

DONOR COORDINATION FORUM

MINUTES OF MEETING ON 24 FEBRUARY 2009

Participants

Donor Coordination Forum:

H.E. Mr. Dragan Vrankic, Minister of Finance and Treasury of BiH (Chair)

Ms. Christine McNab, UN Resident Coordinator
Mr. Marko Mantovanelli, World Bank
Mr. Boris Iarochevitch, EC
Mr. Gus Mackay, DFID
Ms. Ruvejda Aliefendic, DFID
Mr. Mark Robinson, DFID
Mr. Erik Litver, Embassy of the Kingdom of the Netherlands
Ms. Leila Fetahagic, Embassy of the Kingdom of the Netherlands
Ms. Annie Tui, US Embassy
Mr. Marco Chimanto, Italian Development Cooperation
Ms. Stefania Fantuz, Italian Development Cooperation
Ms. Francesca Cerri, Italian Development Cooperation
Mr. Taku Aramaki, Japanese Embassy
Mr. Csaba Felegyhazi, Hungarian Embassy
Mr. Christiane Hainzl, German Embassy
Ms. Cristina Gutierrez, AECID, Spanish Cooperation
Mr. Gerald Kühnemund, KfW
Mr. Axel Sachs, GTZ
Mr. Peter Van Ruyseveldt, UNDP
Mr. Armin Sirco, UNDP
Ms. Merima Avdagic, UNDP
Ms. Gyongyver Jakab, UNDP
Mr. Aris Seferovic, UN Resident Coordinator's Office
Mr. Bruce Steen, CIDA
Mr. Gunther Zimmen, ADA/ADC
Ms. Kristina Milosevic, ADA/ADC
Mr. Thomas Rugg, Swiss Cooperation
Ms. Kazuyo Hashimoto, JICA
Ms. Anne-Claire Dufay, UNICEF
Ms. Erna Ribar, UNICEF
Mr. Damir Cosic, EBRD
Ms. Aneta Raic, PARCO
Ms. Amira Rahmorst, USAID
Mr. Gregg Wiitala, USAID
Mr. Keith Simmons, USAID
Mr. Barry Hart, USAID
Ms. Karen Exel, USAID
Mr. Anders Hedlund, SIDA
Mr. Goran Tinjic, World Bank
Mr. Goran Bubalo
Ms. Zoya Naskova, ARD

Government participants:

Ms. Ljerka Maric, Directorate for Economic Planning BiH
Ms. Selma Kasumagic, Directorate for European Integration BiH
Ms. Miroslava Vidosavljevic, Directorate for European Integration BiH

Ms. Zuhra Talovic, Directorate for European Integration BiH
Ms. Edina Topcagic, Sector for Coordination of International Aid, Ministry of Finance and Treasury BiH
Ms. Dusanka Basta, Sector for Coordination of International Aid, Ministry of Finance and Treasury BiH
Ms. Zeljka Boljanovic, Sector for Coordination of International Aid, Ministry of Finance and Treasury BiH
Mr. Miroљjub Kronic, Ministry of Finance and Treasury BiH
Mr. Petar Kraljevic, Ministry of Finance and Treasury BiH

Agenda

- Welcome and Opening Remarks: H.E. Mr. Dragan Vrankic, Minister of Finance and Treasury of Bosnia and Herzegovina, 5 min.
- Aid Coordination and Effectiveness Activities in 2009-2010: Presentation by Dusanka Basta, Assistant Minister for the Co-ordination of International Economic Aid, 15-20 min.
- Global Financial and Economic Crisis and its Possible Implications in BiH: Presentation by the World Bank, 15-20 min.
- IPA Programming 2009: Presentation by the Directorate for European Integration, 15-20 min.
- Miscellaneous, 15-20 min.

