

DEVELOPMENT PARTNERS COORDINATION FORUM (DCF)
MINUTES OF MEETING, NOVEMBER 30TH, 2022

Participants

Ms Dusanka Basta, Assistant to the Minister, BiH MoFT, Mr Stefano Ellero, Chief of Cooperation, EU Delegation to BiH (**Meeting Chairs**)

Donor/IFIs representatives:

Ms Taru Kernisalo, EUD
Mr Karel Lizerot, EUD
Ms Kristel Illaste, EUD
Mr Frantisek Palko, DAI
Mr Aleksandrs Antonovs, Suez consulting
Ms Aris Seferovic, UNRCO
Ms Ingrid Macdonald, UNRCO
Mr Adam Drosdzol, KfW
Ms Vernesa Lavic, USAID
Mr Stepan Santrucek, Embassy of Czech Republic
Mr Patrik Turosik, Embassy of Slovak Republic
Mr Edward Munn, UK
Mr Josip Polic, EBRD
Mr Adis Berberovic, Japan/JICA
Ms Mersiha Behlulovic, Italy /AICS
Ms Bernardica Peris, Embassy of Croatia
Mr Omer Car, Suez consulting
Mr Tarik Praso, Suez consulting
Mr Milos Markovic, Suez consulting
Ms Lisa Curman, Embassy of Sweden
Ms Samra Bajramovic, The World Bank
Mr Christopher Sheldon, The World Bank
Ms Mersiha Alijagic, Embassy of Switzerland
MR Stephane Maicon, Embassy of France

Government representatives:

Ms Ana Savic, BiH MoFT
Mr Zoran Danilovic, BiH MoFT
Ms Bruna Kjuder, BiH MoFT
Ms Zeljka Boljanovic, BiH MoFT
Mr Ibro Omerbasic, BiH MoFT
Ms Vera Letica, BiH MoFT
Ms Radmila Pustahija, BiH MoFT
Mr Vedran Knezovic, BiH MoFT
Mr Iva Grubescic, BiH MoJ
Mr Senad Lulo, DEI
Mr Alija Aljovic, MF FBiH
Mr Macura Bojan, MF RS
Ms Maja Peric, MF RS
Ms Aida Daguda, CPDC
Ms Aneta Raic, PARCO

● Meeting Agenda

- **Welcome and opening remarks**
- **EU Project "Further Support for Public Finance Management in BiH" - EU Delegation to Bosnia and Herzegovina**
- **EU Project - "Managing public investment for results: Public Investment Planning and Management System" – PIPMS**
- **PEFA (Public Expenditure and Financial Accountability) assessment**
- **Tour de table – Main current and planned activities (DCF participants)**
- **Closing remarks**

● AD1: Welcome and opening remarks

Ms Basta, welcomed all participants to the DCF on behalf of the Ministry of Finance and Treasury and expressed satisfaction with the number of participants at today's meeting. Two very important projects will be presented by the team leaders of these projects. The first Project "Further Support for Public Finance Management in BiH" will be presented by Mr Palko and the second project dealing with program budgeting "Managing public investment for results: "Public Investment Planning and Management System" – PIPMS, intended to improve public investment management in BiH, will be presented by Mr Antonovs. Also, PEFA assessment will be presented as a part of the PIPMS Project. Ms Basta then announced that Tour de table will take place towards the end of the meeting where meeting participants will briefly inform (3 of 4 minutes) on their current and planned activities.

Ms Basta then gave the floor to the meeting co-chair, Mr Ellero, Chief of Cooperation in the EU Delegation.

Mr Ellero, expressed his satisfaction to be the co-chair of the meeting and welcomed all participants. He added that today's two projects are supported by the EU, support to PFM program based budgeting and managing public investment for results and Public Investment Planning and Management System - PIPMS. These two projects are related to 3 crucial elements of the EU cooperation and partnership with BiH, which is trying to adhere to the commitments of the principles of the Paris Declaration on Aid Effectiveness and also strongly supporting BiH in its efforts to become candidate country of the EU. There will be an important appointment in December with the European Council that will discuss this candidate status. Also, there is a quite significant challenge in terms of the socio-economic crisis due to the close sequencing of the Covid pandemic and now the war in Ukraine is affecting globally the economy, particularly in the energy sector. Starting with the aid effectiveness, it's clear that donor coordination is a very difficult task to do. It increasingly becomes an urgency to do one's best altogether due to the fact that all those challenges including climate change, Covid and the war will have a huge impact. The resources are limited, they need to be used in good manner, and the only way is to try to work altogether in such effort. This effort should also involve the civil society and the private sector because this is a matter of ownership, which is the reason he is co-chairing and definitely not chairing this meeting, since donor coordination is necessarily the task of the government and is very important. Minister of finance should have the overlook how all the resources are assembled and harmonize this funding with the strategies of the country and align them with the priorities of the country. These two projects dealing with programme based budgeting and investment planning are exactly boosting instruments to harmonize and align the processes with the country's priorities and strategies. They sure will give substantial contribution to aid effectiveness in the sectors. In terms of BiH alignment with the EU *acquis*, these 2 projects also provide the instruments and the knowledge on how to align with the EU *acquis*. Also, they are the instruments that are supposed to improve the economic performance of the country which is one of the criteria for accession that are often disregarded, but there is a convergence of the BiH economic system towards the economic system of the EU member states, in order to have the economy able to stand and integrate with the EU economies. This is also an element of improvement of the public/domestic resources management, which is absolutely crucial to achieve this result of convergence of BiH economy towards the EU economies. For this purpose, the EU has other instruments in place which were discussed by the Commissioner during his visit in the last two days, which is the Economic and Investment Plan for Western Balkans 2021- 2027 (EIP). However, there is no EIP and no externally resource mobilisation without a proper mechanism pushing investments and setting domestic resources right from outside. The EIP totals 9 billion grants from the Commission that are supposed to leverage 20 billion of resources of the private sector investment. But without clear transparent management of resources by BiH and regulations and conducive environment for investment, these 20 billion will not materialize. The 9 billion grants are good but definitely not enough in terms of boosting of the convergence of the BiH economy towards the EU.

