



Bosnia and Herzegovina
Ministry of Finance and Treasury



Abbreviations	2
Introduction.....	5
Summary	7
Overview of ODA allocations/disbursements to BiH 2014	9
Overview of donor activities per Sectors	18
Justice and Home Affairs	19
Public Administration Reform.....	29
Private Sector Development	37
Transport and Energy Infrastructure Sector	46
Environment and Climate Change Sector	52
Social Development Sector	59
Cross-Cutting	67
Donor Profiles.....	69
Croatia	70
Czech Republic.....	72
France.....	75
Germany.....	77
Hungary	81
Italy/The Italian Development Cooperation (IC)	84
Japan /Japan International Cooperation Agency (JICA).....	86
The Embassy of the Kingdom of the Netherlands	88
The Royal Norwegian Ministry of Foreign Affairs.....	90
Slovenia	93
Sweden/Swedish International Development Cooperation Agency (Sida)	95
Switzerland.....	97
United Kingdom/Foreign & Commonwealth Office.....	100
United States of America/United States Agency for International Development (USA/USAID)	102
European Bank for Reconstruction and Development (EBRD).....	105
European Union (EU)	108
European Investment Bank (EIB)	113
United Nations Children’s Fund (UNICEF)	115
United Nations Development Program (UNDP)	118
The World Bank	121
International Finance Corporation (IFC)	124
Disclaimer	127
Bibliography	128

ACIPS	Association Alumni of the Centre for Interdisciplinary Postgraduate Studies
ADA	Austrian Development Agency
ADC	Austrian Development Cooperation
AECID	Spanish Agency for International Development Cooperation
APOSO	Agency for Pre-school, Primary and Secondary Education
BATA	Institute for Accreditation of Bosnia and Herzegovina
BHMAC	BiH Mine Action Centre
BiH	Bosnia and Herzegovina
BHDCA	BiH Directorate of Civil Aviation
CARDS	Community Assistance for Reconstruction, Development and Stabilization
CCI	Centres for Civil Initiatives
CCSP	Center for Civil Society Promotion
CDS	Country Development Strategy
CEB	Council of Europe Development Bank
CEDAW	Committee on the Elimination of Discrimination Against Women
CEE	Central and Eastern Europe
CEEN	Central and Eastern European Network
CEFTA	Central European Free Trade Agreement
CHU	Central Harmonisation Units
CIP	Centre for Information and Recognition of Documents in the Area of Higher Education
CoE	Council of Europe
CoEM	Conference of Ministers of Education
CoM	Council of Ministers
CRA	Communications Regulatory Agency
CREDO	Competitive Regional Economic Development
CRS	Catholic Relief Services
CS	Civil Society
CSOs	Civil Society Organisations
DAC	Development Assistance Committee
DCF	Donor Coordination Forum
DEI	Directorate for European Integration
DEMA	Danish Emergency Management Agency
DEP	Directorate for Economic Planning
DFID	UK Department for International Development
DIA	Deposit Insurance Agency of Bosnia and Herzegovina
DIS	Decentralised Implementation System
DRG	Diagnosis Related Groups
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECD	Early Childhood Development
ECSEE	Energy Community of South East Europe
EEC	European Energy Community

EFSE	European Fund for South East Europe
EIB	European Investment Bank
EQF	European Qualifications Framework for Lifelong Learning
ERDF	European Regional Development Fund
ETF	European Training Foundation
EU	European Union
EUFOR	European Union Forces
EUPM	European Union Police Mission
EUROST	Statistical Office of the European Communities
FAO	Food and Agriculture Organisation
FBiH	Federation of Bosnia and Herzegovina
FDIs	Foreign Direct Investments
FIGAP	Funding Mechanism for the Implementation of the Gender Action Plan of BiH
FARMA	Fostering Agricultural Markets Activity
FCO	Foreign and Commonwealth Office
FIRMA	Fostering Interventions for Rapid Market Advancement
FRONTEX	European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union
GAVI	Global Alliance for Vaccines and Immunization
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GFATM	Global Fund to Fight Aids, Tuberculosis and Malaria
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GNI	Gross National Income
GOLD	Growth Oriented Local Development
HEA	Agency for Development of Higher Education and Quality Assurance
HJPC	High Judicial and Prosecutorial Council
IBM	Integrated Border Management
IBRD	International Bank for Reconstruction and Development
IC	Italian Cooperation
ICMP	International Commission on Missing Persons
ICT	Information and Communication Technology
IDA	International Development Association
ICTY	International Criminal Tribunal for the Former Yugoslavia
IFC	International Finance Corporation
IFAD	International Fund for Agricultural Development
IFIs	International Financial Institutions
ILO	International Labour Organisation
IMAP	Integrated Mine Action Programme
IMF	International Monetary Fund
INTERPO	International Police Organisation
IOM	International Organisation for Migration

IPA	Instrument for Pre-accession Assistance
IPARD	Instrument for Pre-accession Assistance for Rural Development
IT	Information Technology
ITF	International Trust Fund for Demining and Mine Victims
JICA	Japan International Cooperation Agency
JSRS	Justice Sector Reform Strategy
KfW	Kreditanstalt für Wiederaufbau
KM	Convertible Mark
LEAP	Local Environmental Action Plan
MAP	Membership Action Plan
MDGs	Millennium Development Goals
MEASURE	Monitoring and Evaluation Support Activity Project
MIPD	Multi-Annual Indicative Planning Document
MoCA	Ministry of Civil Affairs
MoCT	Ministry of Communications and Transport
MoD	Ministry of Defence
MoFT	Ministry of Finance and Treasury
MoFTER	Ministry of Foreign Trade and Economic Relations
MHRR	Ministry for Human Rights and Refugees
MoJ	Ministry of Justice
MoS	Ministry of Security
MoU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprises
MTS	Municipal Training System
NATO	North Atlantic Treaty Organisation
NEAP	National Environmental Action Plan
NERDA	Northeast Regional Development Association
NGOs	Non-Governmental Organisations
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OFID	The OPEC Fund for International Development
OHR	Office of the High Representative and EU Special Representative
ORF	Open Regional Fund
OSA	Intelligence Security Agency
OSCE	Organization for Security and Cooperation in Europe
PAR	Public Administration Reform
PARCO	Public Administration Reform Coordinator's Office
PFM	Public Financial Management
PIFC	Public Internal Financial Control
PIMIS	Public Investment Management Information System
PIP	Public Investment Programme
REDAH	Regional Economic Development Agency for Herzegovina

RCC	The Regional Cooperation Council
REZ	Regional Development Agency for Central BiH Region
RS	Republika Srpska
SAA	Stabilisation and Association Agreement
SALW	Small Arms and Light Weapons
SAP	Stabilisation and Association Process
SCIA	Sector for Coordination of Int. Economic Aid
SDC	Swiss Agency for Development and Cooperation
SEE	South-East Europe
SEETO	South East Europe Transport Observatory
SERC	State Electricity Regulatory Commission
SEPKA	Southeast Europe Police Chiefs Association
Sida	Swedish Int. Development Cooperation Agency
SIPA	State Investigation and Protection Agency
SIPPO	Swiss Import Promotion Programme
SIS	Social Inclusion Strategy
SMEs	Small and Medium-Sized Enterprises
SPPD	Strategic Planning and Policy Development
SSPACEI	Sector for Strategic Planning, Aid Coordination and European Integration
TA	Technical Assistance
TAIEX	Technical Assistance Information Exchange Office
TIR	Transports Internationaux Routiers
UK	United Kingdom
UN	United Nations
UNCT	UN Country Team
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environmental Programme
UNESCO	United Nations Educational, Cultural and Scientific Organisation
UNFCCC	UN Framework Convention on Climate Changes
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
UNIFEM	United Nations Development Fund for Women
UNIFEM CEE	United Nations Development Fund for Women Office for Central and Eastern Europe
UNSCR	United Nations Security Council Resolution
UNV	United Nations Volunteers
UWWT	Urban Waste Water Treatment
USA	United States of America
USAID	United States Agency for Int. Development
VET	Vocational Education and Training
WB	World Bank
WBIF	Western Balkans Investment Framework
WHO	World Health Organisation
WTO	World Trade Organisation

Donor Mapping Report 2014 (DMR 2014) was prepared by the Ministry of Finance and Treasury /Sector for Coordination of the International Economic Aid (SCIA) in cooperation with representatives of Institutions of Bosnia and Herzegovina and donors, members of Donor Coordination Forum (DCF).

DMR reflects the interest of Bosnia and Herzegovina and the International Community to exchange the knowledge and enhance joint activities directed towards the socio-economic development of BiH, and also is the instrument for improvement of mutual cooperation, as well as partnership between BiH Institutions and donors in Bosnia and Herzegovina.

DMR 2014 provides comprehensive information and the analysis of the current Official Development Assistance, which donors/DCF members channelled in the priority sectors in Bosnia and Herzegovina in 2014, as well as their future activities.

Previous DMR Reports overviewed development and reform processes within the ten sectors in Bosnia and Herzegovina, based on the former BiH Mid – Term Development Strategy (MTDS). However, the MTDS had expired a new development strategy at the BiH level has not yet been adopted. In order to fulfil the gap in the strategic development sectors, a set of the EU's priorities defined in the IPA Multi-annual Indicative Planning Document (MIPD) was used as the basis for preparation of DMR 2013 as well as for DMR 2014.

In that regard, this DMR overviewed ODA assistance channelled to the following priority sectors:

- Justice and Home Affairs;
- Public Administration Reform;
- Private Sector Development;
- Transport and Energy Infrastructure Sector;
- Environment and Climate Change;
- Social Development Sector¹ and
- Cross – Cutting Sector².

Information and statistical data presented in the DMR are based on the financial data of projects/programs, entered by DCF members within the database, responses to the questionnaires, provided by BiH Institutions and donors as well as the research work of the MoFT/SCIA team.

Donor Coordination Forum welcomed the membership of the International Fund for Agricultural Development (IFAD) and the Kingdom of Denmark that joined the DCF in 2014.

Since the devastating floods hit Bosnia and Herzegovina in May 2014, causing material damage and losses amounting to € 2,037 billion or 15% of GDP, BiH Institutions have prioritized their work to

¹ More information can be found at: http://ec.europa.eu/enlargement/pdf/mipd_bih_2011_2013_en.pdf

² The Cross – Cutting Sector was introduced within the DMR 2013 for projects which donors where not able to classify within the sectors existing in the DMD.

facilitate floods recovery activities. MoFT/SCIA has through DCF meetings and regular information exchange on activities related to measures undertaken on recovery in the floods affected areas, achieved high level of cooperation and coordination with and among donors active in Bosnia and Herzegovina. Also, in order to improve transparency, efficiency and accountability, a system for transparent monitoring of floods recovery financial funds realization was established and made publicly available through the websites of the Ministry www.mft.gov.ba and the DCF www.donnormapping.ba.

Ministry/SCIA, co-chaired by the WB, EUD and UN in BiH organized the extended DCF meeting on 16 October, 2014, inviting the representatives of the state and entity level institutions in BiH and from Countries, International Institutions and Organizations that pledged financial assistance at the Brussels Donors 'Conference. The meeting was organized as an open discussion and presentation of measures undertaken on recovery in the areas affected by floods as well as recovery priorities, activities on mobilization and realization of domestic funds, as well as international funds.

According the DCF meeting's conclusions, Ministry/SCIA opened specific section "Floods" at the official websites of the Ministry and the DCF, in local and English languages, for transparent monitoring of floods recovery financial funds realization.

First Report "Floods 2014 – Financial review of activated funds for floods recovery, updated by Donors with October 31, 2014", based on data collected during November/December 2014, was published in January 2015, and since then is updated on quarterly basis.

Besides, the Council of Ministers, at its 94th session held on May 09, 2014 adopted the Information on the establishment of the Public Investment Management Information System (PIMIS) and in relation to that has adopted the conclusions that all budget users in Institutions of BiH have the obligation to plan and propose the projects on-line through electronic Form for identification, registration and monitoring of projects/programmes in PIMIS system, and to input their projects in PIMIS system via the Form for projects in all categories, types, status and source of financing, and to regularly update the information.

Also, the MoFT prepared the „Decision on the Medium Term Planning, Monitoring and Reporting Process in Institutions of Bosnia and Herzegovina, which was adopted by the Council of Ministers of Bosnia and Herzegovina in July 2014. Decision's main objective is to create planning basis for quality management of development in compliance with the authorities of Council of Minister and Institutions of BiH. Decision has created conditions to enable Institutions of BiH to develop a better strategic basis for medium-term planning and liaison with the budget, the PIP and PIMIS became the main instruments for development and monitoring of medium-term plans and programmes at the level of BiH institutions.

Ministry/SCIA extends thanks to DCF members and representatives of BiH Institutions whose participation enabled the preparation of the Donor Mapping Report 2014, as well as to DCF members' active participation in data collecting and updating, for regular and transparent monitoring of activated floods recovery funds.

The global economic and financial crisis affected Bosnia and Herzegovina causing slowdown of the economic activities and additionally contributed to its economic stagnation. Positive global trends at the end of 2013 reflected on BiH economy, which has shown signs of the recovery in the beginning of 2014. International Community supported Bosnia and Herzegovina in its attempt to stabilize the macro-economic environment, create a favourable business climate and increase employment, in order to accelerate economic growth. However, this progress was interrupted by the devastating floods from May 2014 that caused the enormous destruction of public and private infrastructure in the country.

According to the *Bosnia and Herzegovina Floods, 2014: Recovery Needs Assessment (RNA)*³, prepared by authorities at all levels of BiH and with the assistance of the European Union, the United Nations and the World Bank, total economic impact of the disaster was estimated to have reached €2.037 billion, i.e. the equivalent of nearly 15 % of BiH GDP in 2014. Most of the damages and losses impacted the private sector: families, small and medium businesses and agricultural producers, including the most vulnerable groups of population.

International Community demonstrated solidarity, providing emergency and humanitarian assistance immediately after the catastrophe, but the flood disaster brought about a need for even stronger support. In that regard, Donors' Conference 'Rebuilding Together' was organized by the European Commission, France and Slovenia on 16 July 2014 in Brussels, where the delegations from 60 countries and 23 international organizations, including all DCF members, pledged €810.4 mil for floods recovery and prevention measures in Bosnia and Herzegovina and €41.4 mil for cross-border activities.

DCF members strongly supported Bosnia and Herzegovina in its attempt to address the impact of the flooding, to revive economy as well as to accelerate growth and maintain macroeconomic stability. The assistance was mainly focused on support the reconstruction of public infrastructure and housing in the flooded areas, with a special focus on vulnerable persons, including support for livelihood measures.

In that regard, total ODA allocations of DCF members in 2014 amounted to €770,60 million, i.e. €199,63 mil grants and €570,97 mil loans, channelled mostly to the Environment and Climate Change (39%), Transport and Energy Infrastructure Sector (22%) and Private Sector Development (19%), the sectors that received the highest proportion of the international support. Compared to 2013, this represents an overall increase of €104,89 mil in the total ODA allocations, with a €27,66 mil increased grants and a €77,23 mil loans, as a result of donors prompt reaction.

Although the flooding caused significant damage to the economy of Bosnia and Herzegovina, thanks to the international solidarity and support, the rehabilitation process is successfully implementing, and now country is in the phase of reconstruction and attempt to improve prevention of future threats from the natural disasters.

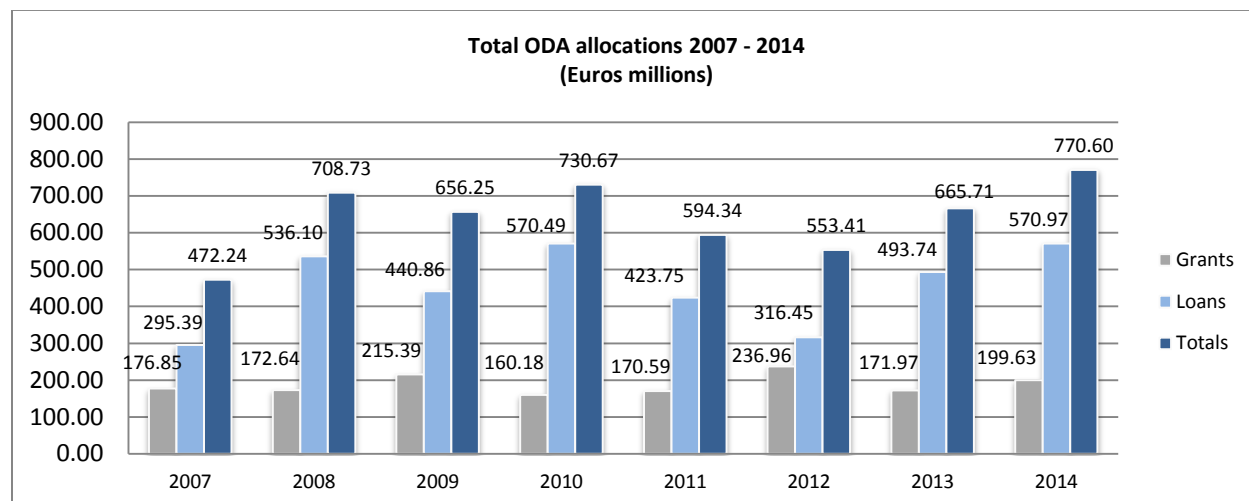
³ The document is available at the following link:

http://europa.ba/wp-content/uploads/2015/05/delegacijaEU_2014090308560389eng.pdf

Significant reforms supported with the substantial investments need to be realized in Bosnia and Herzegovina in the forthcoming period, in order to generate sustainable development, through dynamic, competitive private sector development, in particular small and medium-sized enterprises, which will foster job creation, accelerate growth and employment.

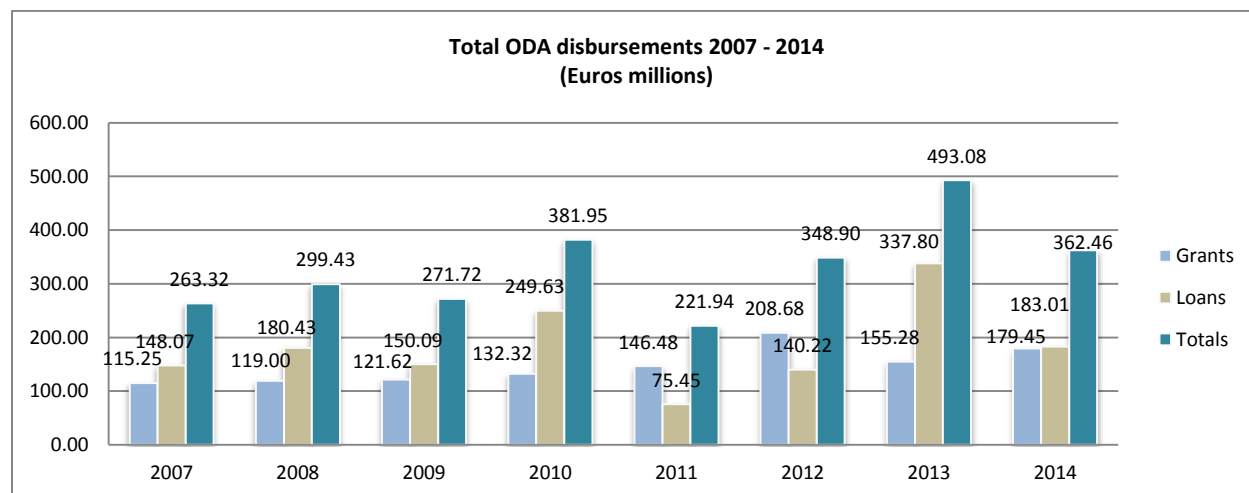
Top economic priorities of Bosnia and Herzegovina remain the acceleration of EU integration process, strengthening the fiscal system, public administration reform, World Trade Organization (WTO) membership and maintaining macroeconomic stability, implying the necessity of further strong support from bilateral donors and international financial institutions for their realization.

Historical overview of total ODA allocations in period 2007 – 2014 in BiH



In 2014, total ODA allocations amounted to **€770,60 million**, out of which **€199,63 million** was grants while **€570,97 million** was in the form of loans. ODA allocations indicate a significant rise if compared to the previous period, i.e. compared to 2013 an overall increase of €104,89 million in the total ODA allocations, with a €27,66 million increase in grants and a €77,23 million increase in loans. The increased total ODA inflows in Bosnia and Herzegovina reflects donors prompt reaction to unprecedented flooding, which consequently resulted in the rise of ODA allocations in 2014.

Historical overview of total ODA disbursements in period 2007 – 2014 in BiH

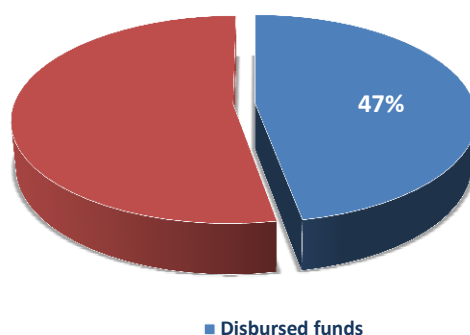


In 2014, total ODA disbursements amounted to **€362,46 million**, out of which **€179,45 million** was in the form of grants and **€183,01 million** in the form of loans, indicating a significant decline in total ODA disbursed funds if compared to 2013, i.e. an overall decrease of **€130,62 million**. The low level of disbursed ODA funds is conditioned by the weak absorption capacities, long and complicated regulative procedures in certain sectors in Bosnia and Herzegovina. At the same time, disbursed grant funds in

2014 recorded one of the highest level in the overall observed period, as result of donors prompt reaction to the floods related recovery needs.

Percentage of total disbursed in relation to the total allocated ODA funds in 2014

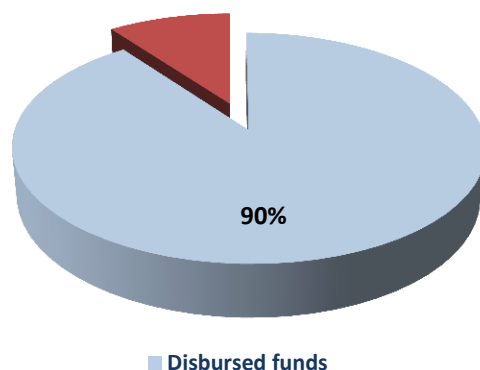
Overall ODA in 2014 - total disbursed vs. total allocated



The low level of disbursed ODA funds in 2014 is conditioned by the weak absorption capacities, long and complicated regulative procedures in certain sectors in Bosnia and Herzegovina, as well as devastation of capacities caused by floods.

Percentage of total disbursed in relation to the total allocated grant ODA funds in 2014

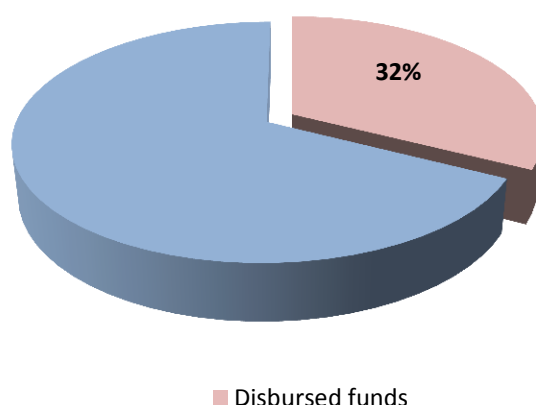
Grant funds in 2014 - total disbursed vs. total allocated



In 2014, disbursed grant ODA funds recorded highest level of their utilization (90%). This can be attributed to the donor's immediate reaction and procedural flexibility in order to overcome the impacts of catastrophic floods.

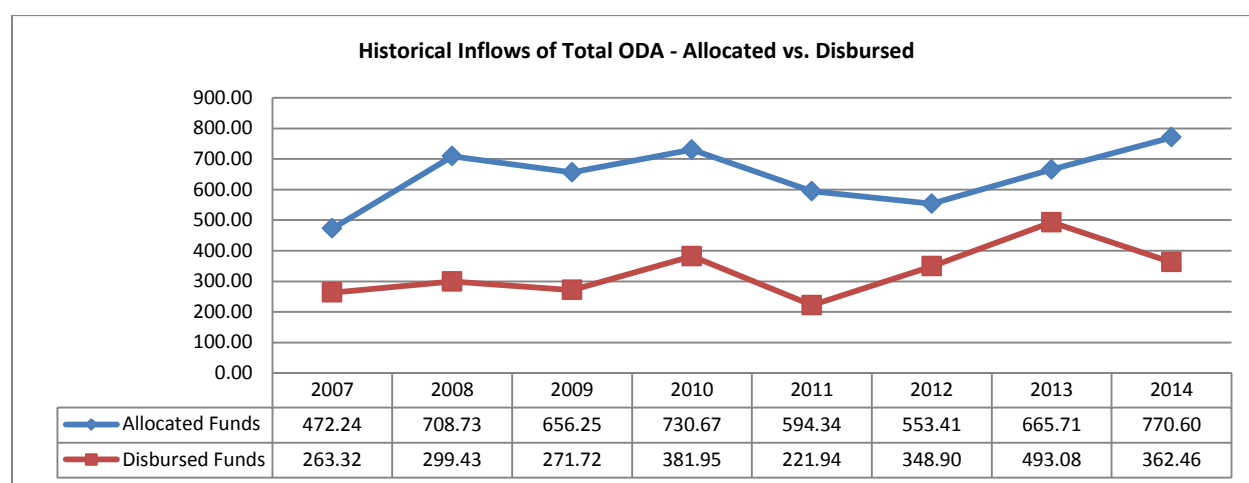
Percentage of total disbursed in relation to the total allocated loan funds in 2014

Loan funds in 2014 - total disbursed vs. total allocated



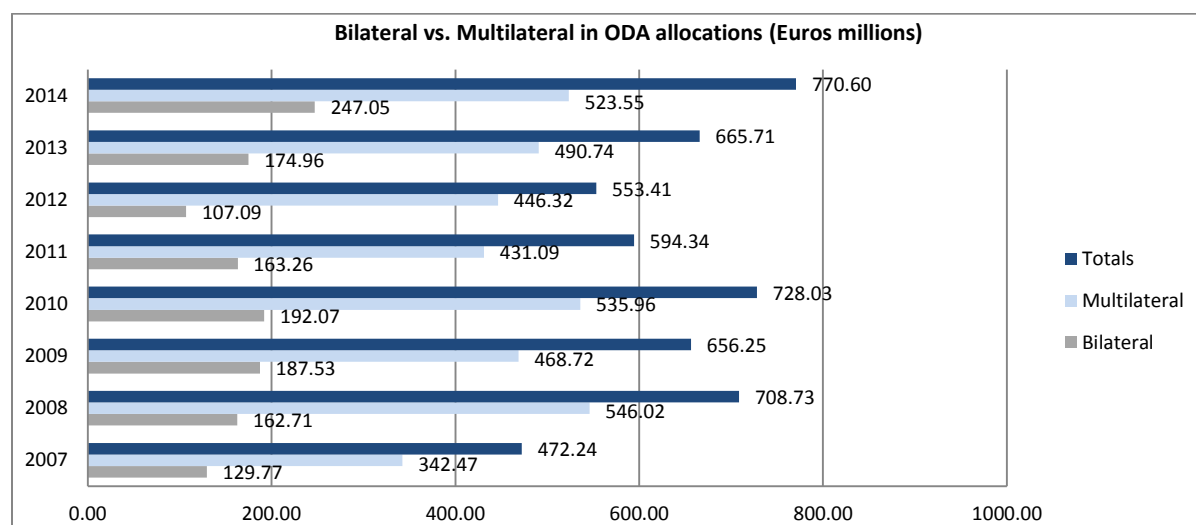
Again, slowed implementation process conditioned low loan disbursements in 2014 (32%). The reasons for this pace of loan utilisation funds are weak and insufficient absorption capacities, combined with lengthy and complicated regulative procedures in certain sectors and physical destruction of assets caused by floods.

Historical overview of trends in allocated and disbursed total ODA inflows in period 2007- 2014 in BiH



Historically observed, the trend of **allocated funds** is mainly on the rise (except for financial crisis effects 2011 – 2012), from **€472,24 million** allocated in 2007 until almost doubled amount of **€770,60 million** in 2014, when the allocations reached their peak in the observed period. As mentioned, this can be attributed to donors prompt reaction to floods during 2014, which consequently resulted in the rise in the ODA allocations in 2014. Regarding the trend of **disbursed funds**, it can be noticed that the lowest disbursements were in 2011, while the most significant rise was recorded in 2013, when over 74% of allocated funds were actually disbursed. If compared allocated and disbursed ODA trend-curves, it is noticeable that average of around 50% of overall allocated funds were disbursed in the period 2007 - 2014.

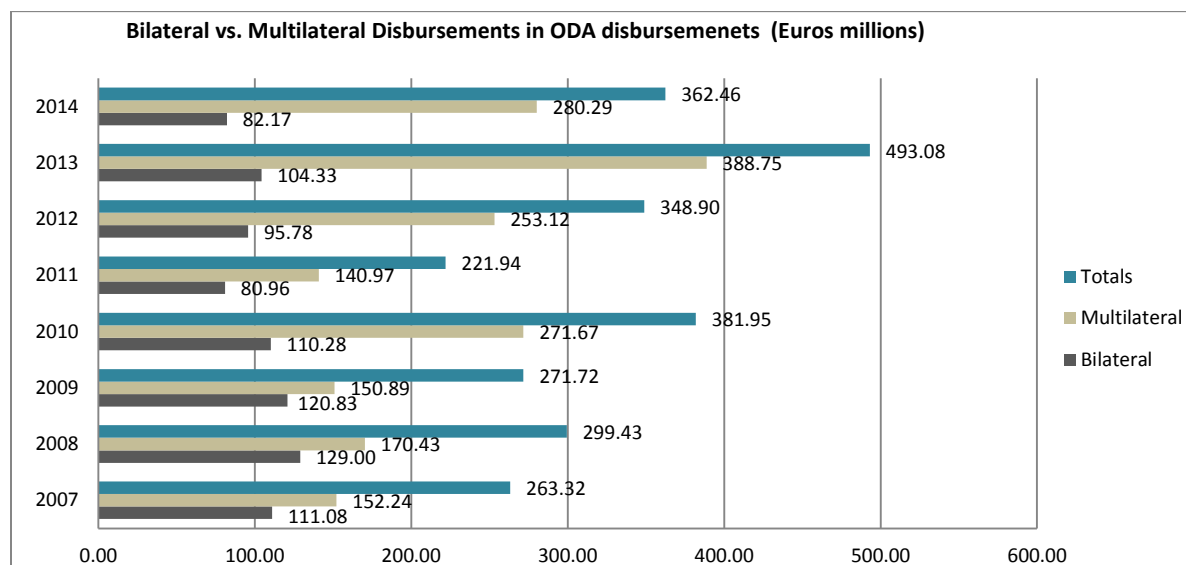
The following chart provides a historical comparison of bilateral and multilateral ODA allocations in the period 2007-2014, where out of total €770,60 million allocated ODA in 2014, bilateral donors allocated €247,05 million (32%), while multilateral financiers allocated €523,55 million (68%).



From the historical perspective, it is evident that in the observed period the average ratio of overall ODA between multilaterally and bilaterally provided assistance is much more inclined towards the multilateral organizations. During the observed period, over 70% of ODA in average was provided by the multilateral donors.

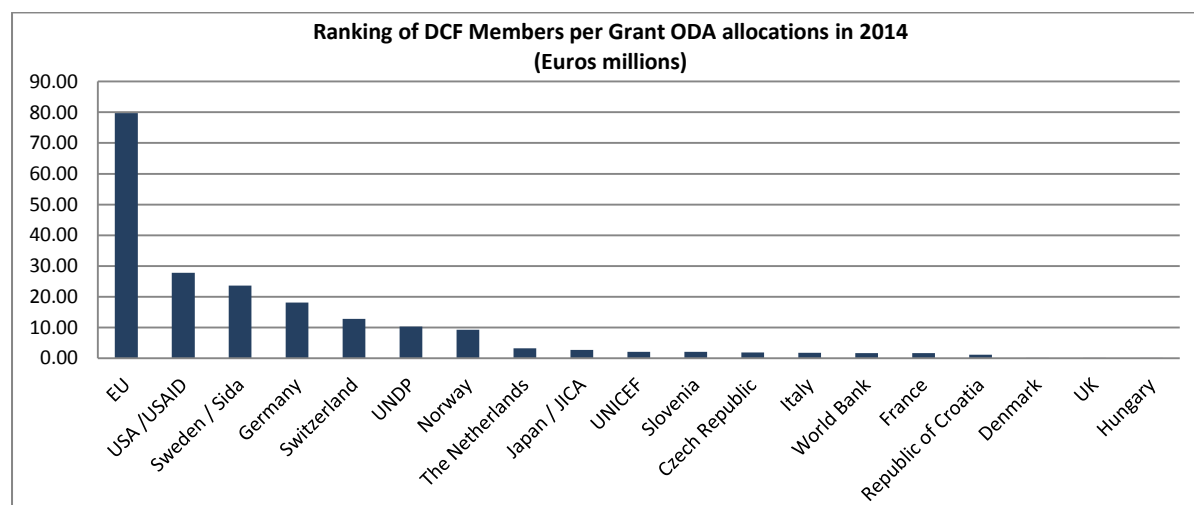
The chart shows more or less steady increase of donor bilateral and multilateral contributions until 2011 and 2012, when on lowest level. This descending trend can be explained by the gradual phasing out of direct bilateral support from five donors (Austria/ADC, Italy/IC, the Netherlands, Spain/AECID and UK/DFID). Also, most of the partner countries were hit by the debt crisis, which caused fiscal tightening and budget austerity in their domestic and foreign policies, while multilateral organizations were orientated more towards preservation of financial and economic systems of more advanced economies. However, in 2013, the aid allocations are on the rise again, reaching highest recorded level in 2014, which probably reflects donors prompt reaction to the flooding from May 2014, resulting in the increased level of total ODA inflows in BiH.

The following chart provides historical comparison of bilateral and multilateral ODA disbursements in the period 2007 – 2014, where out of total €362,46 million disbursed ODA in 2014, bilateral donors disbursed €82,17 million (23%), while multilateral financiers disbursed €280,29 million (77%).



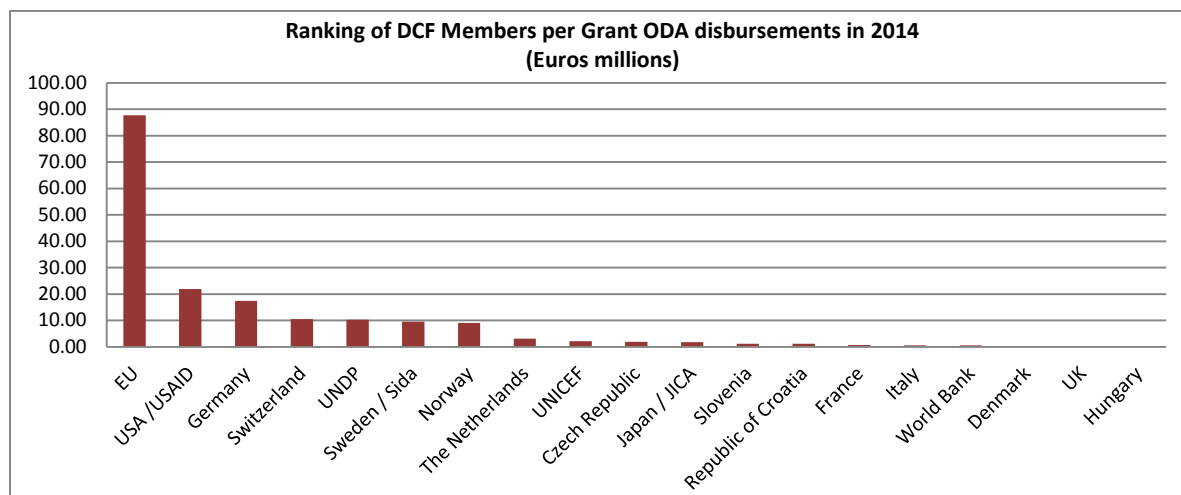
Historical comparison of bilateral and multilateral ODA disbursements in the period 2007 – 2010, shows two different trends. In the case of multilateral donors, the trend of disbursed funds is on the rise, until 2011, when dropped to the lowest level. On the other hand, disbursements from bilateral donors are gradually declining until 2011, as result of gradual phasing out of those types of donors. The decline of overall ODA in 2011, both bilateral and multilateral, is reflection of the economic crisis in the partner countries. Increase of disbursements can be observed between 2012 and 2014, when again bilateral and multilateral ODA disbursements decreased in comparison with previous year.

Ranking of grant-giving DCF members according to their allocations in 2014



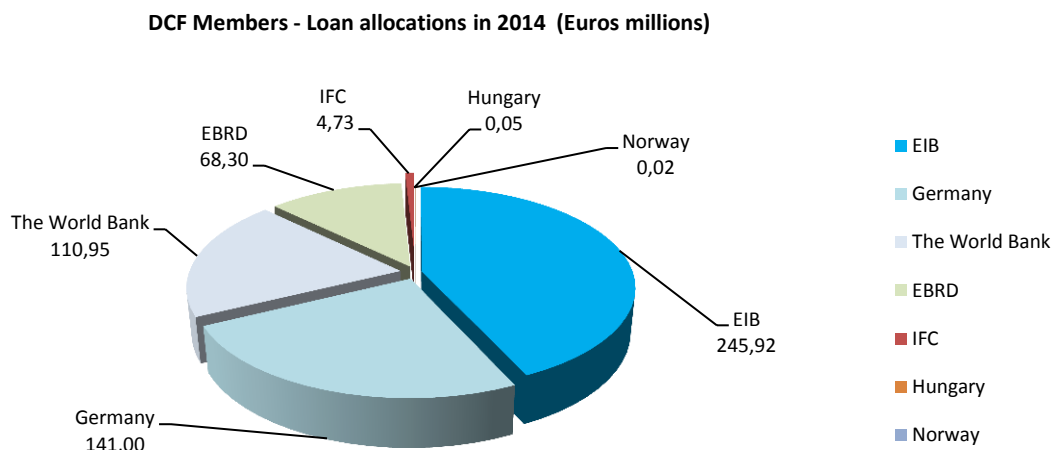
EU, USA/USAID, Sweden/Sida, Germany, Switzerland and UNDP allocated the largest amounts of grant aid in 2014 followed by Norway, the Netherlands, Japan / JICA, UNICEF, Slovenia, Czech Republic, Italy, The World Bank, France, Republic of Croatia, Denmark, UK and Hungary.

Ranking of grant-giving DCF members according to their disbursements in 2014



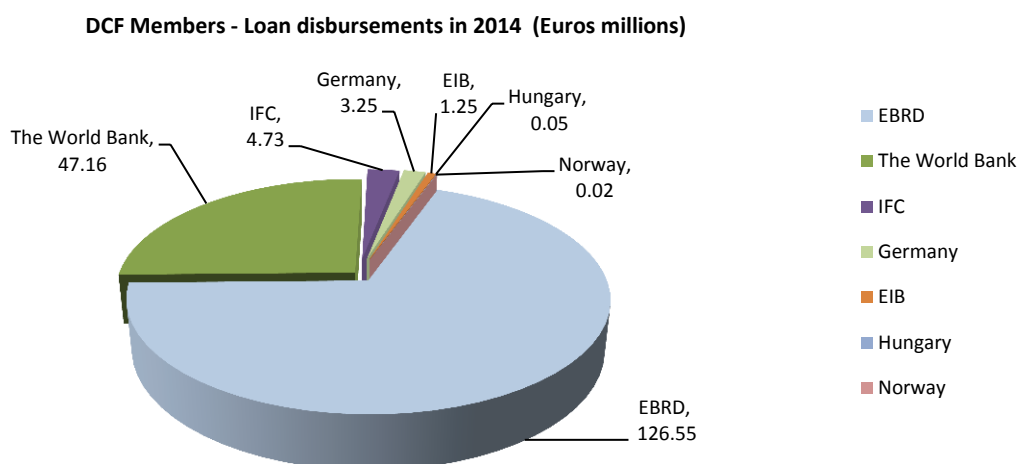
Slight difference can be seen within the ranking of DCF members according to grant ODA disbursements if compared with chart presenting the grant ODA allocations.

Ranking of loan giving DCF members according to their allocations of in 2014



The largest financiers were EIB, Germany, The World Bank, EBRD and the IFC. The EIB and EBRD loans primarily supported Transport and Energy Infrastructure and Private Sector Development sectors, while the World Bank, Germany, Norway and Hungary supported the Environment and Climate Change, Private Sector Development and Social Development sectors.

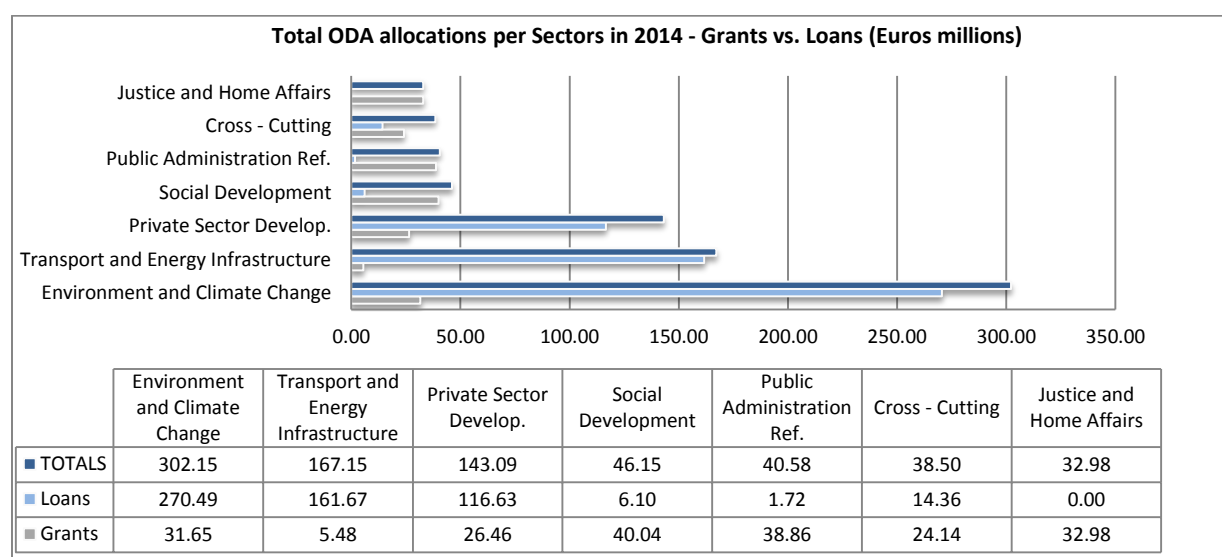
Ranking of loan giving DCF members according to the disbursements in 2014



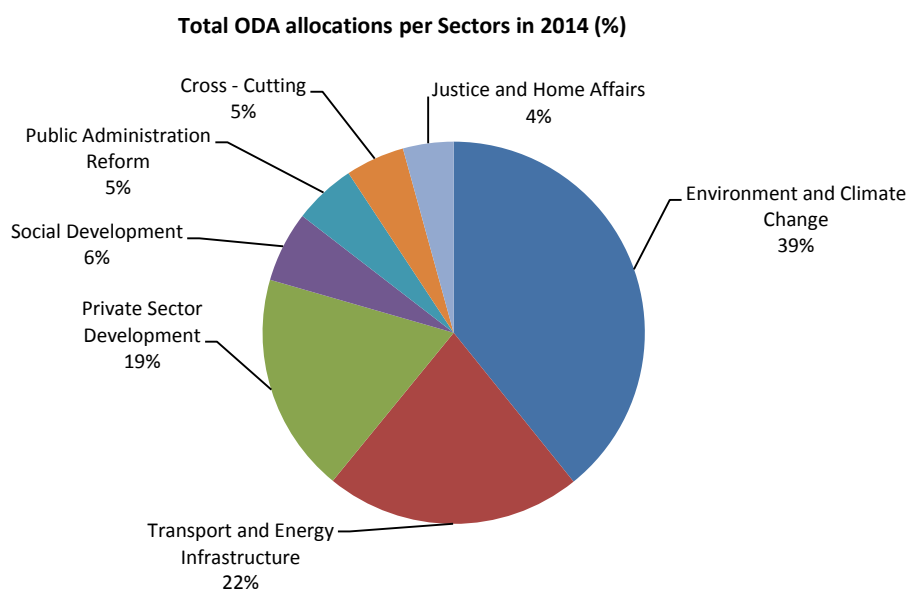
A slight difference can be seen within the chart presenting ranking of DCF members according to loan disbursements if compared with chart presenting the loan allocation.

