

DONOR COORDINATION FORUM (DCF)
MINUTES OF MEETING, MAY 23RD, 2018

Participants

Ms Dusanka Basta, BiH MoFT

(Meeting Chair)

Donor/IFIs representatives:

Ms Barbara Dätwyler Scheuer, Embassy of Switzerland
Ms Maja Zaric, Embassy of Switzerland
Ms Normela Hodzic Zijadic, EUD
Mr Gianluca Vannini, EUD
Mr Aris Seferovic, UNCT
Ms Dzelila Hadzovic, KfW
Ms Jasmina Popin, GIZ
Mr Mario Vignjevic, Embassy of Sweden/SIDA
Ms Johan Norquist, Embassy of Sweden/SIDA
Mr Kent Larson, USAID
Ms Anesa Terza Vukovic, Embassy of the Czech Republic
Ms Jana Zelingerova, Embassy of the Czech Republic
Ms Lana Guberovic, Embassy of Japan
Mr Yasuda Kunihiro, Embassy of Japan
Ms Bobana Cegar, IMF
Ms Leila Fetahagic, Embassy of the Kingdom of Netherlands
Ms Zarka Bajic, Embassy of Greece
Mr Goran Mirascic, The World Bank
Ms Catherine Palpant, Embassy of France
Mr Robinson Azor, Embassy of France

Government representatives:

Ms Edina Topcagic, BiH MoFT
Ms Zeljka Boljanovic, BiH MoFT
Mr Ibro Omerbasic, BiH MoFT
Ms Jelena Brkic, BiH MoFT
Mr Zoran Danilovic, BiH MoFT
Ms Bruna Kjuder, BiH MoFT
Mr Toni Santic, BiH MoJ
Ms Nevenka Dalac, BiH MoFTER
Ms Radmila Mihic, RS MF
Ms Jasna Vukasovic, F MF

● Meeting Agenda

- Welcome and opening remarks
- Presentation - *Presentation on Public investment Management and PIMIS, followed by topic related discussion*
- *Tour de table* – general news from all participants of recent developments and activities and relevant issues
- Closing remarks

● AD1: Welcome and opening remarks

Ms Basta, on behalf of the Ministry of Finance and Treasury welcomed all participants to the DCF meeting and announced the presentation of the thematic session on Public Investments Management in BiH institutions and past experience of Republika Srpska in Public Investments Management. She invited all meeting participants to actively engage in the discussion, with a view to get more familiar with the mentioned topic.

● AD2: Presentation prepared by MoFT BIH – *Public investment Management and PIMIS, and topic related discussion*

Ms Basta, briefly introduced the Public Investments Management process, past achievements and future challenges in this area, emphasising that Public Investments Management is already harmonized and jointly implemented in ministries of finance at the level of BiH institutions, at entity and Brcko District levels (MoFT, RS MoF, F MoF and BD BiH). For this purpose, two main instruments are developed and used for public investments management: “Public Investments Program” (PIP) document and Public Investment Management information System (PIMIS).

Public Investments Program (PIP) is a document prepared by all levels of government in Bosnia and Herzegovina, which consists of projects in implementation and new, nominated public investments projects. Responsible ministries of finance, each year prepare Public investment program for BiH institutions, Federation of BiH, Republika Srpska and District Brcko, as a rolling document for a three-year period. The intention in the future is to see all these programs consolidated in the PIP of Bosnia and Herzegovina, which is yet to be determined by consensus.

In terms of legislation, PIP is regulated with The Law on Ministries for institutions at the BiH level, as well as The Law on Budgets of FBiH and The Law on the Budget System of RS, for entity institutions. In order to improve the public investments management, respective governments and the Council of Ministers adopted detailed bylaws, such as: at the level of BiH Institutions, the Decision on the method and criteria for the preparation, development and monitoring of realization of the PIP/DIP of BiH Institutions; in the Federation of BiH, the Regulation on the method and criteria for the preparation, creation and monitoring of the realization of the Public investment program of FBiH and in Republika Srpska, the Regulation on the rules for selection, evaluation and determination of priorities for Public investment projects of the RS. All mentioned laws, decisions and regulation may be found in the Official Gazettes for all levels of governance.

