



Bosnia and Herzegovina  
Ministry of Finance and Treasury



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<b>ACE</b>	Aid Coordination and Effectiveness Project
<b>ACIPS</b>	Association Alumni of the Centre for Interdisciplinary Postgraduate Studies
<b>ADA</b>	Austrian Development Agency
<b>ADC</b>	Austrian Development Cooperation
<b>AECID</b>	Spanish Agency for International Development Cooperation
<b>AP</b>	Action Plan
<b>APOSO</b>	Agency for Pre-school, Primary and Secondary Education
<b>BATA</b>	Institute for Accreditation of Bosnia and Herzegovina
<b>BCA</b>	Biennial Collaborative Agreement
<b>BHMAC</b>	BiH Mine Action Centre
<b>BiH</b>	Bosnia and Herzegovina
<b>BIRN</b>	Balkan Investigative Reporting Network
<b>BHDCA</b>	BiH Directorate of Civil Aviation
<b>BMZ</b>	Federal Ministry of Economic Cooperation and Development
<b>CAPP</b>	Citizens Advocacy Partnership Program
<b>CARDS</b>	Community Assistance for Reconstruction, Development and Stabilization
<b>CCI</b>	Centres for Civil Initiatives
<b>CCM</b>	Country Coordination Mechanism
<b>CCSP</b>	Center for Civil Society Promotion
<b>CCYI</b>	Commission for the Coordination of Youth Issues
<b>CDM</b>	Clean Development Mechanism
<b>CDS</b>	Country Development Strategy
<b>CEB</b>	Council of Europe Development Bank
<b>CEDAW</b>	Committee on the Elimination of Discrimination Against Women
<b>CEE</b>	Central and Eastern Europe
<b>CEEN</b>	Central and Eastern European Network
<b>CEFTA</b>	Central European Free Trade Agreement
<b>CFS</b>	Child Friendly Schools
<b>CHU</b>	Central Harmonisation Units
<b>CIP</b>	Centre for Information and Recognition of Documents in the Area of Higher Education
<b>CIPS</b>	Citizen Identification Protection System
<b>CMS</b>	Court Management System
<b>CoE</b>	Council of Europe
<b>CoEM</b>	Conference of Ministers of Education
<b>CoM</b>	Council of Ministers
<b>CPAP</b>	Country Programme Action Plan
<b>CRA</b>	Communications Regulatory Agency
<b>CREDO</b>	Competitive Regional Economic Development
<b>CRC</b>	Convention on the Rights of the Child
<b>CRS</b>	Catholic Relief Services
<b>CS</b>	Civil Society
<b>CSOs</b>	Civil Society Organisations

<b>DAC</b>	Development Assistance Committee
<b>DAW</b>	Division for the Advancement of Women
<b>DCA</b>	Development Credit Authority
<b>DCF</b>	Donor Coordination Forum
<b>DED</b>	Deutscher Entwicklungsdienst
<b>DEI</b>	Directorate for European Integration
<b>DEMA</b>	Danish Emergency Management Agency
<b>DEP</b>	Directorate for Economic Planning
<b>DFID</b>	UK Department for International Development
<b>DIA</b>	Deposit Insurance Agency of Bosnia and Herzegovina
<b>DNA</b>	Designated National Authority
<b>DRG</b>	Diagnosis Related Groups
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EC</b>	European Commission
<b>ECAA</b>	European Common Aviation Area
<b>ECD</b>	Early Childhood Development
<b>ECRI</b>	European Commission against Racism and Intolerance
<b>ECSEE</b>	Energy Community of South East Europe
<b>EEC</b>	European Energy Community
<b>EFSE</b>	European Fund for South East Europe
<b>EIB</b>	European Investment Bank
<b>EIDHR</b>	European Instrument for Democracy and Human Rights
<b>ENQA</b>	European Association for Quality Assurance in Higher Education
<b>e-SEE</b>	Electronic South East Europe
<b>EOD</b>	Explosive Ordinance Disposal
<b>EP</b>	European Partnership
<b>EQF</b>	European Qualifications Framework for Lifelong Learning
<b>ERDF</b>	European Regional Development Fund
<b>ETF</b>	European Training Foundation
<b>EU</b>	European Union
<b>EU/EC</b>	European Union/European Commission
<b>EUCORIN</b>	EU Support to implementation of Cross Border programmes under IPA instrument
<b>EUFOR</b>	European Union Forces
<b>EUPM</b>	European Union Police Mission
<b>EUROSTAT</b>	Statistical Office of the European Communities
<b>FAO</b>	Food and Agriculture Organisation
<b>FBiH</b>	Federation of Bosnia and Herzegovina
<b>FDIs</b>	Foreign Direct Investments
<b>FIAS</b>	Foreign Investment Advisory Service
<b>FIGAP</b>	Funding Mechanism for the Implementation of the Gender Action Plan of BiH
<b>FARMA</b>	Fostering Agricultural Markets Activity
<b>FIRMA</b>	Fostering Interventions for Rapid Market Advancement

<b>FLEG</b>	Forest Law Enforcement and Governance
<b>FPA</b>	Financial Planning Association
<b>GAVI</b>	Global Alliance for Vaccines and Immunization
<b>GDP</b>	Gross Domestic Product
<b>GEF</b>	Global Environmental Facility
<b>GFATM</b>	Global Fund to Fight Aids, Tuberculosis and Malaria
<b>GHG</b>	Green House Gas
<b>GIS</b>	Geographical Information System
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit
<b>GNI</b>	Gross National Income
<b>HEA</b>	Agency for Development of Higher Education and Quality Assurance
<b>HJPC</b>	High Judicial and Prosecutorial Council
<b>HMG</b>	Her Majesty's Government
<b>HPAI</b>	Avian Influenza
<b>HPP</b>	Hydro Power Plant
<b>HR</b>	Human Rights
<b>HRBA</b>	Human Rights Based Approach
<b>IBM</b>	Integrated Border Management
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>IC</b>	Italian Cooperation
<b>ICMP</b>	International Commission on Missing Persons
<b>ICT</b>	Information and Communication Technology
<b>IDA</b>	International Development Association
<b>IDD</b>	Iodine Deficiency Disorder
<b>ICTY</b>	International Criminal Tribunal for the Former Yugoslavia
<b>IECD</b>	Early Childhood Development Centres
<b>IFC</b>	International Finance Cooperation
<b>IFIs</b>	International Financial Institutions
<b>ILO</b>	International Labour Organisation
<b>IMAP</b>	Integrated Mine Action Programme
<b>IMF</b>	International Monetary Fund
<b>INQAAHE</b>	International Network for Quality Assurance Agencies in Higher Education
<b>INSTRAW</b>	International Research and Training Institute for the Advancement of Women
<b>INTERPOL</b>	International Police Organisation
<b>IOM</b>	International Organisation for Migration
<b>IPA</b>	Instrument for Pre-accession Assistance
<b>IPAP</b>	Individual Partnership Action Plan
<b>IPARD</b>	Instrument for Pre-accession Assistance for Rural Development
<b>IPF</b>	Infrastructure Project Facility
<b>IPF-MW</b>	Infrastructure Project Facility Municipal Window
<b>IPR</b>	Intellectual and Property Rights
<b>ISC</b>	International Steering Committee
<b>IT</b>	Information Technology

<b>ITF</b>	International Trust Fund for Demining and Mine Victims
<b>JICA</b>	Japan International Cooperation Agency
<b>JJ</b>	Juvenile Justice
<b>JSRS</b>	Justice Sector Reform Strategy
<b>KfW</b>	Kreditanstalt für Wiederaufbau
<b>KM</b>	Convertible Mark
<b>KtK</b>	Kvinna till Kvinna Foundation
<b>LEAP</b>	Local Environmental Action Plan
<b>LJR</b>	Legal and Judicial Reform
<b>MAP</b>	Membership Action Plan
<b>MDGs</b>	Millennium Development Goals
<b>MIC</b>	Municipal International Cooperation
<b>MICS</b>	Multiple Indicator Cluster Survey
<b>MIPD</b>	Multi-annual Indicative Planning Document
<b>MLF</b>	Multilateral Fund for the Implementation of the Montreal Protocol
<b>MoCA</b>	Ministry of Civil Affairs
<b>MoCT</b>	Ministry of Communications and Transport
<b>MoD</b>	Ministry of Defence
<b>MoFT</b>	Ministry of Finance and Treasury
<b>MoFTER</b>	Ministry of Foreign Trade and Economic Relations
<b>MHRR</b>	Ministry for Human Rights and Refugees
<b>MoJ</b>	Ministry of Justice
<b>MoS</b>	Ministry of Security
<b>MoU</b>	Memorandum of Understanding
<b>MSME</b>	Micro, Small and Medium Enterprises
<b>MTS</b>	Municipal Training System
<b>NAC</b>	North Atlantic Council
<b>NATO</b>	North Atlantic Treaty Organisation
<b>NDC</b>	Nansen Dialogue Centre
<b>NEAP</b>	National Environmental Action Plan
<b>NERDA</b>	Northeast Regional Development Association
<b>NGOs</b>	Non-Governmental Organisations
<b>NHQSa</b>	North Atlantic Treaty Organisation Headquarters Sarajevo
<b>NOK</b>	Norwegian krone
<b>NLB</b>	Nova Ljubljanska Banka
<b>NTRB</b>	Neretva and Trebisnjica River Basin
<b>NUPI</b>	Norwegian Institute of International Affairs
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>OHR</b>	Office of the High Representative and EU Special Representative
<b>ORF</b>	Open Regional Fund
<b>OSA</b>	Intelligence Security Agency
<b>OSAGI</b>	Office of the Special Adviser on Gender Issues
<b>OSCE</b>	Organization for Security and Cooperation in Europe
<b>PAR</b>	Public Administration Reform

<b>PARCO</b>	Public Administration Reform Coordinator's Office
<b>PFM</b>	Public Financial Management
<b>PfP</b>	Partnership for Peace
<b>PIFC</b>	Strategy for Public Internal Financial Control
<b>PIMIS</b>	Public Investment Management Information System
<b>PIP</b>	Public Investment Programme
<b>RBB</b>	Railway Regulatory Board
<b>REDAH</b>	Regional Economic Development Agency for Herzegovina
<b>REZ</b>	Regional Development Agency for Central BiH Region
<b>RHDC</b>	Regional Health Development Centre
<b>RS</b>	Republika Srpska
<b>SAA</b>	Stabilisation and Association Agreement
<b>SACBiH</b>	Small-Arms Control and Reduction Project in BiH
<b>SACRED</b>	Srebrenica on Agricultural and Rural Enterprise Development
<b>SALW</b>	Small Arms and Light Weapons
<b>SAP</b>	Stabilisation and Association Process
<b>SCIA</b>	Sector for Coordination of International Economic Aid
<b>SCRDP</b>	State Commission for Refugees and Displaced Persons
<b>SDC</b>	Swiss Agency for Development and Cooperation
<b>SECO</b>	Swiss State Secretariat for Economic Affairs
<b>SEE</b>	South-East Europe
<b>SEEHN</b>	South-Eastern Europe Health Network
<b>SEENET</b>	Trans-Local Network for the Cooperation Between Italy and South Eastern Europe
<b>SEETO</b>	South East Europe Transport Observatory
<b>SERC</b>	State Electricity Regulatory Commission
<b>SHC</b>	Swedish Helsinki Committee
<b>Sida</b>	Swedish International Development Cooperation Agency
<b>SIFEM</b>	Swiss Investment Fund for Emerging Markets
<b>SIPA</b>	State Investigation and Protection Agency
<b>SIPPO</b>	Swiss Import Promotion Programme
<b>SIS</b>	Social Inclusion Strategy
<b>SIVA</b>	Industrial Development Corporation of Norway
<b>SMEs</b>	Small and Medium-Sized Enterprises
<b>SPI</b>	Social Protection and Inclusion
<b>SPPD</b>	Strategic Planning and Policy Development
<b>SSPACEI</b>	Sector for Strategic Planning, Aid Coordination and European Integration
<b>TA</b>	Technical Assistance
<b>TAIEX</b>	Technical Assistance Information Exchange Office
<b>TB</b>	Tuberculosis
<b>TIR</b>	Transports Internationaux Routiers
<b>UK</b>	United Kingdom
<b>UN</b>	United Nations

<b>UNCT</b>	UN Country Team
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>UNDP</b>	United Nations Development Programme
<b>UNEP</b>	United Nations Environmental Programme
<b>UNESCO</b>	United Nations Educational, Cultural and Scientific Organisation
<b>UNFCCC</b>	UN Framework Convention on Climate Changes
<b>UNFPA</b>	United Nations Population Fund
<b>UNICEF</b>	United Nations Children's Fund
<b>UNIDO</b>	United Nations Industrial Development Organisation
<b>UNIFEM</b>	United Nations Development Fund for Women
<b>UNIFEM CEE</b>	United Nations Development Fund for Women Office for Central and Eastern Europe
<b>UNSCR</b>	United Nations Security Council Resolution
<b>UNV</b>	United Nations Volunteers
<b>UWWT</b>	Urban Waste Water Treatment
<b>USA</b>	United States of America
<b>USAID</b>	United States Agency for International Development
<b>USD</b>	United States dollar
<b>USG</b>	US Government
<b>VET</b>	Vocational Education and Training
<b>WB</b>	World Bank
<b>WBIF</b>	Western Balkans Investment Framework
<b>WHO</b>	World Health Organisation
<b>WTO</b>	World Trade Organisation
<b>WUS</b>	World University Service
<b>WWTP</b>	Wastewater Treatment Plant

Donor Mapping Report 2011-2012 was prepared by the Ministry of Finance and Treasury /Sector for Coordination of the International Economic Aid, in cooperation with representatives of Institutions of Bosnia and Herzegovina and donors, members of Donor Coordination Forum (DCF) in BiH.

Donor Mapping Report provides comprehensive information and the analysis of the current Development Assistance which DCF members had channelled to Bosnia and Herzegovina, as well as donors future activities. Information and statistical data presented in the DMR are based on the financial data of projects/programmes, entered in the database by DCF members, research work of the MoFT/SCIA staff as well as the responses to the questionnaires, provided by BiH Institutions and donors in Bosnia and Herzegovina.

Donor Mapping Report reflects the interest of Bosnia and Herzegovina and the International Community to exchange the knowledge and enhance joint activities directed towards the socio-economic development of BiH, and also is the instrument for improvement of mutual cooperation, as well as partnership between BiH Institutions and donors in Bosnia and Herzegovina.

While previous editions of Donor Mapping Reports were prepared with the donors financial support (UNDP, DFID and Sida), Donor Mapping Report 2011-2012 is a result of work of the capacities of the Ministry of Finance and Treasury and represents a good example of sustainable capacity building within BiH Institutions.

Donor Mapping Report 2011 - 2012 provides comprehensive overview of projects and programmes, financed by the DCF members, as well as the overview of situation within ten sectors in BiH and it includes the period January 2011 – July 31<sup>ST</sup> 2012.

Total allocation of DCF members for Bosnia and Herzegovina in 2011 amounted to **€541,36 million**, out of which **€171,26 million was in the form of grants** and **€370,10 million in the form of loans**. Compared to the previous period, grant-based Official Development Assistance (ODA) indicates a significant decline in 2011. Largest share of ODA in 2011 was provided in the Infrastructure sector, Economic development and social protection sector and Health sector.

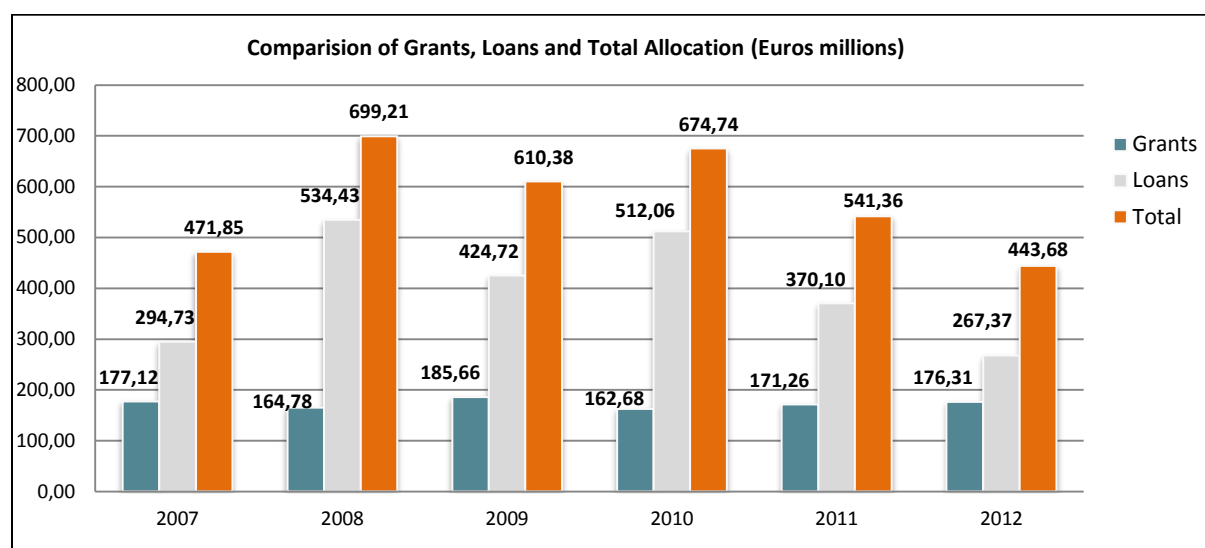
**Inclusive with July 31<sup>st</sup> 2012**, total allocation of DCF members for Bosnia and Herzegovina amounted **to €443,68 million**, out of which **€176,31 million was in grants** and **€267,37 million in loans**. The structure of investments in Sectors in the first seven months of 2012, was very similar to the structure in 2011.

In the observed period, three largest international financial institutions EIB, EBRD and The World Bank provided the loans, as well as the bilateral donor, Germany. At the same time, direct bilateral assistance indicates a trend of gradual decrease and it's channelling through the assistance of the European Union. In 2011, Spain/ AECID, UK/DFID and Netherlands ceased their operations and closed offices in BiH, while Austria/ADC will gradually phase out direct bilateral technical assistance until the end of 2013. During 2012, Republic of Slovenia joined the Donor Coordination Forum.

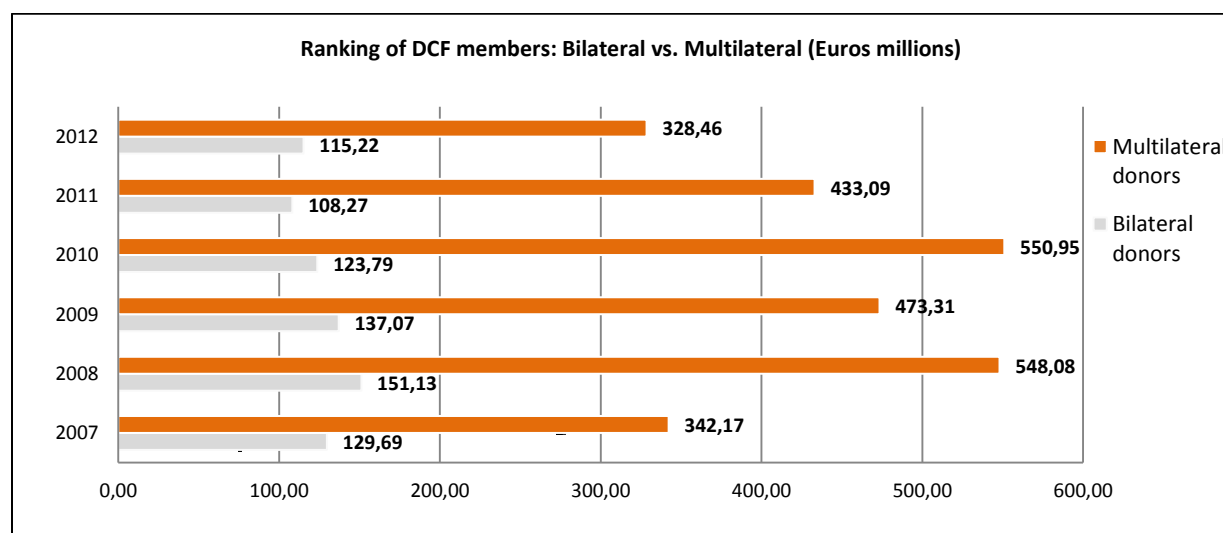
Finally, Ministry of Finance and Treasury would like to thank to the representatives of Bosnia and Herzegovina Institutions and DCF members for active participation in the preparation of the Donor Mapping Report 2011 – 2012.

Total allocations of DCF members in **2011** amounted to **€541,36 million** out of which €171,26 million was in the form of grants while €370,10 million was in the form of loans. ODA allocations indicate a significant decline if compared to the previous period. Compared to 2010, this represents an overall decrease of €133,37 million in the total ODA allocations, with a €8,58 million increase in grants and a €141,96 million decrease in loans.

Inclusive with **July 31<sup>st</sup>, 2012** total allocation by DCF members to all ten sectors amounted to **€443,68 million<sup>1</sup>**, out of which €176,31 million was in the form of grants and €267,37million was in the form of loans.

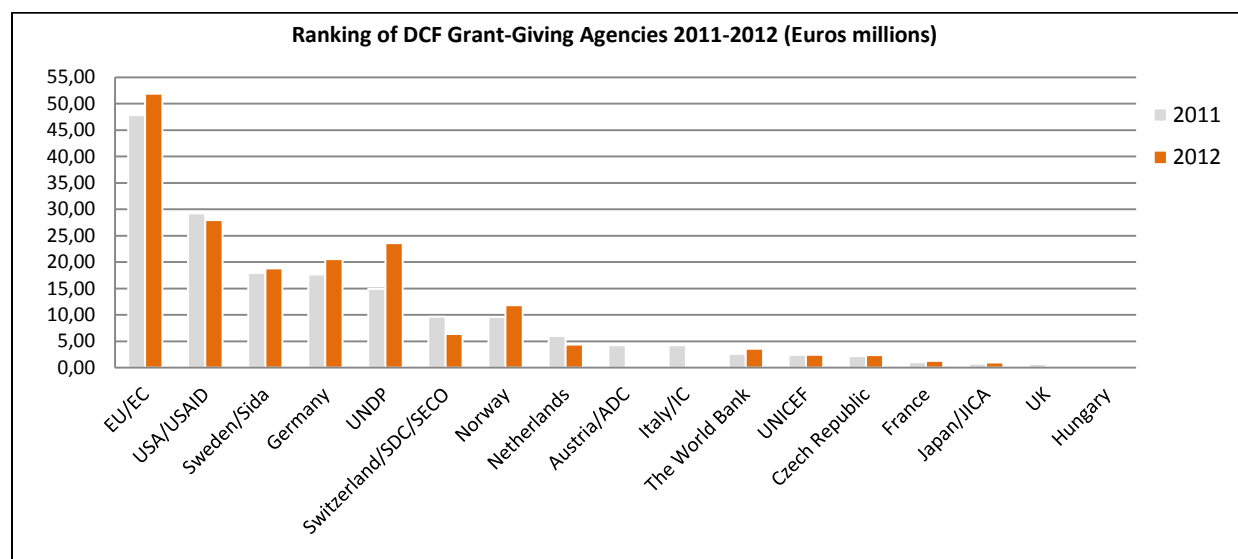


The following chart provides comparative ranking of DCF bilateral and multilateral members per source of ODA from 2007-2012. Out of total amount of ODA for 2011, €108,27 million (20%) of ODA was allocated by bilateral donor agencies and €433,09 million (80%) by multilateral agencies, including international financial institutions. Similar trend was observed in 2012 with €115,22 million (26%) of ODA provided by bilateral agencies, €328,46 million (74%) provided by multilateral agencies.



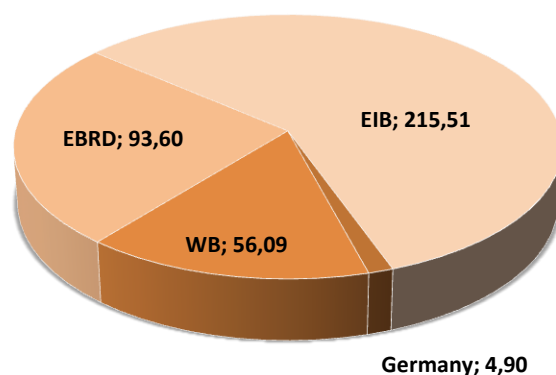
<sup>1</sup> The figures for 2012 do not provide a full picture of total ODA since some of the DCF members were not able to provide total allocations for 2012.

The following chart provides a ranking of grant-giving DCF agencies according to their allocations in 2011-2012. EU/EC, USA/USAID, Sweden/Sida, Germany and UNDP provided the largest amounts of grant aid in 2011 followed by Switzerland/SDC/SECO, Norway, Netherlands, Austria, Italy/IC and The World Bank.



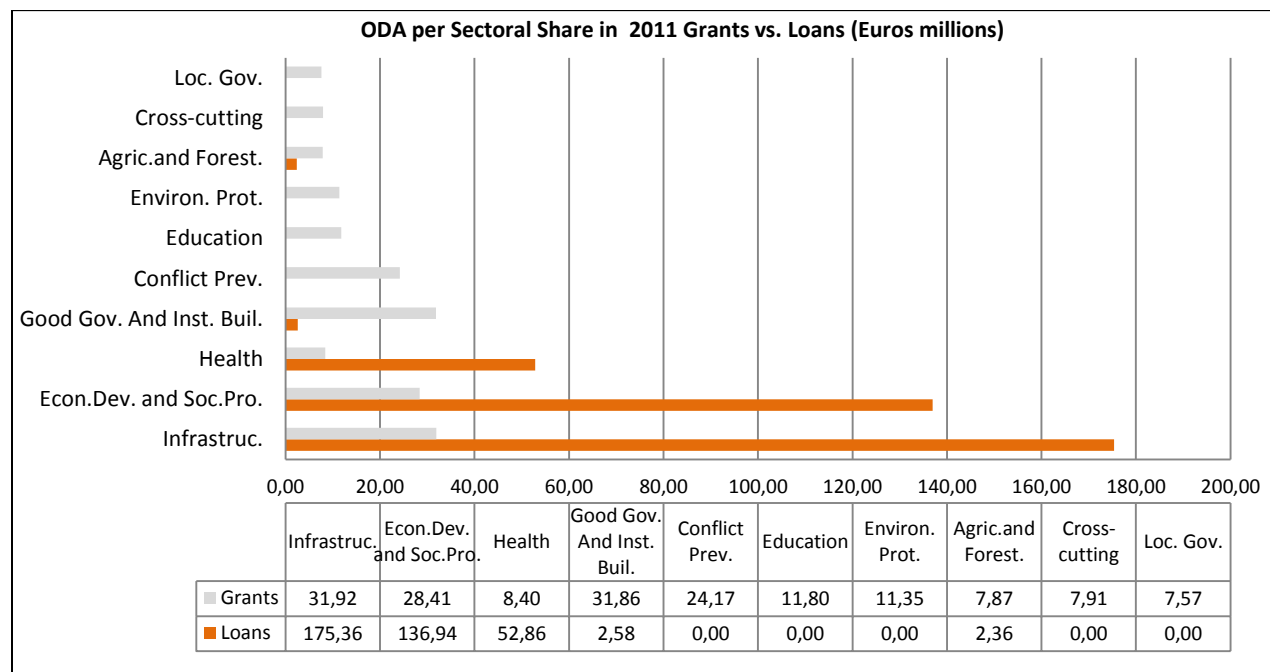
Spain/AECID and Austria/ADC closed down their offices in Bosnia and Herzegovina in 2011 and Austria/ADC will gradually phase out direct bilateral technical assistance by 2013. UK/DFID and Netherlands ceased their operations by the end of 2011. These four agencies together contributed approximately 2% of total grant allocations in 2011.

**DCF Members Loan allocation in 2011 (Euros millions)**

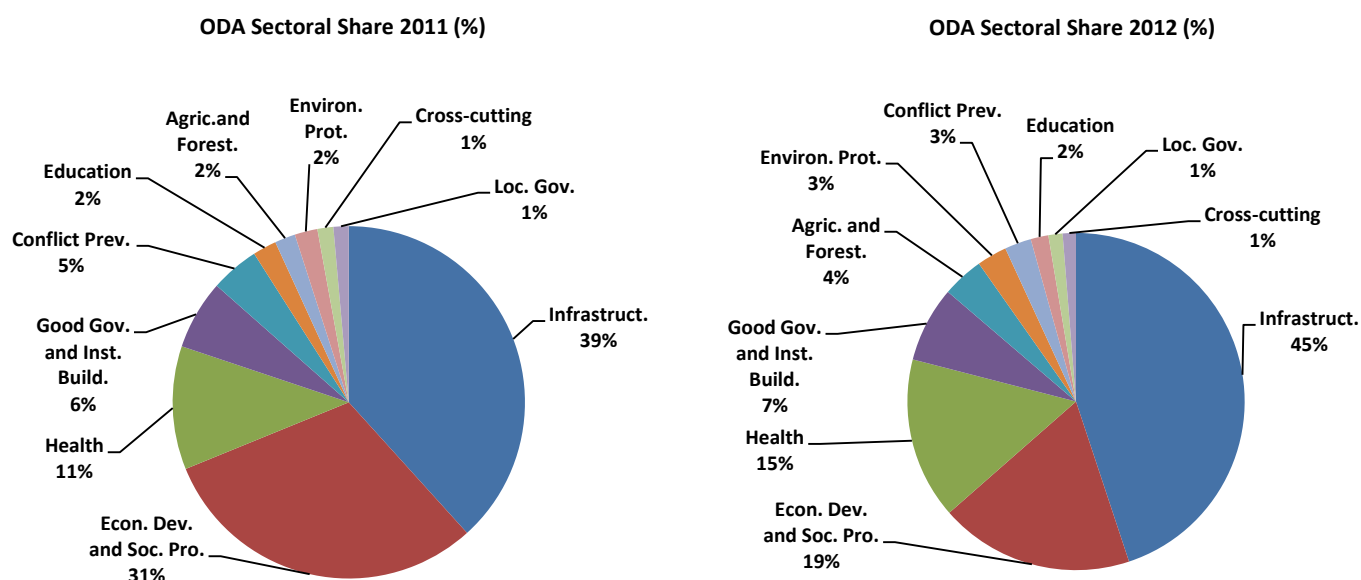


The three largest international financial institutions, EIB, EBRD and The World Bank, as well as bilateral donor, Germany, provided loans in 2011-2012. The EIB loans are provided for the Infrastructure, Health and Economic Development and Social Protection sectors. EBRD loans primarily supported Economic Development, Infrastructure and Agriculture and Forestry sectors, while The World Bank loans are provided for the Economic Development and Infrastructure sectors. Germany provided loans for the Infrastructure sector for improvements in the Water Supply and Sanitation, Energy Supply and Generation fields and Transport and Storage.

The following chart with sectoral allocations of donor/international financial institutions assistance indicates that in 2011 the Infrastructure, Economic Development and Social Protection sectors received the highest proportion of international support, followed by the Health, Good Governance and Institution Building, Conflict Prevention, Education, Environmental Protection, Agriculture and Forestry, Cross-cutting and Local Governance sectors.



The following charts provide a ranking of the sectoral share of ODA in 2011 and 2012 expressed in percentages. The highest percentage of ODA in 2011 was allocated to Infrastructure (39%) followed by Economic Development and Social Protection (31%), while the least funded sectors were Local Governance and Cross-cutting. The same trend was noticed in 2012 with the highest percentage of ODA allocated to Infrastructure (45%) followed by Economic Development and Social protection (19%), while the least funded sectors were Local Governance and Cross-cutting.



- I. Education Sector**
- II. Health Sector**
- III. Good Governance and Institution Building Sector**
- IV. Conflict Prevention and Resolution, Peace and Security Sector**
- V. Environmental Protection Sector**
- VI. Infrastructure Sector**
- VII. Economic Development and Social Protection Sector**
- VIII. Local Governance Sector**
- IX. Agriculture and Forestry Sector**
- X. Cross-cutting Sector**

<b>DCF members active in the sector in 2011-2012</b>	EU/EC, USA/USAID, Switzerland/SDC/SECO, Germany, Austria, Norway, UNICEF, Japan/JICA, Czech Republic, France, Hungary.
<b>Other Key international organizations (IOs)</b>	Council of Europe (CoE); Organization for Security and Cooperation in Europe(OSCE); Office of the High Representative and EU Special Representative (OHR); United Nations Educational, Cultural and Scientific Organisation (UNESCO); European Training Foundation (ETF).
<b>Key government partners</b>	BiH Ministry of Civil Affairs; entity, district and cantonal Ministries of Education; Pedagogical Institutes; Agency for Development of Higher Education and Quality Assurance; Agency for Pre-school, Primary and Secondary Education; Centre for Information and Recognition of Documents in the Area of Higher Education; BiH Rectors' Conference; Conference of Education Ministers in Bosnia and Herzegovina; Education Councils; The Institute for Adult Education of Republika Srpska, the RS Employment Agency.
<b>Total allocation to the sector in 2011 and 2012 by DCF members</b>	2011: €11,80 million all in form of grants 2012: €7,54 million all in form of grants
<b>Legal framework and Sector strategies</b>	<p><b>Legal framework and sector strategies (adopted in 2011-2012)</b></p> <p><i>Basic National Qualifications Framework for Life-long Learning at a state-level; Law on Change and Amendment to the Law on Higher Education in Republika Srpska; RS Law on Scientific Research and Technological Development; RS Law on Change and Amendments to the Law on Adult Education; RS Law on Change and Amendments to the Law on Pre-school Education; RS Law on Change and Amendments to the Law on Secondary Education; RS Law on Professional Rehabilitation, Training and Employment of Disabled Persons; Law on Higher Education of Herzegovina-Neretva Canton; BiH Strategy for Entrepreneurial Learning in Educational System in Bosnia and Herzegovina 2012-2015 with Action Plan; Action plan for the Implementation of the Cultural Policy Strategy in Bosnia and Herzegovina; Strategy for the Equalization of Opportunities for Disabled Persons in the Federation of Bosnia and Herzegovina.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>2</sup></b></p> <p><i>The Framework Law on Higher Education in Bosnia in Herzegovina; The Law on Change and Amendment to the Framework Law on Higher Education in Bosnia and Herzegovina; Framework Law on Pre-school Education and Framework Law on Primary and Secondary Education in Bosnia and Herzegovina; Framework Law on Vocational Education and Training in BiH.</i></p> <p><i>Strategic Directions for the Development of Education in BiH and Implementation Plan 2008–2015; Strategy for Pre-School Education in BiH; Strategy for Development of Vocational Education and Training (VET) in BiH for 2007–2013; 7 Key Strategies and Guidelines to Implement the Bologna Process; Strategy for Development of Science in Bosnia and Herzegovina 2010-2015 and the Action Plan; Road Map and Action Plan for Inclusion of BiH in EU Programmes for Life-long Learning and Youth in Action (until 2013); RS Education Development Strategy 2010-2014with the Action Plan; RS Culture Development Strategy 2010-2015.</i></p>
<b>Donor coordination</b>	<p>A number of donors were invited to sector working-group meetings held by the BiH Conference of Education Ministers and BiH Ministry of Civil Affairs. The Agency for Development of Higher Education and Quality Assurance is coordinating donor activities in higher education reform through its own coordinating body.</p> <p>UNICEF has been convening informal coordination meetings of international organizations working in the field of education.</p> <p>Donors active in the Sector regularly attended DCF quarterly meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

<sup>2</sup> More information on the Strategies are available on:

[http://www.donormapping.ba/index.php?option=com\\_content&view=article&id=227&Itemid=389](http://www.donormapping.ba/index.php?option=com_content&view=article&id=227&Itemid=389)

## Overview

The Education Sector is made up of the following areas: basic, secondary and postsecondary education; postgraduate education, education policy and administrative management; education facilities and training; teacher training; and education research.

In 2011-2012, Education sector was marked with different grade of progress in its segments: pre-primary, primary, secondary and high education. The education as one of the fundamental human rights is also one of the most important conditions for long term economic development in case of Bosnia and Herzegovina. In that regard, long term activities in the Sector have been focused on internal harmonization of education system within the country and its adjustment to the EU education model, as well as the development of the education system which can fulfil requirements of the economy and labour market in Bosnia and Herzegovina.

The most significant achievements in 2011-2012 were reached with the establishment of legislative and strategic framework, which defines the BiH standards and requirements harmonized with EU standards and requirements in the domain of education and training.

*Basic National Qualifications Framework for Life-long Learning in BiH* was adopted by the Council of Ministers of BiH (CoM) in March 2011<sup>3</sup>. The Framework is based on the European Qualifications Framework (EKO or EQF) and acts as a translation tool to enable national qualifications more readable across Europe, promoting workers' mobility across the EU and facilitating their life-long learning<sup>4</sup>. The *Basic National Qualifications Framework for Life-long Learning in BiH*<sup>5</sup> is also the first document covering all levels of education in BiH. That is a basis for drafting the BiH Qualifications Framework that should define equal usage and application of standards for education, knowledge, qualifications, competence and certification of apprentices and adults in official learning processes in the Bosnia and Herzegovina.

*Strategy for Entrepreneurial Learning in Education Systems in Bosnia and Herzegovina 2012-2015 and the Action Plan*,<sup>6</sup> as a strategic framework for acquiring of entrepreneurial skills and knowledge were adopted in March 2012, by the Council of Ministers of BiH<sup>7</sup>. The Strategy and Action plan refers to all levels of education (primary, secondary and higher education), as well as to in-formal (adult) education. The main goal of the Strategy is acquiring of entrepreneurial skills throughout educational systems and enhancement of knowledge and awareness on entrepreneurial way of thinking, as well as strengthening of BiH human potential, creating a competitive economy braced on small and medium enterprises, which can support sustainable economic growth of BiH and EU perspectives.

It can be noticed that considerable progress was made in the domain of Education sector in the previous period, still the implementation of reform process in the area of education remains challenging in BiH.

## Donor Activities in 2011 and 2012

The Donor Coordination Forum (DCF) members active in the Education sector in 2011-2012 are EU/EC, USA/USAID, Switzerland/SDC/SECO, Germany, Austria/ADC, Norway, UNICEF, Japan/JICA, Czech Republic, France and Hungary.

**The leading donors in the Education sector in 2011** are USA/USAID with the contribution of €3,86 million, EU/EC with the contribution of €1,95 million, and Austria/ADC with the contribution of €1,66 million, followed by Switzerland/SDC/SECO, Norway, UNICEF, Germany, Japan/JICA, Czech Republic and France.

<sup>3</sup> Official Gazette of BiH no. 31/11 and its Amendments in Official Gazette of BiH no. 39/12

<sup>4</sup> For more information, please visit the following link: [http://ec.europa.eu/education/lifelong-learning-policy/eaf\\_en.htm](http://ec.europa.eu/education/lifelong-learning-policy/eaf_en.htm)

<sup>5</sup> Basic National Qualifications Framework for Life-long Learning in BiH (available in local language):

[http://www.mcp.gov.ba/org\\_jedinice/sektor\\_obrazovanje/dokumenti/strateski\\_doc/Archive.aspx?template\\_id=19&pageIndex=1](http://www.mcp.gov.ba/org_jedinice/sektor_obrazovanje/dokumenti/strateski_doc/Archive.aspx?template_id=19&pageIndex=1)

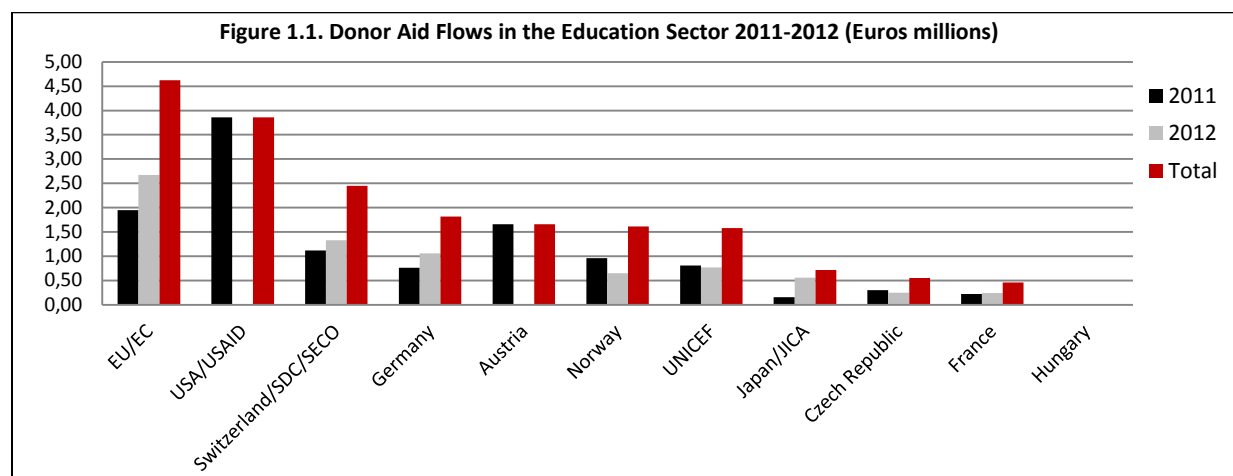
<sup>6</sup> Official Gazette BiH no. 31/12

<sup>7</sup> Strategy for Entrepreneurial Learning in Education Systems in Bosnia and Herzegovina 2012-2015 (available in local language):

[http://www.mcp.gov.ba/org\\_jedinice/sektor\\_obrazovanje/dokumenti/strateski\\_doc/Archive.aspx?template\\_id=19&pageIndex=1](http://www.mcp.gov.ba/org_jedinice/sektor_obrazovanje/dokumenti/strateski_doc/Archive.aspx?template_id=19&pageIndex=1)

In 2012, the leading donors in the Education sector are EC/EU with the contribution of €2,67 million, Switzerland/SDC/SECO with the contribution of €1,33 million and Germany with the contribution of €1,06 million, followed by UNICEF, Norway, Japan/JICA, Czech Republic, France and Hungary.

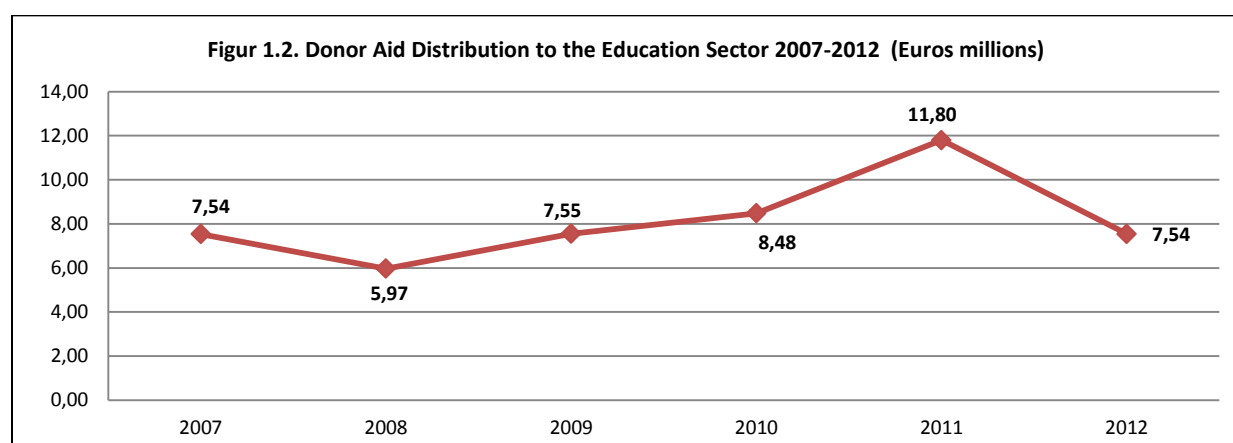
All donor contributions to the Education sector in 2011 and 2012 are in the form of grants.



Total allocation to the Education sector by DCF members was €11,8 million in 2011 and €7,54 million to date in 2012. However, possible additional funds could be allocated to the Sector by the end of 2012.

Figure 1.2. indicates that year 2011 recorded highest allocated amounts in the observed Sector. Total allocation in 2011 almost doubled for €5.83 million compared to 2008, while total allocation in 2011 increased for €4.25 million compared to 2009 and for €3.32 million compared to 2010. This figure shows that BiH, supported by EU/EC as a leading donor, intends to create conditions that will enable achievement of more competitive economy with higher employment rates and in line with the priorities defined in the Europe 2020 strategy<sup>8</sup>.

The Sector received 2% of total ODA allocations in 2011 and to date 2% of total ODA in 2012.



### Support to the strengthening of legal and institutional frameworks

The legal and institutional framework in the Education sector is supported by EU/EC, USA/USAID, Switzerland/SDC/SECO, Austria/ADC, Norway, UNICEF and OSCE<sup>9</sup>.

<sup>8</sup>For more information, please visit the following link: [http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/priorities/index\\_en.htm](http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/priorities/index_en.htm)

<sup>9</sup>OSCE is non-DCF member.

**USA/USAID** started in 2011 implementation of project *Partnership for Innovation Activity in BiH*, which supports establishment of sustainable Business Innovation Centres (BICs) in BiH, based on public-private partnership. The BICs are supposed to improve efficiency and competitiveness of small and medium size enterprises (SMEs) by utilization of information and communication technologies (ICT), and provide opportunities for employment and self-employment for young people, by improving their skills and competencies. The project uses ICT technologies to elevate development and competitiveness of SMEs in 6 sectors: manufacture of tools, wood processing, agriculture, tourism, textile industry and logistics.

**EU/EC** assistance in BiH focuses on strengthening of the education system as its strategic goal. In that regard, EU/EC support is directed towards the implementation of Baseline Qualifications Framework for BiH and development of the activities within the three state-level education agencies<sup>10</sup>. Also, through implementation of new project *Strengthening capacity in BiH for human resources development*, EU/EC strengthens the staff capacities and increase labour market efficiency, through the institutional and strategic development of the life-long learning concept, in order to contribute to the overall development of society and the promotion of economic and social cohesion<sup>11</sup>. This project is also supporting evidence based planning of educational policies through improvement of system educational statistics in order to meet international standards and requirements (OECD, EUROSTAT, and ILO).

**Austria/ADC** has been involved in creating a functional and efficient system for policy development and quality assurance in higher education, as well as in strengthening capacity in Research and Technological Development of the Ministry of Civil Affairs, for several previous years<sup>12</sup>. Most of its support was focused on the higher and vocational education and training, and majority should be implemented by the end of 2013, when Austria/ADC will enter the new way of support via numerous Pre-Accession Assistance Instruments.

**UNICEF** has continued to work with BiH authorities on evidence-based advocacy and policy in relation to inclusive quality pre-school, primary and secondary education.

Organization for Security and Cooperation in Europe (**OSCE**) is active in the field of education in BiH for a long time. In the previous period, OSCE assisted the education legislation improvement and professional development of education inspectors and continually implements the good governance principles in five cantons and in RS. OSCE also introduced and implements the *Index for Inclusion*, with focus on increasing sustainability and co-operation of schools with the participating community and supported the state-level associations of school directors to attain the membership in European School Heads Associations (ESHA)<sup>13</sup>, as well as the capacity building of schools management and the BiH Agency for Pre-School, Primary and Secondary Education<sup>14</sup>.

### Pre-primary, primary and secondary education reform

Donors active in the pre-primary, primary and secondary education reform in 2011-2012 are EU/EC, USA/USAID, Switzerland/SDC/SECO, Germany, Austria/ADC, Norway, UNICEF, Japan/JICA, France and OSCE.

Progress has been recorded in the field of pre-primary and primary education in BiH. Standards for preschool institutions, managers and pedagogues are developed and the nine-year curriculum is being implemented in most schools country-wide. **UNICEF** has been advocating higher enrolment in preschool education, sharing best practice models and providing support to expand early childhood education in the country. Standards for preschool teachers, pedagogues and managers of preschool institutions have been developed and disseminated to all relevant stakeholders at entity and cantonal level. These efforts have led to increased rates of children attending preschool (from 6% in 2006 to 13% in 2011), and to a higher political commitment. Five preschool models reached

<sup>10</sup> The Agency for Higher Education and Quality Assurance (HEA), Agency for Pre-school, Primary and Secondary Education (AFE), and Centre for Information and Recognition of Documents in the Area of Higher Education (CIP).

<sup>11</sup> For more information, please visit the following link: <http://www.hrd-bih.eu/index.php/en/>

<sup>12</sup> For more information on this project, please visit the following link: <http://www.ncp.ba/ba/o-nama.aspx>

<sup>13</sup> For more information, please visit the following link: <http://www.esha.org/>

<sup>14</sup> For more information, please visit the following link: <http://www.oscebih.org/Default.aspx?id=3&lang=EN>

800 children. UNICEF supported the inclusion of Roma children in early childhood education and supported the implementation of a school readiness programme.

In the area of primary education, about 20% of primary schools in the country are applying at least some principles of the child-friendly school approach, and 15% of all primary schools in BiH participated in inclusive and inter-cultural education projects, which is estimated to benefit 70,000 children. Primary school enrolment data bases were established in 23 municipalities.

In the area of secondary education, UNICEF supported the State-level Agency for Pre-primary, Primary and Secondary Education in defining 10 key competencies. 17% of secondary schools in BiH have incorporated life-skills training in their curriculum.

In the period 2011-2012, **OSCE** continued activities on School network optimization in the aim to improve the availability and effectiveness of primary education, as well as on curricular reform and raising awareness of BiH's National Minorities in primary schools.

### Vocational education and training

Donors active in vocational education and training (VET) in 2011-2012 are EU/EC, Switzerland/SDC/SECO, Germany and Austria/ADC.

In 2011-2012 **EU/EC** continued implementation of the project *Support for Vocational Education and Training (VET) in BiH - 4*, that supports institutional and capacity building in the Vocational Education and Training System. Also, EC/EU supported activities on establishment of a state level inter-sectoral working group, which will be responsible for further development of the Basic National Qualifications Framework for Life-long Learning in BiH. **EU/EC** positively evaluated assessment of VET curricula, now in use in all schools in BiH, that was prepared by Vocational and Educational Department of the Agency for Pre-primary, Primary and Secondary Education (APOSO).

The project will draft a Road-map and action plan for systematic reform of VET including overall implementation of modular curricula in vocational schools in BiH. Pedagogical documentation will also be revised and recommendations will be provided for its adaptation to modular curricula.

During the period 2011-2012, **Germany** maintained support to vocational training and education in BiH through the project *Support for Adult Education*, implemented by GIZ in co-operation with **Switzerland/SDC/SECO**. The main achievements of the project were introduction of innovative, interactive and participatory adult education and Lifelong Learning (LLL) principles, as well as the raise of the awareness on the same issue throughout the media in Bosnia and Herzegovina.

Through the *Adult and non-formal education in BiH project* **Switzerland/ SDC/SECO** also supports the development of the non-formal adult education and promotes the labor market-oriented education and training services in selected economic sectors.

In April 2011, **Austria/ADC** started the new regional project *Constructional Academia in SEE* aimed to strengthen practical vocational training in construction professions in BiH, Croatia and Serbia.

### Higher education reform

Donors active in Higher education reform in 2011-2012 are EU/EC, Austria/ADC, Norway, Czech Republic and France.

The step forward was made in the area of Higher education reform with the adoption of the Basic National Qualifications Framework for Life-long Learning in BiH, by the BiH CoM in March 2011.

**EU/EC** through implementation of the project *Reform of Higher Education Financing* is supporting the establishment of efficient and effective quality education system in BiH, which is in line with European trends and standards, throughout cost efficient and evidence based planning and allocation of public funds for higher education.

**France** is supporting University exchanges between France and Bosnia and Herzegovina, by providing seven scholarships in 2011 and 16 long-term and 3 short-term scholarships in 2012.

**Czech Republic** is supporting BiH students with full scholarships on bachelor, master and PHD programmes to study. In last two school years, 34 students received full scholarships, for period of two to five years, depending on the program of study at the Universities in Czech Republic.

### Education facilities and teacher training (pre-service and in-service)

Donors active in the education facilities and teacher training in 2011-2012 are the EC/EU, USA/USAID, Austria/ADC, Norway, Hungary and UNICEF.

In the period 2011-2012, **EU/EC** started implementation of the project *Development of Standards and Criteria for a School Infrastructure*. Main goal of the project is improvement of quality of education and training in BiH, demanded in modern learning processes and standards, through development of "child-friendly school" model and its implementation in practice.

Besides, EU together with Italy/IC continued to finance *European Regional Master Degree in Democracy and Human Rights in South East Europe*. This project will be supported by the both partners, in the course of 2012-2013.as well

In January 2012 **Hungary** started the project *New education methods for sustainable development in BiH*, with the purpose of development of education methodology in environmental education in Tuzla Canton. Eight chapters of a publication (totally 48 chapters) are prepared by the applicant NGO and would be translated, adapted and 2 more chapters would be developed according to local needs. Furthermore, 30 teachers and environmental tutors are planned to be trained.

**UNICEF** has been supporting training on inclusive, inter-cultural, basic and early childhood education, as well as life skills and key competencies.

**Major projects in the Education sector** are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Improving Cultural Understanding in BiH (joint programme MDG-F, Spanish Fund)	UNDP, UNICEF	5.71
Partnership for Innovation Activity in BiH	USA/USAID	3.58
Youth Employability and Retention Programme (joint programme MDG -F , Spanish Fund)	UNDP, UNICEF	3.45
Youth Employment Programme (YEP)	Switzerland/SDC/SECO	2.73
Support for Adult Education	Germany/GIZ, Switzerland/SDC/SECO	2.71
Support to the Higher Education in BiH 2005-2007 and 2008-2010	Austria/ADC	1.78
Reform of Higher Education Financing	EU/EC	1.47
Basic Education	UNICEF	1.46
VET reform IV	EU/EC	1.43
Strengthening capacity in BiH for human resources development	EU/EC	1.18
European Regional Master Degree in Democracy and Human Rights in South East Europe	EU/EC	1.07
Basic Education II	UNICEF	1.04
Informatics Curricula Modernization in BiH Phase 2	Japan/JICA	1.02

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

## Legal framework and sector strategies adopted in 2011-2012

**In March 2011**, The *Basic National Qualifications Framework for Life-long Learning* was adopted by the BiH CoM, as a benchmark for all levels of education in BiH. The Framework should be further developed until reaching its final aim of establishment of the system that will enable BiH companies with the qualified work-force, and until BiH work-force mobility at the EU labour market is facilitated.

**In July 2011**, the *Law on Change and Amendments to the Law on Secondary Education in RS* was adopted<sup>15</sup>, as well as the *Law on Change and Amendment to the Law on Higher Education in RS*<sup>16</sup>. There is currently no Law on Higher Education in the Federation of BiH, but with the beginning of 2012 Federal Ministry of Education and Science started to draft the strategic directions of higher education development in FBiH, for period 2012-2022.

**In December 2011**, the *Law on Scientific Research and Technological Development in RS* was adopted<sup>17</sup>, as well as the *Law on Change and Amendments to the Law on Adult Education*<sup>18</sup>, the *Law on Change and Amendments to the Law on Pre-school Education*<sup>19</sup>.

**In April 2012**, the *Law on Professional Rehabilitation, Training and Employment of Disabled Persons in RS* was adopted<sup>20</sup>.

**In March 2012**, Herzegovina - Neretva Canton adopted the *Law on Higher Education*<sup>21</sup>. Cantons Posavina and Bosnia-Podrinje adopted *Laws on Vocational Education and Training*. However, the Central Bosnian Canton is yet to adopt *Law on Higher Education*.

The CoM of BiH adopted *Strategy for Entrepreneurial Learning in Educational System in Bosnia and Herzegovina 2012-2015 with Action Plan*, while the Parliament of FBiH adopted the *Strategy for Equalization of Possibilities for Disabled Persons 2011 – 2015*. National Assembly of the RS in **July 2012** adopted the *Strategy on Scientific Research and Technological Development in RS*, while Federal Ministry of Education and Science, is finalising preparation of the *Strategy on Scientific Research and Scientific Development for FBiH for 2012-2022*.

## Donor coordination

During 2011 and 2012 donors continued to participate in both formal and semi-formal information-sharing meetings in the Education sector. The BiH Ministry of Civil Affairs organized and led several sector working-group meetings, with leading local and international stakeholders in the Education sector. After the long stagnation, the Conference of Ministers of Education (CoEM) from March 2012, started with their regular meetings in order to facilitate coordination with the Education sector in BiH.

Donors active in the Education sector attended regularly the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MoFT/SCIA).

Additionally, donors in Bosnia and Herzegovina attended periodic informal information-sharing meetings with different international organizations, NGOs and representatives of Embassies active in the Education sector, led by UNICEF. Representatives from various international organizations working in education (including UNICEF, EU, Council of Europe, Save the Children, Open Society Fund, OSCE, US Embassy, USAID, Netherlands Embassy, Norway Embassy and Swedish Embassy) agreed on joint messages on inclusive quality education, which were presented at the meeting of EU Ambassadors and at a meeting of the Peace Implementation Council for BiH.

Stakeholders have expressed the need for stronger formal coordination at the state level.

<sup>15</sup> Official Gazette of the Republika Srpska 104/11

<sup>16</sup> Official Gazette of the Republika Srpska no. 104/11

<sup>17</sup> Official Gazette of the Republika Srpska no. 6/12

<sup>18</sup> Official Gazette of the Republika Srpska no. 1/12

<sup>19</sup> Official gazette of the Republika Srpska no. 1/12

<sup>20</sup> Official Gazette of the Republika Srpska no. 37/12

<sup>21</sup> Official Gazette of Herzegovina-Neretva Canton no. 4/12

### Future activities

The stakeholders active in the Sector share similar opinions about necessary improvements within the Sector including the harmonization of legislation; capacity building of education institutions and legislative institutions at all levels of government in BiH; strengthening the links between education and labour; basic education (pre primary, primary and secondary education); formal and informal adult education and recognition of this kind of education on the labour market; vocational education; life-long learning; educational infrastructure; reform of pre-service teacher training; development of outcome based curriculum.

In the coming years, Bosnia and Herzegovina must enhance the implementation of the Bologna Process and Baseline Qualifications Framework for BiH, as well as focus its efforts towards the improvement of the pre-school, primary and secondary Education. Efforts should be made to ensure quality inclusive education for all children, including children with disabilities and Roma children.

Adjustment to demands of labour market is crucial for Bosnia and Herzegovina. Momentarily some improvements are realized in this field, specifically in the area of vocational education and entrepreneurial learning.

All stakeholders agree that, even though the reform processes in the Education sector in BiH are in line with the Action plan for realization of priorities from the European Partnership, they are slow and in order to achieve the good results, a harmonized, effective approach must be accelerated.

<b>DCF members active in the sector in 2011-2012</b>	EIB, UNDP, The World Bank, Switzerland/SDC/SECO, EU/EC, Germany, UNICEF, Czech Republic, Italy/IC, France.
<b>Other Key international organizations (IOs)</b>	World Health Organisation (WHO); United Nations Population Fund (UNFPA); International Organisation for Migration (IOM); Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM); Global Alliance for Vaccines and Immunisation (GAVI)
<b>Key government partners</b>	BiH Ministry of Civil Affairs; FBiH Ministry of Health, RS Ministry of Health and Social Welfare; Brčko District Department of Health and Other Services; cantonal Ministries of Health; Health Insurance Funds; Public Health Institutes; State Regulatory Agency for Radiation Protection and Nuclear Safety; Agency for Drugs and Medical Devices in Bosnia and Herzegovina
<b>Total allocation to the sector in 2011 and 2012 by DCF members</b>	2011: €61,27 million - €8,40 in grants and €52,87 in loans 2012: €68,70 million - €17,27 in grants and €51,43 in loans
<b>Legal framework and Sector strategies</b>	<p><b>Legal framework and sector strategies (adopted in 2011-2012)</b></p> <p><i>FBiH Law on Registers in Health; Law on Change and Amendments to the Law on Health Insurance in FBiH; Law on Social Protection in RS; Law on Health Care in Brčko District BiH; FBiH Law on Change and Amendments to the Law on Protection of Persons with Mental Disorders; Strategy: Response to HIV/AIDS in Bosnia and Herzegovina 2011-2016; Framework Policy for Improving Early Childhood Development in BiH; Strategy for Prevention, Treatment and Control of Malignant Neoplasm 2012-2020 in FBiH; Policy for Improving Early Childhood Development in FBiH; Action Plan for combat against drug abuse in FBiH 2012-2013; Policy for Improving Early Childhood Development in Republika Srpska 2011-2016. Action Plan to Strengthen Core Capacities for Effective Implementation of International Health Regulations (2005) in Bosnia and Herzegovina 2011-2013.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>22</sup></b></p> <p>Law on Health Care in FBiH; Law on Protection of Population from Infectious Diseases in RS; Law on Transplantation of Human Tissues and Cells in RS; Primary Health Care Strategy 2006; State Strategy for the Prevention and Suppression of the Abuse of Narcotic Drugs in BiH; National Strategy to Prevent and Combat HIV/AIDS 2004-2009; National Strategy for Sustainable Elimination of IDD; Disability Policy in BiH; Pandemic Preparedness and Control Plan for BiH; The Resolution on Health Policy for all Citizens of BiH; Policy on Medicines and Medical Devices in Bosnia and Herzegovina; Strategic Plan for the Development of Health in FBiH for the period 2008-2018; Strategy for Improving Sexual and Reproductive Health and Rights in FBiH 2010-2019; The Strategy of Health Development in Brčko District BiH for the period 2008-2013; Document Activities for EU Integration of the Health Sector in Bosnia and Herzegovina.</p>
<b>Donor coordination</b>	<p>The Conference for the Health sector in Bosnia and Herzegovina acts as a permanent advisory and coordinating body in the field of health. The most important sub-sector working groups are The Country Coordination Mechanism on HIV/AIDS and Tuberculosis in Bosnia and Herzegovina (CCM), Inter-Agency Coordinating Committee on Immunisation issues.</p> <p>There is no formal sector-wide coordination group.</p> <p>Donors active in the sector regularly attended Donor Coordination Forum quarterly meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p> <p>Donors also attend various informal ad hoc bilateral and multilateral meetings.</p>

<sup>22</sup> More information on the Strategies are available on  
[http://www.donormapping.ba/index.php?option=com\\_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles](http://www.donormapping.ba/index.php?option=com_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles)

## Overview

In accordance with the DAC code, Health Sector consists of the following areas: Health policy and administrative management; Basic and Primary Healthcare; Primary Health Infrastructure; Basic Nutrition; Infectious Diseases Control; Tuberculosis Control, Medical Education; Training and Research; Medical Services; Health Education, Reproductive Health and STD control including HIV/AIDS.

Responsibility for the Health Sector in Bosnia and Herzegovina is divided among several institutions at various levels of authority, e.g. BiH Ministry of Civil Affairs/Health Sector, FBiH Ministry of Health and RS Ministry of Health and Social Welfare and the Department of Health and Other Services in the Government of Brčko District.

BiH Ministry of Civil Affairs/Health Sector has the coordinating role and it is responsible for establishing basic principles based on which BiH health system is functioning, harmonization of planning and defining of health system strategy and coordinating health activities at the international level. Entities, Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS), as well as Brčko District, are responsible for organizing, financing and providing of healthcare services. FBiH has decentralized health system composed of the Federal Ministry of Health and Federal Institute of Health Insurance and Reinsurance (FHIF), as well as ten cantonal ministries of health and ten cantonal institutes of health insurance. RS healthcare system is centralized and organized through RS Ministry of Health and Social Welfare and RS Health Insurance Fund (RSHIF). Healthcare system in Brčko District is also centralized and governed by the Health Department and Health Insurance Fund, although considerable part of health insurance resources is financed from the budget of BD Government. The complexity of such health sector administration in BiH influence the effectiveness of the health sector system in Bosnia and Herzegovina.

In that regard, the donor supported Health reform was initiated in Bosnia and Herzegovina ten years ago, with the aim of the health system transformation into a service oriented to the needs of the patients, which will enable equitable access to the health services for all inhabitants, whereat special attention would be paid to the returnees, young adults and most vulnerable social groups. Consequently, both entities have started extensive reforms in their health sectors with the objective to enhance sector efficiency, strengthen financial sustainability and improve the quality of the health protection<sup>2010</sup>

In period 2011-2012, Health Sector reform included a two parallel reform processes, harmonization of the entity and Brčko District Health System Reforms as well as continuation of Health System Reform in FBiH and RS. Donors active in the Sector focused particularly on providing the support to Primary Health Protection reforms, Protection of Mental Health and Prevention/control of HIV/AIDS, TB and other communicable diseases, Development of Human Resources and Strategic Documents as well as strengthening of Legal and Institutional capacities. Joint efforts of BiH institutions and donor community resulted in drafting and adoption of several laws and important strategic documents, both on the state and on the lower level of authority.