Finally, Mr Ellero noted that in two days in Brussels it will be discussed on the approval of the budget support of the energy package for the WB 6 countries. This package is a novelty for the Commission with BiH, since it is the first time they are implementing the budget support. These 2 projects plus PEFA are intended to improve the efficiency and the transparency of the country's systems. Transparency criteria is important for eligibility for the budget support, the "so called" budget implementation transparency. These criteria together with others will be checked always before payments of the budget support and before implementation of all the phases, so it is every important to make progress in terms of the transparency of the budget cycle implementation. He concluded he was glad having the opportunity to discuss these crucial elements of coordination, crucial for making good and effective use of scarce resources and boosting the approximation of BiH towards the EU *acquis* and enabling the use of more effective and more relevant instrument on the EU side such as the budget support. He added that the EU remains fully committed to aid effectiveness, to boosting the accession process and announcing the partnership with BiH, with the hope to work with all the partners attending DCF meeting in the same spirit.

Ms Basta, commented that aid coordination and aid effectiveness, coordination and effective coordination among all participants, BiH Institutions, development partners and civil society is of crucial importance. In this sense, she announced that Ms Dagoda from the CPDC will present their activities today. It is important to mention that the BiH, e.g. Ministry of Finance and Treasury have registered BiH for the next year monitoring round of Global Partnership for Effective Development Cooperation. When this survey starts, all meeting participants will be involved and informed accordingly. Ms Basta asked all to do their best in this survey, in order to show some progress in this country. The last monitoring round took place in 2018 when lots of information was not available, due to the manner and insufficient sources to fill in the survey, so BiH was not appraised very well. She expressed the hope that next year monitoring round will be better than the last one and added that the ownership is every important, and all those basic

principles stated in the Paris Declaration are equally important. Harmonization of activities, ownership of the country for its own development and all that was stated in the Paris Declaration, now it is called the development of effective cooperation among all development partners and all stakeholders in the country. She concluded that in the next year monitoring round she expects full cooperation and participation of all stakeholders.

Ms Basta then announced the first item on the Agenda, the project financed from the EU resources "Further Support for Public Finance Management in BiH", which will be presented by Mr Palko, Project Team Leader.

● **AD2: EU Project "Further Support for Public Finance Management in BiH" – EU Delegation to BiH**

Mr Palko, Project Team Leader, welcomed all participants to the DCF meeting and introduced himself and the experts from his team as well as DAI Company as a leading consultation company for TA projects with portfolio of more than 50 EU projects all over the world. Mr Palko then presented the Project "Further Support for Public Finance Management in BiH" which will last for 32 months starting from July 1, 2020, and then elaborated in details on project objectives, purpose, mission and its beneficiaries as well as types of project activities.

The main highlights of the Project: "Further Support for Public Finance Management in BiH"

- Structure of the NKE Experts
- Project objective – improve PFM in BiH by increasing expenditure effectiveness & Project purpose - help BiH authorities to improve budget planning process & Expected results: improved programme budgeting process and alignment with mid-term policy planning processes; human resources capacities for programme budgeting improved
- **Mission of the Project and its Beneficiaries**
- Relevance of the Project to BiH's reform efforts in the PFM area
- Key words of Implementation Mission: Motivation/ Innovation/Cooperation
- Beneficiaries – main target groups: BiH Institutions, Federation of BiH, Republika Srpska, Brcko District
- Structure of Budget Stakeholders - direct & indirect budget users
- **Project activities and deliverables during the Implementation Phase**
- Components/Results – Component 1 (Methodology approach) and Component 2 (Training workshops)
- **Types of project activities:** 1. regulatory framework and methodology; 2. implementation of new budget approach and new methodology in budget process of all budget users at all levels of government in BiH; 3. human resources capacity building at all levels of ministries of finance and all budget users in BiH and FDBD; 4. related activities in IT Budget Support and IPSAS standards
- Improving Budget Framework through necessary amendments of relevant laws/Preparing Framework for new Budget Approach
- Preparing Public Policy-related Integrated Budget Planning System Methodology / Preparing and Implementing Action Plans on Defining Budget Programme based on Policies and Service Providing Areas
- Assistance to Budget Users in Identifying Programmes and their Elements, in Analysing Programmes and Programme Elements and their Final Processing & Drafting Methodology for Measurement of Performance and Assistance to Ministries of Finances in Implementing
- Analysis of needs for Upgrading Budget Preparation Software (BPMIS) and Treasury System, Overview of Programme Structure and Implementing the Upgrade & Gap Analysis of IPSAS Standards, Implementation, with Recommendations
- Roll out of BPMIS & Analysis of Possibilities for Removing Functional Defects of BPMIS in BD BiH / Defining Training Programmes and Implementation of Training for Lecturers/Trainers on Programme Budget and its Relation to Strategic mid-term Plans
- Training in Programme Budgeting Concepts and Methodology & Training of Employees in Budget Sectors in Order to Enable Them to Provide Adequate Training to Other Budget Users & Study Visits
- **Preparation of the end of the Project**
- Completion Phase was initiated
- Communication Strategy
- Exit Strategy

For more details, please see the attached presentation

Mr Palko concluded that this Project is a very good example when the expert team knows to cooperate with beneficiaries, since all achievements and results of this Project are the common results. He thanked to Ms Basta, Ms Peric, Ms Pustahija and Mr Aljovic for their excellent cooperation as well as to Ms Kernisalo for her support and cooperation.

Ms Basta noted that in terms of cooperation with this Project primarily focused with programme based budgeting, it helped a lot the Ministry of Finance and Treasury Sector for Financial Planning of Development and Coordination of International Economic Aid which is dealing with mid-term planning, since it is partly related to enhancing and improving the mid-term planning. The progress was made and the mid-term planning process was improved at the level of BiH institutions, where program budgeting and mid-term planning are closely connected and harmonized. They are in the final stage to make the decision on changes to the decision on the mid-term planning and later on to change the software which will support this process. In this sense, she praised the work of Mr Palko and his experts, since they conducted this Project in a perfect manner. She reminded also that the DCF minutes of meeting and all presentations will be uploaded in English language at the DCF web site www.donormapping.ba, where all previous presentations and minutes of meeting can be found as well. Ms Basta then opened discussion about this Project.

Ms Peric, MF RS, thanked for comprehensive presentation and confirmed that they had perfect cooperation not only with the Project experts, rather with all Project participants. Although they have different PFM system in the RS, there is a very harmonized

system in the country. However, they will all will work jointly and be satisfied with the results. The important thing is that the base was set with this Project IPA 2017, the base for hopefully successful implementation of IPA 2020, which is the follow-up of the Project Further Support for Public Finance Management. As Mr Palko said that within this Project 2017, certain activities were done in terms of the preparation of technical specifications for further supply of the IT system according to gap analysis of the IT needs.