The charts have shown interesting trends related to the allocated and disbursed loan amounts in the 2014. For example, EIB and Germany are leading donors according loan allocations, but at the chart showing loan disbursements they are in the middle of the list. This partly is result of different data recording, where the both financiers recorded the total value of projects in the first year of their implementation, regardless of their implementation period, while some financiers showed significantly higher disbursements in comparison to the allocations in 2014, as a result of the dynamics of the previously signed loans disbursements. Also, some financiers have had a very low ODA disbursement compared with their allocations in 2014, as a result of the under-developed and weak absorption capacities, as well as with lengthy and complicated regulative procedures in certain sectors. Only IFC reported equal amounts of allocations and disbursements in 2014.

Overview of total ODA sectoral allocations in 2014

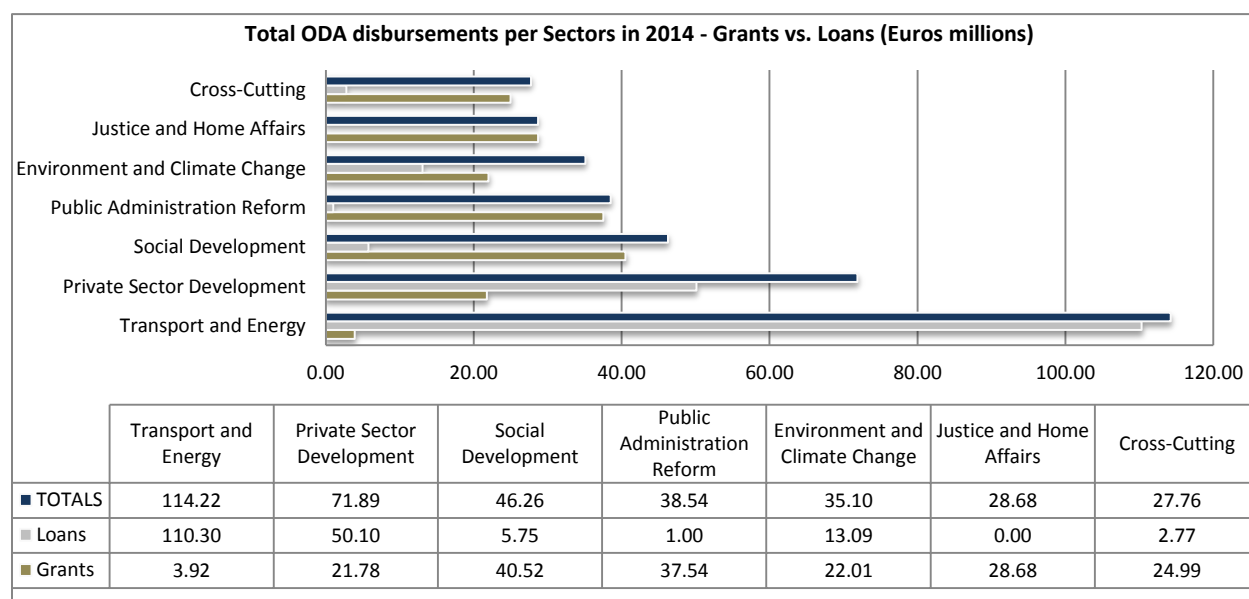


Ranking of the sectoral share of ODA allocations in 2014 expressed in %.



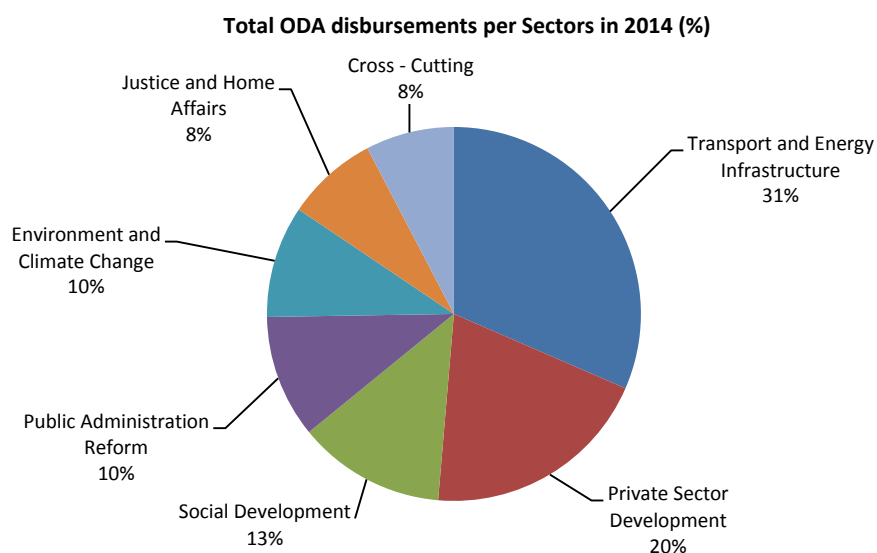
The highest percentage of ODA in 2014 was allocated to Environment and Climate Change (39%) followed by Transport and Energy Infrastructure sector (22%) and Private Sector Development (19%), while the least funded sectors were Cross - cutting (5%) and Justice and Home Affairs (4%) sectors.

Overview of total ODA sectoral disbursements in 2014



Different ranking of sectors is noticeable, comparing the charts showing ODA disbursements and ODA allocations, where the Transport and Energy Infrastructure sector received the highest proportion of disbursed funds, followed by the Private Sector Development and Social Development sector.

Ranking of the sectoral share of ODA disbursements in 2014 expressed in %



It is noticeable that some sectors had shown higher amount of disbursed than allocated ODA funds, while some sectors had shown very low percentage of disbursed ODA, which could be result of the methodological differences practiced in the project values recording, weak absorption capacities, as well as lengthy and complicated regulative procedures in certain sectors.

- I. Justice and Home Affairs
- II. Public Administration Reform
- III. Private Sector Development
- IV. Transport and Energy Infrastructure Sector
- V. Environment and Climate Change Sector
- VI. Social Development Sector
- VII. Cross – Cutting Sector⁴

⁴ The Cross – Cutting Sector, previously called Temporary, for projects which donors were not able to classify within the DMD sectors.

DCF members active in the sector in 2014	EU, USA / USAID, Sweden / Sida, Norway, UNDP, France, Switzerland, Japan/JICA, Germany, Slovenia, Italy (IC), UNICEF, The Netherlands, United Kingdom (FCO).
Other Key international organizations (IOs)	The Organization for Security and Cooperation in Europe (OSCE), Council of Europe (CoE), British Council in BiH, INTERPOL, EUROPOL, International Criminal Investigative Training Assistance Program (ICITAP), Southeast Europe Police Chiefs Association (SEPCA), Office of the High Representative (OHR), US Department of State - Bureau of International Security and Non-proliferation, the European Agency for the Management of Operational Cooperation at the External Borders (FRONTEX), Danish Emergency Management Agency (DEMA), International Organization for Migration (IOM), International Trust Fund for Demining and Mine Victims (ITF), European Union Forces (EUFOR), Foundation „World without Mines“ (WOM), International Committee of the Red Cross, Save the Children
Key government partners	<p>Judiciary: BiH Ministry of Justice; RS Ministry of Justice; FBiH Ministry of Justice, Cantonal Ministries of Justice, BiH Prosecutor's Office; High Judicial and Prosecutorial Council; the BiH Court, Cantonal and District courts and Prosecutors offices</p> <p>Penitentiary: BiH Ministry of Justice, Entity Ministries of Justice, Cantonal Ministries of Justice and Judicial Commission of Brcko District</p> <p>Law Enforcement: BiH Ministry of Security, State Investigation and Protection Agency, Border Police; Directorate for Coordination of Police Bodies, The Indirect Taxation Authority</p> <p>Civil Society Organizations: NGO Council, Bar Associations in FBiH and RS, Human Rights House Sarajevo, Helsinki Committee for Human Rights in BiH</p>
Total allocation to the sector in 2014 by DCF members	<p>2014: Total allocated €32,98 million – all in a form of grants</p> <p>Total disbursed €28,68 million – all in a form of grants</p>
Legal framework and Sector strategies	<p>Legal framework and sector strategies (adopted in 2014)</p> <p><i>Law on Prevention of Money Laundering and Financing of Terrorist Activities; Law on Amendment to the Criminal Code of Bosnia and Herzegovina; BiH Law on Electronic Document; Law on Amendments to the Law on State Attorney's Office of BiH; Law on Changes and Amendments to the Law on Border Control; Law on Changes and Amendments to the Election Law of BiH; BiH Law on Changes and Amendments to the Law on Infringement; Law on Amnesty for Illegal Possession of Mines, Explosive Devices and Weapons in the FBiH; FBiH Law on Protection and Treatment of Children and Juveniles in Criminal Proceedings; FBiH Law on the Rights of Returnees to the Pre-war Residence in the Entity Republika Srpska and Brcko District of BiH; FBiH Law on Billing and Partial Write-off of Debts to Sports Clubs; Law on Changes and Amendments to the Law on Courts in the FBiH; Law on Changes to the Criminal Code of the FBiH; Law on Changes to the Law on Criminal Procedure of FBiH; Law on the Transfer Procedure of Proprietorship on Real Estate in the Ownership of the Federation of Bosnia and Herzegovina, Cantons, Cities and Municipalities in Affected Areas; FBiH</i></p>

	<p><i>Law on Financing of Assistance for Recovery from Natural Disasters Consequences and Reconstruction of Areas Affected by Natural Disasters; Law on Founding of the Federal Fund for Supporting Areas Affected by Natural Disasters at the Territory of FBiH; Law on Combating Corruption and Organized Crime in the FBiH; FBiH Law on Infringement; FBiH Law on Confiscation of Illegally Obtained Gain, Proceeds of Crime; Law on Inspections of the FBiH; Law on Amendments to the Criminal Code of the FBiH; FBiH Law on Amendment to the Law on Financing of Support for Recovery from Natural Disasters Consequences and Reconstruction of Areas Affected by Natural Disasters; Law on Changes and Amendments to the Law on Registries in FBiH; Law on Inheritance in FBiH; Law on Internal Affairs of the FBiH; RS Law on Police Officials; The Law on Changes and Amendment to the Law on Advocacy of RS; RS Law on Changes and Amendments to the Law on Notaries; The Law on Salaries of Employed in the Ministry of Internal Affairs of RS; The Law on Salaries of Employed in Judiciary Institutions in RS; RS Law on Changes and Amendments to the Law on Internal Affairs; The Law on Citizenship of RS; The Law on Amendments to the Law on Prevention of Conflict of Interest in Bodies of RS; RS Law on Amendments to the Law on Court Taxes; Law on Infringements of RS; RS Law on Realization of the Rights for Age Retirement of Professional Servicemen; The Law on Changes to the Law on the Centre for Education of Judges and Public Prosecutors in RS; RS Law on Amendments to the Law on Free Legal Aid; The Law on Changes to the Law on Executive Procedure in RS; The Law on Salaries and Allowances of Judges and Prosecutors in RS; The Law on Changes and Amendments to the Law on Criminal Code of Brcko District BiH; The Law on Changes to the Law on Litigation Procedure of Brcko District BiH; The Law on Changes and Amendments to the Law on Police Officials of Brcko District BiH.</i></p> <p><i>BiH National Action Plan on Emergency Protection of Population from Ionizing Radiation in Case of Emergency, Nuclear Incident or Occurrence of Nuclear Damage</i></p> <p>Previously adopted legal framework and sector strategies are available on: http://donormapping.ba/pdf/DMR%202013-ENG.pdf</p>
Donor coordination	<p>Judiciary: Coordination meetings organised by the BiH Ministry of Justice/Sector for Strategic Planning, Aid Coordination and European Integration and in particular Structural Dialogue in the Justice Sector between the institutions in BiH and the EU Delegation.</p> <p>Penitentiary: Project-based bilateral meetings.</p> <p>Law Enforcement: Project-based bilateral meetings, with exception of Coordination body for migration issues in BiH that is active in in migration and asylum area</p> <p>Civil Society: Informal ad-hoc coordination.</p> <p>Donors active in the sector regularly attended Donor Coordination Forum quarterly meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

Overview

Strengthening the rule of law has been identified as a major challenge and a crucial condition for countries moving towards EU membership, meaning that candidate and potential candidate countries must adopt the entire body of EU law (acquis), in order to become EU members. To facilitate negotiation process, the acquis is divided into chapters, where Chapter 24 - Justice, Freedom and Security - covers migration, asylum, visa policy, external borders and Schengen, judicial cooperation in criminal and civil matters, police cooperation and the fight against organized crime, the fight against terrorism, drugs, customs cooperation and counterfeiting of the euro. Balkan region presents a major source of so-called 'soft-security' threats for the EU in all of the above mentioned issues, so the cooperation in justice and home affairs sector represents one of the priority areas of cooperation.

The Justice and Home Affairs sector includes four sub-sectors:

- Judiciary,
- Penitentiary,
- Law Enforcement and
- Civil Society Organizations (CSOs)⁵.

In 2014, limited progress was achieved in the Reform of the judicial system in Bosnia and Herzegovina.

February's demonstrations, calling for improvements in the social and economic situation in the country, resulted in the three new initiatives taken by EU Commission: expanding the Structured Dialogue on Justice, accelerating the implementation of Pre-accession Assistance (IPA) projects and strengthening economic governance.

The Structured Dialogue on Justice, focused on the reform of the judiciary and issues related to processing war crimes, has been broadened to additional rule of law matters, resulting in certain positive results achieved in the area of regional cooperation, the processing of war crimes, professionalism and the efficiency of the judiciary. Implementation of the Justice Sector Reform Strategy (JSRS) 2009-2013 is partly completed, while the follow-up Strategy 2014-2018 and Action plan are still in the process of formal adoption.

Regarding the **prison system**, there was some improvement in the conditions for prisoners at risk of bullying, suicide or self-harms (so-called vulnerable prisoners). Construction of a high-security State prison started in the second part of 2014, while prison inspections, as well as the training curriculum and programmes for inspectors, need to be improved and harmonized among themselves. Beside, in the coming period more attention need to be focused to effective coordination mechanism among the country's 15 prison administrations. A new Law on the execution of criminal sanctions needs to be adopted in the Federation of BiH to ensure harmonisation with State-level law as well as international standards.

⁵ More information can be found at: http://ec.europa.eu/enlargement/pdf/mipd_bih_2011_2013_en.pdf

A limited progress was made within the Law enforcement sub-sector in 2014. In the area of **visa policy**, the implementation of the visa-free regime with the EU continued smoothly, but regarding the Post-Visa Liberalisation Monitoring Mechanism, immediate action must be undertaken in order to address asylum abuses and implement adequate policies to improve social and economic inclusion of the most vulnerable groups most likely to migrate, including Roma. In the area of **border management**, the most legislation related to Integrated Border Management (IBM), including the law on border control now is based on the *acquis*. In addition, a joint centre for police cooperation between Bosnia and Herzegovina, Montenegro and Serbia was established in Trebinje, Bosnia and Herzegovina. The centre is expected to improve regional capacities to counter cross border crimes and illegal migration. The cooperation arrangement provides for future inclusion of other countries. Also, the joint risk analysis in cooperation with FRONTEX was conducted and routinely settled in the context of the Western Balkans Risk Analysis Network (WB-RAN). In the area of **asylum and migration**, it should be noted that the permanent asylum centre in Trnovo became operational in September 2014 and the implementation of readmission between the EU and Bosnia and Herzegovina continued without any major obstacles. However, difficulties with economic reintegration, access to healthcare, social protection, pensions and employment of minority returnees are obstacles to their sustainable return and local integration. At the same time, the number of asylum applications is on the rise, mainly due to the Syrian conflict. It can be noted that the current progress in the areas of visa policy, border management, asylum and migration is satisfactory.

In the area of **fight against money laundering**, Bosnia and Herzegovina has made some progress, but still has no effective system in place to confiscate and manage criminal assets. The Law on prevention of money laundering and counter terrorism financing has been adopted, but in order to comply with international standards, amendments to the criminal code that regulate money laundering and financing of terrorism need to be adopted.

During 2014, Bosnia and Herzegovina made some progress in the **fight against drug trafficking**. The capabilities of individual law enforcement agencies to identify and disrupt drug trafficking operations have improved. However, a new strategic framework needs to be defined, as well as further measures to improve institutional capacity for policy coordination and implementation. Currently, coordination and cooperation among agencies is mainly informal. The lack of institutionalised coordination and cooperation between State and Entity/Cantonal police bodies hampered effective delivery of police services.

In the **fight against organised crime**, a number of successful large joint police operations were conducted, some of them through close coordination with various agencies in neighbouring countries. However, cooperation between police and prosecutors' offices within BiH requires structural improvements to guarantee more effective judicial follow-up. A new strategy on combating organised crime for the period 2014-2016 and was adopted, and the first Organised Crime Threat Assessment (OCTA) for Bosnia and Herzegovina was jointly prepared by law enforcement agencies in Bosnia and Herzegovina, based on the Europol methodology.

Regarding combating trafficking in human beings (THB), the strategy and action plan for 2013-2015 is in process of implementation. Further strengthening of cooperation between the four regional monitoring teams and the State-level strike force is needed to ensure that investigations are properly coordinated and assistance provided to victims. The most common forms of THB in BiH were labour exploitation, sexual exploitation, begging and forced marriages. It can be noted that BiH continues to be a country of origin, transit and destination for trafficking and therefore a comprehensive system to identify overall trends and the challenges of trafficking of human beings need to be more in focus during the coming period.

Increasing awareness of the human rights and enhancing citizens confidence in the judiciary and law enforcement institutions is the specific objective for the **CSOs**. During 2014, various CSOs were involved in systematic tracking of the state of human rights and current judicial status in Bosnia and Herzegovina and monitoring its progress. Those roles and activities were even more emphasized after the social protests from February 2014, calling for social and economic improvements in the country, and addressing a number of socio-economic demands related to unemployment, corruption, privileges, as well as healthcare and social protection. Also, CSOs provided assistance in damaged areas during the flooding in 2014, which has been acknowledged with their signing the Memorandum of Understanding (MoU) with major donors and municipalities most severely hit by floods⁶. However, cooperation with civil society at the State, Entity and cantonal levels should be enhanced through the Working Group for the Revision of the Agreement on Cooperation between the Council of Ministers of Bosnia and Herzegovina and CSO sector, appointed by the BiH Council of Ministers in 2014. Also, in 2014, Bosnia and Herzegovina joined the international initiative "Open Government Partnership", aiming to strengthen cooperation between civil society and government institutions at all levels, while the Council of Ministers of BiH has confirmed interest of Bosnia and Herzegovina in becoming involved in Europe for Citizens Program for the period 2014 – 2020.

It can be concluded that the Justice and Home Affairs Sector in Bosnia and Herzegovina has made various degrees of progress in its four sub-sectors, but additional efforts should be made in order to speed up the reform in the Sector as a whole. Severe floods in May 2014 influenced the reform processes within the sector, where direct impact was evident in the institutions, such as Mine Action Centre (MAC), Ministry of Defence of BiH, Ministry of Security of BiH or Border police, while a number of judicial institutions suffered major damage to their facilities, equipment and furniture in Doboje, Modrica, Samac, Sanski Most, Kakanj and Maglaj. Indirect impact was related to reallocation of funds to recovery and reconstruction of the floods damages in all subsectors.

Donor activities in 2014

DCF members active in Justice and Home Affairs sector in 2014 are EU, USA / USAID, Sweden / Sida, Norway, UNDP, France, Switzerland, Japan/JICA, Germany, Slovenia, Italy (IC), UNICEF, The Netherlands and United Kingdom (FCO).

⁶For more information visit:: http://www.ba.undp.org/content/bosnia_and_herzegovina/en/home/presscenter/articles/2014/07/08/eu-and-undp-support-flooded-communities-in-bosnia-and-herzegovina-.html

Total allocations in 2014 to the Justice and Home Affairs sector provided by DCF members were €32,98 million, while total disbursements amounted to €28,63 million, all in the form of grants.

Figure 1.1 compares overall ODA allocations and disbursements per donors provided to the Justice and Home Affairs sector. Chart indicates that the leading donors in the Justice and Home Affairs sector in 2014 were the EU and USA/ USAID, followed by Sweden/Sida, Norway, UNDP, France, Switzerland, Japan/JICA, Germany, Slovenia, Italy (IC), UNICEF, The Netherlands and United Kingdom (FCO). According to the disbursements in the chart below, slight differences in ranking is noticeable.

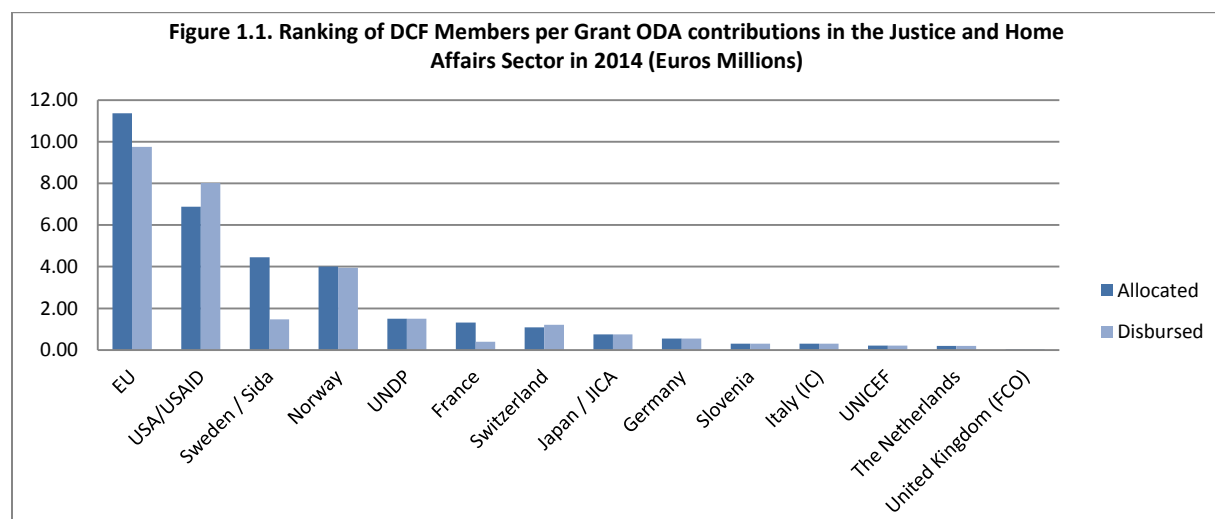
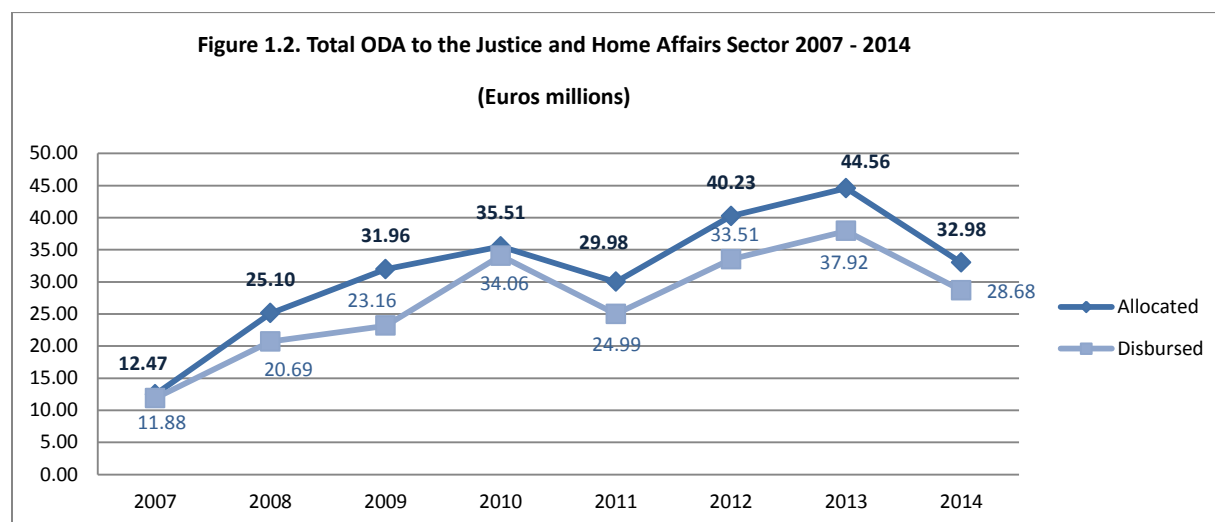


Figure 1.2 historical overview of ODA allocations and disbursements in the Justice and Home Affairs sector



The chart indicates a steady increase in donor contributions from 2007 to 2010 and decrease in 2011, which can be explained by the gradual phasing out of direct bilateral support from five donors (Austria/ADC, Italy/IC, the Netherlands, Spain/AECID and UK/DFID), as well as with fiscal tightening and budget austerity in the most of partner countries, hit by the debt crisis. However, in 2013 this Sector had recorded a peak of foreign aid inflows, which then fell sharply in 2014.

Out of total ODA channelled to Bosnia and Herzegovina in 2014, 4% was allocated and 8% was disbursed to the Justice and Home Affairs sector.

Major projects in the Justice and Home Affairs sector in BiH are listed below⁷:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
(ICITAP) Assistance to Law Enforcement Agencies	USA / USAID	32,06
USAID's Justice Project in Bosnia and Herzegovina (BiH)	USA / USAID	7,32
(JSDP II) Justice Sector Development Project II	USA / USAID	6,74
Assistance to the judiciary in BiH	Norway	6,72
NPA Mine Action Programme Bosnia and Herzegovina 2011-2015	Norway	5,88
Support to the Judiciary in BiH - Strengthening Prosecutors in the Criminal Justice System	Switzerland	5,54
(SIM) Strengthening Independent Media Project	USA / USAID	5,48
Completion and delivery of functional Brcko District Police Headquarters	UNDP, EU	5,03
Construction of the Border Crossing Point (BCP) in Bijaca, BiH	EU	4,93
(SGISP) Strengthening Governing Institutions and Processes	USA / USAID	4,35
Improving Judicial Efficiency Project	Sweden / Sida	3,65
Support to the Justice for Children Reform in BiH – Phase 2	UNICEF, Sweden / Sida,	3,35
Trust –Understanding–Responsibility for the Future (PROFUTURE)	USA / USAID	3,11

All projects are available in the Donor Coordination Forum Database, via the following link:

http://dmd.donormapping.ba/dmd/faces/dmdPublicStart?_afrcWindowMode=0&_afrcLoop=342677494085424&_adf.ctrl-state=mk4nl7ill_4

Legal framework and sector strategies adopted in 2014

In **December 2013** the Parliamentary Assembly of BiH adopted the Law on Changes and Amendments to the Election Law of BiH⁸.

In **January 2014** the Law on Amnesty for Illegal Possession of Mines, Explosive Devices and Weapons in the FBiH⁹ was adopted, as well as the Law on Protection and Treatment of Children and Juveniles in Criminal Proceedings¹⁰, while in **February 2014**, the National Assembly of RS adopted the Law on Police Officials, The Law on Changes and Amendment to the Law on Advocacy of RS and the Law on Changes and Amendments to the Law on Notaries¹¹.

In **April 2014** the Parliamentary Assembly of BiH adopted the Law on Changes and Amendments to the Law on Infringement¹², while the National Assembly of RS adopted the Law on Salaries of Employed in the Ministry of Internal Affairs of RS and the Law on Salaries of Employed in Judiciary Institutions in RS¹³,

⁷Due to large number of the projects in the Justice and Home Affairs sector, only some projects are mentioned in this report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

⁸Official Gazette of BiH 7/14

⁹Official Gazette of FBiH no. 5/14

¹⁰Official Gazette of FBiH no. 7/14

¹¹All published in the Official Gazette of RS no. 20/14

¹²Official Gazette of BiH no. 36/14

¹³All published in the Official Gazette of RS no. 31/14

as well as the Law on Changes and Amendments to the Law on Internal Affairs¹⁴, the Law on Citizenship of RS¹⁵.

In **May 2014** the Parliamentary Assembly of FBiH adopted the Law on the Rights of Returnees to the Pre-war Residence in the RS and Brcko District of BiH¹⁶ and the Law on Billing and Partial Write-off of Debts to Sports Clubs¹⁷.

During **June 2014** the Parliamentary Assembly of BiH adopted the Law on Prevention of Money Laundering and Financing of Terrorist Activities, the Law on Amendment to the Criminal Code of BiH and the Law on Amendments to the Law on State Attorney's Office of BiH and the Law on Changes and Amendments to the Law on Border Control¹⁸. At the same time, the National Assembly of RS adopted the Law on Amendments to the Law on Prevention of Conflict of Interest in Bodies of RS¹⁹.

In addition, in **June 2014**, the Parliamentary Assembly of the Brcko District of BiH adopted the Law on Changes and Amendments to the Law on Criminal Code of Brcko District BiH, as well as the Law on Changes to the Law on Litigation Procedure of Brcko District BiH²⁰.

In **July 2014** the Parliamentary Assembly of BiH adopted the Law on Electronic Document²¹. At the same time, the Parliamentary Assembly of FBiH adopted the Law on Amendments to the Law on Courts in the Federation of BiH²², as well as the Law on Changes to the Criminal Code of the FBiH, the Law on Changes to the Law on Criminal Procedure of the FBiH, the Law on the Transfer Procedure of Proprietorship on Real Estate in the Ownership of the FBiH, Cantons, Cities and Municipalities in Affected Areas, the Law on Financing of Assistance for Recovery from Natural Disasters Consequences and Reconstruction of Areas Affected by Natural Disasters, the Law on Founding of the Federal Fund for Supporting Areas Affected by Natural Disasters at the Territory of BiH and the Law on Combating Corruption and Organized Crime in FBiH²³.

The National Assembly of RS in **July 2014** adopted the Law on Amendments to the Law on Court Taxes, the Law on Infringements of RS, the Law on Realization of the Rights for Age Retirement of Professional Servicemen, the Law on Changes to the Law on the Centre for Education of Judges and Public Prosecutors in RS and the Law on Amendments to the Law on Free Legal Aid²⁴, as well as the Law on Salaries and Allowances of Judges and Prosecutors in RS²⁵ and the Law on Changes to the Law on Executive Procedure²⁶.

¹⁴ Official Gazette of RS no. 33/14

¹⁵ Official Gazette of RS no. 59/14

¹⁶ Official Gazette of FBiH no. 35/14

¹⁷ Office Gazette of FBiH no. 37/14

¹⁸ All published in the Official Gazette of BiH no. 47/14

¹⁹ Official Gazette of RS no. 52/14

²⁰ Official Gazette of Brcko District of BiH no.27/14

²¹ Official Gazette of BiH no. 58/14

²² Official Gazette of FBiH no. 52/14

²³ All published in the Official Gazette of FBiH no. 59/14

²⁴ All published in the Official Gazette of RS no. 63/14

²⁵ Official Gazette of RS no. 66/14

²⁶ Official Gazette of RS no. 98/14

Parliamentary Assembly of FBiH adopted the Law on Infringement in FBiH²⁷ in August 2014.

In September 2014 the Parliamentary Assembly of the Brcko District of BiH adopted the Law on Changes and Amendments to the Law on Police Officials of Brcko District BiH²⁸.

In October 2014 the Parliamentary Assembly of FBiH adopted the Law on Inheritance in the FBiH²⁹, together with the Law on Internal Affairs of the FBiH³⁰.

Donor coordination

Donor coordination mechanisms in the Justice and Home Affairs Sector were implemented differently, depending on the sub-sector and the levels of governments involved.

In **the Judiciary** sub-sector, BiH Ministry of Justice/Sector for Strategic Planning and Aid Coordination and European Integrations (MoJ/SSPACEI) is organising meetings for monitoring and harmonization of donor efforts in the Legal and Judicial Reform sub-sector. The BiH MoJ maintained the coordination mechanisms established during the implementation of the Justice Sector Reform Strategy 2008 – 2013, to be used in the forthcoming draft Strategy 2014 – 2018. Also, the Structural Dialogue in the Justice Sector remains an important platform for implementation of judicial reforms and has been further broadened to other rule of law-related matters.

In **the Penitentiary** sub-sector, coordination meetings are *ad hoc*, project-based and mostly bilateral.

In **the Law Enforcement** sub-sector main coordination was in the form of inter-institutional coordination. Cooperation between security institutions in the area of **asylum and migration** is functioning well, since the Coordination body on BiH immigration issues was established by the Council of Ministers of BiH. Within **the border management** area, during 2014, Bosnia and Herzegovina continued to take an active participation within the regional cooperation efforts. In the field of **protection and rescue** coordination among all BiH institutions should be improved, while regarding the international efforts in this area, BiH was invited to join the EU Civil Protection Mechanism, during the Brussel's donors conference "Rebuilding together", held on 16.07.2014. The Protocol on cooperation between Ministry of Security of BiH, RS Ministry of Interior (MoI), Federal Department of Civilian Protection and the Brcko District Department of Public Safety was signed and contact point for communication with the EU Civil Protection Mechanism was nominated within the Ministry of Security of BiH.

Within the **Civil Society** sub-sector it should be noted that the initiative for the establishment of a Working Group for the Revision of the Agreement on Cooperation between the Council of Ministers of BiH and CSO sector in Bosnia and Herzegovina was approved by the Council of Ministers of BiH. In addition, Bosnia and Herzegovina has joined the international initiative "Open Government Partnership", which aims to strengthen cooperation between civil society and government institutions at all levels and the BiH Council of Ministers has confirmed interest in Bosnia and Herzegovina becoming involved in Europe for Citizens Program for the period 2014 – 2020. Those efforts should ensure the

²⁷ Official Gazette of FBiH no. 66/14

²⁸ Official Gazette of Brcko District of BiH no. 37/14

²⁹ Official Gazette of FBiH no.80/14

³⁰ Official Gazette of FBiH no.81/14

preconditions for adoption of legislation and strategies more favourable for the development of the civil society.

Donors active in the Justice and Home Affairs sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

During the emergency response to the floods, which hit the country in May 2014, all stakeholders in the Sector emphasized that coordination efforts were improved both relations, inter – institutionally and between BiH institutions and donors.

Future activities

The Justice and Home Affairs sector in Bosnia and Herzegovina has registered limited progress in 2014, but in the forthcoming period efforts should be focused on the further improvements within the rule of law, including judicial reform and the fight against corruption and organized crime.

According to all stakeholders involved in the DMR preparation, future activities should be focused on further development of the entire Sector as well as on the continuation of the reform processes within it. Capacity building and better equipping are preconditions for further Sector development, through development of legal frameworks, relevant strategies and improved cooperation.

While there were improvements in the judicial efficiency, within **the Judiciary** sub-sector, further activities focussed on decreasing a backlog of civil and criminal cases should be undertaken. Further, issues such as harmonization of standards and regulations that are relevant for improvement of criminal sanctions execution, improved overall access to justice and support to economic growth are identified by the majority of stakeholders as areas that should be improved in the forthcoming period.

Regarding **the Penitentiary** sub-sector, future activities should be focussed on aligning the penitentiary system with European standards, while the overall prison infrastructure and conditions should be improved, as well as the developing training and education programs for penitentiary staff and coordination among the country's 15 prison administrations.

Considering **the Law Enforcement** sub-sector, the future activities should be focused on better coordination among law enforcement bodies and the judicial system, as well as on improvement of capacities, infrastructure, surveillance and equipment at border crossing points and individual law enforcement agencies. Currently, coordination and cooperation among agencies remains mainly informal and should be formalized and transparent, to avoid situation from February 2014 protests.

The general conclusion for the Justice and Home Affairs sector in Bosnia and Herzegovina would be that the additional efforts and the engagement of both domestic and international stakeholders are necessary in order to support implementation of existing, and preparation of new, relevant legislation, strategies and policies that introduce a transparent and impartial legal system in Bosnia and Herzegovina.

DCF members active in the sector in 2014	EU, USA / USAID, Switzerland, Sweden / Sida, The World Bank, Germany, Norway, Italy (IC), The Netherlands, Czech Republic, UNDP, Denmark, Slovenia and France
Other Key international organizations (IOs)	Organization for Security and Cooperation in Europe (OSCE); Office of the High Representative and EU Special Representative (OHR); Regional Cooperation Council (RCC); Support for Improvement in Governance and Management (SIGMA); Regional School of Public Administration (ReSPA).
Key government partners	<p>Capacity to align with <i>acquis</i> and Civil Service: BiH Council of Ministers, together with the entity and DB governments; BiH Ministry of Civil Affairs; BiH Ministry of Justice; Public Administration Reform in BiH Coordinator's Office together with entity and DB coordinators; BiH and entity Agencies for Civil Service; Agency for Development of Higher Education and Quality Assurance; Agency for Pre-Primary, Primary and Secondary Education; Directorate for European Integration</p> <p>Public procurement and financial control: BiH Public Procurement Agency; BiH Procurement Review Body; Ministry of Finance and Treasury of BiH; Central Harmonization Units (CHUs) in the Ministries of Finance of the State and the Entities; State, entity and DB Audit Institutions</p> <p>Statistics: the Central Bank of BiH; BiH Agency for Statistics</p> <p>Civil Society Organizations: Transparency International BiH (TI BiH); Center for Investigative Reporting (CIN); Association Alumni of the Center for Interdisciplinary Postgraduate Studies (ACIPS); Center of Civil Initiatives (CCI); Association of Citizens „Why not?“</p>
Total allocation / disbursement to the sector in 2014 by DCF members	<p>2014: Total allocated €40,58 million – €38,86 million in a form of grants and €1,72 million in a form of loans</p> <p>Total disbursed €38,95 million – €37,95 million in a form of grants and €1,00 million in a form of loans</p>
Legal framework and Sector strategies	<p>Legal framework and sector strategies (adopted in 2014)</p> <p><i>Law on Changes and Amendments to the Law on Budget of Institutions of BiH and International Obligations of BiH for 2014; Law on Public Procurement; Law on Amendment to the Law on Public Procurement of BiH; Law on Changes and Amendments to the Law on Budgets in the FBiH; Law on Amendment to the Law on Execution of the Budget of the FBiH for 2014; Law on Changes and Amendments to the Law on Allocation of Public Revenues in the FBiH; Law on Change and Amendments to the Law on Settlement of Internal Obligations of the FBiH; Law on Changes and Amendments to the Law on Execution of the Budget of the FBiH for 2014; Changes and Amendments to the Budget of the FBiH for 2014; Law on Changes and Amendments to the Law on Execution of the Budget of the FBiH for 2014; Changes and Amendments to the Budget of the FBiH for 2014; FBiH Law on Changes to the Law on the Percentage of Default Interest Rate on Public Revenues; Law on Changes to the Law on Tax Administration of the FBiH; Law on the City of Siroki Brijeg; Law on the City of</i></p>

	<p><i>Bihac; Law on the City of Tuzla; Law on the City of Zenica; Law on Change and Amendments to the Law on Registries; Law on Amendment to the Law on Territorial Organization of RS; Law on Establishing of Stanari Municipality; Law on Changes to the Law on Execution of the Budget of RS for 2014; Law on Amendments to the Law on Borrowing, Debt and Guarantees of RS; Law on Changes and Amendments to the Law on the Budget System of RS; Law on Changes and Amendments to the Law on Special Republic Taxes; Law on Changes and Amendments to the Law on Reserve Pension Fund of RS; Law on Changes and Amendments to the Law on RS Tax Procedure; Law on Salaries of Employed in the Bodies of Administration of RS; Law on Changes and Amendment to the Law on Audit of the Public Sector of RS; Law on Changes and Amendment to the Law on Internal Debt of RS; Law on Civil Service in Brcko District BiH; Law on Names of Inhabited Settlements in the Area of Brcko District BiH; Changes to the Law on Public Administration Audit of Brcko District BiH; Law on Changes and Amendments to the Law on Members of Brcko District Assembly.</i></p> <p>Previously adopted legal framework and sector strategies are available on http://www.donormapping.ba/index.php/donor-mapping-reports/dmr-2011-2012</p>
Donor coordination	<p>Capacity to align with <i>acquis</i> and civil service including DIS: PAR Fund stakeholders` regular meetings organised by Public Administration Reform Coordinator's Office.</p> <p>Public Procurement and Financial Control: Project-based bilateral meetings.</p> <p>Statistics: Informal <i>ad-hoc</i> coordination.</p> <p>Civil Society: Informal <i>ad-hoc</i> coordination.</p> <p>Donors active in the Sector regularly attended DCF quarterly meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

Overview

Public administration reform (PAR), together with rule of law and economic governance, constitute an integral part of the EU enlargement process. These three parts are closely linked and of fundamental importance for success in political and economic reforms, and in building a basis for implementing EU rules and standards. A well-functioning public administration plays a fundamental role in the EU accession process, through facilitated implementation of important reforms and successful dialogue with the EU, and also directly impacts governments' ability to provide public services and to foster competitiveness and growth.

PAR sector consists of four sub-sectors:

- Capacity to align with *acquis* and Civil Service including DIS,
- Public Procurement and Financial Control,
- Statistics, and
- Civil Society Organizations (CSOs)³¹.