Introduction

On behalf of the Donor Coordination Forum Secretariat, the meeting was opened by Ms. Basta, who welcomed all the participants to the meeting and highlighted the significance of today's DCF meeting, which is the first one organized by the Sector for Coordination of International Aid (SCIA) within the BiH Ministry of Finance and Treasury following the transfer of the DCF Secretariat from UNDP and Office of the UN Resident Coordinator to SCIA. Ms. Basta emphasized the assistance and support the SCIA has received from UNDP and the Office of the UN Resident Coordinator in BiH on the organization of today's meeting and throughout the existence of the DCF and expressed gratitude on behalf of the SCIA and the BiH Ministry of Finance and Treasury. In her closing remarks, Ms. Basta provided a brief overview of the proposed agenda of the meeting and invited H.E. Mr. Vrankic, the Meeting Chair, to address the DCF and officially open the DCF meeting.

Mr. Vrankic welcomed all the participants to the meeting and highlighted the significance of today DCF meeting as the first one organized by SCIA and the Ministry of Finance and Treasury in its new capacity as the DCF Secretariat. In the opening remarks, it was emphasized that this is an important step for the BiH institutions in their attempts to pro-actively engage the coordination of international aid. With the establishment of SCIA within the BiH Ministry of Finance and Treasury and the transfer of the DCF Secretariat to SCIA, the BiH Government is seeking a greater synchronization of activities between donors and the BiH Government, alignment with the national development priorities, stronger partnership between donors and BiH Government and increased information exchange, which all together should produce a greater effectiveness of the international aid in BiH. This is especially highlighted in the context of decreasing international aid for BiH and increased need for closer cooperation and coordination between donors and Government in order to achieve maximal results of the aid received. Mr. Vrankic also connected the recent pro-active activities of the BiH institutions on taking the responsibility for and ownership of the international aid in BiH to the global context of the Paris Declaration and Accre Action Plan announcing the launch of activities by the BiH Ministry of Finance and Treasury which should lead to the signing of the Paris Declaration by the BiH Government in the upcoming period and application of its key principles in BiH. With the recent efforts on increased coordination of international aid by the BiH Government, BiH is strengthening ownership of its own development process and initiating own transitional period as the necessary prerequisite for the process of EU integration and EU membership. Mr. Vrankic also emphasized that in the context of these recent activities and efforts, the Ministry of

Finance and Treasury will be the focal point for all the development projects and assistance financed by the donor community except the aid received by the EU. The DCF was also informed that the Ministry of Finance and Treasury will be preparing and initiating the signing of a Memorandum of Understanding between the BiH Council of Ministers and individual donors in BiH in the upcoming period, which will define the new cooperation framework on the principles of the Paris Declaration. At the end, Mr. Vrankic expressed his gratitude to UNDP and the Office of the UN Resident Coordinator in BiH for its support and assistance to SCIA and preparation of today's meeting.

Aid Coordination and Effectiveness Activities in 2009-2010 (Ms. Dusanka Basta, SCIA, Ministry of Finance and Treasury BiH)

Ms. Basta provided a presentation on the Sector for Coordination of International Aid with the BiH Ministry of Finance and Treasury and its planned activities for 2009-2010. The presentation focused on the brief presentation of the SCIA and its functions and divisions in the context of the overall coordination of the international aid in BiH. It also provided an overview of the recent, ongoing and planned activities of SCIA in 2009-2010 in the area of Donor Coordination Forum, Donor Mapping Exercise for 2008 and partnership building. The presentation also focused on Public Investment Programmes for BiH in 2009-2011, Grant Resources Management System (GRMS) and Aid Co-ordination and Effectiveness Project (ACE). In her closing remarks, Ms. Basta expressed gratitude to all the donors that have participated in the implementation of the mentioned projects and announced that the ACE project should be operational in April, according to the latest indications.

For more detailed information, please see the attached presentation.

