

DONOR COORDINATION FORUM

MINUTES OF THE MEETING OF 29TH SEPTEMBER 2011

Participants

Dr. Stefano Stucci, First Secretary/Deputy Head of Mission, Embassy of Italy Sarajevo (**Meeting Co-Chair**)

Donor/IFIs representatives

H.E. Bosse Hedberg, Ambassador, Swedish Embassy
Mr. Pelle Persson, Swedish Embassy
Ms. Santa Molè, Italy/IC
Mr. Marco Zecchinato, Italy/IC
Ms. Đana Saničić, Italian/IC
Ms. Amira Omanović, ADC
Ms. Catherine Constant, French Embassy
Ms. Ellen van Reesch, Embassy of the Kingdom of the Netherlands
Ms. Leila Fetahagić, Embassy of the Kingdom of the Netherlands
Ms. Ditka Bukva, Spanish Embassy
Ms. Aler Grubbs, USAID/US Embassy
Ms. Ela Challenger, USAID
Ms. Deborah Bernlohr, US Embassy
Mr. Slavomir Goga, Embassy of the Czech Republic
Ms. Anesa Terza Vuković, Embassy of the Czech Republic
Ms. Dominika Skubida, EU Delegation
Mr. Stephan Leudesdorff, KfW
Mr. Axel Sachs, GIZ
Ms. Christiane Heinze, German Embassy
Mr. Yuri Afanasiev, UN
Ms. Anne Claire Dufay, UNICEF

Government representatives:

Ms. Dušanka Basta, BiH MoFT/SCIA (**Meeting Co-Chair**)
Ms. Željka Boljanović, BiH MoFT/SCIA
Mr. Igor Blagojević, BiH MoFT/SCIA
Mr. Ibrahim Omerbašić, BiH MoFT/SCIA
Mr. Ivica Meštrović, BiH MoFT/SCIA
Ms. Jasmina Salihagić, BiH MoFT/SCIA
Ms. Manuela Stjepanović, BiH MoFT/SCIA
Ms. Slađana Lalović, BiH MoFT/SCIA
Ms. Jasna Vukasović, FBiH Ministry of Finance
Mr. Vedad Nezirić, FBiH Ministry of Finance
Mr. Midhat Džemić, Directorate for European Integration BiH
Ms. Aneta Raić, PARCO

MoFT project staff in attendance:

Mr. Mladen Milanović, Consultant
Ms. Amra Omerbašić, DME Coordinator
Ms. Samra Muminović, DME Research Assistant

Meeting Agenda

- Welcome and Opening Remarks
- IC presentation „Italian Development Cooperation in Bosnia and Herzegovina 2011”
- IC presentation „Italian NGOs Projects 2011 in Bosnia and Herzegovina”
- The Czech Republic presentation on development cooperation between Bosnia and Herzegovina and the Czech Republic 2010-2017
- MoFT/SCIA presentation „Donor Mapping Database (DMD) - Proposal for the improvements within the Netherlands Constituency Support 2010”
- Tour de table

AD1: Welcome and Opening Remarks

The meeting was opened by Mr. Stefano Stucci, First Secretary/Deputy Head of Mission, Embassy of Italy in Sarajevo, who welcomed the attendees and thanked them for their attendance. Mr. Stucci expressed his gratitude to the Ministry of Finance and Treasury BiH for organising the meeting.

Mr. Stucci emphasised the importance of these meetings for exchange of information and experiences. During his presentation Mr. Stucci commented that:

- Due to its political vocation, governing constitutional principles and the nature of the great economic transformation, Italy has been traditionally committed to more stable and just international system. The international stability and security, the control of migration flows and the development of trade have been seriously threatened by the increased gap between the North and the South.
- Italy has endorsed the Millennium Development Goals (MDGs), confirmed by the High-level Plenary Meeting held in New York in September 2010. The Italian Cooperation (IC) will continue to support activities which will achieve the MDGs based on individual rights. Achievement of the MDGs by the end of 2015 is not only a vertical imperative of solidarity with those who are deprived but also strategic investment for all those who contribute to peace and stability; and just, sustainable and sure prosperity.
- The Peer Review of IC, held by the OECD in 2009 has allowed the Italian Cooperation to make a summary of achievements realised up to date and many challenges still open for the Italian system for Development Aid. From the Rome Declaration on Harmonisation (2003), the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008) to the commitments made at the European Consensus on Development (2005), the International Framework for Cooperation tends more towards the activities rationalisation and efficiency.
- The Finance Act 2011-2013 has confirmed noticeable reduction of funds for the cooperation of the Ministry of Foreign Affairs (MoFA) for the next three years. But this reduction does not lead to disengagement. In the next three years Italy will fulfil the commitments taken in terms of aid effectiveness. MoFA has made a selection of a limited number of priority countries, which can be changed and updated. Bosnia and Herzegovina is one of the priority countries.
- Italy will continue to make its contributions within activities delineated by the "EU Code of Conduct on Complementarity and Division of Labour in Development Policy". Italy has initiated the process of access to the modality of Indirect Centralized Management.
- Development Cooperation makes an integral part of Italy's foreign policy. Within Directorate General for Development Cooperation there is a new office for monitoring of aspects related to strategies and policies of EU development cooperation.
- Priority areas for action for the next three-year period are: agriculture and food security; human development; governance and civil society; support for endogenous, inclusive and sustainable development, within the private sector; environment, land and natural resource management; multisectorial initiatives (empowerment of women, vulnerable groups, cultural heritage and cultural dimension of development); gender equality and the empowerment of women; as well as social inclusion of disabled persons.
- The Italian Cooperation expects to allocate 30% of the total funds available in grants for bilateral activities in each year for the period 2011-2013, for the countries which are geographically close to Italy.
- In June 2010 coordination of the Office in Sarajevo, Local Technical Unit for Cooperation, passed under the Technical Unit in Belgrade and to Ms. Santa Molè, Head of the Technical Unit, but the IC Office in Sarajevo is still open and active.
- The priority countries of the region are: Albania, Serbia and Bosnia and Herzegovina. Emphasis is on actions in support of the private sector and entrepreneurship and institutional building. New initiatives in Bosnia and Herzegovina are possible, in accordance with available resources.

Upon finishing his presentation, Mr. Stefano Stucci invited Ms. Dušanka Basta, BiH MoFT/SCIA, to address the meeting.

Ms. Dušanka Basta thanked Mr. Stucci on his presentation and, on behalf of the BiH Ministry of Finance and Treasury, welcomed all attendees. After informing attendees that there have been changes in DCF focal points and deputies since the last DCF meeting, Ms. Basta welcomed new colleagues from Sweden/Sida, the Netherlands, EU Delegation, France, Germany, Italy, Switzerland, USA/USAID and the World Bank. Ms. Basta then invited Ms. Santa Molè, Head of the IC, to deliver her presentation.

AD2: IC presentation “Italian Development Cooperation in Bosnia and Herzegovina 2011”

Ms. Santa Molè thanked all attendees and passed on regards from Ms. Belloni, Chief of Directorate General for Development Cooperation. Ms. Molè explained that after taking the coordination role over the Office in Sarajevo, IC still has many activities in the country and prefers to keep on with practical activities on field and to reduce costs of internal management. She also added that this meeting represents an opportunity for IC to present their activities in BiH to other donors since they strongly believe that close cooperation and co-financing represent a key assumption for good results on development issues. The main highlights of Ms. Molè’s presentation were:

- Bosnia and Herzegovina is considered a priority country in the agenda of IC. According to the strategic programme for the period 2011-2013, IC intends to continue supporting coherent initiatives for the social and economic development of the Country.
- The main financial instruments of IC are grants and soft loans, which support various areas of activities focused on poverty reduction and improvement of socio-economic conditions.
- Projects can be implemented by: public institutions of the Beneficiary Countries and Italy; private entities; non-profit organisations; non-governmental organisations; regions and local institutions; and international organisations, operating under the supervision of the Italian Development Cooperation-Local Technical Unit.
- Main areas of intervention of the Italian Development Cooperation in BiH are: economic development; environment; institutional building; rural development; social policies; tourism and intangible heritage.