In 2014, very limited progress was made in reforming public administration in Bosnia and Herzegovina. The overall reforms of the PAR Sector were defined in the Strategy for Public Administration Reform, adopted in 2006 by all levels of government in BiH, together with Action plan 1, including detailed overview of activities in six key reform areas of PAR in Bosnia and Herzegovina (policy-making and coordination capacities, public finance, human resources management, administrative procedure, institutional communication and information technologies – IT). The Revised Action Plan (RAP 1) was adopted in 2011, establishing a new framework for its implementation in the period 2011 – 2014. In the meantime, the second Action plan (AP), covering the period 2014 – 2020 was prepared, but not adopted yet. Besides, the lack of sufficient funds for comprehensive implementation of the Strategy, complex administrative structure, as well as the limited cooperation and weak capacities of Institutions at all levels in Bosnia and Herzegovina, additionally slowed down the reform processes in this Sector.

The sub-sector *capacity to align with *acquis* and civil service including DIS* has recorded very limited progress in 2014. Some progress was achieved in harmonization with the EU standards and the implementation of harmonized legislation in the country, through the implementation of the Revised Action Plan 1 of the PAR Strategy, but reform process is still slow and uneven. The future of the PAR reform need to be defined, together with development of coherent standards and common administrative practices in Bosnia and Herzegovina, taking into account that the current Strategy is expiring of in 2014.

Some progress can be noted in the sub-sector on *public procurement and financial control*, in 2014, where a new Public Procurement Law, aligned with the EU Directives of 2004, was adopted in April 2014. The new Law brings the BiH public procurement legislation much closer to the current EU standards and significantly simplifies public procurement procedures. The key challenge now will be implementation of the new law, as well as the adoption and implementation of following by-laws. In order to stimulate sustainable economic growth in Bosnia and Herzegovina, it will be necessary to develop an operational public procurement system that will include Public Private Partnership (PPP) /concessions, and will be harmonized with EU rules and good international practice.

In 2014, very limited progress was registered in the *Public Internal Financial Control (PIFC)* sub-sector. The State and Entity Ministries of Finance developed and adopted the internal control standards and

³¹ More information can be found at: http://ec.europa.eu/enlargement/pdf/mipd_bih_2011_2013_en.pdf

financial management frameworks as well as control manuals for the institutions. However, further efforts are needed in order to implement PIFC at all levels of government in Bosnia and Herzegovina. More active Coordination Boards would contribute to further progress in the implementation of PIFC and International Organisation of Supreme Audit Institutions (INTOSAI) standards.

In 2014, **some progress can be noted in the *Statistics sub-sector***. Cooperation between the Agency of Statistics of Bosnia and Herzegovina (the BHAS) and the Entity institutes for statistics improved through conducting of the first post-war population and housing census. The Census data processing commenced in January 2014 and publication of the results is expected. However, sectoral statistics such as national accounts, and business and agricultural statistics need to be further improved.

In 2014, the **CSOs** sub-sector noted the weak cooperation with the institutions at State, Entity and Cantonal levels in Bosnia and Herzegovina. Institutional mechanisms for cooperation with civil society need to be improved, particularly taking into consideration the role CSOs had during the socio-economic protests in February and as well as during the floods from May 2014. It is necessary to strengthen consultations with civil society and to improve transparency of CSOs funds, in order to facilitate and accelerate PAR process in Bosnia and Herzegovina.

Finally, in 2014 a limited progress was made in the Public Administration Reform sector as a whole. Implementation of reforms in all sub-sectors remains challenging, mostly because of the complex administrative structure in Bosnia and Herzegovina, as well as the need for further enhancement of professional skills of all stakeholders. Communication between public and civil sector organizations should be improved. The floods slowed reforms in this Sector, through delays and cancellation of implementation of local development strategies in municipalities hit by the floods.

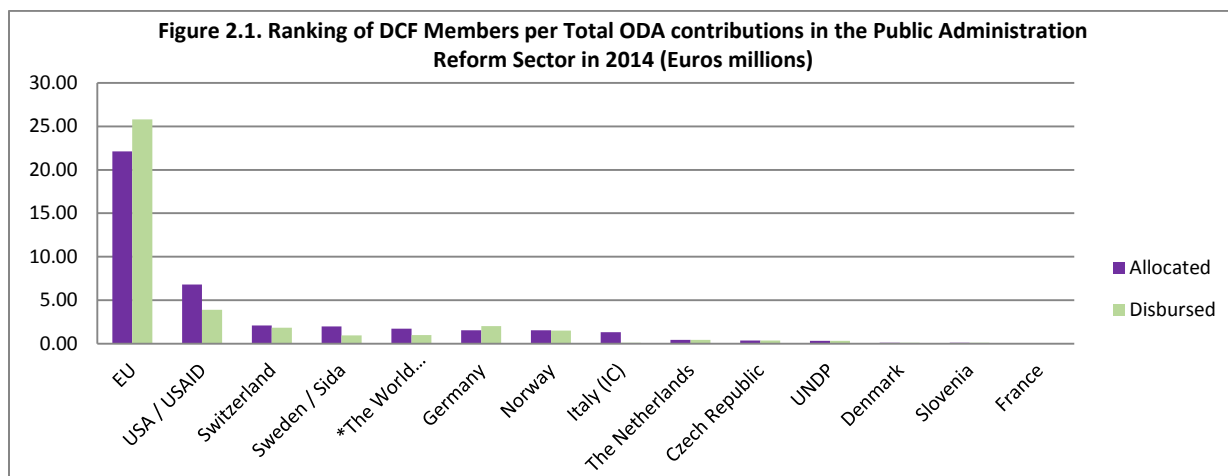
Donor activities in 2014

DCF members active in the Public Administration Reform sector in 2014 are the EU, USA / USAID, Switzerland, Sweden / Sida, The World Bank, Germany, Norway, Italy (IC), The Netherlands, Czech Republic, UNDP, Denmark, Slovenia and France.

In 2014, total allocations of DCF members to the Public Administration Reform sector were €40,58 million, out of which €38,86 million was in the form of grants, and €1,72 million in the form of a loan (the World Bank).

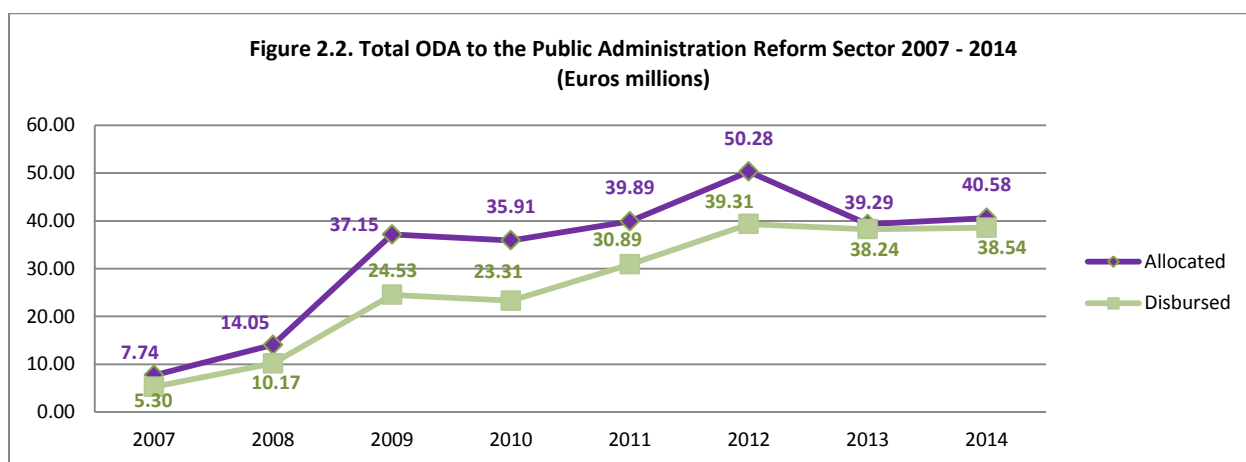
Total disbursements to the Sector in the observed period amounted €38,54 million, out of which €37,54 million was disbursed in a form of grants and €1,00 million in a form of a loan.

Figure 2.1. compares overall ODA allocations and disbursements per donors provided to the Public Administration Reform sector, showing that the leading donors in the Sector in 2014 were the EU and USA/USAID, followed by Switzerland, Sweden / Sida, the World Bank, Germany, Norway, Italy (IC), The Netherlands, Czech Republic, UNDP, Denmark, Slovenia and France.



***Note:** ODA assistance provided to the Public Administration Reform Sector was mainly in the form of grants, with exceptions of the World Bank, which provided aid in a form of loan.

Figure 2.2. provides historical overview of total ODA allocations and disbursements within the Public Administration Reform sector.



The chart indicates a continuous rise of foreign aid provided to the PAR sector until 2012, when on its peak, recording the highest allocations during the observed period, and a sharp decline in investments in this Sector registered in 2013, mostly because the current pace of implementation of reforms was not satisfactory. But, in 2014 a new rise in provision of aid was gained as a result of the couple initiatives. First was the joint *Forum for Prosperity and Jobs*³² (resulting with the *Compact for Growth* reform document), the British – German Initiative and the expected entering into force of the Stabilisation and Association Agreement (SAA) between the EU and Bosnia and Herzegovina.

Out of total ODA channelled to Bosnia and Herzegovina in 2014, 5% was allocated and 10 % was disbursed in the Public Administration Reform sector.

³² More information can be found at: <http://europa.ba/?p=17720>

Major projects in the Public Administration Reform sector in BiH are listed below³³:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Agriculture and Rural Development Project (Grant/Loan)	The World Bank, Sweden / Sida	19,42
Support to the recovery of flood affected areas	EU	16,39
Strengthening of Public Institutions	Germany	8,70
MEASURE, USAID/Bosnia and Herzegovina (BiH) Monitoring and Evaluation Support Activity	USA / USAID	8,33
(CSSP) Civil Society Sustainability Project	USA / USAID	8,29
(GOV-WADE) Governance Project in Municipal Water and Environmental Development	Switzerland	7,05
Local Governance - Integrated Local Development Project and Municipal Training Project	UNDP, Sweden / Sida, Switzerland	5,69

All projects are available in the Donor Coordination Forum Database, via following link:

http://dmd.donormapping.ba/dmd/faces/dmdPublicStart?_afWindowMode=0&_afLoop=342677494085424&_adf.ctrl-state=mk4nl7ill_4

Legal framework and sector strategies adopted in 2014

In February 2014, the Parliamentary Assembly of FBiH adopted the Law on Changes and Amendments to the Law on Budgets in FBiH³⁴, while the National Assembly of RS adopted the Law on Audit of the Public Sector of RS³⁵ and the Law on Changes and Amendment to the Law on Internal Debt of RS³⁶. At the same time, the Parliamentary Assembly of Brcko District of BiH adopted the Law on Civil Service in Brcko District BiH³⁷.

In April 2014, the Parliamentary Assembly of BiH adopted the Law on Public Procurement³⁸, while the Parliamentary Assembly of FBiH adopted the Law on Amendment to the Law on Execution of the Budget of the FBiH for 2014³⁹. At the same time, the National Assembly of RS adopted the Law on Amendments to the Law on Tax Procedure of RS and the Law on Salaries of Employed in the Bodies of Administration of RS⁴⁰, while the Parliamentary Assembly of Brcko District of BiH adopted the Law on Names of Inhabited Settlements in the Area of Brcko District BiH⁴¹.

During **May 2014**, the Law on Changes and Amendments to the Law on Allocation of Public Revenues in the FBiH, together with the Law on Changes to the Law on Settlement of Internal Obligations of the FBiH⁴², were adopted by the FBiH Parliamentary Assembly. The National Assembly of RS adopted the Law on Changes and Amendments to the Law on Reserve Pension Fund of RS⁴³.

In June 2014, the Parliamentary Assembly of BiH adopted the Law on Amendment to the Law on Public Procurement of BiH⁴⁴, while the Parliamentary Assembly of FBiH adopted the Law Changes and

³³ Due to large number of the projects in the Public Administration Reform sector, only some projects are mentioned in this report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

³⁴ Official Gazette of BiH no. 13/14

³⁵ Official Gazette of RS no. 20/14

³⁶ Official Gazette of RS no. 44/14

³⁷ Official Gazette of Brcko District of BiH no. 9/14

³⁸ Official Gazette of BiH no. 39/14

³⁹ Official Gazette of FBiH no. 31/14

⁴⁰ All published in Official Gazette of RS no. 31/14

⁴¹ Official Gazette of Brcko District of BiH no. 13/14

⁴² All published in the Official Gazette of FBiH no.35/14

⁴³ Official gazette of RS no. 50/14

⁴⁴ Official Gazette of BiH no. 47/14

Amendments to the Law on Execution of the Budget of the FBiH for 2014⁴⁵. At the same time, the National Assembly of RS adopted the Law on Amendments to the Law on Borrowing, Debt and Guarantees of RS, the Law on Changes and Amendments to the Law on the Budget System of RS and the Law on Changes and Amendments to the Law on Special Republic Taxes⁴⁶.

The Parliamentary Assembly of Brcko District of BiH adopted the Law on Changes and Amendments to the Law on Members of Brcko District Assembly⁴⁷, **during June 2014**.

In July 2014 the Parliamentary Assembly of BiH adopted the Law on Changes and Amendments to the Law on Budget of Institutions of BiH and International Obligations of BiH for 2014⁴⁸, while the National Assembly of RS adopted the Law on Changes to the Law on Execution of the Budget of RS for 2014⁴⁹. At the same time, the Parliamentary Assembly of Brcko District of BiH adopted the Law on Public Administration Audit of Brcko District BiH⁵⁰.

During **August 2013**, the Parliamentary Assembly of FBiH adopted the Law on Changes and Amendments to the Law on Execution of the Budget of the FBiH for 2014, together with the Changes and Amendments to the Budget of the FBiH for 2014 and the Law on Changes to the Law on the Percentage of Default Interest Rate on Public Revenues⁵¹.

In September 2014, the Parliamentary Assembly of FBiH adopted the Law on Changes to the Law on Tax Administration of the FBiH⁵².

In October 2014 the Parliamentary Assembly of FBiH adopted the Law on Change and Amendments on the Law on Registries, as well as the set of Laws on the cities of Siroki Brijeg, Bihac, Tuzla and Zenica⁵³. At the same time, the National Assembly of RS adopted the Law on Amendment to the Law on Territorial Organization of RS and the Law on establishing of Stanari Municipality⁵⁴.

Donor coordination

Donors of PAR Fund meet with representatives of BiH authorities more or less regularly, differently in each of four sub-sectors within the PAR sector.

Within the **capacity to align with acquis and civil service including DIS** sub-sector, the PAR Fund members meet regularly representatives from the state, entity and DB BiH levels, to coordinate donor activities and discuss progress in implementation of activities in the sector, while for the regional approach, the donor coordination mechanism is organized by Regional Cooperation Council (RCC).

In **public procurement and financial control** sub-sector there are internal coordination boards between relevant institutions (CHUs, SAIs, etc.), but the sectoral coordination between domestic institutions and donors is still to be established and formalized.

Within the **statistics** sub-sector, coordination meetings are *ad hoc*, project-based and mostly bilateral.

⁴⁵ Official Gazette of FBiH no. 45/14

⁴⁶ All published in the Official Gazette of RS no. 52/14

⁴⁷ Official Gazette of Brcko District of BiH no.27/14

⁴⁸ Official Gazette of BiH no. 60/14

⁴⁹ Official Gazette of RS no. 65/14

⁵⁰ Official Gazette of Brcko District of BiH no. 29/14

⁵¹ All published in the Official Gazette of FBiH no. 66/14

⁵² Official Gazette of FBiH no. 71/14

⁵³ All published in Official Gazette of FBiH no.80/14

⁵⁴ All published in Official Gazette of RS no. 83/14

In the **CSO** sub-sector there is informal coordination between CSOs on *ad-hoc* basis in order to avoid overlapping activities.

PARCO, as well as donors active in the Public Administration Reform sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

Future activities

Public Administration Reform sector in Bosnia and Herzegovina achieved a very limited progress in 2014. In that regard, further activities need to be focused on the development of strategic and management framework of PAR that is aligned with available financial and human resources, in order to ensure a prioritised approach to the reforms.

It will be necessary to conduct the analysis of the PAR reform effects and results in ***the capacity to align with acquis and civil service including DIS*** sub-sector, in order to define activities and measures that will be basis for defining further activities in the forthcoming mid-term period (2020). It should be noted that financial sustainability and intra-institutional cooperation will be the key for all future achievements and developments.

The public procurement and financial control noted certain progress in 2014, where after several years of efforts, a new Public Procurement Law, aligned with the EU Directives of 2004, was adopted in April 2014. The new Law brings the BiH public procurement legislation much closer to the current EU standards and significantly simplifies public procurement procedures. The key challenge now will be implementation of the new law, as well as the adoption and implementation of following by-laws. In order to stimulate sustainable economic growth in Bosnia and Herzegovina, it will be necessary to develop a fully operational public procurement system that will include Public Private Partnership/concessions, and will be harmonized with EU rules as well as good international practice.

In regards to the ***Public Internal Financial Control (PIFC) sub-sector*** slight improvement can be noticed on inter-institutional cooperation and standards harmonization. However, the Coordination boards of the supreme audit institutions (SAIs) and of the CHUs in the Ministries of Finance of the State and the Entities should take more pro-active role in implementation of PIFC reforms in all levels of governments.

Although in the subsector of **Statistics**, the cooperation between the Agency of Statistics of BiH and the Entity institutes for statistics has improved, further development of sectoral statistics such as national accounts, business and agricultural statistics, classifications and registers, together with the improvements within the cooperation, coordination and decision-making processes, will be necessary in the forthcoming period.

DCF members active in the sector in 2014	The World Bank, EIB, EBRD, EU, Sweden/Sida, IFC, USA / USAID, Germany, The Netherlands, Norway, Japan / JICA, Switzerland, Czech Republic, United Kingdom (FCO), Italy (IC), Hungary, UNDP.
Other Key international organizations (IOs)	International Monetary Fund (IMF), International Labour Organisation (ILO), International Organization for Migration (IOM), Food and Agriculture Organization of the UN (FAO), Switzerland Global Enterprise (SIPPO).
Key government partners	<p>Institutional and Legal Framework, European Charter for Small Enterprises, Small Business Act, Competitiveness: 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, BiH Directorate for Economic Planning, BiH Directorate for European Integration, Labour and Employment Agency of BiH, BiH Export Promotion Agency, Market Surveillance Agency of BiH, BiH Deposit Insurance Agency, BiH Food Safety Agency, Central Bank of BiH, Competition Council of BiH, State Aid Council of BiH, FBiH Ministry of Finance, FBiH Ministry of Labour and Social Policies, FBiH Ministry of Development, Entrepreneurship and Craft, Ministry of Agriculture, Water Management and Forestry of FBiH, Ministry of Finance of RS, RS Ministry of Labour and Veterans Affairs, RS Ministry of Economic Relations and Regional Cooperation, Ministry of Agriculture, Forestry and Water Management of RS, Agency for Small and Medium Enterprises of RS.</p> <p>Business Environment and Land Management: 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, BiH Directorate for Economic Planning, BiH Directorate for European Integration, Labour and Employment Agency of BiH, BiH Export Promotion Agency, Market Surveillance Agency of BiH, BiH Deposit Insurance Agency, BiH Food Safety Agency, Central Bank of BiH, Competition Council of BiH, State Aid Council of BiH, FBiH Ministry of Finance, FBiH Ministry of Labour and Social Policies, FBiH Ministry of Development, Entrepreneurship and Craft, Ministry of Agriculture, Water Management and Forestry of FBiH, Ministry of Finance of RS, RS Ministry of Labour and Veterans Affairs, RS Ministry of Economic Relations and Regional Cooperation, Ministry of Agriculture, Forestry and Water Management of RS, Agency for Small and Medium Enterprises of RS.</p>
Total allocation / disbursement to the sector in 2014 by DCF members	<p>2014: Total allocated €143,09 million – €26,46 million in a form of grants and €116,63 million in a form of loans</p> <p>Total disbursed €71,89 million – €21,79 million in a form of grants and €50,10 million in a form of loans</p>

<p>Legal framework and Sector strategies</p>	<p>Legal framework and sector strategies (adopted in 2014) <i>Law on Changes and Amendments to the Law on Excise Tax in BiH; Law on BiH Public Procurement; Law on Changes and Amendments to the Law on Excise Tax in BiH; FBiH Law on Changes and Amendments to the Law on Seeds and Planting Material of Agricultural Plants; Law on Protection of Users of Financial Services in the FBiH; Law on Consolidations of Commercial Companies in the FBiH; Law on Changes and Amendments to the Law on Registration of Business Entities in the FBiH; FBiH Law on Changes and Amendments to the Law on Hunting; RS Law on Changes to the Law on Fiscal Cash Registries; Law on Changes and Amendments to the Law on Consumers' Protection in RS; RS Law on Changes and Amendments to the Law on Special Ways of Settlement of Tax Debt; Law on Changes and Amendments to the Law on Pharmaceutical Business in RS; RS Law on Changes and Amendments to the Law on Foreign Exchange Operations; RS Law on the Single System for Multilateral Compensation and Cession. Action Plan for implementation of the Study on Encouragement of Foreign Investments in RS 2014 - 2017; Study on Encouragement of Foreign Investments in RS 2014-2017</i></p> <p>Previously adopted legal framework and sector strategies are available on http://donormapping.ba/pdf/DMR%202013-ENG.pdf</p>
<p>Donor coordination</p>	<p><i>Institutional and Legal Framework, European Charter for Small Enterprises, Small Business Act and Competitiveness:</i> MoFTER is regularly organizing meetings of the Working Group for planning and coordination of international aid in Agricultural, Food and Rural Development Sector in the Agriculture sub-sector, and formed the Working Group for coordination of activities in BiH Tourism sub-sector.</p> <p><i>Business Environment and Land Management:</i> Project-based bilateral meetings.</p> <p>Donors active in the Sector regularly attended DCF quarterly meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

Overview

Private sector represents one of engines for inclusive economic growth by generating decent jobs, contributing public revenue and providing affordable goods and services. Therefore, support to Private sector development (PSD), through establishment of private enterprises, membership in organizations representing them as well as strengthening competitive markets, are of crucial importance for promoting economic growth and reducing poverty in Bosnia and Herzegovina.

Private Sector Development consists of two sub-sectors:

- Institutional and Legal Framework, European Charter for Small Enterprises, Small Business Act and Competitiveness, and
- Business Environment and Land Management⁵⁵.

In 2014, little progress was made within the Private-sector development in Bosnia and Herzegovina.

Even though macroeconomic stability was broadly maintained, disastrous floods negatively affected the export activities, especially for the products such as furniture and wood as well as agricultural products. The total export decrease was also affected by diminished export of electrical energy, which in 2013 was the main generator of the export growth. Also, the slow economic recovery of EU countries as well as countries in the region, the main export markets for Bosnia and Herzegovina, together with bad investment climate and lack of competitiveness, negatively affected the Small and Medium Enterprise (SME) sector, the backbone of BiH economy. In that regard, further measures are necessary to be taken in the simplifying of regulatory and legal environment in the country, including strengthening contract enforcement, reducing administrative costs and barriers, and facilitating privatization procedures, since a complex legal and regulatory framework and non-transparent business procedures pose serious obstacles for domestic and foreign investment in Bosnia and Herzegovina.

As a response to the February's demonstrations calling for the social and economic improvements in the country, the EU in May 2014 launched the Compact for Growth initiative through a Forum on Prosperity and Jobs. The Forum was attended by a broad spectrum of civil, academic, business, and political participants. The Initiative and subsequent follow-up events in July identified six economic urgent policy measures, the so-called "Compact for Growth", targeting key economic issues including labour market, business environment, investment, corruption, and social protection. The measures were supported by the IMF, WBG, EBRD, EU, USA and many others. The initiative emphasizes the need for the new socio – economic efforts by all segments of society in Bosnia and Herzegovina and encourages the political leadership to embrace reforms quickly, in order to get closer to European Standards in the economic sphere⁵⁶.

Reform of the Institutional and Legal Framework, European Charter for Small Enterprises, Small Business Act and Competitiveness sub – sector achieved a **limited progress in 2014**. The regulatory environment in BiH remains complex. The lack of SME strategy at the State-level for the period 2014-

⁵⁵ More information can be found at: http://ec.europa.eu/enlargement/pdf/mipd_bih_2011_2013_en.pdf

⁵⁶ More information can be found at: http://europa.ba/?page_id=550

2020, prevent countrywide harmonization of definitions, better coordination and SME priorities in harmonized with the Small Business Act and EU recommendations. Support to business infrastructure has improved, but countrywide coordination still remain to be addressed in order to avoid fragmented business policy actions at different government levels in Bosnia and Herzegovina and overcome obstacles that entrepreneurs face in conducting business across the Entities' borders.

In 2014, there were no changes in the area of agriculture and rural development policy in Bosnia and Herzegovina, in comparison to the previously observed period. State-level laws on wine and on organic production as well as a countrywide rural development strategy still needs to be adopted. Regarding preparation for the Pre-accession Assistance for Rural Development Instrument, adoption of the agreement on institutional structures for decentralized management of IPA funds related to this policy area is still pending, together with the adoption of the agricultural information strategy. Improvements in productivity and competitiveness remain hampered by the lack of an efficient administration and effective rural credit schemes. Preparations for an agricultural census, together with the improvements in agricultural statistics and the agricultural information system are at an early stage, hampering development of adequate agricultural policies.

In the area of veterinary, the progress was made in implementation of vaccinations against brucellosis and rabies, including monitoring and coordination activities. The new Animal Disease Notification and Outbreak Information Management System become operational. The system is used to monitor and eradicate animal disease outbreaks and is in line with EU and national legal requirements. Also, strengthening of capacities of laboratories has continued. Bosnia and Herzegovina continued to implement a residue monitoring plan, while the number of accredited laboratories, as well as in the number of accredited laboratory methods for diagnostics of animal diseases, microbiological analyses and control of residues of veterinary medicines is rising. However, some deficiencies in the existing animal identification and movement control systems need to be addressed. It could be concluded that more work is required in the veterinary area, in order to implement measures to meet EU import requirements.

Within the phytosanitary area, efforts were focused on implementing the legislation harmonized with the *acquis* in an integrated manner throughout the country. In the area of genetically modified organisms (GMOs), BiH continued with the adoption of implementing legal acts on monitoring the impact of GMOs and products that contain or originate from GMOs, sampling, traceability and market access of GMO-related products.

In regard with fisheries, harmonization of relevant laws that regulate this area needs to be further stepped up. Implementation of legislation is uneven throughout the country, so more efforts are needed to implement the *acquis* in this sector, to facilitate exports of fish and fishery products to the EU.

The private sector in Bosnia and Herzegovina needs to be supported by a sound business environment, through establishment of a single economic space and further improvement of contract enforcement in the country.

In *the Business Environment and Land Management sub-sector* some progress was noticed in 2014. Reforms on the entities level have been implemented and brought progress in the area of business registration. A one-stop-shop system for business registration has been implemented in RS since December 2013, after the adoption of a set of laws in that area, providing the streamlining of procedures and enabling businesses to register within three days, at a cost of one KM. The Federation of BiH adopted legislation on business entities and amendments to the Law on registration of business entities in June 2014. However, the issue of double registration countrywide has not been resolved, while harmonization of land registration systems as well as strengthening of the land management system needs to be improved in the next period.

It can be noticed that in 2014 very limited progress was achieved within the PSD in Bosnia and Herzegovina. The reforms in this sector were strongly affected by weakening in external demand on EU and regional markets and the damages caused by catastrophic floods that hit BiH in May 2014. In sum, the total economic impact of the disaster is estimated to have reached €2.04 billion, according to the BiH Floods 2014 Recovery Needs Assessment, the document which was prepared by domestic authorities with assistance provided by the European Union, the United Nations and the World Bank.⁵⁷ The floods are estimated to have caused the equivalent of nearly 15 % of GDP in damages and losses in 2014 in BiH. Most of it impacted the private sector: families, small, medium and large businesses, and agricultural producers, including an undefined number of vulnerable sectors of the population.

In the attempt to accelerate recovery and generate future growth, certain progress has been made towards better business environment, but doing business in BiH remains problematic. Besides, postponement of the large – scale privatization in Federation of BiH, constant high level of unemployment and rise of debts at all government levels in BiH as well as non – performing loans (NPL) influenced the slower than expected socio-economic development in the country.

Donor activities in 2014

DCF members active in the Private Sector Development in 2014 are the World Bank, EIB, EBRD, EU, Sweden/Sida, IFC, USA/USAID, Germany, the Netherlands, Norway, Japan/ JICA, Switzerland, Czech Republic, United Kingdom (FCO), Italy (IC), Hungary and UNDP.

Total allocations of the DCF members to the Private Sector Development was €143,09 million in 2014, out of which the largest share of ODA, or €116,63 million was in a form of loans, while €26,46 million was in the form of a grants.

Total disbursements to the Sector in the observed period amounted €71,89 million, out of which €50,10 million was disbursed in a form of loans, while €21,79 million was disbursed in a form of a grants.

⁵⁷ More information can be found at: http://europa.ba/wp-content/uploads/2015/05/delegacijaEU_2014090308560389eng.pdf

Figure 3.1. compares grant ODA allocations and disbursements per donors provided to the Private Sector Development in 2014. The leading grant-providing donors in 2014 were the EU and Sweden/Sida, followed by the USA/USAID, Germany, the Netherlands, Norway, Japan/ JICA, Switzerland, Czech Republic, United Kingdom (FCO), Italy (IC), Hungary and UNDP. ODA disbursements to this Sector follow the similar pattern with the exception of the Sweden / Sida, which disbursed lower amount of allocated resources.

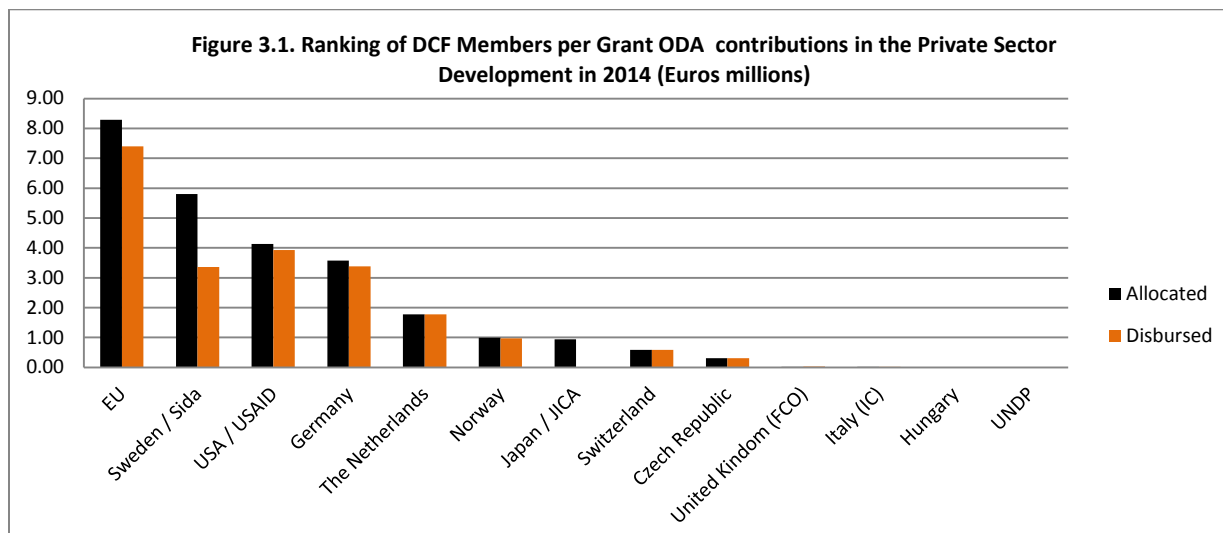


Figure 3.2. compares loan ODA allocations and disbursements per financiers provided to the Private Sector Development in 2014. Leading IFIs were the World Bank and EIB, followed by the EBRD and IFC.

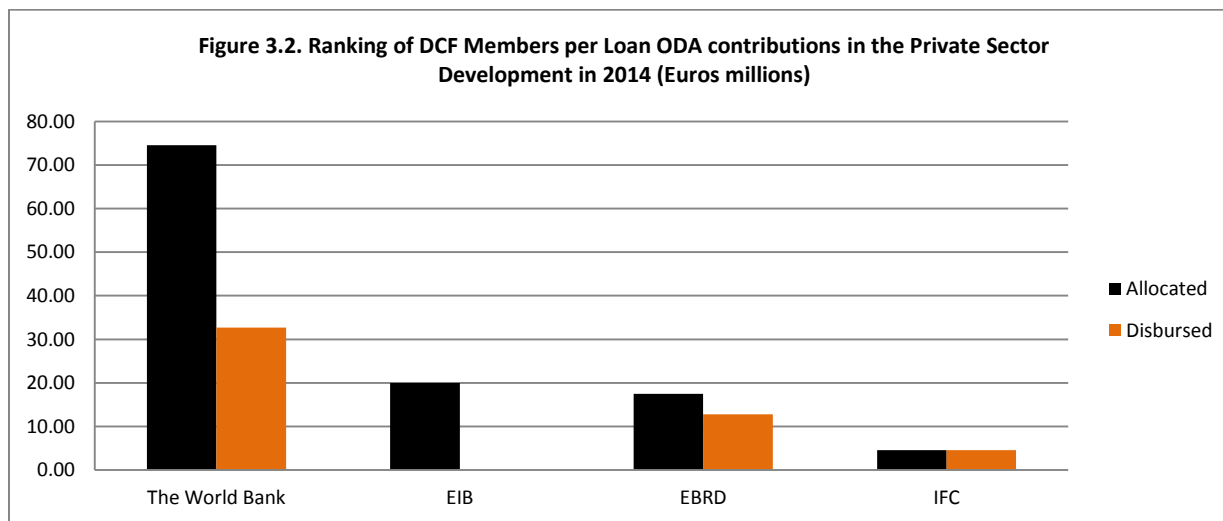


Figure 3.3. provides historical overview of total ODA allocations and disbursements within the Private Sector Development in Bosnia and Herzegovina.

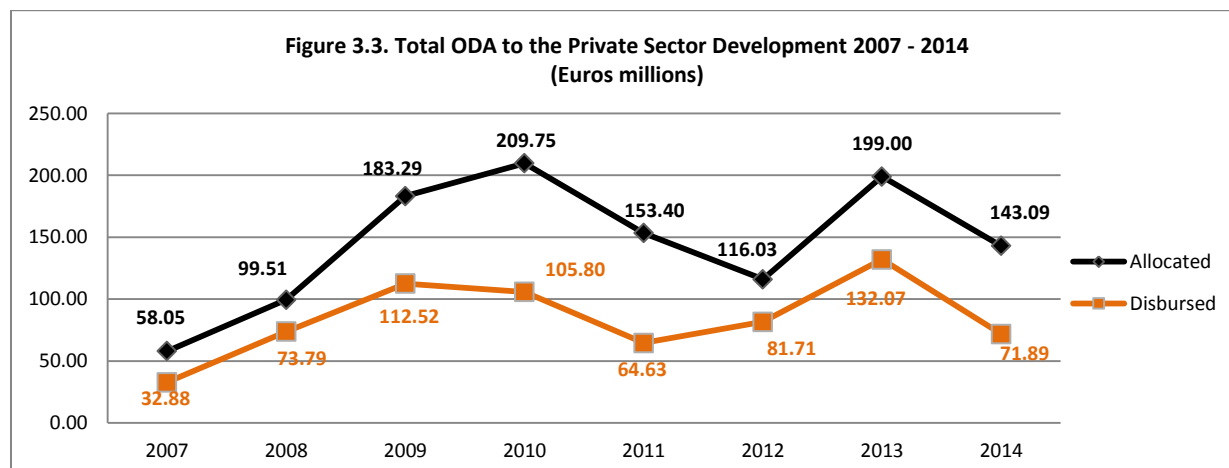


Chart indicates a constant increase of total ODA allocations to the PSD from 2007 until 2010, and a sharp decline from 2010 to 2012. Reason could be the gradual phasing out of direct support from bilateral donors, shrinking of BiH export markets (EU) as result of the global financial crisis, as well as slow and uneven recovery process. Investments sharply increased in 2013, but again sharply decreased again in the 2014, as a result of slow progress Bosnia and Herzegovina made in the EU integration processes, together with consequences of the catastrophic floods from May 2014 that influenced investments in Private Sector Development.

Out of total ODA channelled to Bosnia and Herzegovina in 2014, 19% was allocated and 20% was disbursed to the Private Sector Development.

Major projects in the Private Sector Development in BiH are listed below⁵⁸:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Enhancing SME Access to Finance (Loan)	The World Bank	132,57
ISP LOAN FOR SMES&PRIORITY PROJECTS II (Loan)	EIB	60,00
Business Environment Development Policy Operation (Loan)	The World Bank	35,78
Irrigation Development Project (Loan)	The World Bank	28,62
(FIRMA) Fostering Interventions for Rapid Market Advancements	Sweden / Sida, USA / USAID	16,77
Growth Oriented Local Development Program (GOLD)	USA / USAID	14,60
Hypo Group Alpe Adria AG (Loan)	EBRD	8,50
GOLD, Growth Oriented Local Development	Sweden / Sida	7,20
European Fund for Southeast Europe (EFSE) III (Loan)	EBRD	6,50
Programme for Local Self-Government and Economic Development in Bosnia and Herzegovina (ProLocal)	Germany	6,00
WeBSEFF II - Raiffeisen bank BiH (Loan)	EBRD	5,00

All projects are available in the Donor Coordination Forum Database, via following link:

http://dmd.donormapping.ba/dmd/faces/dmdPublicStart?_afzWindowMode=0&_afzLoop=342677494085424&_adf.ctrl-state=mk4nl7ill_4

⁵⁸ Due to large number of the projects in the Private Sector Development, only some projects are mentioned in this report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

Legal Framework and sector strategies adopted in 2014

In February 2014 the RS Parliamentary Assembly adopted the Law on Changes and Amendments to the Law on Foreign Exchange Operations⁵⁹ and the Law on the Single System for Multilateral Compensation and Cession⁶⁰.

In April 2014 the Parliamentary Assembly of BiH adopted the Law on Public Procurement⁶¹, while the Parliamentary Assembly of FBiH adopted the Law on Changes and Amendments to the Law on Seeds and Planting Material of Agricultural Plants⁶² and the Law on Protection of Users of Financial Services in the FBiH⁶³. At the same time the National Assembly of RS adopted the Law on Changes and Amendments to the Law on Pharmaceutical Business⁶⁴.

In June 2014 the Parliamentary Assembly of BiH adopted the Law on Changes and Amendments to the Law on Excise Tax in BiH⁶⁵,

In July 2014 the Law on Changes and Amendments to the Law on Excise Tax in BiH⁶⁶ was adopted by the Parliamentary Assembly of BiH, while at the same time the Parliamentary Assembly of FBiH adopted the Law on Consolidation of Commercial Companies in the FBiH⁶⁷. The National Assembly of RS adopted the Law on Changes and Amendments to the Law on Fiscal Cash Registries⁶⁸ and the Law on Changes and Amendments to the Law on Consumers' Protection in RS⁶⁹.

Besides, in July 2014, the RS Government adopted the Study on Encouragement of Foreign Investments in RS 2014-2017, as well as the following Action Plan for its implementation.

In August 2014 the FBiH Parliamentary Assembly adopted the Law on Changes and Amendments the Law on Registration of Business Entities in the FBiH⁷⁰

In October 2014 the FBiH Parliamentary Assembly adopted the Law on Changes and Amendments to the Law on Hunting⁷¹

Donor coordination

During 2014 donor coordination mechanisms in the Private Sector Development were implemented divergently, depending on the sub-sector and the levels of governments involved. Sector wide donor coordination mechanism in the Private Sector Development still does not exist. Therefore, further efforts are needed to coordinate activities and stakeholders within the sector.

⁵⁹ Official Gazette of RS, no. 20/14

⁶⁰ Official Gazette of RS, no. 20/14

⁶¹ Official Gazette of BiH, no. 39/14

⁶² Official Gazette of FBiH, no. 31/14

⁶³ Official Gazette of FBiH, no. 31/14

⁶⁴ Official Gazette of RS, no. 33/14

⁶⁵ Official Gazette of BiH, no. 49/14

⁶⁶ Official Gazette of BiH, no. 60/14

⁶⁷ Official Gazette of FBiH, no. 52/14

⁶⁸ Official Gazette of RS, no. 65/14

⁶⁹ Official Gazette of RS, no. 63/14

⁷⁰ Official Gazette of FBiH, no. 63/14

⁷¹ Official Gazette of FBiH, no. 81/14

In ***the Institutional and Legal Framework, European Charter for Small Enterprises, Small Business Act and Competitiveness sub-sector***, Ministry of Foreign Trade and Economic Relations formed the Working Group for coordination of activities in BiH Tourism sub-sector, while in the Agriculture sub-sector same Ministry coordinates between institutions and donors through the Working Group for planning and coordination of international aid in Agricultural, Food and Rural Development Sector.

Besides above mentioned, institutionalized coordination bodies, donors were and are still organizing coordination meetings on specific sub-sectors amongst themselves, which was were fully expressed during and after the floods.

In ***the Business Environment and Land Management*** sub-sector, coordination meetings are *ad hoc*, project-based and mostly bilateral.

Donors active in the Private Sector Development regularly attended the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (SCIA).

Future Activities

The Private Sector Development is of crucial importance for achieving progress in economic, political and social development in the country.

All stakeholders active in this Sector emphasized the necessity of strengthening institutional capacities, development of institutional and legislative framework that will enable better business environment, rise in the competitiveness and more grant based assistance. Having in mind that in this Sector loans prevail over grants, with expectation of similar trend in the future, raise in competitiveness and higher export are of vital importance for future economic growth and development of Bosnia and Herzegovina. Together with improved access to capital, appropriate financial services and stronger support to the reform processes should enable further development of the various enterprises that constitute ***Institutional and Legal Framework, European Charter for Small Enterprises, Small Business Act and Competitiveness sub-sector*** and Private Sector in Bosnia and Herzegovina.

The same could be concluded considering the ***Business Environment and Land Management sub-sector***. Bosnia and Herzegovina needs to improve its competitiveness and business environment, to support the private sector with various pro-business acts, in order to reduce unemployment. The EU's new initiative, "Compact for Growth and Jobs", can help focus the attention of the authorities on the most critical areas for reform, thereby helping to prevent a repeat of the social unrest like in February 2014. Together with this initiative, the emphasis should be on the improvement of business environment by introducing measures tackling the rule of law and corruption. Also, it is necessary to address the process of privatization as soon as possible.

In order to accelerate progress in economic, political and social development of Bosnia and Herzegovina all stakeholders active in this Sector underlined that implementation of the existing development strategies needs to be synchronized, harmonized and coordinated at all institutional levels of governance in BiH, as well as with donors.