Ms Basta noted that in The Reform Agenda for BiH (2015-2018), public investments management is one of the very important pillars, since increasing efficiency and transparency of public investments is one of the key objectives of this Agenda. Also, public investments are highly noted and incorporated in public finance reform strategies, which were adopted at the level of BiH, Federation and BD BiH.

Public Investments Program (PIP) is an instrument for identification, formulation and monitoring of projects funded from public funds – regardless of source of funding - from budget, loans, donations, self-financing, co-financing, etc., for all ongoing projects and new nominated public investments projects that need financing. By linking the process of public investments management with the medium-term planning, it enables the realization of sectors strategies and strategic goals, i.e. implementation of development priorities in Bosnia and Herzegovina.

The main characteristics of PIP are: the investment planning timeframe of 3 years is in line with the period identified for the preparation of the Budget Framework Paper (BFP); compatibility of calendars for PIP and BFP preparation; flexibility – each year prepared in line with the 3 years “rolling” principle; classification of the projects are in line with the funding certainty – separate presentation of the projects with approved funds and projects which reflects needs for future financing of nominated projects; synchronization of approved and planned projects with the funds envisaged by the BFP; the first year of the three-year period of BiH Institutions PIP includes only projects that are fully formulated and have secured funding.

In terms of mapping, the focus is on interconnection of the two major information systems in BiH, BPMIS (Budget Preparation Information Management System) and PIMIS (Public Investment Management Information System).

Improvements in Public Investments Management are the following: Consistency with the strategic framework, where projects, programmes and plans are defined in line with strategies at different levels; Transparency, where all projects information are publicly accessible; Reporting on projects implementation is regular and Standardized project information, where projects at all levels of authority are defined by using the same Project information template, so they can be compared, prioritised and selected for further processing.

Ms Basta also observed that IMF mission was just conducted and made the assessment on how public investments are carried out in Bosnia and Herzegovina at the level of BiH Institutions and the BiH Federation. Public Investments Management was assessed through PIMA. Currently, the IMF Fiscal Department is drafting the report, which will be soon published and available to all.

Key areas for future improvement are: Feasible and effective public investment projects, more efficient allocation and management of the donors funds; Improvement of identification, formulation and prioritization of public investment projects, aligned with sector strategies or development goals; Improvement of management, monitoring, reporting and evaluation of public investment projects; Linking processes of public investments, strategic planning and budgeting and efficient management of public expenditure, including transparency and accountability.

In this context, one of the major successes represents the fact that three ministries of finance and Financial department of Brcko District Government are working together, in accordance with the envisaged **MoFs future joint principles**, with the focus on what can be done rather than what cannot be done and with realistic estimate of what is feasible and what is not at given moment.

Ms Basta then presented the **Public Investment Management information System (PIMIS)** as a tool jointly developed to facilitate public investments management, introduced and used by all levels of government. PIMIS provides an on-line identification of projects in a standardized format. The information on projects are available to all interested users via PIMIS web application (www.mft.gov.ba).

PIMIS main characteristics are: PIMIS is a software that facilitates the formulation and monitoring of development projects and other public spending in a single framework; it enables the standardized project presentation and prioritization within one institution/ministry/agency, financial implementation, monitoring and reporting in several standard and special users formats. Linking PIMIS with the Budget Planning and Management Information System (BPMIS) will ensure the integration of project financial monitoring systems at all planning levels.

IP form for identification, registration and monitoring of projects/programs – created to satisfy the highest standards for planning of public/development investments; it enables collection of data, which are relevant for the strategic development planning process, European integration process and other processes requiring prioritization of projects based on development priorities. IP form is available at www.mft.gov.ba.

Ms Basta further elaborated in more details the structure of IP form as well as PIMIS operation in practice.

