline in the amount of €73.51 million, yet to be contracted.

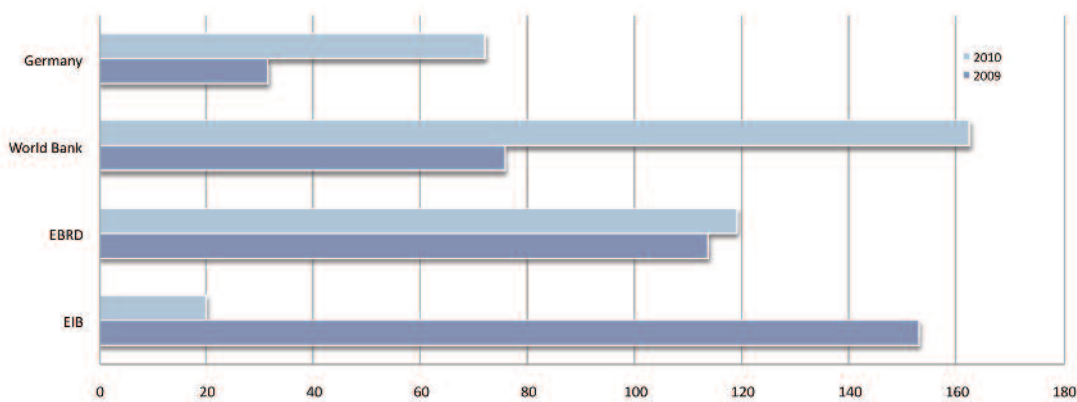
The chart below provides a ranking of grant-giving DCF agencies according to their allocations in 2009-2010. The EC, USA/USAID, Sweden/Sida, and the Netherlands provided the largest amount of grant aid in 2009 followed by UNDP, Norway, Germany, Italy/IC and Switzerland/SDC/SECO.

**Ranking of DCF Grant-Giving Agencies 2009-2010 (Euros millions)**



Canada/CIDA closed down its office in BiH in 2009 while Spain/AECID will cease its operations at the end of 2010 and UK/DFID and the Netherlands in 2011. These four agencies together contributed some 3.8% of total grant allocations in 2009. Austria/ADC is also preparing to phase out direct bilateral support by 2014.

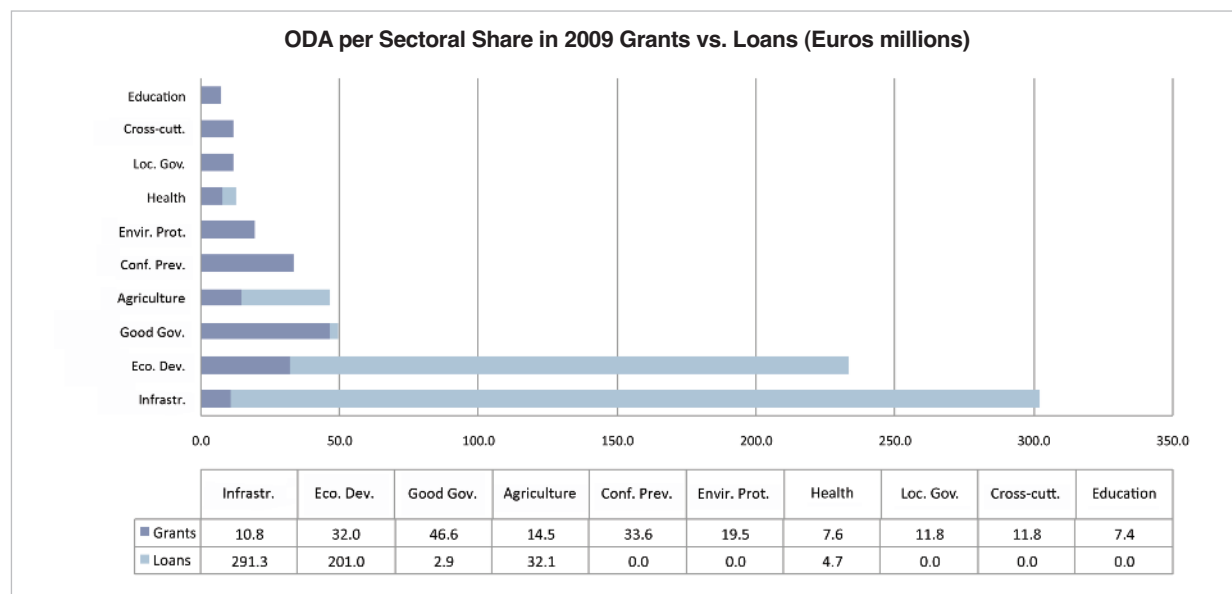
**New Credits and Credit Lines Signed in 2009-2010 between the BiH Governments, Legal Entities and DCF Members (Euros millions)**



The three largest international financial institutions, the EIB, EBRD and the World Bank, as well as bilateral donor, Germany, provided loans in 2009-2010. The loans were provided to the BiH and entity Governments as well as to legal entities including private enterprises, banks and micro-credit organisations. Loan allocations under approval are not included in this diagramme. EBRD credits and credit lines are provided for the Economic Development, Infrastructure and Agriculture and Forestry sectors. The EIB loans primarily support the Economic Development and Infrastructure sectors, while the World Bank loans are provided for the Economic Development, Infrastructure, Agriculture and Forestry, Health and Good Governance and Institution Building sectors. In the second part of 2010, EIB signed two additional loan contracts which amounted to €61.99 million which were not included in the above chart. Germany signed two loan commitments in 2009 and one in 2010 in support of the Infrastructure sector for improvements in the Water Supply and Sanitation and Energy Supply and Generation fields.

The following chart with sectoral allocations of donor/financial institutions assistance indicates that, in 2009 the two sectors which received the highest proportion of international support were Infrastructure and Economic Development and Social

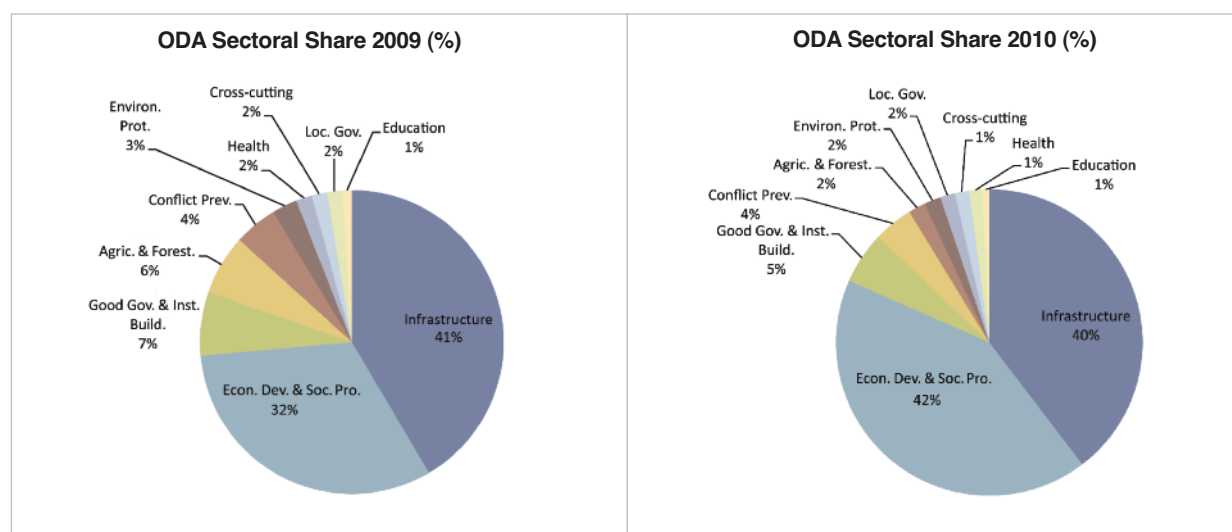
Protection. They were followed by Good Governance and Institution Building, and Agriculture and Forestry. It should be noted that 96% of the total development assistance to the Infrastructure sector, 86% of the assistance to the Economic Development and Social Protection sector and 69% of the assistance to the Agriculture and Forestry sector were delivered in the form of loans while 94% of the assistance to the Good Governance and Institution Building sector was delivered in the form of grants.



Figures for 2010 do not include EC 2010 Pipeline projects.

Sectoral ODA allocations varied. Compared to 2009, support to all sectors in 2010 to date has decreased. However, DCF members may allocate additional funds in the course of the year.

The following charts provide a ranking of the sectoral share of ODA in 2009 and 2010 expressed in percentages.



The highest percentage of ODA in 2009 was allocated to Infrastructure (41%) followed by Economic Development and Social Protection (32%), while the least funded sector was Education. The same trend was noticed in 2010 with the highest percentage of ODA allocated to Economic Development and Social protection (42%), followed by Infrastructure (40%) while the least funded sectors were Education and Health.

### Policy approach

The Austrian Development Cooperation (ADC) is Austria's international cooperation agency within the Federal Ministry of European and International Affairs (BMeiA; former Federal Ministry of European and International Affairs), responsible for coordination of development activities and cooperation with Eastern Europe, as well as humanitarian aid.

The aim of development cooperation is to promote sustainable development through reducing poverty, safeguarding peace and preserving the environment. The Austrian Development Agency (ADA) is the operative arm of ADC and manages the corresponding budget. ADC programmes are implemented by ADA in close cooperation with other international development organisations.

The programmes and projects implemented by the Austrian Development Agency are based on principles of ownership, integration into the socio-cultural context, consideration for the needs of children and people with disabilities, and gender equality. ADC is strongly committed to helping BiH harmonise and align itself to European Union institutions.

The Austrian Development Cooperation defined, in 2009, its Mid-term Programme for BiH for the period 2009-2014, which will be evaluated and updated by the end of 2010. The annual budget of the ADC country line will remain around €2.2 million and will be complemented by an additional €1 million from an NGO Co-financing Line, the Regional Cross-Border Programme and the Mine Action Programme.

### Key activities in 2009 and 2010

Austria/ADA allocated €3.04 million in 2009 and €4.02 million in 2010 to the following sectors: Education, Good Governance and Institution Building, Conflict Prevention, Economic Development and Social Protection, and Health.

**Austria/ADA Aid Flows per Sector 2009-2010**  
(Euros millions)



1) The main goal within the Education sector is contribution to improved employability through a reformed and modernised education system according to the needs of the labour market and in line with European standards.

Some expected results are an increased number of pupils/students who successfully complete diversified, reformed, practice oriented education programmes and are absorbed by the present and future labour market in a sustainable way.

In its support of the education sector ADC concentrates on Higher Education (including research) and vocational training. The long-standing cooperation with universities in Bosnia and Herzegovina will be continued for the period 2009-2014. One of the projects is DDS - Degree Development Structure, which supports the universities in the creation of Master and PhD Programmes. The "CDP" (Course Development Programme) is aimed at supporting course development at BiH universities, with regard to integration into the European Education Area.

At the institutional level, ADC is supporting the Ministry of Civil Affairs (MoCA) by strengthening the capacity of the Ministry of Civil Affairs for participation in EU RTD Programmes. This project aims to strengthen the capacity of the Ministry of Civil Affairs BiH, namely its Sector for Science and Culture, and, within it, the Department for Science and National Contact Point (NCP) system and further development.

Furthermore, the ADC supports implementation of structural reforms of Higher Education through a new project: Support to Establishment and Functioning of Agency for Development of Higher Education and Quality Assurance of Bosnia and Herzegovina. The project aims to achieve a functioning and efficient system for policy development in higher education and quality assurance.

2) Promotion of economic development and an increase of investment activity and employment are the main goals of the Economic Development sector.

The strong focus within Economic Development will be improving the employability of young people. The very high rate of youth unemployment is one of the most serious problems affecting the future development of the country as it de-motivates a whole generation and also contributes to the acute youth emigration. ADC has been aiding efforts to reduce youth unemployment in BiH by improving the employability of new entrants and unemployed youth into the labour market. ADC also collaborates with private and public sector labour market service providers and initiates dialogues about policy concerning youth.

A basic prerequisite for business activity is the existence of a functioning land register system. ADC together GTZ and Sida will further promote the Modernisation of the BiH Land Register and Cadastre System, which was developed more than 100 years ago on the Austrian model.

ADC is supporting the Directorate for Economic Planning of

BiH in the process of preparing the BiH Country Development Strategy and Social Inclusion Strategy 2008–2013.

In the scope of multilateral regional projects, ADC is engaged in a policy dialogue in order to strengthen the social dialogue at the state level (project in collaboration with ILO) to promote investment and international standards of foreign investment (OECD Investment Compact) and to promote accounting and financial reform (World Bank – REPARIS).

3) Strengthening of the common identity and state-level institutions is the aim of the ADC within the Good Governance and Institution Building sector.

Strengthening of the State is an indispensable prerequisite for long-term economic development and hence for political stability in the country. The full integration into EU structures desired by both the government and the people can be achieved only if the State of Bosnia and Herzegovina is strong.

Some expected medium-term results within the Governance sector are strengthened capacities of state institutions for efficiency, transparency and accountability as well as adopted EU standards within a strengthened and transparent legal system.

ADC is supporting the Registry of the State Court of BiH. The Registry provides administrative support services to Section I for War Crimes and Section II for Organised Crime, Economic Crime and Corruption of the Court of BiH and the Prosecutor's Office of BiH. The purpose of the support is to build the capacity required for the delivery of fair trials within the competences of war crimes and organised crime, economic crime and corruption cases under the BiH Criminal Code.

ADC is supporting the Gender Equality Agency in the Implementation of the Gender Action Plan of BiH (GAP). The Gender Action Plan is a 5-year strategy for gender mainstreaming in BiH, adopted by the Council of Ministers of BiH, aimed at contributing to an increased level of gender equality in BiH society.

4) In addition to the ADC-Country Programme, ADC finances a regional budget line for South-Eastern Europe.

Within this budget line numerous cooperation projects between Austrian and local NGOs have been financed. These projects are connected to the Health sector, supporting integration of disabled people into communities of BiH, improvement of the education of blind and sight defected children and youth, and implementation of best practices in pain management on a clinical and community-based level.

5) ADC will continue supporting Mine Action, demining activities, and Mine Victim Assistance (MVA) in BiH in alignment and harmonisation with the BiH Mine Action Strategy 2009 – 2019, channelled through the International Trust Fund in Slovenia.

## Medium and long-term approach

In 2009 the Austrian Development Cooperation defined its Mid-term Programme for BiH for the period 2009–2014, which will be evaluated and updated by the end of 2010.

The main goal of its mid-term programme is to aid the individual and social development of people in Bosnia and Herzegovina through the creation of harmonised socio-economic development of the country establishing a balance between economic growth, poverty reduction and EU-integration.

The ADC Programme for the period 2009–2014 will focus on the following sectors:

- Education: Higher Education (HE) and Vocational Educational Training
- Economic Development: Employment and improvement of economic framework conditions
- Governance: Strengthening of the common identity and state-level Institutions

The transversal theme Gender, a Cross-cutting issue, is of particular importance to Austrian cooperation in general and to the BiH Strategy in particular.

