

DEVELOPMENT PARTNERS COORDINATION FORUM (DCF)
MINUTES OF MEETING, MARCH 22ND, 2023

Participants

Ms Dusanka Basta, Assistant to the Minister, BiH MoFT, Mr Christopher Sheldon, Country Manager, The World Bank in BiH
(Meeting Chairs)

Donor/IFIs representatives:

Mr Christopher Sheldon, The World Bank
Ms Samra Bajramovic, The World Bank
Mr Igor Palandzic, The World Bank
Mr Ramon Munoz-Raskin, The World Bank
Mr Karel Lizerot, EUD
Ms Normela Hodzic Zijadic, EUD
Mr Stefatic Goran, UNDP
Ms Steliana Nedera, UNDP
Mr Aris Seferovic, UN
Mr Marko Polajzer, Embassy of Slovenia
Ms Lea Thurm, Embassy of Germany
Mr Emil Ahmagic, USA
Ms Manuela Naessl, EBRD
Mr Stepan Santrucek, Embassy of Czech Republic
Ms Neira Buco, Embassy of Czech Republic
Mr Neil Kavanagh, UK
Mr Ognjen Grijic, Embassy of Norway
Mr Adin Ibisevic, Embassy of Norway
Mr Tomislav Lentic, Embassy of Croatia
Mr Rigollet Sylvain, Embassy of France
Ms Siroco Messerli, Embassy of Switzerland
Ms Eva Gibson-Smedberg, Embassy of Sweden

Government representatives:

Ms Dusanka Basta, BiH MoFT
Ms Ana Savic, BiH MoFT
Mr Zoran Danilovic, BiH MoFT
Ms Bruna Kjuder, BiH MoFT
Mr Vedran Knezovic, BiH MoFT
Ms Iva Grubescic, BiH MoJ
Mr Filip Kresic, DEI
Ms Aida Daguda, CPDC
Ms Dalila Ajnadzic, PARCO

● Meeting Agenda

- **Welcome and opening remarks**
- **The World Bank - " Overview of the Portfolio and New Country Partnership Framework (CPF) 2023-2027"**
- **Celebrating World Water Day - Water Alliance – International Partners cooperation to address water services issues in BiH – The World Bank and Partners**
- **Tour de table – Main current and planned activities (DCF participants)**
- **Closing remarks**

- **AD1: Welcome and opening remarks**

Ms Basta, on behalf of the Ministry of Finance and Treasury and her team welcomed all colleagues and DCF members to the second DCF after the corona. It is a great pleasure to co-chair today's meeting with the colleagues from The World Bank since the information and presentation which will be presented by Mr Sheldon will be interesting for all meeting participants. Also, the topic of the World Water Day is very important due to the fact that water is of crucial importance although it is taken for granted. She hoped today's meeting will be as productive as ever and gave the floor to the meeting co-chair, Mr Sheldon, Country Manager of The World Bank in BiH.

Mr Sheldon, thanked for the warm welcome and the Ministry for the invitation to be the co-chair at today's meeting and announced the presentation of the Overview of The World Bank program and the new 5 years strategy - Country Partnership Framework. He introduced himself as the Country Manager of the WB for BiH and Montenegro for the past 1.5 years where his first task was to develop the new World Bank 5 years strategy. The World Bank has a long history in BiH, already engaged in the country during the conflict and the time of the Peace Agreement. The World Bank also has a long and good partnership with Bosnia and Herzegovina, and this year it will celebrate 30 years anniversary of its presence in the country.

- **AD2: The World Bank - "Overview of the Portfolio and New Country Partnership Framework (CPF) 2023-2027"**

Mr Sheldon, presented the current portfolio of The World Bank and their plans for the next 5 years. The World Bank is a global development bank with shareholders in 189 countries including BiH, with more than 10 000 staff from 170 countries. The WB whole objective is to end poverty and to increase shared prosperity. They have around USD 46 billion in 12 000 projects supporting emerging economies across the world. The World Bank Group is made of different parts, all of which are active in BiH - IDA, IBRD, IFC, MIGA and International Centre for Settlement of Investment Disputes. Initially when the WB was engaged in BiH they had a lot of work done with IDA, a lot of reconstruction work, and grant money came to help the country rebuild. In mid 2000s, the WB transitioned to the IBRD (borrowing and lending) and all of their projects are currently done with the IBRD. IFC office is also based in BiH, and they focus on private sector development, trying to support the growth of the private sector in the country. There is also Multilateral Insurance Guarantee Agency (MIGA) and in the next few weeks there will be a presentation to the business community about their insurance products, also to attract the private sector. International Centre for Settlement of Investment Disputes is also present in the country. This full World Bank Group supports the country with its economic growth and development.

In terms of the WB instruments, Mr Sheldon noted that the bank is not just about **Financing** but actually one of the main things the WB does is **Knowledge**. The Bank is engaged in a lot of TA and analysis which serves as the basis to understand what are the issues, as is the case in the water sector. The WB also has a policy dialogue with the government, provides advice to governments and also to the private sector through the IFC. In terms of financing, WB mostly provides the investment loans in BiH and invest directly to the sector(s). Later on there will be the presentation of the water sector where the Bank has the investment loan. WB also have the Development Policy Lending which supports policy reforms, with recent project in the health sector. There is also a Program for Results, the guarantees within MIGA but also WB has guarantees for government and IFC investments. And the third WB instrument is the **Convening** power which brings global knowledge together to their client countries. A few weeks ago, WB hosted and convened the "**Cities Resilience**" workshop where different cities around the country presented projects where they tried to show the resilience to climate change, whereby lots of those projects are focused on the water sector, e.g. water and sanitation.