The main points of the MoFT presentation:

- Public Investments Management: Public Investments Program (PIP) & Public Investment Management Information System (PIMIS)
- PIP Legislation
- PIP at a glance; PIP – the main characteristics
- Public Investments Programme
- Mapping
- Improvements in Public Investments Management; Key areas for future improvement
- MoFs future joint principles
- Public Investment Management information System (PIMIS)
- PIMIS – the main characteristics
- Form for identification, registration and monitoring of projects/programmes- IP Form
- IP Form - structure
- PIMIS in practice

For more details, please see the attached presentation.

Ms Basta then introduced the presentation from “The experience from Republika Srpska in Public Investments Management”, which will be presented by Ms Mihic, the Assistant to the Minister of Finance of Republika Srpska.

Ms Mihic, reiterated that all three ministries of finance including Directorate for Finance of Brcko District closely worked for the past 10 years and this specific tool is one of the results from this work. Ministries of finance are facing one key challenge – how to improve development in Bosnia and Herzegovina, which is directly related to “the quality of life”, whereat it is a challenge to convince the decision and policy makers and relevant politicians how bigger investments are not directly connected with development. Only quality and efficiency of investment spending have key influence on relationship between the investment and development. Very often ministries of finance are facing the requests from their ministries and governments just to put money in investments without previously checking the background about that investment and aims that needs to be achieved and desired effects and in this context, what are the current “sacrifices” against the future gains. New theories in the world in this area supported by the most important financial institutions, in the last 5-6 years emphasized the importance of public investments, which was confirmed by different theoretical and empirical assumptions. In 2012, IMF WP explained the positive correlation between high quality public infrastructure and economic productivity, in 2014 WEO sent a call for extensive infrastructure investments, while in 2015, the EU also promoted a new Momentum for Jobs, Growth and Investment with the emphasis on the public investments, etc. Based on some recommendations from some international financial institutions, Republika Srpska tries to reform the model of public investment improvement based on two pillars: Justified choice of public investment on the criteria of social utility and economic viability and Better management of public investment with defining of model for efficient and effective public investment management, where PIMIS as a tool supports this goal. Actually, when PIMIS was created, recommendations were taken in consideration already recognized in the world. The World Bank prescribed 8 *must have steps* needed for sound and good public investments system at both entity and state level: 1) Investment Guidance & Preliminary Screening; (2) Formal Project Appraisal; (3) Independent Review of Appraisal; (4) Project Selection and Budgeting; (5) Project Implementation described in details; (6) Project Adjustment described in details; (7) Facility Operation and (8) Project Evaluation. In the RS only two first must have steps are applied, and six yet have to be introduced. The first must have represents the Rulebook for selection, appraisal and prioritization of public investment projects with general criteria harmonized with recommendation of WBIF forum for creating the Single Project Pipeline. As a result of this Rulebook, Ministry of Finance of Republika Srpska has the Single Project Pipeline, which is requested by the European Commission related to IPA programming. The Rulebook includes general criteria such as: Compliance with strategic goals; Availability of technical documentation; Financial viability of the project; Institutional capacity for project realization and Environmental impact, while special criteria can be prescribed by ministries.

Ms Mihic then further explained the Questionnaire for appraisal of project proposal quality, the Single Project Pipeline and Recommendations, concluding that PI quality depends on the quality of Public sector - which itself needs profound changes; and adding that also it is very important to put additional efforts for building better capacities, providing expertise with special knowledge about PI; while particular attention should be placed on the risk assessment, borrowing and legal protection and finally in terms of implementation, project management should be introduced.

The main points of the MoF of Republika Srpska presentation:

- Public Investments Management- Republika Srpska experience
- How to improve development?
- New theoretical and empirical assumptions
- Republika Srpska: Public Investment System
- The World Bank: Must have (8 steps)
- Questionnaire for appraisal of project proposal quality
- Single Project Pipeline
- Recommendations

For more details, please see the attached presentation.

Ms Basta, MoFT, then opened the floor for discussion and invited all participants to ask questions and make comments.

Mr Kunihiro, Japan, asked if PIMIS system has been just established, was this the reason for the presentation and does the PIMIS system include all internationally funded projects by donors.

