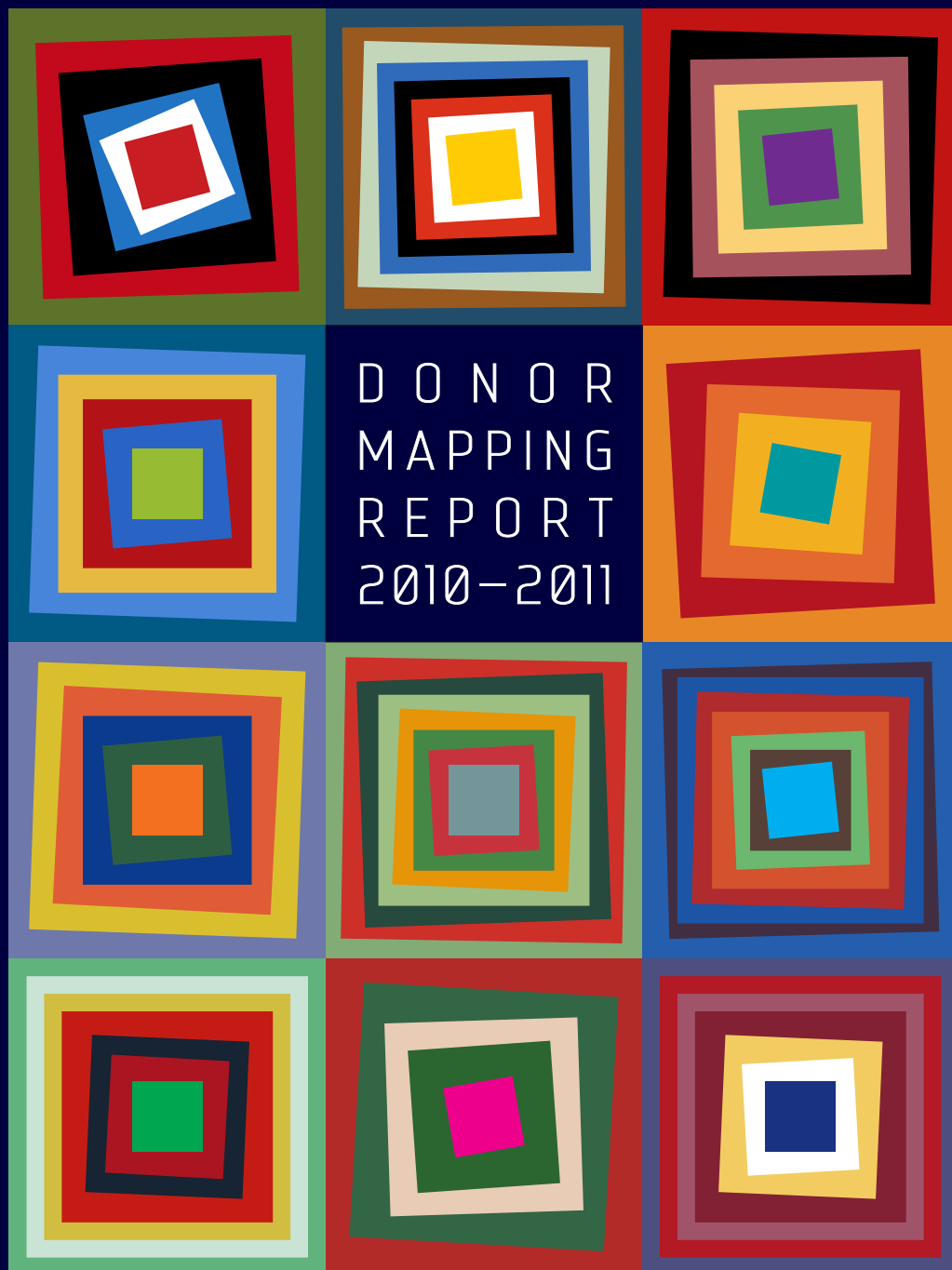




Bosnia and Herzegovina  
Ministry of Finance and Treasury

Donor Coordination Forum of Bosnia and Herzegovina







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# Disclaimer

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This report is published by the Bosnia and Herzegovina Ministry of Finance and Treasury/Sector for Coordination of International Aid (MOFT/SCIA) on behalf of the Donor Coordination Forum (DCF), a platform for information exchange between Bosnia and Herzegovina and 20 major donors. The report focuses on the activities and financial portfolios of these donors and does not, therefore, encompass all donor activity in Bosnia and Herzegovina.

The information and statistics presented in this report are based on the financial data entered into the DCF database, as well as the responses of individual donor agencies and of a number of relevant domestic institutions. Although the data has been verified by international and local stakeholders, there is still the possibility of errors. The same applies to the information provided in the narrative of the report.

With regard to the analysis by sector, donors have selected the Development Assistance Committee (DAC) code for each of their projects. As the different DAC codes vary and in certain cases overlap, some projects may not entirely fit into the allocated DAC code while others span several DAC codes or contain components that are also relevant to other sectors.



# Acknowledgements

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Preparation of the Donor Mapping Report 2010-2011 would not have been possible without the support and assistance of many individuals and organisations. The BiH Ministry of Finance and Treasury would like to thank all representatives of the Government institutions and donor agencies which participated in the research process, provided necessary information on project and programme activities and reviewed the draft report. Additionally, BiH MoFT would like to extend its gratitude to Sida for its financial assistance within the framework of the project, *Conduct of Bosnia and Herzegovina Donor Mapping Exercise for 2010-2011*.



# Message from the Minister

I am pleased to present the fifth edition of the Donor Mapping Report for the period 2010-2011, which is the third edition published by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Aid. This year's report, as well as previous editions, provides information on the latest development activities within the ten sectors supported by the Donor Coordination Forum members. I would like to express my gratitude to representatives of domestic institutions and the donor community for providing information and participating in the preparation of the Donor Mapping Report 2010 - 2011. Special thanks go to Sida for its financial support for the preparation of the report.

The Government's efforts to play a more proactive role in development assistance planning and management, in order to further improve aid effectiveness, have already achieved visible results. As a product of the synergy between domestic institutions and the donor community, this report represents a useful tool for additional improvement of cooperation and the development of partnerships between BiH institutions and the donor community, as well as for defining priorities and programmes that are most optimal for the further advancement of the reform process and economic development in Bosnia and Herzegovina.

As a signatory of the *Paris Declaration on Aid Effectiveness*, the BiH Ministry of Finance and Treasury/Sector for Coordination of International Aid, on behalf of Bosnia and Herzegovina, accepted the challenge and, amongst 78 countries, participated in the *2011 Global Survey on Monitoring the Paris Declaration Principles*, conducted by the Organisation for Economic Co-operation and Development. This highlights the value that Bosnia and Herzegovina gives to this global monitoring effort. At the same time, the survey represents an opportunity for the BiH Government and partner countries to evaluate progress, as well as to identify obstacles and opportunities for further progress, in implementing commitments on aid effectiveness in the country.

Although progress in aid effectiveness in several areas has been achieved, the continuation of this process depends on the active cooperation between the Entities of Bosnia and Herzegovina, other state institutions and the donor community.

**Dragan Vrankić**

Minister of Finance and Treasury of BiH

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# Abbreviations

<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>	German Federal Ministry for 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 Ordnance 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>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>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

# Abbreviations

<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





# Abbreviations

<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



# Highlights

## Chapter 1 – Education

In 2010 the Agency for Development of Higher Education and Quality Assurance (HEA) became a member of the Central and Eastern European Network of Quality Assurance Agencies in Higher Education (CEEN) and an associate member of the European Association for Quality Assurance in Higher Education (ENQA).

*The Basic National Qualifications Framework* was adopted in March 2011. The Framework represents the first systematic step in building a system of qualifications based on The European Qualifications Framework for Lifelong Learning.

## Chapter 2 – Health

In June 2011 the Regional Health Development Centre for Mental Health in South-Eastern Europe was opened in Bosnia and Herzegovina, to advance cooperation in mental healthcare throughout the region.

## Chapter 3 – Good Governance and Institution Building

According to qualitative indicators, overall implementation of the *Action Plan 1* of the *Public Administration Reform Strategy* in Bosnia and Herzegovina until July 2010 was 43.72%, while the overall implementation of the Action Plan until July 2011 was 52.28%.

## Chapter 4 – Conflict Prevention and Resolution, Peace and Security

BiH citizens are allowed to travel visa free to the EU's Schengen zone since December 2010.

Upon successful completion of the first NATO *Individual Partnership Action Plan (IPAP)* cycle, the new IPAP for the period 2011–2013 for Bosnia and Herzegovina was adopted by the North Atlantic Council (NAC) in February 2011.

## Chapter 5 – Infrastructure

In February 2010 the BiH Chamber for Foreign Trade began issuing Transports Internationaux Routiers (TIR) carnets in Bosnia and Herzegovina.

*The Framework Law on Digital Tachographs* was adopted by the BiH House of People in May 2010 and all vehicles over 3.5 tons with more than 9 seats were required to have digital tachographs installed in order to be allowed to transport goods and passengers abroad.

Both Entities adopted the regulations concerning production and consumption of energy from renewable sources and cogeneration.

## Chapter 6 – Economic Development and Social Protection

*The Strategy for Employment in Bosnia and Herzegovina 2010–2014* was adopted in July 2010.

## Overview of ODA in BiH

**€680.33 million** was provided in **2010** by DCF members, out of which **€168.27 million** was in the form of grants and **€512.06 million** in the form of loans.

**Until July 2011** total allocations by DCF members amounted to **€349.69 million**, out of which **€136.66 million** was in the form of grants and **€213.03 million** was in the form of loans.

In first quarter of 2011 Bosnia and Herzegovina recorded an increase in economic activities. Industrial production increased by 10.5% and export increased by 28% compared to same period in 2010.

## Chapter 7 – Local Governance

In 2010 both Entities developed their local government training strategies, which represent an important step towards a systematic and sustainable approach to local government capacity development.

The establishment of a central database for registry books in RS is in its final stage and it is estimated that data entry from local government units in the central database should be completed by the end of 2011.

## Chapter 8 – Agriculture and Forestry

In 2011 Bosnia and Herzegovina started the development of sector analyses that will serve as the basis for preparing the Instrument for Pre-accession Assistance for Rural Development (IPARD) programme, as a key document for the withdrawal of pre-accession funds intended for rural development.

## Chapter 9 – Environmental Protection

In March 2010 the BiH Council of Ministers adopted *Initial National Communication to the United Nations Framework Convention on Climate Change (UNFCCC)*.

*The Strategy and Action Plan for Protection of Biodiversity and Landscape Diversity of BiH 2008–2015* was adopted in July 2011.

## Chapter 10 – Cross-cutting issues

*The Revised Strategy of Bosnia and Herzegovina for the Implementation of Annex VII of the Dayton Peace Agreement* was adopted in June 2010.

*The Action Plan for Implementation of UN Council Resolution 1325 on Women, Peace and Security (UNSCR) in BiH* was adopted in July 2010.

In June 2011, the BiH Council of Ministers adopted the *Fourth and Fifth Periodic CEDAW Report of Bosnia and Herzegovina*.

# Executive Summary

This is the fifth edition of the Donor Mapping Report (DMR) and the third edition published by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Aid. It represents a comprehensive overview of DCF members' support to ten sectors in Bosnia and Herzegovina. This year the DMR primarily focuses on projects and programmes initiated by DCF members during 2010 and 2011 and it builds upon previous editions. Both domestic institutions and donor agencies have been involved in the research process. Namely, donor agencies have provided financial updates to the Donor Coordination Forum database, while both have participated in filling out questionnaires and responding to the consultation process. In order to save time during the preparatory period of the report, written questionnaires were primarily used instead of interviews with representatives from domestic institutions and donor agencies.

The report indicates that DCF members allocated €680.33 million in 2010 and €349.69 million to date in 2011. Out of €1,030.02 million allocated in both 2010 and 2011, €304.93 million was in the form of grants and €725.09 million was in the form of loans.

In 2010, total Official Development Assistance (ODA) allocations increased by €60.83 million compared to 2009, with a €26.21 million decrease in grants and a €87.04 million increase in loans. The two sectors which received the highest percentage of international support in 2010 were Economic Development and Social Protection (45%) and Infrastructure (35%), followed by Good Governance and Institution Building (6%), Conflict Prevention (5%) and Agriculture and Forestry (3%). The least funded sector in 2010 was Education (1%), followed by Health, Local Governance and Cross-cutting. It should be noted that 92% of the total allocations to both the Economic Development and Social Protection sector and the Infrastructure sector, as well as 46% of the total allocations to the Agriculture and Forestry sector, were delivered in the form of loans, while 95% of the total allocations to the Good Governance and Institution Building sector was delivered in the form of grants.

In 2010 €127.84 million (19%) of total ODA was provided by bilateral donor agencies, while €552.49 million (81%) of total ODA was provided by multilateral agencies, including financial institutions. Some bilateral donor agencies are gradually phasing out their bilateral support. Spain/AECID and Austria/ADC closed down their offices in Bosnia and Herzegovina in 2011. Austria/ADC will gradually phase out direct bilateral technical assistance by 2013. UK/DFID and the Netherlands will cease their operations by the end of 2011. These four agencies together contributed approximately 13% of total grant allocations in 2010. At the end of 2010 the Czech Republic joined the DCF as a new member.

Due to the fact that three projects were deleted from the database and that the method of data entering of allocations by Germany/KfW and the EC was changed, figures per year from 2007 to 2010 reflected in this report are different from the figures that were published in previous Donor Mapping Reports.

Namely, the contribution for the *Energy Sector Programme IV - PSPP Vrilo*, €70 million in 2009 and €30 million in 2010, that was committed by the German Government was deleted from the DCF database because the Project and Financing Agreement with Bosnia and Herzegovina is not in place yet (and will not be for at least an additional year). Also, funds from *Water and Sewage BiH II* - including Tuzla, Zenica and Travnik - that amounted to €19.5 million and funds from *Renewable Energies II (Wind Park RS Phase 1)* that amounted to €50 million were deleted from the database.

Furthermore, in order to adjust to the unified method of data entering into the database, Germany/KfW and the EC changed their method of entering allocations. Namely, in previous years during data entry the entire amount of each project was allocated in one year. Now the entire amount of each project has been allocated per years of the project's duration. This method was applied retroactively to all KfW projects, while for EC projects the method was applied for the projects starting from 2010. Unlike previous editions of the DMR, the EC Pipeline projects, that are not yet contracted, are not included in this report.

It should be mentioned that only the EBRD has used the different methodology during data entry in database allocating the entire amount of each project in the year of the beginning of the project.

Government-led and donor-supported activities have contributed to the further advancements of the reform process in Bosnia and Herzegovina. A number of legal and strategic documents were developed and adopted in 2010 and 2011, which will facilitate implementation of ongoing reforms. The following text of the Donor Mapping Report 2010-2011 presents a detailed overview of the most significant achievements, financial data and projects funded by DCF members in ten sectors in Bosnia and Herzegovina entered in the DCF database until July 2011.

# Introduction

Bosnia and Herzegovina still receives substantial international financial support. Official Development Assistance (ODA) is provided to all aspects of reform in Bosnia and Herzegovina as well as for its foreseen accession to the European Union. The availability of grant-based ODA to the country has been in gradual decline since 2006 whereas the proportion of concessional and commercial loans is increasing. Although the volume of grant-based ODA to Bosnia and Herzegovina is in decline, donor agencies continue to provide significant financial and technical support, as well as capacity building to domestic institutions and organisations. It should be also noted that some bilateral agencies are withdrawing from the provision of direct financial assistance to Bosnia and Herzegovina and instead continue to provide support indirectly through multilateral agencies.

## Latest Development in the Aid Coordination Improvement Process in Bosnia and Herzegovina

During previous years Bosnia and Herzegovina has taken several steps to strengthen its international aid coordination processes. BiH adopted a more proactive approach to the management of external assistance, including improvements in the public expenditure planning processes, the programming and management of external funds in line with BiH development priorities, stronger partnerships with donors and participation in initiatives aimed at improving the effectiveness of external assistance flows to the country. Taken together these amendments are intended to result in greater effectiveness in the use of international aid to BiH.

The Donor Mapping Report, published by MoFT/SCIA each year, provides overall information and analyses of on-going donor assistance in Bosnia and Herzegovina, as well as future donor plans. In February 2011, SCIA started the preparation of the Donor Mapping Report 2010-2011, within the framework of a one-year project, *Conduct of Bosnia and Herzegovina Donor Mapping Exercise for 2010-2011*, financially supported by Sida.

The Sector for the Coordination of International Economic Aid (SCIA) within the BiH Ministry of Finance and Treasury (MoFT) is responsible for the coordination of international economic aid (except EU aid) and Public Investment Programme management.

Furthermore, MoFT/SCIA is responsible for maintaining the DCF website and database. At the beginning of 2011, the new,

The Donor Coordination Forum in Bosnia and Herzegovina was established in December 2005 as a semi-formal platform for information exchange. Over time the forum evolved to become a coordinating mechanism which strives to improve the efficiency of international aid and host country ownership.

MoFT/SCIA has responsibility for the management of the DCF Secretariat. DCF meetings hosted by SCIA are held quarterly with a rotating chairmanship among the member agencies. From 17 initial members, DCF has at present 20 members, which actively contribute to the reform process in the country.

CDS/SIS. The process of preparation of the PIP is fully synchronised with the development process of the budget framework paper and the annual budget. MoFT/SCIA, in cooperation with the Ministry of Finance of Republika Srpska, the Federal Ministry of Finance and the Brčko District BiH will prepare the consolidated PIP of Bosnia and Herzegovina 2012-2014. These improvements of the PIP were achieved with technical assistance provided by the Austrian Agency for Development Cooperation (ADC) within the project, *Continuation of Improvement of PIP as an Effective Instrument for Development Planning and Implementation of the Country Development Strategy*. Project beneficiaries are the BiH Ministry of Finance and Treasury, the Ministry of Finance of Republika Srpska, the Federal Ministry of Finance and the Brčko District BiH.

In order to integrate the information gathered from the PIP process and donor mapping activities, as well as to provide much more sophisticated and effective reporting on sources and uses of public finance, MoFT/SCIA, the Ministry of Finance of Republika Srpska, the Federal Ministry of Finance and the Brčko District BiH are working on the development of the Public Investment Management Information System (PIMIS). Development of the PIMIS is financially supported by the Ministry of Foreign Affairs of the Kingdom of the Netherlands within the project, *Development of an Integrated, Functional and Transparent Public Investment Management Information System (PIMIS)*.

<sup>1</sup> The *Country Development Strategy/Social Inclusion Strategy* are in the process of adoption.

# Introduction

Bosnia and Herzegovina endorsed the *Paris Declaration on Aid Effectiveness* in December 2009. The Paris Declaration sets out practical actions to improve the quality of aid and its impact on development by promoting changes to external assistance delivery and management practice based on the principle of partnership. Declaration signatories committed their countries and organisations to continue to increase efforts in harmonisation, alignment and managing for results with a set of monitorable actions and indicators.

In 2010, the BiH MoFT/SCIA conducted and finalised the *Baseline Survey on the Adherence to the Paris Declaration on Aid Effectiveness Principles* with the purpose of providing a first general overview of current donor coordination systems in the country against which future progress may be monitored. The report provided an historical overview of aid coordination in Bosnia and Herzegovina, brief information on the main principles and indicators of the Paris Declaration, information on report preparation methodology, as well as an analysis of the results for each of the 12 indicators of the Paris Declaration in Bosnia and Herzegovina. The Baseline Survey indicated that there is substantial room for improvement, both amongst donors and BiH institutions, in ensuring greater adherence to Paris Declaration principles in the country. Whilst some of these improvements are already underway, others will require additional efforts, which respond to the specific findings of the report.

In 2011, MoFT/SCIA, on behalf of Bosnia and Herzegovina, participated in *2011 Global Survey on Monitoring the Paris Declaration Principles*, conducted by the Organisation for Economic Co-operation and Development (OECD). The OECD findings of the 2011 survey will be presented in a new OECD report: *Aid Effectiveness 2011: Progress Report on Implementing the Paris Declaration* and discussed globally on the forthcoming *Forth High Level Forum on Aid Effectiveness* that will take place in Busan, Korea, from 29 November to 01 December, 2011.

In the forthcoming period continuation of the implementation and monitoring of the principles of the *Paris Declaration on Aid Effectiveness* will be one of the priorities of Bosnia and Herzegovina. This means that greater emphasis will be on pursuing the development of indicators, as well as on their improvement, in order to make aid more effective in supporting the development of Bosnia and Herzegovina.

Along with the implementation of the above mentioned activities, during 2010, MoFT/SCIA in cooperation with the UN team in Bosnia and Herzegovina, prepared the report *Progress Towards Realization of the Millennium Development Goals in Bosnia and Herzegovina 2010*, which was adopted by the BiH Council of Ministers in November 2010. The report is forward-looking and proposes policies in specific sectors that will help achieve sustainability and ownership. Along with the universal MDG indicators, additional indicators, specific for Bosnia and Herzegovina, have been defined and monitored. Having in mind that grant-based ODA is declining, it is necessary for Bosnia and Herzegovina to achieve maximum benefit from invested funds. This will only be possible through the further development of partnerships between domestic authorities and the donor community. MoFT/SCIA will play an even more proactive role in development assistance planning and management in order to improve the effectiveness of this

## Paris Declaration on Aid Effectiveness

The Paris Declaration on Aid Effectiveness was formulated in February 2005 at the Paris High Level Forum on Aid Effectiveness, organised by the Organisation for Economic Co-operation and Development (OECD). By June 2009 some 127 countries and a further 27 international organisations have formally endorsed the declaration. Signatories include all major donors to Bosnia and Herzegovina.

The Paris Declaration is a response to a growing belief that international aid processes have been too strongly led by donor priorities and normally administered through donor channels. The declaration represents a broad consensus among the international community about how to make aid more effective.

The Third High Level Forum on Aid Effectiveness was held in Accra, Ghana, in September, 2008. The forum agreed that the Accra Agenda for Action identified three main areas where progress towards aid reform is still considered to be too slow. The Forum also launched the International Aid Transparency Initiative (IATI), a new initiative that aims to make information about aid spending easier to access, use and understand.

In January 2010 Bosnia and Herzegovina was officially added to the list of signatories to the Paris Declaration.



# Introduction

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assistance.

Finally, the Donor Mapping Report 2010-2011 reflects the interest of Bosnia and Herzegovina and the international community to share their knowledge and look for synergies in their efforts to promote the socio-economic development of the country. The data gathered in this report provide an indicator of trends in the delivery of external aid and economic progress as well as guidelines for future activities. The report is based on inputs from the DCF database, desk research as well as on the results of 44 questionnaires written by representatives of both domestic institutions and donor agencies. The report reflects the period from January 2010 to July 2011.

# EDUCATION SECTOR



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<b>DCF members active in the sector in 2010-2011</b>	Austria/ADC, EC, USA/USAID, UNICEF, Germany, Norway, the Czech Republic, France, Japan/JICA, Switzerland/SDC/SECO.
<b>Other key international organisations (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 2010 and 2011 by DCF members</b>	2010: €7.73 million - all in form of grants 2011: €5.93 million - all in 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>Basic National Qualifications Framework at a state-level; Law on Higher Education in RS; Law on Change and Amendment to the Law on Higher Education in RS; Law on Change and Amendments to the Law on Science and Research Activities of RS; Law on Education and Scholarships for Young Talents in RS; Law on Change and Amendment to the Framework Law on Higher Education in Sarajevo Canton; RS Education Development Strategy 2010-2014; RS Culture Development Strategy 2010-2015.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>2</sup></b></p> <p><i>Framework Law on Higher Education in Bosnia and Herzegovina; 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.</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; Seven Key Strategies and Guidelines to Implement the Bologna Process; Strategy for Development of Science in Bosnia and Herzegovina 2010-2015 and the Action Plan.</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>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> For more information on the Strategies: [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

Education, as a fundamental human right, is one of the crucial Millennium Development Goals (MDGs) to be accomplished by 2015<sup>3</sup>. The goals and priorities of the new *Country Development Strategy* and the *Social Inclusion Strategy* (CDS/SIS)<sup>4</sup> correspond to the MDGs and these Strategies define education as one of BiH's strategic objectives.

Activities within the Education sector for the last 10 years have been focused on the harmonisation of the BiH education system and on adjusting it to a modern, European educational structure. The implementation of the reform process is challenging because of the complex administrative structure of the Education sector in Bosnia and Herzegovina, which includes 13 ministries of Education at all levels of Government and the Department of Education in the Brčko District BiH.

The most significant achievements in 2008 were establishment of the Agency for Development of Higher Education and Quality Assurance (HEA), the Agency for Pre-school, Primary and Secondary Education (APOS) and the Centre for Information and Recognition of Documents in the Area of Higher Education (CIP). Today these organisations are recognized as the authorities for developing educational standards.

HEA became a full member of the International Network for Quality Assurance Agencies in Higher Education (INQAAHE) in December 2009. INQAAHE<sup>5</sup> is a world-wide association of over 200 organisations active in the theory and practice of quality assurance in higher education. HEA also became a member of the Central and Eastern European Network of Quality Assurance Agencies in Higher Education (CEEN)<sup>6</sup> in May 2010. In February 2010 HEA became an associate member of the European Association for Quality Assurance in Higher Education (ENQA). ENQA disseminates information, experiences and good practices in the field of quality assurance in higher education to European quality assurance agencies, public authorities and higher education institutions<sup>7</sup>.

**The Sector received 1% of total ODA allocations in 2010 and to date 2% of total ODA in 2011.**

In December 2009 the BiH Council of Ministers (CoM) adopted the *Strategy for Development of Science in Bosnia and Herzegovina 2010-2015 and Action Plan* that is a strategic framework for the development of education<sup>8</sup>. The Strategy includes the basic principles, goals, directions and priorities in the development of science and technology education.

According to the report, *Progress Towards Realization of the Millennium Development Goals in Bosnia and Herzegovina 2010*<sup>9</sup>, Bosnia and Herzegovina needs to strengthen its efforts concerning educational development and reform. The priority is, most certainly, universal primary education, since any eventual progress in higher levels of education depends on it. At the same time, it is important to improve higher education levels since these are complementary processes.

## Donor Activities in 2010 and 2011

The Donor Coordination Forum (DCF) members active in the Education sector in 2010-2011 are Austria/ADC, the EC, USA/USAID, UNICEF, Germany, Norway, the Czech Republic, France, Japan/JICA and Switzerland/SDC/SECO.

**Figure 1.1** indicates that the leading donors in the Education sector in 2010 are USA/USAID with a contribution of €2.01 million and Austria/ADC with a contribution of €1.64 million, followed by Norway, the EC, Germany, UNICEF, Japan/JICA, the Czech Republic, France and Switzerland/SDC/SECO.

In 2011 the leading donors in the Education sector are the EC with a contribution of €1.52 million, Austria/ADC with a contribution €1.26 million and UNICEF with a contribution of €1.05 million followed by Germany, Norway, the Czech Republic, USA/USAID, France, Switzerland/SDC/SECO and Japan/JICA.

Donor contributions to the sector in 2010 and 2011 are all in form of grants.

<sup>3</sup> Millennium Development Goals are: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability; and develop a global partnership for development.

<sup>4</sup> The Strategies are currently in the process of adoption.

<sup>5</sup> For more information about the INQAAHE: <http://www.inqaahe.org/>

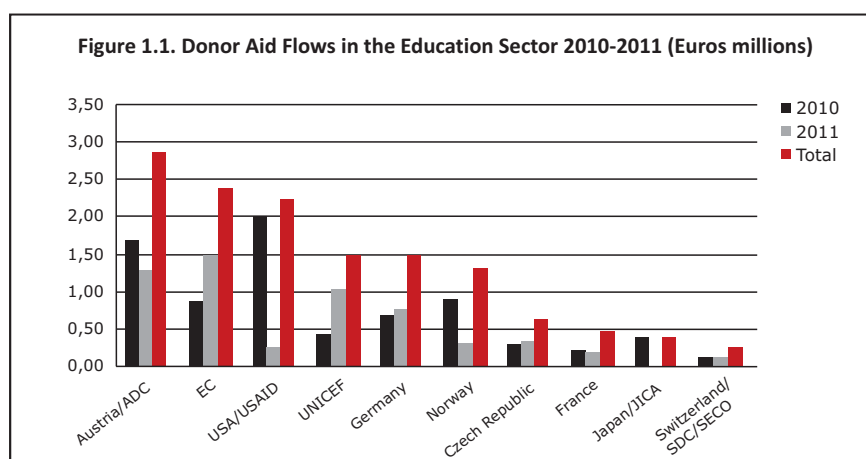
<sup>6</sup> For more information about CEEN: <http://www.ceenetwork.hu>

<sup>7</sup> <http://www.enqa.eu/>

<sup>8</sup> *Strategy for Development of Science in Bosnia and Herzegovina 2010-2015* (available in local language), [http://www.mcp.gov.ba/zakoni\\_akti/strategije/?id=1251](http://www.mcp.gov.ba/zakoni_akti/strategije/?id=1251)

<sup>9</sup> The Report was prepared by the BiH Ministry of Finance and Treasury and UN Country Team in BiH in July/August 2010 and adopted by the BiH Council of Ministers in November 2010. The Report is available in English at: <http://www.donormapping.ba/pdf/MDG-BiH-2010-ENG.pdf>; <http://www.undp.ba/Upload/SC/MDGs%20Progress%20Report%202010.pdf> and available in local language at: <http://www.mft.gov.ba/bos/content/view/399/166/>

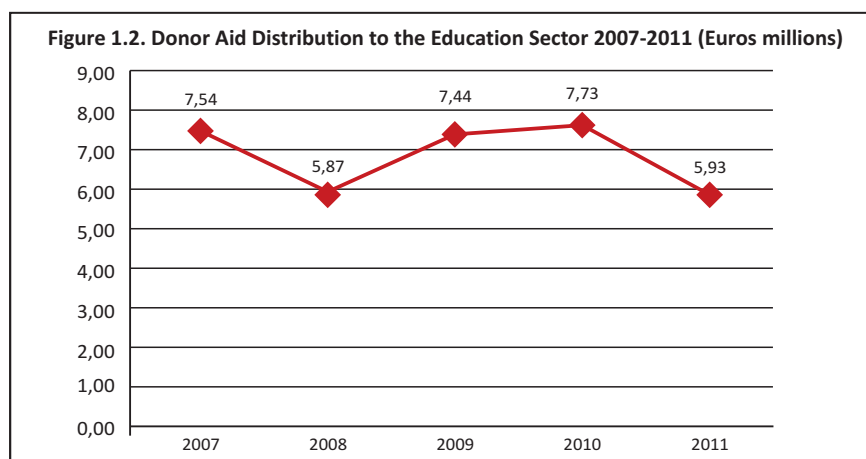




Total allocations to the Education sector by DCF members were €7.73 million in 2010 and €5.93 million to date in 2011. However, additional funds could be allocated to the Sector by the end of 2011.

Figure 1.2 indicates that total allocations in 2010 significantly increased by €1.86 million as compared to 2008, while total allocations in 2010 slightly increased by €0.19 million as compared to 2007 and by €0.29 million as compared to 2009.

The Sector received 1% of total ODA allocations in 2010 and to date 2% of total ODA in 2011.



## Support to the strengthening of legal and institutional frameworks

The legal and institutional framework in the Education sector is supported by Austria/ADC, the EC, UNICEF, Norway and OSCE<sup>10</sup>.

