

DONOR COORDINATION FORUM

MINUTES OF THE MEETING OF 7TH JUNE 2010

Participants

H.E. Mr. Michael Tatham, Ambassador, U.K. Embassy in BiH (**Meeting Co-Chair**)

Donor representatives

Mr. Boris Iarochévitch, EC
Ms. Ruvejda Aliefendić, British Embassy/DFID
Ms. Rini Bus, Embassy of the Kingdom of the Netherlands
Mr. Yuri Afanasiev, UN
Ms. Cristina Gutierrez, AECID, Spanish Cooperation
Ms. Aller Grubbs, USAID/US Embassy
Mr. Allan Reed, USAID
Ms. Deborah Bernlohr, US Embassy
Ms. Adrienne Galanek, US Embassy
Mr. Alexander Hall, US Embassy
Mr. Csaba Felegyházi, Hungarian Embassy
Ms. Kristina Milošević, ADA
Mr. Thomas Ruegg, Swiss Cooperation
Mr. Gerald Kühnemund, KfW
Mr. Axel Sachs, GTZ
Mr. Aris Seferović, UN
Mr. Eric Illes, SIDA
Mr. Florence Bauer, UNICEF
Ms. Kazumi Homma, JICA
Mr. Yukihiro Takeya, Japanese Embassy
Mr. Marco Mantovanelli, The World Bank
Ms. Lucia Desigis, UNDP

Government representatives:

Ms. Dušanka Basta, Sector for Coordination of International Economic Aid, Ministry of Finance and Treasury BiH (**Meeting Co-Chair**)
Ms. Željka Boljanović, Sector for Coordination of International Economic Aid, Ministry of Finance and Treasury BiH
Ms. Ljerka Marić, Directorate for Economic Planning BiH
Ms. Zuhra Talović, Directorate for European Integration BiH
Ms. Sanela Fazlić, PARCO

ACE project staff in attendance:

Mr. Richard Moreton
Ms. Jasminka Joldić
Ms. Meliha Zečević
Ms. Lejla Muminović

Meeting Agenda

- Welcome and Opening Remarks
- UK Government Assistance to BiH, Past, Present and Future
- Planned Piloting of Sector-Wide Approaches (SWAs) in BiH
- Proposed Amendments to DCF Functioning
- Tour de table
- Any other business

AD1: Welcome and Opening Remarks

The meeting was opened by Ms. Dusanka Basta, BiH MoFT/SCIA who welcomed the attendees and thanked them for their attendance.

A brief overview of the proposed agenda of the meeting was provided.

The attendees were asked to present their comments regarding the Minutes of the previous DCF meeting held on February 16, 2010. As there were no comments the Minutes were accepted as a true record of the meeting.

Ms. Basta proceeded to the next Agenda item and invited H.E. Mr. Michael Tatham, Ambassador, U.K. Embassy in BiH to deliver his presentation.

AD2: UK Government Assistance to BiH, Past, Present and Future

H.E Mr. Michael Tatham presented the past, present and future of UK Government assistance to BiH. The main highlights of the presentation are:

- Since 1992 DFID has delivered some GBP 80 million of development support of various types
- Joint up working is crucial and it has been achieved through a single country business plan which sets the strategic context to support BiH progress towards EU and NATO integration. Eight objectives are measured through a series of intended outputs and benchmarks, risk assessment and monitoring.
- The focus of DFID assistance from 1992 to 1999 was on emergency relief and reconstruction, while from 1999 the focus has shifted towards long-term strategic developments.
- DFID's support was delivered based on the three key country documents: the Country Strategy Paper, the Regional Assistance Plan (2004-2007) and since 2007 on the Country Business Plan.
- Since 2008 the aid programme has focused on PAR, public expenditure management, statistics and national planning.
- From February 2011 DFID's programme will graduate to the IPA Programmes, delivered by the EC, although some FCO programme funds will still be available for BiH after that date.

For more information please see the attached presentation.

AD3: Planned Piloting of Sector-Wide Approaches (SWAs) in BiH

Ms. Basta and Mr. Moreton jointly delivered a presentation on the planned piloting of SWAs in BiH, briefly explaining the intended process. The main points were as follows:

- A SWAp is a partnership approach that integrates the work of government, donors and other stakeholders; it is led by the government. It is in line with the Paris Declaration principles and is driven by those principles. SWAs represent an effective way of managing the public resources.
- SWAs are built around five core building blocks: a) a government owned strategy for the sector; b) sector donor coordination mechanisms as a part of the governance structure, c) a single financial framework, d) a monitoring system for delivery of strategy and financial resources, e) institutional capacity to manage the entire process.
- **Relevance of SWAs for donors** – the three major benefits for donors include: increased relevance of aid, focused technical assistance and the achievement of more for less.
- **Next steps:** two workshops will be held to discuss MIPD Programming and launch the sector approach mechanism, held jointly with the EC Delegation; a sector approach development plan will be prepared; a country workshop will be held in September 2010 about SWAs; a reform sector approach piloting proposal will be submitted to the BiH CoM in the autumn; a table of interest on preferred sectors will be sent to DCF donors; a follow up meeting on future work will be organized and donor working groups established; and an MoU between donors and the government will be negotiated (Sep.-Dec. 2010).

For more information please see the attached presentation.