Ms Basta, MoFT, confirmed that PIMIS has been operational for 5-6 years, and explained the access to the system, with passwords and user names. She confirmed that the system contains all public investments projects which are implemented and nominated currently in BiH, both from the RS and the Federation as well as from the level of BiH Institutions.

Ms Mihic, MoF RS, noted that the part of the database in RS is not 100% accurate since some municipalities did not send their projects to the sectoral ministries, so it could be that some of the projects on the municipal level are missing and MoF is trying to keep this mistake at this level to a minimum.

Mr Vannini, EUD, asked how Public Investments Management and accompanying tools relate to the Public Financial Strategy which is in the approval process right now? What happens with the project proposal if there are no state strategies approved or if the state strategy is in the approval process?

Ms Basta, MoFT, replied that for example there is a PFM strategy at the level of BiH Institutions, and hypothetically if there isn't any sectoral strategy, there are mid-term plans (3 years) which can be a reference for public investments. There must always be some strategic documents to refer to, if there isn't any, then hierarchy should be followed, i.e. the project should always be linked with some strategic or development goal. If it isn't connected then the project cannot be nominated, confirmed and cannot pass the selection phase.

Ms Hodzic Zijadic, EUD, asked if and which PFM strategies are in place?

Ms Basta, MoFT, confirmed that the PFM strategy is in place for BiH Institutions, and public investments are specifically noted as one of the priorities in the forthcoming period. She added she believes that the same situation is in the BiH Federation.

Ms Mihic, MoF RS, noted that reform mentioned in her presentation is included in the draft of Republika Srpska Public Financial Strategy. In addition, Working group was just established in the Ministry of Finance to work on the new Law on the Budgetary System in the RS, where those plans and reforms also will be reflected through the preparation of the capital budget as an annex, besides the regular RS budget.

Ms Basta, MoFT, added that in the PFM strategy for BiH institutions, they envisaged linking between two BPMIS and PIMIS systems, which among many other, presents one major priority for the future. As a result of these two systems linking, there will be much better and more comprehensive information available in the area of monitoring and financial reporting. This forms an integral part for the PFM strategy for BiH institutions.

Mr Vignjevic, Sweden/Sida, wanted to know how many adopted strategies are there in BiH? He addressed to Ms Mihic asking if there's any similarity between the RS and Federation PFM strategy.

Ms Basta, MoFT, noted that sector strategies for all levels can be found in Donor Mapping Report (DMR) chapters.

Ms Mihic, MoF RS, reminded they actually used the same consultancy approach for preparation of the PFM strategy in the RS. Once this strategy is adapted, the aim is to build the strategy on the state level, on the methodology of "cooperative or joint" planning, a modular system, which will enable to identify the joint goals as the countywide goals from 3 main strategies. She added that the RS approach to the PFM strategy is more or less similar to one in the Federation, with differences resulting from the different organization of the Federation.

Mr Kunihiro, Japan, wanted clarification how Japan, as one of the donor country, can understand the PIMIS system. Is PIMIS system used for showing all types of ongoing and planned projects and for attracting foreign donors and international organizations, to include them in implementation of certain project(s)? Is this correct interpretation?

Ms Mihic, MoF RS, replied that one key success of PIMIS is that database shows public investments projects both in implementation and those nominated without provided resources for financing. Therefore, donors have the opportunity to follow the project, for example one they are already supporting, to get insight what happens with the implementation of that specific project, or if the donor is interested to provide the additional funds for the new project, donor can go to the chapter with nominated projects or those without provided financial resources.

Ms Basta, MoFT, concluded that in this system, donors can find all information, get insight, choose and find what is most appropriate for them, since PIMIS includes all BiH projects, both in implementation and those that need financing.

Mr Seferovic, UNCT, asked the members of the DCF forum what is their experience with the PIMIS system? How much actually involved actors do use very important information presented in the system, particularly speaking from the DCF perspective as well as the need of Paris Declaration, the need to align donor support with priorities and needs of the country? How much the colleagues present at the meeting use this database to actually provide financial support? Also, in terms of nominated projects, how much international actors actually are stepping up and support these projects? How much this system is relevant and recognized by DCF members? He concluded that since the country is lacking the commonly agreed development priorities, this is the closest thing to having the list of priority projects that the country needs. From this perspective, the relevance of this system is visible. He asked how much actually the involved actors recognize this and how much they are aware of that?