For several years, **Austria/ADC** has been involved in creating a functional and efficient system for policy development and quality assurance in higher education. The ADC supports the HEA by providing assistance in areas such as institutional and capacity building, technical and IT support and media campaigns for raising awareness regarding the importance of the HEA. As a result of joint efforts by relevant domestic institutions and donors, the HEA became an associate member of the European Network of Quality Assurance Agencies (ENQA) in February 2010. The HEA developed guidelines and generic standards<sup>11</sup> and trained a sufficient number of experts that will be responsible for the accreditation process. However, the accreditation process has not started yet.

Furthermore, Austria/ADC started implementation of the project, *Strengthening the Capacity of the Ministry of Civil Affairs for Participation in EU RTD<sup>12</sup> Programmes*. Another new project, *Empowerment of Roma Women*, addresses discrimination,

<sup>10</sup> OSCE is not a DCF member.

<sup>11</sup> HEA adopted the *Decision on the Criteria for Accreditation of Higher Education Institutions in BiH* in July 2010, (Official Gazette BiH no. 75/10).

<sup>12</sup> RTD-Research and Technological Development

exclusion and vulnerability of Roma women through the empowerment of the civil society organisations that represent them.

The EC was particularly active in increasing the efficiency of educational management and administration through assistance in the development of the state-level education strategy and other internal documents and standards, as well as the establishment of the three state-level education agencies<sup>13</sup>. The EC also supports the strengthening of institutional capacity in Bosnia and Herzegovina for strategic development of entrepreneurial learning as well as introduction of the lifelong learning concept in the entrepreneurial system of education in Bosnia and Herzegovina.

**UNICEF** supports policies, systems and services for early childhood education, quality and inclusive education, inter-cultural understanding, peace education, participation of children and youth, as well as life skills based education.

The Organization for Security and Cooperation in Europe (**OSCE**) promotes changing the political and legislative framework, which would enable Bosnia and Herzegovina to develop a holistic education system accessible, acceptable and effective for all BiH citizens.

In general, donors actively support the monitoring of activities, data collection and the development of strategic documents, in order to provide quality modern pre-primary, primary and secondary education systems in Bosnia and Herzegovina.

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

Donors active in pre-primary, primary and secondary education reform in 2010-2011 are Austria/ADC, the EC, USA/USAID, UNICEF, Germany, Norway, France, Japan/JICA and Switzerland/SDC/SECO.

**USA/USAID** continued implementing the *Civitas* civic education programme. The Programme promotes inter-ethnic cooperation and effective citizenship through development and implementation of quality education programmes, teaching materials and teacher training efforts at all levels of education throughout Bosnia and Herzegovina.

Within the *Family Strengthening Programme Mostar*, **Austria/ADC** supported children whose development is compromised and who risk being abandoned by their biological families or withdrawn from child protection authorities.

Through the project *Education in BiH*, **Norway** promotes an index for inclusion methodology and an increase local government involvement in the education process.

**Germany** started the second phase of the *Reconciliation through Education* project. The Project is implemented by the Wings of Hope Foundation. The Foundation works primarily with traumatized children and youth, victims of war, in order to enable them to function in private and social life without disturbances.

**UNICEF** assisted in the implementation of social inclusion models specifically designed to facilitate dialogue, communication and joint action among students, teachers, school management and parents from segregated schools in the Middle Bosnia Canton. Several projects also focus on cross cultural understanding in ten municipalities. With UNICEF support, Government partners from 14 education ministries and eight pedagogical institutes have jointly developed indicators for intercultural education, an ethics code and a draft action plan to monitor and evaluate the quality of education.

**France** supported French language classes in the new educational system in primary and secondary schools.

In 2010 **Switzerland** started the project, *Inclusion of Roma to Primary School Education, Canton Sarajevo–BiH*. The primary goal of the Project is to reduce the educational gap between Roma and non-Roma children by providing better access to quality education.

### Vocational education and training

Donors active in vocational education and training (VET) in 2010-2011 are Austria/ADC, the EC, USA/USAID, Germany and Switzerland/SDC/SECO.

The *School for Social Professions in Bosnia and Herzegovina* is a new project of **Austria/ADC**. The aim of the Project is to establish a social profession, which will be recognised all over Bosnia and Herzegovina. This kind of education will enable individuals to acquire the special knowledge and skills necessary for the care of elderly persons and persons with special needs, as well as knowledge and skills in social management. Furthermore, Austria/ADC actively works on the reduction of youth unemployment in Bosnia and Herzegovina. The *Youth Employment Project (YEP)* provides assistance to young marginalized people who enter the labour market upon finishing high school. The aim of the Project is to develop stronger cooperation between private and public employment services and the Education sector.

<sup>13</sup> The Agency for Higher Education and Quality Assurance (HEA), Agency for Pre-school, Primary and Secondary Education (APOSO) and Centre for Information and Recognition of Documents in the Area of Higher Education (CIP).

In 2011 the **EC** initiated the project *Support for Vocational Education and Training (VET) in BiH 4*, which is a continuation of EU support to vocational training and education. A series of projects supporting VET reform have been implemented in Bosnia and Herzegovina since 1998. The purpose of *VET 4* is to support institutional and capacity building in the vocational, education and training system in Bosnia and Herzegovina, namely the VET department of the APOSO, the Ministries of Education and pedagogical institutes and schools. The Project will strengthen the vertical and horizontal mobility of students in the BiH vocational education system in line with the *Basic National Qualifications Framework* and strengthen links between sectors of education and labour through development of occupational standards. Through the project, *Supply of Equipment to VET schools*, the EC also provided specialized VET equipment to selected VET schools and training centers in Bosnia and Herzegovina.

During the period 2004-2010 **Germany** supported vocational training and education in Bosnia and Herzegovina through the *GTZ VET Project*. All project activities were harmonised with the state-level education strategy. Some of the results of the project include ISO certification of ten vocational schools; the establishment of the teacher association, *Uspón<sup>14</sup>*; and nationwide multiplication of key elements in vocational education such as teacher training, quality management, curriculum development and introduction. It also established a network between schools and enterprises. In 2011 Germany initiated the *Adult Education* project with the aim to improve adult education in terms of economic and social needs in Bosnia and Herzegovina.

Based on the project *Adult and Non-formal Education in Bosnia and Herzegovina*, **Switzerland/SDC** supports activities focused on establishing a modern, flexible and informal training (educational) system. The aim is to improve the employability of job-seekers and to enhance the qualifications of employees through market-oriented capacity building in the non-formal and adult education sector.

## Higher education reform

The *Framework Law on Higher Education in BiH<sup>15</sup>* from July 2007 marks the beginning of the higher education reform process, better known as the Bologna Process. Donors active in higher education reform in 2010-2011 are Austria/ADC, the EC, USA/USAID, Norway, the Czech Republic and France.

**Austria/ADC** is currently implementing the second phase of the *Support to the Higher Education in Bosnia and Herzegovina<sup>16</sup>* project, aiming to align BiH universities to the European Education Area.

**Norway** is funding the *Master Programme in Gender Studies*. The aim of the Project is to educate a generation of experts in the gender field coming from various undergraduate backgrounds.

The **EC** provides assistance in human rights education through the *European Regional Master Degree in Democracy in South-East Europe*.

The EC is also supporting reform of higher education through a technical assistance project, which supports the Centre for Information and Recognition of Documents in the Area of Higher Education (CIP), the drafting of guidelines for recognition of higher education qualifications in line with the Lisbon Convention<sup>17</sup> and the strengthening of the management capacity of public universities to transform into integrated institutions.

Between 2003 and 2011 the EC and the **Council of Europe (CoE)** implemented a series of three joint projects under the title *Strengthening Higher Education in Bosnia and Herzegovina*. The projects have been designed to help Bosnia and Herzegovina fulfill the commitments made since it formally joined the Bologna Process in 2003. These projects help to raise the level of Bologna-specific expertise among the academic community and the educational authorities. Core areas of activity include a new degree system and the framework for qualifications in higher education, quality assurance and recognition of qualifications<sup>18</sup>.

The **Czech Republic** provided over 30 scholarships for studying at universities in the Czech Republic.

**France** is also supporting university exchanges between France and Bosnia and Herzegovina, providing seven scholarships in both 2010 and 2011.

<sup>14</sup> For more information: <http://www.uspon.edu.ba/udruzenje.asp>

<sup>15</sup> Official Gazette BiH no. 59/07

<sup>16</sup> Project is implemented by WUS Austria.

<sup>17</sup> *Convention on the Recognition of Qualifications concerning Higher Education in the European Region*, signed in Lisbon in April 1997. <http://conventions.coe.int/treaty/en/Treaties/Html/165.htm>

<sup>18</sup> Delegation of European Union to BiH, *Next Steps for Higher Education Reform in Bosnia and Herzegovina*, <http://www.delbih.ec.europa.eu/?akcija=vijesti&akcija2=pregled&jezik=2&ID=859>

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

Donors active in education facilities and teacher training in 2010-2011 are Austria/ADC, USA/USAID, UNICEF and Norway.

**USA/USAID** supports the *Early Intervention for Children with Development Disabilities* project. The purpose of the project is to establish early intervention for children with developmental disabilities as well as to provide psychosocial support to their parents.

In 2010 **Austria/ADC** initiated the *Pilot Project to Introduce Inclusive Education*. The Project aims to create an environment that will lead to the elimination of discrimination in education. The additional aim of the Project is to provide basic education for all children, in particular children with special educational needs.

**Norway** continued implementation of *The Education for Peace (EFP)* programme, which is a unique community development programme, dedicated to assisting young generations and their teachers, parents and leaders to engage in creating a culture of peace based on unity in diversity.

**UNICEF** collaborates with partners to develop capacities in the Education sector, with a focus on inclusive quality education, intercultural understanding, life skills and key competencies. For example, primary school teachers have increased their knowledge and skills in intercultural education through training delivered jointly with government partners and academia.

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 UN programme - MDG Fund, Spain)	UNDP, UNICEF, UNESCO	6.61
Youth Employability and Retention Programme (joint UN programme - MDG Fund, Spain)	UNDP, UNICEF, UNFPA, IOM	4.53
Adult Education	Germany	4.00
Vocational Education and Training	Germany	3.60
Support to the Higher Education in Bosnia and Herzegovina 2005-2007 and 2008-2010	Austria/ADC	2.26
VET reform IV	EC	1.43
Basic Education	UNICEF	1.34
EU Support of Higher Education in BiH	EC	1.10
European Regional Master Degree in Democracy and Human Rights in South East Europe	EC	1.07
School for Social Professions in BiH	Austria/ADC	1.02
Education Mostar	Norway	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 2010-2011

In **March 2011** the *Basic National Qualifications Framework* was adopted by the BiH Council of Ministers. The Framework represents the first systematic step in building a system of qualifications based on the European Qualifications Framework for Lifelong Learning (EQF). The EQF is a common European reference system, which brings different countries' national qualifications systems together and functions as a translation device making qualification more comparable. The system promotes lifelong and life-wide learning and helps European citizens who wish to study or work abroad<sup>19</sup>.

The *Law on Higher Education in Republika Srpska*<sup>20</sup> was adopted in **July 2010**. The RS National Assembly also adopted the *Law on Change and Amendment to the Law on Higher Education in Republika Srpska* in July 2011.

There is currently no law on higher education in the Federation of Bosnia and Herzegovina.

In **July 2010** Sarajevo Canton adopted the *Law on Change and Amendment to the Framework Law on Higher Education*. Cantons Tuzla, Una-Sana, Posavina, Zenica-Doboj, Bosnian-Podrinje, Western Herzegovina, Canton 10 (Livno Canton) and Brčko District also adopted laws on higher education. However, Canton Herzegovina-Neretva and Central Bosnian Canton are yet to adopt laws on higher education.

<sup>19</sup> European Commission, *The European Qualifications Framework*: [http://ec.europa.eu/eqf/home\\_en.htm](http://ec.europa.eu/eqf/home_en.htm)

<sup>20</sup> Official Gazette of the Republika Srpska no. 73/10.

**In February 2010** Republika Srpska adopted the *RS Education Development Strategy 2010-2014*. The Strategy is based on the concept of life-long learning and harmonisation of education at all ages, which include formal, non-formal and self-education.

**In February 2010** Republika Srpska adopted the *RS Culture Development Strategy 2010-2015*. The overall goal of the Strategy is to raise a common understanding and respect among individuals, communities and people, promote cultural diversity, as well as harmonise RS policies and legislation with the relevant *acquis* and EU policies.

The *Strategy for Entrepreneurial Learning in Education Systems in Bosnia and Herzegovina, Implementation Plan* and budget, as well as the *Model of Social Partnership for the Introduction of Entrepreneurial Learning in the Educational System in Bosnia and Herzegovina* were **prepared in 2010**. Both are in the adoption process by the BiH Council of Ministers. The Strategy is the result of joint efforts of the public and private sector including educational and economic representatives in Bosnia and Herzegovina.

## Donor coordination

During 2010 and 2011 donors continued to participate in both formal and semi-formal information-sharing meetings in the Education sector. The BiH Ministry of Civil Affairs organised and led sector working-group meetings, which included the leading local and international stakeholders. The Conference of Ministers of Education (CoEM) works as an advisory body in order to facilitate the coordination of the Education sector. Donor agencies are invited to meetings of the CoEM, depending on the topic of discussion.

The HEA has established its own coordinating body in order to avoid duplication of activities and to present its priorities in the Education sector.

Donors active in the Education 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. DCF meetings are held quarterly with a rotating chairmanship among the member agencies, in order to improve information flow and mutual coordination. DCF meetings also contribute to the multi-sectoral collaboration within all sectors in Bosnia and Herzegovina.

Additionally, donors in Bosnia and Herzegovina attended periodic informal information-sharing meetings with different international organisations, NGOs and representatives of Embassies active in the Education sector.

A number of stakeholders, including domestic authorities and the donor community, have expressed the need for stronger formal coordination at the state level.

Although there is a good information flow within the sector there is still a need for further improvement.

## Future activities

The new *Country Development Strategy and Social Inclusion Strategy (CDS/SIS)*, currently in the process of adoption, define education as one of BiH's strategic objectives. Therefore, future actions and interventions in the Education sector should be aligned with these strategies.

Implementation of the state-level framework laws for higher education, pre-primary and vocational education is slower than expected; therefore the relevant stakeholders need to strengthen their efforts concerning educational development and reform.

Although donors provide substantial support to the Education sector, according to the sector stakeholders, there are still certain areas that need more donor assistance. Therefore, future activities in the sector should focus especially on the following areas:

- Basic education (pre-primary, primary and secondary education).
- Formal and non-formal adult education.
- Inclusive quality education.
- Educational infrastructure.
- Curriculum improvement.
- Reform of pre-service teacher training.

Additionally, in order to align the educational system with the needs of the labour market and the needs of economic development, further actions should include<sup>21</sup>:

- Strengthening the capacity of the Employment Institutes to engage in active labour market policy, as well as creating the appropriate legal framework and incentives to involve the private sector in the provision of the services needed in the labour market.
- Focusing on secondary education reform to give graduates the flexible skills demanded by the labour market as well as to position them better for continuing education and life-long learning.
- Continuing to implement the reforms already initiated in the VET sector via the EU VET reforms.
- Continuing to implement the reforms initiated in the area of life-long learning, which would also kindle private sector interest in providing adult training services and increase demand by workers and companies for these services, a demand that has been constrained to date by the lack of quality assurance and certification.
- Developing a clear strategy and targets for growth in key sectors of the economy that capitalise on BiH's competitive advantages and can become drivers of export-oriented growth and employment creation.
- Creating a strategy for tapping into the country's diaspora to further the development process.

According to the report *Progress towards realization of the Millennium Development Goals in Bosnia and Herzegovina 2010*<sup>22</sup> some of the recommendations for the further improvement of the Education sector are:

- Increasing access to education for the entire population.
- Providing for the implementation of provisions concerning free education, especially for vulnerable groups.
- Reforming the system of education funding in order to provide more efficient education, through establishing the new education funding model, defining needs in terms of additional investments into education, as well as establishing educational norms and standards at the state-level.
- Aligning the educational system with the needs of the labour market, as well as economic and social development.

Austria/ADC will continue supporting the Education sector in Bosnia and Herzegovina through 2013. The assistance will be focused primarily on higher education and vocational education and training.

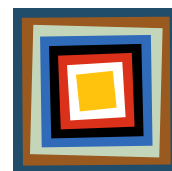
From 2010–2014 UNICEF is supporting cooperation in social inclusion, promotion and development of standards for early childhood and child-friendly schools/quality basic education. UNICEF has committed to providing access to education for all children free of charge.

The EC under the IPA 2008 and IPA 2009 will continue to support reform of financing higher education; further reform of VET; development of a state-level strategy and framework law for adult education; statistical reporting in education and employment of adults; as well as capacity building for the Agency for Pre-school, Primary and Secondary Education (APOSO).

The overall conclusion is that Bosnia and Herzegovina in the coming years needs to strengthen its efforts concerning educational development and reform. Priority should be given to further enhancement of sustainability and country ownership of the reform process.

<sup>21</sup> According to the World Bank's report *Are Skills Constraining Growth in Bosnia and Herzegovina?*, December 2009.  
<http://siteresources.worldbank.org/INTBOSNIAHERZ/Resources/AreSkillsConstrainingGrowthInBHeng.pdf>

<sup>22</sup> The Report was prepared by the BiH Ministry of Finance and Treasury and UN Country Team in BiH in July/August 2010 and adopted by the BiH Council of Ministers in November 2010. The Report is available in English at: <http://www.donormapping.ba/pdf/MDG-BiH-2010-ENG.pdf>; <http://www.undp.ba/Upload/SC/MDGs%20Progress%20Report%202010.pdf> and available in local language at: <http://www.mft.gov.ba/bos/content/view/399/166/>.



<b>DCF members active in the sector in 2010-2011</b>	UNDP, World Bank, Switzerland/SDC/SECO, Germany, UNICEF, EC, Italy/IC, the Czech Republic, the Netherlands, France, Norway, Japan/JICA, Austria/ADC.
<b>Other key international organisations (IOs)</b>	World Health Organisation (WHO); United Nations Population Fund (UNFPA); International Organisation for Migration (IOM); the 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 2010 and 2011 by DCF members</b>	2010: €8.03 million - €5.92 million in grants and €2.11 million in loans 2011: €13.49 million - €11.04 million in grants and €2.45 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>Law on Health Care in FBiH; Law on Change and Amendments to the Law on Health Insurance in FBiH; Law on Protection of Population from Infectious Diseases in RS; Law on Transplantation of Human Tissues and Cells in RS; Policy on Medicines and Medical Devices in Bosnia and Herzegovina; Policy for Improving Early Childhood Development in FBiH; Policy for Improving Early Childhood Development in Republika Srpska 2011-2016; Strategy for Improving Sexual and Reproductive Health and Rights in FBiH 2010-2019; Document Activities for EU Integration of the Health Sector in Bosnia and Herzegovina.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>23</sup></b></p> <p><i>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; Strategic Plan for the Development of Health in FBiH for the period 2008-2018; The Strategy of Health Development in Brčko District BiH for the period 2008-2013.</i></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>23</sup> For more information on the Strategies: [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

Over the last several years the Health sector in Bosnia and Herzegovina has introduced a number of reforms. Today, the Health sector reform is progressing gradually and includes cooperative reform between the Entities and within the Federation of Bosnia and Herzegovina.

The FBiH Ministry of Health and the RS Ministry of Health and Social Welfare are fully in charge of the Health sector at the Entity-level. The BiH Ministry of Civil Affairs/Health Sector is responsible for the preparation and implementation of regulations; harmonising Entity-level plans; defining a strategy at the international level; planning, coordinating and monitoring policies; monitoring institutions and organisations in the Health sector at the state-level; monitoring access to the EU in the Health sector; as well as the implementation of international agreements and conventions ratified by Bosnia and Herzegovina.

Donor support in 2010-2011 was provided for the further reform of the Health sector. Special attention was given to primary healthcare reform, mental health protection, prevention and control of HIV/AIDS, TB and other transmittable diseases, development of human resources and strategic documents, as well as strengthening of legal and institutional capacities.

The introduction of a family medicine model within primary healthcare reform is progressing well. Secondary healthcare reform has started with the significant support of the EC under the IPA 2008 assistance programme. In June 2011 the Regional Health Development Center for Mental Health in South-Eastern Europe<sup>24</sup> was opened in Bosnia and Herzegovina, in order to advance cooperation in mental healthcare throughout the region.

**The Sector received 1% of total ODA allocations in 2010 and to date 4% of total ODA in 2011.**

Efforts in the reform of the health system strive to be gender sensitive and focused on providing equal access to health services for returnees, youth and the most vulnerable groups of the population. According to domestic stakeholders, distribution of donor aid within the Health sector is satisfactory. However, further efforts of both domestic stakeholders and donors are needed in order to reach EU health standards.

## Donor activities in 2010 and 2011

DCF members active in the Health sector during 2010-2011 are UNDP, the World Bank, Switzerland/SDC/SECO, Germany, UNICEF, EC, Italy/IC, the Czech Republic, the Netherlands, France, Norway, Japan/JICA, Austria/ADC.

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

**Figure 2.1** indicates that leading donors in the Health sector in 2010 are UNDP<sup>25</sup> with a contribution of €2.75 million and the World Bank with a contribution of €2.11 million followed by Switzerland/SDC/SECO, Italy/IC, Germany, the Czech Republic, the Netherlands, UNICEF, France, Norway, Japan/JICA, the EC and Austria/ADC.

In 2011 the leading donors in the Health sector are UNDP with a contribution of €8.69 million<sup>26</sup> and the World Bank with a contribution of €2.44 million followed by Switzerland/SDC/SECO, UNICEF, Germany, the EC and France.

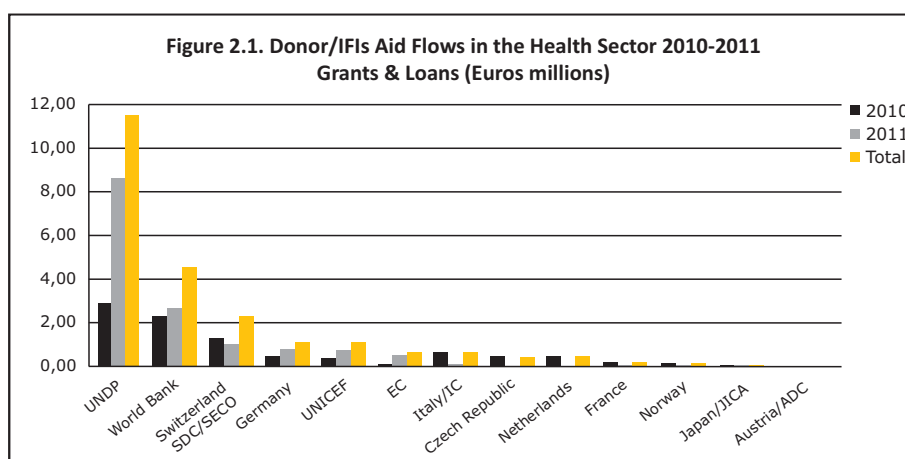
**Assistance from the World Bank in 2010 and 2011 is in the form of loans.**

<sup>24</sup> <http://seehnsec.blogspot.com/2011/06/inauguration-ceremony-of-regional.html>

<sup>25</sup> The projects are funded by the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) and implemented by UNDP as the principal recipient.

<sup>26</sup> According to the UNDP Donor Profile total allocation for the Health sector for 2011 is €8.87 million since the UNDP figures for 2011 were calculated using the average 2010 UN exchange rate: USD 1 = € 0.7557.

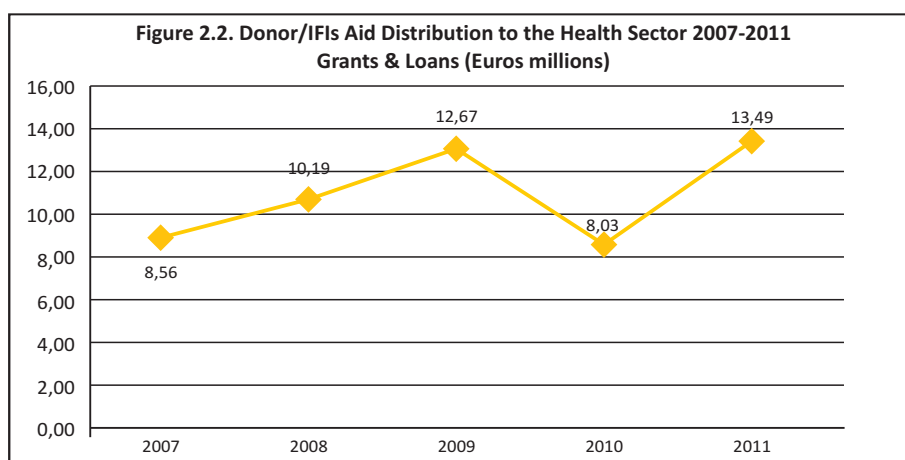




**Total allocations to the Health sector by DCF members were €8.03 million in 2010 and €13.49 million to date in 2011. Additional funds could be allocated to the sector by the end of 2011.**

**Figure 2.2** indicates a decrease in ODA in 2010 compared to 2007, 2008 and 2009, but the figure to date in 2011 indicates a significant increase compared to all four previous years.

The Sector received 1% of total ODA allocations in 2010 and to date 4% of total ODA in 2011.



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

Harmonisation of legislation with *acquis* and development of sectoral policies are necessary for advancement in the EU integration process. The strengthening of legal and institutional capacities at all levels of government in the Health sector is supported by UNICEF, the EC, Norway and WHO.

**UNICEF** supports a comprehensive *Integrated Early Childhood Development* programme in Bosnia and Herzegovina, which contributes to the achievements of MDGs and to social protection and inclusion of the most vulnerable families. Early Childhood Development Situation Analysis and Policies were developed and adopted in both Entities. The programme also effectively identifies and serves vulnerable young children with the goal of promoting their development to their full potential. The access to universal and inclusive services for early childhood development and protection is ensured for families and their children through the establishment of Early Childhood Development Centres (IECD) in selected municipalities.

**Norway** is financing the project *Improving Governance and Interethnic Co-operation through e-Health*, which envisages construction of a national electronic health portal. The portal will improve transparency in the Health sector and facilitate better communication between the public and institutions.

The **EC** is providing assistance for the establishment of a structure for reporting health indicators to EUROSTAT and other international organisations (WHO, WB, OECD). In 2010 the EC started supporting the reform of financing of secondary healthcare.

The continuation of **WHO's** support to Bosnia and Herzegovina was ensured with the signing of a new *Biennial Collaborative Agreement (BCA)* in May 2010. The BCA for Bosnia and Herzegovina 2010-2011 addresses the following mutually agreed priorities<sup>27</sup>: strengthening stewardship and the health intelligence function for the implementation of the strategic health system reform plan; enhancing implementation of pharmaceutical policy in Bosnia and Herzegovina; strengthening integrated public health surveillance and strengthening immunisation services in Bosnia and Herzegovina.

## Primary healthcare reform

The key objective of the primary healthcare reform is more efficient, continuous and cost-effective health care which focuses primarily on the family medicine model, based on health promotion and disease prevention. The World Bank and Switzerland/SDC/SECO are the two donors that supported the primary healthcare reform in 2010-2011.

In 2011, the **World Bank** approved additional funds for the *Health Sector Enhancement Project (HSEP)*. The project's aim is to improve the overall results for non-communicable diseases as measured by proxy indicators, enhancing health system efficiency through restructuring and strengthening of primary health care along the family medicine model, as well as strengthening the policy-making process through the development and implementation of a system for monitoring and evaluating health sector performance. Some of the project's results by the end of 2010 include<sup>28</sup>:

- 58% of the population registered with family physician and nursing teams.
- Construction or renovation of Primary Health Care Centers in 135 communities.
- Family medicine training for nearly 1100 doctors and 2500 nurses.
- A three-year specialisation programme in Family Medicine for nearly 575 doctors.

*The Family Medicine Implementation Project in BiH*, financed by **Switzerland/SDC/SECO** contributes in assuring access to affordable, equitable and efficient health services for the population of Bosnia and Herzegovina. Special emphasis is given to the enhancement of the scope and the quality of family medicine and the establishment of partnerships at the community level for provision of comprehensive health care for all.

## Secondary healthcare reform

The implementation of the *Reform of Financing Secondary Health Care* project, funded by the **EC** under the IPA 2008 assistance programme, began in February 2011. This project marks the beginning of reforms in secondary healthcare. The main goal of the project is to implement a system of Diagnosis Related Groups (DRG) data collection and analysis and to develop DRG pricing and contracting based on hospital activity<sup>29</sup>. This system is already being implemented in many other countries, including the EU member states, and it provides data on the success of treatment and realistic pricing for treatment of specific kinds of illnesses.

## Public health reform

Donors actively engaged in public health reform in 2010-2011 are UNICEF and the EC.

**UNICEF** supports the Health sector to provide inclusive, safe and quality immunisation in maternity wards and health centres in the country. Survey findings on the situation of immunisation and materials were disseminated during the European Immunisation week and round table discussions were organized for health professionals, parents and the media on the importance of immunisations. Assistance is also provided for the Public Health Institutes and Ministries of Health to conduct an assessment of the nutritional status of children and to provide recommendations for nutrition policy development. Meanwhile, UNICEF started a programme to reduce child malnutrition and increase children's developmental potential through wheat flour fortification.

<sup>27</sup> WHO questionnaire

<sup>28</sup> The World Bank, Bosnia and Herzegovina: *Introduction to Family Medicine*.

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/BOSNIAHERZEXTN/0,contentMDK:22888981~menuPK:50003484~pagePK:2865066~piPK:2865079~theSitePK:362026,00.html>

<sup>29</sup> The Delegation of European Union to BiH, *EU Support to Secondary Healthcare Sector-Hospitals Tailored by Patients*, <http://www.delbih.ec.europa.eu/?akcija=vijesti&akcija2=pregled&jezik=2&ID=949>

The **EC** continued implementation of the *Strengthening of Public Health Institutes in BiH* project financed under IPA funds. The Project has three main objectives<sup>30</sup>:

- To support Public Health Institutions in strengthening health promotion in order to improve preparedness to public health threats.
- To support further developments in collecting, monitoring and evaluating health related data.
- To support reporting of public health data in accord with international recommendations and requirements.

## Mental health reform

The Reform of the mental health system in Bosnia and Herzegovina, which began immediately after the war, is still in progress. The aim of the reform is to shift services from hospitals to community mental health centres and to deliver mental health treatment and rehabilitation to patients with severe mental illnesses. This process also includes the reform of mental health legislation in accordance with EU standards<sup>31</sup>.

After the completion of the *Regional Project on Mental Health* financed by the South-Eastern Europe (SEE) Health Network (SEEHN), in 2010 the Regional Health Development Center (RHDC) for Mental Health in SEE was established in Bosnia and Herzegovina. The RHDC was officially opened in Sarajevo in June 2011. The goal of the RHDC on Mental Health in SEE is to continue strengthening cooperation among SEE countries in the field of mental health.

Donors active in mental health reform in 2010-2011 are Switzerland/SDC/SECO, Italy/IC and the Netherlands.

In 2010 **Switzerland/SDC/SECO** started implementation of the *Mental Health Project in Bosnia-Herzegovina, Phase I*. The overall goal of the Project is to enhance the capacities of policy makers and competent institutions for reaching EU standards in mental health care in Bosnia and Herzegovina.

**Italy/IC** continued the project, *Protection and Promotion of Mental Health in Republika Srpska*, which supports the general reform of health services in Republika Srpska. The Project primarily aims at establishing and improving mental health centres capacity in order to provide efficient intervention towards people living with mental disorders.