AD4: Proposed Amendments to DCF Functioning

A discussion paper on proposed amendments to DCF functioning was presented, describing possible changes in regard to *the annual meeting structure and reporting from meetings*. Comments made in the follow-up discussion included:

- The government should maintain the coordination process and make decision on DCF membership rules
- Members of the DCF should meet for strategic reasons; the government should present its needs and donors should respond to the government's requests.
- In the preparatory phases of moving toward SWAp it would be good to learn what individual members of the DCF Forum are doing and this Forum could be the platform for the exchange of technical information focused on particular activities or programmes. This reduces the need for numerous bilateral meetings.
- A lead-donor and government coordinator in particular sectors could deliver presentations on progress or introduce the latest developments in the country in a specific sector. This would require the establishment of sector-coordination mechanisms.
- The idea of having sector project information sharing would be more effective than an overview of agency work and would improve synergy and collaboration between donors involved in a particular sector.
- Representatives of entity governments should be invited to attend the meetings.
- All donor activities should be linked to the country budget.

It was agreed that all additional comments or proposals related to this agenda item should be sent to MoFT/SCIA by September 2010, who would then prepare a draft proposal for submission to the next meeting.

Tour de table

Members were requested to inform the meeting of any interesting current activities:

Japan/JICA: JICA has conducted a preparatory study on IT education in BiH; two weeks ago a Memorandum of Understanding was signed and the technical cooperation project will start this summer. JICA is also planning to carry out an evaluation study in Srebrenica where an agricultural development project is currently being implemented.

EC: two weeks ago the IPA Programme for 2010, amounting to approximately €100 million, was given a positive opinion by EU member states. Some minor changes to the programme will be made. Other current activities are connected to the MIDP 2011-2013 and the series of 10 sector consultation workshops. Two of these will specifically deal with SWAp and be co-organized with MoFT/SCIA. During the summer the planning document for the next three years will be drafted.

UNICEF: Two months ago the new 5-year country action plan was signed with the BiH CoM. A programme on juvenile justice has started with the implementation phase working in two municipalities. Considering social inclusion, two important missions from EU countries and a number of reviews from DFID were conducted. In an effort to make these programmes sustainable and part of country systems UNICEF is currently negotiating with the BiH MoCV on the issue of how to link the Social protection and inclusion system (SPIS) with the country's forthcoming Social Inclusion Strategy (SIS). UNICEF is also participating in three MDG-funded projects related to country development, economic governance, youth employment and sustainability.

SIDA: the Country Development Strategy for BiH is in the final stage of approval by the Swedish government, which is expected to happen by 14th June. The annual allocation during the period 2011-2014 would be €17 million. The MoU for the Justice Sector Reform Fund is in the final stage of preparation and should be approved by the Conference of Ministers of Justice by 30th June. This assistance will be delivered through the BiH MoJ and entity MoJ budget support.

KfW: negotiations between the German and BiH governments on a significant fund allocation will take place at the end of June 2010. These funds will be used for a wind farm in RS and for the water and sewage sector in FBiH. More information will be available at the next DCF meeting.

WB: The Country Partnership Strategy will expire at the end of 2010 and the new programming cycle will start this year with the organization of a series of round tables on five relevant topics bringing together international experts and domestic stakeholders. The round table discussions will cover various issues such as competitiveness, employment, pensions etc and will be concluded by July 2011 followed initial conclusions. The World Bank is currently implementing 17 projects with a total value of USD 0.5 billion. Traditionally implementation of the WB portfolio is affected by delays in effectiveness and this year the WB worked together with the government on the acceleration of disbursements. Every

year there is approx. 24-25% of undisbursed balance. The WB's focus areas are infrastructure at the municipal level and two large national energy and road projects with EU donors; environment, agriculture, forestry and the social sector. Future support includes budget support to mitigate the impact of the global economic crisis and support to structural reforms in the country, Donors attention was drawn to the document Public expenditure review which highlights strengths and weaknesses through the lens of relevant topics.

Austria/ADC: Two weeks ago ADC signed an agreement with the BiH MoCA aimed at strengthening the capacity of the MoCV to participate in EU programmes; on June 8th a contract will be signed with the state Court Registry as a continuation of the support for the justice sector over the next three years; and during June 2010 a third contract will be signed for the delivery of assistance to mine victims.

Hungary: The Country Development Strategy for BiH will expire this year and BiH will remain a priority country for Hungarian development aid assistance. Three mayor projects closed recently: the establishment of EU Info Centers and EU Info points funded together with the EC and DFID; the creation of common standards of history education toward reconciliation (with OSCE); and support to the Aarhus Convention implementation in BiH with the establishment of a website.

USAID: four particular activities should be highlighted; last month USAID started an energy efficiency program to promote and expand the use of clean, safe, affordable and energy efficient technology for a total value of USD 4.5 million, aimed at private SMEs; the strengthening independent media programme amounting to some USD 5.7 million will be launched soon, with a focus on improving the state regulation body and strengthening media associations and building the quality of investigative reporting; there is some hope that later this year USAID will proceed with an MoU signed between USAID and Sweden/SIDA in Washington encouraging the two agencies to jointly fund loan-guarantee programs, which could start in BiH by providing credit guarantees for SMEs; and finally USAID is completing the youth assessment program which will be used in the future programming of aid. This report will be available for everyone who is interested.

UN: UNDP is starting a five-year program cycle. The country programme will be signed in next couple of weeks, and the UNDP is now in the development cycle of new project activities. This year the UN system's support to BiH should be just under USD 50 million. UNICEF, UNDP, UNHCR together amount to USD 40 million and the other UN agencies account for the balance.

Next Meeting

Ms. Basta thanked attendees and invited members to propose the meeting chair for the next meeting. It was agreed that the next DCF meeting will be chaired by USA/USAID and will be held in September 2010.

The meeting closed at 12:30.

SCIA, June 2010