

DONOR COORDINATION FORUM

MINUTES OF THE MEETING OF 24TH FEBRUARY 2011

Participants

H.E. Mr. Alejandro Alvargonzález San Martín, Ambassador, Embassy of Spain (**Meeting Co-Chair**)

Donor/IFIs representatives

H.E. Bosse Hedberg, Ambassador, Swedish Embassy
Mr. Anders Hedlund, Swedish Embassy
Ms. Katica Hajrulahovic, Swedish Embassy
Ms. Aler Grubbs, USAID/US Embassy
Ms. Ela Challenger, USAID
Mr. Allan Reed, USAID
Mr. Kristina Milosevic, Austria/ADC
Mr. Thomas Ruegg, Swiss Cooperation
Ms. Dzelila Hadzovic, KfW
Ms. Jasmina Alispahic, GIZ
Ms. Christiane Heinze, German Embassy
Mr. Yoshiaki Makino, Japanese Embassy
Ms. Tomoko Koseko, Japanese Embassy
Ms. Kazumi Homma, JICA
Mr. Csaba Felegyhazi, Hungarian Embassy
Mr. Yuri Afansiev, UN
Mr. Aris Seferovic, UN-RCO
Ms. Lidia Hernandez Alonso, UN-RCO
Ms. Florence Bauer, UNICEF
Ms. Natalia Dianiskova, EU Delegation
Ms. Leila Fetahagic, Embassy of the Kingdom of the Netherlands
Ms. Blanca Yanez Minondo, AECID/Spanish Embassy
Ms. Eldina Zukic, AECID
Ms. Azra Dzigal, AECID
Mr. Goran Stojadinovic, AECID-OTC
Mr. Faris Novic, AECID
Mr. Nedjo Kapetina, AECID-OTC
Mr. Goran Tinjic, World Bank
Mr. Damir Cengic, EBRD
Mr. Gulio Moreno, EBRD
Mr. Anesa Terza Vukovic, Embassy of Czech Republic
Ms. Svjetlana Vukmirovic, WBIF
Mr. Mikael Boldt, Grontmij

Government representatives:

Ms. Dusanka Basta, Sector for Coordination of International Economic Aid, Ministry of Finance and Treasury BiH (Meeting Co-Chair)
Ms. Zeljka Boljanovic, Sector for Coordination of International Economic Aid, Ministry of Finance and Treasury BiH
Mr. Igor Blagojevic, Sector for Coordination of International Economic Aid, Ministry of Finance and Treasury BiH
Mr. Ibrahim Omerbasic, Sector for Coordination of International Economic Aid, Ministry of Finance and Treasury BiH
Mr. Ivica Mestrovic, Sector for Coordination of International Economic Aid, Ministry of Finance and Treasury BiH
Ms. Jasmina Salihagic, Sector for Coordination of International Economic Aid, Ministry of Finance and Treasury BiH
Ms. Manuela Stjepanovic, Sector for Coordination of International Economic Aid, Ministry of Finance and Treasury BiH
Mr. Midhat Dzemic, Directorate for European Integration BiH
Ms. Zuhra Talovic, Directorate for European Integration BiH
MS. Ljerka Maric, BiH Directorate for Economic Planning
Ms. Aneta Rajic, PARCO

ACE project staff in attendance:

Mr. Richard Moreton

Meeting Agenda

- Welcome and Opening Remarks
 - AECID presentation “15 years of Spanish Cooperation with Bosnia and Herzegovina”
 - SIDA Presentation on the Municipal Programme for Solid Waste Management in Bosnia and Herzegovina
 - SIDA Presentation on the Swedish Assistance Portfolio, Ongoing and Planned
 - MoFT/ACE Project Proposals for an Aid Co-ordination Mechanism
 - Tour de table
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AD1: Welcome and Opening Remarks

The meeting was opened by Ms. Dusanka Basta, BiH MoFT/SCIA, who welcomed the attendees and informed them that this DCF was organized in cooperation with Embassy of Spain in BiH. Ms. Basta invited H.E. Mr. Alejandro Alvargonzález San Martín, the Ambassador of Spain to Bosnia and Herzegovina, to address the meeting.

H.E. Mr. Alejandro Alvargonzález San Martín, Ambassador, Embassy of Spain, expressed his gratitude to Ms. Basta and to all the participants of the meeting. During his presentation the Ambassador commented that:

“This is a very special meeting for Embassy of Spain, since the Office for Cooperation of the Embassy is closing down. He noted that it is to be closed down because the Embassy feels that the main objectives of their mission have been accomplished.