The activities on Health Reform in Bosnia and Herzegovina are progressing in the right direction and significant improvements are achieved in certain segments of the Health Sector at different levels of service providers. However, general opinion which shared both by domestic and foreign stakeholders is that reform activities should be proceeded until the final goal is achieved, which is the transformation of the Health System in Bosnia and Herzegovina into a service oriented to the patients needs, that will enable equal approach to the health services for all its inhabitants, whereat special attention will be drawn to children, youth, returnees, and most vulnerable social groups, which is efficient and sustainable and harmonized with EU requirements.

In accordance with this, future activities should be focused on improvement of efficiency and quality of provided Health Services, Public Health System financial sustainability and acceleration of harmonization of the Legal Framework in Bosnia and Herzegovina with the EU Legislation (*acquis*).

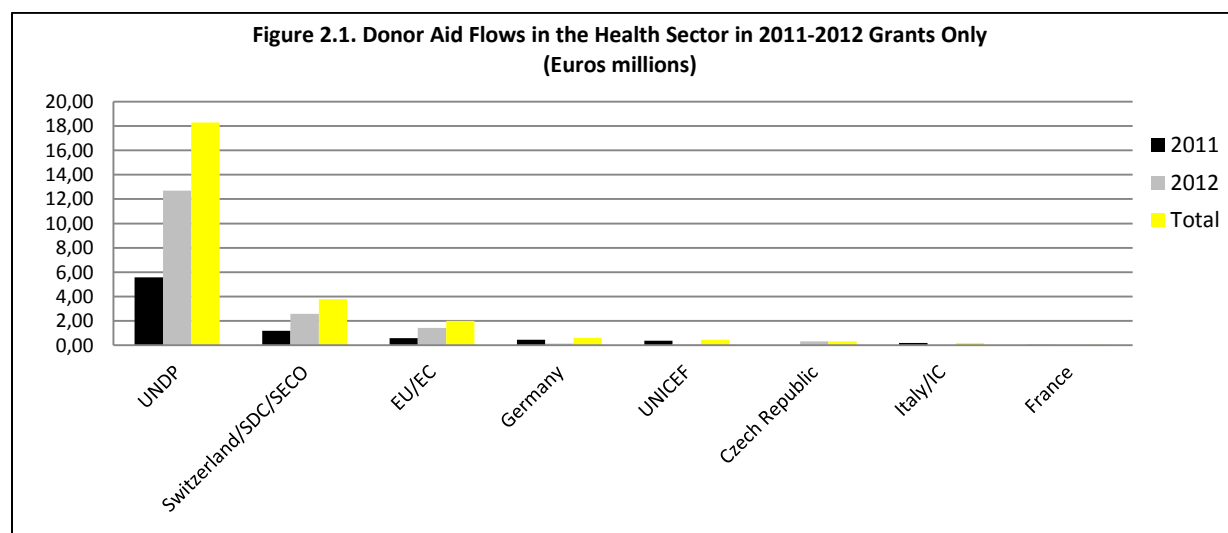
### Donor activities in 2011 and 2012

Members of Donor Coordination Forum (DCF) active in the Health sector in the period 2011-2012 are European Investment Bank (EIB), UNDP, The World Bank (WB), Switzerland/SDC/SECO, EU/EC, Germany, UNICEF, WHO, Czech Republic, Italy/IC and France.

Other non-DCF organizations active in the Health sector are the World Health Organization (WHO), International Organization for Migration (IOM), United Nations Population Fund (UNFPA), Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) and Global Alliance for Vaccines and Immunisation (GAVI).

**The Leading donors/IFIs in the Health sector in 2011** were EIB, with the contribution of €50 million and UNDP with the contribution of €5,58 million, followed by The World Bank, Switzerland/SDC/SECO, European Commission, Germany, UNICEF, Italy/IC and France. **In the first part of 2012, leading donors /IFIs** are EIB, with the contribution of €50 million and UNDP with the contribution of €12,7 million, followed by Switzerland/SDC/SECO, The World Bank, European Commission, Czech Republic, Germany, UNICEF and France.

**Figure 2.1.** makes a comparison of donors that provided assistance for the BiH Health sector in a form of grants. In 2011 the leading donors were UNDP, with the contribution of €5,58 million and Switzerland/SDC/SECO, with the contribution of €1,20 million, followed by EU/EC, Germany, UNICEF, Italy/IC and France, while in 2012 the leading donors in the sector were again UNDP, with the contribution of €12,70 million and Switzerland/SDC/SECO, with the contribution of €2,59 million, followed by EU/EC, Czech Republic, Germany, UNICEF and France.



**Figure 2.2.** shows comparison of IFIs that provided assistance for the BiH Health sector in a form of loans. In 2011, EIB allocated €50 million, and The World Bank provided support in the amount of €2,86 million while in the 2012, EIB allocated another €50 million and The World Bank supported the sector with €1,43 million.

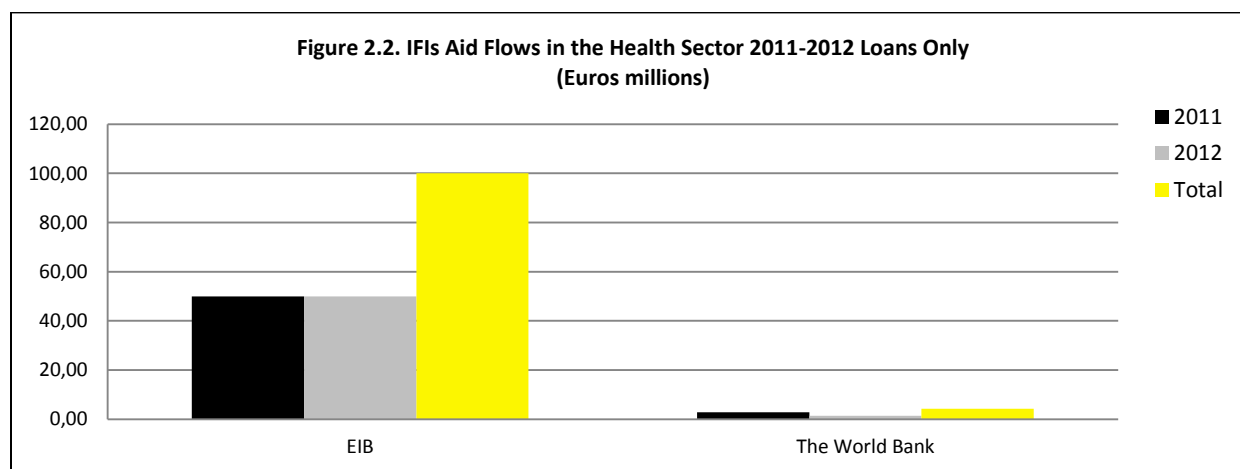
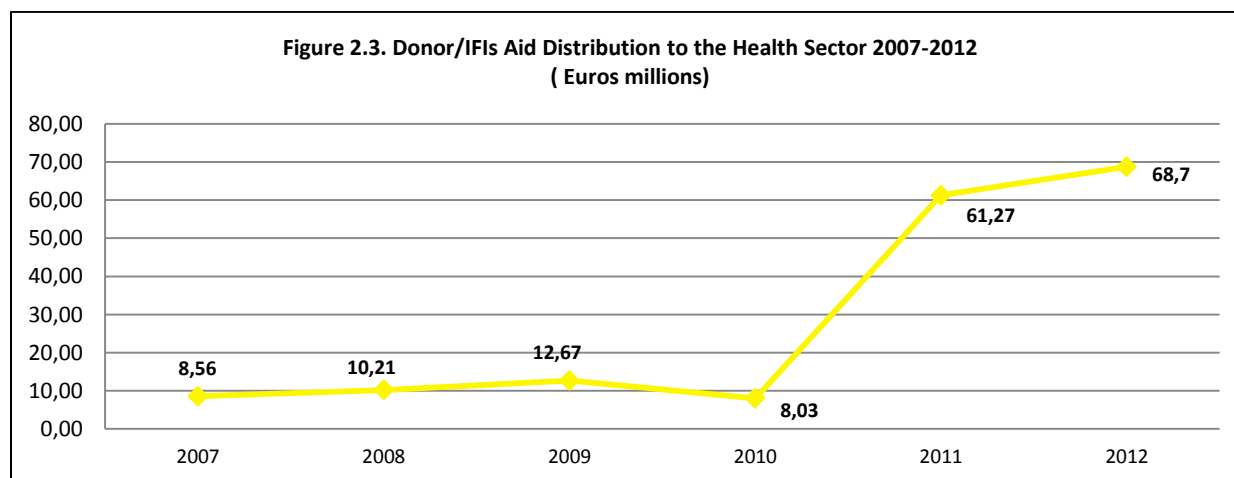


Figure 2.3. shows that the total allocation to the Health sector by DCF members was €61,27 million in 2011 and €68,70 million to date in 2012. Additional funds could be allocated to the sector by the end of 2012. Almost vertical jump in ODA allocations is noticeable in 2011-2012 compared to all previous years, due to EIB loan in the overall amount of €100 million, out of which €50 million was allocated in 2011 and €50 million in 2012, through funding of the *RS Hospitals* project assigned for reconstruction of Banja Luka clinical center and construction of the hospital in Bijeljina.



The Sector received 11% of total ODA allocation in 2011 and to date 15 % in 2012.

### Support to the strengthening of legal and institutional framework in the period 2011-2012

In the period 2011-2012, Switzerland/SDC/SECO, EU/EC and UNICEF/WHO directed largest investments into strengthening of legal framework and institutional capacities of the health sector at all levels of authority in BiH.

In February 2012, **Switzerland/SDC/SECO** initiated the implementation of the project *Strengthening of Nursing in BiH, inception phase*, aiming to improve the competences of nurses, with the focus on 19.000 currently employed nurses, as well as the new generations of nurses. The **purpose** of the project is the improvement of quality of basic health services and better approach of most vulnerable and marginalized groups of population to the health services. Project activities are grouped in three areas: 1.) Regulation of the nursing training and practice,

establishing of chambers and associations of nurses and their continued education; 2.) Outreach by nurses to vulnerable groups of population through community nursing; and 3.) Formal education for nurses and workforce planning. The project will be implemented in the course of 9 years (2012-2021).

With its new project *Strengthening the Institutional Capacities of the Agency for Medicines and Medical Devices of BiH*, **EU/EC** is providing the support to the Agency for Medicines and Medical Devices of BiH in its effort to become a fully functional institution in accordance with EU standards. Basic goal of the project is orientated on regulation of issues related to manufacturing, sale and use of medicaments and medical devices, their harmonization with the EU standards and regulations, as well the training of the managerial medical staff to carry out advanced assessment work and planning and inspections.

**UNICEF** continued to provide technical assistance on Integrated Early Childhood Development, through evidence based Policies and Strategies. Two Entity policies and a State Policy on ECD were developed and adopted. All three policies are inter-sectoral and cover health, education and social protection. In addition, the FBIH adopted an ECD Strategy that includes inter-sectoral action plans and budgets. In parallel, integrated ECD services were introduced in 13 communities where services are being provided to 2,500 families and 2,100 children aged 0-6 (35% of them in hard-to-reach areas). IECD services are being mainstreamed through the health sector. This also serves as a basis to build the system for Early detection of developmental delays and disabilities, and Interventions.

In the area of nutrition, a working group comprised of representatives of key ministries at the State and Entity levels was established. UNICEF supported the design of the Infant and Young Child Feeding Policies in both Entities. The RS Policy was adopted and the FBIH Policy is undergoing public discussion. Two Entity anemia surveys covering 5,000 households were also conducted.

**World Health Organization (WHO)** continued to provide the support to BiH for the implementation of the activities which have been identified as priorities for implementation of the reform of the health system. At health policy level, *Action Plan to Strengthen Core Capacities for Effective Implementation of International Health Regulations (2005) in Bosnia and Herzegovina 2011-2013* was adopted by the Council of Ministers of BiH, and a high-level policy dialogue on policies in pharmaceutical sector organized in support to implementation of national pharmaceutical policy. Processes of development of cancer control strategies and methodological guidance for establishment of population-based cancer registries were completed (*Strategy for Prevention, Treatment and Control of Malignant Neoplasms 2012-2020 in FBIH* was adopted). Immunization services in BiH have been further strengthened, and capacity building for efficient and effective healthcare waste management provided. WHO actively supported South-eastern Health Network (SEHN), which is a political and institutional forum set up by the ten governments to promote peace, reconciliation and health in the region, The Third Health Ministers' Forum - Health in All Policies in South-eastern Europe: a Shared Goal and Responsibility (13-14 October 2011, Banja Luka), is where ten SEE governments made a political commitment to extend subregional cooperation and enhance partnerships towards achieving equity and accountability in health through implementing a whole government approach and a focus on noncommunicable diseases. The Banja Luka Pledge was signed to that effect.

### Primary healthcare reform in the period 2011-2012

Primary healthcare reform (PHC) aims to achieve more efficient, continuous and effective healthcare protection based on the model of family medicine, which is to mostly based on promotion of healthy life and disease prevention. The World Bank and Switzerland/SDC/SECO actively participated in providing of the support to the primary healthcare reform in the period 2011-2012.

**The World Bank (WB)** has completed the first phase of the project *Health Sector Enhancement Project (HSEP)* in *Bosnia and Herzegovina*, which was implemented in both entities. The Project provided the support to the strengthening of capacities of the managerial cadre and administrative bodies in order to change the manner in which health care is provided at various levels of the health system in BiH (hospitals, clinical centers, institutions of

primary health protection), and continued the implementation of the second phase – *Additional financing*<sup>23</sup>. The Project aims to improve the managerial capacities in the health sector, in the following areas: professional development of hospital and health centers managers, trainings for family medicine teams, academic training for teaching personnel in the area of health management and training of personnel employed in health insurance funds. It is expected that until the end of 2014, after the implementation of the project, 70% of BiH population will have the access to high quality primary health protection as a result of the implementation of this project.

In May 2012., **Switzerland/SDC/SECO** started the new project *Monitoring and Reporting in Primary Health Care – inception phase*. The Project aims at establishing of functional monitoring and reporting systems for primary health care services and supporting the use of performance data in order to improve the quality of services delivery. It is expected that this will increase the availability of timely, reliable and relevant information and better exchange of information, which will alleviate the management and supervision of the primary health care system. In order to prepare this project, inception phase is planned to establish the baseline and detailed plan of action.

### Secondary healthcare reform

The Project *Reform of Financing Secondary Health Care*, financed by **EU/EC** from IPA fund for 2008 is in the implementation phase and it marks the beginning of reforms in secondary healthcare in Bosnia and Herzegovina, which aims to contribute to the better control of costs in providing of healthcare protection and to the improvement of the system efficiency for providing of health services in BiH. The Project will provide the support to the BiH authorities, that will enable the cut down of expenses and improve the services delivery through the establishment of *Diagnosis Related Groups* (DRG) data collection and analysis, and developing DRG pricing and contracting based on hospital activities. This system is already being implemented in many other countries, including the EU member states, since it provides the data on the success of treatments and realistic pricing for treatment of specific kinds of illnesses.

### Public health reform

Donors that were actively engaged in the public health reform during the period 2011-2012 are the EC and UNICEF.

**EU/EC** started the implementation of the *Public Health Reform II Project*, in November 2011. The primary objective of the project is to support healthcare reform in BiH through harmonization of relevant public health legislation with the EU directives and regulations in order to enhance evidence based planning of healthcare system. Specifically, it will address 1) Institutional and capacity building of public health systems in Bosnia and Herzegovina in order to increase its readiness to respond to public health threats (pandemics, bio terrorism, natural disasters etc.) 2) Enhancement and improvement of assessment of global health of BiH population and reporting system on communicable diseases, and 3) Improvement of national financial reporting system NHA. The project supports BiH in its preparation for Public health networks membership and its appropriate reporting to international organizations (EUROSTAT, WHO, ILO).

**UNICEF** has continued to provide support in the areas of Early Childhood Development, Nutrition and Immunization. In addition to the existing 13 IECD centres, efforts are being made to mainstream ECD services through the health sector. Special attention is given to the early detection of developmental delays and disabilities, and relevant interventions. UNICEF also worked with the Public Health Institutes and Ministries of Health in assessing the nutritional status of children and women, in order to provide recommendations for nutrition policy and programme development. UNICEF BiH also provided support to the authorities in strengthening the immunization programmes in the country, in collaboration with WHO. The two entity Governments took over the procurement of all vaccines

<sup>23</sup>For more information, please visit the following link: [http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/ECA/2012/04/24/385F431D94F77521852579EA0072FAA7/1\\_0/Rendered/PDF/ISRODisclosabl024201201335300952584.pdf](http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/ECA/2012/04/24/385F431D94F77521852579EA0072FAA7/1_0/Rendered/PDF/ISRODisclosabl024201201335300952584.pdf)

for children, including *Haemophilus Influenzae* type b (Hib). Joint statements on the importance of immunization were made by the Ministries of Health and Ministry of Civil Affairs during the European Immunization Week. UNICEF supported entity immunization round tables for parents, health professionals and media.

### Mental health reform

The reform of mental health system in Bosnia and Herzegovina began immediately after the war and is still ongoing. The aim of the reform is to shift services from hospitals to the community mental health centres, and to deliver mental health treatment and rehabilitation to patients with severe mental illnesses. This process is also including the reform of mental health legislation in accordance with EU standards.<sup>24</sup>

Donors active in the mental health reform in 2011-2012 are Switzerland/SDC/SECO and Italy/IC.

During the period 2011-2012, **Switzerland/SDC/SECO** continued the implementation of the *Mental Health Project in Bosnia-Herzegovina, Phase I*, as a result of continuing cooperation between both entity health ministries on the mental health reform in BiH. The overall goal of the Project is the enhancement of policy makers' capacities as well as competent institutions capacities, for reaching EU standards in mental health care in BiH, including interventions in all segments of mental health care through a holistic approach and links with other relevant sectors. This comprehensive approach will improve the ability of policy makers and relevant institutions to apply the European mental health standards in BiH and facilitate the access to the improved and better quality community-based mental health services for all BiH citizens.

**WHO** provides support to the Regional Health Development Centre on Mental Health based in BiH, which was established through the South-Eastern Europe Health Network (SEEHN).

In 2011, **Italy/IC** completed the project *Support to Protection and Promotion of Mental Health in Republika Srpska*, which was focused on the general reform of health services in RS, through reform of the primary mental health, aiming at promoting mental health through effective and efficient services for mentally ill people and their families. Expected result is the increased access to services for 80% of the population through the opening of new Centres for Mental Health and the structural transformation of existing Centres; Strengthened Ministry of Health; Trained medical and paramedical staff with modern technologies; and better collaboration between different sectors of the local community.

In August 2011, Italy/IC completed the project *Support to Protection and Promotion of Mental Health in Republika Srpska*, which contributed to the reform implementation process at the primary mental health level, by promoting mental health through effective and efficient services for mentally ill people and their families.

### Prevention and treatment of communicable diseases

Donors/IFIs actively involved in prevention and treatment of communicable diseases were UNDP, The World Bank and Germany.

Donors' support to the prevention and treatment of communicable diseases, primarily HIV/AIDS and tuberculosis in 2011 and 2012 was focused on keeping the rate of both diseases at less than 1% in BiH, improving the life quality and increasing survival rate of HIV-positive people and suppressing the stigma and discrimination against them.

<sup>24</sup> *Regional Collaboration in Reconstruction of Mental Health Services in Bosnia and Herzegovina*, <http://psychservices.psychiatryonline.org/cgi/content/full/56/11/1455>

**In the period 2011-2012, UNDP** continued the implementation of two projects previously reported in DMR 2010-2011<sup>25</sup>, which were focused on the prevention and treatment of communicable diseases, HIV/AIDS and tuberculosis (TB). Both projects were funded by The Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM).

**In the period 2011-2012, Germany** continued implementation of Project *Public-Private-Partnership between Bayer HealthCare and GIZ* to increase awareness of sexual health and sexual rights of young people. The Project objective is raising the awareness of sexual health and sexual rights among young people aged 14–26 in selected municipalities. In the observed period, GIZ also finished the implementation of project *Support to the Sexual and Reproductive Health and HIV Prevention among Youth*. The project achieved the following results: Volunteers from youth centres were educated in the field of peer education on health of young people; The Info points in youth centres were established; Innovative, interactive and participatory education methods “Join in Circuit – JIC” were introduced in schools and youth centres; and Educative seminars for health workers in health centres were organized.

In the period 2011-2012, WHO was supporting implementation of the *Action Plan to Strengthen Core Capacities for Effective Implementation of International Health Regulations (2005) in Bosnia and Herzegovina 2011-2013*. Polio outbreak simulation exercise (POSE exercise) was organized in Sarajevo for the South-Eastern European region. WHO also provided technical assistance for strengthening communicable disease and vaccine-preventable disease surveillance and control, and helped national health authorities in developing antimicrobial resistance surveillance in BiH.

### Medical facilities and professional training (pre-service and in-service) in 2011-2012

In 2011-2012 donors/IFIs active in this area were EIB, Switzerland/SDC/SECO, Czech Republic and France. Donors continued to provide assistance in the area of professional training and overall improvement of medical facilities.

As mentioned, **EIB** provided a loan for reconstruction of Banja Luka clinical center and construction of hospital in Bijeljina. The Project aims to replace or upgrade the existing obsolete facilities, improve both hospitals capacity for more patients, and to improve the quality of provided care.

**Switzerland/SDC/SECO** supported the RS Ministry of Health and Social Welfare in further improvement of family medicine, through nurses training, within the project *Additional Training in Family Medicine for Nurses in RS*. The outcomes of the project should comprise strengthening of skills and competences for additional 300 nurses in RS to be better prepared to work with families, provide counselling on healthy-life styles and gender-related health problems, and to facilitate the detection and prevention of addiction diseases.

In May 2012, **Czech Republic** started the new project *Capacity building of vascular surgery in selected medical centers in BiH*. The specific Project objective is to strengthen capacity of the vascular surgery specialists and to improve the quality of health care services in the Clinic for Vascular Surgery of the Clinical Centre of the University in Sarajevo, the Vascular Clinic of the Clinical Centre Banja Luka and the Clinical Centre Foča, as well as to provide the medical equipment, vascular surgery instruments and vascular implants for the beneficiaries.

**France** continued its activities on organizing regular specialists and students’ exchange, ongoing since year 2008. France has also supported the modernization of the reanimation departments in Sarajevo and Banja Luka hospitals, in order to help them reaching the EU criteria for quality and efficiency.

In 2012, **Italy/IC** completed the project *Development of precocious diagnosis, information to women and preparation of qualified services of assistance for breast cancer*, among the activities, particular emphasis was

<sup>25</sup> For more information, please visit the following link:

[http://www.donormapping.ba/index.php?option=com\\_content&view=article&id=227&Itemid=389](http://www.donormapping.ba/index.php?option=com_content&view=article&id=227&Itemid=389)

placed on raising awareness on the importance, for women, of being informed, in order to achieve a better quality of life and a higher chance of recovery. Simultaneously, 4 theoretical and practical formational seminars were realized with an inter-disciplinary approach, including mono-specialization for health operators. The first two seminars were focused on screening and prevention, while the second training round was dedicated to reconstructive surgery and Oncoplastic surgery techniques. Some training activities have been carried out in Italy in centers for specialized surgery and diagnosis. Another essential component of the Italian fund is related to the acquisition of prosthetic material (expansors and prosthetic) which have allowed the surgeons of the Sarajevo Clinic Center to launch, at the end of the training programme, the activities of reconstructive surgery. Altogether, the project facilitated the adoption and application of health policies in concordance with international standards related to the protection and promotion of women's health.

Major projects in the Health sector are listed below:

Project title	Donor/Financial Institution	Total Project Value (Euros millions)
RS Hospitals	EIB	100.00
Health Sector Enhancement Project	The World Bank	21.07
Scaling Up Universal Access for Most at Risk Populations in BiH	UNDP	11.43
Coordinated National Response to HIV/AIDS & Tuberculosis in a War-torn and Highly Stigmatized Settings	UNDP	11.11
Strengthening of DOTS strategy and Improving National Tuberculosis Programme, Including Multidrug Resistant and Infection Control in BiH	UNDP	6.96
Further strengthening of DOTS strategy in BiH	UNDP	5.86
Avian Influenza Preparedness Project	The World Bank	3.53
Mental Health Project in BiH, Phase 1	Switzerland/SDC/SECO	2.85
Family Medicine Implementation Project in BiH, IV Phase	Switzerland/SDC/SECO	2.23
Public Health Reform II	EU/EC	1.20
Support to the sexual and reproductive health and HIV prevention among youth	Germany	1.00
Reform of Financing Secondary Health Care	EU/EC	0.94
Support to Protection and Promotion of Mental Health in Republika Srpska	Italy/IC	0.83

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Legal framework and sector strategies adopted in 2011-2012

**In May 2012**, *Law on Registers in Health in BiH Federation* was adopted, which defines the collection of quantitative and qualitative data necessary for improvement of health policies as well as the standardized reporting. *The Law on Dental Services in FBiH*<sup>26</sup> was adopted as well, which defines the organizing and administering of dental services as a part of special interest for BiH Federation. Dental services are practised at all levels of healthcare and they imply the system of social, group and individual measures, services and activities for preservation and improvement of oral health, prevention of diseases, early detection of diseases, treatment as well as the health care and rehabilitation and application of health technologies in the dental area.

**In December 2011**, FBiH Parliament adopted the proposal- *Draft Law on Medical Profession*, which regulates the concept, organization and conditions for performance of medical profession as well as performance of doctors as essential, independent and responsible holder of healthcare services which is of special interest for BiH Federation and which provides healthcare protection to the entire population of the Federation as well as the *Draft Law on*

<sup>26</sup>Official Gazette of FBiH no 37/12

*Nursing*, which regulates the services of medical and obstetrics nurses, way of performance and organizing of services, education standard and conditions for performance of services, in accordance with the *Strategic Plan for Development of Health in FBiH* in the period 2008-2018. Both drafts of the laws are forwarded for consideration in a public debate<sup>27</sup>.

**In August 2011**, FBiH adopted the *Law on Changes and Amendments to the Law on Health Insurance in u FBiH*<sup>28</sup>, as well as the *Law on Changes and Amendments to the Law on Protection of Persons with Mental Disorders*<sup>29</sup>.

**In April 2012**, RS National Assembly of RS adopted the *Law on Social Protection in RS*<sup>30</sup> as a service of a general interest. The law defines the system, holders and beneficiaries, financing and other relevant issues regarding the social protection rights in RS.

**In March 2012**, the BiH Council of Ministers adopted the *Policies for Improving Early Childhood Development in Bosnia and Herzegovina*, that were adopted by RS in March 2011 and by the FBiH in May 2011. The aim of the Policies is to strengthen the integrated approach to early growth and development of the child, and raising the awareness of experts, parents and society on the importance early childhood development. The documents recommend the establishment of optimal conditions for proper growth and development of all children in the country.

**In the period 2011-2012**, a *Draft of the Policies for Sexual and Reproductive Health in Bosnia and Herzegovina*, has been prepared as well as the Analysis of situation for preparation of *Policies for Care of Elderly Persons*, which aims to improve the quality of life of this segment of BiH population, in line with the Action plan of the Programme for BiH 2010 -2014, which was signed by the BiH Council of Ministers and UNDP.<sup>31</sup>

**In September 2011**, BiH Council of Ministers adopted Action Plan to Strengthen Core Capacities for Effective Implementation of International Health Regulations (2005) in Bosnia and Herzegovina 2011-2013, aimed at developing and strengthening core capacities for surveillance of and response to public health emergencies of international concern in BiH, as defined in the International Health Regulations (2005), an international legally binding framework which entered into force in 2007.

**In September 2011**, BiH Council of Ministers has adopted the *Strategy for response to HIV/AIDS in Bosnia and Herzegovina 2011 - 2016*, and its implementation will be carried out in accordance with the Operative plan. The Strategy will ensure the gradual decrease of newly infected persons with HIV virus in u Bosnia and Herzegovina, and create the environment which will enable long, quality and normal life to all infected persons.

*Strategy for Prevention, Treatment and Control of Malignant Neoplasms in the Federation of BiH 2012-2020*<sup>32</sup> was adopted **in March 2012**, and it represents one of the strategies of the health sector which is directed to the improvement of the population health, primarily to the promotion of health and prevention of malignant diseases, for the entire population. The Strategy is the basic document for accomplishing the goals in order to have as less as possible people in FBiH developing malignant neoplasms, to reduce the mortality from malignant neoplasms, to alleviate the suffering of those who already developed the disease, to improve the quality of life of those who already developed the disease, whereat using the available resources in the best way.

<sup>27</sup> For more information, please visit the following link: <http://www.fmoh.gov.ba/index.php/zakoni-i-strategije/zakoni-u-proceduri>

<sup>28</sup> Official Gazette of FBiH no. 48/11

<sup>29</sup> Official Gazette of FBiH no 52/11

<sup>30</sup> Official Gazette of RS no 37/12

<sup>31</sup> For more information, please visit the following link: <http://www.undp.ba/Upload/SC/CPAP%202010%20-%202014%20BiH.pdf>

<sup>32</sup> For more information, please visit the following link:

<http://www.fmoh.gov.ba/index.php/zakoni-i-strategije/strategije-i-politike/172-strategija-za-prevenciju-tretman-i-kontrolu-malignnih-neoplazmi-u-fbih-2012-2020>

### Donor coordination

The Conference for the Health sector in Bosnia and Herzegovina acts as a permanent advisory and coordinating body, established to achieve better insight in donor led activities in the Health sector and to minimize the overlapping and duplication of the activities. The members of the Conference are representatives from the Ministry of Civil Affairs of Bosnia and Herzegovina, Federal Ministry of Health, RS Ministry of Health and Social Protection and Head of the Department for Health of Brčko District. Different donors are invited and attend the meetings, depending of the topics from the Agenda.

Donors active in the Health sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

### Future activities

From the domestic perspective, the mid-term priorities include further continuation of the Health Sector Reforms, especially in the Public Health area, with the focus on Health Statistical Research and Preventive programmes. The reconstruction and modernization of infrastructure (equipment for the urgent ambulance services and laboratories) is necessary and further donors' support in that area would be appreciated. Special attention must be given to the regulation of medical waste disposal, as one of still unregulated areas in BiH and its harmonization with the EU legislation.

On the other side, donors defined the Institutional and capacity building of state and entity ministries for strategic and policy planning; the preparation of state level strategy with the action plan and estimated costs for the Sector reform; alignment of existing legislation with the EU legislation (*acquis*) and drafting of state level laws in the area of public health, blood, cells, tissues and organ transplantation, tobacco and mental health; full implementation of DRG in all parts of BiH; further efforts to strengthen the immunization programme; early childhood development services, detection of developmental delays and disabilities, and interventions through the health sector; measures to improve the nutritional status of young children and women, and the promotion of breast-feeding; implementation of WHO International Health Regulations; and the anti-corruption measures adoption, as the mid-term priorities. Furthermore, donors recommend further strengthening of Primary Healthcare through establishment of modern and efficient emergency care and Mental Healthcare Reform.

<b>DCF members active in the sector in 2011-2012</b>	EU/EC, US/USAID, Sweden/ Sida, Germany, Norway, Switzerland/SDC/SECO, The World Bank, UNDP, Netherlands, Austria, UNICEF, Italy/IC, UK/DIFID, Czech Republic, France, Japan/JICA
<b>Other key international organisations (IOs)</b>	Organization for Security and Cooperation in Europe (OSCE); Office of the High Representative and EU Special Representative (OHR); Council of Europe (CoE).
<b>Key government partners</b>	<p><b>Legal and Judicial Reform:</b> BiH Ministry of Justice; RS Ministry of Justice; FBiH Ministry of Justice, BiH Prosecutor's Office; High Judicial and Prosecutorial Council of BiH; BiH Court.</p> <p><b>Public Administration Reform:</b> BiH Public Administration Reform Coordinator's Office; BiH Council of Ministers.</p> <p><b>Civil Society:</b> Civil Society Board.</p> <p><b>Human Rights:</b> BiH Ministry of Human Rights and Refugees; BiH Ministry of Civil Affairs; FBiH Ministry of Refugees and Displaced Persons; RS Ministry of Refugees and Displaced Persons; FBiH Ministry of Labour and Social Policy; RS Ministry of Health and Social Welfare; FBiH Ministry of Health; FBiH Ministry of Education, RS Ministry of Education; Ombudsman Institutions.</p>
<b>Total allocation to the sector in 2011 and 2012 by DCF members</b>	<p>2011: €34.43 million- €31.86 million in grants and €2.58 million in loans</p> <p>2012: €32.16 million- €30.27 million in grants and €1.90 million in loans</p>
<b>Legal framework and sector strategies</b>	<p><b>Legal framework and sector strategies (adopted in 2011-2012)</b></p> <p><i>Law on Change and Amendments to the Law on Internal Audit of BiH Institutions; Law on Change and Amendments to the Law on Financing of BiH Institutions; Law on the State Aid System in BiH; Law on Census of Population, Households and Dwellings in BiH 2013; Law on Change and Amendments to the Law on Civil Service in BiH Institutions; Law on Change and Amendments to the Law on Salaries and Allowances in BiH Institutions; Law on Protection and Treatment of Children and Juveniles in Criminal Procedure in Brčko District BiH, Law on Changes and Amendments to the Law on Civil Service in FBiH; Law on Change and Amendments to the Law on Courts in FBiH; Law on Change to the Law on Execution Procedure in FBiH; Law on Defining and Settlement of Outstanding Obligations arisen on the basis of the Law on Social Protection, Protection of Civil Victims of the War and Protection of families with Children; RS Law on Criminal Proceedings; Law on Changes and Amendments to the Law on Execution Procedure; RS Law on Changes and Amendments to the Law on Execution of Criminal Sanctions; RS Law on Changes and Amendments to the Criminal Law; Law on Courts in RS; Law on Changes and Amendments to the Law on Civil Servants in RS; Law on Changes and Amendments to the Law on Public Administration in RS; RS Law on Survey and Cadastre; RS Law on Changes and Amendments to the Law on Displaced Persons, Returnees and Refugees; Revised Action Plan 1 (AP1) for implementation of the Public Administration Reform Strategy; Action Plan for children of BiH 2011-2014.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>33</sup></b></p> <p><i>RS Law on the Protection and Treatment of Children and Juveniles in Criminal Proceedings; BiH Justice Sector Reform Strategy; Public Administration Reform Strategy and Action Plan 1; National War Crimes</i></p>
<b>Donor coordination</b>	<p><b>Legal and Judicial Reform:</b> Quarterly coordination meetings organised by the BiH Ministry of Justice/Sector for Strategic Planning, Aid Coordination and European Integration.</p> <p><b>Public Administration Reform:</b> PAR Fund stakeholders' regular meetings organised by Public Administration Reform Coordinator's Office.</p> <p><b>Civil Society:</b> Informal <i>ad-hoc</i> coordination.</p> <p><b>Human Rights:</b> Project-based bilateral meetings.</p> <p>Donors active in the Sector regularly attended Donor Coordination Forum quarterly meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

<sup>33</sup> More information on the Strategies are available on:

[http://www.donormapping.ba/index.php?option=com\\_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles](http://www.donormapping.ba/index.php?option=com_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles)

## Overview

The Good Governance and Institution Building sector consists of the four sub-sectors including the Legal and Judicial Reform (LJR), Public Administration Reform (PAR), Civil Society (CS) and Human Rights (HR).

**In the period 2011-2012, limited progress was made in the area of legal and judicial reform.** Representatives of BiH authorities and judicial institutions at various levels were involved in the Structural dialogue on Justice with the EU. The dialogue was initiated in June 2011, in order to review the compliance of the legislation and functioning of BiH state and entity Institutions with the EU standards, and to ensure the independent, efficient, impartial and responsible judicial system. Implementation of the Justice Sector reform strategy for the period 2009-2013 was slowed down both by insufficient human and financial resources and due to poor coordination between the competent institutions within the BiH justice system. In terms of the *efficiency*, moderate progress was realized in resolution of the backlog of court cases. A quota system for courts has been introduced as a result of the amended Rulebook on courts. With the establishing of the special unit for efficiency of judiciary, High Judicial and Prosecutorial Council have continued to provide the support to the courts across country. Also, activities were continued on the further improvement of information technologies in the courts and prosecutor's offices, and judiciary web portal become accessible to the public. Legal actors have on line access to relevant court case material. All courts and prosecutor offices throughout BiH have their own website. *The Law on Change and Amendments to the Law on Courts in BiH Federation* was adopted, again enabling the establishment of certain municipal courts that were previously closed. Limited progress was made in the area of processing of juvenile perpetrators of crime offences. The implementation of the adequate national strategy from this area is still uneven, and it will be necessary to adopt the revised national strategy for the period 2011-2014. Revised *Law on Protection and Treatment of Children in Criminal Proceedings* came into force in Republika Srpska in January 2011, and the „*Law on Protection and Treatment of Children and Juveniles in Criminal Procedure in Brčko District BiH*“ was adopted in Brčko District in November 2011. The *Law on Juvenile Delinquency* is in adoption procedure in the Federation BiH.

Donor efforts in the **Legal and Judicial Reform (LJR)** sub-sector in 2011-2012 were focused on supporting domestic institutions to take the lead in developing policies and strategies as well as coordinating activities. Even though the latest Report conducted by Civil Society Organisations (CSOs) regarding the implementation of BiH Justice Sector Reform Strategy, underlines considerable achievements in some of the defined goals, there are still certain areas with minimal progress<sup>34</sup>. LJR received support to prepare institutional strategic plans for institutions at all levels of governance, but planned multi-donor basket fund for financing activities is yet to be established.

**Public administration reform in Bosnia and Herzegovina** is essential in order to create the efficient, responsible and cost effective civil service, which is a precondition for EU integration that considers administrative capacities capable for implementation of EU *acquis communautaire*, as one of the most important criteria for the membership. Besides the fact that reformed public administration should serve to the best interest of citizens, it should be a driver of the continued and sustainable socio-economic development. Sub-sector *Public Administration Reform* is defined in the *Public Administration Reform Strategy*, which was adopted by BiH Council of Ministers in 2006. In 2007, four donor agencies have formed PAR Fund for financing of specific measures and activities provided in the Action Plan 1 (AP1), mandating Public Administration Reform Coordinator's Office (PARCO) to implement and monitor projects. In June 2011, BiH Council of Ministers (CoM) adopted the Revised Action Plan 1 (AP1) for all six reform areas of PAR Strategy,<sup>35</sup> for the period 2011-2014. Currently, PARCO, EC and responsible BiH institutions, are engaged in the preparation of AP2, which will be focused on vertical issues, development and strengthening of sector capacities.

<sup>34</sup> <http://www.mpr.gov.ba/userfiles/file/Strate%C5%A1ko%20planiranje/05%202%204%20Izvršni%20sazetak%20izvijestaja%20OCD%20o%20provodjenju%20SRSP%20u%20BiH%20u%202010%2020godini%20-%20EJ.pdf>

<sup>35</sup> Six reform areas of PAR Strategy are Policy Making and Coordination Capacities; Public Finance; Human Resources Management; Administrative Procedure; Institutional Communication; Information technologies.

In the observed period, limited progress was made in the area of public administration, since the *Public Administration Reform Strategy* was implemented slower than expected. One of the reasons was insufficiently developed coordination of the structures on all levels of BiH authorities as well as the fragmentation and unevenness of the civil service. Public administration structures continue to be issue of concern, and it is necessary to strengthen them so they would be able to efficiently respond to the requirements of the EU accession process. Harmonization of BiH legislation with the European standards is essential and extensive task, however equally important and demanding is the implementation of such legislation, which is only possible through strengthened, professional and efficient public administration. On that ground, future activities should be focused towards establishing of professional, responsible and efficient civil service based on merits and competence.

**The role of the civil society sector of Bosnia and Herzegovina (BiH)** has changed from addressing humanitarian needs and often serving as a state substitute during and immediately after the war, to complementing government and supporting the development of today's socially cohesive and democratic society. The civil society sector contributes to cohesion and democracy through delivering vital social services and providing individuals and organizations the space to work together to develop solutions to the social, economic, political and environmental challenges facing individuals and communities in Bosnia and Herzegovina. A well-developed civil society increases citizens' freedoms, promotes the rule of law, reduces corruption and establishes greater government effectiveness.

In the period 2011-2012, donor efforts in the **Civil Society (CS)** sub-sector were focused on the promotion of communication and partnership among CSOs and local governments, as well as providing funds for local and regional Non-Governmental Organisations (NGOs) active in the field of democratisation. Based on the Agreement on Cooperation between the BiH CoM and the NGOs, signed in May 2007, in January 2011 Justice Sector Civil Society Network was established, consisting of 52 NGOs. Work of the network and of other professional organizations should result in civil society actors being able to raise public awareness on judicial processes, legal and policy reform issues and citizens' rights as well as responsibilities in upholding the rule of law.

Slight progress was made in solving of the priorities from the European Partnership, which implies the forming of more functional and more sustainable institutional structures as well as better respecting of human rights and fundamental freedoms, including the harmonization of the Constitution with The European Convention on Protection of Human Rights and Fundamental Freedoms. In February 2012, BiH Parliamentary Assembly adopted the *Law on State Aid System in BiH*, as well as the *Law on Census of Population, Households and Dwellings in BiH 2013*. The latter is necessary for social and economic development of the country.

Legal and institutional framework for respecting of human rights was established in Bosnia and Herzegovina. In terms of international instruments on human rights, Bosnia and Herzegovina has ratified all major UN and international conventions from this area. Limited progress was made in respect to improvement and implementation of human rights. Regarding prevention of torture and abuse and fight against impunity, legal framework was established and is mostly respected. Limited progress was achieved in respect to the prison system, and in the area of access to the justice in civil and administrative lawsuits, freedom of expression. Even that certain progress was made in improvement of the prison conditions, a comprehensive reform of the prison system has not begun yet. Slight progress was made in terms of freedom of expression, freedom of assembling, associating and freedom of religion. However, additional efforts should be made in order to provide the support to the development and financing of the civil society sector. Some progress was made in strengthening social protection and inclusion systems at all levels of governance.

In 2011-2012, the Human Rights (HR) sub-sector projects were focused on activities with strong human right components such as support to actions in favor of children and youth, protection of children at risk and children in contact with the justice system, voluntary return of irregular migrants stranded in Bosnia and Herzegovina,

strengthening local capacities to prevent trafficking in human beings and support to vulnerable Roma groups. Additionally, gender mainstreaming was supported through the implementation of FIGAP<sup>36</sup> activities.

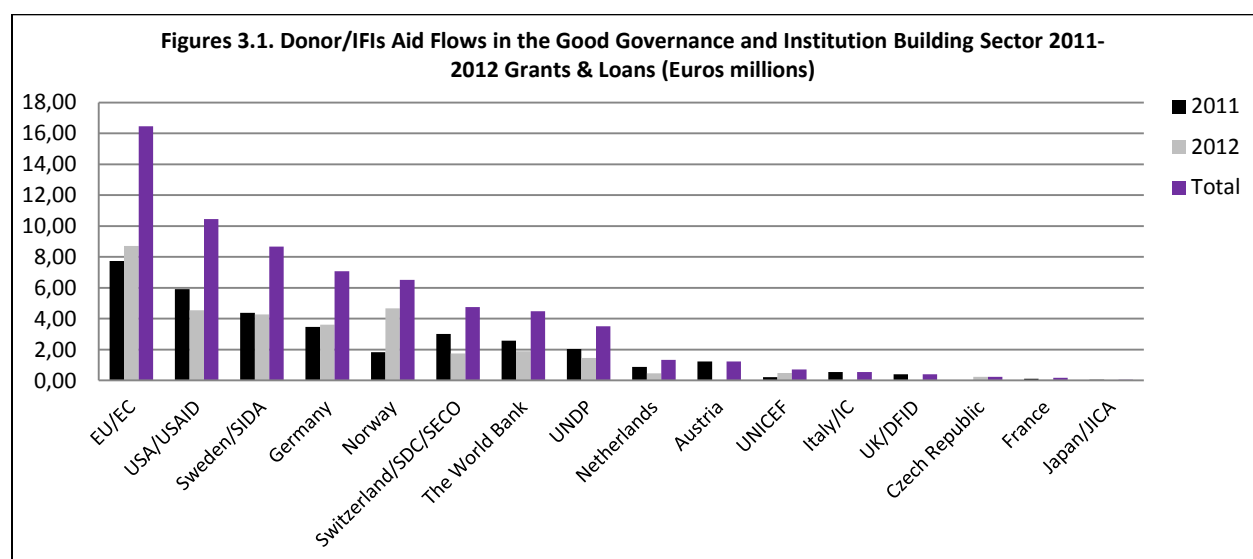
## Donor activities in 2011 and 2012

DCF members active in Good Governance and Institution Building sector in 2011-2012 are the EU/EC, USA/USAID, Sweden/Sida, Germany, Norway, Switzerland/SDC/SECO, The World Bank, UNDP, Netherlands, Austria/ADC, UNICEF, Italy/IC, UK/DFID, Czech Republic, France and Japan/JICA.

**Figure 3.1** indicates that the leading donors in the Good Governance and Institution Building sector in **2011** were EU/EC with the contribution of €7,73 million and USA/USAID with the contribution of €5,92 million, followed by Sweden/Sida, Germany, Switzerland/SDC/SECO, The World Bank, UNDP, Norway, Austria/ADC, Netherlands, Italy/IC, UK/DFID, UNICEF, France and Japan/JICA.

In **2012** the leading donors in the Sector are EU/EC with the contribution of €8,72 million and Norway with the contribution of €4,68 million, followed by USA/USAID, Sweden/Sida, Germany, The World Bank, Switzerland/SDC/SECO, UNICEF, Netherlands, Czech Republic and France.

In 2011-2012, major part of the assistance was provided in a form of grants, while assistance from the World bank was provided in a form of loan.



**Figure 3.2** indicates that the **Legal and Judicial Reform sub-sector in 2011** received **€22,95 million**, which is **66,64% of total allocations** to the Good Governance and Institution Building Sector. To date in 2012 the LJR sub-sector received €18,79 million or 58,43% of total allocations to the Sector.

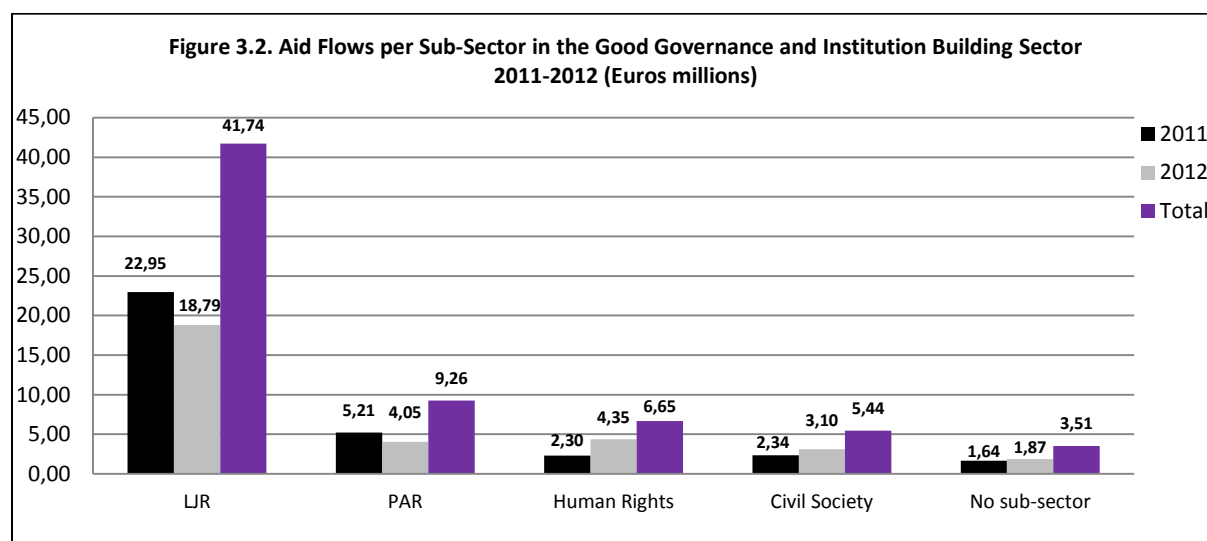
The **Public Administration Reform sub-sector in 2011** received €5,21 million, which is **15,13% of total allocations** to the Good Governance and Institution Building sector. To date in 2012 the PAR sub-sector received €4,05 million or 12,59% of total allocations to the Sector.

<sup>36</sup>FIGAP-The Funding Mechanism for the Implementation of the Gender Action Plan.

The **Human Rights sub-sector in 2011** received €2,30 million, which is **6,68% of total allocations** to the Good Governance and Institution Building sector. To date in 2012 the HR sub-sector received €4,35 million or 13,53% of total allocations to the Sector.

The **Civil Society sub-sector in 2011** received €2,34 million, which is **6,79% of total allocations** to the Good Governance and Institution Building sector. To date in 2012 the CS sub-sector received €3,10 million or 9,64% of total allocations to the Sector.

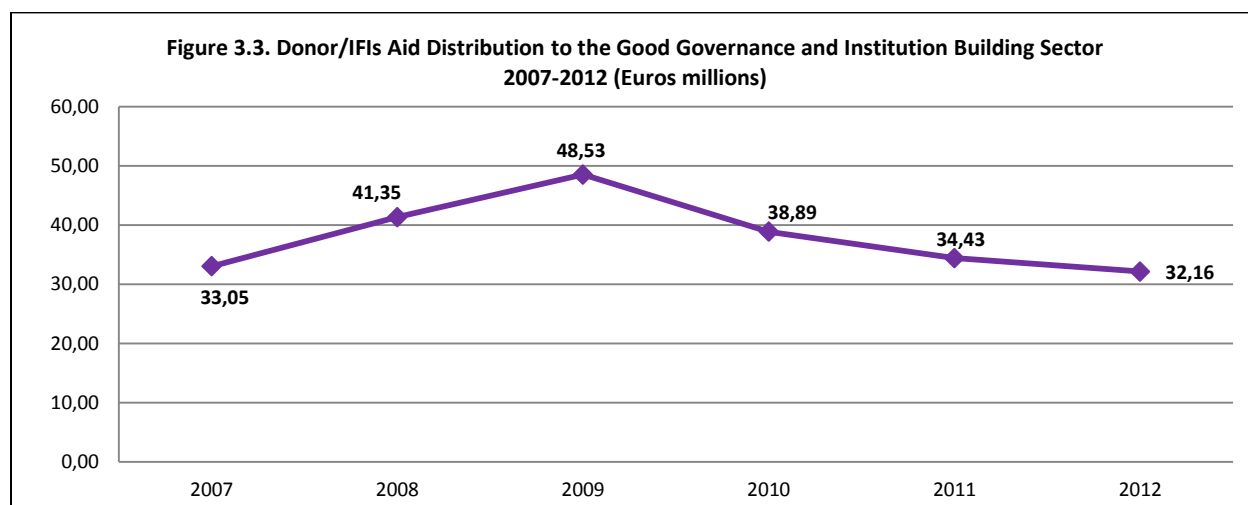
Activities/Projects classified as **“No sub-sector” in 2011** received €1,64 million, which is **4,76% of total allocations** to the Good Governance and Institution Building sector. To date in 2012 these activities received €1,87 million or 5,81% of total allocations to the Sector.



**Figure 3.3 shows that total allocation to the Good Governance and Institution Building sector by DCF members was €34,43 million in 2011 (including loans from The World Bank in the amount of €2,58 million) and in 2012 to date €32,16 million (including loans from The World Bank in the amount of €1,90 million). However, additional funds could be allocated to the sector by the end of 2012.**

Figure 3.3 also indicates a steady increase of donor contributions from 2007 to 2009 and decrease from 2009 to 2012. Reason for this descending trend could be explained by the gradual phasing out of direct bilateral support from five donors (Austria/ADC, Italy/IC, Netherlands, Spain/AECID and UK/DFID).

**The Good Governance and Institution Building sector received 6% of total ODA allocations in 2011 and to date 7% of total ODA in 2012.**



### Legal and Judicial Reform<sup>37</sup>

The Legal and Judicial Reform (LJR) sub-sector is composed of constitutional development, legal drafting, institutional strengthening of legal and judicial systems, legal training and education, legal advice and services and crime prevention.

In 2011, LJR sub-sector received **€22,95 million**, or **66,64% of total allocations** to the Good Governance and Institution Building sector, while to date in 2012 the Sub-sector received **€18,79 million** or **58,43%** of total allocations to the Sector.

Donors/IFIs active in the LJR sub-sector in 2011-2012 were USA/USAID, EU/EC, Sweden/Sida, Norway, The World Bank, UNDP, Germany, Switzerland/SDC/SECO, Austria/ADC, Italy/IC, France, UNICEF, Netherlands, Japan/JICA and Czech Republic.

In October 2011, **USA/USAID** started implementation of the new project *Political Processes Support Program in BiH*, as addition to the on-going projects focused on building credible and effective institutions within the justice system in BiH. The goals of the Project are to improve political parties' accountability and representativeness, to strengthen linkages between political parties, local communities and civil society and to increase quality of representation of parties by increasing the participation of women in political processes.

In 2011, **EU/EC** has started implementation of two new projects in LJR sub-sector, *Support for Implementation of Integrated Border Management (IBM) and Design of Technical Assistance Project for Judicial and Prosecutorial Training Centres in BiH, and related support for judicial support staff*. The project *Support for Implementation of IBM*, supports the BiH Institutions involved in IBM, to design and adopt more efficient and effective practices in order to create a border management system compliant with EU standards and in line with "Guidelines for Integrated Border Management in the Western Balkans". The second project *Design of Technical Assistance Project for Judicial and Prosecutorial Training Centres in BiH, and related support for judicial support staff*, prepared the framework for a technical assistance project on strengthening the technical and professional capacities of the judiciary in Bosnia and Herzegovina which will commence in 2013. In parallel, EU/EC also has financed a significant amount of Information Communication Technologies (ICT) hardware and software for the courts, prosecutor offices, the HJPC and entity judicial and prosecutorial training centres, as well as vehicles for the Court Bailiffs at entity level.

<sup>37</sup> Due to large number of the projects in the Legal and Judicial Reform sub-sector, only some projects are mentioned in this report. All projects classified under the LJR sub-sector are accessible in the DCF database ([www.donormapping.ba](http://www.donormapping.ba)).

In addition, the grant contract with the HJPC for judicial efficiency was completed in June 2012, allowing for an additional grant contract to commence in October 2012 which foresees support for the further reduction of backlog of civil, criminal, enforcement and utility cases throughout BiH and on line distance learning for judges and prosecutors. The 3 million euro grant to the International Registry for war crimes and organised crime case processing continued and terminates in December 2012 with the operational end of the Registry's mandate.

In 2011-2012, **Sweden/Sida** continued to support work of the State Court and the State Prosecutor's Office in dealing with war crimes, organized crime, economic crime and corruption, as well as the development of professional and competent BiH local governments able to effectively manage development processes and deliver quality services to their citizens, via second phase of the *Municipal Training System (MTS) Project MTS II phase*.

**Norway** provided further support to the efficiency of courts in BiH, throughout two new projects whose implementation started in the year 2011. The project *Assistance to the Judiciary in BiH* is targeting inefficiency in the processing of civil cases in the country's first instance courts, human resource management in BiH judiciary, war crimes cases database, as well as new premises for HJPC and administrative support to the HJPC, while the project *Strengthening Capacities of the Division for the Rights of the Children*, is aiming to strengthening capacities in the Division for the Rights of the Child within the Ombudsman for Human Rights for developing legislation, monitoring its implementation, restitution of violated rights and promotion of child rights.

**The World Bank** continued the implementation of the *Land Registry Project*, which supporting the cadastre and land registration reform in the country and facilitates the orderly development of transparent land markets, through the registration of real estate rights and complementary policies that enable transactions to be made with security and efficiency.

In 2011, **Germany** initiated the new project *Financing of War Crimes Chamber, the Registry*, with the aim of further strengthening domestic capacities for the prosecution of war and organized crimes, through introduction of international professional support to the management and litigation functions of the Court and Prosecutor's office of Bosnia and Herzegovina. In 2012, Germany commenced the project *Establishment of a Competence Center in BiH*, supporting the management and operation of a Regional Competence Center for the public law. The Project includes activities focused on continuous analysis and answering on complicated questions of the constitutional law, based on analytical independence from the established power structures, as well as determining the points for the constitutional amendments.

**Switzerland/SDC/SECO** continued to support the BiH High Judicial and Prosecutorial Council (HJPC) to manage and implement a judicial reform project in Bosnia and Herzegovina, with the aim of providing support to the prosecutorial service with particular focus on the criminal justice system. Switzerland/SDC/SECO, together with Sweden/Sida and UNICEF also continued to support the Juvenile Justice System Reform and strengthen justice for children in BiH, in line with international standards.

Besides, **UNICEF, Switzerland/SDC/SECO**, together with **Sweden/Sida** provided support to the BiH authorities in strengthening the system of justice for children. Partnership was initiated with the High Judicial Prosecutorial Council to ensure the inclusion of 'justice for children' in the overall justice sector reform and to strengthen mechanisms and systems to collect and analyse data pertaining juvenile justice. Juvenile justice has also been included in the EU-led structural dialogue on justice reform. On the local level, nine municipalities have developed Municipal Action Plans on Justice for Children, with a focus on prevention and community-based alternative measures to detention, in line with international standards. Child-friendly rooms were also established in police stations.

In December 2011, **Austria/ADC** commenced the new project *Promoting regional cooperation in SEE via networking within the authorities responsible for the environment and justice sectors (Themis Network)*. The Project aims at strengthening regional cooperation in the South Eastern European countries (Albania, Bosnia and Herzegovina,

Montenegro, Former Yugoslav Republic of Macedonia, Serbia, Kosovo) via developed environmental law enforcement mechanisms targeting the environment and justice sectors. The purpose of the project is to increase administrative capacities within the relevant national authorities regarding EU environmental legislation and combating environmental crimes, and to enhance regional cooperation and dialogue via networking (Themis Network).

Major projects in the Legal and Judicial Reform sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Assistance to the BiH State Court/Registry	USA/USAID	35.65
Land Registration Project	The World Bank	10.58
(CAPP II) Citizens Advocacy Partnership Program II	USA/USAID	5.83
Open Regional Fund (ORF) for SEE – Legal Reform <sup>38</sup>	Germany	4.34
(JSDP II) Justice Sector Development Project II	USA/USAID	3.26
State Court Basket Funding	Sweden/Sida	3.06
Support for the State Court and State Prosecutors' Office	EU/EC	3.00
Land Administration Project	Germany	2.90
Political Processes Support Program in BiH	USA/USAID	2.65
Access to Justice: Facing the Past and Building Confidence for the Future	UNDP	2.04
Construction of State Prison	Sweden/Sida	2.00
Parliamentary Strengthening Project	USA/USAID	1.87
Land Administration Project (LAP), Phase III	Austria/ADC	1.80
MTS II phase	Sweden/Sida	1.74
Land Administration Project	Sweden/Sida	1.71
SEENET II: Cooperation network between Italy and SEE	Italy/IC	1.60
Support to FIGAP – Fund for the Implementation of the Gender Action Plan of BiH	Sweden/Sida	1.50
Support to the BiH Judiciary	EU/EC	1.47
Olof Palme International Center (OPC)	Sweden/Sida	1.43
Support for Implementation of IBM National Strategy	EU/EC	1.42
Support to the Judiciary in BiH - Strengthening Prosecutors in the Criminal Justice System	Switzerland/SDC/SECO	1.42
Protection of Children at Risk and Children in Contact with Justice System in Bosnia and Herzegovina	Sweden/SIDA, Switzerland/SDC/SECO, UNICEF	1.34
War Crimes and Organized Crime of the State Court and State Prosecutor's Office	Sweden/SIDA	1.33
Supply of ICT equipment to Judicial Institutions in BiH	EU/EC	1.33
Support to the state court / Registry for War Crimes	Norway	1.31
Assistance to the judiciary in BiH	Norway	1.00

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

<sup>38</sup> The aforementioned project is implemented through regional sub-projects, in which BiH is a partner country

### Public Administration Reform

The Public Administration Reform (PAR) sub-sector consists of reform of government institutions (parliament, local government, civil service, administrative buildings) and public sector financial management.

In 2011 PAR sub-sector received **€5,21 million**, which is **15,13% of total allocations** to the Good Governance and Institution Building sector, while to date in 2012 the Sub-sector received **€4,05 million** or **12,59%** of total allocations to the Sector.

Donors active in the PAR sub-sector in 2011-2012 are EU/EC, Sweden/Sida, Switzerland/SDC/SECO, Germany, Norway, Netherlands and UNDP.

Governments at the all levels of BiH jointly with the **UK/DFID, Sweden/SIDA, EU/EC** and **Netherlands** ensured financial support to PARCO by providing the financial support to PAR Fund. Fund was established in order to provide a harmonised approach in supporting the implementation projects across Bosnia and Herzegovina that fall within the framework defined by the PAR Strategy. Presently, the new allocations of funds are expected from Sweden/Sida and Norway.

In November 2011, **EU/EC** started a new project *Supply of equipment for the three research and innovation centres in BiH -LOT 6*, with the purpose of providing the equipment for three research and innovation centers in Banja Luka, Zenica and Mostar. Also, with the new project *Support to the State and Entity Statistical Institutions, phase V*, which started in September 2011, EU/EC is aiming to strengthen the BiH statistical system, improve the production of harmonized statistical data for the state level, and strengthen inter-institutional cooperation, such improved Statistical Business Register (SBR) can be used in every day statistical activities.

In February 2012, **Sweden/SIDA** started the implementation of the new project in the PAR sub-sector, *Statistics in BiH 3*, in the aim of previous support continuation of creating the sustainable statistical system in BiH. The general objective of previous phases of the Project, was to support BiH Statistics agencies in general capacity building, survey methodology and general survey work, while in this phase the focus is on the labor market, environment statistics and improved human resource management.

**Switzerland/SDC/SECO** continued to support local authorities and civil society's capacities in 17 municipalities in north-west Bosnia to better manage water and environmental sanitation problems, through the implementation of project *Governance Project in Municipal Water and Environmental Development (GOV-WADE)*.

In the period 2011- 2012 the **Germany** continued implementation of the programme Strengthening of the Public Institutions (Phase I). The overall aim of the programme is the capacity strengthening of the selected public institutions in BiH, including Agency for Statistics, Central Bank, Public Procurement Agency and Agency for Development of Higher Education and Quality Assurance, to achieve higher quality of work, transparency and customer orientation. The programme is also supporting its main political partner in BiH, PARCO, on strategic governance and monitoring reform measures.

Major projects in the Public Administration Reform sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
(GOV-WADE) Governance Project in Municipal Water and Environmental Development	Switzerland/SDC/SECO	5.92
Strengthening of Public Institutions (I Phase)	Germany	5.70
Strengthening Public Expenditure Management III	UK/DFID	3.21
Statistics in BiH	Sweden/SIDA	2.04
Strengthening BiH Capacities for Strategic Planning and Policy Development (SPPD)	EU/EC, Norway, Netherlands, UNDP	1.84
Statistics in BiH 3	Sweden/SIDA	1.60
Support to the State and Entity Statistical Institutions, Phase V	EU/EC	1.30
Development and implementation of an integral BIH wide PIFC strategy	EU/EC	1.12

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

## Civil Society

Civil Society (CS) consists of the community participation and development, cooperative, grass-roots organizations, development of other participatory planning, as well as decision making procedures and institutions.

In 2011 CS sub-sector received **€2,34 million**, which is **6,79% of total allocations** to the Good Governance and Institution Building sector in 2011, while to date in 2012 the Sub-sector received **€3,10 million** or **9,64%** of total allocations to the Sector.

Donors active in the CS sub-sector in 2011-2012 were EU/EC, USA/USAID, Netherlands, Switzerland/SDC/SECO, Norway, UNDP and Czech Republic.

In the period January – February 2011, **EU/EC** commenced three new projects *National Integrity System Assessment*, *Support to NGOs active in the fight against corruption* and *Technical Assistance to successful NGOs from the anti-corruption grant scheme 2009*, that are supporting NGO's involved in the fight against corruption. In June 2011, the EC started the new project *Support to issue based NGOs networks (call for proposals) - 8 contracts awarded*, which is designed as a comprehensive set of capacity building and awareness raising activities to enhance citizens participation in policy and decision-making process. The Project will be implemented through combined support measures provided to the local NGOs and local authorities.

In November 2011, **EU/EC** started the implementation of a new project *EU Support to the Coordination and Implementation of the BiH's National Youth Policy*. The Project addresses the issues of the National Youth Policy, by supporting all levels of BiH authorities that are involved in Policy implementation.