Ms Basta, emphasised that one of the reasons for presenting the PIMIS is to inform all stakeholders on public investment management, usefulness of the PIMIS system, since from the experience it is not visible that PIMIS is used as much as it could be, etc., The point here is, it's not everything about the money, but also to look what are the country's priorities. She concluded that in the past period this was not functioning good enough, i.e. project information were not good enough for donors as one of financiers to support and to implement the projects. However, information that could be presented currently are quality enough that, if in case interested stakeholders wish to invest in something, they can enter PIMIS and find nominated public investments projects which need financing, with all relevant information. In general, PIMIS system is a good system, an overall system with comprehensive data. Ms Basta finally invited all present to use PIMIS system, since there are no other projects but those in PIMIS.

Ms Mihic, added that PIMIS is created as a “tool” for the Governments/Council of Ministers, and it’s first purpose is to support relevant governments to prepare public investment plans as a part of mid-term budgetary framework and to provide information to those governments/authorities to which sector they are investing, what kind of financial resources are dominating in such financing, what kind of problems they face through that implementation. Also, the purpose of public investments and PIMIS is to present the general needs as well as specific needs to respective governments/authorities and decision makers. The other purpose is to present basic information to donors which are the projects in need and then they can have discussion with relevant institution(s).

Ms Basta, noted that in the Regulation from the Federation, it is said that there is a limit if the project is not in the PIP, it cannot be financed from credit. In May this year, CoM adopted the Decision which regulates that if the project is not in the PIP, it cannot be funded from any source of financing. In this way, BiH institutions have to plan and very carefully public investments projects, since budget funds, loans, donations are all public funds.

Ms Mihic, added that in their Rulebook, they have the exception that the RS Government can approve the project which is not part of PIMIS, only if it has some strategic interest.

Ms Zelingerova, Czech Republic, thanked for useful presentations and informed that they in the Czech Embassy for long time have been working in the PIMIS database on identification of projects in order to identify what they can finance. However, most of the projects are on big financial scale and they cannot reach to those projects and this serves as the starting point for them to identify projects. Approximately 20-30% of their projects are taken from PIMIS.

Ms Dätwyler Scheuer, Switzerland, thanked for the presentation and noted that PIMIS is a very important tool and it is good that the MoFT is increasing the awareness on this tool, considering that only the projects from PIMIS qualify for selection of projects that can be financed. She added that many donors working with civil society organizations or with private sector organizations should act more carefully when selecting projects they wish to provide support for.

Ms Basta, reminded that this is just about public investments projects under the framework of Public Investment Program in BiH and that projects on which donors work in cooperation with civil society organizations or the private sector do not fall under this framework.

Mr Santic, MoJ, pursued Mr Seferović’s arguments and wanted to know how many donors see this DMD database as a tool for donor coordination and in particular how much those donors that are driving the change and enhancement of donor coordination recognize this as a beneficial tool and how much can contribute to national authorities to establish the lead and promote donor coordination? How much can it be utilized for these purposes? He noted that in this sense there are some elements here useful for everyday donor projects management and asked how much donors see the potential for alignment of their plans, is this tool complementary with their plans and how many donors use it for planning of their future donor systems? How much potential is there for the future?

Ms Mihic, noted that the key word mentioned here was the coordination. What’s lacking here in BiH is the full coordination between donors and institutions as well as vertical and horizontal coordination. Definitely, coordination is something what has to be extremely improved on both vertical and horizontal level in BiH.

Ms Basta, concluded that institutions from all levels need to work and improve the selection of projects and have more quality projects. However, on the other side it is very important that donors respect country’s priorities. This is the reason why PIMIS should be used and also efforts are made on improvement of Public Investment Management, in line with the jurisdiction of various levels of authority and spreading the awareness on the importance of quality Public Investment Management and the PIMIS system, as a tool for its implementation.

Ms Basta then opened the floor for the *Tour the table* discussion.