## Donor coordination efforts

ADC coordinates all its activities with other donors in Bosnia and Herzegovina and in line with the Paris Declaration (PD).

The project on Modernisation of the Land Registry System in BiH (LAP) has been co-financed and implemented in close collaboration with Sweden/Sida and Germany/GTZ.

The Youth Employment Project (YEP) is implemented with the Swiss Agency for Development and Cooperation/SDC.

Together with Sweden, UK, and Switzerland, ADC supports the BiH Gender Equality Agency (GEA) in the implementation of the BiH Gender Action Plan 2009–2014.

The project, Support the Registry of the Court and Prosecutor's Office in BiH, is based on the Joint Financing Arrangement between the Donor Group and the Registry. Furthermore, ADC is actively involved in various Donor Coordination Forums.

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Canadian  
International  
Development  
Agency

Agence  
canadienne de  
développement  
international

## Canada/Canadian International Development Agency (CIDA)

### Policy approach

Canada has provided assistance to BiH since 1993. Early programming by Canada/CIDA focused mainly on multilateral peace support operations, reconstruction, and humanitarian assistance. As peace was restored, Canada/CIDA's support evolved to focus on social and economic development.

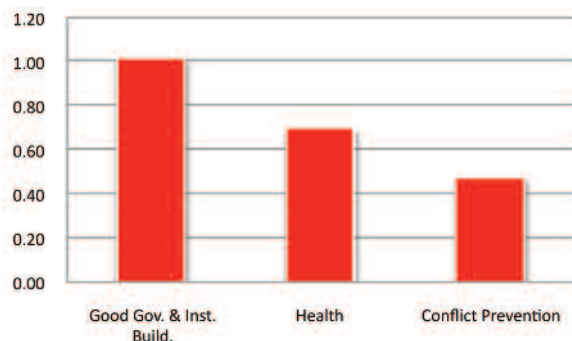
Canada/CIDA continued to provide assistance to support Bosnia and Herzegovina's efforts to maintain peace and security, and build a democratic and stable society, with the goal to contribute to developing responsive, accountable, and competent national government institutions that guarantee citizens' safety and create an enabling environment for social, political, and economic stability.

Through its programming, Canada/CIDA supported the work of partners, both Canadian and international organisations.

### Key activities in 2009

In 2009, Canada/CIDA allocated €2.18 million to the following sectors: Good Governance and Institution Building, Health and Conflict Prevention and Resolution, Peace and Security.

**Canada/CIDA Aid Flows per Sector 2009 (Euros millions)**



Canada/CIDA's programming focused on two sectors that are the key to the transition process: Health and Rule of Law with gender equality, youth, and conflict prevention themes.

The CIDA Balkans programme phased out by 2010 and no bilateral activities continued after this date.

In order to ensure sustainability after CIDA's exit from the region, each of the operational projects implemented in 2009 developed exit strategies to outline future activities that will contribute to the long-term sustainability of project results.

### Donor coordination efforts

CIDA has worked to ensure that its programming is in line with BiH's development plans and strategies and that it responds to local priorities and has strong local ownership. As a result, CIDA's programming was implemented in an iterative fashion, with annual work plans produced jointly between Canadian and local partners, and endorsed by mixed Canadian-Bosnian steering committees.

### Contact information

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## France

### Policy approach

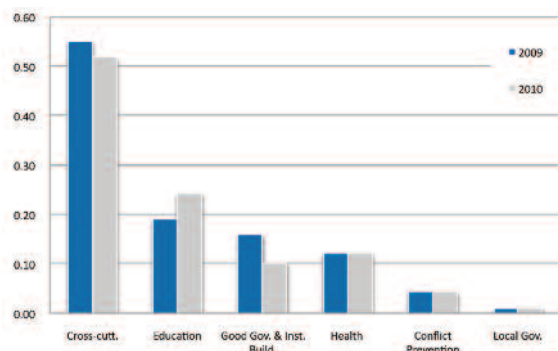
The French Embassy deals both with classical cooperation assistance (police, justice, administration, non-governmental organisations, exchanges between regions and cities in France and Bosnia and Herzegovina and traditional cultural activities (universities, French language teaching, cinema, theatre, dance, visual arts, and literature). The goals of the latter are to promote the French language and cultural diversity. Support to civil society focuses especially on empowering youth and women, by financing education initiatives and creating spaces where young people and women can meet and raise their voices (e.g. youth centres).

From a political standpoint, the French Embassy in BiH aims to strengthen the central state. The Embassy does this by promoting the rule of law, supporting institution building and providing education to civil servants, judges and police officers. France's priority sectors in BiH are: Justice, Education, Culture, Youth, Health and decentralised cooperation.

### Key activities in 2009 and 2010

France allocated €1.07 million in 2009 and €1.04 million in 2010 to the following sectors: Cross-cutting, Education, Good Governance and Institution Building, Health, Conflict Prevention and Resolution, Peace and Security and Local Governance.

**France Aid Flows per Sector 2009-2010 (Euros millions)**



The focus of French assistance since 2008 has been cultural cooperation. In that sense, the largest funded project financed is the Cooperation for Cultural Activities that provides subsidies for the autonomous Cultural Centre André Malraux (Sarajevo), for the French cultural centre's network (Tuzla, Mostar, Banja Luka), for the salary of a cultural expert (vice-director of Centre André Malraux), and for support of BiH festivals and cultural events.

In addition to this, in cross-cutting sectors, France is funding two other projects: Cooperation for Professionalisation and

capacity building of Youth and the Return and Reintegration Programme for helping integration of returnees.

The second largest project that France has been supporting since 2008 is Cooperation for French Language in the new educational system in primary and secondary schools that provides subsidies for school and bilingual programmes, for support of French classes and for education reform in a multilingual approach, salary of an expert teacher of French in Sarajevo high schools and for a teacher in charge of the bilingual programme at the high school of Mostar. France is also investing in education through Education Cooperation for Universities and Research Issues project.

In the Local Governance sector, France is supporting the building of a decentralised cooperation network of municipalities involved in partnerships with French municipalities.

One of the sectors in focus is also Good Governance and Institution Building, which is supported through the Cooperation for Judicial and Prosecutorial Affairs project aimed to support the coordination group by providing expertise and training to help members to implement the Strategy Against Juvenile Offending for BiH. The training component aims to educate judges and prosecutors and to anticipate the creation of a real specialisation.

France also supports the implementation of Cooperation for Reinforcing Civil Security Capacities (policeman and fireman) project and a medical cooperation project.

### Medium and long-term approach

France is presently working on a 3 year project and budget (2011-2013) based on the same rate of funds.

The future focus might shift to the sectors where the expertise of France is recognised and expected because of previous outcomes, such as in medicine, police and justice, education (in French but also professional training), and culture.

### Donor coordination efforts

France is participating in the DCF and also the coordination organised by the DEU but is not a part of any sector working group so far.

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## Germany

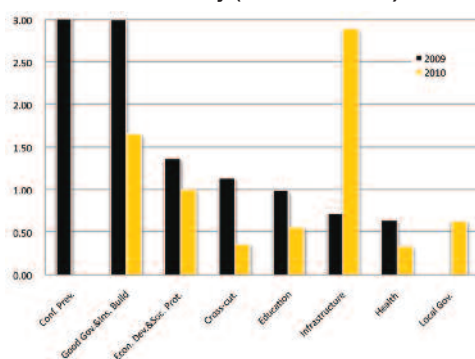
### Policy approach

Germany is committed to assist BiH in developing into a functioning market economy, in aligning its legal system with the European Union acquis and in overcoming the consequences of the war. For this end, the German Government has mandated several implementing agencies to conduct its development assistance in BiH, of which the most prominent are KfW Entwicklungsbank (Development Bank) and Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ). Projects are also implemented through integrated experts, twinning projects, political foundations and other German institutions represented in BiH. The Embassy coordinates these efforts and implements directly the funds from the Stability Pact for South Eastern Europe.

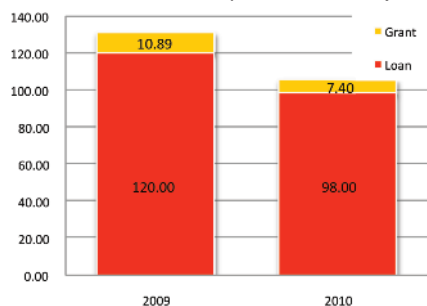
### Key activities in 2009 and 2010

Germany allocated € 130.89 million in 2009 and € 105.40 million in the first months of 2010 (ongoing projects not yet included) to the following sectors: Conflict Prevention and Resolution, Peace and Security, Good Governance and Institution Building, Economic Development and Social Protection, Cross-cutting, Education, Infrastructure, Health and Local Governance.

**Germany Aid Flows per Sector 2009-2010  
Grants Only (Euros millions)**



**Germany - Comparison of Loans and Grants  
2009-2010 (Euros millions)**



Assistance in 2009 amounted to € 120 million in loans and € 10.89 million in grants.

In the first months of 2010, loans amounted to € 98 million whereas the grant allocation totals € 7.40 million. These figures include projects proposed by the German Federal Government, which had not yet been formally accepted by BiH authorities at the time of printing this Donor Mapping Report. Ongoing projects of the fiscal year 2010 are not yet included in these figures.

KfW Entwicklungsbank (the German Development Bank) is part of the KfW Bankengruppe and promotes economies in transition and developing countries. On behalf of the German government KfW provides long-term capital for investments in Infrastructure, financial systems and Environmental Protection.

KfW's financial cooperation activities are based on agreements between the German Government and the Council of Ministers as well as on the stipulations of the Federal Ministry for Economic Cooperation and Development (BMZ). On that basis KfW is focusing its activities in BiH on municipal water and waste water programmes, on activities for better use of renewable energy sources and improvement of energy efficiency and the further strengthening of the financial sector.

In the framework of its water and waste water activities KfW is currently supporting five municipalities. Cooperation with further municipalities is being prepared. KfW is focusing on rehabilitation of water supply systems for improving water quality and for reducing losses. Extension of sewage systems is financed for protecting drinking water sources. In Bihać the first waste water treatment plant will be financed. Each programme is supplemented by activities for improving the management and financial aspects of water utilities. It aims at providing an affordable, reliable water supply for the population.

In the energy sector the very first programmes were focused on the rehabilitation of older hydropower plants. This engagement is expanding towards financing new generation facilities based on water and wind. The first wind farm in BiH will be financed with German financial cooperation funds in Mesihonvina. Furthermore the implementation of a new management system at the distribution level (SCADA) for the support of power quality and for the optimisation of power management is currently under preparation.

KfW has supported the consolidation of the financial sector since 1998 with refinancing lines and credit guarantees. Support to the establishment of the Deposit Insurance Agency (DIA) as well as the promotion of the European Fund for South East Europe were other core activities. KfW will

continue with the German support of the sector and will especially focus on further consolidation of the micro finance sector, and provision of refinancing lines for SMEs and energy efficiency via the banking sector.

As an international cooperation enterprise for sustainable development with worldwide operations, the federally owned Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH supports the German government in achieving its development-policy objectives. It provides viable, forward-looking solutions for political, economic, ecological and social development in a globalised world. GTZ promotes complex reforms and change processes. Its corporate objective is to improve people's living conditions on a sustainable basis.

Since 1992 GTZ has been supporting countries in South-Eastern Europe in developing a competitive market economy on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ). These countries receive targeted assistance in implementing reforms that serve European integration.

The German Development Cooperation serves to rebuild the country's economy, focusing on the following areas: economic reform (Local and Regional Economy Support, Vocational Education and Training, Land Administration), democracy/civil society (Development and Support of Structures in the Youth Sector, Support of the Sexual and Reproductive Health and HIV Prevention Among Youth, Development of Youth Tourism, Open Regional Fund for South-East Europe), legal reform, foreign trade promotion, energy efficiency, and modernisation of municipal services.

In these fields GTZ manages programmes and projects across the geographical and ethnic divide, thereby making a significant development contribution to stability in the region. GTZ thoroughly assesses the overall impact of the programme and project measures in development.

### Medium and long-term approach

The long-term goal of German assistance is BiH's European integration and its independence of further development cooperation funds. To support BiH on that track Germany will continue its successful support in the outlined focal areas.

Further growth of cooperation is expected especially in activities concerning energy efficiency improvements and use of renewable sources of energy, economic reform, foreign trade, legal reform and the Education sector.

With regard to financial cooperation KfW will especially extend its presence as a leading bilateral promotional bank in municipal infrastructure and renewable energy. Co-financing with other donors shall be extended to increase leverage and allow financing of even larger projects.

### Donor coordination efforts

Germany is actively participating in the Donor Coordination Forum. Bilateral activities are coordinated and linked with activities of other donors.

KfW is combining bilateral projects with various EU-programmes (e.g. IPA and IPF MW). In the financial sector KfW has initiated the European Fund for South East Europe (EFSE) as a joint donor vehicle for the overall region. This fund allows pooling of funds and provides an additional platform for donor coordination in the sector. In addition KfW manages the European Funds for BiH and offers donors a supplementary vehicle for supporting specific purposes within the financial sector. Partners are, for example, the Danish government and the Swedish government.

Since 2003, GTZ has implemented the Land Administration project in combining funding from Germany, Sweden and Austria, and supporting actively coordination with other donors like the World Bank and the European Union. With the Open Regional Fund (ORF) GTZ supports regional cooperation in South-East Europe toward their EU approach. With the regional support of legal reform, foreign trade, energy efficiency and modernisation of municipal services GTZ helps to connect the countries of South-East Europe in their common search for the best solutions.

### Contact information

#### Embassy of the Federal Republic of Germany in Bosnia and Herzegovina

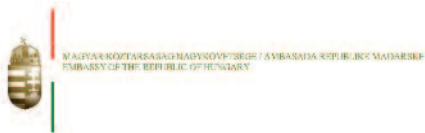
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## Hungary

### Policy approach

Bosnia-Herzegovina is among the priority countries for Hungarian National Development activities. The Government of Hungary has adopted a country development strategy for BiH, which covers the period 2008-2010. The aims of our development strategy are:

- To strengthen the institutional background of the BiH state in order to help the creation of a functioning, sustainable, democratic state and thus strengthen the rule of law.
- To help the development of the market economy in BiH.
- To help the development of a civil society based on the principles of (ethnic and religious) non-discrimination, equality and human rights.
- To eradicate poverty in BiH.
- To help sustainable development that is key for the political-economic stability of BiH.
- To help BiH's Euro-Atlantic integration process.

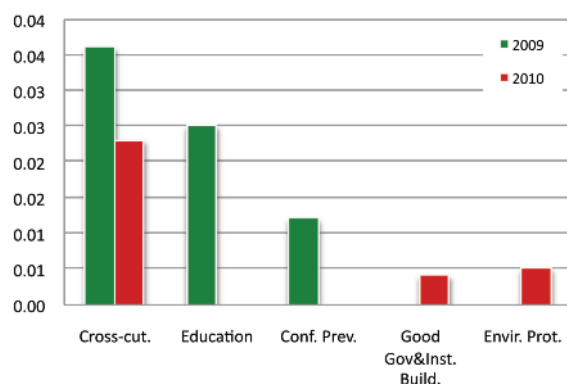
In 2010 we would like to add a new element to our development priorities. We are considering supporting new projects in the field of environment.