Global Financial and Economic Crisis and its Possible Implications in BiH (Mr. Marko Mantovanelli, World Bank)

Mr. Mantovanelli congratulated SCIA and the Ministry of Finance and Treasury for taking over the responsibility and ownership of the donor coordination in BiH and expressed his satisfaction with the organization of the first DCF meeting through SCIA and the Ministry of Finance and Treasury. Mr. Mantovanelli thanked UNDP and DFID for their support to SCIA, which also contributed to the transfer of the donor coordination into the hands of the BiH institutions shifting the aspect of the donor coordination from supply to demand driven. It was suggested to include Entity Finance Ministers in the work of the DCF as well in order to help facilitate the discussion on this important matter. In his presentation, Mr. Mantovanelli provided a brief overview of the current status of the global financial and economic crisis in the EU and Western Balkans and potential implications in BiH. The presentation provided a brief overview of the current growth rates in the EU and Western Balkans and financial system in BiH. The presentation also examined potential channels of reflection of the global economic and financial crisis into BiH and potential implications the crisis might produce for the BiH economy. In its last part, the presentation focuses on the suggested measures for mitigating the implications of the global crisis in BiH with the special focus on the social protection network and strengthening the effectiveness of the social benefit system in BiH in the light of the global crisis and indicates available World Bank's assistance in this process.

For more detailed information, please see the attached presentation.

In the follow-up discussion, H.E. Mr. Vrankic thanked Mr. Mantovanelli for the very functional and acceptable presentation and indicated the need for the reforms in BiH in the context of the ongoing global economic and financial crisis. He emphasized that the initial attempt of the BiH Government was to avoid depository crisis and financial panic in BiH by declaring that the crisis will not be as drastic as in other countries of the region due to the underdevelopment of the BiH economy. However, this only showed the need for accelerated reform of the system and economic development of BiH. Mr. Vrankic emphasized the increased coordination of the mitigation measures with Entities through the Fiscal Council of BiH and called the members of the DCF to continue with their financial

support in BiH and concluded that structural reforms and investments are the key principles of the solutions.

IPA Programming 2009 (Ms. Selma Kasumagic, Directorate for European Integration BiH)

Ms. Kasumagic presented the IPA programming for 2009 elaborating the key components of the process including the key actors and key implementing bodies. Additional explanation was provided in regards to the presented information that four infrastructural projects were approved, however, this information refers to 8 approved infrastructural projects merged into 4 fiches: transport, energy, SMEs and Environment. In regards to Transition Assistance and Institutional Building (TAIB) component, 23 projects have been proposed and merged into 14 fiches pending the approval of the EC/DEC. The deadline for the submission is the end of March.

For more detailed information, please see the attached presentation.

Miscellaneous

H.E. Mr. Vrankic used the opportunity to emphasize the importance of the recent political discussions in BiH in regards to the issue of sustainable return and implementation of Annex VII of the Dayton Peace Agreement as the crucial condition for the organization of Census 2011 and constitutional reforms in BiH. In this connection, the BiH Parliament agreed to accelerate the sustainable return process in BiH with the planned allocation of BAM 400 million in the next period. Mr. Vrankic invited interested members of the DCF to contribute to this process with additional funds made available and in this regard, the Ministry of Finance and Treasury will be eager to receive feedback from the DCF.

The UN Resident Coordinator in BiH, Ms. McNab, indicated that this is a historic occasion and that the DCF Secretariat is being transferred in good hands and in a good place, the Ministry of Finance and Treasury BiH. The announced signing of the Paris Declaration by the BiH Government is seen as a very positive development in particular. Ms. McNab used the opportunity to briefly inform the Chair and the DCF of the finalization of the new UN Development Assistance Framework (UNDAF) for the period 2010 - 2014 and estimated at USD 174 million, which has been developed in consultations with the Ministry of Finance and Treasury BiH, Entity Governments, Directorate for Economic Planning, Directorate for European Integration and EC.

In his closing remarks, H.E. Mr. Vrankic thanked all the participants in the meeting and used the opportunity to indicate the appreciation of the BiH Government for all the assistance and support provided by the donor community in BiH including financial. With today's meeting, further steps were made in strengthening coordination of the international aid in BiH, which is the success of all of us, international donors and BiH institutions, and to mark this important event, the participants were kindly invited to join the Chair in making a photograph and attending the lunch afterwards.

Next Meeting

SCIA in its capacity as the DCF Secretariat will inform the members of the DCF of the date of the next meeting which will be chaired by the World Bank.