In 2010 **the Netherlands** completed implementation of the project, *NGO Snaga Žene 2007-2010*, which provided adequate psycho-social, medical and other support to the most vulnerable groups.

## Prevention and treatment of communicable diseases

According to the report, *Progress towards the Realisation of the Millennium Development Goals in Bosnia and Herzegovina 2010*<sup>32</sup>, in the period of 2000-2010 Bosnia and Herzegovina made significant progress in the struggle against HIV/AIDS and tuberculosis (TB). However, it is very important to improve the health system as a whole, which will also enhance the framework for the struggle against these diseases. Until the end of 2009, a total of 163 cases of HIV infection and 103 cases of AIDS were registered in Bosnia and Herzegovina. Monitoring data shows that 77.3% of those infected with HIV are men. According to the local experts on contagious diseases tuberculosis was one of the most threatening diseases in Bosnia and Herzegovina. However, recent data shows a reduction in the prevalence of tuberculosis compared to the 2000/2001 baseline, an estimated 30 cases per 100,000.

Donor support in the prevention and treatment of communicable diseases, primarily HIV/AIDS and tuberculosis in 2010 and 2011, is focused on keeping the rate of both diseases in Bosnia and Herzegovina at less than 1%; improving the life condition and increasing survival rate of HIV-positive people; and suppressing the stigma and discrimination against HIV-positive people. Donors/IFIs actively involved in prevention and treatment of communicable diseases are UNDP, the World Bank, Germany and UNICEF.

Besides the project, *Coordinated National Response to HIV/AIDS & Tuberculosis in a War-torn and Highly Stigmatized Setting*, started in 2006, **UNDP** in 2010 began the implementation of two new projects focused on the prevention and treatment of communicable diseases, HIV/AIDS and tuberculosis (TB). All projects are funded by The Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM).

The main objective of the TB project, *Strengthening of DOTS*<sup>33</sup> *Strategy and Improving National Tuberculosis Programme, Including Multidrug Resistant and Infection Control in BiH*, is to reduce the burden of tuberculosis and to further consolidate and fortify national tuberculosis programme efforts. The HIV/AIDS project, *Scaling up Universal Access for Most at Risk*

<sup>30</sup> The Delegation of European Union to BiH, *Strengthening Public Health Institutes in Bosnia and Herzegovina*, <http://www.delbi.ac.europa.eu/?akcija=vijesti&akcija2=pregled&jezik=2&ID=526>

<sup>31</sup> *Regional Collaboration in Reconstruction of Mental Health Services in Bosnia and Herzegovina*, <http://psychservices.psychiatryonline.org/cgi/content/full/56/11/1455>

<sup>32</sup> The Report was prepared by the BiH Ministry of Finance and Treasury and UN Country Team in BiH in July/August 2010 and adopted by the BiH Council of Ministers in November 2010. The Report is available in English at: <http://www.donormapping.ba/pdf/MDG-BiH-2010-ENG.pdf> and available in local language at: <http://www.mft.gov.ba/bos/content/view/399/166/>.

<sup>33</sup> DOTS-Directly Observed Treatment, short-course.

*Populations in BiH* aims at reducing HIV transmission and improving HIV treatment in Bosnia and Herzegovina.

In 2007 the **World Bank** provided a loan for the implementation of the *Avian Influenza Preparedness* project which aimed to minimize the threat posed to humans and the poultry industry by HPAI<sup>34</sup> infection and other zoonoses. The Project is completed in June 2011 and the objectives were achieved as planned. Procedures, guidelines and regulations were developed in both human and veterinary health. Hospitals were equipped and personal trained to appropriately respond to an emerging epidemic. The relevant agencies developed communication strategies which would ensure a rapid and adequate intervention.

In 2011 **Germany** started a new project, *Public-Private-Partnership between Bayer HealthCare and GIZ to Increase Awareness of Sexual Health and Sexual Rights of Young People*. The objective of the Project is to raise awareness of sexual health and sexual rights among young people aged 14–26 in selected municipalities. GIZ also continued the implementation of the project, *Support to the Sexual and Reproductive Health and HIV Prevention Among Youth*. The Project provides professional, organisational and financial support to ensure independent and sustainable info-points customised to youth, as well as participatory learning methods at the local level.

**UNICEF's** HIV prevention activities are primarily focused on young people, especially those who are involved in highly risky, unprotected behaviour. UNICEF supported research with and among young people in order to obtain insight into risky behaviours and into the level of their knowledge about HIV/AIDS transmission.

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

Donors continued to provide their assistance in professional training and overall improvement of medical facilities.

The **Czech Republic** is supporting education and additional training of vascular surgeons. The support includes the transfer of know-how and cooperation with the top vascular clinics in the Czech Republic. Additionally, significant help was provided through necessary supplies and equipment for vascular surgery in several hospitals in Sarajevo, Mostar, Tuzla, Zenica and Banja Luka.

Since 2008 **France** has organised regular exchanges between French and Bosnian specialists and students. France also assisted in modernisation of the reanimation departments in Sarajevo and Banja Luka hospitals, in order to reach the EU criteria of quality and efficiency.

Major projects in the Health sector are listed below:

Project title	Donor/Financial Institution	Total Project Value (Euros millions)
Health Sector Enhancement Project (Loan)	World Bank	12.33
Scaling up Universal Access for Most at Risk Populations in Bosnia and Herzegovina	UNDP, GFATM	11.43
Coordinated National Response to HIV/AIDS & Tuberculosis in a War-torn and Highly Stigmatized Settings	UNDP, GFATM	11.11
Strengthening of DOTS Strategy and Improving National Tuberculosis Programme, Including Multidrug Resistant and Infection Control, in Bosnia and Herzegovina	UNDP, GFATM	7.82
Avian Influenza Preparedness Project (Loan)	World Bank	3.53
Further strengthening of DOTS strategy in Bosnia and Herzegovina	UNDP, GFATM	2.79
Mental Health Project in Bosnia and Herzegovina, Phase 1	Switzerland/SDC/SECO	2.79
Family Medicine Implementation Project in Bosnia and Herzegovina, IV Phase	Switzerland/SDC/SECO	2.04
Strengthening of Public Health Institutes in BiH	EC	1.50
Assistance in Developing the Technological and Material Base in Vascular Surgery - Hospitals in Sarajevo, Tuzla and Mostar	Czech Republic	1.30
Support to the sexual and reproductive health and HIV prevention among youth	Germany	1.00
Reform of Financing Secondary Health Care	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>

<sup>34</sup> HPAI-Avian Influenza.

## Legal framework and sector strategies adopted in 2010-2011

**In July 2010** the BiH Council of Ministers adopted the *Policy on Medicines and Medical Devices in Bosnia and Herzegovina*. The overall objective of the Policy is to ensure the availability of high quality, safe and effective medicines and medical devices for the BiH population, as well as their use in a rational manner throughout the entire territory of Bosnia and Herzegovina.

**In May 2011** the Federation of Bosnia and Herzegovina adopted the *Policy for Improving Early Childhood Development in FBiH*. **In March 2011** Republika Srpska adopted the *Policy for Improving Early Childhood Development in Republika Srpska 2011-2016*. These Policy objectives ensure optimal conditions for proper growth and development of children enabling high-quality childhood and encouraging the development of all children's potentials.

**In September 2010** the Federation of Bosnia and Herzegovina adopted the *Strategy for Improving Sexual and Reproductive Health and Rights in FBiH 2010-2019*. The Strategy is based on basic priorities in sexual and reproductive health and rights, such as preventing the spread of sexually transmitted diseases, malignant diseases of the reproductive organs, continuing education and strengthening the role of NGOs in the promotion of sexual health and rights.

**In December 2010** the BiH Council of Ministers adopted *Activities for EU Integration of the Health Sector in Bosnia and Herzegovina*. The document is in alignment with the SAA and it defines BiH's obligations in regard to harmonisation of the healthcare system with EU standards.

The *Strategy for Improving Sexual and Reproductive Health and Rights in Republika Srpska 2010-2019* is in the process of adoption.

## Donor coordination

The Conference for the Health sector in Bosnia and Herzegovina acts as a permanent advisory and coordinating body in the field of health. Members of the Conference are the Minister of Civil Affairs of BiH, Entity ministers of health and the head of the Department for Health of Brčko District. Donor agencies are invited to meetings of the Conference depending on the topic of discussion. The Conference has an insight in donor led activities in the Health sector, which minimize the possibility of their duplication. Even donors appreciate the efforts of the Conference. They have also expressed the need for stronger formal coordination at the state-level. Donors have also attended informal ad-hoc bilateral and multilateral meetings in order to share information and align their future activities.

There are various sub-sector working groups that ensure coordination among stakeholders on specific topics such as the Country Coordination Mechanism on HIV/AIDS and Tuberculosis in Bosnia and Herzegovina (CCM), which meets quarterly and brings together representatives from the Governments, donor agencies, non-governmental organizations, academic institutions, private businesses and people living with HIV/AIDS and TB. The Inter-Agency Coordinating Committee on Immunisation Issues, which is a requirement of the Global Alliance for Vaccines and Immunisations (GAVI), meets regularly, with UNICEF and WHO technical support. Finally, United Nations thematic meetings on HIV/AIDS gather various UN agencies in Bosnia and Herzegovina actively engaged in combating HIV/AIDS.

Donors active in the Health 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. DCF meetings are held quarterly with a rotating chairmanship among the member agencies, in order to improve information flow and mutual coordination. DCF meetings also contribute to the multi-sectoral collaboration within all sectors in Bosnia and Herzegovina.

## Future activities

From the domestic stakeholders' perspective, the priority areas in the medium-term future include investments in health infrastructure; procurement of equipment for emergency departments; improving the capacities of microbiology and general laboratories through reconstruction, equipping and training of laboratory staff. Continuation of donor support is also appreciated for the development of health information systems. Due to limited domestic capacities and absence of legislation aligned with EU standards, specific attention should be given to the disposal of medical waste.

From the donors' perspective, the key priorities in the future include the alignment of existing legislation with EU legislation and the development of strategic documents specifically concerning public health, blood, cells, tissue and organ transplantation, tobacco and mental health. Furthermore, donors recommend strengthening primary healthcare through the establishment of modern and efficient emergency care, development of standards of care in all relevant services and reform of mental healthcare.

Some recommendations concerning the Health sector in Bosnia and Herzegovina, in context with the realisation of the Millennium Development Goals<sup>35</sup>, include:

- Improving primary health protection with a focus on the family and the community that will result in better quality health services and reduce costs of health care.
- Improving reproductive and sexual health of women and men in order to reduce risks and increase protection from HIV/AIDS and other sexually transmitted diseases.
- Securing implementation of evidence-based and integrated child health programmes.
- Strengthening of BiH health information systems and collection of data.
- Enhancing health insurance coverage of the population.
- Ensuring additional sources of funding for the promotion of health and disease prevention.
- Strengthening of BiH health systems to adequately respond to population health needs and to ensure well-balanced resource allocation to achieve the highest gain in population health.

UNICEF will continue the implementation of the *Early Childhood Development in BiH* programme and the establishment of Early Childhood Development Centres (IECD) in selected municipalities. Additionally, UNICEF will provide further support on immunisation and will focus on the reduction of child malnutrition.

Under IPA 2008, the EC plans to support implementation of Diagnosis Related Groups (DRG) data collection and analysis, as well as developing DRG pricing and contracting based on hospital activity in all parts of Bosnia and Herzegovina.

Switzerland/SDC/SECO will focus future activities on the strengthening of primary health care services and continuing the reform of community mental health services. Switzerland/SDC/SECO plans to start a new project in the field of nursing, built upon the lessons learnt from previous interventions and needs for additional support in the Health sector, analysed with the health authorities.

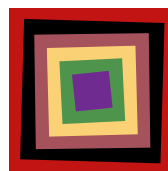
The World Bank will continue to support reforms in the Health sector by enhancing health system efficiency through restructuring and strengthening of primary healthcare along the family medicine model.

UNDP will continue to support the prevention and treatment of communicable diseases, primarily HIV/AIDS and tuberculosis.

Despite the progress made, the Health sector in Bosnia and Herzegovina still requires wide-ranging reforms in the short to medium term. The emphasis should be given to improving the efficiency, quality, fairness and financial sustainability of public health services.

<sup>35</sup> *Progress towards realization of the Millennium Development Goals in Bosnia and Herzegovina 2010*, July/August 2010, BiH Ministry of Finance and Treasury and UN Country Team in BiH, adopted by the BiH Council of Ministers, November 2010. The Report is available in English at: <http://www.donormapping.ba/pdf/MDG-BiH-2010-ENG.pdf>; <http://www.undp.ba/Upload/SC/MDGs%20Progress%20Report%202010.pdf> and available in local language at: <http://www.mft.gov.ba/bos/content/view/399/166/http://www.undp.ba/Upload/SC/MDGs%20Progress%20Report%202010.pdf>

# GOOD GOVERNANCE AND INSTITUTION BUILDING SECTOR



3

<b>DCF members active in the sector in 2010-2011</b>	EC, Sweden/Sida, USA/USAID, Germany, the Netherlands, Switzerland/SDC/SECO, UK/DFID, Norway, World Bank, UNDP, Italy/IC, Austria/ADC, UNICEF, Spain/AECID, France, the Czech Republic, Japan/JICA, Hungary.
<b>Other key international organisations (IOs)</b>	The 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; the 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> BiH Ministry of Justice/Sector for Civil Society; 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; Ombudsman Institutions.</p>
<b>Total allocation to the sector in 2010 and 2011 by DCF members</b>	<p>2010: €40.00 million - €38.12 million in grants and €1.88 million in loans</p> <p>2011: €26.33 million - €24.11 million in grants and €2.22 million in loans</p>
<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 Cadastre; Revised Action Plan 1 (AP1) for implementation of the Public Administration Reform Strategy; Revised Action Plan of Bosnia and Herzegovina on Roma Educational Needs.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>36</sup></b></p> <p><i>BiH Justice Sector Reform Strategy 2008-2012; Strategy Against Juvenile Offending for Bosnia and Herzegovina 2006-2010; Public Administration Reform Strategy and Action Plan 1; National War Crimes Prosecution Strategy.</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 ad-hoc 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>36</sup> For more information on the Strategies: [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 Legal and Judicial Reform (LJR), Public Administration Reform (PAR), Civil Society (CS) and Human Rights (HR) sub-sectors.

Donor efforts in the **Legal and Judicial Reform** sub-sector in 2010-2011 were focused on supporting domestic institutions to take the lead in developing policies and strategies as well as coordinating activities. LJR received support to establish a multi-donor basket fund and to prepare institutional strategic plans for responsible institutions at the entity, cantonal and Brčko District levels. The latest Report, conducted by Civil Society Organisations (CSOs) on the implementation of the *BiH Justice Sector Reform Strategy* presents considerable achievements on some of the defined goals. However, there are still certain areas with minimal progress<sup>37</sup>. A planned multi-donor basket fund is yet to be established.

In 2007 four donor agencies created a basket **Public Administration Reform** Fund for financing concrete measures of the Action Plan 1 (AP1) of PAR Strategy. The Public Administration Reform Coordinator's Office (PARCO) is mandated to implement and monitor projects. Overall implementation of the Action Plan 1 of the PAR Strategy in Bosnia and Herzegovina until July 2011 was 52.28%, which represents an increase of 3.04% compared to implementation achieved until December 2010. The most progress was made in the reform area of Institutional Communication. Brčko District achieved the highest level of implementation of AP1<sup>38</sup>.

In June 2011, the BiH Council of Ministers adopted *Revised Action Plan 1 (AP1) for implementation of the PAR Strategy*, for all six reform areas<sup>39</sup> with defined goals, activities, responsible authorities and deadlines for implementing individual measures. PARCO, together with the EC and responsible BiH institutions, is engaged in the preparation of AP2 which will focus on vertical issues.

Donor efforts in the **Civil Society** 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. The Agreement on Cooperation between the BiH CoM and the NGOs was signed in May 2007. In January 2011, 52 NGOs established the Justice Sector Civil Society Network. Work of the network and other professional organisations 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 role of law.

**The Sector received 6% of total ODA allocations in 2010 and to date 7% of total ODA in 2011.**

In the **Human Rights** sub-sector projects were focused on activities with strong human right components such as support to actions in favour 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>40</sup> activities.

## Donor activities in 2010 and 2011

DCF members active in the Good Governance and Institution Building sector in 2010-2011 are the EC, Sweden/Sida, USA/USAID, Germany, the Netherlands, Switzerland/SDC/SECO, UK/DFID, Norway, the World Bank, UNDP, Italy/IC, Austria/ADC, UNICEF, Spain/AECID, France, the Czech Republic, Japan/JICA and Hungary.

**Figure 3.1** indicates that the leading donors in the Good Governance and Institution Building sector in 2010 are the EC with a contribution of €6.39 million and USA/USAID with a contribution of €5.72 million, followed by UK/DFID, the Netherlands, Sweden/Sida, Norway, Germany, Switzerland/SDC/SECO, Italy/IC, the World Bank, Austria/ADC, UNDP, Spain/AECID, UNICEF, the Czech Republic, France, Japan/JICA and Hungary.

In 2011 the leading donors in the Sector are the EC with a contribution of €4.85 million and Sweden/Sida with a contribution of €4.75 million, followed by Germany, USA/USAID, UNDP, Switzerland/SDC/SECO, the World Bank, Norway, UNICEF, the Netherlands, UK/DFID, France, Japan/JICA, Italy/IC, Austria/ADC, Spain/AECID, the Czech Republic and Hungary.

**Assistance from the World Bank in 2010-2011 was in the form of a loan.**

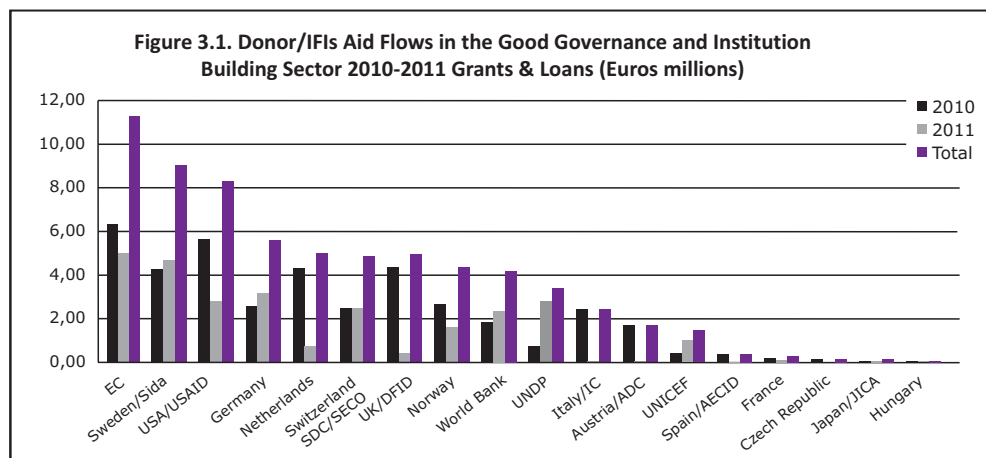
<sup>37</sup> <http://www.mpr.gov.ba/userfiles/file/Strate%C5%A1ko%20planiranje/05%202%204%20Izvrstni%20sazetak%20izvjestaja%20OCD%20o%20provodjenju%20SRSP%20u%20BiH%20u%202010%20%20godini%20-%20E.J.pdf>

<sup>38</sup> Semi-annual Progress Report (Monitoring of Implementation of the Action Plan 1 of The Strategy of Public Administration Reform in BiH) for the period January-June 2011, PARCO, July 2011.

<sup>39</sup> Six reform areas of the PAR Strategy are: Policy Making and Coordination Capacities; Public Finance; Human Resources Management; Administrative Procedure; Institutional Communication; Information Technologies.

<sup>40</sup> FIGAP-The Funding Mechanism for the Implementation of the Gender Action Plan.





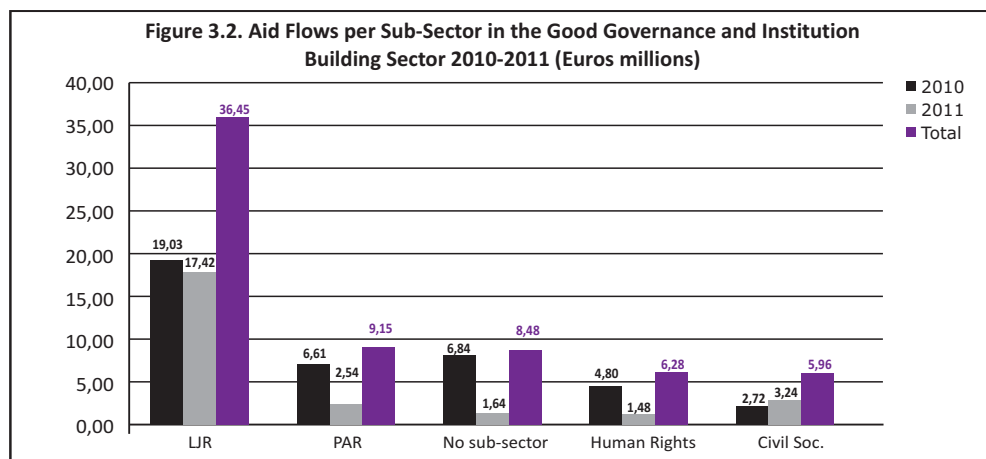
**Figure 3.2** indicates that the **Legal and Judicial Reform sub-sector in 2010** received €19.03 million, which is **47.57% of total allocations** to the Good Governance and Institution Building sector. To date in 2011 the LJR sub-sector received €17.42 million or 66.18% of total allocations to the Sector.

The **Public Administration Reform sub-sector in 2010** received €6.61 million, which is **16.53% of total allocations** to the Good Governance and Institution Building sector. To date in 2011 the PAR sub-sector received €2.54 million or 9.64% of total allocations to the Sector.

Activities/projects classified as **No sub-sector in 2010** received €6.84 million, which is **17.11% of total allocations** to the Good Governance and Institution Building sector. To date in 2011 these activities received €1.64 million or 6.24% of total allocations to the Sector.

The **Human Rights sub-sector in 2010** received €4.80 million, which is **12% of total allocations** to the Good Governance and Institution Building sector. To date in 2011 the HR sub-sector received €1.48 million or 5.63% of total allocations to the Sector.

The **Civil Society sub-sector in 2010** received €2.72 million, which is **6.79% of total allocations** to the Good Governance and Institution Building sector. To date in 2011 the CS sub-sector received €3.24 million or 12.31% of total allocations to the Sector.

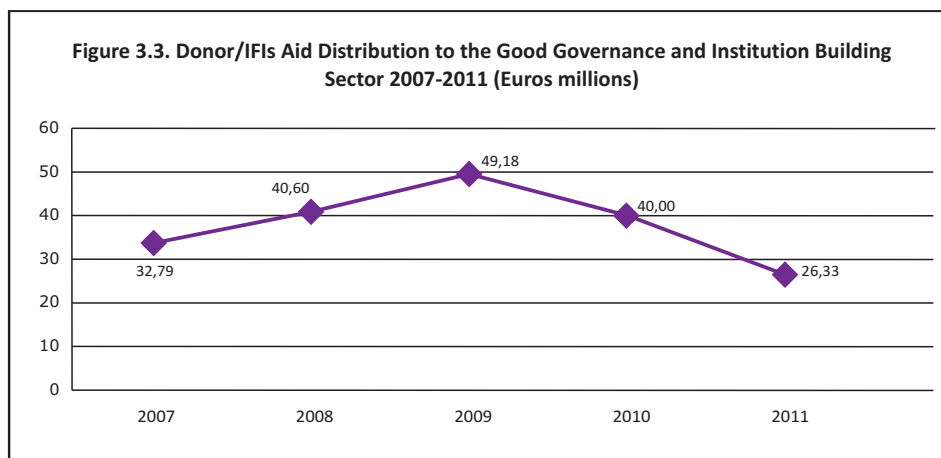


**Figure 3.3** shows that total allocations to the Good Governance and Institution Building sector by DCF members were €40 million in 2010 (including loans from the World Bank in the amount of €1.88 million) and in 2011 to date €26.33 million (including loans from the World Bank in the amount of €2.22 million). However, additional funds could be allocated to the sector by the end of 2011.



Figure 3.3 also indicates a steady increase of donor contributions from 2007 to 2009 and a decrease from 2009 to 2010. Namely, total allocation in 2010 increased by €7.21 million compared to 2007, while total allocations in 2010 and 2008 were almost at the same level. The figure for 2010 shows a decrease of €9.18 million as compared to 2009.

The Good Governance and Institution Building sector received 6% of total ODA allocations in 2010 and to date 7% of total ODA in 2011.



### Legal and Judicial Reform<sup>41</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 2010 LJR sub-sector received €19.03 million, which is **47.57% of total allocations** to the Good Governance and Institution Building sector, while to date in 2011, the Sub-sector received €17.42 million or 66.18% of total allocations to the Sector.

Donors/IFIs active in the LJR sub-sector in 2010-2011 are the EC, Sweden/Sida, USA/USAID, Germany, the Netherlands, Switzerland/SDC/SECO, UK/DFID, Norway, the World Bank, UNDP, Italy/IC, Austria/ADC, UNICEF, Spain/AECID, France and Japan/JICA.

In 2010 and 2011 the **EC** continued its substantial support to the LJR sub-sector. The *Support for the State Court and State Prosecutor's Office* project foresees the improvement of the overall effectiveness and impartiality of the BiH Court and the BiH Prosecutor's Office. Within the programme, *Support to BiH Judiciary*, the EC has supported the High Judicial and Prosecutorial Council of BiH to further automate courts and prosecutor offices throughout the country, address backlog reduction at first instance courts in BiH, as well as organise training sessions for bailiffs, amongst many other areas. In parallel, the EC has financed a significant amount of ICT equipment for the courts, prosecutor offices and judicial training centres in Bosnia and Herzegovina, as well as vehicles for bailiffs.

The project, *Support to the Capacities in the Ministries of Justice in BiH for Strategic Planning, Aid Co-ordination and European Integration*, is aimed at strengthening the executives' EU integration related functions. The EC has supported the state level institution and CSOs active in the fight against corruption. Furthermore, the EC with the Council of Europe implemented an efficient prison management project in support of the responsible ministries of justice and the 15 prisons in Bosnia and Herzegovina. The EC has provided substantial finance for Bosnia and Herzegovina in cooperation with the Council of Europe Development Bank for the design, construction, equipping, and furnishing of a high security state prison of Bosnia and Herzegovina.

**USA/USAID** continued activities for building the capacity of the BiH High Judicial and Prosecutorial Council (HJPC), which are intended to increase budgetary independence, raise performance standards for judges and prosecutors, improve the efficiency and effectiveness of courts and prosecutors, as well as to promote independence of the judiciary. Furthermore, USA/USAID provided assistance to the Justice Sector Civil Society Network, in order to help civil society actors in raising public awareness on judicial processes, legal and policy reform issues, and citizens' rights and responsibilities in upholding the rule of law.

<sup>41</sup> Due to a large number of 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: <http://db.donormapping.ba/default.aspx>.

**Sweden/Sida** provided funds for construction of the state prison. Together with Austria/ADC and Germany, Sweden/Sida continued to support the modernisation of the land registry system in Bosnia and Herzegovina.

**Switzerland/SDC** supports the BiH High Judicial and Prosecutorial Council (HJPC) to manage and implement a judicial reform project in Bosnia and Herzegovina focusing on providing support to the prosecutorial service. Switzerland/SDC also started a project for the improvement of existing legislation, the development of a sustainable and institutionalised organisational structure and further modernisation of the training system for police officers from BiH Border Police.

Sweden/Sida, Switzerland/SDC and **UNICEF** are supporting a comprehensive Programme on Justice for Children in BiH. Assistance is provided to the BiH Institutions in the assessment of the situation and the development of a legal and strategic framework in line with international standards. Municipal action plans are also being prepared in target locations with a focus on prevention, diversion measures and alternatives to detention. Key strategies include capacity development and communication for behaviour change.

**Norway** and **Austria/ADC** provided further support to the Registry for War Crimes and Organised Crime of the BiH State Court and Prosecutors' Office.

The **World Bank** continued the implementation of the *Land Registry Project*. The objective of the Project is to support cadastre and land registration reform in the country and facilitate the orderly development of transparent land markets. The project is prepared in close cooperation with BiH authorities as well as local and international experts.

**Germany** initiated the first phase of the *Strengthening of Public Institutions* project in 2010. The Project initially concentrates on the BiH Agency for Statistics, the Central Bank, the Public Procurement Agency and the Agency for Development of Higher Education and Quality Assurance (HEA).

**UNDP** in partnership with the HJPC conducted a first needs assessment on witness/victim support and protection that presents a comprehensive capacity development plan for legal professionals. To that end UNDP launched the project, *Building Capacities of Cantonal and District Prosecutors' Offices and Courts in BiH to Process War Crimes Cases*, which works towards strengthening of the courts and prosecutors' offices in Bosnia and Herzegovina to efficiently process war crime cases and reduce the backlog of cases. The Project includes judicial and prosecutorial colleges and the establishment of witness support offices in courts and prosecutors' offices. To date the witness support offices are established in the Cantonal Court and Prosecutor's Office in Sarajevo and in the District Court and Prosecutor's Office in Banja Luka while the works in Istočno Sarajevo are ongoing. Witness support officers offer services and support to victims and witnesses in war crime, organised crime, human trafficking and gender and sexual violence cases. In the last ten months over 140 witnesses have received support from witness support offices in Banja Luka and Sarajevo. The Project is jointly funded by **Spain/AECID** and **Japan/JICA**.

**France** contributes to legal and judicial reform by supporting BiH Court activities, improving judges' education and promoting exchanges between the courts in Bosnia and Herzegovina and France.

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

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Land Registration Project (Loan)	World Bank	10.58
Strengthening of Public Institutions (I Phase)	Germany	5.70
(CAPP II) Citizens Advocacy Partnership Program II	USA/USAID	5.62
High Security State Prison in Bosnia and Herzegovina	EC	4.00
Assistance to the BiH State Court/Registry	USA/USAID	3.56
(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 Prosecutor's Office	EC	3.00
High Judicial and Prosecutorial Council/ Court Management System (HJPC/CMS)	Sweden/Sida	2.92
Technical Assistance to the Entity Ministries of Justice and Geodetic Administrations in Modernizing their Land Administration Services	Germany	2.90
Land Administration Project (Loan)	Germany	2.90
BHZ Judicial Reform Programme	Norway	2.67
(OPDAT) Overseas Prosecutorial Development, Assistance and Training	USA/USAID	2.63



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
Strengthening BiH Capacities for Strategic Planning and Policy Development (SPPD)	EC, Norway, the Netherlands, UNDP	1.84
Land Administration Project	Sweden/Sida	1.70
Information and Communication Technology/Case Management System Project	The Netherlands	1.55
Support to FIGAP - Fund for the Implementation of the Gender Action Plan of BiH	Sweden/Sida	1.50
Support to the BiH Judiciary	EC	1.47
Olof Palme International Center (OPC)	Sweden/Sida	1.43
Support to the Judiciary in BiH - Strengthening Prosecutors in the Criminal Justice System	Switzerland/SDC/SECO	1.42
Supply of ICT equipment to Judicial Institutions in BiH	EC	1.33
Support to the state court / Registry for War Crimes	Norway	1.31
Open Regional Fund for South East Europe Legal - Reform	Germany	1.15
Protection of Children at Risk and Children in Contact with Justice System in Bosnia and Herzegovina	Sweden/Sida, UNICEF Switzerland/SDC/SECO	0.91
Building Capacities of Cantonal and District Prosecutors' Offices and Courts in BiH to Process War Crimes Cases	Japan/JICA, Spain/AECID, UNDP	0.88

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

## Public Administration Reform

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

In 2010 the PAR sub-sector received €6.61 million, which is **16.53% of total allocations** to the Good Governance and Institution Building sector, while to date in 2011 the Sub-sector received €2.54 million or 9.64% of total allocations to the Sector.