- Spain will remain present in BiH by granting funds throughout multilateral mechanisms. For instance he noted that \$24 million was provided through UNDP to BiH to progress towards achieving the Millennium Development Goals.
- Whilst the Office is closing, it is certainly not the end of the solidarity of the Embassy of Spain with this country.
- This meeting is a perfect occasion to show another side of cooperation, besides projects, money and administration, counterparts, results and beneficiaries. This is an occasion to mention and congratulate aid-workers as dedicated professionals who take care of the needs of beneficiaries. Today's emphasis should be on gratitude to all these professionals, especially from the Spanish Office for Cooperation and NGO's, who have achieved such splendid results in BiH.

Ms. Basta thanked the Ambassador for his inspiring words and expressed gratitude for the work of the Office for Cooperation of the Embassy of Spain, as well as to the commitment of the Embassy to work with BiH in the future.

Ms. Basta proceeded to the next Agenda item and invited Ms. Blanca Yanez Minondo, AECID/Spanish Embassy, to deliver her presentation.

AD2: AECID presentation “15 years of Spanish Cooperation with Bosnia and Herzegovina”

Ms. Yanez Minondo briefly presented 15 years of Spanish Cooperation with BiH. The main points of her presentation were:

- Introduction to the Spanish Agency for International Development Co-operation (AECID) and its objectives.
- First contacts with BiH were in 1993 through Spanish NGO's and international organizations, but only in 2001. AECID opened an Office in Sarajevo that was responsible for cooperation in BiH, Serbia, Montenegro, Albania and Croatia.
- Current figures shows that AECID funded 260 projects in BiH to a total value of €56 million in non refundable AECID bilateral aid.
- The emphasis of Spanish assistance to BiH was on the active engagement of a whole range of different players in Spanish society, from all levels of government to NGO's.
- In 15 years of Spanish Cooperation with BiH, AECID passed throughout 3 phases: 1) Humanitarian assistance from 1993–1996, 2.) Support to reconstruction from 1997–2000 and 3) Development cooperation from 2001–2010.
- the first phase involved Spanish troops and NGO's like Médicos del Mundo (Doctors of the World), The Movement for Peace – MPDL and Engineers Without Borders in providing humanitarian aid.
- In 1996, after signature of the Dayton Peace Agreement, AECID started with second, reconstruction stage. Contribution in this phase amounted to €20 million, with the main focus on facilitating the return of refugees and displaced people, as well as support to other vulnerable groups throughout projects that were orientated on infrastructure and social reconstruction, multi-disciplinary care and strengthening of institutions. In this phase AECID started also with involvement in the electricity sector.
- Finally, the third phase provided a Master Plan for AECID, where BiH was categorized as a “programme country”, which means a country with maximum priority. In this phase the Technical Cooperation Office was opened in BiH.
- This development cooperation phase had 2 sub-phases. The first lasted from 2001 – 2005 and covered the four major areas of development: institutional strengthening (SIPA), contribution to sustainable environment (projects on Bosna and Neretva river basin management), support of studies on the possibilities for renewable energy in BiH and continuation of support to vulnerable groups. The second sub-phase lasted from 2005 – 2010 and AECID is following its Second Master Plan, in which BiH is categorized as a “country of special attention” and with regards to that AECID developed a strategy for the country that was called a “Special Action Plan for BiH” that agreed to follow the priorities for development defined by BiH. The focus was on two geographic regions: Herzegovina (region 7) and the Sarajevo economic region, as well as on concrete sector activities (Institutional strengthening, Economic development and Conflict Prevention and Peace building).

- Cooperation could not be possible without our partner institutions.

Ms. Basta expressed gratitude to Ms. Yanez Minondo for an excellent presentation and emphasised that for the Ministry of Finance and Treasury it was a great pleasure to work with AECID.

Ms. Basta took the opportunity to welcome Mr. H.E. Bosse Hedberg, Ambassador of Sweden in BiH and proceeded to the next Agenda item, which was a presentation on the Municipal Programme for Solid Waste Management from Sida.

Before the presentation, Mr. Anders Hedlund from Swedish Embassy / Sida, stated that the new Strategy for 2011 from Sida has been delivered to DCF members and concentrates on three sectors in four years. He noted that today's focus would be on the environment sector and apologised for one mistake in the project list regarding one of the most important projects, with EBRD co-financing, which was not included. He noted that a new version of the list will be prepared at the beginning of next week.