Mr Sheldon, then presented the WB engagement in BiH, where USD 2.5 billion were invested in more than 120 projects over the last 30 years. This included **Reconstruction** of roads, railways, airport, electricity lines, power plants, water supply, the gas network in Sarajevo, heating, etc. Moving from reconstruction, another engagement followed which is **Building foundations for growth**. It includes Environmental protection, solid waste, wastewater treatment, forestry projects; Reducing environment risks such as flood protection and Enhancing the efficiency of government to provide better services. And finally in the **Jobs** area, WB is trying to support private sector as a source of jobs, Entrepreneurship, innovation; also in reducing inefficiencies in the labor market and public employment and building the right skills through education and different incentives, that would get people out of unemployment. The results of the WB engagement are: financial assistance was provided to agricultural households and households and enterprises affected by covid, healthcare sector, 62 schools and 18 hospitals refurbished, 500 km of roads reconstructed and renovated, 3 tunnels and 41 bridges constructed, 22.000 job seekers matched with employers, real estate cadastre was also supported, irrigation, agricultural support, flood protection, piped water connection, wastewater treatment, etc.

Mr Sheldon then introduced the "**Country Partnership Framework (CPF) 2023-2027**" as the new strategy based on the priorities identified by the authorities, Systematic Country Diagnostic and the WBG comparative advantages. He noted that this is why it is

good to have such coordination meetings where all participants can bring different “strengths” to the table, with different areas of focus, in order to reach the spot between what the government wants and what they think is important where they can really make a big difference that has not been covered by somebody else. He mentioned that certain issues have hampered the development of BiH such as low and unsustainable growth based on consumption with low added-value production. Also, there is a large public sector and underdeveloped private sector, which all need to be rebalanced from consumption public sector economy to more of an investment driven private sector economy. Also, there is rapidly vanishing human capital with high and increasing migration and the country is quite vulnerable to natural risks and climate change. With all this taken in consideration, the WB designed the new Country Partnership Framework consisting of 3 big pillars or 3 High Level Outcomes. The first is all about creating jobs in the private sector, the second is about improving key services for government and its citizens with focus on two main health and water sectors in the next 5 years, and the last outcome is about improved environmental outcomes and climate change resilience. All above mentioned is also underpinned by major focus on gender, to try and close gender gaps across the economy. Given already mentioned rapidly vanishing human capital and migration, WB can create more and better jobs in the country and improve the services the government offers to its citizens and if its cleaner and greener place to live, that could help them to address some of the migration in the country. This is the WB overarching theme and within which they design projects to fit to that theme. Currently, WB has around USD 630 million in 11 investment operations that cover all mentioned sectors, while future financing, under the new Country Partnership Framework, plans 8 additional projects in total value of USD 365 million.

For more details, please see the attached presentation

The main highlights of The World Bank presentation- “ Overview of the Portfolio and New Country Partnership Framework (CPF) 2023-2027”

- The World Bank: shareholder in 189 countries including BiH, with more than 10 000 staff from 170 countries
- WB Objectives: end poverty, increase shared prosperity, USD 46 billion in 12 000 projects supporting emerging economies
- World Bank Group: IDA / IBRD / IFC / MIGA / International Centre for Settlement of Investment Disputes
- WB Instruments: Knowledge, Financing and Convening
- WB engagement in BiH: USD 2.5 billion in more than 120 projects (Reconstruction, Building foundations for growth, Jobs)
- Results: substantial financial support provided to agricultural households and households and enterprises affected by covid, healthcare sector, schools and hospitals refurbished, road reconstructed and renovated, tunnels, and bridges constructed, job seekers matched with employers, etc.
- WB Priorities in the next 5 years: Basis for the CPF: priorities identified by authorities / WBG comparative advantages / Findings of Systematic Country Diagnostic
- What has hampered the development of BiH?
- New Country Partnership Framework FY 23 – FY 27: High Level Outcome (HLO) 1, 2 and 3
- The current World Bank program: USD 629,05 in 11 investment operations (BiH Emergency COVID-19, BiH Firm Recovery and Support, Energy Efficiency, Real Estate Registration Country Partnership Framework on, FBiH Road Sector Modernization, Regional Sava and Drina River Corridors Integrated Development Program, RS Railways Restructuring, Agriculture Resilience and Competitiveness, Water Supply and Sanitation Modernization, Health Systems Improvement, Employment Support 2.)
- CPF 2023 – 2027 upcoming projects under preparation in indicative amount of USD 365.00: Healthcare Sector Reform Development Policy Operation 1, Healthcare Sector Reform Development Policy Operation 2, Forest Economy Development, Air Quality Improvement, AF Sava Drina Integrated Corridors Project, Multimodal Transport Project, Just Transition (PROPOSED), Solid Waste Management (PROPOSED)

Ms Sheldon then announced the second theme on today’s meeting, the Celebration of the World Water Day, Water Alliance in BiH and Water resources management in BiH which will be presented by Mr Igor Palandzic.