A key element of our approach is to use the specific experience gained during Hungary's democratic transition (i.e. to market economy, to a democratic functioning state) and our Euro-Atlantic integration (i.e. EU-integration, NATO-integration, regional cooperation) processes.

### Key activities in 2009 and 2010

Hungary allocated €0.07 million in 2009 and €0.03 million in 2010 to the following sectors: Cross-cutting, Education, Conflict Prevention and Resolution, Peace and Security, Good Governance and Institution Building, and Environmental Protection.

### Hungary Aid Flows per Sector 2009-2010 (Euros millions)



### Sector I. – Education

In the Education sector Hungary supported the initiative of OSCE to promote uniform history education within the country. The objective was to help eliminate education according to ethnic lines. In the Education sector Hungary would like to focus on primary and secondary education and support initiatives that eliminate ethnic divisions in schools.

### Sector II. - Good Governance

In the sector of good governance Hungary has two main development objectives:

1. To transfer know-how from state to state in order to develop the democratic functioning of the state and the rule of law.
2. To strengthen civil society in its activities and capacities:
  - a. To promote EU-integration, disseminate information about the EU.
  - b. To promote cultural and ethnic tolerance.
  - c. To involve youth in working towards a better future for BiH.

In line with the abovementioned aims Hungary supported projects that helped youth civil organisations in the country to build their capacities.

### Sector III. – Conflict Prevention

In the sector of conflict prevention Hungary focuses on the mine survey and mine awareness raising activities. Posavina Bez Mina, a reliable NGO, is a partner in these activities. Though Hungary would rather not focus the majority of its development activities in this field, the aim of the project, which is to save lives, is of crucial importance to BiH. Mine clearance is hard work that requires significant investment and every contribution lowers the risk of mine casualties.

### Sector IV. – Environmental Protection

In the Environmental Protection sector Hungary would like to focus on local activities, i.e. efforts of small communities or municipalities to create a sustainable local environment. Hungary would also like to open the door to the environmental investments of Hungarian companies.

### Sector V. - Cross-cutting

The focus in Cross-cutting sector projects is to support youth in Bosnia and Herzegovina. Projects supported by Hungary are related to tolerance (sensitive communities), the role of youth in EU-integration and extending the possibilities of youth in BiH.

### Medium and long-term approach

Hungary expects its role in the medium-term, as an EU member state, to be helping BiH to a successful Euro-Atlantic integration. As a neighbour Hungary's interest is the



stabilisation and the democratic functioning of BiH and the Western Balkan region, therefore Hungary would like to devote its focus to Euro-Atlantic integration. Hungary plans to support bilateral projects where Hungarian experts transfer their knowledge to BiH politicians, civil servants, civil society, and university students who are key players for the future of the country.

Hungary would like to support initiatives that:

- Strengthen the capacities of state institutions for a successful Euro-Atlantic integration.
- Strengthen civil society and its activities that encourage people, especially youth and educated people, to work for the future of BiH.
- Include the experience that Hungary gained during its democratic transition and Euro-Atlantic integration.
- Contribute to the education of youth.
- Guarantee sufficient visibility to Hungary as a bilateral donor.

Hungary will further support activities that reduce mine risk in BiH, since Hungary regards it as a very particular problem which directly affects human lives.

### Donor coordination efforts

Hungary participates in the sector working group that functions as a sub-group of DCF, although meetings are infrequent. It is the sector of planning of country development and social inclusion. Hungary attended a donor coordination meeting of V4 countries and Sweden to discuss possibilities for cooperation. Hungary also attends regular EU Member States' meetings on IPA coordination.

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## Italy/The Italian Development Cooperation (IC)

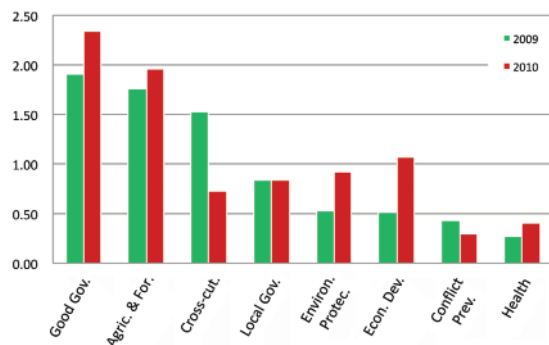
### Policy approach

The Italian Cooperation focuses on supporting sustainable development (especially in the rural sector), institution-building and the protection of the most vulnerable social categories, through numerous initiatives in the economic and social fields. The type of activities that have been carried out until today, confirm the commitment towards the consolidation of democratic processes and, indirectly, towards the protection of human rights, democracy, rule of law, good governance and the promotion of a culture of peace based on multi-ethnic cohabitation. Such projects are financed through both bilateral and multi-lateral channels, with the participation of Italian NGOs and decentralised cooperation (regions, provinces and other local institutions).

### Key activities in 2009 and 2010

Italy/IC allocated €7.78 million in 2009 and €8.57 million in 2010 to the following sectors: Good Governance and Institution Building, Agriculture and Forestry, Cross-cutting, Local Governance, Environmental Protection, Economic Development and Social Protection, Conflict Prevention and Health.

Italy/IC Aid Flows per Sector 2009-2010 (Euros millions)



The funds allocated for the Italian Cooperation initiatives in BiH are divided into four main sectors: i) rural development and tourism; ii) minors; iii) government/civil society; iv) the development of local institutions.

### Rural development and tourism

The ongoing activities in the Agricultural and Forestry sector aim at promoting the diffusion of sustainable agricultural systems, such as organic farming, in order to reduce the environmental impact of BiH agricultural production and to develop the capacities of the food and farming production chain. Particularly relevant, is the support to the cooperative system, the accessibility of the market, credit lines for farmers and the strengthening of local administrations' capacities in the fields of strategic planning and protection of the territory.

### Minors

The support to programmes focusing on human rights promotion and protection, especially minors at risk and in conditions of vulnerability, represents one of the priorities of the Italian Cooperation in Bosnia and Herzegovina. Italian Cooperation is directly managing two important projects in this sector: Strengthening of Juvenile Justice and Support to Minors at Risk and in Conditions of Vulnerability. The first project supports BiH institutions in the application process for the National Strategy Against Juvenile Delinquency through assistance, training, research and awareness. The second project focuses on minors at risk and in conditions of particular vulnerability and includes trainings on the promotion of mental health and social inclusion of disabled people through sport and cultural activities.

### Government and civil society

The improvement of professional capacities of public administrators and social operators cross-cuts through almost all development activities through training, education and the raising of awareness. Among the ongoing activities, the following ones are particularly relevant: assistance/training to improve the accessibility and quality of mental health services; a post-graduate regional level Master's Degree in Democracy and Human Rights; support to the administrations' good governance at the regional level and the beginning of collaboration in the field of civil protection. The Italian Cooperation also finances a project, in Srebrenica, that considers communication as a tool for social and cultural development and promotes inter-ethnic integration and intercultural dialogue between young generations in order to build a new Bosnian society based on respect for diversity.

### Development of local institutions

With a comprehensive budget of over €20 million, the Italian Cooperation supports two decentralised cooperation programmes that involve various Balkan countries to strengthen the management capacities of institutions and to stimulate development at the local level: FPA Balkans and SEENET, Phase II. The budget for the activities in Bosnia and Herzegovina amounts to about €5.5 million. The Italian regions that have shown the greatest commitment towards the implementation of these two projects are Toscana, Piemonte, Puglia and Sicilia.

### Other

Among the 6 remaining ongoing initiatives that do not fall within the four main sectors, the one regarding humanitarian demining operations, assigned to the Italian NGO, Intersos, is particularly significant. For several years, IC's support to mine clearance activities, coordinated by the BiHMAC, is fundamental for agricultural, industrial and touristic development of wide areas that were mined during the last conflict. The overall budget since 2005 amounts to over €2 million.

### Medium and long-term approach

As far as future perspectives are concerned, the Italian Cooperation intends to continue operating in the four abovementioned sectors and aims at strengthening its support in two more fields: support to SMEs and assistance for IPA funds.

As for the support to SMEs, the recent recognition of BiH's part of the former Yugoslavia's debt has created the conditions for the IC to allocate soft loans to BiH. The support to SMEs, with a €15 million credit line, would be in line with the Italian priority to enhance the economic growth and the entrepreneurial capacity in the area.

Within the framework of EU integration, the Italian Cooperation Office in Sarajevo will continue to actively participate in Member States Coordination Meetings and enhance its assistance to Italian and Bosnian actors willing to apply to IPA tenders, Twinning in particular, providing them with information and facilitating the relationships with Bosnian institutional counterparts.

### Donor coordination efforts

The Italian Cooperation was a part of the following coordination efforts:

- EU Member States Coordination Meetings (EC Delegation),
- Donor Coordination for the support to the Court and the PO of BiH;
- International meeting on the EU Sector-Wide Approach in South East Europe.

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## Japan/Japan International Cooperation Agency (JICA)

### Policy approach

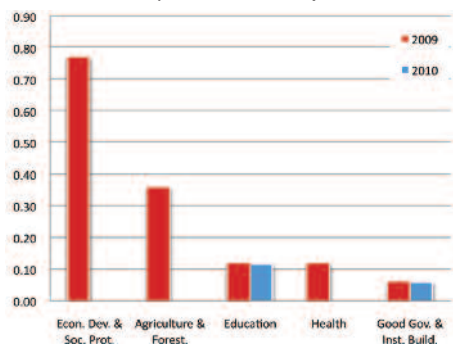
Japan will support ethnic reconciliation and provide assistance to refugees, returnees and landmine victims towards the peace consolidation, making use of its neutral position. Also, Japan tries to make projects related to more than one ethnic group so that the assistance contributes to peace consolidation.

Since the area of policy-making and legislation has improved in accordance with the EU *acquis communautaire*, assistance in this sector can be efficient if it is implemented by European donors including EU member countries. Japan, therefore, will concentrate on other sectors where Japan has advantages: promoting small and medium private enterprise development and environmental protection.

### Key activities in 2009 and 2010

Japan/JICA allocated € 1.43 million in 2009 and € 0.18 million in 2010 to the following sectors: Economic Development and Social Protection, Agriculture and Forestry, Education, Health and Good Governance and Institution Building.

**Japan/JICA Aid Flows per Sector 2009-2010**  
(Euros millions)



#### Education

The Peace Consolidation Programme implements technical cooperation projects to expand reconciliation from the entity to state level among the peoples in order to establish a common agenda through projects targeting more than one ethnic group. In this programme, Japan has assisted Bosnia and Herzegovina in modernising informatics curricula through a grant aid programme and a technical cooperation project. The Informatics Curricula Modernisation in Bosnia and Herzegovina, Phase II is scheduled to start during FY2010.

#### Health

Regarding the land mine issue, which is a lingering negative factor for peace consolidation, the Programme supports clearance activities through the Grassroots Human Security Grant Aid.

### Economic Development and Social Protection

The Environmental Protection Programme focuses on policy advice and/or capacity development in the areas where Japan has high expertise and rich experience, such as global climate change, anti-pollution, energy conservation technology, recycle and reuse, etc. The Flue Gas Desulphurization Construction Project for Ugljevik Thermal Power Plant is scheduled to start during FY2010.

It is necessary to foster SMEs and tourism, the main actors in the national economy, in order to promote a market-oriented economy and private sector development. The Private Sector Development Programme supports efforts in human resource development and the creation of a policy implementation system, in order to promote establishing strategies for SMEs and tourism by both the central government and each entity.

### Good Governance and Institution Building

Under the UNDP Trust Fund, Japan has assisted Bosnia and Herzegovina in building capacities of state-level prosecutors' offices and courts to process war crimes cases.

### Agriculture and Forestry

The Peace Consolidation Programme also includes a technical cooperation project in the field of agriculture. The Project for Confidence-Building in Srebrenica on Agricultural and Rural Enterprise Development (SACRED) has been implemented in order to expand reconciliation from the entity to state level among the peoples.

### Medium and long-term approach

As of 2007, Bosnia and Herzegovina's GNI per capita was USD 3,580 (source: World Bank); therefore, grant aid programmes in Bosnia and Herzegovina are limited to certain areas e.g. environment and disaster prevention.

Since Bosnia and Herzegovina is categorised as an upper-middle income country (GNI per capita in 2008 exceeds USD 3,856), ODA loans will be limited to the following four areas: environment, human resources development, disaster prevention, and correction of disparities.

### Donor coordination efforts

Apart from the Donor Coordination Forum, Japan International Cooperation Agency Sarajevo Office is a part of the sector working groups organised by the ITS and OSCE.

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## The Embassy of the Kingdom of the Netherlands

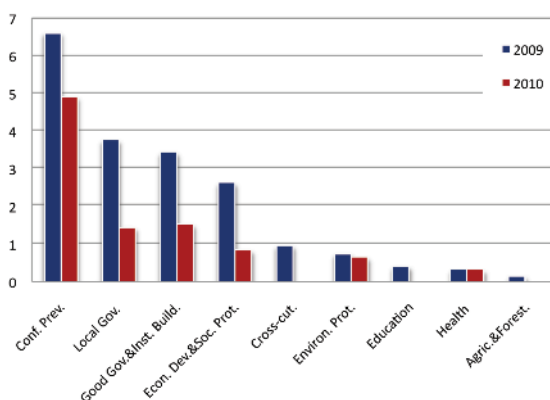
### Policy approach

Bosnia and Herzegovina (BiH) is one of the 36 partner countries worldwide that the Netherlands has a substantive bilateral development cooperation programme with. After having focussed predominately on the facilitating of minority return and creating stability in the aftermath of the war, the programme is currently shifting, increasingly concentrating on the creation of sustainable, transparent and accountable governance structures, in line with criteria prescribed by the EU accession process and concentrating on the development of a business climate inclusive of private sector development and foreign direct investment. In the coming years the bilateral development assistance for Bosnia and Herzegovina will gradually be phased-out and transformed from a more traditional development relationship into a relationship geared towards EU accession. This new relationship comes with its own instruments, like the programme for societal transformation (MATRA), for which Bosnia and Herzegovina qualifies since January 2008.

### Key activities in 2009 and 2010

In 2009, the Netherlands allocated of €18.70 million and in 2010 an amount of €9.49 million to the following sectors: Conflict Prevention, Local Governance, Good Governance and Institution Building, Economic Development and Social Protection, Cross-cutting, Environment Protection, Education, Health, and Agriculture and Forestry.

**The Netherlands Aid Flows per Sector 2009-2010**  
(Euros millions)



In 2010 the Netherlands Embassy's allocations support post conflict projects (approximately €5 million) - the Good Governance sector (€2.5 million) and private sector development (€1.9 million). In addition, the human rights fund in 2010 amounts to €0.7 million and MATRA amounts to €0.183 million.