Donors active in the PAR sub-sector in 2010-2011 are the EC, Sweden/Sida, the Netherlands, Switzerland/SDC/SECO, UK/DFID, Norway, UNDP and Spain/AECID.

**UK/DFID, Sweden/Sida, EC and the Netherlands** are ensuring financial support to PARCO in order to provide a harmonised approach to the implementation of projects across Bosnia and Herzegovina that fall within the framework defined by the PAR Strategy.

**USA/USAID** continued its work with the State Parliament to address areas of weakness in parliamentary representation, policy development, legislation formulation and oversight functions through parliamentary activity.

The **EC**, together with **UNDP**, the Netherlands and **Norway** supported the strengthening of planning, analytical work and public resource management as well as improving linkages between the planning and budgeting in line ministries at the state and entity levels. UNDP also continued to support the *e-South Eastern Europe Initiative*.

In 2010 the EC started a new project which aims to assist finance authorities at state and entity levels to implement the internal audit laws, the *Strategy for Public Internal Financial Control (PIFC)* and to create Central Harmonisation Units (CHU) and internal audit units, as required by SAA and the *acquis*.

In 2011 **Sweden/Sida** started implementing two new projects in the PAR sub-sector. Three Strengthening Public Expenditure Management (SPEM) consultants are supported within the project *Bridge Support to SPEM Consultants*. Sweden/Sida is supporting the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid to maintain donor mapping for 2010-2011. Sweden/Sida also continued to provide support for the monitoring of EU integration process of the Bosnia and Herzegovina as well as to the BiH Statistics Agencies in general capacity building, survey methodology and general survey work.

**Switzerland/SDC's Governance Project in Municipal Water and Environmental Development** supports local authorities and civil society's capacities to better manage water and environmental sanitation problems in 17 municipalities in northwest Bosnia.

**Spain/AECID** supported the Agency for Forensic and Expert Examinations, State Investigation and Protection Agency (SIPA) and the Border Police. The activities were focused on acquiring specific equipment and increasing the capacities in different investigation disciplines to improve the fight against organized crime.

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	5.50
Strengthening Public Expenditure Management III	UK/DFID	3.21
Public Administration Reform (PAR) Fund	Sweden/Sida, the Netherlands, UK/DFID	2.78
Statistics in BiH	Sweden/Sida	2.04
Strengthening BiH Capacities for Strategic Planning and Policy Development (SPPD)	EC, Norway, the Netherlands, UNDP	1.84
Supplement to IPA 2008 Statistics Fiche	Sweden/Sida	1.70
Capacity building of the Office of the Coordinator for Public Administration Reform	EC	1.35
Development and implementation of an integral BiH wide PIFC strategy	EC	1.12
Aid Coordination and Effectiveness Project (ACE)	UK/DFID	1.02

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

## Civil Society

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

In 2010 the **CS sub-sector** received €2.72 million, which is **6.79% of total allocations** to the Good Governance and Institution Building sector in 2010, while to date in 2011, the Sub-sector received €3.24 million or 12.31% of total allocations to the Sector.

Donors active in the CS sub-sector in 2010-2011 are the EC, USA/USAID, the Netherlands, Switzerland/SDC/SECO, Norway, UNDP, Italy/IC and Hungary.

In 2010 **Sweden/Sida** started the project, *Building Good Governance through Civic Engagement-Civil Society Promotion Centre*. The Project focuses on institutionalisation of the partnership principles in relations between government and Civil Society Organisations (CSOs) and strengthening the capacity of different stakeholders in order to better engage in this relationship.

In 2010 the **EC** started implementation of three new projects in the CS sub-sector. The projects' goals are promotion of a dialogue and debate to facilitate the country's progress towards EU membership, as well as supporting the capacity building of civil society to take part in policy dialogue. In 2011, the EC provided grants for NGOs active in the fight against corruption.

**USA/USAID** assistance to Civil Society in Bosnia and Herzegovina supported civil society organisations' participation in annual strategy development with local and state-level government; constitutional reform; anti-corruption efforts; improved oversight by the Parliament and prosecutors' offices over Entity and state financial audit reports; unemployment of marginalised groups, including people with disabilities and youth. USA/USAID helped to create an enabling framework for sustainable development of the NGO sector through partnership with the government at all levels and full local ownership. In addition, USA/USAID media sector assistance helped create a more supportive environment for the work of journalists throughout Bosnia and Herzegovina and strengthened the ability of people to hold the government accountable. USA/USAID continued the *Democracy Commission* small grants programme aimed at increasing citizen participation in core areas promoting tolerance, respect for human rights, women's empowerment and the building of a multi-ethnic society. The *Speaker Program* promoted increased participation of women in politics, business, as well as the NGO sector and Government. The *Student Advising Program* promoted educational opportunities in the USA.

In 2010 USA/USAID launched the *Strengthening Independent Media Project (SIM)*. The Project will raise the level of dialogue and discourse in Bosnia and Herzegovina by focusing on institution building, alternative sources of information and citizen engagement. USA/USAID resources will contribute to a safer environment for journalists in Bosnia and Herzegovina,



strengthen alternative sources of information, enhance regulatory principles and standards and increase citizens' awareness of the importance of independent journalists.

**The Netherlands** continued providing funds for local and regional NGOs active in the field of democratisation.

In 2010 the Social Inclusion Foundation in Bosnia and Herzegovina was established within the project financed by **Switzerland/SDC** and the Open Society Fund (Soros Foundation). The Foundation will be the mechanism of involvement of NGOs in the implementation of the *BiH Social Inclusion Strategy* and in adjusting its priority activities with the priorities of the strategy.

**Norway** continued to support strengthening trade unions policies and rights, thus contributing to political stability, peace building and the reconciliation processes. In 2010 Norway also funded small-scale projects and provided support for the pre-election action plan from the Council of Europe (CoE).

**Italy/IC** started a new project aimed at continuing territorial partnerships built by the Italian system of decentralised cooperation, in order to support the process of EU integration of Western Balkan countries. Through the project, *Pet Roboris: Coordinated Management of the Civil Protection's Activities in the South Valley of Spreca and in the Area of Srebrenica*, Italy/IC is working on establishment of a civil protection mechanism in order to assure an appropriate level of response in case of humanitarian emergencies and natural disasters.

In 2010 **UNDP** initiated the second phase of a project that promotes communication and partnership among Civil Society Organisations (CSOs) and local governments, as well as increased mobilisation of municipal funds for strengthening local grass-roots organisations and further development of services provided by CSOs.

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

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Building Good Governance through Civic Engagement - Civil Society Promotion Centre	Sweden/Sida	2.00
Reinforcement of Local Democracy II (LOD II): Institutionalizing Cooperation between Municipalities and CSOs for Improved Service Delivery	EC, UNDP	1.55
Reinforcement of Local Democracy (LOD I)	EC, UNDP	1.55
Capacity Building of Civil Society to take part in policy dialogue	EC	1.21
Establishment of the Social Inclusion Foundation	Switzerland/SDC/SECO	1.09
Civil Society and Citizens BH	The Netherlands	0.97
Civil Society Programs (Office of Public Affairs)	USA/USAID	0.93
Strengthening Independent Media Project (SIM)	USA/USAID	0.91
Contribution to Constitutional Reform in Bosnia and Herzegovina	Switzerland/SDC/SECO	0.65
Alternative measures for the institutionalisation of minors without parental protection	Italy/IC	0.63

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

## Human Rights and Activities classified as No sub-sector

The Human Rights (HR) sub-sector monitors human rights performance, supports national and regional human rights' bodies, protects ethnic, religious and cultural minorities.

**In 2010 the HR sub-sector** received €4.80 million, which is **12% of total allocations** to the Good Governance and Institution Building sector, while to date in 2011, the Sub-sector received €1.48 million or 5.63% of total allocations to the Sector.

Activities/projects classified as **No sub-sector in 2010** received €6.84 million, which is **17.11% of total allocations** to the Good Governance and Institution Building sector. To date in 2011 these projects received €1.64 million or 6.24% of total allocations to the Sector.

Donors active in the HR sub-sector and with activities not classified under the existing sub-sectors in 2010-2011 are the EC, Sweden/Sida, the Netherlands, Switzerland/SDC/SECO, Norway, UNDP, Italy/IC, Austria/ADC, UNICEF and the Czech Republic.



The **EC** started a new project in 2011 in order to strengthen the role of civil society in promoting human rights and democratic reform, as well as to support conflict prevention and consolidation of political participation.

Through the programme, *Constituency Support Facility 2009*, the **Netherlands** provided support to the BiH Ministry of Finance and Treasury (MoFT) in strengthening its organisation in relation to the implementation of the Council of Minister Debt Management System as well as its activities in relation to the monitoring and registration of state properties. The Netherlands *Constituency Support Facility 2010* supports the BiH MoFT in strengthening its organisation in relation to the development of an integral, functional and transparent Public Investment Management Information System (PIMIS) and development of recording and reporting software of signed international agreements. The Netherlands is also providing assistance to facilitate access to basic human rights for vulnerable groups in Bosnia and Herzegovina. Within the project, *Matra*, the Netherlands is also supporting the work of NGOs in order to contribute to the development of plural democracy, grounded in the rule of law, with room for dialogue between the Government and civil society.

**Sweden/Sida** continued the implementation of the project, *Civil Right Defenders*. Through a framework agreement, the Swedish NGO, Civil Rights Defenders (formerly Swedish Helsinki Committee, SHC), works with civil society development in Bosnia and Herzegovina focusing on three main sectors: rule of law, freedom of expression and non-discrimination. SHC provides capacity building and funding to local NGOs and projects.

**Norway** provided assistance for building capacity in both entities of Bosnia and Herzegovina to convert existing paper maps to digital form, to support real estate registration and other activities in the public and private sectors.

**Switzerland** supports facilitating the voluntary return of irregular migrants stranded in Bosnia and Herzegovina.

**Austria/ADC** continued to provide support to the Funding Mechanism for the Implementation of the Gender Action Plan (FIGAP) in Bosnia and Herzegovina.

Within the project, *I Have the Right for Human Rights*, the **Czech Republic** is supporting further development of human rights in Bosnia and Herzegovina, using its own experience in social transition and democratisation of country.

The project, *Improving Cultural Understanding in Bosnia and Herzegovina (Joint UN Programme, MDG Fund, Spain)*, 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.

**UNICEF** supported the BiH Ministry of Human Rights and Refugees in preparing the *Periodical Report on the Implementation of the Convention on the Rights of the Child* and the new *Action Plan for Children of BiH*, in consultation with Entity ministries and other partners. The capacity and participation of local NGOs, as well as groups of children and young people, were also enhanced to monitor child rights at the local level and implement plans of action.

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

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Improving Cultural Understanding in BiH (Joint UN Programme, MDG Fund, Spain)	UNDP, UNICEF, UNESCO	6.61
Civil Rights Defenders	Sweden/Sida	3.03
Human Rights Facility	The Netherlands	1.78
Support to the BiH Government for the European Integration Process and Coordination of Community Assistance - Phase III	EC	1.70
Improving Active Labour Markets in BiH	EC	1.18
2009 Democracy and Human Rights Projects	EC	1.14
EU Support to Implementation of Cross Border Programmes under IPA Instrument- EUCORIN II	EC	1.00
Maps for National Development and European Integration	Norway	0.98
Support to the Socio Economic Planning Process	UK/DFID	0.97
Protection of Children at Risk and Children in Contact with the Justice System in Bosnia and Herzegovina	Sweden/Sida Switzerland/SDC/ SECO	0.91

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



## Legal framework and sector strategies adopted in 2010-2011

In June 2011 the BiH Council of Ministers adopted the *Revised Action Plan 1 (AP1) for implementation of the Public Administration Reform (PAR) Strategy*<sup>42</sup> with the objectives, activities, indicators and changed time framework for implementation of the PAR Strategy for the period 2011-2014<sup>43</sup>.

In 2010 the BiH Council of Ministers adopted the *Revised Action Plan of Bosnia and Herzegovina on Roma Educational Needs*. The Action Plan is aligned with principles and recommendations from the 16<sup>th</sup> International Steering Committee (ISC) meeting of the programme, *Decade of Roma Inclusion 2005-2015*<sup>44</sup>.

The *BiH Justice Sector Reform Strategy 2008-2012 (JSRS)*<sup>45</sup>, adopted by the BiH Council of Ministers in June 2008, serves as the guiding document for the Justice sector. The BiH Ministry of Justice in partnership with UNDP initiated implementation of the Access to Justice Pillar of the JSRS in the **last quarter of 2010**.

## Donor coordination

BiH Ministry of Justice/Sector for Strategic Planning and Aid Coordination and European Integrations (MoJ/SSPACEI) regularly organises quarterly meetings for monitoring and harmonising 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 Juvenile Justice Coordination Body acts as a coordinating mechanism in the area of juvenile justice and includes representatives from the BiH Ministry of Human Rights and Refugees, relevant Entity ministries, UNICEF and other partners.

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. DCF meetings are held quarterly with a rotating chairmanship among the member agencies, in order to improve information flow and mutual coordination. DCF meetings also contribute to the multi-sectoral collaboration within all sectors in Bosnia and Herzegovina.

In the Civil Society sub-sector there is informal coordination between CSOs on an 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 civil society.

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

## Future activities

Additional efforts and the engagement of both domestic and international stakeholders are needed to continue the reform process in the Good Governance and Institution Building sector.

The *Revised AP1 of the PAR Strategy* for the period 2011-2014 was adopted with redefined content, as well as the objectives, activities, indicators and changed time framework for implementation of the PAR Strategy in the next period. Once developed, AP2 will focus on the reorganisation and strengthening of the public sector to enable public administration in Bosnia and Herzegovina at all levels to adopt and implement the *acquis*. In 2010 PARCO started an initiative with the aim of involving domestic institutions in financing PAR projects from their budgets.

According to the *Evaluation of Progress Achieved in the Implementation of Public Administration Reform in Bosnia and Herzegovina*<sup>46</sup>, it is necessary to make additional efforts for the continuation of the reform process. Namely, it is important

<sup>42</sup> The *Public Administration Reform Strategy and Action Plan 1* were adopted in 2006 by the BiH Council of Ministers, the Entities and Brčko District Governments.

<sup>43</sup> The *Revised Action Plan 1* is expected to be adopted by Entities and Brčko District Governments.

<sup>44</sup> The *Decade of Roma Inclusion 2005-2015* is an unprecedented political commitment by European governments to improve the socio-economic status and social inclusion of Roma. <http://www.romadecade.org/about>

<sup>45</sup> Five pillars of the *BiH Justice Sector Reform Strategy 2008-2012* are judicial system, execution of criminal sanctions, access to justice, support to economic growth and coordination, and management and accountability of the Justice sector.

<sup>46</sup> *Quo Vadis, Public Administration? Evaluation of Progress Achieved in the Implementation of Public Administration Reform in Bosnia and Herzegovina*, Association Alumni of the Center for Interdisciplinary Postgraduate Studies Alumni (ACIPS), Policy Brief Forum for European Integration, February 2010. [http://www.acips.ba/eng/uploads/research/PAR\\_brief\\_eng.pdf](http://www.acips.ba/eng/uploads/research/PAR_brief_eng.pdf)



to create a stronger political will for public administration reform and its coordination. This could be achieved through the following actions:

- Raising the legal consciousness of citizens and civil servants about their rights and obligations in interaction with public administration bodies.
- Strengthening the capacities of trade unions and other associations of administrative workers.
- Supporting and developing programs of citizen actions which will be an integral and complementary part of citizens' political movements and which will point out the problems in the functioning of public administration in an innovative and understandable manner to citizens.

Furthermore, in the continuation of the Public Administration Reform process, administrative education and training must receive additional attention through redefining the strategic position of education and training within the existing strategic framework of Public Administration Reform.

Concerning the Legal and Judicial sub-sector, significant efforts are needed to ensure implementation of the *BiH Justice Sector Reform Strategy (JSRS)* and *National War Crimes Prosecution Strategy*.

The BiH Council of Ministers has adopted the *Proposal of Memorandum of Understanding for the Establishment of the Fund for Implementation of BiH Justice Sector Reform Strategy* and BiH Ministry of Justice will deliver it to the BiH Presidency for further procedure. The fund will ensure additional financing of the implementation of BiH JSRS and its Action Plan<sup>47</sup>. The Memorandum will be signed between the BiH CoM, Sweden/Sida, UK Embassy in Bosnia and Herzegovina and Spain/AECID<sup>48</sup>.

In the area of Human Rights, implementation of the legislation guaranteeing protection of minority rights remains weak. Although progress was made towards implementing the Roma action plans, the Roma population continues to face very difficult living conditions and discrimination. Therefore, it is necessary to improve coordination and to establish monitoring mechanisms for the implementation of Roma action plans<sup>49</sup>.

The development of civil society in Bosnia and Herzegovina requires further support and more transparency in the allocation of funding. The administrative capacity of the Sector for Civil Society at the BiH Ministry of Justice is weak and needs to be strengthened<sup>50</sup>.

According to the donors, priority assistance areas include: increasing transparency, accountability and independence of justice institutions; decreasing the number of the backlog cases; increasing the quality of prosecutions and adjudication of cases; further strengthening of state-level institutions and further strengthening of the NGO sector through partnerships with the Government at all levels.

USA/USAID programmes will continue to improve the efficiency and organisation of the BiH Justice system, to expand local NGOs' ability to impact policy decisions and increase the professionalism of media.

The Good Governance and Economic Development sectors will continue to be the priority sectors of Sweden/Sida's support to BiH's road towards EU candidate status and EU membership.

In the period between 2012 and 2014 Sweden/Sida and Norway will invest €3 million each in the PAR Fund, which will support the implementation of the *Revised AP1 of the PAR Strategy*.

Switzerland/SDC/SECO and the EC will also continue to provide their support in 2012.

Sweden/Sida, Switzerland/SDC and UNICEF will further support the strengthening of the justice system for children.

<sup>47</sup> <http://www.mpr.gov.ba/en/str.asp?id=471>

<sup>48</sup> Spain/AECID has already allocated funds for the establishment of the Fund for Implementation of the *BiH Justice Sector Reform Strategy*, however signing the Memorandum of Understanding on behalf of Spain/AECID has to be discussed since Spain/AECID closed its office in Bosnia and Herzegovina in March 2011.

<sup>49</sup> According to the *Bosnia and Herzegovina 2010 Progress Report*, European Commission, November 2010. <http://www.delbih.ec.europa.eu/files/docs/2010progress2.pdf>

<sup>50</sup> *Bosnia and Herzegovina 2010 Progress Report*, European Commission, November 2010. <http://www.delbih.ec.europa.eu/files/docs/2010progress2.pdf>

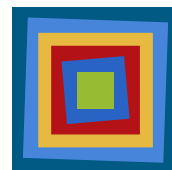


Priorities of the EC in 2011-2013 include:

- 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 up a professional civil service to support the country's efforts to improve the functioning of institutions at all levels of Government.

Furthermore, donors are planning to support sensitive issues such as the census, anti-corruption initiatives as well as constitutional reform. International agencies have also recognised the need to strengthen the capacity of domestic institutions to conduct household surveys.

# CONFLICT PREVENTION AND RESOLUTION, PEACE AND SECURITY SECTOR



4

<b>DCF members active in the sector in 2010-2011</b>	USA/USAID, the Netherlands, UNDP, Norway, EC, Germany, Sweden/Sida, Switzerland/SDC/SECO, Austria/ADC, UNICEF, Italy/IC, Japan/JICA, Spain/AECID, France.
<b>Other key international organisations (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); the 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).
<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 2010 and 2011 by DCF members</b>	2010: €32.98 million - all in the form of grants 2011: €15.36 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>Law on Change and Amendments to the Law on Surveillance and Control of Crossing of the State Border; Law on Amendments to the Law on Service in the Armed Forces of BiH; Law on Change and Amendments to the Criminal Law of Bosnia and Herzegovina; 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; FBIH Law on Change and Amendments to the Law on Police Officials; 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; BiH Strategy for Prevention and Fight Against Terrorism 2010-2013.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>51</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; RS Law on Arms and Ammunition; Law on Professional Rehabilitation, Training and Employment of Disabled Persons in RS.</i></p> <p><i>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.</i></p>
<b>Donor coordination</b>	<p><b>Security Sector Reform and Civilian Peace-Building Management:</b> Donors take part in informal information sharing meetings.</p> <p><b>Reintegration of Soldiers and Control of Small Arms and Light Weapons and Ammunition:</b> Coordination Board for the 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 a number of donors in the 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>

<sup>51</sup> For more information on the Strategies: [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 Conflict Prevention, Resolution, Peace and Security sector consists 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.

During 2010–2011 Bosnia and Herzegovina made progress in the **Security Sector Reform and Civilian Peace-Building Management** sub-sector. In April 2010, NATO foreign ministers gave conditional approval to Bosnia and Herzegovina to join the Membership Action Plan (MAP) program, which is a key step towards formal NATO membership<sup>52</sup>. However, in order to join MAP and gain unconditional membership Bosnia and Herzegovina must find a solution to the Status of Defence Properties that is acceptable to all parties.

Bosnia and Herzegovina is also working to implement the NATO *Partnership for Peace for BiH (PfP)* and the *Individual Partnership Action Plan (IPAP)* programmes. Upon successful completion of the first IPAP cycle, the BiH authorities developed the new *Individual Partnership Action Plan (IPAP)* for the period 2011–2013, which was adopted by the North Atlantic Council (NAC) in February 2011<sup>53</sup>. In May 2011 the BiH Council of Ministers adopted the IPAP 2011–2013.

Progress has been made in the field of visa policy and in the framework of the visa liberalisation dialogue. Following the decision of the European Parliament, the European Union interior ministers approved a proposal to lift visa requirements for citizens of Bosnia and Herzegovina<sup>54</sup>. The decision, allowing BiH citizens to travel visa free to the EU's Schengen zone, became effective in December 2010.

**The Sector received 5% of total ODA allocations in 2010 and to date 4% of total ODA in 2011.**

Furthermore, achievements in police reform are visible. Namely, the Directorate for the Coordination of BiH Police Bodies and Agencies began working in 2010. Implementation of the *Strategy for Community-based Policing in BiH* was advanced in 2010 with the publishing of the *Manual on Community Policing in Bosnia and Herzegovina*. This manual is used by police officers in practical work and as teaching material in police academies. In January 2010 the BiH Council of Ministers adopted the *BiH Strategy for Prevention and Fight Against Terrorism 2010–2013*, which sets the general framework of action in the fight against terrorism in Bosnia and Herzegovina.

Further advancement of the legal framework in the area of civil protection and disaster risk reduction in Bosnia and Herzegovina is one of the prerequisites for EU accession. Bosnia and Herzegovina is a signatory to the *UN Hyogo Framework for Action 2005–2015: Building the Resilience of Nations and Communities to Disasters*<sup>55</sup>. By signing the Framework Bosnia and Herzegovina took over duties and is actively working in the field of disaster risk reduction.

In accordance with the *Framework Law on Protection and Rescue of People and Property in the Event of Natural or Other Disasters in BiH*, Bosnia and Herzegovina<sup>56</sup> is in the process of preparation of the *Natural and Other Disasters Risk Assessment of Bosnia and Herzegovina*<sup>57</sup>, which is the first document that will include an assessment of vulnerability of people, property and critical infrastructure against the identified risks, location of the risks, their likelihood and the causes and consequences across the country<sup>58</sup>.

Furthermore, the BiH 112-Centre was established in May 2009 and became operational in January 2010. The main role of the BiH 112-Centre is to respond in a timely fashion to protect citizens and material goods in case of natural or other disasters.

The BiH Ministry of Defence (MoD) developed the *NATO-Perspective Program* (former *NATO Trust Fund II*) in order to support **reintegration of discharged soldiers** in Bosnia and Herzegovina. The strategic goals of the Programme are to assist in the reintegration into civilian life of personnel discharged from defence institutions; to enhance the capacities of the BiH MoD in assisting defence institutions' discharged personnel in their reintegration process and to contribute to the implementation of defence reform of the Armed Forces in Bosnia and Herzegovina<sup>59</sup>. This new cycle of the Programme represents an extension of the Trust Fund, following a successful prior cycle completed during the second half of 2009<sup>60</sup>.

<sup>52</sup> According to the report, *Bosnia: Current Issues and U.S. Policy*, Steven Woehrel, Congressional Research Service, June 20, 2011. <http://www.fas.org/sqp/crs/row/R40479.pdf>

<sup>53</sup> *Brochure of the Ministry of Defense and the Armed Forces of Bosnia and Herzegovina*, April 2011. [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>54</sup> <http://www.balkaninsight.com/en/article/eu-abolishes-visas-for-albania-bosnia>

<sup>55</sup> *Hyogo Framework for Action* is a global blueprint for disaster risk reduction efforts with a ten-year plan adopted in January 2005 by 168 governments at the World Conference on Disaster Reduction.

<sup>56</sup> For the purpose of the preparation of the *Natural and Other Disasters Risk Assessment of Bosnia and Herzegovina*, the BiH Council of Ministers formed inter-ministerial group comprising representatives of the various institutions and bodies in BiH, scientific and educational institutions, international organisations and experts from various fields.

<sup>57</sup> UNDP supports the production of *Natural and Other Disasters Risk Assessment of Bosnia and Herzegovina*.

<sup>58</sup> <http://www.undp.ba/index.aspx?PID=7&RID=627>

<sup>59</sup> *The Brochure of the Ministry of Defense and the Armed Forces of Bosnia and Herzegovina*, April 2011. [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>60</sup> Primary financial backing for the Programme was provided by Norway, the Netherlands and Slovenia. Additional contributions were made by Sweden, Luxembourg, the United Kingdom, the US and Turkey. Bosnia and Herzegovina also contributed the Programme. [http://www.atlanticinitiative.org/index.php?option=com\\_content&view=article&id=245%3Aa-new-cycle-of-the-nato-trust-fund-3000-bam-severance-package-for-every-laid-off-soldier&catid=1%3Aizdvojene&lang=en](http://www.atlanticinitiative.org/index.php?option=com_content&view=article&id=245%3Aa-new-cycle-of-the-nato-trust-fund-3000-bam-severance-package-for-every-laid-off-soldier&catid=1%3Aizdvojene&lang=en)

USA/USAID provides assistance for education, vocational counseling and training for persons who are going to be discharged in the course of the defence reform process in 2010 and 2011 in order to facilitate their resettlement into civilian and economic life.

One of the most enduring and threatening legacies of war operations in Bosnia and Herzegovina is the wide presence of **small arms and light weapons (SALW) and ammunition**. During 2010–2011, under the multi-donor *Small-Arms Control and Reduction Project in BiH (SACBiH)*, a significant quantity of ammunition was destroyed using environmentally friendly methods. However, finding an appropriate solution for the illegal proliferation of weapons represents one of the key issues for reduction of violence and armed incidents. Increased numbers of incidents in this regard require resolute action from governmental institutions as well as strong involvement by the nongovernmental sector. The establishment of a central registry for civilian possession of weapons would significantly improve weapons control in Bosnia and Herzegovina<sup>61</sup>.

**Mine Action** in Bosnia and Herzegovina is under the authority of the state Ministry of Civil Affairs (MoCA). Bosnia and Herzegovina is still one of the most heavily mined countries. The *BiH Mine Action Strategy 2009–2019* targets the reduction of mine threats in an area of 1,460 square kilometres<sup>62</sup>. However, full implementation of the *BiH Mine Action Strategy 2009–2019* depends of the availability of funds.

According to the BiH Mine Action Centre (BHMACE) total suspect area in Bosnia and Herzegovina currently covers 1,442.84 square kilometres or 2.81% of the total country's size<sup>63</sup>.

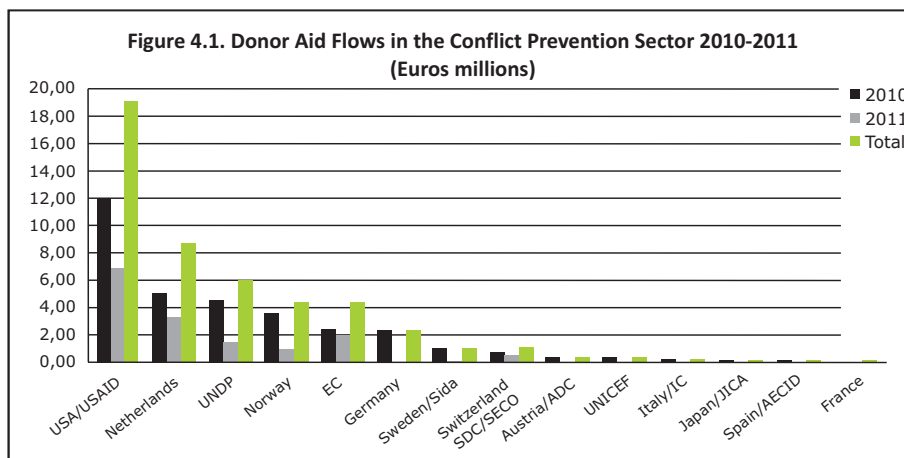
The International Fund for Demining and Mine Victims Assistance (ITF)<sup>64</sup> provides services and manages mine action projects in Bosnia and Herzegovina. Mines pose a major barrier to the return of refugees and internally displaced persons as well as to economic recovery overall. They block the development of tourism and agricultural activities that can stimulate job production and obstruct environmental rehabilitation.

### Donor activities in 2010 and 2011

DCF members active in the Conflict Prevention and Resolution, Peace and Security sector in 2010–2011 are USA/USAID, the Netherlands, UNDP, Norway, the EC, Germany, Sweden/Sida, Switzerland/SDC/SECO, Austria/ADC, UNICEF, Italy/IC, Japan/JICA, Spain/AECID and France.

**Figure 4.1** indicates that the leading donors active in the Conflict Prevention and Resolution, Peace and Security sector in 2010 are USA/USAID with a contribution of €11.99 million and the Netherlands with a contribution of €5.05 million followed by UNDP, Norway, the EC, Germany, Sweden/Sida, Switzerland/SDC/SECO, Austria/ADC, UNICEF, Italy/IC, Japan/JICA, Spain/AECID and France.

In 2011 the leading donors are USA/USAID with a contribution of €6.96 million and the Netherlands with a contribution of €3.63 million followed by the EC, UNDP, Norway, Switzerland/SDC/SECO and France.



<sup>61</sup> <http://www.oruzje.ba/en/news/SALW-Coordination-Board>

<sup>62</sup> Portfolio of Mine Action Projects 2011, <http://www.mineaction.org/downloads/1/portfoliofinal.pdf>

<sup>63</sup> <http://www.bhmac.org/en/stream.daenet?kat=18>

<sup>64</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. The BiH Mine Action Centre is a major partner of ITF in BiH for Mine Action.