● AD3: Celebrating World Water Day, “Water Alliance” – International Partners cooperation to address water services issues in BiH – World Bank and Partners

Mr Palandzic, WB, welcomed all meeting participants and congratulated to all the **World Water Day**. He reiterated the importance of water not only for 3 pillars of the WB Country Partnership Framework, but also since water and water services are essential and important for prosperity, sustainable development, and so forth. Since 1992, exactly on March 22nd, the World Water Day has been celebrated by the UN as well as worldwide by different stakeholders, institutions, NGOs, etc. In 2023, the UN is organizing the Water Conference to celebrate this day as well as to assess the progress in terms where they are standing in achieving the good management of the water resources. Water is very important in the SDGs Agenda and has impact on all sectors, particularly in reference to the SDG 6 (clean water and sanitation), to ensure availability and sustainable management of water and sanitation for all. SDG 6 is also about improving water quality by reducing pollution, substantially increase water-use efficiency across all sectors, implement integrated water resources management including through transboundary international cooperation, protect and restore the water-related ecosystems, expand international cooperation and capacity building and support & strengthen the participation of local communities in improving water and sanitation management.

In terms of the **Water resources management in BiH**, it is obvious that BiH has abundant water resources, but they are not evenly distributed throughout the country in geographical sense as well it is not managed and used properly. There is a huge risk from the climate change to the water resources and the problem in BiH regarding the water is that the country actually utilizes a small portion of the available water of its renewable water resources. Regarding the water usage, 75% is used by households, just 8% is used by the industry and less than 1% by the irrigation. Main water sources are groundwater 80%, followed by 18% of watercourses. He noted that access to public water and sanitation services in BiH is low by regional standards and a significant part of the population still relies on informal operators or self-supply. Around 55 % of the population is connected to public water supply systems and 48% connected to sewerage systems, while only 15 % of collected wastewater is treated. Water supply and wastewater treatment systems in BiH are relatively old and require substantial investments in the future and also meet EU standards.

In the **Energy sector**, water is also very important for the country, where hydropower plays a critical role in the electricity production in BiH. Energy production is coming from hydro-power, but still only 35% of the potential is currently exploited in the country. On the other side there is **irrigation**, whose infrastructure in BiH is underdeveloped and there is a large potential for improving its coverage and status. Out of 40.000 agricultural lands in the country, less than 1% is irrigated, while average use in the region is 40%. When this is placed in the context of **climate change**, substantial droughts are expected, so there is a huge potential for increasing irrigation for the agriculture. Climate-change related risk in BiH is significant due to the increase in the average temperature across all seasons and across all climate scenarios and also precipitation is expected to decrease mainly during the warmer months of the year which is a huge issue in the context of agriculture. In terms of **floods**, there is high flood risk both in terms of population affected and damage as percentage of GDP in 2014 floods accounted to €2.0 billion – 15% of GDP. On the other side BiH is insufficiently prepared to manage **droughts**, while every second year from 2000 – 2021 was declared as drought year. Worst drought was in 2000 when around 60% of agricultural production was affected, but also 2017, 2019, 2021 and 2022 were drought years, with huge damages in agriculture production.

Mr Palandzic noted that there is a **Legal framework** in place in the BiH but it requires continued efforts to further improve to implement such legislation and strengthen the capacities in order to achieve a high level of harmony with the EU *acquis*. And there is a need for further improvement of legislation and regulation and to strengthen human capacity in the country.

He concluded that water remains central for BiH's economy, which drives agricultural productivity, power industry and contribute to the country's energy production through cooling thermoelectric power plants and hydropower. Still, there is potential for further sustainable use of BiH's water resources. As previously mentioned, there is a high potential for increased irrigation in BiH. The Agricultural sector in BiH is politically and economically very important. In 2021, the agricultural sector contributed over 6% to GDP, and brings around 18% to total employment in the country. Also, Tourism in BiH is a fast-growing sector making up an important part in the economy of the country, which relies on high quality water bodies, both coastal and freshwater, as well as high quality services of water supply and sanitation, which need to be further developed to attract tourist in the country.

In terms of the **WB long term engagement** on waste water issues in BiH, USD 380 mil was already invested in different water related projects such as Integrated water resources management: DRR, Irrigation; Water supply and sanitation. Currently 3 projects are in implementation: regional Sava Drina Integrated Development Project, Agriculture Resilience and Competitiveness Project and Water and Sanitation Services Modernization Project.

And last but not the least, is the **Water Alliance** in BiH which presents the platform of international development organizations active in water services sector. Over the past decade they invested more than EUR 210 million in this water supply and sanitation sector. However, still some negative trends exist in the sector, i.e. some facilities that were built never become operational, many started operations became non-operational and not sustainable, some water utilities even went bankrupt. Capital investments are insufficient, institutional and regulatory framework needs to be improved and performance-based approach should be applied for these investments. Since 2020, there were some discussion with the clients, the government partners, setting clear milestones and objectives for all stakeholders. He concluded that he is proud that in 2022, entity governments adopted new modernization programs in this sector in order to provide more efficient and sustainable services for the citizens and for the economy. These programs include development and adoption of the new Law on Provision of Water Services, establishment of the countrywide benchmarking system in the sector, enhanced regulatory framework, developing and applying the new mechanism for financing sector, etc.