Mr Aljovic, MF FBiH, Assistant to the Minister for budget, agreed with Mr Palko's presentation and confirmed that this Project was successful and a lot has been done so far. Federal Ministry of Finance started to implement the program based budgeting and they even adopted the law and intend to start the program based budgeting and prepare budget for 2025. He concluded it is crucial for them to continue with this activity and the IT system will be the crucial step in the next period. Hopefully they will succeed to get this IT system on time and start this very important PFM reform in BiH and the FBiH, particularly since there are 10 cantons in the Federation waiting for them also to start the implementation of the program based budgeting. This is just one of the reform activities going on in the Federation of BiH.

Ms Basta then announced the second item on the Agenda, the project financed by the EU Delegation "Managing public investment for results: Public Investment Planning and Management System" – PIPMS, which will be presented by Mr Antonovs, Project Team Leader, while Ms Kernisalo is the Project Manager.

• **AD3: EU project "Managing public investment for results: Public Investment Planning and Management System" – PIPMS**

Mr Antonovs, introduced himself and noted that this Public Investment Planning and Management System Project is the EU funded project from IPA 2016 which will last for 2,5 years starting from January 2022. It is based on previous assistance that BiH had from SIDA 2013-2015. Mr Antonovs then continued with the presentation of the content, components, progress of this Project, his team and partners - the 3 ministries of finance – BiH, FBiH and RS. The Project builds on a synchronized public financed system so, whatever developments they agree with project partners they will continue to implement them in a synchronized manner.

The main highlights of the Project: "Managing public investment for results: Public Investment Planning and Management System" – PIPMS

- **Origin of the Project** – SIDA 2013-2015 "Development of Capacities in BiH and Entity Ministries of Finance for Effective Public Investment Management" (PIP-DIP) & EU IPA 2016: "Managing Public Investment for Results: Public Investment Planning & Management System" (PIPMS)
- Project started in Sept. 2020 and re-started in Jan 2022 & PEFA assessment initiated in May 2022 across 4 levels of government
- Project Partners- Ministry of Finance and Treasury of BiH, Federal Ministry of Finance and Ministry of Finance of RS
- Project Team – Milos Markovic, Key Expert 2, Omer Car, Key Expert 2, Tarik Praso, Project Manager and 11 non-key experts.
- ToR: Overall objective – develop Planning and Public Investment Management System to enable **results-based management** of public investment expenditures built in **strategic plans/programs** and properly **budgeted plans**
- ToR: Specific objectives - improve **identification/formulation/prioritization** of public investment projects & improve their management, monitoring, reporting and evaluation & contribute to better **planning, budgeting and reporting** of public investment expenditures & contribute to more effective **debt management & consolidate the results** of the previous PIP-DIP project & **enlarge the coverage** of the previous project to all government levels and majority of government institutions in BiH.
- Structure of the Project– Component 1, 2 and 3
- Deliverables 1/7: Component 1 -Analysis and reforms proposals to public investment management / GAP analysis & Institutional Best Practices in Public Investment Management
- Deliverables 2/7: Component 1 -Analysis and reforms proposals to public investment management / Support to modernisation of PIMIS
- Deliverables 3/7: Component 2 - Capacity Building for Public Investment Management / Study visit to Bratislava
- Deliverables 4/7: Component 2 - Capacity Building for Public Investment Management / Capacity Building for Stakeholders, Training for BiH Institutions
- Deliverables 5/7: Component 3 - Public Expenditure and Financial Accountability Analysis / PEFA assessment preparation
- Deliverables 6/7: Component 3 - Public Expenditure and Financial Accountability Analysis / data collection, **analysis and drafting PEFA assessment**
- Deliverables 7/7: Communication Activity – Communication Strategy and Plan
- Next period 1/3: Component 1 - Analysis and reforms proposals to public investment management
- Next period 2/3: Component 2 - Capacity Building for Public Investment Management
- Next period 3/3: Component 3 - Public Expenditure and Financial Accountability Analysis

For more details, please see the attached presentation

Ms Basta commented that this Project faced lot difficulties from the start, it was suspended for almost a year and re-started in late January 2022. She expressed satisfaction that the gap analysis was done previously at all 3 levels before jointly preparing the PFM Strategy for BiH institutions at the state level. All those activities and results are incorporated in this Projects' ToR and implementation. Gap analysis was prepared as a starting point to work, to harmonize and achieve what was planned. Putting aside the study tour, the workshops related to this Project, the work is what is important. The important thing here are the ToR specific objectives, to improve formulation, identification, prioritization and monitoring of public investment projects, since there is less money each year. DMR 2021 Report is shared with the DCF members, which was adopted by the Council of Ministers of BiH. However, the conclusion from this session was not received yet, which is the reason that the Report has not been uploaded at the

DCF web site. However, all DCF members have received this document in electronic form through the e-mail. So, in such times when there is less money each year, they have to be very careful how to spend this money and what are the priorities. This is exactly why this project is important. To make prioritization, first to identify, to formulate the projects and later on to prioritize and see which sector is most important, although in this country all sectors are equally important. However, quality prioritization should be made based on mathematics not on somebody's wishes, in order to monitor how the projects are implemented, particularly in the entities, RS and Federation where huge infrastructure and energy big projects are in implementation, while there aren't many such big projects at the state level. In this sense, in the coming period they will try to achieve what was planned through this Project. So far, the most important thing is that the GAP analysis has been prepared. This GAP analysis has good recommendation and as a starting point is good. Ms Basta finally concluded that PEFA is a part of this PIPMIS project, an important part but only a part, not a separate project.

Ms Basta then opened the discussion and asked if anyone has comments or questions.

Mr Lizerot, EUD, asked a rhetorical question regarding the issue that was not discussed at today's meeting, e.g. the lessons learned on sustainability, and the ownership. GAP analysis was mentioned and everyone is very happy about the projects which are very good, but is this really the reality and what is going to happen next. He gave the example of program budgeting. There is a question of continuation which is indeed foreseen with IPA 2022- 2024, program budgeting should be expanded to all levels. What was learned from the current closed project on the state level? How is that sustainable, for example those who would have been trained at the state level, why they cannot pass that knowledge to the subsidiary levels of the country. As Ms Basta mentioned there is less and less money each year, and TA cannot be here forever, SIDA, EU and others. There should be more discussion about the real issues and actually phasing out eventually. Also, IT systems have to be updated and maintained, since they are not static systems and require lot of continuous efforts. Investing in people in terms of training, the question is if they are going to stay in the states' public administration. Such content is missing from today's discussion.