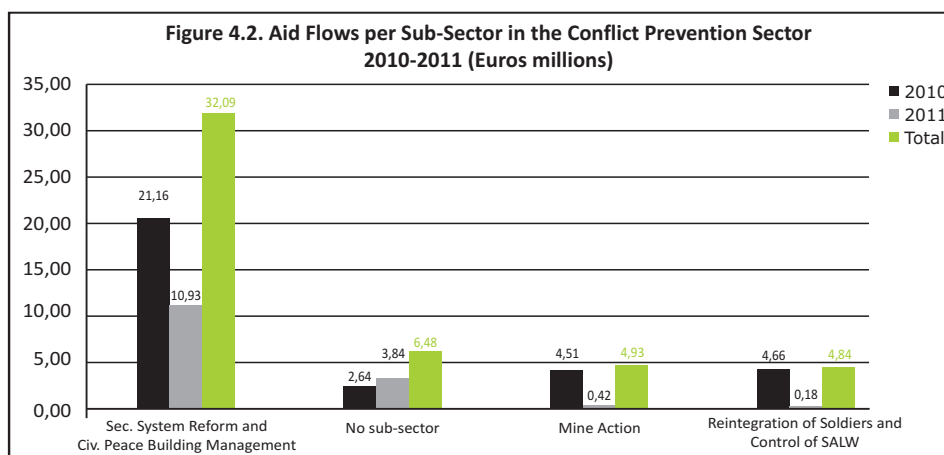


**Figure 4.2** indicates that the **Security System Reform and Civilian Peace Building Management sub-sector in 2010** received €21.16 million, which is **64.18% of total allocations** to the Conflict Prevention and Resolution, Peace and Security sector. To date in 2011 the Security System Reform and Civilian Peace Building Management sub-sector received €10.93 million or 71.16% of total allocations to the Sector.

Activities/projects classified as **No sub-sector in 2010** received €2.64 million, which is **8.02% of total allocations** to the Conflict Prevention and Resolution, Peace and Security sector. To date in 2011 these activities received €3.84 million or 24.98% of total allocations to the Sector.

The **Mine Action sub-sector in 2010** received €4.51 million, which is **13.67% of total allocations** to the Conflict Prevention and Resolution, Peace and Security sector. To date in 2011 the Mine Action sub-sector received €0.42 million or 2.71% of total allocations to the Sector.

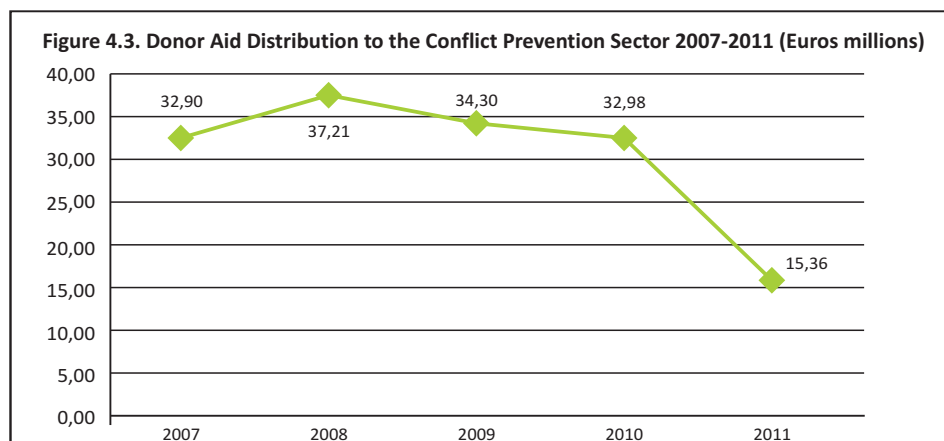
The **Reintegration of Soldiers and Control of SALW sub-sector in 2010** received €4.66 million, which is **14.13% of total allocations** to the Conflict Prevention and Resolution, Peace and Security sector. To date in 2011 the Reintegration of Soldiers and Control of SALW sub-sector received €0.18 million or 1.15% of total allocations to the Sector.



**Figure 4.3** indicates that total allocations by DCF members to the Conflict Prevention and Resolution, Peace and Security sector were €32.98 million in 2010 and in 2011 to date €15.36 million. However, additional funds could be allocated to the Sector by the end of 2011.

Figure 4.3 also indicates that total allocations to the Sector in 2010 and 2007 were almost at the same level, while total allocation in 2010 decreased by €4.23 million compared to 2008 and slightly decreased by €1.32 million compared to 2009.

The Sector received 5% of total ODA allocations in 2010 and to date 4% of total ODA in 2011.





## Security Sector Reform and Civilian Peace-Building Management

The Security Sector Reform and Civilian Peace Building Management sub-sector consists of defence reform, police reform, civilian peace-building, civil protection and disaster response areas.

DCF members active in the Security Sector Reform and Civilian Peace-Building Management sub-sector in 2010-2011 are USA/USAID, the Netherlands, UNDP, Norway, the EC, Germany, Sweden/Sida, Switzerland/SDC/SECO, Austria/ADC, UNICEF, Spain/AECID and France.

**In 2010 the Security Sector Reform and Civilian Peace Building Management** sub-sector received €21.16 million, which is **64.18% of total allocations** to the Conflict Prevention and Resolution, Peace and Security sector, while to date in 2011, the Sub-sector received €10.93 million or 71.16% of total allocations to the Sector.

### Defence Reform

**USA/USAID's** assistance for defence reform supports advisors within the BiH Ministry of Defense (MoD) and trains BiH's Explosive Ordinance Disposal (EOD) team. USA/USAID's funding also provides military equipment to units with the potential to participate in coalition operations and provides training to increase BiH military readiness. Additionally, USA/USAID supports development of the BiH MoD staff in order to meet NATO's Partnership for Peace requirements.

**Norway** completed the *Euro-Atlantic Initiative Awareness Program*, which focused on raising public awareness regarding NATO and BiH NATO integration.

### Police Reform

**USA/USAID** continued the implementation of the project, *Export Control and Border Security*. The Project encourages and assists the host government's development, adoption and implementation of export control legislation aligned with international standards. This Project also provides training and equipment to law enforcement institutions responsible for monitoring, detecting and interdicting the trafficking in weapons of mass destruction, military equipment and dual-use goods. Through the project, *Assistance to Law Enforcement Agencies*, USA/USAID provides training to law enforcement officials in the fields of counterfeit currency, forensic recovery of evidence devices, advanced fingerprinting, advanced surveillance, witness security, narcotics investigations, post bomb blast investigation, child pornography, criminal justice coordination, information systems, trial advocacy and courtroom demeanor as well as senior leadership and administration. US advisors also continued to provide assistance to the State Investigation and Protection Agency (SIPA), the BiH Ministry of Security (MoS), the RS Ministry of Interior and the State Border Police.

**Norway** supports the reform process in the BiH Intelligence Security Agency (OSA). Activities include support to the Intelligence Reform Unit, competence building for institutions dealing with executive, parliamentary and legal control and development of the institution's library.

The **EC** supports joint training of the SIPA Financial Intelligence Unit and the Crime Investigative Unit, prosecutors, financial regulatory agencies and institutions in order to establish efficient cooperation in money laundering and financial terrorism cases. Furthermore, the EC provided assistance for state institutions dealing with asylum and migration issues in order to combat illegal migration and human trafficking. The EC also provided equipment and vehicles for Governmental agencies.

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

**France** is funding 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, the fight against drug actions as well as management of illegal immigrants. Additionally, France also provides training sessions for firemen.

### Civilian Peace Building

Donor assistance in Civilian Peace Building is focused on support to the search and identification of missing persons, promotion of peace and dialogue, reconciliation and integration, as well as the fight against human trafficking and child pornography.

DCF members active in the Civilian Peace Building sub-sector in 2010-2011 are USA/USAID, the Netherlands, Norway, the EC, Germany, Sweden/Sida, UNICEF and Spain/AECID.





In 2010 **Germany** started the project, *DNA Identification of the Victims of the Wars in the Balkans*. The Project was implemented by the International Commission on Missing Persons (ICMP) that has been financed by the Germany since 2007. ICMP's efforts are geared to develop a sustainable peace process that will permit missing persons issues to be addressed appropriately.

**Norway** supports the work of the war crimes trials in Bosnia and Herzegovina and the region in order to contribute to the establishment of truth and reconciliation by offering objective information on the war crimes processes. Furthermore, Norway also promotes reconciliation through education and dialogue in Stolac and Sarajevo. Similarly, the *Open Fun Football School Programme* facilitated reconciliation through entertainment and team sports.

**The Netherlands** continued the third phase of the *Srebrenica Regional Recovery Programme*. The objective of the Project is to create an environment for economic development, which will contribute to poverty reduction. The Project focuses on local capability development, institutional strengthening, services to citizens and private sector development. The Netherlands also supported the SENSE TRIBUNAL. The SENSE TRIBUNAL is specialised project of the SENSE News Agency, based in the International Criminal Tribunal for the Former Yugoslavia (ICTY) in the Hague. The objective of the Project is regular, balanced and comprehensive coverage of the work of the ICTY and the activities of the International Court of Justice as well as the International Criminal Court. Furthermore, the Netherlands continued to support social housing reform in Bosnia and Herzegovina. Accordingly the Netherlands is working on raising awareness about social housing as a model for each community in order to be able to support different socio-economic development that could resolve issues of reintegration and other issues of a social and economic nature.

In 2010 **UNICEF** completed the *Education in Emergency and Post Crisis Transition Programme*. The Project supported creating safe school environments in 12 segregated schools by implementing social inclusion models specifically designed to facilitate dialogue, communication and joint action among students, teachers, school management and parents.

In 2010 **USA/USAID** launched two new projects, *Peacing the Future Together-Youth Banks Programme* and *Choosing Peace Together (CTP)*. The *Peacing the Future Together-Youth Banks Programme* will provide opportunities for meaningful joint activities for young people in targeted multiethnic cities. These activities will contribute to the strengthening of their skills in management of youth-led initiatives. The goal of the *Choosing Peace Together (CTP)* project is that people of different ethnic and religious backgrounds in Bosnia and Herzegovina progress towards reconciliation. Furthermore, USA/USAID worked on strengthening the capacity of BiH Institutions to combat human trafficking and to implement the country's National Action Plan.

The **EC, Spain/AECID, Sweden/Sida, USA/USAID, Norway** and the Netherlands jointly funded the project, *Support to the International Commission on Missing Persons (ICMP)*. ICMP's primary role is to ensure the cooperation of governments in locating and identifying those who have disappeared during armed conflict or as a result of human rights violations.

**Austria/ADC** supports the clearance of land through demining in order to create conditions for safe use of agricultural land and to reduce the mine threat for the population in local communities.

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

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Support to Commission on Missing Persons (ICMP)	EC, Norway, Spain/AECID, Sweden/Sida, the Netherlands, USA/USAID	21.39
U.S. Assistance for Defence Reform	USA/USAID	16.66
Assistance to Law Enforcement Agencies (ICITAP)	USA/USAID	13.16
Srebrenica Regional Recovery Programme III	The Netherlands, UNDP	9.07
ICMP Activities in BiH	The Netherlands	3.67
Social Housing in Bosnia and Herzegovina	The Netherlands	2.60
Expert Control and Border Security (EXBS)	USA/USAID	2.18
Community Policing in Bosnia and Herzegovina	Switzerland/SDC/SECO	1.76
Anti-Terrorism Assistance	USA/USAID	1.73
Assistance Program for the Resettlement of Discharged Ministry of Defense Personnel in BiH	USA/USAID	1.61
Application Resettlement in BiH	Norway	0.90
Intelligence and Security Sector Reform	Norway	0.66
NDC Sarajevo: Reconciliation through Education and Dialogue	Norway	0.61

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

The Reintegration of Soldiers and Control of Small Arms and Light Weapons (SALW) and Ammunition sub-sector refers to the reintegration of demobilised 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.

DCF members active in the SALW sub-sector in 2010-2011 are the Netherlands, UNDP, the EC, UNICEF and Spain/AECID.

In 2010 the SALW sub-sector received €4.66 million, which is **14.13% of total allocations** to the Conflict Prevention and Resolution, Peace and Security sector, while to date in 2011 the Sub-sector received €0.18 million or 1.15% of total allocations to the Sector.

**UNDP, the EC, Spain/AECID and the Netherlands** continued the *Small Arms Control and Reduction Project in BiH (SACBiH)*. The goal of the Project is to provide coordinated international support to the establishment of proper small arms and light weapons controls as well as a safe and effective logistic ammunition disposal system to mitigate the hazards and risks associated with large quantities of ammunition. As a result of the Project, 2,000 tons of unstable ammunition was destroyed including a cluster and air fuel munitions and bombs, 10 storage sites were closed and the cost of storage reduced by 10%. In addition, the Project also initiated a pilot project for building safer communities and subsequently increased the security index in targeted municipalities. The activities include different aspects of human security such as development of safe communities plans, improved infrastructure and elimination of risks.

**UNICEF** completed the project, *Small Arms and Armed Violence Prevention*. The Project is designed to strengthen national capacities to address small arms and armed violence threats through data collection and monitoring mechanisms, as well as through the formulation and implementation of evidence-based small arms and armed violence prevention programmes.

Major projects in the Reintegration of Soldiers and Control of Small Arms and Light Weapons and Ammunition sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Small Arms Control and Reduction Project in BiH (SACBiH)	EC, Spain/AECID, the Netherlands, UNDP	9.85
Small Arms and Armed Violence Prevention Project	UNICEF	0.16

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

## Mine Action

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

DCF members active in the Mine Action sub-sector in 2010-2011 are Norway, the EC, Germany, Austria/ADC, UNICEF, Italy/IC and Japan/JICA.

In 2010 the Mine Action sub-sector received €4.51 million, which is **13.67% of total allocations** to the Conflict Prevention and Resolution, Peace and Security sector, while to date in 2011 the Sub-sector received €0.42 million or 2.71% of total allocations to the Sector.

The **EC** initiated activities related to reduction of mine suspected areas in Bosnia and Herzegovina. The goal of these activities is to enable the return of the population to demined areas, to improve protection of citizens against abandoned mines and to create preconditions for sustainable socio-economic development in demined areas. The EC also provided equipment to the BiH Mine Action Centre (BHMACE). In 2011 the EC started the project, *Mine Risk Education*, to support the *Mine Action Programme* through implementation of demining.

**Norway** continued implementation of the *Mine Action Programme* to clear hazardous areas affected by mines and explosive remnants of war in Bosanska Posavina. The activities of the Project include conducting general/ technical surveys and mine clearance enabling a sustainable return and assisting Bosnia and Herzegovina in meeting Mine Ban Treaty obligations<sup>65</sup>.

<sup>65</sup> The Mine Ban Treaty is the international agreement that bans antipersonnel landmines. Sometimes referred to as the Ottawa Convention officially titled: the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and Their Destruction. Bosnia and Herzegovina signed the Mine Ban Treaty in December 1997 and ratified it in September 1998, becoming a State Party in March 1999.



In 2010 **Germany** started five new demining projects in order to support the *Mine Action Programme* in Bosnia and Herzegovina.

**Japan/JICA** is funding demining and technical surveys of areas along the Spreča river in Gračanica. The goal is to secure the safety of the citizens of Gračanica, increase the income of local residents through agricultural activities, as well as to enable the municipality to implement flood prevention measures along the Spreča river.

**UNICEF** provided technical and financial assistance to the relevant ministries, the BiH Mine Action Centre, as well as to local and international NGOs in order to assess the risk in the most mine-contaminated areas and to develop appropriate responses.

Major projects in the Mine Action sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Mine Action Programme	Norway	5.44
Mine Clearance and Technical Survey	EC	1.50
UNICEF Mine Risk Education and Small Arms Risk Prevention Integrated Programme	UNICEF	0.59
Demining	Germany	0.55
Support to the Mine Action Programme in BiH 2008-2010	Austria/ADC	0.50
Demining	Germany	0.50
Demining	Germany	0.43
Supplies for Support to Mine Action Activities - LOT 1 Personal Protection Equipment for Demining and LOT 2 Protective Clothes and Shoes	EC	0.39
Humanitarian Demining Project-Phase IV	Italy/IC	0.30

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 2010** received €2.64 million, which is **8.02% of total allocations** to the Conflict Prevention and Resolution, Peace and Security sector. To date in 2011 these activities received €3.84 million or 24.98% of total allocations to the Sector.

The **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 other illegal activities related to smuggling of migrants and trafficking of human beings. In addition, the EC supports the activities of the International Commission on Missing Persons' Forensic Sciences Department in order to find the truth about missing persons.

Through the project, *Srebrenica Dialogue Centre* **USA/USAID** works on increasing inter-ethnic communication and mutual trust and understanding among citizens of all ethnic groups living in Srebrenica and the surrounding region. The Project is designed to create preconditions for a reconciliation process in the Srebrenica region through focused, inter-ethnic dialogue development activities. Additionally, USA/USAID is working on reconciliation and increasing trust between Bosniaks, Croats and Serbs through shared efforts to improve communities in the Brčko District. Furthermore, USA/USAID started a new project that should improve the skills of civil society leaders in order to effectively advocate constitutional reform. 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, *Improving Cultural Understanding in BiH (MDG-F)* project, funded by the MDG Spanish Fund and implemented by **UNDP**, **UNICEF** and **UNESCO**, aim to strengthen cross-cultural understanding in Bosnia and Herzegovina and to promote the country's unique multi cultural identity.

**The Netherlands** assisted in fostering support for regional post conflict truth-seeking and truth-telling.

**UNDP** provides help to local communities in their efforts to respond to flooding, as well as to work on disaster risk reduction that will diminish the effects of natural disasters caused by flood.

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 (Joint UN Programme - MDG-Fund Spain)	UNICEF, UNDP, UNESCO	6.61
Support to ICMP	EC	1.20
Music Academies Cooperation Between Royal College of Music, Stockholm and WB Music Academies, incl. BiH-Regional Project Sweden/Sida	Sweden/Sida	1.11
Youth Building Futures in the Brčko District (YBFB)	USA/USAID	0.67
Constitutional Reform in BiH: Engaging Civil Society	USA/USAID	0.58

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

### Legal framework and sector strategies adopted in 2010-2011

**In February 2010** the Federation of BiH adopted the *FBiH Law on Professional Rehabilitation, Training and Employment of Disabled Persons*. In order to fully implement the Law, the Fund for Professional Rehabilitation and Employment of Disabled Persons<sup>66</sup> was established **in March 2011**. The main objective of the Fund is to provide conditions for disabled persons and their employers to be fully competitive in the open market.

**In January 2010** the BiH Council of Ministers adopted the *BiH Strategy for Prevention and Fight Against Terrorism 2010-2013*. The Strategy determines the general framework of action by Bosnia and Herzegovina, providing guidelines for improvement of existing measures and the development of new measures, mechanisms and instruments for prevention and fight against terrorism.

*The Law on Changes and Amendments to the Law on Prevention of Money Laundering and Financing of Terrorist Organisations* is in the process of adoption. The Law foresees the establishment of a separate financial information agency, which would be independent of other police agencies in Bosnia and Herzegovina.

### 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>67</sup>.

The International Trust Fund for Demining and Mine Victims Assistance (ITF) is functioning as a coordinating body for some of the donors in the mine action area, while the BiH Mine Action Centre (BHMIC) organises ad-hoc presentations. ITF plans to assist the South Eastern European (SEE) region not only in the demining process but also in the set up of its own structure, which will enable the SEE countries to conduct demining operations on their own.

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. DCF meetings are held quarterly with a rotating chairmanship among the member agencies, in order to improve information flow and mutual coordination. DCF meetings also contribute to the multi-sectoral collaboration within all sectors in Bosnia and Herzegovina.

The donor community in the area of conflict prevention also includes a number of non-DCF members, namely the Office of the High Representative and EU Special Representative (OHR), European Union Forces (EUFOR), the North Atlantic Treaty Organisation Headquarters Sarajevo (NHQSa), European Union Police Mission (EUPM), the Organization for Security and Cooperation in Europe (OSCE) and the 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.

<sup>66</sup> <http://www.fprzo.ba/>

<sup>67</sup> The BiH Council of Ministers in July 2005 appointed the Coordination Board for SALW Control as its temporary body. The Board consists of representatives from the BiH Ministry of Foreign Affairs, the BiH Ministry of Defence, the BiH Ministry of Security, the BiH Ministry of Foreign Trade and Economic Relations, the Indirect Taxation Authority of Bosnia and Herzegovina, the Federal Ministry of Interior, the RS Ministry of Interior, the BiH Border Police and the State Investigation and Protection Agency.



## Future Activities

According to stakeholders, the Security Sector Reform and Civilian Peace-Building Management sub-sector must remain one of the key priorities in the future since Bosnia and Herzegovina needs to put additional efforts to further support police reform, community security and violence prevention, specifically focusing on gender based and sexual violence as well as the country's capacities for preventing and combating violence.

Based on the *Bosnia and Herzegovina 2010 Progress Report*<sup>68</sup>, in the area of border management, future efforts need to focus on strengthening the infrastructure at border crossing points, settling unresolved border demarcation issues and reinforcing staff.

In the fight against money laundering, Bosnia and Herzegovina has started to address its objectives. However, further efforts are needed regarding administrative structures, enforcement of legal provisions and awareness-raising on money laundering.

As part of the police reform, particular efforts are necessary to strengthen cooperation and exchange of information between police agencies. The successful completion of police reform requires the constructive involvement of all levels of government in Bosnia and Herzegovina.

Furthermore, in the field of Mine Action, Bosnia and Herzegovina will have to continue to implement the *Mine Action Strategy* to reduce the risk of loss of life and injury, but also because remaining land mines pose a serious obstacle for the economic development of the contaminated areas<sup>69</sup>.

UNDP activities in the future will focus on increasing the country's capacities to effectively manage and reduce the risks of natural disasters, as well as reducing the military stockpiles and unstable ammunition.

The Netherlands will support projects in the Srebrenica area in order to help improve the social and economic situation.

In the medium and long-term Norway will support reforms and processes, which will bring Bosnia and Herzegovina closer to Euro-Atlantic integration.

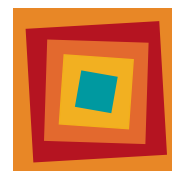
USA/USAID will support the BiH law enforcement agencies' capacities to combat terrorism and organised crime as well as activities geared towards bringing the BiH military into full compliance with NATO standards.

Italy/IC will continue to support mine clearance activities, which are fundamental for the agricultural, industrial and touristic development of wide areas that were mined during the war.

<sup>68</sup> The Report was prepared by the European Commission in November 2010. <http://www.delbih.ec.europa.eu/files/docs/2010progress2.pdf>

<sup>69</sup> Multi-annual Indicative Planning Document (MIPD) 2011-2013, Bosnia and Herzegovina, European Commission. [http://ec.europa.eu/enlargement/pdf/mipd\\_bih\\_2011\\_2013\\_en.pdf](http://ec.europa.eu/enlargement/pdf/mipd_bih_2011_2013_en.pdf)

# INFRASTRUCTURE SECTOR



5

<b>DCF members active in the sector in 2010-2011</b>	EIB, EBRD, World Bank, Germany, EC, Sweden/Sida, Switzerland/SDC/SECO, the Czech Republic, USA/USAID, UNDP, Norway, Spain/AECID.
<b>Other key international organisations (IOs)</b>	International Monetary Fund (IMF); Office of the High Representative and EU Special Representative (OHR); Energy Community of South East Europe (ECSEE); European Energy Community (EEC); 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; Federal Ministry of Finance; RS Ministry of Finance; 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 2010 and 2011 by DCF members</b>	2010: €238.22 million - €18.35 million in form of grants and €219.87 million in loans 2011: €139.89 million - €28.86 million in form of grants and €111.03 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>Law on Working Hours, Mandatory Rest Periods for Mobile Workers and Recording Equipment in Road Transport in Bosnia and Herzegovina; Law on Change and Amendment to the Law on Roads Traffic Safety Basis in Bosnia and Herzegovina; Law on Change and Amendments to the Law on Communications; Law on Change and Amendments to the Law on Public Broadcasting Service of Bosnia and Herzegovina; Law on Change and Amendments to the Law on Public Broadcasting System of Bosnia and Herzegovina; FBiH Law on Roads; Law on Change and Amendments to the Law on Road Transport in FBiH; Law on Public Roads in RS; Law on Contracts for the Transportation in the Railway Traffic of RS; Law on Change and Amendments to the Law on Transport in Road Traffic of RS; Law on Change and Amendments to the Law on Fees for the Use of Natural Resources for Electricity Production in RS; Law on Change and Amendments to the Law on Electricity in RS; FBiH Regulation on Use of Renewable Sources of Energy and Cogeneration; Amendments to the FBiH Regulation on Use of Renewable Sources of Energy and Cogeneration; RS Regulation on Production and Consumption of Energy from Renewable Sources and Cogeneration.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>70</sup></b></p> <p><i>BiH Law on Electronic Signature; BiH Law on Electronic Commerce and Legal Traffic; Law on Electronic Commerce of 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; The 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 organised by the BiH Ministry of Communication and Transport.</p> <p><b>Energy Generation and Supply:</b> Periodic meetings organised by the BiH Ministry of Foreign Trade and Economic Relations/Department for Natural Resources, Energy and Environmental Protection.</p> <p>In <b>Communication</b> as well as in <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>70</sup> For more information on the Strategies:  
[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 increasing the economic development of the country.

Donor/financial institution activities in 2010–2011 in the Infrastructure sector are focused on obligations set up by the Stabilisation and Association Agreement (SAA), which is a programme for essential economic and structural reforms and a first step towards EU integration.

Top priorities for the country's economy and social development include further rehabilitation of the existing transport infrastructure and construction of new infrastructure as well as harmonisation of the BiH legislative framework with the EU *acquis*. Some progress is evident in the **Transport and Storage sub-sector**. Bosnia and Herzegovina is taking part in the South-East Europe Transport Observatory (SEETO)<sup>71</sup> established by the *Memorandum of Understanding for the Development of the South-East Europe Core Regional Transport Network*<sup>72</sup>.

Bosnia and Herzegovina started to implement the TIR (Transport Internaux Routiers) carnet system. In May 2010 the *Law on Working Hours, Mandatory Rest Periods for Mobile Workers and Recording Equipment in Road Transport in Bosnia and Herzegovina* was adopted by the BiH Parliamentary Assembly. However, delays in implementation of the digital tachographs to meet international obligations remain an issue. Improvements in the harmonisation of the BiH legislative framework with EU standards, auditing system and assessment of road safety were also achieved in 2010.

The Bosnia and Herzegovina Railways Regulatory Body (RBB), an administrative organisation within the BiH Ministry of Communications and Transport (MoCT), published a set of safety instructions, which partly implemented the EU Directives. Complete execution of the EU Directives and the Annex on Restructuring of Railway Traffic in Europe is awaiting implementation.<sup>73</sup>

In the area of the water transportation network, the demining and rehabilitating of the Sava River<sup>74</sup> waterway remain a 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), established within the BiH MoCT, remains responsible for regulatory issues in the area of the air transport. Bosnia and Herzegovina completed the first transitional phase of the European Common Aviation Area Agreement<sup>75</sup>. However, further efforts are needed to transpose and implement the Single European Sky Regulations<sup>76</sup>.

**The Sector received 35% of total ODA allocations in 2010 and to date 40% of total ODA in 2011.**

In the **Communication sub-sector** the Communications Regulatory Agency (CRA) received technical assistance from the EC, in the framework of IPA 2007. The assistance started in April 2010 and will assist capacity building of the CRA and harmonisation of the regulatory framework in the field of telecommunications with the EU *acquis*, specifically in market analysis based on EU standards.

The Electronic South East Europe (e-SEE) Agenda Plus for the Development of the Information Society in South East Europe 2007–2012 was revised by the e-SEE Secretariat. The new revised draft refers to the revision of current deadlines and redefines some of the content, aligning it to the current EU strategies and regional development needs.<sup>77</sup>

Country economic development plans foresee construction of new capacities in the **Energy Generation and Supply** sub-sector because Bosnia and Herzegovina is the only exporter of electricity in the region. The State Electricity Regulatory Commission (SERC) administers the electro-distribution system in Bosnia and Herzegovina and is responsible for electro-distribution and the international trade of electricity in accordance with international norms and EU standards. In April 2010 the State Electricity Regulatory Commission (SERC) introduced new tariffs for transmission services for the independent system operator and for ancillary services.

<sup>71</sup> South East Europe Transport Observatory (SEETO) is a regional transport organisation established with the goal to promote cooperation in the development of the main and ancillary infrastructure of the multimodal South-East Europe Core Regional Transport Network and to promote and enhance local capacity for the implementation of investment programmes and management of the Core Regional Transport Network. The SEETO network includes: roads, railways, airports, seaports, rivers and inland waterways: <http://www.seeto.int.org/>

<sup>72</sup> The Memorandum of Understanding was signed on 11 June 2004 by the Governments of Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, the United Nations Mission in Kosovo and the European Commission.

<sup>73</sup> *Bosnia and Herzegovina 2010 Progress Report*, European Commission, Brussels, November 2010. <http://www.delbih.ec.europa.eu/files/docs/2010progress2.pdf>

<sup>74</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.

<sup>75</sup> Under the authority of the EC, in accordance with Annex I of the *Multilateral Agreement on the Establishment of the European Common Aviation Area (ECAA)*, which in Protocol II of Annex V, predicts conducting this process in two phases.

<sup>76</sup> The Single European Sky (SES) initiative of the European Commission provides a legislative framework to meet future safety, capacity and efficiency needs at a European rather than at a national level.

<sup>77</sup> *Regional Cooperation Council Annual Report 2009–2010*, <http://www.eeseinitiative.org/>.

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 new *Country Development Strategy (CDS)*. Therefore, it is necessary to make further efforts to establish a central regulatory system in the **Water Supply and Sanitation sub-sector** and improve wastewater treatment to meet the EU standards.

### Donor Activities in 2010 and 2011

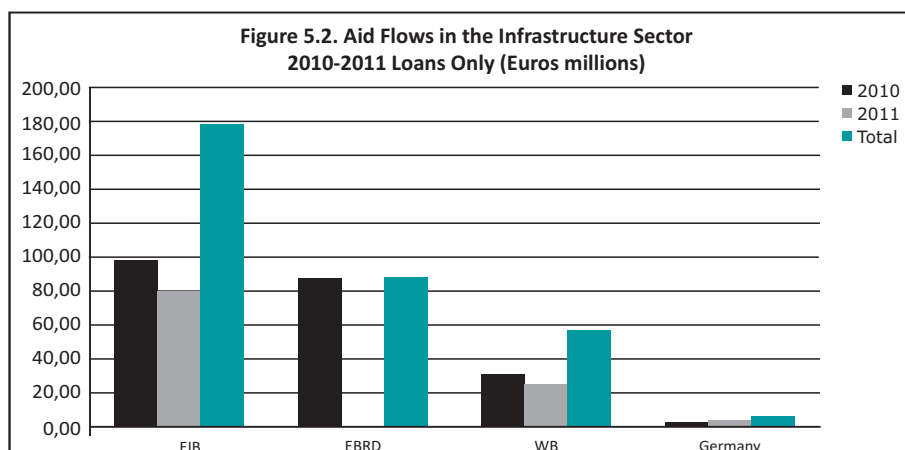
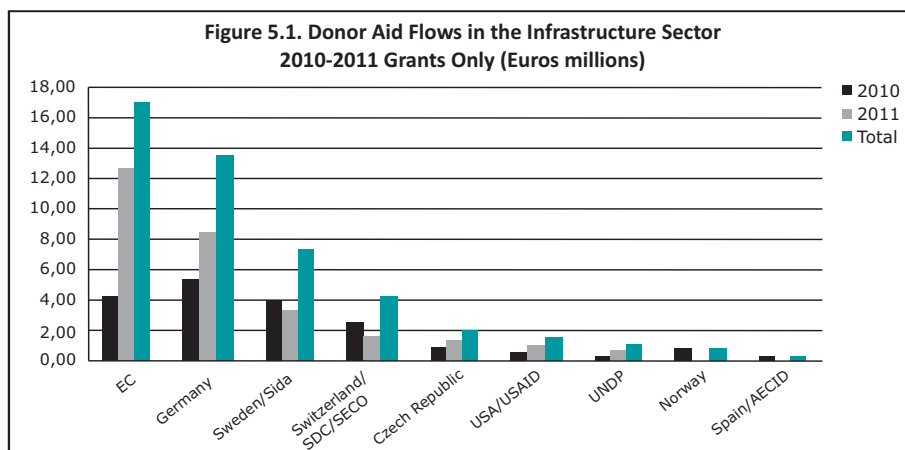
The Donor Coordination Forum (DCF) members active in the Infrastructure sector in 2010-2011 are EIB, EBRD, the World Bank, Germany, the EC, Sweden/Sida, Switzerland/SDC/SECO, the Czech Republic, USA/USAID, UNDP, Norway and Spain/AECID.