The main highlights from the presentation: World Water Day, Water resources management in BiH & "Water Alliance":

- UN World Water Day, March 22; UN Water Conference 2023;
- Water resources management in BiH
- Sustainable Development Goal (SDG 6) – by 2030
- Water resources utilization in BiH, Water and sanitation services in BiH; BiH water supply and wastewater treatment systems
- Utilization of water in the Energy sector (hydropower); Agriculture (Irrigation), Tourism
- Climate-change related risks in BiH (flood risk and droughts)
- Legal framework in place but needs to be harmonized with the EU *acquis*
- Long term engagement on water issues in BiH: USD 380 mil invested in different projects: Integrated water resources management: DRR, Irrigation; Water supply and sanitation
- Ongoing engagement: Sava Drina Integrated Development Project – BiH, Serbia, MNE (2021-2030); Agriculture Resilience and Competitiveness project (2022-2027); Water and Sanitation Services Modernization Project (2022-2027)

- Water Alliance in BiH: Platform of the international development organizations active in water services sector, with more than EUR 210 million invested in the sector over the past decade

For more details, please see the attached presentation

Mr Palandzic, concluded that although it has been slow, the progress was achieved and changes were made. In parallel, WB was working with the decision makers, which was missing previously, and also continued working with local communities, helping them to strengthen their capacities both on human and infrastructure side. Hopefully by the end of 2023, mentioned laws will be in the Parliamentary procedure in both entities and benchmarking system will be developed and in place.

Mr Sheldon then invited other partners in the Water Alliance to say a few words about their work in the sector.

Ms Nedera, UNDP, noted that the Water Alliance platform has been very effective in providing expert support to authorities at entity level to develop a better regulatory framework and better policies. The platform is also lending a strong hand to lower levels of administration, to public utility companies, to municipal administrations, to improve their management overall and the management of water services in particular, and this is already creating a better platform for gaining efficiencies as well as for preparing better investment portfolios. The Water Alliance connects technical assistance with investments, a very strong mechanism for more strategic approach towards the water sector. The Water Alliance uses the successful mechanism of MEG project, a cooperation of Switzerland and UNDP which in the current phase grew into the platform of MEG 2 supported by Switzerland, Sweden, Czech Republic and the European Union through the *EUFORMEG*. The current MEG is actually offering the engine for expertise and advisory support to the Water Alliance.

Mr Messerli, Swiss, introduced himself as DHM and Head of Cooperation in the Embassy of Switzerland. He confirmed that for them the Water Alliance is great success in bringing together them as bilateral donor and all others around one table to discuss among themselves and more importantly also to have a structure dialogue with the government at entity level about what reforms are needed. Everyone knows a lot has been invested in the water sector and Water Alliance is one of the reasons they are ready to invest more. They will continue the engagement in the water sector for various reasons and since Water Alliance helps them to do so. In the in the last 2 years, the commitment could be seen of the authorities to really address the important reforms. As Ms Nedera just mentioned, MEG project will become the platform for providing the TA. They would like to also propose it as a future instrument for potential next phase of MEG to provide the TA for different water projects in BiH. He concluded that from their side he is glad to see this progress, although there is still work to be done, such as working on the mentioned laws from the government side. Also, the Water Alliance is an open alliance and there is a possibility for others who want to join and leave this platform. Most of the stakeholders in the water sector are already in this alliance, which is a very flexible structure. Mr Messerli concluded that this is an inspiration to propose such approach in other sectors as well, for instance in health they had discussions and maybe also in other sectors to seek more this type of performance based approaches for their future cooperation.

Mr Sheldon asked if any other Water Alliance partners wish to make some comments, about the WB program or in general on the water sector specifically.

Ms Basta, noted that Institutions from all levels in BiH has had a long and extremely good cooperation with The World Bank hoping to follow up in the next period. They are looking forward to the next 5 years Framework Cooperation. She added that Country Ownership is very important for them. It is important that the development partners and donor community respect the needs of the country and when the needs match with the possibilities from the donor side, that can be considered as success. Then she opened the discussion for the meeting participants to make comments and give their opinion on the first part of the presentation.

Ms Naessl, EBRD, introduced herself as the head of the EBRD in BiH, which is also a long standing partner and investor financing here in government services and infrastructure. She noted that EBRD is also a partner in the Water Alliance and considered it is important to continue this cooperation, while understanding what the country needs are and what their respective programs can deliver. EBRD also has the new strategy which was adopted in 2022, based around 3 pillars: private sector investment; infrastructure investment and also improving corporate governance of state owned enterprises and the third pillar is about the green transition which is a huge issue for all of the development partners. Specifically, EBRD will continue their investments along Corridor Vc, both rail and road, where some of those investments are already co-financed with others, the European Investment Bank, with the EU that provide a lot of ground funding and also with the World Bank, also active in the rail sector. EBRD also has a very successful Green Cities Program and they support Energy Efficiency and water sector, in particular the Water Alliance. Other engagement includes district heating and smaller projects which is very important for the country to continue that, and now there are 6 green cities in BiH. She highlighted EBRD is also investing in the waste sector, energy transition and generally de-greening of the economy, while working both on the public and the private side. Finally, she noted EBRD would like to support the digitalization which is a big challenge for the country, a topic they discuss with the relevant ministries. Green and digitalization go hand in hand, because when the economy is digitalized, it makes savings and promote green transition.