In January 2012, **Netherlands** started with the new project *PKP ODA Activities in 2012*, aiming to provide financial support to small projects directly benefiting and improving the well-being of poorer groups of people in society. The programme is intended to be an incentive for NGOs and non-profit organisations to implement their community development activities that are focused on poverty alleviation and improvement of life conditions.

**Switzerland/SDC/SECO** supported the new project *Study: Diaspora of Bosnia and Herzegovina in Switzerland, contributions to development of BiH and integration in CH*, based on the project proposal submitted by the Ministry of Human Rights and Refugees of Bosnia and Herzegovina (MHRR). The Study shall serve as a first step in responding to the MHRR initiative, which aims to improve the contribution of Diaspora to the overall development of BiH, as well as to present the socio-demographic profile of BiH migrants, to identify different forms of Diaspora organizations and networks in Switzerland, and promoting of BiH in Switzerland.

In March 2012, **Czech Republic** started with the new project *Student Agora for BiH - through dialogue towards mutual understanding and greater civic involvement of youth*. The goal of the project is to contribute to a more open, tolerant and engaged society in Bosnia and Herzegovina, i.e. through the introduction of interactive teaching methods in schools.

Major projects in the Civil Society sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Democracy and Human Rights Education	USA/USAID	5.35
Democracy Commission	USA/USAID	3.48
Support to issue based NGOs Networks (call for proposals) – 8 contract awarded	EU/EC	2.00
Reinforcement of Local Democracy II (LOD II): Institutionalizing Cooperation between Municipalities and CSOs for Improved Service Delivery	UNDP	1.65
Civil Society and Citizens BH	Netherlands	1.00
Support to EU Info Centres Sarajevo, Banja Luka, Mostar and Brčko	EU/EC	0.49
EU Support to the Coordination and Implementation of the BiHs National Youth Policy	EU/EC	0.49
Support to NGOs active in the fight against corruption	EU/EC	0.48
Strengthening institutional capacities to prevent and combat corruption	EU/EC	0.46

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

## Human Rights

Human Rights (HR) sub-sector is composed of the monitoring of human rights performance, support for national and regional human rights' bodies, and protection of ethnic, religious and cultural minorities.

In 2011 HR sub-sector received **€2,30 million**, which is **6,68% of total allocations** to the Good Governance and Institution Building sector, while to date in 2012 the Sub-sector received **€4,35 million** or **13,53%** of total allocations to the Sector.

Donors active in the HR sub-sector in 2011-2012 are the EU/EC, Sweden/Sida, Netherlands, Switzerland/SDC/SECO, UNICEF and Czech Republic.

In the period 2011-2012, **EU/EC** started the new project *Support to the Forensic Science Department of the International Commission on Missing Persons (ICMP)*. The purpose of the project is to enable International Commission on Missing Persons (ICMP) to carry out the DNA-assisted identifications of persons missing as a result of armed conflicts in BiH and to give forensic support through Forensic Science Department. Also, by implementing the *Youth friendly municipalities in partnership between youth and local authorities Project*, in collaboration with the Youth Council of the RS, the EU continued to support the Institute for Youth Development. The Project will provide young people from 12 local communities with the opportunities to acquire the knowledge and skills necessary for implementing the *Youth Law of FBiH* and the *RS Law on Youth Organizing*. Apart from the above mentioned, the Project will contribute to improvement of the youth activities in the fields of human rights, equal opportunities and democratic principles.

With its new project *Increasing Access to Freedom and Justice in BiH 2012-2015* **Sweden/Sida** supports Civil Rights Defenders (CRDs) in areas of human rights law and policy. The aims of the project are to empower the Citizens to

claim their human rights, to enable the State to take responsibility for the fulfillment of human rights and to empower the local human rights defenders.

In September 2011, **Switzerland/SDC/SECO** started with implementation of the new project *Establishment of a functioning and sustainable system of implementation of readmission agreements*, with the overall objective to contribute to the capacity strengthening of the BiH MHRR and other relevant institutions, enabling them for an effective and coordinated management of the sustainable returning and reintegration process, or the readmission agreements.

**UNICEF** BiH also supported a network of 20 NGOs which were tasked with preparing local Reports on CRC implementation monitoring, and a Joint Report on the CRC. These contributed to development of the State CRC Report and the NGO alternative Report.

With UNICEF support, seven line Ministries at the State and Entity levels have been promoting the participation of CSOs, children and communities, under the project on Social Protection and Inclusion. Participatory action research groups were established in 23 municipalities to facilitate the participation of children, adolescents and young people. The Wall of Children's wishes and requests, developed under the Programme on Social Protection and Inclusion, reached over 13,000 children through social media.

In March 2012, **Czech Republic** commenced the new project *Through strategic litigation towards the support of human rights*, which aim is to enhance the enforcement of provisions of the Anti-discrimination law using the experience from the Czech Republic.

**Major projects in the Human Rights sub-sector** are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Increasing Access to Freedom and Justice in BiH 2012-2015	Sweden/Sida	3.10
Civil Rights Defenders	Sweden/Sida	3.03
Support to the Forensic Science Department of the International Commission on Missing Persons (ICMP)	EU/EC	2.00
2009 Democracy and Human Rights Projects	EU/EC	1.14
MATRA	Netherlands	0.91
Prevention of Torture and Comprehensive Rehabilitation of Torture Victims in Northeast BiH	EU/EC	0.70
Support to the most vulnerable Roma groups in BiH	Switzerland/SDC/SECO	0.55
Voluntary Return of Irregular Migrants Stranded in BiH (AVR Project)	Switzerland/SDC/SECO	0.40
Protection of Children from Violence in SEE	UNICEF	0.34
Establishment of a functioning and sustainable system of implementation of readmission agreements	Switzerland/SDC/SECO	0,17

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Activities classified as “No sub-sector”

Activities/Projects classified as “**No sub-sector**” in 2011 received **€1,64 million**, which is **4,76% of total allocations** to the Good Governance and Institution Building sector. To date in **2012** these projects received **€1,87 million** or **5,81%** of total allocations to the Sector.

Donors active in the activities not classified under the existing sub-sectors in 2011-2012 are EU/EC, Netherlands, Switzerland/SDC/SECO, Norway, UNDP, UNICEF, Germany and Czech Republic.

In April 2011, **EU/EC** started couple of new projects in cross-border cooperation programme with BiH and neighbouring countries. EU/EC also supported the participation of BiH in the 7<sup>th</sup> EC Framework Programme<sup>39</sup>, through two new projects: *EU Contribution to the co-financing of entry ticket FP7 for 2011 - 1st tranche* and *EU Contribution to the Participation of Bosnia and Herzegovina in the EU Program 'The 7th EC Framework Programme' under the IPA - Transition Assistance and Institution Building component in 2010*.

**Switzerland/SDC/SECO** contributed to the strengthening capacities of BiH institutions responsible for the development and implementation of migration and asylum system in line with European standards, through new project *Support to the Immigration Management System of BiH*.

Within the project *Support to application of free trade principles and increase of safety for goods introduced in markets in BiH*, **Czech Republic** is going to support further technical and organizational development of selected laboratories in 2012 and in 2013. Also, Czech Republic started implementation of project *Establishment of the City of Sarajevo Department for Development Policy*, aiming to establish a department fully competent to identify, draft and submit project proposals financed by IPA or other funds of the EU as well as to implement those projects.

The project *Improving Cultural Understanding in Bosnia and Herzegovina (MDG-F Joint UN Programme, Spanish Fund)* was formulated as a partnership between **UNDP, UNICEF** and **UNESCO** in close collaboration with the BiH Ministry of Civil Affairs, Entity Ministries of Culture and of Education, as well as other institutions responsible for education and culture. The project was designed to improve cross-cultural understanding in Bosnia and Herzegovina and to promote the country's unique multicultural identity.

Major projects in the activities/projects classified as "No sub-sector" are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Culture for Development - Improving Cultural Understanding in BiH (MDG-F Joint UN Programme, Spanish Fund)	Spain / UNDP / UNICEF / UNESCO	5.71
EU Contribution to the co-financing of entry ticket FP7 for 2011 - 1st tranche	EU/EC	0.85
EU Contribution to the Participation of Bosnia and Herzegovina in the EU Programme 'The 7th EC Framework Programme' under the IPA - Transition Assistance and Institution Building component in 2010	EU/EC	0.85
Political Party Assistance 2010 Elections Program	USA/USAID	0.63
Maps for national development and EU Integration	Norway	0.45
Constituency Support Facility 2010	Netherlands	0.42
Support to the Immigration Management System of BiH	Switzerland/SDC/SECO	0.13
Support to application of free trade principals and increase of safety for goods introduced in markets in BiH	Czech Republic	0.12

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Legal framework and sector strategies adopted in 2011-2012

Within the aim to make cost-effective, modern and efficient public administration, as well as to respond on the on-going financial turmoil, all BiH levels of governments started with adoption of adequate legislative framework.

<sup>39</sup> For more information, please visit the following link: [http://cordis.europa.eu/fp7/home\\_en.html](http://cordis.europa.eu/fp7/home_en.html)

**In February 2012**, BiH Parliamentary Assembly adopted the Law on State Aid System in BiH<sup>40</sup>, which defines coverage, purpose, requirements and sectors in BiH, on which this Law is applied. At the same time, BiH Parliamentary Assembly adopted the *Law on Census of Population, Households and Dwellings in BiH 2013*<sup>41</sup>, necessary for social and economic development of the country.

**In April 2012**, BiH Parliamentary Assembly adopted the *Law on Changes and Amendments to the Law on Internal Audit of the BiH Institutions*<sup>42</sup> in order to define criteria for establishment of the Audit Units within all BiH institutions.

**In May 2012**, BiH Parliamentary Assembly adopted the *Law on Change and Amendments to the Law on Financing the BiH Institutions*<sup>43</sup>, which introduced the term of Financial Management and Control and Risk Management for all BiH institutions. This Law strengthened the role of Central Harmonization Unit (CHU) and contributes to ability of BiH institutions to safeguard their assets and to use their resources economically and efficiently. At the same time, in order to respond to the financial turmoil caused by lower level of governments in BiH and to cut government spending, Parliamentary Assembly of BiH adopted two *Laws on Change and Amendments to the Law on Salaries and Allowances in BiH Institutions*<sup>44</sup>.

**In December 2011**, the FBiH Parliament adopted the *Law on Change and Amendment to the Law on Civil Service in FBiH*<sup>45</sup>, while in RS the *Law on Change and Amendments to the Law on Public Administration in RS* was adopted in **February 2012**<sup>46</sup>, and the *Law on Changes and Amendments to the Law on Civil Servants in RS*<sup>47</sup> was adopted in **April 2012**.

**In 2011-2012**, the BiH legal and judicial sphere, as well as the sub-sector of human rights faced legislative changes at all levels of governance in Bosnia and Herzegovina.

**In November 2011**, Parliamentary Assembly of the Brčko District of BiH, adopted the *Law on Protection and Treatment of Children and Juveniles in Criminal Proceedings* in Brčko District of BiH<sup>48</sup>.

**In September 2010**, FBiH Parliament adopted the *Law on Changes and Amendments of the Law on Courts in FBiH*<sup>49</sup>, which enables reestablishment of previously abolished municipal courts in Lukavac, Banovići, Jajce and Čitluk.

**In January 2011**, the revised RS *Law on Protection and Treatment of Children and Juveniles in Criminal Proceedings*<sup>50</sup> came into force. **In October 2011**, RS National Assembly adopted the *Law on Survey and Cadastre in RS*<sup>51</sup>, **in November 2011** the *Law on Change and Amendments to the Law on Execution of Criminal Sanctions*<sup>52</sup>, while **in December 2011**, RS National Assembly adopted the *Law on Changes and Amendments of the RS Criminal Law*<sup>53</sup> and the *Law on Courts in RS*<sup>54</sup>.

**In March 2012**, FBiH Parliament adopted the *Law on Defining and Settlement of Outstanding Obligations arisen on the basis of the Law on Social Protection, Protection of the Civil Victims of the War and Protection of the Families*

<sup>40</sup> Official Gazette of BiH no. 10/12

<sup>41</sup> Official Gazette of BiH no. 10/12

<sup>42</sup> Official Gazette of BiH nr. 32/12.

<sup>43</sup> Official Gazette of BiH nr. 42/12

<sup>44</sup> Official Gazettes of BiH no. 42/12 and 50/12

<sup>45</sup> Official Gazette of FBiH no. 4/12

<sup>46</sup> Official Gazette of RS no. 24/12

<sup>47</sup> Official Gazette of RS no. 37/12

<sup>48</sup> Official Gazette of Brčko District of BiH no. 44/11

<sup>49</sup> Official Gazette of FBiH no. 63/10

<sup>50</sup> Official Gazette of RS no. 13/10

<sup>51</sup> Official Gazette of RS no. 6/12

<sup>52</sup> Official Gazette of RS no. 117/11

<sup>53</sup> Official Gazette of RS no. 1/12

<sup>54</sup> Official Gazette of RS no. 37/12

with Children<sup>55</sup>, while in April 2012, the FBiH Parliament adopted the *Law on Change to the Law on Execution Procedure in FBiH*<sup>56</sup>.

In May 2012, RS National Assembly adopted the *Law on Criminal Proceedings in RS*<sup>57</sup>, as well as the *Law on Changes and Amendments to the Law on Displaced Persons, Returnees and Refugees*<sup>58</sup> while in June 2012 the *Law on Changes and Amendments to the Law on Execution Procedure*<sup>59</sup> was adopted.

In July 2011, BiH Council of Ministers adopted the *Action Plan for Children of BiH 2011-2014*.

### Donor coordination

BiH Ministry of Justice/Sector for Strategic Planning and Aid Coordination and European Integrations (MoJ/SSPACEI) is regularly organising quarterly meetings for monitoring and harmonization of donor efforts in the Legal and Judicial Reform sub-sector. The BiH MoJ maintains the donor assistance database for the Sector. Semi-annual conferences are organised for the Ministers of Justice and High Judicial and Prosecutorial Council (HJPC) and donors also attend these conferences. The Registry Office hosts regularly meetings with donors.

The PAR Fund donors meet regularly with BiH, FBiH, RS and Brčko District representatives to coordinate donor activities and discuss progress in the implementation of activities in the sector. PARCO, as well as donors active in the Good Governance and Institution Building sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

In the Civil Society sub-sector there is informal coordination between CSOs on *ad-hoc* basis in order to avoid overlapping activities. The BiH MoJ established the Sector for Civil Society to ensure the preconditions for adoption of legislation and strategies more favourable for the development of the civil society.

Coordination meetings in the Human Rights sub-sector are *ad hoc*, project-based and mostly bilateral.

### Future activities

During the 2011-2012, the legal and judicial sub-sector in BiH has faced a lot of changes and attempts to strengthen its position. Regarding that, the *Proposal of Memorandum of Understanding for the Establishment of the Fund for Implementation of BiH Justice Sector Reform Strategy (JSRS)* was adopted by the BiH Council of Ministers (CoM) and sent to the BiH Presidency for adoption. The Fund was envisaged to ensure additional financing for implementation of BiH JSRS and its Action Plan, and was planned to be signed between the BiH CoM, Sweden/SIDA, UK Embassy in BiH and Spain/AECID. However, due to the time consuming adoption procedure, all donors have given up of this arrangement. Meanwhile, BiH Ministry of Justice began negotiations with Switzerland/SDC/SECO regarding technical and financial assistance for the new BiH draft JSRS for the 2013-2018. Great efforts were focused on issues important for the EU accession, especially on the Structured Dialogue between the BiH Justice Sector and the EC Delegation, but limited progress was achieved. Future activities must be focused on development of impartial, independent, effective, well-coordinated and responsible justice sector in BiH, with clearly-defined and supportive budget.

<sup>55</sup> Official Gazette of the FBiH no.27/12

<sup>56</sup> Official Gazette of FBiH no.35/12

<sup>57</sup> Official Gazette of RS no. 53/12

<sup>58</sup> Official Gazette of RS no.52/12

<sup>59</sup> Official Gazette of RS no.57/12

In the Public Administration Reform (PAR) sub-sector the reforms are made in accordance with the Revised Action Plan 1 (2011-2014), but in slow pace. Both, donors and domestic partners assessed the cooperation as satisfactory, but further strengthening should be done in the following issues: PAR processes and PAR Financial Sustainability should not be endangered (continuation of financing from state budget and donors funds for PAR Fund and PARCO), Status of PARCO improvement within the domestic institutions, Improvement of capacity and skills of PAR implementers, Sector capacity strengthening to enable the Action Plan 2 drafting, and the existing procedures for projects approval reducing. The good news is that in the period 2012-2014 Sweden/SIDA and Norway will invest €3 million each in the PAR Fund, as a support to the implementation of the Revised AP1 of the PAR Strategy.

Regarding the Civil Society, it should be mentioned that from 2010 this sub-sector records permanent steady growth of 3% in the allocated ODA aid. It can be mentioned that efforts on support and strengthening of BiH Civil Society is progressing, but institutional mechanism for cooperation with NGOs remains weak, as well as the coordination and cooperation amongst the CSOs themselves. The recommendations for improvements in this sub-sector should include the future activities: to enhance the capacities of CSOs, enhance cooperation and coordination of CSOs with themselves and the governments in BiH and to enhance environment (changes in social attitudes and legal system)<sup>60</sup>. In that sense, further efforts are needed in order to support the development and funding of the CS sub-sector.

The Human Rights sub-sector achieved limited progress. While the legal and institutional framework for the observance of human rights exists, BiH should intensify efforts to enforce international human rights legislation, in the sphere of civil and political rights, economic and social rights and rights of minorities. At the same time, encouraging progress was made in strengthening social protection and inclusion systems in BiH, for the benefit of the most vulnerable groups. Building on these achievements at policy and local level, all stakeholders should expand these models and continue to promote equal access to services for all.

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<sup>60</sup> For more information, please visit the following link: <http://www.unv.ba/Civil-Society-in-Bosnia-and-Herzegovina%E2%80%93Seeking-the-Way-Forward-Report>

	USA/USAID, Norway, Netherlands, EU/EC, UNDP, Sweden/Sida, Switzerland/SDC/SECO, France, Germany, Austria/ADC, Czech Republic.
<b>Other Key international organizations (IOs)</b>	European Union Police Mission (EUPM), International Trust Fund for Demining and Mine Victims (ITF), Office of the High Representative and EU Special Representative (OHR), European Union Forces (EUFOR), North Atlantic Treaty Organisation Headquarters Sarajevo (NHQSa), Danish Emergency Management Agency (DEMA), Organization for Security and Co-operation in Europe (OSCE), International Commission on Missing Persons (ICMP), Handicap International, Foundation „World without Mines“ (WOM).
<b>Key government partners</b>	BiH Ministry of Security, BiH Ministry of Civil Affairs, BiH Ministry of Defence; BiH Ministry of Foreign Affairs; BiH Intelligence Security Agency, State Investigation and Protection Agency, Federal Ministry of Interior, RS Ministry of Interior.
<b>Total allocation to the sector in 2011 and 2012 by DCF members</b>	2011: €24,17 million - all in the form of grants 2012: €11,33 million - all in the form of grants
<b>Legal framework and Sector strategies</b>	<p><b>Legal framework and sector strategies (adopted in 2011-2012)</b></p> <p><i>Law on Amendments to the Law on Service in the Armed Forces of BiH; Law on Change and Amendments to the Law on Police Officials in Bosnia and Herzegovina; RS Law on Internal Affairs; Law on Security Agencies and Private Detective Services in RS; RS Law on Change and Amendments to the Law on Transport of Dangerous Goods; FBiH Law on Change and Amendments to the Law on Police Officials; Detention and other Measures in Brčko District BiH; Law on Arms and Ammunition in Brčko District BiH; Law on Change and Amendments to the Law on Arms and Ammunition in Brčko District BiH; Law on Change and Amendments to the Law on Police in Brčko District BiH; Strategy on Migration and Asylum and Action Plan 2012-2015; Strategy for Establishing of CERT in Bosnia and Herzegovina; Revised Strategy - Analysis of the Situation and Needs - an Appendix to the Strategy for Integrated Border Management in Bosnia and Herzegovina and Action Plan.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>61</sup></b></p> <p><i>Law on Parliamentary Military Commissioner; Framework Law on the Protection and Rescue of People and Property in the Event of Natural or Other Disasters; BiH Law on Transportation of Dangerous Goods; Law on Control of the Movement of Weapons and Military Equipment; Law on the Prevention of Money Laundering and Financing of Terrorist Activities; Demining Law; BiH Law on Movement and Stay of Aliens and Asylum; BiH Law on Protection of Confidential Information; FBiH Law on Professional Rehabilitation, Training and Employment of Disabled Persons; Law on Change and Amendments to the Law on the Rights of Veterans and their Families in FBiH; Law on Change and Amendments to the Law on the Protection and Rescue of People and Property in the Event of Natural or Other Disasters in FBiH; RS Law on Police Officials; Law on Change and Amendments to the Law on Civil Protection in RS; RS Law on Arms and Ammunition; Law on Professional Rehabilitation, Training and Employment of Disabled Persons in RS; Defence White Paper of Bosnia and Herzegovina; National Strategy for Community-based Policing; Strategy for Integrated Border Management; Immigration and Asylum Strategy and Action Plan for 2008–2011; Strategy for Supervision of Narcotic Drugs, Prevention and Suppression of Abuse of Narcotic Drugs in BiH 2009–2013; Up-dated Strategy and Action Plan for SALW Control in BiH for the period of 2008–2012; Bosnia and Herzegovina Mine Action Strategy 2009–2019; Strategy for Mine Victims in BiH 2009–2019; BiH Strategy for Prevention of Money Laundering and Financing of Terrorist Activities 2009–2013 with Action Plan; BiH Strategy for the Fight Against Organised Crime 2009–2012 and Action Plan; BiH Strategy for the Fight Against Corruption 2009–2014 with Action Plan; BiH Strategy for Prevention and Fight Against Terrorism 2010–2013.</i></p>

<sup>61</sup> More information on Strategies are available on [http://www.donormapping.ba/index.php?option=com\\_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles](http://www.donormapping.ba/index.php?option=com_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles)

<p><b>Donor coordination</b></p>	<p><b>Security Sector Reform and Civilian Peace-Building Management:</b> donors take part in in-formal information sharing meetings.</p> <p><b>Reintegration of Soldiers and Control of Small Arms and Light Weapons and Ammunition:</b> Coordination Board for Small Arms and Light Weapon Control is planning, directing and monitoring the activities related to the Small Arms and Light Weapons control.</p> <p><b>Mine Action:</b> International Trust Fund for Demining and Mine Victims Assistance is functioning as a coordinating body for number of the donors in Mine Action area.</p> <p>Donors active in the Sector regularly attended Donor Coordination Forum quarterly meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>
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## Overview

The Conflict Prevention, Resolution, Peace and Security Sector consist of the Security Sector Reform and Civilian Peace Building Management; Reintegration of Soldiers and Control of Small Arms and Light Weapons (SALW) and Ammunition; as well as Mine Action sub-sectors.

Security Sector Reform and Civilian Peace-Building Management sub-sector, dealing with Defense and Police reforms, Civil protection and Disaster response and Civilian peace-building activities, achieved uneven progress during the period 2011-2012.

The political agreement reached in BiH on the defense properties, was welcomed by NATO authorities at the Chicago Summit in May 2012, as a precondition for joining the Membership Action Plan (MAP) program, on the path towards the formal NATO membership<sup>62</sup>. Bosnia and Herzegovina also continued its cooperation with the NATO through the implementation of Partnership for Peace for BiH (PfP) and the Individual Partnership Action Plan (IPAP) Programs. Upon successful completion of the first IPAP cycle, BiH Government developed the new Individual Partnership Action Plan (IPAP) for the period 2011-2013, adopted by the North Atlantic Council (NAC) in February 2011<sup>63</sup>. In May 2011 IPAP 2011-2013 was adopted by Council of Ministers of BiH, too.

Progress was made in the field of visa policy, border management, asylum and migration. Following the lifting of visa requirements for BiH citizens holding biometric passports, a post-visa liberalization monitoring mechanism has been established. An electronic data exchange system for police and prosecutors was set up and all law enforcement agencies are in the phase of electronic registers establishing. In the area of border management, the most legislation related to integrated border management (IBM), including the *Law on Border Control*, is harmonized with the *acquis*. Also, BiH Council of Ministers approved budgetary allocations for IBM infrastructures upgrade, for the forthcoming three years period. The progress was achieved in the area of asylum. The asylum Section in the Ministry of Security is almost fully staffed and adequately trained. The asylum module of the migration information system (MIS) is being fully utilized. The Ministry for Human Rights and Refugees is connected to the MIS and application of the system is being expanded. As mentioned above, the new migration and asylum strategy and the related action plan were adopted in June 2012. Good progress was achieved in the migration issues, too. The Centre for temporary detention of irregular immigrants is in operation. However, more improvements are still needed in border crossing infrastructure and border management, as well as more financial and human resources, in order to improve international protection system and asylum in Bosnia and Herzegovina.

Reintegration of Soldiers and Control of Small Arms and Light Weapons (SALW) and Ammunition sub-sector that addresses reintegration of demobilized soldiers and control of small arms and light weapons and ammunition, achieved limited and unequal progress in period 2011-2012. In order to support the Reintegration of discharged soldiers, BiH Ministry of Defence (MoD), has developed the *NATO-Perspective Program* (former *NATO Trust Fund II*). The strategic goals of the Program are assistance to discharged personnel from defense institutions to reintegrate into civilian life, and to contribute to the implementation of Defense Reform of the Armed Forces in Bosnia and Herzegovina<sup>64</sup>. Current indicators show extraordinary results within this Programme<sup>65</sup>. Out of total discharged personnel, 91,58% is registered in *NATO- Perspective Program*, in order to start or to expand their own agricultural production or to requalify or to start with the self-employment initiative.

The additional activities were undertaken for extension of *NATO-Perspective Program* until 2013, since the military personnel transitional process will last until the end of 2017. One of the most enduring and threatening problems in

<sup>62</sup> For more information, please visit the following link: [http://www.nato.int/cps/en/natolive/topics\\_49127.htm](http://www.nato.int/cps/en/natolive/topics_49127.htm)

<sup>63</sup> Brochure of the Ministry of Defense and the Armed Forces of Bosnia and Herzegovina, April 2011, the Brochure is available on the following link: [http://www.mod.gov.ba/files/file/maj\\_2011/bosura%20eng%20mail.pdf](http://www.mod.gov.ba/files/file/maj_2011/bosura%20eng%20mail.pdf)

<sup>64</sup> Brochure of the Ministry of Defense and the Armed Forces of Bosnia and Herzegovina, April 2011, the Brochure is available on the following link: [http://www.mod.gov.ba/files/file/maj\\_2011/bosura%20eng%20mail.pdf](http://www.mod.gov.ba/files/file/maj_2011/bosura%20eng%20mail.pdf)

<sup>65</sup> Bulletin of the MoD and BiH Armed Forces no. 8, September 2012: <http://www.mod.gov.ba/files/file/broj8.pdf>

Bosnia and Herzegovina is the wide presence of Small arms and light weapons (SALW) and ammunition. In 2011-2012 a significant quantity of ammunition was destroyed, through the implementation of the multi-donor *Small-Arms Control and Reduction Project in BiH (SACBiH)*, by using environmentally friendly methods. However, the Project come to an end, and any new activity wasn't reported in the SALW sub-sector recently, so future funding for this sub-sector will hopefully be resolved by joint efforts from all stakeholders in timely manner.

Mine Action sub-sector, which examines mine contamination problems in Bosnia and Herzegovina, has achieved limited progress in period 2011-2012. According to the BiH Mine Action Centre (BH MAC), total suspect mine area in Bosnia and Herzegovina currently covers around 2,81% of country surface<sup>66</sup>. The *BiH Mine Action Strategy 2009–2019* targets to achieve the mine threats reduction, but full implementation of the *Strategy* will depend of the availability of funds, since the International Fund for Demining and Mine Victims Assistance (ITF)<sup>67</sup> cannot secure necessary support to all planned Mine Action projects. Bosnia and Herzegovina is still one of the most heavily mined countries, which is a major barrier to the return of refugees and internally displaced persons as well as to economic recovery overall. In that regard this sub sector must remain in the focus in the future activities planning.

### Donor activities in 2011 and 2012

DCF members active in the Conflict Prevention and Resolution, Peace and Security sector in 2011-2012 are USA/USAID, Norway, Netherlands, EU/EC, UNDP, Sweden/Sida, Switzerland/SDC/SECO, France, Germany, Austria/ADC and Czech Republic.

**Figure 4.1** indicates that the leading donors active in the Conflict Prevention and Resolution, Peace and Security sector in **2011** were USA/USAID with the contribution of €11,51 million and Norway with the contribution of €3,81 million followed by Netherlands, EU/EC, UNDP, Norway, Germany, Sweden/Sida, Switzerland/SDC/SECO, Austria/ADC, UNICEF, and France.

In **2012** the leading donors were Norway with the contribution of €4,51 million and Netherlands with the contribution of €3,80 million followed by the EU/EC, Sweden/Sida, UNDP, USA/USAID, France, Germany and Czech Republic.

**Total allocated ODA was provided to this Sector in a form of grants.**

<sup>66</sup> <http://www.bhmac.org/en/stream.daenet?kat=18>

<sup>67</sup> The International Trust Fund for Demining and Mine Victims Assistance (ITF) was established by the Government of the Republic of Slovenia in March 1998 with the aim of helping Bosnia and Herzegovina in its mine clearance and mine victim assistance efforts. Since its establishment, ITF has expanded its activities throughout the region of South Eastern Europe because of the success of its operations in Bosnia and Herzegovina. BiH Mine Action Centre is a major partner of ITF in BiH for Mine Action.

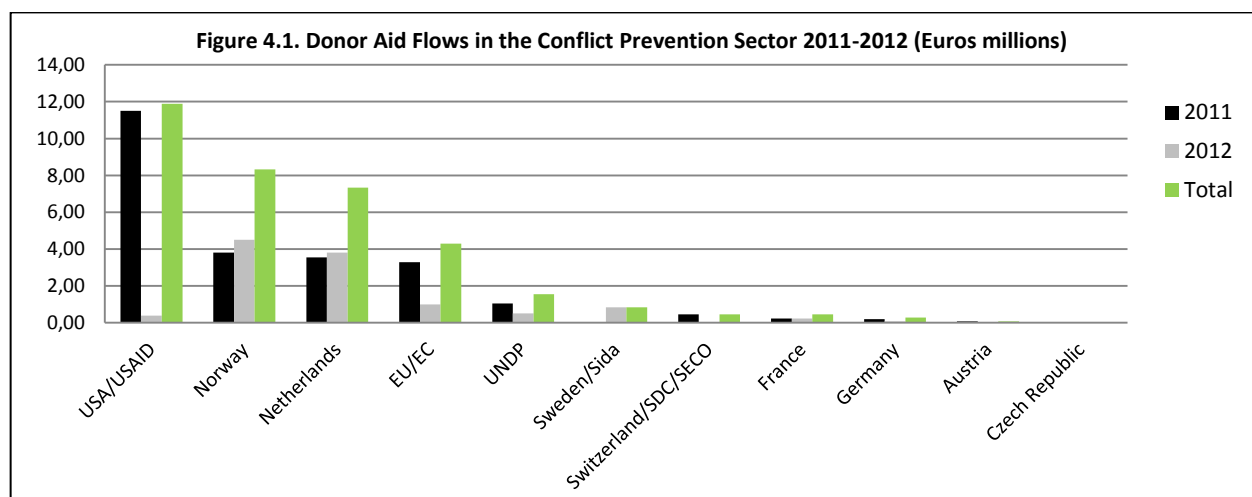


Figure 4.2 indicates that the **Security System Reform and Civilian Peace Building Management** sub-sector in 2011 received **€19,78 million**, which is **81,84% of total allocations** to the Conflict Prevention and Resolution, Peace and Security sector. To date in 2012 the Security System Reform and Civilian Peace Building Management sub-sector received **€8,92 million** or **78,73%** of total allocations to the Sector.

Activities/Projects classified as **“No sub-sector”** in 2011 received **€2,72 million**, which is **11,25% of total allocations** to the Conflict Prevention and Resolution, Peace and Security sector. To date in 2012 these activities received **€1,61 million** or **14,21%** of total allocations to the Sector.

The **Mine Action** sub-sector in 2011 received **€1,67 million**, which is **6,91% of total allocations** to the Conflict Prevention and Resolution, Peace and Security sector. To date in 2012 the Mine Action sub-sector received **€0,80 million** or **7,06%** of total allocations to the Sector.

**There was no aid assigned to the sub-sector Reintegration of Soldiers and Control of SALW in period 2011-2012.**

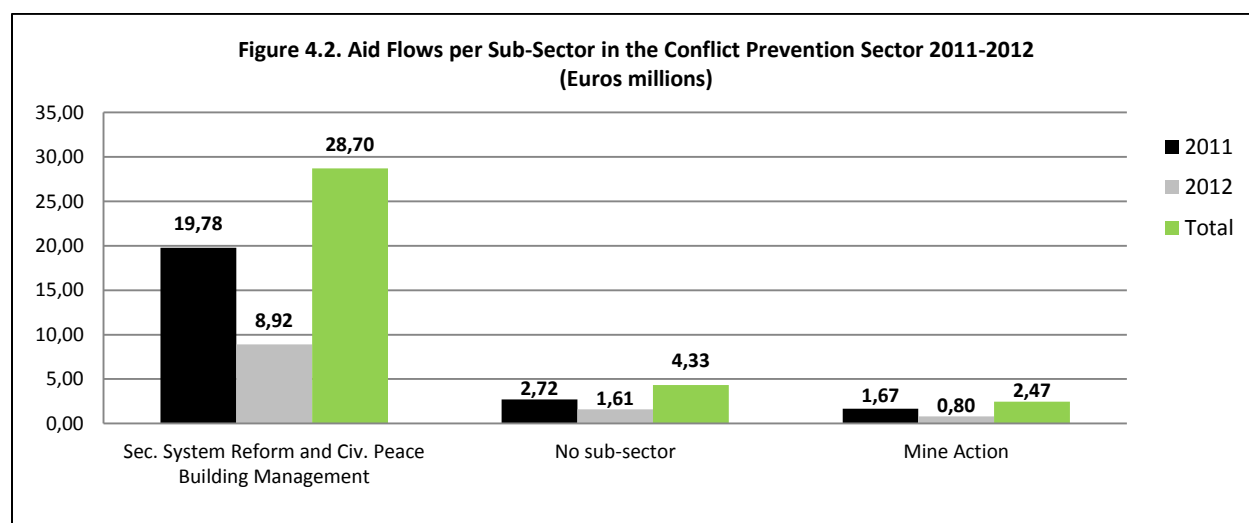
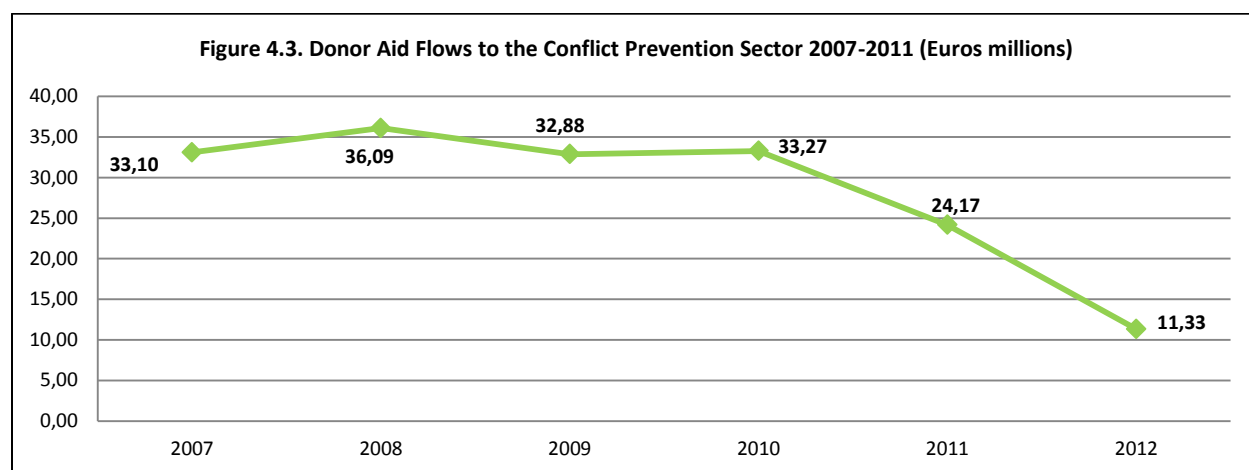


Figure 4.3 indicates that total allocation by DCF members to the Conflict Prevention and Resolution, Peace and Security sector was €24,17 million in 2011 and in 2012 to date €11,33 million. However, additional funds could be allocated to the Sector by the end of 2012.

Figure 4.3 also indicates that total allocations to the Sector in the period 2007 -2010 were almost at the same level, but after 2010, ODA evidently declined in this Sector.

The gradual phasing out of direct bilateral support from Netherlands, Spain/AECID, Austria /ADC and Italian Cooperation/IC, is partly result of accomplished success in the defense reform so far, as well as the good progress in the border management, visa policy, asylum and international protection policy and migration issues.

**The Sector received 5% of total ODA allocation in 2011 and to date 3% in 2012.**



## Security Sector Reform and Civilian Peace-Building Management

The Security Sector Reform and Civilian Peace Building Management sub-sector consists of the Defense reform, Police reform, Civilian peace-building, as well as Civil protection and Disaster response areas.

DCF members active in the Security Sector Reform and Civilian Peace-Building Management sub-sector in 2011-2012 are USA/USAID, Norway, Netherlands, UNDP, EU/EC, Sweden/Sida, Switzerland/SDC/SECO, Germany and France.

**In 2011 the Security Sector Reform and Civilian Peace Building Management sub-sector received €19,78 million, or 81,84% of total allocations to the Conflict Prevention and Resolution, Peace and Security sector, while to date in 2012 the sub-sector received €8,92 million or 78,73% of total allocations to the Sector.**

## Defense Reform

**USA/USAID** continued to provide support to defense reform advisors within the BiH Ministry of Defense (MoD) and trains BiH's Explosive Ordnance Disposal (EOD) team. USA/USAID's funding also provides military equipment to units capable of participating in Coalition Operations. Additionally, USA/USAID supports development of the BiHMoD staff in order to meet NATO's Partnership for Peace requirements.

In 2011-2012, **Norway** started the new project *Support to Capacity Building in the Ministry of Defense*, which is focused on defense and Security Sector Reform, with attention to Human Resource Management in the Ministry of Defense in BiH.

### Police Reform

Starting the new project *Coordination and Competence Building in BiH Security Sector*, **Norway** in cooperation with BiH Ministry of Defense and Ministry of Security is supporting the coordination processes and competence building within the Security Sector at state level in Bosnia and Herzegovina.

The EU supports the establishment of the electronic exchange system for police and prosecutor registries and prosecutor registries, within the new project *Electronic data exchange system*.

Through the project *Community Policing in BiH* **Switzerland/SDC/SECO** supported prevention of crime and other threats, improvement of police management capabilities, cooperation with the community as well as increased trust between citizens and police.

**France** continued to support training sessions and study visits for police officers in order to reach European standards in the fields of Interpol, strategic analysis, anti-highjacking, anti-terrorism co-ordination, fight against drugs actions as well as management of illegal immigrants. Additionally, France also provides training sessions for firemen.

### Civilian Peace Building

DCF members active in the Civilian Peace Building sub-sector in 2011-2012 are Netherlands, Sweden/Sida, Norway, USA/USAID, EU/EC and Germany.

In 2011-2012, **Netherlands** continued to support the third phase of the *Srebrenica Regional Recovery Program*. The objective of the Project is to create environment for economic development, which will contribute to the poverty reduction. The Project focuses on Local Capability Development, Institutional Strengthening, Services to Citizens and Private Sector Development.

In February 2012, **Sweden / Sida** commenced the new project *Completion Strategy for ICMP's Western Balkans Programs*, aiming to reach the following results: that governments take responsibility for the missing persons issue, civil society is empowered and identifications are continual activities.

With the new project *BHZ. International Commission on Missing Persons (ICMP)*, **Norway** provides assistance in resolving the issue of missing persons in BiH. This includes forensic technical assistance, capacity building, and assistance to justice. Furthermore, Norway continued to support the war crimes trials in BiH and the region, as well as the project connected to Peace Support Operations Training Centre (PSOTC) in Sarajevo, with the aim of building regional and local capacity in the context of Peace Support Operations.

In June 2011, **USA/USAID** launched a new project, *Rehabilitation and Social Reintegration of People with Disabilities through Water Sports*, in order to help rehabilitate people with disabilities and help them reintegrate socially. The rehabilitation approaches include water sports such as scuba diving, rafting and vessel piloting, educational lectures, and other innovative and efficient programs, and is implemented in whole BiH.

In September 2011, USA/USAID started with the project *Youth Eco-Leadership Corps (YELC)*. Operating through local NGOs in four communities—Srebrenica, Tuzla, Brčko, and Bijeljina—Eco-Action Teams of 30 young people each, will gain technical skills for livelihoods in the green sector and will build environmental assets such as parks, gardens, reforested public land, weatherized homes, walking paths, playgrounds, solar lanterns, plumbing upgrades, and erosion controls in 28 surrounding communities. The Eco-Action Teams will focus on four types of community projects: 1.) energy efficiency through weatherization; 2.) environmental stewardship to protect resources; 3.) water conservation; and 4.) renewable energy.

In the 2011-2012, the EU/EC, Norway, Spain/AECID, Sweden/Sida, Netherlands and USA/USAID completed jointly funded project *Support to the International Commission on Missing Persons (ICMP)*.

In March 2012 **Germany** started the project *Women's Aid BiH*. The Project is focused on strengthen local democracy through education of women in various practical skills and knowledge that will be useful on the job market, as well as to provide them with medical and legal advice.

**Major projects in the Security System and Civilian Peace Building Management sub-sector** are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Support to Commission of Missing Persons (ICMP)	EU/EC, Norway, Spain/AECID, Sweden/Sida, Netherlands, USA/USAID	21,39
(ICITAP) Assistance to Law Enforcement Agencies	USA/USAID	17,77
U.S. Assistance for Defense Reform	USA/USAID	16,66
Srebrenica Regional Recovery Program III	Netherlands	8,44
Social Housing in Bosnia and Herzegovina	Netherlands	2,60
(EXBS) Expert Control and Border Security	USA/USAID	2,18
Community Policing in Bosnia and Herzegovina	Switzerland/SDC/SECO	1,76
Anti-Terrorism Assistance	USA/USAID	1,73
Completion Strategy for ICMP's Western Balkans Programs	Sweden/Sida	1,70
Application Resettlement BiH	Norway	0,90
Youth Eco -Leadership Corps (YELC)	USA/USAID	0,71
BHZ. International Commission on Missing Persons (ICMP)	Norway	0,64

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

## Reintegration of Soldiers and Control of Small Arms and Light Weapons and Ammunition

Reintegration of Soldiers and Control of Small Arms and Light Weapons and Ammunition (SALW) sub-sector refers to the reintegration of demobilized military personnel into the economy, conversion of production facilities from military to civilian outputs and technical cooperation to control, prevent and/or reduce the proliferation of small arms and light weapons.

**In 2011-2012 DCF members did not reported any activity in the SALW sub-sector, but one jointly funded project was completed. UNDP, EU/EC, Spain/AECID and Netherlands** completed the project *Small Arms Control and Reduction Project in BiH (SACBiH)*. As the result of the Project 1,500 tons of ammunition was destroyed including cluster munitions and bombs. The activities also included destruction of 3,000 weapons from police stockpiles and support to 5 municipalities in building the Community Security Forums. The control of movement of weapons and military equipment were strengthened throughout establishment of the Weapons Central Registry and throughout acquisition of equipment for Joint Centre for Risk Analysis.

The underlying results achieved within the SACBiH are summarized below:

- Disposal of 151 pieces of Orcan Cluster Rockets; 321 pieces of cluster bombs BL 755, 58 pieces of air fuel bombs; 29,580 pieces of counter-armour; 42,251 pieces of cluster munitions type KB 1; approximately 2500 tons of artillery ammunition; around 100,000 pieces of hand grenades and 45 tons of rocket propellant;
- Implementation of the BiH Ministry of Defense obligations stemming from the Convention on the Ban of Cluster Munitions which positions BiH as a leading country in the region on this issue;
- Enhanced capacities of the Ministry of Defense for inspection and identification of ammunition;

- Improved capabilities of the Ministry of Defense in demilitarization of artillery ammunition;
- Disposal of 33,000 pieces of Small Arms and Light Weapons;
- Strengthened information sharing, coordination and cooperation between institution members of the Small Arms and Light Weapons Coordination Board.

## Mine Action

Mine-Action sub-sector refers to explosive mine removal for developmental purposes.

DCF members active in the Mine Action sub-sector in 2011-2012 are Norway, EU/EC, Czech Republic, Italy/IC and France.

**In 2011 the Mine-Action sub-sector received €1,67 million**, which is **6,91% of total allocations** to the Conflict Prevention and Resolution, Peace and Security sector, **while to date in 2012 the Sub-sector received €0,80 million or 7,06% of total allocations to the Sector.**

In 2011-2012, **EU/EC** continued activities related to reduction of mine suspected areas in BiH. The main goal of these activities is to enable return of population to demined areas, to improve protection of citizens, as well as to create preconditions for sustainable socio-economic development on demined areas. EU/EC also provided equipment to the BiH Mine Action Center (BHMAL).

In January 2011, **Norway** continued supporting mine clearance by starting the implementation of the *NPA Mine Action Program BiH 2011-2015* with the goal of removing risk and returning contaminated areas to safe and productive use, as well as capacity building of Bosnian mine clearance institutions, in line with the strategy for mine clearance.

In 2012, **Italy** finalized project *Humanitarian de-mining Project – Phase V* aiming to increase the safety conditions of the inhabitants of Bosnia Herzegovina exposed to the risk of landmines and UXOs, through the recovering and putting in the safety selected areas, reducing number of UXOs accidents and increasing of the awareness level of the risk caused by landmines and UXOs among the selected social groups.

**Czech Republic** continued to provide support to the ITF on locations based in Lopare municipality within *Technical survey for the demining in the Lopare Municipality Project*.

**France** continued to support regionally-oriented counter mine actions and to support to EOD (Explosive Ordnance Disposal) school, which is in charge of training technicians able to render safe all types of ordnance. The Directorate for Security and Defense Cooperation (DCSD) and the French embassy military mission are both responsible for its implementation.

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
NPA Mine Action Program BiH 2011-2015	Norway	2,02
Demining action and EOD school support	France	0,71
Mine Clearance and Technical Survey	EU/EC	0,70
Support to Mine Action in BiH	EU/EC	0,70
Supplies for Support to Mine action activities	EU/EC	0,40
Humanitarian de-mining Project – Phase V	Italy/IC	0,27
Mine Risk Education	EU/EC	0,21
Mine Risk Education	EU/EC	0,21
Technical survey for the demining in the Lopare Municipality	Czech Republic	0,09

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Activities classified as “No sub-sector”

Activities/Projects classified as “No sub-sector” in 2011 received **€2,72 million**, which is **11,25% of total allocations** to the Conflict Prevention and Resolution, Peace and Security sector. **To date in 2012** these activities received **€1,61 million** or **14,21%** of total allocations to the Sector.

**EU/EC** provided technical assistance to the BiH Ministry of Security, BiH Ministry of Foreign Affairs, BiH Ministry of Human Rights and Refugees in effective management of migration and illegal activities related to smuggling of migrants and trafficking of human beings. In addition, EU/EC is supporting the activities of International Commission of Missing Persons (ICMP)'s Forensic Sciences Department in order to find the truth about missing persons.

In October 2011, **USA/USAID** started with the new project *Constitutional Reform in BiH: Engaging Civil Society*, with the aim to promote a civil society-driven Constitutional Reform process in BiH. As a result, Civil society will be able to engage more effectively with political leaders and take on a more meaningful role in the constitutional reform dialogue.

The multi-sectoral project *Improving Cultural Understanding in BiH (MDG-F)* funded by MDG Spanish Fund and implemented by **UNDP** and **UNICEF** aims to strengthen the cross-cultural understanding in Bosnia and Herzegovina and to promote the country's unique multi-cultural identity.

In April 2012, **Netherlands** started with the new project *Srebrenica Missing Persons* with the main goal to contribute to reconciliation and recovery of the Srebrenica region. The project is trying to identify maximum identifications of missing persons, provide data on missing persons (electronic archive) and to provide assistance by ICMP in court cases against war criminals (ICTY and domestic courts).

**Austria/ADC** continues with the *Integrative kindergarten Sunčani Most in Mostar* project, which contributes to the inclusion of children with disabilities into the society and serves as a model for integration for other institutions of that kind in the region. The kindergarten also contributes to the decrease of prejudices and tensions between the different ethnic groups in Mostar.

**Major projects not classified under an existing sub-sector** are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Improving Cultural Understanding in BiH (MDG-F Joint UN Programme, Spanish Fund)	UNICEF, UNDP	5,71
Srebrenica Missing Persons	Netherlands	3,22
Support to ICMP	EU/EC	1,20
Youth Building Futures in the Brčko District (YBFB)	USA/USAID	0,64
(SUSTAIN) Sustainable Interventions to Combat Trafficking in Persons in BiH	USA/USAID	0,58
Constitutional Reform in BiH: Engaging Civil Society	USA/USAID	0,56
RECOM	Netherlands	0,19

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Legal framework and sector strategies adopted in 2011-2012

In **October 2011** the Parliamentary Assembly of BiH adopted the *Law on Change and Amendments to the Law on Police Officials in Bosnia and Herzegovina*<sup>68</sup>, while in **May 2012** the Parliamentary Assembly of BiH adopted the *Law*

<sup>68</sup> Official Gazette of BiH no: 7/12

on changes of the Law on State Investigation and Protection Agency (SIPA)<sup>69</sup> and the Law on Amendments to the Law on Service in the Armed Forces of BiH<sup>70</sup>.

The BiH Law on Change and Amendment of the Law on Movement and Stay of Aliens and Asylum, as well as the Change and Amendment of the Law on Anti-Mines Actions in BiH were sent to BiH Parliamentary procedure. With the adoption of the Change and Amendment of the Law on Anti-Mines Actions in BiH, the necessary reforms will have legal framework for their implementation. Besides, the BiH Law on Protection of Witnesses is drafted and was sent to the adoption procedure.

**In November 2011**, the National Assembly of RS adopted the Law on Change and Amendments to the Law on Transport of Dangerous Goods<sup>71</sup>, while the Law on Internal Affairs<sup>72</sup> and the Law on Security Agencies and Private Detective Services<sup>73</sup> were adopted in **December 2011**.

**In June 2011**, the Parliament of FBiH adopted the Law on Change and Amendments to the Law on Police Officials<sup>74</sup> Detention and other Measures in Brčko District BiH.

**In October 2011**, the Assembly of Brčko District adopted the Law on Arms and Ammunition in Brčko District BiH, and in **February 2012** the Law on Change and Amendments to the Law on Arms and Ammunition in Brčko District BiH. **In October 2011**, the Law on Change and Amendments to the Law on Police in Brčko District BiH was adopted.

**In July 2011**, BiH Council of Ministers (CoM) adopted the Strategy for Establishing of CERT<sup>75</sup> in Bosnia and Herzegovina, as well as the Revised Strategy - Analysis of the Situation and Needs - an Appendix to the Strategy for Integrated Border Management in Bosnia and Herzegovina and Action Plan. **In June 2012**, BiH CoM adopted the Strategy on Migration and Asylum and Action Plan 2012-2015.

## Donor Coordination

There is no state-level formal coordination mechanism in the Conflict Prevention and Resolution, Peace and Security sector. There are a number of donor coordination mechanisms at the sub-sector level.

The Coordination Board for Small Arms and Light Weapon (SALW) Control is planning, directing and monitoring the activities of institutions of Bosnia and Herzegovina related to the SALW control<sup>76</sup>.

International Trust Fund for Demining and Mine Victims Assistance (ITF) is functioning as a coordinating body for some of the donors in Mine Action area, while the Demining Commission of BiH within the Ministry of Civil Affairs is representing domestic coordination mechanism.

<sup>69</sup> Official Gazette of BiH no:40/12

<sup>70</sup> Official Gazette of BiH no: 42/12

<sup>71</sup> Official Gazette of RS no: 117/11

<sup>72</sup> Official Gazette of RS no: 4/12

<sup>73</sup> Official Gazette of RS no: 4/12

<sup>74</sup> Officiele Gazette of FBiH no:44/11

<sup>75</sup> CERT stands for Computer Emergency Response/Readiness Team, and the Strategy could be find in domestic language on the following link:

<http://www.msb.gov.ba/dokumenti/strateski/?id=6248>

<sup>76</sup> BiH Council of Ministrs in July 2005 appointed the Coordination Board for SALW Control as its temporary body. The Board consists of representatives from BiH Ministry of Foreign Affairs, BiH Ministry of Defense, BiH Ministry of Security, BiH Ministry of Foreign Trade and Economic Relations, Indirect Taxation Authority of Bosnia and Herzegovina, Federal Ministry of Interior, RS Ministry of Interior, BiH Border Police and State Investigation and Protection Agency .

With adoption of the *Strategy on Migration and Asylum and Action Plan 2012-2015*, BiH coordination body for migration issues is foreseen to be established.

Donors active in the Conflict Prevention and Resolution, Peace and Security sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

The donor community active in the area of conflict prevention also includes a number of non-DCF members, namely Office of the High Representative and EU Special Representative (OHR), European Union Forces (EUFOR), the North Atlantic Treaty Organization Headquarters Sarajevo (NHQSa), European Union Police Mission (EUPM), Organization for Security and Cooperation in Europe (OSCE) and International Commission on Missing Persons (ICMP). These organizations are also actively involved in the coordination of activities in the Conflict Prevention and Resolution, Peace and Security sector in Bosnia and Herzegovina.

### Future Activities

According to the all stakeholders involved in the Sector activities, Conflict Prevention and Resolution, Peace and Security Sector must regain the importance in the future development cooperation in BiH planning, after the last decline of the donor support to this Sector during the few previous years.

Within the Security Sector Reform and Civilian Peace-Building Management sub-sector, the progress has been made in access to justice, in the implementation of Defense and Police Reform processes, as well as reforms in the field of integrated border management (IBM) and migration issues. The further support is still needed in human capacities building (specialized trainings and education mainly) and in necessary equipment, where the lack of finance resources and strategic planning becomes more acute issue.

Domestic authorities emphasized the need for additional education and strengthening of institutional capacities included in implementation of the *Strategy on Migration and Asylum and Action Plan 2012-2015*, as well as the need for specialized trainings and additional material-technical equipping in the field of IT-security, and support to establishment of the Disaster Risk Reduction (DRR) mechanisms. Despite evident improvements in coordination and management of emergency response activities, the country still lacks necessary capacities to effectively coordinate disaster management and risk reduction, in order to respond to natural disasters.

In the Police reform processes, all stakeholders agreed that institutional development of Police reform agencies is slowly advancing, but the further strengthening of the newly established agencies is more needed.

In Reintegration of Soldiers and Control of Small Arms and Light Weapons and Ammunition sub-sector, UNDP finished implementation of Small Arms Control and Reduction Project in BiH supported by EU/EC, Spain/AECID and Netherlands. Further budgetary and strategic planning is necessary, in the circumstances where DCF members did not report any projects in 2012 in this sub-sector.

Regarding the Mine Action sub-sector, all involved stakeholders agreed that some progresses have been made. However, the *Change and Amendment of the Law on Anti-Mines Action in BiH*, currently in the Parliamentary procedure, needs to be adopted. Also, the constant lack of financial sources must be resolved, so reduction of mine suspected and risk areas should be secured, as well as specialized trainings and equipping of institutional capacities involved in demining actions.

<b>DCF members active in the sector in 2011-2012</b>	EU/EC, UNDP, The World Bank, Germany, Italy/IC, Czech Republic, Norway, Netherlands.
<b>Other Key international organizations (IOs)</b>	United Nations Environmental Programme (UNEP), Food and Agriculture Organisation (FAO), United Nations Educational, Cultural and Scientific Organisation (UNESCO), United Nations Volunteers (UNV), OSCE.
<b>Key government partners</b>	BiH Ministry of Foreign Trade and Economic Relations; FBiH Ministry of Environment and Tourism; FBiH Ministry of Physical Planning; FBiH Ministry of Agriculture, Water Management and Forestry; RS Ministry of Urban Planning, Civil Engineering and Ecology; RS Ministry of Agriculture, Forestry and Water Management; Brčko District.
<b>Total allocation to the sector in 2011 and 2012 by DCF members</b>	2011: €11,35 million - all in the form of grants 2012: €12,79 million- all in the form of grants
<b>Legal framework and Sector strategies</b>	<p><b>Legal framework and sector strategies (adopted in 2010-2011)</b></p> <p><i>RS Law on the Fund and Financing Environment Protection; Law on Air Protection in RS; Law on Environmental Protection in RS; Strategy and Action Plan for Protection of Biodiversity and Landscape Diversity of BiH 2008-2015; Water Management Strategy of the Federation of Bosnia and Herzegovina 2010-2022;</i></p> <p><i>Decision on the Establishment of the Designated National Authority (DNA) to implement the Clean Development Mechanisms of the Kyoto Protocol and its Rules of Procedures</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>77</sup></b></p> <p><i>Solid Waste Management Strategy in BiH; National Strategy for Protection of the Ozone Layer; Federal Environmental Protection Strategy 2008-2018 and Action Plan; RS Strategy for Waste Management, RS Nature Protection Strategy; RS Air Protection Strategy</i></p>
<b>Donor coordination</b>	There is no formalized donor coordination mechanism or information sharing in the Environmental Protection sector. Donors active in the Sector regularly attended DCF quarterly meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.

<sup>77</sup> More information on Strategies are available on [http://www.donormapping.ba/index.php?option=com\\_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles](http://www.donormapping.ba/index.php?option=com_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles)

## Overview

Environmental sustainability has been gradually recognized as an important development issue in Bosnia and Herzegovina by both BiH authorities and donors. BiH authorities started prioritisation and harmonization of environmental issues, while donors active in BiH also have increased their presence and investments in the Sector.

In the period 2011-2012, some unequal progress was achieved within the Environmental Protection Sector in the reform process and the area of harmonization of legislation, in the fields of environment, air quality and water quality and waste management, at the different levels of government in Bosnia and Herzegovina.

There was little progress in the **environment and climate areas**. The establishment of a harmonized legal framework for environmental protection, adequate institutional capacity and a functioning environmental monitoring system remain the priorities for the future activities.

The progress was made in the area of **environmental protection**, in Republika Srpska by adoption of the *Law on the Environmental Protection* and the *Law on the Fund and Financing Environmental Protection*. The progress was achieved in the **climate areas** through the improvement of administrative capacities to address climate change. The Executive Board of the Designated National Authority (DNA) to implement the Kyoto Protocol's Clean Development Mechanism had its first constitutional assembly and adopted its Rules of Procedure.

Regarding the **air quality**, progress was reported in both entities. Republika Srpska adopted the new Law on Air Protection, while the Federation of BiH adopted several rulebooks on air quality monitoring methods, definition of types of pollutants, and air quality standards.

The Federation of BiH made a progress in the area of **water quality**, by adoption of a Water management strategy of FBiH, and a rulebook on the conditions for wastewater discharges into natural recipients and public sewer systems, thus advancing the alignment with the Urban Waste Water Treatment Directive.

**Climate considerations** are largely integrated into the policies that are dealing with energy, but efforts are needed in order to fully integrate climate changes into the sectoral policies and strategies.

Acknowledging that an appropriate and environmentally sound management of natural resources is important for sustainable development of Bosnia and Herzegovina, donors/IFIs in the period 2011-2012 directed their support to activities mostly focused on capacity strengthening of institutions to develop environmental legislature and procedures, since administrative capacity in this Sector needs further support and strengthening.

## Donor activities in 2011 and 2012

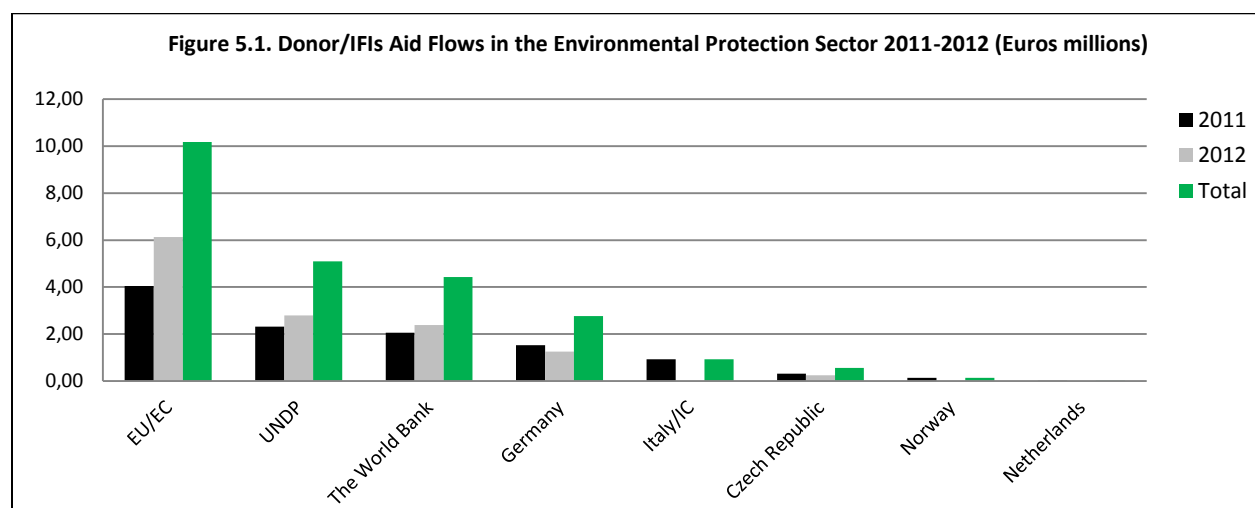
DCF members active in the Environmental Protection Sector in 2011-2012 are the EU/EC, UNDP, The World Bank, Germany, Italy/IC, Czech Republic, Norway and Netherlands.

Environmental programs overlap with several Sectors/sub-sectors, such as Infrastructure, Agriculture and Forestry, Return and Reintegration, Local Governance, and Gender. Therefore, the number of donors involved in this sector is greater than described in this section of the report. Some donors such as The World Bank and UNDP have jointly implemented activities with the Global Environmental Facility (GEF).

The leading donors/IFIs active in the Environmental Protection Sector in **2011** are EU/EC with the contribution of €4,05 million and UNDP with the contribution of €2,31 million followed by The World Bank, Germany, Italy/IC, Czech Republic, Norway and Netherlands.

In **2012** the leading donors/IFIs are EU/EC with the contribution of €6,13 million, UNDP with the contribution of €2,79 million and The World Bank with the contribution of €2,38 million followed by Germany and Czech Republic (Figure 5.1).

Total allocated ODA was provided to this Sector in a form of grants.

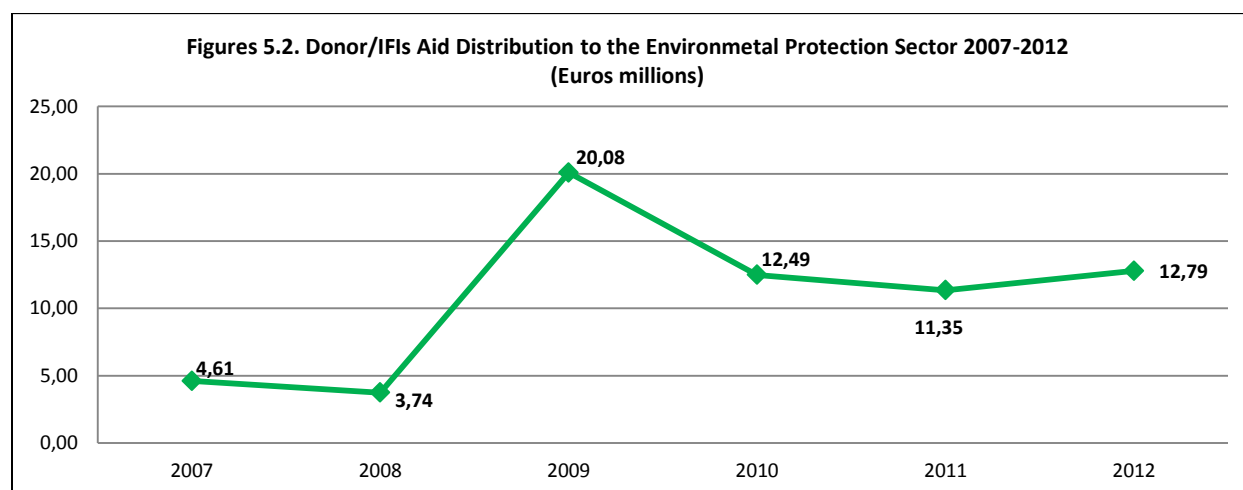


Total allocation to the Environmental Protection sector by DCF members was €11,35 million in 2011 and €12,79 million to date in 2012. However, additional funds could be allocated to the sector by the end of 2012.