Other non-DCF organisations active in the Infrastructure sector are the Energy Community of South East Europe (ECSEE), the European Energy Community (EEC)<sup>78</sup> as well as the International Monetary Fund (IMF).

**Figure 5.1** and **Figure 5.2** indicate that the leading donors/IFIs in the Infrastructure sector in 2010 are EIB with a contribution of €98.76 million and EBRD with a contribution of €87 million followed by the World Bank, Germany, the EC, Sweden/Sida, Switzerland/SDC/SECO, the Czech Republic, Norway, USA/USAID, UNDP and Spain/AECID.

In 2011 the leading donors/IFIs in the Infrastructure sector are EIB with a contribution of €79.51 million and the World Bank with a contribution of €27.12 million followed by Germany, the EC, Sweden/Sida, Switzerland/SDC/SECO, the Czech Republic, USA/USAID and UNDP.

**EIB, EBRD and the World Bank supported the Sector in the form of loans. Germany provided both grants and loans to the Sector in 2010 and 2011.**



<sup>78</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.



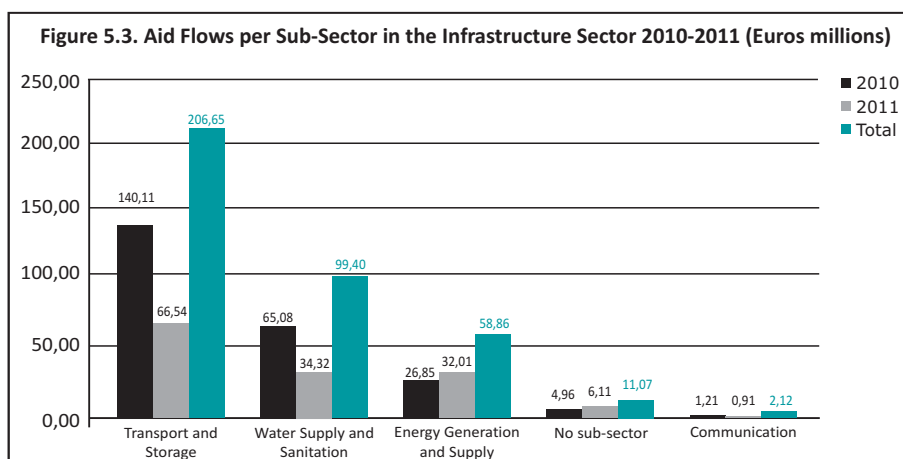
**Figure 5.3** indicates that the **Transport and Storage sub-sector in 2010** received €140.11 million, which is **58.82% of total allocations** to the Infrastructure sector. To date in 2011 the Transport and Storage sub-sector received €66.54 million or 47.57% of total allocations to the Sector.

The **Water Supply and Sanitation sub-sector in 2010** received €65.08 million, which is **27.32% of total allocations** to the Infrastructure sector. To date in 2011 the Water Supply and Sanitation sub-sector received €34.32 million or 24.53% of total allocations to the Sector.

The **Energy Generation and Supply sub-sector in 2010** received €26.85 million, which is **11.27% of total allocations** to the Infrastructure sector. To date in 2011 the Energy Generation and Supply sub-sector received €32.01 million or 22.88% of total allocations to the Sector.

Activities/projects classified as **No sub-sector in 2010** received €4.96 million, which is **2.08% of total allocations** to the Infrastructure sector. To date in 2011 these activities received €6.11 million or 4.37% of total allocations to the Sector.

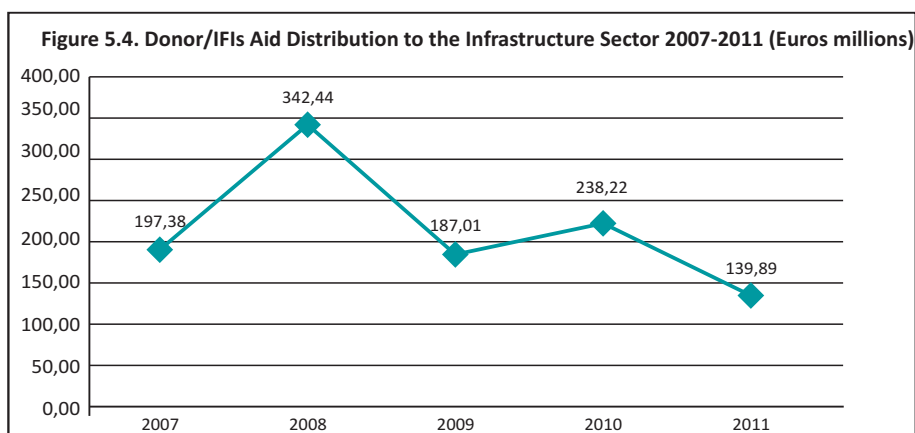
The **Communication sub-sector in 2010** received €1.21 million, which is **0.51% of total allocations** to the Infrastructure sector. To date in 2011 the Communication sub-sector received €0.91 million or 0.65% of total allocations to the Sector.



**Figure 5.4** indicates that **total allocations by DCF members to the Infrastructure sector were €238.22 million in 2010** (out of which €18.35 million is in the form of grants and €219.87 million is in the form of loans) **and in 2011 to date €139.89 million** (out of which €28.86 million is in the form of grants and €111.03 million is in the form of loans). **However, additional funds could be allocated to the Sector by the end of 2011.**

Figure 5.4 also indicates an increase of donor contributions in 2010 of €40.84 million compared to 2007 and €51.21 million compared to 2009 and a significant decrease of €104.22 million compared to 2008.

The Sector received 35% of total ODA allocations in 2010 and to date 40% of total ODA in 2011.





## 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 2010 the **Transport and Storage** sub-sector received €140.11 million, which is **58.82% of total allocations** to the Infrastructure sector, while to date in 2011 the Sub-sector received €66.54 million or 47.57% of total allocations to the Sector.

### Road Network

DCF members active in funding the road network in 2010-2011 are EIB, EBRD, the World Bank and the EC.

**EIB** continued the rehabilitation of road network in the Federation of Bosnia and Herzegovina and the Republika Srpska. In 2010 EIB provided a loan for construction of a fourlane motorway section between Banja Luka and Gradiška including a bridge over the Sava river.

The **World Bank** provided a loan for the rehabilitation of about 240 kilometres of regional roads in FBiH and RS, as well as improvement of the road infrastructure and safety. The goal of the project is to accelerate the recovery of the main road network and to improve institutional capacity in relation to road safety.

The **EC** supported the construction of the Mahovljani Interchange on the Banja Luka - Gradiška motorway, funded by IPA 2009, component I.<sup>79</sup> The EC assists institutional development and reform through enabling the BiH Ministry of Communications and Transport (MoCT) to fulfill its mandate under the future Instrument for Pre-accession Assistance Regulation and within the decentralised EC aid delivery environment.

**EBRD** also provided €21 million loan for the construction of the Mahovljani Interchange.

Major projects in the road network are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
National Roads, Banja Luka - Gradiška (Loan) - Construction of a fourway motorway section between Banja Luka and Gradiška including bridge over the Sava River	EIB	65
BiH Roads (Loan) - Rehabilitation of the road network RS; Sarajevo Bypass; Capljina Bridge Corridor VC	EIB	60
Road Rehabilitation in Federation BiH (Loan) - Rehabilitation of pavement of number of sections of the main and regional road network	EIB	50
Road Rehabilitation in Republika Srpska (Loan) - Rehabilitation of 55 sections of road with a total length of around 1105 km in RS	EIB	40
Mahovljani Interchange (Loan) - Construction of Mahovljani Interchange of Banja Luka-Gradiška motorway	EBRD	21 <sup>80</sup>
Road Infrastructure and Safety Project (Loan)	World Bank	17.66
Gasification of Central Bosnia Canton (Loan)	EBRD	17

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 2010-2011 are EIB, EBRD, the World Bank, the EC and the Czech Republic.

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

In 2010 **EBRD** provided the increased loan amount for funding track rehabilitation along a key section of Corridor Vc.

The **World Bank** provided a loan for *Road Infrastructure and Safety*. The Project's objective is to accelerate the recovery of the main road network and improve institutional capacity in relation to road safety.

In 2010 the **EC** launched the 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

<sup>79</sup> Total value of the Project is €45 million, IPA contributed gap funding of €5 million for one leg of the exchange. [http://ec.europa.eu/enlargement/pdf/bosnia\\_and\\_herzegovina/ipa2009/pf\\_2\\_transport\\_20090624\\_en.pdf](http://ec.europa.eu/enlargement/pdf/bosnia_and_herzegovina/ipa2009/pf_2_transport_20090624_en.pdf)

<sup>80</sup> Total value of the Project is €35 million. Total EBRD contribution is €21 million and the loan was signed in 2009.

systems on the section Jovaška–Kostajnica on the railway line Doboj-Banja Luka<sup>81</sup> and overhaul of railway section Čelebići-Raška Gora of the line Konjic-Mostar<sup>82</sup>.

**Czech Republic** supported general repair and modernisation 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 (Loan) -Priority investment on several railways sections in BiH along north-south and east-west routes	EIB	86
Regional Railway Project - Extension	EBRD	10
Improvement of Regional Transport Infrastructure Core Network in Bosnia and Herzegovina – Railways	EC	9
Provision of technical assistance to railway authorities in BiH in harmonising regulations for maintenance of railway infrastructure and rolling stocks with the EU Directives in BiH	EC	1
Provision of preliminary design, studies and spatial planning documentation for the regional railway link Čapljina -Trebinje -(Nikšić) in BiH	EC	0.51

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

### Water Transportation Network

**Spain/AECID** in 2010 completed the project, *Create a Water Management Sustainable Plan of Neretva River*. The Project's goal was strengthening the capacities of the Water Agency for the Adriatic Sea and Water Agency for Trebišnjica, as well as developing the framework to coordinate water law at the legislative and institutional level.

### Air Transportation

In 2010 **EBRD** provided a loan for the extension of the passenger terminal and for the expansion of the taxiway and apron at the Sarajevo International Airport. The investments are required to meet growing passenger traffic.

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

### 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 2010-2011 are the EC, USA/USAID and UNDP.

In 2010 the **Communication** sub-sector received €1.21 million, which is **0.51% of total allocations** to the Infrastructure sector, while to date in 2011 the Sub-sector received €0.91 million or 0.65% of total allocations to the Sector.

The **EC** is supporting the strengthening and improvement of existing communication capabilities and capacities of the BiH Directorate for the European Integration (DEI), particularly in the Promotion Department within DEI's European Integration Promotion Unit. The EC provided additional software and hardware tools for the Directorate for Implementation of Citizen Identification Protection System (CIPS) Project<sup>83</sup>. The EC also supports the Directorate to develop a new backup backbone network and provides technical assistance to the Communication Regulatory Agency (CRA).

**USA/USAID** funds the *Digital Cities* 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.

**UNDP** supported the Sub-sector through the project, *e-Governance and ICT Usage Report for South East Europe-2nd Edition*<sup>84</sup>, aimed at drawing the attention of governments at all levels as well as civil society to the significance of an integrated approach to information society and e-Governance development.

<sup>81</sup> Total value of the Project is €3.2 million, IPA contribution gap funding of €2.5 million for the safety system.

<sup>82</sup> Total value of the Project is €30 million, IPA contribution gap funding €6.5 million.

<sup>83</sup> The Directorate was established as a temporary body and it was planned that it would terminate its work upon implementation of the Project. However, in 2008 the CIPS Directorate was transformed into the Agency for Identification Documents, Registers and Data Exchange of BiH (IDDEEA).

<sup>84</sup> Although this Project contributes to the Infrastructure sector, in DCF database it is allocated to the Good Governance and Institutional Building sector.

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

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
EUA II	EC	1.25
Technical assistance to the Communication Regulatory Agency (CRA) in relations to telecommunications and telecommunications regulatory framework	EC	0.96
e-portal	EC	0.20
Public Key Infrastructure (PKI) implementation in Citizens Identification Protection System (CIPS) BiH	EC	0.17

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 2010-2011 are EIB, EBRD, the World Bank, Germany, the EC, Switzerland/SDC/SECO, the Czech Republic, USA/USAID, UNDP and Norway.

In 2010 the **Energy Generation and Supply** sub-sector received €26.85 million, which is **11.27% of total allocations** to the Infrastructure sector, while to date in 2011 the Sub-sector received €32.01 million or 22.88% of total allocations to the Sector.

In 2010 **EBRD** provided a loan for the construction of a natural gas pipeline in the Central Bosnia Canton.

Since 2006 the **World Bank** has supported the project *Energy Community of South East Europe (ECSEE) APL 3*. The Project should facilitate Bosnia and Herzegovina's participation in the ECSEE.

**USA/USAID** continued its efforts to help integrate the BiH energy sector into regional and EU markets and assisted in implementing action plans that will result in the eventual privatisation of the energy companies. USA/USAID activities build upon the progress made to date by USAID and other donors in achieving the physical restoration of the system and the initiation of sector reform. USA/USAID started implementation of a new energy project to assist Bosnia and Herzegovina to promote energy efficiency technologies by developing demonstration projects in buildings that are co-funded by public and private counterparts. This increases capacities of municipal, public sector counterparts and SMEs, as well as public awareness about the benefits of energy efficiency.

In 2010 **Germany** started the project, *Energy Efficiency-Consulting in Bosnia and Herzegovina (I Phase)*. The objective of the Project is to improve the countrywide basis for utilisation of energy efficiency and renewable energy potentials on a local level. Germany also launched the project, *Windpark Mesihovina* that envisages funding for the first large scale windpark in Bosnia and Herzegovina. This Project should contribute to a sustainable and ecological use of the renewable energy sources of the country. Germany continued its activities on rehabilitation of the Hydro Power Plant Rama and Trebinje. In 2011 Germany commenced the project, *Distributions Supervisory Control and Data Acquisition (SCADA) System*. The goal of the Project is to optimise energy flow at the distribution level and a stable electricity supply necessary both for private households as well as productive consumers. Germany also initiated the feasibility study for possible construction of the new hydro power plant Janjici. The project should contribute to the production of electrical energy from renewable sources.

In 2010 the **EC** initiated activities to educate energy stakeholders regarding Energy Efficiency/Renewable Energy. The aim of activities is to demonstrate the methods for improvement of energy efficiency in Bosnia and Herzegovina. In 2011 the EC started construction of a small hydro power plant Cijevna III in Dobo.

Since 2007 **EIB** has supported the project, *Rehabilitation of Hydropower Plants and Distribution Facilities*. The loan finances activities leading to more rational usage of energy.

Since 2010 EIB, EC and Germany/KfW have supported the *West Balkan Energy Efficiency Fund*. The Fund targets small scale investments in the energy efficiency and renewable energy sectors in the West Balkans and Turkey. The Fund is set up as a closed-ended investment company organised under the laws of the Grand Duchy of Luxembourg.

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

The **Czech Republic** is working on the construction of a boiler for biomass and on the introduction of a central heating system in the village of Nemila in the Zenica municipality.

**Norway** provides training on the Clean Development Mechanism (CDM)<sup>85</sup> and assists district heating companies in developing project idea notes for energy efficiency and renewable energy projects in the district heating sector of Bosnia and Herzegovina. Norway also supports the reconstruction of electric networks in areas where pre-war inhabitants had returned to their homes at least five years ago.

Through the project, *Electrification of the Areas of Accomplished Return*, **UNDP** contributes to local efforts in order to support the process of sustainable return in Bosnia and Herzegovina. The Project should contribute to the reconnection of at least 220 returnee households to the source of electrical supply.

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 (Loan)	EIB	103
Windpark Mesihovina	Germany	72
Hydropower Plant Cijevna 3 (Loan)	Germany	50
Energy Community of South East Europe (ECSEE) APL 3	World Bank	25.36
Distributions to SCADA System (Grant/Loan)	Germany	17
Hydro Power Plant (HPP) Rama (Grant/Loan)	Germany	17
Construction of small hydro power plant - Cijevna III	EC	5.5
Rehabilitation of Hydro Power Plant Trebinje Phase 2	Germany	5.11
Regulatory and Energy Assistance Project (REAP)	USA/USAID	3.75
West Balkan Energy Efficiency Fund (Loan)	EIB	3
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	EC	2.43
Energy Efficiency - Consulting in Bosnia and Herzegovina	Germany	2
Rehabilitation of Hydro Power Plant Jablanica Phase III bis	Switzerland/SDC/SECO	1.41

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

## Water Supply and Sanitation sub-sector

The Water Supply and Sanitation sub-sector refers to water resource policy and administrative management, water resource protection, large water supply and sanitation 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 2010-2011 are EIB, EBRD, Germany, the EC, Sweden/Sida, Switzerland/SDC/SECO and the Czech Republic.

In 2010 the **Water Supply and Sanitation** sub-sector received €65.08 million, which is **27.32% of total allocations** to the Infrastructure sector, while to date in 2011 the Sub-sector received €34.32 million or 24.53% of total allocations to the Sector.

In 2010 **EIB** and Ministry of Agriculture, Forestry and Water Management of Republika Srpska signed a loan agreement in the amount of €50 million for the construction and rehabilitation of water supply and sanitation infrastructure. The Project's purpose is to protect public health and the environment from water pollution while maintaining a balanced development of water supply and sanitation.

In 2010 **EBRD** provided a loan for the project, *Bijeljina Phase II-Wastewater Treatment Plant (WWTP)*. The loan is used in part to finance the WWTP and for further expansion of the wastewater network. The Project will enable compliance with the EU environmental standards for urban wastewater. EBRD also assists in the rehabilitation and reconstruction of priority components of water supply and the water waste collection network in the Sarajevo Canton.

<sup>85</sup> The Clean Development Mechanism (CDM) is an arrangement under the Kyoto Protocol allowing industrialised countries with a greenhouse gas (GHG) reduction commitment to participate in emission reducing projects.

**Germany** continued activities focused on a sustainable supply of drinking water for the population in selected areas of a number of municipalities in Bosnia and Herzegovina and the preservation of water resources along the Vrbas, Una and Sava rivers. Besides the programme, *Rehabilitation of Urban Water Supply and Sewerage Systems in BiH*, which includes four municipalities and where the focus is on the rehabilitation of the water supply system and distribution network, Germany is financing the first Waste Water Treatment Plant in accordance with EU standards in Bihać. This Project should contribute to the protection of the Una river, which is of importance for tourism and the economic development of that region. Within the project, *Water Supply and Sewage Project in Banja Luka*, Germany will both rehabilitate the existing network, which is more than 100 years old and construct a system of waste water collection along the river Vrbas to protect some drinking water sources which are polluted by waste water.

In 2011 the **EC** initiated a feasibility study for the selection of regional sanitary landfills in Bosnia and Herzegovina.

**Sweden/Sida** commenced the project, *Co-financing Waste Water Treatment in Mostar with the WB-GEF*, with the objective to begin the first steps of the construction of the Waste Water Treatment Plant (WWTP) in Mostar. This Project will also serve for improvement of the quality of the Neretva river water and the living conditions of Mostar's citizens.

**Switzerland/SECO** continued the *Prijedor Water Supply Project* with the aim of supporting return and integration in the Prijedor municipality through ensuring equitable water supply in all major settlements.

The **Czech Republic** supports the reduction of polluted water resources in Kiseljak by introducing modern methods of waste water treatment. In 2011 the Czech Republic started a new project for ensuring a better source for drinking water in Lukavac.

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

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Water and Sanitation in FBiH (Loan)	EIB	60
Water and Sanitation RS	EIB	50
Sarajevo Waste Water Management Project (Loan)	World Bank	24.62
Waste Water Treatment Bihac (grant)	Germany	17.50
Rehabilitation of Urban Water Supply and Sewerage Systems in Bosnia and Herzegovina (Grant/Loan)	Germany	14
Water Supply and Sewage Project in Banja Luka (Grant/Loan)	Germany	14
Prijedor Water Supply Project	Switzerland/SDC/SECO	8.2
Bijeljina Phase II - Wastewater Treatment Plant (Loan)	EBRD	5
Co-financing waste water treatment in Mostar with the WB - GEF	Sweden/Sida	2.50

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 2010** received €4.96 million, which is **2.08% of total allocations** to the Infrastructure sector. To date in 2011 these activities received €6.11 million or 4.37% of total allocations to the Sector.

The **EC** supports the development of the distributed metrology system according to the existing model in EU member states. In 2010 the EC launched the project, *Spatial Information Services for BiH Phase I Establishing of Network of Referent GPS Stations*. The Project's purpose is to set up a permanent reference system offering global positioning services in all of Bosnia and Herzegovina. In 2011 EC initiated activities for developing orthophoto maps of the entire territory of Bosnia and Herzegovina in mid and high resolution.

**Switzerland** is financing the construction of 15 apartments for Roma families in Mostar.

**Sweden/Sida** is financing the *Municipal Solid Waste Programme*. The goal of the Project is to improve the quality and availability of solid waste services in selected municipalities and thereby contribute to integrated solid waste management in the country. Sweden/Sida also supported the project, *Roma Action Plan on Housing*. The purpose of the Project is to improve the living conditions of minority Roma families and to test the possibilities of implementation of a housing action plan.

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 will support construction of 6 to 8 new regional sanitary landfills by the end of 2014.

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 (Loan)	World Bank	28.14
Solid Waste Management Project (Loan)	World Bank	18.98
Municipal Solid Waste Programme	Sweden/Sida	10
Development of Infrastructure of Metrology System in BiH	EC	1.34
Roma Action Plan on Housing	Sweden/Sida	1.32
Spatial Information Services for BiH - Phase II - Digital Orthophoto Maps	EC	1.28

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

## Legal framework and sector strategies adopted in 2010-2011

### Transport

**In May 2010** the BiH Parliamentary Assembly adopted the *Law on Working Hours, Mandatory Rest Periods for Mobile Workers and Recording Equipment in Road Transport in Bosnia and Herzegovina*.

**In May 2010** the BiH Parliamentary Assembly also adopted the *Law on Change and Amendment to the Law on Roads Traffic Safety Basis in Bosnia and Herzegovina*<sup>66</sup>. These amendments represent improvements in the harmonisation of the BiH legislative framework with EU standards, auditing system and assessment of road safety.

The state-level *BiH Transport Strategy with Action Plan*, developed in 2007 by the BiH Ministry of Communications and Transport (MoCT), is still waiting for approval until after the *Draft Transport Policy of BiH 2008-2020*, also prepared by the BiH MoCT in 2007, is adopted.

### 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 2011** Republika Srpska adopted the *Regulation on Production and Consumption of Energy from Renewable Sources and Cogeneration*. The Regulation establishes the objectives and measures for stimulating power generation from renewable sources and cogeneration plants, the manner of providing and using funds for stimulating power generation from renewable sources and cogeneration plants, the indicative and framework objectives regarding the share of renewable energy in the gross final power consumption in the Republika Srpska, as well as the categorisation and classification of renewable power plants and cogeneration plants.

**In June 2010** the Federation of Bosnia and Herzegovina adopted the *Regulation on Use of Renewable Sources of Energy and Cogeneration*. The aim of the Regulation is to increase production and consumption of electricity from renewable sources. **In March 2011** the Federation of Bosnia and Herzegovina also adopted *Amendments to the Regulation on Use of Renewable Sources of Energy and Cogeneration*. The Amendments aim to eliminate deficiencies and create preconditions for the practical application of the *Regulation on Use of Renewable Sources of Energy and Cogeneration* in the Federation of Bosnia and Herzegovina.

The *Strategy for the Development of the Energy Sector by 2030, Action Plan* and the *Development Plan for the Energy Sector in Republika Srpska by 2030* are in the process of adoption. In the absence of a strategy in the energy sector, the *FBiH Strategic Plan and Programme of Development of the Energy Sector by 2022*<sup>67</sup> is used for reform processes in the Federation of Bosnia and Herzegovina.

<sup>66</sup> The Law on Road Traffic Safety Basis was adopted by the BiH Parliamentary Assembly in December 2005.

<sup>67</sup> Adopted by the Federation of BiH in April 2008.



## Water

Environmental protection requirements are an integral part of the *National Environmental Action Plan 2003 (NEAP)*<sup>88</sup>, which provides a comprehensive analysis of environmental conditions and is used as the basic framework for protection of the environment.

The *Water Management Strategy of the Federation of BiH 2010-2022* is in the process of adoption.

## Donor coordination

Non-formal and ad-hoc coordination in the Infrastructure sector exists among donor agencies and financial institutions with the occasional participation of the BiH Ministry of Communication and Transport (MoCT).

Progress in coordination of the activities in the Transport and Storage sub-sector in 2010-2011 has been achieved. Regular bilateral meetings are held among the BiH MoCT and donors active in this sector. Other international bodies such as the Sava River Commission<sup>89</sup> and SEETO also coordinate activities in the Transport sub-sector.

Coordination between domestic stakeholders and donors in the Energy Generation and Supply sub-sector has been facilitated by periodic meetings organised by the BiH Ministry of Foreign Trade and Economic Relations/Department for Natural Resources, Energy and Environmental Protection. The Department is responsible for the coordination and implementation of the Energy Community Treaty<sup>90</sup> obligations.

In the absence of formal coordination mechanisms in the Water Supply and Sanitation sub-sector, the EC has the leading role in non-formal coordination that exists among donor agencies. The coordination between relevant stakeholders in the Communication sub-sector is also informal.

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. DCF meetings are held quarterly with a rotating chairmanship among the member agencies, in order to improve information flow and mutual coordination. DCF meetings also contribute to the multi-sectoral collaboration within all sectors in Bosnia and Herzegovina.

## Future activities

Further strengthening and development of the Infrastructure sector is one of the major preconditions for growth, development and EU convergence in Bosnia and Herzegovina.

Reforms in the area of transport are at an early stage in Bosnia and Herzegovina. Transport infrastructure strategies remain to be prepared and the legal framework must be completed. Demining and rehabilitating the River Sava waterway remain a priority. In the area of air transport, further efforts are needed to transpose and implement the Single European Sky Regulations, in particular with regard to a national supervisory authority.

Concerning the reforms in the field of energy, further efforts are needed for the country to meet requirements under the Energy Community Treaty. The development of a comprehensive energy strategy, including promotion of energy efficiency and renewable energy sources, remains essential. Further efforts are also needed on oil stocks<sup>91</sup>.

In term of grants, IPA funds are the main channel for the EU's financial and technical cooperation that Bosnia and Herzegovina will use for developing the Infrastructure sector.

Germany/KfW has been consistently providing funds for Energy Generation and Supply, as well as for the Water Supply and Sanitation sub-sector and intends to provide further funding for these areas over the medium term.

In 2012 Switzerland will, in addition to the current water supply activities in Republika Srpska and in cooperation with KfW, develop and implement a new water supply and waste water project in the Federation of Bosnia and Herzegovina.

USA/USAID will support BiH's efforts to fully integrate its energy sector into regional and EU markets by developing a harmonised regulatory framework that is consistent with the requirements of EU markets including the EU Energy

<sup>88</sup> [http://www.esiweb.org/pdf/bridges/bosnia/BiH\\_Nat\\_Environment\\_Plan\\_2003.pdf](http://www.esiweb.org/pdf/bridges/bosnia/BiH_Nat_Environment_Plan_2003.pdf)

<sup>89</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/>

<sup>90</sup> A Treaty establishing the Energy Community between the EU and South Eastern Europe was signed in October 2005 in Athens. Albania, Bulgaria, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Romania, Serbia and Montenegro and the Special Representative of the Secretary General on behalf of the United Nations Interim Mission in Kosovo have therefore take a step towards full integration of their energy markets into the EU energy market.

<sup>91</sup> According to the *Bosnia and Herzegovina 2010 Progress Report*, European Commission, Brussels, November 2010. <http://www.delbih.ec.europa.eu/files/docs/2010progress2.pdf>

Community Treaty for South East Europe. USAID will also continue to help Bosnia and Herzegovina to restructure and commercialise its energy companies via implementation of high priority energy reforms.

EBRD will remain committed to infrastructure projects in various sub-sectors such as Transport, Energy and Water Supply. The focus will be on the following operational priorities<sup>92</sup>:

- In the transport area, the EBRD will provide support both for construction of new and rehabilitation of existing infrastructure. It will facilitate a more commercial approach with greater involvement of the private sector.
- In the municipal and environmental infrastructure area, focus will be both on sector reforms with local authorities and on institutional strengthening at the level of operating companies.
- In the energy area, the EBRD will support the rehabilitation or replacement of existing thermal capacity to increase their efficiency and reliability and comply with EU emission standards, further development of the transmission and distribution networks, as well as increase commercialisation of the energy sector to promote better functioning of the markets.
- In energy efficiency, the EBRD will provide commercial loans to public utilities to finance energy efficiency measures and investments and will use existing facilities to deliver small energy efficiency and renewable projects.

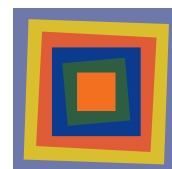
Future activities of the Czech Republic planned for 2012-2014 in the Infrastructure sector will focus on water supply and sanitation. Czech Republic plans to start two new projects for improvement of waste management and water supply by the end of 2011.

According to the stakeholders, future activities in this sector should focus on the further development of the entire sector as well as on the continuation of the reform process. Continuation of construction of the new transport infrastructure as well as the upgrading of the existing infrastructure remains a priority. Reconstruction and rehabilitation of the water supply, waste water infrastructure and solid waste management would also require additional donor/financial institution support.