Ms Basta, invited meeting participants to make comments on this topic.

Ms Daguda, CPCD, introduced herself as the Director of the Center for the Promotion of Civil Society. She expressed satisfaction with so many investments in the water resources in BiH, being aware that the country is very rich with water which is also an important source of water for the entire Europe. She stressed that now they have the shrinking civil space for their work in BiH, and this can reflect on Civil Society activists and citizens engaged particularly on preservation of water. Civil Society has strongest activist exactly in this area. However, in this sector they are facing suits against activists, even physical attacks and beatings. She mentioned that one of their colleagues from Konjic has been beaten and now he is in hospital because he fought against the industry which polluted the Neretva river, which is a pearl of the water system in BiH. She asked if and when it is possible to include in every project more flexibility and take care about these activists and those initiatives coming from the ground, because citizens are aware of the value of the rivers and water protection, but somehow there is a missing link between these investments and that

grass-root level. She concluded that her proposition is to provide more protection to activists and maybe all stakeholders can contribute to better legal environment for the work of the CSOs.

Ms Basta, then announced the Tour de table, and opened the discussion.

● AD 4: *Tour de table*

Ms Basta, expressed her satisfaction to have such has excellent cooperation and development partners. Everything that has been done in BiH is combined between the institutions on one side and development partners on the other side, since every communication should be mutual and if one part is not participating nothing can be done. Ms Basta introduced the new colleague, Mr Vedran Knezovic, Head of the Department for Aid Coordination directly responsible for cooperation and communication with development partners and then informed on the latest developments in Institutions and the Ministry of Finance and Treasury. The first draft of PEFA assessment has been done and after they make the comments, they will wait for OECD to approve this public finance assessment. This assessment is a good thing since the last time PEFA was conducted in 2014 and lead by The World Bank. So, PEFA is in the final stage, which is the financial assessment covering all levels in BiH. The second important thing is that they received the letter from the EUD from Mr Ellero and from Mr Siroco from the embassy of Switzerland, requiring from them to conduct the Public Investment Management Assessment (PIMA). State institutions agreed to conduct this assessment, which will take place in the second half of 2023, which will for institutions be an update of the assessment that was conducted by the IMF in 2018. She expressed satisfaction with the fact that the development partners recognize how public investment management is important and how public investments are important for the overall growth of the country. And last but not the least, BiH will participate in the next monitoring round of Global Partnership for Effective Development Cooperation. The Ministry sent the official letter to the OECD and the UNDP Joint support team and committed themselves to work on this monitoring round. The first monitoring round BiH participated took place in 2018 before the corona. After the results were published there was an outbreak of corona and discussion about these results of that monitoring round did not take place. At that time and now, BiH is better standing than it was presented in the reports. Maybe something was not covered, but it remains to be seen which are the questions in the upcoming monitoring round. It is known that BiH is a complex country with entities, state level, Brcko district. BiH does not have consolidated budgets, however it has the strategic framework adopted by the Council of Ministers, and SDGs which cover almost all areas, sector strategies, consolidated PFM strategies for entire BiH. Ms Basta reminded all meeting participants to have a look at the fliers at the table, with detailed information on the new round for Global Monitoring Partnership for Effective Development. The flier includes preparatory work with UNDP and OECD and the steps of the monitoring process. The Ministry will send the letter to respective agencies and organizations to nominate their focal points that will be in charge to conduct data entries on behalf of that organization. The difference between the last and this monitoring round is that this time the focal point will receive the link and data entries will be done online. The Ministry will be coordinating this exercise and hopefully this monitoring round will show that BiH made the progress in the last period. The Ministry will be at the disposal for all included in the monitoring round.

Ms Gibson-Smedberg, Sweden, introduced herself as the Head of Development Cooperation in the Swedish embassy and expressed their satisfaction that BiH is a part of this GPEDC Monitoring Exercise. Sweden is heavily involved in that this year, so she is looking forward to work together with all stakeholders engaged in this exercise.

Ms Basta, stressed that they are also looking forward to work with them on the GP exercise, and always had excellent cooperation with the Swedish embassy. Also, SIDA supported ministries of finance in the past at large extent, which is very much appreciated.

Mr Seferovic, UNRCO, informed on the latest development in the collective support of the UNCT in BiH on the monitoring exercise, which is very important for the Ministry as well as for all of the development partners in the country. UN will provide support in any way, shape and form possible in this monitoring exercise. UN is happy to partner with the EU, as mentioned by the colleagues from the Swedish embassy, in this exercise as they did in the previous round. He highlighted the last step in this exercise which is arguably the most important one, the reflection on the results that would come out of that exercise. It was rightfully pointed out that the last time it was difficult to do the analysis due to covid, however this time, the opportunity should be used to adequately reflect upon the received results and emerging gaps and what are some potential entry points to consider improvements in the effectiveness of the aid coordination and development cooperation with the Ministry, other authorities in the country, as well as among the international partners. He concluded that UN will fully support this endeavour.

