

DONOR COORDINATION FORUM

MINUTES OF MEETING, OCTOBER 30TH, 2013

Participants

Mr Yuri Afanasiev , UN Resident Coordinator in Bosnia and Herzegovina **(Meeting Co-Chair)**

Donor/IFIs representatives:

Mr Gregor Presker Embassy of Slovenia
Ms Joseph Guntern, Swiss Cooperation/SDC/SECO
Ms Aniko Gyenge, Embassy of Hungary
Ms Anne Claire Dufay, UNICEF
Ms Olga Zdralkova, Embassy of the Czech Republic
Ms Anesa Terza Vukovic, Embassy of the Czech Republic
Ms Alenka Hudek, Embassy of the Republic of Croatia
Mr Florian Burkhardt, German Embassy
Mr Pelle Persson, Embassy of Sweden/SIDA
Mr Thomas Busch, EU
Mr Steve Majors, USAID
Ms Ela Challenger, USAID
Mr Stephan Leudesdorff, KfW
Mr Luis Miguel Bueno, Embassy of Spain
Mr Aris Seferovic, UNCT
Ms Evnesa Hodzic Kovac, UNRCO
Mr Goran Tinjic, WB
Mr Libor Krkoska, EBRD
Mr Mario Vignjevic, Embassy of Sweden/SIDA
Mr Dzanan Aganlic, Embassy of Norway

Government representatives:

Ms Dusanka Basta, BiH MoFT/SCIA (Meeting Co-Chair)
Ms Edina Topcagic, BiH MoFT/SCIA
Mr Igor Blagojevic, BiH MoFT/SCIA
Mr Zoran Danilovic, BiH MoFT/SCIA
Ms Bruna Kjuder, BiH MoFT/SCIA
Mr Miroljub Kronic, BiH MoFT
Mr Rifet Hrkic, BiH MoFT
Mr Midhat Dzemic, DEI
Ms Nevenka Dalac, BiH MoFTER
Mr Toni Santic, BiH MoJ
Ms Sasa Stanic, DEP
Ms Sanela Fazlic, PARCO
Ms Danijela Injac, RS MEOI
Ms Maja Peric, RS MF

Meeting Agenda

- Welcome and Opening Remarks
- Presentation of the United Nations Country Team in BiH –
United Nations Development Assistance Framework for Bosnia and Herzegovina 2015 -2019 - UNDAF
- Information from the Ministry of Finance and Treasury of BiH –
Update and follow up of the upcoming activities related to aid coordination
- *Tour de table* - general news from all participants on current activities

AD1: Welcome and Opening Remarks

Ms Basta, BiH MoFT/SCIA, welcomed all attendees to the regular quarterly DCF meeting, announced the UNDAF and MoFT presentations and gave the floor to Mr Afanasiev, the UN Resident Coordinator in Bosnia and Herzegovina, to address the meeting.

AD2: Presentation of the United Nations Country Team in BiH - United Nations Development Assistance Framework for Bosnia and Herzegovina 2015 -2019 - UNDAF

Mr Afanasiev welcomed all participants and thanked to the colleagues from the MoFT for good cooperation. Considering that the UN project cycle 2010-2014 is coming to an end, he noted that the mid-term evaluations are completed. Although the UN Country Team in BiH estimated that by the end of 2014, UN will deliver USD 187 m, while real commitment will be USD around 240 m. In

spring 2013, the UNCT started the formulation of the next joint UN programme for BiH, “United Nations Development Assistance Framework for Bosnia and Herzegovina 2015 -2019” (UNDAF), proceeding the UN standard analysis, broad consultations with all partners, starting from municipal (80 municipalities) and cantonal levels, which was presented to the International Community (IC) a few weeks ago. This process culminated in a two-day Strategic Prioritization Retreat with government and civil society representatives, the counterparts from BiH, RS and Federation level. However, the next round of more detailed consultations with IC would proceed on November 7th, followed by extensive civil society consultations. The formulation of the next UN programme in its draft form, defining focus areas, recommendations, concrete needs and priorities for the next 5 year period, will be finalized by December 2013. In the next programme, the UN anticipates a lower financial delivery (USD 200 m) compared to the current cycle, partly due to financial situation, both worldwide and in Europe, and partly because UN considers that BiH is moving up on the UN scale of classification, as the high mid-income country. The UNCT has also conducted extensive internal analysis of the country - Common Country Analysis (CCA), with political and socio-economic analysis, as the analytical basis for the Strategic Prioritization Retreat and formulation of the next UN programme for BiH. He observed that, in terms of donor funding and priorities, their efforts in traditional areas of capacity and institutional building showed less impressive results than expected, while they achieved better results at the lower level of governance. Also, the focus of donor attention has returned on post conflict issues, although UN as well as government counterparts on various levels in BiH, suggest that developmental agenda should remain in the focus, with the further support channelled towards new jobs, economic development and growth. Mr Afanasiev then gave the floor to Mr Seferovic, Coordination Analyst in the UNRC Office, to present the process of development of the next UN programme for BiH for 2015-2019.