Figure 5.2 indicates significant decline of ODA funds in 2011, if compared to 2009 when the inflow of funds in this Sector was the highest, namely the allocations were less for €8,73 million. However, if compared to 2011, small increase was reported in the in 2012 in the amount of €1,44 million, whereat it is important to mention that the amount of ODA funds refers to the first semester of 2012, with the possibility that additional funds could be allocated to the Sector until the end of 2012.

It should be noted that some projects related to improvements to Environmental Infrastructure are allocated under the Infrastructure sector and vice-versa.

The Environmental Protection sector received 2% of total ODA allocation in 2011 and to date 3% in 2012.



In August 2011 EU/EC started the new project *Support to the solid waste sector in BiH*. The Project is divided on two sub-components: 1.) construction of recycling facility on regional sanitary landfill “Uborak” Mostar and 2.) expansion of regional landfill “Ramići” Banja Luka. First sub-component includes activities of building the industrial hall which will house recycling equipment, as well as purchase, installation and testing of entire recycling

equipment. Second sub-component will include the rehabilitation of the old part of landfill, relocation of old waste and waste stabilization, construction of sanitary cells for waste receiving and treatment as well as construction of operational transport roads on the landfill site.

**EU/EC** started the new project *Strengthening of Bosnia and Herzegovina Environmental Institutions and Preparation for Pre-accession funds* in October 2011. The purpose of the project is to strengthen technical, administrative and IPA-compliant programming capacities of BiH institutions involved in environmental management and to ensure the implementation of the infrastructure measures to achieve EU environmental standards, with the overall goal to contribute to environmentally sustainable economic development in BiH. This should be accomplished through strengthening administrative structures and fostering the alignment with *acquis* requirements.

In 2011-2012 period, EU/EC continued also to support the water supply and sewerage collection in Banja Luka, construction of the water supply system and the sewerage network in Bijeljina Municipality and to provide the support to environmental NGO's.

**The World Bank** continued to support the three projects in the Environmental Protection sector, The *Global Environment Facility (GEF)-Forest and Mountain Protected Areas Project* aiming to strengthen the institutional and technical capacity for sustainable Protected Areas (PAs) and to expand the BiH network of forest and mountain Pas, The *Global Environment Facility (GEF)-Neretva and Trebišnjica Management Project* aiming to provide mechanisms for the efficient and equitable water allocation amongst the users of the Neretva and Trebisnjica River Basin (NTRB) at the trans boundary level. The additional aim of the Project is to enhance the basin ecosystems and biodiversity through improved water resources management. The project objective of the third Project *Global Environment Facility (GEF)-Water Quality Protection* is to further strengthen the capacity of local utilities and reduce pollution from municipal sources into the Neretva and Bosna Rivers.

In 2011-2012, **Italy/IC** continued implementation of *Management System of Corporate Waste assimilated with Urban Waste Project*, and implementation of the project Support to the creation and promotion of environmental and sustainable touristic itineraries in Bosnia and Herzegovina.

In 2011- 2012 the **Czech Republic** continued implementation of the project for the improvement of the waste management system in Dobož and Maglaj. The project foresees educational trainings for youth and broad public, mapping of wild landfills and preparation works for sanitary regional landfill.

Major projects in the Environmental Protection sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Global Environmental Facility (GEF) Water Quality Protection	The World Bank	6,32
Support to the solid waste sector in BiH	EU/EC	5,50
Mainstreaming Environmental governance: linking local and national action in BiH (MDG-F Joint UN Programme, Spanish Fund)	UNDP	4,26
Global Environmental Facility (GEF)-Neretva and Trebišnjica	The World Bank	4,24
Construction of the water supply system and the sewerage network in Bijeljina Municipality	EU/EC	3,50
Securing Access to Water through Institutional Development (MDG-F funded) (MDG-F Joint UN Programme, Spanish Fund))	UNDP	3,05
Open Regional Fund (ORF) for South East Europe-Energy Efficiency (I Phase) <sup>78</sup>	Germany	2,62
Global Environment Facility (GEF) –Forest and Mountain Protected areas	The World Bank	2,40
Energy Efficiency - Consulting in Bosnia and Herzegovina (I Phase)	Germany	2,00
Strengthening of Bosnia and Herzegovina Environmental Institutions and Preparation for Pre-accession funds	EU/EC	1,92
Support to the creation and promotion of environmental and sustainable touristic itineraries in Bosnia and Herzegovina	Italy/Italian Cooperation	1,65
Water Supply and Sewerage Collection project Banja Luka	EU/EC	1,00
Management System of Corporate Waste assimilated with Urban Waste Project	Italy/Italian	0.81

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Legal framework and sector strategies adopted in 2011-2012

**In November 2011**, the RS National Assembly adopted the *Law on the Fund and Financing Environment Protection in RS*<sup>79</sup>, as well as the *Law on Air Protection in RS*<sup>80</sup>. In July 2012 the RS National Assembly adopted the *Law on Environmental Protection in RS*<sup>81</sup>.

During 2011-2012, the RS<sup>82</sup> and the FBiH<sup>83</sup> legislative bodies adopted various by-laws regarding implementation of the laws and strategies on environment protection and waste management, which are mostly harmonized with EU regulations, that confirms the statements of the stakeholders on the progress in implementing the reforms in this Sector.

**In July 2011** BiH Council of Ministers adopted *Strategy and Action Plan for Protection of Biodiversity and Landscape Diversity of BiH 2008-2015*. The Strategy will significantly contribute to the promotion of natural and traditional values in Bosnia and Herzegovina, as well as the promotion of the country's natural beauty on an international level.

**In September 2011** the Beijing Amendment of the Montreal Protocol on Substances that Deplete the Ozone Layer was ratified<sup>84</sup>.

<sup>78</sup> The aforementioned project is implemented through regional sub-projects, in which BiH is a partner country

<sup>79</sup> Official Gazette of RS, no.117/11

<sup>80</sup> Official Gazette of RS, no.124/11

<sup>81</sup> Official Gazette of RS, no. 71/12

<sup>82</sup> For more information, please visit the following link:

[http://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstvo/mqr/PAO/Pages/Podzakonski\\_akti\\_-\\_otpad.aspx](http://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstvo/mqr/PAO/Pages/Podzakonski_akti_-_otpad.aspx)

<sup>83</sup> For more information, please visit the following link:

<http://www.fmoit.gov.ba/ba/page/40/zakonodavni-okvir-za-opasni-i-neopasni-otpad>

<sup>84</sup> Official Gazette of BiH, no. 6/11

During the 2011-2012, the First National Implementation Report on Aarhus Convention was submitted to United Nations Economic Commission for Europe (UNECE)<sup>85</sup>.

**In December 2011** FBiH adopted *Water Management Strategy of FBiH 2010-2022*. The Strategy is a part of a comprehensive FBiH *Strategy for Environmental Protection 2008-2018* and *Action Plan* adopted in 2009. Based on the Strategy, the *Regulation on Wastewater Discharges in Natural Recipients and Sewage Systems*<sup>86</sup> was adopted in **January 2012**. The Regulation determines collection, purification and discharge of urban and industrial wastewaters into the natural recipients or public sewage systems.

**In December 2011**, FBiH presented its *Plan for Waste Management 2012-2017*<sup>87</sup>.

**In October 2010** BiH Council of Ministers adopted a *Decision on the Establishment of the Designated National Authority (DNA) to implement the Clean Development Mechanisms of the Kyoto Protocol*. DNA held its first session in **September 2011**, and adopted the Rules of Procedures<sup>88</sup>, established its structure and started with the regular work<sup>89</sup>.

### Donor Coordination

There is no formalized donor coordination mechanism or information sharing in the Environmental Protection sector at present.

In the environment protection Ministry of Foreign Affairs and Economic Relations (MoFTER) cooperates with both entity ministries of environment and agriculture and water management, as well as with the relevant water agencies and BD, while all institutions involved have their own coordination meetings with donors.

Donors active in the Environmental Protection sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

All stakeholders involved in this sector would welcome the establishment of formal donor coordination mechanisms led by the BiH Ministry of Foreign Trade and Economic Relations (MoFTER), in order to enhance, harmonize and coordinate donors' initiatives. However, all stakeholders emphasized that MoFTER, at current stage, does not have enough capacities for implementation of this process.

### Future Activities

Bosnia and Herzegovina, as a potential EU candidate country and as a signatory of different international multilateral environmental agreements, needs to properly address a number of environmental issues. The harmonisation process has commenced, but it is very complex, and it would be necessary to make additional efforts in it. Despite the obvious progress in this Sector, all relevant stakeholders in the Sector agreed that further donor support is needed for institutional strengthening and capacity building in the Sector, as well as for the establishment of the coordination mechanisms in the Sector.

<sup>85</sup> For more information, please visit the following link:

[http://www.unece.org/fileadmin/DAM/env/pp/reporting/NIRs%202011/BiH\\_NIR\\_2011\\_e.pdf](http://www.unece.org/fileadmin/DAM/env/pp/reporting/NIRs%202011/BiH_NIR_2011_e.pdf)

<sup>86</sup> Official Gazette of FBiH, no.4/12

<sup>87</sup> The document is available in domestic language on the following link:

<http://www.fmoit.gov.ba/userfiles/Federalni%20plan%20upravljanja%20otpadom%202012-2017%281%29.pdf>

<sup>88</sup> For more information, please visit the following link: <http://www.undp.ba/index.aspx?PID=7&RID=703>

<sup>89</sup> For more information, please visit the following link: [http://www.fmoit.gov.ba/ba/news\\_cat/6/dna](http://www.fmoit.gov.ba/ba/news_cat/6/dna)

Although Bosnia and Herzegovina has achieved progress in the Environmental protection sector, still there is a need for a state-level environmental protection law to ensure harmonized countrywide environmental protection. Besides, ensuring a sustainable source of financing is an additional task for the long-term environmental protection.

<b>DCF members active in the sector in 2011-2012</b>	EIB, EBRD, Germany, EU/EC, The World Bank, Sweden/Sida, USA/USAID, Switzerland/SDC/SECO, Czech Republic, UNDP and Norway.
<b>Other Key international organizations (IOs)</b>	Office of the High Representative and EU Special Representative (OHR), Energy Community, South East Europe Transport Observatory (SEETO), Corridor Vc Permanent Secretariat.
<b>Key government partners</b>	BiH Ministry of Communications and Transport; BiH Ministry of Foreign Trade and Economic Relations/Department for Natural Resources, Energy and Environmental Protection; FBiH Ministry of Transport and Communications; FBiH Directorate for Civil Aviation; FBiH Directorate for Building, Managing and Maintaining Motorways; FBiH Ministry of Energy, Mining and Industry; FBiH Ministry of Agriculture, Water and Forestry; RS Ministry of Economy, Energy and Development; RS Ministry of Agriculture, Forestry and Water Management.
<b>Total allocation to the sector in 2011 and 2012 by DCF members</b>	2011: €207,28 million - €31,92 million in form of grants and €175,36 million in loans 2012: €199,24 million - €40,70 million in form of grants and €158,54 million in loans
<b>Legal framework and Sector strategies</b>	<p><b>Legal framework and sector strategies (adopted in 2011-2012)</b></p> <p><i>RS Law on Pipeline Transport of Gas and Liquid Hydrocarbon and on Distribution of Gas Hydrocarbon; RS Law on Tariffs on Usage of Natural Resources for the Purposes of Electricity Generation; FBiH Law on Change and Amendment of the Law on Free Access to Information; FBiH Law on Change and Amendment of the Law on Electricity; Law on Change and Amendments of the Law on Railways in FBiH; Water Management Strategy of the FBiH 2010-2022; Change and Amendment of the Regulation on Use of Renewable Sources of Energy and Cogeneration in FBiH; RS Energy Development Strategy by 2030.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>90</sup></b></p> <p><i>Law on Electronic Signature; Law on Electronic Commerce; Law on Electronic Management in RS; FBiH Water Law; RS Water Law; Information Society Strategy in BiH; Strategy for Development of e-Government in RS 2009-2012; The FBiH Strategic Plan and Programme of Development of the Energy Sector by 2022; Decision on Telecommunications Sector Policy of BiH 2008-2012; BiH Water Protection Plan-Strategic Plan for Implementation of EU Urban Waste Water Treatment (UWWT) Directive; Decision on Broadcasting Sector Policy of BiH; The Rules on Model of Tariff Rebalance of Voice Telephone Services in BiH for the period 2010-2012; The Rule on Number Portability in BiH.</i></p>
<b>Donor coordination</b>	<p><b>Transport and Storage:</b> Regular bilateral meetings organized by the BiH Ministry of Communication and Transport.</p> <p><b>Energy Generation and Supply:</b> Periodical meetings organized by the BiH Ministry of Foreign Trade and Economic Relations/Department for Natural Resources, Energy and Environmental Protection.</p> <p>In the <b>Communication</b> as well as in the <b>Water Supply and Sanitation</b> donors take part in informal information sharing meetings.</p> <p>Donors active in the sector regularly attended Donor Coordination Forum quarterly meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

<sup>90</sup> More information on Strategies are available on [http://www.donormapping.ba/index.php?option=com\\_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles](http://www.donormapping.ba/index.php?option=com_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles)

## Overview

The Infrastructure sector consists of the Transport and Storage, Communication, Energy Generation and Supply, as well as Water Supply and Sanitation sub-sectors.

The Infrastructure sector plays a very important role in the economic development of the country. In that regard, top priorities for the increasing economy and social development of Bosnia and Herzegovina should include further rehabilitation of the existing transport infrastructure and construction of new infrastructure as well as harmonization of its legislative framework with the EU *acquis*.

In the period 2011-2012 evident is significant of donor contributions in comparison with the 2008, when the investments in this Sector were at its peak. The global economic and financial crisis affected BiH economy and continued to influence investments in this Sector ever since. Although some bilateral donor agencies are phasing out their support, activities of donors/financial institutions still active in the Sector will continue to be focused on fulfilment of obligations regarding the necessary economic and structural reforms in the Bosnia and Herzegovina defined in the Stabilisation and Association Agreement (SAA).

In that regard, some progress has been made in the **Transport and Storage sub-sector**. Transportation has a unique importance in economic development through its connection with other sectors, affecting them either positively or negatively. Both BiH authorities as well as donors/IFIs has been focused on the further improvement of this sub-sector. In the area of road network, BiH institutions continued activities on enhancement of the road safety. In **July 2011**, the *Law on Road Traffic Safety in RS* was adopted<sup>91</sup>, while in September 2011 the *Law on Change and Amendment of the Law on Internal Navigation*<sup>92</sup>. In February 2012, both entities adopted the *Laws on Change and Amendment of the Law on Railways*. But more emphasis still need to be given to improvement of the rail network, as way of transportation, in order to make railway companies more market competitive and profitable. The main progress in this area was reached in the coordinated action undertaken by Ministry of Communications and Transport (MoCT) and entity ministries on realization of these goals.

In the area of the Water Transportation Network, demining and rehabilitating the River Sava<sup>93</sup> waterway remain the priority, specifically due to EU commitments stating that all dangerous cargo must be transported by river, to disburden road and railway traffic.

The BiH Directorate of Civil Aviation (BHDCA), within the BiH MoCT, responsible for regulatory issues in the area of the Air Transport, during the period 2011-2012, has harmonized and transposed major part of EU legislation in domestic one, and successfully completed all requests imposed by European Aviation Safety Agency (EASA) in regard to the license issuance to airline flight crew.

Uneven progress was reached in the **Communication sub-sector**. According to the Communications Regulatory Agency (CRA) the lack of the state-level strategies for telecommunications and broadcasting services are imposing delays in progress. The switch from analogue to terrestrial broadcasting is postponed and harmonization of the legal framework with EU is still to be reached. Still, the CRA continues the implementation of the competitive safeguards in order to prevent misuse of market power by operators. It also introduced the fixed number portability in BiH.

In the **Energy Generation and Supply** sub-sector some progress has been made in the period 2011-2012. However, the reform processes in this Sector are uneven. Development of comprehensive energy strategy, including promotions of energy efficiency and promotion of renewable energy sources, remains essential. Country economic development plans foresee construction of new capacities in the **Energy Generation and Supply** sub-sector as a new engine for economic growth since Bosnia and Herzegovina is the only exporter of electricity in the region.

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<sup>91</sup> Official Gazette of RS no.63/11

<sup>92</sup> Official Gazette of RS no. 100/11

<sup>93</sup> BiH, Croatia, Slovenia and Serbia are signatories of the Framework Agreement on the Sava River Waterway and founders of the Sava River Commission which aims to regulate and improve Sava River navigation of river boats, water use and tourism.

A safe, adequate and high-quality **water supply and sanitation system** as well as their proper management are necessary for human development, environmental health and economic activities. Improvement in service delivery, specifically in the water sub-sector, was identified as a priority area in the development strategies. Therefore, it is necessary to make further efforts to establish a central regulatory system in Water Supply and Sanitation sub-sector to meet the EU standards. Some progress has been made in BiH Federation with the adoption of Water Management Strategy and a rulebook on the conditions for wastewater discharges into natural recipients and public sewer system, but, there are still activities that should be undertaken in this sub-sector.

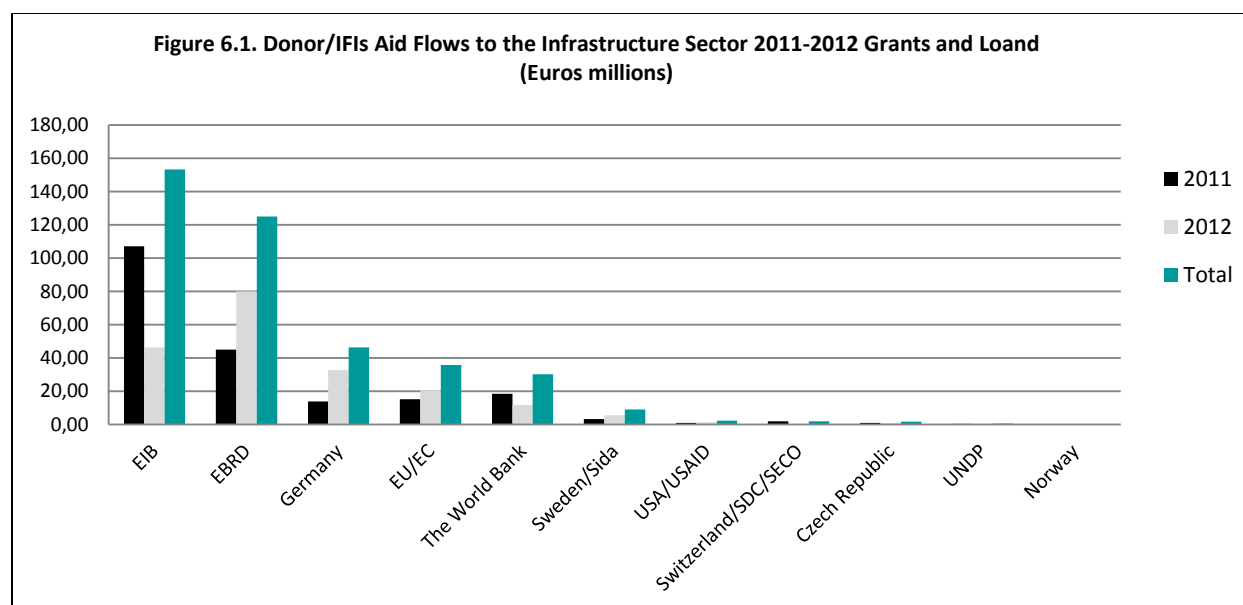
### Donor Activities in 2011 and 2012

The Donor Coordination Forum (DCF) members active in the Infrastructure sector in 2011-2012 are EIB, EBRD, EU/EC, The World Bank, Germany, Sweden/Sida, USA/USAID, Switzerland/SDC/SECO, Czech Republic, UNDP and Norway.

Other non-DCF organisations active in the Infrastructure sector are the The Energy Community of South East Europe (ECSEE) and European Energy Community (EEC)<sup>94</sup>.

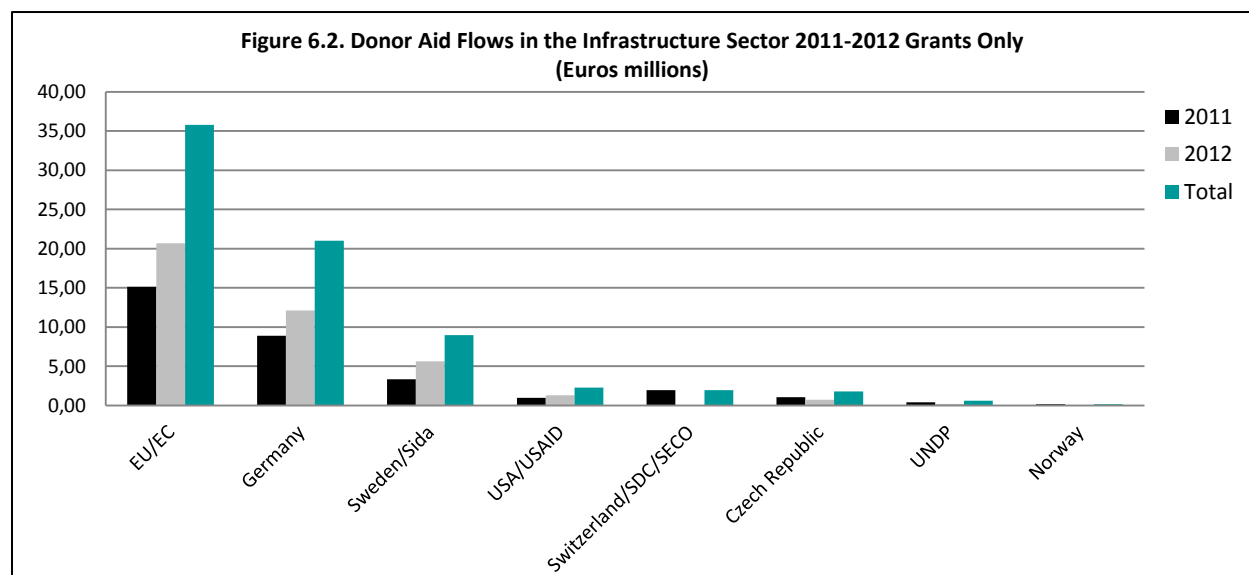
In 2011-2012, the major part of the assistance was provided in a form of loans. EIB, EBRD and The World Bank supported the Sector in the form of loans. Germany provided both grants and loans to the Sector in 2011 and 2012.

**Figure 6.1** makes a comparison of donors/IFIs total assistance, both in a form of grants and loans, provided to the BiH Infrastructure sector. In **2011** the leading donors/IFIs were EIB, with the contribution of €107,01 million and the EBRD, with the contribution of €45,00 million, followed by The World Bank, EU/EC, Germany, Sweden/Sida, Switzerland/SDC/SECO, Czech Republic, USA/USAID, UNDP and Norway, while in **2012** the leading donors/IFIs in the Sector were EBRD, with the contribution of €80,00 million and EIB, with the contribution of €46,31 million, followed by Germany, EU/EC, The World Bank, Sweden/Sida, USA/USAID, Czech Republic, UNDP and Switzerland/SDC/SECO.

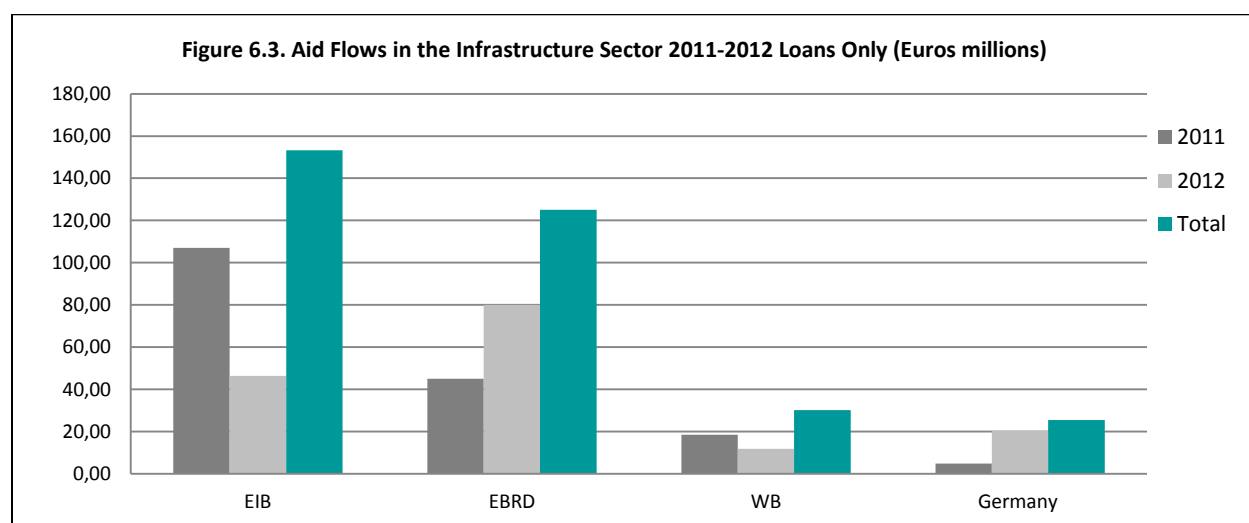


<sup>94</sup>The Energy Community (also referred to as Energy Community of South East Europe and European Energy Community) is a community established between the European Union and a number of developing countries in order to extend the EU internal energy market to South East Europe and beyond. The Treaty establishing the Energy Community was signed in Athens, Greece, on 25 October 2005 and enforced on 1 July 2006. The Energy Community establishes a common regulatory framework for energy markets by extending the *acquis communautaire* of the EU to the territories of participating countries.

**Figure 6.2** makes a comparison of donors that provided assistance for the BiH Infrastructure sector in a form of grants. In **2011** the leading donors were EU/EC, with the contribution of €15,13 million and Germany, with the contribution of €8,90 million, followed by Sweden/Sida, Switzerland/SDC/SECO, Czech Republic, USA/USAID, UNDP and Norway, while in **2012** the leading donors in the sector were again EU/EC, with the contribution of €20,67 million and Germany, with the contribution of €12,13 million, followed by Sweden/Sida, USA/USAID, Czech Republic, UNDP and Switzerland/SDC/SECO.



**Figure 6.3** shows comparison of IFIs that provided assistance for the BiH Infrastructure sector in a form of loans. In **2011** EIB allocated €107,01 million, EBRD €45,01 million, The World Bank €18,45 million and Germany provided support in the amount of €4,90 million. In **2012**, EBRD allocated €80,00 million, than again EIB allocated €46,31 million, while The World Bank supported the Sector with €11,74 million. Compared to the previous year, Germany significantly increased this form of investments in the Sector with €20,50 million.



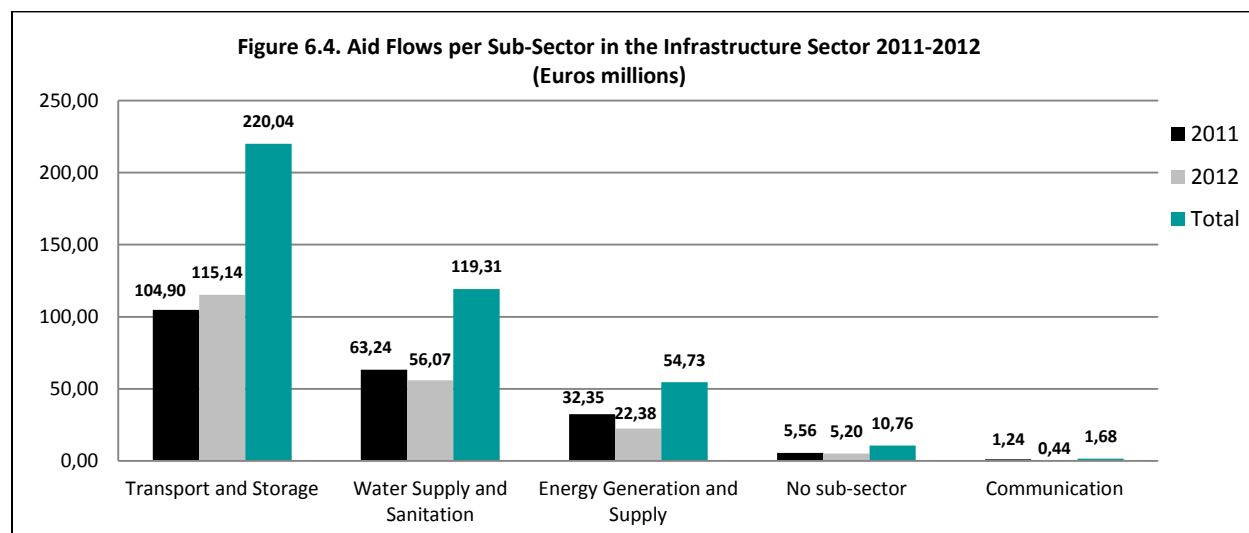
**Figure 6.4** shows aid flows in sub-sector within the Infrastructure sector 2011-2012, indicating that the **Transport and Storage sub-sector in 2011** received **€104,90 million**, or **50,61% of total allocations** to the Infrastructure sector. To date in **2012** the Transport and Storage sub-sector received **€115,14 million** or **57,79%** of total allocations to the Sector.

The **Water Supply and Sanitation sub-sector in 2011** received **€63,24 million**, or **30,51% of total allocations** to the Infrastructure sector. To date in 2012 the Water Supply and Sanitation sub-sector received **€56,07 million** or **28,14%** of total allocations to the Sector.

The **Energy Generation and Supply sub-sector in 2011** received **€32,35 million**, or **15,61% of total allocations** to the Infrastructure sector. To date in **2012** the Energy Generation and Supply sub-sector received **€22,38 million** or **11,23%** of total allocations to the Sector.

Activities/Projects classified as **“No sub-sector” in 2011** received **€5,56 million**, or **2,68% of total allocations** to the Infrastructure sector. To date in **2012** these activities received **€5,20 million** or **2,61%** of total allocations to the Sector.

The **Communication sub-sector in 2011** received **€1,24 million**, or **0,60% of total allocations** to the Infrastructure sector. To date in **2012** the Communication sub-sector received **€0,44 million** or **0,22%** of total allocations to the Sector.

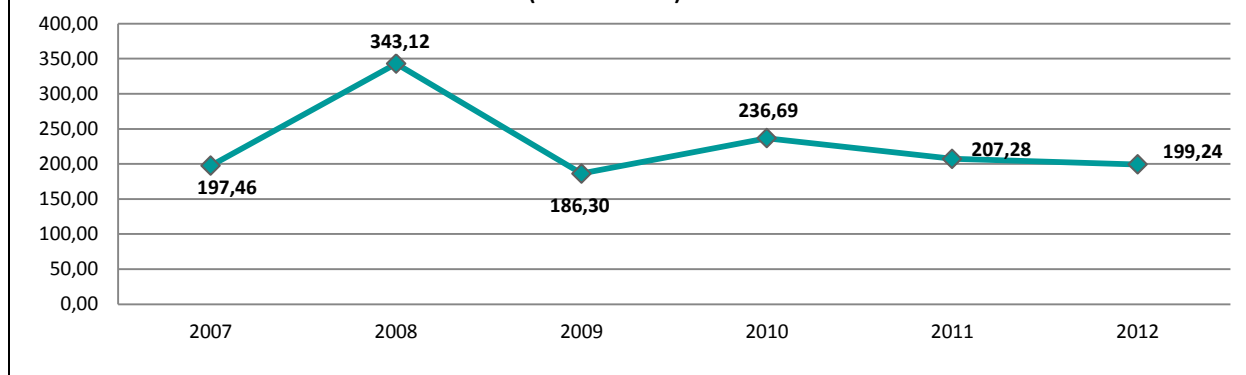


**Figure 6.5** indicates that total allocation by DCF members to the Infrastructure sector was **€207,28 million in 2011** (€31,92 million in the form of grants and €175,36 million in the form of loans) and to date in **2012 €199,24 million** (€40,70 million in the form of grants and €158,54 million in the form of loans). However, additional funds could be allocated to the Sector by the end of 2012.

Figure 6.5. also indicates a significant decrease of donor contributions in 2011 and 2012 compared to 2008, when investment in this Sector where at its peak. However, it should be noted that during 2008 BiH signed the Stabilization and Association Agreement (SAA) and energy policies and strategies were in the focus of interest as one of the major developing factors. However, with the beginning of 2009, the global economic and financial crisis affected the BiH economy and continued to influence investments in this Sector ever since. With regard to that and taking into account the trend of gradual phasing out of donors bilateral support, the level of ODA provided to this Sector decreased in 2012 almost at the same level as it was in 2007.

**The Sector received 38% of total ODA allocation in 2011 and to date 45% in 2012.**

Figure 6.5. Donor/IFIs Aid Flows to the Infrastructure Sector 2007-2012  
(Euros millions)



### Transport and Storage sub-sector

The Transport and Storage sub-sector refers to storage, transport policy and administrative management, road, rail, water and air transport.

In 2011 the Transport and Storage sub-sector received **€104,90 million**, or **50,61% of total allocations** to the Infrastructure sector, while **to date in 2012** the Sub-sector received **€115,14 million** or **57,79%** of total allocations to the Sector.

#### Road Network

DCF members active in funding the road network in 2011-2012 were EIB, EBRD, The World Bank and EU/EC.

In October 2011, **EBRD** throughout the new project *Brčko Bypass* provided the loan for the construction of a two lane 18.7 km single carriageway bypass around the Brčko town. At the same time, EBRD started with the *Sarajevo Urban Roads Development Project* providing a loan for the benefit of Sarajevo Canton to co-finance the construction of road infrastructure works within the city of Sarajevo.

In April 2012, EBRD provided the loan for the new project *Banja Luka to Doboj Motorway* for the construction of a 37.8 kilometre long Prnjavor – Doboj motorway section, which is part of the total 76 kilometre motorway from Banja Luka to Doboj. This is the key regional link in the RS that runs parallel to Corridor X in Croatia and connects to Croatia in the north through Gradiska and at the eastern section, at Doboj, to Corridor Vc, which is Bosnia and Herzegovina's strategic north-south corridor.

Two credit agreements are prepared to be signed with EBRD until the end of 2012.

Major projects in the road network are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Banja Luka to Doboj Motorway	EBRD	75,00
BiH Roads	EIB	60,00
Road Rehabilitation in Federation BiH	EIB	50,00
Road rehabilitation in Republika Srpska	EIB	40,00
Brčko Bypass	EBRD	28,50
Road Infrastructure and Safety Project	The World Bank	17,66
Sarajevo Urban Roads Development Project	EBRD	16,50
Mahovljani Highway Exchange	EU/EC	5,00

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Rail Network

DCF members active in funding the rail network in 2011-2012 are EIB, EU/EC and Czech Republic.

**EIB** continued implementation of the *BiH Railways II Project* which envisages investment on several railway sections in Bosnia and Herzegovina along north-south and east-west routes.

**EU/EC** continued a project *Improvement of Regional Transport Infrastructure Core Network in Bosnia and Herzegovina – Railways*, financed under IPA 2009 component II. The project includes rehabilitation of safety and signaling systems at the section Jovaška–Kostajnica on the railway line Doboj-Banja Luka<sup>95</sup> and overhaul of railway section Čelebići-Raška Gora of the line Konjic-Mostar<sup>96</sup>.

**Czech Republic** completed the project that aimed at support to general repair and modernization of trams in Sarajevo.

Major projects in the rail network are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
BiH Railways II	EIB	86,00
Improvement of Regional Transport Infrastructure Core Network in Bosnia and Herzegovina – Railways	EU/EC	9,00
General Repair and Modernization of Trams in Sarajevo	Czech Republic	1,26

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Water Transportation Network

DCF members active in funding the water transportation network in 2011-2012 are The World Bank, Sweden/Sida, EIB, and EU/EC.

**In May 2012, Sweden/Sida and EIB** strated the *Cofinancing Environmental Infrastructure Projects with EIB*, aiming at capacity building of municipal utility companies improving water and waste water management and utilities.

In December 2011, **EU/EC** started the *Sava Waterway Rehabilitation Project*. The Project is implemented in partnership with The World Bank and is part of a larger regional initiative in providing the preconditions for re-opening of inland navigation along the Sava River. Countries included in this regional initiative are Croatia and Serbia as well.

Major projects in the water transportation network are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Cofinancing Environmental Infrastructure Projects with EIB	Sweden/Sida	13,00
Sava Waterway Rehabilitation Project	EU/EC	5,60

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Air Transportation

Through the project *Assistance in Institutional Building of BiH Civil Aviation Authority Related to European Common Aviation Area (ECAAA)*, **EU/EC** is working on the integration of the civil aviation sector in Bosnia and Herzegovina into EU civil aviation functional structures.

<sup>95</sup>Total value of the Project is €3,2 million, IPA contribution gap funding of €2,5 million for safety system.

<sup>96</sup>Total value of the Project is €30 million, IPA contribution gap funding €6,5 million.

### Communication sub-sector

The Communication sub-sector refers to communication policy and administrative management, telecommunications, radio, television, print media, information and communication technology (ICT).

DCF members active in funding the Communication sub-sector in 2011-2012 are EU/EC and USA/USAID.

**In 2011 the Communication** sub-sector received **€1,24 million**, or **0,60% of total allocations** to the Infrastructure sector, while **to date in 2012** the Sub-sector received **€0,44 million** or **0,22%** of total allocations to the Sector.

**EU/EC** continued with the support to the strengthening and improving of the existing communication capabilities and capacities of the BiH Directorate for European Integration (DEI), in particular the Promotion Department within DEI's the European Integration Promotion Unit.

In December 2012, EU/EC started with introduction of of Digital Broadcasting services in SEE by implementing the project *South-East European Digital Television "SEE Digi.TV" / Participation in ERDF SEES and MED programmes*. SEE Digi.TV overall objective is to execute integrated and coordinated territorial development linked to the A/D switchover process and prevent potential negative social, economic and technical implications in case of process failure at national and regional level.

**USA/USAID** completed the *Srebrenica-Bratunac Digital Cities Initiative Project*, with the goal to provide a platform for all types of e-government, with a robust network that reaches into rural areas around Srebrenica and Bratunac.

Major projects in the Communication sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
EUA II	EU/EC	1,25
Srebrenica – Bratunac Digital Cities Initiative	USA/USAID	0,30
e-portal	EU/EC	0,20
e-learning	EU/EC	0,12
South-East European Digital Television "SEE Digi.TV"	EU/EC	0,09

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Energy Generation and Supply sub-sector

The Energy Generation and Supply sub-sector refers to energy policy and administrative management, power generation and (non)-renewable sources, electrical transmission and distribution, gas distribution, as well as energy education, training and research.

DCF members active in the Energy Generation and Supply sub-sector in 2011-2012 are EIB, Germany, EU/EC, Switzerland/SDC/SECO, USA/USAID and Czech Republic.

**In 2011 the Energy Generation and Supply sub-sector** received **€32,35 million**, or **15,61% of total allocations** to the Infrastructure sector, while **to date in 2012** the Energy Generation and Supply sub-sector received **€22,38 million** or **11,23%** of total allocations to the Sector.

Besides the on-going projects *Hydro Power Plant (HPP) Rama* and *Rehabilitation of Hydro Power Plant Trebinje Phase 2*, in September 2011 **Germany** provided a loan for the project *Hydropower Plant Cijevna 3*. The Project promotes economic growth, climate protection and flood protection in the area of Doboj by construction of Hydro Power Plant Cijevna 3, with capacities of 13,8 MW, that generates environmentally friendly energy.

In October 2011, Germany started combined financing of the new project *Distributions Supervisory Control and Data Acquisition (SCADA) System* with all local electricity companies, aiming at optimization of the energy flow at

the distribution level, while in April 2012, in cooperation with Elektroprivreda RS, started with the measurement of the wind potential at selected sites for one year, throughout the new project *Wind Park RS Wind measurement programme-study development*.

Germany also initiated the feasibility study for possible construction of the new hydro power plant Janjići. The project should contribute to the production of electrical energy from the renewable sources.

In March 2011 **EU/EC** initiated implementation of *Agricultural Biomass Cross-Border Development of Energy in Posavina (ABCDE Posavina) / Cross Border Cooperation - Component II Programme*, with the objective to encourage the creation of cross-border networks and partnerships, as well as to develop the joint cross-border actions with a view to revitalizing the economy, protecting the nature and the environment.

Since 2009, EIB, EU/EC and Germany/KfW are supporting the West Balkan Energy Efficiency Fund. The Fund targets small scale investments in the energy efficiency and renewable energy sectors in the West Balkan and Turkey<sup>97</sup>.

**Switzerland/SDC/SECO** completed the technical assistance to the reconstruction of the Electricity sector in Bosnia and Herzegovina through enabling the sustainable and optimal functioning of the hydro power plant Jablanica.

In October 2011, **Czech Republic** started with the construction of a boiler for biomass and introduction of the central heating system in the village of Nemila, while in **April 2012** Czech Republic provided assistance to Ugljevik – Istok coal deposit, throughout the new project *Energetics Development Support - Design of Optimal Utilisation of Ugljevik - Istok Deposit*.

Major projects in the Energy Generation and Supply sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Electric Power Reconstruction II	EIB	103,00
Windpark Mesihovina	Germany/KfW	72,00
Hydropower Plant Cijevna 3	Germany/KfW	50,00
Distributions to SCADA System	Germany/KfW	17,00
Hydro Power Plant (HPP) Rama	Germany/KfW	17,00
Construction of small hydro power plant in Cijevna III	EU/EC	5,5
Rehabilitation of Hydro Power Plant Trebinje Phase 2	Germany/KfW	5,1
TA support to meet the requirements of the Energy Community Treaty for the South East Europe, with particular focus on Energy efficiency and renewable energy	EU/EC	2,43
(3E) Enterprise Energy Efficiency	USA/USAID	1,96
Rehabilitation of Hydro Power Plant Jablanica Phase III	Switzerland/SDC/SECO	1,41
Use of renewable sources of energy for system of central heating in Nemila, municipality of Zenica	Czech Republic	1,08
Hydro Power Plant Janjici Feasibility Study Development	Germany/KfW	0,64
Wind Park RS Wind measurement programme study development	Germany/KfW	0,60

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

<sup>97</sup> For more detailed information, please visit the following link: <http://www.eib.org/projects/pipeline/2009/20090047.htm>

### Water Supply and Sanitation sub-sector

The Water Supply and Sanitation sub-sector refers to water resource policy and administrative management, water resource protection, water supply and sanitation-large systems, basic drinking water supply and basic sanitation, river development, as well as waste management and disposal.

DCF members active in the Water Supply and Sanitation sub-sector in 2011-2012 are EIB, Germany, EU/EC, EBRD, Sweden/Sida, Switzerland/SDC/SECO and Czech Republic.

**In 2011 the Water Supply and Sanitation sub-sector received €63,24 million, or 30,51% of total allocations to the Infrastructure Sector, while to date in 2012 the Water Supply and Sanitation sub-sector received €56,07 million or 28,14% of total allocations to the Sector.**

In October 2011 **EIB** strated the implemetation of the *Emergency Flood Relief and Prevention Project*, aiming at reconstruction of flood protection facilities along Sava River and tributaries, in compliance with the requirements of the EU Flood Directive.

**The World Bank** continued with the implementation of Sarajevo Waste Water Management Project. The aim of the project is to improve the living conditions of population in the areas covered by the Sarajevo Water and Waste Water Company and in downstream riverside communities by reducing the populations' exposure to, and reliance on highly polluted water from the Miljacka and Bosna rivers, as well as to improve the efficiency of the waste water collection network in the Sarajevo Canton.

In December 2011, **Germany/KfW** started *Water Supply and Waste Water Programme in BiH II - feasibility study*, aiming to development of measures for the rehabilitation and extension of the existing water supply systems, as well as wastewater collection, wastewater treatment and disposal systems for Tuzla, Zenica and Travnik.

In April 2012, construction works started at the project *Water Supply and Sewerage Collection in Banja Luka*, which are financed by Germany/KfW. The aim of the Project is rehabilitation and construction of the water supply system (pumps, reservoirs, primary networks) as well as rehabilitation and construction of waste water system (construction of the main collectors at the left and the right side of Vrbas River, pump stations and new connections).

Within the project *Construction of Waste Water Treatment Plant in Bihać*, Germany/KfW planned to sign the Agreement until the end of 2012. According to the plan, construction works should start in the spring of 2013. This Project includes the construction of the new station for waste water treatment in line with the EU standards, as well as the rehabilitation of the existing and construction of the new network.

In January 2011 **EU/EC** initiated feasibility study for selection of regional sanitary landfills in BiH, while in September 2011 EU/EC started two new projects: *Construction of the wastewater treatment plant Živinice*, that has been implemented in cooperation with The World Bank, as well as the *Water and sanitation RS*.

Besides, in November 2011 **EU/EC, together with The World Bank**, started the project *Construction of sewage system in Ljubuški municipality*, while in December 2011 EU/EC financed the first phase of the plant rehabilitation which will include reconstruction of existing waste water treatment plant and construction of missing pre-treatment facilities of waste water treatment plant, within the *Rehabilitation and construction of the Waste Water Treatment Plant "Butila" in Sarajevo Project*.

In January 2012, **EBRD** started the new project *Čapljina Water Supply* in order to finance the part of expansion of the water supply network in Čapljina municipality, as well as improvements on the existing water supply system.

In December 2011, **Switzerland/SDC/SECO, together with Germany/KfW**, initiated the *Project- Feasibility Study for Water supply for Zenica, Travnik and Tuzla* with the aim to improve the water supply systems and sewage disposals systems, in order to increase the operational efficiency and financial sustainability of local water supply and sewage systems in the mentioned municipalities.

In September 2011, **Czech Republic** started a new project for ensuring a better source for drinking water in Lukavac, while in **April 2012** Czech Republic started with elimination of the environmental and sanitary problems in the village Svake, in municipality of Vogošća, in order to prevent further contamination of the Bosna River and underground waters through delivering modern technologies.

Major projects in the Water Supply and Sanitation sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Emergency Flood Relief and Prevention	EIB	55,00
Water and Sanitation RS	EIB	50,00
Sarajevo Waste Water Management Project	The World Bank	24,62
Waste Water Treatment Bihać	Germany/KfW	17,50
Rehabilitation of Urban Water Supply and Sewerage Systems in BiH	Germany/KfW	14,00
Water Supply and Sewage Project in Banja Luka	Germany/KfW	14,00
Water and Sanitation RS, BiH	EU/EC	10,00
Prijedor Water Supply Project	Switzerland/SDC/SECO	8,23
Rehabilitation and Construction of the Waste Water Treatment Plant "Butila" in Sarajevo	EU/EC	8,00
Čapljina Water Supply	EBRD	5,00

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Activities classified as "No sub-sector"

There are several other projects relevant to the Infrastructure sector that are not classified under the existing sub-sectors.

Activities/Projects classified as "**No sub-sector**" in 2011 received **€5,56 million**, or **2,68% of total allocations** to the Infrastructure sector. **To date in 2012** these activities received **€5,20 million** or **2,61%** of total allocations to the Sector.

Through the *Second Solid Waste Management Project* **The World Bank** continued to improve the availability, quality, environmental soundness and financial viability of solid waste management services in the country. The project plan to support construction of 6-8 new regional sanitary landfills until the end of 2014.

**Sweden/Sida** continued with the implementation of *Municipal solid waste management programme*. The goal is to have increased and improved waste collection reduction, reuse, transportation and disposal in approximately 30 municipalities.

In **July 2011**, **EU/EC** started the preservation and restoring of cultural heritage in Stolac throughout the project *ARCH-Stolac: Reconstruction of Architectural Heritage in Stolac*, with overall objective to contribute to reconciliation between the different communities in Bosnia and Herzegovina through the cultural, social and economic reconstruction of Stolac community. Besides, in **December 2011**, EU/EC commenced *Supervision of the reconstruction works on the Sarajevo and Novi Grad City Hall done in Bosnia and Herzegovina*.

**Germany/GIZ** continued to implement the *Open Regional Fund (ORF) for South East Europe - Modernisation of Municipal Services*<sup>98</sup>. At the communal level, municipalities often lack capacity and instruments necessary for implementing the EU's demanding standards, which require from them to improve the quality of their municipal services. In order to meet these challenges, the Open Regional Fund – Modernization of Municipal Services (ORF-

<sup>98</sup> Aforementioned project is implemented through sub-regional projects in which BiH is a partner country.

MMS) works closely with regional networks such as the Network of Associations of Local Authorities in South East Europe (NALAS) and the Regional Water Associations Partnership, as well as with individual citizens, municipalities and other partners in the joint implementation of regional projects, that are focused at water supply and disposal, waste management, improvement of the range of services offered by municipalities, and capacity-building for municipal management structures.

During May 2011, **Switzerland/SDC/SECO** started and concluded the construction of the 15 apartments for Roma families in Mostar.

Major projects not classified under an existing sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Second Solid Waste Management Project	The World Bank	28,14
Municipal Solid Waste Management Programme	Sweden/Sida	10,00
Open Regional Fund (ORF) for SEE – Modernization of Municipal Services	Germany/GIZ	2,29
Development of Infrastructure of metrology system in BiH	EU/EC	1,34
Spatial information services for BiH-phase two- digital ortophoto maps	EU/EC	1,28
Spatial Information Services for BiH Phase I-Establishing of Network of referent GPS stations	EU/EC	1,00

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

## Legal framework and sector strategies adopted in 2011 - 2012

### Transport

In **July 2011** the *Law on Road Traffic Safety in RS* was adopted<sup>99</sup>, while in **September 2011** the *Law on Change and Amendment of the Law on Internal Navigation*<sup>100</sup>.

In **February 2012**, both entities adopted the *Laws on Change and Amendment of the Law on Railways*.

### Communication

In **July 2011**, the *Law on Change and Amendment of the Law on Free Access to Information in FBiH* was adopted<sup>101</sup>.

### Energy

Since there is no BiH energy strategy, the Energy Community of South East Europe (ECSEE) and European Energy Community (EEC) Treaty, as well as the Kyoto Protocol are used as guiding documents for the regulation of energy and the energy market.

In **March and December 2011** FBiH adopted *Changes and Amendments of the Regulation on Use of Renewable Sources of Energy and Cogeneration*<sup>102</sup>. The aim of the Regulation and its changes is to increase production and consumption of electricity from renewable sources. Still, the *Law on Use of Renewable Sources of Energy and Cogeneration* has been adopted in the **December 2011** by the FBiH Parliament in the form of **draft** and send to the

<sup>99</sup> Official Gazzet of RS no.63/11

<sup>100</sup> Official Gazette of RS no. 100/11

<sup>101</sup> Official Gazette of FBiH no. 48/11

<sup>102</sup> Official Gazette of FBiH no. 11/11 and 88/11

public debate. Besides, the FBiH Parliament adopted the *Law on Change and Amendment of the Law on Electricity*<sup>103</sup>.

In July 2011 RS National Assembly adopted the *Law on Tariffs on Usage of Natural Resources for the Purposes of Electricity Generation*<sup>104</sup>, while in May 2012 the *Law on Pipeline Transport of Gas and Liquid Hydrocarbon and on Distribution of Gas Hydrocarbon* was adopted<sup>105</sup>. Besides, the *Energy Strategy of RS by 2030* was adopted in March 2012<sup>106</sup>.

### Water

In December 2011, FBiH Parliament adopted *Water Management Strategy of the FBiH 2010-2022*. Strategy in detail describes water and water management condition, as well as the measures, goals and plans that should be taken in order to protect water resources and use it more efficiently.

### Donor coordination

Non-formal and *ad-hoc* coordination in the Infrastructure sector exist among donor agencies and financial institutions with occasional participation of the BiH Ministry of Communication and Transport (MoCT). MoCT and EU/EC are jointly trying to overcome current lack of capacities throughout implementation of the EU/EC funded project *Assistance to the Ministry of Communication and Transport of Bosnia and Herzegovina (MoCT) concerning implementation of projects under the Instrument for Pre-Accession Assistance (IPA)*.

Coordination of activities of domestic stakeholders and donors in the Energy Generation and Supply sub-sector is realized through periodic meetings organized by the Ministry of Foreign Trade and Economic Relations/Division for Natural Resources, Energy and Environmental Protection. This Division is responsible for coordination and fulfilment of obligations defined in the *Treaty on Establishing of Energy Community between the countries of South East Europe and the European Community*.

Coordination of the activities in the **Transport and Storage sub-sector** is assessed as good, but still needs further improvements. Other international bodies such as the Sava River Commission<sup>107</sup> and SEETO also coordinate activities in the Transport sub-sector.

According to the domestic stakeholders, coordination meetings in **Communication sub-sector** are held on quarterly basis on EC initiative.

Coordination among domestic stakeholders and donors in **Energy Generation and Supply sub-sector** is realized at the level of FBiH, with the establishing of the Group for development within the Sector for energy of the Federal Ministry of Energy, Mining and Industry. However, from the perspective of donors, coordination among certain stakeholders in this sub-sector is rather limited.

In the absence of formal coordination mechanisms in the Water Supply and Sanitation sub-sector, coordination between relevant donors takes place on an *ad-hoc* basis and informally.

Donors active in the Infrastructure sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

<sup>103</sup> Official Gazette of FBiH no. 83/11

<sup>104</sup> Official Gazette of RS no. 78/11

<sup>105</sup> Official Gazette of RS no. 52/12

<sup>106</sup> For more detailed information, please visit the following link:

[http://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/mper/std/Pages/Strategija\\_razvoja\\_energetike\\_RS\\_do\\_2030\\_godine.aspx](http://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/mper/std/Pages/Strategija_razvoja_energetike_RS_do_2030_godine.aspx)

<sup>107</sup> BiH, Croatia, Slovenia and Serbia are founders of the Sava River Commission (March, 2003) which aims to regulate and improve Sava River navigation of river boats, water use and tourism. <http://www.savacommission.org/>

### Future activities

The Infrastructure sector further strengthening and development is one of the major preconditions for growth, development and EU convergence of Bosnia and Herzegovina. According to the all stakeholders, future activities in this Sector should be focused on the further development of the entire Sector as well as on the continuation of the reform processes within it.

Continuation of the new transport infrastructure construction as well as the upgrading of the existing infrastructure remains a priority. Improvement of the transport infrastructure in line with the SEE Comprehensive Transport Network and the creation of a functioning infrastructure regulatory framework for all transport sub-sectors, should help improve economical and social development in Bosnia and Herzegovina.

Reconstruction and rehabilitation of the water supply, waste water infrastructure and solid waste management would require additional donor/financial institution support.

In **Communication** sub-sector domestic stakeholders emphasized the need for more assistance in the telecommunication and broadcasting sectors, while in the **Energy Generation and Supply** sub-sector they reflected on necessity of adoption of the state-level energy strategy, settling of reserves of oil-derivatives and the legislation on gas on the state-level.

Various donors supporting all Infrastructure sub-sectors are mainly concentrated on concrete needs of BiH population and establishment of normal infrastructure that can support the growing demand.

They almost unanimously propose establishment of better coordination amongst all governments levels, as well as improvement and harmonization of regulations within Bosnia and Herzegovina. Further harmonization of regulations remains as priority in the forthcoming period.

Since the loans are prevailing in this Sector, reforms should be faster and more efficiently conducted in order to create the basis for more market-oriented and financially sustainable infrastructure.

<b>DCF members active in the sector in 2011-2012</b>	EIB, EBRD, The World Bank, EU/EC, USA/USAID, UNDP, Sweden/Sida, Germany, Switzerland/SDC/SECO, Italy/IC, Norway, Netherlands, UNICEF, Austria/ADC, Spain/AECID.
<b>Other Key international organizations (IOs)</b>	International Monetary Fund (IMF), International Labour Organisation (ILO), European Court for Human Rights, Office of the High Representative and EU Special Representative (OHR).
<b>Key government partners</b>	BiH Ministry of Foreign Trade and Economic Relations, BiH Ministry of Finance and Treasury, BiH Ministry of Civil Affairs, BiH Ministry of Human Rights and Refugees, FBiH Ministry of Labour and Social Policies, FBiH Ministry of Development, Entrepreneurship and Craft, RS Ministry of Labour and Veterans Affairs, BiH Export Promotion Agency, BiH Deposit Insurance Agency, Central Bank of BiH, BiH Agency for Statistics, BiH Directorate for Economic Planning, BiH Directorate for European Integration.
<b>Total allocation to the sector in 2011 and 2012 by DCF members</b>	2011: €165,34 million - €28,41 million in grants and €136,94 million in loans 2012: €82,65 million - €31,87 million in grants and €50,78 million in loans
<b>Legal framework and Sector strategies</b>	<p><b>Legal framework and sector strategies (adopted in 2010-2011)</b></p> <p><i>FBiH Law on Changes and Amendments to the Law on Personal Income Tax; Law on Changes and Amendments to the Law on Establishment and the Method of Settling of FBiH Internal Commitments; FBiH Law Changes to the Law on Crafts and Related Activities; FBiH Law on Changes of the Law on Obligations; FBiH Law on Changes of the Law the Penalty Interest Rate Charged on the Outstanding Debts; RS Law on Stockpiles; RS Law on Corporate Income Tax; RS Law on Changes and Amendments to the Law on the Privatization of the State Capital in the Company; RS Law on Changes and Amendments to the Law on Foreign Investments; RS Law on Tourism; RS Law on Changes and Amendments to the Law on Enterprises; RS Law on Crafts and Entrepreneurial Activities; RS Law on Amendments to the Law on Privatization of Commercial Buildings, Business Premises and Garages; RS Law on Changes and Amendments to the Law on Microcredit Organizations; Law on Changes and Amendments to the Law on Banks in RS; RS Law on Changes and Amendments to the Law on Securities Market; Law on RS Domestic Payments System; RS Law on Changes and Amendments to the Law on Trade; RS Law on Changes to the Law on Public-Private Partnership; RS Law on Changes and Amendments to the Law on Peaceful Resolution of Labor Disputes; Consumer Protection Law in RS; RS Law on professional Rehabilitation, Training and Employment of Disabled; RS Social Protection Law; RS Tourism Development Strategy 2011-2020; Strategy for Employment of the RS 2011-2015;</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>108</sup></b></p> <p><i>Strategy for Employment of Bosnia and Herzegovina 2010-2014; Development Strategy of FBiH 2010-2020; Strategy for the Reform of the Pension System in the RS; Social Action Plan for Bosnia and Herzegovina; The Amendments to the RS Development Programme 2010-2012.</i></p>
<b>Donor coordination</b>	<p>There is no sector-wide donor coordination mechanism, although donors take part in irregular information sharing meetings.</p> <p>Donors active in the sector regularly attended Donor Coordination Forum quarterly meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

<sup>108</sup> More information on Strategies are available on [http://www.donormapping.ba/index.php?option=com\\_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles](http://www.donormapping.ba/index.php?option=com_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles)

## Overview

Economic Development and Social Protection Sector consists of the following sub-sectors: Macroeconomic Policy Support, Support to Small and Medium-Sized Enterprises and Improvement of the Business Climate, Direct Capital-Financial sub-sector and Social Protection.

Even though BiH economy recorded a gradual recovery in 2010 from the global financial crisis outbreak, the new wave of financial crisis in Europe, Arab spring and Syrian upheaval, global rise in prices, as well as local political issues, had a negative impact on the economic growth of BiH in the period 2011-2012.

In **Macroeconomic Policy Support sub-sector** the donors were focused on strengthening of public finance management, institutional capacity building and private sector development. However, internal issues (government establishment, budget adoption) have led to the stagnation in the reform processes in the country. **Although financial and monetary stability have been preserved, the quality of public finances remained low, while the worsening of budgetary processes slowed down necessary reforms.**

In 2011-2012, donors active in **Support to Small and Medium-Sized Enterprises and Improvement of the Business Climate sub-sector** directed most of their support towards development of SMEs in the Industrial and Agri sector, raising of competitiveness, providing access to finance, as well as towards consumer protection, institutional strengthening, improvement of business climate and corporative management. Establishment of Forum for Development and Promotion of Entrepreneurship and SMEs as coordination body on the state-level, on-going work on new SME strategy 2012-2014 and increasing awareness on the EU Small Business Act and the EU Agenda 2020, **could be marked as a positive achievements in this area.** Preparation of a draft *Law on the Promotion of SMEs and Entrepreneurship in Bosnia and Herzegovina* is at an early stage. With the establishment of Coordination working group within the MoFTER, tourism has recorded some progress in the areas of legislation and better coordination, but overall changes in structure of the economy, especially in decreasing of unemployment figures, have not yet been recorded in BiH.

In **Direct Capital Support-Financial sub-sector** donors mainly were focused on providing loans to micro and SME borrowers and supporting the institutional and administrative capacity of Indirect Taxation Authority (ITA). From the domestic side it can be noted that some progress have been made in legislation of capital markets, microcredit organizations and banks in RS.

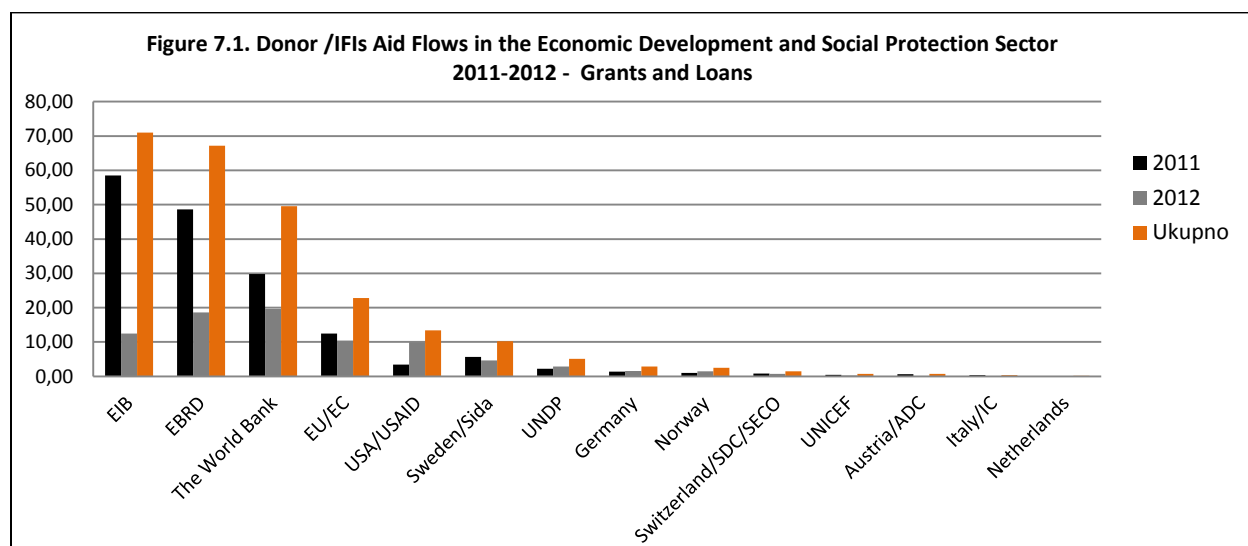
Donors active in the **Social Protection sub-sector**, in 2011 and 2012, directed assistance in the field of youth employment, strengthening of institutions interconnected with BiH labor market and in the field of social protection and inclusion. Progress was made at the entity levels in legislative and strategic framework for employment policies, while significant progress was made only in the area of social protection and inclusion.

## Donor activities in 2011 and 2012

DCF members active in the Economic Development and Social Protection sector in 2011-2012 are EIB, EBRD, The World Bank, EU/EC, USA/USAID, Sweden/Sida, UNDP, Germany, Norway, Switzerland/SDC/SECO, UNICEF, Austria/ADC, Italy/IC and Netherlands.

