



## European Union (EU)

---

### Policy approach

During 2021 the EU Delegation continued to promote Bosnia and Herzegovina (BiH) EU integration perspective in line with the Stabilization and Association Agreement (SAA). The Delegation work contributed to securing policy coherence with local authorities, EU Member States and other international players and donors, who all recognize and support BiH EU accession as the main priority for the country. The Delegation continued to follow the implementation of the key priorities from the Commission Opinion on BiH application for membership to the EU and the recommendations from the Analytical report.

The COVID 19 has continued to have a major impact on the health and economic sectors in the country. In the Health sector, the implementation of the EU4Health – Contribution to the availability and access to vaccines against Covid-19 in Bosnia and Herzegovina is ongoing. The value of the contract is EUR 13.775.280. EU support and advocacy has been crucial in allowing access to vaccine to the citizens of Bosnia and Herzegovina and to achieving the current vaccination rate of 50.3% of the population.

In addition to the impact of the pandemic during the reporting period, Bosnia and Herzegovina has faced one of its deepest political crises since 1995.

Nonetheless, the Delegation remained committed to supporting the implementation of the SAA and continued to closely monitor its implementation and follow-up on the EC's recommendations from sub-committee meetings. In line with the key priorities identified in the Opinion, the Delegation has been urging BiH authorities to develop and adopt a program of adoption of the EU acquis (NPAA).

The Delegation was also actively involved in preparations of the EU-BiH policy dialogue meetings under the SAA. The SA Council took place in Brussels on 13th July. The fifth cycle of sub-committee meetings included on-line meetings of the Subcommittee on trade, industry, customs and taxation (22nd April), on agriculture and fisheries (18th March), on innovation, information society and social policy (22nd March), on transport, energy, environment and regional development (20th May), and the PAR Special Group (25th February). The political crisis in the country that unfolded after the summer break resulted in the non-adoption by BiH institutions of preparatory documents for the bilateral policy dialogue with the EU, which led to the postponement of the sub-committees on justice, freedom and security (scheduled for 3rd-4th December), on economic and financial affairs and statistics (scheduled for 19th-20th November), and of the meeting of Stabilisation and Association Committee (scheduled for 11th November). The fifth cycle of policy dialogue remained thus incomplete.

On 19 October, the European Commission published the 2021 enlargement package including the 2021 Annual Country Report on BiH. The publication of the enlargement package and the annual report dominated BiH media while focusing on the severity of conclusions of the Commission about BiH and the extremely short list of achievements on the country's EU path. The EU Delegation contributed to the drafting of the Country Report and will continue supporting the handling of the key priorities of the Commission's Opinion and annual country report recommendations.

Despite the continued stalemate in reaching a definitive agreement on the way to reconcile the IPA legal framework with the System of Coordination of the European Integration process, BiH nevertheless progressed with the preparation of the content of both IPA III 2021 and 2022 packages



of Action Documents (ADs), as well as IPA III Strategic Response 2021-2024 per IPA III Window. The submission of the aforementioned documents by the NIPAC was mainly executed according to the established calendar or with a slight delay.

After the first submission of IPA 2021 package (9 ADs) of the proposed value of ca €174M in March, NIPAC submitted a revised IPA 2021 package of €73M in August, that was subject to the adoption of the IPA Committee early December. The substantial decrease of the total value of IPA 2021 package concerned the sectors of Home Affairs, Agriculture & Rural Development and Transport.

Furthermore, NIPAC submitted the IPA 2022 package (8 ADs) of the proposed value of cca €137M in November that was followed by maturity assessment of Commission services early 2022.

After the first submission of IPA III Strategic Response (SR) 2021-2024 per IPA III Windows also in March, NIPAC submitted a revised SR 2021-2024 per IPA III Window on 10 December.