**Activities in good governance/local government:** financing of GAP and PAR, CCI.

**Activities in private sector development/agriculture:** enforcing value chains in agriculture (implemented by UNDP) and support of REZ (Central BiH).

**Activities in conflict prevention/post conflict:** financing ICMP, several projects and programmes in the Srebrenica area to help improve the social and economic situation.

Social housing project (implemented by the NGO CRS) beneficiaries from collective centres who cannot return.

Develop models for social housing, regulatory framework and pilots (Fojnica, Potočari, Drvar, Goražde and Foča).

### Medium and long-term approach

The Netherlands development aid programme will end after 2011 except for a post conflict programme in the Srebrenica area (€5 million/year). Some smaller programmes, managed from headquarters will continue, such as the Human Rights Facility (approximately €700,000/year), the programme for social transformation (MATRA, approximately €0.2 million/year) and a programme to support PFM of countries within the Dutch constituency of WB/IMF.

### Donor coordination efforts

The Netherlands has good cooperation with the other donors active in the sectors of common interest. Particularly good coordination is with the agencies that co-fund the projects with the Netherlands, such as GAP, PAR, Judiciary, and SPDP.

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## The Royal Norwegian Ministry of Foreign Affairs

### Policy approach

Much of Norwegian development cooperation internationally involves long-term assistance in the form of grants. Norwegian long-term development cooperation in general emphasises both bilateral assistance, channelled directly to the governments of partner countries, and multilateral assistance, which is channelled through the UN system and development banks. Norway also provides significant assistance through international, local and Norwegian non-governmental organisations.

Norwegian development cooperation with BiH has evolved throughout the years in accordance with the changing needs in the country from a focus on humanitarian assistance, reconstruction and development of infrastructure to the current concentration on supporting reforms and processes to promote stability and bring BiH closer to the Euro-Atlantic structures. This involves support to institution building (state parliament, judicial institutions, security sector, police, local government) and judicial reform.

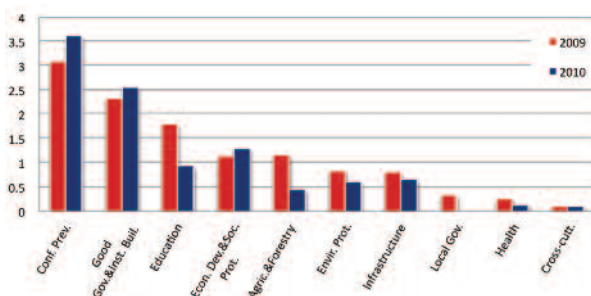
When it comes to institutional development, Norway's largest contribution in recent years is to the judiciary, where it has, over the course of several years, provided considerable support to the High Judicial and Prosecutorial Council, the BiH State Court and the reconstruction of local courts. Norway will continue to give high priority to the judiciary, as well as to other parts of the justice and security sector (police, intelligence and defence) and to parliamentary cooperation. Private sector development, with a particular focus on agriculture and ICT, is a second pillar of Norwegian assistance in BiH. Norway provides significant support to a range of important initiatives involving women, children, youth and education, peace and reconciliation – including efforts to deal with the past and to promote interethnic dialogue and cooperation – and to the social sector and the environment. Furthermore, substantial assistance is given to demining on a case by case basis and depending on available funds.

In 2010 €100 million is allocated in NOK, while to date NOK has committed €70 million.

### Key activities in 2009 and 2010

Norway allocated €11.68 million in 2009 and €10.22 million in 2010 to the following sectors: Conflict Prevention, Good Governance and Institution Building, Education, Economic Development and Social Protection, Agriculture and Forestry, Environment Protection, Infrastructure, Local Governance, Health, and Cross-cutting.

Norway Aid Flows per Sector 2009-2010 (Euros millions)



### Medium and long-term approach

The Norwegian Government transitional assistance to Bosnia and Herzegovina has shifted over time in accordance with the changing needs in the country. In the medium and long term Norway is expecting stability and supporting reforms and processes which will bring BiH closer to the Euro-Atlantic integration. The main sectors to support are expected to be: Good Governance, Education, Judicial Reform, Peace and Reconciliation and Economic Development.

### Donor coordination efforts

Norway is participating in several donor coordination meetings such as for justice sector reform.

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## Spain/Spanish Agency for International Development Cooperation (AECID)

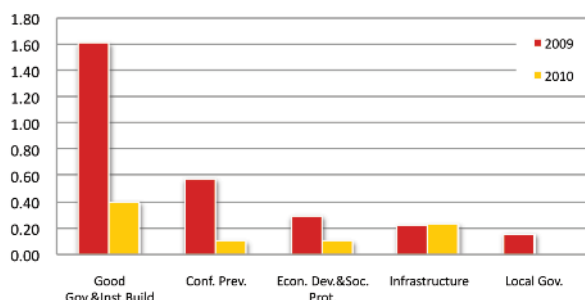
### Policy approach

The global strategic objective of the Spanish Cooperation in Bosnia and Herzegovina (BiH) is to support and accompany the country in its advance towards the European Union with the political, economic and social transformations that it involves, as well as in the consolidation of peace in the country. In this context the activities of the Spanish Cooperation correspond to the following Sector Strategic Goals: Enhancement of Social and Institutional Capacities (Democratic Governance), Increase of Economic Capacities, Conflict Prevention and Peace-building.

### Key activities in 2009 and 2010

In 2009, Spain/AECID's total allocation was €2.86 million, while in 2010 Spain/AECID's commitment is €0.83 million to the following key sectors:

**Spain/AECID Aid Flows per Sector 2009-2010**  
(Euros millions)



1. Enhancement of Social and Institutional Capacities (Democratic Governance) through the necessary strengthening of civil society organisations, the support to the reforms of judicial and police structures which guarantee the Rule of Law, as well as the necessary reform of Public Administration, including the strengthening of local bodies and all central institutions with direct or indirect responsibility in the process of European integration.

Regarding Spain/AECID's first strategic goal, in the area of civil society, it is important to highlight the work being carried out by the Spanish NGO, ISCOD, which is implementing a programme to support institutions of social dialogue focusing on trade unions. In this area is also worth mentioning the project of Support to the Enhancement of BiH Prosecutor's Association, which has been implemented with the remarkable leadership of the local association.

In regards to the rule of law, it is important to highlight the cooperation with the State Justice institutions, and the continuous support given to the Registry for the Section I for War Crimes and Section II for Organised Crime, Economic Crime and Corruption of the Court of Bosnia Herzegovina and the Special Departments for War Crimes and Organised Crime of the Prosecutor's Office of Bosnia Herzegovina. Also, on the field of legal aid, Spain/AECID is continuing its support to a programme implemented by the Spanish NGO Movement for Peace (MPDL) that facilitates legal aid and training to vulnerable populations, with a special focus on those affected by the privatisation process. Finally, strong support has been given to the strengthening of local capacities to implement the Justice Sector Reform Strategy. Spain/AECID has also been working to support police forces in order to strengthen their capacities to fight the most complex forms of crime. Spain/AECID also supports initiatives in the sector of Public Administration Reform, concretely, with a project aimed to support the Civil Service Agency of BiH in the promotion of the eGovernment in public institutions. Another area of substantial work has been undertaken in 2009 in order to support local administrations and strengthen their capacities for implementing European funds in the future. Following the European Integration process, Spain is currently giving direct support to the Directorate of European Integration in order to enhance its capacities for managing European funds and aid. Moreover, Spain/AECID funds projects that assist different line Ministries or public institutions in their adaptation to the European directives in the fields of renewable energy and water management (Infrastructure sector).

2. Increase of Economic Capacities, through support to micro and small enterprises, strengthening of institutional capacities, and support to decentralized public service which helps create businesses.

Spain/AECID continues collaborating with the Sarajevo Economic Region Development Agency (SERDA) and the Regional Economic Development Agency of Herzegovina (REDAH). In 2009, REDAH continued the implementation of the project to consolidate the Centre for Agricultural and Rural Development of Herzegovina. Spain/AECID also finances projects to boost the SME Sector and to create business zones in Herzegovina, as well as to improve the capacities of the touristic sector in the Mostar area.

3. Conflict Prevention and Peace-building, by focusing the attention and available resources on development and human safety, support to transitional justice actions, support to war crime victims and witnesses, and to peace-making civil actions. Collaboration with local NGOS continued, through initiatives aimed at supporting the

victims and witnesses of war crimes that testify at the State Court of BiH. Collaboration was implemented by the Centre for Torture Victims, Sarajevo. The promotion of dialogue and participation of Civil Society as a tool for conflict prevention and reconciliation in BiH is enacted by Žene ženama. Also, it is remarkable, ongoing support is currently being given to the International Commission for Missing Persons.

Spain/AECID is also involved in sustained action for processing of War Crimes Cases in local courts of BiH, as well as in the reduction of small arms and light weapons. These projects are implemented by UNDP.

Finally, three Spanish NGOs have been running projects that fall under this priority sector. The NGO, MZC, has implemented a project aimed to promote Implementation of 1325 UN Resolution in the Balkans. The Spanish Red Cross has executed a peace building project through actions with children and youth. Finally, the NGO, RESCATE, implements a Conflict Prevention project through the protection of vulnerable groups, with special focus on the disabled.

### Medium and long-term approach

In the Master Plan for the Spanish Cooperation 2009-2012, BiH is not included as a priority country. This fact implies a progressive and planned reduction of the funds during the upcoming years.

### Donor coordination efforts

AECID has been actively participating in all existing coordination initiatives in justice and police reform sectors: regular coordination meetings, convened by the registry; regular donor update meetings convened by the Sector for Strategy Planning, Aid Coordination and European Integration in the Ministry of Justice of BiH; and donor coordination meetings convened by EUPM regarding police issues. Also, it participates in the Donor Coordination Forum, as well as in the EU member countries aid meetings. In other fields, such as agriculture or water management, Spain/AECID takes part in any initiative of coordination that takes place.

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## Sweden/Swedish International Development Cooperation Agency (Sida)

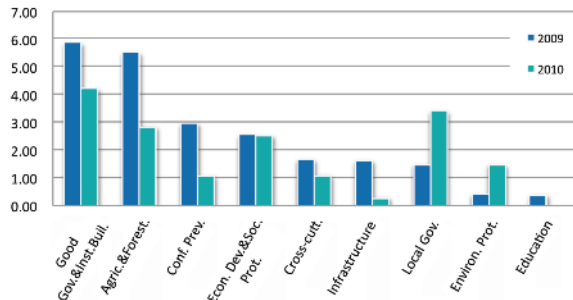
### Policy approach

The Swedish Development Cooperation Strategy for BiH 2006-2010 has two priority themes: Good Governance, including Local Governance, and Economic Development, including Agriculture. In addition, support is given to Civil Society, Gender, and Minorities – Cross-cutting issues. An emerging new sector is Environment, municipal infrastructure and Environmental protection. In the absence of a comprehensive national development strategy, the Swedish development cooperation has been guided by the SAA and the European Partnership documents.

### Key activities in 2009 and 2010

Sweden/Sida allocated over €22.37 million in 2009 and over €16.87 million in 2010 to the following sectors: Good Governance and Institution Building, Agriculture and Forestry, Conflict Prevention, Economic Development and Social Protection, Cross-cutting, Infrastructure, Local Governance, Environment Protection and Education.

**Sweden/Sida Aid Flows per Sector 2009-2010**  
(Euros millions)



#### Good governance and local governance:

The Swedish 2006-2010 strategy focuses on support to the development of an efficient, transparent and democratic public administration and judicial system. These sectors amount to 44% of the expected disbursements during 2010.

On the basis of joint financing arrangements, Sida provides assistance to the Transition Strategy of the Registry of the Court of BiH and the Prosecutor's Office of BiH as well as to the High Judicial and Prosecutorial Council (HJPC). The results include a 70% increase in the number of war crimes and organised crime cases brought before the state court. Thirty four final verdicts on war crimes have been pronounced and 43 on organised crime, economic crime and corruption. The HJPC electronic case management system was deployed in all 66 courts in the country by 2009 and will be introduced in all prosecutors' offices by the end of 2010.

Sida has initiated support to the establishment of a Justice Sector Strategy Fund together with Spain and the UK. The

aim is to establish a higher level of aid effectiveness in support to justice sector reform. The fund is expected to become operational in the last quarter of 2010. The modality builds on an adaptation of experiences of the Public Administration Reform (PAR) Fund, where Sida is pooling funds with DFID and the Netherlands.

Local democratic governance remains in focus. The Governance Accountability Project (GAP) is assisting half of the municipalities in BiH to improve services and legal, regulatory and financial conditions. In addition to this, Sida finances three complementary projects:

- The Municipal Training System (MTS), implemented by UNDP, aims at developing and instituting a sustainable model for training of local government employees.
- People's Empowerment in Rural Areas (PERA) strengthens administration and local participation in 100 villages in order to integrate these in the overall development of BiH.
- Support to capacity building at the municipal associations of BiH will start during 2010.

#### Economic development and agriculture:

Economic development is the second priority of the cooperation strategy. This also includes agricultural projects which support rural economic development. Taken together, the sectors of economic development and agriculture amount to 29% of the expected disbursements during 2010.

Support to the microcredit sector is channelled through a project with KfW. One of the projects in support of SMEs is handled by the Northeast Development Association (NERDA). A similar project with REDAH, the Regional Economic Development Agency for Herzegovina, will start during 2010. Two new projects, with joint financing from Sida and USAID, became effective in 2009. The FIRMA project is promoting SME development in fields of tourism, wood processing and light industry. The FARMA project supports the development of agribusinesses, export and food industry. A Food Safety project aims at helping BiH institutions adapt to EU standards in the field of food safety and quality control.

Support has been provided to the BiH State Veterinary Office for the fight against brucellosis which is a help to rural development and to trade. Institutions dealing with rural development at the entity level are being strengthened through a joint project with the World Bank.

#### Environment and municipal infrastructure:

Sida provides support to municipalities to create their local environmental action plans and to implement some of their environmental priorities. A new project aimed at improving Solid Waste Management at BiH municipalities started in 2010. This environmental project is classified as Infrastructure, in accordance with the statistical standards.

**Cross-cutting issues (including civil society):**

Support to the promotion, protection and fulfilment of human rights is a key feature of Swedish development cooperation with Bosnia and Herzegovina. Sida has provided support to the civil society sector through four Swedish NGOs: The Civil Rights Defenders, The Olof Palme International Centre, Kvinna till Kvinna and Forum Syd. These organisations have worked in partnership with some 32 local NGOs in assisting citizens and authorities with issues of rule of law, anti-corruption, non-discrimination, freedom of expression, gender equality, civil rights and youth participation. Apart from the advocacy work and watchdog function, with the aim to improve equal access to rights and fulfilment of standards, the assistance has enabled thousands of affected citizens to obtain access to legal aid, to psychological counselling and to functional local models for youth policy and youth work.