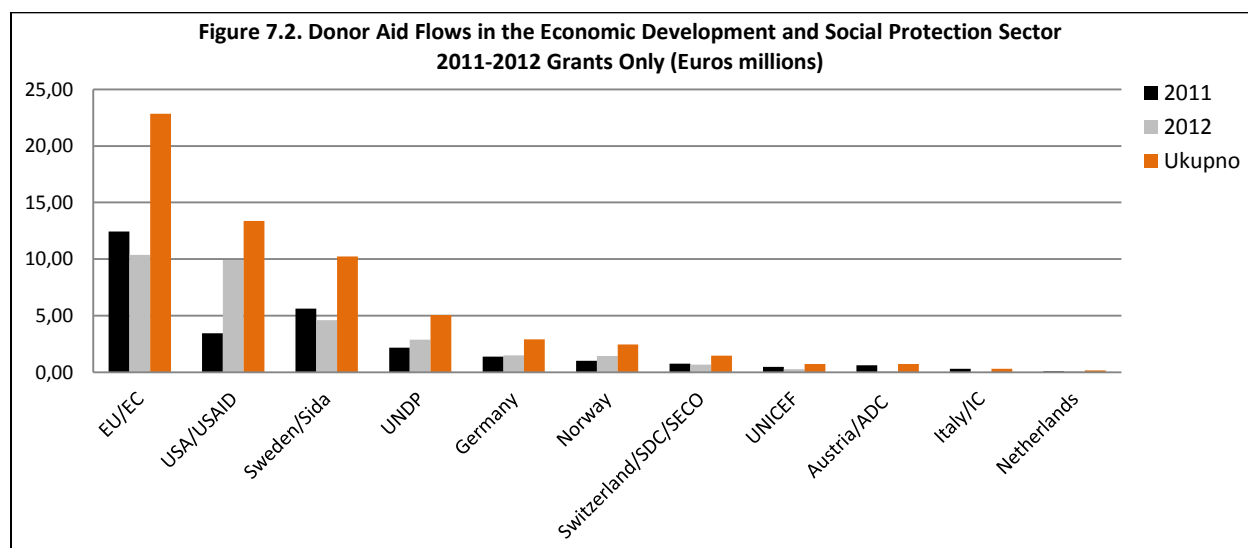
**Figure 7.1. makes comparison of donors/IFIs total assistance, both in a form of grants and loans, provided to the Economic Development and Social Protection sector.** In 2011 the leading donors/IFIs were EIB, with the contribution of €58,50 million and EBRD with the contribution of €48,60 million, followed by The World Bank, EU/EC, Sweden/Sida, USA/USAID, UNDP, Germany, Norway, Switzerland/SDC/SECO, Austria/ADC, UNICEF, Italy/IC and Netherlands, while **in 2012** the leading donors/IFIs in the Sector were The World Bank, with the contribution of €19,68 million and EBRD with the contribution of €18,60 million, followed by EIB, EU/EC, USA/USAID, Sweden/Sida, UNDP, Germany, Norway, UNICEF, Austria/ADC and Netherlands.

**In 2011-2012, the major part of the assistance was provided in a form of loans. EIB, EBRD and The World Bank were the main loans providers.**

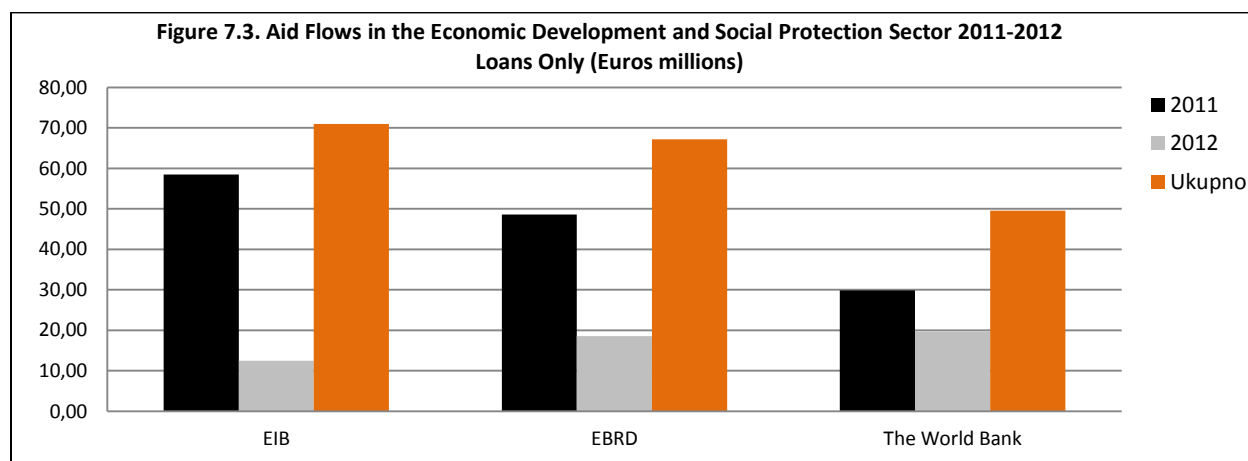


**Figure 7.2. makes a comparison of donors that provided assistance for the BiH Economic Development and Social Protection sector in a form of grants. In 2011 the leading donors were EU/EC, with the contribution of €12,45 million and Sweden/Sida, with the contribution of €5,63 million, followed by USA/USAID, UNDP, Germany, Norway, Switzerland/SDC/SECO, Austria/ADC, UNICEF, Italy/IC and Netherlands.**

**In 2012 the leading donors in the Economic Development and Social Protection sector were again EU/EC, with the contribution of €10,38 million and USA/USAID, with the contribution of €9,92 million, followed by Sweden/Sida, UNDP, Germany, Norway, Switzerland/SDC/SECO, UNICEF, Austria/ADC and Netherlands.**



**Figure 7.3. shows comparison of IFIs that provided assistance for the Economic Development and Social Protection sector in a form of loans. In 2011 EIB allocated €58,50 million, EBRD €48,60 million and The World Bank €29,84 million, while in 2012 The World Bank supported the Sector with €19,68 million, EBRD €18,60 million and EIB allocated €12,50 million.**



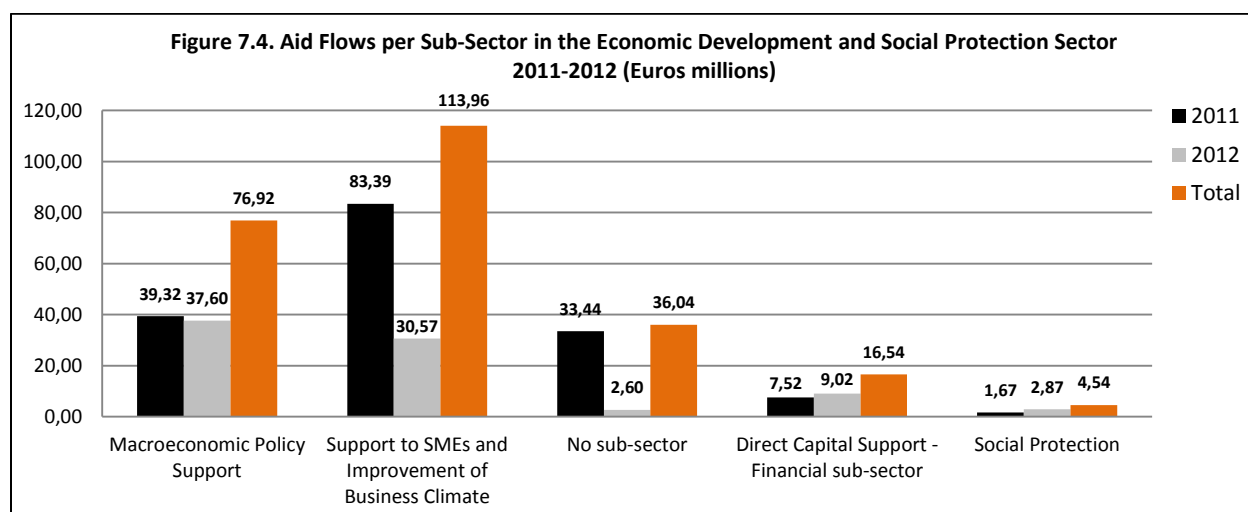
**Figure 7.4.** indicates that the **Macroeconomic Policy Support** sub-sector received **€39,32 million in 2011**, or **23,78% of total allocations** to the Economic Development and Social Protection sector. To date **in 2012** the Macroeconomic Policy Support sub-sector received **€37,60 million** or **45,49%** of total allocations to the Sector.

**Support to SMEs and Improvement of Business Climate** sub-sector received **€83,39 million in 2011**, or **50,44% of total allocations** to the Economic Development and Social Protection sector. To date **in 2012** the Support to SMEs and Improvement of Business Climate sub-sector received **€30,57 million** or **36,98%** of total allocations to the Sector.

**Activities/Projects classified as “No sub-sector”** received **€33,44 million in 2011**, or **20,22% of total allocations** to the Economic Development and Social Protection sector. To date **in 2012** these activities received **€2,60 million** or **3,15%** of total allocations to the Sector.

The **Direct Capital Support-Financial sub-sector** received **€7,52 million in 2011**, or **4,55% of total allocations** to the Economic Development and Social Protection sector. To date **in 2012** the Direct Capital Support-Financial sub-sector received **€9,02 million** or **10,91%** of total allocations to the Sector.

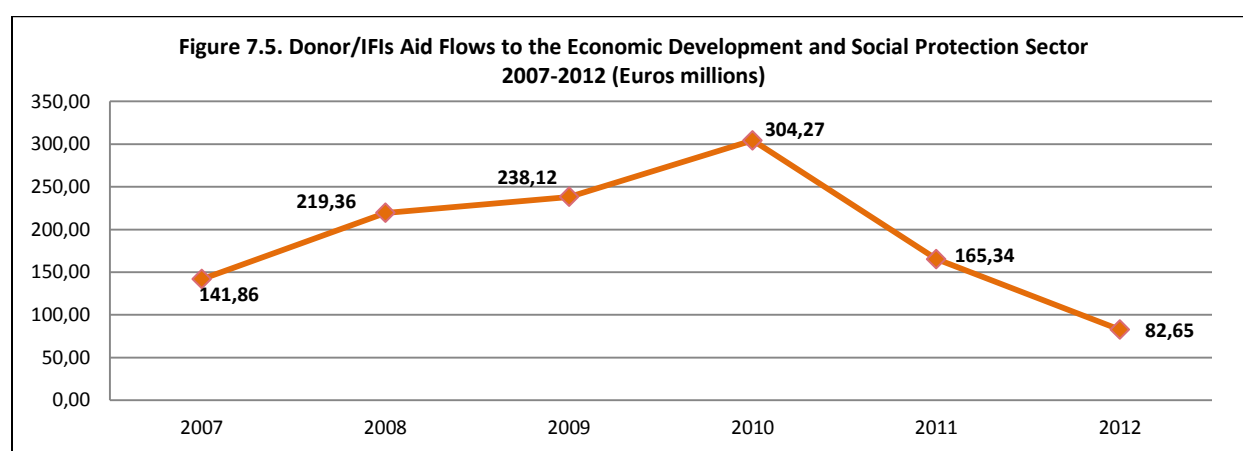
The **Social Protection sub-sector** received **€1,67 million in 2011**, or **1,01% of total allocations** to the Economic Development and Social Protection sector. To date **in 2012** the Social Protection sub-sector received **€2,87 million** or **3,47%** of total allocations to the Sector.



**Figure 7.5. indicates that total allocation of DCF members to the Economic Development and Social Protection sector was €165,34 million in 2011 (€28,41 million is in the form of grants and €136,94 million is in the form of loans) and in 2012 to date €82,65 million (€31,87 million is in the form of grants and €50,78 million is in the form of loans).** However, additional funds could be allocated to the Sector by the end of 2012.

Figure 7.5 also shows a constant increase of total allocation to the Economic Development and Social Protection sector between 2007 and 2010, and sharp decline after 2010. This partially can be explained with the gradual phasing out of bilateral donors, export markets shrinking and drop in inflows from remittances, important elements that busted BiH economy growth in the previous period. Consequently, FDIs declined and conditions for taking loans from abroad have tightened. Taking into consideration that EU donor countries are facing their own problems articulated throughout high unemployment, recession and debt crisis, as well as that BiH did not make expected improvements in the process of EU integration, that have led to sharp fall of investments in Economic Development and Social Protection sector in BiH in the reported period.

**The Sector received 30,54% of total ODA allocation in 2011 and to date 18,63% in 2012.**



### Macroeconomic Policy Support

The Macroeconomic Policy Support sub-sector refers to macroeconomic, fiscal and monetary policy and planning, as well as economic and social analysis and forecasting. Non-earmarked contributions to the government budget for the implementation of macroeconomic reforms and general program assistance also fall within this category.

**In 2011 the Macroeconomic Policy Support sub-sector received €39,32 million or 23,78% of total allocations to the Economic Development and Social Protection sector, while to date in 2012 the sub-sector received €37,60 million or 45,49% of total allocations to the Sector.**

DCF members active in the Macroeconomic Policy Support sub-sector are UNDP, The World Bank, USA/USAID, Germany, EU/EC, Switzerland/SDC/SECO, Norway, EBRD and Austria/ADC.

In January 2011, **UNDP** started the new project *Local Development Program LIFE – Local Investment for Employment*. The Project is aiming to help advance human development in BiH by tackling the most pressing local development challenges entity level capacities and policies, for the advancement of the country's EU accession process.

Besides, UNDP finished project *The Growing Inclusive Markets* that was part of a wider global initiative<sup>109</sup>. The Project was focused on supporting Private Sector Development (PSD). The Project provided a platform for companies to engage in pro-poor business activities in developing countries with a challenging business environment. The overall goal of the Project was to facilitate increase of private sector engagement in poverty reduction and sustainable development in BiH.

<sup>109</sup> For more information, please visit the following link: <http://www.growinginclusivemarkets.org/>

In 2011-2012 period, **The World Bank** continued implementation of the project *Social Safety Net and Employment Support*, as part of an overall reform of social benefits in BiH. The Project continued to provide assistance to the Entity governments in order to develop appropriate targeting mechanisms as well as to strengthen the overall administration of social benefits. At the same time, the Project continued to finance a wide range of active labor market programs for the vulnerable categories among active job seekers.

In July 2011, **USA/USAID** initiated the project *Solar Energy as the Future of Sustainable Development* in cooperation with Partner MKO. The Project goal is to increase domestic production of solar collectors through building the capacity of 20 local microenterprises.

Besides, USA/USAID continued with implementation of *(PARE) Partnership for Advancing Reform in the Economy*. The Project, together with BiH counterparts, developed a single strategy and regulatory framework for BiH bank capital reform based on standards of Basel II and EU directives. The strategy was adopted by both entity-level banking supervision agencies. PARE supported the BiH Deposit Insurance Agency (DIA) in updating its investment policy and guidelines and helped set up the DIA Investment Committee, strengthening on that way investment management and decision-making capabilities of the DIA. PARE also introduced the International Association of Insurance Supervisors (IAIS) Self-Assessment methodology to the insurance supervision agencies in BiH<sup>110</sup>.

Through the project *Intellectual and Property Rights (IPR) in BiH* USA/USAID continued its activities directed towards stimulating the private sector development and economic growth in BiH, by improving and strengthening intellectual property rights protection aligned with EU standards.

In 2011-2012, **Germany** continued the projects *Open Regional Fund (ORF) Foreign Trade* and *Local and Regional Economy Support – I phase*<sup>111</sup>. *Open Regional Fund (ORF) Foreign Trade* projects provide assistance for strengthening competitiveness through multi-country cooperation among companies and institutions in the region as well as promoting South East Europe as an economic area on the international stage. The projects are primarily focused on clothing industry with an emphasis on fashion design, car industry, IT sector, tourism, agriculture and regional consultancy market development.

In September 2011, **EU/EC** started the project *Technical Assistance to support capacity building for First Level Control (FLC) in Bosnia and Herzegovina for implementation of IPA CBC Transnational and MS Programs*. The Project is aiming to increase BiH's management and control system effectiveness for the implementation of IPA CBC Adriatic Programme, South-East European Spaces (SEES) and Mediterranean trans-national programme (MED) implemented under the "shared-management" implementation modality, throughout building capacities and providing specific knowledge to CFCU within BiH MoFT.

Besides, EU/EC continued to support further strengthening of the capital base of the BiH DIA in order to have appropriate liquidity to act quickly and pay out the insured deposits.

In the 2011-2012, EU/EC also continued implementation of the project *Cross-border Cooperation Croatia and BiH 2008*, with overall goal to encourage the creation of cross-border networks and partnerships as well as development of joint cross-border actions. The Project is primarily focused on revitalizing the economy, protecting the nature and the environment as well as increasing social cohesion of the programming area.

In January 2012, **Switzerland/SDC/SECO**, in cooperation with The World Bank, started the new project *(SAFE) Strengthening Accountability and the Fiduciary Environment - (PEFA) Public Expenditure and Financial Accountability Assessment*. The project is aiming to increase capacities of BiH governments to design, monitor and evaluate public financial management reforms through performing the Public Expenditure and Financial Accountability (PEFA) Assessment at the state and entity levels. It will support state and entity governments with consultancy services and training.

Besides, **Switzerland/SDC/SECO together with IMF**, continued to provide assistance to governments of Albania, Bosnia and Herzegovina, FYR Macedonia, Kosovo and Serbia in the reforming and modernization of their tax

<sup>110</sup> For more information, please visit the following link: <http://www.usaidpare.ba/>

<sup>111</sup> The project is implemented through regional sub-projects in which BiH is a partner country.

administrations. Objective of the Project is to enhance capacities of governments to collect government revenues and to strengthen them to be able to operate in accordance with EU standards.

In January 2011, **Norway** started the project *Agro Export Promotion Center, BiH*, aiming to strengthen the competitiveness of BiH agribusinesses in international and local markets. The Project is collaborating with local entrepreneurs to build a sustainable BiH Agriculture Export Promotion Centre (AEP), called AgroLink, which offers modern export promotion and other services that strengthen the competitiveness of BiH agribusinesses, resulting in increased exports.

In 2011 **Austria/ADC** concluded two projects. Through the project *Establishment of Implementation Arrangements and Monitoring and Evaluation Mechanism for CDS and SIS*, Austria/ADC supported Directorate for Economic Planning (DEP) in order to facilitate continuation of strategic planning process in Bosnia and Herzegovina. Austria/ADC also supported the BiH Ministry for Finance and Treasury (MoFT) to restructure and modernize Public Investment Programme (PIP) to become a key instrument for investment planning and financial monitoring of the Country Development Strategy (CDS) and Social Inclusion Strategy (SIS), with the aim to harmonize the investment planning process with the strategic planning process at the level of BiH, Republika Srpska, BiH Federation and cantons.

Major projects in the Macroeconomic Policy Support sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Local Development Program - LIFE - Local Investment for Employment	UNDP	37,14
Social Safety Net and Employment Support Project	The World Bank	10,55
(TARA) Tax Reform Activity	USA/USAID	7,39
(PARE) Partnership for Advancing Reform in the Economy	USA / USAID	5,13
Open Regional Fund (ORF) for South East Europe - Foreign Trade Promotion ( I Phase)	Germany	4,60
(EI) Excellence in Innovation	USA/USAID	3,01
U.S. Department of Treasury Advisor Program	USA/USAID	2,52
(IPR) Intellectual and Property Rights Protection in BiH	USA/USAID	2,16
Support for strengthening the capital base of the Deposit Insurance Agency of Bosnia and Herzegovina	EU/EC	1,00
Solar Energy as the Future of Sustainable Development	USA/USAID	0,73
Swiss IMF Technical Assistance Sub-account - Reform and Modernization of Tax Administration	Switzerland/SDC/SECO, IMF	0,72

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Support to Small and Medium-Sized Enterprises and Improvement of the Business Climate

Support to Small and Medium-Sized Enterprises (SMEs) and Improvement of the Business Climate sub-sector is comprised of direct donor support to the development of SMEs in the Industrial sector, including accounting, auditing and advisory services as well as tourism policy and administrative management.

In 2011 the support to SMEs and Improvement of Business Climate sub-sector received €83,39 or 50,44% of total allocations to the Economic Development and Social Protection sector, while to date in 2012 the sub-sector received €30,57 million or 36,98% of total allocations to the Sector.

DCF members active in the Support to Small and Medium-Sized Enterprises and Improvement of the Business Climate sub-sector are The World Bank, EIB, EBRD, Sweden/Sida, EU/EC, Germany, Switzerland/SDC/SECO, Italy/IC, Norway and Netherlands.

During 2011-2012, **The World Bank** continued with *Enhancing SME Access to Finance Project*. The objective of the Project is to enhance access to finance for SMEs in the context of the global financial crisis, which was identified as one of the major impediments to growth in the enterprise sector in BiH. To this end, the project will provide US\$190 million (original loan of US\$ 70 million which became effective in August 2010, plus additional financing of US\$ 120 million approved in May 2012) of medium and long term finance for SME working capital and investment projects.

In August 2011, **EIB** provided the loan for financing of small and medium-scale projects carried out by SMEs, within its new project *PCH Loan for SME and priority projects*. Besides, throughout various credit lines to domestic banks (Hypo Alpe-Adria Bank, Intesa, UPI, Volksbank), EIB supported the SMEs in order to support the development of the economy, contributing to job creation and poverty alleviation.

Through the project *Development Bank Republika Srpska Credit Line*, EIB provided credit line for financing of limited-scale projects of small and medium-sized enterprises and local infrastructure projects of local authorities.

In September 2011, **EBRD** provided a loan to BiH in order to support local business development. The funds will be available through Sparkasse Bank BiH to finance investment that meets EU standards in the areas such as environmental protection, occupational health and safety, and product quality.

In January 2012 EBRD provided loans for two new projects, *European Fund for Southeast Europe (EFSE) - regional fund* and *Improving energy efficiency in Bosnia and Herzegovina's retail industry – BINGO*. The first one is a part of a larger regional initiative that is focused on development of micro and small enterprises and households with limited access to financial services in SEE Region. Other project provided a loan to finance implementation of advanced energy saving measures in one of the leading retail chains in the country – Bingo.

In June 2012 EBRD provided a loan to Jami d.o.o. in order to support expanding warehouses and buying more company supplies. Part of the loan will go towards new, more energy efficient cooling systems which will bring the company in line with the EU standards.

In July 2011, **Sweden/Sida**, in cooperation with The World Bank, started with *ICIS - Investment Climate and Institutional Strengthening Project*, aiming to improve investment climate and reduce costs and risks of conducting business in BiH. The afore-mentioned improvements will be accomplished by strengthening and development of inspection services and supporting IT systems.

In November 2011, Sweden/Sida, in partnership with IFC, initiated *IFC Investment Climate Program (ISCRA)*. The Projects goal is to increase the competitiveness of BiH by assisting all levels of governments in achieving investment climate reform. This implies assistance in reducing the administrative burden for businesses, attract more FDIs in BiH, as well as increase export in key export sectors of BiH and improve of overall competitiveness of one or two agribusiness value chains.

Furthermore, **Sweden/Sida, together with USA/USAID**, continued to implement the project (*FIRMA*) *Fostering Interventions for Rapid Market Advancements*. The Project provides support to enterprise competitiveness in selected chains of the tourism, wood and light manufacturing sectors in BiH, in order to support country's ability to meet the Copenhagen Economic Criteria for accession to EU. BiH enterprises from afore-mentioned three sectors are supported in access to finance, workforce development and EU standards<sup>112</sup>

In the period 2011-2012, **EU/EC continued the implementation of the Cross Border Cooperation Programs**. In **February 2011**, **EU/EC** initiated the implementation of a grant project *VIOR - Vinkovci and Orašje Heritage Tourism Project / Cross Border Cooperation (CBC) - Component II programmes*, aiming to encourage the creation of cross-border networks and partnerships and the development of joint cross-border actions with a view to revitalizing the economy, protecting the nature and the environment. At the same time, EU/EC started implementation of the EU funded project *STONE / Cross Border Cooperation - Component II programmes*, with the focus on promotion and development of entrepreneurship in stone processing in the cross-border region of Herzegovina and Dalmatia.

<sup>112</sup> For more information, please visit the following link: <http://www.firmaproject.ba/en/>

Both projects are implemented in the scope of the programme that implies the cooperation between BiH and Croatia.

Several other CBC projects started to be implemented in the area of socio-economic development and tourism, under three bilateral programmes BiH-Croatia, BiH-Serbia, and BiH-Montenegro.

In March 2011, EU/EC started with *Support to the development of rural tourism destinations in Rajac and Vranica mountains Project*, the development of CBC between BiH and Serbia, *The Una River - Unique Resource for Sustainable*, the CBC between BiH and Croatia the project *Development of Tourist Itinerary for Cross Border Region between BiH and MNE*, between BiH and Montenegro, and the new project *UNA-SPRING OF LIFE*, that includes CBC between municipality of Bihać and Zadar County.

In July 2011, EU/EC initiated *Support to Institute for Standardization of Bosnia and Herzegovina* in order to improve the transparency and access to information on preparation of standards at national, European and international levels, as well as to improve the information system for standardisation to be compatible with International and European Organisations for Standardisation.

In January 2011, **Switzerland/SDC/SECO**, initiated the *(SIPPO) Swiss Import Promotion Program* with the aim to improve economic performance of SMEs in BiH through improvement of their export competences and establishing business relations to importers with EU and Switzerland.

In April 2011, **Switzerland/SDC/SECO**, in partnership with The World Bank, started the *(FIRST) Financial Sector Strengthening Initiative - Strengthening Consumer Protection in Banking and Microfinance Sectors of BiH*, aiming to improve financial consumer protection in the banking and microfinance sectors of BiH, by strengthening of legal, regulatory and institutional framework for consumer protection.

Besides, in April 2012, Switzerland/SDC/SECO, in cooperation with IFC, initiated the *Corporate Governance Program Phase III ECA*, as a part of wider IFC corporate governance projects done in Azerbaijan and Western Balkans. The objective of the project is to improve corporate governance throughout further strengthening of companies' capacities and transferring knowledge to local partner institutions.

Major projects in the Support to SMEs and Improvement of the Business Climate sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Enhancing SME Access to Finance	The World Bank	149,38
HAA Group Bosnia GL	EIB	75,00
Development Bank Republika Srpska Credit Line	EIB	50,00
INTESA Loan for SMEs and Priority Projects	EIB	50,00
UPI BANKA GL	EIB	25,00
VOLKSBANK BH DD GLOBAL LOAN	EIB	20,00
PCH LOAN FOR SME AND PRIORITY PROJECTS	EIB	15,00
Project 3B	EBRD	12,50
(FIRMA) Fostering Interventions for Rapid Market Advancements	Sweden/Sida, USA/USAID	12,04
Improving energy efficiency in Bosnia and Herzegovina's retail industry – BINGO	EBRD	5,40
Microcredits to Support Small and Medium Businesses in Bosnia and Herzegovina – PRIZMA	EBRD	5,00
Sparkasse SME Credit line - Tranche I and Tranche II	EBRD	5,00
EU support to regional economic development in BiH - Call VI	EU/EC	3,82
Local and Regional Economic Development - I and II Phase	Germany	3,80
IFC Investment Climate Programme (ISCRA)	Sweden/Sida, IFC	2,00

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Direct Capital Support-Financial sub-sector

Direct Capital Support-Financial sub-sector refers to finance sector policy, planning and programs, institutional capacity building and advice, financial markets and systems, all formal sector financial intermediaries, credit lines, insurance, leasing, venture capital, as well as microcredit, savings and credit cooperatives.

**In 2011 the Direct Capital Support-Financial sub-sector received €7,52 million or 4,55% of total allocations** to the Economic Development and Social Protection sector, while **to date in 2012** the Sub-sector received **€9,02 million or 10,91%** of total allocations to the Sector.

DCF members active in the Direct Capital Support-Financial sub-sector are EIB, EBRD and EU/EC.

In June 2012, **EBRD** provided the loan for Partner Microcredit Foundation, expanding its operations, in order to increase the availability of funding for micro and SMEs borrowers.

In 2011-2012, **EU/EC** continued implementation of *Support to further EU Acquis alignment of the Indirect Taxation Authority of BiH*. This three-year project is focused on strengthening the Indirect Taxation Authority institutional and administrative capacities in the aim of further EU *acquis* alignment.

Major projects in the Direct Capital Support-Financial sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Investment in the A senior tranche of EFSE	EIB	11,99
Loan to Partner Microcredit Foundation	EBRD	8,00
Support to further EU Acquis alignment of the Indirect Taxation Authority of BiH	EU/EC	2,38
Programme of technical assistance for the Central Bank of Bosnia and Herzegovina	EU/EC	1,00

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Social Protection sub-sector

Social Protection sub-sector refers to social legislation and administration, institution capacity building and advice, social security and other social schemes, special programs for elderly, orphans, disabled, street children, social dimensions of structural adjustment, as well as other social infrastructure and services including consumer protection.

**In 2011 the Social Protection sub-sector received €1,67 million or 1,01% of total allocations** to the Economic Development and Social Protection sector, while **to date in 2012** the Sub-sector received **€2,87 million or 3,47%** of total allocations to the Sector.

DCF members active in the Social Protection sub-sector are EU/EC, UNICEF, UNDP, Italy/IC and Netherlands.

In February 2011, **EU/EC** launched the project *Better Opportunities for Youth Employment*. The overall objective of the project is to contribute to the improvement of the socio-economic situation in the cross border region of BiH and Montenegro. The Project should contribute to the reduction of number of unemployed young people by promoting active job searching approach and self-employment and building up the capacity of young people by preparing them for the labor market.

In April 2011, EU/EC initiated *Institutional and capacity building in employment sector in BiH Project*, aiming to strengthen the human resource capacities and make labour market work effectively, thus contributing to the overall development of society and to the promotion of economic and social cohesion.

Furthermore, in **November 2011**, EU/EC and UNICEF jointly started with *Enhancing the Social Protection and Inclusion System for vulnerable groups Phase III Project*. The project aim is to develop a fiscally sustainable and

effective social safety net and to establishing a harmonized, well-targeted, efficient and sustainable social protection system.

In November 2012, UNICEF and UNDP concluded the project *Democratic Economic Governance – Securing Access to Water through Institutional Development and Infrastructure*. The Project addressed the issues of insufficient economic governance and poor infrastructure in Bosnia and Herzegovina's Water Sector, as well as lack of quality participation of citizens in the decision-making processes for water sector, which deeply affected local communities and local development.

In 2011-2012, Italy/IC continued to finance rehabilitation works of the Gradska Banja in Mostar.

In November 2011, Netherlands started the project *Support to Vulnerable Groups in Srebrenica Region*. Together with NGO *Snaga žene*, Netherlands are aiming to provide psycho-social, medical and economic support to the most vulnerable women in the region of Srebrenica.

Major projects in the Social Protection sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Institutional and capacity building in employment sector in BiH	EU/EC	2,38
Enhancing the Social Protection and Inclusion System for vulnerable groups Phase III	EU/EC	1,40
Democratic Economic Governance – Securing Access to Water through Institutional Development and Infrastructure	UNICEF, UNDP	0,95
Support to National Action for Roma Inclusion	EU/EC	0,50
Rehabilitation works of the Gradska Banja in Mostar	Italy/IC	0,27
Support to Vulnerable Groups in Srebrenica Region	Netherlands	0,23

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Activities classified as “No sub-sector”

Activities/Projects classified as “No sub-sector” in 2011 received €33,44 million or 20,22% of total allocations to the Economic Development and Social Protection sector. To date in 2012 these activities received €2,60 million or 3,15% of total allocations to the Sector.

DCF members active in the activities classified under No sub-sector are EBRD, UNDP, EU/EC and USA/USAID.

During the observed period, all projects funded by EBRD loans have come to an end. In 2011 EBRD provided €11 million loan to Natron Hayat, for its permanent working capital needs in order to increase production, sales and export of its paper and cardboard products.

Furthermore, EBRD restructured the loans signed with Sunrise in 2007 and 2008, and also provided a loan for Nova Ljubljanska Banka (NLB), which was used for lending to NLB's banking subsidiaries in the region for further lending to the local SME sector in the respective countries.

In 2011-2012, UNDP continued to promote the socio-economic recovery of multiethnic communities by strengthening local government structures, throughout the implementation of the third phase of the project *Srebrenica Regional Recovery Program III*. In this phase, the Project will provide technical assistance in knowledge transfer, through progressive transfer of responsibility to municipalities, civil society and citizens and support the local partners in creating an enabling environment for local economic development.

In January 2011, EU/EC initiated new project *Mediterranean Eco Industrial Development (MEID)*, aiming to support the participation of partners from candidate/potential candidate countries in joint trans-national co-operation activities with partners from EU Member States and to familiarise them with territorial co-operation programmes under the EU Structural Funds.

In January 2011, EU/EC started new project *Support for implementation of IBM National Strategy*. The Project is planned as EC twinning assistance to the BiH Institutions involved in IBM, to design and adopt more efficient and effective practices in order to create a border management system compliant with EU standards and in line with "Guidelines for Integrated Border Management in the Western Balkans" planned activities.

In March 2011 EU/EC initiated two additional CBC projects: *Innovative Networking and Economic Collaboration of Tuzla and Vukovar Regions (InECo) / Cross Border Cooperation - Component II programs* and *Development of Typical Products in North East Bosnia and Zlatibor County in Serbia / Cross-border co-operation 2008 BiH and Serbia*.

In July 2011, EU/EC initiated new project *Development of new accreditation schemes*. The overall objective of the Project is to enhance the integration of BiH with the EU markets through further development of Quality Infrastructure, and to create an enabling environment for the BiH industries and manufacturers enabling them to improve their trade and industrial relations with the EU and international markets. The project will develop new accreditation schemes for conformity assessment bodies (CAB's) in the areas of accreditation of medical laboratories, product certification, quality and environmental management systems, personnel certification and training of personnel for their realisation.

In 2011-2012, **USA/USAID** continued the implementation of the project *Establishment of Women's Business Network (WBN) in BiH*. The main objective of the Project is to support women in their endeavors to manage their enterprises and farms, improve their abilities to deal with business risks of growth (marketing and planning skills) and improve their money management abilities. The program aims at supporting women lead businesses in urban (40%) and rural (60%) areas assuring proper training and support for clients based on opportunities in their areas.

Major projects not classified under an existing sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Natron Hayat II	EBRD	11,00
NLB BiH	EBRD	10,00
Srebrenica Regional Recovery Programme III	UNDP	8,10
LEF: BINGO	EBRD	6,00
Sunrise restructuring I	EBRD	4,00
Sunrise restructuring II	EBRD	3,00
LEF: BHB Cable TV	EBRD	2,10
TA-Support to trade policy and capacity building in BiH	EU/EC	2,00
Support for implementation of IBM National Strategy	EU/EC	1,42
Establishment of Women's Business Network (WBN) in BiH	USA/USAID	1,11

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

## Legal framework and sector strategies adopted in 2011-2012

### Macroeconomic Policy Support

In June 2011 FBiH Parliament adopted the *Law on Changes and Amendments to the Law on Personal Income Tax*<sup>113</sup>, as well as the *Law on Changes and Amendments to the Law on Establishment and the Method of Settling of FBiH Internal Commitments*<sup>114</sup>.

<sup>113</sup> Official Gazette of FBiH no. 44/11

<sup>114</sup> Official Gazette of FBiH no. 42/11

**In October 2011** the National Assembly of RS adopted the *Law on Stockpiles*<sup>115</sup>, while the *Law on Corporate Income Tax*<sup>116</sup> was adopted **in June 2012**.

The Ministry of Foreign Trade and Economic Relations, in cooperation with BiH Export Council, donors and Agency for Export Promotion, has prepared *Draft Strategy for Export Growth of BiH 2012-2015*, as well as the five sectoral strategies with supporting action plans for their realization, that should be sent for adoption on Council of Ministers of BiH during 2012.

### **Support to SMEs and Improvement of the Business Climate**

**In April 2011** the National Assembly of RS adopted the *Law on Changes and Amendments to the Law on the Privatization of the State Capital in the Company*<sup>117</sup>, as well as the *Law on Changes and Amendments to the Law on Foreign Investments*<sup>118</sup>.

**In June 2011** RS adopted the *Law on Tourism*<sup>119</sup>, while FBiH Parliament adopted the *Law Changes to the Law on Crafts and Related Activities*<sup>120</sup>.

**In September 2011** RS National Assembly adopted the *Law on Changes and Amendments to the Law on Enterprises*<sup>121</sup>.

**In November 2011** the National Assembly of RS adopted the *Law on Crafts and Entrepreneurial Activities*<sup>122</sup>, while the *Law on Amendments to the Law on Privatization of Commercial Buildings, Business Premises and Garages*<sup>123</sup> was adopted **in March 2012**.

**In June 2011** the RS Government approved the *RS Tourism Development Strategy 2011-2020*.

**In December 2011** the FBiH Government adopted the *Draft Law on Tourism Associations and Promoting Tourism in FBiH*, but FBiH Parliament postponed its adoption, until all recommendations and proposals are included.

The *Law on the Promotion of SMEs and Entrepreneurship in BiH* is currently in procedure of adoption. The Law is necessary to create conditions for use of IPA funds as well as other foreign resources to support the development of SMEs.

### **Direct Capital Support – Financial sub-sector**

**In June 2011** FBiH Parliament adopted the *Law on Changes of the Law on Obligations*<sup>124</sup>, while the *Law on Changes of the Law the Penalty Interest Rate Charged on the Outstanding Debts*<sup>125</sup> was adopted **in July 2011**.

**In November 2011** the RS National Assembly adopted the *Law on Changes and Amendments to the Law on Microcredit Organizations*<sup>126</sup> and the *Law on Changes and Amendments to the Law on Banks in RS*<sup>127</sup>.

**In March 2012** RS adopted the *Law on Changes and Amendments to the Law on Securities Market*<sup>128</sup>, while **in May 2012** the *Law on RS Domestic Payments System*<sup>129</sup> was adopted.

<sup>115</sup> Official Gazette of RS no. 109/11

<sup>116</sup> Official Gazette of RS no. 57/12

<sup>117</sup> Official Gazette of RS no. 79/11

<sup>118</sup> Official Gazette of RS no. 52/11

<sup>119</sup> Official Gazette of RS no. 70/11

<sup>120</sup> Official Gazette of FBiH no. 42/11

<sup>121</sup> Official Gazette of RS no. 100/11

<sup>122</sup> Official Gazette of RS no. 117/11

<sup>123</sup> Official Gazette of RS no. 30/12

<sup>124</sup> Official Gazette of FBiH no.42/11

<sup>125</sup> Official Gazette of FBiH no. 48/11

<sup>126</sup> Official Gazette of RS no. 116/11

<sup>127</sup> Official Gazette of RS no. 116/11

<sup>128</sup> Official Gazette of RS no.30/12

<sup>129</sup> Official Gazette of RS no. 52/12

### Social Protection

In April 2011 the National Assembly of RS adopted the *Law on Changes and Amendments to the Law on Trade*<sup>130</sup>, while in June 2011 the *Law on Changes to the Law on Public-Private Partnership*<sup>131</sup>, as well as the *Law on Changes and Amendments to the Law on Peaceful Resolution of Labor Disputes*<sup>132</sup> was adopted.

In December 2011 RS adopted *Consumer Protection Law in RS*<sup>133</sup>, while in April 2012 the *Law on professional Rehabilitation, Training and Employment of Disabled*<sup>134</sup> and the *Social Protection Law*<sup>135</sup> were adopted.

In March 2011 RS adopted the *Strategy for Employment of the RS 2011-2015*. The Strategy should ensure increase of the employment rate by 8%, active participation of youth in the labour market and employment of marginalized groups in RS.

### Donor Coordination

There is no sector wide donor coordination mechanism in the Economic Development and Social Protection sector. However, there is still relatively effective division and harmonized approach among stakeholders in the Sector.

Some donors suggested that the establishment of the domestic formal coordination body in the Sector would improve the information flow and coordination of activities as well as enable better utilization of the existing resources.

However, in order to respond on growing demands for coordination, domestic stakeholders have formed various and fragmented coordination bodies.

In that sense, **BiH Ministry of Foreign Trade and Economic Relations** formed the Working Group for coordination of activities in Tourism sub-sector. This working group meets every two months.

**Forum for Development and Promotion of Entrepreneurship and SMEs** has been formed and held its first meeting in September 2011.

**Ministry of Civil Affairs** formed Coordination Board for Monitoring of Implementation of *Strategy for Employment in BiH 2010-2014* and it meets on a yearly basis.

**Central Bank of BiH** is coordinating and organizing regular meetings on banking supervision, while the Committee for Financial Stability was formed, in order to respond to impacts of global financial crisis on BiH.

Donors active in the Economic Development and Social Protection sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

### Future Activities

The Economic Development and Social Protection sector is of crucial importance for achieving progress in economic, political and social development in the Bosnia and Herzegovina.

All stakeholders emphasized the necessity of prompt adoption of the Strategy for Export Growth of BiH 2012-2015 and the five sectoral strategies with supporting action plans, for their realization. It is expected that with

<sup>130</sup> Official Gazette of RS no. 52/11

<sup>131</sup> Official Gazette of RS no. 63/11

<sup>132</sup> Official Gazette of RS no. 100/11

<sup>133</sup> Official Gazette of RS no. 6/12

<sup>134</sup> Official Gazette of RS no. 37/12

<sup>135</sup> Official Gazette of RS no. 37/12

implementation of those documents the number of export-orientated businesses will be increased, as well as the value of exports that in wider perspective is supposed to lead to deficit reduction and rise in employment.

Bearing in mind the afore-mentioned, preparation of the new SME strategy in BiH 2012-2014 is emphasized from all stakeholders as a crucial for further development of this sub-sector. Although a good sign is that awareness on the EU Small Business Act, an EU document for SME development and EU Agenda 2020, is rising in Bosnia and Herzegovina, there are lot of additional efforts that need to be undertaken in regard to defining clear country priorities, state-level coordination and improvement of business and investment climate in this area.

There should be noted that, within the Social Protection sub-sector a significant progress was made in the area of social inclusion at all levels in BiH (cross-sector cooperation and coordination mechanisms are functioning under the SPIS program, the evidence-based policy framework is enhanced and resources in budgets for social protection and inclusion are increased). Still, weak absorption capacities on the side of domestic stakeholders, as well as lack of stronger support to reform processes in this sub-sector represent the challenge that need to be solved through joint efforts of all involved actors.

All stakeholders active in this Sector agree that implementation of the existing development strategies need to be synchronized, harmonized and coordinated at all institutional levels in Bosnia and Herzegovina, as well as with donors, in order to accelerate progress in economic, political and social development of Bosnia and Herzegovina.

<b>DCF members active in the sector in 2011-2012</b>	Sweden/Sida, USA/USAID, UNDP, Netherlands, Germany, Switzerland/SDC/SECO, Italy/IC, UNICEF, Norway, France, EU/EC.
<b>Other Key international organizations (IOs)</b>	Organization for Security and Cooperation in Europe (OSCE) and Council of Europe (CoE).
<b>Key government partners</b>	BiH Ministry of Human Rights and Refugees; FBiH Ministry of Justice, RS Ministry for Public Administration and Local Self-Government.
<b>Total allocation to the sector in 2011 and 2012 by DCF members</b>	2011: €7,57 million – all in the form of grants 2012: €6,02 million – all in the form of grants
<b>Legal framework and Sector strategies</b>	<p><b>Legal framework and sector strategies (adopted in 2011-2012)</b></p> <p><i>Law on Change and Amendment to the Law on Territorial Organization of RS; Law on Change and Amendment to the Law on Transfer of RS Equity in Local TV Stations to the Local Governments; RS Law on Communal Taxes; Training Strategy for Local Self-Governments in the FBiH 2011-2015</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>136</sup></b></p> <p><i>RS Law on Local Self-Government; Law on Principles of Local Self-Government in FBiH; RS Development Strategy for Local Self-Government 2009-2015; Training Strategy for Local Self-Government Employees in the RS 2011-2015</i></p>
<b>Donor coordination</b>	<p>There is no formal government-led coordination. Donors take part in ad-hoc donor coordination meetings organized by the FBiH Association of Municipalities and Cities and the RS Association of Municipalities and Cities, as well as in other non-formal information sharing meetings.</p> <p>Donors active in the sector regularly attended Donor Coordination Forum quarterly meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

<sup>136</sup> More information on Strategies are available on: [http://www.donormapping.ba/index.php?option=com\\_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles](http://www.donormapping.ba/index.php?option=com_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles)

## Overview

The Local Governance sector refers to government administration, employment policy and administrative management, multi-sector aid for basic social services, as well as urban development and management.

In Bosnia and Herzegovina there are 142 municipalities and the self-governing Brčko District. Republika Srpska has a centralized administrative structure, consisting of 63 municipalities, whilst the Federation of BiH beside the 81 units of local governments, contains ten *cantons* with their own legislature, basic laws, governments and ministries. Local Governance is crucial to the development and growth of democracy in Bosnia and Herzegovina, particularly because municipalities are the level of government closest to citizens. In that regard, during the recent years, particular attention has been paid to improving the performance of municipal governments and increasing the level of communication and co-operation between citizens and municipal authorities.

Still, reforms in local self-government in BiH are hampered by the absence of a uniform, central, legal and institutional framework. There is no state-level body responsible for coordinating this Sector. In the Federation of Bosnia and Herzegovina, local government is under the joint authority of FBiH and ten cantons. The FBiH Ministry of Justice is responsible for the preparation and implementation of regulations and policies. Each canton is in charge of culture, tourism and communal affairs, etc. In Republika Srpska there is a single Ministry for Public Administration and Local Self-Government.

The FBiH Association of Municipalities and Cities and the RS Association of Municipalities and Cities represent interests of the cities and municipalities and serve as a center for providing services in the field of Local Governance. Donors marked these two associations as the most important partners from the local level underlining that their capacities need to be further strengthened.

In observed period 2011-2012 both Entities developed their local government training strategies. Republika Srpska adopted the *Training Strategy for Local Self-Government Employees in the Republika Srpska 2011-2015* in September 2010, while the *Training Strategy for Local Self-Governments in the Federation of Bosnia and Herzegovina 2011-2015* was adopted in February 2012. These Strategies represent an important milestone towards systematic and sustainable approach to local government capacity development in Bosnia and Herzegovina. It is expected that the Strategies will contribute to the realization of the overall local governance reform in the country.

In this period, donors have been focused mainly on development of local administration capacities, as well as development of more integrated approach on this level (as one of the stakeholders pointed out – linking social sector development with the development of local water supply sector proved to be a good innovative model).

However, despite all above mentioned, all stakeholders active in the Sector noticed the stagnation in the reform processes within this Sector. The reason can partly be attributed to the global financial turmoil and constant decline in provided assistance as well as to indifference of multilateral donors to deeper engage within this Sector, a fact that could not be ignored.

## Donor activities in 2011 and 2012

DCF members active in the Local Governance sector in 2011-2012 are Sweden/Sida, USA/USAID, UNDP, Netherlands, Germany, Switzerland/SDC/SECO, Italy/IC, UNICEF, Norway, France and EU/EC.

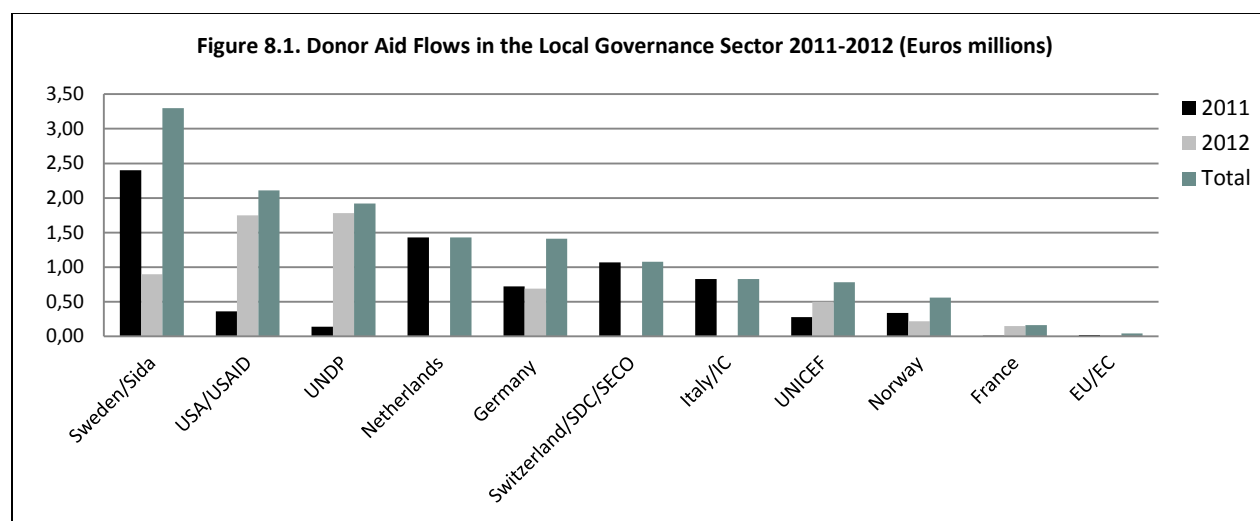
**Figure 8.1** indicates that the leading donors active in the Local Governance sector in 2011 were Sweden/Sida with the contribution of €2,40 million, Netherlands with the contribution of €1,51 million and Switzerland/SDC/SECO

with the contribution of €1,07 million followed by Italy/IC, Germany, USA/USAID, Norway, UNICEF, UNDP, EU/EC and France.

In 2012 the leading donors in the Local Governance sector are UNDP with the contribution of €1,78 million, USA/USAID with the contribution of €1,75 million and the Sweden/Sida with the contribution of €0,90 million followed by Germany, UNICEF, Norway, France, EU/EC and Switzerland/SDC/SECO.

Non-DCF member organizations, such as Organization for Security and Cooperation in Europe (OSCE) and Council of Europe (CoE) support reform and legal framework development in the Local Governance sector in Bosnia and Herzegovina as well.

**All donor contributions to the Local governance sector in 2011 and 2012 are in the form of grants.**



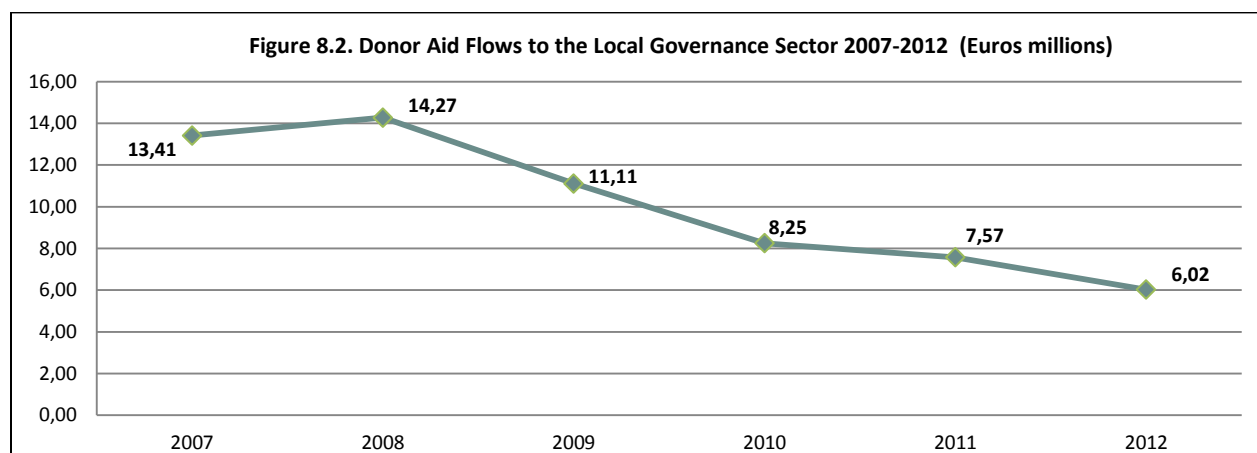
**Figure 8.2** indicates that total allocation by DCF members to the Local Governance sector was **€7,57 million in 2011** and in 2012 to date **€6,02 million**. However, additional funds could be allocated to the Sector by the end of 2012.

Figure 8.2 also shows that total allocation to the Local Governance sector has been decreasing since 2008 and throughout 2009, 2010 and 2011. As already explained, one of the reasons could be addressed to the on-going financial turmoil and gradual phasing out of bilateral donors. However, taking into consideration that local governance is first and main point when it comes to the actual citizens' problems and the complex governing structure in BiH that makes solving of this problems even harder, decline in allocated funds for this Sector could also be attributed to citizens' negative perception of the local governance<sup>137</sup>.

**The Sector received 1% of total ODA allocation in 2011 and to date 1% in 2012.**

<sup>137</sup> For more information, please visit the following link:

<http://www.6yka.com/novost/29165/dvije-trecine-gradana-bih-nezadovoljno-lokalnom-vlascu>



In September 2011, **USA/USAID** started the new project *Strengthening Accountability of Woman and Young Political Leaders in BiH*, aiming to empower women and youth to take more active roles in political processes. The main ideas of the project are to create a new and more accountable generation of political leadership, raise awareness of the importance of women's role in political processes and improve their engagement in the political life. Also, jointly with Sweden/Sida and Netherlands, USA/USAID co-financed and completed (*GAP II*) *Government Accountability Project*, aiming to provide better services and more effectively manage their human and financial resources. During the five year implementation, GAP successfully introduced citizens service centers (CSCs), municipal action planning (MAP) processes, enables citizens to communicate directly with municipal staff responsible for communal services and communal services providers, etc.<sup>138</sup>

In the period 2011 – 2012, **UNDP** with the UNESCO and UNICEF, finished the implementation of the *Improving cultural understanding in BiH Programme*, funded by the Spanish MDG-Fund. The Project successfully developed several cultural policy documents, introduced cultural statistics methodology, improved cross-cultural understanding and for the first time the cultural industries were recognized as an important industry sector<sup>139</sup>.

UNDP, with UNICEF, UNFPA, IOM, UNRCO, UNV and all relevant domestic institutions in BiH, continued the implementation of *Youth Employability and Retention Programme*, also supported throughout the Millennium Development Goals Achievement Fund funded by the Spanish Government as a contribution to enhancement of the National ownership of the MDGs achievement. The Program is focused on the high unemployment of youth and prevention of the drain of valuable resources. Besides, UNDP with Switzerland/SDC/SECO, implements *Integrated Local Development Project – ILDP* aiming to contribute to sustainable integrated and participatory local development processes in BiH. The project supports local governments and their communities to create integrated local development strategies by bringing together the resources and knowledge of local stakeholders.

In January 2011 **Germany** commenced the project *Integrative Mediation*, with the aim to determine the reasons why there were no lasting breakthroughs in the mediation efforts of the international community to form the city governments and to unite the interests of ethnic groups. Germany also continued implementation of the *Strengthening of Local Self-Government - I Phase*, aiming to provide the municipalities, associations of municipalities and responsible ministries with technical assistance to enhance municipal management capacities in process-oriented spatial planning, gender-sensitive budgeting, inter-municipal cooperation and knowledge management.

<sup>138</sup> For more information, please visit the following link: <http://www.bihgap.ba/upload/Usaid%20GAP1.pdf>

<sup>139</sup> For more information, please visit the following link:

<http://www.mdgfund.org/program/improvingculturalunderstandingbosniaandherzegovina>

In January 2012, **Switzerland/SDC/SECO** started in partnership with UNDP the implementation of the second phase of the project Integrated Local Development Project (ILDP) with the aim of supporting the further consolidation of the local strategic planning system in BiH by enhancing its vertical integration within the higher government strategic and financial planning frameworks and supporting a critical mass of local governments to apply a harmonised approach to strategic planning and effectively manage local development processes in partnership with their communities.

In 2011-2012, **UNICEF's** activities were primarily focused on strengthening coordination of 13 educational authorities to improve the quality of education, improving cross-cultural understanding and promoting the countries' unique multicultural identity. Besides, under the joint UN MDG F – Democratic Economic Governance Project, UNICEF and UNDP have been supporting the BiH authorities and selected municipalities in strengthening the inclusion of citizens in the municipal governance of water access as well as strengthening the capacities of government for evidence-based policy making and resource planning for equitable water service provision.

Two non-DCF member organizations are also active in the area of Local Governance, Organization for Security and Cooperation in Europe (OSCE) and Council of Europe (CoE).

In 2005 **OSCE** and **Council of Europe (CoE)** jointly launched the *BiH Beacon Scheme*. The *BiH Beacon Scheme* serves to identify, recognize and promote innovation and excellence in providing public services at the municipal level of government. In the beginning of 2009 ownership of the *BiH Beacon Scheme* was handed over to RS and FBiH, relevant Ministries and to the Associations of Municipalities and Cities. The FBiH Ministry of Justice and the RS Ministry of Administration and Local Self-Government now form the Awarding Body of the Scheme and provide the majority of the funding. The FBiH Association of Municipalities and Cities and the RS Association of Municipalities and Cities are responsible for the day-to-day administration of the Scheme.<sup>140</sup>

EU project implemented by UNICEF Social Protection and Inclusion of children was also targeting the municipalities level in particular establishing early childhood centres.

Major projects in the Local Governance sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
(GAPII) Government Accountability Project	Sweden/Sida, Netherlands, USA/USAID	21,09
Improving Cultural Understanding in BiH (joint programme MDG-F, Spanish Fund)	UNDP, UNICEF	5,71
Integrated Local Development Project - ILDP	Switzerland/SDC/SECO, UNDP	4,33
Youth Employability and Retention Programme (MDG-F Joint UN programme Spanish Fund)	UNDP, UNICEF	3,45
FPA: Balkans Programme of support to Regional Cooperation – Balkan Countries	Italy /IC	2,50
Strengthening of Local Self-government – I Phase	Germany	1,90
Municipality Development Project in BiH (MDP), Phase 3	Switzerland/SDC/SECO	1,65
Capacity Development of Associations of Municipalities and Cities	Sweden/Sida	1,60
Basic Education – Phase II	UNICEF	1,04

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

<sup>140</sup> <http://www.oscebih.org/Default.aspx?id=86&lang=EN>

### Legal framework and sector strategies adopted in 2011-2012

In December 2011, RS National Assembly adopted the *Law on Communal Taxes*<sup>141</sup>, while in July 2012 Parliamentary Assembly of RS adopted the *Law on Change and Amendment to the Law on Territorial Organization of RS*<sup>142</sup>, as well as the *Law on Change and Amendment to the Law on Transfer of RS Equity in Local TV Stations to the Local Governments*<sup>143</sup>. Besides, the *Law on Changes and Amendments to the RS Law on Local Self-Government* was sent in adoption procedure.

In February 2012, *Training Strategy for Local Self-Governments in the FBiH 2011-2015*<sup>144</sup> was adopted by the FBiH Government<sup>145</sup>.

### Donor Coordination

There is no formal government-led coordination mechanism at the state-level in the Local Governance sector. The FBiH Association of Municipalities and Cities and the RS Association of Municipalities and Cities organize *ad-hoc* donor coordination meetings with the purpose to coordinate current and future activities, as well as to harmonise them with the relevant strategies. The last coordination meeting on local level was organized in June 2011.

Informal coordination among donor agencies in the Sector is regular. Despite good informal coordination between stakeholders in this Sector, donors suggested idea of formalized, BiH level government-led coordination mechanism to be established. The establishment of such a mechanism would ensure harmonized approach in order to increase effectiveness of the overall assistance in the Sector.

Donors active in the Local Governance sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

### Future Activities

In general, with gradual phasing-out of the assistance provided by the bilateral donors and its potential merging and channeling into the EU financial support to BiH, as well as the global financial constraints, the Local Governance sector faced permanent decline in support, since 2008. This has led to stagnation of reform processes in both entities.

According to the stakeholders that have submitted their questionnaires, establishment of the functional and effective coordination mechanisms/meetings in this Sector is crucial for the future developments within the Sector. The mechanism would help ensure better financial and programmatic synergies amongst various stakeholders and initiatives.

Also, further assistance is needed for strengthening the strategic, institutional and legal framework related to local governance in BiH, together with assistance to systematic capacity development of local governments.

<sup>141</sup> Official Gazette of RS no. 4/12

<sup>142</sup> Official Gazette of RS no. 70/12

<sup>143</sup> Official Gazette of RS no. 70/12

<sup>144</sup> The Strategy was developed with the contribution of the representatives of local self-government units, the FBiH Parliament, the FBiH Ministry of Justice, the FBiH Ministry of Finance, the FBiH Association of Municipalities and Cities and the FBiH Civil Service Agency.

<sup>145</sup> Official Gazette of FBiH no. 19/12

Special attention should be given to the municipal leadership, especially to the strengthening of capacities of Associations of Municipalities and Cities in FBiH and RS. Support should also be focused on country-wide systematic local development planning and implementation of strategies, including focus on EU IPA absorption capacities, project designing and implementation and financial management, as well as to inter-municipal cooperation and cooperation between local governance and civil society.

<b>DCF members active in the sector in 2011-2012</b>	USA/USAID, The World Bank, Sweden/Sida, EC, Italy/IC, Czech Republic, Japan/JICA, Norway.
<b>Other Key international organizations (IOs)</b>	The Food and Agriculture Organization (FAO).
<b>Key government partners</b>	BiH Ministry of Foreign Trade and Economic Relations/ Sector for Agriculture, Food, Forestry and Rural Development; BiH Food Safety Agency; BiH Plant Health Protection Agency; State Veterinary Office; RS Ministry of Agriculture, Forestry and Water Management; FBiH Ministry of Agriculture, Water Management and Forestry.
<b>Total allocation to the sector in 2011 and 2012 by DCF members</b>	2011: €10,23 million - €7,87 million in grants and €2,36 million in loans 2012: €17,60 million - €12,87 million in grants and €4,72 million in loans
<b>Legal framework and Sector strategies</b>	<p><b>Legal framework and sector strategies (adopted in 2010-2011)</b></p> <p><i>FBiH Law on Changes to the Law on limited use of the Tobacco Products; FBiH Law on Changes and Amendments to the Law on Agriculture; FBiH Law on Wine; RS Law on Changes and Amendments to the Law on agricultural cooperatives; RS Law on Changes and Amendments to the Law on Livestock Farming; RS Law on Changes and Amendments to the Law on Planting Material; Law on Changes and Amendment to the Law on Veterinary in RS; RS Law on Law on Changes and Amendment to the Law on Agricultural Land; RS Law on Mineral Fertilizers; RS Law on Fire Protection; RS Law on Fisheries; RS Law on Tobacco. RS Law on Environmental Protection and RS Law on Veterinary-Medical Products.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>146</sup></b></p> <p><i>The framework Law on Agriculture, Food and Rural Development of BiH; Strategic Plan for the Harmonization of BiH Agriculture, Food and Rural Development 2008-2011 and Operational Programs for the Harmonization of BiH Agriculture, Food and Rural Development 2008-2011; FBiH Strategy for Agriculture and Rural Development; RS Strategy for Agricultural Development; RS Strategic Plan for Rural Development by 2015.</i></p>
<b>Donor coordination</b>	<p>Donor coordination meetings in the Agriculture sub-sector are organized and chaired by the BiH Ministry of Foreign Trade and Economic Relations. There are no regular coordination meetings in the Forestry sub-sector.</p> <p>Donors active in the sector regularly attended DCF quarterly meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

<sup>146</sup> More information on Strategies are available on [http://www.donormapping.ba/index.php?option=com\\_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles](http://www.donormapping.ba/index.php?option=com_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles)

## Overview

The Agriculture and Forestry sector is made up of the following elements: agricultural policy and administrative management; agricultural development and agrarian reform; agricultural water and land resources; food crop production; agroindustry and forest industry; industrial crops and export crops; agricultural services; agricultural financial services; agricultural cooperatives; agriculture education and training; forestry policy and administrative management; forestry research, education and training; and forestry development.

Agriculture and forestry issues in BiH are regulated at the entity levels, where Ministry of Agriculture, Forestry and Water Management in Republika Srpska and Ministry of Agriculture, Water Management and Forestry in the Federation of BiH and Department for Agriculture, Forestry and Water Management in Brčko District Government, are in charge for Agriculture and Forestry sector. BiH Ministry of Foreign Trade and Economic Relations/ Sector for Agriculture, Food, Forestry and Rural Development of BiH is in charge for coordination and harmonization of the entity plans, legislative and other activities relevant for agriculture, food, fisheries, water management and rural development in Bosnia and Herzegovina<sup>147</sup>.

Agriculture sector is one of the most important economic sectors in Bosnia and Herzegovina since it provides basic income for rural population that constitutes almost 60% of BiH population, which means that this Sector indirectly supports the political and economical stability in the country.

However, the Agriculture sector in BiH has been shrinking in the recent years, since it faces a broad range of constraints. The low output prices, the lack of post-harvest facilities for storage and packaging, fragmented supply chains, costly logistics, and limited access to affordable finance are just part of the problems. The new export regime beginning with Croatia's EU membership, will additionally affect food producers in BiH.

The situation is similar in the **Forestry sub-sector** in Bosnia and Herzegovina. Although forests cover approximately 53% of BiH territory, they are not efficiently used, since significant part of forest resources are unused because of devastation and mine contamination.

In the period 2011-2012, donor assistance to the Agriculture and Forestry sector included diverse programs, but an unequal progress was made in the different areas of the Sector, in the areas of Agriculture and rural development, food safety, veterinary and phytosanitary policy and fisheries in Bosnia and Herzegovina.