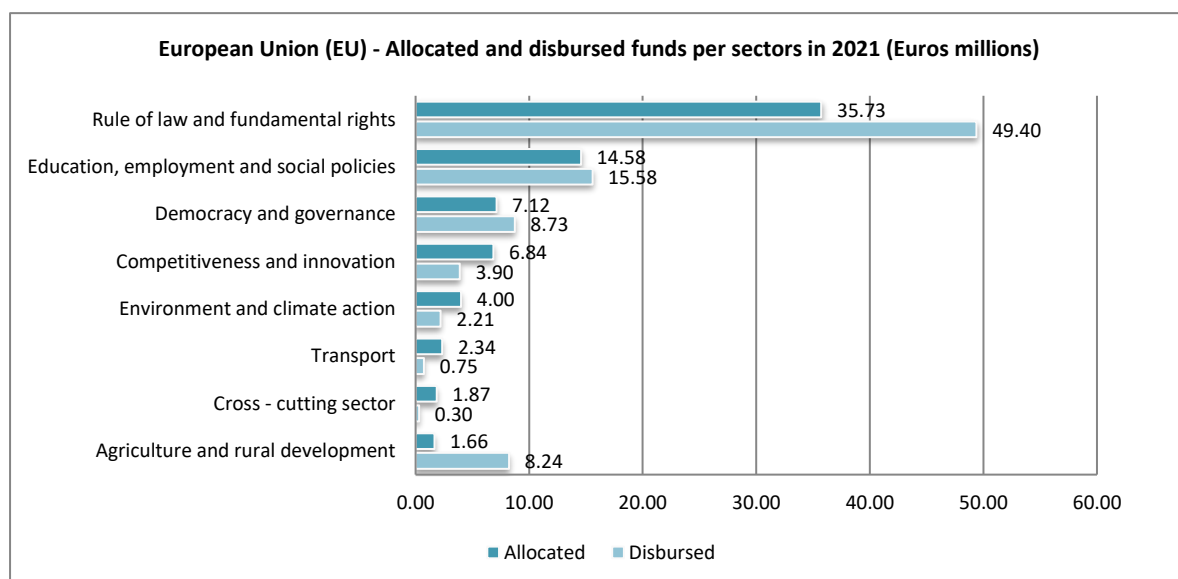
### Key activities in 2021

The European Union (EU) **allocated € 74.15 million and disbursed € 89.11 million in 2021 in the form of grant** to the following sectors: Rule of law and fundamental rights, Education, employment and social policies, Democracy and governance, Competitiveness and innovation, Environment and climate action, Transport, Cross - cutting sector and Agriculture and rural development.

**NB:**

-The allocation for Special measure to support the response to the refugee and migrant situation in BiH Phase II of ca €11 million in 2021 is reported under IPA II sector Rule of Law and Fundamental Rights;

- The allocation for Health sector - EU4Health - Contribution to the availability and access to vaccines against COVID-19 in Bosnia and Herzegovina of ca €14 million is reported under IPA II Sector Education, employment and social policies.





Further EU support to mitigating the COVID-19 effects on the economy was made available in last quarter of 2021, through the IPA 2019 assistance (EUR 14 million) targeting SMEs digitalisation. It composes of two components, one supporting the improved policy framework for SME digital ecosystem, the other to improve access to digital innovations for more than 110 SMEs as well as for access to know-how in form of SME advisory and training to build the capacity of specific businesses and value chains to undergo digital transformation.

Support to *Private Sector Development* was mainly channeled through grants for local partnerships, companies, farmers and start-ups (EU4Business programme). The project is presently finalizing an implementation of EUR 10 million grant component awarded through the 7 public calls launched throughout 2020. Overall, 82 projects are implemented, of which 35 support competitiveness and innovation in the agri-food sector, 24 support partnerships in export oriented sectors, entrepreneurship and tourism and 23 directly assist MSMEs to improve their innovative capacity. The project performance is assessed by the beneficiaries as an exceptional, as most of indicators are exceeded, such as 126 new business created, over 600 jobs created (mainly in export sectors) and over 250 start-ups created by youth and vulnerable groups. Technical assistance has resulted with development of M&E framework to be used by the partner institutions.

In the *Sector of agriculture*, the EU4Agri programme channels grants and provides for Technical Assistance across the sector. So far, it has launched 7 calls for grants and contracted 51 grants for the total value of 6.59 million EUR, out of which the EU contribution is 3.7 million EUR whereas the rest is co-funded by the grantees. In total, 44 agri-food businesses, 7 local governments and 475 small farmers are supported via these grants. As for Technical Assistance, among other activities, the Action addresses preparations of design of the new country-wide strategy beyond 2021. It is of utmost importance that all the stakeholders support the strategy preparation and ensure its adoption. In addition, in the sector of Agriculture, three Twinning projects that support food safety, veterinary and phytosanitary sectors are in their second year of implementation. Many legal acts are under preparation to ensure Acquis alignment. Those that are crucial and that stakeholders must adopt without delay, to allow any further IPA III assistance are : i) long pending state-level laws on food and on veterinary medicine, ii) new state level legislation to align with the new EU Animal Health and Plant Health Laws and in particular, with the new EU Regulation on official controls.