Ms Macdonald, UN, introduced herself as the UN Resident Coordinator in BiH and in reference to this agenda item, noted the ongoing joint efforts between the United Nations and the authorities in BiH on the SDG Framework in BiH that has been adopted by the Council of Ministers, Entity Governments and Brcko District BiH in 2021. She also noted the complementary efforts of the United Nations and the SDG Financing Working Group in BiH, which includes the BiH Ministry of Finance and Treasury and ministries of finances across the entities and cantons geared towards development of the SDGs Financing Framework in BiH, which is one of the key priorities of the G20 as well as the priorities of the member states, which is normally called the Integrated National Financing Framework. Within this context, she recommended closer coordination of these efforts undertaken by the EUD and the overall SDG financing as they seem to relate to each other and may have complementarities to be considered. In addition, she referred to the ongoing efforts by some UN agencies in BiH on program budgeting and how it relates to the gender aspects focusing on different sectors, particularly in Canton Sarajevo, which can provide some useful information, assessments and lessons learnt for consideration. She concluded that this is also the key priority for BiH as well as many of the member states represented here to actually strengthen gender dimensions of the program budgeting.

Mr Antonovs, confirmed that model project selection criteria will include the gender aspect. However, they are not only thinking in terms of the gender, but basically including development is the word of the game, and here they are dealing with quite a number of marginalized groups not just related to the gender situation. This is the perspective they are taking at the moment regarding this issue. He added that how much they expanded the Green Agenda is a very strong aspect here because it is the EU project. The part with same issues already with the level of the Gap analysis is project generation and who is coming up with the projects. Most of those projects are institutionally based and not a lot coming from the community. This is the aspect they are looking forward to address at the capacity building stage. There is probably a lot that can be done but this is what they plan to do within the project, which can be addressed through the public investment management.

Mr Palko, agreed with Mr Antonovs that gender approach is one of the basic factors of his project. They are communicating and working with other projects about this mainly at the level of their key expert. This cooperation is going on intensively.

Ms Peric, responded to the previous question from the EUD colleagues. In her opinion especially referring the Component 2, Further Support for Public Finance Management will provide the sustainability of the project in the country especially in the part training of the trainers because they conducted such training for the trainers as well as training for the budgetary users. There should not be just one, two, five trainings of the budgetary users especially if they are going to introduce the system in 2025 as mentioned by Mr Aljovic. Basically, a lot of trainings will be done by the people in the country especially by the ministry of finance at each level of the government, since this is the key component which will increase the capacities of people in the ministries as well as other budgetary users they have selected in the project. In terms of further implementation of the Project, they succeeded with sustainability of the project which set the base for implementation of the 2020, while in 2024 they will expand this project event to the local community in terms of passing the budget with the program based budgeting. Ministry of finance at each level of the government will have the key role here. However, additional funds will be needed in terms of IT system needs at deeper level of governance in the country. In terms of the gender responsive budget concept, they introduced the concept at each level of the government. They have Gender Agency which is directly involved and now there are ongoing projects dealing with this specific issue, however the RS budget as well as other budgets has the gender responsive budgeting component already introduced. Also, more can be done when the action documents are prepared, which have the mainstreaming point, where the emphasis was placed not only on gender issue but rather on all the vulnerable groups how this project is going to be integrated and how these categories will be integrated including the gender issues.

Mr Palko, confirmed and supported what Ms Peric said regarding the trainers. Their experience is that these training sessions for trainers are not just that, but they used trainers for training sessions for budgetary users. They make sure that trainers can continue with that work after this Project ended. It was a very good experience during the first and the second week of November when they

delivered the last training session for budget users. Those trainers were very active during the training sessions and it was very good experience and knowledge for the next tasks in this area related to the human capacity development.

Mr Ellero, in terms of the mentioned instruments, he confirmed that knowledge sharing is the key element here. It is clear that all those instruments are in the end in the hands of the political level that make good or bad use of these instruments. In terms of project generation, it requires the system put in place to be inclusive, but then someone always decides on the priorities, etc. However, the relevant point in terms of donor coordination is that until now very often is insisted on the strategic approach to country wide strategies, entity strategies, etc. In case if these strategies are not costed, not budgeted, they are wishful thinking or theoretical instrument with no concrete impact on reality, because there are no financial resources to implement the strategy, which is nothing actually. Also, when project budgeting comes into play, in the multiannual financial framework, there is the fact that donor's support needs to be included together with the budget and domestic resources in a plan. In the end, these instruments can be used or misused or not used at all by the political level. However, in any case they should be in place at least at the technical level, learning how to use them and pushing them to use those instruments at least as a concept is crucial for donor coordination. Without these instruments in place, we are talking of theory and not the real achievement of results. They are crucial for any effective discussion on donor coordination. He added that now there are some discussions at the Council of Ministers regarding the migration strategy. It has huge political implication, but beyond that there was a discussion on how much it will cost and who is going to pay for that. There was a reaction by the minister of finance at the central level. These instruments are clarifying the cost and annual costing of these instruments and what can be achieved and what cannot be achieved within this strategy.

Ms Alijagic, Swiss, introduced herself as a person in charge of the economic development projects within the Swiss embassy and asked either representatives of the ministries or the EU colleagues to say a few words on complementarity of the presented projects and another one which is also co-funded by the EU and the Swiss government, also in the domain of revenue administration and public finance management reform implemented by the IMF. She considers them as very complementary and there are probably also other projects which are very complementary to the existing ones and presents ones. Also, in terms of the donor coordination and cooperation it would be useful to hear a few words on the existing synergies of complementarity.

Ms Basta, confirmed this is a very important question and that they are looking to see how projects are complemented and how they sometimes face the situation when one project is financed by 2 or 3 donors which are not communicating and harmonizing their activities. As for the public investment management, there is an ongoing project. However, in terms of the level of cantons, mainly municipalities, when they start working on the activities and specific objectives in the project of public investments, they will work closely with the projects that are implemented in public investment management at the level of municipalities. As for the budget support, there are several projects. She asked Ms Alijagic which project she was referring to.

Ms Alijagic said it was the project of revenue administration and public finance management reform co-financed by the EU and Swiss government and implemented by the IMF.

Ms Letica, MoFT, informed that this was a TA project, where the experts helped them over a couple of years to prepare the comprehensive Public Finance Management Strategy. In her opinion this TA project was very helpful. This project is ending and the next year they will no longer get their assistance.