DCF members active in the sector in 2014	EIB, EBRD, EU
Other Key international organizations (IOs)	Energy Community, South East Europe Transport Observatory (SEETO), Regional Cooperation Council (RCC), the OPEC Fund for International Development (OFID).
Key government partners	<p>Strategic, Institutional and Regulatory Framework: Ministry of Communications and Transport of BiH; BiH Ministry of Foreign Trade and Economic Relations; Directorate for Civil Aviation; BiH Railways Public Corporation; FBiH Ministry of Transport and Communications; FBiH Directorate for Civil Aviation; FBiH Directorate for Building, Managing and Maintaining Motorways; Ministry of Energy, Mining and Industry of FBiH; Ministry of Agriculture, Water-management and Forestry of FBiH; Ministry of Industry, Energy and Mining of RS; RS Ministry of Agriculture, Forestry and Water Management, Ministry of Spatial Planning, Civil Engineering and Ecology of RS.</p> <p>Transport Infrastructure: Ministry of Communications and Transport of BiH; BiH Ministry of Foreign Trade and Economic Relations; Directorate for Civil Aviation; FBiH Ministry of Transport and Communications; FBiH Directorate for Civil Aviation; FBiH Directorate for Building, Managing and Maintaining Motorways; Ministry of Energy, Mining and Industry of FBiH; Ministry of Agriculture, Water-management and Forestry of FBiH; Ministry of Industry, Energy and Mining of RS; RS Ministry of Agriculture, Forestry and Water Management; Ministry of Spatial Planning, Civil Engineering and Ecology of RS; Public Enterprise Railroads of FBiH; Public Enterprise Road Directorate of FBiH; Public enterprise Motorways of FBiH; Public Enterprise Railroads of RS; Public Enterprise Roads of RS; Public Enterprise Motorways of RS.</p>
Total allocation to the sector in 2014 by DCF members	<p>2014: Total allocated €167,15 million – €5,48 million in form of grants and €161,67 million in form of loans</p> <p>Total disbursed €114,22 million – €3,92 million in a form of grants and €110,30 million in a form of loans</p>
Legal framework and Sector strategies	<p>Legal framework and sector strategies (adopted in 2014)</p> <p><i>Law on Changes to the Law on Founding of the Company for Transmission of Electric Energy in BiH; FBiH Law on Amendments to the Law on Financial Consolidation of Coal Mines in the Federation of Bosnia and Herzegovina, according to Accrued and Unpaid Public Revenues in the period from 2009 to 2015; Law on Amendments to the Law on the Use of Renewable Sources of Energy and Efficient Cogeneration in FBiH; Law on Oil Derivatives in the FBiH; FERK Budget for 2014; FBiH Law on Allocation and Channelling Part of the Companies' Income Generated by the Operation of Thermal Power Plants; RS Law on Fees for the Use of Natural Resources for the Purpose of Electricity Generation; Law on Amendments to the Law on Transportation in Road Traffic of RS; Law on Changes to the Law on</i></p>

	<p><i>Transportation in Road Traffic of Brcko District BiH.</i></p> <p>Previously adopted legal framework and sector strategies are available on http://donormapping.ba/pdf/DMR%202013-ENG.pdf</p>
Donor coordination	<p>Strategic, Institutional and Regulatory Framework: Project-based, informal bilateral meetings</p> <p>Transport Infrastructure: Project-based, informal bilateral meetings</p> <p>Donors active in the sector regularly attended Donor Coordination Forum quarterly meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

Overview

The Transport and Energy Infrastructure sector plays a very important role in the economic development of each country. Investments in transport, energy, including energy efficiency, water and waste management as well as social infrastructure hold the key to sustainable socio-economic development. Such investments, whether public, private or donated, should help the potential candidate countries to comply with the EU standards, in particular environmental and climate standards as well as to improve the service quality. In the aftermath of the global economic crisis consequences, the recovery of Bosnia and Herzegovina and even of the entire region would be accelerated only if more investments are mobilized in a new infrastructure, as well as for maintenance and upgrading of the existing. In that regard, increasing economy and social development of BiH must include further rehabilitation of transport and energy infrastructure simultaneously with construction of new infrastructure and harmonization of legislative framework with the EU *acquis*.

The Transport and Energy Infrastructure sector consists of the two sub-sectors:

- Strategic, Institutional and Regulatory Framework, and
- Transport Infrastructure⁷².

In 2014, little progress has been made in the Transport and Energy Infrastructure sector in BiH. While transport related strategies exist at the level of both entities, transport policy at the state level is yet to be adopted. Also, legislation concerning rail, road, maritime and inland waterway transport in Bosnia and Herzegovina has yet to be aligned with the *acquis*.

Strategic, Institutional and Regulatory Framework sub-sector recorded fragmented progress in 2014. Bosnia and Herzegovina is part of two EU macro-regional strategies, namely the EU Strategy for the Danube Region (EUSDR) and the EU Strategy for the Adriatic and Ionian Region (EUSAIR). These

⁷² More information can be found at: http://ec.europa.eu/enlargement/pdf/mipd_bih_2011_2013_en.pdf

strategies seek to bring together both EU Member States and non-EU countries to address common challenges and potentials in the concerned macro-regions. They are focusing on improved connectivity of transport and energy networks, better environmental protection, and they aim to improve the cooperation with EU Member States and to facilitate the preparation of candidate and potential candidate countries for EU integration. In that regard, Bosnia and Herzegovina had signed up to the South-east Europe Transport Observatory (SEETO), regional transport organization established to develop, improve and integrate the Western Balkans comprehensive network into the Trans-European Transport Network (TEN-T), and to the targets of the South East Europe 2020 (SEE 2020) strategy. Taking this into account, some progress was made in building of the corridor Vc, as well as in the road transport. However, Bosnia and Herzegovina still need to further upgrade the general transport infrastructure, especially after the floods, and to speed up reforms in this sub-sector in order to accelerate economic development within the country and to keep up the pace with the region.

In the area of the rail transport, although some activities have been taken, in comparison to neighbouring Croatia and Serbia, BiH is lagging behind and needs to give more attention to improvements of the railway infrastructure.

In the area of the **air transport**, there has been little progress towards further transposition of the European Common Aviation Agreement (ECAA) requirements that mainly concern the economic and social regulations area. However, in the areas of consumer and social protection, further transposition still has to be undertaken. From January 2014, the BH Air Navigations Systems Agency (BHANSA) took over all responsibilities regarding air navigation as well as entity-based staff from the civil aviation, formerly under the jurisdiction of Entity authorities.

In the **area of energy**, Bosnia and Herzegovina is a part of EU priority corridors defined under its Trans-European Networks (TEN-E) strategy. However, the countrywide energy strategy for Bosnia and Herzegovina is still in the development phase. Strategic planning in entities is still un-harmonized, particularly in the area of supply of oil, gas and electricity, as well as in conciliating a common approach to investment priorities. However, Bosnia and Herzegovina has contributed to the energy security stress test carried out by the European Commission in the framework of the European Energy Security Strategy, which aims to strengthen the EU's energy security. Taking into account that the energy area within the Sector poses strong investment potential, it is of crucial importance to improve all its functional and regulatory aspects, with particular focus on the areas of supply, the electricity transmission company effective functioning, integrated energy markets and full independence of regulatory bodies. Within the energy area, the total estimated value of the damage caused mainly by landslides, mudslides, torrents and flooding amounted to €49,65 million, mainly in coalmining and electricity distribution systems.

In the **Transport Infrastructure sub-sector**, upgrading of transport infrastructure needs to be intensified and in line with the agreed comprehensive network of the SEETO. Some progress was made in building and equipping of the Corridor Vc but heavy flooding from May 2014, which severely damaged transport and energy infrastructure erased the achieved progress. Damage to transport infrastructure assets caused mainly by landslides, mudslides, torrents and flooding, had reached estimated value of at more than €261 million in the mainly affected areas of BiH.

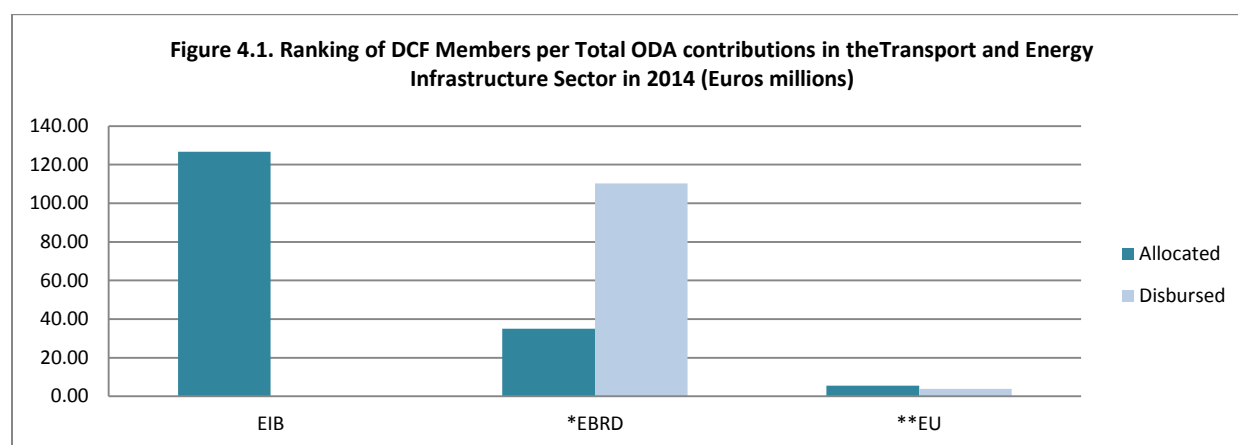
Donor Activities in 2014

DCF members active in the Transport and Energy Infrastructure sector in 2014 are EIB, EBRD and EU.

In 2014, total allocations of the DCF members to the Transport and Energy Infrastructure was €167,15 million, from which €161,67 million was in a form of loans, and €5,48 million in the form of a grants.

Total disbursements to the Sector in 2014 amounted €114,22 million, out of which €3,92 million in the form of grants, and 110,30 million in the form of a loan.

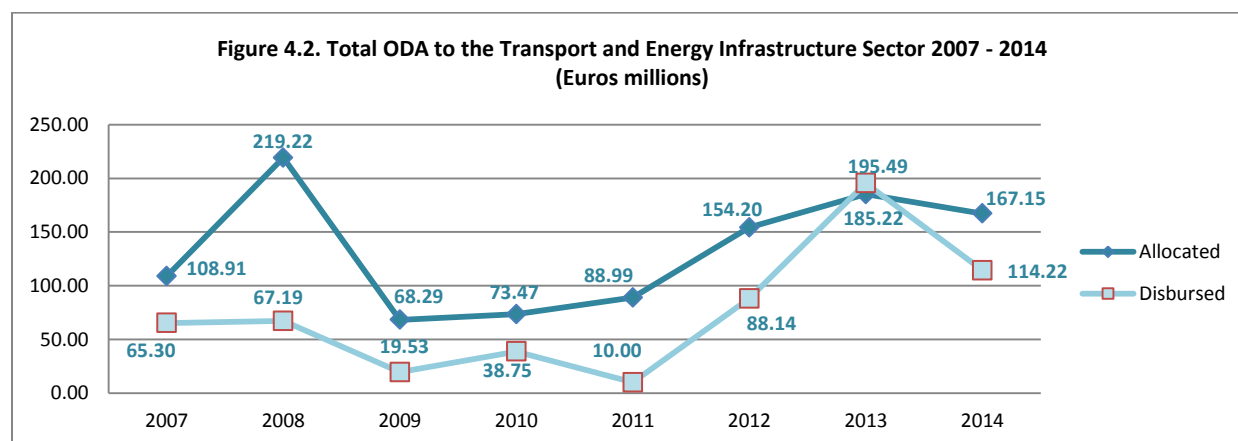
Figure 4.1 compares overall ODA allocations and disbursements per donors provided to the Transport and Energy Infrastructure Sector in 2014. The leading donors/IFIs in the Sector in 2014 were EBRD and the EIB, which provided loans, while grants were provided by the EU.



***Note:** EBRD disbursements are higher than allocations in 2014, as a result of the dynamics of the disbursements under previously signed loans.

****Note:** ODA assistance provided to the Transport and Energy Infrastructure Sector was mainly in the form of loans, except for €5,48 million, which provided EU in a form of grant.

Figure 4.2 provides historical overview of total ODA allocations and disbursements within Transport and Energy Infrastructure sector in Bosnia and Herzegovina.



The chart indicates increase of donor contributions in the period 2007 to 2008 and sharp decline in 2009 (when the economic crisis in the partner countries was at its peak). In 2011, gradual increase of

allocated funds is recorded, even that the disbursements were at its lowest level. Investments in this Sector have sharply increased and almost doubled in 2012. Majority of funds were realized in a form of loans for building of Corridor Vc motorway sections and that trend continued in 2013, when disbursed aid were at its highest level in the reported period. Still, due to a lack of transport and energy strategy documents at the state level, the Transport and Energy Infrastructure sector was not included in the country strategy paper 2014-20 nor in IPA II programming in 2014, which is reason that ODA channeled in this Sector again decreased in 2014. That trend could be expected onwards.

Out of total ODA provided to Bosnia and Herzegovina in 2014, 22% was allocated and 31 % was disbursed in the Transport and Energy Infrastructure.

Major projects in the Transport and Energy Infrastructure sector are listed below⁷³:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
CORRIDOR VC POCITELJ - BIJACA (Loan)	EIB	225,00
Corridor Vc (Loan)	EBRD	205,00
Banja Luka to Doboj Motorway Tranche I and Tranche II (Loan)	EBRD	185,00
BANJA LUKA-DOBOJ MOTORWAY (Loan)	EIB	160,00
Bosnia & Herzegovina Road Rehabilitation Project (Loan)	EBRD	75,00
Sarajevo Urban Roads Development Project (Loan)	EBRD	16,50
Improvement of Regional Transport Infrastructure Core Network in Bosnia and Herzegovina - Railways	EU	9,00

All projects are available in the Donor Coordination Forum Database, via following link:

http://dmd.donormapping.ba/dmd/faces/dmdPublicStart?_afWindowMode=0&_afLoop=342677494085424&_adf.ctrl-state=mk4nl7ill_4

Legal framework and sector strategies adopted in 2014

In **January 2014**, the Parliamentary Assembly of FBiH adopted the Law on Amendments to the Law on Financial Consolidation of Coal Mines in the FBiH, according to Accrued and Unpaid Public Revenues in the period from 2009 to 2015 together with the Law on Amendments to the Law on the Use of Renewable Sources of Energy and Efficient Cogeneration⁷⁴.

In **March 2014** the Parliamentary Assembly of BiH adopted the Law on Changes to the Law on Founding of the Company for Transmission of Electric Energy in BiH⁷⁵, while in **April 2014** the National Assembly of RS adopted the Law on Amendments to the Law on Transportation in Road Traffic of RS⁷⁶.

In **June 2014**, the National Assembly of RS adopted the Law on Fees for the Use of Natural Resources for the Purpose of Electricity Generation⁷⁷.

The Parliamentary Assembly of FBiH adopted the Law on Oil Derivatives in the FBiH⁷⁸ in **July 2014**, while in **August 2014** the FERK Budget for 2014⁷⁹ was adopted.

⁷³ Due to large number of the projects in the Transport and Energy Infrastructure sector, only some projects are mentioned in this report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

⁷⁴ Both laws are published in Official Gazette of FBiH no. 5/14

⁷⁵ Official Gazette of BiH no.20/14

⁷⁶ Official gazette of RS no. 33/14

⁷⁷ Official Gazette of RS no. 52/14

⁷⁸ Official Gazette of FBiH no. 52/14

⁷⁹ Official Gazette of FBiH no. 63/14

In **October 2014** the Parliamentary Assembly of FBiH adopted the Law on Allocation and Channelling Part of the Companies' Income Generated by the Operation of Thermal Power Plants⁸⁰.

In **December 2014** the Parliamentary Assembly of Brcko District BiH adopted the Law on Changes to the Law on Transportation in Road Traffic of Brcko District BiH⁸¹.

Donor coordination

Donors active in Transport and Energy Infrastructure sector meet with representatives of BiH authorities more or less regularly, to coordinate donor activities and discuss progress in implementation of reforms, differently in each of sub-sectors within the sector. However, sector wide donor coordination mechanism in this Sector still does not exist, since the meetings with donors are *ad hoc*, project-based and mostly bilateral. Donor coordination in this Sector was strongly increased in May 2014, during flooding, but there is no information on its continuation in the future.

Coordination between relevant institutions on various levels of governments in BiH in the **Strategic, Institutional and Regulatory Framework** sub-sector remains to be improved, in order to strengthen their capacity and coordination.

The same can be stated for the **Transport Infrastructure** sub-sector.

International bodies such as the Sava River Commission⁸² and SEETO coordinate activities in the area of transport, while the Energy Community Security of Supply Coordination Group is active in the field of coordination of energy supply.

Donors active in the Transport and Energy Infrastructure sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

Future activities

Further strengthening and development of the Transport and Energy Infrastructure sector represents one of the major pre conditions for growth, development and convergence of Bosnia and Herzegovina to European Union.

According to all stakeholders, future activities in this Sector should be focused on the further development of the entire Sector as well as on the continuation of the reform processes within it. Therefore, the priority of both sub-sectors, **Strategic, Institutional and Regulatory Framework and the Transport Infrastructure**, are further development of the new and upgrading the existing transport and energy infrastructure, with simultaneous development of the legislative framework, financial and human capacities. Taking into account that the loans are prevailing in this Sector, it is important to accelerate reforms conducted in a more coordinated way, in order to create market - oriented and financially sustainable infrastructure, compatible with the EU's Trans-European Networks in the field of transport (TEN-T) and energy (TEN-E) on equal basis.

⁸⁰ Official Gazette of FBiH no. 80/14

⁸¹ Official Gazette of Brcko District of BiH no. 49/14

⁸² BiH, Croatia, Slovenia and Serbia are founders of the Sava River Commission (March, 2003) which aims to regulate and improve Sava River navigation of river boats, water use and tourism. <http://www.savacommission.org/>

DCF members active in the sector in 2014	Germany, EIB, the World Bank, EBRD, Sweden / Sida, EU, USA/USAID, UNDP, Slovenia, Norway, Japan / JICA, Czech Republic, Switzerland, EU, IFC, Hungary.
Other Key international organizations (IOs)	Global Environment Fund (GEF), Special Climate Change Fund (SCCF), United Nations Environmental Program (UNEP), OSCE.
Key government partners	<p>Transposition and implementation of Environmental Acquis and other International Obligations: BiH Ministry of Foreign Trade and Economic Relations; 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</p> <p>Improve the Environmental Infrastructure: BiH Ministry of Foreign Trade and Economic Relations; 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</p>
Total allocation / disbursement to the sector in 2014 by DCF members	<p>2014: Total allocated €302,15 million – €31,66 million in a form of grants and €270,49 million in a form of loans</p> <p>Total disbursed €35,10 million – €22,01 million in a form of grants and €13,09 million in a form of loans</p>
Legal framework and Sector strategies	<p>Legal framework and sector strategies (adopted in 2014)</p> <p><i>The Law on the Fund and Financing of Environment Protection of RS; The Law on Changes and Amendments to the Law on the Fund and Financing of Environment Protection of RS; RS Law on Protection of Nature.</i></p> <p>Previously adopted legal framework and sector strategies are available on http://donormapping.ba/pdf/DMR%202013-ENG.pdf</p>
Donor coordination	<p>Transposition and implementation of Environmental Acquis and other International Obligations: Project-based bilateral meetings.</p> <p>Improve the Environmental Infrastructure: Project-based bilateral meetings.</p> <p>Donors active in the sector regularly attended Donor Coordination Forum quarterly meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

Overview

Environmental protection and improvement are amongst the most prominent issues faced by modern society. Fast scientific and technological developments, the construction of a large number of industrial facilities and the creation of large and overcrowded urban areas, have led to extremely high levels of pollution of basic natural resources. This process is intensified in the past several decades, resulting in large number of serious threats to natural conditions needed for environmental preservation, which consequently questions the survival of men and planet Earth itself. That is why the importance of environmental protection imposes a challenge to every society and country and overall community.

The region of South - East Europe (SEE) is prone to natural disasters, such as earthquakes, floods and forest fires. Also, increased climate oscillations noted in the whole region, resulted in the last decades in intense and more frequent droughts, floods, extreme heat and cold events, earthquakes and landslides, transcending the regional borders and the ability of each single country to cope. The level of preparedness and prevention capacities varies considerably from country to country, so regional cooperation must be further strengthened in order to overcome all afore mentioned risks.

But, regional cooperation currently does not fulfil necessary extent of preparedness, ready to address effectively eventual future disasters, as it was seen during catastrophic floods that hit the region during May 2014.

In order to improve environmental conditions at regional, country and local levels, significant investments in the environmental infrastructure accompanied with institutional reforms and legislation are needed, to support combat against climate changes and their impacts, and secure environmentally sustainable future.

The Environment and Climate Change Sector consists of the two sub-sectors:

- Transposition and implementation of Environmental *Acquis* and other International Obligations; and
- Improvement of the Environmental Infrastructure⁸³.

In the Environment and Climate Change Sector, Bosnia and Herzegovina achieved very limited progress. As mentioned, direct impact of climate changes are already noticeable in the sectors of agriculture, forestry and tourism, which play an important role in the economy of Bosnia and Herzegovina. The priorities remain the establishment of a harmonized legal framework for environmental protection and climate action, adequate administrative capacity and functioning monitoring systems. Having in mind that specific attention will be paid to issues that impact environmental sustainability and climate action, immediate action should be taken towards the capacity building and compliance to the principles of sustainable development, in order to meet the requirements of respective EU environment *acquis*. The Environment and Climate change sector is one of the areas in BiH where further progress is hampered by a lack of countrywide strategy.

⁸³ More information can be found at: http://ec.europa.eu/enlargement/pdf/mipd_bih_2011_2013_en.pdf

In 2014, a limited progress was made within the sub-sector *Transposition and implementation of Environmental Acquis and other International Obligations*. The Implementation Plan for the Convention on Environmental Impact Assessment (EIA) and the Protocol on Strategic Environmental Assessment is in the process of preparation. In the area of *air quality*, RS adopted implementing legislation on the assessment and management of air quality. However, implementation of the relevant *acquis* has just commenced. Regarding improvements on *waste management*, FBiH and RS have started implementing a packaging and packaging waste management system, but overall recycling and waste management efforts remains at an early stage of implementation. In the area of *civil protection*, disaster risk reduction and disaster management need to be treated as a matter of priority, particularly in the light of the recent severe floods. In July, Bosnia and Herzegovina expressed its interest in becoming a member of the EU Civil Protection Mechanism. A memorandum of understanding on cooperation between the relevant civil protection bodies of the Entities was signed. Within the *climate change* area, the country previously adopted a strategy for adaptation to climate change adaptation and low emissions development strategy. Efforts should be made to include this strategy into sectoral policies and strategies.

Regarding the *Improvement in the Environmental Infrastructure* sub-sector, limited progress was made in 2014. The implementation of the relevant legislation is at an early stage, as well as its harmonization with *acquis*. Air quality planning and monitoring systems need to be upgraded, while country-wide air monitoring network has yet to be established.

Besides, administrative capacity in the Environment and climate sector remains weak. A mechanism for comprehensive alignment with EU legislation across the country should be considerably strengthened, as well as the public consultations with civil society and other stakeholders, including inter-institutional cooperation and coordination.

Donor activities in 2014

DCF members active in the Environment and Climate Change Sector in 2014 are the Germany, EIB, the World Bank, EBRD, Sweden / Sida, EU, USA / USAID, UNDP, Slovenia, Norway, Japan / JICA, Czech Republic, Switzerland, EU, IFC and Hungary.

In 2014, total allocations of the DCF members to the Environment and Climate Change Sector was €302,15 million, out of which €270,49 million was in the form of loans and €31,66 million in the form of a grants.

Total disbursement to the Sector in the observed period amounted to €35,10 million, out of which €13,09 million was in the form of loans, while €22,01 million in the form of a grant.

Figure 5.1. compares grant ODA allocations and disbursements per donors provided to the Environment and Climate Change Sector in 2014. The leading grant – providing donors in 2014 were Sweden / Sida, EU, USA / USAID, Germany, UNDP, the World Bank, Slovenia, Norway, Japan / JICA, Czech Republic, Switzerland and Hungary.

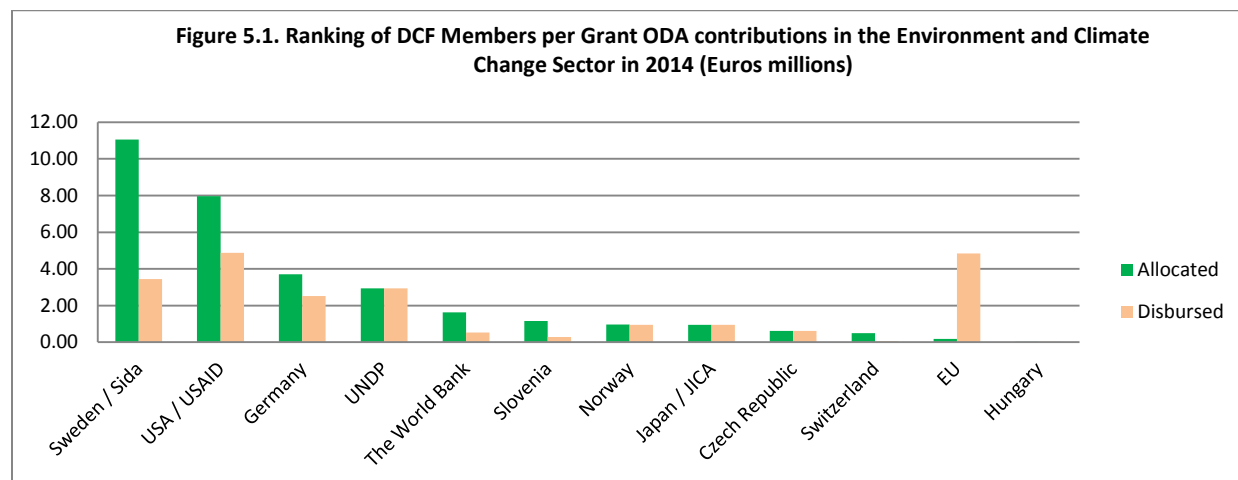
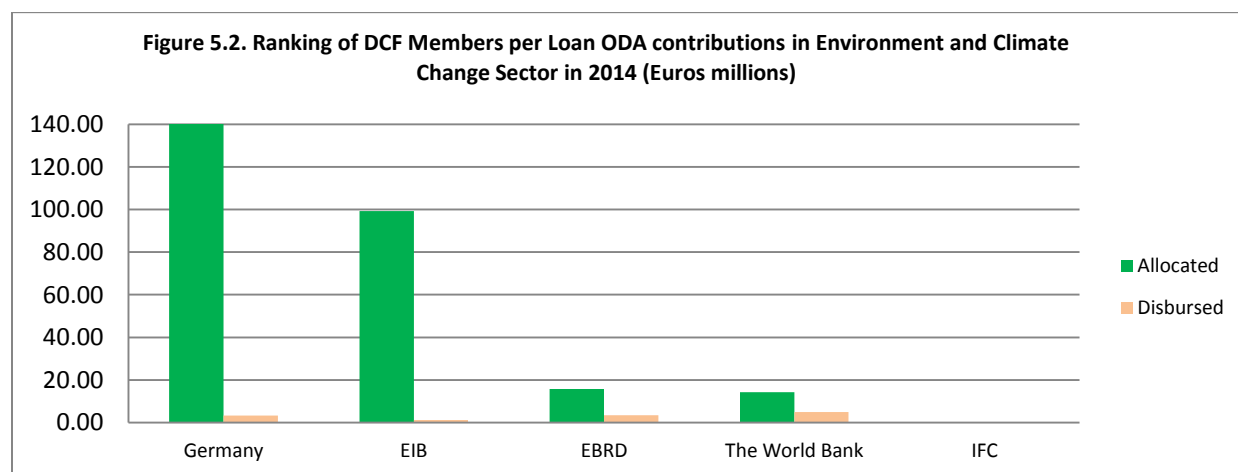
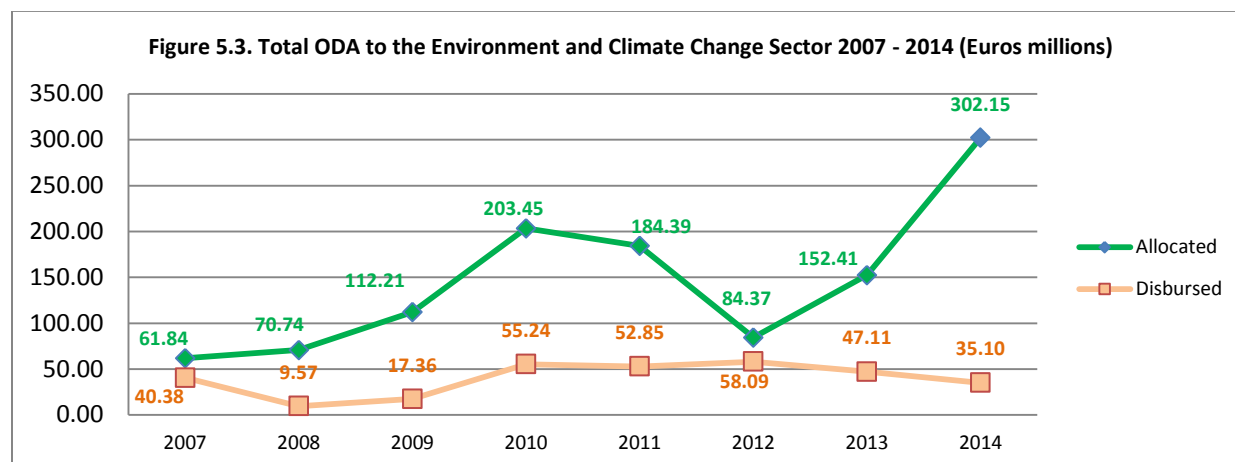


Figure 5.2. compares loan ODA allocations and disbursements per financier provided to the Environment and Climate Change sector in 2014.



It can be noticed that the majority of ODA was provided in a form of loans, traditionally the EIB and the EBRD, but some donors, such as Germany and the World Bank, combined types of grant and loan assistance. Also, in case of Germany and the EIB, noticeable are huge differences between the total allocated and the total disbursed funds, as a result of different way of recording the projects within the DMD database, i.e. both financiers record the total value of each project in the first year of its implementation, regardless of its implementation period.

Figure 5.3. provides historical overview of total ODA allocations and disbursements within Environment and Climate Change sector in Bosnia and Herzegovina.



The chart indicates a steady increase of ODA inflows in this Sector in period 2007 to 2010. After 2010 the slight decrease can be observed, with the sharp fall during 2012. However, from 2012, trend of allocated funds is ascending again, and was highest ever in 2014. According the observed trend, as well as the comparative advantages existing within the Sector, more support need to be channelled to further improvement of environmental sustainability and green development in BiH.

Out of total ODA channelled to Bosnia and Herzegovina in 2014, 39% was allocated and 10% was disbursed to the Environment and Climate Change Sector.

Major projects in the Environment and Climate Change sector are listed below⁸⁴:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
ELECTRICITY DISTRIBUTION BIH (Loan)	EIB	125,00
Construction of PSPP Vrilo (Loan)	Germany	100,00
RENEWABLE ENERGY HPP VRANDUK (Loan)	EIB	86,00
Windpark Mesihovina (Grant / Loan)	Germany	72,00
Hydro Power Plant Cijevna 3 (Loan)	Germany	50,00
Local Development Programme LIFE – Local Investment for Employment	UNDP	37,14
Sarajevo Waste Water Management Project (Grant, Loan)	The World Bank,	35,11
EPBiH - Hydro Power Plants Project (Loan)	EBRD	35,00
Second Solid Waste Management Project (Grant, Loan)	The World Bank,	33,70
Construction of HPP Janjici (Loan)	Germany	30,00
Water Supply and Waste Water Program in BiH II (Grant / Loan)	Germany,	21,99
Waste Water Treatment Bihac	Germany	17,50

All projects are available in the Donor Coordination Forum Database, via following link:

http://dmd.donormapping.ba/dmd/faces/dmdPublicStart?_afWindowMode=0&_afLoop=342677494085424&_adf.ctrl-state=mk4nl7ill_4

⁸⁴ Due to large number of the projects in the Environment and Climate Change sector, only some projects are mentioned in this report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

Legal framework and sector strategies adopted in 2014

In February 2014, the RS National Assembly adopted the Law on Protection of Nature⁸⁵.

In July 2014, the RS National Assembly adopted the Law on the Fund and Financing of Environment Protection of RS⁸⁶, as well as the Law on Changes and Amendments to the Law on the Fund and Financing of Environment Protection of RS.⁸⁷

Donor Coordination

There is no formalized donor coordination mechanism or information sharing in the Environment and Climate Change sector at present.

In the environment protection Ministry of Foreign Trade and Economic Relations (MoFTER) cooperates with entities ministries of environment and agriculture and water management, as well as with the relevant water agencies and BD, throughout the Inter – entity environment body, which has been formed as an inter-institutional coordination body.

All institutions from various levels of government have their own coordination meetings with donors active in this Sector, which means that coordination meetings are ad hoc, project-based and mostly bilateral.

Donors active in the Environmental Protection sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

Future Activities

Bosnia and Herzegovina, as a potential EU candidate country and as a signatory of different international multilateral environmental agreements, has obligation to start dealing with unresolved environmental issues. Despite the progress achieved so far in the field of environment and climate change, the priority activities within the country must include establishment of a harmonized legal framework for environmental protection, adequate administrative capacity and a functioning environmental monitoring system in the country.

Despite a limited progress achieved in the **Transposition and implementation of environmental acquis** sub-sector, it is necessary to continue further harmonization of domestic environmental legislation with the *acquis*. Full compliance with *acquis* is yet to be achieved by rigorous enforcement, monitoring and investment.

As the issue of sustainable development becoming a top priority, in the very near future particular attention must be paid to disaster risk management and risk mitigation. Besides, adaptation to climate

⁸⁵ Official Gazette of RS, no.20/14

⁸⁶ Official Gazette of RS, no. 63/14

⁸⁷ Official Gazette of RS, no. 63/14

changes and the necessary intervention measures related to them should also be placed higher in the future agenda, particularly in the area of the civil protection.

Almost every segment of the ***Improvement of the Environmental Infrastructure*** sub-sector requires greater engagement, from financial shortages, over preparation and implementation of projects in the solid waste and water management area to monitoring and preservation of soil, air and water. Capacity building in environmental institutions, legislation and approximation to European standards, technical assistance, prioritization of environmental infrastructure investments, should be accompanied by "soft" measures such as awareness-raising, monitoring and information exchange as well as early warning systems, to address just a few.

All of these challenges need to be tackled, not only at the national, but on regional level with enhanced regional cooperation and harmonized actions and networking. Stronger and better coordinated actions, supported by donors, are necessary to be undertaken in this area as soon as possible.

Although Bosnia and Herzegovina has achieved limited progress in the Environment and Climate Change sector, there is a need for further harmonization of environmental protection measures countrywide, together with sustainable financing from a local / regional / international source, in order to secure long-term environmental protection and sustainable development of the country.

DCF members active in the sector in 2014	EU, The World Bank, Switzerland, Germany, UNICEF, Norway, USA /USAID, Republic of Croatia, Slovenia, Czech Republic, Sweden / Sida, France, UNDP, The Netherlands, Italy (IC), Hungary, Japan/JICA.
Other Key international organizations (IOs)	International Labour Organization (ILO), Council of Europe (CoE), World Health Organisation (WHO), United Nations Population Fund (UNFPA), European Training Foundation (ETF), Organization for Security and Co-operation in Europe (OSCE), United Nations Educational, Cultural and Scientific Organisation (UNESCO), European Centre for Disease Prevention and Control (ECDC), Save the Children, World Vision, UN Women, British Council.
Key government partners	<p>Employment: BiH Ministry of Civil Affairs, Labor and Employment Agency of BiH, FBiH Ministry of Labour and Social Policies, Federal Employment Bureau, FBiH Ministry of Development, Entrepreneurship and Craft, RS Ministry of Labour and Veterans Affairs, Ministry of Economic Relations and Regional Cooperation of RS, RS Employment Bureau, Employment Bureau of Brcko District.</p> <p>Social Inclusion: BiH Ministry of Civil Affairs, BiH Ministry of Human Rights and Refugees, Agency for Drugs and Medical Devices in BiH, Agency for Gender Equality of BiH, FBiH Ministry of Labour and Social Policies, FBiH Ministry of Displaced Persons and Refugees, FBiH Ministry for Issues of Veterans and Disabled Veterans of the Defensive-Liberation War, FBiH Ministry of Health, FBiH Ministry of Culture and Sports, Gender Centre of FBiH, RS Ministry of Labour and Veterans Affairs, RS Ministry of Health and Social Welfare, RS Ministry of Family, Youth and Sport Affairs, RS Ministry of Refugees and Displaced Persons, Gender Centre of RS, RS Centre for Research of War, War Crimes and Missing Persons, Brcko District Department of Health and Other Services, Health Insurance Funds, Public Health Institutes.</p> <p>Education: BiH Ministry of Civil Affairs, BiH Agency for Development of Higher Education and Quality Assurance, BiH Agency for Pre-school, Primary and Secondary Education, BiH Centre for Information and Recognition of Documents in the Area of Higher Education, Ministry of Education and Science of FBiH, RS Ministry of Education and Culture, RS Ministry of Science and Technology, Brcko District Department of Education, Pedagogical Institutes.</p> <p>VET Education: BiH Ministry of Civil Affairs, BiH Agency for Development of Higher Education and Quality Assurance, BiH Agency for Pre-school, Primary and Secondary Education, BiH Centre for Information and Recognition of Documents in the Area of Higher Education, Ministry of Education and</p>

	Science of FBiH, RS Ministry of Education and Culture, RS Ministry of Science and Technology, Brcko District Department of Education, Pedagogical Institutes, Institute for Adult Education of RS.
Total allocation / disbursement to the sector in 2014 by DCF members	<p>2014: Total allocated €46,14 million – €40,04 million in a form of grants and €6,10 million in a form of loans</p> <p>Total disbursed €46,26 million – €40,52 million in a form of grants and €5,74 million in a form of loans</p>
Legal framework and Sector strategies	<p>Legal framework and sector strategies (adopted in 2014)</p> <p><i>FBiH Law on Changes and Amendments to the Law on Founding of the Institute for Medical Expertise of the Health Status; Law on Changes and Amendments to the Family Law of the FBiH; RS Law on Changes to the Law on Professions Acquired after Graduation from Higher Education; RS Law on Changes and Amendments to the Family Law; Law on Changes and Amendments to the Law on Immovable Property Tax in RS; RS Law on Changes to the Law on Taxes for Using, Holding and Carrying Goods; Law on Changes and Amendments to the Law on Scientific Activity and Technological Development in RS; Law on Changes and Amendments to the Law on Primary Education in RS; Law on Changes and Amendments to the Law on Secondary Education of RS; Law on Salaries of Employed in the Domain of Education and Culture in RS; RS Law on Professions Acquired Upon Completion of Higher Education; Law on Changes to the Labor Law in Brcko District BiH; Law on Amendments to the Law on Health Protection in Brcko District BiH.</i></p> <p><i>Agenda for the Presidency of BiH Decade of Roma Inclusion 2005-2015 in the period 01 July 2014 to 30 June 2015; Principles and Standards in Adult Education in BiH; Strategic Platform for Development of Adult Education in the context of lifelong learning in BiH for the period 2014 – 2020; Strategy to Combat Diabetes in FBiH 2014-2024; FBiH Rare Diseases Strategy 2014-2020; Program for Rare Diseases in RS 2015 – 2020.</i></p> <p>Previously adopted legal framework and sector strategies are available on: http://donormapping.ba/pdf/DMR%202013-ENG.pdf</p>
Donor coordination	<p>Employment: Project-based, informal bilateral meetings</p> <p>Social Development: The Conference for the Health sector in BiH acts as a permanent advisory and coordinating body in the field of health and Commission for implementation of International Health Regulations of the World Health Organization (WHO).</p> <p>The Board of Gender Institutional Mechanisms and Coordinating Committee</p>

	<p>for Monitoring the implementation of the Action Plan for the Implementation of UNSCR 1325</p> <p>Education: The BiH Conference of Education Ministers</p> <p>VET Education: Project-based, informal bilateral meetings</p> <p>Donors active in the sector regularly attended Donor Coordination Forum quarterly meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>
--	---

Overview

In order to provide an appropriate and fair social assistance, adequate housing and an efficient system of social protection, each society endeavours to protect, to promote and to enhance the economic, social, cultural and political rights of all its citizens, with particular attention given to vulnerable and marginalized groups. Adequately targeted long term social policies, consisted of education, health and social protection systems, promote sustainable development and long term economic growth. In the whole SEE region, as well as Bosnia and Herzegovina a significant reforms supported with substantial investments need to be realized, in order to increase the employment and improve social care and education, that will eventually enable establishment of better social protection system in Bosnia and Herzegovina.

The Social Development Sector consists of the four sub-sectors:

- Employment;
- Social inclusion;
- Education and
- VET Education⁸⁸.

In 2014, an uneven progress was achieved in the Social Development sector in Bosnia and Herzegovina. Some improvements are noticeable within the legislative frameworks that are regulating health and education areas of the Sector. However, the systematic implementation of policies that would produce tangible results in the area of employment, social inclusion and education are still in the initial phase and calls for further efforts.

Very limited progress was made within the *Employment sub-sector* in 2014. The Entity and Brcko District governments as well as public employment services are lacking both administrative and financial capacity to implement active labour market measures. In line with that, unemployment in Bosnia and Herzegovina remains very high, especially among the young people. Also, the grey economy is still

⁸⁸ More information can be found at: http://ec.europa.eu/enlargement/pdf/mipd_bih_2011_2013_en.pdf

dominant, partly due to non-harmonized Entities and the Brcko District social protection systems, as well as non-harmonized social protection systems among the Cantons within the Federation of BiH.

In 2014 the *Social Inclusion* sub-sector recorded progress only within the area of health. The reporting system on National Health Accounts in line with World Health Organisation and EUROSTAT requirements was introduced within the entities statistical systems. Entity Ministries of Health adopted both, the Technical Report of Implementation of International Health Regulations (IHR) as well as the implementing procedures for a national Early Warning System (case definitions, critical values, standard operating procedures) for Bosnia and Herzegovina. For the first time together with the WHO, Bosnia and Herzegovina conducted self-assessment survey on antimicrobial resistance. The strategy for diabetes control 2014-2024 was adopted in the Federation of BiH while Strategies for combating rare diseases were adopted in both Entities. However, in order to enhance sub-sector efficiency, strengthen financial sustainability and improve the quality of the health protection, there are needs for accelerating overall implementation of entity health strategies.

The ***Education and VET Education* sub-sector in Bosnia and Herzegovina recorded little progress in 2014.** Bosnia and Herzegovina actively participates in the Western Balkans Platform on Education and Training, and has signed agreement establishing its partial participation in Erasmus+. The agreement associating Bosnia and Herzegovina to the new EU research and innovation programme Horizon 2020 (covering 2014-2020) was also signed in 2014. Within research and development (R&D) area, BiH has been active in cooperating at regional level in the framework of the Western Balkan Regional R&D Strategy for Innovation. However, due to the little progress in the area of general education, significant efforts are needed to improve the system, while the complex structure of the country makes coordination difficult and slow-paced.