AD3: Sida presentation on the Municipal Programme for Solid Waste Management in BiH

Mr. Mikael Boldt presented himself and his company. The main highlights of Mr. Boldt presentation were:

- That the Municipal Programme for Solid Waste Management in BiH has four goals, with an emphasis on the last one, since there is an obvious need to improve an waste management in BiH.
- The Programme itself is divided in two components: Capacity strengthening and Investment.
- The budget for the Programme is approximately €10 million, of which €7.5 million is allocated for investments and €2.5 million for capacity building.
- At the moment, the Programme works in two regions: the region of Bijeljina with 5 municipalities (c. 230 000 inhabitants) and in Zenica region with 8 municipalities (c. 400 000 inhabitants). The project covers 50% of the population in these regions. It has the ambition to raise waste collection in these regions for around 80% of the population in small municipalities or villages.
- Mr. Boldt introduced participants to the activities and phases of the Programme and mentioned that they are now in the middle of Phase 1, with expected budget and outcomes.
- In Phase 2, the expectation is that more municipalities will join this Programme. There is not enough money for all of them in the Programme, but the aim is through training to double the capacity in target municipalities.
- The perspective of the Programme is to offer direct support to municipalities in establishing their plans to define their goal of waste management, but they also work at the state and entity level
- Very small investments are needed in this field in order to have a huge impact.
- The project is setting new standards for BiH.

Ms. Basta thanked Mr. Boldt for this important presentation and proceeded to the next Agenda item, inviting Ms. Katika Hajrulahovic to deliver her presentation.

AD4: Sida presentation on the Swedish Assistance Portfolio, Ongoing and Planned

Ms. Hajrulahovic emphasised that the Municipal Programme for Solid Waste Management is the most important Programme for Sida in the environmental sector today. She proceeded to describe the rest of the Swedish Environmental Programme. The main points of the presentation were:

- From the overall amount of funds that have been provided from Sida to BiH each year, one third of them are provided to environmental projects, in three main sectors of municipal environmental infrastructure: solid waste management ; water; and waste projects.
- In accordance with the previously mentioned Strategy and Project List, that will be distributed by the BiH Ministry of Finance and Treasury, plans are to develop more projects in this area.
- Currently, discussion is ongoing with EIB to join their project in the Water and Waste sectors in BiH.

Ms. Basta thanked Ms. Hajrulahovic and invited Mr. Hedlund to say a few words. Mr. Hedlund proposed the establishment of a sector group that would bring together the main players in this field to address environmental issues in BiH. Ms. Basta commented that she will consider how best to establish this and other relevant sector groups, since there is a lot of demand to start working in this way in different sectors.

AD5: MoFT/ACE Project Proposals for an Aid Co-ordination Mechanism

Ms. Basta and Mr. Moreton jointly delivered a presentation on the planned Aid Co-ordination Mechanism, briefly explaining the intended process. The main points were as follows:

- This is a preliminary proposal, based on Paris declaration principals, for consideration by donors. Comments are welcomed and expected in two weeks, in order to complete the proposal and forward it in further procedures to the Council of Ministers. MoFT has already incorporated comments from entity coordinators from Republika Srpska and the Federation of BiH.
- These preliminary proposals define the roles for each partner of this process and represent the basis for a Memorandum of Understanding (MoU) that MoFT is planning to sign with each active donor in BiH. The Draft of the proposed MoU is provided to you in your folders for comments.

Mr. Goran Tinjić , World Bank, commented that written comments will be submitted, but that at this moment his first comment concerned PFM and procurement systems, and the fact that the MoU says that donors should respect them, but there is no explanation of what the government should do to eliminate weaknesses in these systems. He suggested that the MoU should also define what domestic authorities should do to improve procurement legislation, financial management rules etc. He noted that the Country Development Strategy should be the platform for all donors over the next five years, and that this should be more clearly stated in the MoU. He noted that the main question here is how governments, from the state and entity levels, will integrate donor resources into budgetary processes, and suggested that this process should be covered in more details.

Ms. Basta commented that she agreed with comments made by Mr. Tinjić.

Mr. Gulio Moreno, EBRD, warned on unlikely results that could come from changing procurement procedures and suggested that the real problem is the lack of coordination between the state and entity levels in BiH.

Ms. Basta replied that there is awareness in BiH institutions regarding problems with procurement processes, but with regard to coordination MoFT has established very good and close relations with entities and Distrikt Brčko on the development of the PIP programme, as well as good relations with the Directorate for Economic Planning. There is optimism that MoFT will speed up development processes with this document.

Mr. Midhat Dzemic, Directorate for European Integration BiH (DEI), indicated that DEI fully supports this proposal with regard to the full implementation of Paris declaration principles in BiH and that DEI will send written comments on it, but noted that the proposal does not fully recognize the role of DEI and IPA programming.