<sup>92</sup> Document of the European Bank for Reconstruction and Development, *Strategy for Bosnia and Herzegovina 2010-2013*, September, 2010.  
<http://www.ebrd.com/downloads/country/strategy/bosnia.pdf>



# ECONOMIC DEVELOPMENT AND SOCIAL PROTECTION SECTOR



6

<b>DCF members active in the sector in 2010-2011</b>	EIB, EBRD, World Bank, EC, USA/USAID, UNDP, Sweden/Sida, Germany, Switzerland/SDC/SECO, Italy/IC, Norway, the Netherlands, UNICEF, Austria/ADC, Spain/AECID.
<b>Other key international organisations (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 Health and Social Welfare; 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 2010 and 2011 by DCF members</b>	2010: €305.30 million - €25.12 million in grants and €280.18 million in loans 2011: €114.40 million - €21.89 million in grants and €92.51 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>Law on Change and Amendments to the Law on the Policy of Foreign Direct Investment in Bosnia and Herzegovina; Law on Change and Amendments to the Customs Policy Law of Bosnia and Herzegovina; Law on Change and Amendments to the Law on Customs Tariff of Bosnia and Herzegovina; FBiH Mining Law; Law on Change and Amendments to the Mining Law in FBiH; FBiH Law on Internal Trade; Law on Census of Population, Households and Dwellings in 2011 in RS; Law on Amendments to the Law on Census of Population, Households and Dwellings in 2011 in RS; RS Law on Tourism; Law on Change and Amendments to the Law on Trade in RS; Law on Change and Amendments to the Law on Foreign Investment in RS; Strategy for Employment in Bosnia and Herzegovina 2010-2014; Market Surveillance Strategy for non-Food Consumer Products in Bosnia and Herzegovina 2011-2015; RS Economic Policy for the Year 2011; Development Strategy of FBiH 2010-2020; RS Tourism Development Strategy 2011-2020; RS Trade Development Strategy 2010-2015; Strategy for the Reform of the Pension System in the RS; Strategy for Employment in the RS 2011-2015; Social Action Plan for Bosnia and Herzegovina; Action Plan for Children of Bosnia and Herzegovina for the Period 2011-2014; Economic and Fiscal Programme 2011-2013; Amendments to the RS Development Programme 2010-2012; the strategic document Industrial Policy Development in FBiH.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>93</sup></b></p> <p><i>Law on Prohibition of Discrimination in BiH; Small and Medium-Sized Enterprise Development Strategy in BiH 2009-2011; The BiH Strategy for Public Internal Financial Control (PIFC); Strategy for Employment in the FBiH 2009-2013; Strategy for Export Promotion 2009-2012 in Republika Srpska; Sectoral Strategy for Industrial Development of the RS 2009-2013; Development Strategy of the Brčko District 2008-2012; RS Development Programme 2007-2010.</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>93</sup> For more information on the Strategies: [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 Economic Development and Social Protection sector consists of the following sub-sectors: Macroeconomic Policy Support, Support to Small and Medium-Sized Enterprises (SMEs) and Improvement of the Business Climate, Direct Capital Support- Financial sub-sector and Social Protection.

After the 2007/2008 global financial crisis, in 2010 BiH's economy recorded a gradual recovery. The recovery was mainly a consequence of increased foreign demand, primarily due to the recovery in the euro area, so the domestic economy could increase its exports to these markets<sup>94</sup>. In the first quarter of 2011 Bosnia and Herzegovina also recorded an increase in economic activities. Industrial production increased by 10.5% and exports increased by 28% compared to the same period in 2010<sup>95</sup>.

**Macroeconomic Policy Support** - According to the *BiH Central Bank Annual Report 2010*<sup>96</sup>, after the initial drop in GDP of 3.2% in 2009, BiH's economy showed a slight growth of 0.9% in 2010, while unemployment increased by 3%. In addition, the total value of Foreign Direct Investment (FDIs) considerably decreased from KM 358.9 million in 2009 to KM 93.7 million in 2010. The main characteristic of the banking sector in Bosnia and Herzegovina in 2010 was a decrease in the profitability of commercial banks. However, these losses were concentrated in a small number of banks while 23 banks recorded profit.

In 2010 Bosnia and Herzegovina recorded an increase in exports of 10.2%, as well as increase in imports of 28.3% compared to 2009. In 2010 total tax revenue in Bosnia and Herzegovina increased for 5.8%, where indirect revenues increased by 6.6% and direct tax revenue also increased by 1.4% compared to 2009. Public external debt at the end of 2010 as compared to 2009 increased for more than a KM billion or 21%. The Government finances recorded budget deficit of KM 753 million or 2.6% of the GDP in 2010. Therefore, Bosnia and Herzegovina must reduce public spending and continue the reform process<sup>97</sup>.

**Support to Small and Medium-Sized Enterprises and Improvement of the Business Climate** - In 2009 the BiH Council of Ministers (CoM) adopted a state-level *Small and Medium-Sized Enterprise Development Strategy 2009-2011*.

The Strategy envisions the establishment of the Council for Entrepreneurship as well as formation of a state-level SME agency and SME fund. However, the implementation of the Strategy is slowed because the proposed *Law on the Promotion of SMEs and Entrepreneurship in Bosnia and Herzegovina* is pending adoption.

**The Sector received 45% of total ODA allocations in 2010 and to date 33% of total ODA in 2011.**

The EC has finalized the *Multi-annual Indicative Planning Document (MIPD) 2011-2013* for Bosnia and Herzegovina. The new MIPD foresees support for 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<sup>98</sup>.

**Direct Capital Support-Financial sub-sector** - Progress was made in the area of financial control in Bosnia and Herzegovina. In 2009 the BiH CoM adopted the *BiH Strategy for Public Internal Financial Control (PIFC)*. The Central Harmonisation Unit within the BiH Ministry of Finance and Treasury (MoFT) is responsible for the introduction of the PIFC concept in BiH institutions. In May 2011 the BiH MoFT organised the Conference on Public Internal Financial Control<sup>99</sup>. The aim of the Conference is to raise the awareness of senior managers concerning internal public financial control, especially in view of adopted legislation and importance of public internal financial control for the EU integration process of Bosnia and Herzegovina.

In 2010 and 2011, the **Social Protection sub-sector** witnessed major progress through the adoption of several strategic documents. *The Strategy for Employment in Bosnia and Herzegovina 2010-2014* should improve employment opportunities for all in accordance with the *Employment Policy Convention* ratified by Bosnia and Herzegovina. Another strategic document adopted in 2010 is the *Social Action Plan for Bosnia and Herzegovina*. The objectives of *Social Action Plan for Bosnia and Herzegovina* are to identify activities, measures and recommendations for the protection of socially vulnerable groups - buyers of energy, social care surplus of employees and improving working conditions and safety at work in the energy sector, as well as improvement of social partnerships.

The Economic Development and Social Protection sector is of critical importance for the country's progress in economic, political and social areas. Thus, there is a strong need for the existing development strategies to be synchronised, harmonised and coordinated at all levels.

<sup>94</sup> The BiH Central Bank Annual Report 2010, [http://www.cbbh.ba/files/godisnji\\_izvjestaji/2010/GI\\_2010\\_en.pdf](http://www.cbbh.ba/files/godisnji_izvjestaji/2010/GI_2010_en.pdf)

<sup>95</sup> Information on macroeconomic indicators for the period January-March 2011, Directorate for Economic Planning, May 2011. In local language at: [http://www.dep.gov.ba/dokumenti\\_politika/mjesecne\\_informacije/2011/?id=1332](http://www.dep.gov.ba/dokumenti_politika/mjesecne_informacije/2011/?id=1332)

<sup>96</sup> The BiH Central Bank Annual Report 2010, [http://www.cbbh.ba/files/godisnji\\_izvjestaji/2010/GI\\_2010\\_en.pdf](http://www.cbbh.ba/files/godisnji_izvjestaji/2010/GI_2010_en.pdf)

<sup>97</sup> Bosnia and Herzegovina Economic Trends, Annual Report 2010, BiH Directorate for Economic Planning. In local language at: [http://www.dep.gov.ba/dep\\_publikacije/ekonomski\\_trendovi/?id=1322](http://www.dep.gov.ba/dep_publikacije/ekonomski_trendovi/?id=1322)

<sup>98</sup> Multi-annual Indicative Planning Document (MIPD) 2011-2013, Bosnia and Herzegovina, European Commission, [http://ec.europa.eu/enlargement/pdf/mipd\\_bih\\_2011\\_2013\\_en.pdf](http://ec.europa.eu/enlargement/pdf/mipd_bih_2011_2013_en.pdf)

<sup>99</sup> The Conference on Internal Financial Control was organised by the BiH Ministry of Finance and Treasury and supported by the technical assistance project, *Support to Introduction of Internal Public Financial Control*, sponsored by the European Union.

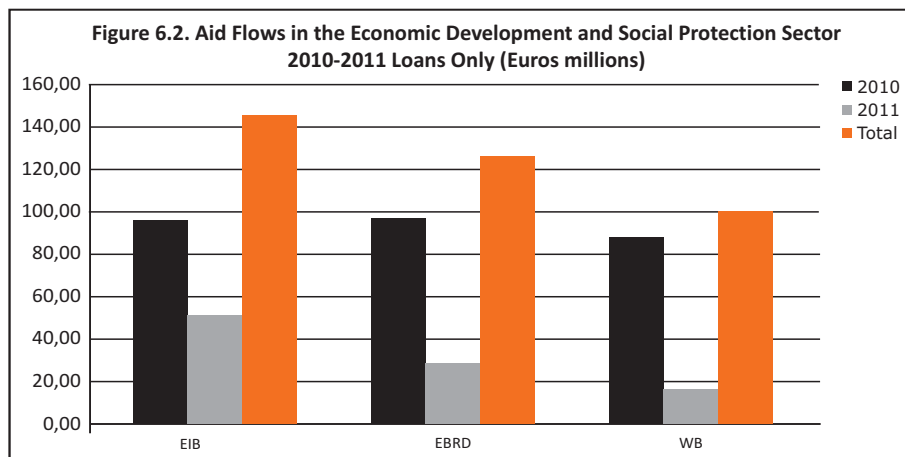
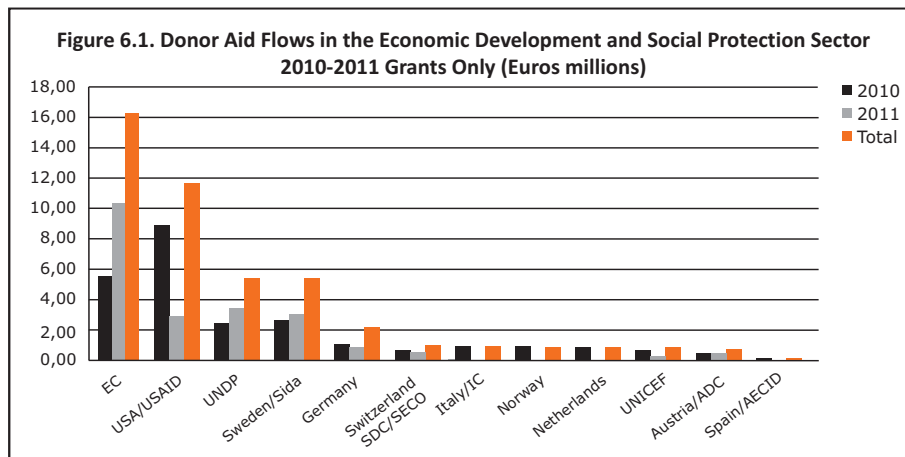
### Donor activities in 2010 and 2011

DCF members active in the Economic Development and Social Protection sector in 2010-2011 are EIB, EBRD, the World Bank, the EC, USA/USAID, UNDP, Sweden/Sida, Germany, Switzerland/SDC/SECO, Italy/IC, Norway, the Netherlands, UNICEF, Austria/ADC and Spain/AECID.

**Figure 6.1** and **Figure 6.2** indicate that the leading donors/IFIs in the Economic Development and Social Protection sector in 2010 are EBRD with a contribution of €97.10 million, EIB with a contribution of €96 million and the World Bank with a contribution of €87.08 million followed by USA/USAID, the EC, Sweden/Sida, UNDP, Germany, Italy/IC, Norway, the Netherlands, UNICEF, Switzerland/SDC/SECO, Austria/ADC and Spain/AECID.

In 2011 the leading donors/IFIs in the Economic Development and Social Protection sector are EIB with a contribution of €51 million and EBRD with a contribution of €28.40 million followed by the World Bank, the EC, UNDP, Sweden/Sida, USA/USAID, Germany, Switzerland/SDC/SECO, Austria/ADC, UNICEF and the Netherlands.

**EIB, EBRD and the World Bank provided funds in the form of loans.**



**Figure 6.3** indicates that the **Support to SMEs and Improvement of Business Climate sub-sector in 2010** received €130.44 million, which is **42.72% of total allocations** to the Economic Development and Social Protection sector. To date in 2011 the Support to SMEs and Improvement of Business Climate sub-sector received €61.71 million or 53.94% of total allocations to the Sector.

The **Macroeconomic Policy Support sub-sector in 2010** received €150 million, which is **49.13% of total allocations** to the Economic Development and Social Protection sector. To date in 2011 the Macroeconomic Policy Support sub-sector received €8.67 million or 7.58% of total allocations to the Sector.



Activities/projects classified as **No sub-sector in 2010** received €16.66 million, which is **5.46% of total allocations** to the Economic Development and Social Protection sector. To date in 2011 these activities received €36.26 million or 31.69% of total allocations to the Sector.

The **Direct Capital Support-Financial sub-sector in 2010** received €7.42 million, which is **2.43% of total allocations** to the Economic Development and Social Protection sector. To date in 2011 the Direct Capital Support-Financial sub-sector received €7.52 million or 6.57% of total allocations to the Sector.

The **Social Protection sub-sector in 2010** received €0.78 million, which is **0.26% of total allocations** to the Economic Development and Social Protection sector. To date in 2011 the Social Protection sub-sector received €0.25 million or 0.22% of total allocations to the Sector.

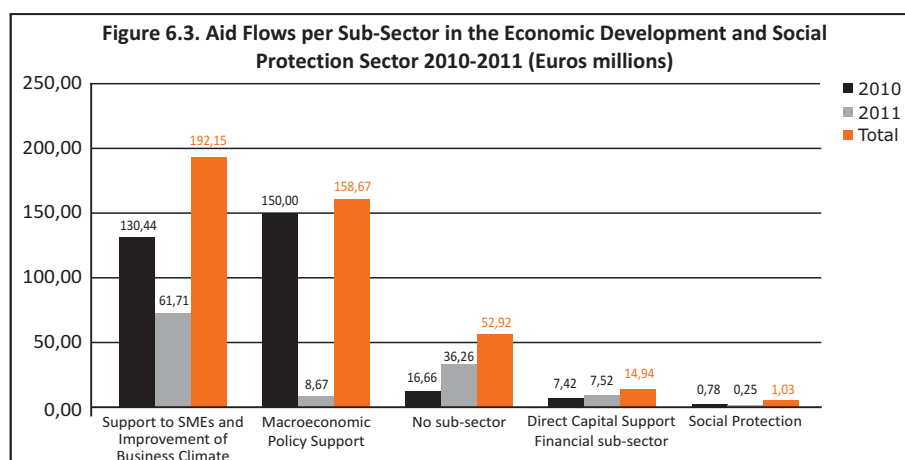
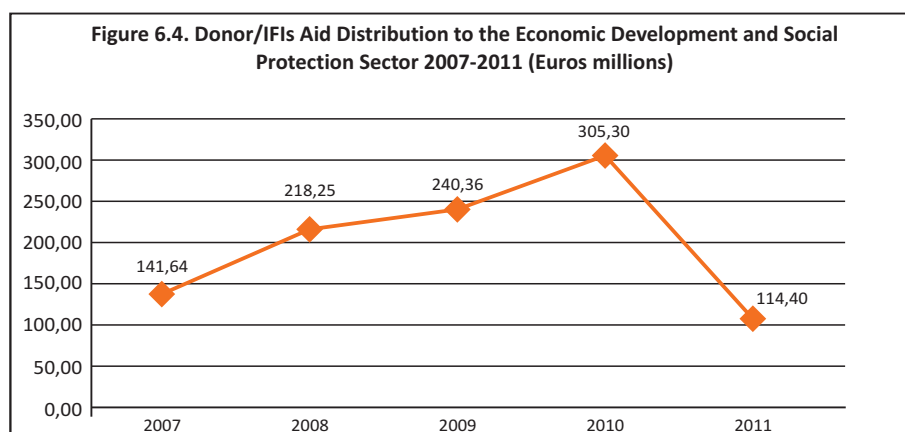


Figure 6.4 indicates that total allocations by DCF members to the Economic Development and Social Protection sector were €305.30 million in 2010 (out of which €25.12 million is in the form of grants and €280.18 million is in the form of loans) and in 2011 to date €114.40 million (out of which €21.89 million is in the form of grants and €92.51 million is in the form of loans). However, additional funds could be allocated to the Sector by the end of 2011.

Figure 6.4 also shows a constant increase of total allocations to the Economic Development and Social Protection sector from 2007 to 2010. Namely, there was a significant increase in ODA in 2010 of €163.66 million as compared to 2007, while there was an increase of total allocations in 2010 of €87.05 million as compared to 2008. An increase of €64.94 million as compared to 2009 can be noted as well.

The Sector received 45% of total ODA allocations in 2010 and to date 33% of total ODA in 2011.



## 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 programme assistance also fall within this category.

**In 2010 the Macroeconomic Policy Support** sub-sector received €150 million, which is **49.13% of total allocations** to the Economic Development and Social Protection sector, while to date in 2011 the Sub-sector received €8.67 million or 7.58% of total allocations to the Sector.

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

**UNDP's** project, *The Growing Inclusive Markets* primarily focuses on supporting Private Sector Development (PSD). The Project provides 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 is to facilitate an increase of private sector engagement in poverty reduction and sustainable development in Bosnia and Herzegovina.

With a €50 million stand-by credit line the **EBRD** supported the BiH Deposit Insurance Agency (DIA). The purpose of the credit line is to increase confidence in the country's financial sector by enabling the Agency to increase deposit insurance coverage to 50,000 KM. This Project is similar to projects in neighbouring countries, which have increased their deposit insurance coverage. The EBRD also insured a €5 million loan to UniCredit Bank for on-lending for sustainable energy projects.

The **EC** also provided €1 million to further strengthen the capital base of the BiH DIA in order to have appropriate liquidity to act quickly and pay out insured deposits. In 2011 the EC initiated the project, *Cross-border Co-operation Croatia and BiH 2008*. The overall goal of the Project is to encourage the creation of cross-border networks and partnerships as well as to develop joint cross-border actions. The Project is primarily focused on revitalizing the economy, protecting nature and the environment as well as increasing social cohesion of the programming area.

**Germany** continued the projects, *Open Regional Fund (ORF) Foreign Trade and Local and Regional Economy Support – I and II phase*. The *Open Regional Fund (ORF) Foreign Trade* project provides 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 primarily focus on the clothing industry with an emphasis on fashion design, the car industry, the IT sector, tourism, agriculture and regional consultancy market development.

**USA/USAID** provides targeted, demand-driven assistance with a particular focus on the financial services sector, financial administration of public resources and improving the enabling environment for private sector growth. USA/USAID will continue working on the promotion of an accountable, transparent, modern tax regime that simplifies compliance with tax laws and regulations. USA/USAID works on stimulating private sector development and economic growth by improving and strengthening intellectual property rights protection aligned with EU standards.

The **World Bank's** project, *Public Expenditure Development Policy Operation*, aims to increase social assistance to the poor, to improve the structure and efficiency of public expenditures as well as to reduce social contribution rates and pressures on private sector wages from faster wage growth in the public sector. Another World Bank project, the *Social Safety Net and Employment Support*, is a part of an overall reform effort to improve targeting of social benefits in Bosnia and Herzegovina. The Project provides 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 finances a range of active labour market programmes for the vulnerable categories among active job seekers.

**Switzerland/SECO** continued to provide training and tailored advisory services on corporate governance issues in order to improve corporate governance practice in Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia.

In 2011 **Austria/ADC** started two new projects. Through the project, *Establishment of Implementation Arrangements and Monitoring and Evaluation Mechanism for CDS and SIS*, Austria/ADC supports the BiH Directorate for Economic Planning (DEP) in order to facilitate continuation of the strategic planning process in Bosnia and Herzegovina. Austria/ADC also supports the BiH Ministry for Finance and Treasury (MoFT) to restructure and modernise the 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)*. Further development of the Public Investment Programme, supported by the Austria/ADC, will enable the harmonisation of the investment planning process with the strategic planning process at the state, entity and cantonal levels.



In 2011 **Norway** completed the project, *Young Entrepreneurship Herzegovina*. The Project combined entrepreneurial training with vocational training activities while emphasising the role of youth as the main engine for the future development in the Herzegovina region.

In 2010 **Spain** completed a project that provided assistance to the unemployed and to people who needed reorientation to enter labour market.

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

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Public Expenditure Development Policy Operation (Loan)	World Bank	78.09
BiH Deposit Insurance Agency (Loan)	EBRD	50
Fostering Interventions for Rapid Market Advancements (FIRMA)	Sweden/Sida, USA/USAID	12.04
Social Safety Net and Employment Support Project (Loan)	World Bank	10.55
Enabling Labour Mobility Project (ELMO)	USA/USAID	8.72
Tax Reform Activity (TARA)	USA/USAID	7.39
Partnership for Advancing Reform in the Economy (PARE)	USA/USAID	5.13
EU/EBRD WebSECLF- Unicredit Bank (Loan)	EBRD	5.00

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 2010 the support to SMEs and Improvement of Business Climate sub-sector received €130.44 million, which is **42.72% of total allocations** to the Economic Development and Social Protection sector, while to date in 2011 the Sub-sector received €61.71 million or 53.94% 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 EIB, EBRD, the World Bank, the EC, USA/USAID, Sweden/Sida, Germany, Switzerland/SDC/SECO, Italy/IC, Norway, the Netherlands and Austria/ADC.

In 2010 **Germany** initiated two projects, *Poverty Reduction Through Support to Small and Business Development in BiH* and *Poverty Reduction II*. The purpose of the Projects is to create sustainable self-employment, reduce poverty and to contribute to sustainable development in the target region.

In 2010 the **EC** initiated four new projects in the Support to SMEs and Improvement of the Business Climate sub-sector. Through these projects the EC provides support for development of SMEs and tourism, development of SME policy and institutional capacity, as well as capacity building to promote and develop the export base in Bosnia and Herzegovina.

**Sweden/Sida** started the project, *REDAH-Competitive Regional Economic Development (CREDO) Herzegovina*. The objective of the Project is to create, formalise and sustain jobs as well as to improve the economic status of the Herzegovina region. Furthermore, Sweden/Sida continued to implement the project, *NERDA Regional Economic Development CREDO*. The Project provides support for regional economic development in 35 municipalities in North-East Bosnia (Tuzla). The Project includes the identification of growth opportunities and priority sectors, as well as interventions to remove constraints for companies and to improve municipal infrastructure for economic development.

**USA/USAID** and Sweden/Sida continued implementation of the project, *Fostering Interventions for Rapid Market Advancement (FIRMA)*. USA/USAID continued to support interventions that increase the competitiveness of SMEs in targeted industries, as well as their productivity, employment and profitability. With an eye towards broad-based, sustainable economic growth through improved efficiency, marketing and sales, USA/USAID assistance continued its focus on the following sectors: wood processing, tourism, and light manufacturing industries. Strengthening the SME sector will help Bosnia and Herzegovina meet criteria for EU integration, namely the ability to “cope with competitive pressure and market forces within the Union”. USA/USAID also supports the use of ICT applications to improve efficiency and productivity in SMEs in the wood processing, agricultural production/processing, apparel/textile/leather industry, logistic/supply chain management, tourism and light manufacturing sectors. The project is jointly funded by the Government of Norway and US Government.



**EIB** provided a loan for 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 a credit line for the financing of limited-scale projects of small and medium-sized enterprises and infrastructure projects of local authorities.

**Switzerland/SECO** started in 2010 and continued in 2011 the *Microfinance Regulation and Risk Management Project*. The Project supports the growth of the microfinance institutions in Bosnia and Herzegovina while driving down the level of non-performing loans. Furthermore, Switzerland/SDC/SECO continued *SIPPO Medicinal and Aromatic Plants Pilot Project BiH* and *SIPPO Wood Pilot Project BiH*. The Projects support the integration of BiH companies in the Medicinal and Aromatic Plants and furniture production sector into European markets. It also promotes Medicinal and Aromatic Plants and furniture exports and development of the BiH image at specialised trade fairs.

**Austria/ADC** supports the industrial recovery in the Travnik area by training firms and employees from the metal industry and providing the framework for a sustainable skills policy. Furthermore, through the project, *Cultivation and Processing of Organically Grown Pomegranates*, Austria/ADC provides necessary know-how about the fruit and its use, as well as optimising its cultivation.

**Italy/IC** supports the project, *Breza-Cooperation and Development-Support to Local Initiatives for Reconstruction and Development*. The purpose of the Project is to increase the chances for young people, invalids and women to get a job through micro-credit and youth info-point (Work Orientation Centre) as well as supporting the strengthening and creation of agro-business SMEs. Moreover, the Project intends to improve the educational and sanitary system by strengthening the water stabilisation control, promoting waste recycling and creating a scientific-didactical city park.

The **World Bank** provided a loan for the project, *Enhancing SME Access to Finance*. The essence of the Project is to improve access to finance for SMEs in Bosnia and Herzegovina. The Project will support the country's banking system to respond to the needs of SMEs as important generators of economic growth and employment. Therefore, the key factor for the success of the Project will be the ability of the commercial banks to provide financing to SMEs under affordable terms.

**The Netherlands** and UNDP continued the implementation of the project, *Value Chains for Employment*. The goal of the Project is to improve the livelihoods of the people of Bosnia and Herzegovina, specifically in the wider Sarajevo region, by producing new value, generating employment and incomes as well as sustaining those currently in place. The Netherlands also works on creating and enabling an environment for private sector development in the Western Balkans.

In 2010 the **EBRD** provided a €20 million credit line to Intesa Sanpaolo Banka d.d. BiH in order to boost the availability to the real economy in Bosnia and Herzegovina. Furthermore, the EBRD provided a €10 million credit line to support SMEs in Bosnia and Herzegovina.

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)
HAA GROUP BOSNIA GL (Loan)	EIB	75
Development Bank Republika Srpska Credit Line	EIB	50
INTESA Loan for SMEs and Priority Projects (Loan)	EIB	50
Enhancing SME Access to Finance (Loan)	World Bank	49.25
Unicredit bank and Unicredit leasing (Loan)	EBRD	45 <sup>100</sup>
RZB Loan for SMEs and Priority Projects (Loan)	EIB	40
UPI BANKA GL (Loan)	EIB	25
Intesa San Paolo SME Credit Line	EBRD	20
VOLKSBANK BH DD GLOBAL LOAN	EIB	20
Fostering Interventions for Rapid Market Advancement (FIRMA)	Sweden/Sida, USA/USAID	12.04
WBCFF - Unicredit Leasing	EBRD	10
Microfinance LOK Loan for SMEs	EIB	10
EU support to regional economic development in BiH - Call VI	EC	3.82
NARDA regional economic development (CREDO)	Sweden/Sida	3.00
REDAH-Competitive Regional Economic Development (CREDO) Herzegovina	Sweden/Sida	2.00
Support to the small and medium sized enterprises (SMEs) sector in BiH	EC	2.00
Technical assistance to support the tourism industry in Bosnia and Herzegovina	EC	1.90
Value Chains for Employment	The Netherlands, UNDP	1.41

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

<sup>100</sup>The loan was signed in 2009.





## Direct Capital Support - Financial sub-sector

Direct Capital Support-Financial sub-sector refers to finance sector policy, planning and programmes, 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 2010 the **Direct Capital Support-Financial** sub-sector received €7.42 million, which is **2.43% of total allocations** to the Economic Development and Social Protection sector, while to date in 2011 the Sub-sector received €7.52 million or 6.57% of total allocations to the Sector.

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

In 2010 **EIB** started the project, *Investment in the A Senior Tranche of EFSE*. The European Fund for South East Europe (EFSE) aims to complement financial support provided by the local financial sector and by the development of financial institutions active in the region through the sustainable provision of additional finance to micro, small and medium-size enterprises.

In 2010 the **EC** provided technical assistance for the Central Bank of Bosnia and Herzegovina. Furthermore, the EC initiated a three-year project for strengthening the institutional and administrative capacity of the BiH Indirect Taxation Authority towards further EU *acquis* alignment.

**USA/USAID** continued implementation of the project, *Development Credit Authority (DCA)*. Through the Project USA/USAID entered into four DCA agreements with BiH commercial banks (UniCredit, Volksbank, UPI Bank/Intesa Sanpaolo and Raiffeisen Bank) where USA/USAID guarantees up to 50% of loans that these banks make to BiH SMEs in wood processing, agro-business and tourism.

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
Development Credit Authority (DCA)	USA/USAID	9.97
Support to further EU <i>Acquis</i> alignment of the Indirect Taxation Authority of BiH	EC	2.38
Programme of technical assistance for the Central Bank of Bosnia and Herzegovina	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 programmes for elderly, orphans, disabled, street children, social dimensions of structural adjustment, as well as other social infrastructure and services including consumer protection.

In 2010 the **Social Protection** sub-sector received €0.78 million, which is **0.26% of total allocations** to the Economic Development and Social Protection sector, while to date in 2011 the Sub-sector received €0.25 million or 0.22% of total allocations to the Sector.

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

In 2011 the **EC** launched the project, *Support to National Action for Roma Inclusion*. The overall objective of the Project is to combat social exclusion in Bosnia and Herzegovina.

**UNDP** makes a significant contribution to enhancing evidence-based decision making in Bosnia and Herzegovina by producing and effectively disseminating a new generation of knowledge products that will improve BiH's research potentials in alignment with EU standards.

**Austria/ADC** continued implementation of the projects, *Pain Therapy for Children with a Disability and Roma Minority*. Projects contribute to the improvement of health care for children with chronic and acute pain as well as to the social inclusion of the Roma minority in the region of Banja Luka.

**UNICEF** continued to support the BiH Ministry of Civil Affairs and relevant Entity ministries within the *Enhancing the Social Protection and Inclusion System for Children in BiH* (SPIS Programme), jointly funded by the EC, Norway and UK/DFID. Under this comprehensive cross-sectoral Programme, UNICEF supported cross-sectoral mechanisms around social protection and inclusion at the policy level, the development and implementation of social protection and inclusion action plans, the establishment of social protection and inclusion referral models and the implementation of innovative municipal services.

The Programme is developed with a human right based approach and a participatory methodology enabling children, young people, families and Civil Society Organisations (CSOs) to participate, contribute and become empowered.

**Italy/IC** continued to finance the rehabilitation works of the Gradska Banja in Mostar. Furthermore, in 2010 Italy/IC started a new project, *Social Development Initiative for SEE Countries*.

Major projects in the Social Protection 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 BiH	EC, Norway, UK/DFID, UNICEF	6.67
Support to National Action for Roma Inclusion	EC	0.50
Enhancing Evidence-based Policymaking in BiH	UNDP	0.41
Social Development Initiative for SEE countries	Italy/IC	0.31
Support to Child Protection System Reform in BiH	UNICEF	0.27
Rehabilitation works of the Gradska Banja in Mostar	Italy/IC	0.27

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 2010** received €16.66 million, which is **5.46% of total allocations** to the Economic Development and Social Protection sector. To date in 2011 these activities received €36.26 million or 31.69% of total allocations to the Sector.

Through the project, *Srebrenica Regional Recovery Programme III*, **the Netherlands** and **UNDP** promote the socio-economic recovery of multiethnic communities with strengthened local government structures.

In 2010 the **EC** started new projects, mainly focused on:

- Improving the institutional set-up of the Insurance Agency of Bosnia and Herzegovina.
- Stimulating the economies and reducing the relative isolation of the eligible area by strengthening joint institutional networks and the capacities of human resources.
- Providing support for cross-border cooperation with Croatia, Serbia and Montenegro.
- Ensuring that the BiH authorities submit good quality project proposals to the European Commission for the implementation of European Partnership (EP) and the Stabilisation and Association Agreement (SAA).
- Supporting the BiH Ministry of Foreign Trade and Economic Relations (MoFTER) in developing its institutional capacity related to EU accession and further multilateral negotiations.
- Supporting the participation of Bosnia and Herzegovina in the ERDF European Territorial Co-operation transnational programme *South-East European Space*.