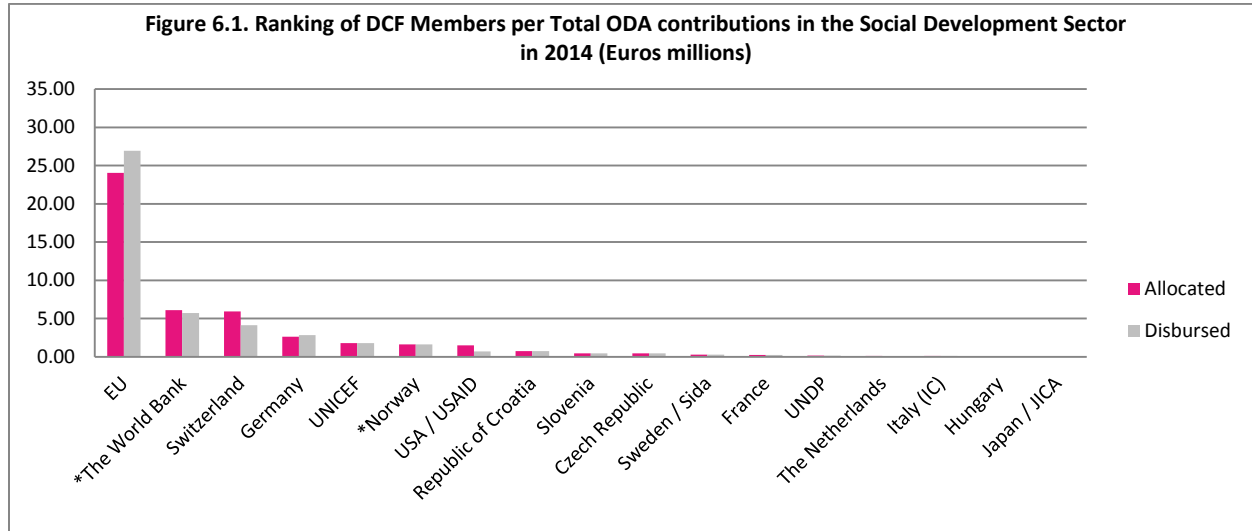
Donor activities in 2014

DCF members active in the Social Development sector in 2014 are the EU, the World Bank, Switzerland, Germany, UNICEF, Norway, USA /USAID, Republic of Croatia, Slovenia, Czech Republic, Sweden / Sida, France, UNDP, The Netherlands, Italy (IC), Hungary and Japan / JICA.

Total allocations of the DCF members to the Social Development sector in 2014 were €46,15 million, out of which €40,04 million were grants, and €6,10 million were loans (the World Bank and Norway).

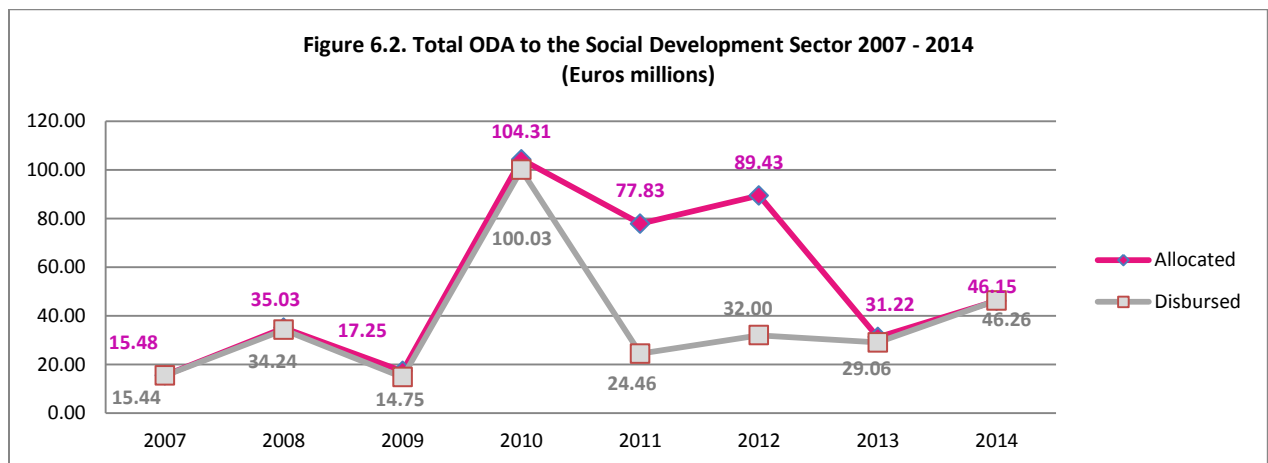
Total disbursements to the Sector in the observed period amounted to €46,26 million, out of which €40,52 million in the form of grants, and €5,74 million in the form of a loan.

Figure 6.1. compares overall ODA allocations and disbursements per donors provided to the Social Development sector in 2014. The leading donors in the Sector in 2014 were EU and the World Bank followed by Switzerland, Germany, UNICEF, Norway, USA/USAID, Republic of Croatia, Slovenia, Czech Republic, Sweden / Sida, France, UNDP, the Netherlands, Italy (IC), Hungary and Japan / JICA .



***Note:** ODA assistance provided to the Social Development Sector was mainly in the form of grants, with exceptions of the World Bank and Norway, which provided aid in a form of loans.

Figure 6.2 provides historical overview of total ODA allocations and disbursements within the Social Development sector in Bosnia and Herzegovina.



The chart indicates a notable increase of donor contributions in the period 2009 - 2012, when aid inflows in this Sector started to decrease. In 2010 the European Commission finalized the Europe 2020 – Strategy for Smart, Sustainable and Inclusive Growth based on knowledge and innovation in economic development, fuelling additionally inflows in this Sector. However, slow implementation of the Reform activities resulted in the sharp fall of investments, channelled in this Sector in 2013. Increased investments in 2014 can be mostly attributed to the higher aid inflow related to the severe floods from May 2014 as well as to the EU Commission shifted focus towards reforms and issues of direct concern to the citizens, caused by the social turmoil from February 2014.

Out of total ODA channelled to Bosnia and Herzegovina in 2014, 6% was allocated and 13% was disbursed to the Social Development sector.

Major projects in the Social Development sector are listed below⁸⁹:

Project title	Donor/Financial Institution	Total Project Value (Euros millions)
Health Sector Enhancement Project (Loan)	The World Bank	19,46
FLOODS - Support to the recovery of flood affected areas	EU	19,30
Social Safety Net and Employment Support Project (Loan)	The World Bank	10,75
Mental Health Project in Bosnia-Herzegovina, Phase 1	Switzerland	8,50
Support to durable solutions of Revised Annex VII DPA Implementation Strategy	EU	7,00
Strengthening of Nursing in BiH, inception phase	Switzerland	5,17
Youth Employment Program (YEP)	Switzerland	4,58
Market Makers	Switzerland	4,29
Reconstruction works on the Sarajevo City Hall (Lot 1) - Part 1	EU	3,99
Skills for Jobs (Adult and Non-formal Education in Bosnia and Herzegovina)	Switzerland	3,94

All projects are available in the Donor Coordination Forum Database via following link:

http://dmd.donormapping.ba/dmd/faces/dmdPublicStart?_afrcWindowMode=0&_afrcLoop=342677494085424&_adf.ctrl-state=mk4nl7ill_4

Legal framework and sector strategies adopted in 2014

In February 2014, the Government of FBiH adopted the Strategy to Combat Diabetes in FBiH 2014-2024.

In April 2014, the Parliamentary Assembly of FBiH adopted the Law on Changes and Amendments to the Law on Founding of the Institute for Medical Expertise of the Health Status⁹⁰, as well as the Law on Changes and Amendments to the Family Law of the FBiH⁹¹.

At the same time, National Assembly of RS adopted the Law on Changes and Amendments to the Law on Scientific Activity and Technological Development⁹², together with the Law on Changes and Amendments to the Law on Primary Education⁹³, the Law on Changes and Amendments to the Law on Secondary Education⁹⁴, the Law on Professions Acquired Upon Completion of Higher Education⁹⁵ and the Law on Salaries of Employed in the Domain of Education and Culture in RS⁹⁶.

During April 2014, the Council of Ministers of BiH adopted the Agenda for the Presidency of BiH Decade of Roma Inclusion 2005-2015 in the period 01 July 2014 to 30 June 2015, as well as the Principles and Standards in Adult Education in BiH⁹⁷.

In June 2014, National Assembly of RS adopted the Law on Changes and Amendments to the Law on Immovable Property Tax⁹⁸, together with the Law on Changes to the Law on Taxes for Using, Holding

⁸⁹ Due to large number of the projects in the Social Development sector, only some projects are mentioned in this report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

⁹⁰ Official Gazette of FBiH no. 26/14

⁹¹ Official Gazette of FBiH no. 31/14

⁹² Official Gazette of RS no. 33/14

⁹³ Official Gazette of RS no. 33/14

⁹⁴ Official Gazette of RS no. 33/14

⁹⁵ Official Gazette of RS no. 33/14

⁹⁶ Official gazette of RS no. 31/14

⁹⁷ Official Gazette of BiH no. 39/14

⁹⁸ Official Gazette of RS no. 64/14

and Carrying Goods⁹⁹, while Parliamentary Assembly of Brcko District of BiH adopted the Law on Amendments to the Law on Health Protection in Brcko District BiH.¹⁰⁰

At the same time, FBiH Government adopted the FBiH Rare Diseases Strategy 2014-2020¹⁰¹.

In July 2014, National Assembly of RS adopted the Law on Changes to the Law on Professions Acquired after Graduation from Higher Education¹⁰², together with the Law on Changes and Amendments to the Family Law¹⁰³.

At the same time, Parliamentary Assembly of Brcko District of BiH adopted the Law on Changes to the Labour Law¹⁰⁴.

In October 2014, the Council of Ministers of BiH adopted the Strategic Platform for Development of Adult Education in the context of lifelong learning in BiH for the period 2014 – 2020¹⁰⁵.

In December 2014, the Government of RS adopted the Program for Rare Diseases in RS 2015 – 2020¹⁰⁶.

Donor coordination

In order to coordinate donor activities and discuss progress in the implementation of reforms, Donors active in Social Development sector meet with representatives of BiH authorities more or less regularly, differently in each of sub-sectors within the sector. However, sector wide donor coordination mechanism in this Sector still does not exist, except in the area of health, gender and education.

Although the domestic institutions stated that the cooperation between domestic institutions is satisfactory, the formal sectoral coordination, within the **Employment sub-sector** between domestic institutions and donors is yet to be established.

There is no formalized donor coordination mechanism or information sharing at the **Social Inclusion** sub-sector, at present. However, the Conference for the Health sector in Bosnia and Herzegovina, as a permanent advisory and coordinating body have been established to achieve better insight in donor led activities in this sub-sector and during 2014 it discussed issues of common interest in the BiH health sector. Besides, in the course of 2014, coordination of specific issues in this area took place through professional bodies whose meetings attended the donors that supports activities in the area of health in BiH.

Within the **Education** and **VET Education** sub-sectors, coordination of activities among the partners in the education sector is achieved through the work of the Conference of Ministers of Education in BiH, that includes Ministry of Civil Affairs of BiH, two entity and ten cantonal ministries of education together with the Department of Education of Brcko District, Pedagogical Institutes, Department of Education, Agency for preschool, primary and secondary education, Agency for Development of Higher Education

⁹⁹ Official Gazette of RS no. 52/14

¹⁰⁰ Official Gazette of Brcko District of BiH no.27/14

¹⁰¹ Official Gazette of FBiH no. 52/14

¹⁰² Official Gazette of RS no. 63/14

¹⁰³ Official Gazette of RS no. 63/14

¹⁰⁴ Official Gazette of Brcko District of BiH no. 31/14

¹⁰⁵ Official Gazette of BiH no. 96/14

¹⁰⁶ Official Gazette of RS no. 115/14

and Quality Assurance, Centre for Information and Recognition of Qualifications in Higher Education and all other educational institutions. During floods, coordination intensified and included the other ministries, outside the area of education, which was responsible for coordination of assistance such as the Ministry of Security of BiH.

Donors active in the Social Development sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

Future activities

It is indisputable that the developments within the Social Development sector in 2014 were influenced by the social protests in February as well as by the heavy floods in May 2014. However, the constant lack of financial resources, weak implementation capacities as well as insufficient horizontal and vertical communication and exchange of information between all levels of governance in BiH was the major reason for very limited progress achieved within this Sector. In that regards, a strong donor's support will be necessary in the forthcoming period to enable further improvements within the areas of employment, social care and education as well as to conduct the reforms which will ensure better social protection system in Bosnia and Herzegovina. All survey participants emphasized that, within the area of education more investments should be directed into equipping the schools and educational facilities, as well as to the professional development of teachers.

The donors are expected to provide further support to **Employment** sub-sector in order to decrease the unemployment and improve the social protection system, contributing in that way to the reduction of poverty in Bosnia and Herzegovina. Also, further support to the reform process ongoing within this sub-sector is crucial, in order to improve public sector capacities responsible for preparation, adoption and application of international labour standards, approximation of the domestic legislation with the *acquis* and constant awareness raising campaigns on skills development, specially focused on youth.

In order to improve the **Social Inclusion** sub-sector, particular importance should be devoted to the creation and adoption of a strategic document in the field of social protection and social inclusion, and special programs for the protection of persons with disabilities, children and families with children, the elderly and other vulnerable groups.

In the area of health, future activities should be focused on further strengthening and improvements of capacities for surveillance of communicable diseases, combating non-communicable diseases, Public Health System financial sustainability and harmonization of the Legal Framework in Bosnia and Herzegovina with the EU Legislation (*acquis*).

Taking into account damages due to floods, current priorities are investments in school buildings and facilities that suffered damages. But, the reform of the **Education** sub-sector and the implementation of an adult learning system (**VET Education**) need further long – term support in order to fulfil labour market requirements. In that regard, BiH needs to enhance the implementation of the Baseline Qualifications Framework for BiH, as well as to put more emphasis on improvement of the pre-school, primary and secondary education.

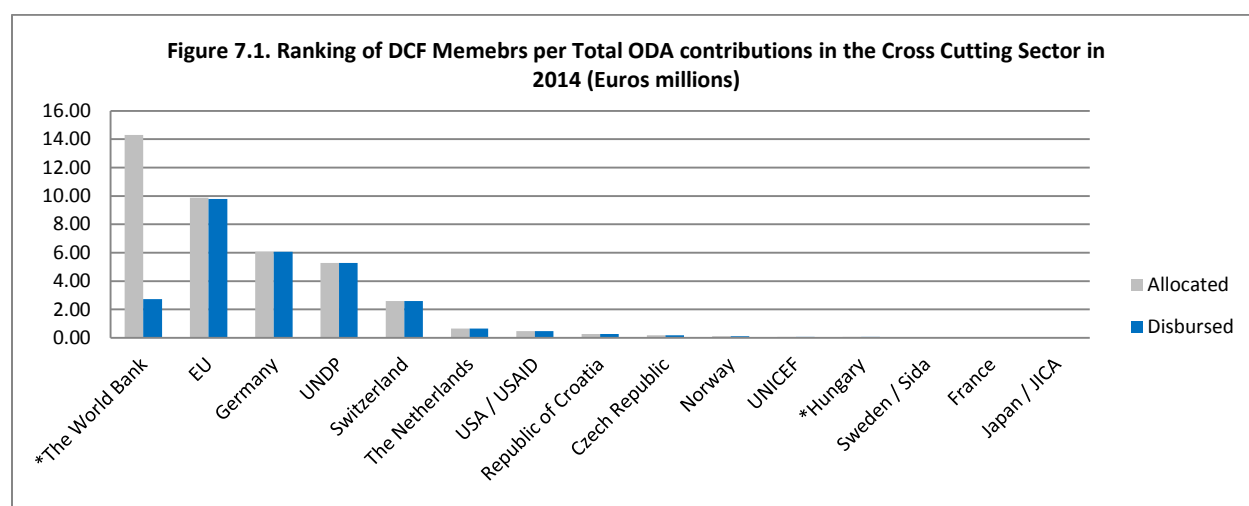
DCF members active in the sector in 2014	The World Bank, EU, Germany, UNDP, Switzerland, The Netherlands, USA / USAID, Republic of Croatia, Czech Republic, Norway, UNICEF, Hungary, Sweden / Sida, France and Japan / JICA.
Total allocation / disbursement to the sector in 2014 by DCF members	2014: Total allocated €38,50 million – €24,14 million in a form of grants and €14,36 million in a form of loans Total disbursed €27,76 million – €24,99 million in a form of grants and €2,77 million in a form of loans
Legal framework and Sector strategies	Previously adopted legal framework and sector strategies are available on: http://donormapping.ba/pdf/DMR%202013-ENG.pdf
Donor coordination	Donors active in the sector regularly attended Donor Coordination Forum quarterly meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.

The Cross – Cutting Sector replaced so called Temporary Sector, defined for projects which donors were not able to classify within the sectors existing in the DMD.

In 2014, total ODA allocations of DCF members to the Cross - Cutting Sector were €38,50 million, out of which €24,14 million was grants, and €14,36 million was loans (the World Bank and Norway).

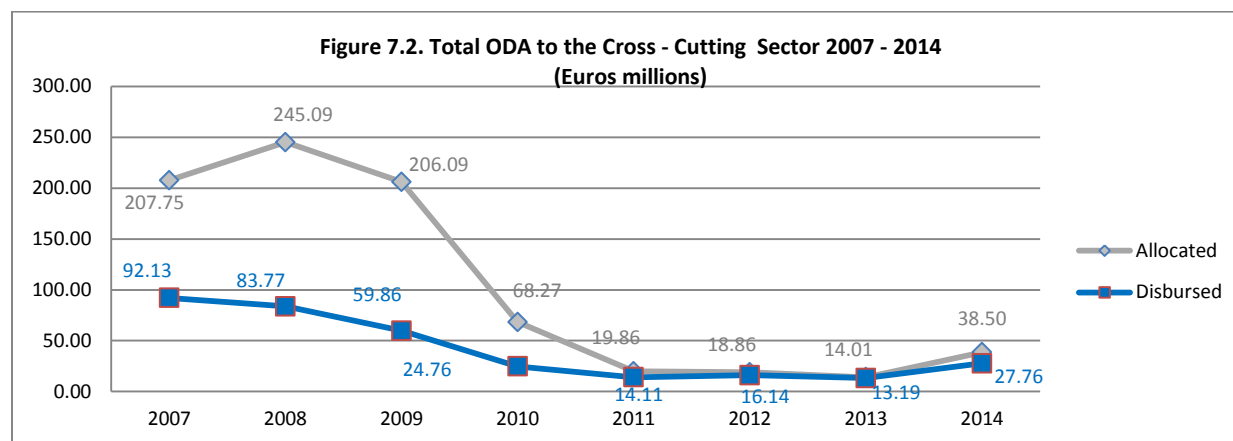
Total disbursements to the Sector in the observed period amounted to €27,76 million, out of which €24,99 million was disbursed in the form of grants, and €2,77 million in the form of a loans.

Figure 7.1. compares overall ODA allocations and disbursements per donors provided to the Cross – Cutting sector in 2014. The leading donors in the Sector were the World Bank (loan) and EU, followed by Germany, UNDP, Switzerland, The Netherlands, USA / USAID, Republic of Croatia, Czech Republic, Norway (combined both types of ODA), UNICEF, Hungary, Sweden/Sida, France and Japan/JICA.



***Note:** ODA assistance provided to the Cross - Cutting Sector was mainly in the form of grants, with exceptions of the World Bank and Hungary, which provided aid in a form of loans.

Figure 7.2. provides historical overview of total ODA allocations and disbursements within the Cross – Cutting Sector in Bosnia and Herzegovina, 2007-2014



In period 2007 - 2014, ODA inflows in **the Cross – Cutting sector** were constantly decreasing, because donors were focused to concrete development sectors in Bosnia and Herzegovina, obvious from the trend of the curve. However, in 2014 investments in this Sector are again on the rise, which could be attributed to the additional aid inflow related to the recovery from devastation caused by floods in 2014.

In 2014, out of total ODA received in Bosnia and Herzegovina 5% was allocated and 8% disbursed to the Cross-Cutting Sector.

- Croatia
- Czech Republic
- France
- Germany
- Hungary
- Italy/The Italian Development Cooperation (IC)
- Japan/Japan International Cooperation Agency (JICA)
- The Embassy of the Kingdom of the Netherlands
- The Royal Norwegian Ministry of Foreign Affairs
- Republic of Slovenia
- Sweden/Swedish International Development Cooperation Agency (Sida)
- Switzerland
- United Kingdom / Foreign and Commonwealth Office (FCO)
- United States of America/United States Agency for International Development (USA/USAID)
- European Bank for Reconstruction and Development (EBRD)
- European Union (EU)
- European Investment Bank (EIB)
- United Nations Children`s Fund (UNICEF)
- United Nations Development Program (UNDP)
- The World Bank
- International Finance Corporation in Bosnia and Herzegovina (IFC)

Croatia

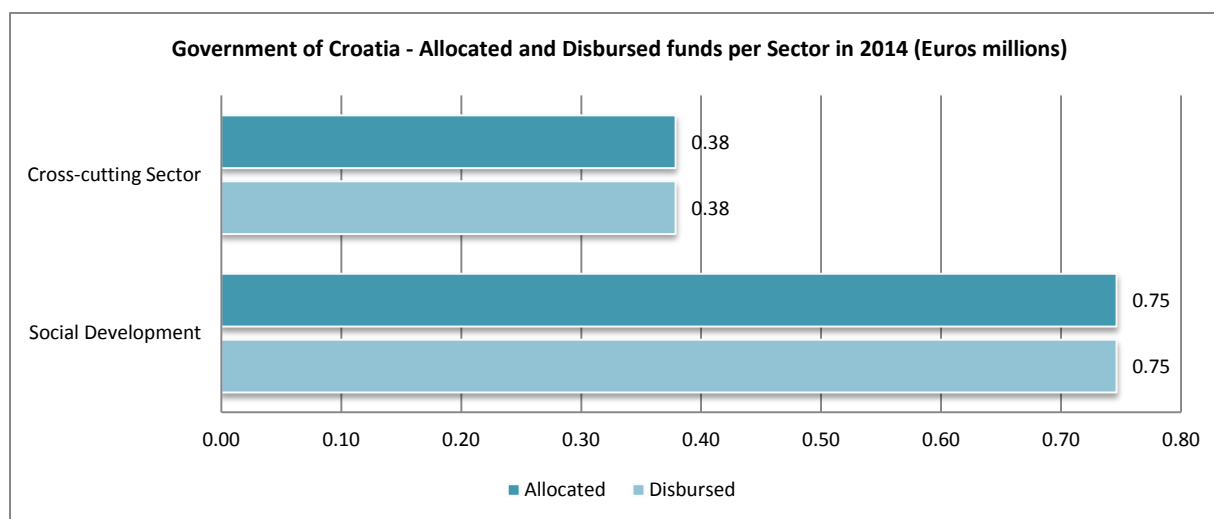
Policy approach

Bosnia and Herzegovina is a priority country for Croatia in South East Europe as far as development cooperation is concerned. According to Croatian data for years 2011 and 2012, Croatia financed 11.1 million euro worth of programmes and is among the leading donors in Bosnia and Herzegovina. Croatia invests mainly in the field of education and in the field of health.

Croatia will continue to streamline its development assistance in Bosnia and Herzegovina in order to improve assistance efficiency.

Key activities in 2014

The Government of Croatia **allocated € 1.13 million and disbursed € 1.13 million in 2014 in the form of grant** to the following sectors: Social Development and Cross-cutting Sector.



Medium and long-term approach

Over the medium term, Croatia will seek to implement on an annual basis between 20 and 30 projects in the field of education, health, culture and infrastructure in the total value of up to 3 million euro per year.

Apart from that, development cooperation with Bosnia and Herzegovina will be focused on projects contributing to institution building and democratization, improving active citizenship and protection of human right as well as establishing links with the business sector so as to achieve better inclusiveness and sustainability of projects.

Croatia will also continue activities of providing experience and expertise in the field of democratic transition and EU and NATO accession process through the Centre of Excellence of the Ministry of Foreign



and European Affairs of the Republic of Croatia with state and entity institutions of Bosnia and Herzegovina.

Donor coordination efforts

N/A

Contact information

Embassy of Croatia in Bosnia Herzegovina

Address: Ulica Maršala Tita 28

71000 Sarajevo, BiH

Phone: + 387 33 277 111

Fax: + 387 33 472434

Email: croemb.sarajevo@mvepi.hr

Web address: <http://ba.mvepi.hr/>

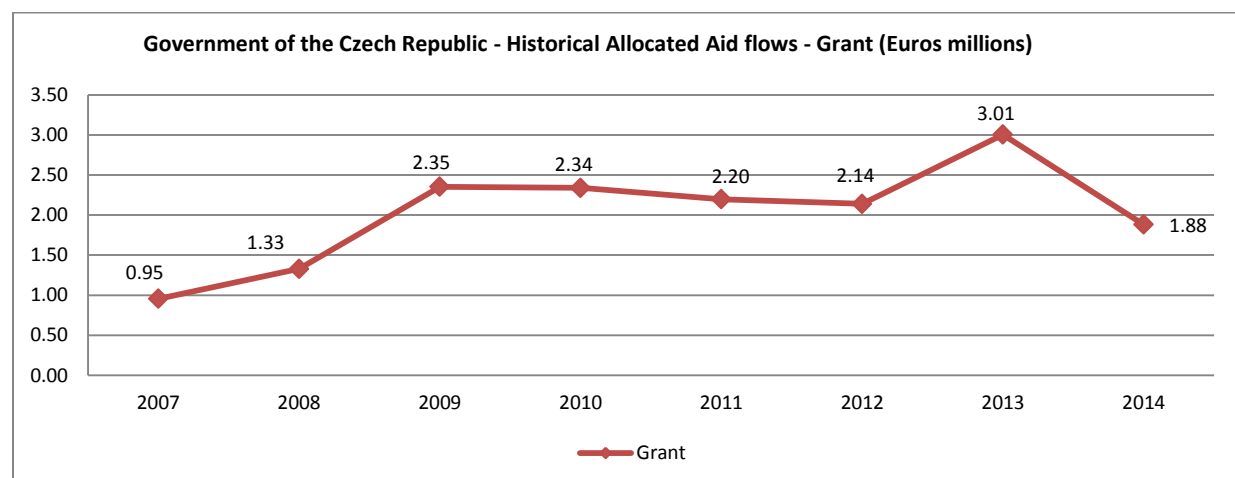
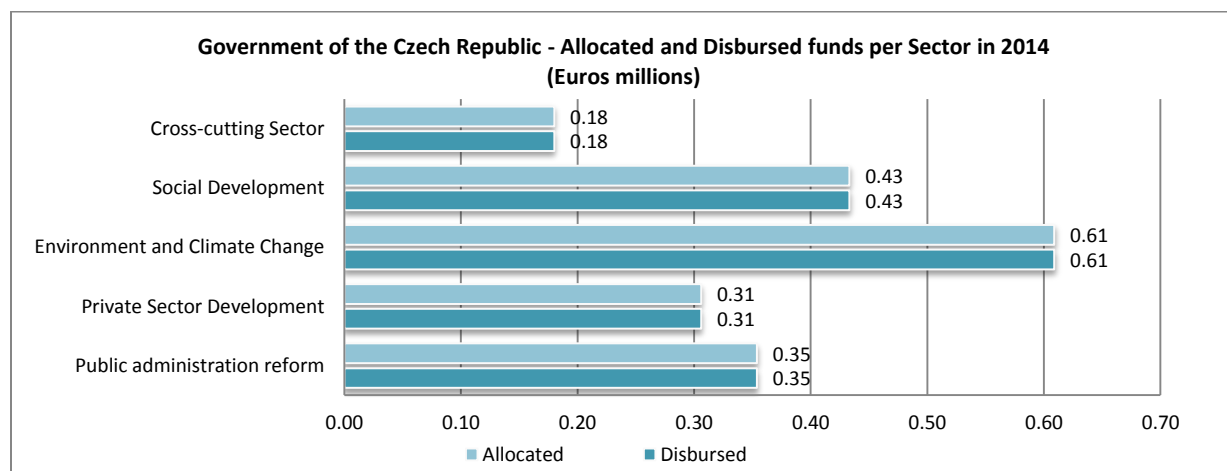
Czech Republic

Policy approach

Bosnia and Herzegovina has been among the long-term priorities of the Czech Republic and as such, has been included within the Development Cooperation Strategy of the Czech Republic 2010-2017 among programme priority countries for development cooperation. Current Development Cooperation Programme of the Czech Republic with Bosnia and Herzegovina, launched in 2011, defines the following priority sectors: water supply and sanitation; general environmental protection; energy generation and supply; government and civil society; health; agriculture, forestry and fishing. The cooperation should primarily take advantage of the Czech Republic's experience with the process of post-communist socio-economic transition and European integration, thus bringing additional value added.

Key activities in 2014

The Government of the Czech Republic **allocated € 1.88 million and disbursed € 1.88 million in 2014 in the form of grant** to the following sectors: Public Administration Reform, Private Sector Development, Environment and Climate Change, Social Development Sector, Cross-cutting Sector.



Medium and long-term approach

The aim of the present Development Cooperation Programme for the period of 2011 to 2017 is to improve the economic and social standing of Bosnia and Herzegovina in the context of the country's integration into the EU. Czech development cooperation in Bosnia and Herzegovina will therefore increasingly focus on the transfer of knowledge and provision of assistance in building the administrative capacities that are necessary for EU membership as well as on approximation of legislation and provision of technical assistance. The status of Bosnia and Herzegovina as a programme priority country, as well as the scope and value of projects implemented in the country within the framework of Czech development cooperation will depend on the pace of the country's integration into the EU.

The Czech Republic will promote direct coordination and cooperation (e.g. joint programming, project implementation or evaluation) with selected donors so as to maximise the potential of development cooperation of the Czech Republic. In this respect Czech Development Agency signed a memorandum of understanding with USAID and Sida 2011 in the field of agriculture with a possibility of extension to other sectors.

Czech development cooperation with Bosnia and Herzegovina takes place in the following forms:

Major development cooperation projects managed by the Czech Development Agency - These are usually 2-3 year-long projects, whose implementing bodies are selected by the Czech Development Agency. The cooperation should primarily take advantage of the Czech Republic's experience with the process of post-communist socio-economic transition and European Integration, thus bringing additional value added.

Small local projects, which allow small and targeted development activities - Unlike the major projects, small local projects are implemented by local organizations selected by the Embassy of the Czech Republic in Sarajevo and their implementation must take place within the year for which they were approved.

Transition programme, aimed at support to democracy and human rights, using the Czech Republic's recent experience with social transition and democratization of the country. Applicants for this Program must be Czech organisations, which, in the course of the implementation of the project, have to cooperate with their Bosnian counterparts.

Scholarship programme, offers several scholarship programs for Bosnian students who intend to study at Czech public universities (in Czech or English languages). Programmes in Czech language cover the majority of fields of study and all three stages of university studies.

Donor coordination efforts

Apart from the DCF chaired by the BiH Ministry of Finance and Treasury, the Czech Republic takes part in the sectoral donor coordination meetings in the field of agriculture, organized by the BiH Ministry of Foreign Trade and Economic Relations, and in donor meetings on environmentally sector organized by

Swedish Embassy, energy organized by UNDP. Furthermore, it participates in meetings organized by the Delegation of the EU in Sarajevo which are primarily related to IPA projects.

Contact information:

Embassy of the Czech Republic in Sarajevo

Address: Franjevačka 19

71000 Sarajevo, BiH

Phone: +387 33 447 525; 446 966

Fax: +387 33 447 526

Email: sarajevo@embassy.mzv.cz

Web address: <http://www.mzv.cz/sarajevo>

France

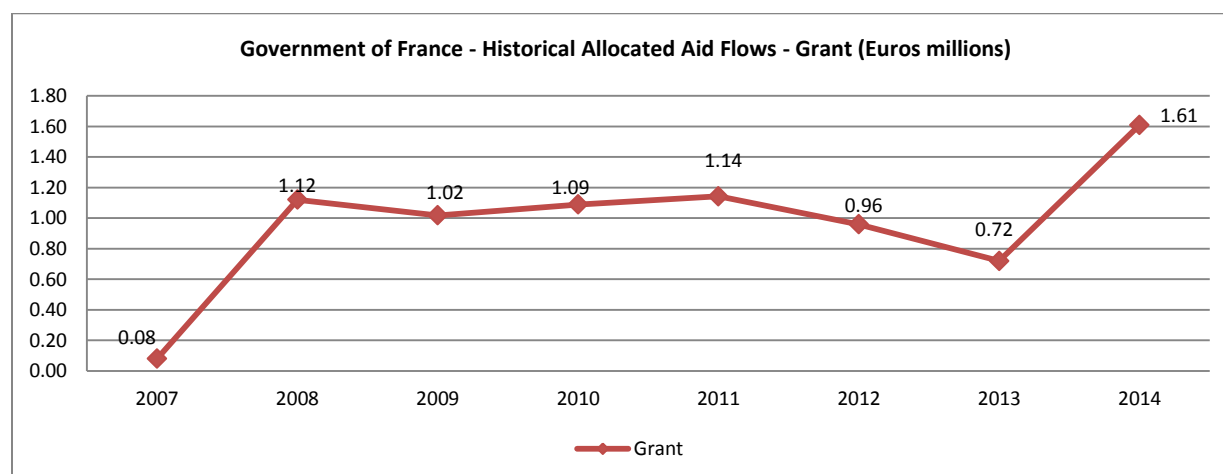
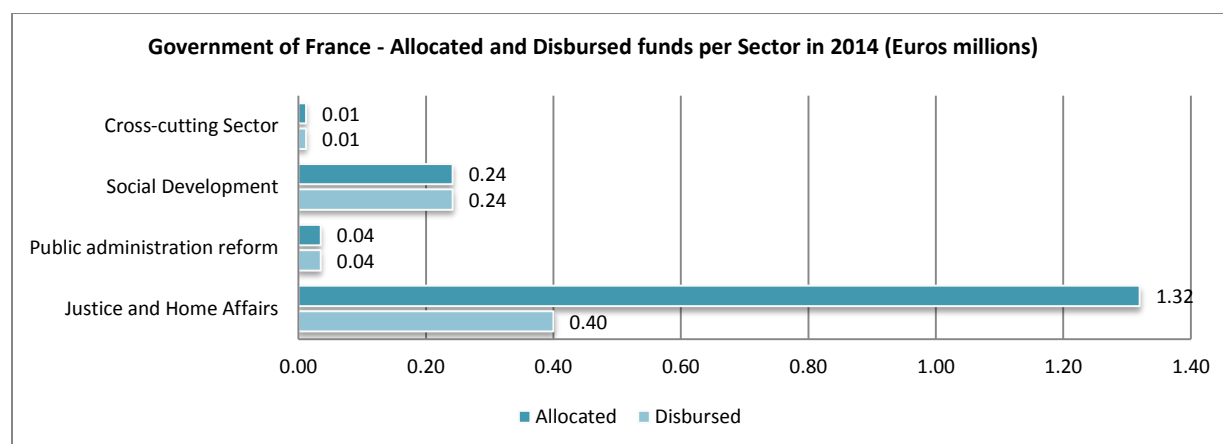
Policy approach

The French Embassy in Bosnia and Herzegovina is implementing different programs, following priorities designed by the French Ministry of Foreign Affairs in order to support the country in its efforts towards European integration. The work is carried out according to four main links, with an integrated approach: Interior security, technical cooperation including governance and high education and scientific cooperation, culture and civil society including Francophonie, *reprise de l'acquis*.

Some of the activities are financed with a large support of the European Union (including TAIEX), some others are financed directly by French government and French local collectivities.

Key activities in 2014

The Government of France **allocated € 1.61 million and disbursed € 0.69 million in 2014 in the form of grant** in order to support and drive bilateral and multilateral cooperation projects linked to the following sectors: Justice and Home Affairs, Public Administration Reform, Social Development Sector, Cross-cutting Sector.



Medium and long-term approach

Basically the French cooperation is organized with the goal of getting the Bosnian people always more implicated in a socio-economical project for their country. Key points are democracy and equity, building trust in the future through good governance, promotion of the concept of sustainable development and highlighting of the interest of working on a local level, using all the possibilities offered by decentralized cooperation, twinning strategies and links between universities and enterprises. The actual trend is to build networks and partnerships in order to mobilize co-financing from private sector and other international donors. Direct funding with no counterpart will disappear.

Donor coordination efforts

French government is of course participating to all donor coordination efforts, including sector working groups. The main coordinator is European Delegation in BiH. UN and Regional Cooperation Council (RCC) are also efficient as well as several Bosnian ministries. Donors such as USAID are also analyzing and sharing priorities with other local funders. French Embassy works simultaneously with groups such as Foreign Investors Council/Vijeće stranih investitora – FIC.

Contact information:

Cooperation and Culture Office, French Embassy

Address: Mehmed-bega Kapetanovića Ljubušaka 16
71000 Sarajevo, BiH
Phone: +387 33 282 700
Fax: +387 33 282 711
Email: catherine.constant@diplomatie.gouv.fr
Web address: www.ambafrance-ba.org

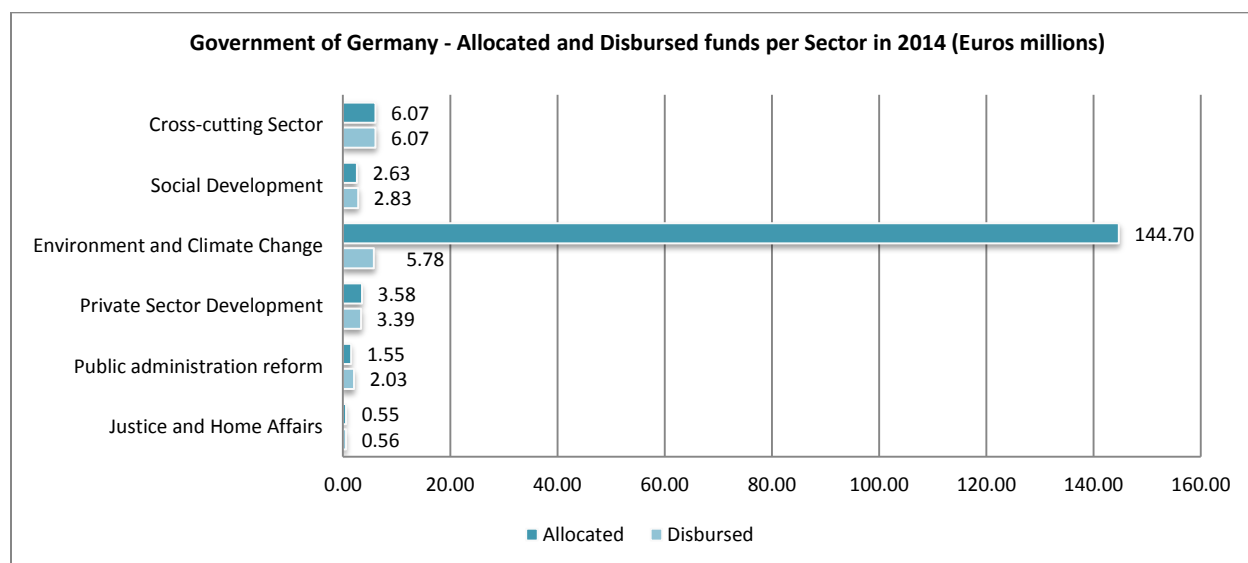
Germany

Policy approach

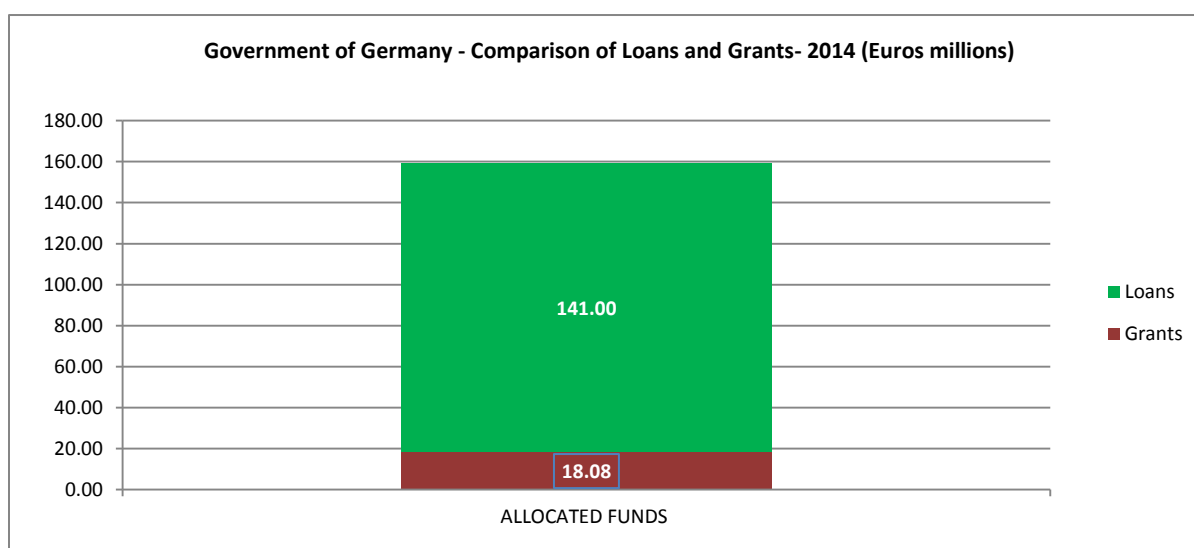
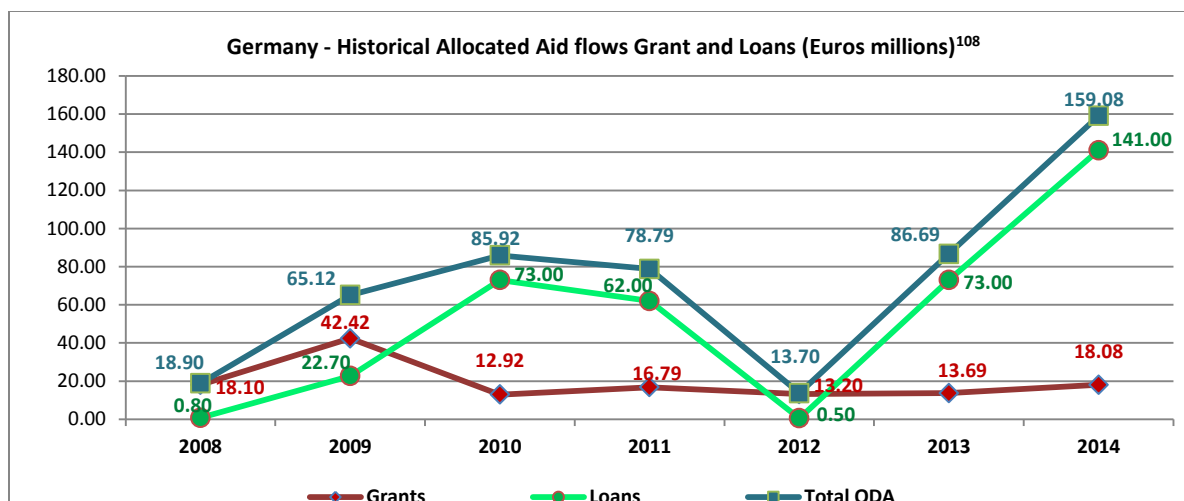
Germany is committed to assist BiH in developing into a functioning market economy, in aligning its legal system with the EU acquis and in overcoming the consequences of the war and the recent flooding. For this the German government has mandated several implementing agencies to conduct its development assistance in BiH. The most prominent are the Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ) and the KfW Entwicklungsbank (Development Bank). 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 funds from the Stability Pact for South Eastern Europe as well as small-scale projects.