Mr Messerli, Swiss, informed that this year they started the preparation of the next 2025 – 2028 Cooperation Program. They will consult with the government during the elaboration and throughout the entire process which will take about 1,5 years. The focus of their work now will remain in the same thematic areas: Economic development, Vocational education, Local governance, Water sector reforms, Energy and resource efficiency and Health. However, the focus will not be so much on what they do but much more on how they work in BiH. The focus will be on their partnerships and modalities. They are also envisaging to make more use of the country systems and wherever possible to work through and with institutions. For them it is also important to engage more in the local Civil Society and Private sector and its associations. However, this entails that the respective institutions should show more leadership, capacity and readiness to take on this responsibility. For instance, in the previous government, the Ministry of Security has really shown a lot of leadership in migration management. They will also look into performance based approaches and conditionalities. Another reason to look into their partnerships is linked to divisive and disruptive rhetoric they hear by some politicians, which is worrying to observe since such rhetoric are intensifying recently. Another concern is also the increasing pressure on Civil Society and free media in the country. In this regard, they will review with whom they will work and who will be the partners they want to continue and also those who are particularly genuine about European values and in the EU accession. Here, it is important to remember that the EU accession is just an instrument, the importance is that they should try to improve the

livelihoods and perspective of the citizens, since this is not done for the EU but for the people in this country. He concluded that they will have similar financial volume as it is now, EUR 16 - 20 million per year, with about 23 ongoing projects. There will be 15 new projects in migration, SDGs, Civil Society, Green Agenda, Vocational education and Health.

Ms Gibson-Smedberg, Sweden, thanked to the Ministry for this coordination meeting with The World Bank. She noted that Sweden is also a part of the Water Alliance which is a very good example of coordination that could be maybe replicated in other areas. In terms of the latest developments in their engagement in BiH, last year Swedish Government adopted the *Strategy for Sweden's Reform Cooperation with the Western Balkans and Turkey 2021 - 2027*. This is a regional Strategy with bilateral and regional envelopes. They work in 4 areas. The first area covers human rights, democracy, rule of law and gender equality; the second is peaceful and inclusive societies; the third is climate and environment and the fourth is economic integration. Sweden is supporting the countrywide Strategy for climate and environment which has been developed for a couple of years with lot of consultations. There are now strategies on entity levels and Brcko. However, the EU requirement is to have the national strategy and hopefully this strategy will be in place very soon. Based on this strategy, it will be easier for all to align with what the government wants to do in the next few years. In the water sector, Sweden cooperates with the UNDP, Swiss, EBRD, EIB, Private sector and Civil Society sector. She concluded it is important to work on all levels to achieve results.

Ms Nedera, UNDP, provided an update on key upcoming collective engagements by the United Nations in BiH on behalf of the UN Resident Coordinator and the UNCT. The UN continues with implementation of the activities defined under the 2020-2025 United Nations Sustainable Development Cooperation Framework (UNSDCF) which was endorsed by the BiH Council of Ministers in December 2020. The Framework has 4 strategic priority areas: 1) inclusive and sustainable growth, 2) the quality and accessible education, health and social protection, 3) inclusive governance and rule of law, and 4) social cohesion. These areas essentially guide all the UN activities and partnerships in BiH. Within this context, the UNSDCF Annual Report for 2022 will be released by the end of March assessing the progress towards the UNSDCF objectives in all result areas and updating on the funding envelope that the UN agencies have managed in 2022, which according to preliminary estimates is about USD 90 million. By the end of March, the UN will also finalize the 2023 – 2025 UNSDCF Joint Work Plan for all UN agencies providing an overview of all ongoing and planned commitments under the UNSDCF by the UN agencies operational in BiH, over the next 3 years. The 2023-2025 UNSDCF Joint Work Plan also provides a preliminary indication of the funding envelope for 2023 in the amount of USD 119 mil distributed among 4 areas. Both of these documents, the 2022 UNSDCF Annual Report and the 2023 – 2025 UNSDCF Joint Work Plan will be formally reviewed and endorsed in the upcoming period by the UNSDCF Joint Steering Committee which includes representatives of the authorities in BiH and the UN. The participants were also informed of the joint partnership between the SDG Council in BiH and the UN agencies on preparation of the second Voluntary National Review on implementation of the SDGs in BiH which will be presented in July at the High-Level Political Forum in New York. The Voluntary National Review will review progress of the SDG implementation in BiH, demonstrate some of the success stories in the country implementation of the SDG Agenda, identify gaps and priorities, and also update the current SDGs data and statistics. In terms of the ongoing preparation of the SDGs Funding Framework in BiH, the intention is to analyse the funding trends in the country, define the funding needs to be agglomerated or brought together to achieve the SDGs targets and recommend some of the drivers, where acceleration could boost the implementation of the other SDGs. Another important dimension of the UN work in 2023 is the advocacy and engagement with the authorities in BiH on preparation of a new set of social and economic reform measures in response to global, political, economic and social challenges impacting BiH, including aftermath of the COVID-19 pandemic, a dialogue that was initiated in the past and expected to accelerate this year. UN agencies are ready to support policy and regulatory framework changes in their area of work under the UNSDCF. In October 2023, there will be Global Food Security Summit, an important milestone to discuss about food security, food systems and towards this process the UN will support consultations which will be led by MOFTER. Finally, it was noted that in December 2023, there will be a high level event in Geneva, on the anniversary of the adoption of Universal Declaration on Human Rights 75 years ago. Again, the UN family will support the consultations with various stakeholders, including Civil Society, young people, authorities, private sector, etc. In the lead up to this event, governments will be expected to submit pledges for concrete changes and concrete steps on the human rights.