Mr Seferovic, noted that the focus of his presentation will be on the UNDAF Road Map, UNDAF analytical basis, 2013 MDG progress report and Common Country Assessment 2013 as well as the initial 2015-2019 Strategic Framework for the next UN programme and its implementation mechanism.

The main highlights of UNDAF presentation:

- Rationale for the UNDAF 2015-2019, involving 15 UN agencies in BiH;
- UNDAF Road Map: Final evaluation of current UNDAF, CCA/MDG progress report; Strategic planning;
- 2010-2014 UNDAF Final Evaluation (4 areas: democratic governance; social inclusion, environment, human security);

Ms Seferovic introduced the UNDAF Analytical Basis with the 2 key documents and invited Ms Kovac, Development, Research and M&E Specialist, to provide more information on the 2013 MDG progress report, which was prepared in joint collaboration with MoFT of BiH.

Ms Kovac presented the key findings of the MDG progress report and review of the progress of MDGs in BiH:

- MDG progress report,
- Achievement of MDGs in BiH by 2013; Progress against 68 indicators,
- Poverty Reduction, Education, Gender Equality, Reduce Child Mortality, Maternal Health, HIV/AIDS and Tuberculosis, Environmental Sustainability, Global Partnership,
- *Unfinished business of MDGs in BiH*- Education, Reduction of Child Mortality, HIV/AIDS and Tuberculosis; Post 2015 Agenda;
- Top 5 Development priorities for UN focus;

Mr Afanasiev informed that, on November 7th 2013, the UN will also release the *National Human Development Report*, dedicated to rural and agricultural development, called “*myth and reality*”. Although BiH counterparts at all levels are convinced the Agriculture sector is of key importance for the rural employment and rural economy, the opinion of UN experts is that the Agriculture, without self-sustenance and possibility to substitute great part of import, is difficult to consider as a strategic sector in BiH. The discussion and knowledge exchange between the local policy makers and some of UN experts might overcome so contrasting views and define real strategic sectors in BiH, such as energy production and the forestry, according to their opinion. He welcomed all participants to the UN presentation on November 7th, on extensive rural households survey and analysis as a basis to consider the development priorities.

Ms Seferovic briefly presented the second key element of UNDAF Analysis such as follows:

- 2013 BiH Common Country Assessment (CCA) for Bosnia and Herzegovina: Purpose, Sectors, Analysing elements, Cross-cutting challenges, UN comparative advantage, Priority areas;
- 2015-2019 UNDAF Strategic Prioritization Retreat / UN Cooperation Strategy 2015-2019 to BiH;
- Mechanisms for UNDAF implementation; Joint Steering Committee; Next steps;

For more details, please see the attached presentations.

Mr Afanasiev reminded that the UN work is based on the support from different governments, concluding that, although UN channel less than 5 m per year from its own resources, programmatic delivery is about 50 m per year, which is realized in cooperation with the UN partners, international funds and different global funds.

Mr Guntern made a remark to the UN Analysis regarding the real issue of poverty, which is not on the main agenda for development goals deriving from MDGs, suggesting there should be discussion how to address poverty in BiH, concluding it is not enough to invest in economic development and employability in general, but to directly target the poverty, recently increasing in BiH.

Mr Afanasiev agreed and noted that BiH superficially looks relatively well off, but with the disparities between rich and poor, high poverty rates are quite substantial.

Mr Persson thanked for interesting presentation and asked how UN referred to the national priorities, since BiH does not have the agreed country development strategy. He added that the budgets for BiH public sector are definitely not programme budgets or result based budgets. So how UN targets are integrated in BiH public system, how is it monitored and is it done as an outside monitoring exercise?

Mr Afanasiev replied that UN disregarded the fact whether strategy is approved or not, in order to find out how far the consultations evolved when the country development strategy or the social inclusion strategy are prepared. UN explored strategies at the entity levels, which are mostly approved. He underlined there are over 100 strategies in BiH, while only 10 of them are actually funded, as an issue to be considered by both IC and domestic policy makers. For the time being, the UN is ready to offer its support to the BiH authorities in addressing concrete priorities. He mentioned how the UN staffs are impressed with the professionals at all levels of government in BiH, involved in the process.