Key activities in 2014

The Government of Germany **allocated € 159.08¹⁰⁷ million and disbursed € 20.65 million in 2014 in the form of grant and loan** to the following sectors: Justice and Home Affairs, Public Administration Reform, Private Sector Development, Environment and Climate Change, Social Development Sector, Cross-cutting Sector.



¹⁰⁷ KfW reports allocations by year of signing of loan or financing agreement.



Environment and climate change:

- *Water supply and waste water*

Various ongoing projects of KfW Development Bank in RS and Federation BiH. One new project started in 2014: Water and Waste Water Project BiH II: Tuzla and Zenica; loan of € 11 million plus grant of € 1.5 million.

- *Renewable energies*

Various large-size projects of KfW Development Bank ongoing both in RS and Federation BiH; both greenfield projects and rehabilitation of existing hydro power plants, furthermore financing of two wind farm projects, one each in RS and Federation BiH.

¹⁰⁸ KfW reports allocations by year of signing of loan or financing agreement.

A two new loan agreements to finance (a) green-field investment of pump storage power plant Vrilo – loan, amount of € 100 million and (b) green-field investment of hydro power plant Janjici – loan amount of € 30 million, have been signed.

- *Energy efficiency*

Ongoing GIZ supported project aims at capacity development for energy efficiency (fulfilling requirements of Energy Community, monitoring and data management, legislative framework and its implementation, implementation of energy efficiency measures) at municipal and entity level and in close coordination with MoFTER. Energy efficiency is also subject of a SEE regional project.

Private sector development:

Ongoing programme implemented by GIZ builds capacities in public and private sector for strengthened competitiveness of selected business locations (10 municipalities) and their respective small and medium enterprises. In addition to metal, wood and tourism sectors, this programme as well as second project include promotion of agricultural value chains (fruits, berries, soybean). Advisory services on foreign trade are offered through a regional project. Adult education targets better employability. A pilot project on vocational training has recently been started in Herzegovina-Neretva Kanton. A regional project fosters cooperation between SEE countries in relation to various foreign trade issues concerning trade within and outside the region.

KfW Development Bank supports through a grant of € 5 million the “Flood Relief Credit Programme” (FRCP). The FRCP is intended to support to overcome the effects of the flooding in BiH of May and August 2014. Loans are issued by two micro finance organizations and borrowers can be both private households as well as small enterprises affected by the floods.

Public administration reform/ Justice and Home Affairs

The GIZ-supported programme cooperates with PARCO and public institutions at state level to increasingly fulfil the standards of the Public Administration Reform Strategy. Justice affairs are dealt within a regional GIZ-project for South Eastern Europe. Another regional project works on improved municipal services (water supply, waste management, business friendliness). Finally, a regional project supports capacity development within the region with regard to EU accession and integration processes.

Medium and long-term approach

In all projects of the German Government, the requirements of the EU integration process are taken into account.

In its Technical Cooperation (mainly implemented by GIZ), the German Government will continue its present commitment, with the main focus on (1) private sector development (in particular competitiveness of SMEs in specific sectors and local economic development) and employment (2) public administration reform and (3) energy efficiency and renewable energy

Within the framework of Financial Cooperation (implemented by KfW Development Bank) the Government of Germany through the Ministry of Economic Cooperation and Development intends to focus its activities on projects in the sector of Renewable Energies, i.e. the financing of greenfield investments in hydro power plants and wind farms as well as the rehabilitation of existing hydro power plants.

Donor coordination efforts

German Embassy, GIZ and KfW participate in the DCF. KfW does not participate in sector working groups but has, where needed, bilateral contacts with other donor agencies. German Embassy, GIZ and KfW also coordinate within the EU Member States Aid Coordination Meeting organized by the EU-Delegation.

GIZ participates in several sector coordination groups with those donors and implementing agencies that have interventions in the sectors Coordination group on local governance, Energy efficiency group, Agricultural sector group (MoFTER), and Public administration reform.

Contact information:

Embassy of the Federal Republic of Germany in Bosnia and Herzegovina

Address: Skenderija 3

71000 Sarajevo, BiH

Phone: +387 33 565 300

Fax: +387 33 212 400

Email: wz-1@sarajewo.diplo.de

Web addresses: www.sarajewo.diplo.de

GIZ Office Bosnia and Herzegovina

Address: Zmaja od Bosne 7-7a, Importanne Centar O3/IV

71 000 Sarajevo, BiH

Phone: +387 33 957 500

Fax: +387 33 957 501

Email: Brigitte.Heuel-Rolf@giz.de

Web address: www.giz.de

KfW-Office Bosnia and Herzegovina

Address: Zmaja od Bosne 7-7a, Importanne Centar O3/V

71 000 Sarajevo, BiH

Phone: +387 33 959 409

Fax: +387 33 592 517

Email: Matthias.Schmidt-Rosen@kfw.de

Web address: www.kfw.de



Hungary

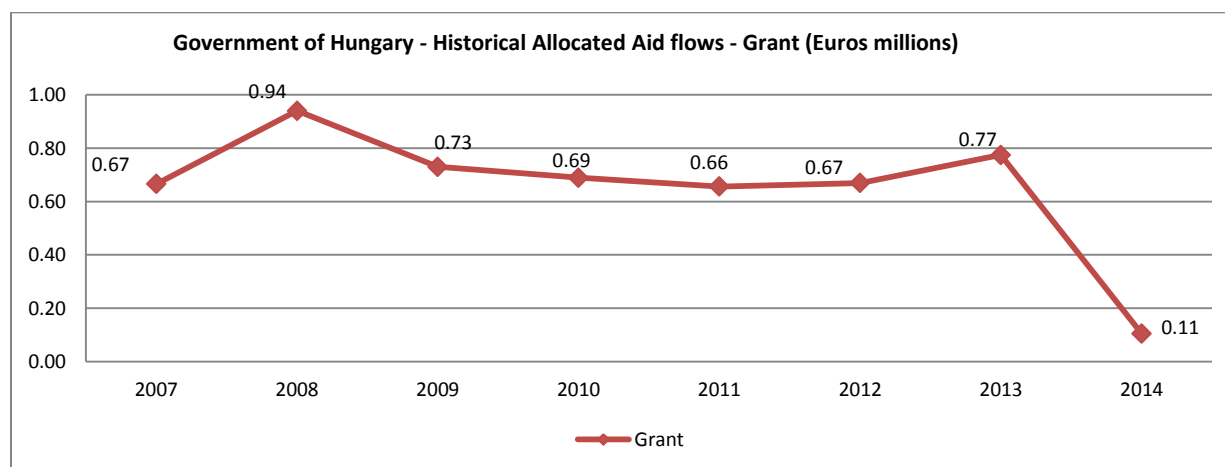
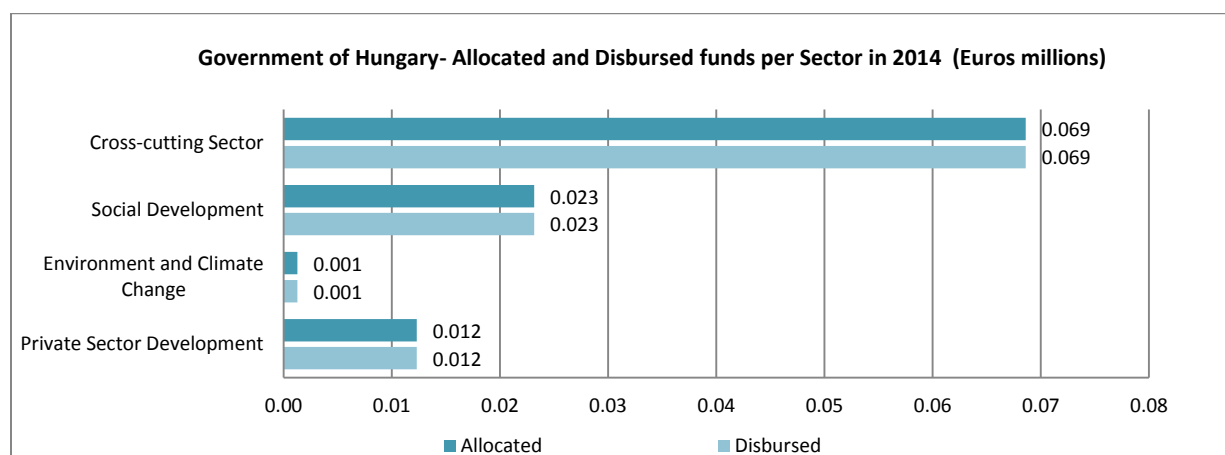
Policy approach

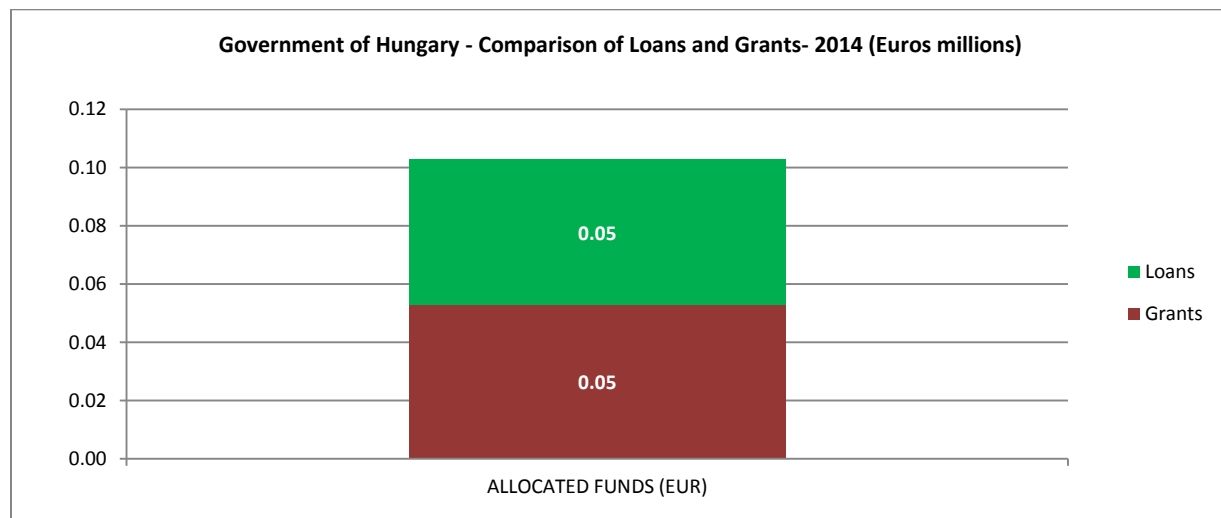
A key element of the Hungarian approach is to use the specific experience gained during Hungary's democratic transition (i.e. to market economy, to democratic functioning state) and its Euro-Atlantic integration (i.e. EU-integration, NATO-integration, regional cooperation) processes.

Due to the general budgetary situation in Hungary, only limited funds could be devoted to bilateral development assistance activities in the reporting period. On the other hand, Hungary is actively participating in EU IPA projects (support of law enforcement, census).

Key activities in 2014

The Government of Hungary **allocated € 0.11 million and disbursed € 0.11 million in 2014 in the form of grant and loan** to the following sectors: Private Sector Development, Environment and Climate Change, Social Development Sector, Cross-cutting Sector.





Medium and long-term approach

The Government of Hungary expects to evolve in medium - and long-term role in BiH.

The Government of Hungary positive approach is based on the following considerations;

- Hungary's stabilizing economy opens wider possibilities also in international development cooperation.
- Western-Balkan countries, including Bosnia and Hercegovina constitute a region of outstanding importance and of strategic partnership.
- The relevant policy Strategy adopted by the Government of Hungary, provides the framework of a more streamlined development activity.

Target sectors of our activities:

- Institutional development (reinforcement of democracy and rule of law, good governance, sharing experience and best practices regarding transition and EU-integration process, capacity building, institution building/development, reinforcement of civil society)
- Green economy, green energy, environment- and climate protection, (rural and urban development, food safety, development of sustainable capacities in agricultural production, sustainable water management, sanitation, protection against and preparations for the negative impacts of climate change)
- Development of human resources and capacities (education, culture, equal opportunities, protection of minority- and vulnerable groups, development of social institutions, scientific network and information)

The Government of Hungary is targeting an increased participation in Twinning and TAIEX programs.

Donor coordination efforts

Government of Hungary does not participate in any donor coordination efforts other than DCF.



Contact information:

The Embassy of Hungary

Address: Splitska 2,

71000 Sarajevo

Phone: +387 33 205 302

Fax: +387 33 268 930

Email: mission.sjj@mfa.gov.hu

Web addresses: www.mfa.gov.hu/emb/sarajevo

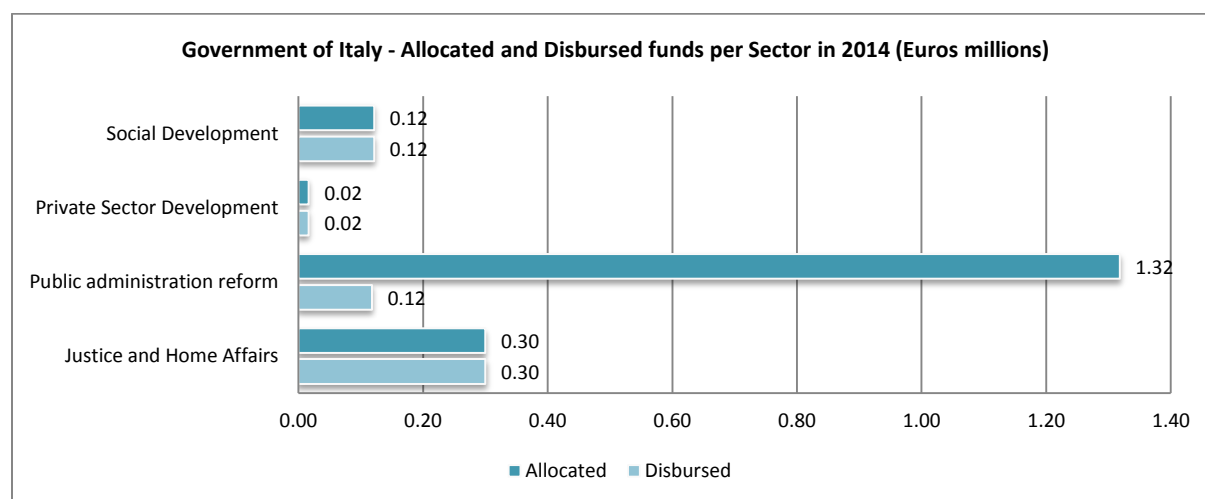
Italy/The Italian Development Cooperation (IC)

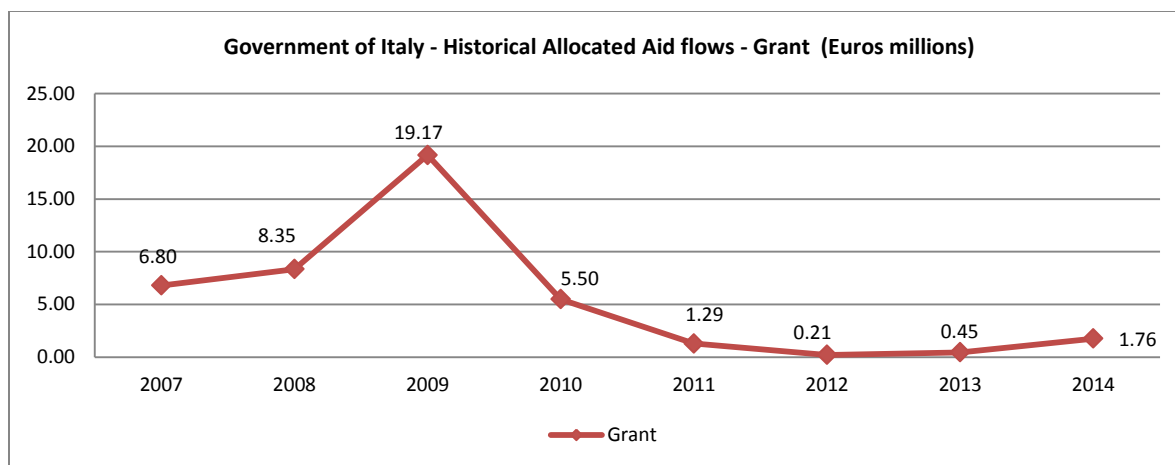
Policy approach

Bosnia and Herzegovina is considered as a priority country in the agenda of the Italian Development Cooperation. The areas of activity of the Italian Development Cooperation are various and focused on poverty reduction and improvement of socio-economic conditions. 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 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 relevant participation of Italian NGOs and decentralized cooperation (Regions, Provinces and other local institutions).

Key activities in 2014

The Government of Italy **allocated € 1.76 million and disbursed € 0.56 million in 2014 in the form of grant** to the following sectors: Justice and Home Affairs, Public Administration Reform, Private Sector Development, Social Development Sector.





Medium and long-term approach

As far as future perspectives are concerned, the Italian Cooperation intends to continue operating and aims at strengthening its support in additional fields: support to SMEs, rural development, security (demining) and culture.

After the floods that affected the country in 2014, the Italian Development Cooperation pledged 1 million euros for reconstruction in six Municipalities: Derventa, Sanski Most, Zvornik, Orasje, Maglaj and Srebrenica. The project entered in the implementation phase at the beginning of 2015, with the aim to support small producers, households, farmers and SMEs and increase jobs creation and productivity.

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 the Bosnian institutional counterparts.

Donor coordination efforts

Besides the DCF, 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 Prosecutor's Office of Bosnia and Herzegovina.
- International meeting on the EU Sector-Wide Approach in South East Europe.

Contact information:

The Italian Development Cooperation

Address: Čekaluša 51

71000 Sarajevo, BiH

Phone: +387 33 560 170

Fax: +387 33 667 227

Email: segreteria-coopit@epn.ba

Web addresses: www.utlsarajevo.org

Japan/Japan International Cooperation Agency (JICA)

Policy approach

The priority sectors for Japanese development assistance are the followings: (1) consolidation of peace/ethnic reconciliation, (2) development of the private sector and (3) protection of environment.

Education

Japan has assisted Bosnia and Herzegovina in modernizing informatics curricula through a grant aid program and technical cooperation projects. The Project for Informatics Curricula Modernization in Bosnia and Herzegovina, Phase 2 has been implementing since 1 August 2010.

Environment

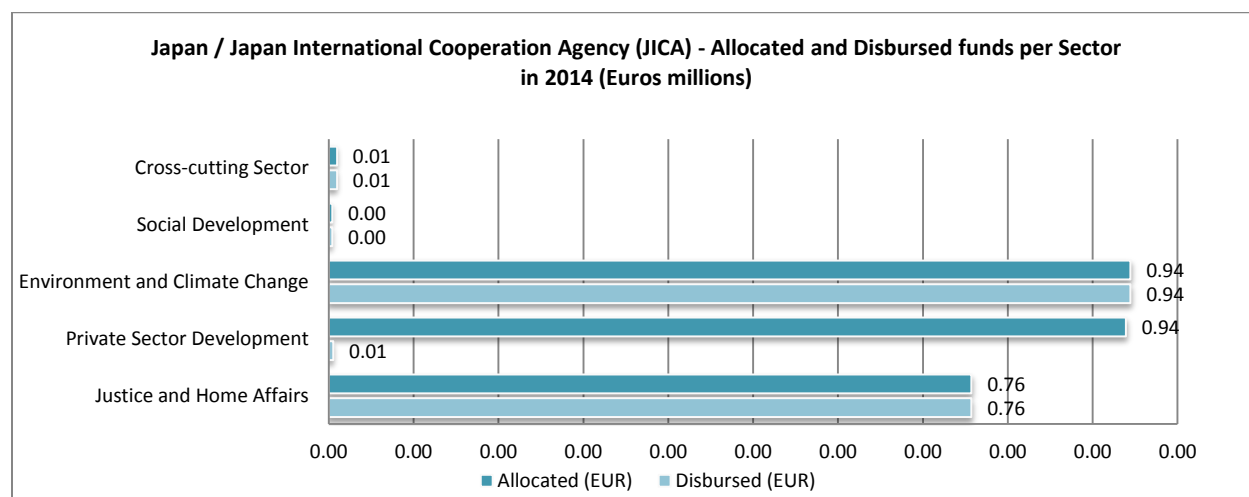
To reduce air pollutants (SO₂ and dust) by constructing Flue Gas Desulphurization (FGD) at Ugljevik Thermal Power Plant, thereby contributing to improvement of environment in BiH and complying with EU environmental regulation looking forward to EU accession.

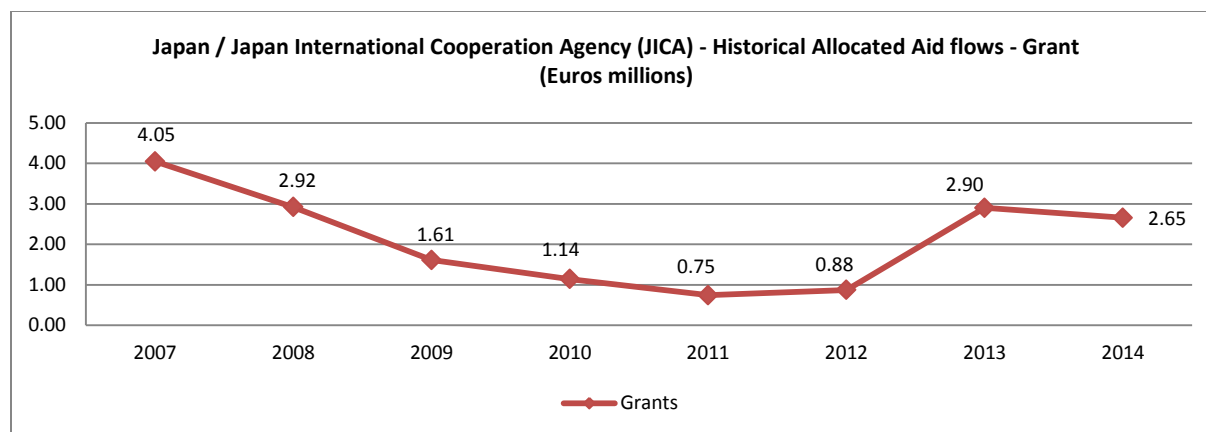
Tourism

In response to social needs of Bosnia and Herzegovina to achieve economic reconstruction and improvement of living standards, JICA has supported a tourism sector. "The project for Herzegovina International Tourism Corridor Development and Environmental Conservation" has been providing assistance for BiH's stakeholders to implement various activities for creation of an international tourism corridor by establishing round trip routes connecting tourism spots.

Key activities in 2014

The Government of Japan /Japan International Cooperation Agency (JICA) **allocated € 2.65 million and disbursed € 1.72 million in 2014 in the form of grant** to the following sectors: Justice and Home Affairs, Private Sector Development, Environment and Climate Change.





Medium and long-term approach

Assistance policy to BiH by the Government of Japan has priority areas as follows:

– **Consolidation of peace/ethnic reconciliation**

Japan will support ethnic reconciliation and provide assistance to refugees, returnees and landmine victims towards the peace consolidation, making use of its neutral position to all peoples.

Japan tries to make projects related to more than one people or entity so that the assistance contributes to the peace consolidation.

– **Development of the private sector**

Since the area of policy-making and legislation is being improved in accordance with the EU *Acquis Communautaire*, the assistance in this sector would be efficient if it is implemented by European donors including the EU member countries. Japan, therefore, will concentrate on other sectors where Japan has advantages, such as promoting small and medium private enterprises development.

– **Protection of environment**

The area of policy-making and legislation is being improved in accordance with the EU *Acquis Communautaire* so the assistance in this sector would be efficient if it is implemented by European donors including EU member countries. Japan, therefore, will concentrate on other sectors where Japan has skills and knowledge.

Donor coordination efforts

Japan has been keeping communication with other donors when necessity arises.

Contact information:

Japan International Cooperation Agency Sarajevo Office

Address: Bistrik 9

71000 Sarajevo, BiH

Phone: +387 33 220 190

Fax: +387 33 220 192

Email: jica.bh@bih.net.ba

Web address: www.jica.go.jp/balkan/english/office/about/index.html

The Embassy of the Kingdom of the Netherlands

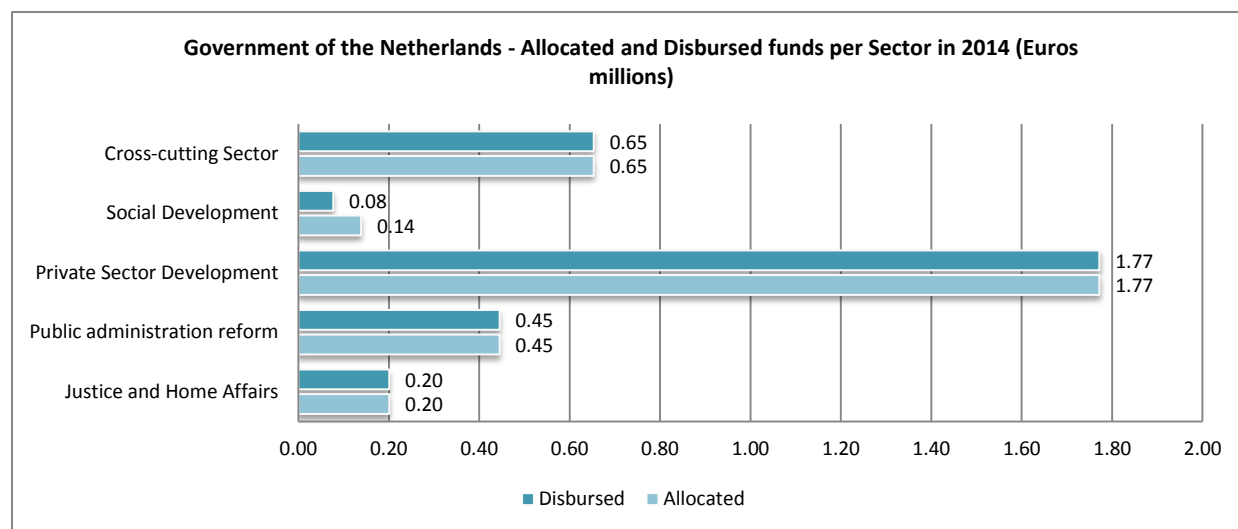
Policy approach

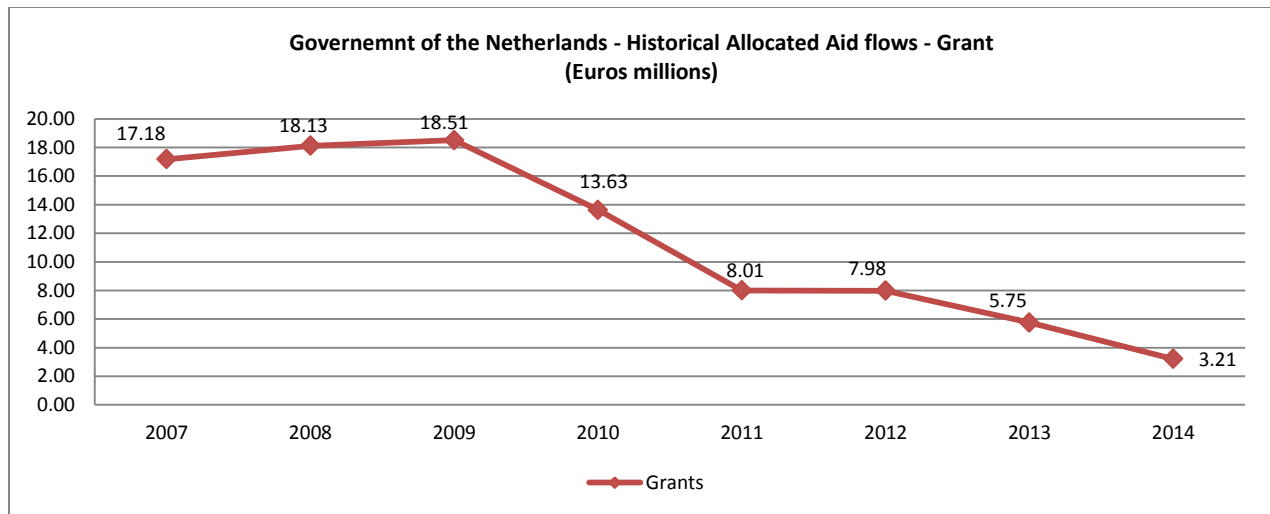
Bosnia and Herzegovina is one of the 36 partner countries worldwide that the Netherlands has a substantive bilateral development cooperation programme with. In the past the Netherlands focused predominately on the facilitating of minority return and creating stability in the aftermath of the war. In the last three years the programme shifted to 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.

By the end of 2011 bilateral development assistance for Bosnia and Herzegovina has 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, such as the programme for societal transformation (MATRA), for which Bosnia and Herzegovina has qualified since January 2008.

Key activities in 2014

The Government of the Netherlands **allocated € 3.21 million and disbursed € 3.15 million in 2014 in the form of grant** to the following sectors: Justice and Home Affairs, Public Administration Reform, Private Sector Development, Social Development Sector, Cross-cutting Sector.





Medium and long-term approach

As of 2012 the Embassy will focus its development assistance to the Srebrenica region in the amount of €5.000.000 per year. The main areas of interest are: the identifications of victims of the 1995 genocide in Srebrenica, support to its survivors, prosecuting the culprits, remembrance, and support to the creation of a business enabling environment (including capacity building of the local government).

Furthermore the Embassy will continue its support to the transformation of the Bosnian society through its MATRA programme.

Donor coordination efforts

Besides participating in DCF the Embassy has a good cooperation with 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, PARF, and Judiciary.

Contact information:

The Embassy of the Kingdom of the Netherlands

Address: Grbavička 4

71000 Sarajevo, BiH

Phone: +387 33 562 600

Fax: +387 33 223 413

Email: sar@minbuza.nl

Web addresses: www.minbuza.nl; www.mfa.nl/sar

The Royal Norwegian Ministry of Foreign Affairs

Policy approach

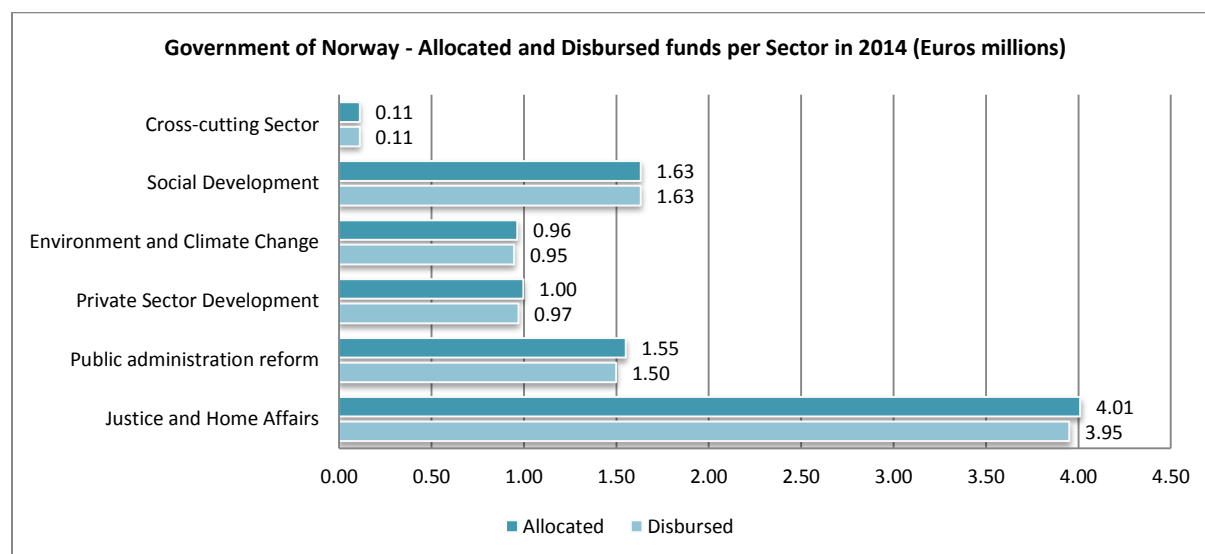
Much of Norwegian development cooperation internationally involves long-term assistance in the form of grants. Norwegian long-term development cooperation in general emphasizes both bilateral assistance, channelled directly to the governments of partner countries, and multilateral assistance, which is channelled through the UN system and development banks. Norway also provides significant assistance through international, local and Norwegian non-governmental organisations.

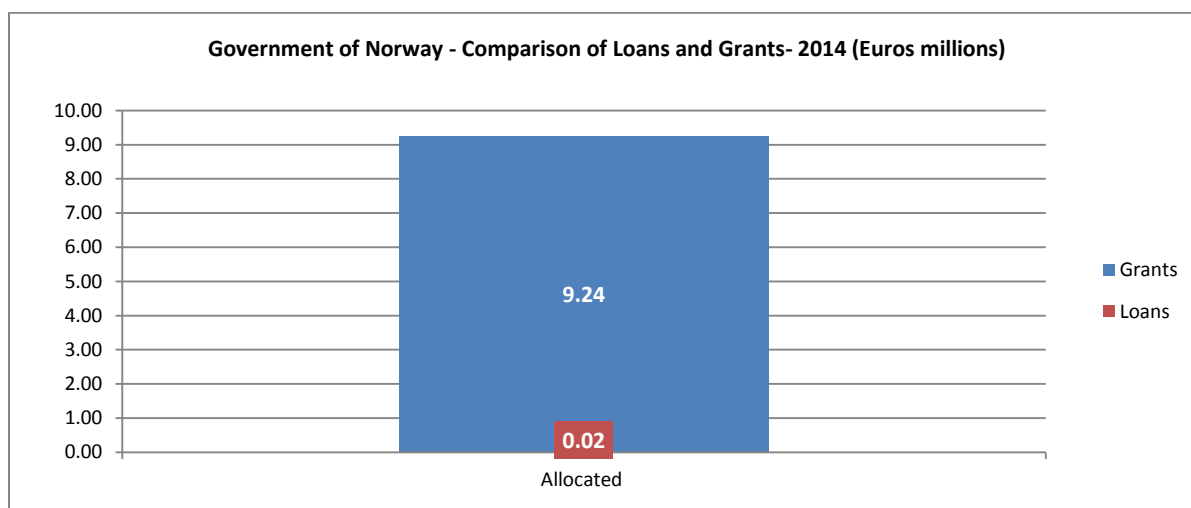
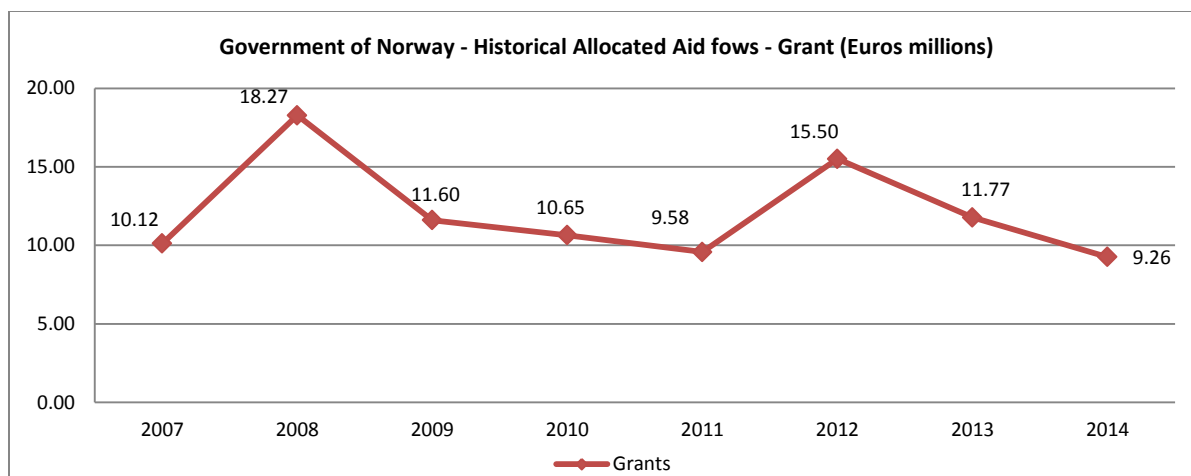
Norwegian cooperation with Bosnia and Herzegovina has evolved over the years from humanitarian assistance and reconstruction to supporting political and administrative reforms and Euro-Atlantic integration. This involves support to institution building and judicial reform. The Government intends to continue assistance to Bosnia and Herzegovina.

The following sectors are given priority: Good governance (including the justice sector), defence and security sector reform, economic development and strengthening civil society.

Key activities in 2014

The Government of Norway **allocated € 9.26 million and disbursed € 9.11 million in 2014 in the form of grant and loan** to the following sectors: Justice and Home Affairs, Public Administration Reform, Private Sector Development, Environment and Climate Change, Social Development Sector, Cross-cutting Sector.





Medium and long-term approach

Norway will continue with the current initiatives within following priority areas:

- Good governance, including justice and security sector reform
- Human rights, peace and reconciliation
- Economic development
- Strengthening civil society

Donor coordination efforts

Embassy of the Norway participate in Working group on Gender Equality and Women Empowerment

**Contact information:****The Embassy of the Kingdom of the Norway**

Address: Ferhadija 20

71000 Sarajevo, BiH

Tel: +387 33 25 40 00

Fax: +387 33 66 65 05

E-mail: emb.sarajevo@mfa.no

Web addresses: www.norveska.ba

Slovenia

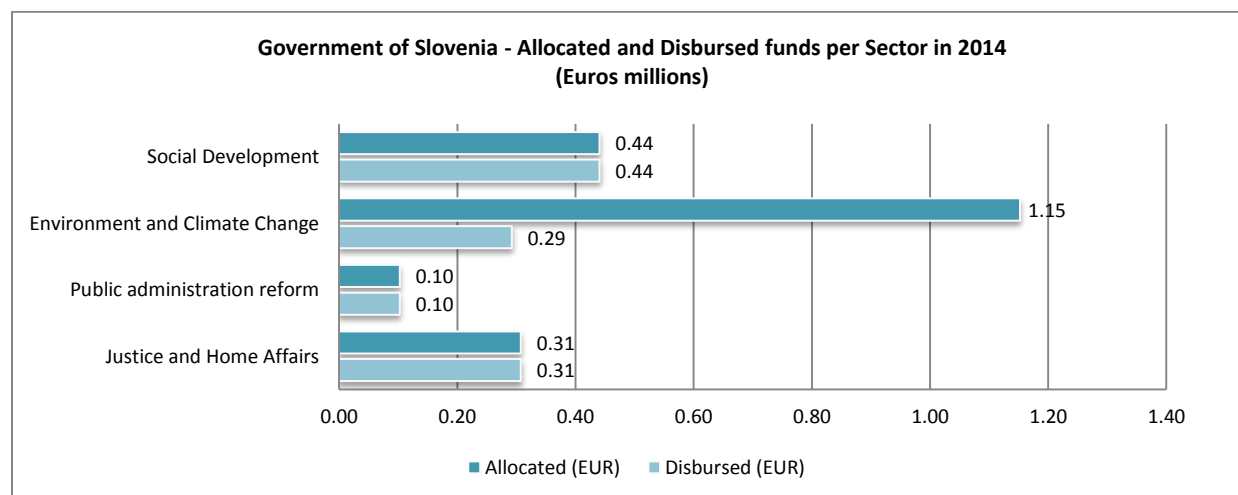
Policy approach

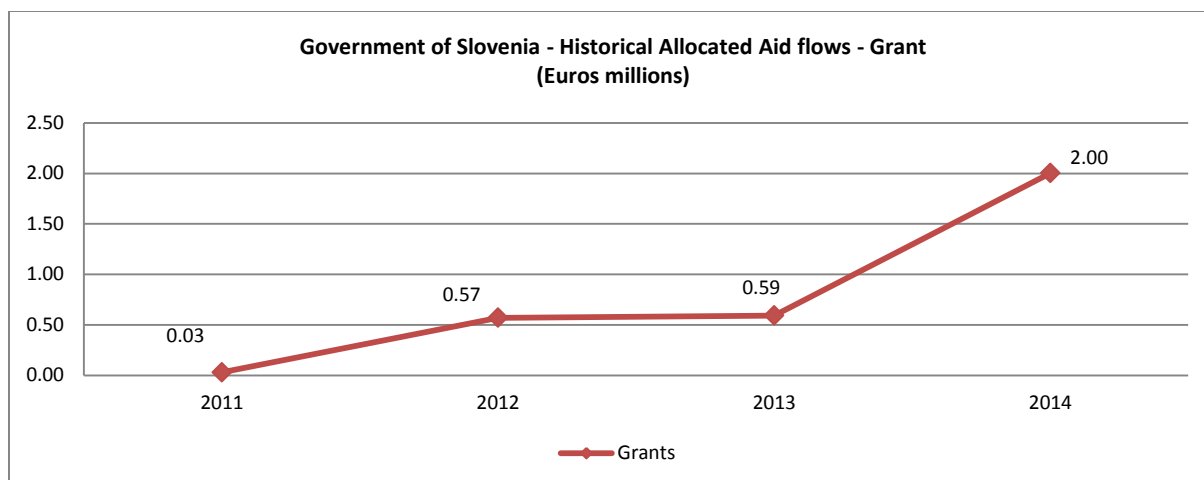
The thematic priorities of Slovenia's International Development Cooperation are defined in the Resolution on International Development Cooperation of the Republic of Slovenia for the period until 2015. The target areas of development cooperation are listed in the bilateral "Agreement on development cooperation between the Government of the Republic of Slovenia and the Council of Ministers of Bosnia and Herzegovina". The Framework Programme of international development cooperation and humanitarian aid of the Republic of Slovenia for the period 2013 and 2015 (including its revision for the period 2014 until 2015 and second revision for 2015 with the plan of the implementation of international development cooperation for 2016) operationalizes planned activities, which in the case of BiH include the following sectors: Justice and Home Affairs, Public administration reform, Environment and Climate Change, Social Development. Due to still relatively low level of ODA disbursements to BiH, we have not yet developed policy paper on Slovenian development cooperation with this country.

Data for 2014 entered in the Donor Mapping Database includes funds allocated by Slovenia to Bosnia and Herzegovina for the projects in the context of international development assistance (EUR 7.960.371) and additional funds allocated to Bosnia and Herzegovina immediately after the Floods in May 2014 as Emergency Relief and Humanitarian Assistance (EUR 324.966). All allocated funds are in the form of grant.