Sweden also provides support to the International Commission for Missing Persons (ICMP) to service families and society with identification of missing persons and the right to credible and impartial information about the war and its consequences. The ICMP's central work of identifying missing persons and supporting institutional capacity continued with core support from Sida which began in 2008. Its main identification facility in Podrinje made 762 official identifications of missing persons in 2009.

Sweden is supporting the BiH Gender Agency through a recently established Fund for the Implementation of the BiH Gender Action Plan. Support has also been given the Centre for Interdisciplinary Postgraduate Studies for education of post-graduate students from BiH on various aspects of gender, in order to enable them to apply this knowledge in practice.

**Donor coordination efforts**

Sweden participates in sector coordination activities regarding all sectors mentioned, with special emphasis on the Justice Sector, PAR, Economic development and Gender issues.

**Medium and long-term approach**

Sweden will continue to be a major donor in BiH during the coming years with a yearly budget around € 17 million. A new strategy will be worked out during 2010 and become valid from 2011 onwards. The focus will continue to be support to Bosnia-Herzegovina's road towards EU candidate status and EU membership. Good Governance and Economic Development are expected to continue to be priority sectors. A third expected priority sector is Environmental Protection, with a focus on support to municipal infrastructure to handle water, water waste and solid waste.

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## Switzerland/Swiss Agency for Development Cooperation (SDC)/ State Secretariat for Economic Affairs (SECO)

### Policy approach

The SDC and SECO Cooperation Strategy is in line with relevant national documents - NDS and the Social Inclusion Strategy. The Strategy stands for the Swiss commitment to support the transition in BiH towards a functioning democratic state and a socially sustainable market economy.

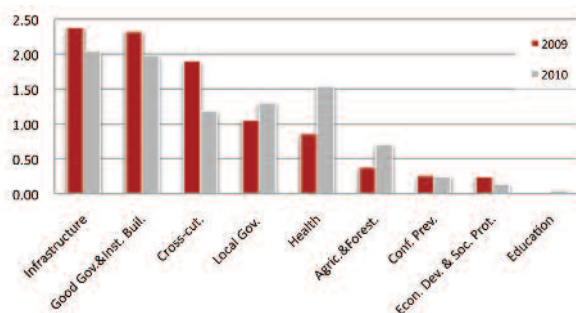
Due to the strategic importance of BiH for regional development and stability in the Western Balkans as well as the large diaspora and corresponding strong relationship with Switzerland, Swiss federal agencies are active in BiH. Coordinated programmes are implemented by the Political Affairs Divisions IV and I (PD IV; PD I), the Federal Office for Migration (FOM), and the Federal Department of Defence, Civil Protection and Sport (DDPS).

Switzerland also provides financing for addressing cross-border issues with a regional approach and design.

### Key activities in 2009 and 2010

In 2009, Switzerland/SDC/SECO/FOM's total allocation was €9.38 million and €9.14 million in 2010 to the following sectors: Infrastructure, Good Governance and Institution Building, Cross-cutting, Local Governance, Health, Agriculture and Forestry, Conflict Prevention, Economic Development and Social Protection and Education.

**Switzerland/SDC/SECO Aid Flows per Sector  
2009-2010 (Euros millions)**



The largest share of Switzerland's funding is allocated to the Local Governance sector, primarily the Integrated Local Development Project (ILDP) a common SDC-UNDP Project, the Governance Project in Municipal Water and Environmental Development (GOV-WADE) and the third phase of the Municipality Development Project in BiH. Another high priority sector was Economic Development and Social Protection, closely followed by Health activities and the promotion of Good Governance and Institution Building.

Activities in SDC supporting the economy and employment

will change character and shift from the promotion of income generation to the strategically selected domain of youth employment and employability, focusing on informal vocational training in connection with a functional public/private partnership, yet to be fully established in the given context of a fragile economic development and global crisis with considerable negative impact on BiH. Public/private partnership is also targeted by assisting in the introduction of nationwide food safety standards for agricultural products, to enhance marketing conditions for agricultural produce.

SECO will continue its investment promotion activities that currently include IFC, FIAS and OECD projects as well as access to finance through SIFEM activities. Country specific projects will be emphasised to improve corporate governance and tackle administrative barriers. SIFEM will continue to invest in promising equity funds that serve financial intermediaries and SMEs, as well as in micro-finance facilities. SIPPO will promote access for SMEs to European markets for selected industries and sectors.

SECO's strategic interventions in the sector of infrastructural ameliorations and modernisation is being followed up with a specific, practice oriented approach, focused on a grant-based rehabilitation of the water supply system, integrating corporate governance, coaching and applied capacity building of municipal utilities linked to sister organisations in other geographical locations. The counterpart portfolio supervision in contact with state institutions should end during 2010.

The programme implementation in rule of law and democracy addresses authorities at cantonal, entity and state levels to anchor what has been firmly introduced at municipal levels. Strategically it will be important to address not only executive structures but also parliamentarians, particularly with a view to the national elections in October 2010. SDC's programme will focus on linking lawmakers in public administration and governing bodies with their clients, the public. It involves the replication and up-scaling of principles and best practices beyond very concentrated areas of interventions. For instance, an active cooperation of municipalities will take the lead, supported by their associations of cities and municipalities, for the promotion of a nationwide adoption and acceptance of governance principles, thus carrying the momentum to entity governments. It involves, further, the strengthening of the judiciary at state level in order to qualitatively improve and standardise regulations and practices for the benefit of the practitioners in the field and their contact with the people. It involves the development of functional partnerships between authorities in BiH and Switzerland.

## Health

Successful policy dialogue and alignment of the Cooperation Office with BiH's two entities is to be continued and reinforced. Policy dialogue will continue with attention to a wider replication of the best practices, particularly in light of preparations for a new project in family medicine and mental health. The sustainability of the interventions/results should be reached through a strong focus on domain activities, local ownership and capacity building at its core, finding suitable solutions for local financing and a gradual handover of the project tasks to the relevant public institutions. Project realisation will take the form of programme coordination, advice, coaching and counselling the responsible health authorities to assume ownership for public services in primary healthcare. In addition, the establishment of an operational partnership with the Swiss Cantons in mental health is expected to provide for a modern frame of cooperation opportunities and for a new set of institutionalised knowledge enhancement.

## Medium and long-term approach

The Western Balkans will continue to be a strategic priority region for Switzerland's foreign policies. Therefore, a mid-term cooperation strategy for the duration 2009-2012 has been established, concentrating on four thematic domains:

- **Rule of law and democracy:** Subdomains 1) Decentralisation and Local Governance; 2) State and Nation Building Processes.
- **Economy and Employment:** Subdomains 1) Investment Promotion; 2) Access to Markets; 3) Youth Employability.
- **Health:** Subdomains 1) Family Medicine; 2) Mental Health.
- **Basic Infrastructure:** Subdomain 1) Municipal Infrastructure.
- **Transversal Themes:** 1) Gender, Good Governance.
- **Specific Target Group:** Youth.

In addition, the Swiss Cooperation Office has engaged in a partnership with state authorities, focusing on Migration. Increased emphasis has been placed on the Regional Cooperation Programme and activities to improve regional integration, create synergies and foster knowledge management in culture, academic and applied research, and police programme. Under the umbrella of the Regional Cooperation Council (RCC), SDC supports regional initiatives that focus on cooperation in local governance, education, health, employment and migration. SECO supports the establishment of a CEFTA secretariat. Certain SECO projects are explicitly designed as regional programmes and implemented by international agencies like IFC or FIAS.

## Donor coordination efforts

Donor Coordination has significantly increased through the set up of the Donor Coordination Forum and Sector for Coordination of International Economic Aid (MOFT/SCIA). Donor harmonisation is to be continued and further strengthened. Synchronisation remains easier with bilateral agencies than with multilateral agencies. Good results are achievable if like-minded partnerships can be established. Switzerland is engaged in a number of initiatives and promotes jointly-funded projects (UNDP, ADA, Sida, UK/DFID).

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## Policy approach

Assistance provided by UK/DFID is governed by Her Majesty's Government priorities and objectives for Bosnia and Herzegovina set out in a comprehensive Country Business Plan.

DFID has been active in Bosnia and Herzegovina since early 1990s when it provided much needed post conflict assistance. Nowadays, DFID supports key reforms in public administration, public finance management, aid coordination and effectiveness, social inclusion and conflict prevention. DFID has provided more than £82 million of reconstruction aid and technical assistance. The DFID BiH office within the British Embassy BiH will formally close on 11 February 2011.

DFID will continue to support BiH through multilateral programmes such as the European Commission's Instrument for Pre-Accession (IPA) and the World Bank's country assistance strategy. We will also continue to support the work of the World Bank, the European Bank of Reconstruction and Development and the United Nations.

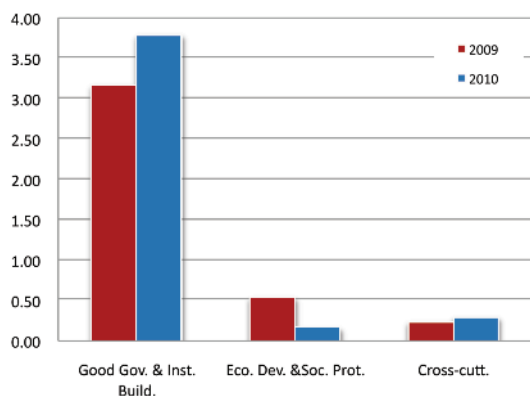
## Key activities in 2009 and 2010

DFID current main areas of support during the period 2009–2011 are: Public Administration, Economic Development and Social Development.

UK/DFID allocated €3.92 million in 2009 and €4.22 million in 2010 to the following sectors: Good Governance and Institution Building, Economic Development and Social Protection and Cross-cutting.

Since 2008 DFID has been working in BiH within the context of a Country Business Plan of the British Embassy and under the umbrella of HMG's overall priorities for BiH.

### UK/DFID Aid Flows per Sector 2009-2010 (Euros millions)



Our fundamental aim for the 2008-2011 period is to help make BiH a country more fit for eventual EU and NATO membership. Our work involves helping BiH both to avoid slipping backwards, and to move forwards. This means embedding and pursuing reforms to improve BiH's functionality and reduce the risks of future conflict. Our work is transformational by changing BiH, focussing on domestic policies which impact on our interests, while, at the same time, mitigating the destabilising effects of global and regional issues in BiH.

**Strengthening Public Expenditure Management (SPEM) in BiH, 2009 – 2011:** DFID provides technical assistance to the State, Entity and Cantonal Governments to further institutionalise and deepen the budget planning process and link that process to the policy making process across all levels of government. This assistance also includes enhancing the role of parliament and civil society in the budget process. (Read the latest SPEM newsletter ).<sup>179</sup>

### Aid Coordination and Effectiveness project in BiH, 2009-2011:

DFID's assistance is helping create and adopt functional aid coordination architecture to facilitate development and improvement of the process of planning, programming and management of external funds in line with BiH development priorities and the Paris Declaration.

**Public Administration Reform Fund, 2008-2011:** Together with EC, Sida and the Netherlands, DFID established the PAR Fund. The total value of the Fund is 5.5 million Euros for a period of three years. The purpose of the Fund is to support the implementation of PAR Strategy and Action Plan 1 for implementation of the Strategy.

**Strategic Impact Facility (SIF), 2008-2010:** This assistance is aimed at supporting modest collaborative initiatives involving BiH institutions, civil society organisations, EC and other relevant stakeholders.

**Support to National Planning in BiH, 2009-2010:** DFID will be supporting the Directorate for Economic Planning until December 2010. The purpose of the programme is to help provide an integrated planning mechanism to strengthen BiH planning institutions in their delivery of a National Plan in line with future EU requirements. DFID will provide an additional technical resource for DEP to support the production and coordination of the Country Development Strategy and Social Inclusion Strategy in close coordination with the EC and like minded donors.

**Social Protection and Inclusion System (SPIS) for children in BiH, 2008-2010:** The SPIS focus is on mapping the policy, normative and strategic documents developed by Ministry of

<sup>179</sup> [ukinbih.fco.gov.uk/resources/en/pdf/21007183/spem-newsletter-oct](http://ukinbih.fco.gov.uk/resources/en/pdf/21007183/spem-newsletter-oct)

Civil Affairs in three sectors (health, education and social protection) using the JIM format and structure and the EU Social Charter.

**Support to EU Info Centres in BiH, 2008-2010:** The aim of this support is to contribute to the EU awareness II EC project fiche (IPA 2008) with main beneficiary being the Directorate for European Integration. The IPA 2008 fiche will aim to strengthen the communication capacities of the Directorate for European Integration of Bosnia and Herzegovina.

**Up Dated Sample Framework, 2008-2010:** The aim of this support is to obtain a listing of household data in selected areas for the upcoming four year period (2009 – 2013).

**Sub-national Competitiveness Project in BiH, 2008-2010:** Together with other donors and channelled through the FIAS/IFC Western Balkans Trust Fund DFID provides support to improve competitiveness and increase private investment in Bosnia and Herzegovina. This will entail promotion of systemic change at selected localities which will reduce administrative and regulatory barriers for private sector development.

### Medium and long-term approach

It is important to recall that DFID's priorities lie in the reduction of poverty, and in the most effective possible use of DFID resources to that end. The standards by which poverty is judged are global, rather than European. So a country in which 18% of the population live below the poverty line may

seem on one level to be very poor, but by global standards this places it in the "few poor" category. It is notable that in the Eastern European region only Kosovo has a high Gini coefficient or high inequality. Other countries in the region are exceptionally equal by global standards. Therefore, beyond 2011, there will no longer be a direct bilateral development aid programme for BiH. UK will, however, continue to support BiH through its substantial contribution to multilateral donor organisations, our partnerships with other donors, and other programme budgets managed by the British Embassy and other smaller DFID programmes managed from DFID HQ.

### Donor coordination efforts

UK/DFID is an active member of the Joint Donor Group working with the Ministry of Justice to help implement the Justice Sector Reform Strategy. UK/DFID is also a member of the PAR Fund Management Board and joint donor forums dealing with gender and national planning.

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## United States of America/United States Agency for International Development (USA/USAID)

### Policy approach

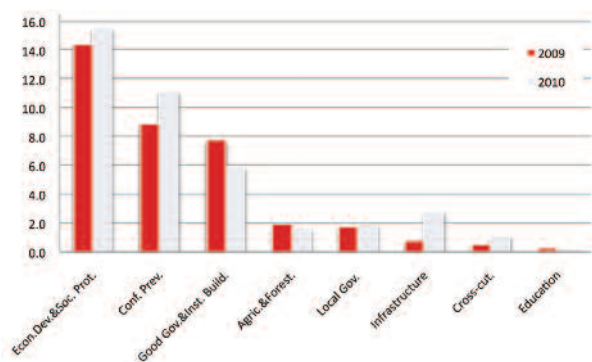
The U.S. Government (USG) remains committed to the transformation of Bosnia and Herzegovina (BiH) to a peaceful, democratic and transparent state on its way to Euro-Atlantic and European integration. The USG promotes a BiH that has secure borders and peaceful relations with its neighbours, effectively fights crime and corruption, is democratically governed, pluralistic and economically vibrant.