● **AD3: Tour de table**

Ms Topcagic, MoFT, briefly informed on the current activities in the Ministry of Finance and Treasury related to aid coordination and improvement of aid efficiency. At the moment, The Report on the Progress of Adherence to the Principles of Paris Declaration on aid Effectiveness for 2017 is being prepared and it will be publically available soon, noting that 80% of the competent institutions from all levels of BiH authority and over 60% of DCF members participated in the preparation of this Report, which should enable more quality and realistic results in this domain. She thanked all participants for their past cooperation and support. Also, she reported that activities are underway related to the preparation of the Donor Mapping Report 2017, and kindly asked from donors to complete data entry on new projects and update data on completed projects in the DMD database, and to submit the completed Standardized Questionnaires latest by May 25, so the Report can be finalized until July 2018. Finally, Ms Topcagic reminded that on the last DCF meeting, there were some discussions related to further improvement the aid coordination and management system in BiH. As already mentioned, in order to strengthen the donor coordination mechanism in BiH and improve aid effectiveness, in 2017, Ministry of Finance and Treasury has approached the Swiss Cooperation Office and the UNCT with the proposal to join the partnership on strengthening the donor coordination in BiH. Swiss Cooperation Office, together with the UNCT Office in BiH and the USAID recognized the importance of the MoFT’s request and suggested that as a first step, an assessment of the current aid coordination and management system in BiH should be prepared, to serve as a baseline for the future partnership in the process of BiH aid coordination process. The assessment will evaluate current functions, capacities and needs of the BiH side, as well as ensure the analysis of donor landscape in BiH and potential for improvement of in their integrated activities.

Since the previous DCF meeting until now, Terms of Reference for comprehensive assessment of aid coordination and management in BiH was finalized and agreed with all involved partners. Embassy of Switzerland and the USAID will provide financial support to

the project, while the UNCT will provide the coordination and the administrative support, in close partnership with the Ministry of Finance and Treasury. Also, on behalf of all partners involved in this project, she invited other donors to provide their support for the mentioned activities with their suggestions.

Mr Vignjevic, Sweden/Sida, emphasised a few issues important for the DCF meeting and noted that in comparison to the last year and the past period, Swedish contribution to BiH has increased for over EUR 1.00 m, and now totals EUR 16.00 m. Sweden is currently implementing 40 different projects throughout BiH, and most of them are aligned with the current strategies. In its engagement, Sweden increased collaboration with BiH institutions and with bilateral colleagues as well. Currently, Swedish Government focused its activities in environmental and feminist policies.

Ms Dätwyler Scheuer, Swiss, expressed satisfaction with the fact that mentioned assessment of the donor coordination mechanism and aid efficiency is materialized which will hopefully tell more about the situation in this domain. This is a very important process for the Ministry as well as for donors exercise, realized jointly with all donors, who will be required to provide information to the consultants. Regarding the Swiss cooperation in general, there are 3 points of engagement - financing infrastructure projects (waste water treatment plant in Zenica together with KfW, total project value EUR 20.00 m); social inclusion, where Switzerland is supporting the actual 2018 National Human Development Report on Social Inclusion. In the last several years, Swiss Cooperation Office is supporting both Ministries of Health in preparing the Draft Tobacco Law which will ban all smoking in public places. These activities are done in cooperation with the WB which started the initiative "*klima bez dima*".

Ms Terza Vukovic, Czech, repeated they already use PIMIS system, emphasizing that it actually helped them with their interaction with institutions when they considered the projects from the list. In the next 5 years, Czech Development Assistance will also remain active in the following 3 sectors- renewable resources energy in BiH (geothermal resources, biomass and solar panels); water and sanitation (active in Gradacac, while in Maglaj preparation for the new project is underway) and good governance (on Monday contracts will be signed with 3 municipalities). However, the main focus of the Czech Development Assistance is the transfer of knowledge from the transitional period from the Czech institutions experience to assist BiH access to EU. Also, there is a big project in food safety, working in close cooperation with BiH institutions, entity ministries, state agencies, inspectorates, laboratories, etc. In summer, the new big scholarship program will be launched for at least 9 students to study from 3 -5 years in the Czech Republic and she concluded that they currently have 26 active projects throughout the BiH.