Mr Santic rephrased Mr Persson's question, asking what the risk strategy to mitigate these issues is, adding there are several initiatives working on these issues, and dealing on improving of PFM.

Mr Afanasiev replied that generalised statements should not be made, since there are concrete sectors where priorities are identified, and consequently financially supported. However, local ownership is necessary for each development priority, to be used as a basis for Donor/Creditors programming.

Mr Tinjic commented that the best mitigation strategy is to be realistic. He thanked for interesting and comprehensive presentation and noticed that the UN did not fall into trap of defining EU accession as one of UN strategic objectives. He asked if the theme of EU accession emerged in the UN discussions and what was the opinion of the UN?

Mr Afanasiev: UN approach in programming is harmonized with the country's intentions in regard with the EU. However, there is a temporary deadlock, the SAA is not activated and the country has to undertake reforms, not necessarily due to the accession, but because of its own development. UN programs will never contradict the EU process, suggesting that all involved should support the EU efforts in the country. In regard to the second question, surprisingly the theme of EU accession did not emerge much in UN discussions, meaning the process is not actual and optimistic as it was 4-5 years ago. In the future, the areas of UN interest will be the work with the local level, municipal development, job creation, governance at lower levels of government, social inclusion, and security/justice and home affairs.

Ms Basta thanked to the UN team for their participation, concluding that good presentation always provides many comments and many remarks. Then, she announced the presentations on the latest developments in regard with the new DMD, the preparation of DMR for 2013 and Paris Declaration report for 2012, and gave the floor to Ms Topcagic.

● AD3: Information from the the Ministry of Finance and Treasury of BiH - Update and follow up of the upcoming activities related to aid coordination

Ms Topcagic briefly presented the activities undertaken by the MoFT since the last DCF meeting held in April. The new DMD database was developed and implemented within the MoFT, data from the old were transferred into the new DMD database and checked up as well. The process of transferring the domain of the DCF web site to the MoFT took some time, partly due to the institutional procedure that had to be finalized and partly because the DCF web site was blocked for security reasons and needed to be upgraded. Ms Topcagic used the opportunity to thank to the UNRCO office in BiH which secured the funds necessary to reactivate the DCF web site. Finally, in September the MoFT enabled the access to the new DMD database by sending the direct link to all DCF members, provided DCF members with the usernames and passwords for entering of new projects and updating the existing projects in the new DMD, and prepared and delivered User manual to all DCF members. In October, initiated was the data gathering to update the database with the new projects from the second part of 2012 and the whole 2013.

The main points of the information – Update and follow up of upcoming activities related to aid coordination:

- Issues to be resolved with the new DMD before its public launch;
- Preparation of the new Donor Mapping Report for 2013;
- Monitoring and preparation of the Report on adherence to the principles of the Paris Declaration on Aid Effectiveness in BiH;

For more details, please see the attached MoFT information.

Ms Topcagic then gave the floor to **Mr Blagojevic** who briefly presented the possibilities of the new DMD database as well as its functionalities.

The main points of the DMD presentation were:

- DMD Performance reviews: the adjustable DMD layout, possibilities, searching options, sorting out and extracting data, exporting data in Microsoft Excel, reporting- the predefined reports, printing reports, etc.

For more details, please see the attached presentation.

Ms Basta underlined DMD is almost ready to be published on the both MoFT and DCF web sites, but before that, DCF members need to check if transferred data are accurate for their projects. After that, DMD will be published at both official web pages and available for public use. She concluded that most valuable fact is that all projects supported by the DCF members will be available at one place, for consideration and analysis, inviting attendants to ask questions and give comments.

Mr Persson suggested that SCIA staff should be proactive in quality check of the figures, with suggestion that someone from SCIA should go visit each donor, check the figures in order to make them in a better quality ways. He also noted that since DEI requested from them to provide database information on project portfolios, it would be a good idea to coordinate or to merge these two databases on the government side.

Mr Dzemic replied that, since DEI used data from Sida earlier and since the DMD was closed, DEI just required the data for the second part of the year. When the new DMD is reactivated, DEI will use it again.

Ms Basta suggested DEI should contact the MoFT first in regard of these and similar issues.