FY 2010 figures for Embassy projects: Because the USG fiscal year runs from October to September, we allocate our assistance data accordingly. As with other donors, disbursement does not necessarily take place in the year funds are allocated. Therefore, the data presented in this database will not present a full picture of USG assistance for FY09-10 and since some of our FY10 funding has not yet been programmed, the database shows a smaller figure than what we anticipate.

### Key activities in 2009 and 2010

USA/USAID allocated €35.92 million in 2009 and €40.11 million in 2010 to the following sectors: Economic Development and Social Protection, Conflict Prevention, Good Governance and Institution Building, Agriculture and Forestry, Local Governance, Infrastructure, Cross-cutting and Education.

**USA/USAID Aid Flows per Sector 2009-2010**  
(Euros millions)



**Education:** USA/OPA civic education programme promotes inter-ethnic cooperation and effective citizenship through the development and implementation of quality education programmes and teaching materials, and by supporting nationally standardized teacher training efforts at the pre-school, primary, secondary and university levels throughout BiH.

**Good Governance:** USA/USAID helps the BiH State and Federation entity legislatures become more effective and representative. Assistance improves capacity in parliamentary representation, policy development, legislation formulation and oversight functions. USA/USAID also helps the High Judicial and Prosecutorial Council to secure an impartial and professional judiciary for BiH. It will strengthen the State Ministry of Justice to implement the Justice Sector Reform Strategy and to improve financial management, strengthen anti-corruption measures and fight organized crime. USA/USAID contributes to BiH's ability to be an effective partner fighting terrorism, corruption and transnational crime and builds judicial capacity through international judges and prosecutors working on war crimes cases and a legal advisor who assists with organized crime, corruption and terrorism cases.

**Conflict Prevention:** USG assistance improves the Customs and Border Police officers' capacity to identify and interdict weapons of mass destruction-related materials investigate violations of BiH's export control law, assess passengers as potential traffickers, and conduct patrol operations to control river and lake borders. USG assistance also supports BiH's NATO aspirations through defence reform and NATO-standard training, and USG-funded advisors provide training and mentoring for staff in the Ministry of Defence, Joint Staff, Operations Command and the Support Command unit. USG assistance funds improve coordination between numerous law enforcement agencies and strengthen law enforcement agencies' complex investigation capacities, interagency coordination, and international and regional cooperation.

USA/USAID also works on community reconciliation, conflict prevention and social cohesion. Projects unite individuals from different social identities, including young people, their parents, civil society leaders and government officials, for training and community initiatives.

**Economic Development:** USA/USAID projects promote broad-based economic reforms that assist BiH with EU accession criteria. USA/USAID's work on energy sector reform reduces possibilities for corruption and helps bring BiH in line with EU accession requirements.

The USG supports the creation and implementation of a transparent, simplified tax administration system that incorporates personal and corporate income taxes and market value-based real estate tax. USA/USAID assistance also supports the Federation Ministry of Finance and tax administration to modify tax administration laws and implement a personal income tax law, and helps strengthen human resource capacity in tax administration. USA/USAID assistance helps the State Ministry of Finance and Treasury



on all operational aspects of establishing a state guarantee unit responsible for the valuation, issuance, and monitoring of all state issued guarantees. These guarantees are necessary for securing European Bank for Reconstruction and Development (EBRD) loans.

USA/USAID projects improve the competitiveness of the wood and tourism industries, with targeted assistance to clusters and trade associations, as well as loan guarantees for these competitive sectors. USA/USAID helps local officials reduce barriers to labour mobility in BiH and eases the fiscal burden on small and medium enterprises (SMEs) with more flexible labour agreements.

**Local Governance:** The USA/USAID promotes efficient, transparent local governance throughout BiH by working directly with municipal governments. USA/USAID helps municipal governments improve customer service, strengthen municipalities' collective lobbying efforts, rationalize and control revenues and expenditures, and identify sources of financing.

**Agriculture:** USA/USAID provides assistance to agricultural associations, cooperatives, market integrators, and SMEs in targeted agriculture sub-sectors to take advantage of domestic, regional and international market opportunities. Specifically, USA/USAID works to improve competitiveness by creating sustainable market linkages, improving productivity and quality of agriculture producers and food processors, improving competitiveness, and increasing access to finance.

**Youth:** USA/USAID addresses social cohesion and tolerance among youth. An internship programme for youth in Srebrenica provides an opportunity to gain practical work experience. The USA/OPA supports academic competitions among three ethnic groups and intercultural home stays for elementary and high school students. USA/USAID also supports a prevention and protection programme about violence involving children, and supports an anti-trafficking awareness programme.

### Medium and long-term approach

U.S. Embassy projects will continue to evolve in response to the changing needs of BiH and promote a more stable and secure BiH. Specifically the USG seeks to consolidate BiH's progress in defence reform to advance BiH along the path towards NATO membership and to support political and economic reforms that will help BiH meet its EU accession requirements. The USG will continue its work to build the capacity of justice and law enforcement bodies to strengthen rule of law and security in BiH. The USG supports the development of BiH's democratic institutions and civil society, and supports building a stronger economy that is less reliant on foreign assistance. The USG also supports the strengthening of a tolerant society where all BiH citizens can live in peace and security.

USA/USAID will continue to provide assistance on democracy and governance to strengthen state-level judicial offices, parliamentary functions, municipal associations, and the NGO sector. USA/USAID will continue to help the High Judicial and Prosecutorial Council to improve the administration of justice. USA/USAID will help strengthen civil society, including coordination and cooperation between the NGO sector and the government at all levels. USA/USAID will continue to help strengthen BiH legislatures, particularly in legislative drafting, policy development, research and analysis, public hearings and dialogue. Assistance will also help municipal associations and their mayors and encourage municipalities to cooperate and collectively advocate for administrative and legislative changes.

USA/USAID will continue work on community reconciliation and social cohesion, especially with new programmes targeting youth. USA/USAID will re-engage with support to the media sector to provide objective and balanced information. USA/USAID will support economic growth in a number of ways, including involvement in broad-based policy reform by professional clusters, business associations, chambers of commerce and regional development agencies. Assistance funds will also help strengthen governmental institutions involved in regulating trade, especially around agricultural issues. USA/USAID will help improve Intellectual Property Rights (IPR) protection and will support energy reform, compliance, and public awareness on energy efficiency. USA/USAID will develop a new, large loan guarantee programme (in collaboration with Swedish International Development Agency) to provide access to credit for SMEs.

### Donor coordination efforts

USA/USAID staff participate in general donor coordination meetings and also sector specific meetings including Civil Society, Rule of Law, and Energy donor groups.

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## Policy approach

The European Bank for Reconstruction and Development was established in 1991 to finance the structural projects of the former socialist countries of Central and Eastern Europe, supporting their transition towards market economies. It is owned by 60 countries and two intergovernmental institutions (the European Community and the European Investment Bank), with a subscribed capital totalling more than €20 billion.

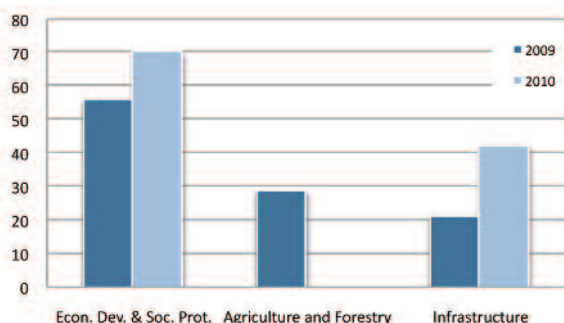
The EBRD's approach in addressing the complex transition challenges is based on strategies, policies and procedures. Regional diversity between the countries of operation is wide and the Bank adapts its products and sector focus so as to meet the specific market need of any particular country. Distinct country strategies are developed and followed for each of its 27 countries of operation.

Furthermore, the Bank has its sectoral policies, which formally set out the strategy in the following sectors: agribusiness, energy, municipal and environmental infrastructure, natural resources, property, shipping, transport, telecom, informatics and media.

## Key activities in 2009 and 2010

The EBRD allocated loans in the amount of €105.7 million in 2009 and €112 million in 2010 (data through first quarter of 2010 only) to Infrastructure, Economic Development and Social Protection, and Agriculture and Forestry sectors.

**EBRD Aid Flows per Sector 2009-2010 (Euros millions)**



Project finance is the EBRD's core business. The Bank provides loan and equity finance, guarantees, leasing facilities, trade finance and it finances professional development through support programmes. The solutions are tailored to client and project needs and to the specific

situation of the country, region and sector. So far, EBRD has committed more than €30.3 billion to both private and state sector projects.

The Bank's large projects range from €5 million to €250 million (more than €20 billion is committed to more than 800 large projects). These projects have to fulfill the basic requirements, such as: to be profitable and significant to the local economy, to satisfy environmental standards and to be additional to funding by sponsors and other co-financiers.

Smaller projects are usually financed through financial intermediaries, such as commercial banks, micro-business banks, equity funds and leasing facilities, thus giving entrepreneurs and small firms greater access to finance. The EBRD has also launched a new Local Enterprise Facility for the Western Balkans under which it is considering direct investments in the range of €1 million to €4 million.

The trade facilitation programme provides credit facilities in the form of EBRD guarantees issued in favour of international commercial banks. The Bank also provides direct financing to banks in the region for on-lending to local companies for trade-related activities.

The EBRD is active in the following business development support programmes: the Turn-around Management Programme (TAM, which shares management know-how and develops business skills), the Business Advisory Services Programme (BAS, which develops the professional capacity of local consultants that will supply SMEs with expert advice on business performance) and the Joint Vienna Institute (which runs seminars for enterprise managers, entrepreneurs and government officials).

For all of its operations, the Bank follows its own corporate policies, procedures and strategies, including its public information policy, environmental policy and the independent recourse mechanism.

In 2009/2010, the EBRD focused its efforts on crisis response projects and supporting the financial sector. The Bank also continued with investments in key infrastructure projects, which are crucial for the country's regional integration and development.

In the public sector, the Bank is supporting the construction of a motorway interchange as well as a natural gas pipeline. It also extended a credit line facility of €50 million to the national Deposit Insurance Agency providing further stability to deposit insurance schemes in the country through an increase of deposit coverage to €25,500.

In the private sector, the EBRD signed eight projects providing finance for banks and microfinance institutions, as well as the private corporate sector.

In response to the financial crisis and subsequent shortfall of lending to the private sector, the EBRD provided €56 million in credit lines for banks, leasing companies and micro-credit institutions, including UniCredit bank and UniCredit leasing. In early 2010, the Bank signed a €20 million SME credit line with Intesa Sanpaolo bank and is considering further loans and credit lines in support of the commercialisation and development of the micro, small and medium-sized enterprises (MSME) sector.

### Medium and long-term approach

The Bank's last country strategy for BiH, approved in September 2007, was for the period up to 2010. At present, the Bank is preparing a new country strategy that is expected to be approved in September 2010. However, the Bank expects that the following will be the main strategic priorities in the next strategy period (2010-2012):

#### Infrastructure and energy sectors:

- In the transport sector, provide support both for construction of new and rehabilitation of existing infrastructure, and facilitate a more commercial approach with greater involvement of the private sector.
- In the municipal and environmental infrastructure sector, focus both on sector reforms with local authorities and on institutional strengthening at the level of operating companies.
- In the energy sector, support the rehabilitation or replacement of existing thermal capacity to increase their efficiency and reliability and comply with EU emission standards as well as support the further development of transmission network.
- In energy efficiency, provide commercial loans to public utilities to finance energy efficiency measures and investments, and use existing facilities to deliver small energy efficiency and renewable projects.

#### Financial sector:

- Support MSMEs through local banks, leasing companies and non-bank microfinance institutions, and offer risk-sharing mechanisms.
- Provide equity as well as pre-privatisation investments in the banking and insurance sectors and support smaller locally-owned banks and MFIs, in order to facilitate the entry of new strategic investors and spur further consolidation.

#### Industry, commerce and agribusiness sectors:

- Support strategic local and international investors, especially for large enterprises undergoing privatisation or restructuring. The Bank will actively seek projects in the agribusiness, industrial, property and tourism, wood and metals processing sectors.
- Support small and medium-sized local and foreign private companies through long-term debt or equity, using LEF.
- Ensure that the (TAM/BAS) programmes continue to provide advisory services and financing to SMEs.

### Donor coordination efforts

EBRD has worked extensively with other multilateral financial institutions, namely the World Bank and European Investment Bank, on joint financing of large infrastructure projects. In the past, EBRD has worked jointly on projects in the power and roads sectors. Additionally, bilateral donors are coordinated through a forum at the headquarters in London for provision of technical cooperation funding.

Furthermore, the Bank will continue to coordinate very closely with other IFIs, the EU, other key international actors and the international donor community, especially in the context of the new Western Balkans Investment Framework (WBIF). The WBIF provides an important tool to consolidate financial resources and instruments at the European level and enhances cooperation with the EU, EIB and CEB, in particular, on infrastructure projects, and increasingly also in other sectors such as SMEs and energy efficiency. The WBIF will provide the best platform for the Bank to plan and prioritise infrastructure projects in BiH alongside other IFIs, and in the context of EU accession process and EU-IPA planning exercises.

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## European Commission (EC)

### Policy approach

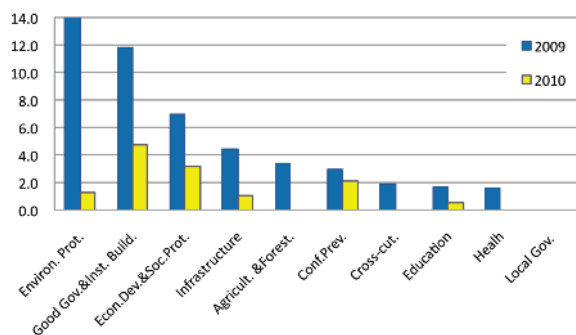
The main strategic objective of the present assistance to Bosnia and Herzegovina is to support the country in its transition from a potential candidate country, to a candidate country, through to membership in the European Union.

As a potential candidate country, BiH benefits from the first two components of the Instrument for Pre-accession Assistance available to BiH since 2007: component I for Transition Assistance and Institution Building and component II for Cross-Border Cooperation. The indicative allocation to BiH under the Multi-annual Indicative Financial Framework (MIFF) for 2009–2011 amounts to €303.20 million. Within component I, 30–40% is indicatively allocated to assist the country to comply with the political criteria, 25–35% to the economic criteria, and 30–40% to the acquis-related requirements.