Regarding *Migration*, the humanitarian crisis that started in BiH in December 2020, continued in January 2021. Approximately 1.000 migrants were left without suitable accommodation in the dire winter condition. Despite the EU financial commitment and intensive political engagement, BiH authorities failed to take the necessary steps to take full ownership of the problem and relieve the most exposed areas of the country from the burden of the growing number of migrants. Thanks to strong involvement and push from the EU (Delegation, Commission, EEAS, EU Member States), BiH authorities managed to deploy military tents in order to accommodate the migrants for the winter. The EU financed the setting up of these tents and the related running costs. The EU continued in 2021 its financial and technical support to improve migration management in BiH. EUR 10,65 million were committed by the EU in 2021 to cover support for the whole year 2021. In the course of the year, the Ministry of Security took more responsibilities regarding migration management and started drafting a Strategy and Action Plan on migration. The main achievement was the construction and inauguration of the multi-purposed reception centre in Lipa that can accommodate 1,500 migrants and asylum



seekers. The Service for Foreigners Affairs is in charge of the camp, together with the support of the implementing partners.

In the area of *Rule of Law*, the EU continued implementing important projects. The EU4Justice Project finished in December 2021. It helped strengthening the cooperation on the entire 'criminal justice chain' in BiH, including law enforcement agencies, prosecutors and judges, for a more effective response to serious crime. In parallel, following the recommendations made by the external evaluation to assess the efficiency of the EU assistance to the Judiciary that was carried out in 2020, the EU Delegation negotiated and signed in December 2021 a new direct grant to the High Judicial and Prosecutorial Council (HJPC) where, for the first time, conditionalities are inserted and results indicators will condition the signature of the next phase of the support to HJPC. This will reinforce the "results-oriented" approach and will push for more ambitious reforms from the partner's side.

In the *Home Affairs sector*, the EU Twinning project "EU support 4 fight against cyber-crime" regardless of the pandemic, is delivering its foreseen results. The project is assisting competent law enforcement authorities in fulfilling their commitments with regard to Justice and Home Affairs policies. It is aimed at to enhance cooperation between BiH and EU that is expected fostering the functioning of the police and other law enforcement bodies and their capacities, providing adequate training in fighting corruption and organized crime, including cooperation on cybercrime. First component is the capacity building part (training on cyber-crime) and the second component is supporting the development of relevant rules and legislation.

The EU funded project "EU Support in Process of electronic identification and trust services (eIDAS) certification in Bosnia and Herzegovina", assisted the Indirect Taxation Authority of Bosnia and Herzegovina (ITA) and the Agency for Identification Documents, Registers and Data Exchange of Bosnia and Herzegovina (IDDEEA) to become accredited for issuing qualified digital signature. The ITA and IDDEEA were accredited for issuing qualified digital signature in May 2021.

The EU assistance to *Civil Society* continues to make progress in strengthening awareness on the importance of the collaboration between governmental institutions and civil society organizations; development of institutional mechanisms of cooperation between governments and civil society organizations; as well as in improving capacities of the government institutions to take part in policy dialogue with civil society achieving majority project objectives and expected results. Additional support has been directed to the civil society networks active within 12 sectors with the aim to enhance their capacity and knowledge and ensure their participation in the processes link to BiH EU path. The EU financial assistance, via RELOAD regional programme implemented by UNDP, was distributed also on local/municipal level and remains accessible to small and grass-root civil society organisations, The total financial envelope in this regard was beyond EUR 8 million through the Civil Society Facility and Media Programme. Within IPA III envelope this assistance will be beyond EUR 10 million.

Concerning *Connectivity*, BiH is by far the largest WB6 recipient of EU grants allocated through the Western Balkans Investment Framework (WBIF), with 19 approved (by the WBIF board) investment transport projects worth more than EUR 640 million in EU grants. The main achievement in 2021 was the start of construction works of the Rudanka-Putnikovo brdo section and the completion of Zenica bypass, Buna- Počitelj section and the border crossing point and bridge in Svilaj, both pertaining the motorway on the pan-European Corridor Vc. The EU Delegation convened several meetings with



stakeholders to help overcome bottlenecks in project implementation. One of the main bottlenecks is the lengthy approval and disbursement of WBIF grants. Works has also advanced in several infrastructure projects in the water sector.

Vaccination campaigns against rabies (EUR 2 million) were pursued in 2021. Under IPA III, EU funding will still cover campaigns up to the spring 2023, after which the country should take over the financing of vaccination campaigns.

### Medium and long-term approach

The EU will keep supporting 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.