Ms Peric, informed the meeting participants that they adopted the country PFM Strategy in BiH which is very important to communicate here with the donors. In June and July 2022, the Council of Ministers as well as each level of government adopted the same text of the comprehensive Public Finance Management Strategy, which was one of the key priorities for the accession of the country to the EU. This activity is also included in the action plan of the Public Administration Reform. It is not only that the comprehensive PFM Strategy is adopted but rather the framework for reporting on the PFM Strategy. Right now they are trying to prepare the first 2021 report since each level adopted the strategies for the same time period and this comprehensive strategy is basically the compilation of the 4 different strategies from each level of government. They are very happy to have done this, and now waiting for each level of government to adopt their reports on each individual strategy. The RS has adopted its first report based on its PFM individual strategy and now they are very much involved in the preparation process of the first comprehensive report which will serve and help many of the processes and some of the meeting participants to decide to engage in certain processes.

Ms Kernisalo, EUD, noted that the EU indeed has one project co-financed together and this IMF implemented project provided individual PFM strategies and comprehensive BiH PFM Strategy to develop. She added that today these two projects are selected as an example because they are considered to be of interest, while some other EU projects can be discussed at different venues. It is important to maintain these dialogues and make sure they are not overlapping. For instance, good example of joint cooperation is the joint briefing foreseen at the end of this week, regarding the mission that the IMF is conducting in Banja Luka concerning the fiscal risk management.

Mr Aljovic, MF FBiH, noted that Ms Peric made a good point what has been done in terms of sustainability of this project they are engaged in. On behalf of the Federation, he informed that they ensured not just the sustainability but also the political will since they adopted the amendments to the law prescribing they will start the implementation of the program budgeting. So, they assured the political will and they are now waiting for the IT system. They are waiting for involved stakeholders to start that activity and to ensure that the same IT system is set at all levels of the government. If the Federal Ministry of Finance purchased its own IT system, it could be different from the RS or the state level or even in cantons, if they purchase from IPA, then it will be the same system, the same structure, very similar structure, at all levels of the government.

● **AD4: PEFA (Public Expenditure and Financial Accountability) assessment**

Mr Markovic, introduced himself as one of key experts at the project, together with Mr Antonovs and Mr Car and he is also acting as PEFA Assessment Manager for BiH together with Mr Car. He elaborated in details what they try to achieve with PEFA, how they structured their approach and organized themselves while trying to deliver on PEFA objectives, how far they are with the process and what are the immediate next steps depending on the situation in the field. PEFA is basically the most renowned and recognized tool for assessing the status of Public Finance Management. In terms of the costing and gender responsiveness, they are pretty much covered with PEFA, in either of respective indicators or dimensions covering that. A step in ensuring the quality in PEFA is the fact that PEFA is controlled by the PEFA Secretariat, which controls the overall process from the inception to the end. Very important thing is that the methodology of PEFA is consistent with previous PEFA and enables the tracking of PFM performance over time. The last PEFA was done in 2014, based on the methodology which is not used anymore, however it is comparable with the new methodology, that enables them to track the progress over the past 8 years.

PEFA provides a thorough, consistent and evidence-based analysis of public financial management (PFM) performance at a specific point of time and covers the period of 3 FY. It follows the PEFA 2016 Framework, which has been applied over 220 times in more than 125 countries. It assesses and reports on the strengths and weaknesses of PFM using 31 performance indicators which are further disaggregated into 94 dimensions. PEFA enables governments to identify the ways to improve PFM systems but also serves as objective source of indicators and benchmarks for international organizations in various areas of PFM.

Mr Markovic then elaborated in details on PEFA key aspects, indicators, objectives and implementation arrangements as well as on the assessment team which has 2 team leaders, e.g. two teams working in parallel since all the work is done simultaneously.

The main points of PEFA (Public Expenditure and Financial Accountability) assessment:

- Key aspects of PEFA: internationally recognized tool for assessing the status of Public Finance Management; helps governments to improve PFM systems
- PEFA Indicators (31) and (94) dimensions under 7 pillars: Budget reliability, Transparency of public finances, Management of assets and liabilities, Policy-based fiscal strategy and budgeting, Predictability and control in budget execution, Accounting and reporting, External scrutiny and audit
- PEFA Objectives in BiH: obtain up-to-date status of national/entity public finance systems across BiH; further PFM capacity development, etc.
- PEFA Implementation: across 4 levels of government
- PEFA Implementation status so far
- PEFA Implementation status on-going
- Next steps

For more details, please see the attached presentation

Ms Basta, it remains to be seen what the results of this PEFA will show because the last PEFA took place 8 years ago in 2014, and maybe it is the right time now to see how they are standing officially. She added that maybe after PEFA is completed and verified by the respective authorities, then it could be discussed. Ms Basta then opened the discussion on this presentation.

Mr Macura, MF RS, informed that they have good cooperation with Mr Antonovs and his team, also thanked to Ms Kernisalo for her cooperation and concluded they expect hard work to be done for the next year.

Mr Ellero, noted that PEFA is indeed the analytical tool and not an objective *per se* which will help them to understand what are the main issues so they can concentrate their 'firepower'. Besides, a number of changes occurred recently e.g. the new Law on Public Procurement was passed by the Parliament. It would be great to see how they can actually help the country to implement this new Law and make sure that it brings the expected results in terms of improvements, effectiveness and transparency in usage of public resources. Mr Ellero is looking forward to the PEFA instrument and when Ms Kernisalo proposed to finance it, he was rather satisfied since they have available resources. PEFA is not a separate project but an amendment to the existing contract, which makes it easier for them to finance it since the EU has its own 'public procurement rules' which are very complicated. It is great opportunity now to have this tool at hand, some standardized methodology that will help them. There are new resources that have been requested for the PFM support, originally requested in IPA 2023. Unfortunately, IPA 2023 was completely redirected to the energy package or the entire Western Balkans, but the commitment of the Commission is to speed up the approval in IPA 2024, which will basically absorb the request for 2023. Part of the assessment has already been done due to timely reaction when this change took place in Brussels. Mr Ellero is really confident that at the beginning of 2023 they will be able to complete the approval process of this new support package and the aim of the Commission is to approve and sign everything on January 24, as the earliest date they can commit the funds for 2024. And if there is a good cooperation, they can start developing the ToR for the next steps IPA 20 (now for IPA 24), so that the moment the funding is available they can immediately start procuring. This is the future perspective and also there was a request. He asked Ms Kernisalo how much was the request and she said it was 3 mil to expand the budget approach to all BiH levels including cantons and some municipalities.