Key activities in 2014

The Government of Slovenia **allocated € 2.00 million and disbursed € 1.14 million in 2014 in the form of grant** to the following sectors: Justice and Home Affairs, Public Administration Reform, Environment and Climate Change, Social Development Sector.





Medium and long-term approach

The current Resolution on International Development Cooperation of the Republic of Slovenia will expire at the end of 2015. Discussions on the post-2015 geographical and thematic orientations of Slovenia's development cooperation are ongoing. We can expect that BiH will remain among geographical priorities.

Slovenia has – due to certain legal restrictions of current bilateral agreements - drafted new agreement, which will also simplify cooperation with other donors and will replace the existing bilateral agreements on development cooperation in the following years.

Donor coordination efforts

The Embassy of the Republic of Slovenia in Sarajevo participates in meetings of donors in different formats.

Contact information:

Embassy of the Republic of Slovenia

Address: Bentbaša 7

71000 Sarajevo, BiH

Phone: (+) 387 33 271 260, (+) 387 33 572 450

Fax: (+) 387 33 271 270

Email: vsa@gov.si

Web address: www.sarajevo.veleposlanistvo.si/

Sweden/Swedish International Development Cooperation Agency (Sida)

Policy approach

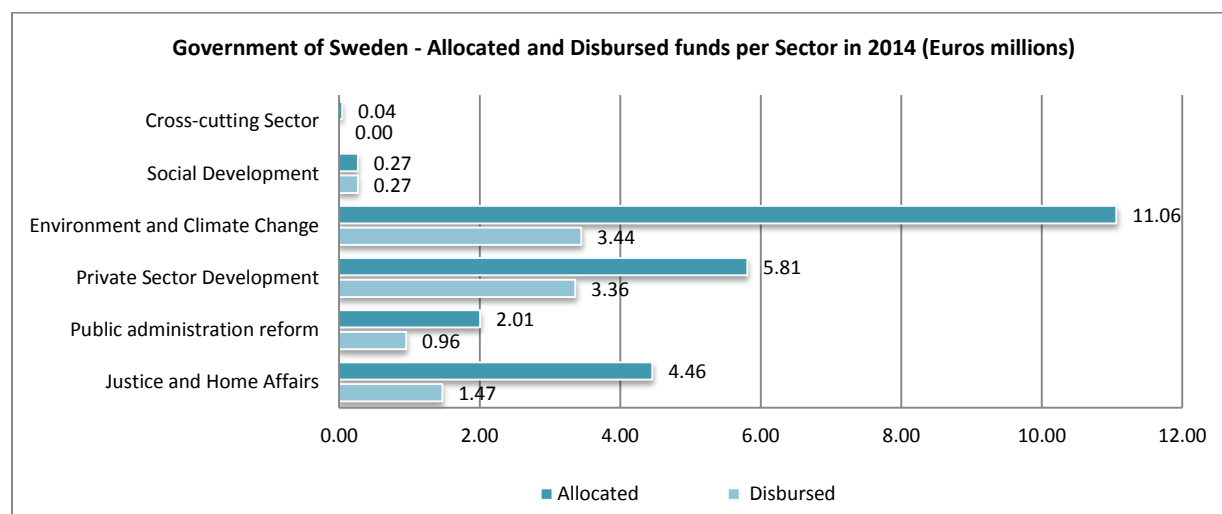
The Swedish reform cooperation with Bosnia and Herzegovina 2011-2014 aims at democratic, fair and sustainable development together with improved conditions for EU integration.

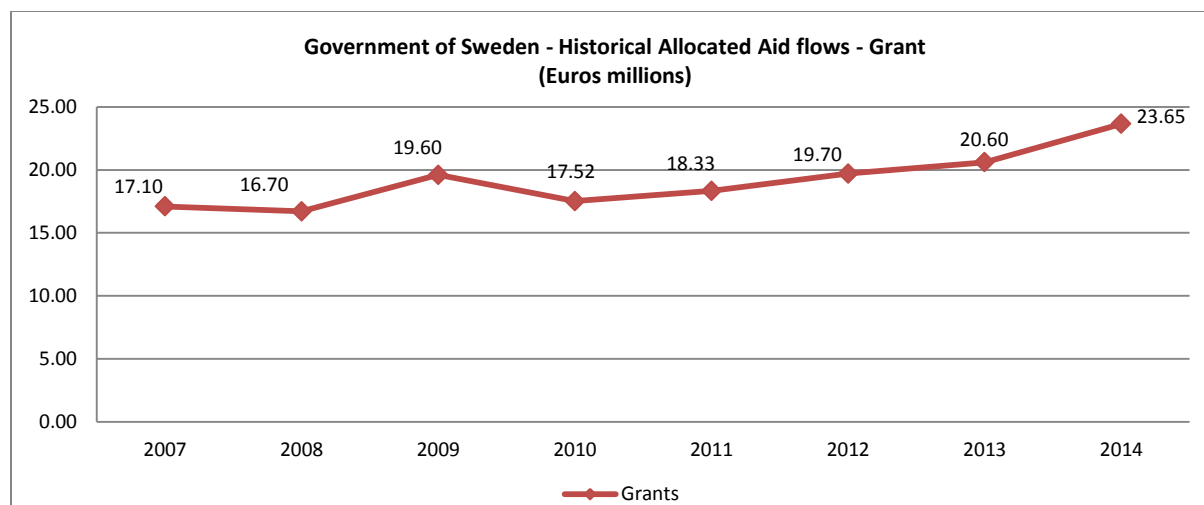
Sida focuses on three main areas: democracy, human rights and gender equality; market development; and sustainable infrastructure. In addition, support is also given to the cross-cutting issues (civil society, gender and minorities). In order to increase aid efficiency and facilitate EU integration the strategy promotes:

- Better coordination with the EC and the IPA program;
- Increased use of the country's own systems for planning, implementation and follow-up;
- Increased use of program-based approaches.

Key activities in 2013

The Government of Sweden **allocated € 23.65 million and disbursed € 9.49 million in 2014 in the form of grant** to the following sectors: Justice and Home Affairs, Public Administration Reform, Private Sector Development, Environment and Climate Change, Social Development Sector, Cross-cutting Sector.





Medium and long-term approach

Sweden will finance and implement projects in accordance with recently adopted results strategy for Sweden's Reform Cooperation with Eastern Europe, the Western Balkans and Turkey 2014-2020, including Bosnia and Herzegovina as the bilateral partner. In line with the Strategy, annual amount of Swedish bilateral contribution for BiH will total approx. EUR 2 m. Three relevant pillars in the Strategy are: Economic/Market Development, Democracy and Human Rights including PAR, Justice Reform, Local Governance Reform; support to Civil Society Organizations, Cross-Cutting Issues (Gender, Anti-Corruption) and Environment. Sweden is also active in PAR at central and entity level, through the PAR fund implemented by PARCO. PAR fund is a joint effort from Scandinavian countries, Sweden, Norway and Denmark, which are founders and financiers. In the area of Justice, Sweden is one of the main donors in providing funds for the state prison. Sweden is also closely working with Associations of Cities and Municipalities.

Donor coordination efforts

Sweden is the member of the Donor Coordination Forum led by the MOFT. Sweden is the member of the ad hoc established sector coordination forums (PAR, Ig, justice...).

Contact information:

Embassy of Sweden

Address: Embassy of Sweden, Ferhadija 20

71000 Sarajevo, BiH

Phone: +387 33 276 030

Fax: +387 33 267 060

Email: ambassaden.sarajevo@gov.se

Web addresses: www.sida.se ; www.swedenabroad.se

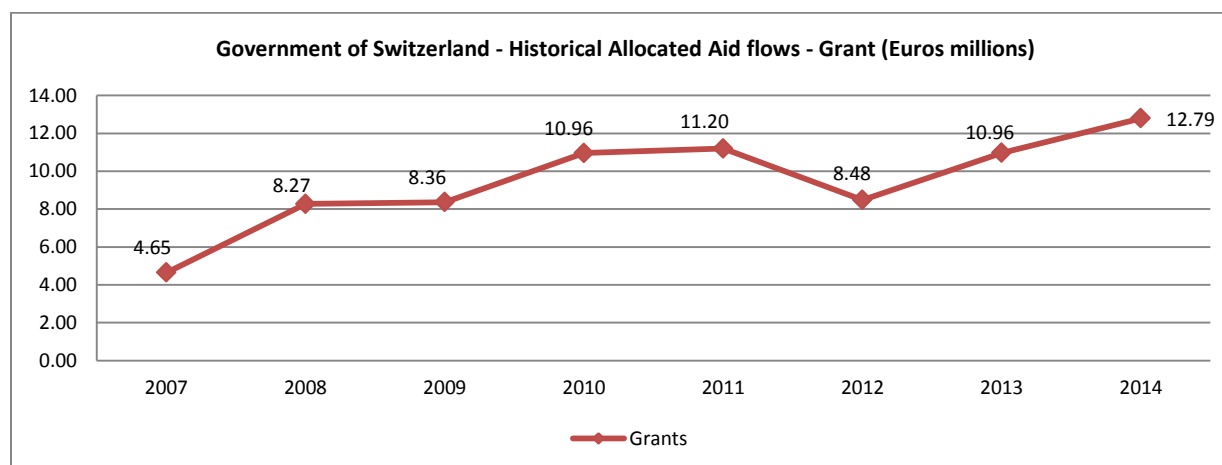
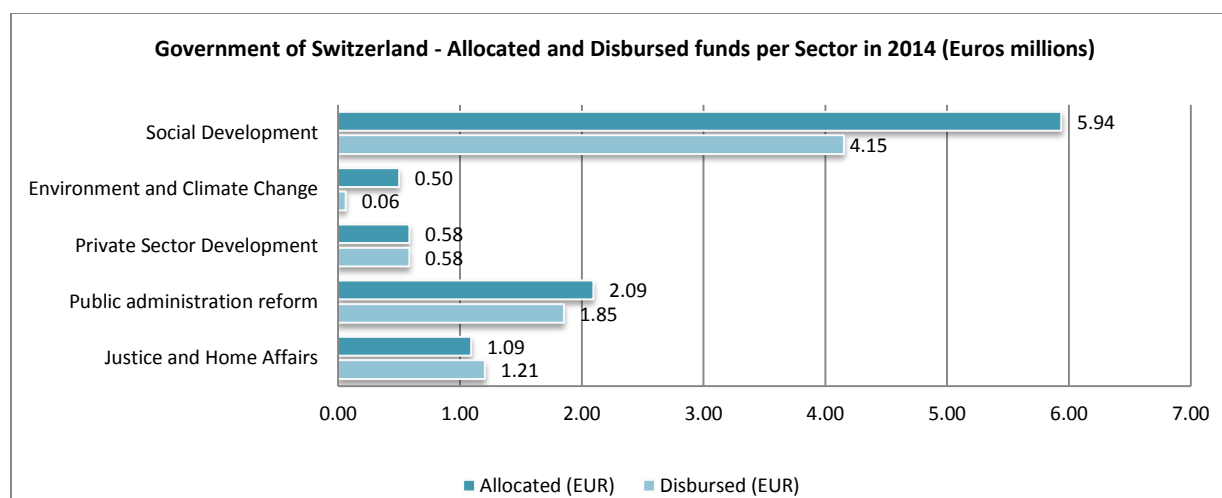
Switzerland

Policy Approach

Switzerland aims to contribute to the transition of BiH towards a socially inclusive market economy and a decentralized democratic political system, with the longer-term perspective of European integration. The Swiss Cooperation Strategy for BiH 2013-2016 aims to support BiH in addressing remaining challenges in line with the priorities defined by national strategic documents for specific sectors. It focuses on three thematic domains: Economy & Employment, Local Governance & Municipal Services, and Health. The foreseen financial commitments for the period 2013 – 2016 amount to 79 million CHF.

Key activities in 2014

The Government of Switzerland **allocated € 12.79 million and disbursed € 10.45 million in 2014 in the form of grant** to the following sectors: Justice and Home Affairs, Public Administration Reform, Private Sector Development, Environment and Climate Change, Social Development Sector, Cross-cutting Sector.



Medium and long-term approach

In the medium term, the Government of Switzerland will continue providing support to Bosnia and Herzegovina in the same sectors as in the previous period, with a particular focus at rule of law and democracy, local governance and municipal services, economy and employment, primary health care services, and migration management.

In the **Public Administration Reform Sector**, Switzerland will continue with its support in setting up and implementing inclusive local development strategies which create positive impacts on local democracy, sustainable socio-economic development and efficient citizen-oriented service provision. Support will be provided in strategic municipal planning aiming to set the base for democratic decision making, for example in communal assemblies and proactive cooperation of citizens in local development endeavours. In cooperation with SIDA, engagement of citizens in municipal decision making, in the provision of municipal quality services and in the implementation of local development initiatives will be fostered through the revitalisation of sub-municipal units (Local Communities - Mjesna Zajednica) as spaces for citizens' participation and social inclusion. Furthermore, Switzerland will assist at least 20 municipalities in the improvement of municipal democratic governance and provision of public services, offering capacity development, municipal budget support for capital investments, improvement of economic framework conditions, and promotion of citizens' participation.

In the **Social Development Sector**, support will be continued in addressing youth unemployment, notably by supporting labour market-oriented education and vocational training, creating adequate job opportunities, and improving the performance of employment services for young adults. The cost-effectiveness and quality of primary health care will be improved through capacity building of service providers in the areas of mental health and nursing and the development of community-based models of care where the specific needs of vulnerable social groups will be addressed. Interventions in area of Migration & Development will further explore potentials of migration for socio-economic development of local communities.

In the field of **Private Sector Development**, the Swiss programme will support the creation of favourable framework conditions for doing business and promoting competitive SMEs. Switzerland will continue to engage in this sector mainly through regional initiatives. The focus will be on tackling administrative and regulatory barriers, like simplifying burdensome tax procedures and improving the legal framework for microfinance institutions. Furthermore, local business service providers will be strengthened and access of BiH's companies in selected sectors (wood, furniture, metal, textiles, agriculture) to foreign markets will be facilitated.

In the **Justice and Home Affairs Sector**, Swiss Cooperation will continue to fortify BiH's High Judiciary and Prosecutor Council. The establishment of a functional institutional set up in BiH's Juvenile Justice System will be further enhanced by Swiss Cooperation in a joint endeavour with UNICEF and SIDA. Support will be also continued in the area of human security and peace building, with a specific focus at war crime processing, witness support, and mine clearance.

In the sector of **Environment and Climate Change**, Switzerland, together with the German Promotional Bank (KfW), will support the rehabilitation of water supply and sanitation systems in the towns of Travnik, Tuzla and Zenica. This endeavour will include investments in infrastructure, improvement of framework conditions and management measures related to water services, with a specific focus on financial and operational sustainability, post-floods rehabilitation works and integration of the disaster risk reduction mechanisms.

In addition to the support in the MIPD sectors, Switzerland will support efforts of BiH authorities to strengthen public health services with an increased emphasis on the prevention of non-communicable diseases, in particular cardiovascular diseases, in close collaboration with the WHO and the World Bank. Furthermore, a platform for a constructive dialogue between politicians on all tiers, key actors in civil society organisations, citizens and experts will be offered within the constitutional reform process in BiH.

Donor coordination efforts

Government of Switzerland participated in working groups:

- Local Governance
- Justice
- Gender Equality and Women Empowerment
- Environment Sustainable Infrastructure

Contact information:

Embassy of Switzerland in Bosnia and Herzegovina

Address: Zmaja od Bosne 11 (RBBH, Building B),

71000 Sarajevo, BiH

Phone: +387 33 275 850 Fax: +387 33 570 120

Email: sarajevo@eda.admin.ch

Web address: www.eda.admin.ch/sarajevo

United Kingdom/Foreign & Commonwealth Office

Policy approach

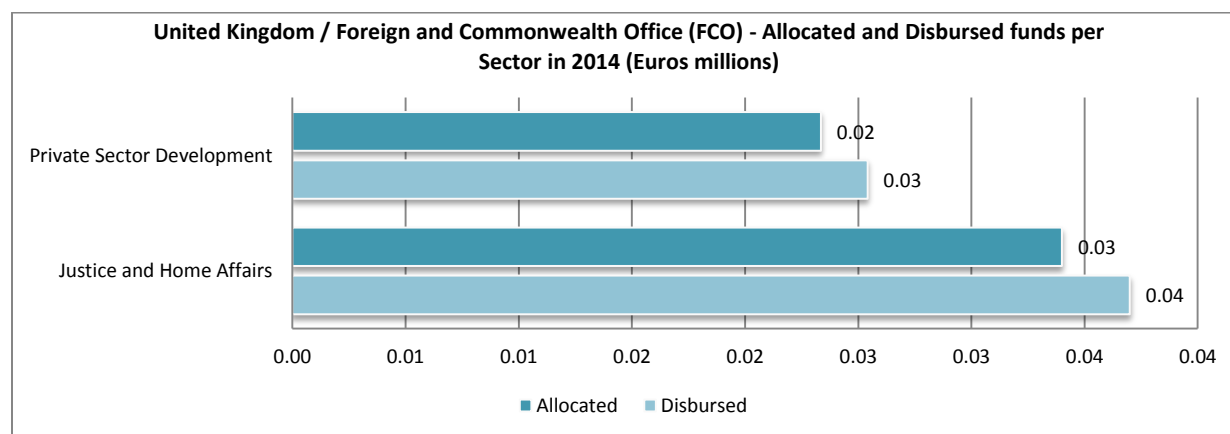
The UK Government has provided political and financial support to Bosnia and Herzegovina since its independence. Assistance provided by UK Government is governed by her Majesty's Government priorities and objectives for Bosnia and Herzegovina and set out in a comprehensive Country Business Plan. The DFID BiH office in the British Embassy was closed on 11 February 2011, but the UK Government continues to provide programme assistance through the Foreign and Commonwealth Office and the Ministry of Defence.

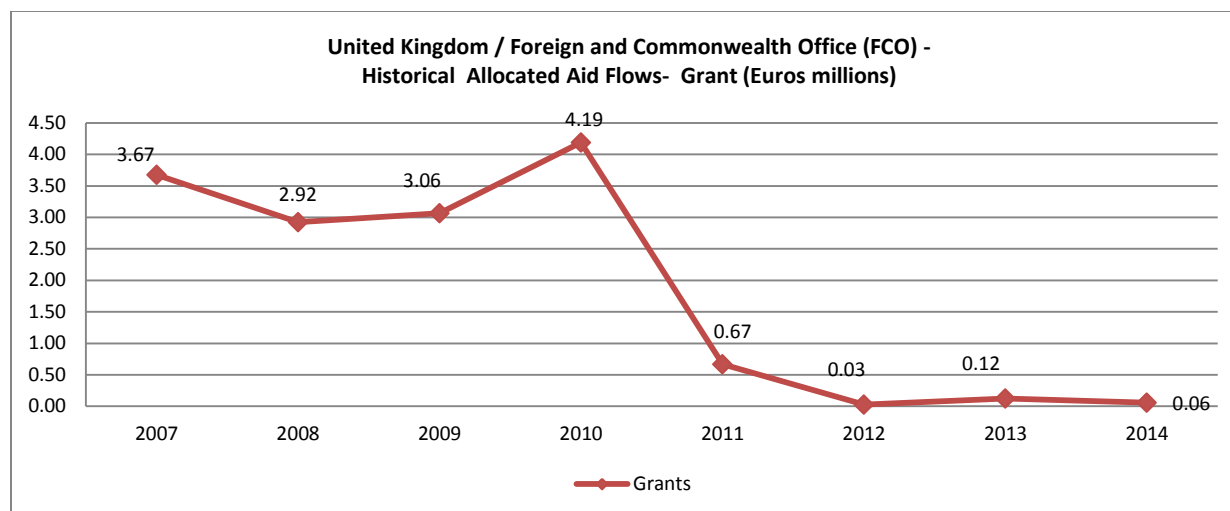
In July 2011, UK Government published a new strategy outlining how the UK will promote stability and prosperity in countries and regions where its interests are at stake. The Building Stability Overseas Strategy (BSOS) was developed jointly by the Foreign and Commonwealth Office (FCO), the Department for International Development (DFID) and the Ministry of Defence (MOD). It sets out how the UK can enhance its own security and prosperity by identifying, preventing and ending instability and conflict overseas, using its diplomatic, development, military and security tools, and drawing on Britain's unique experience, relationships, reputation and values. The full strategy can be downloaded from: <http://www.fco.gov.uk/resources/en/pdf/publications/annual-reports/bsos-july-11>

It is in interest of the UK Government to maintain the momentum of the enlargement process and progress on bringing peace and stability to the Western Balkans. The *Reuniting Europe* programme helps deliver vision of building an effective and globally competitive EU in a secure neighbourhood. The Programme does this by supporting EU enlargement and by helping the European partner countries to implement the reforms necessary for EU accession. It focuses, in particular, on stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities. The full strategy can be downloaded from: <http://www.fco.gov.uk/resources/en/pdf/about-us/what-we-do/diplomatic-influence-values-fund-2011-12>

Key activities in 2014

The Government of the United Kingdom **allocated € 0.06 million and disbursed € 0.06 million in 2014 in the form of grant** to the following sectors: Justice and Home Affairs, Private Sector Development.





Medium and long-term approach

N/a

Donor coordination efforts

Working in partnership with other donors, the BiH Government, Parliaments, civil society, academia and the media, it is the objective of UK to support and promote reforms that will assist Bosnia and Herzegovina's Euro-Atlantic integration.

In addition to the DCF, representatives of the UK Government/British Embassy actively participate in sectoral donor co-ordination activities run by local institutions and donors, in all key sectors, but with a special emphasis on the justice and security sectors.

Contact information:

British Embassy Sarajevo

Address: Hamdije Čemerlića 39 a

71000 Sarajevo

Phone: +387 33 282 200

Fax: +387 33 282 203

Web address: <http://ukinbih.fco.gov.uk/>

United States of America/United States Agency for International Development (USA/USAID)

Policy approach

The U.S. Government (USG) continues its strong commitment to Bosnia and Herzegovina's development and stability through the following Sectors:

Social Development:

The United States encourages civil society to be active and sustainable. Areas of activity by civil society include promoting inter-ethnic solidarity and trust, cultural appreciation, women's empowerment, economic development, and human rights. The human rights of persons with disabilities and the LGBT community, as well as women's and youth empowerment, are in special focus. Activities are implemented by USAID and the U.S. Embassy's Office of Public Affairs.

Public Administration:

In this sector, USAID strengthens the capacity of governing and legislative institutions to adopt, implement, and be accountable for more effective policies, laws, and budgets that address critical EU accession-related issues. Programming improves the functionality of government at all levels, and strengthen processes and capabilities of governance actors, including enhancing the capacity to improve performance, public service delivery, and local disaster and emergency response.

Environment and Climate Change

USAID's assistance in this area is designed to help the country attract investment and create jobs in the energy sector, especially in the area of 'green' energy. USAID works to revise and align the permitting processes for construction of electricity generation facilities, help establish a more liberalized electricity retail market, and work to improve energy efficiency. U.S. assistance in this area also represents USAID's Flood Recovery Initiative. Remaining activities include assisting flood-affected communities replace small community infrastructure.

Private Sector Development

USAID supports innovative partnerships that support the transfer of best practices to local partners, the introduction of new technology, programs that engage diaspora communities, and public-private partnerships that foster private sector growth. Specific activities help local communities build their capacity for strategically planning local economic development, attracting investment, supporting entrepreneurship, and promoting the growth of small and medium-sized enterprises.

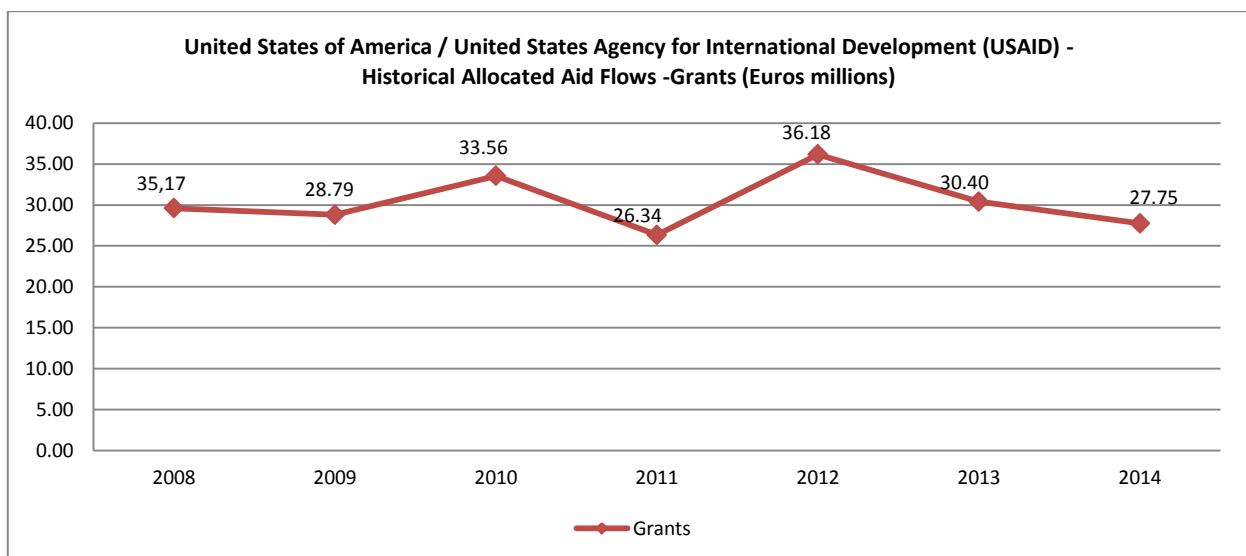
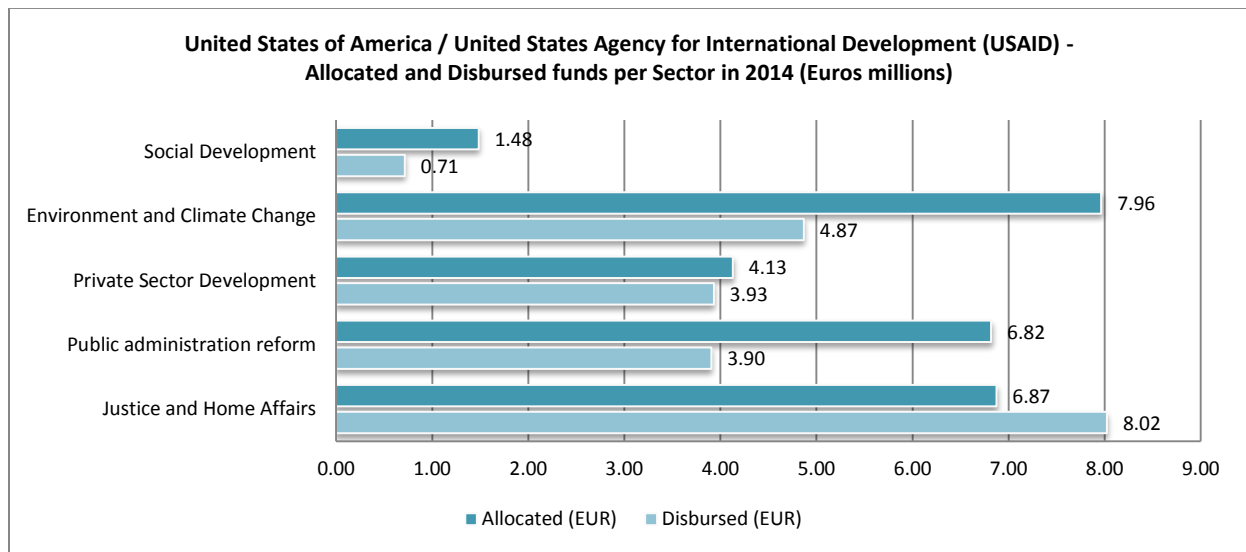
Justice and Home Affairs

The United States uses resources in this sector to strengthen the independence, accountability, and effectiveness of the judiciary and law enforcement and will increase public confidence in the rule of law.

Particular focus of U.S. assistance is on addressing and mitigating corruption. Activities are implemented by USAID and the U.S. Department of Justice's ICITAP and OPDAT programs.

Key activities in 2014

The United States of America/United States Agency for International Development (USA/USAID) **allocated €27.75 million and disbursed €21.93 million in 2014 in the form of grant** to the following sectors: Justice and Home Affairs, Public Administration Reform, Private Sector Development, Environment and Climate Change, Social Development Sector, Cross-cutting Sector.



Medium and long-term approach

Projects will continue to evolve and respond to BiH's changing needs and will promote initiatives to leverage other donor resources. The United States and the United States Agency for International Development (USAID) will carry out assistance programs that help the country progress toward a harmonized economic space, improved rule of law, effective and transparent government institutions with a strong civil society, and a multi-ethnic, tolerant society.

Donor coordination efforts

USG staff participate in general coordination meetings, bilateral meetings and other forums. U.S. Mission staff will continue to participate in donor coordination meetings and sector-specific meetings including civil society, local governance, rule of law, and energy to avoid overlap or duplication of efforts. USAID co-funds and co-designs programs with several bilateral and multilateral donors.

Contact information:

U.S. Embassy

Address: Robert C. Frasure 1
71000 Sarajevo, BiH
Phone: +387 33 704-000
Fax: +387 33 659-722
Email: HarbaughCM@state.gov
Web address: <http://sarajevo.usembassy.gov>

U.S. Agency for International Development (USAID)

Address: Robert C. Frasure 1
71000 Sarajevo, BiH
Phone: +387 33 704 000
Fax: +387 33 219 298
Email: echallenger@usaid.gov
Web addresses: www.usaid.gov ; www.usaid.ba

European Bank for Reconstruction and Development (EBRD)

Policy approach

The European Bank for Reconstruction and Development is an international financial institution, promoting transition to market economies in 35 countries from Central Europe to central Asia to southern and eastern Mediterranean. It is owned by 65 countries and two inter-governmental institutions (the European Community and the European Investment Bank).

The EBRD objectives are to promote transition to market economies by investing mainly in the private sector, to mobilise significant foreign direct investment, to support privatisation, restructuring and better municipal services with the aim to improve people's lives. In all of its activities, the EBRD promotes environmentally sound and sustainable development.

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 all countries of operation.

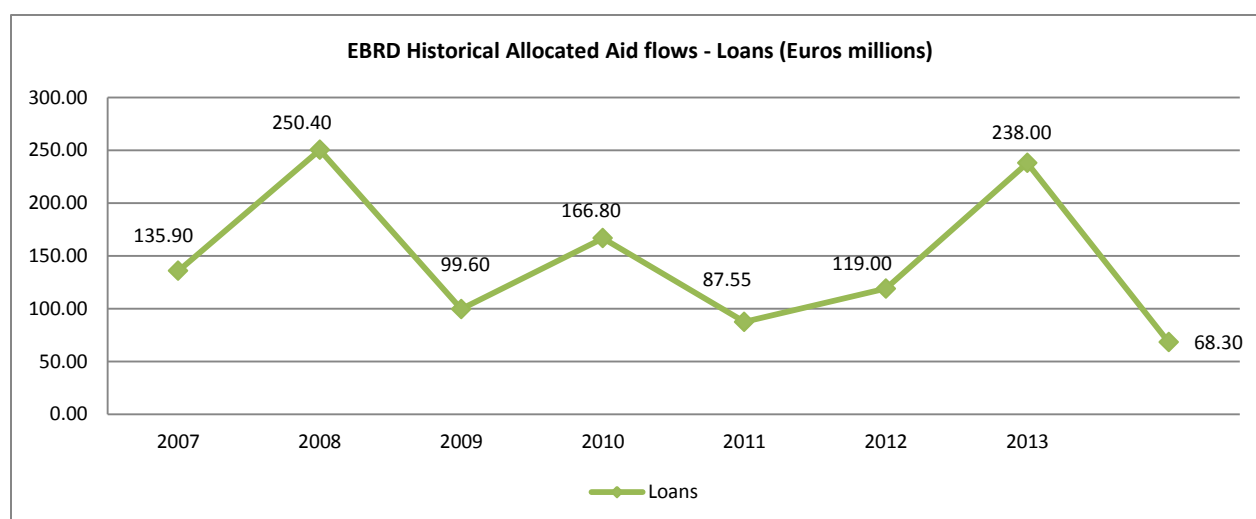
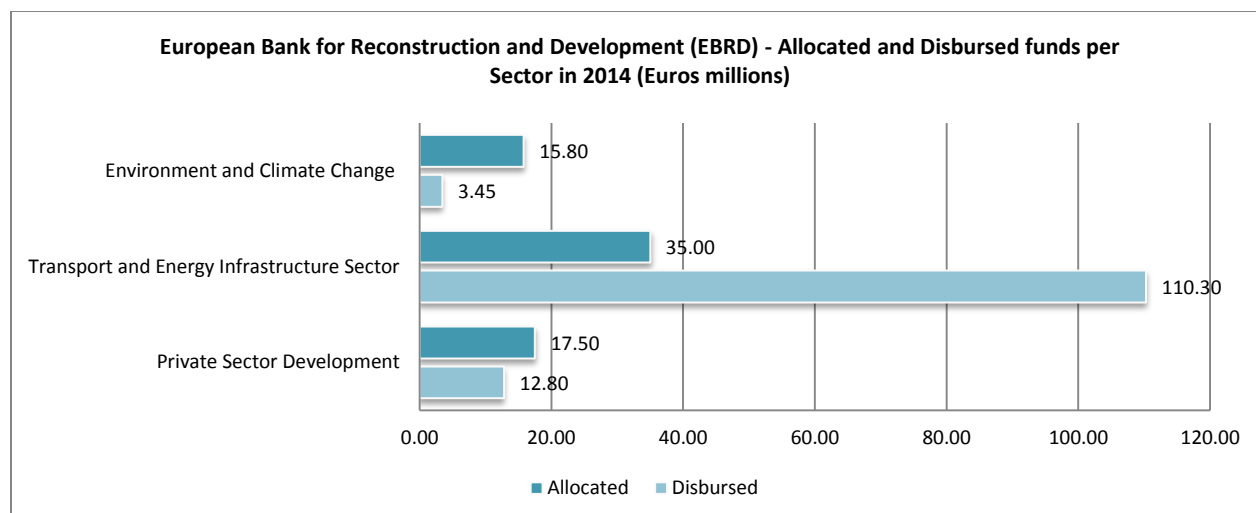
Furthermore, the Bank has its sectoral policies, which formally set out the strategy in the following sectors: agribusiness, energy, municipal and environmental infrastructure, natural resources, property, shipping, transport, telecom, informatics and media.

To date, the EBRD is the largest institutional investor in Bosnia and Herzegovina (BiH) with 119 projects and cumulative business volume of more than € 1.7 billion.

In 2014 the EBRD signed 9 new projects in the amount of €68.3 million, which included 6 projects in the private sector in the amount of €20.3 million and 3 projects in the public sector amounting to €48 million. The EBRD focused its efforts on support to financial and corporate sectors, and also continued with investments in key infrastructure projects, which are crucial for the country's regional integration and development. The Bank also achieved excellent progress in implementation of large infrastructure projects, with disbursements reaching €126.2 million.

Key activities in 2014

The European Bank for Reconstruction and Development (EBRD) **allocated € 68.30 million and disbursed € 126.55 million in 2014 in the form of loans** to the following sectors: Private Sector Development, Transport and Energy Infrastructure Sector, and Environment and Climate Change.



Medium and long-term approach

In January 2014, the EBRD Board of Directors approved the new three-year strategy for Bosnia and Herzegovina. In the new strategy the EBRD sets out support of the private sector development as a priority for which improving the business environment is seen as critical. The EBRD will also focus on internal economic integration of the country, its integration in the region and will continue to closely coordinate its activities with the EU and IFI partners.

In the new strategy period 2014 - 2016 the EBRD will focus on addressing the following challenges:

- **Restructuring and expansion of the local private sector:** The EBRD will target local and foreign companies for investments in the country and provide financing for restructuring and expansion of smaller local companies. The Bank will provide SME credit lines through local banks, microfinance loans and non-financial support.

- **Forging closer linkages with wider regional markets:** The EBRD will support private investments, increased trade flows and infrastructure improvements deepening regional integration. The Bank will encourage greater private sector involvement in public infrastructure upgrades and put a strong emphasis on improvements of standards towards EU norms.
- **Promoting a more efficient and sustainable use of resources:** The EBRD will provide financing for energy and resource efficiency improvements for corporate clients in the private and public sectors and for the restructuring and commercialisation of municipal utility companies and continue an active policy dialogue.

Donor coordination efforts

In its activities in BiH the EBRD will seek to align its operation with the priorities of local authorities and closely cooperate with other International Financial Institutions and donors, including the European Union, both by co-financing selected projects and by coordinating policy dialogue initiatives.

In particular, the Bank will coordinate, and if possible implement joint operations, with the European Investment Bank and the World Bank under the Joint IFI Action Plan for Growth. The Bank also foresees supporting the proposed EU Reform Agenda in 2015 and 2016.

Contact information:

European Bank for Reconstruction and Development

Address: UNITIC, B/15, Fra Anđela Zvizdovića 1

71000 Sarajevo, BiH

Phone: +387 33 257 900

Fax: +387 33 667 950

Email: linkesd@ebrd.com

Web address: <http://www.ebrd.com>

European Union (EU)

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, Bosnia and Herzegovina benefits from the first two components of the Instrument for Pre-accession Assistance (IPA) available to BiH since 2007: component I for Transition Assistance and Institution Building and component II for Cross-Border Cooperation. Over the period 2007-2013, the EU allocated to BiH a total of €593 million, while €47,3 million for year 2013.

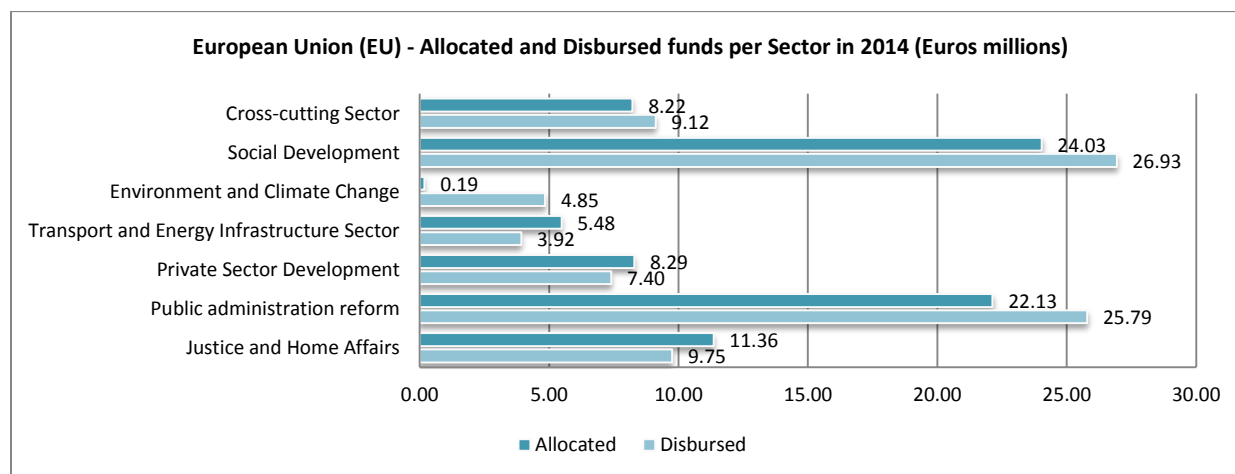
The new generation of Instrument for Pre-accession Assistance (IPA) – IPA II 2014-2020 is pledged to be available to BiH as of August 2015. The financial assistance under IPA II for BiH the period 2014-2017, foreseen in the Indicative Strategy Paper (ISP) for BiH amounts € 165,8 million (annual allocation amounts € 40 million on average).

It has foreseen to support five policy areas:

- a) reforms in preparation for EU membership and related institution-and capacity building;
- b) socio-economic and regional development;
- c) employment, social policies, education, promotion of gender equality, and human resources development;
- d) agriculture and rural development; and
- e) regional and territorial cooperation

Key activities in 2014

The European Union (EU) **allocated € 79.71 million and disbursed € 87.77 million in 2014 in the form of grant** to the following sectors: Justice and Home Affairs, Public Administration Reform, Private Sector Development, Transport and Energy Infrastructure Sector, Environment and Climate Change, Social Development Sector, Cross-cutting Sector.



The occurrence of the flood disaster in May 2014 brought about a need for Donors' conference for Bosnia and Herzegovina and Serbia ('Rebuilding Together') to be organized on 16 July 2014 in Brussels. The total EU assistance for floods recovery and prevention measures that were pledged for BiH at the Donors' conference amounted € 85 million.

The paramount challenge became to assist Bosnia and Herzegovina in a fast and effective manner in addressing the impact of the flooding. The European Union met this challenge with the mobilization of existing resources under on-going IPA funds, the assumption of a coordinating role for the preparation of a Recovery needs assessment, and the initiation of fast track decision processes leading to the reallocation of significant IPA funds from National Programmes 2011, 2012 and 2013) to meet the recovery and reconstruction needs. The EU managed to reallocate €42,24 million for *EU Flood Recovery Programme* that was entrusted to UNDP to implement it as of August 2014. The Programme has focused to support the reconstruction of public infrastructure and housing in the flooded areas, with a special focus on vulnerable person, and including also support for livelihood measures. The Programme has also foreseen the assistance to BiH to prepare the ground for future support to the reconstruction of houses destroyed by landslides.

In view of the mentioned flood disaster, IPA 2014 programming exercise was undertaken in the second half of 2014 in the spirit of flood relief and prevention assistance design as well as of socio-economic projects assistance (those had been mainly programmed already under IPA 2012-2013, but their funds were reallocated to EU Flood Recovery Programme).

In addition to the national programmes, BiH benefits from the IPA I Multi-beneficiary Programmes, 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), fight against organised crime, environment, energy, regional trade integration and cross-border cooperation.

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, the Instrument for Pre-Accession Assistance addresses the political and economic requirements in the framework of the Stabilisation and Association Process (SAP) and approximation to European Standards, mainly to support Bosnia and Herzegovina in establishing regulatory systems and preparing for IPA pre-structural funds, and supports the participation in cross-border cooperation programmes with neighbouring countries and EU Member States.

Since the preparation of the precedent EU strategy papers (Multi-Annual Indicative Documents for 2011-2013), Bosnia and Herzegovina has made a 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 to the reform of its police structure. IPA also assists in the strengthening of administrative capacity, can support 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 EU places further emphasis on the civil society dialogue, the development of independent and professional media and the preservation of the cultural heritage. IPA assists in the fight against corruption and supports Bosnia and Herzegovina in meeting its obligations towards returnees, minorities, vulnerable groups and in implementation of the Mine Action Strategy.