Ms Palpant, France, thanked for the input regarding PIMIS which is a very important tool that should be used more by donors as a coordination tool. In line with the 3 year strategy, France is currently active in coordination sector mainly in 4 areas: *democracy and governance* - civil society on promotion of civil engagement, contribution to development of capacities of local actors and authorities; also implementing projects in *the rule of law* (in justice - training of judges and prosecutors), fight against illicit trafficking of goods, organized crime; *promotion of local development* through entrepreneurship and enhancing local actors capacities in order to develop tourism potential on one side and on the other side on projects dealing with floods prevention. The last main sector is related to *cultural heritage*, where they launched in the last few months cooperation between the National museum and the Louvre museum. Besides, the aim is also to strengthen the capacities of cultural actors at the local level.

Ms Popin, GIZ, gave brief overview of activities from German Development Cooperation /GIZ 2017 bilateral portfolio. GIZ remained active in economic development thorough the ongoing EU ProLocal program and currently the new agreement has been signed between the EU Delegation, UNDP and ILO which is co-delegated for the program EU for business. This program is focused on growth employment, support to competitiveness and innovation. In addition to this, GIZ is active since 2017 in Tibet, transferring the experience of German dual system, without the intention to copy it, in cooperation with the private sector in BiH. In the field of energy efficiency, in renewable energy ongoing activities are foreseen to continue until 2019 in close coordination with USAID and other international partners. In good governance, the program strengthening public institutions is actively supporting the BiH partners in finalizing the new PAR strategic framework foreseen for adoption hopefully in 2018. GIZ is also supporting the PAR sector donor coordination. In terms of the regional portfolio, GIZ is implementing 7 projects from Sarajevo office, with some of the topics in focus related to the Berlin Process, the digital summits, TVET (technical and vocational education and training) and other areas, which involves the cooperation with West Balkans 6 countries, on ministerial and operational levels.

Ms Cegar, IMF, noted that IMF yesterday reached the agreement with the authorities on the second review. Namely, IMF mission from the DC was in Sarajevo and Banja Luka from May 07-23. On Monday, Fiscal Council meeting took place where discussions were held regarding the text of the supplementary Letter of intent. Taking in consideration the pre-election situation as well as the situation in the parliaments, IMF decided to have only one prior action, the precondition for the next tranche. This means that the Federation Government needs to submit the Law on Personal Income Tax and the Law on Contribution to the Parliament in line with the IMF recommendations. In case this is done in the next few weeks, IMF Board will consider the request at the end of June and the tranche will be approx. EUR 38.00 m, out of which one third for Republika Srpska and two thirds for the Federation.

Letter of Intent also contains many other structural benchmarks and commitments, which will be taken in consideration for the next reviews. Ms Cegar thanked Ms Basta for good presentations and mentioning of PIMA mission, i.e. IMF technical assistance that will be provided regarding the assessment of public investment management in the Federation and State institutions. In this assessment, IMF uses the standardized questionnaires containing 15 pillars to assess the situation in BiH, similar as in the countries in the region. Final Report will be published very soon, IMF received comments from both ministries of finance and accepted many of them, and eventually the Report will be published with the permission of both ministries. Immediately after this, in cooperation with the World Bank, IMF will provide one more TA to the Federation Government related to arrears, trying to collect data on the total arrears in the Federation and find the way how to reduce the amount of arrears.