At the end of her presentation Ms. Molè presented the first part of the IC’s Project Portfolio 2009-2012 for Bosnia and Herzegovina. For more detailed information please see the attached presentation.

Ms. Molè proceeded to the next agenda item and invited Mr. Marco Zecchinato, Project Manager/Italian Cooperation Office in Sarajevo, to deliver his presentation on NGO’s Projects 2011.

AD3: IC presentation “Italian NGO’s Projects 2011 in Bosnia and Herzegovina”

Mr. Marco Zecchinato briefly presented the Italian NGO’s Projects 2011 in BiH. The main points of presentation were:

- Ten NGOs, financed by IC, are working on 12 projects, where average contribution of IC is around €1 million for each project.
- The Italian NGOs are normally promoted and co-financed by civil society and supported, up to 70%, by the Ministry of Foreign Affairs of the Republic of Italy - Directorate General for Development Cooperation.
- The main areas of intervention of Italian NGOs in Bosnia and Herzegovina are: agriculture, environment, health, multisectoral issues and social inclusion.

In the continuation of his presentation Mr. Zecchinato gave a short overview of 12 Italian NGO’s Projects 2011 in Bosnia and Herzegovina. For more detailed information please see the attached presentation.

Mr. Stucci thanked Mr. Zecchinato and invited Mr. Slavomir Goga, Deputy Head of Mission/Embassy of the Czech Republic, to deliver his presentation.

AD4: The Czech Republic presentation “Development cooperation between Bosnia and Herzegovina and the Czech Republic 2010-2017”

Mr. Slavomir Goga presented the development cooperation between Bosnia and Herzegovina and the Czech Republic 2010-2017. The main highlights of his presentation were:

- In 1995 the Czech Republic became the first transition country in Central and Eastern Europe to renew its government foreign aid programme.
- 1st Development Cooperation Strategy for 2002–2007 was adopted by the Czech Government in 2002.
- In 2003 Separate Department of Development Cooperation and Humanitarian Aid was established within the Ministry of Foreign Affairs.
- In 2004 the Czech Republic entered the EU and new Development Cooperation Principles were adopted.

- In 2007 the Government made a decision on the transformation of the system of Czech development cooperation.
- In 2008 the Czech Development Agency was established.
- In 2010 the Czech Parliament passed a new Law on Development Cooperation and the Czech Government adopted Development Cooperation Strategy for 2011-2017.
- According to the Development Cooperation Strategy for 2011-2017, priority countries with a cooperation programme are: Afghanistan, Bosnia and Herzegovina, Ethiopia, Moldova and Mongolia, while priority countries without a cooperation programme include project countries (Georgia, Cambodia, Kosovo, Palestine and Serbia) and other countries (Angola, Yemen, Vietnam and Zambia).
- Sectoral priorities for the Czech Republic defined by the Development Cooperation Strategy for 2011-2017 are: environment; agriculture; social development (including education, social and health services); economic development (including energy); as well as promotion of democracy, human rights and social transformation.
- The Czech Republic has been present through various projects in BiH ever since the establishment of the Embassy of the Czech Republic that was in 1996. First projects from 1996 were concentrated on the post-war reconstruction of the country, however as BiH developed further the Czech Republic concentrated more on the process of BiH's accession to EU.
- Sectoral priorities of the Czech Republic for BiH according to the OECD/DAC terminology are: Water Supply and Sanitation; General Environmental Protection; Energy Generation and Supply; Business and Other services; Government and Civil Society; Health; as well as Agriculture, Forestry and Fishing. For the next three years (2012-2014) the Czech Republic plans to allocate in total €2.5 million per year to all priority sectors identified for BiH.
- Apart from development cooperation projects managed by the Czech Development Agency, the Czech Republic has other forms of cooperation with BiH, which include: small local projects (managed by the Embassy of the Czech Republic in BiH), transition projects (managed by the Czech Ministry of Foreign Affairs), scholarship programme (full bachelor, master and PhD programmes) and separate assistance managed by certain Czech ministries (Aid for Trade, technical assistance, etc.).
- In 2010 the Czech Republic implemented a total of 17 bilateral projects in Bosnia and Herzegovina (including 9 major development projects and 8 smaller, local ones), totalling USD 1.6 million. The total official development assistance provided to BiH by the Czech Republic in 2010 amounted to USD 3.1 million.