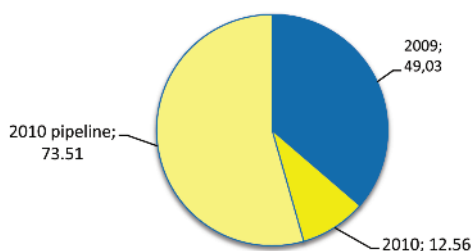
### Key activities in 2009 and 2010

The EC contracted €49.03 million in 2009 and €12.56 million through March 2010 to Environmental Protection, Good Governance and Institution Building, Economic Development and Social Protection, Infrastructure, Agriculture and Forestry, Conflict Prevention, Cross-cutting, Education, Health, and Local Governance. The EC plans to contract €73.51 million by the end of 2010 which was not included in the final figures for 2010 or in the sectoral chart.

**EC Aid Flows per Sector 2009-2010 (Euros millions)**



**EC Contracted Amount 2009-2010 and Pipeline 2010 (Euros millions)**



BiH benefits from the Multi-beneficiary Programmes (CARDS and IPA), which support measures of common interest in the Western Balkans and Turkey, such as infrastructure development, institution building, the implementation of the Central European Free Trade Agreement (CEFTA), regional trade integration and cross-border cooperation.

In addition, the multi-beneficiary programmes support areas of key importance for European integration, such as taxation and customs, statistics, public administration via the Organisation for Economic Cooperation and Development (OECD) Support for Improvement in Governance and Management (SIGMA) and horizontal support via the Technical Assistance Information Exchange Office (TAIEX). Inter alia, important achievements of the multi-beneficiary programmes include cooperation between regional prosecutors and mutual legal assistance between the courts, improved police cooperation, integrated border management and cooperation on migration issues.

Since 2007, through its national and multi-beneficiary programmes, IPA has addressed the political and economic requirements in the framework of the Stabilisation and Association Process (SAP) and approximation to European Standards, mainly to support BiH in establishing regulatory systems and preparing for IPA pre-structural funds, and support the participation in cross-border cooperation programmes with neighbouring countries and EU Member States.

Since the preparation of the precedent EC strategy papers (Multi-Annual Indicative Documents for 2007-2009 and 2008-2010), BiH has made only limited progress in implementing the remaining reforms required by SAP. It is a continuing and considerable challenge for BiH to comply with the political requirements of SAP by increasing the effectiveness of its executive and legislative bodies, improving coordination between the State and Entities and agreeing on the reform of its police structure. IPA assists in the strengthening of administrative capacity, supports domestic efforts on constitutional reform, and assists in the reform of the police and the judicial system.

To continue support for the political criteria, the EC places further emphasis on the civil society dialogue, the development of independent and professional media and the preservation of cultural heritage. IPA assists in the fight against corruption and supports BiH in meeting its obligations towards returnees, minorities and vulnerable groups.

Several economic indicators raise concerns, including the high unemployment rates and external imbalances. In addition, slippages in public spending create obstacles to social and economic recovery. To assist the country in complying with the economic criteria of the SAP, IPA supports stabilising the macro-economic environment and reducing and improving the quality of public spending to create a



favourable business climate. The reform of the education system and of the labour market and the development of a research policy should contribute to employment. Additional sectors supported under the economic requirements are trade, health, small and medium enterprises (SMEs) and local economic development. In total € **103.9 million** under IPA is foreseen to soften the impact of the financial and economic crisis on BiH by stepping up its cooperation with International Financial Institutions (IFIs) and by enforcing its efforts to support the development of SMEs and to support the institution building of regulators and supervisors in the financial sector.

So far BiH has made only limited progress in the approximation of its legislation and policies with the *acquis*. To assist the country in complying with the *acquis*-related requirements of the SAP, IPA supports the development and the implementation of strategies and policies to approximate to the European *acquis* in the areas of internal market, sectoral policies and justice, freedom and security. IPA places emphasis on agriculture and rural development, transport and energy. Support is also provided for the environment, quality infrastructure, customs and taxation.

Assistance under the Cross-Border Cooperation component is supporting BiH's participation in cooperation with its neighbours (Croatia, Montenegro and Serbia), its participation in the Adriatic IPA cross-border programme with EU Member States and other Western Balkan Countries (Albania, Croatia, Montenegro, and Serbia) and in the European Regional Development Fund (ERDF) transnational programmes South East Europe and the Mediterranean.

## Medium and Long-term approach

The EC will continue to strengthen its partnership with BiH as the country builds its relationship with the EU and prepares for possible accession. It will continue to support BiH to meet the criteria for membership, as well as BiH efforts in mapping out and implementing its overall reform and development strategies as far as these strategies help to fulfil the requirements for EU integration.

The EC's pre-accession assistance will gradually increase every year until the year 2013. The institution building approach, as described above, will be maintained, while more investments in agriculture and rural development, regional development and human resources development will be provided once BiH obtains the candidate status.

Increasing local ownership and gradual decentralisation of EC assistance to BiH is essential for effective targeting of the support and achieving the agreed results. With this aim, further efforts will be undertaken to involve BiH's institutions in the planning and programming process of EC assistance.

The length of the process leading a country closer to the EU depends on the pace of the political, economic, legislative and administrative reforms carried out by the country. These reports are supported by the EU not only through its financial assistance but also through intense policy advice and dialogue. However, the responsibility of these changes lies with the country itself and is not purely contingent upon the availability of donors' assistance.

## Donor coordination efforts

To increase effectiveness and efficiency in the delivery of assistance through donor coordination, the European Commission and EU Member States ensure coordination of their respective assistance programmes. This coordination is extended also to the IFIs and other non-EU donors.

At central level, coordination meetings with IFIs as well as with EU and non-EU donors are organised on a regular basis. They focus primarily on strategic orientations and a national and regional dimension of IPA planning and programming. Additionally, coordination between the European Commission and EU Member States takes place on a regular basis in the context of the IPA Committee.

Close coordination is also maintained with the World Bank, EBRD, the European Investment Bank and the German Kreditanstalt für Wiederaufbau in particular in the fields of transport, energy and environmental infrastructure, where the European Commission finances designs, studies, works and technical assistance to help to meet the conditions for investment by the IFIs. In addition, the EC and the IFIs cooperate in the Infrastructure Projects Facility.

Most recently, cooperation efforts with EIB, EBRD and KfW, were notably enhanced in the context of the response to the financial end economic crisis. This led to the design of an anti-crisis package under IPA 2009 and 2010 to alleviate the impact of the economic and financial crisis on BiH, as requested by BiH.

In addition, the EU Delegation maintains regular cooperation with other donors through bilateral meetings, sector working groups and other sector forums, in areas such as regional and SME development, tourism, judicial reform and juvenile justice, public administration reform, Decentralised Implementation System, agriculture, return, security reform, health, gender, social protection and education, youth, human rights, information society and media and many others.

The coordination mechanisms described above ensure that EC assistance and the assistance of other donors produce synergies and are, as much as possible, complementary.

The EU Delegation also supports local institutions, such as the Directorate for European Integration and the Ministry of Finance and Treasury, in their donor coordination efforts.

The EC, together with the other donors in Bosnia and Herzegovina and the beneficiary institution, recently decided to introduce gradually a sector wide approach for the planning and programming of IPA assistance to enhance the impact of the pre-accessions assistance and to increase the effectiveness of donor coordination.

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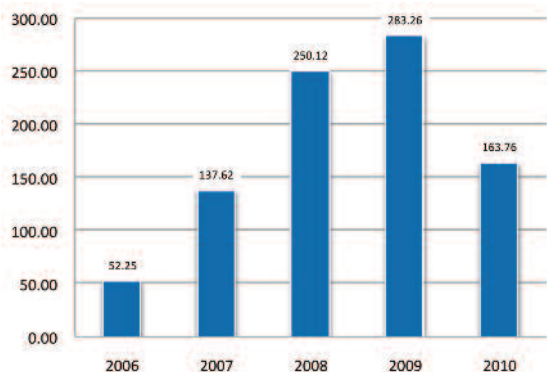
## European Investment Bank (EIB)

### Policy approach

The EIB has been active in the Western Balkans since 1977 and is today one of the largest international financiers in the region. In December 2009, the EIB launched, together with the European Commission, the Council of Europe Development Bank and the European Bank for Reconstruction and Development, the Western Balkans Investment Framework (WBIF) as a joint grant facility and a joint lending facility for priority investments in the region. The objective is to simplify access to credit by pooling and coordinating different sources of finance and technical assistance.

The EIB, as the long-term lending bank of the European Union, operates in the 27 EU Member States<sup>180</sup> and more than 130 other countries. The EIB aims to foster through its financing the countries' economic development and their process of integration and harmonisation with the EU, as well as balanced development and economic and social cohesion of the EU Member States. Outside the EU, EIB supports projects that contribute to economic development in countries that have signed the association or cooperation agreements with the EU or its Member States. The EIB is the largest supranational borrower and lender in the world and the only IFI politically accountable to EU policymakers and institutions.

**The EIB Portfolio 2006-2010 (Euros million)**

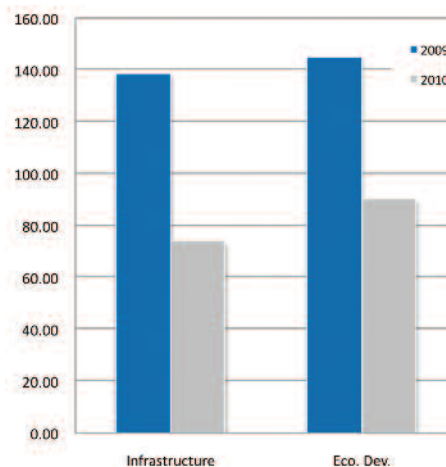


Total EIB financing in Bosnia and Herzegovina over the period 2001-2009 amounts to €1,023 million. The EIB's activity in the country has concentrated on financing projects in the transport, energy and environment sectors and projects undertaken by SMEs.

### Key activities in 2009 and 2010

In 2009 EIB allocated €283.26 million and so far €163.76 million in 2010. All allocated funds are in form of loans supporting the: Economic Development sector and Infrastructure sectors.

**EIB Aid Flows per Sector 2009-2010 (Euros millions)**



At the end of 2009 the EIB signed three separate loan contracts for a total amount of €110 million aimed at boosting the economy of Bosnia and Herzegovina and supporting the country's economic recovery efforts. The EIB allocated €50 million via Intesa Sanpaolo Banka for SMEs and priority projects and €50 million via IRBRS - Republic of Srpska Investment-Development Bank for SMEs and local infrastructure projects. In addition, a €10 million EIB loan has been allocated via LOK Microfinance in favour of projects undertaken by small and very small businesses in the sectors of agriculture, trade, manufacturing and services. The facility aims at supporting economic development, contributing towards job creation and poverty alleviation and supporting entrepreneurship development.

In the beginning of 2010, the EIB provided Volksbank BH DD a new credit line in the amount of €10 million for the financing of limited scale projects of SMEs and local infrastructure projects of local authorities. The EIB initially signed the loan agreement with Volksbank BH DD in 2005 in the amount of €10 million. This project has a total cost of €20 million.

<sup>180</sup> To support candidate countries and potential candidate countries, the EIB offers lending without a State guarantee, corporate-sector finance, as well as technical assistance and innovative financial instruments.

The EIB also allocated €40 million via Raiffeisen Leasing d.o.o. for financing of small and medium scale projects promoted by SMEs as well as industrial investment projects promoted by the municipal entities, for investment in the field of environmental protection, energy efficiency, infrastructure, industry, services and tourism.

### Medium and long-term approach

Together with KfW and the EC, EIB co-finances a major regional project called West Balkan Energy Efficiency Fund. The Fund is expected to be set up as a closed-ended investment company organised under the laws of the Grand Duchy of Luxembourg in the form of a public limited company. The Fund will target small scale investments in the energy efficiency and renewable energy sectors in the Western Balkans and Turkey. It will provide only debt instruments in order to raise the needed capital for the Fund. It will be structured to offer a range of investors, including private investors, the appropriate risk/return profiles that they require. This project has a total cost of €65 million of which EIB is looking to finance €25 million. A €3 million credit line out of the EIB proposed finance is planned to be allocated to Bosnia and Herzegovina.

### Donor coordination efforts

The EIB co-finances major projects in the region with other IFIs, particularly the EBRD, the World Bank and the Council of Europe Development Bank, as well as other bilateral donors. The EIB also continues its close cooperation with the EC and the European Agency for Reconstruction in order to prepare and co-finance projects with EU budgetary contribution provided by the new EU Instrument for Pre-Accession Assistance (IPA).

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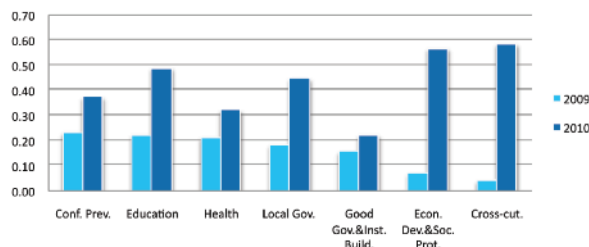
## Policy approach

The UNICEF country programme for 2010-2014 is designed to address the three key development issues challenging the fulfillment of the rights of children in Bosnia and Herzegovina: poverty, social exclusion and system weaknesses. The overarching goal of the country programme will be to support the Governments' efforts and plans aimed at strengthening social inclusion and cohesion, with the view to reduce discrimination and inequalities amongst children and increase the potential for the development of their human and social capital.

## Key activities in 2009 and 2010

UNICEF allocated €1.10 million in 2009 and €2.98 million in 2010 to the following sectors: Conflict Prevention, Education, Health, Local Governance, Good Governance and Institution Building, Economic Development and Social Protection and Cross-cutting.

### UNICEF Aid Flows per Sector 2009-2010 (Euros millions)



In addition, UNICEF is both a donor and a direct implementing partner for several projects funded by donors. For example, a joint project with the European Union, the UK Department for International Development (UKAID, formerly known as DFID) and the Government of Norway has been implemented in the area of social protection and inclusion, with a total amount of €1.4 million in 2009 and €2.5 million in 2010.

The country programme will contribute to the achievement of the following key results by the end of 2014:

- Inclusive policies and plans will be developed and implemented, and human, financial and organisational resources will be redirected towards priorities for children, as identified by key stakeholders at State and entity levels.
- Transition of both girls and boys from primary to secondary education will be increased to 100 percent in 17 municipalities.

- The preschool enrolment rate will increase from 6.4 percent in 2008 to 25 percent.
- Iodine deficiency disorders will be eliminated.
- 90 percent of children will be fully immunised.
- The number of children in formal care will be reduced by 30 percent and the ratio of children in institutional care to children in alternative family-based or community-based care will be improved accordingly.
- The proportion of juvenile offenders who are diverted to non-punitive care and prevention services will increase by 20 percent in 20 municipalities.

The Country programme for 2010-2014 includes two programme components:

- 1) Social Policies and Child Rights Monitoring - This programme addresses institutional capacity gaps for policy design, implementation and planning at various levels of government. It supports social sector reforms as well as the formulation of policies and budgets targeting vulnerable and socially excluded children, based on quantitative and qualitative analysis of disaggregated data, and policy reviews across all social sectors. It also supports child rights monitoring and advocacy, in collaboration with NGOs, children, young people and the media.
- 2) Integrated and Inclusive Systems for Children - The programme aims to address wider social issues, such as child poverty, and its impact on access and quality of services through the participation of communities, the endorsement of policy frameworks and the strengthening of systems in line with international standards. It focuses on equitable access to quality education, Early Child Development, Mother and Child Health, social and child protection services, particularly for vulnerable and excluded children and families.