Ms Topcagic reminded that SCIA team offered their support to all DCF members in regard with data entry of new projects, and they already had visited some of them who asked for help. They are ready to go through the inconsistent data with the DCF members, when asked for.

Ms Challenger from USAID asked when the deadline for DMR completion in one calendar year is.

Ms Topcagic replied, since the new DMD is opened on a daily basis and can track all entered projects through the whole year, the future DMRs, beginning with Report for 2013, will cover one calendar year period and will be produced in the first quarter of coming year. The next DMR will be sent in adoption procedure at the end of March and it is expected to be published in April 2014.

Ms Basta concluded the new DMD allows us to have the accurate DMR document for entire 2013, to be published in April 2014. Since this year is transitional she asked for the patience in case of delay or request for an extra checking of data accuracy. Also, she mentioned this year MoFT started the Survey on Monitoring of Paris Declaration principles earlier than usual. PD indicators are powerful tool to see in which direction the country is going and what to do to improve that. Since the last PD 2011 had poor response from the participants, she asked for better response from both domestic and international partners, in the aim to achieve more objective and more valuable results in the coming Report.

Mr Aganlic from Norwegian Embassy noted that they are understaffed in terms of making data entry in the DMD database and that they have their own system of data entry, from which everything is generated to one unique website for Norway, and it would be most convenient for them if MoFT uses the links from these web sites for the DMD data entry.

Ms Topcagic replied that for MoFT it is important to have all new projects entered until December 15th of the current year, only if donors could guarantee projects data are accurate, so they could be included in the new DMR.

Mr Aganlic said all information regarding the Norwegian projects in 2013 are already in the system, but they have problem with data entry in the new DMD system.

Ms Topcagic offered that DMD Administrator from the MoFT may visit the Norwegian Embassy to provide the support and find out the best solution for overcoming this issue.

Ms Dufay referred to some topics mentioned in the presentations as interesting for discussions (PD indicators, poverty, youth, unemployment), and suggested that MoFT could consider organizing thematic sessions on this issues, in order to share information and synergies between different donors and BiH authorities at all levels.

Ms Basta welcomed the idea. She informed the DCF that Republic of Croatia become the new DCF member, and welcomed Ms Hudek, Minister Counsellor in the Embassy of Republic of Croatia, as the new Focal point for DCF.

AD4: *Tour de table* – News and current activities of all participants

EBRD: Mr Krkoska informed that EBRD signed 11 transactions in amount of EUR 143 m, and it is planning to sign 3-4 more transactions for the private sector mostly, so it is expected that approximately EUR 200 m will be disbursed in 2013. Some of the largest projects, such as Corridor 5 C, should be completed next year, so the disbursements in 2014 will not be as high. He emphasised economic development, achieved through progress made in the economic reform, on municipal and at public companies level. The EBRD is currently preparing the new strategy for BiH, and the draft is available on the EBRD web site. The focus of the strategy is private sector, better use of resources, e.g. better use forests, water resources, district heating, etc. It is expected that it will be approved by the Board of directors on December 17th.

RS MF: Ms Peric, referring to the issues mentioned on today's meeting, emphasised that the participation of all levels of authorities is positive and encouraging. The RS is waiting the draft documents for consideration and comments, and expecting the documents will be adopted by the entity governments, as an important step in the whole process.

WB: Mr Tinjic stated that the WB is going forward with the two goals - To end the extreme poverty by 2030 and boost shared prosperity of the bottom 40% of poor people. The WB is investing USD 50 m in BiH business environment. However, good news are that the business environment reforms are underway and the bad news are that according to the last Doing Business study, BiH is lagging behind the region. He concluded that the WB is engaged in new investments (USD 70 m), which will be focused on the area of energy efficiency, transport and environment.

Croatia: Ms Hudek introduced herself and thanked to the MoFT and the UNDP for inviting them to the DCF. Croatia will be happy to participate in project data recording within the database, with the aim to see them recorded in the next DMR reports. She announced Croatian MoFA will send a letter to MoFT to confirm this cooperation.

Sweden: Mr Persson briefly presented cooperation with BiH. He noted that Swedish commitment for BiH is substantial, and it totals 1% of the Swedish GDP. Development aid resources are now focused to the private sector, innovation and similar issues, higher on the Swedish agenda. Due to the limited development assistance funds, the investments in development need to be secured from other sources. Swedish strategy for BiH is expiring this year and Swedish government is currently considering the proposal for the 7 year regional strategy, in total EUR 0,5 billion, out of which one third may be allocated to BiH. Currently, the level of disbursement in BiH is EUR 20 m per year and it is likely to remain on this level in the future period. The overall goal remains the EU accession and the new Strategy will be focused on 5 areas: public sector reform both at central and local level, justice reform, support to the vulnerable groups, civil society, human rights, support the environmental projects and economic growth. Sweden would continue to support better coordination among donors and the development aid efficiency.