According to 2012 Progress report for Bosnia and Herzegovina, that was prepared by the European Commission, slight progress was made in the area of **food safety**. Bosnia and Herzegovina adopted implementing legislation on residues of pesticides and radioactive contamination and product specific standards. Competences in the area of food safety are still divided at the level of BiH and the entity level. A strategy should be drafted related to the possibility of laboratory capacities to conduct the analysis of samples from the food chains and animal food. There was little progress in the **veterinary sector**. Some legislation on animal diseases and import conditions was adopted, but they still need to be aligned with the *acquis* in regard to hygiene and food supervision, as well as to improve the coordination within BiH. The capacities of laboratories need to be improved further in order to obtain the accreditation and establish efficient quality control systems. Progress was made in the area of **phytosanitary** activities. Phytosanitary checks at all border crossings were improved due to the introduction of uniform lists of plants, plant products and other objects which are subject to plant health inspection. The program for monitoring of potato diseases is being implemented as well. The legislation in this area needs to be additionally harmonized with the *acquis*. In the area of **agriculture and rural development policy**, little progress was made in harmonization with the European standards. Rural development strategy has not been adopted in Bosnia and Herzegovina at the BiH level, and progress was not made in preparations for usage of the Instrument for Pre-Accession Assistance for Rural Development (IPARD). Sector analyses were drafted for 5 sectors. Office was established for harmonization and coordination of payment systems in agriculture, food and rural development in BiH, but it is not sufficiently staffed to carry out its tasks. Information strategy for agriculture has not been adopted yet in Bosnia and Herzegovina as well as the law on agriculture census. Still, improvement is needed in

<sup>147</sup> The Law on the Ministries and other administrative bodies of Bosnia and Herzegovina (Official Gazette of BiH no. 5/03, 42/03, 26/04, 42/04, 45/06, 88/07, 35/09, 59/09 u 103/09)

agriculture statistics and information system for agriculture and carrying out the mutual harmonization of the existing systems.

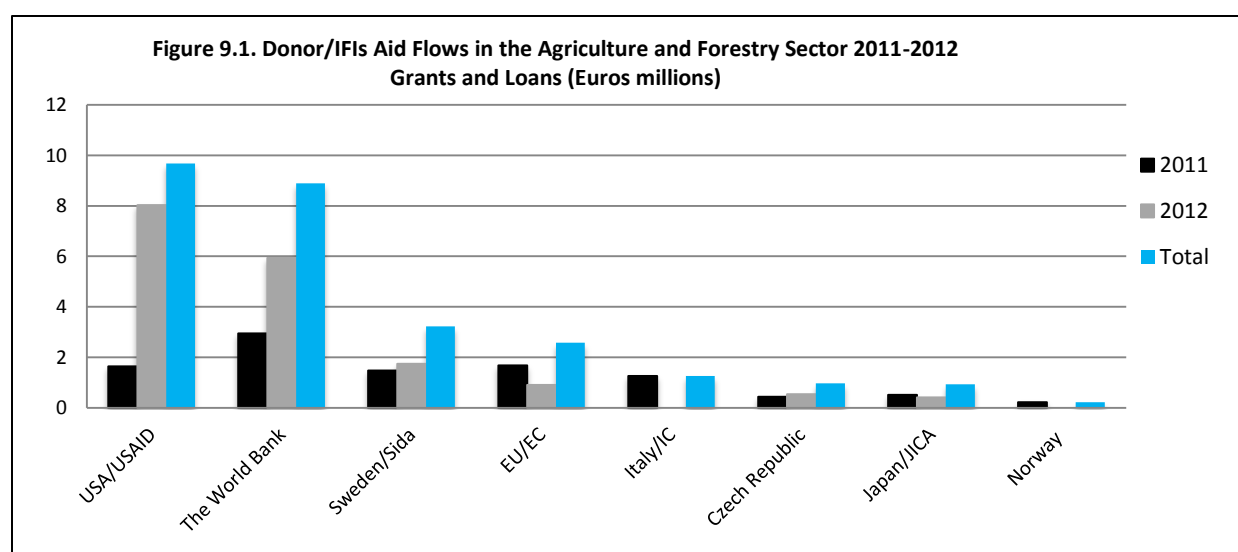
### Donor activities in 2011 and 2012

DCF members active in the Agriculture and Forestry sector during 2011-2012 are the USA/USAID, The World Bank, Sweden/Sida, EU/EC, Italy/IC, Czech Republic, Japan/JICA and Norway.

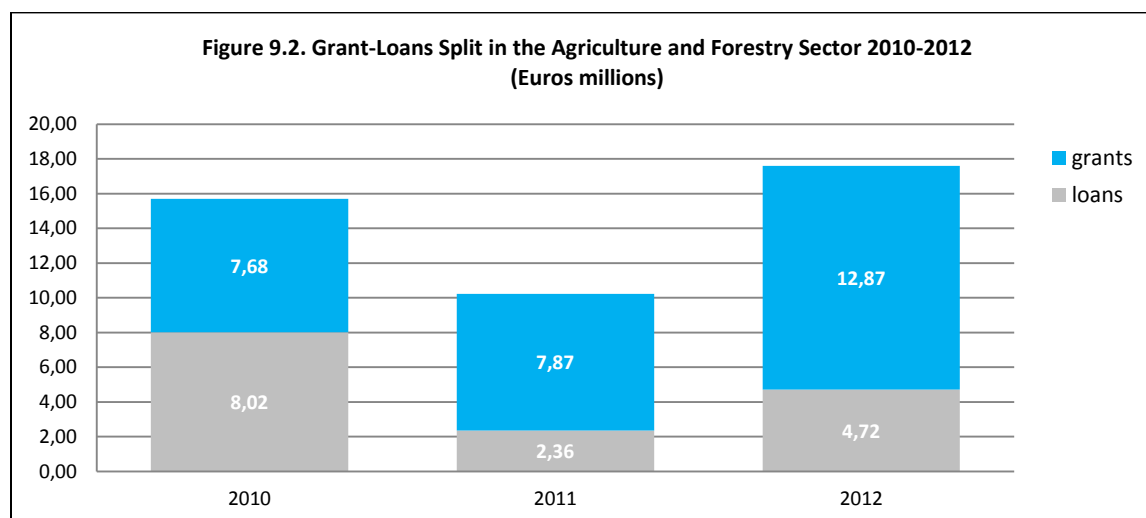
Donor assistance to the Agriculture and Forestry sector includes diverse programs whose activities are closely linked and intertwined with other sectors/sub-sectors, such as Economic Development, Gender, as well as Return and Reintegration. Therefore, the allocations to this Sector are higher than presented in this section of the report, as some of the activities are included in the Economic Development, Social Protection and Cross-cutting chapters of the Report.

**Figure 9.1 makes a comparison of donors/IFIs total assistance, both in a form of grants and loans, provided to the BiH Agriculture and Forestry sector. In 2011 the leading donors/IFIs were The World Bank, with the contribution of €2,95 million and EU/EC, with the contribution of €1,68 million, followed by USA/USAID, Sweden/Sida, Italy/IC, Japan/JICA, Czech Republic and Norway, while in 2012 the leading donors in the Sector were USA/USAID, with the contribution of €8,03 million and The World Bank, with the contribution of €5,94 million, followed by Sweden/Sida, EU/EC, Czech Republic and Japan/JICA.**

**In 2011-2012, the major part of the assistance was provided in a form of grants. The World Bank supported the Sector in the form of loans.**

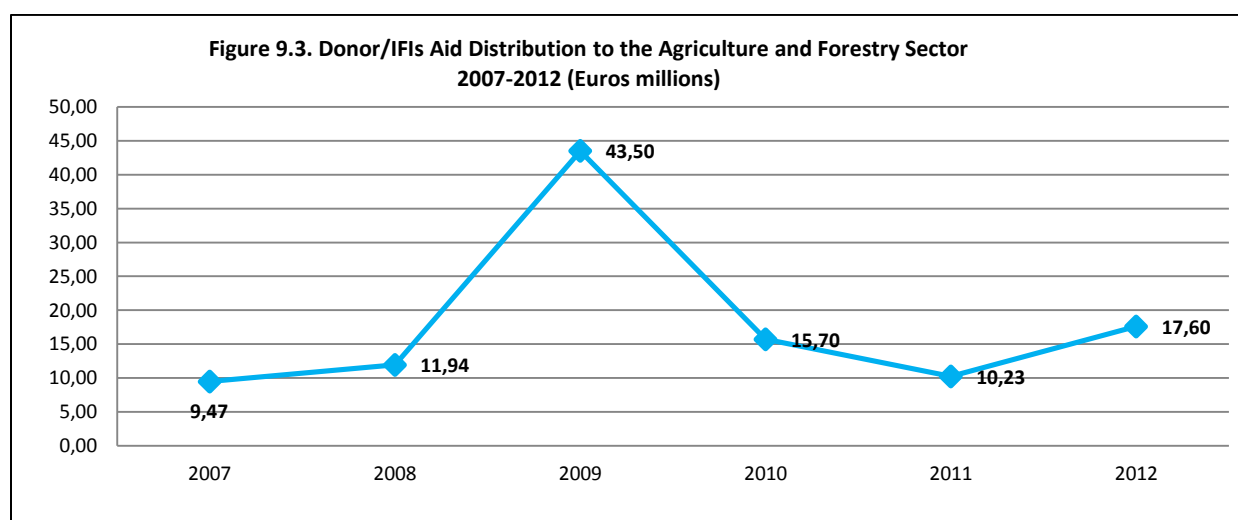


**Figure 9.2. shows grants-loans split in the Agriculture and Forestry Sector from 2010 to 2012, were in 2011 and 2012 grants have major part in financing the Sector, compared to 2010, were the ratio was more inclined to the loans. This raises the issue of long-term sustainability of projects in this Sector, due to the fact that agriculture should represent potential comparative advantage of BiH.**



**Figure 9.3.** indicates that total allocation by DCF members to the Agriculture and Forestry sector was **€10,23 million in 2011** (out of which €7,87 million is in the form of grants and €2,36 million is in the form of loans) and **in 2012 to date €17,60 million** (out of which €12,87 million is in the form of grants and €4,72 million is in the form of loans). However, additional funds could be allocated to the Sector by the end of 2012.

Figure 9.3. also indicates oscillations and unequal ODA allocations in activities within the Agriculture and Forestry sector. Trend shows a significant increase of investments in 2009, with sharp decline in 2010, and its alleviation in 2011. It is important to underline that 2009 figures include commercial loans provided to private enterprises active in this Sector (Bimal, Konzum and VF Komerc). In the following year the aid significantly decreased inclining again more to grants than loans in this Sector. The reasons were either absence of good or sustainable projects that could start an investment cycle and provide sufficient returns, or because the entrepreneurs have left the rural areas, from fear that BiH is not ready for the export of agricultural products in EU. However, from 2011 onwards trend again shows a respectable increase in provided ODA, which probably indicates that this Sector will be back in focus in the forthcoming years.



*The Sector received 2% of total ODA allocation in 2011 and to date 4% in 2012.*

### Agriculture

In period 2011-2012, donors' support to Agriculture was focused on development of certain cultures, production technologies and assisting producers to establish links to domestic and foreign markets. Most donors also provided assistance for improvement of the institutional framework, marketing techniques, as well as in accessing finance resources for the agri-sector producers. Some donors were focused on specific areas of Bosnia and Herzegovina.

In April 2011, **USA/USAID** initiated the project *Fostering Entrepreneurship in Rural Areas by Improving Competitiveness and Market Potential Project in BiH* with the aim to increase competitiveness of the fruit and vegetable production in the northwestern areas of BiH.

USA/USAID continued to funding the *(REGA) Rural Employment Generation Activity Project*, aiming to form a private-public partnership for the development and expansion of the soft fruit sector (cherry and berry). The project expects to engage approximately 230 farmers in sustainable soft fruit production, to promote their production through domestic fruit processors, and provide access to loans through the micro credit organization MKO Partner.

USA/USAID continued *FARMA* project co-financed with the Sweden/Sida. The *Farma Project* has already delivered results in the form of increased competitiveness of BiH farmers and agribusinesses and successfully had find and established the new markets for BiH products.

**Sweden/Sida** and **The World Bank** are co-financing the *Agriculture and Rural Development Project*. The project aims to improve efficiency of the state and entity level institutions to develop agriculture programs and accelerate eligibility of BiH for Instrument for Pre-accession Assistance for Rural Development (IPARD).

Sweden/Sida also continued to support animals trade and export stimulation, by removing export barriers for animals and products from BiH, through the implementation of *ITAP - Improving Trade of Animals and Products Project*. Project goal is improving the animal and human health in BiH through strengthening the capacities of the State Veterinary Office, to make it capable to implement measures for suppression of animal infectious diseases, establish permanent mechanisms for early detection, monitor, and fight animal infectious diseases.

**EU/EC** in February 2011, initiated the Project - *Supply of vaccines against rabies and classical swine fever for the State Veterinary Office of Bosnia and Herzegovina*. The overall objective of the project is to improve the state of animal health in BiH, especially in regard to certain animal diseases such as Rabies and Classical swine fever that can, besides implications on public health in BiH, have a serious trade and economic consequences for BiH.

EU/EC also continued to support BiH *Plant Health Administration*. The overall objective of the project is to establish a national integrated phytosanitary control system which shall be capable to create and implement the BiH plant health protection policy, which will be harmonized with the EU legislation and international standards in this area, deriving from the International Plant Protection Convention – IPPC. The phytosanitary control system has an important role in the improvement of the agricultural products quality and thus is assuring the compliance of BiH produces to international standards in trade of plants and plant products.

**Italy/IC** in the period 2011-2012, continued to support the Municipality of Srebrenica in the socio-economic development of the Agro-food sub-sector and integrated development of the rural areas in BiH, return of refugees and establishment of a multiethnic community in the area of Bratunac, through implementation of *Institutional support to the Municipality of Srebrenica in the process of socio-economic development of the Agro-food Sector*.

Italy/IC in January 2012 also started with the implementation of new project *Ruralia - Women rural development in Bosnia Herzegovina I phase*.

**Czech Republic**, in July 2011, in cooperation with USA/USAID and Sweden/Sida, started to support economic development in agriculture in BiH. The cooperation will be realized through the *FARMA Project* and will include activities related to the improvement of dairy production in north-eastern Bosnia, overcoming the export to EU constraints and increased production and varieties of berry fruits.

Also, Czech Republic continued providing the assistance for increase of the milk production in BiH. The project aim is to transfer the Czech Republic experience and knowledge in livestock management as well as regarding the economic transformation necessary for the EU accession.

**Norway** in April 2011 started the new project *Agricultural Development*. The project aims to provide education, knowledge and capacity building in BiH through the support given to the agricultural schools, with special focus on business development and competence building in Agriculture and Education sectors.

**Japan /JICA** continued to support agricultural and rural development *Project for Confidence Building through Agricultural and Rural Enterprise Development (SACRED)*, with the aim to enhance economic self-reliance and confidence building among the local residents in Srebrenica region.

### Forestry

In the Forestry sub-sector there was no activity in 2011-2012, as it is one of the least funded sectors with only a few donors that were implementing programs and projects in the area.

However, **The World Bank** is planning to support preparation of *Sustainable Forest and Abandoned Land Management Project*. According to The World Bank, the envisaged project will help improving the management of scrub forest, abandoned pastures and bare land within forest estate. Besides, The World Bank plans to continue the support in increasing of the area under protection and in management of protected areas, throughout *Forest and Mountain Protected Areas Project*.

Major projects in the Agriculture and Forestry sector are listed below:

Project Title	Donor/Financial Institution	Total project value (Euros millions)
Agriculture and Rural Development Project	The World Bank, Sweden/Sida	19,07
Fostering Agriculture Market Activity-FARMA	Sweden/Sida, USA/USAID	8,65
The Project for Confidence Building through Agricultural and Rural Enterprise Development (SACRED)	Japan /JICA	2,76
Women Empowerment throughout Organic Farming in BiH	USA/USAID	1,48
Increasing Quality and Market Production of Milk North-East Bosnia and Herzegovina	Czech Republic	1,14
Protection and valorisation of high quality traditional products of Herzegovina	Italy/IC	1,10
Fostering Entrepreneurship in Rural Areas by Improving Competitiveness and Market Potential Project in BiH	USA/USAID	1,01
Pilot Actions for Rural integrated development and the revitalisation of the territory in BiH	Italy/IC	0,95
Supply of vaccines against rabies and classical swine fever for the State Veterinary Office of Bosnia and Herzegovina	EU/EC	0,92
Support to the Agro-Food Production Chain of Small Fruits in Bratunac	Italy/IC	0,84
Institutional support to the Municipality of Srebrenica in the process of socio-economic development of the Agro-food Sector	Italy/IC	0,84

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Legal framework and sector strategies adopted in 2011-2012

**In July 2011** FBiH adopted the *Law on Changes to the Law on limited use of the Tobacco Products*<sup>148</sup>, while at the same time the National Assembly of RS adopted the *Law on Changes and Amendment to the Law on agricultural cooperatives*<sup>149</sup>.

**In September 2011**, the National Assembly of RS adopted the *Law on Changes and Amendments to the Law on Livestock Farming*<sup>150</sup>, while **in November 2011** RS adopted the *Law on Changes and Amendment to the Law on Planting Material*<sup>151</sup>.

**In December 2011**, the National Assembly of RS adopted the *Law on Changes and Amendments to the Law on Veterinary in RS*<sup>152</sup> as well as the *Law on Changes and Amendments to the Law on Agricultural Land*<sup>153</sup>.

**In February 2012**, RS adopted the *Law on Mineral Fertilizers*<sup>154</sup>, while **in March 2012**, the Parliamentary Assembly of FBiH adopted the *Law on Changes and Amendments to the Law on Agriculture*<sup>155</sup>, as well as the *Law on Wine*<sup>156</sup>.

**In July 2012**, the National Assembly of RS adopted the *Law on Fire Protection*<sup>157</sup>, the *Law on Fisheries*<sup>158</sup> and the *Law on Tobacco*<sup>159</sup> as well as the *Law on Environmental Protection*<sup>160</sup> and the *Law on Veterinary-Medical Products*<sup>161</sup>.

### Donor Coordination

Donor coordination meetings, as a platform for information exchange between all stakeholders in the Agriculture sector, are organized by the BiH MoFTER. The meetings are led by the Working Group for Planning and Coordination of Foreign Aid in Agricultural, Food and Rural Development Sector and held quarterly.

There is no formal coordination mechanism in the Forestry sector at the state level.

Donors active in the Agriculture and Forestry sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

### Future Activities

According to the all stakeholders active in the Agriculture and Forestry sector, BiH priorities must include the strengthening of institutional capacities at all levels of governance, to make them able to plan and manage agricultural and rural development, as well as improvement of coordination amongst domestic institutions. Also, strengthening of institutional capacities for efficient conducting and harmonization with EU laws in the areas of veterinary, phytosanitary and food-safety legislative, enhancement of competitiveness of the whole Sector is of crucial importance. According to the afore-mentioned a sound sector strategy, defined Sector priorities, providing common ground for all future stakeholders actions, is necessary to be agreed in Bosnia and Herzegovina.

<sup>148</sup> Official Gazette of FBiH no. 50/11

<sup>149</sup> Official Gazette of RS no. 78/11

<sup>150</sup> Official Gazette of RS no. 100/11

<sup>151</sup> Official Gazette of RS no. 117/11

<sup>152</sup> Official Gazette of RS no. 6/12

<sup>153</sup> Official Gazette of RS no. 5/12

<sup>154</sup> Official Gazette of RS no. 24/12

<sup>155</sup> Official Gazette of FBiH no. 27/12

<sup>156</sup> Official Gazette of FBiH no. 55/12

<sup>157</sup> Official Gazette of RS no. 71/12

<sup>158</sup> Official Gazette of RS no. 72/12

<sup>159</sup> Official Gazette of RS no. 72/12

<sup>160</sup> Official Gazette of RS no. 71/12

<sup>161</sup> Official Gazette of RS no. 71/12

Taking into consideration the upcoming Croatian accession to EU, as well as weak coordination among BiH institutions, all stakeholders involved in the Sector, both BiH institutions and donors need to intensify their activities on harmonization of domestic legislation with *acquis* and putting legal framework to work in the direction of inclusive and sustainable growth of the country's economy and poverty reduction, through rising competitiveness of local resources and products.

Future activities should be focused on development of more competitive Agriculture sector, through significant shift in agricultural expenditures and policies through improved management of public expenditures.

Significant resources should also be focused on developing of public institutions, especially food safety institutions and related regulatory framework, as BiH approaches EU and as neighboring countries obtain EU membership. Additionally, BiH must develop well-functioning land institutions, so that the land market can operate more efficiently and thus enable business development. Needed land reforms include clear titles and ownership of land, as well as well-functioning land registration and cadastre systems, which will require further engagement of all domestic stakeholders and donor community in Bosnia and Herzegovina.

<b>DCF members active in the sector in 2011-2012</b>	USA/USAID, UNDP, Sweden/Sida, Norway, France, EU/EC, Austria/ADC, UNICEF, Germany, UK/DFID, Italy/IC, Czech Republic, Netherlands, Switzerland/SDC/SECO.
<b>Other Key international organizations (IOs)</b>	United Nations Women Office for Central and Eastern Europe (UN Women CEE); United Nations Population Fund (UNFPA); United Nations Volunteers (UNV), OSCE.
<b>Key government partners</b>	BiH Ministry of Human Rights and Refugees; BiH Ministry of Civil Affairs/Commission for the Coordination of Youth Issues; BiH Agency for Gender Equality; FBiH and RS Gender Centres;.
<b>Total allocation to the sector in 2011 and 2012 by DCF members</b>	2011: €7,91million –all in the form of grants 2012: €5,64million –all in the form of grants
<b>Legal framework and Sector strategies</b>	<p><b>Legal framework and sector strategies (adopted in 2011-2012)</b></p> <p><i>RS Law on Changes and Amendment to the Law on Youth Organizing; RS Law on Changes and Amendment to the Law on Displaced Persons, Returnees and Refugees; FBiH Strategy for equalization of opportunities for persons with disabilities 2011-2015.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>162</sup></b></p> <p><i>BiH Law on Gender Equality; Law on Changes and Amendments to the BiH Law on Gender Equality; RS Law on Volunteering; BiH Gender Action Plan; Strategy for Prevention and Combat Against Domestic Violence in BiH 2009-2011; State Strategy to Combat Violence Against Children 2007-2010; Strategic Plan for Prevention and Combat Against Domestic Violence in FBiH 2009-2010; Action Plan for the Fight Against Domestic Violence in RS 2009-2010; Youth Policy of Republika Srpska 2010-2015; Strategy for Family Development in the RS 2009-2014 FBiH Law on Youth;BiH Employment Strategy 2010-2014; Revised Strategy of Bosnia and Herzegovina for the Implementation of Annex VII of the Dayton Peace Agreement; Action Plan for Implementation of UN Council Resolution 1325 on Women, Peace and Security (UNSCR) in BiH; Action Plan for Improvement of the Position of Women in Rural Areas of RS by 2015.</i></p>
<b>Donor coordination</b>	<p><b>Gender:</b> donors take part in in-formal information sharing meetings.</p> <p><b>Youth:</b> BiH Ministry of Civil Affairs /Commission for Coordination of Youth Issues in Bosnia and Herzegovina holds monthly meetings to coordinate activities concerning youth issues. Donors also take part in in-formal information sharing meetings.</p> <p><b>Return and Reintegration:</b> BiH Ministry of Human Rights and Refugees/State Commission for Refugees and Displaced Persons (SCRDP) organises <i>ad-hoc</i> meetings with donors active in the Sub-sector.</p> <p>Donors active in the Sector regularly attended Donor Coordination Forum quarterly meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

<sup>162</sup> More information on Strategies are available on [http://www.donormapping.ba/index.php?option=com\\_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles](http://www.donormapping.ba/index.php?option=com_content&view=article&id=76:donor-mapping-report&catid=37:dcf-articles)

## Overview

The Cross-cutting sector consists of Gender, Youth, as well as Return and Reintegration sub-sectors.

In the period 2011-2012, an uneven progress was achieved in the Cross cutting sector in Bosnia and Herzegovina. A visible progress can be reported only in the Gender and equality sub-sector. Young and Return and Reintegration sub-sectors had experienced a decline in the investments and the only progress has been made in the area of harmonization of legislation at various levels of government in Bosnia and Herzegovina.

Gender equality and the inclusion of women have become increasingly important in all aspects of social, economic and political life in Bosnia and Herzegovina. The major institutional gender mechanism at the state-level is the BiH Agency for Gender Equality within the BiH Ministry for Human Rights and Refugees and FBiH *Gender Centre*, as well as the RS Gender Centre at the Entity-levels. During the last decade these Agencies have developed a national institutional and political framework for the application of gender issues in Bosnia and Herzegovina.

After the establishment of the *Funding Mechanism for the Implementation of Gender Action Plan of BiH (FIGAP Programme 2009-2014)*<sup>163</sup> in November 2009, the **Gender sub-sector** noted general progress in all priority fields of the BiH Gender Action Plan. However, most progress has been recorded in the field of prevention and combat with gender-based violence, through the adoption and implementation of state and entities strategies on combat against family violence.

During the 2011-2012, the Gender sub-sector has witnessed positive developments in the further improvement of the prevention and combat with domestic violence. The representative of BiH Agency for Gender Equality participated in drafting of Council of Europe's Convention on preventing and combating violence against women and domestic violence (Istanbul Convention), which was adopted in April 2011. The Convention is the first, internationally binding document that establishes comprehensive legal framework for prevention of violence, protection of victims and prosecution of perpetrators<sup>164</sup>. The Convention is currently in the process of ratification in BiH.

In the **Youth sub-sector** the BiH Ministry of Civil Affairs/Commission for the Coordination of Youth Issues (CCYI)<sup>165</sup> is responsible for the coordination of activities of the groups that are supporting the promotion and protection of the roles and positions of young people in Bosnia and Herzegovina, in the aim of improving their living conditions, and international presentation of the issues related to BiH youth.

During 2010-2011 some progress has been achieved in Youth sub-sector legislation. The RS National Assembly adopted the *Law on Changes and Amendment to the Law on Youth Organizing*, while FBiH Parliamentary Assembly adopted *Strategy for equalization of opportunities for persons with disabilities 2011-2015*.

In April 2011 representatives of organizations from Bosnia and Herzegovina, Croatia and Serbia, that are partners in project *Equal Opportunities for all Young People*<sup>166</sup>, signed the *Agreement on joining the regional Network for the promotion of social inclusion of young people*, aiming to raise awareness about the importance of social inclusion policies, as well as to provide better information for young people about the possibilities of their social engagement.

In the **Return and Reintegration sub-sector**, the responsible institution at the BiH level is the Ministry for Human Rights and Refugees (MHRR), whereas the main coordinating body on return at the central level is the State Commission for Refugees and Displaced Persons (SCRDP). The SCRDP is managing the Return Fund, which was established in 2004 to provide policy coherence and coordination.

Some progress in this sub-sector has been made within the RS legislation, after the *Law on Changes and Amendment to the Law on Displaced Persons, Returnees and Refugees* adoption in May 2012. But, Return and

<sup>163</sup> FIGAP is supported by the Sweden/Sida, Austria/ADC, UK/DFID and Switzerland/SDC/SECO.

<sup>164</sup> For More information, please visit the following link: [http://www.coe.int/t/dghl/standardsetting/convention-violence/default\\_EN.asp?](http://www.coe.int/t/dghl/standardsetting/convention-violence/default_EN.asp?)

<sup>165</sup> The BiH Council of Ministers (CoM) in 2004 established the Commission for the Coordination of Youth Issues (CCYI) BiH as its permanent body. However, in 2009 CCYI was reconstructed and moved to the BiH Ministry of Civil Affairs in order to increase its efficiency.

<sup>166</sup> The Project is supported by European Commission (IPA-Fund for cross-border cooperation).

Reintegration sub-sector in Bosnia and Herzegovina is burdened with the basic infrastructure and legal rights issues that are hampering progress in this sub-sector.

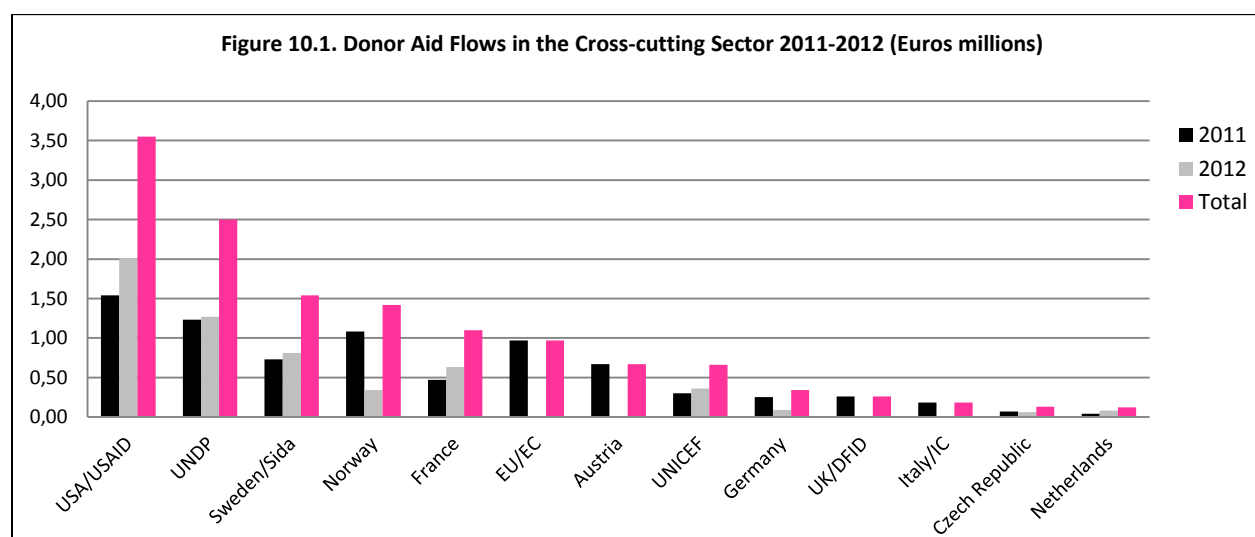
### Donor activities in 2011 and 2012

DCF members active in the Cross-cutting sector in 2011-2012 are USA/USAID, UNDP, Sweden/Sida, Norway, France, EU/EC, Austria/ADC, UNICEF, Germany, UK/DFID, Italy/IC, Czech Republic, Netherlands and Switzerland/SDC/SECO.

**Figure 10.1** indicates that the leading donors in the Cross-cutting sector **in 2011** are USA/USAID with the contribution of €1,54 million, UNDP with the contribution of €1,23 million and Norway with the contribution of €1,08 million, followed by EU/EC, Sweden/Sida, Austria/ADC, France, UNICEF, UK/DFID, Germany, Italy/IC, Switzerland/SDC/SECO, Czech Republic and Netherlands.

**In 2012** the leading donors in the Sector are USA/USAID with the contribution of €2,01 million and UNDP with the contribution of €1,27 million, followed by Sweden/Sida, EU/EC, Switzerland/SDC/SECO, Sweden/Sida, France, UNICEF, Norway, Germany and Netherlands.

**All donor contributions to the Cross Cutting sector in 2011 and 2012 are in the form of grants.**



**Figure 10.2** indicates that the **Gender sub-sector in 2011** received **€4,62 million**, or **58,42% of total allocations** to the Cross-cutting sector. **To date in 2012** the Gender sub-sector received **€3,72 million** or **65,88%** of total allocations to the Sector.

**Activities/Projects classified as “No sub-sector” in 2011** received **€2,03 million**, or **25,66%** of total allocations to the Cross-cutting sector. **To date in 2012** these activities received **€1,55 million** or **27,40%** of total allocations to the Sector.

The **Return and Reintegration sub-sector in 2011** received **€0,57 million**, or **7,16% of total allocations** to the Cross-cutting sector. **To date in 2012** the Return and Reintegration sub-sector received **€0,09 million** or **1,60%** of total allocations to the Sector.

The **Youth sub-sector in 2011** received **€0,69 million**, or **8,76% of total allocations** to the Cross-cutting sector. **To date in 2012** the Youth sub-sector received **€0,29 million** or **5,13%** of total allocations to the Sector.

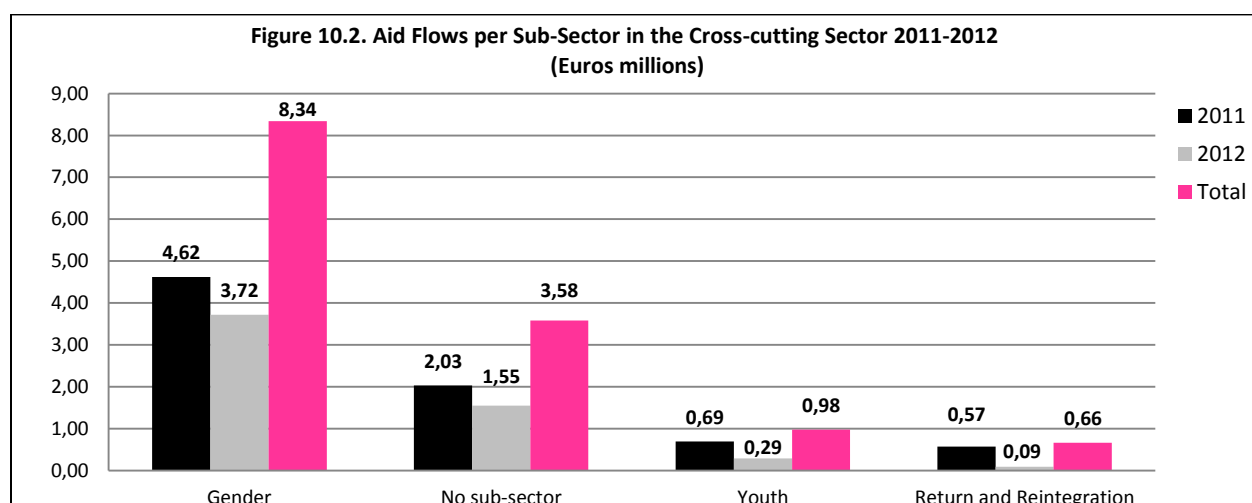
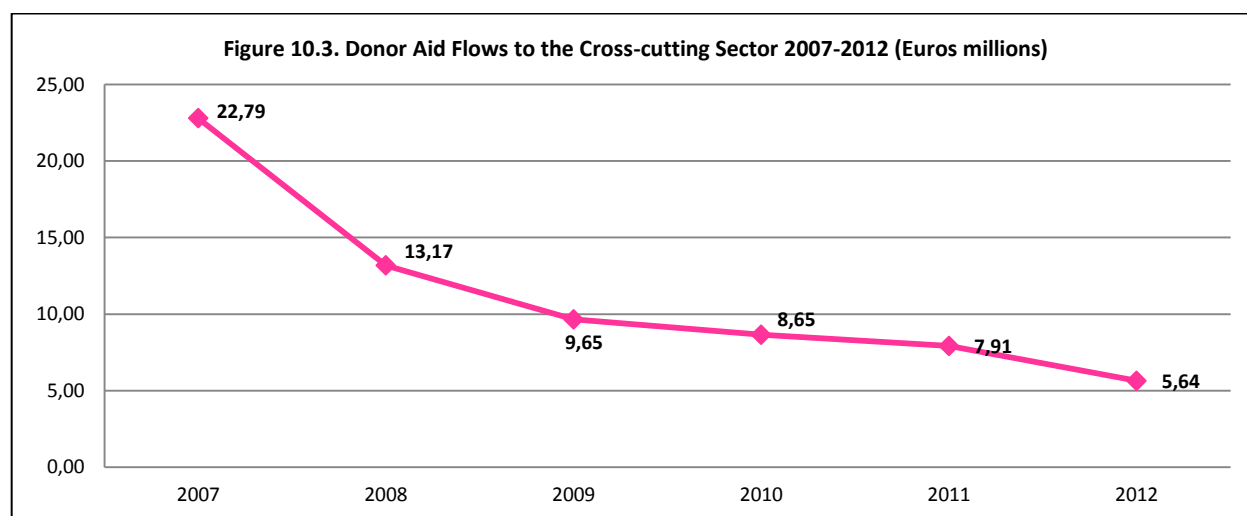


Figure 10.3 shows that total allocation to the Cross-cutting sector by DCF members was **€7,91 million in 2011** and **to date in 2012 €5,64 million**. However, additional funds could be allocated to the Sector by the end of 2012.

Figure 10.3 also indicates that total allocations in observed period 2007-2012 records constant decline in aid provided for this Sector.

***The Cross-cutting sector received 1% of total ODA allocations in 2011 and to date 1% of total ODA in 2012.***



## Gender

DCF members active in the Gender sub-sector in 2011-2012 were USA/USAID, UNDP, Sweden/Sida, UNICEF, Norway, Austria/ADC and Switzerland/SDC/SECO.

**In 2011 the Gender sub-sector received €4,62 million, or 58,42% of total allocations to the Cross-cutting sector, while to date in 2012 the Sub-sector received €3,72 million or 65,88% of total allocations to the Sector.**

In January 2011, **Sweden/Sida** initiated the *Gender Master Study Programme III*. The main goal of the Project is to educate the post-graduate students from BiH on various aspects of gender, in order to enable them to apply this knowledge into practice at their daily work in institutions, private sector and in NGOs. Furthermore, Sweden/Sida continued the project *Kvinna till Kvinna Foundation*. Through a framework agreement, Kvinna till Kvinna Foundation

(KtK)<sup>167</sup> supports civil society development in South East Europe, focusing on women's participation in society, violence against women, women in education and labor as well as women's health. KtK provides capacity building and funding to local NGO's and projects.

**UNICEF** provided support to relevant State, entity, and cantonal ministries, BiH Agency for Statistics, entity statistical institutes/bureaus and partner CSOs in strengthening collecting and analyzing data related to children and families. Capacities were developed in the use of specific databases such as DevInfo, UNESCO-OECD-EUROSTAT (UOE) education statistics, TransMonee, MICS, ESPAD, and European System on Integrated Social Protection Statistics (ESSPROS). The BiH Agency for Statistics has taken concrete steps to expand training, use and dissemination of data using ESSPROS and DevInfo, in cooperation with other BiH government institutions.

In June 2012, UNICEF BiH, in cooperation with BiH governments, has also conducted a *BiH 2011 Multiple Indicator Cluster Survey 4 (MICS4)* comprehensive survey, which also covers the Roma population. Under the leadership of the Ministry for Human Rights and Refugees, "Guidelines for identification of socially excluded children", have been adopted and will be used as a basis for the official annual reporting by line Ministries.

In January 2011, **Norway** initiated *Gender Responsive Security Sector Reform in Bosnia and Herzegovina*, aiming to provide capacity building and technical support to local security and justice institutions and civil society in BiH to mainstream gender into their policies.

In December 2011, **Austria/ADC** started the new project *Active Inclusion and Rights of Roma Women in the Western Balkans*. The main objective of the Project is to contribute to the improvement of the socio-economic situation of Romani women in Serbia, Bosnia and Herzegovina and Montenegro through their active participation in policy-making.

Major projects in the Gender sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Kvinna till Kvinna Foundation	Sweden/Sida	3,34
(TAF) Tax and Fiscal Project	USA/USAID	2,27
Basic Education - Phase II	UNICEF	1,04
Violence Against Women (planned)	UNDP	0,45
BiH 2011 Multiple Indicator Cluster Survey 4 (MICS4)	UNICEF	0,27
Gender Responsive Security Sector Reform in Bosnia and Herzegovina	Norway	0,26
Promoting Gender Responsive Policies in SEE 2011 - 2013	Austria/ADC	0,23
Gender Master Study Programme III	Sweden/Sida	0,22

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

## Youth

DCF members active in the Youth sub-sector in 2011-2012 were France, Italy/IC, Netherlands, UNICEF, Austria/ADC, Norway and USA/USAID.

**In 2011 the Youth sub-sector received €0,69 million, or 8,76% of total allocations to the Cross-cutting sector, while to date in 2012 the Youth sub-sector received €0,29 million or 5,13% of total allocations to the Sector.**

Until the end of 2012, **France** will continue to support activities of Youth NGOs throughout the project *Cooperation for professionalization and capacity building of youth networks*.

<sup>167</sup>The Kvinna till Kvinna Foundation supports and collaborates with women's organisations that play an active part in peace and rebuilding processes. The Foundation is currently active in three regions, the Balkans, South Caucasus and the Middle East and collaborates with more than 100 organisations. <http://www.kvinnatillkvinna.se/en/article/3032>

In July 2011, **Netherlands** initiated *Youth Information Centre Srebrenica 2011-2014 Project*, aiming to improve social and economic wellbeing of youth in the multiethnic communities in the Srebrenica Region, especially in Municipalities of Srebrenica, Bratunac and Milići, as well as to promote image and opportunities of the Region itself.

In May 2011, **Austria/ADC** started the new project *Community Center instead of day-care center for handicapped persons*. The Project aims to contribute to the inclusion of persons with disabilities into community life in BiH by creating an environment conducive to the respect of every person's rights. This could be done with establishment of a process that will lead to inclusion of vulnerable groups, building of pro-disabled capacities within community, and is focused on persons with disabilities to improve their lives in the long run.

In April 2012, **Norway and UNICEF** initiated *CRC implementation monitoring at the local community level*. This Project will focus on strengthening civil society and good governance to be able to monitor child rights in BiH in 21 municipalities. These municipalities in FBiH, RS, and DB have been jointly selected by the BiH governments and UNICEF for their particular vulnerability to socio-economic exclusion and ethnic divisions. The aim of the Project is to increase capacities of local civil society structures with regards to social protection and inclusion of children and youth, as well as to increase the participation of civil sector in decision-making and governance, and to enlarge the network of CSOs that provide for protective environments for children and youth.

Major projects in the Youth sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Youth Employability and Retention Programme-MDG-F (Spanish Fund)	UNDP, UNICEF	3,45
Promotion of youth policy at local level in North East of Bosnia and Herzegovina	Italy/IC	0,59
Youth Information Centre Srebrenica 2011-2014	Netherlands	0,23
Internship Program Srebrenica	USA/USAID	0,21
Cooperation for professionalization and capacity building of youth networks	France	0,20
Community Center instead of day-care center for handicapped persons	Austria/ADC	0,10
CRC implementation monitoring at the local community level	Norway	0,44

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

## Return and Reintegration

DCF members active in the Return and Reintegration sub-sector in 2011-2012 were EU/EC, France, Germany and Czech Republic.

**In 2011 the Return and Reintegration sub-sector** received **€0,57 million**, or **7,16%** of total allocations to the Cross-cutting sector, while **to date in 2012** the Return and Reintegration sub-sector received **€0,09 million** or **1,60%** of total allocations to the Sector.

Until the end of 2012, **France** continued to support economical projects for BiH returnees from France in order to provide basic living conditions to returnees in difficult environment, throughout the project *Program for helping integration of returnees*.

In May 2011, **Czech Republic** provided assistance to ICMP by providing a grant for procurements of equipment for ICMP laboratory.

Major projects in the Return and Reintegration sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Programme for helping integration of returnees	France	0,61
Reconstruction of small infrastructure in support to sustainable return (KotorVaros Houses reconstruction)	EU/EC	0,50
Reconstruction of homes	Germany	0,16
Help to the operation and development of International Commission on Missing Persons in Sarajevo	Czech Republic	0,01

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

### Activities classified as “No sub-sector”

DCF members active in the sub-sector classified as “no sub-sector” in 2011-2012 were USA/USAID, Norway, Switzerland/SDC/SECO, EU/EC, France, UK/DFID, Germany, Czech Republic and Austria/ADC.

Activities classified as „No sub-sector” in 2011 received €2,03 million, or 25,66% of total allocations to the Cross-cutting sector. To date in 2012 these activities received €1,55 million or 27,40% of total allocations to the Sector.

**EU** IPA project titled *“Enhancing the Social Protection and Inclusion System for Children in Bosnia and Herzegovina”* implemented by UNICEF, is providing support to improve the social protection systems at all levels of governance through strengthening the social protection and inclusion of children policy framework and capacities of social service providers, in particular to apply needs and human rights based approach. It focuses on the development of municipal social protection and inclusion of children implementation models, which will enhance inter-sector responses at the community level and which will increase utilization of the existing services and contribute to the capacity development of all stakeholders, while positive examples of inter-sector practices in pilot municipalities (such as establishing of Early Childhood Development Centers) will be consolidated into a coherent compendium of positive practices, as an evidence-base to further improvement of social protection and inclusion of children policy frameworks and systems.

In January 2011, **Norway** started *Embassy Small Grants Fund Project*. The Project assures grants from Norwegian Embassy for smaller projects in the range of 10 000 - 50 000 KM, in different areas like culture and the arts, business development, education, peace and reconciliation, security sector, justice sector and human rights.

Besides, in **September 2011**, Norway initiated *Strengthening Civil Society Fund Project*, aiming to strengthen the role of civil society in BiH, providing them with the grants up to 250.000 KM.

Until the end of 2012, **France** will provide subsidies for the autonomous Cultural Centre Andre Malraux (Sarajevo) and for French Cultural Centre's network (Tuzla, Mostar, Banja Luka), salary of vice-director of Centre Andre Malraux as well as support of BiH festivals and cultural events, throughout the project *Cooperation for Cultural activities*.

In September 2011, **Germany** initiated the project *Fight against Discrimination*, aiming to identify areas, levels and measures taken at local level to prevent various types of discrimination. Furthermore, in **October 2011**, Germany started *Winter Support Project*, in order to provide the firewood, beds, food, etc. to the poorest part of BiH population.

In January 2012, Germany started *Issue of official languages in Bosnia and Herzegovina Project*, in order to examine the issue of recognition of official languages in the BiH Constitution and offering an expert translation of the Constitution of BiH (Annex 4 of the Dayton Peace Accords) aiming at its publication in the Official Gazette of Bosnia and Herzegovina.

In March 2012, Germany launched the project *Fostering media freedom and sustainability of the media self-regulation in BiH*. The Project includes protection of the public from unprofessional and manipulating journalistic reporting, protection of the print media from political, economic or any other pressure, education of young

journalists, students and certain professional groups as well as cooperation with self-regulation bodies from the region.

In March 2012, **Czech Republic** initiated *Small scale project*, in order to provide support for small local projects in BiH.

Major projects not classified under an existing sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Enhancing the Social Protection and Inclusion System for Children in Bosnia and Herzegovina	EU/EC, Norway, UK/DFID, UNICEF	5,30
Participatory Mine Action and Development in Mine Affected Municipalities of Stolac and Berkovići (PMAD Project)	Switzerland/SDC/SECO	2,31
Cooperation for Cultural Activities	France	1,92
(SIM) Strengthening Independent Media Project	USA/USAID	1,63
(CCSP II) Sustainable Development of the NGO Sector in Bosnia and Herzegovina II	USA/USAID	0,87
Embassy Small Grants Fund	Norway	0,76
Strengthening Civil Society Fund	Norway	0,66

All projects are available in the Donor Coordination Forum Database – <http://db.donormapping.ba/default.aspx>

## Legal framework and sector strategies adopted in 2011-2012

In **December 2011** National Assembly of RS adopted the *Law on Changes and Amendment to the Law on Youth Organizing*, while in **May 2012** the *Law on Changes and Amendment to the Law on Displaced Persons, Returnees and Refugees* was adopted.

In **July 2011** the FBiH Parliament adopted *Strategy for equalization of opportunities for persons with disabilities 2011-2015*.

During 2012, the Agency for Gender Equality of BiH planned the drafting of the new strategic document *Gender Action Plan of BiH for 2013-2017*.

Drafting of the new 5 years *Strategy for the prevention and fight against domestic violence (2013-2017)* in FBiH is in progress.

## Donor coordination

There is no formal donor coordination in the Gender sub-sector. Donors active in the Gender sub-sector coordinate their activities on the *ad-hoc* basis. However, intensive collaboration among donors during the creation of *Funding Mechanism for the Implementation of Gender Action Plan 2009-2014 (FIGAP)* has strengthened the coordination of the gender mainstreaming process in Bosnia and Herzegovina. BiH Agency for Gender Equality, FBiH and RS Gender Centers cooperate very successfully. They coordinate their work through activities and regular meetings of the Coordination Body of the Gender Institutional Mechanisms of BiH and/or the Steering Committee, established to monitor implementation of FIGAP Program.

At the state level, BiH Ministry for Human Rights and Refugees (MHRR) is mandated to deal with issues related to the return and reintegration of refugees. The State Commission for Refugees and Displaced Persons (SCRDP) coordinates activities among state and entity levels, approves projects and organizes *ad-hoc* meetings with donors active in the area of Return and Reintegration.

Donors active in the Cross-cutting sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

### Future activities

Cooperation among BiH Institutions in Gender sub-sector has been significantly and qualitatively improved. In the forthcoming period, the focus of activities is directed on harmonization of entity and state level laws, which regulate gender equality in the labour, employment and entrepreneurship as well as in the field of combat against gender based violence.

Within Youth sub-sector, in the forthcoming period BiH Institutions should be focused on the health of youth, better orientated education as well as to the pro-youth approach in general. Although donors are still active in this sub-sector, without clear vision and policy defined and implemented by the domestic institutions in BiH, these issues will remain a part of the problem, instead of becoming a solution.

In the period 2011-2012, uneven progress was made in Return and Reintegration sub-sector<sup>168</sup>. All stakeholders active in this sub-sector are unanimous regarding the necessity for this process to become sustainable. Unavailability of electricity and general infrastructure for returnees, the lack of funds for almost all activities related to return and reintegration issues as well as the discrimination in access to the social services, employment, education and pension rights are the major obstacles for achieving of better progress in this sub-sector.

<sup>168</sup> For more information visit: [http://www.mhrr.gov.ba/izbjeglice/Donatorska\\_konferencija/Default.aspx](http://www.mhrr.gov.ba/izbjeglice/Donatorska_konferencija/Default.aspx)

- Austria/Austrian Development Cooperation (ADC)
- Czech Republic
- France
- Germany
- Hungary
- Italy/The Italian Development Cooperation (IC)
- Japan/Japan International Cooperation Agency (JICA)
- The Embassy of the Kingdom of the Netherlands
- The Royal Norwegian Ministry of Foreign Affairs
- Spain/Spanish Agency for International Development Cooperation (AECID)
- Sweden/Swedish International Development Cooperation Agency (Sida)
- Switzerland/Swiss Agency for Development and Cooperation (SDC)/State Secretariat for Economic Affairs (SECO)
- United Kingdom/Department for International Development (UK/DFID)
- United States of America/United States Agency for International Development (USA/USAID)
- European Bank for Reconstruction and Development (EBRD)
- European Commission (EC)
- European Investment Bank (EIB)
- United Nations Children's Fund (UNICEF)
- United Nations Development Programme (UNDP)
- The World Bank
- Republic of Slovenia<sup>169</sup>

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<sup>169</sup> Republic of Slovenia became a member of DCF in July 2012 and has not participated in the survey.

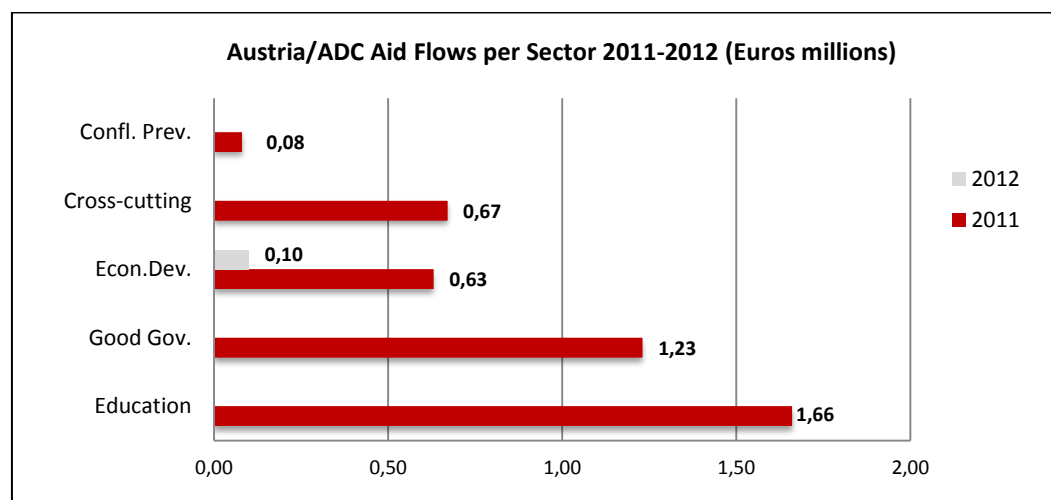
## Austria/Austrian Development Cooperation (ADC)

### Policy approach

The Austrian Development Cooperation (ADC) in Bosnia and Herzegovina is based on the Austrian Development Cooperation Act and is aligned with the guidelines and principles of BiH's *Country Development Strategy 2008-2013*, *Social Inclusion Strategy 2008-2013* and the *2005 Paris Declaration on Aid Effectiveness*. ADC maintains a close dialogue with the government, civil society and other donors in order to align its programme to the country's development strategy, and to harmonise its interventions in the selected priority areas, to bridge gaps, to avoid duplication of efforts and to utilise potential synergies and complementarities in international development assistance.

### Key activities in 2011 and 2012

The Austria/ADC allocated **€4,27 million** in 2011 and **€0,10 million** in 2012 to the following sectors: Education; Good Governance and Institution Building; Economic Development and Social Protection; Cross-cutting; and Conflict Prevention and Resolution, Peace and Security sector.



ADC priorities for 2011-2013 are education (higher education and vocational educational training), economic development and employment, governance, and gender as cross-cutting issue. ADC will accordingly not embark on new sectors or interventions. The focus will rather remain on existing priorities. Ongoing ADC programmes and projects shall be terminated and handed over to partners in Bosnia and Herzegovina by 2013.

Measures in the education sector shall contribute to the modernisation and labour market orientation of BiH's education system, to improve employment prospects and reduce unemployment, in particular youth unemployment, and thus to sustainable economic recovery and social development.

ADC's support with regard to employment and improvement of economic environment conditions focuses on the creation of employment and income opportunities particularly for young entrepreneurs, by facilitating access to commercial financial markets and improving the general investment climate. ADC support for capacity development

in state-level institutions such as BiH Directorate for Economic Planning, BiH Ministry for Civil Affairs, Agency for Development of Higher Education and Quality Assurance, the Gender Equality Agency and the Gender Centers of the Entities is instrumental in this respect.

Institutional capacity development in the field of governance including democratisation, the rule of law, conflict management, civil society and human rights is an essential aspect of ADC interventions in Bosnia and Herzegovina. ADC supports consolidation and strengthening of state-level institutions, in particular in education, research and the judiciary.

Promotion of social justice and sustainable development by reducing the gender imbalance is a key concern of ADC in Bosnia and Herzegovina. Gender mainstreaming, therefore, is an integral part of our employment and education programmes. This implies the identification of gender issues in all programme/project components, as well as measuring performance against result indicators.

### **Medium and long-term approach**

Taking into consideration progress in EU integration, which also offers the prospect of participation in various EU development programmes and funds, the Supervisory Board of Austrian Development Agency (ADA), the operational unit of the Austrian Development Cooperation (ADC), decided to close its Coordination Office in Sarajevo on 30 June 2011 and to phase out Austrian bilateral technical assistance by 2013.

### **Donor coordination efforts**

Donor coordination in Bosnia and Herzegovina has significantly improved with the establishment of the Donor Coordination Forum (DCF). The EC Delegation provides regular updates on the IPA programming process. Donor coordination is supported by the Board for Coordination of International Aid, chaired by the Deputy Minister of Finance and Treasury. The most important donor partners of ADC in bilateral cooperation in Bosnia and Herzegovina are the EC, UNDP, WB, Germany, Sweden, Netherlands, UK, Switzerland, Norway, USA and Japan.

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Web addresses: Austrian Development Cooperation ADC: [www.entwicklung.at](http://www.entwicklung.at)

BMeiA -Austrian Ministry for European and International Affairs: [www.bmeia.gv.at](http://www.bmeia.gv.at)

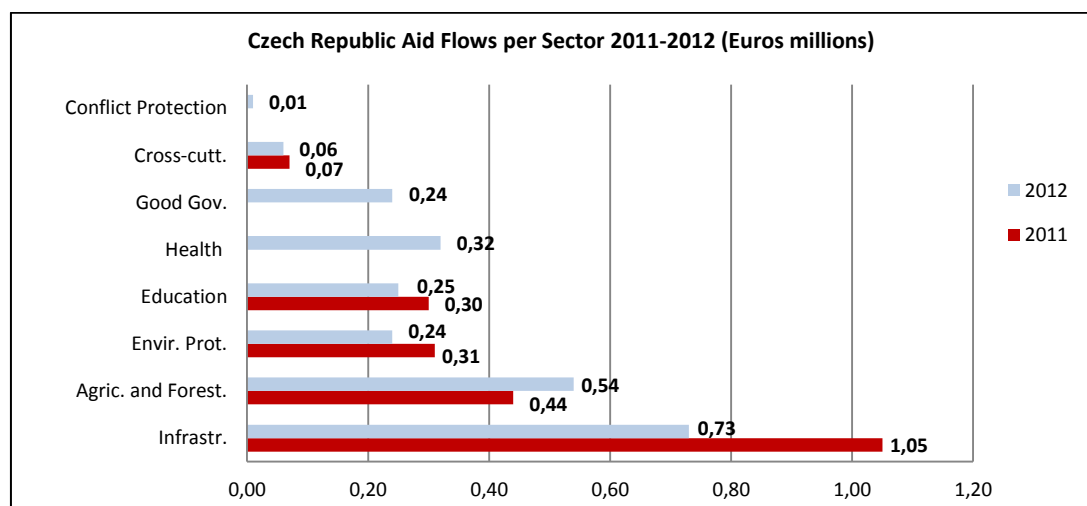
## Czech Republic

### Policy approach

Bosnia and Herzegovina has been among the long-term priorities of the Czech Republic and as such, has been included within the Development Cooperation Strategy of the Czech Republic 2010-2017 among programme priority countries for development cooperation. Current Development Cooperation Programme of the Czech Republic with Bosnia and Herzegovina, launched in 2011, defines the following priority sectors: water supply and sanitation; general environmental protection; energy generation and supply; government and civil society; health; agriculture, forestry and fishing. The cooperation should primarily take advantage of the Czech Republic's experience with the process of post-communist socio-economic transition and European Integration, thus bringing additional value added.

### Key activities in 2011 and 2012

The Czech Republic allocated **€2,17 million** in 2011 and **€2,39 million** in 2012 to the following sectors: Infrastructure; Agriculture and Forestry; Environmental Protection; Education; Health; Good Governance and Institution Building; Cross-cutting; Conflict Protection and Resolution, Peace and Security.



### Water Supply and Sanitation

Currently two projects in this sector are being implemented - *Improvement of Waste Management in Municipalities Dobož and Maglaj* and *Assuring Better Access to Drinking Water in Lukavac*. The implementation of both projects started in 2011. Generally, development cooperation in this field should focus on water supply and sanitation (planned for the time span of 2012-2014).

### General Environmental Protection

Generally, development cooperation in this sector should focus on preservation of environment.

## **Energy Generation and Supply**

Implementation of the project *Use of Renewable Sources of Energy for System of Central Heating in Nemila, Municipality of Zenica* started in 2011 and is planned to be finalized during 2013. The planned source of energy should be renewable energy (biomass). Generally, development cooperation in this sector will focus on locally sustainable sources of energy by introducing model examples of renewable energy sources which could subsequently be replicated throughout Bosnia and Herzegovina.

## **Government and Civil Society**

Development cooperation in this sector should focus on the transfer of experience in transformation of state administration and capacity building of civil society (planned for the time span of 2012-2014) with specific emphasis on transferring Czech experience with EU integration processes. There are several projects within this sector which are in various stages of preparation or implementation: *Application of EU Conformity Assessment Principles in Selected Sectors*, *Support to the Implementation of National Residue Monitoring Mechanism* and *Establishment of the City of Sarajevo Department for Development Policy* (using the experience of the city of Prague).

## **Health**

In 2012, the project related to the technical and material support in vascular surgery for hospitals in Sarajevo and Banja Luka started with implementation. The project is a follow-on to a similar project implemented in previous years in cooperation with hospitals in Sarajevo, Mostar and Tuzla.

## **Agriculture, Forestry and Fishery**

Development cooperation in this sector focuses mainly on the increase of competitiveness in milk production in North-East Bosnia. The currently running project should continue till 2012. Other activities in this sector are related to the cooperation with USAID and Sida in the framework of the FARMA programme. Generally, development cooperation in this sector should focus on the support of agriculture production.

Czech development cooperation with Bosnia and Herzegovina takes place in the following forms:

**Major development cooperation projects** managed by the Czech Development Agency - These are usually 2-3 year-long projects, whose implementing bodies are selected by the Czech Development Agency.

**Small local projects**, which allow small and targeted development activities - Unlike the major projects, small local projects are implemented by local organizations selected by the Embassy of the Czech Republic in Sarajevo and their implementation must take place within the year for which they were approved.

**Transition programme**, aimed at support to democracy and human rights, using the Czech Republic's recent experience with social transition and democratization of the country. Applicants for this Program must be Czech organisations, which, in the course of the implementation of the project, have to cooperate with their Bosnian counterparts.

**Scholarship programme**, offers several scholarship programs for Bosnian students who intend to study at Czech public universities (in Czech or English languages). Programmes in Czech language cover the majority of fields of study and all three stages of university studies.

## Medium and long-term approach

The aim of the present Development Cooperation Programme for the period of 2011 to 2017 is to improve the economic and social standing of Bosnia and Herzegovina in the context of the country's integration into the EU. Czech development cooperation in Bosnia and Herzegovina will therefore increasingly focus on the transfer of knowledge and provision of assistance in building the administrative capacities that are necessary for EU membership as well as on approximation of legislation and provision of technical assistance. The status of Bosnia and Herzegovina as a programme priority country, as well as the scope and value of projects implemented in the country within the framework of Czech development cooperation will depend on the pace of the country's integration into the EU.

The Czech Republic will promote direct coordination and cooperation (e.g. joint programming, project implementation or evaluation) with selected donors so as to maximise the potential of development cooperation of the Czech Republic. In this respect Czech Development Agency signed a memorandum of understanding with USAID and Sida 2011 in the field of agriculture with a possibility of extension to other sectors.

## Donor coordination efforts

Apart from the DCF chaired by the BiH Ministry of Finance and Treasury, the Czech Republic takes part in the sectoral donor coordination meetings in the field of agriculture, organized by the BiH Ministry of Foreign Trade and Economic Relations, and in donor meetings on youth organized by USAID. Furthermore, it participates in meetings organized by the Delegation of the EU in Sarajevo which are primarily related to IPA projects.

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## France

### Policy approach

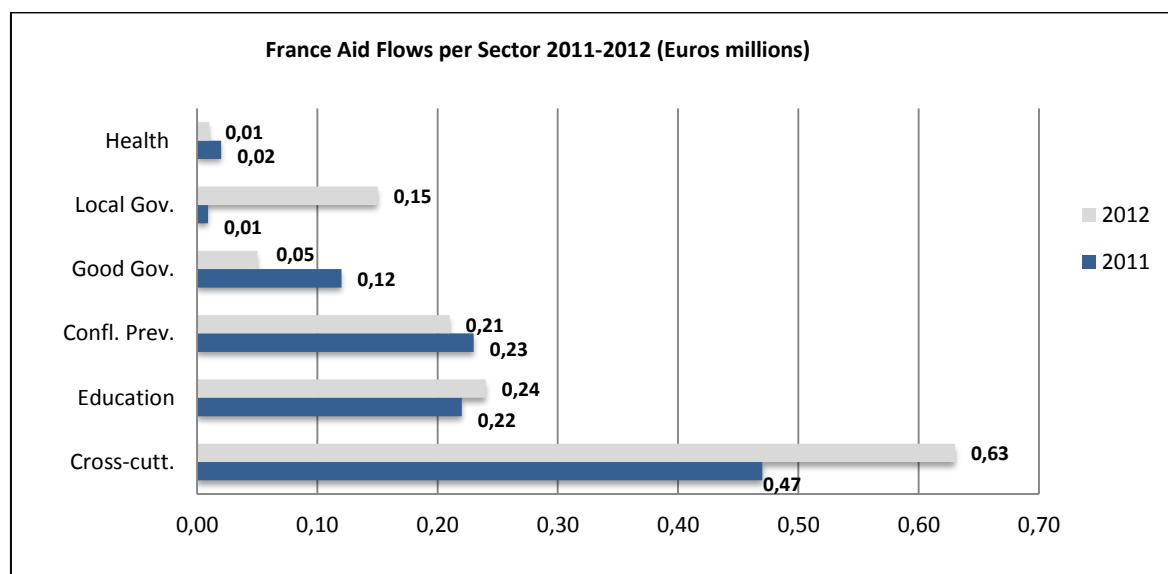
The French Embassy combines various forms of cooperation. It provides assistance to police, justice, administration and civil society, it encourages exchanges and twinning projects between French and Bosnian institutions, local authorities, universities, and it supports cultural activities like promoting French language, cinema, theatre, dance, visual arts and literature events.