## Medium and long-term approach

The new country programme builds on the results achieved during the prior cycle and is centred on sectors of comparative advantage: education, early childhood and development (ECD), and child rights protection. It will use strategies for which UNICEF has a recognised expertise. The programme will support the development of policies and innovative approaches to strengthen systems and improve the provision of services. For example, through the Enhancing Social Protection Systems for Children project (SPIS), UNICEF will combine functional reviews in the areas of budgeting, legislative analysis and M&E systems for children in the health, education, and social welfare and justice sectors. Capacity for modelling and scaling-up cost-effective interventions will be developed.

There will be a new focus on communication for development to trigger positive changes in behaviour and attitudes. Participatory action research at local levels will be facilitated to enhance the empowerment of children, women and young people. Existing partnerships will be strengthened and new alliances developed in order to create programme synergies, leverage additional resources for children and ensure that human rights and gender concerns are effectively addressed. Support will be provided to connect implementing bodies with international networks, good practices and sources of technical expertise, and to convene partners, decision-makers, and other stakeholders across sectors. Support in setting up coordination mechanisms and contingency plans for emergency preparedness and response will also be provided.

The country programme supports the priorities of the *Country Development Strategy 2009-2013* and the *Social Inclusion Strategy 2008-2013*, the *State Action Plan for Children 2002-2010* and is aligned with the country's priorities for European Union accession. The programme also supports the Millennium Declaration, the Millennium Development Goals, as well as the principles and goals of A World Fit for Children. It responds to Bosnia and Herzegovina's international commitments, including the Convention on the Rights of the Child, CEDAW, the Declaration of Commitment of the General Assembly Special Session on HIV/AIDS, and the conclusions of the Ljubljana Regional Consultation for the United Nations Study on Violence against Children in Europe and Central Asia. The programme also reflects the priorities of the 2006-2013 medium-term strategic plan of UNICEF. The emphasis on reducing disparities and reaching the most marginalised children and women responds to the recommendations of the Committee on the Rights of the Child.

## Donor coordination efforts

UNICEF actively participates in UN inter-agency coordination initiatives especially in the frame of the joint programmes funded by the MDG Achievement Fund supported by the Government of Spain in the areas of economic governance; culture and development; and youth, employment and migration.

UNICEF participates at the National Planning Donor Coordination Meetings organised by the EC in order to provide a more in depth understanding on the proposed future support to the national planning sector in BiH.

Coordination with the EU/EC, DFID and the Government of Norway has also been successful around the SPIS project which is implemented in close partnerships with government authorities.

Further, linkages have been made to other DFID-funded projects, such as the LSE-run Pro-poor Development that is establishing social policy bodies throughout the country, enhancing the M&E system related to social policies and engaging in pilot activities on youth and Roma.

With support from DFID, UNICEF is also seeking to improve the evidence-based budgeting process, through a planned analysis of the financial/budgeting sector as it relates to the social protection of children and through work with users groups at the community level.

UNICEF is also closely coordinating with different donors especially SDC and Sida for the implementation of a programme on juvenile justice.

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## United Nations Development Programme (UNDP)

### Policy approach

UNDP grouped its projects into four main areas of cooperation which are considered particularly critical for the period 2010-2014: democratic governance, social inclusion, environment and human security. This division follows the framework stated in the United Nations Development Assistance Framework (UNDAF).

Among others, UNDP projects include gender-disaggregated social inclusion analysis; capacity building for evidence and rights based policies; work on intercultural understanding as a basis for development; capacity development to improve youth employability; climate change response, protection of biodiversity, and cleaner, safer, more sustainable development; and developing and implementing environmental action plans with municipal authorities and civil society. At the regional level, UNDP continues working in the areas of public sector reform, eGovernance, environment and gender.

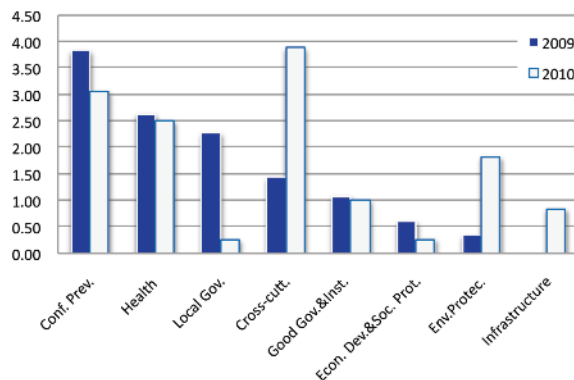
While UNDP finances some intervention activities with its core funds, the majority of funding comes from partnerships with donors who recognise UNDP as a reliable, strategic development partner. As an example, with the Special Fund for Achieving Millennium Development Goals provided by the Government of Spain, UNDP jointly with other UN agencies is implementing more than €11.5 million until the end of 2012. UNDP draws on its significant implementation capacity to effectively deliver programmes, its ability to serve as a neutral facilitator and broker between various institutional stakeholders, and on its expertise to ensure capacity building of the government.

All projects are strongly oriented towards building capacities and the gradual transfer of responsibilities and ownership to our national partners. UNDP is a key driver of sustainable development, and has repeatedly achieved success in the field.

### Key activities in 2009 and 2010

UNDP allocated €12.13 million in 2009 and €13.61 million in 2010 to the following sectors: Conflict Prevention, Health, Local Governance, Cross-cutting (gender and youth), Good Governance and Institution Building, Economic Development and Social Protection, Environmental Protection and Infrastructure.

UNDP Aid Flows per Sector 2009-2010 (Euros millions)



Under the ODA categorisation, the projects UNDP is implementing (or is jointly implementing with other agencies) in 2010 are the following:

#### Health Sector

- Coordinated National Response to HIV/AIDS & Tuberculosis in War-torn and Highly Stigmatised Settings.
- Further strengthening of DOTS strategy in Bosnia and Herzegovina.

#### Good Governance and Institution Building

- eGovernance and ICT Usage Report for South East Europe - 2nd Edition.
- Improving Cultural Understanding in BiH (joint programme MDG-F, Spanish Fund).
- Strengthening BiH Capacities for Strategic Planning and Policy Development (SPPD).
- Access to Justice: Facing the Past and Building Confidence for the Future

#### Conflict Prevention, Resolution, Peace and Security

- Integrated Mine Action Programme (IMAP).
- Small Arms Control and Reduction Project in BiH (SACBiH).

#### Energy Generation and Supply

- Electrification of Areas of Accomplished Return.

#### Economic Development and Social Protection

- Enhancing Evidence-based Policymaking in BiH.
- Growing Inclusive Markets (GIM).
- Value Chains for Employment (VCE).

#### Local Governance

- Integrated Local Development Project - ILDP.
- Municipal Training System (MTS).
- Reinforcement of Local Democracy - LOD.



### Environmental Protection

- Bosnia and Herzegovina Biomass Energy for Employment and Energy Security Project.
- Mainstreaming Environmental Governance: Linking Local and National Action in BiH - MDG-F (Spanish Fund).
- Mainstreaming karst peatlands Conservation Concerns into Key Economic Sectors (Global Environmental Facility, GEF).
- Preparation of the Initial National Communication to the United Nations Framework Convention on Climate Change – UNFCCC (GEF).
- Securing Access to Water through Institutional Development (MDG-F funded).

### Cross-cutting sectors (Gender – Youth)

- Violence Against Women (planned).
- Youth Employability and Retention Programme - MDG-F (Spanish Fund).

### Medium and long-term approach

The UNDP medium and long-term directions are clearly stated in the *Country Programme Action Plan 2010-2014* (CPAP) recently signed by the Council of Ministers. Product of an extensive consultative process with relevant counterparts in BiH, this plan of action is framed by the agreed UNDAF results framework and with the priority areas identified by the government for the *Country Development Strategy* and *Social Inclusion Strategy* (strengthened macroeconomic stability; sustainable development; competitiveness; employment; EU integration; and social inclusion). UNDP intends to support the Government's EU accession process and within the accession framework is focusing on areas of UNDP comparative advantage, emphasising capacity development, private sector development through an inclusive markets approach, gender equality, sustainable development and the human rights based approach to development.

As a support to the project implementation, UNDP is now in the process of assessing the local disparities that currently exist in the country for better addressing the local development needs.

The output of this additional analysis will improve the focus on poverty reduction since poverty is often rooted in the exclusion of people from economic opportunities due to ethnic affiliation or membership in other marginalised groups. Consistent with the rights-based approach and social inclusion, national development indicators are disaggregated to allow the targeting of especially deprived regions and groups by local level programmes. In addition to dedicated gender work, a gender perspective is fully mainstreamed within all activities.

### Donor coordination efforts

As one of the agencies active in the area of aid coordination and aid effectiveness, UNDP works towards the implementation of the Paris Declaration principles in several ways. UNDP was one of the founders of the BiH Donor Coordination Forum and until 2009, this organisation served as the Secretariat of the DCF. Upon the request of the Ministry of Finance and Treasury of BiH, UNDP has transferred this responsibility to the BiH government institutions, but continued to provide technical assistance in their realisation for an additional year.

In the new United Nations Development Assistance Framework 2010-2014, UNDP recognises the accession to the European Union as the overarching national priority and poverty reduction, social inclusion, capacity building and gender equality as specific areas of Government-UN cooperation. While the latest framework initially uses direct implementation programmes, transferring and increasing government ownership through national implementation is now becoming a priority.

UNDP programmes follow the guideline of the Country Programme Action Plan (CPAP) recently approved and signed by the Council of Ministers. This coherent and coordinated plan of actions follows the framework outlined by the UNDAF and gives additional specification about UNDP strategy for delivering results.

UNDP participates in all donor coordination mechanisms in sectors where it has active programmes. These include Justice, Public Administration Reform, Security Sector Reform, Mine Action, and SALW control. In addition, the UN agencies hold thematic coordination meetings on issues such as Youth (UN Youth Group), Gender (UN Gender Group), HIV/AIDS (United Nations Theme Group on HIV/AIDS), and immunisation issues (Inter-Agency Coordinating Committee on Immunisation Issues). As the principal recipient of the Global Fund grant to fight AIDS and tuberculosis, UNDP also participates in the GF Country Coordination Mechanism.

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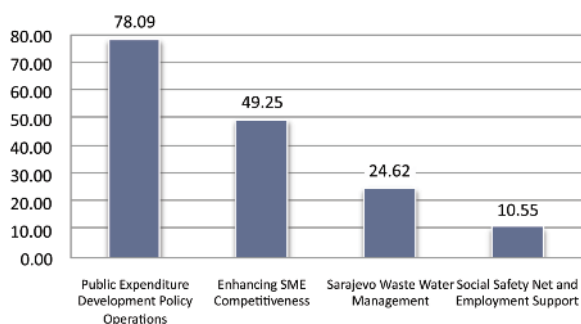
## The World Bank

### Policy approach

The World Bank in Bosnia and Herzegovina is entering the final phase of implementation of the Country Partnership Strategy for BH for the period 2008-2011. During this period, the World Bank has approved 8 new projects in the total amount of USD 305.4 million (of which interest free IDA credits – USD 121 million; IBRD loans – USD 175 million; and GEF grants – USD 9.4 million).

During the fiscal year 2010, the World Bank approved 4 new projects: Enhancing SME Competitiveness (IBRD loan – USD 70 million); Sarajevo Waste Management (IBRD loan – USD 35 million); Social Safety Net and Employment Support Project (IDA credit – USD 15 million); and Development Policy Operation (IDA credit – USD 66 million, and IBRD loan – USD 45 million). In addition to these, the World Bank is currently preparing financing for the Health Sector Enhancement Project in the amount of USD 9.5 million (IDA credit) which is scheduled for approval in the second half of 2010.

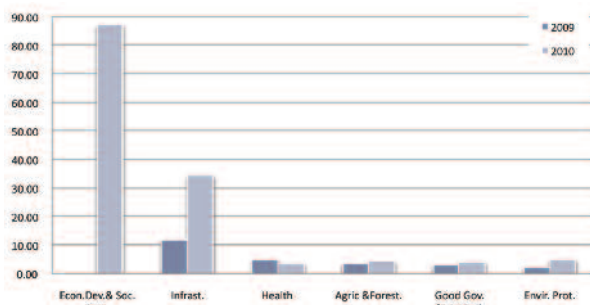
### Fiscal year 2010 New Projects (Euros millions)



### Key activities in 2009 and 2010

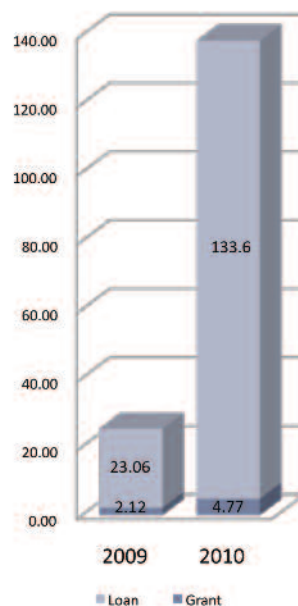
Under the World Bank financed operations in Bosnia and Herzegovina, €25.17 million was disbursed in 2009 and €138.36 million will be disbursed in 2010 to the following sectors: Economic Development and Social Protection, Infrastructure, Health, Agriculture and Forestry, Good Governance and Institution Building and Environmental Protection.

### The World Bank Disbursement per Sector 2009-2010 (Euros millions)



As of June 2010, the World Bank portfolio in BH consisted of 17 projects financed with 12 IDA credits, three IBRD loans, and three GEF grants. Total commitments under these 17 projects amount to USD 466.4 million.

### The World Bank Disbursement per Type of Financing 2009-2010 (Euros millions)



### Medium and long-term approach

In the coming months the World Bank will launch the process of consultations with BiH authorities and other stakeholders in BiH about the priorities to be addressed in the new *Country Partnership Strategy 2011-2014*. Over the medium-term, the World Bank will support BiH to achieve objectives outlined in the *Country Development Strategy* for BiH, accelerate the process of EU integrations, and mitigate the impact of the economic crisis particularly on the poor.

### Donor coordination efforts

In addition to regular participation in the Donor Coordination Forum, the World Bank sector teams participate in different donor coordination forums at the sector level (agriculture, energy, education, transport and infrastructure).

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World Bank office in BiH



UNDP Office in BiH



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EU Delegation to BiH



Jasminka Joldic/ACE Project/DFID



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Association of Election Officials in BiH



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The Youth Employment Project, mobile unit, visits the Sarajevo Centre Municipality. The Project is funded by the Switzerland/SDC and Austria/ADC.



UNDP office in BiH



Azra Atlić-Smajlovic, ACE project/DFID



The World Bank Office in BiH



[www.ekoakcija.com](http://www.ekoakcija.com) courtesy of Sanjin Jusic



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EU Delegation to BiH



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