Ms Basta, noted when they reach the outcomes from the PIMIS project, they will really need the support from development partners in updating the PIMIS Information System, because it is almost 10 years old. They will need to harmonize with the objectives and results they need to achieve and after that they would need the support from development partners to update and upgrade the PIMIS Information System. All development partners are welcome to provide such support. For the sake of the newcomers at the meeting, she reminded that there is a Public Investment Management Information System where all the projects for the entire BiH are entered and available for the public for all levels, meaning that all projects from Republika Srpska, Federation, central level and District Brcko are in that Public Investment Management Information System. All projects are in PIMIS, the new projects, new or nominated projects which are asking for financing, project in implementation and approved projects. PIMIS System can be found on the front page at the web site of the Ministry of Finance and Treasury, where any one can enter and see all projects in BiH. It is important in BiH to have all projects for all four levels in one place.

Ms Basta, then announced the final point on the Agenda and opened the discussion.

● **AD 5: *Tour de table***

Ms Basta, on behalf of the Ministry of Finance, she reiterated that the 2021 Donor Mapping Report was delivered and submitted to the development partners for their use and added that the Ministry also registered for the new Global Monitoring Partnership round for Effective Development.

Ms Macdonald, UN, commended Ms Basta and her team for the fact they revitalized the Development Partners Coordination Forum. From the UN side, she emphasised that the development aid effectiveness is central in terms of their work. UN will continue to provide the support and its commitment in terms of moving forward with this activity. She confirmed that Global Monitoring Partnership for Effective Development Cooperation is really important and the UN will provide its support in this area. However, it is also important for all of the development partners here to really engage with it and to assess the status of donor coordination in BiH. In terms of the UN activities, it was emphasized that the new cooperation framework for the period 2021-2025, the United Nations Sustainable Development Cooperation Framework (UNSDCF), was approved by the BiH Council of Ministers and the BiH Presidency and signed together with the Chairman Tegeltija on behalf of the authorities in BiH. It is a 5-year partnership strategy fully aligned with the SDGs priorities in BiH as defined in the SDG Framework in BiH, and the EU priorities, as stipulated in the 14 priority recommendations, with 4 strategic priority areas: 1) sustainable economic growth, 2) the quality of education, health and social protection, 3) inclusive governance and rule of law and 4) social cohesion. This is the framework that guides all the activities and engagement of the 16 UN agencies, funds and programs operational in BiH. She informed that in 2021, as the first year of the UNSDCF implementation, USD 121 mil was delivered through the UN in BiH, in partnership with the relevant authorities in BiH as well as international partners. She used the opportunity to thank the donor community in BiH for their support and partnership and highlighted that substantial funds have also been invested through the core funding of the UN agencies. She also underlined formal establishment of the Joint Steering Committee for strategic oversight of the UNSDCF implementation under the co-chairmanship of the BiH Minister of Finance and Treasury and participation of the entity and Brcko District authorities. The inaugural meeting of this Committee was held in September reviewing the progress of the UNSDCF implementation to date and the current plans and budgets. At the moment, the UN is in the process of developing the 2023-2025 Joint Work Plan in support of the UNSDCF strategic priority areas which should be subject of review and endorsement by the Joint Steering Committee in the first quarter of 2023. It was also highlighted that in the efforts to further strengthen the transparency of the UN/BiH partnership, all the UN programmatic and funding information, including sources of funding, implementing partners, locations are now publicly available through the recently rolled-out digital platform UNINFO which can be accessed directly and/or through the UN website in BiH. Finally, Ms Macdonald informed that the UN will have the 2022 Common Country Analysis coming out in December which is conducted as a global tool for assessing the country context and informing the programmatic priorities at the country-level. In line with the requests from the Chairman and Entity Prime-Ministers, the UN is also facilitating preparation of the next social economic recovery agenda together with the authorities and international partners in BiH with initial stock-taking exercises conducted relevant representatives of the authorities in BiH and international partners, including the IFIs.

Mr Berberovic, JICA, informed on 2022 activities and the plans for the next year. Currently JICA has 3 on-going technical cooperation projects: Promotion of Mentoring Service in SMEs in the Western Balkans, with the main goal to improve and help SMEs develop the business by using the mentoring service, which will be done by volunteer mentors mostly from Japan and other WB countries. They will train other member candidates who will then use that knowledge and train the next group of people and so forth the 'endless' cycle will be introduced and ensure the sustainability. The implementation period of this project will be from January 2022 until December 2024. Implementing organizations are the BiH Ministry of Foreign Trade and Economic Relations, Federal Ministry of Development and Republika Srpska Development Agency. The next JICA project is the Project for Formulation of Sarajevo Public Transport Management and Operation Capacity Development Plan which will contribute to the improvement of the quality of public transport in Sarajevo, through various activities such as providing advice, vehicles and plans for improving organizational capacities of public transportation enterprises, etc. The implementation period of this project will be from July 2022 until June 2023. Implementing organization is the Ministry of Traffic of Canton Sarajevo. Last month, 8 employees from this Ministry had the opportunity to visit Japan for training. And the third technical cooperation project is the Capacity Building for Disaster Risk Reduction through the National Forest Fire Information System and Ecosystem Based Disaster Risk Reduction. At the start of 2023, the expert will arrive from Japan who will collect as many information as possible in order to make action plans for this project. Besides these 3 projects, JICA also has some smaller activities such as trainings in Japan that cover various fields. Unfortunately, due to the pandemics these trainings were done in an on-line format and recently with the improved situation the trainings are again held in Japan. In this FY, there were total of 10 trainings, while one more training will be organized at the beginning of 2023, related to Capacity Building towards Air Quality Management.

Mr Polic, EBRD, noted that EBRD is one of the leading investors in the public sector among the IFIs. In terms of the annual investments in the public sector, this year was not very successful, but quite modest for various reasons. They hope the next year will be much more successful and EBRD will continue to work in standard areas they cover, usually the transport including Corridor Vc. Now, EBRD is also active again in the Railway sector and in the Municipal sector, e.g. in the water and waste water with 2 projects under preparation. EBRD relies on PIMIS and always checks which projects are there. They also try to increase the activity in renewables (introduction in the district heating system) and energy efficiency, where they are currently focused on public buildings, but also trying to develop the product that will be suitable for energy efficiency in private housing.