Mr Lizerot, EUD, thanked to Ms Basta and her team for owning and hosting this donor coordination, which is the core of some donor principles. He also thanked Mr Sirocco for kind words which are really resonating, the country that is not a part of the EU is fully supporting BiH on its path towards the EU. He referred to a couple of principles and noted that indeed the EU Accession is a tool and not a magical stick. Things have changed since December 2022, when BiH got a candidate status. Although practically the EU has not yet opened the chapters and the screening, they would like to see that this candidate status changes the general attitude of the country. However, the EU does not have to force BiH to enter the EU, if BiH does not want to it is OK, some countries have decided not to be in the EU. Mr Lizerot, then referred to the principle of conditionality which the EU does not have here. They keep the funding but if they see that the law has been passed and it is very contrary what they are, then the EU cannot say BiH to go down this path and pay tranche of 10 mil. Further steps are also conditioned by the fulfilment of the 14 key priorities that are also very political, often legal. Unfortunately, in terms of implementation modality they do not have the budget support in this country, unlike all other 6 countries in the Western Balkans. In case if they have sector budget support, linked to sector policy, they could achieve more in the 14 key priorities. For instance, next tranche is paid if the law is adopted, which is not possible now with the project based approach. Another principle, *acquis communautaire* is very important, but not necessary for everything that this country needs for its development. There are other sectors, the green deal, and how it is encapsulated in the *acquis*. In terms of programming, they are programming IPA 2024, and they hope that BiH will at the same time ratify soon IPA 2021, while IPA 22-23 is still in the making. Once when IPA 2024 is set, then it will take one year and a half, two years before they start implementing it. Roughly, the EU has EUR 70 million per year for BiH. In addition to that, there are also regional programs where it is impossible

to say how much BiH is getting out of them, since regional programs are not earmarked. He concluded that Water Alliance is a great example not only for delivering results but of donor coordination, which would be good to also replicate to other sectors.

Ms Basta, noted that in terms of sectors, they have some subgroups of coordination, by most of the sectors in this coordination area. However, they just have the short information how they are operating, just for those development partners who are financing that specific sector and involved in the work of that specific sector. Mr Lizerot reminded her on 2011 when the Ministry had a DFID project, when they tried to introduce the sector wide approach and had 2 pilot sectors, PAR and Justice sector. At that time maybe it was too early and it failed and never came into effect. Also, in 2011 they organized international conference on sector approaches with EU DG from Brussels, with more than 100 participants, development partners from EU candidate countries from the region. They were really eager to introduce the sector wide approaches but maybe the political climate and atmosphere at that period was not right.

Mr Kavanagh, UK, introduced himself as the DHM at the British embassy. He noted that he agrees with the EU and that so much useful has been already said. He underlined that the scale of the task ahead of them after 30 years is still massive and has to be divided in smaller pieces. This is where the Water Alliance really demonstrates a way forward. It would be good to see similar approaches in other domains. It is unfortunate that the UK is no longer considered a development donor in BiH. UK spends about 10 million pounds a year on projects in BiH, but they are increasingly about supporting Civil Society and solving particular problems in the security space, some of which is the work on cyber and critical national infrastructure. In their engagement, they are looking where they can actually make a difference with the funds they provide. On the technical level, UK has 3 basic clusters of activity at the moment, one on Open Societies which includes electoral integrity but increasingly supporting free and open media voices. They increase their engagement on hybrid threats to BiH, from crime in the cyber domain but also traditional defense work. In crossover, UK also has the continued interests in supporting energy transition and infrastructure, where they can engage in case the opportunity arises. Their engagement will be supported by significantly increased 'risk appetite' at about 2.5 billion for concessionary finance at the moment for infrastructure work, where there is obvious possibility for them to be working together.

Ms Thurm, German embassy, noted she can only 'echo' what the colleagues from the EU and Switzerland said. They are looking at the conditionality at least pertaining to the RS projects. They will focus on two areas, mainly on energy transition and vocational training especially with their Swiss and Austrian colleagues. The focus will be more on the Federation at the moment because they have very clear position that no money from German tax payers can go to the RS at the moment.

Mr Ahmagic, US embassy, noted that their development assistance goes through the USAID. It has two main funding 'avenues' that have some crossover with the environment sector, through Civil Society, fighting anti - corruption, etc. On the other hand, they are engaged in the energy policy activity and also support new legislation. This particularly refers to the 4 laws that are pending final adoption in the Federation Parliament, where the laws on energy, electricity, renewables and the air quality are in the same stage, which all can be adopted without forming the government. In the US embassy, Mr Ahmagic and his colleague cover the environment, science, technology and health. They are engaged on several issues related to Civil Society, such as monitoring the phenomenon of harmful algae blooms on Jablanica lake, incidences of water pollution in East Sarajevo where landfill was leaking into Zeljeznica river, and also a few weeks ago they were monitoring situation at Uborak landfill in Mostar. He concluded it is great to have the Water Alliance also when it comes to experts and speakers. They will be able to connect with them in the future for various opportunities, conferences, symposia, etc. State Department also has a water experts program and a speaker program more generally for US subjects matter experts, so whatever event comes in the future they will be glad to participate.