At the end of his presentation Mr. Slavomir Goga presented most recent development projects of the Czech Republic in BiH including completed, on-going and pipeline projects. For more detailed information please see the attached presentation.

Mr. Stucci thanked Mr. Goga, and invited Ms. Jasmina Salihagić, Expert Associate/BiH Ministry of Finance and Treasury to deliver her presentation.

AD5: MoFT/SCIA presentation “Donor Mapping Database (DMD)-Proposal for the improvements within the Netherlands Constituency Support 2010”

Ms. Jasmina Salihagić presented a Proposal for the improvements of the Donor Mapping Database within the Netherlands Constituency Support 2010. At the beginning of her presentation Ms. Salihagić explained that the Sector for the Coordination of International Aid (SCIA) in the Ministry of Finance and Treasury of BiH (MoFT) hosts two information systems to support its work, the Donor Mapping Database (DMD) and Grants Resource Management System (GRMS), which is used by the MoFT for comprehensive management of the Public Investment Programme (PIP). The DMD, established in 2006, currently records around 1,400 projects of the DCF members and is the primary data source for producing annual Donor Mapping Reports (DMR). Apart from the DMD, Donor Questionnaires and Local Institution Questionnaires are also used for producing the DMR.

Under the Constituency Support 2010 of the Ministry of Foreign Affairs of the Netherlands, MoFT/SCIA will be able to upgrade and improve both information systems, the DMD and GRMS. The aim of the project is the development of information systems in order to enable the efficient use of development resources, whether from domestic or external sources. The project will develop the existing DMD and GRMS into a linked Public Investment Management System (PIMIS). The objective of PIMIS is to serve all BiH institutions as well as donors/lenders for more informed decision making about the needs and priorities for public investment.

In the continuation of her presentation Ms. Salihagić provided an overview of recognized DMD's lacks/fields of improvements and used this opportunity to remind all Donor Agencies to send their recommendations for improvements of the DMD until October 17th 2011.

Ms. Salihagić emphasized that Donor Agencies will have to follow the Guidelines that will be a part of the updated DMD and that financial data of all projects and sector/sub-sector allocations in the database must be consistent with the Donor Mapping Report. Donor Agencies and SCIA should define: responsibility for entering and up-dating the data in the DMD; methodology of entering the financial data into the DMD (“Signed and Allocated funds” or “Committed and Disbursed funds”); as well as sector/sub-sector classification.

During the presentation Mr. Stephan Leudesdorff, KfW, asked Ms. Salihagić to clarify the term “Committed funds”. Ms. Salihagić explained that “Committed funds” include signed and approved funds and that Donor Agencies will have possibility to enter both committed funds and disbursed funds into the DMD. Ms. Salihagić also added that SCIA will make Guidelines for entering the financial data into the DMD, which will provide detailed terminology.

Ms. Basta took opportunity to explain that Guidelines will be prepared only in cooperation with donors. Ms. Basta emphasised that it is very important that all agree with what is stated in Guidelines and that everything will be done in agreement with donors.

Mr. Midhat Džemić, the Directorate for European Integration BiH, commented that most of grants coming from international agencies are intended for European Integration purposes. While planning this aid Directorate for European Integration BiH has to follow a Multi-annual Indicative Planning Document, which has its own sector classification, and therefore it would be useful to make correlation between the OECD and MIPD classifications.

Ms. Salihagić added that all comments are welcomed and that everyone is invited to send an e-mail with suggestions and feedbacks.

Mr. Stucci thanked Ms. Salihagić for her presentation and asked the donors to commence the Tour de Table.