Ms Curman, Sweden, informed that last year the Swedish Government adopted the Strategy for Sweden's Reform Cooperation with the Western Balkans and Turkey in the period from 2021 to 2027. In this Strategy there is a bilateral window for Bosnia and Herzegovina managed from the Swedish embassy in Sarajevo. In 2021, Sweden implemented around EUR 20 mil, while in 2022 the budget was slightly less. Until the end of the year, it will not be known what will be the budget situation in 2023. However, priorities in the Strategy remained. The first area covers human rights, democracy, rule of law and gender equality. They also have a few PFM related interventions that would be good to coordinate and discuss further both with the Ministry and other development cooperation partners at the meeting. For instance, they are also supporting gender responsive budgeting initiative that Ms Macdonald mentioned. Sweden has renewed focus on peaceful and inclusive society, trust building dialogue in the society and there is a new Swedish agency present in the embassy, the Folke Bernadotte Academy. Climate change and environment is another area and a priority for Sweden, with several on-going projects, which will remain as continuous priority, as well as the inclusive economic development as a support area for the Swedish Strategy. She concluded that Sweden appreciates that DCF meeting is taking place since donor coordination, coordination with the authorities and development effectiveness is prioritised by Sweden.

Ms Lavic, USAID, briefly informed that the USAID work through a 5-year Country Development Cooperation Strategy launched in early 2021. All of the USAID activities are dictated by this Strategy and their overarching goal is defined by this Strategy, which is that BiH citizens hold their government accountable, their participation in a robust, legitimate economy and value and promote an inclusive society. USAID plans to accomplish this overarching goal by improving economic conditions in the country, by strengthening social cohesion and increasing private sector growth as well as strengthening country's self-governance and accountability by increasing citizens' engagement, assisting media and reduction of corruption. She highlighted 3 activities that contribute most to these goals: 1. Tourism: USAID has the project in this domain and try to accelerate economic growth in this industry, generate more jobs and provide sustainable income, with TA provide means of accessing markets and improving their overall capacity; 2. Judiciary activity: USAID supports more effective independent and accountable justice actors and institutions and help them to better combat and reduce corruption and 3. Media engagement activity investigative journalism program: they work together to strengthen the information space in BiH and ensure that citizens have access to unbiased information. Ms Lavic concluded that the USAID constantly monitor and evaluate their activities to make sure they are in line with the Strategy, with the country needs and make sure to have the greatest impact while at the same trying to be complementary as possible to all the other donors and their activities in the country.

Ms Grubescic, BiH MoJ, informed that the Ministry of Justice of BiH and partner institutions in 2022 initiated the activities on development of the new Justice Sector Reform Strategy 2021-2027 and its Action plan. In this regard, Ministry of Justice of BiH in cooperation with other institutions in the Justice sector agreed on prepared methodology for drafting of the Report on self-assessment on implementation of the previous strategy and prepared the analysis on the current situation in the Justice sector in BiH. During 2021, WG was established for preparation of the new Strategy and the Action plan. As a part of project activities, MoJ prepared the draft of the new Strategy and defined the framework for monitoring, reporting and evaluation. Also, an overview of indicators was prepared along with the preparation of the new Strategy. During the development of the Action plan, the MoJ of Republika Srpska as a member of the WG, filed a note of withdrawing from this group, which challenged the finalization of this strategic document. Despite this issue, during the 2022, the MoJ continued consultations with other members, judicial community and Civil society in BiH in order to improve and finalize the draft strategy and overview of indicators. Due to the need to ensure wider consultation process, the MoJ organized 5 working meetings across the country in the past period. In addition to this, the

MoJ tried to organize the meeting with Republika Srpska representatives to reach an agreement and clarify misunderstandings and expectations from that process, but the meeting did not take place. Further steps in development of the Justice Sector Reform Strategy include the preparation of the cost plan. It is necessary to prepare the plan of implementation and evaluation, finalize the draft Action plan and send the proposal for the new Strategy and Action plan to the Ministerial conference for approval and to the Council of Ministers, the governments of the Federation, Republika Srpska and Judicial Commission of Brcko District for adoption. Donor aid monitoring is a part of monitoring the Justice Sector Strategy. Due to the mentioned problem during 2021 -2022, special forums of the Justice sector institutions and donor informing meetings did not meet regularly, which affected the efficiency. The main donor aid beneficiaries in the Justice sector are the HJPC, courts and prosecutors' offices. In line with the available information, the HJPC is preparing the donor conference that will be held on December 7, 2022.

Ms Alijagic, Swiss embassy, noted they currently have plenty of active projects in the embassy and they are focused on those projects which are in preparation for the next year. Basically all their activities are based on the Cooperation Strategy for Bosnia and Herzegovina 2021- 2024. The focus of the Swiss Government's activities is in the Health sector, Municipal service sector, Local governance and Economic development. In terms of the new projects for the next year, there will be one big project in the Health sector which is under preparation and two projects in the Economic development, one in Green Transition and the other Women Economic Empowerment.

Mr Munn, UK, confirmed that he completely agrees on the importance of donor coordination discussed upon at today's meeting. From the UK perspective, UK projects are grouped in 3 main categories: Security, where they work on cyber security; the second is Freedom and resilience program which is dealing with security and stability, promoting reconciliation and civil society, etc. and the third category is Serious organized crime and corruption. Their activities are focused on these 3 very broad objectives. In terms of the future activities and priorities, they are still waiting to find out what would be the budget for the next finance year following the recent situation in the UK with the new budget.

Mr Santrucek, Czech embassy, informed that Bosnia and Herzegovina is one of the priority countries of the Czech Development Cooperation. Their Strategy is focused on 3 main priority areas: Government and Civil society where they generally focus support on Institutions of Bosnia and Herzegovina with key topics - migration, food safety and generally implementation of the EU standards, and they also focus on the support to CSOs. The other priority is the Renewable energy where they focus on the use of renewables mostly for heating of public buildings in rural areas. The third priority is Water and sanitation where they focus on water supply and waste water management. Last year they joined the Water Alliance initiative of the donors here in Bosnia and Herzegovina. They invested around EUR 4 mil annually through the program, where approx. half of the funds were implemented through the Czech Development Cooperation which is the main implementation body of the Czech Republic, while the other half is implemented through the partnerships with their partners, local institutions, international organizations such as UNDP, IOM, UNBiH, etc. He concluded that their programing period will end next year and they are slowly starting the preparation of the new Strategy that will cover the period 2024-2030. In this regard, next year they will have the programing commission in BiH, which might approach some of the stakeholders, and make sure that their Strategy would be in line with the priorities of the country and also in line with priorities of other donors.

Mr Turosik, Slovak embassy, briefly noted that they are engaged in 3 different mechanisms: the first mechanism is direct support of the activities implemented through the UNDP which will be continued, the second are activities on the ground especially the activities they piloted last year, particularly focused on the youth which will be their upcoming priority in the next period. They also tested the joint cooperation with different embassies, previously Japan and this year with Switzerland, being very much open to such cooperation as well. The third activity is sharing Slovak expertise in terms of integration processes to the EU. They also have experience and very good cooperation in terms of migration and asylum, where they were asked to mentor different activities and next year they will even strengthen the cooperation with the Ministry of Security and the Agency for Work with Foreigners, all related to migration and asylum.