Ms Grubestic, MoJ, informed that since the last DCF meeting, Ministry of Justice of BiH prepared the new information on the current and planned activities. At its 6th session, the Council of Ministers adopted the information of the Ministry of Justice with the set of conclusions concerning the Justice Sector Reform Strategy, its Action plan and the implementation indicators. The information was adopted in order to improve communication and cooperation with competent entity ministries and to continue activities on drafting of the Strategy, particularly in terms of continuation of the work of the Working group responsible for its development, which has been delayed since 2021. Ministry of Justice of BiH is expected to submit the strategy proposal in June, and its Action plan to the Ministerial conference for approval and to the Council of Ministers of BiH for adoption. At the same session, the Council of Ministers adopted the information on the proposal to initiate the procedure for accession of BiH to the EU Program Judiciary 2021-2027, and tasked the Ministry of Justice of BiH to send the Letter of Interest to the EU Commission for assessing the Program. Also, the Project IPA 2018 EU for Justice Phase II has started at the end of 2021, which will support the development of institutional capacities for strategic planning, monitoring, reporting as well as for the donor coordination.

Mr Riggolet, French embassy, introduced himself as the Attaché for Cooperation and noted that France is the number one contributor in the united Europe, following completely lines of the European community, as well as Germany is also the main contributor. French embassy is also helping mostly NGOs, directly with calls for projects each year, with small projects directly in line with the citizens of BiH. Much more could be done if French Development Agency was agreed in BiH. This agreement is still awaited for more than 3 years. At the same time, this Agency is already working in the neighboring Western Balkans countries and with more than EUR 1 billion of support in the last 3 years. This is a great possibility for more development activities in BiH which is unfortunately still not possible. For example, there are many projects in the neighboring countries also connected with water, water treatment, waste and environment where French companies are already leading companies in these sectors.

Mr Grujic, Norwegian embassy, thanked to all for participation and sharing their views and agendas for 2023 and future years. At this time, Norway planned EUR 3.5 million bilateral aid for BiH. Regional portfolio is much bigger but it is not earmarked and it is difficult to pinpoint how much money from this portfolio will go directly to BiH. Norwegian support is spread across several thematic areas – the first is Economic Development with the help of the UNDP, is one of their flagships (Economic Governance Growth Project phase 2), also Rule of Law where they cooperate with the HJPC. Civil Society also stands high on their agenda where they have their major project and where CPCD is their right and left hand in this process for the next 4 years. Also, Norwegian

embassy has become the contact point embassy for NATO in BiH this year, which is also one of their top priority. In terms of Security, there is demining with Norwegian Peoples Aid. There are also projects with the UNDP high on their agenda. He concluded that Norway has also launched the *Nansen* Package which is mostly intended to help the Ukraine and the current situation in that country. This package will entail EUR 7,5 billion for the next 5 years (EUR 1,5 billion each year) to help rebuild the country, the institutions, end so forth.

Ms Daguda, CPCD, reminded that she is also in the capacity as the chair of the Advisory Body of the Council of Ministers of BiH for cooperation with the Civil Society. She informed that in 2023, CPCD plans to actually initiate the discussion about the eleventh requirement of those fourteen requirements for the candidate status, which is related to enabling environment for the Civil Society. CPCD does not want to wait, it intends to be proactive and start the discussion. They already agreed with the Ministry of Justice of BiH that they will organize the first initial meeting soon and then probably invite development partners in the later phase.

Mr Santrucek, Czech embassy, introduced himself as the Head of Cooperation in the Czech embassy. In terms of water, they have been active in the water sector for many years and are the proud member of the Water Alliance. He confirmed this approach should be also replicated to other sectors because the Water Alliance is really something where they see the results and in the water sector and in the context of the Water Alliance there is action behind that coordination. In general terms, current Development Program will end in 2023, and they are preparing the new program for the next programming period. The most important thing is that BiH will remain the priority country for their development cooperation policy. The next programming period will last from 2024 to 2030. As the previous program, it will be linked with the SDGs. Most probably the focus areas will remain the same: Water and sanitation, Energy Efficiency (use of renewable energy sources), Support to the government institutions at different levels, with different topics but generally about bringing the EU standards and EU legislation here. They will also continue to support and promote Human rights and support CSOs in their initiatives in the water sector. The new program should put more emphasis in the next period on the resilience building, e.g. provide more support to migration management, cyber resilience, DRR, etc.

Ms Basta, gave the floor to Mr Sheldon to say the final words before the meeting is closed.

Mr Sheldon, thanked all participants on their comments which seem to be very aligned with their objectives to help the country. Also, Civil Society engagement is very important, which they encourage through the WB projects. He invited all to the World Water Day celebration which will take place just across the street at the hotel Holiday. As far as the strategy is concerned, The WB is really here as the partner for development for 30 years. They will be in BiH as long as it takes to support the country in its development with all available WB instruments (investments, policy advice, convening power), whatever they can do to really support the country. He thanked to Ms Basta for the invitation and noted he is looking forward to work with all the colleagues to help these development objectives achieve a success.

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

The meeting was closed at 12:45 hrs.