Due to the COVID-19 outbreak in March 2020, the EU managed to respond quickly with its support to mitigate urgent health and humanitarian implications that COVID-19 pandemics abruptly caused in BiH, by providing various medical supplies and equipment to various public health facilities in BiH. The EU continued throughout 2021 to respond to the needs and shortages of public health sector in BiH to address the COVID-19 pandemics challenges, including the provision of vaccines too. In medium term, the EU will provide assistance for socio-economic recovery of BiH, by mitigating the impact of the COVID-19 crisis on business of agri-food and tourism operators, MSMEs, entrepreneurs and farmers as well as on the development of start-ups by unemployed or which appertain to vulnerable groups (women, minorities etc).

It is to be reiterated that the EU has mobilised a package of over EUR 3.3 billion to the Western Balkan partners in tackling COVID-19 crisis. The package includes reallocations from the Instrument for Pre-accession Assistance of EUR 882 million for the entire region, out of which EUR 83.5 million for Bosnia and Herzegovina; EUR 1.7 billion package of assistance from the European Investment Bank and EUR 750 million of Macro-Financial Assistance, out of which 250 million for Bosnia and Herzegovina.

Apart from the EU Response to COVID-19 outbreak in BiH, the EU assistance will further support the public administration reform, including robust statistics, greater accountability in public administration and ability to provide e-services in line with EU standards. It will continue to support public finance management by building capacities in revenue collection sphere as well as participation of BiH in various EU Programmes under the scope of Democracy and governance sector. It will support the effective justice, by strengthening the independence, transparency, efficiency, accountability and ultimately public trust in justice system of BiH and by enhancing cooperation between law enforcement and prosecution services; However, the EU assistance is linked to BiH's willingness to adopt the new Law on the High Judicial and Prosecutorial Council and the new Law on the Courts of Bosnia and Herzegovina, in line with European standards; to establish a credible and rigorous system of verification of asset declarations of judges and prosecutors, and members of the High Judicial and Prosecutorial Council; to apply consistently and significantly improve rules and practices on the appointment, integrity and training of judges and prosecutors and to ensure that a system of performance appraisal is in place. Without these reforms in place, the efficiency of EU assistance will remain limited.

As far as the Environment, climate action and energy sector is concerned, in the framework of EU Green agenda, the EU assistance will support key priorities that include energy efficiency in line with



just transition, decarbonisation, circular economy principles. It will further support alignment of the regulations and policies with EU environmental acquis and development of priority environmental infrastructure; it will also assist in reforming the energy sector and improve its energy and climate policies, implementation of energy efficiency measures as well as in supporting pilot green investments in local communities;

As for the Education, Employment and social policies, EU assistance considers necessary to address lessons learnt from COVID pandemic in education sector, by providing internet access for schools in remote areas, by training teachers to make best use of digital classroom an online tools and by improving media literacy among young students; It will continue to provide support to improve of Bosnia and Herzegovina's socio-economic situation and living conditions by enhancing the responsiveness of education to labour market needs, by offering to BiH a new instrument - Youth Guarantee scheme – to address the challenges of young unemployed population in BiH. EU assistance will further continue to improve internationalisation and mobility in higher education, contributing to the development of social inclusion policies in sport and pre-school at relevant levels, and better employability in local communities;

Lastly, in the medium and long-term period, the EU will continue to provide support to all six IPA II sectors, but in the architecture of the new IPA instrument- IPA III, whose Regulation and Implementation Regulation were adopted in September and December 2021 respectively and are valid for the period 2021-2027. The IPA II sectors have been merged and translated to Five IPA III Windows, each including its Thematic priorities. The main criteria for funding a particular sector will be *policy relevance* and *technical maturity* of Action proposals.

### Development partners 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, including international organisations (UN and its agencies, OSCE, CoE, etc.). The meetings 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, KfW and GIZ, in particular in the fields of transport, energy and environmental infrastructure, where the EU finances designs, studies, works and technically assists in helping to meet the conditions for investment by the IFIs. Moreover, the EU and the IFIs cooperate within the framework of the Western Balkans Investment Framework (WBIF).

In addition, the EU Delegation maintains regular cooperation with other donors through bilateral meetings and/or sector working groups related to areas of judicial reform and juvenile justice, fight against corruption, public administration reform, agriculture and rural development, energy efficiency, environment, gender, human rights, social protection, employment and education, mine action, 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.

### 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

E-mail: [delegation-bih@eeas.europa.eu](mailto:delegation-bih@eeas.europa.eu)

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