From a political standpoint, the French Embassy in BiH aims to strengthen the central state, by emphasizing the rule of law, participating in the institution-building process, and providing training sessions to civil servants, judges, and political officers.

While the assistance provided to civil society focuses especially on empowering youth and discriminated groups by financing educational initiatives and creating spaces where they can meet and raise their voices (e.g. Youth Centers), the French Embassy supports cultural events that contribute to fostering the values of *Francophonie*.

### Key activities in 2011 and 2012

France allocated €1,07 million in 2011 and €1,29million are planned to be allocated for 2012, mostly to cross-cutting initiatives but also to most specific issues as life long learning and local governance. It's interesting to highlight the demining action, carried out by French military cooperation, held for few years and which will be reconducted with the consequent budget.



### Medium and long-term approach

The cooperation department of the French Embassy is more and more focusing its action plan on specific targeted programs, taking into account the budget cuts: involvement into the Sarajevo Film Festival and a series of noticeable cultural events, strengthening of training sessions for policemen, firemen, judges and prosecutors, and contribution to the deepening of town and university twinning projects. Moreover, it has enabled the opening and the

development of the International French College Sarajevo and provides Bosnian students with an enlarged scholarship program, permitting them to study in France.

Last but not least, the cooperation department tries to build bridges between universities, local authorities, civil societies and the private sectors in the whole country, with the support of the Institut Français network: three institutes located in Banja Luka, Mostar, and Tuzla and the Centre André Malraux in Sarajevo.

### **Donor coordination efforts**

France is involved in a large series of fields and activities, trying to fill some loopholes which other national or international institutions are not involved in.

Therefore the French Embassy is regularly participating in the DCF.

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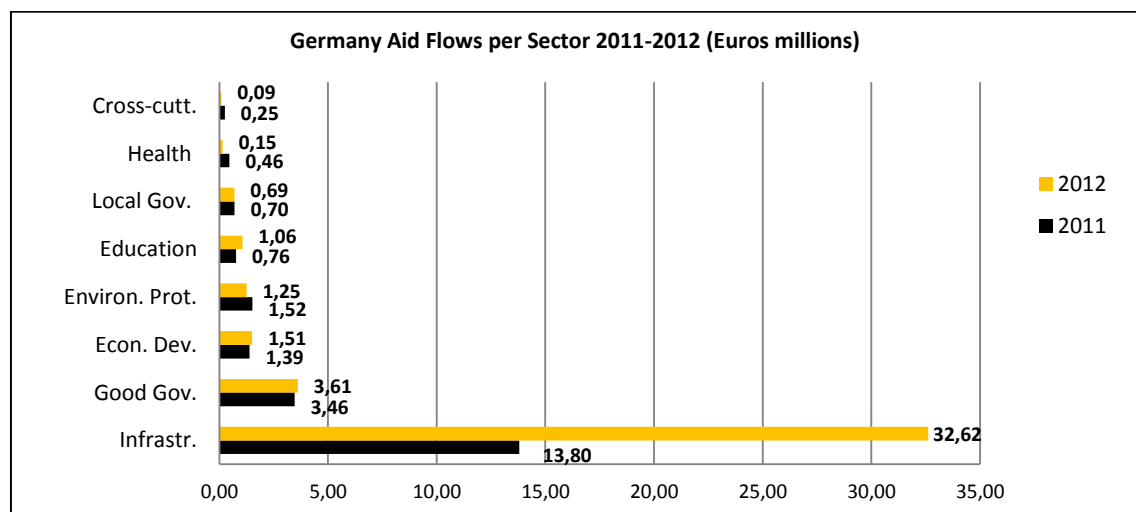
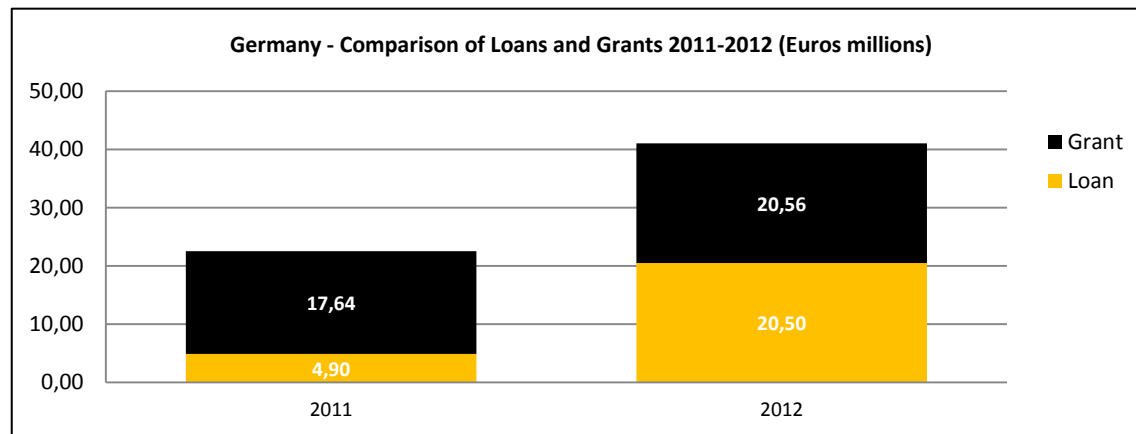
## Germany

### Policy approach

Germany is committed to assist Bosnia and Herzegovina in developing into a functioning market economy, in aligning its legal system with the European Union *acquis* and in overcoming the consequences of the war. For this end, German Government has mandated several implementing agencies to conduct its development assistance in Bosnia and Herzegovina, out of which the most prominent are KfW Entwicklungsbank (Development Bank) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). Projects are also implemented through integrated experts, twinning projects, political foundations and other German institutions represented in Bosnia and Herzegovina. The Embassy coordinates these efforts and implements directly funds from the Stability Pact for South Eastern Europe as well as small-scale projects.

### Key activities in 2011 and 2012

Germany allocated **€22,54 million** in 2011 and **€41,06 million** in 2012 to the following sectors: Infrastructure; Good Governance and Institution Building; Economic Development and Social Protection; Environmental Protection; Education; Local Governance; Health and Cross-cutting.



## Medium and long-term approach

The long-term goal of German assistance is BiH's integration into the European Union and its independence of further development cooperation funds. To support Bosnia and Herzegovina on that track Germany will continue its successful support in the outlined focal areas. Further growth of cooperation is expected especially in activities concerning energy efficiency improvements and use of renewable sources of energy, economic reform, foreign trade, legal reform and education sector.

Financial Cooperation/KfW: As of Q1/2012 bilateral German - BiH Financial Cooperation projects with a total financing volume of approximately €210 million are in various phases of implementation. On top of these new projects with an intended financing volume of approximately €250 million are in principal agreed upon between the Federal German and the BiH Government. These new projects are in different stages of preparation. All such new projects will be in the already existing sectors of cooperation i.e. energy, water and finance. Germany thus underlines to be a major provider of development support for Bosnia and Herzegovina in the coming years.

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH has been working in Bosnia and Herzegovina on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) since 1995.

Transforming the country's economy from centrally planned system into a competition-based market economy, achieving greater domestic stability and furthering economic integration with the EU are among the Government's stated objectives. Sustainable economic development (Local and Regional Economy Development, Energy Efficiency Consultancy, democracy and civil society, (Strengthening of Local-Self Government, Strengthening of Public Institutions, Support for Adult Education) have therefore been agreed as priority areas and provide the framework to development cooperation with Bosnia and Herzegovina.

Alongside GIZ's work in the field of bilateral cooperation, there is now an increasing focus on promoting regional cooperation with other South-East European countries. Since September 2010, GIZ office in Sarajevo has also been the base for regional activities, including the Open Regional Fund<sup>170</sup> which focus on legal reform, foreign trade promotion, modernization of municipal services, energy efficiency and renewable energies.

## Donor coordination efforts

Germany is actively participating in the Donor Coordination Forum. Bilateral activities are coordinated and linked with activities of other donors.

Financial Cooperation/KfW: In all three active sectors of bilateral German - BiH Financial Cooperation (energy, water, finance) coordination takes place beyond the DCF. In most cases this happens through bilateral action between relevant donor agencies/donor countries but not in the form of regular working groups.

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH coordinates all project activities with other donors in the country and also in the region. There are common activities between GIZ and other agencies like GIZ project Support for Adult Education that is co-funded by Swiss Agency for Development and Cooperation (SDC).

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<sup>170</sup> The aforementioned project is implemented through regional sub-projects, in which BiH is one partner country. Open Regional Fund conducts regional cooperation activities in Albania, BiH, Croatia, Kosovo, Macedonia, Montenegro, Serbia and to some extent in Romania and Bulgaria.

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## Hungary

### Policy approach

Bosnia and Herzegovina is among the priority countries for the Hungarian National Development activities. The Government of Hungary has adopted a country development strategy for Bosnia and Herzegovina, which is updated regularly. The aims of Hungary's development strategy are:

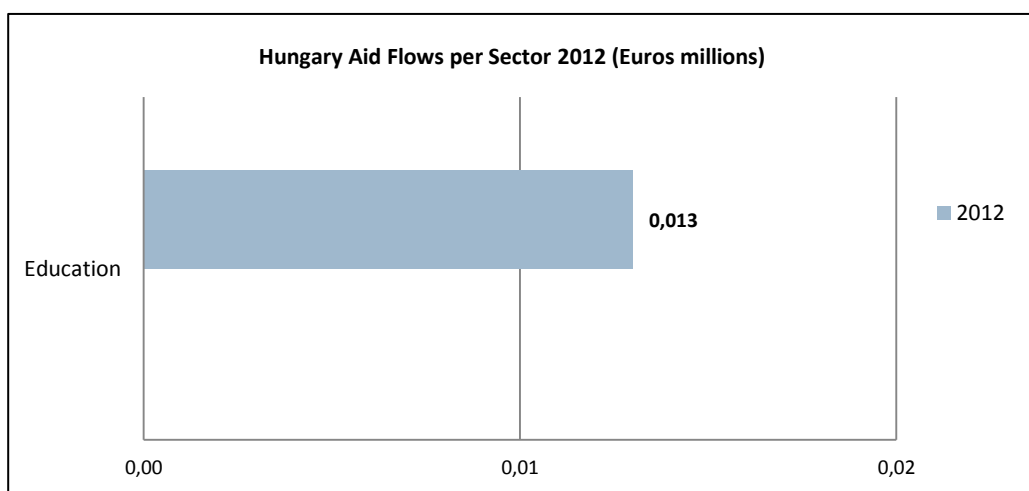
- To strengthen the institutional background of the BiH state in order to help the creation of a functioning, sustainable, democratic state and thus strengthen the rule of law.
- To help the development of the market economy in Bosnia and Herzegovina.
- To help the development of a civil society based on the principles of ethnic and religious non-discrimination, equality and human rights.
- To eradicate poverty in Bosnia and Herzegovina.
- To help sustainable development that is the key for the political-economic stability of Bosnia and Herzegovina.
- To help BiH's Euro-Atlantic integration process.
- Environment.

A key element of the Hungarian approach is to use the specific experience gained during Hungary's democratic transition (i.e. to market economy, to democratic functioning state) and its Euro-Atlantic integration (i.e. EU-integration, NATO-integration, regional cooperation) processes.

Due to the general budgetary situation in Hungary, only limited funds could be devoted to bilateral development assistance activities in the reporting period. On the other hand, Hungary is actively participating in EU IPA projects (support of law enforcement, census).

### Key activities in 2012

Hungary allocated **€0,013 million** in 2012 to the Education sector.





## Education

A single project will be implemented under this sector, which can be considered as a micro or grassroots project. The implementing Hungarian NGO, Magosfa Foundation will contribute to the development of education methods (syllabus) for a sustainable development in Tuzla Canton. It includes translating and adapting a publication of the implementing NGO. Furthermore training will be organized for 30 pedagogues and environmental trainers. The project will be implemented in the course of 2012.

## Medium and long-term approach

Hungary expects its role in the medium term, as EU member state, to be facilitating the country's preparations for a successful Euro-Atlantic integration. As a neighbour, Hungary is very interested in the stabilization and the democratic functioning of Bosnia and Herzegovina and the whole Western Balkan region. Hungary believes that Euro-Atlantic integration is key in this respect, therefore, Hungary will focus its development policy to this issue. Hungary would like to support bilateral projects where Hungarian experts transfer their know-how to BiH politicians, civil servants, civil society and university students. Therefore, Hungary would like to support initiatives that:

- Strengthen the capacities of state institutions for a successful Euro-Atlantic integration.
- Strengthen the civil society itself and its activities of encouraging people especially, young and educated people, to work for the future of Bosnia and Herzegovina.
- Include the transfer of experience of Hungary gained during its democratic transition and Euro-Atlantic integration.
- Contribute to the education of youth.
- Guarantee sufficient visibility to Hungary as bilateral donor.

Hungary will further support activities that reduce mine risk in Bosnia and Herzegovina since Hungary regards it as a very particular problem which directly affects human lives.

## Donor coordination efforts

Besides the Donor Coordination Forum meetings, Hungary also attends regular EU Member States' donor coordination meetings related to IPA and bilateral donor activities.

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Web addresses: [www.mfa.gov.hu/emb/sarajevo](http://www.mfa.gov.hu/emb/sarajevo)

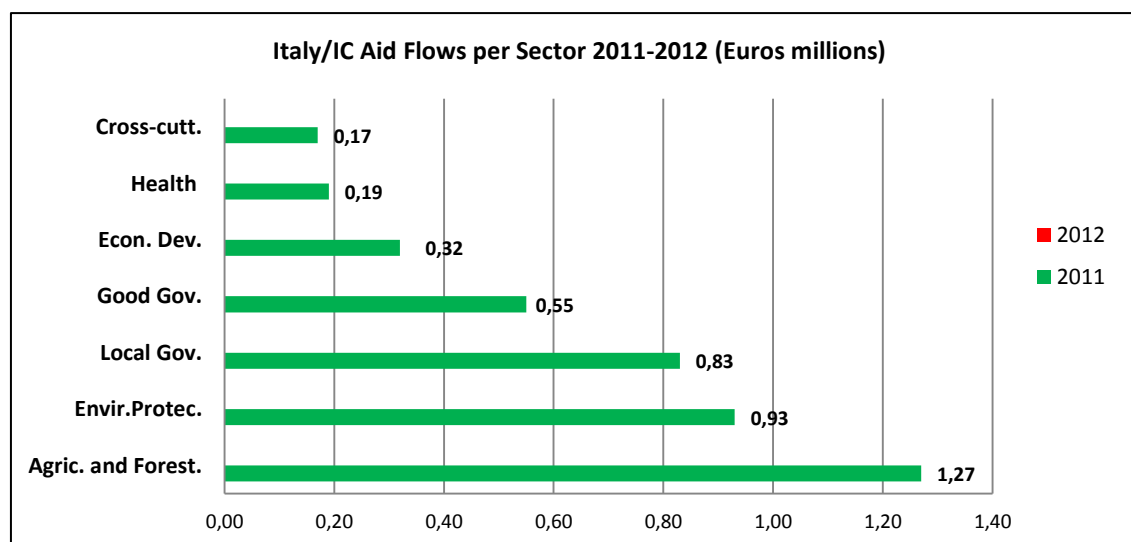
## Italy/The Italian Development Cooperation (IC)

### Policy approach

Bosnia and Herzegovina is considered as a priority country in the agenda of the Italian Development Cooperation. According to the strategic program for the period 2011-2013, the Italian Development Cooperation intends to continue supporting coherent initiatives for the social and economic development of the Country. The areas of activity of the Italian Development Cooperation are various and focused on poverty reduction and improvement of socio-economic conditions. The Italian Cooperation focuses on supporting sustainable development especially in the rural sector, institution-building and the protection of the most vulnerable social categories through numerous initiatives in economic and social fields. The type of activities that have been carried out until today confirm the commitment towards the consolidation of democratic processes and, indirectly, towards the protection of human rights, democracy, rule of law, good governance and the promotion of a culture of peace, based on multi-ethnic cohabitation. Such projects are financed through both bilateral and multi-lateral channels with the relevant participation of Italian NGOs and decentralised cooperation (Regions, Provinces and other local institutions).

### Key activities in 2011

Italy/IC allocated **€4,26 million** in 2011 to the following sectors: Agriculture and Forestry; Environmental Protection; Local Governance; Good Governance and Institution Building; Economic Development and Social Protection; Health; Cross-cutting sectors.



### Rural Development and Tourism

The ongoing activities in the agricultural sector aim at promoting the diffusion of sustainable agricultural systems, such as organic farming, in order to reduce the environmental impact of BiH agricultural production and to develop the capacities of the food and farming production chain. Particularly relevant are the support to the cooperative system, the accessibility of the market, credit lines for farmers, strengthening of local administrations' capacities in the fields of strategic planning and protection of the territory, as well as accessibility to EU funds in the agricultural sector.

### **Social policies with particular attention to minors**

The support to programmes focusing on human rights promotion and protection, especially minors at risk and in conditions of vulnerability, represents one of the priorities of the Italian Cooperation in Bosnia and Herzegovina. Italian Cooperation is directly managing two important projects in this sector: Strengthening of juvenile justice and Support to minors at risk and in conditions of vulnerability. The first project supports BiH institutions in the application process for the National strategy against juvenile delinquency, through assistance, training, research and awareness raising. The second project focuses on minors at risk and in conditions of particular vulnerability and includes trainings on the promotion of mental health and social inclusion of disabled people through sport and cultural activities.

### **Government and civil society**

The improvement of professional capacities of public administrators and social operators cross-cuts through almost all development activities through training, education and raising of awareness. Among the on-going activities, the following ones are particularly relevant: assistance/training to improve the accessibility and quality of mental health services; a post-graduate regional level Master's degree in Democracy and Human Rights; support to the administrations' good governance at the regional level and the beginning of collaboration in the field of civil protection. The Italian Cooperation also finances the project in Srebrenica, that considers communication as a tool for social and cultural development and promotes inter-ethnic integration and intercultural dialogue between young generations in order to build a new Bosnian society based on the respect for diversity.

### **Development of local institutions**

With a comprehensive budget of over €20 million, the Italian Cooperation supports two decentralised cooperation programmes that involve various Balkan countries to strengthen the management capacities of institutions and to stimulate the development at the local level: FPA Balkans and SEENET, Phase II. The budget for the activities in Bosnia and Herzegovina amounts to about €5.5 million. The Italian regions that have shown the greatest commitment towards the implementation of these two projects are Toscana, Piemonte, Puglia and Sicilia.

### **Other**

Among the 6 remaining on-going initiatives that do not fall within the four main sectors, the one regarding humanitarian demining operations, assigned to the Italian NGO, Intersos, is particularly significant. For several years, IC's support to mine clearance activities, coordinated by the BHMAC, is fundamental for the agricultural, industrial and touristic development of broad areas that were mined during the last conflict. The overall budget since 2005 amounts to over €2 million.

### **Medium and long-term approach**

As far as future perspectives are concerned, the Italian Cooperation intends to continue operating in the four above mentioned sectors and aims at strengthening its support in two more fields: support to SMEs and assistance for IPA funds.

As far the support to SMEs, the recent recognition of BiH's part of former Yugoslavia's debt has created the conditions for the IC to allocate soft loans to Bosnia and Herzegovina. Such initiatives are in line with the Italian priority to enhance the economic growth and the entrepreneurial capacity in the area.

Within the framework of EU integration, the Italian Cooperation Office in Sarajevo will continue to actively participate in Member States Coordination Meetings and enhance its assistance to Italian and Bosnian actors willing to apply to IPA tenders, Twinning in particular, providing them with information and facilitating the relationships with the Bosnian institutional counterparts.

### **Donor coordination efforts**

Besides the DCF, the Italian Cooperation was a part of the following coordination efforts:

- EU Member States Coordination Meetings (EC Delegation).
- Donor Coordination for the support to the Court and the Prosecutor's Office of Bosnia and Herzegovina.
- International meeting on the EU Sector-Wide Approach in South East Europe.

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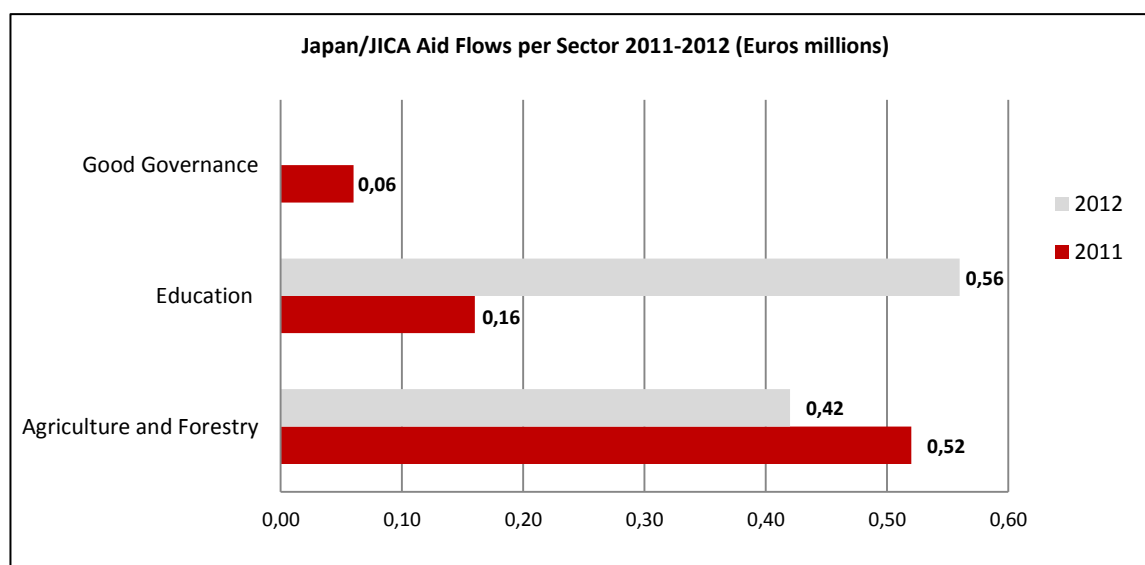
## Japan/Japan International Cooperation Agency (JICA)

### Policy approach

The priority sectors for Japanese economic cooperation in Bosnia and Herzegovina are the following: (1) consolidation of peace/ethnic reconciliation, (2) development of the private sector and (3) protection of environment.

### Key activities in 2011 and 2012

Japan allocated **€0,74 million** in 2011 and **€0,98 million** in 2012 to the following sectors: Agriculture and Forestry; Education and Good Governance and Institution Building.



### Education

Japan has assisted Bosnia and Herzegovina in modernising informatics curricula through a grant aid programme and technical cooperation projects. The *Project for Informatics Curricula Modernisation in Bosnia and Herzegovina, Phase 2* has been implemented since 1 August 2010.

### Environment

To reduce air pollutants (SO<sub>2</sub> and dust) by constructing *Flue Gas Desulphurization (FGD) at Ugljevik Thermal Power Plant*, thereby contributing to improvement of environment in Bosnia and Herzegovina and complying with EU environmental regulation as required from all countries on their path towards the EU accession.

### Tourism

In response to social needs of Bosnia and Herzegovina to achieve economic reconstruction and improvement of living standards, JICA has supported a tourism sector. A new project entitled *The Project for Herzegovina International Tourism Corridor Development and Environmental Conservation* will provide assistance for BiH's

stakeholders to implement various activities for creation of an international tourism corridor by establishing round trip routes connecting tourism spots.

### **Agriculture**

*The Project for Confidence-building in Srebrenica through Agricultural and Rural Enterprise Development (SACRED)* has been implemented in order to develop a basis for enabling environment for confidence-building, and to promote local development through agricultural and rural development activities.

### **Medium and long-term approach**

Since Bosnia and Herzegovina is categorised as an upper-middle income country, Japan's ODA loan will be limited to four following areas: environment, human resources development, disaster prevention and correction of disparities.

### **Donor coordination efforts**

Japan/JICA is participating in the Donor Coordination Forum and project-level donor coordination meetings in the tourism sector.

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## The Embassy of the Kingdom of the Netherlands

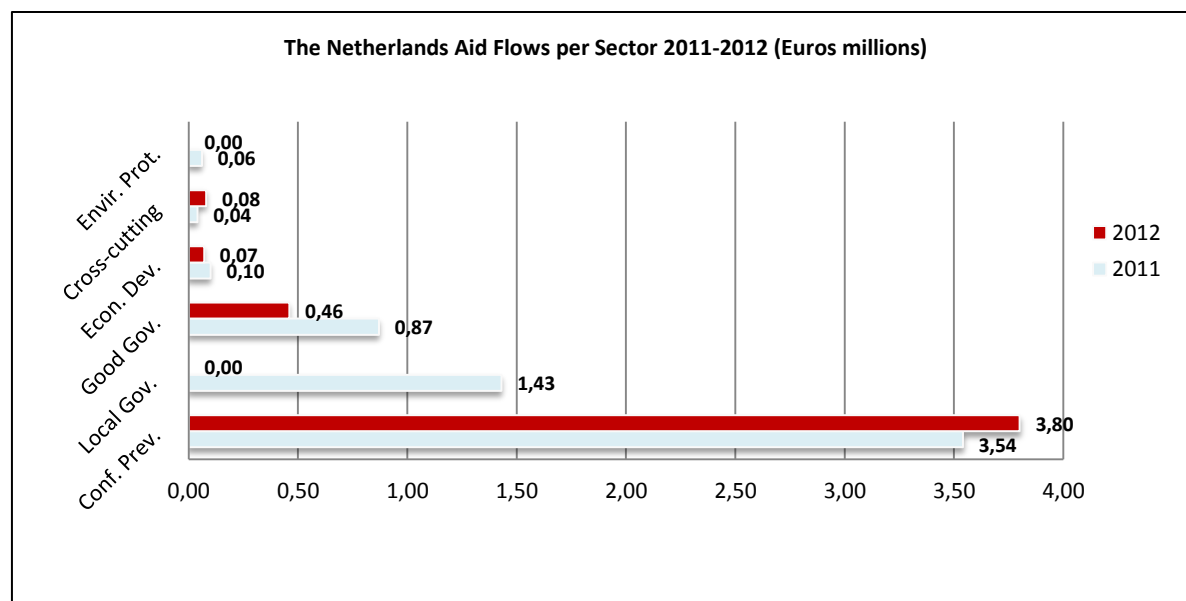
### Policy approach

Bosnia and Herzegovina is one of the 36 partner countries worldwide that the Netherlands has a substantive bilateral development cooperation programme with. In the past the Netherlands focused predominantly on facilitating of the minority return and creating stability in the aftermath of the war. In the last three years the programme shifted to the creation of sustainable, transparent and accountable governance structures in line with criteria prescribed by the EU accession process and concentrating on the development of a business climate favourable for private sector development and foreign direct investment.

By the end of 2011 bilateral development assistance for Bosnia and Herzegovina has phased-out and transformed from a more traditional development relationship into a relationship geared towards EU accession. This new relationship comes with its own instruments, such as the programme for societal transformation (MATRA), for which Bosnia and Herzegovina has qualified since January 2008.

### Key activities in 2011 and 2012

The Netherlands allocated **€6,04 million** in 2011 and **€4,41 million** in 2012 to the following sectors: Conflict Prevention and Resolution, Peace and Security; Local Governance; Good Governance and Institution Building; Economic Development and Social Protection; Cross-cutting; Environmental Protection.



### Activities in Good Governance/Local Governance

The Embassy tries to cooperate closely with other donors present in BiH in order to create the synergy between programs and prevent overlap. In 2007 the Embassy of Netherlands joined the second phase of the *Governance Accountability Project (GAP)*, a joint USAID and Sida initiative on local governance. Other major programs in which the Netherlands jointly with other donors finance include the Public Administration Reform Fund (PARF) and the

support to the State Court of Bosnia and Herzegovina which is responsible for the prosecution of war crimes and organized crime cases.

### **Activities through MATRA Programme**

Strengthening the role of civil society, support to strengthening communication/cooperation between CSOs and government, especially in those areas relevant for EU accession. Themes: Justice and home affairs (Legislation and law/public administration/public order/police/corruption); Human Rights; Press and media.

Annual budget: €395.000. The deadline for calls for proposals at the Embassy of the Kingdom of the Netherlands for 2012 is 16 May 2012.

### **Activities in Human Rights**

In order to support human rights in BiH, the Embassy had, until the end of 2012, access to the Human Rights Facility. Though many issues can and should be addressed, the Embassy focused on the position of women and minorities, free media, corruption and democratisation, and the rule of law.

### **Activities in Economic Development**

To economic development of BiH the Embassy has the following EZ instruments available:

- **MMF-** The Matchmaking Facility Programme is a programme to stimulate matchmaking between SME companies and the Dutch business partners. The goal is to stimulate joint business relations.
- **PSI-** The Private Sector Investment programme is a subsidy programme of the Dutch Ministry of Foreign Affairs that supports innovative investment projects in emerging markets. Innovative investment project, implemented by a Dutch company together with a local company.
- **PUM-** The Netherlands Management Consultancy Programme through which Netherlands senior experts ensures that professional volunteers (senior experts) transfer their knowledge in an efficient manner, thereby promoting self-sufficiency, entrepreneurship and the sustainable development of small and medium-sized enterprises in developing countries and emerging markets.
- **ORIO** - The Facility for Infrastructure Development that is funded by the Dutch Ministry of Foreign Affairs to encourage public infrastructure development in developing countries. It contributes to the development, implementation (construction and/or expansion), operation and maintenance of public infrastructure in developing countries. Bosnia and Herzegovina is eligible for ORIO programme in 2012. There will be two calls for proposals in 2012. More info at: [www.orio.nl](http://www.orio.nl)
- **CBI-** Centre for the Promotion of Imports from developing countries is an Agency of the Netherlands Ministry of Foreign Affairs. It supports producers/exporters to enter the Netherlands market, it also supports to Business Support Organisations in improving their capabilities and to act as a Matchmaker between suppliers and buyers.

### **Activities in Constituency Support**

- **Constituency support 2008, project no. KGS08/BA/3/1, budget EUR 515.000**

The goal of the project is to support the Ministry of Finance and Treasury of BiH in strengthening its organisation in relation to the implementation of the Council of Ministers Debt Management System and in its activities in relation to the Monitoring and Registration of State Property.

- **Constituency support 2010, project no. KGS10/BA/3/1, budget EUR 420.000**

The goal of the project is to support the Ministry of Finance and Treasury of BiH in strengthening its organisation in relation to the Development of an Integrated, Functional and Transparent Public Investment Management Information System (PIMIS) and Development of Recording and Reporting Software of Signed International Agreements.

#### **Additional activities of the Embassy**

- **Small ODA Grants** - A wide variety of projects in the area development cooperation can be supported, focusing on vulnerable groups, reconciliation. Annual budget: €67.000.
- **Small Cultural Grants** – that are provided for the promotion of Dutch culture in Bosnia and Herzegovina. Annual budget: €15.000.

#### **Medium and long-term approach**

As of 2012 the Embassy will focus its development assistance to the Srebrenica region in the amount of €5.000.000 per year. The main areas of interest are: identifications of victims of 1995 genocide in Srebrenica, support to its survivors, prosecuting the culprits, remembrance, and support to the creation of a business enabling environment (including capacity building of the local government).

Furthermore the Embassy will continue its support to the transformation of the Bosnian society through its MATRA programme.

#### **Donor coordination efforts**

Besides participating in DCF the Embassy has a good cooperation with other donors active in the sectors of common interest. Particularly good coordination is with the agencies that co-fund the projects with the Netherlands such as GAP, PARF, Judiciary.

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## The Royal Norwegian Ministry of Foreign Affairs

### Policy approach

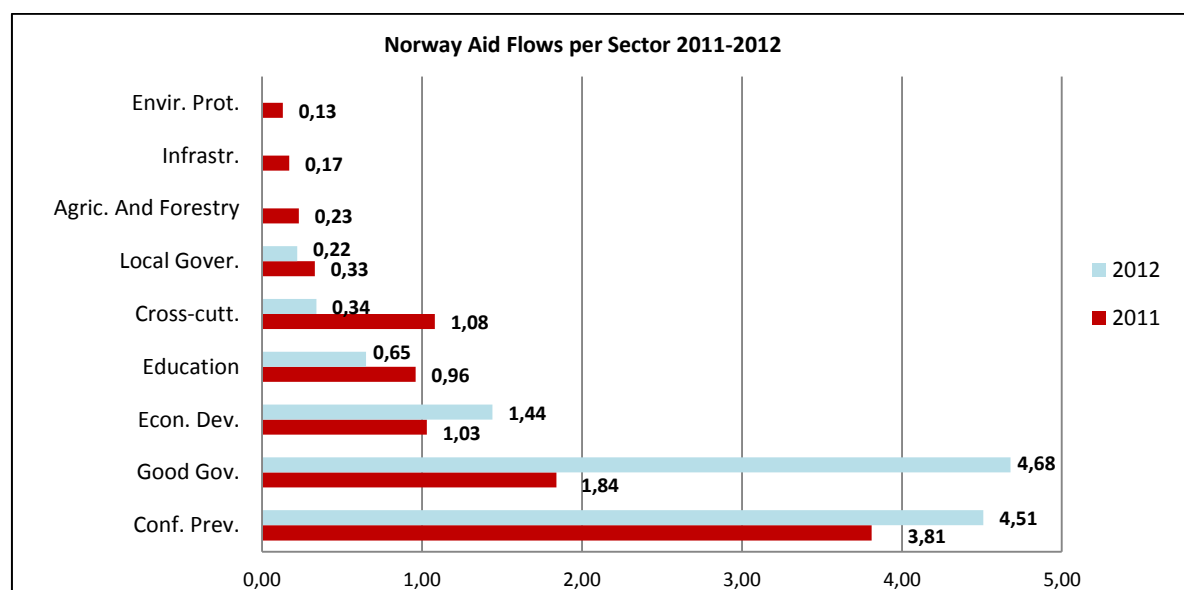
Much of Norwegian development cooperation internationally involves long-term assistance in the form of grants. Norwegian long-term development cooperation in general emphasizes both bilateral assistance, channeled directly to the governments of partner countries, and multilateral assistance, which is channeled through the UN system and development banks. Norway also provides significant assistance through international, local and Norwegian non-governmental organisations.

Norwegian cooperation with Bosnia and Herzegovina has evolved over the years from humanitarian assistance and reconstruction to supporting political and administrative reforms and Euro-Atlantic integration. This involves support to institution building and judicial reform. The Government intends to continue Norway's assistance to Bosnia and Herzegovina at the current level.

The following sectors are given priority: Good governance (including the justice sector), defense and security sector reform, economic development, education and strengthening civil society.

### Key activities in 2011 and 2012

Norway allocated **€9,58 million** in 2011 and **€11,84 million** until May 2012 to the following sectors: Conflict Prevention and Resolution, Peace and Security; Good Governance and Institutional Building; Economic Development and Social Protection; Education; Cross-cutting; Local Governance; Agriculture and Forestry; Infrastructure and Environmental Protection.



### Conflict Prevention and Resolution, Peace and Security Sector

Support is given to capacity-building in the Ministry of Defence, competence building in the security sector and strengthening the Peace Support Operations Training Centre (PSOTC).

*NATO Trust Fund* received support for the reintegration of Bosnian personnel made redundant during the defence reform process in the period 2010 – 2012 and to strengthen domestic capacity to meet similar changes in the future. Norway is one of the lead nations in the Trust Fund, together with the Netherlands and Slovenia. The executing agency for this project is the International Organisation for Migration (IOM), in coordination with the Bosnia and Herzegovina Ministry of Defence.

*DIFI (The Norwegian Agency for Public Management and eGovernment)* received support for a pre-project regarding the Defence and Security Sector Reform Programme.

Substantial grant is given to continuation of mine clearance through Norwegian People's Aid. Identification of war victims through the International Commission on Missing Persons (ICMP) has been supported for several years. Conflict resolution and reconciliation is supported through the Nansen Dialogue Networks.

### **Good Governance and Institution Building Sector**

Support for reform and strengthening of the judicial system is a key priority, mainly through the High Judicial and Prosecutorial Council (HJPC) and Office of the Registry. Norway also supports the Office of the High Representative (OHR).

Strengthening capacities of the Division for the Rights of the Child in the office of the Ombudsman and social inclusion of women refugees are among other projects in this sector.

The International Commission on Missing Persons received support in their work towards providing Bosnia and Herzegovina with a sustainable national mechanism to address the issue of persons missing as a result of the conflict in BiH regardless of their ethnic, religious or national origin.

### **Cross-cutting Sector**

Support is provided to local civil society for a variety of projects as well as children's rights through UNICEF and gender issues in security sector reform.

### **Economic Development and Social Protection Sector**

Norway supports the Innovation Centre in Banja Luka to assist small companies and promote innovative businesses. Support is also provided to Agro Export Promotion Centre. This Centre gives access to ICT to small and medium-sized agricultural businesses.

### **Education Sector**

Support for integrated education is given through Norwegian and international NGOs. At university level support is given for education in transitional justice and religious studies.

### **Agriculture and Forestry Sector**

The ongoing activities in the Agriculture sector aim at promoting cooperatives and assisting producers in product certification.

### **Environmental Protection Sector**

The capacity building for local implementation of the Stockholm convention represents one of the priorities of the Norwegian cooperation in this sector.

### **Infrastructure Sector**

The cooperation in the Infrastructure sector is focused on the electrification of areas of accomplished return and this is done in cooperation with UNDP.

### **Local Governance Sector**

Development cooperation in the Local Governance sector is focused on strengthening local governance through capacity-building in the municipalities.

### **Medium and long-term approach**

The Norwegian Government transitional assistance to Bosnia and Herzegovina has shifted over time in accordance with the changing needs in the country. In the medium and long term Norway is expecting stability and supporting reforms and processes which will bring Bosnia and Herzegovina closer to the Euro-Atlantic integration. An important objective of Norwegian assistance will be to promote consolidation of the state.

### **Donor coordination efforts**

Norway will continue to take part in donor coordination efforts and dialogue at a general policy level as well as within specific sectors such as the justice sector reform.

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## Spain/Spanish Agency for International Development Cooperation (AECID)

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### Almost 20 years of Spanish cooperation with Bosnia and Herzegovina

Based on the decision of the Council of Ministers of Spain, dated December 2010, after almost twenty years of work, dedication, efforts and compromise towards Bosnia and Herzegovina, Spanish Agency for International Development Cooperation - AECID has closed its office in Sarajevo, considering that the Agency accomplished its task in BiH. AECID has ended its mission satisfied with the accomplished work, leaving behind the good results, with the conviction that Bosnia and Herzegovina firmly advances, day after day, towards the desired goal, the status of the full member of the European Union.

During almost 20 years of assistance provided to Bosnia and Herzegovina, Spanish cooperation with Bosnia and Herzegovina has undergone through three clearly defined periods:

1. Humanitarian assistance (1992-1996);
2. Support for the reconstruction of the country (1996-2000);
3. Development cooperation. Transition period and economic reconstruction coincide with the opening of the Technical Office for Cooperation with the Balkans, from 2001 until 2010, addressing the development issues of the country.

Bosnia and Herzegovina is the country on which Spanish Agency for International Development Cooperation directed most of the attention in the Balkans. This engagement resulted with more than **€56 million of grant aid**<sup>171</sup>.

### Future form of Spanish cooperation with BiH

With the closure of AECID office in BiH, the so-called Technical Office for Cooperation with the Balkans (OTC), Spain will no longer provide assistance to BiH on bilateral level, however, in the future Spanish aid in Bosnia and Herzegovina will be conducted on multilateral basis, through the institutions of the European Union or UN.

### Multilateral cooperation: Spain – Bosnia and Herzegovina, through United Nations

In December 2006, Spain and United Nations (under UNDP leadership) established the Millennium Development Goals Achievement Fund (MDG F) at the global level, with the contribution of the Government of Spain, in the amount of €528 million, for investment in development programmes in various countries.

Activities and projects in development programmes should be directed towards the achievement of the millennium development goals, implementation of the Paris Declaration and strengthening of reform processes within the United Nations.

Four programmes were approved to Bosnia and Herzegovina, in the amount of almost USD 24 million, which are implemented through the joint partnership of BiH institutions and entity institutions and a number of United Nations agencies in BiH (UNFPA, UNESCO, UNICEF, UNDP, UNEP, FAO, IOM).

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<sup>171</sup>Presented amount constitutes the direct assistance of the Government of Spain for BiH, the assistance through the United Nations is not included, since in accordance with the Paris Declaration, it is presented by the implementing agency, in this case the UN.

These programmes last for 3 years and they will be finalized until the end of 2012.

This involves development programmes, in the following areas:

1. **Culture and Development;** for the programme *Improving Cultural Understanding in BiH* (MDG-F Joint UN Programme, Spanish Fund) the Government of Spain allocated total amount of USD 8 million, out of which USD 631.578 (€499.335) was allocated in 2012.
2. **Youth, Employment and Migration;** This Programme aims to respond to high rate of unemployment of youth and to prevent the drain of valuable resources from the country, whereat the Government of Spain for the *Youth Employability and Retention Programme* (MDG-F Joint UN Programme, Spanish Fund) allocated USD 6 million. The amount of USD 1.504.349 (€1.189.472) was allocated in 2012.
3. **Environment and Climate Change;** This programme seeks to support and improve local management of environmental resources as well as to provide the services through improvement of environment management at the local level. Total amount allocated for the *Environment and Climate Change programme* (MDG-F Joint UN Programme, Spanish Fund) is USD 5,5 million, and USD 1.565.796 (€1.237.897) was allocated in 2012.
4. **Democratic Economic Governance;** for the programme *Securing Access to Water through Institutional Development* (MDG-F Joint UN Programme, Spanish Fund) the Government of Spain allocated USD 4,5 million. The Programme seeks to detect weak management in the area of economy and weak infrastructure of the water supply sector in Bosnia and Herzegovina. These issues complicate satisfactory delivery of water supply services from duty-bearers (governments) and service providers (utilities) to the rights-holders (the citizenry). Also, the lack of the adequate participation of citizens in the processes of decision making in the water sector has negative impact for local communities and local development. The amount of USD 627.134 (€495.803) was allocated in 2012.

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## Sweden/Swedish International Development Cooperation Agency (Sida)

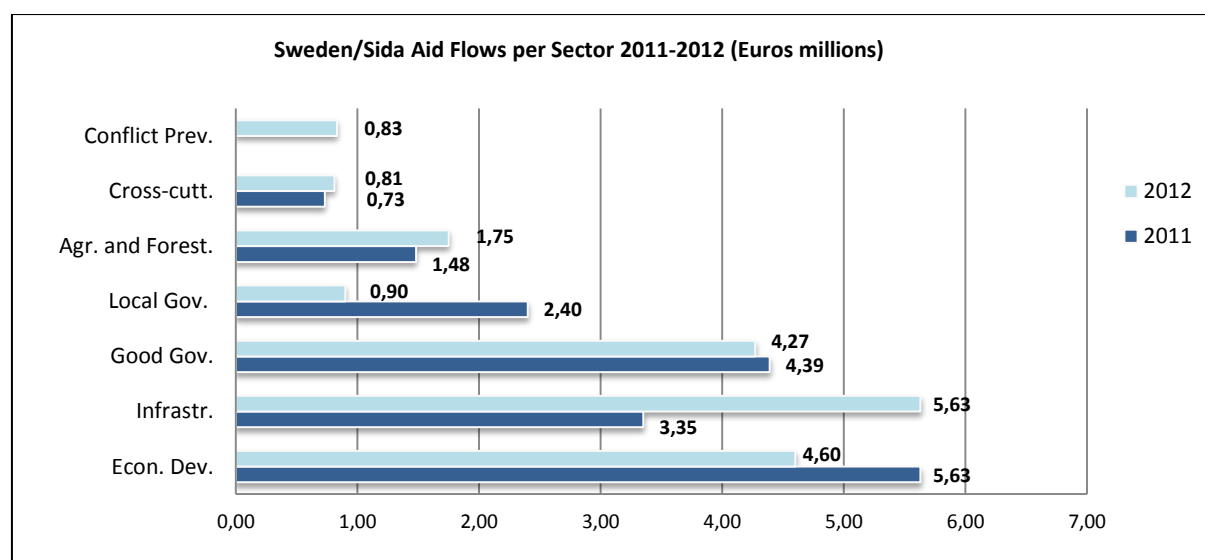
### Policy approach

The Swedish reform cooperation with Bosnia and Herzegovina 2011-2014 aims at democratic, fair and sustainable development together with improved conditions for EU integration. Sida focuses on three main areas: democracy, human rights and gender equality; market development; and sustainable infrastructure. In addition, support is also given to the cross-cutting issues (civil society, gender and minorities). In order to increase aid efficiency and facilitate EU integration the strategy promotes:

- Better coordination with the EC and the IPA programme;
- Increased use of the country's own systems for planning, implementation and follow-up;
- Increased use of programme-based approach.

### Key activities in 2011 and 2012

Sweden/Sida allocated **€17,98 million** in 2011 and **€18,79 million** until May 2012 to the following sectors: Economic Development and Social Protection; Infrastructure; Good Governance and Institution Building; Local Governance; Agriculture and Forestry; Cross-cutting and Conflict Prevention and Resolution, Peace and Security. Approximately €20 million will be available for 2012.



### Democracy, Human Rights and Gender Equality

The Swedish – BiH cooperation strategy for the period 2011-2014 has a focus on the development of central and local administration aimed at better safeguarding citizen rights and meeting the requirements of EU integration. Sweden provides assistance to the Public Administration Reform and to the Transition Strategy of the Registry of the Court of BiH and the Prosecutor's Office of BiH as well as to the High Judicial and Prosecutorial Council (HJPC). Sweden has also provided support to the Civil Rights Defenders and the Center for Investigative Reporting.

Local Democratic Governance remains in focus. The *Governance Accountability Project (GAP)* is assisting half of the municipalities in BiH to improve services and legal, regulatory and financial conditions. In addition to this, in 2011 Sida financed three complementary projects:

- Capacity building at the level of Municipal Associations of BiH;
- The *Municipal Training System (MTS)*, implemented by UNDP, aims at developing and instituting a sustainable model for training of local government employees;
- *People's Empowerment in Rural Areas (PERA)* strengthens administration and local participation in 100 villages in order to integrate them in the overall development of BiH.

### **Market development**

The focus is on economic growth through improved competitiveness and better regulatory conditions for growth for small and medium-sized companies. The major projects FIRMA and FARMA, that are co-financed with USAID, are focusing on smaller companies within five strategically chosen sectors (agriculture, food, forestry/wood, metals/plastics and tourism). Sida and USAID have also set up a system for credit guarantees in order to increase the capacity of banks to issue investment loans to small and medium-sized industrial companies. Cooperation with local development organizations, like NERDA in Tuzla and REDAH in Mostar, has been successful. A *Food Safety project* aims at helping BiH institutions adapt to EU standards in the field of food safety and quality control. In addition Sweden supported:

- Inspections reform;
- Rural development and flood rehabilitation;
- Investment climate – simplification of procedures;
- Improving trade of animals and products.

### **Environmental infrastructure**

The support is aiming at contributing to an improved municipal environmental infrastructure focused on the management of waste water and sewage. It comprises both capacity building and investment subsidies at municipal level. The Swedish financed components aim at complementing loans from international financial institutions. A project aimed at improving solid waste management in the BiH municipalities started in 2010. This environmental project is classified as Infrastructure in accordance with the statistical standards.

### **Cross-cutting issues (including civil society)**

Sida has provided support to the civil society sector mainly through two NGOs: The Civil Society Promotion Centre and Kvinna till Kvinna. Sweden also provides support to the International Commission for Missing Persons (ICMP) to assist the families and the society with identification of missing persons and providing the right to credible and impartial information about the war and its consequences. Sweden is supporting the BiH Gender Agency through a recently established Fund for Implementation of the BiH Gender Action Plan. Support has also been given to the Center for Interdisciplinary Postgraduate Studies for education of post-graduate students from BiH on various aspects of gender, in order to enable them to apply this knowledge into practice.

## Medium and long-term approach

Sweden will continue to be a major donor in BiH during the coming years with a yearly budget of approximately €19 million. A new strategy became valid from 2011. The focus will continue to be support to Bosnia-Herzegovina's road towards EU candidate status and EU membership. Good Governance and Economic Development will continue to be the priority sectors. The third priority sector is Environmental Infrastructure with a focus on support to municipal infrastructure to handle water, waste water and solid waste. Other opportunities to influence structural factors important for the business climate and for access to European markets, employment and women's economic participation should also be examined.

## Donor coordination efforts

Sweden participates in sector coordination activities regarding all sectors mentioned, with special emphasis on the Justice Sector, PAR and Gender Issues. Sida has initiated support to the establishment of a Justice Sector Strategy Fund together with Spain and the UK. The aim is to establish a higher level of aid effectiveness in support to justice sector reform. During 2011-2012 Sida provided economic support to the Donor mapping activities of BiH Ministry of Finance and Treasury.

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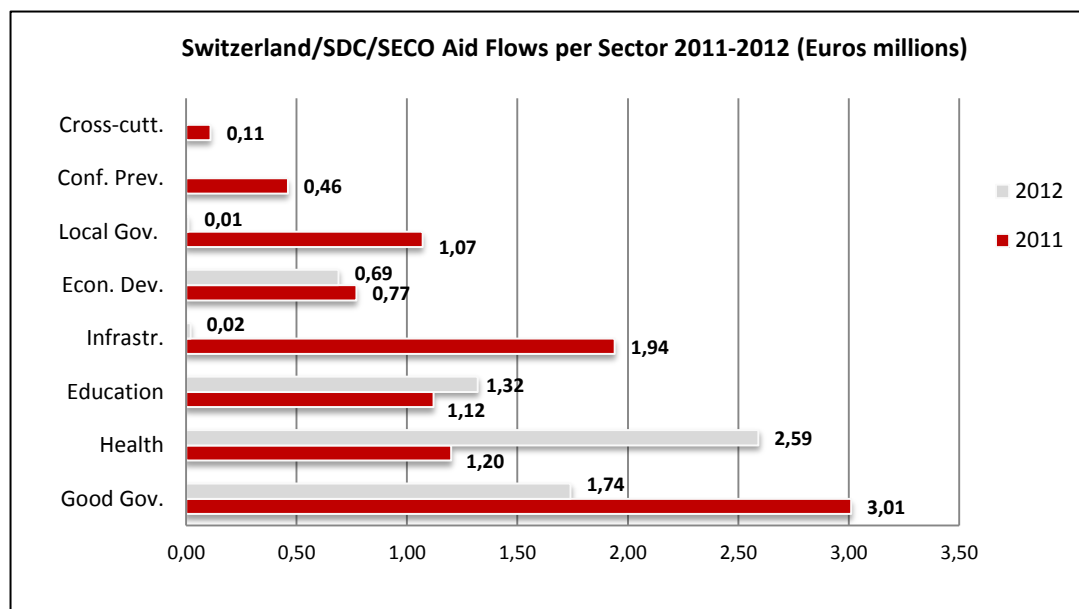
## Switzerland /Swiss Agency for Development and Cooperation (SDC) / State Secretariat for Economic Affairs (SECO)

### Policy Approach

The SDC and SECO Cooperation Strategy is in line with relevant national documents, as the *Country Development Strategy* complemented by a *Social Inclusion Strategy*. The Strategy stands for the Swiss commitment to support the transition in BiH towards a functioning democratic state and a social sustainable market economy. Due to BiH strategic importance for regional development and stability in the Western Balkans as well as the large Diaspora and corresponding strong relationship with Switzerland, other federal agencies are also active in BiH. Coordinated programmes are implemented by the Political Affairs Divisions IV and I (PD IV; PD I), the Federal Office for Migration (FOM), as well as the Federal Department of Defence, Civil Protection and Sport (DDPS). Switzerland also provides finance for addressing cross-border issues with a regional approach and design.

### Key activities in 2011 and 2012

Switzerland/SDC/SECO allocated **€9,68 million** in 2011 and **€6,37 million** in 2012 to the following sectors: Good Governance and Institution Building; Health; Education; Infrastructure; Economic Development and Social Protection; Local Governance; Conflict Prevention and Resolution, Peace and Security; and Cross-cutting.



### Decentralization and Local Governance

In 2011 SDC has been intensively working on the definition and conceptualization of the new mid-term strategic orientation of its' Decentralization and Local Governance portfolio. After the finalization of the long-term support of municipal governance in the wider region of Dobož (MDP Project), SDC will continue in 2012 its engagement in other two pillar activity fields: promotion of good municipal governance in the sector of water and environmental sanitation in the north-western part of the country, and, in cooperation with UNDP, country-wide support to the

municipal strategic planning. The thematic orientation in water and environmental sanitation is now broadened by entering into introduction of new technologies of decentralized waste-water treatment in Una-Sana Canton, in cooperation with Slovenia. Country-wide networking in the water sector will be continued with focus on the achieving its sustainability. In the area of strategic municipal planning further consolidation of the local planning framework within the overall planning and financial systems of BiH in accordance with EU policies shall be enhanced.

## Justice

The main focus in the domain of justice in 2012 will remain in the area of strengthening the capacities of prosecutors in the criminal justice system and enhancing the juvenile justice legal and institutional framework and application of alternative measures in accordance with international standards. SDC provided active contribution to domestic authorities to further enhance the existing strategic, administrative and regulatory frameworks. Action plans with an integrated approach to Juvenile Justice have been developed and adopted in nine selected municipalities and Child Friendly Rooms established in selected police stations.

## Economy

SECO will continue its support to the BiH economy in 2012 through the engagement in the private sector development. This support currently includes projects at regional and country level implemented by IFC, WB and IMF. Providing access to finance through SIFEM activities and access to markets through SIPPO activities will also be continued. The cooperation with IFC in the promotion of good corporate governance practices and support to better performance of the microfinance sector will be broadened on the support to the reform of direct taxation. Several regional initiatives continue to offer the support in the areas of the public financial management, modernization of tax administration, capacity building and consumer protection in banking and microfinance sectors, as well as in catastrophe risk insurance.

## Basic Infrastructure

SECO's strategic interventions in the sector of infrastructural ameliorations and modernization is being followed up with specific, practice oriented approach, focused on the grants' based, thematic entry of water supply system rehabilitation, integrating corporate governance coaching and applied capacity building of involved, municipal utilities, linked to other sister-organizations in the country. After successful finalization of water supply activities in RS in 2011, a feasibility study for a new project in the Federation of BiH is currently under development, in cooperation with KfW. The rehabilitation activities in the electric power sector in the Federation of BiH ended in 2011.

## Health

In 2011 particularly significant progress was made in the mental health domain related to the setting of administrative and legislative foundations for more efficient operations of the mental healthcare system at the community level. Curricula and manual for continuous professional training of nurses in mental health were developed and training of nurses-trainers organised. Managers of 55 Community Health Centres (Dom zdravlja) and Centres for Mental Health from all over the country received education in mental health care organisation and intra- and inter-sectoral cooperation. Earmarked on-budget support was provided to the RS Ministry of Health for the additional education of 150 nurses in family medicine under the new officially adopted curricula, which integrate community nursing education as developed under the SDC-funded *Family Medicine Implementation Project*. The highly successful *FaMI Project* ended in March 2011. Related to future SDC's support to the health care reform, a new project in the field of nursing was prepared and approved to be started in 2012.

## Youth employment

In 2011, Switzerland has significantly ramped up its support to the promotion of youth employment in BiH. In January, the *Skills for Jobs* project was launched. In its inception phase, the project, through a participatory process, reached out to almost 200 non-formal education stakeholders in order to identify missing skills on the BiH job market and identified 41 job competencies most required by BiH employers. The project also supported the development of 12 demand-driven project concepts aimed at strengthening local skills development services for the missing competencies in five sectors/areas (wood, metal, gastronomy, construction and soft skills). Since December 2011 SDC is also co-financing the *GIZ Adult Education* project implemented by the German Agency for International Cooperation.

In terms of results, Switzerland managed to facilitate the employment of more than 900 young people, of which about half were women, in the past year. Job placements were achieved under the *Youth Employment Project* (YEP) through different channels: by closely cooperating with private employment agencies and dedicated youth employment NGOs, and by introducing so-called *Job Clubs* – an effective instrument to provide long-term unemployed young people with intensive skills development and job-search support – into the Public Employment Services (PES) of both entities. A roll-out of the Job Clubs in both entities (10+10) was agreed with the PES and shall be accomplished in 2012. 48 employability workshops were organized in rural and urban areas across the country, in which more than 1000 young unemployed people participated. 1276 final year secondary school students attended a career management program introduced by the YEP.

## Migration

A migration dialogue with the competent national authorities, Ministry of Security and Ministry of Human Rights and Refugees has been continued. The Principality of Liechtenstein signed a Memorandum of Understanding on Migration Partnership with BiH as well and will be represented by Switzerland. Projects supporting implementation of Roma Action Plans, *Return of Irregular Migrants stranded in BiH* has been successfully implemented. New projects related to strengthening of the state institutions: *Support to the Immigration Management System of BiH* i.e. drafting of policies and strategies, had been finalised and put in the procedure for adoption. The reconstruction of Readmission Centre in Mostar and drafting of needed laws and by-laws for reception and reintegration of readmitted BiH national's is underway.

## Medium and long-term approach

The Western Balkans will continue to be the strategic priority region for Switzerland's foreign policies. Most of the actions under the 2009-2012 Strategy, concentrating on mainly four thematic domains (Rule of Law and Democracy; Economy and Employment; Health; and Basic Infrastructure) are still on-going. A new Country Strategy for the period 2013-2016 will be developed and presented by the end of the year.

Based on the already existing, long lasting and intensive cooperation the Strategy on Swiss Migration Partnership for the Western Balkans 2012-2015 has been designed. The strategy focuses on BiH, Serbia and Kosovo. Projects dealing specifically with immigration and emigration are essential elements of migration partnership. Other aspects covered are, for example, promoting voluntary return and reintegration, consolidating state structures, regular migration, preventing irregular migration, migration and development end others. For implementing the Swiss Migration Partnership Strategy for the Western Balkans, Switzerland allocated EUR 15.719 million and Principality of Liechtenstein allocated EUR 1,65 million.

Furthermore, increased emphasis has been placed on *Regional Cooperation Programme* and activities in order to improve regional integration and create synergies and foster knowledge management: culture, academic and applied research, police programme. Under the umbrella of the Regional Cooperation Council (RCC), Switzerland supports regional initiatives that focus on cooperation in local governance, education, health, employment and migration. Certain SECO projects are explicitly designed as regional programmes and implemented by international agencies like IFC or FIAS.

### Donor coordination efforts

Switzerland participates in Donor Coordination Forum as well as in sector coordination activities, particularly in the Justice sector and issues related to Skills and Education for Adults. Good results are achievable if like-minded partnership can be established. Switzerland is engaged in a number of initiatives and promotes jointly-funded projects (UNDP, Sida, GIZ) such as Juvenile Justice, Integrated Local Development, FIGAP and Adult Education.

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## United Kingdom/Department for International Development (UK/DFID)

### Policy approach

The UK Government has provided political and financial support to Bosnia and Herzegovina since its independence. Assistance provided by UK Government is governed by her Majesty's Government priorities and objectives for Bosnia and Herzegovina and set out in a comprehensive Country Business Plan.

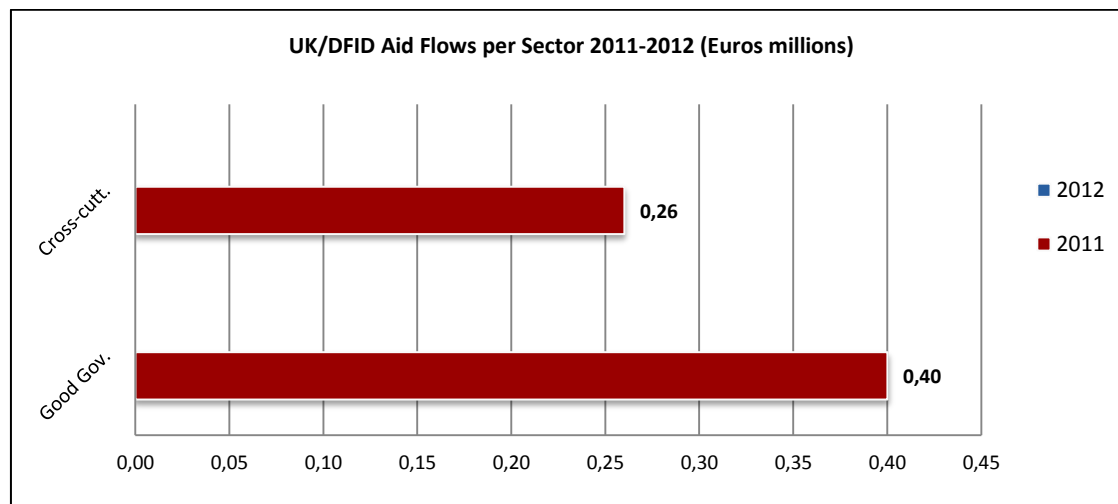
The DFID BiH office in the British Embassy was closed on 11 February 2011, but the UK Government continues to provide programme assistance through the Foreign and Commonwealth Office and the Ministry of Defence.

In July 2011, UK Government published a new strategy outlining how the UK will promote stability and prosperity in countries and regions where its interests are at stake. The Building Stability Overseas Strategy (BSOS) was developed jointly by the Foreign and Commonwealth Office (FCO), the Department for International Development (DFID) and the Ministry of Defence (MOD). It sets out how the UK can enhance its own security and prosperity by identifying, preventing and ending instability and conflict overseas, using its diplomatic, development, military and security tools, and drawing on Britain's unique experience, relationships, reputation and values. The full strategy can be downloaded from: <http://www.fco.gov.uk/resources/en/pdf/publications/annual-reports/bsos-july-11>

It is in interest of the UK Government to maintain the momentum of the enlargement process and progress on bringing peace and stability to the Western Balkans. The *Reuniting Europe* programme helps deliver vision of building an effective and globally competitive EU in a secure neighbourhood. The Programme does this by supporting EU enlargement and by helping the European partner countries to implement the reforms necessary for EU accession. It focuses, in particular, on stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities. The full strategy can be downloaded from: <http://www.fco.gov.uk/resources/en/pdf/about-us/what-we-do/diplomatic-influence-values-fund-2011-12>

### Key activities in 2011

UK/DFID allocated **€0,66 million** in 2011 to the following sectors: Good Governance and Institution Building and Cross-cutting sectors.



## Medium and long-term approach

British Embassy in Sarajevo currently works on two programmes and a scholarship scheme. These have been maintained for several years and are reviewed annually. The two main programmes and the scholarship scheme are:

- **Diplomatic Influence & Values Fund - Reuniting Europe**

The main purpose of the *Reuniting Europe programme* is to support partner countries with the reforms necessary for EU accession or closer partnership with the EU.

The programme focuses on:

1. Supporting political reforms in key sectors, including justice sector and undertake political advocacy;
2. Increasing political transparency and good governance;
3. Building capacity in public administration.

Total value of the annual programme is approx. £500.000 for FY 2012-13.

- **Conflict Prevention**

UK is funding activities on conflict prevention, stabilisation and peacekeeping. In addition to conflict resolution and post conflict reconstruction, UK supports activities that aim to prevent future conflict, creating the conditions required for effective state-building and economic development.

The main focuses of the BiH programme are:

1. A sustainable and transparent Justice Sector created with improved access to justice and reconciliation in both criminal and civil sectors;
2. An effective, transparent and accountable security sector, including reform of the Armed Forces;
3. Assisting reconciliation by improving inter-ethnic relations and reducing nationalist rhetoric.

The current value of this programme is approx. £1,40 million for FY 2012-13 (based on funds that qualify as overseas development assistance).

- **Chevening Scholarships**

Over 100 BiH students have been awarded the Chevening scholarships since 1985 (Note: there was a break between 1989 – 1995, due to the war). The Scholarships are aimed at the very best students, who plan to return to Bosnia and Herzegovina and use their new skills for the benefit of their home country in a range of sectors - government, politics, business or the professions. Some former scholars now hold positions of responsibility in state and international institutions in BiH.

## Donor coordination efforts

Working in partnership with other donors, the BiH Government, Parliaments, civil society, academia and the media, it is the objective of UK to support and promote reforms that will assist Bosnia and Herzegovina's Euro-Atlantic Integration.