Ms Raic, PARCO, informed that they have recently extended the validity of the Public Administration Reform Strategic Framework and PAR Action plan for the next 5 years until 2027. Now they are in the process of preparation of the first progress report of the implementation of the PAR Strategic Framework and PAR Action plan. This Report should be completed by the end of February 2023 and it will be available to everyone. This is the first time they are using monitoring and reporting IT system for the preparation of this report which was a product of the EU funded IPA project and now they hope that the new IPA project from 2019 will start in the first half of the next year which will be support for implementation of the PAR Action plan and for the Par Strategic Framework. In this regard, tender procedure was just launched recently. This project will support the activities from the PAR Action plan in the areas of policy development and coordination and in the area of accountability as well as it will support PARCO, PAR coordination structure for the management and coordination of public administration reform and make proposal for future strategic direction on the PAR in accordance with the requirements with the accession process. Ms Raic concluded that they also plan for the next period to continue with their donor coordination meetings in the PAR sector and hoped that all participants from today's meeting will attend their meeting as well and support the Public Administration Reform in BiH in the future years.

Ms Dagoda, CPCD, thanked to the Ministry for the invitation to this meeting and introduced herself as the Director of the Center for the Promotion of Civil Society and also the chair of the Advisory Body of the Council of Ministers of BiH for cooperation with the NGOs. She proposed this body should be regularly invited to this type of meetings in order to have better exchange of information, ideas and better cooperation. She was glad to hear that many speakers today talked about the aid effectiveness, since them in civil society think about this also. She also shared some impressions with the meeting participants and noted that although aid effectiveness has at least four main principles, nobody is really satisfied with implementation of those principles, particularly local ownership and real partnership. This situation is reflecting on the Civil Society as well, which is the motive for them to organize special event in Sarajevo on December 12, the conference on Civil Society named "Civilka" where they wish to speak primarily

about those key aid effectiveness principles, such as local ownership, partnership and particularly about the results. As Civil Society, they wish to contribute to open such discussion and speak openly about all the challenges and lessons learned. Finally, Ms Dagoda invited all meeting participants to this event, and if not already invited they can send an e-mail via info@cpcd.ba.

Mr Drosdzol, KfW, introduced himself as representative of the German Development Bank which operates in BiH in the Framework of Bilateral Cooperation between Germany and Bosnia and Herzegovina, meaning they implement and finance projects agreed upon by both countries. KfW is the implementing agency active in various sectors. The highest priority of their activities is the energy sector. KfW has a mandate to support the country in transition from fossil fuels towards clean energy. They have already implemented various projects such as wind-parks, rehabilitation of hydro power plants, and overall have a big portfolio and lot of work ahead of them. MR Drosdzol also expressed the satisfaction that the country is interested to improve the public finance management since KfW's main contractual partners are the finance ministries at the state and entities levels which help them to contractualize their work. Their implementing partners are public state institutions which is why they are very interested in efficiency of public spending as well as the transparent procurement. All this is very important to KfW and helps them to intensify their work. So far, all KfW funds went directly to the projects, but in the future they will also probably support the budget based on what kind of financing it is, so it is important to have transparent and efficient spending.

Ms Peris, Croatia, informed that the Republic of Croatia provides financial support to many social sectors in Bosnia and Herzegovina. In 2021, Croatian Bilateral Development Assistance amounted to EUR 18,6 m, out of which the largest portion or EUR 13,6 m was directed to BiH. Major part of the assistance was focused on health and education sectors, culture, along with projects fostering agricultural and infrastructure development. Implementation of aid is carried out through the Ministry of Health, Foreign and European Affairs, Science and Education, Central State Office for Croats outside the Republic of Croatia, and Central State Office for Reconstruction and Housing Care. In 2021, through a public call, the Ministry of Foreign and European Affairs allocated financial contribution to the CSOs for development projects in the neighbouring countries. More than half of the projects are currently being implemented in BiH. For 2022, Public call for financing projects of international development cooperation of CSOs is currently open. In 2021, the Ministry of Health of Republic of Croatia is the largest provider of humanitarian and development aid to BiH (around EUR 7 m). It should not be forgotten that Croatia made significant donations to help fight the pandemic in 2021 and 2022. This includes emergency response to humanitarian needs (vaccine donations - around 300 000 doses, and emergency assistance) as well as the financial contribution to health care institutions in Bosnia and Herzegovina (EUR 12,9 m). Croatian Government announced an increase in financial support for projects and programmes in Bosnia and Herzegovina for 2023.

Mr Sheldon, WB, introduced himself as the new Country Manager for the WB and said he is glad that the DCF meeting are started again. Their Country Strategy called the Country Partnership Framework (CPF) was strongly endorsed by the WB Board and it covers 3 main areas: creating private sector inclusive jobs, improving government service delivery and thirdly working on environmental and climate resilience. The WB actually has a portfolio of USD 600 m in 10 investment projects. Under the new CPF, four of them were approved last year, in water and sanitation, agriculture, health sector, investment and employment support. Unfortunately, they are all still waiting effectiveness, since it takes 12 -18 months for projects to really start. In the next few months they are expecting to have the first of their policy operations to be approved for USD 100 m, based upon reforms that both entities are doing in the health sector as well as the Federation and Brcko are joining to the regional Sava-Drina project, while Republika Srpska is already part of this project. Plus, they hope to approve their forestry projects under their environmental pillar, the forestry project in Republika Srpska and the air quality project which has transport and household heating and environment monitoring in the Federation. In future years the WB will work in the transport sector, energy transition and engage in further work on real estate. In addition to the lending they also have a lot of TA underway with many partners here in the health sector, on state own enterprises and in other areas of reforms.

Ms Peric, noted that many of donors today presented PFM as interested area for them to be financed, and reminded that the comprehensive PFM Strategy has been already adopted and each of the pillars and measures in the Strategy have one tick box that says whether TA is needed or not. This Strategy can be a good path for donors to see what are the needs of the country in the next 5 years in the area of the PFM Strategy which is available in English and it clearly states if certain measures should be supported by the TA. She concluded this can be useful for donors in the country to oversee what projects are relevant and mature in this area.

Ms Basta, thanked all participants for their attendance at today's meeting and closed the DCF meeting.

The meeting was closed at 13:45 hrs.