AD6: Tour de Table

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

MoFT/SCIA: Ms. Basta informed attendees that the DCF website and the Donor Mapping Database (DMD) has now been officially transferred from UNDP into the full ownership of MoFT/SCIA. She said that MoFT/SCIA will inform all DCF members on the date to start entering projects in the DMD and the usage of DCF web-site. Ms. Basta introduced the participants to the status of a project based on the Netherlands Constituency Support Facility in 2010 to upgrading the PIP and DMD database software, as well as with Swedish SIDA's decision to finance this year's edition of the Donor Mapping Report.

Japan/JICA: Representatives informed the meeting that Japan has approved a project to be conducted by ITF in the area of Lukavac and Petrovo, to a total value of 700.000 KM, and that Japan is now starting to formulate its Country Assistance Policy, and will most likely consult BiH institutions on this topic in March. It was also noted that the JICA headquarters is planning to send a mission in BiH at the beginning of March to formulate a project focusing on eco-tourism promotion in BiH. During this mission, members of JICA are planning to organize a seminar focused on the same subject. The second mission will focus on an evaluation study of the agricultural and community development project in Srebrenica region.

WBIF: Ms. Sveltana Vukmirovic from the Western Balkan Investment Framework (WBIF), introduced the program of WBIF, as representatives of this institution were attending the DCF meeting for the first time. The WBIF, as a Forum for improved coordination of all donors and investment activities in infrastructure in Western Balkans, started work in 2008 as an infrastructure project facility and, by now, the WBIF has 15 projects in BiH with a total value of €34,6 million. 10 of these projects are technical assistance projects. The WBIF covers four sectors: transport, environment, the social sector and the energy sector. She noted that observing the projects of SIDA, she realised that there are a lot of common projects, so coordination and communication is essential.

World Bank: Mr. Tinjic reported that at the beginning of next week the World Bank will start the preparation of a new four-year Country Partnership Strategy and that it is planned to start with consultation with DCF members and international partners, as well as with government representatives.

USAID: It was reported that USAID is in the process of preparing a new Strategic Framework up to fiscal year 2016. The plan is to consult and donors and government during its preparation. Headquarters of this institution have now moved into the new US Embassy.

EU Delegation: Ms. Natalia Dianiskova explained that the EU has started with the preparation of the new Framework for the next three years, in close cooperation with DEI, and that the environmental sector is planned to play a very important role in it. She noted that in the past three years the EU has spent around €75 million in the environmental sector, out of which 68 million was for infrastructure development and around 6 million for technical assistance for institutional building. For the Water and Sanitation sector the EU gave 62 million and the remaining 6 million for the solid waste sector.

EBRD: Mr. Moreno reported that the new 3-year strategy was approved by the EBRD Board last September. The total amount invested in BiH in 2010 was €195 million, out of which 120 million was invested in the public sector (mainly transport, energy and municipalities) throughout 14 projects. EBRD has a pipeline of between 130 and 150 million in 2011, of which more than 100 million will be for private sector investments. With this, the EBRD notes that there is no intention to decrease its presence in BiH.

GIZ: Ms. Jasmina Alispahic reported to the meeting with information regarding the change of name from German Technical Cooperation (GTZ) to German International Cooperation (GIZ), as of January 2011. The main focus of work for GIZ remains the same – international cooperation for sustainable development. GIZ and German Financial Cooperation (KfW) have moved into the same location, as well as the regional co-ordination office, that is now also located in Sarajevo.

Japan: The Programme Coordinator from the Embassy of Japan introduced a relatively small scale grant which the government of Japan has directly implemented in BiH. The Government of Japan has a small scale grant scheme in order to help developing countries to meet basic human needs, as well as various economic development challenges. The focus of the grants are on support to local communities, and the support is provided directly to final beneficiary, mainly civil society organizations (such as returnees or farmers associations etc.). This kind of support has five pillars: de-mining, education, public health, public welfare and rural development.

UNICEF: Ms. Florence Bauer informed the meeting that UNICEF is in the second year of its country programme, with the main focus on social protection, and that just yesterday the Action Plan for the coming months was approved. UNICEF is also working on the justice sector with SIDA, on issues of education and development. And for the future, UNICEF is planning to start projects on the prevention of violence against children and on working with children without parental care, as well as to start projects on immunisation with WHO and GAVI.

The Spanish Ambassador closed the meeting expressing his gratitude on the opportunity to co-chair the meeting.

Next Meeting

Ms. Basta thanked attendees and informed the Forum that the next meeting will be held on May 18th 2011 and will be chaired by the Austrian Development Cooperation (ADC).

The meeting closed at 13:00.

SCIA, March 2011