AD5: Tour de Table

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

KfW: Mr. Stephan Leudesdorff reported that KfW signed two agreements this week, both agreements in the favour of the same project, Construction of the Hydro Power Plant at the Bosnia River in Republika Srpska. KfW signed a soft loan agreement, in the amount of €15 million and grant agreement, in the amount of €5.5 million, both in favour of this project. The grant of €5.5 million is from IPA 2009 funds. Mr. Leudesdorff also added that the next week KfW is going to sign another loan agreement of €17 million in favour of the better use of electric distribution network in BiH. There are seven contract parties of this agreement including three Ministries of Finance and three utility companies.

USAID: USAID is finalising the five-year Country Strategy for BiH and it is expected to be done soon. Upon finishing the strategy USAID is planning to present it to the donors. In the last couple of months USAID has hosted several informal donor meetings on youth for those donors who are engaged and interested in projects on youth. USAID plans to have another meeting in mid-October and they will send invitations for those who have been engaged in that informal group. This year, USAID marks its 50th anniversary world-wide and 15th anniversary in BiH. In honour of these anniversaries USAID is organizing a street fair in October 20 in front of the BBI centre and all donors are invited to attend this fair.

Sweden/Sida: Mr. Pelle Persson introduced himself as a new representative of the Swedish Government and Sida in BiH, with the main task to implement a four-year Strategy for development cooperation with BiH that started this year. The Strategy foresees €20 million per year for BiH focusing on democracy, human rights, environment and economic growth. Mr. Persson emphasized that the good news is that development cooperation is not decreasing and that is still approximately 1% of GDP or around €4 billion per year. The focus of development cooperation is to link in to other types of development, trade, international relations, security, so that link between political development and development cooperation is close, as well as to see how it can interlink with other flows of investments. Mr. Persson welcomed new representatives of the DCF members and particularly welcomed the Czech Republic which is a good example of cooperation with USAID. Mr. Persson commented the DMD suggesting that it would be interesting to develop mechanisms for measuring results of the implementation of different programmes which would follow up systems of controlling and collaborating organisations, anti-corruption, interplay between political development and development efforts in economic, social and environmental field.

EU Delegation: Ms. Dominika Skubida informed the DCF about the most recent developments concerning IPA 2011 package. The reduced package was submitted to the Delegation at the beginning of September by the National IPA Coordinator. The package was reduced by more than €8 million (four projects: business registry, statistics, agriculture and employment). This change was caused by the disagreement of Republika Srpska. Following the submission, the Federation of BiH did not agree with the content of the package and from that moment there were no positive developments in this respect.

The Netherlands: Ms. Ellen van Reesch commented that the Netherlands is highly interested in exchange of information, views and opinions. Ms. Van Reesch commended presentations made by Italy and the Czech Republic, however Ms. Van Reesch expressed her hope for even more substantive discussions in future meetings.

MoFT/SCIA: Ms. Basta addressed the members for any comments on the last DCF Minutes of Meeting, and since there was none, it was approved.

Next Meeting

Ms. Basta thanked attendees and informed the Forum that the next meeting will be held in mid-December, when the Donor Mapping Report 2010-2011 will be presented. The next DCF meeting will be chaired by the Ministry of Finance and Treasury BiH.

Ms. Basta announced a High-level Conference "Public Investment Management in BiH-Challenges and Opportunities" that will take place in mid-November, organized jointly by the RS Ministry of Finance, FBiH Ministry of Finance and Ministry of Finance and Treasury BiH. The Conference will be opportunity for the Ministry of Finance and Treasury BiH to present achievements within the methodology of Public Investment Programming, linkages between Public Investment Programming and capital budget, Financial Framework for Strategic Planning, linkages of processes of identification and follow up of realisation of investment projects. The members will be informed in timely manner on place and time of the Conference. Ms. Basta added that all these activities were previously supported by DFID while now support is provided by the Austrian Development Agency.

Ms. Basta thanked all attendees and reminded them to send their comments and suggestions for improvement of the DMD.

Mr. Stefano Stucci, First Secretary/Deputy Head of Mission, Embassy of Italy in Sarajevo, closed the meeting and invited all attendees to a buffet lunch.

The meeting was closed at 12:45.

SCIA, January 2012