UNICEF: Ms Dufay thanked to the colleagues from UNRCO for good presentation of the new UNDAF, saying that it is an excellent example of thematic presentation with data related to the vulnerable groups. In terms of priorities, UNICEF is involved in joint programs with other UN agencies, one in Bihac region funded by the Dutch embassy, and another in Canton 10, funded by the UN human security trust fund. Also, there are plans to address issues related to Annex 7 implementation together with UNHCR and other agencies. UNICEF is covering areas in child rights monitoring, social protection and inclusion, education, health, child protection and justice for children. She invited all present to the Conference on social protection and inclusion, to be held on November 4th and 5th.

Ministry of Justice: Mr Santic noted that today's meeting was well structured and informative with benefits for all present participants. He congratulated MoFT for re-establishing of the DMD, noting that all can soon benefit by having a chance to map out the assistance provided to BiH. There are 4 areas of donor engagement in the justice sector. Projects in the justice sector include the *Development of the new reviewed justice sector strategy*, funded by the Swiss Government. Other mostly discussed pipelined projects are: *IPA funding in the justice sector*, where IPA 2012-13 pipeline projects have passed the initial phase of the project fiche; and engagements in 2 large projects, in the area of prison management – *The construction of the state prison* and Joint project between CoE and EC, *BiH Prisons Harmonization of BiH sanctions, policies and practices with the European Standards*.

MoFTER: Ms Dalac agreed with statement that Agriculture is not the strategic sector for BiH. She noted that BiH had recently lost EUR 5 m from the EC funds, reminding donors that rural development affects areas concerning private business, economic growth, environment, transport, energy, youth and women issues, etc. She used the opportunity to invite donors to the 7TH donor update meeting in the Sector of agriculture, food and rural development, which will be held on November 13th.

MoFT: Mr Hrkic, Advisor to the Deputy Minister noted that the presentation drew his attention to the difference between the UN's priorities, what citizens and national counterparts define as a priority and priorities defined by the International Community. He said he was coming from a small town community, where most important aspect for everybody was the employment. While not disregarding social inclusion, he considered that more engagement in the economic development would certainly be of benefit for all other sectors.

USAID: Mr Majors thanked to Ms Basta's and Ms Topcagic's team for assisting USAID, with regard to the MoU, recently adopted by the CoM of BiH, which will simplify and accelerate future procedures for development agreements between the USAID and BiH. USAID has just received the funds for this year in the amount of USD 20 m, and will focus on issues involving local governance, cultural institutions of BiH, reconciliation, peace building, society building, rule of law and anti-corruption. They will channel their funds more locally, through governmental systems in BiH.

DEI: Mr Dzemic thanked to the UN and MoFT teams for their interesting and useful presentations and said that in regard to the DEI's activities in 2013, this is the year for preparation for IPA II for the coming 2012-2020 period. The draft outline Country Strategy Paper was delivered to BiH institutions in June 2013, but the process of formal consultations was stopped. However, DEI organized the collection of the comments from the local stakeholders and sent them to EC and the Delegation. Currently, DEI is waiting for the green light from the EC to start the formal consultations for the Country Strategy Paper. Depending on the agreed EU coordination mechanism in BiH, and bearing in mind the EU IPA regulations, DEI expect to start the preparations for the implementation of the new IPA, by the end of this year. He concluded that maybe it would be also good to have a thematic presentation on international aid transparency initiative in order to raise the awareness of importance of closer cooperation between beneficiaries and donors.

HUNGARY: Ms Gyenge introduced herself as the new representative from the Embassy of Hungary in Sarajevo. She mentioned that, Hungary as the president of the *Visegrad Group*, organized in Budapest a successful conference on public administration development with participation of all countries from the region. The Conference was focused on e-government, regional public administration, human resources, etc. Hungarian MoFA is engaged on continuing this project in bilateral relations, it will soon among others, present a concrete proposal for BiH. Also, Hungarian authorities are finalizing the first Hungarian International Development Cooperation Strategy, which will be based on regional approach for Western Balkans, is an important region. The Strategy will focus and rationalize Hungarian activities in BiH in the future.

Ms Basta then thanked to all participants and closed the meeting.

The meeting was closed at 13:15 hrs.