Mr Seferovic, UNCT, pursued the comments of Ms Topcagic and Ms Dätwyler Scheuer regarding the assessment of aid coordination where they already mentioned it's objectives. The actual implementation of the comprehensive overall assessment of aid coordination management system in BiH is done with financial and technical support from the Swiss Embassy and the USAID, while the UN is serving as coordination and management focal point, in full ownership and in consultations with the Ministry of Finance and Treasury. He added that the selection of international experts has been finalized, again in agreement with the Ministry of Finance and Treasury and actual implementation of the assignment is expected to start in June. UN envisioned finalizing the entire process by the end of September. The assignment will be divided in 3 segments, the initial overview of the available documents and information /review of available electronic data by the consultants, followed by the field mission as the most important part of this process. Comprehensive consultations will be conducted with relevant authorities in BiH as well as with the donor community since the assignment is also taking in consideration the donor landscape, in order to improve the functioning the donor community. The last segment is basically finalization of the Report, with recommendations and presentation to the authorities and donor community in BiH. Mr Seferovic used the opportunity to encourage all meeting participants to give their contribution and take part in this whole process in order to have as much quality document as possible. Also, he noted that the UN is implementing the SDGs roll out process with the support of the Swedish Government, with the overall aim to increase the capacities of SDGs roll out. He announced that the next week, on May 29-30 May, the UN will hold an important consultation session with considerable support from regional and HQ level. Over 200 participants are expected from all levels of the government, NGOs, academia as well as donor community. This is a "kick-off" event in this process with the overall aim to discuss the localization of SDGs and SDGs targets for BiH, with the idea to complete the SDG framework document for BiH by the end of 2018, which will then serve as the basis for the action plans for the SDGs for various levels of the government. In terms of implementation of the UN program for BiH, the so-called United Nations Development Assistance Framework 2015-2019, the UN has just released the annual report for 2017. The overall delivery for 2017 was US\$ 52.00 m at the level of all UN agencies in the country, which brought them to the overall amount of US\$ 197.00 m so far in this cycle. Hence, it could be noted that the UN is on a good way to reach the target of the overall US\$ 265.00 m within this 5-year program.

Ms Hadzovic, KfW, informed that besides the existing portfolio (KfW reported on it in previous sessions), for the upcoming period KfW is planning to engage more in financing EE projects, i.e EE in public buildings and financing EE measures in residential buildings through banks. In this regard KfW is in negotiating process with one commercial bank for a new loan for EE measures amounting to EUR 15 million for residential buildings. Also, KfW is discussing potential EE- investments in public buildings in RS, i.e. investing in the revolving fund for financing EE-projects in public buildings (app. EUR 4 million), but is open to cooperate with other donors to jointly finance EE- projects in both entities, country wide. In this regard, even closer coordination among donors is needed to try to engage jointly to finance bigger project together instead of financing many small-scale project.

Mr Kunihiko, Japan, noted that Japan is continuing grass-roots level grant projects and since the last DCF meeting, they finalized grant contracts with the local health centre and primary schools and demining NGOs for total 9 projects, out of which 3 projects in the health care, 4 projects for primary schools renovation and 2 projects in demining. Total amount of these grants is EUR 1.10 m.

Mr Vannini, EUD, informed that EUD is basically covering all aspects of the *acquis* communications, i.e. the Pre-Accession Assistance targeting wide range of areas. EUD is currently working on Pre-Accession Assistance for 2018 and sectors involved are justice, environment, agriculture and mine action; also activities are underway supporting PAR and good governance. This document is prepared in strict cooperation with BiH authorities and will be likely approved by October/November 2018. This means as according to the Pre-Accession procedure, in the course of 2018, EUD launched the tender procedure for all projects under different sectors mentioned previously.

Mr Santic, MoJ, referred to the Swiss Embassy and UN initiative regarding enhancement of donor coordination and used the opportunity to call upon one coordination meeting with UN and Swiss representatives regarding the planning of future assistance from IPA funding related to the need to coordinate donor efforts. In terms of the update of the Justice Sector Reform Strategy (JSRS) and activities related to donor coordination, from the last DCF meeting, MoJ drafted the annual report on implementation of this Strategy, thus enabling monitoring and reporting at the end of the year. In this regard, MoJ established cooperation with the CSO, which was supplemented with the donor financed project by the Netherlands Embassy. Additionally, MoJ initiated donor coordination meetings in the Justice sector. Finally, he called all interested in this initiative to reach and contact them in the Ministry.

Ms Basta thanked to all participants for their attendance and closed the DCF meeting.

The meeting was closed at 13:20 hrs.