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 fostering employment. Additional sectors supported under the economic requirements are trade, health, small and medium enterprises and local economic development. In total €103.9 million under IPA was allocated to soften the impact of the financial and economic crisis on BiH by stepping up its cooperation with International Financial Institutions and by enforcing its efforts to support the development of SMEs and by supporting the institution building of regulators and supervisors in the financial sector.

So far Bosnia and Herzegovina 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, Montenegro and Serbia) and in the European Regional Development Fund (ERDF) transnational programmes 'South East Europe' and 'Mediterranean'.

IPA II Multi-country programmes 2014-2020 is the new generation of IPA Multi-beneficiary programmes 2007-2013. It mainly continues to support the regional structures and projects that were initiated and established under the IPA I MBP 2007-2013.

Medium and Long-term approach

The EU will support BiH's efforts for reform and towards compliance with EU law in order that it may become fully prepared to take on the obligations of membership to the European Union.

In addition, the Europe 2020 agenda offers the enlargement countries an important inspiration for reforms. Bosnia and Herzegovina is invited to consider the priorities of the strategy and adapt main challenges in a national context. Enlargement policy also supports the Europe 2020 strategy by extending the internal market and enhancing cooperation in areas where cross border cooperation is key.

To increase the impact of IPA assistance and to give greater focus to achievable results, the EU has decided to concentrate its efforts on targeted sectors. A sector approach will facilitate cooperation among donors and beneficiaries, where possible under the lead of the national authorities, eliminating duplication of efforts and leading to greater efficiency and effectiveness. This in turn should allow all stakeholders to focus increasingly on the impact of our combined efforts. In this respect, IPA II 2014-2020 assistance has strongly prescribed the sector approach and encouraged sector budget support to be used as the aid delivery modality.

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 efforts 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 state-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, EIB and KfW in particular in the fields of transport, energy and environmental infrastructure, where the European Commission finances designs, studies, works and technically assists in helping to meet the conditions for investment by the IFIs. In addition, the EU and the IFIs cooperate within the framework of the Western Balkans Investment Framework (WBIF).

Cooperation efforts with EIB, EBRD and KfW were notably enhanced in the context of the response to the financial and 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 Bosnia and Herzegovina, as requested by Bosnia and Herzegovina.



In addition, the EU Delegation maintains regular cooperation with other donors through bilateral meetings, sector working groups and other sector in areas such as judicial reform and juvenile justice, fight against corruption, public administration reform, agriculture and rural development, energy efficiency, environment, return, gender, human rights, social protection and education, civil society and many others. The coordination mechanisms described above ensure that EU 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 BiH Ministry of Finance and Treasury, in their donor coordination efforts.

The EU, 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.

Contact information:

The EU Delegation to Bosnia and Herzegovina

Address: Skenderija 3a

71000 Sarajevo, BiH

Phone: +387 33 254 700

Fax: +387 33 666 037

Email: delegation-bih@eeas.europa.eu

Web address: <http://www.europa.ba/>

European Investment Bank (EIB)

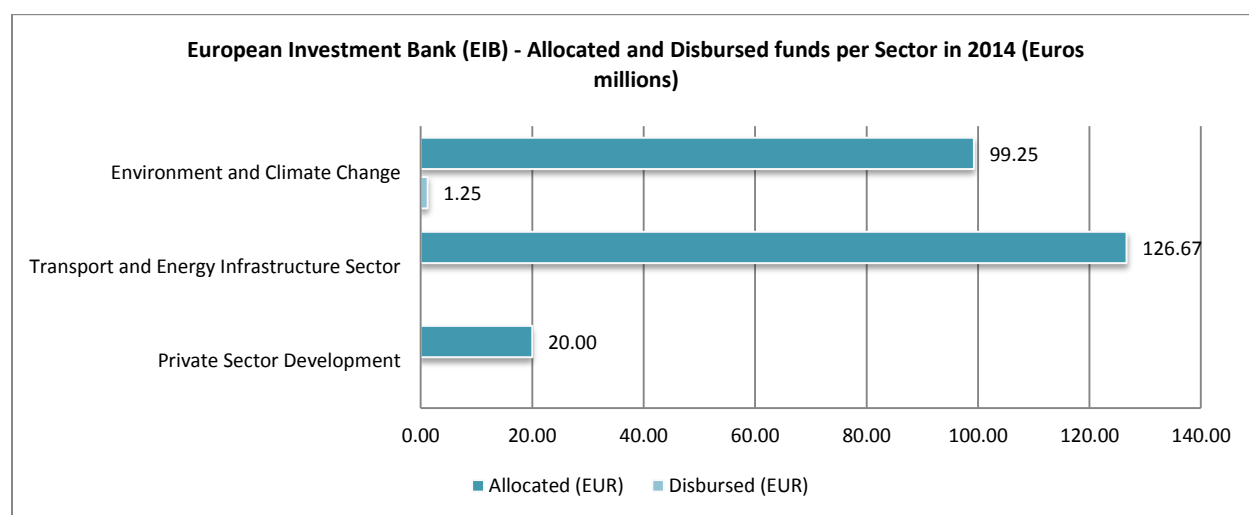
Policy approach

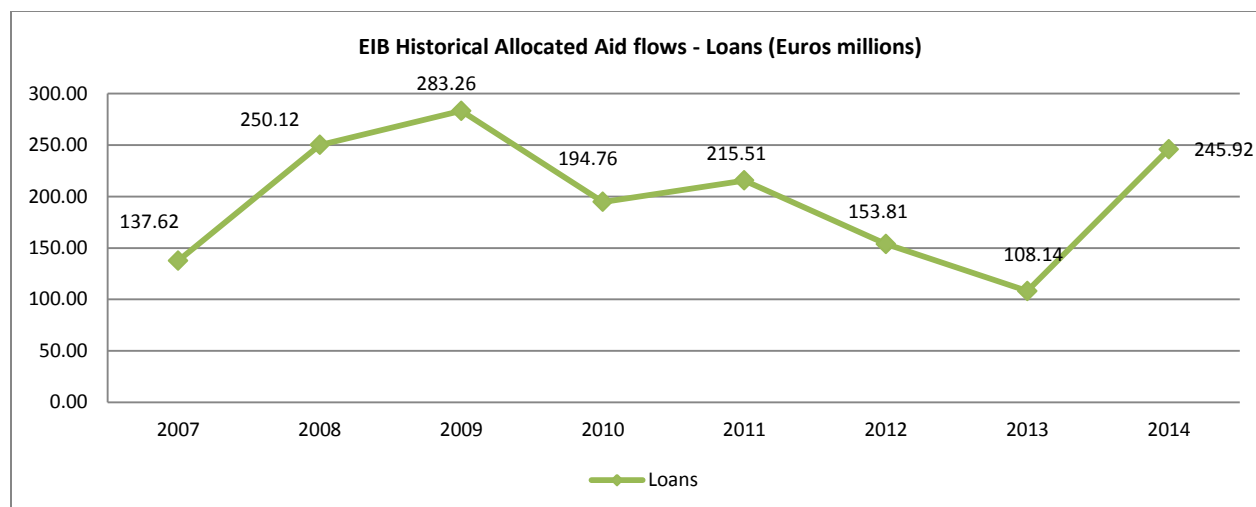
The European Investment Bank is the long-term financing institution of the European Union. The task of the Bank is to contribute towards the integration, balanced development and economic and social cohesion of the EU Member States. The EIB raises substantial volumes of funds on the capital markets, which it lends on favourable terms to projects furthering EU policy objectives. The EIB continuously adapts its activities to developments in EU policies. The operational plan 2012-2014 responds to an environment in which Europe has the difficult task of addressing the impact of the economic crisis while accelerating its transition to a smarter, greener and sustainable economy.

The EIB has been active in the Western Balkans since 1977 and today it is 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.

Key activities in 2014

European Investment Bank (EIB) **allocated € 245.92 million and disbursed € 1.25 million in 2014 in the form of loan** to the following sectors: Private Sector Development, Transport and Energy Infrastructure Sector, Environment and Climate Change.





Donor coordination efforts

The EIB co-finance 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 Instrumental for Pre-Accession Assistance.

Contact information:

European Investment Bank

Address: 98-100, boulevard Konrad Adenauer,

L-2950 Luxembourg

Phone: (+352) 43 79 1

Fax: (+352) 43 77 04

Web address: www.eib.org

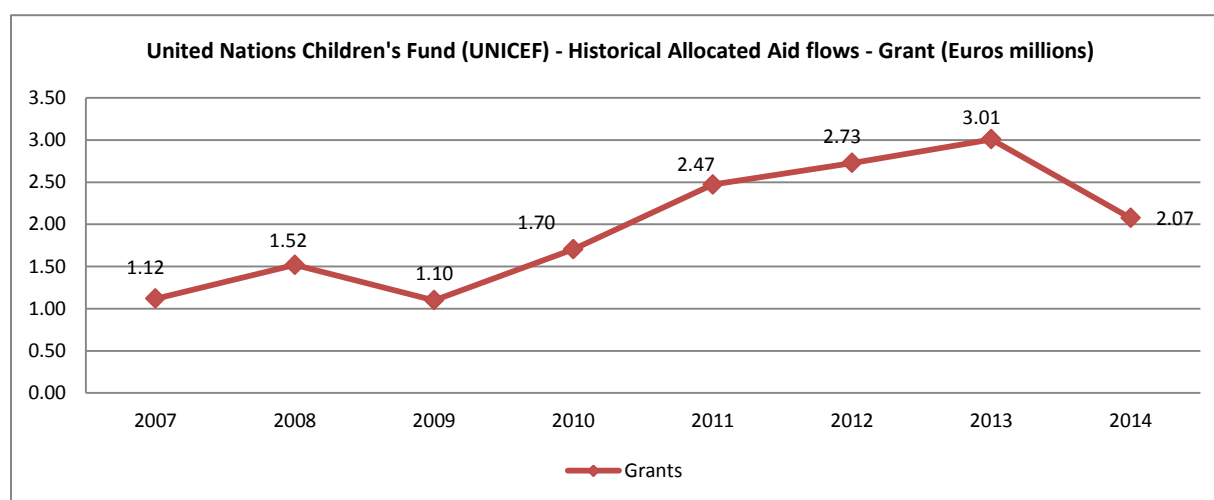
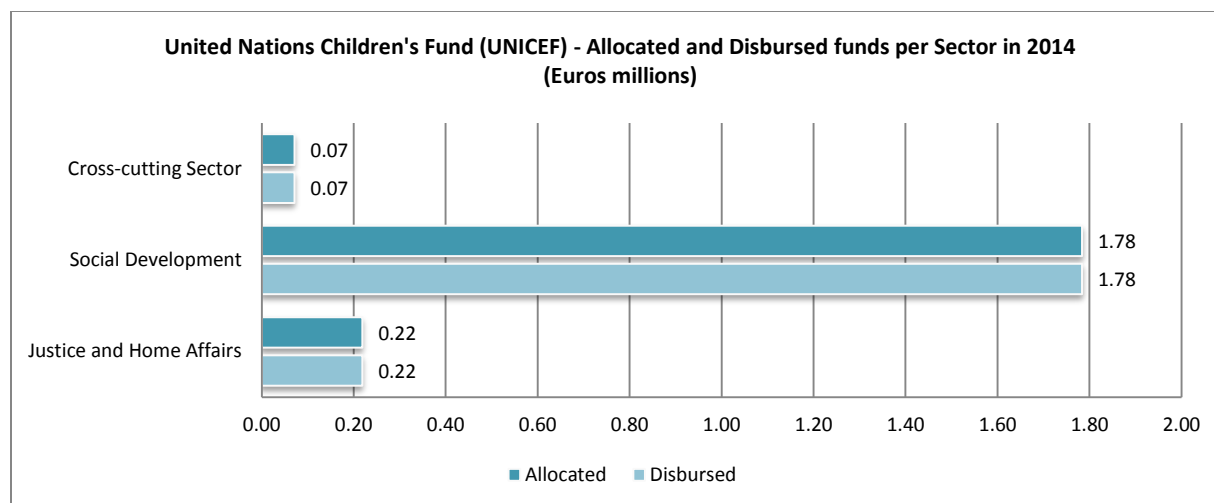
United Nations Children's Fund (UNICEF)

Policy approach

In MIPD sector Justice and Home Affairs/Subsector Judiciary, UNICEF is focused on supporting strategy development and services for the most vulnerable. UNICEF provides technical assistance at policy level and responding to children who come into contact with the law. UNICEF focuses on strengthening protection systems through decentralized inclusive services and referral mechanisms. Interventions seek to protect children and women from violence, maintain children with their families and promote alternatives to institutionalization and detention. In MIPD sector Social Development (subsectors Social Inclusion and Education/Health also included under this Sector as there is no MIPD sub-sector relating to health), UNICEF is focused on 1) Social inclusion-Addressing gaps in institutional capacity for evidence-based policy design, implementation and planning at various governmental levels in BiH. It supports social sector reform, the formulation of policies and budgets, and targeting vulnerable and socially excluded children, based on quantitative and qualitative analysis of disaggregated data and policy reviews across all social sectors. The main programme areas include social protection and inclusion, social economic policy development and analysis, communication for development (C4D) and developing partnerships for children's rights. 2) Health-UNICEF works with Government authorities and civil society to develop and implement inclusive policies and strategies to improve child health and ECD services, integrate services across sectors and address gaps affecting marginalized children and families; implement immunization action plans; and develop capacities to improve the nutrition status. 3) Education-UNICEF works with all partners to support education ministries, municipalities and CSOs to implement policies and strategies that raise the quality of basic education through institutional capacity building and developing standards for school readiness. In the area of pre-school education, UNICEF has been mobilizing partners about the importance of early learning, developing standards and capacities, and supporting pre-school programmes at the local level. Several projects are aimed at promoting inclusive and inter-cultural education. The programme has also been empowering young people through activities at the local level, and efforts are being made to strengthen linkages between the education sector and the labour market.

Key activities in 2014

United Nations Children's Fund (UNICEF) **allocated € 2.07 million and disbursed € 2.07 million in 2014 in the form of grant** to the following sectors: Justice and Home Affairs, Social Development Sector, Cross-cutting Sector.



Medium and long-term approach

Over the next five years UNICEF will use evidence based strategic interventions to support BiH's effort to accelerate the universal realization of child rights by fostering greater inclusion of all children, especially of the most vulnerable, children with disabilities, children of minorities, children living in poverty.

The first area of focus will be in child rights monitoring, social protection and inclusion. This component will support the country's capacity to use increasing availability of information and data to reduce poverty and provide inclusive access to social protection services. Building on progress made on reform of the social protection and inclusion sector, the programme will seek to reduce poverty and address equity gaps through 1) Advocacy and technical assistance for legislation and policies, evidence-based budget reallocations, knowledge exchange and inclusive social protection systems. 2) Promotion and expansion of the Social Protection and Inclusion (SPI) model through system change and increased coverage at local level.

The second area of focus will be in Child protection and justice for children. Interventions will focus on 1) acting as a convening role in promoting comprehensive child protection referral mechanisms and violence prevention programmes in at least 40 per cent of all municipalities, 2) Professional development programmes and targeted behavioural change campaigns that will contribute to reducing the number of children in institutions, reducing proportion of children with disabilities in residential care and increasing the percentage of municipalities implementing the guidelines on the response system in cases of violence against children and 3) Building on previous achievements in juvenile justice, the programme will strengthen children's access to justice.

The third area of focus will be in Inclusive quality education. The programme will support efforts to ensure the progressive realization of every child's right to inclusive learning through advocacy, capacity development, and technical assistance. Interventions will focus on 1) support to the continued expansion of preschool education programmes and 2) support to the realization of children's right to inclusive quality primary and secondary education.

The fourth area of focus will be in Young child well-being. Interventions will focus on 1) implementation of sustainable quality inclusive early childhood development services, particularly for vulnerable and excluded families with young children, such as Roma, and families with children with developmental difficulties; 2) Support the country in achieving European immunization targets particularly to reduce the risk of wild polio virus and communicating for social change to address the anti-vaccine sentiment and restore trust in immunization

In terms of cross cutting strategies, UNICEF will work with municipalities to strengthen resilience of children to hazards using a community based DRR approach. UNICEF will also ensure gender is mainstreamed across all programme areas.

Donor coordination efforts

UNICEF is a member of the UNCT and as part of delivering as one modality. Two years joint work plans have been developed by UN sister agencies. UNICEF is a chair of the social inclusion as well as the monitoring and evaluation results group. UNICEF is closely coordinating with EU, Sweden/SIDA and Switzerland/SDC on management and implementation of current projects, but also on strategic directions and interventions in relevant areas.

Contact information:

United Nations Children's Fund (UNICEF)

Address: Zmaja od Bosne b.b

71000 Sarajevo, BiH

Phone: +387 33 293 600

Fax: + 387 33 642 970

Email: sarajevo@unicef.org

Web addresses: www.unicef.org/bih ; www.unicef.ba

United Nations Development Program (UNDP)

Policy approach

UNDP's overall policy and programmatic approach in 2014 was fully in line with the Country Programme Action Plan (CPAP) 2010 – 2014, as endorsed by the Government of Bosnia and Herzegovina, as well as fully adequate to the urgent development country priorities. In general, despite challenging country context and extraordinary events in 2014, UNDP has provided effective development assistance to authorities of Bosnia and Herzegovina.

Support has been offered to address the immediate and short-term floods recovery needs caused by the May 2014 devastating floods. In partnership with other sister UN agencies, UNDP facilitated institutional interaction among various levels of government and the international community, which enabled timely and better coordinated response to the recovery needs. In partnership with the European Union and other bilateral counterparts, a financial package of USD 65 million has been fund-raised and consolidated in an integrated recovery intervention supporting restoration of flood-affected public services, infrastructure, homes and livelihoods.

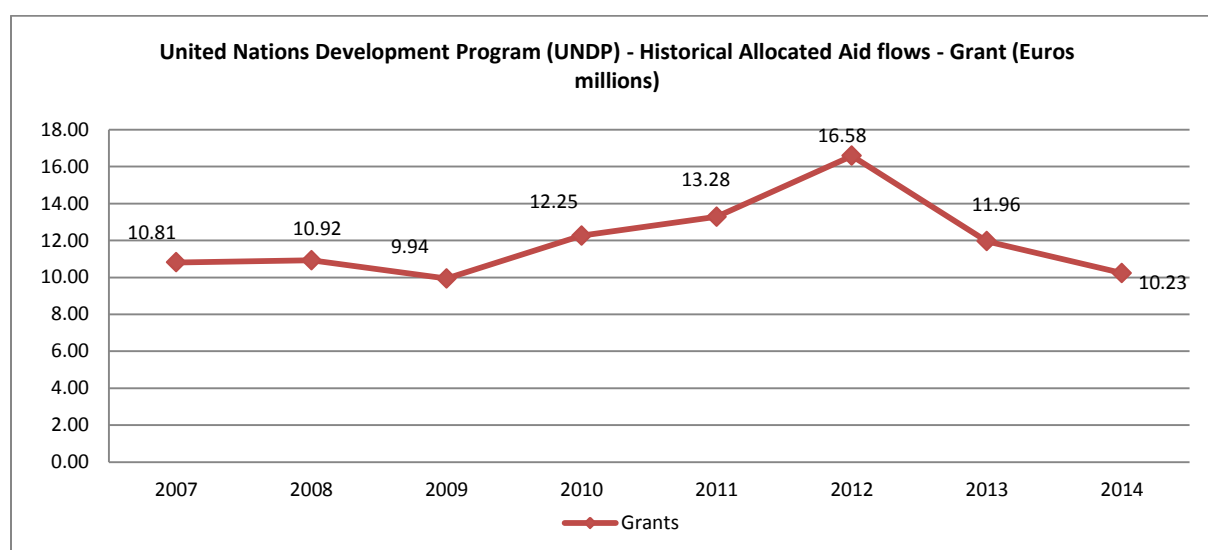
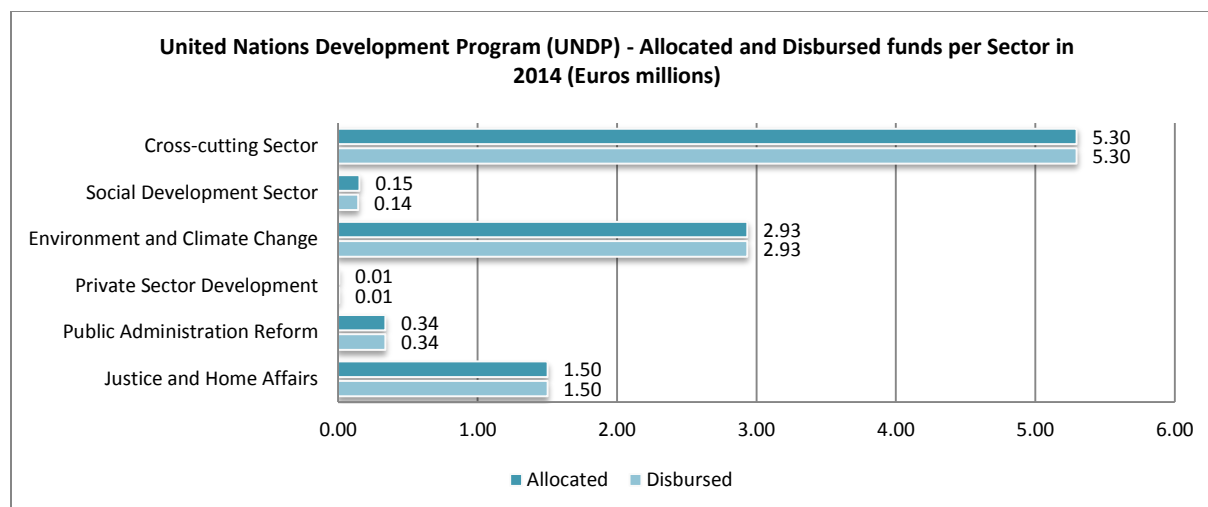
In 2014 UNDP further expanded its local governance and local development programme, effectively cooperating with more than 80% of local governments country-wide and supporting effective and efficient local governance, strategic planning, improvement of local services and community development.

With the decision of the Council of Ministers of Bosnia and Herzegovina, the country established a national implementation authority for the UN Framework Convention on Climate Change Kyoto Protocol clean development mechanism projects. Hence, conditions were created for the use of potential loan mechanisms, and further improvement of business environment for new investments in the country. Moreover, with UNDP support, financial mechanisms were established in both entities through the Environmental Funds, enabling long-term implementation of energy efficiency priorities in Bosnia and Herzegovina.

In addition, UNDP and all other UN Agencies launched wide consultations with representatives of authorities of Bosnia and Herzegovina, so as to define the new United Nations Development Assistance Framework 2015-2019, as well as the new UNDP Country Programme Document for Bosnia and Herzegovina 2015-2019.

Key activities in 2014

United Nations Development Program (UNDP) **allocated € 10.23 million and disbursed € 10.22 million in 2014 in the form of grant** to the following sectors: Justice and Home Affairs, Public Administration Reform, Private Sector Development, Environment and Climate Change, Social Development Sector, Cross-cutting Sector.



Medium and long-term approach

UNDP will further support Bosnia and Herzegovina towards democratic political systems, quality public service delivery, economic growth, environmental sustainability and social equity, as well as the country's efforts to join the European Union. In the period 2015-2019, UNDP will continue to work at the policy level and implement grass-root initiatives, the greatest value added being that UNDP is one of the few actors in the country that can strengthen connectivity between the two – turning projects into policies and policies into actions. Using its competitive advantage – political neutrality and impartiality – UNDP will facilitate intergovernmental cooperation and will lead through innovation. Moreover, UNDP will leverage grass-roots reform pressure by subnational governments and scale up local initiatives to support needed national policy reforms, and drive change that is guided not by political considerations, but by citizens' needs. High unemployment, poverty and the devastating flood consequences require even sharper focus on economic governance and livelihoods. Therefore, the rich experiences in the area

of local governance and local development will be scaled up to become the backbone of a new integrated programme. The common priorities mainstreamed across work areas are: governance, better access to and quality of public services, and employment.

Donor coordination efforts

Since 2012, UNDP together with the Swiss Cooperation is co-chairing the Local Government/Local Development Donor Coordination Group established as a sector-specific coordination mechanism. Members of the Local Government/Local Development Donor Coordination Group are the Delegation of the European Union to Bosnia and Herzegovina, the Embassy of Sweden/Swedish Cooperation; the Embassy of the Netherlands, the GIZ, the USAID and the OSCE. The Coordination Group meets quarterly to exchange information in the area, consider strategic synergies among the international community in the domain, discuss common priorities in the area of local governance and local development, which complement the efforts of governments at all levels.

Contact information:

United Nations Development Programme (UNDP)

Address: Zmaja od Bosne b.b.

71000 Sarajevo, BiH

Phone: +387 33 293 400

Fax: +387 33 552 330

Email: registry.ba@undp.org

Web addresses: www.ba.undp.org; www.undp.org



The World Bank

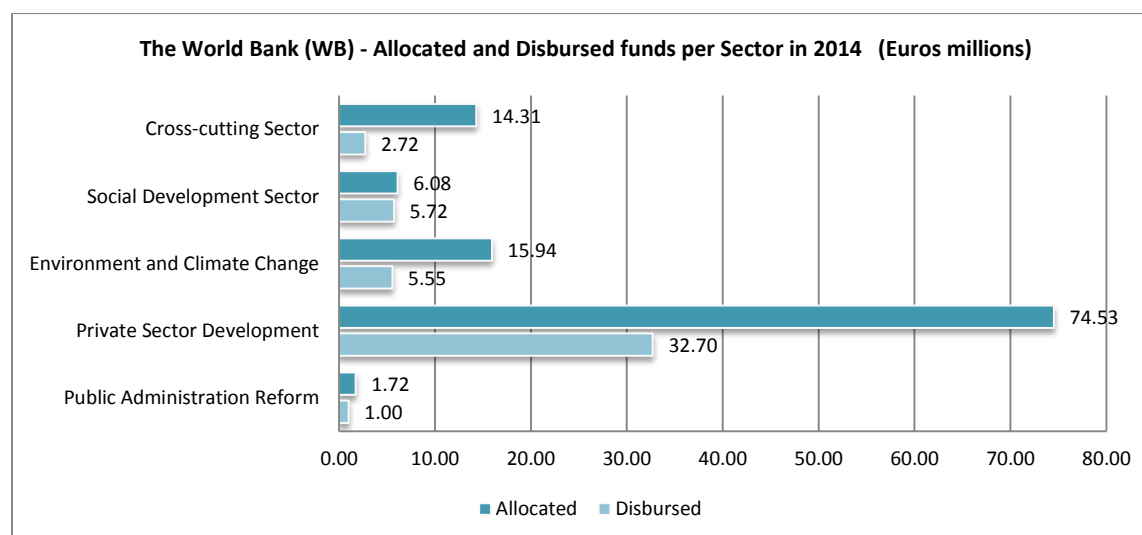
Policy approach

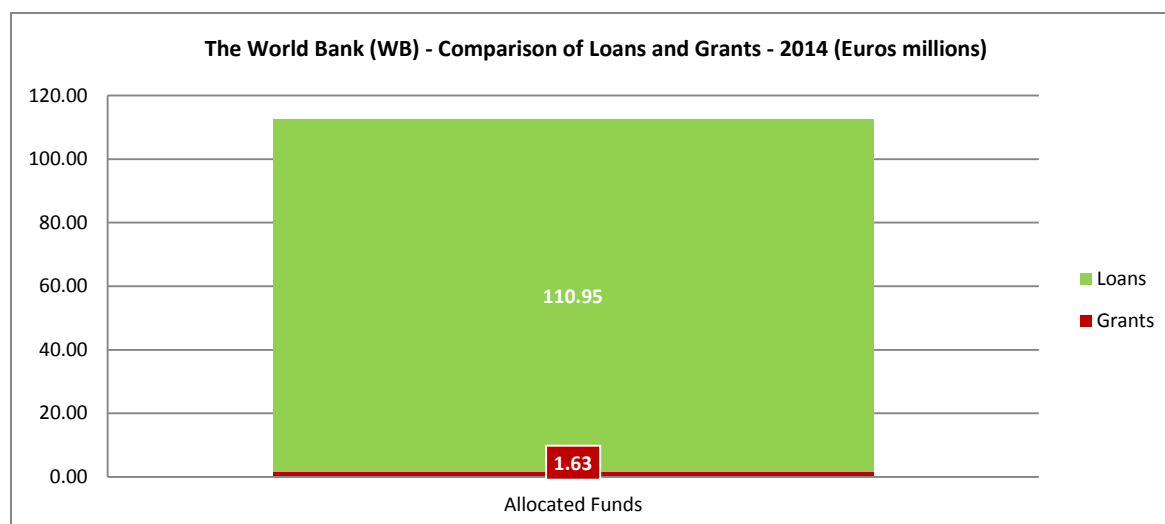
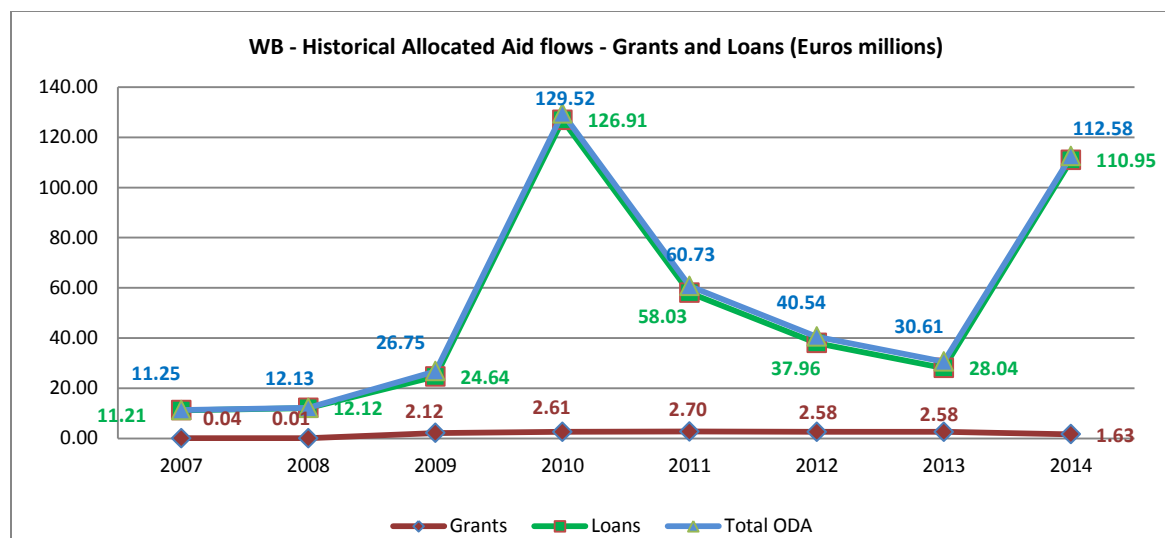
After a successful partnership in BiH during the period of post-conflict reconstruction, the World Bank Group remains committed to continued partnership with BiH authorities in addressing country's current economic and social challenges. In particular, the new Country Partnership Strategy of the World Bank Group for the period 2012-2015 envisages support around three mutually reinforcing pillars:

- **Competitiveness:** support economic growth by tackling some of the bottlenecks to competitiveness and faster productivity growth (support for macroeconomic stability, investments in irrigation, land registration, regional transport, and through stimulating SMEs access to capital);
- **Social inclusion:** continue to support improvement in living standards, including expanding access to primary health care, as well as to basic services, and support reforms of social assistance programs to target benefits to the truly vulnerable, and strengthen pension system;
- **Environmental sustainability:** support projects to help ensure the sustainable use of natural resources, such as water and forestry, with which BiH is extravagantly endowed, and prepare for growing risk of floods and droughts.

Key activities in 2014

The World Bank (WB) allocated **€ 112.58 million** and disbursed **€ 47.69 million** in 2014 in the form of **grant and loan** to the following sectors: Public Administration Reform, Private Sector Development, Environment and Climate Change, Social Development sector, Cross-cutting Sector.





Medium and long-term approach

Projects that are currently under preparation and are scheduled for approval in the FY13 include: a follow up Land Administration project (USD 30 million), and a regional transport project Sava Waterway Rehabilitation (USD 31 million, EU co financing of EUR 5.6 million), and a regional Adriatic Sea Environment Program (GEF grant of USD 20 million). In line with the Regional TA West Balkans Initiative on Flood and Drought Management under the preparation, BiH Short-term Flood Protection and Mitigation project preparation is scheduled to start in FY13. In addition to these, the World Bank is ready to assist BiH authorities to implement structural reforms to mitigate impact of the economic crisis with the Development Policy Loan (up to USD 200 million). The investment program for 2014 and 2015 will be identified after consultations with BiH authorities.



Donor coordination efforts

Besides participating in the DCF quarterly meetings, the World Bank participates in several sector level donor coordination efforts. Particularly noteworthy is sectoral coordination in the energy sector for which substantial donor financing was provided in a coordinated manner. The Agriculture sector is also good example of donor coordination. In both cases local institutions play a lead role in donor coordination.

In addition to these, the World Bank has periodic coordination meetings with the international financial organisations active in Bosnia and Herzegovina (EBRD, EIB, KfW, CEB, IMF) as well as with other development partners, most notably with Sida and USAID in order to maximize development outcomes of different programs through better coordination and partnership.

Contact information:

The World Bank

Address: Fra Anđela Zvizdovića 1, B17

71000 Sarajevo, BiH

Phone: +387 33 251 500

Fax: +387 33 226 945

Email: mail_to_bosnia@worldbank.org

Web address: www.worldbank.ba

International Finance Corporation (IFC)

Bosnia and Herzegovina

Political approach

International Finance Corporation (IFC), a member of the World Bank Group, provides comprehensive solutions to address the greatest challenges that developing countries are facing, through support designed to meet the specific needs of our partners, with a special focus on infrastructure, manufacturing, agribusiness, services, and financial markets.

IFC works mainly with the private sector to encourage entrepreneurship and build sustainable businesses, advising them on a wide range of issues, including environmental, social and governance standards, energy and efficiency, and supply chains.

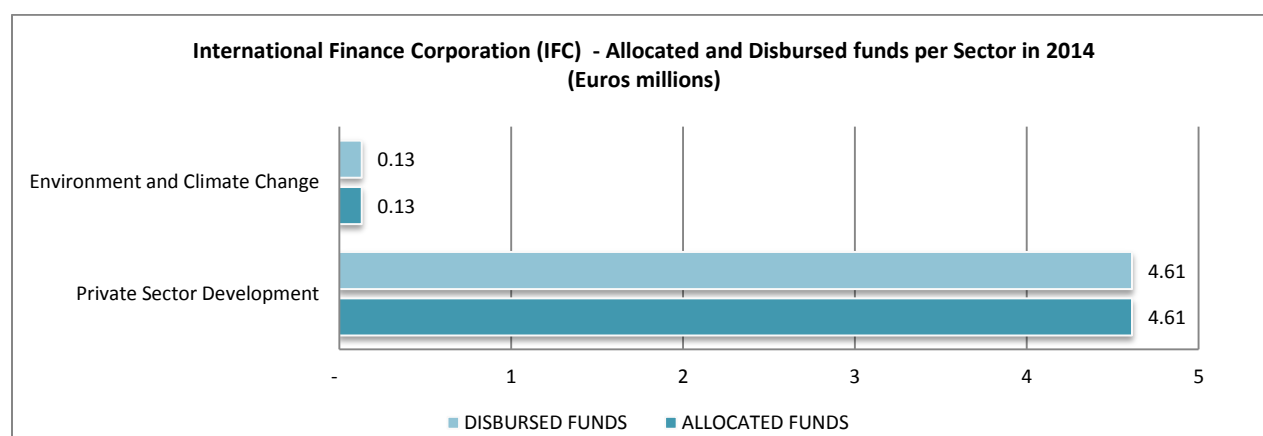
Through financial support to the private sector companies IFC enables them to broaden their access to foreign and domestic capital markets, while through advisory activities IFC helps unlock private sector investments, essential for expanding businesses, creating new jobs, and growing economy.

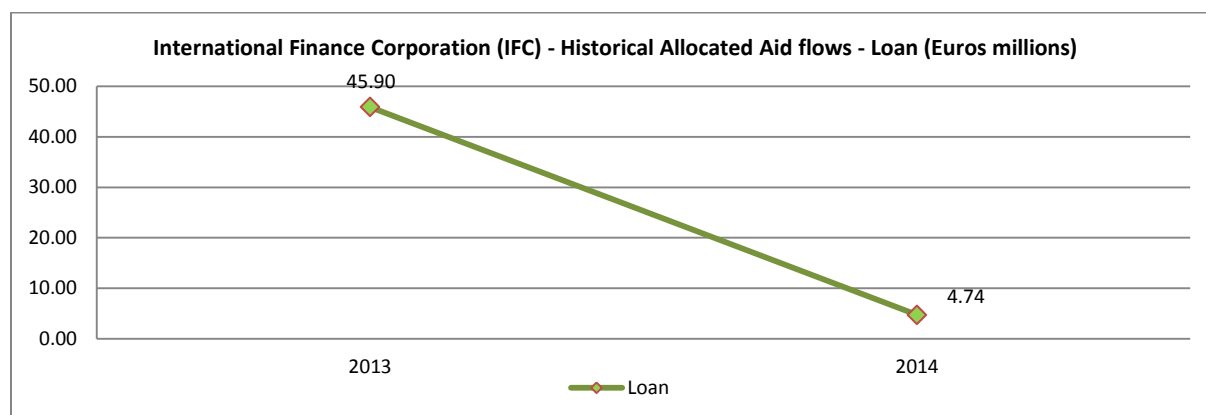
Bosnia and Herzegovina became a shareholder and member of IFC in 1996. Since then, IFC's investment in the country has totalled **€ 311.80 million**, including EUR 20.36 million mobilized from its partners, in 45 projects across a variety of sectors, including in the financial sector, health sector, municipal infrastructure, agribusiness, construction, and general manufacturing.

IFC strategy in Bosnia and Herzegovina focuses on the following priorities: (I) create more sustainable jobs; (II) focus on transformational engagements in agribusiness and infrastructure; (III) attract private sector participation including through PPP models; (IV) deploy integrated advisory and investment solutions to support manufacturing, agribusiness, infrastructure market development, as well as, financial sector stability.

Key activities in 2014

IFC **allocated € 4.74 million and disbursed € 4.74 million in 2014 in the form of loan** to the following sectors: Private Sector Development and Environment and Climate Change.





In 2014 IFC allocated and disbursed a total amount of € 4 million in Private Sector Development in the form of loans, while its committed portfolio stood at € 73.20 million (21% in the Financial Markets and 79% in the Manufacturing, Agribusiness and Services). Additionally, total IFC funding of € 743.564,00 for advisory support to Private Sector Development resulted in following outcomes:

- Reducing the cost and time required for approval and compliance with business administrative procedures for licenses; improving regulatory reform and establishing a transparent Registry for businesses and general public; implementing/monitoring of FDI registration procedures.
- Improving corporate governance standards; building local capacity to provide corporate governance advisory services.
- Developing the renewable energy market, with a special emphasis on small hydro power plants (SHPP).
- Simplifying tax administration procedures to reduce tax compliance costs; improving the legal framework and efficiency of administration of international taxation procedures, with a focus on transfer pricing and double taxation treaties.
- Reducing the number of documents and days needed for goods to be exported and imported; streamlining procedures for the flow of cargo by road, air, and river.
- Providing advice on designing and implementing PPP transactions to national and municipal governments to improve infrastructure and access to basic services such as water, power, health and education.
- Addressing the over-indebtedness of micro entrepreneurs by supporting the operations of the Debt Advice Center.

Donor coordination efforts

IFC in Bosnia and Herzegovina operates as part of the World Bank Group; as such, IFC aligns its operations and mandate with the joint strategies endorsed by the BH authorities. In addition, IFC has periodic coordination meetings with the international financial organisations and bilateral donors active in Bosnia and Herzegovina, as well as with other development partners through co-financing arrangements, policy dialogue initiatives or direct project implementation in order to maximize development outcomes of different programs through better coordination and partnership.

Contact information:

IFC, a member of the World Bank Group

Address: Zmaja od Bosne bb, Raiffeisen building (B building):

71000 Sarajevo, BiH

Phone: +387 33 251 555

Fax: +387 33 217 762

E-mail: SBrkic@ifc.org

Web-address: <http://www.ifc.org>

Donor Mapping Report 2014 was prepared by the Ministry of Finance and Treasury /Sector for Coordination of the International Economic Aid, in cooperation with representatives of institutions of Bosnia and Herzegovina and donors in BiH, members of Donor Coordination Forum (DCF).

The Report is directed to the activities and financial portfolios of DCF members and therefore it does not include the activities of all donors in Bosnia and Herzegovina.

Information and statistical data presented in the Report are based on financial data of projects/programs, entered by DCF members into DCF database, as well as on the responses to the questionnaires, provided by the institutions of Bosnia and Herzegovina and donors in BiH. Although financial data as well as the narrative part were verified by the participants in the preparation of the Report, there is still a possibility of error(s).

- Annual Consolidated Report on Internal Audit for 2014, Ministry of Finance and Treasury of BiH / Central Harmonization Unit
- Annual Report 2014, Central Bank of BiH
- Annual Report on the Implementation of Financial Management and Control System in the Institutions of Bosnia and Herzegovina for 2014, Ministry of Finance and Treasury / Central Harmonization Unit
- Annual Report on work of Public Administration Reform Office (PARCO), January - December 2014, PARCO BiH
- BiH 2014 Progress Report, EU Commission
- Boosting Job Growth in the Western Balkans, IMF Working Paper
- Bosnia and Herzegovina 2015 National Economic Reform Programme (NERP), Directorate for Economic Planning of Council of Ministers of BiH (DEP)
- Bosnia and Herzegovina Financial System Stability Assessment, IMF Country Report no. 15/177
- Bosnia and Herzegovina Floods 2014: Recovery Needs Assessment, BiH, EU, the World Bank, UNDP
- Bosnia and Herzegovina Letter of Intent for 2014, International Monetary Fund (IMF)
- Bosnia and Herzegovina Priorities 2014, EU, OECD, SIGMA
- Brochure of BiH Ministry of Defence and BiH Armed Forces
- Brochure, BiH Border Police
- Compact for Growth and Jobs in BiH, EU Commission
- Council Conclusions on Bosnia and Herzegovina, 14 April 2014, Council of the European Union
- Doing Business 2015, BiH Economy Profile 2015, the World Bank Group
- Enlargement Strategy and Main Challenges 2014-2015, EU Commission
- Financial Stability Report for 2014, Central Bank of BiH
- Indicative Strategy Paper for Bosnia and Herzegovina 2014 - 2017, EU Commission
- Justice, fundamental rights and equality, EU Commission
- Multi-Annual Indicative Planning Document (MIPD) 2011 - 2013 Bosnia and Herzegovina, EU Commission
- Newsletter May - December 2014, Foreign Investors Council BiH
- Road Safety Strategy Survey, South - East Europe Transport Observatory (SEETO)
- The Millennium Development Goals Report 2015, UN
- World Bank Group - Bosnia and Herzegovina Partnership: Country Program Snapshot 2015, the World Bank