In addition to the DCF, representatives of the UK Government/British Embassy actively participate in sectoral donor co-ordination activities run by local institutions and donors, in all key sectors, with special emphasis on the justice and security sectors.

After the DFID office in BiH is closed, representatives of the British Embassy Sarajevo continued to be the members of the management board for the Public Administration Reform Fund and monitor implementation of the project funded by the DFID (approximate remaining funds: £1 million) .

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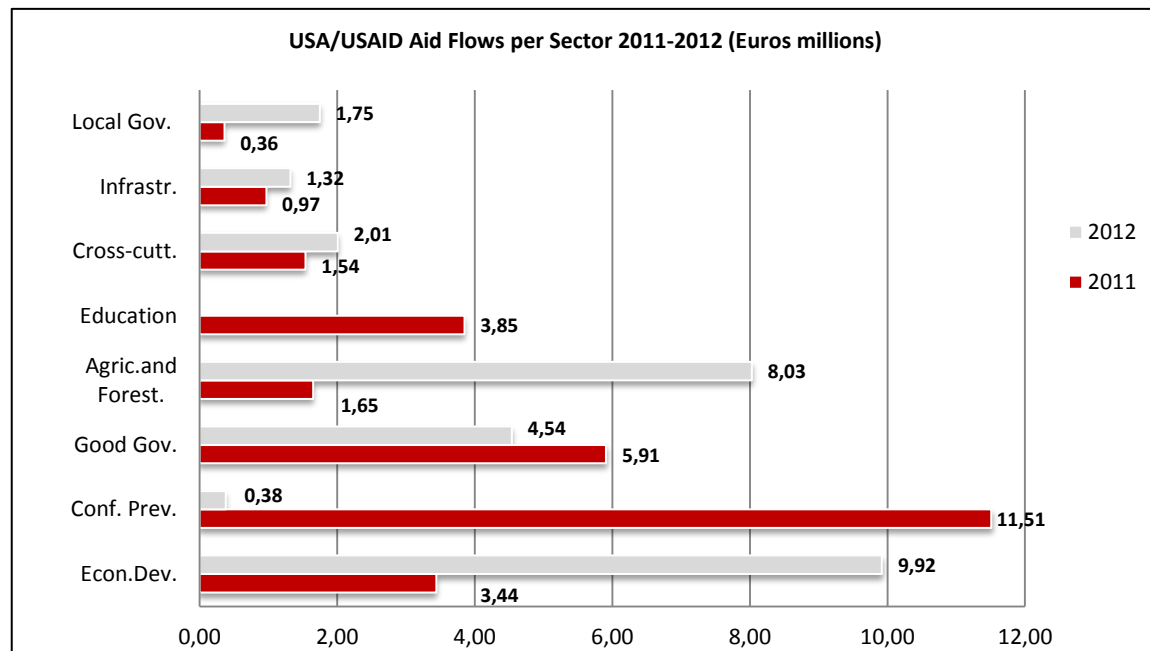
## United States of America/ United States Agency for International Development (USA/USAID)

### Policy approach

The U.S. Government (USG) continues its strong commitment to Bosnia and Herzegovina's development and stability. A new *USAID Country Development Cooperation Strategy for Bosnia and Herzegovina 2012-2016* contributes to the USG objective in Bosnia and Herzegovina by carrying out assistance programs that help Bosnia and Herzegovina progress toward a harmonised economic space, effective and transparent government institutions with a strong civil society, and a multi-ethnic, tolerant society. The strategic goal is that Bosnia and Herzegovina is a more stable country closer to Euro-Atlantic integration and reaching this objective includes functional state-level institutions, inclusion of minorities in the political process, compliance with the European Convention on Human Rights, GDP growth, increased economic competitiveness, and a clear strategy for EU accession.

### Key activities in 2011 and 2012

The USG allocated **€29,23 million** in 2011 and **€27,95 million** in 2012 to the following sectors: Economic Development and Social Protection; Conflict Prevention and Resolution, Peace and Security; Good Governance and Institution Building; Agriculture and Forestry; Education; Cross-cutting; Infrastructure; and Local Governance.



### Good Governance and Institution Building

USG programs improve the efficiency and organization of the justice system in Bosnia and Herzegovina (BiH), and enhance prosecutors and judges' capacity to handle serious cases involving terrorism, organized crime, and war crimes. Programs develop the BiH Parliament's institutional capacity to draft legislation, make procedural reforms and outreach to constituents. Programs also expand local NGOs' ability to affect policy decisions and increase the

professionalism of media. The Fund for Women's Empowerment provides small grants to civil society organizations for projects fostering women's economic and political empowerment. Some of these projects provide skills and leadership training to increase women's participation in government, business, and academia, while others combat gender-based violence with support for victims of domestic violence and/or rape. Other programs also support exhumation and identification of war victims.

### **Local Governance**

USG programs promote efficient, transparent local governance throughout BiH. Programs help municipal governments to improve customer service and service delivery, strengthen municipalities' collective lobbying efforts, rationalize and control revenue and expenditures, and secure financing from commercial institutions.

### **Economic Development and Social Protection**

USG projects promote an accountable, transparent, and modern tax regime that simplifies compliance with tax laws and regulations. Programs assist the state and entities to harmonize debt laws to comply with donor requirements. Programs harmonize legislation and export standards, reduce corruption, engage women and youth, and increase private sector competitiveness (particularly in wood processing, light manufacturing, tourism, and agriculture). The USG also supports several activities to reduce net greenhouse gas emissions in industrial and urban areas, and promote renewable energy, energy efficiency, and investment in climate-friendly generation capacity. USG assistance supports policy and institutional reform and provides practical hands-on experience in building energy efficient facilities.

### **Agriculture and Forestry**

USAID and the Swedish International Development Cooperation Agency (Sida) jointly implement agri-business development projects to produce rapid, sustainable, and broad-based economic growth. These programs improve competitiveness and environmentally sustainable production, processing, domestic and export sales, and value-added production.

### **Conflict Prevention and Resolution, Peace and Security**

U.S. experts train and mentor BiH law enforcement and judicial officials. Programs increase BiH law enforcement agencies' capacity to combat terrorism and organized crime. Programs work to bring the BiH military into full compliance with NATO standards. USG programs also foster inter-ethnic cooperation at various levels of the government and support community initiatives and collaboration among youth, parents, civil leaders, and the business community.

### **Cross-cutting Initiative: Youth**

USG programs promote tolerance and social inclusion among BiH youth. These programs increase youth's civic participation and economic opportunities through reconciliation and tolerance-building activities, skills development, and employment training. Programs increase leadership skills, improve inter-ethnic communication, and encourage youth's political and economic engagement. USG assistance will also continue to fund the Ambassador's small grant initiatives that support youth-focused activities in the areas of education, culture, environment, sports, leadership, entrepreneurship and journalism. This fund, launched in FY 2011, has shown promising results in mobilizing youth from smaller and underserved communities. The U.S. Embassy Democracy Commission will support grants which directly or indirectly benefit youth, and women's empowerment grants will encourage girl's participation in sports, as well as protection of youth from domestic violence.

### **Cross-cutting Initiative: Women**

Women's empowerment is a cross-cutting priority for U.S. assistance to BiH. U.S. assistance promotes women's advancement through multiple broader empowerment programs that help increase women's participation in governance and expand economic opportunities. Women and girls will continue to be represented throughout U.S. Embassy programming, including through the Office of Public Affairs' Democracy and Human Rights Education (DHRE) program, the Ambassador's small grants fund for youth, and the Democracy Commission. DHRE will continue to emphasize equal rights regardless of gender or ethnic background. The Fund for Women's Empowerment provides small grants to civil society organizations for projects fostering women's economic and political empowerment. Several USAID programs target women's economic opportunities, especially through agriculture and small business initiatives, and women's democratic participation.

### **Education**

USG programs promote inter-ethnic cooperation among youth and responsible citizenship through developing and implementing quality education programs and teaching materials from the pre-school through university levels. Programs also support inter-ethnic secondary school study programs and exchanges both to the U.S. and within BiH. The USG will also support advising services designed to increase BiH student enrollment in U.S. educational programs.

### **Medium and long-term approach**

Projects will continue to evolve and respond to BiH's changing needs and will promote initiatives to leverage other donor resources. We anticipate assistance projects will continue to bring BiH closer towards Euro-Atlantic Integration. U.S. Mission staff will continue to participate in donor coordination meetings and sector-specific meetings including civil society, rule of law, and energy.

### **Donor coordination efforts**

USG staff participate in general coordination meetings, bilateral meetings and other forums. USA/USAID also coordinates closely with other donors through sector specific meetings including Civil Society, Rule of Law and Energy donor groups, to avoid overlap or duplication of efforts. USAID co-funds and co-designs programs with several bilateral and multilateral donors.

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## European Bank for Reconstruction and Development (EBRD)

### Policy approach

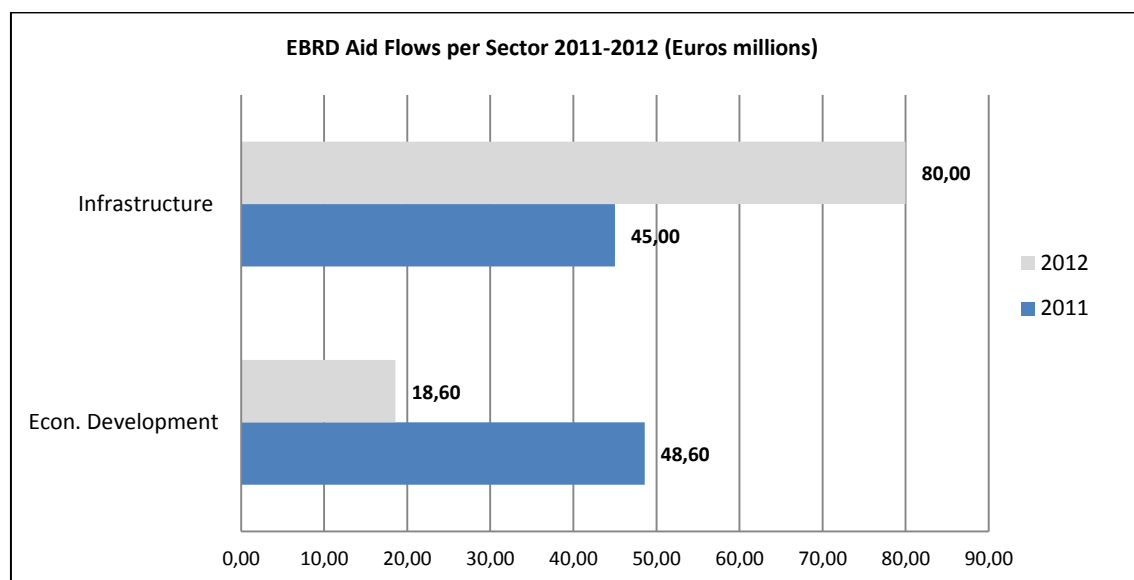
The European Bank for Reconstruction and Development was established in 1991 to finance the structural projects of the former socialist countries of Central and Eastern Europe, supporting their transition towards market economies. It is owned by 60 countries and two intergovernmental institutions (the European Community and the European Investment Bank) with a subscribed capital totaling more than €30 billion.

The EBRD objectives are to promote a transition to market economies by investing mainly in the private sector, to mobilise significant foreign direct investment and to support privatisation, restructuring and better municipal services with the aim of improving peoples' lives. In all of its activities, the EBRD promotes environmentally sound and sustainable development.

The EBRD's approach in addressing complex transition challenges is based on strategies, policies and procedures. Regional diversity among its countries of operation is wide and the Bank adapts its products and sector focus so as to meet the specific market need of any particular country. Distinct country strategies are developed and followed in its 27 countries of operation.

### Key activities in 2011 and 2012

The EBRD allocated loans in amount of **€93,60 million** in 2011 and **€7,90 million** in 2012 to the following two sectors: Economic Development and Social Protection; and Infrastructure.



In 2011 the EBRD signed 12 new projects in Bosnia and Herzegovina with a total value of €93.60 million. The Bank increased its focus on the private sector, including lending both to financial institutions and directly to corporates. Ten of this year's projects were with the private sector, worth €49 million, alongside two large public infrastructure projects worth €45 million.

In 2012 (from January to June) the EBRD provided €98,60 million, out of which €80 million was directed in two sovereign operations in infrastructure and €18,60 million in 5 operations for private sector economic development. It is important to emphasize that in the second half of 2012, EBRD is planning to provide significant amount of resources for both above mentioned sectors.

In the industry, commerce and agriculture sectors, the EBRD supported several leading companies. It helped Natron Hayat, the sole pulp and paper producer in the country to expand production and increase exports. It also helped Telemach, the largest cable television operator to consolidate the cable TV sector and expand the range of services available, including provision of combined packages of fixed line telephony, cable TV and internet. In the financial sector the Bank has focused on the financing of small and medium enterprises (SMEs) through a €5 million loan to Sparkassen for SME competitiveness improvements and a €5 million loan to Prizma for microfinance. In the public sector EBRD provided financing for the Brčko Bypass, the Bank's first engagement in the public sector in the special administrative unit Brčko District. It also financed improvements to Sarajevo's urban roads. Both projects included comprehensive technical support components aimed at strengthening the relevant institutions locally.

### Medium and long-term approach

In 2012, the EBRD will continue to focus on financing investments in the private sector, particularly the export-oriented agribusiness and industrial enterprises, energy efficiency investments and support for financial intermediation (both via banking and specialized non-banking financial institutions). The EBRD will also continue to pursue investments to upgrade infrastructure in the transport sector, municipal and environmental infrastructure and energy sectors. The EBRD will continue to closely coordinate its activities in the country with other International Financial Institutions, the European Union, International Monetary Fund and other donors. It will also engage in comprehensive policy dialogue to improve the business climate, corporate governance, concession policies and public procurement.

Close attention will be paid to social and environmental issues as well as the climate change impact of the EBRD's operations, most notably through the provision of technical assistance in the areas of renewable energy, energy efficiency and overall energy-related legislation.

The EBRD's focus over the next three years, both through provision of financing and through intensive policy dialogue, will be on the following operational priorities:

#### Infrastructure and energy

- In the **transport** sector, providing support both for construction of new and rehabilitation of existing infrastructure, and facilitating a more commercial approach with greater involvement of the private sector;
- In the **municipal and environmental infrastructure** sector, the focus will be both on sector reforms with local authorities as well as on institutional strengthening at the level of operating companies;
- In the **energy** sector, support the rehabilitation or replacement of existing thermal capacity to increase their efficiency and reliability and comply with EU emission standards, support further development of the transmission and distribution networks, and increase commercialisation of the energy sector to promote better functioning of the markets; and
- In **energy efficiency**, provide commercial loans to public utilities to finance energy efficiency measures and investments, and use existing facilities to deliver small energy efficiency and renewable projects, including through the Western Balkans Sustainable Energy Credit Line Facility (WeBSECLF).

## **Financial Sector**

- Support MSMEs through local banks, leasing companies and non-bank microfinance institutions, and offer risk-sharing mechanisms; and
- Provide pre-privatisation investments in the banking and insurance sectors and support smaller locally-owned banks and MFIs, including with equity, in order to facilitate the entry of new strategic investors and spur further consolidation.

## **Industry, Commerce and Agribusiness sector**

- Support strategic local and international investors, especially for large enterprises undergoing privatisation or restructuring. The Bank will actively seek projects in the agribusiness, industrial, property and tourism, wood and metals processing sectors;
- Support small and medium-sized local and foreign private companies through long-term debt or equity, using the EBRD-Italy Local Enterprise Facility (LEF).
- Ensure that the Turn-around Management and Business Advisory Services (TAM/BAS) programmes continue to provide advisory services to SMEs.

## **Donor coordination efforts**

The EBRD has worked extensively with other multilateral financial institutions, namely the World Bank and European Investment Bank, on joint financing of large infrastructure projects. In the past, EBRD has worked jointly with IFIs and bilateral donors on projects in the power and roads sectors. Additionally, bilateral donors are coordinated through a forum at the headquarters in London for provision of technical cooperation funding.

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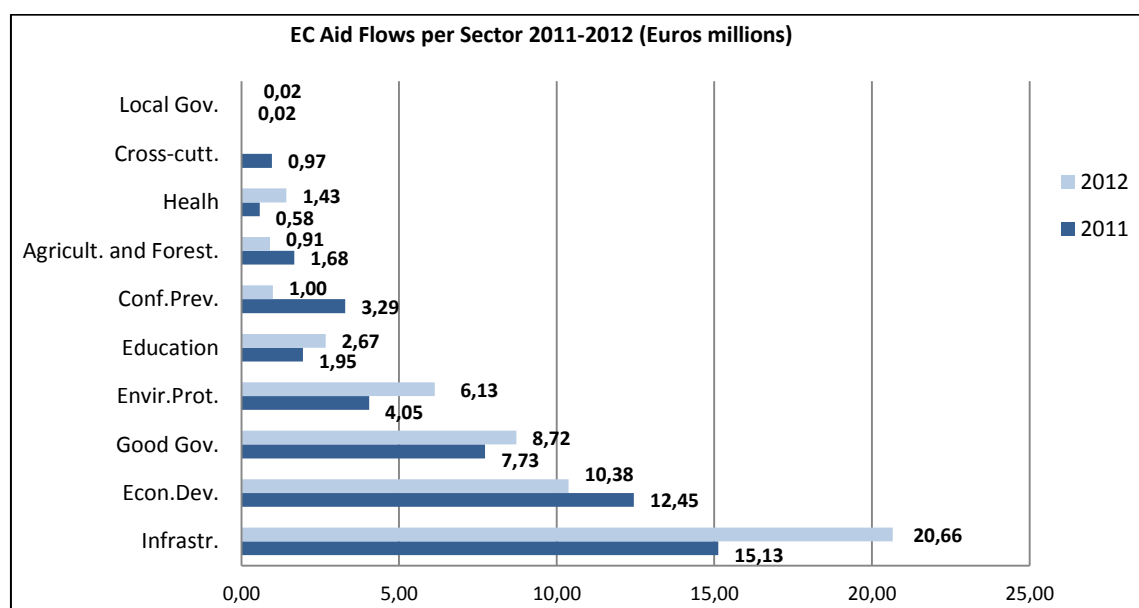
## European Commission (EC)

### Policy approach

The main strategic objective of the present assistance to Bosnia and Herzegovina is to support the country in its transition from a potential candidate country, to a candidate country, through to membership in the European Union. As a potential candidate country, Bosnia and Herzegovina benefits from the first two components of the Instrument for Pre-accession Assistance (IPA) available to BiH since 2007: component I for Transition Assistance and Institution Building and component II for Cross-Border Cooperation. Over the period 2007-2011, the EC allocated to BiH a total of €439 million, while €220 million is foreseen for this country for years 2012-2013.

### Key activities in 2011 and 2012

The EC allocated **€47,85 million** in 2011 and **€51,92 million** in 2012 to the implementation supporting the following sectors: Infrastructure; Economic Development and Social Protection; Good Governance and Institution Building; Environmental Protection; Education; Conflict Prevention and Resolution, Peace and Security; Agriculture and Forestry; Health; Cross-cutting; and Local Governance.



In addition to the national programmes, BiH benefits from the Multi-beneficiary Programmes (CARDS and IPA), which support measures of common interest in the Western Balkans and Turkey, such as infrastructure development, institution building, the implementation of the Central European Free Trade Agreement (CEFTA), fight against organised crime, environment, energy, regional trade integration and cross-border cooperation.

The multi-beneficiary programmes support areas of key importance for European integration, such as taxation and customs, statistics, public administration via the Organisation for Economic Cooperation and Development (OECD) Support for Improvement in Governance and Management (SIGMA) and horizontal support via the Technical Assistance Information Exchange Office (TAIEX). *Inter alia*, important achievements of the multi-beneficiary programmes include cooperation between regional prosecutors and mutual legal assistance between the courts, improved police cooperation, integrated border management and cooperation on migration issues.

Since 2007, through its national and multi-beneficiary programmes, the Instrument for Pre-Accession Assistance addresses the political and economic requirements in the framework of the Stabilisation and Association Process (SAP) and approximation to European Standards, mainly to support Bosnia and Herzegovina in establishing regulatory systems and preparing for IPA pre-structural funds, and supports the participation in cross-border cooperation programmes with neighbouring countries and EU Member States.

Since the preparation of the precedent EC strategy papers (Multi-Annual Indicative Documents for 2011-2013), Bosnia and Herzegovina has made a limited progress in implementing the remaining reforms required by SAP. It is a continuing and considerable challenge for BiH to comply with the political requirements of SAP by increasing the effectiveness of its executive and legislative bodies, improving coordination between the State and Entities and agreeing to the reform of its police structure. IPA also assists in the strengthening of administrative capacity and provides support to domestic efforts on constitutional reform as well as the reform of the police and the judiciary.

To continue support for the political criteria, the EC places further emphasis on the civil society dialogue, the development of independent and professional media and the preservation of the cultural heritage. IPA assists in the fight against corruption and supports Bosnia and Herzegovina in meeting its obligations towards returnees, minorities and vulnerable groups.

Several economic indicators raise concerns, including the high unemployment rates and external imbalances. In addition, slippages in public spending create obstacles to social and economic recovery. To assist the country in complying with the economic criteria of the SAP, IPA supports stabilising the macro-economic environment and reducing and improving the quality of public spending to create a favourable business climate. The reform of the education system and of the labour market and the development of a research policy should contribute to fostering employment. Additional sectors supported under the economic requirements are trade, health, small and medium enterprises and local economic development. In total €103.9 million under IPA is foreseen to soften the impact of the financial and economic crisis on BiH by stepping up its cooperation with International Financial Institutions and by enforcing its efforts to support the development of SMEs and by supporting the institution building of regulators and supervisors in the financial sector.

So far Bosnia and Herzegovina has made only limited progress in the approximation of its legislation and policies with the *acquis*. To assist the country in complying with the *acquis*-related requirements of the SAP, IPA supports the development and the implementation of strategies and policies to approximate to the European *acquis* in the areas of internal market, sectoral policies and justice, freedom and security. IPA places emphasis on agriculture and rural development, transport, and energy. Support is also provided for the environment, quality infrastructure, customs and taxation.

Assistance under the Cross-Border Cooperation component is supporting BiH's participation in cooperation with its neighbours (Croatia, Montenegro and Serbia), its participation in the Adriatic IPA cross-border programme with EU Member States and other Western Balkan Countries (Albania, Croatia, Montenegro and Serbia) and in the European Regional Development Fund (ERDF) transnational programmes 'South East Europe' and 'Mediterranean'.

### Medium and Long-term approach

The EC will support BiH's efforts for reform and towards compliance with EU law in order that it may become fully prepared to take on the obligations of membership to the European Union.

In addition, the *Europe 2020 agenda* offers the enlargement countries an important inspiration for reforms. Bosnia and Herzegovina is invited to consider the priorities of the strategy and adapt main challenges in a national context.

Enlargement policy also supports the Europe 2020 strategy by extending the internal market and enhancing cooperation in areas where cross border cooperation is of key importance.

To increase the impact of IPA assistance and to give greater focus to achievable results, the EC has decided to concentrate its efforts on targeted sectors. A sector approach will facilitate cooperation among donors and beneficiaries, where possible under the leadership of the national authorities, eliminating duplication of efforts and leading to greater efficiency and effectiveness. This in turn should allow all stakeholders to focus increasingly on the impact of our combined efforts.

The following priorities for IPA support over the period 2011-2013 have been identified:

- Supporting the strengthening of the rule of law by assisting the country to reform its justice sector and to fight against organised crime and corruption.
- Improving the capacity and efficiency of public administration and setting a professional civil service, so to support the country's efforts to improve the functioning of the institutions at all levels of governance.
- Supporting social and economic development, in particular assisting the country in its efforts to develop the SME sector, to alleviate unemployment and to reform the education system to help adapt the qualification framework with the requirements of the labour market, and to invest in transport and environmental infrastructure.

To achieve the priorities in the programming period 2011-2013, the EC will focus its assistance primarily on the following sectors: Justice and Home Affairs; Public Administration Reform; Private Sector Development; Transport; Environment and Climate Change; Social Development.

The length of the process leading a country closer to the EU depends on the pace of the political, economic, legislative and administrative reforms carried out by the country. These efforts are supported by the EU not only through its financial assistance but also through intense policy advice and dialogue. However, the responsibility of these changes lies with the country itself and is not purely contingent upon the availability of donors' assistance.

### **Donor coordination efforts**

To increase effectiveness and efficiency in the delivery of assistance through donor coordination, the European Commission and EU Member States ensure coordination of their respective assistance programmes. This coordination is extended also to the IFIs and other non-EU donors. At state-level, coordination meetings with IFIs as well as with EU and non-EU donors are organised on a regular basis. They focus primarily on strategic orientation and a national and regional dimension of IPA planning and programming. Additionally, coordination between the European Commission and EU Member States takes place on a regular basis in the context of the IPA Committee.

Close coordination is also maintained with the World Bank, EBRD, EIB and KfW in particular in the fields of transport, energy and environmental infrastructure, where the European Commission finances designs, studies, works and technically assists in helping to meet the conditions for investment by the IFIs. In addition, the EC and the IFIs cooperate within the framework of the Western Balkans Investment Framework (WBIF).

Cooperation efforts with EIB, EBRD and KfW were notably enhanced in the context of the response to the financial and economic crisis. This led to the design of an anti-crisis package under IPA 2009 and 2010 to alleviate the impact of the economic and financial crisis on Bosnia and Herzegovina, as requested by Bosnia and Herzegovina.

In addition, the EU Delegation maintains regular cooperation with other donors through bilateral meetings, sector working groups and other sector forums in areas such as regional and SME development, tourism, judicial reform and juvenile justice, public administration reform, Decentralised Implementation System, agriculture, return,

security reform, health, gender, social protection and education, youth, human rights, information society and media and many others. The coordination mechanisms described above ensure that EC assistance and the assistance of other donors produce synergies and are, as much as possible, complementary.

The EU Delegation also supports local institutions, such as the Directorate for European Integration and the BiH Ministry of Finance and Treasury, in their donor coordination efforts.

The EC, together with the other donors in Bosnia and Herzegovina and the beneficiary institution, recently decided to introduce gradually a sector wide approach for the planning and programming of IPA assistance to enhance the impact of the pre-accessions assistance and to increase the effectiveness of donor coordination.

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## European Investment Bank (EIB)

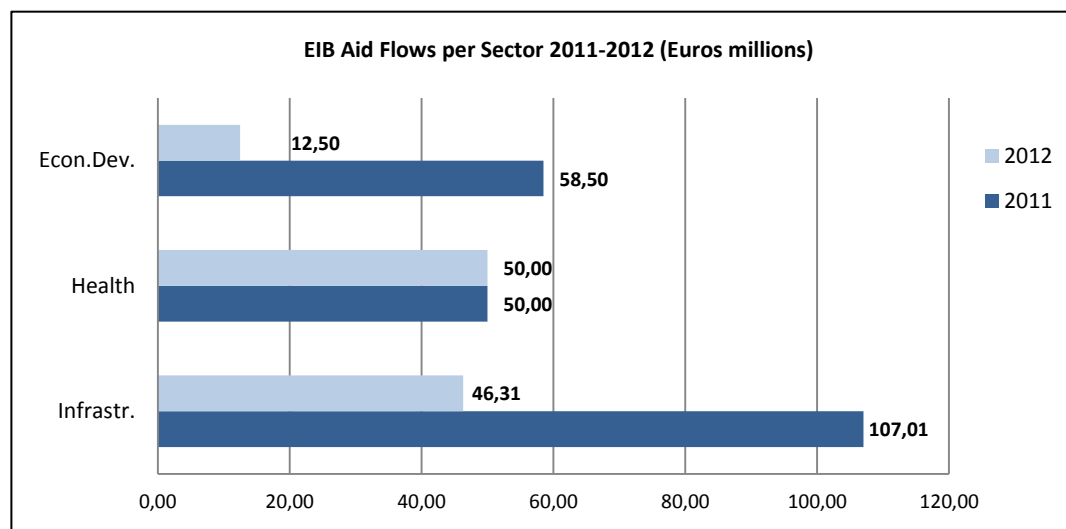
### Policy approach

The European Investment Bank is the long-term financing institution of the European Union. The task of the Bank is to contribute towards the integration, balanced development and economic and social cohesion of the EU Member States. The EIB raises substantial volumes of funds on the capital markets, which it lends on favorable terms to projects furthering EU policy objectives. The EIB continuously adapts its activities to developments in EU policies. The operational plan 2012-2014 responds to an environment in which Europe has the difficult task of addressing the impact of the economic crisis while accelerating its transition to a smarter, greener and sustainable economy.

The EIB has been active in the Western Balkans since 1977 and today it is one of the largest international financiers in the region. In December 2009, the EIB launched, together with the European Commission, the Council of Europe Development Bank and the European Bank for Reconstruction and Development, the Western Balkans Investment Framework (WBIF) as a joint grant facility and a joint lending facility for priority investments in the region. The objective is to simplify access to credit by pooling and coordinating different sources of finance and technical assistance.

### Key activities in 2011 and 2012

The European Investment Bank allocated **€215,51 million** in 2011 and **€108,81 million** in 2012. All allocated funds are in the form of loans supporting the following sectors: Infrastructure; Health; Economic Development and Social Protection.



### Medium and long-term approach

EIB has approved €30 million and €60 million loans for SMEs for financing small and medium-sized companies projects (including projects in the field of tourism), intermediate-size companies, small and medium scale infrastructure projects promoted by local authorities and any size industrial investment in the fields of the

knowledge economy, energy and environmental protection, with objective to improve access to long term financing at affordable interest rates.

Furthermore, EIB is currently appraising a loan agreement with Elektroprivreda Bosne i Hercegovine, Elektroprivreda Republike Srpske AD, and Elektroprivreda Hrvatske Zajednice Herceg Bosne for investment aimed at transformation and improvement of the distribution network.

### **Donor coordination efforts**

The EIB co-finances major projects in the region with other IFIs, particularly the EBRD, the World Bank and the Council of Europe Development Bank, as well as other bilateral donors. The EIB also continues its close cooperation with the EC and the European Agency for Reconstruction in order to prepare and co-finance projects with EU budgetary contribution provided by the new EU Instrumental for Pre-Accession Assistance.

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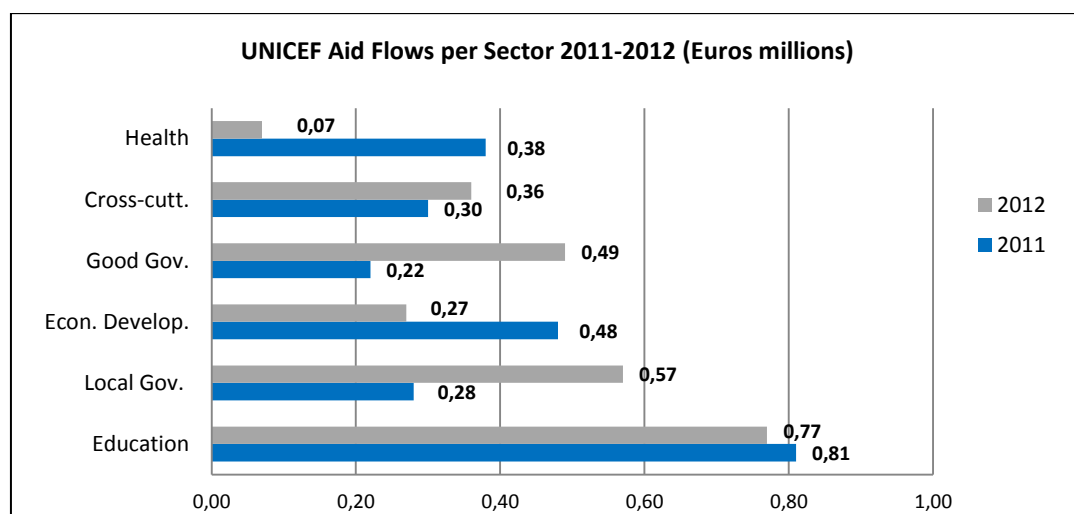
## United Nations Children's Fund (UNICEF)

### Policy approach

The UNICEF Country Programme Action Plan for 2010-2014 is designed to address the three key development issues challenging the fulfilment of the rights of children in Bosnia and Herzegovina: poverty, social exclusion and system weaknesses. The overarching goal of the Country Programme is to support the Governments' priorities and plans aimed at strengthening social inclusion and cohesion in order to reduce discrimination and inequalities amongst children and increase the potential for the development of their human and social capital.

### Key activities in 2011 and 2012

In addition to funds reported under other donors<sup>172</sup>, UNICEF allocated **€2,47 million** in 2011 and **€2,53 million** in 2012 to the following sectors: Education; Local Governance; Economic Development and Social Protection; Good Governance and Institution Building; Cross-cutting; Health.



The UNICEF Country Programme for 2010-2014 includes **two programme components** that are focused on **social inclusion**:

#### 1) Social Policies and Child Rights Monitoring

The purpose of this programme component is to address gaps in institutional capacity for evidence-based policy design, implementation and planning at various governmental levels in BiH. It supports social sector reform, the formulation of policies and budgets, and targeting vulnerable and socially excluded children, based on quantitative and qualitative analysis of disaggregated data and policy reviews across all social sectors. The main programme

<sup>172</sup>The European Commission (EC), Sweden/Swedish International Development Cooperation Agency (Sida), Switzerland/Swiss Agency for International Development Cooperation (SDC), the Royal Norwegian Ministry of Foreign Affairs, and the United Kingdom/Department for International Development (DFID) funded programmes implemented by UNICEF. The relevant amounts are reported separately, under these donors.

areas include social protection and inclusion, social economic policy development and analysis, communication for development (C4D) and developing partnerships for children's rights.

**Social Protection and Inclusion (SPI)** has been a key area both (i) at the policy level and strategy level with continued support to cross-sector and cross-governments mechanisms around SPI, and (ii) at the municipal level with the development and implementation of SPI action plans and models. The use of the Human Rights Based Approach (HRBA) and Participatory Action Research (PAR) methodology has been enabling children, families and Civil Society Organisations (CSOs) to participate, contribute and become empowered. With support from the European Union (EU), the aim has been to strengthen *Social Protection and Inclusion Systems (SPIS)* for families in BiH.

In relation to **social and economic policy**, UNICEF has been increasing the capacity of authorities at all levels of governance to effectively allocate sufficient resources for children. The programme also provides technical assistance to develop integrated policies and strategies to address the exclusion of vulnerable children and families and increase their access to basic social services.

UNICEF also supports State and Entity-level social-sector ministries and statistical agencies to use reliable, sex-disaggregated data on children. The organization develops capacities, builds **partnerships in monitoring children's rights**, and employs a mix of **Communication for Development**, social mobilization and media strategies.

## 2) Integrated and Inclusive Systems for Children and Families

This programme component aims at improving and strengthening integrated and inclusive systems for vulnerable children and their families.

**In Health & Early Childhood Development (ECD)**, UNICEF works with Government authorities to develop policies, integrate services across sectors and address gaps affecting marginalized children and families. The projects support health, education and social welfare ministries, and civil society to implement inclusive policies and strategies to improve child health and ECD services; implement immunization action plans; and develop capacities to improve the nutrition status. Integrated Early Childhood Development (IECD) is now positioned on the country's development agenda, entity situation analyses were disseminated, entity ECD policies were adopted, and IECD centres are focusing on marginalised children and families.

**In Child Protection**, UNICEF focuses on strengthening protection systems through decentralized inclusive services and referral mechanisms. Interventions seek to protect children and women from violence, maintain children with their families and promote alternatives to institutionalization and detention. A project on *Justice for Children*, funded by SDC, Sida and UNICEF, supports strategy development and services for the most vulnerable. UNICEF provides technical assistance at policy level to relevant Ministries in implementing laws and responding to children who come into contact with the law, in line with international standards.

In the **Education** sector, UNICEF works with all partners to support education ministries, municipalities and CSOs to implement policies and strategies that raise the quality of basic education through institutional capacity building and developing standards for school readiness. In the area of pre-school education, UNICEF has been mobilizing partners about the importance of early learning (an international conference was held in February 2012), developing standards and capacities, and supporting pre-school programmes at the local level. Several projects are aimed at promoting inclusive and inter-cultural education. The programme has also been empowering **young people** through activities at the local level, and efforts are being made to strengthen linkages between the education sector and the labour market. Two joint UN MDG Achievement Fund (MDG-F) projects have been implemented in the thematic areas of: (i) 'Culture for Development' which uses cultural heritage to promote inter-ethnic dialogue, conflict resolution and social inclusion, and (ii) 'Youth, Employment and Retention'.

## Medium and long-term approach

The current Country Programme builds on the results achieved during the prior cycle and is centered on sectors of comparative advantage: education, early childhood and development (ECD), social protection and inclusion, justice for children, child protection and health. It uses strategies for which UNICEF has a recognized expertise. The Programme supports the development of policies and innovative approaches to strengthen systems and improve the provision of services. UNICEF combines functional reviews in the areas of budgeting, legislative analysis and M&E systems for children in the health, education, social welfare and justice sectors. Local capacity for modeling and scaling-up cost-effective interventions is being developed. There is also a focus on child rights monitoring. Interventions related to Communication for Development aim at triggering positive changes in behavior and attitudes. Participatory action research at local levels is being facilitated to enhance the empowerment of children, women and young people. Existing partnerships are being strengthened and new alliances developed in order to create programme synergies, leverage additional resources for children and ensure that human rights and gender concerns are effectively addressed. Support is provided to connect implementing bodies with international networks, good practices and sources of technical expertise, and to convene partners, decision-makers, and other stakeholders across sectors. Support in setting up co-ordination mechanisms and contingency plans for emergency preparedness and response is also provided.

The country programme supports the priorities of the *Country Development Strategy 2009-2013*, the *Social Inclusion Strategy 2008-2013*, and the *State Action Plan for Children 2002-2010*. It is aligned with the country's priorities for European Union (EU) accession. The Programme also supports the Millennium Declaration, the Millennium Development Goals, as well as the principles and goals of 'A World Fit for Children'. It responds to Bosnia and Herzegovina's international commitments, including the Convention on the Rights of the Child, CEDAW, and the conclusions of the Ljubljana Regional Consultation for the United Nations Study on Violence against Children in Europe and Central Asia. The programme also reflects the priorities of the 2006-2013 medium-term strategic plan of UNICEF. The emphasis on reducing disparities and reaching the most marginalized children and women responds to the recommendations of the Committee on the Rights of the Child.

## Donor coordination efforts

UNICEF participates in donor coordination efforts to strengthen partnerships, create synergies, maximize programming outcomes, and ensure that human rights and gender concerns are effectively addressed in development interventions.

Collaboration with the EU Delegation and the Government authorities at all levels has been critical in strengthening Social Protection and Inclusion Systems (SPIS) in BiH. UNICEF has been part of the Joint Initiative for a Righteous Education System in BiH and has been chairing meetings of the International Education Coordination Forum. UNICEF is also closely coordinating with Government authorities at all levels, Sweden/SIDA, Switzerland/SDC, the High Judicial Prosecutorial Council, as well as other partners, in strengthening the Justice system in BiH (e.g. through the JJ inter-agency group and the JJ project steering committee).

In the Health sector, UNICEF supports and attends Working Group or Coordination meetings related to immunization, early childhood development, early childhood interventions (to detect developmental delays) and nutrition.

UNICEF participates in UN inter-agency coordination mechanisms (such as the UN Country Team meetings) and initiatives in the frame of joint programmes. These include joint programmes funded by the MDG Achievement Fund

supported by the Government of Spain, in the areas of Democratic economic governance; Culture and development; and Youth, employment and retention.

UNICEF chairs a UN Working Group on Roma and liaises with key actors involved.

UNICEF also provides support in setting up co-ordination mechanisms and contingency plans for emergency preparedness and response in the country.

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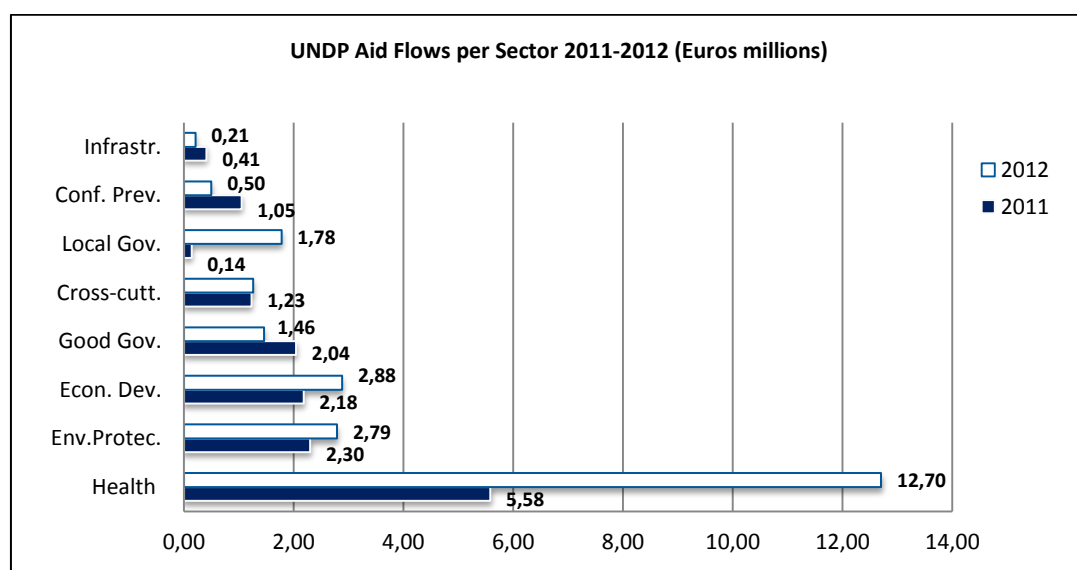
# United Nations Development Programme (UNDP)

## Policy approach

The UNDP policy approach is fully aligned with the UNDP Country Programme Action Plan (CPAP), the agreed United Nations Development Assistance Framework (UNDAF) and with the priority areas identified by the government for the Country Development Strategy and Social Inclusion Strategy. UNDP will support the government's EU accession process and within the accession framework will focus on areas of UNDP comparative advantage, emphasizing capacity development, private sector development through an inclusive markets approach, gender equality, sustainable development and the human rights based approach to development. The Country Programme Action Plan (CPAP) 2010-2011 that was endorsed by the BIH authorities was a result of an extensive consultative process with relevant government counterparts, civil society and other partners. It represents the principal framework for UNDP's operations in the country. The CPAP is divided into four major programmatic areas: Regional and Rural Development, Governance and Social Inclusion, Environment and Energy, and Human Security and Justice. The sectors indicated in the chart below are integrated in the four CPAP areas.

## Key activities in 2011 and 2012

UNDP allocated **€14,93 million** in 2011 and **€23,58 million** in 2012 to the following sectors: Health; Environmental Protection; Economic Development and Social Protection; Good Governance and Institution Building; Cross – Cutting; Local Governance; Conflict Prevention, Resolution, Peace and Security; Infrastructure.



## Rural and Regional Development

As part of its Rural and Regional Development Cluster, UNDP continues with interventions geared towards reducing unemployment, poverty and social exclusion through economic development and income generation, improved local governance, as well as the integration of the most vulnerable population groups in development processes.

Economic development support mainly relates to rural development, including income generation initiatives based on the value chains methodology, technical assistance to food and agricultural producers to increase their competitiveness as well as activities related to the upgrading of rural infrastructure. Moreover, assistance is provided to improve food quality and safety standards, raise capacities for export and facilitate easier access to the EU market.

With regard to local governance, support is provided towards consolidation of the local strategic planning level into the overall strategic and financial planning frameworks of higher governments, thus enabling effective realization of local socio-economic priorities. In addition, local government capacities and skills are systematically upgraded to contribute to better service delivery, local development management and effective absorption of EU funds.

Special focus is placed on strengthening the dialogue and cooperation between local governments and civil society, encouraging voicing out of citizens in development processes and supporting of civic initiatives contributing to better quality of life. Needs and priorities of most vulnerable groups, including returnees and displaced persons, are addressed by rehabilitating basic infrastructure and creating opportunities for them to generate income and participate in the market.

#### Rural and Regional Cluster input on funds

2011 spent:

- Economic Development: USD 3,761,636
- Cross-Cutting: USD 735,088
- Local Governance: USD 1,855,143

2012 planned:

- Economic Development: USD 4,000,000.00
- Cross-Cutting: USD 1,000,000.00
- Local Governance: USD 1,700,000.00

#### **Social Inclusion and Democratic Governance**

This programmatic area consists of a combination of strategic policy initiatives, systematic capacity building initiatives and targeted services that support vulnerable groups.

Through the programme which combines two complementary sectors, UNDP assists the BiH central, entity and local governments to achieve higher standards of effectiveness, particularly in the area of policy making, public finance and human resources management.

Through implementation of more inclusive citizen-centered policies and legislation related to EU accession, the sector provides support to activities targeting socially excluded and vulnerable groups, including rural poor, disabled persons, returnees, elderly, Roma, etc.

Particular focus was and will continue to be on youth, persons with disabilities and Roma well as on the further strengthening of the social services at the local level. Furthermore, through this programmatic area the UNDP will continue to provide support to BiH authorities in meeting their obligations towards implementation of international conventions and treaties such as the United Nations Convention on the Rights of Persons with Disabilities and Roma Decade and toward implementation of forthcoming challenges and obligations from the EU accession process.

Although Bosnia and Herzegovina is a country with a low prevalence of both HIV/AIDS and tuberculosis (for both prevalence is under 1%) the need for a focused intervention still exists in order to most effectively prevent spread of the infections in the country. As the Principal recipient of GFTAM grants the UNDP has extended its management support to the BiH Institutions to establish the necessary systems for HIV/AIDS and Tuberculosis prevention and treatment, including awareness raising and education for the population. Main challenge that needs to be addressed in the forthcoming period is to secure current level of available services for targeted population in the period beyond duration of the GFTAM grants (end of 2015) and sufficient funding from domestic sources.

#### Social Inclusion and Democratic Governance input on funds

2011 spent:

- Economic Development: USD 1,608,319.62
- Good Governance and Institutional Building: USD 630,766.31
- Health: USD 7,793,072.17

2012 planned:

- Economic Development: USD 1,671,382.20
- Good Governance and Institutional Building: USD 93,184.44
- Health: USD 17,747,233.14

#### **Energy and Environment**

Energy and Environment are essential components of progress when referring to countries like Bosnia and Herzegovina. With a generally low awareness of the linkage between environment and development, activities in this area are quite limited. The Energy and Environment Cluster has recognized this problem and we focus our support to ensure that Bosnia and Herzegovina has human and financial resources to clean and sustainably protect its environment, meets the EU *Acquis*, and utilizes its natural resources to create resilient economic growth and sustainable livelihoods for its population.

The ultimate goal of the UNDP Energy and Environment Cluster in Bosnia and Herzegovina is to fundamentally change the understanding of the environment and sustainable energy issues in the country, from the current perception of being a problem and a burden to an important development potential in the future. Particularly, this includes supporting Bosnia and Herzegovina in:

##### 1) Climate Change

- Preparation of localized climate change model for BiH
- Preparation of a Low Emission Development (LED)/Nationally Appropriate Mitigation Measures (NAMAs) for key sectors and an Adaptation Strategies for BiH
- Preparation of a Second National report to the UNFCCC
- Meeting other international obligations under conventions and agreements

##### 2) Energy efficiency and renewable energy

- Introduction of public building energy management systems at municipal level
- Implementation of public building energy saving and energy efficiency projects

- Removal of barriers and demonstration of benefits of higher use of renewable energy sources such as biomass and solar energy
- Mainstreaming energy efficiency into all UNDP interventions in the country

### 3) Environmental management and planning capacities

- Raising municipal capacities for environmental and energy planning, prioritization and financing
- Linking local, entity and national level energy and environment actions
- Providing affordable, safe and sustainable water supply and sanitation systems in BiH municipalities
- Enabling opportunities for economic gain from biodiversity and natural values for BiH citizens
- Effective management and utilization of economic potentials of protected areas
- Preparation and adoption of the comprehensive municipal Water Supply Studies
- Capacity development for improved management of water utility companies

### 4) Sustainable financing for environmental priorities

- Changes of legislation on environment funds in the Federation of BiH and Brčko District
- Harmonization of entity and Brčko District legislation in this field and its alignment with the *EU Acquis*

### Energy and Environment Cluster input on funds

2011 spent:

- Economic Development and Social Protection: USD 1,631,863
- Environmental Protection: USD 1,126,445
- Local Governance: Local Env. Action Planning: USD 779,949

2012 planned:

- Economic Development and Social Protection: USD 913,702
- Environmental Protection: USD 2,856,164
- Local Governance: USD 222,276

### **Justice and Security**

The programme works to ensure independent and efficient judicial institutions, access to and delivery of justice and improved human security in Bosnia and Herzegovina in line with the requirements for the Euro Atlantic Integration process as outlined in the SAA and the European Partnership Strategy. Its goal is threefold and includes:

- Building capacities of BiH institutions and improving judicial, law enforcement and human rights services including building of safer communities.
- Support to citizens of Bosnia and Herzegovina primarily victims, witnesses and vulnerable groups.
- Reducing risks and threats posed by natural disasters and most eminent war legacies such as weapons, remnants of war and mines.

The security and justice projects are implemented in partnership with the national institutions that represent the primary beneficiaries of the initiatives and include state and entity level institutions. Specific activities include and will focus on the following:

- Building accountable and efficient capacities of courts, prosecutors and human rights institutions to process war crime, gender based and sexual violence and other complex cases through provision of specialized trainings and witness support offices in priority courts and prosecutors offices locations and establishment of Free legal aid centres in 4 locations.
- Support to endorsement of the National Strategy for Transitional Justice and policies on transitional justice that includes defining of truth telling and fact finding mechanisms, reparations and memorials.
- Specialized trainings of law enforcement agencies to increase the efficiency and number of processed GBV and SV cases and strengthen the prevention measures.
- Support to armed violence prevention measures through establishment of referral mechanism and community security forums and economic empowerment of victims of violence that include income generation projects for shelters.
- Building national capacities for Mine Action and Cluster Munitions through development of inclusive revised State Law on Mine Action and establishment of national tender capacities for demining and land clearance
- Reducing military stockpiles and unstable ammunition through industrial demilitarisation and destruction of unstable ammunition
- Increasing local capacities to effectively address reducing of the risks of natural disasters through technical support to the most affected municipalities and communities to increase the prevention and responsiveness to floods.

#### **Justice and Security Cluster input on funds:**

2011 spent:

- Conflict Prevention: USD 5,097,662.74

2012 planned:

- Conflict Prevention: USD 2,284,982.98

#### **General UNDP input on funds spent in 2011 and planned for 2012:**

2011 spent:

- Economic Development and Social Protection: USD 7,000,818.62
- Cross-Cutting: USD 735,088.00
- Local Governance: USD 2,635,092.00
- Good Governance and Institutional Building: USD 630,766.31
- Environmental Protection: USD 1,126,445.00
- Health: USD 7,793,072.17
- Conflict Prevention: USD 5,097,662.74

2012 planned:

- Economic Development and Social Protection: USD 6,585,084.20

- Cross-Cutting: USD 1,000,000.00
- Local Governance: USD 1,922,276.00
- Good Governance and Institutional Building: USD 93,184.44
- Environmental Protection: USD 2,856,164.00
- Health: USD 17,747,233.14
- Conflict Prevention: USD 2,284,982.98

### **Medium and long-term approach**

As noted above UNDP's programmatic focus is detailed in the Country Programme Action Plan which is approved by the BiH authorities. All the initiatives listed there will be central to achieving mid and long-term development goals associated with the UNDP mandate

### **Donor coordination efforts**

The Country Office's collaboration with international organisations, including the EC, Sida, SDC, the Governments of Netherlands, Spain and Norway continued through a number of projects, many of which will go on in 2012 and beyond. The four MDG-F projects, are entering its final phase and are expected to be completed in 2013. Further consolidation of the cooperation and coordination among the UNCT resulted in a number of new joint activities and programmes.

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## The World Bank

### Policy approach

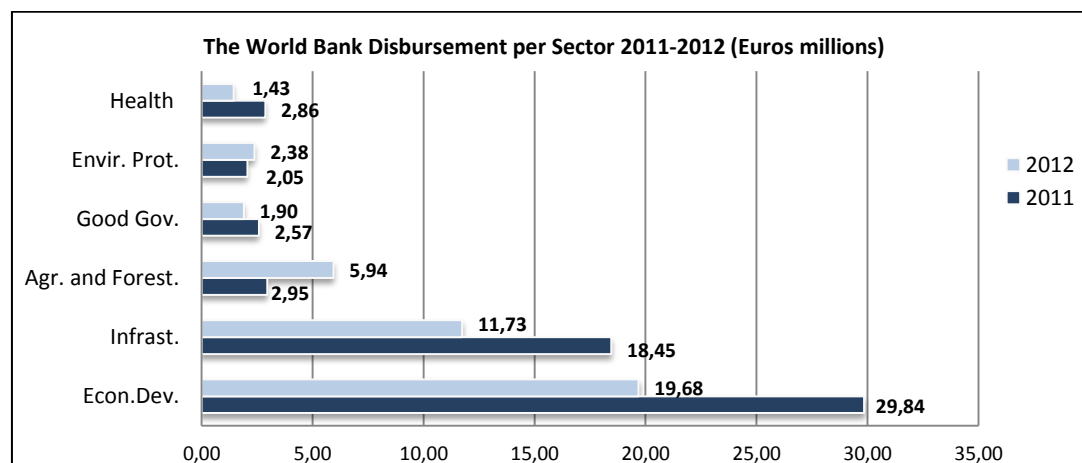
After a successful partnership in BiH during the period of post-conflict reconstruction, the World Bank Group remains committed to continued partnership with BiH authorities in addressing country's current economic and social challenges. In particular, the new Country Partnership Strategy of the World Bank Group for the period 2012-2015 envisages support around three mutually reinforcing pillars:

- **Competitiveness:** support economic growth by tackling some of the bottlenecks to competitiveness and faster productivity growth (support for macroeconomic stability, investments in irrigation, land registration, regional transport, and through stimulating SMEs access to capital);
- **Social inclusion:** continue to support improvement in living standards, including expanding access to primary health care, as well as to basic services, and support reforms of social assistance programs to target benefits to the truly vulnerable, and strengthen pension system;
- **Environmental sustainability:** support projects to help ensure the sustainable use of natural resources, such as water and forestry, with which BiH is extravagantly endowed, and prepare for growing risk of floods and droughts.

### Key activities in 2011 and 2012

The World Bank disbursed **€58,72 million** in 2011 and **€43,06 million** in 2012 (up to May) to the following sectors: Economic Development and Social Protection; Infrastructure; Agriculture and Forestry; Good Governance and Institution Building; Environment Protection; Health.

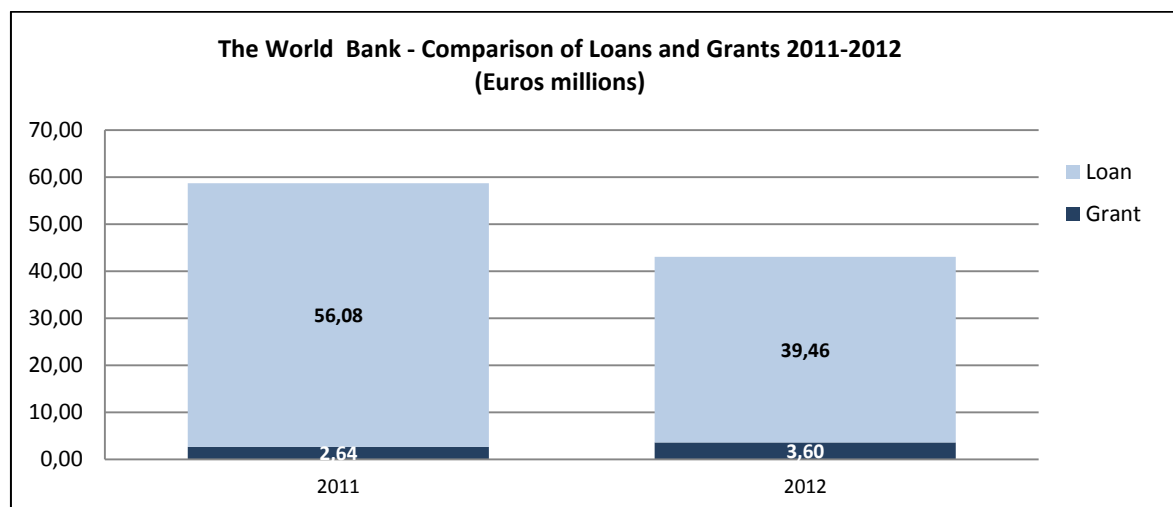
The World Bank portfolio of active projects in BiH currently comprises 10 investment operations with total commitments of USD 386,3 million. The portfolio consists of 5 IDA<sup>173</sup> credits (USD 103 million), three IBRD<sup>174</sup> loans (USD 265 million), and three GEF<sup>175</sup> grants (USD 18,3 million).



<sup>173</sup> International Development Association – interest free credits with long repayment term.

<sup>174</sup> International Bank for Reconstruction and Development – long repayment term and interest rate linked to LIBOR.

<sup>175</sup> Global Environment Fund



### Environmental protection

Three GEF grants are under implementation in BiH in response to country's environmental priorities: *Water Quality Protection* (USD 8,90 million), SIDA co financing of USD 3.5 million, EUR 1.5 million from EU) will help to protect Neretva and Bosna rivers from municipal-based pollution; Forest and Mountain Protected Areas (USD 3,40 million) and *Neretva and Trebišnjica Management Project* (USD 6 million). The later is a regional project that aims to provide mechanisms for the efficient and equitable water allocation amongst the users at the transboundary level, and enhance the basin ecosystems and biodiversity through improved water resources management. The World Bank is also the lead agency in supporting the reform of the solid waste management in BiH. Building up on the successes of the first *Solid Waste Management Project* under which six regional landfills were constructed benefiting 1,70 million people, the *Second Solid Waste Management Project* (USD 40 million, EU cofinancing of EUR 10.2 million, and SIDA parallel cofinancing of EUR 10 million) continues to improve the availability, quality, environmental soundness, and financial viability of solid waste management services in BiH. *Sarajevo Waste Water Management Project* (USD 35 million, EU co financing of EUR 13 million) will help improve waste water management in Sarajevo canton and reduce pollution into Miljacka and Bosna rivers. GEF-funded (USD 20 million) *Adriatic Sea Environment Program*, currently under preparation is a regional Project for the reduction of nutrient discharges in hot-spots through Wastewater Management and Solid Waste Leachate Treatment. Project will directly contribute to reducing pollution and improving water quality in coastal water of this extremely sensitive Mediterranean sub/region.

### Infrastructure and Energy

Two recently completed projects that are currently under implementation in this sector include: *ECSEE APL3* (USD 36 million) which facilitated BiH's participation in the Energy Community of South East Europe (ECSEE) through investments to improve dam safety, reduce adverse environmental impact, and rehabilitate distribution system; and *Road Infrastructure and Safety Project* (USD 25 million) under which 240 km of roads in BiH were rehabilitated.

### Agriculture

The objective of the *Agriculture and Rural Development Project* (USD 21 million) is to assist BiH to strengthen the capacity of its State-level and Entity-level institutions to improve delivery of services to farmers and food producers. Recently approved *Irrigation Development Project* (USD 40 million) will improve performance of the irrigation systems and the irrigation institutions to support agricultural producers.



## Health

The World Bank continues to support reforms in the health sector. *Health Sector Enhancement Project* (USD 27 million) enhances health system efficiency through restructuring and strengthening of primary health care along the family medicine model.

## Good Governance

Most World Bank financed operations in BiH, include aspects related to strengthening public sector governance. In particular, the *Land Registration Project* (USD 15 million) facilitated the orderly development of transparent land markets through the registration of real estate rights, and complimentary policies. The *Investment Climate and Institutional Strengthening project* (ICIS), USD 4.9 million, is working at fostering conditions for improvement of the competitiveness in BiH to enable business growth and development by improving the inspection system. The *Strengthening Consumer Protection in banking and microfinance sectors project* (USD 249,900) worked on developing and implementing a program to improve financial consumer protection by strengthening the legal and regulatory framework for consumer protection and improving the institutional framework to deal with these issues in banking and microfinance.

## Economic Development and Social Protection

*Social Safety Net and Employment Support Project* (USD 15 million) strengthens capacity of institutions to implement targeting of cash transfers, and provide effective job-brokerage services to 10,000 vulnerable active job seekers. Finally, USD 190 million line of credit (original loan in the amount of USD 70 million, and additional financing in the amount of USD 120 million) enhances access to financing for SMEs; enabling banks to continue extending credit to SMEs in an environment of constrained funding due to the impact of the Eurozone crisis on the financial sector.

## Medium and long-term approach

Projects that are currently under preparation and are scheduled for approval in the FY13 include: a follow up *Land Administration project* (USD 30 million), and a regional transport project *Sava Waterway Rehabilitation* (USD 31 million, EU cofinancing of EUR 5.6 million), and a regional *Adriatic Sea Environment Program* (GEF grant of USD 20 million). In line with the *Regional TA West Balkans Initiative on Flood and Drought Management* under the preparation, *BiH Short-term Flood Protection and Mitigation project* preparation is scheduled to start in FY13. In addition to these, the World Bank is ready to assist BiH authorities to implement structural reforms to mitigate impact of the economic crisis with the Development Policy Loan (up to USD 200 million). The investment program for 2014 and 2015 will be identified after consultations with BiH authorities.

## Donor coordination efforts

Besides participating in the DCF quarterly meetings, the World Bank participates in several sector level donor coordination efforts. Particularly noteworthy is sectoral coordination in the energy sector for which substantial donor financing was provided in a coordinated manner. The Agriculture sector is also good example of donor coordination. In both cases local institutions play a lead role in donor coordination.

In addition to these, the World Bank has periodic coordination meetings with the international financial organisations active in Bosnia and Herzegovina (EBRD, EIB, KfW, CEB, IMF) as well as with other development partners, most notably with Sida and USAID in order to maximize development outcomes of different programs through better coordination and partnership.



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Donor Mapping Report 2011 - 2012 provides comprehensive overview of projects and programmes supported by the Donor Coordination Forum (DCF) members, as well as the information on the latest development activities and conducted reforms within the ten sectors in Bosnia and Herzegovina for the period January 2011 – July 2012.

Global financial and economic crisis had affected BiH economy and additionally influenced the decrease in the Official Development Assistance (ODA) allocation to Bosnia and Herzegovina.

**In 2011**, members Donor Coordination Forum (DCF) in BiH allocated ODA assistance in the amount of **€541,36 million**, out of which **€171,26 million was in the form of grants**, and **€ 370,10 million in the form of loans**. Total amount of ODA assistance by the **end of July 2012** was **€443,68 million**, out of which **€176,31 million in the form of grants** and **€267,37 million in the form of loans**.

ODA allocations **in 2011** shows a large decrease if compared to the previous period, where if comparing with the year 2010, there was reduction of € 133.37 million in the total amount of ODA.

Out of total amount of ODA for 2011, €108,27 million or 20% of ODA was allocated by bilateral donor agencies and €433,09 million or 80% by multilateral agencies, including international financial institutions. Similar trend was observed in the first half of 2012.

Largest share of ODA in Bosnia and Herzegovina, in the period January 2011–July 2012, was provided in the Infrastructure, Economic development and social protection and Health sectors. Three largest international financial institutions, EIB, EBRD and The World Bank, as well as bilateral donor, Germany, secured loans for their financing. In the same period, EU/EC, USA/USAID, Sweden/Sida, Germany and UNDP provided the largest amounts of grant aid.

In the observed period, an uneven progress was achieved in the reform processes within the ten sectors in Bosnia and Herzegovina, whereat in most of the sectors, a positive shift was recorded in the area of legislation and its harmonization with the *acquis*.

Donor Mapping Report 2011 - 2012 was prepared by the Ministry of Finance and Treasury /Sector for Coordination of the International Economic Aid, in cooperation with representatives of institutions of Bosnia and Herzegovina and donors in BiH, members of Donor Coordination Forum (DCF).

The Report is directed to the activities and financial portfolios of DCF members and therefore it does not include the activities of all donors in Bosnia and Herzegovina.

Information and statistical data presented in the Report are based on financial data of projects/programmes, entered by DCF members into DCF database, as well as on the responses to the questionnaires, delivered by the institutions of Bosnia and Herzegovina and donors in BiH. Although financial data as well as the narrative part were verified by the participants in the preparation of the Report, there is still a possibility of errors(s).

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