In 2011 the EC initiated two new projects, *Mediterranean Eco-Industrial Development (MEID)* and *Support for Implementation of IBM National Strategy*.

**EBRD** provided loans to Raiffeisen Bank for on-lending for sustainable energy projects. Furthermore, the EBRD restructured the loans signed with Sunrise in 2007 and 2008. In 2011 EBRD provided €11 million loan to Natron Hayat. The funding will be used for permanent working capital needs of Natron Hayat in view of increased production and sales of kraft paper. EBRD also provided a loan for Nova Ljubljanska Banka (NLB). The loan will be used for on-lending to NLB's banking subsidiaries in the region for further on-lending to the local SME sector in the respective countries.

**UNICEF** and **UNDP** are implementing a joint programme, *Economic Governance-Securing Access to Water through Institutional Development and Infrastructure*, supported through the Millennium Development Goals Fund (MDG-F) established by the Government of Spain. UNICEF supports the increased involvement of citizens in municipal management and helps strengthen decision-making capacities based on evidence related to social development and protection.

**Norway** supported students by enabling participation in national and international fairs and summer camps.



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 (Loan)	EBRD	11
NLB BiH (Loan)	EBRD	10
Srebrenica Regional Recovery Programme III	The Netherlands, UNDP	9.07
EU/EBRD WeBSECLF- Raiffeisen Bank (Loan)	EBRD	8.00
Sunrise restructuring I (Loan)	EBRD	4.00
Sunrise restructuring II (Loan)	EBRD	3.00
TA-Support to trade policy and capacity building in BiH	EC	2.00
LEF: BHB Cable TV (Loan)	EBRD	2.00

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

## Legal framework and sector strategies adopted in 2010-2011

### Macroeconomic Policy Support

**In December 2010** Republika Srpska adopted the *RS Economic Policy for the Year 2011*. The Policy foresees higher tax liabilities, enhancement of fiscal discipline, reduction of public sector wages as well as reduction of subsidies in the economy.

**In September 2010** the Federation of Bosnia and Herzegovina adopted the *Development Strategy of FBiH 2010-2020*. Priority objectives for the Federation of Bosnia and Herzegovina according to the Strategy are the fiscal sustainability and public finances, the development of financial markets and financial institutions, the reform of public sector finances (tax reform), reinforcing the fiscal capacity of local communities and reducing administrative corruption.

**In March 2010** Republika Srpska adopted the *RS Trade Development Strategy 2010-2015*. The Strategy foresees increasing the quality, quantity and diversity of production, improving the competitiveness of domestic products, development of trade networks and structures as well as establishing effective legal and institutional frameworks for trade development in Republika Srpska.

**In July 2010** Republika Srpska adopted the *Amendments to the RS Development Programme 2010-2012*, which extended the deadline for implementation of the *RS Development Programme 2007-2010*<sup>101</sup> for additional two years<sup>102</sup>.

**In January 2011** the BiH Council of Ministers adopted the *Economic and Fiscal Programme 2011-2013*. The Programme represents preparation for the Pre-accession Economic Programme and it is a mandatory document for the EU accession candidate countries.

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

**In June 2011** Republika Srpska adopted the *RS Tourism Development Strategy 2011-2020*. Some of the objectives of the Strategy are enhancing of the competitiveness of tourism in Republika Srpska, increasing the number of tourists, increasing employment and improving quality of life.

**In June 2010** the Federation of BiH adopted the strategic document *Development of Industrial Policy in FBiH* in the form of a project proposal.

### Direct Capital Support - Financial sub-sector

The *Strategy for Public Internal Financial Control (PIFC) in FBiH* and the *Strategy for Establishing and Building Public Internal Financial Control (PIFC) in the RS* are in the process of adoption. These Strategies are similar to the *BiH Strategy for Public Internal Financial Control (PIFC)*, which was adopted by the BiH Council of Ministers in December 2009.

### Social Protection

**In June 2010** Republika Srpska adopted the *Law on the Census of the Population, Households and Dwellings in 2011* while the *Law on Amendments to the Law on the Census of the Population, Households and Dwellings in 2011 in Republika Srpska* was adopted in **February 2011**.

**In April 2011** the BiH Council of Ministers adopted the *Market Surveillance Strategy for non-Food Consumer Products in Bosnia and Herzegovina 2011-2015* to ensure effective surveillance of the BiH market in line with EU standards.

<sup>101</sup> The RS Development Programme 2007-2010 was adopted by the RS National Assembly in July 2007.

<sup>102</sup> <http://www.razvojniprogrami.org/latn/?page=2>

**In July 2010** the BiH Council of Ministers adopted the *Strategy for Employment in Bosnia and Herzegovina 2010-2014*. This Strategy should improve employment opportunities for all in accordance with the *Employment Policy Convention* ratified by Bosnia and Herzegovina.

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

**In May 2010** Republika Srpska adopted the *Strategy for the Reform of the Pension System in the RS*. The aim of the Strategy is to ensure long term sustainability and financial stability of pension systems in terms of demographic and economic changes.

**In July 2011** the BiH Council of Ministers adopted the *Action Plan for Children of Bosnia and Herzegovina for the period 2011-2014* with the aim of improving living conditions for children and families, their healthy psychophysical development and social inclusion<sup>103</sup>.

**In March 2010** the BiH Council of Ministers adopted the *Social Action Plan for Bosnia and Herzegovina* in respect to the *Memorandum of Understanding on Social Issues in the Context of the Energy Community*. The aim of the Action Plan is to identify activities, measures and recommendations for the protection of socially vulnerable groups-buyers of energy, social care surplus of employees and improving working conditions and safety at work in the energy sector, as well as improvement of social partnership.

The new *Social Inclusion Strategy (SIS)* developed as a part of the *Country Development Strategy (CDS)* is currently in the process of adoption. The SIS will enable better planning and more efficient allocation of budgetary and other resources for social development in the areas of social policy and employment, health, education, pension policy, people with disabilities and family protection.

## Donor Coordination

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

Some donors suggest 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 utilisation of existing resources.

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. DCF meetings are held quarterly with a rotating chairmanship among the member agencies, in order to improve information flow and mutual coordination. DCF meetings also contribute to multi-sectoral collaboration within all sectors in Bosnia and Herzegovina.

## Future Activities

The Economic Development and Social Protection sector is of critical importance for the country's progress in economic, political and social areas. Thus, there is a strong need that implementation of the existing development strategies be synchronised, harmonised and coordinated at all levels. Identification and support to the strategic industrial branches and private sector development have also been identified as key factors which influence future progress.

According to the domestic stakeholders, further donor support is needed in the following areas:

- Strengthening of institutional capacities at all levels.
- Reform of public employment services.
- Reform of the social protection system.
- Strengthening of the link between strategies at all levels and financial planning and monitoring (CDS/SIS, budget process and PIP).

An important aspect of future donor support is alignment with country priorities in the area of economic development and social protection.

Some of the recommendations for further improvement of the Sector, identified in the report, *Progress towards the Realisation of the Millennium Development Goals in BiH 2010*<sup>104</sup> are as follows:

<sup>103</sup> <http://www.vijeceministara.gov.ba/saopstenja/saopstenja/?id=11710>

<sup>104</sup> The Report was prepared by the BiH Ministry of Finance and Treasury and UN Country Team in BiH in July/August 2010 and adopted by the BiH Council of Ministers in November 2010. The Report is available in English at: <http://www.donormapping.ba/pdf/MDG-BiH-2010-ENG.pdf>, <http://www.undp.ba/Upload/SC/MDGs%20Progress%20Report%202010.pdf> and available in local language at: <http://www.mft.gov.ba/bos/content/view/full/399/166/>



- Enhancing foreign trade by increasing exports of technologically competitive goods and substituting for imports of strategic products.
- Attracting foreign direct investments, especially by creating conditions for the development of “investment products”.
- Improve conditions for development and to develop financial instruments to support small and medium enterprises.
- Encourage development of business zones clusters and technology parks.
- Increase flexibility and security of the labour market.
- Improve functioning of labour market institutions and management of active employment measures and social dialogue.
- Improve effectiveness and efficiency of the policy and management of labour market institutions.
- Reform the social protection system in order to achieve its fiscal sustainability and provide for better targeting of the needs of beneficiaries and thus provide for better efficiency in the fight against poverty.
- Develop an inclusive social policy model with harmonised criteria of identification and targeting of vulnerable groups and adjust it to EU standards.

Supporting social and economic development, in particular assisting the country in its efforts to develop the SME sector and alleviating unemployment, are among the identified priorities of the EC for the next three years. Namely, some of the objectives identified in *Multi-annual Indicative Planning Document (MIPD) 2011-2013* include:

- Improve the institutional and legal framework as well as the coordination and harmonisation of SME related public policies and support Bosnia and Herzegovina to adhere to its obligations under the Interim Agreement/Stabilisation and Association Agreement.
- Advance the implementation of the Small Business Act; stimulate innovation by SMEs and increase competitiveness in growth sectors.
- Increase the role of the private sector in the economy, create a better business environment and strengthen the business support infrastructure and services at local levels.
- Support Bosnia and Herzegovina's efforts to comply with minimum social standards; facilitate the access of unemployed people to the labour market and improve the conditions for health and safety at work in compliance with the EU *acquis*.
- Improve the social protection system at all levels of governance and address the specific needs of vulnerable groups.

EBRD will continue to provide support to SMEs and further development of the banking sector. EBRD will also continue to support strategic investors in on-going privatisation or restructuring, in particular in agribusiness, industry, property and tourism, wood and metal processing.

In the future UNDP will continue its activities geared towards reducing the problems of unemployment, poverty and social exclusion. Particular focus will be placed on rural development, given the great discrepancy in employment and poverty levels between urban and rural areas. UNDP will continue to provide technical assistance to food and agriculture producers to increase their competitiveness through improved food quality and safety standards, introduction of enhanced business, marketing and labelling practices and the creation of networks and value chains. Particular attention to the socially excluded stratum of the population, among them refugees and displaced persons, is directed towards creating opportunities for them to actively participate in the market, generate income and gain access to basic utilities.

UNICEF plans to scale up the Social Protection and Inclusion System model to a large number of municipalities in Bosnia and Herzegovina, with a focus on the most vulnerable and marginalised families.

The World Bank will support economic growth by enhancing competitiveness and faster productivity growth. Furthermore, the World Bank will continue to deliver public services for the vulnerable and to target social benefits to the poor.

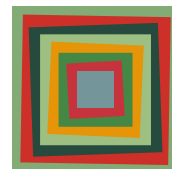
In the future USA/USAID's activities in the Economic Development and Social Protection sector will focus on promotion of an accountable, transparent and modern tax regime that simplifies compliance with tax laws and regulations. USA/USAID will also strengthen BiH's economic governance and compliance with EU market requirements, as well as expand its traditional regional export markets, including electricity exports. USA/USAID will continue to support interventions that increase the competitiveness of SMEs in targeted industries, as well as their productivity, employment and profitability. In the future, USA/USAID will also help SMEs use value-added information and communication technology to increase competitiveness and productivity.

Italy/IC will continue to provide support to SMEs in line with the priority to enhance economic growth and the entrepreneurial capacity in the area.

Switzerland/SDC/SECO will continue to provide support to the economy and employment in Bosnia and Herzegovina, specially focused on investment promotion, access to markets and youth employability, as well as to the stability of the microfinance sector, export promotion and integration of BiH companies into the European market.

Economic Development will also continue to be one of the priority sectors of Sweden/Sida's support in the coming years.

# LOCAL GOVERNANCE SECTOR



7

<b>DCF members active in the sector in 2010-2011</b>	Sweden/Sida, the Netherlands, Switzerland/SDC/SECO, USA/USAID, Italy/IC, UNDP, Germany, UNICEF, the Czech Republic, France.
<b>Other key international organisations (IOs)</b>	The 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 2010 and 2011 by DCF members</b>	2010: €9.66 million - all in the form of grants 2011: €8.36 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>Law on Transfer of Rights on Capital Ownership of Republika Srpska in Companies that Provide Utility Services to Units of Local Self-Government; Law on Transfer of Rights on Capital Ownership of Republika Srpska in Local Radio and Television Stations to Units of Local Self-Government; Training Strategy for Local Self-Government Employees in the Republika Srpska 2011-2015.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>105</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.</i></p>
<b>Donor coordination</b>	<p>There is no formal government-led coordination. Donors take part in ad-hoc donor coordination meetings organised 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>105</sup> For more information on the Strategies: [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.

Reforms in local self-government in Bosnia and Herzegovina 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 BiH, local government is under the joint authority of Federation of Bosnia and Herzegovina 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. In Bosnia and Herzegovina there are 141 municipalities and the self-governing Brčko District.

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 centre for providing services in the field of local governance. These two associations endorsed the *BiH Law on Local Self-Government* that was developed in 2006 as a civil society initiative. However, the Law has not been adopted due to the absence of the relevant state-level authorities.

**The Sector received 1% of total ODA allocations in 2010 and to date 2% of total ODA in 2011.**

A first draft of the *Strategy on Local Self-Government in BiH* was also created in 2006 as a civil society initiative with the assistance of the Open Society Fund in Bosnia and Herzegovina. It was endorsed by both Entity Associations of Municipalities and Cities. Another civil society initiative, launched by the Forum of Tuzla Citizens in March 2008, created the *Bill on the Principles of Local Self-Government*<sup>106</sup>.

In 2010 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* is pending adoption by FBiH Government<sup>107</sup>. These Strategies represent an important milestone towards a systematic and sustainable approach to local government capacity development in Bosnia and Herzegovina. It is expected that the Strategies will contribute to the overall local governance reform in the country.

The RS Ministry for Public Administration and Local Self-Government together with RS Government and the RS Agency for Information Society has been working on the establishment of a central database for registry books. The project is in its final stage and it is estimated that data entry from local government units in the central database should be completed by the end of the 2011<sup>108</sup>. The central database will link all municipalities in Republika Srpska and it will provide citizens in any municipality with identification documents that do not expire. Furthermore, the central database will provide security, integrity and protection of citizens' identification documents and will simplify the procedure of issuing the documents.

## Donor activities in 2010 and 2011

DCF members active in the Local Governance sector in 2010-2011 are Sweden/Sida, the Netherlands, Switzerland/SDC/SECO, USA/USAID, Italy/IC, UNDP, Germany, UNICEF, the Czech Republic and France.

**Figure 7.1** indicates that the leading donors active in the Local Governance sector in 2010 are Sweden/Sida with a contribution of €3.23 million, USA/USAID with a contribution of €1.69 million and the Netherlands with a contribution of €1.51 million followed by Italy/IC, UNDP, Germany, Switzerland/SDC/SECO, UNICEF, the Czech Republic and France.

In 2011 the leading donors in the Local Governance sector are Sweden/Sida with a contribution of €2.58 million, Switzerland/SDC/SECO with a contribution of €1.68 million and the Netherlands with a contribution of €1.48 million followed by Italy/IC, UNDP, Germany, UNICEF, France, USA/USAID and the Czech Republic.

Non-DCF member organisations, such as the Organization for Security and Cooperation in Europe (OSCE) and the Council of Europe (CoE) support reform and legal framework development in the Local Governance sector in Bosnia and Herzegovina.

<sup>106</sup> Due to the absence of relevant state-level authority these Strategic documents are not yet adopted.

<sup>107</sup> Development of the Strategies was supported within the *Municipal Training System Project (MTS)* jointly funded by Sweden/Sida and UNDP.

<sup>108</sup> [http://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/muls/media/vijesti/Pages/Elektronsko\\_uvezivanje\\_maticnih\\_knjiga-vazan\\_projekat.aspx](http://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/muls/media/vijesti/Pages/Elektronsko_uvezivanje_maticnih_knjiga-vazan_projekat.aspx)



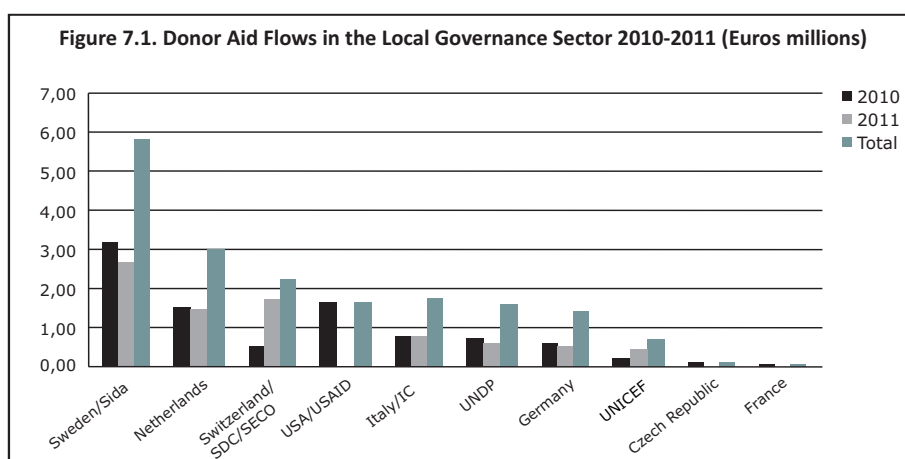
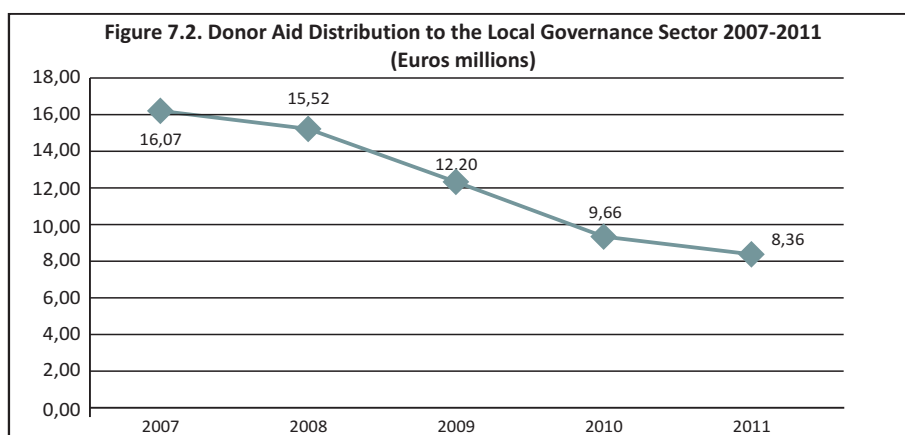


Figure 7.2 indicates that total allocations by DCF members to the Local Governance sector were €9.66 million in 2010 and in 2011 to date €8.36 million. However, additional funds could be allocated to the Sector by the end of 2011.

Figure 7.2 also shows that total allocations to the Local Governance sector have decreased since 2007 and this trend has continued throughout 2008, 2009 and 2010. Namely, total allocations to the Sector decreased in 2010 by €6.41 million as compared to 2007 and by €5.86 million as compared to 2008. Total allocations in 2010 also decreased by €2.54 million as compared to 2009.

The Sector received 1% of total ODA allocations in 2010 and to date 2% of total ODA in 2011.



**Sweden/Sida** together with **USA/USAID** and **the Netherlands** continued the *Government Accountability Project (GAP II)*. The GAP II objectives include improvement of the ability of municipalities to provide better services to their citizens and effectively manage their human and capital resources, as well as supporting a policy and fiscal framework which is conducive to accountable and democratic governance. The Project has two main components, Local Intervention and the Policy Intervention. The Local Intervention component provides direct technical and material assistance to 41 legacy and 31 new partner municipalities. The activities are mainly focused on the improvement of municipal service delivery, administration, budgeting and financial management as well as municipal capacity to administer capital improvement projects. The Policy Intervention component works primarily to provide technical assistance to the parliamentary body and ministries at all levels of Government, to strengthen intergovernmental communication, to promote responsible fiscal and functional decentralisation and to improve municipal governance<sup>109</sup>.

<sup>109</sup> For more information about the GAP II: [http://www.bihgap.ba/dokument\\_new/GAP%202%20BOOKLET%20BRAINSTORMING%20POSTER1.pdf](http://www.bihgap.ba/dokument_new/GAP%202%20BOOKLET%20BRAINSTORMING%20POSTER1.pdf)

In 2010 Sweden/Sida initiated a new project, *Capacity Development of Associations of Municipalities and Cities*, which provided assistance to the FBiH and RS Associations of Municipalities and Cities.

The *Municipal Training System (MTS)* project, jointly financed by Sweden/Sida and **UNDP**, was focused on facilitating the development of a competent and professional local administration through the establishment of a sustainable municipal training system. In 2010 local government training strategies for both Entities were completed. This represents an important step towards a systematic and sustainable approach to local government capacity development in Bosnia and Herzegovina. Based on the Entity training strategies, the Project provided support for setting up local government training mechanisms and delivery of priority training programmes, such as training on local development management, comprehensive training on project cycle management, training on participatory and inclusive local development planning, etc.

In 2010 UNDP completed another project, *Reinforcement of Local Democracy (LOD I)*, funded by the EC. The Project contributed to the implementation of local development strategies in 14 partner municipalities through cooperation with civil society organisations (CSOs) as well as the implementation of 67 projects relevant to local communities, mostly in the field of inclusion. The Project resulted in the institutionalisation of a monitoring mechanism for CSO projects in partner municipalities and generally contributed to the promotion and wider acceptance of the agreements on cooperation between local governments and civil society. Implementation of the second project phase was initiated in the last quarter of 2010, with cooperation expanded to 15 additional partner municipalities. In 2011 UNDP completed the *Integrated Local Development Project (ILDp)* jointly financed with **Switzerland/SDC**. During the past 3 years the ILDP contributed to the harmonisation of local strategic planning in Bosnia and Herzegovina; facilitated positive changes via the implementation of projects in social, economic and environmental areas; brought in new local development planning and management skills, as well as replicable models within the 23 partner municipalities and beyond<sup>110</sup>.

On the request of the FBiH and RS Associations of Municipalities and Cities to further support their efforts to bring the reform of the local governance closer to the citizens and municipal authorities, Switzerland/SDC supported the project, *Civic Education - My Backyard*. In order the municipalities to become relevant examples of good local governance in Bosnia and Herzegovina, Switzerland/SDC also provided support to 8 municipalities in the Doboj Region within the *Municipality Development Project in BiH (MDP)*, Phase 3.

**Italy/IC** continued its activities on the *FPA Balkans: Programme of Support to the Regional Cooperation-Balkan Countries*.

**Germany** commenced the first phase of the *Strengthening of Local Self-Government project*. The Project should provide technical assistance to municipalities, Associations of Municipalities and Cities, as well as to responsible ministries. The assistance is mainly focused on enhancing municipal management capacities in gender-sensitive budgeting, inter-municipal cooperation as well as knowledge management. In 2010 Germany implemented the project, *Integrative Mediation*. The Project's objective was 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.

**UNICEF** supported four projects related to local governance. The activities were focused on: i) strengthening the capacities of responsible ministries and service providers to collect and analyse data towards evidence-based planning, to enhance equal access to social services, ii) enhancing coordination of 13 educational authorities to improve the quality of inclusive education and promoting youth employment, iii) developing gender-based violence and child-abuse referral mechanisms and iv) ensuring the participation of CSOs, children and youth in the local community. UNICEF's projects have an influence on a number of areas, such as good governance, social development and protection, education, health, child protection, economic development, conflict prevention and the participation of civil society.

The **Czech Republic** supported the development of the NGO La Strada Bosnia and Herzegovina<sup>111</sup> and its partners through transfer of know-how, coaching, training and education of the staff. The project included two study trips to the Czech Republic. The focus was on project management, fund-raising, human rights campaigns and work with media. The objective of the project was to promote a human-rights based approach in tackling issues of trafficking in human beings.

**France** supported cooperation and partnership between French and BiH municipalities. Currently there are 10 partnerships between French and BiH municipalities but many other BiH municipalities expressed an interest in commencing new partnerships. The project aims to help BiH municipalities to find partner municipalities in France and to disseminate information among all members of the network.

Two non-DCF member organisations are also active in the area of Local Governance, the Organization for Security and Cooperation in Europe (OSCE) and the Council of Europe (CoE).

<sup>110</sup> <http://www.undp.ba/index.aspx?PID=7&RID=692>

<sup>111</sup> La Strada BiH is a member of the La Strada International network of nine human rights NGOs in Belarus, Bosnia and Herzegovina, Bulgaria, the Czech Republic, Macedonia, Moldova, the Netherlands, Poland and Ukraine. La Strada BiH is located in Mostar. <http://www.lastrada.ba/>

In 2009 the **OSCE** launched the *Local First Initiative*, which aims at developing local government units that have the capacity and political will to address citizens demands in an efficient, even-handed and transparent manner. This menu-based local governance programme consisting of seven components is implemented in over 80 percent of all BiH municipalities. It offers assistance to municipalities to improve capacities and processes in the fields of strategic planning, budgeting, human resources management, developing and strengthening of accountability mechanisms, intermunicipal cooperation and increasing the capacity of municipal assemblies/councils in representing citizens.

In 2005 the OSCE and **Council of Europe (CoE)** jointly launched the *BiH Beacon Scheme*. The *BiH Beacon Scheme* serves to identify, recognise and promote innovation and excellence at the municipal level of government. In the beginning of 2009 ownership of the *BiH Beacon Scheme* was handed over to Republika Srpska and the Federation of Bosnia and Herzegovina, 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>112</sup>

Major projects in the Local Governance sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Government Accountability Project (GAPII)	Sweden/Sida, the Netherlands, USA/USAID	19.39
Improving Cultural Understanding in BiH (joint UN programme - MDG Fund, Spain)	UNDP, UNICEF, UNESCO	6.61
Youth Employability and Retention Programme (joint UN programme - MDG Fund, Spain)	UNDP, UNICEF, UNFPA, IOM	4.53
FPA Balkans: Programme of Support to the Regional Cooperation - Balkan countries	Italy/IC	2.50
Municipal Training System (MTS)	Sweden/Sida, UNDP	2.32
Peoples Empowerment in Rural Areas (PERA)	Sweden/Sida	2.30
Integrated Local Development Project - ILDP	Switzerland/SDC/SECO, UNDP	2.21
Strengthening of Local Self-government	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
Reinforcement of Local Democracy - LOD I	EC, UNDP	1.55

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

## Legal framework and sector strategies adopted in 2010-2011

In **September 2010** Republika Srpska adopted the *Training Strategy for Local Self-Government Employees in the Republika Srpska 2011-2015*<sup>113</sup>. The Strategy envisages the continuous improvement of knowledge and expertise of employees and elected officials in local self-governments, contributing to development of an efficient and professional local administration, strengthening of the client orientation, easier and accelerated development and European integration processes within the domain of local self-government responsibilities<sup>114</sup>.

*Training Strategy for Local Self-Governments in the Federation of Bosnia and Herzegovina 2011-2015*<sup>115</sup> is pending adoption by the BiH authorities.

## 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 organise ad-hoc donor coordination meetings with the purpose of coordinating current and future activities, as well as harmonising them with relevant strategies. These kinds of meetings should become regular practice in order to involve the FBiH and RS Associations of Municipalities and Cities in the process of planning and implementation of local governance projects from the very beginning<sup>116</sup>.

<sup>112</sup> <http://www.oscebih.org/Default.aspx?id=86&lang=EN>

<sup>113</sup> The Strategy was developed with the contribution of the representatives of local self-government units, the RS National Assembly, the RS Ministry of Administration and Local Self-Government, the RS Ministry of Finance, the RS Association of Municipalities and Cities and the RS Civil Service Agency.

<sup>114</sup> <http://www.undp.ba/index.aspx?PID=36&RID=114>

<sup>115</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>116</sup> e-bulletin of the FBiH Association of Municipalities and Cities, No. 114, June 2011. Available in local language at: [http://www.sogfbih.ba/uploaded/E-Bilten/Bilten\\_br.114.pdf](http://www.sogfbih.ba/uploaded/E-Bilten/Bilten_br.114.pdf)



Informal coordination among donor agencies in the Sector is regular. Despite good informal coordination between stakeholders in this sector, donors suggested the establishment of a formalised, government-led coordination mechanism. The establishment of such a mechanism would ensure harmonised 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. DCF meetings are held quarterly with a rotating chairmanship among the member agencies, in order to improve information flow and mutual coordination. DCF meetings also contribute to the multi-sectoral collaboration within all sectors in Bosnia and Herzegovina.

## Future Activities

According to domestic stakeholders donors should align their programmes with relevant strategies in the Federation of Bosnia and Herzegovina and Republika Srpska. Additionally, further donor assistance is also needed for training of employees in the Local Governance sector.

According to the donors, future assistance to the Local Governance sector should include:

- Support to strengthening the strategic, institutional and legal framework related to local governance in Bosnia and Herzegovina.
- Further assistance to systematic capacity development of local governments, with special attention to municipal leadership.
- Support to country-wide systematic local development planning and implementation of strategies.
- Support to inter-municipal cooperation.
- Enhancement of dialogue and partnership between local governments and civil society as well as strengthening community capacities to engage effectively in local development processes.
- Coordinated donor approach to strengthen the effectiveness of the FBiH Association of Municipalities and Cities and the RS Association of Municipalities and Cities.
- Coordinated approach to strengthen further reforms of local self-governance.

USA/USAID, along with the Governments of Sweden and the Netherlands, will continue the second phase of the *Governance Accountability Project*, which aims to foster local governments that are more efficient, accountable and better able to promote local economic development.

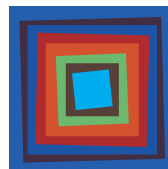
Sweden/Sida will continue to support capacity building of the FBiH Association of Municipalities and Cities and the RS Association of Municipalities and Cities.

UNDP will continue activities focused on fostering a country-wide approach of integrated, socially-inclusive local development planning; establishing a sustainable system for training and capacity development for local public employees; as well as strengthening and institutionalising cooperation between the municipalities and CSOs.

Germany will continue to support activities that will improve municipal capacities for the implementation of local development strategies as well as combine local development strategies with gender-oriented and participatory budgeting and spatial planning.

Switzerland/SDC will continue to support local municipal water and environmental governance in the Una-Sana region.

# AGRICULTURE AND FORESTRY SECTOR



8

<b>DCF members active in the sector in 2010-2011</b>	World Bank, EBRD, USA/USAID, Sweden/Sida, Italy/IC, EC, the Czech Republic, Switzerland/SDC/SECO, Norway, Japan/JICA.
<b>Other key international organisations (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; Department for Agriculture, Forestry and Water Management of Brčko District.
<b>Total allocation to the sector in 2010 and 2011 by DCF members</b>	2010: €17.43 million - €9.41 million in grants and €8.02 million in loans 2011: €9.47 million - €4.65 million in grants and €4.82 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>Law on Tobacco of Bosnia and Herzegovina; FBiH Law on Change and Amendments to the Law on Agriculture; FBiH Law on Financial Support to Agriculture and Rural Development; Law on Change and Amendments to the Hunting Law in FBiH; Law on Change and Amendments to the Law on Agricultural Land in RS; Law on Beekeeping in RS; RS Strategy for Agriculture Development 2010-2015; RS Strategy for Advisory Activities in Agriculture 2011-2015; Mid-term Agriculture Development Strategy in the Federation of BiH 2006-2010 extended 2008-2012.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>117</sup></b></p> <p><i>Framework Law on Agriculture, Food and Rural Development of BiH; Strategic Plan for the Harmonisation of BiH Agriculture, Food and Rural Development 2008-2011 and Operational Programmes for the Harmonisation of BiH Agriculture, Food and Rural Development 2008-2011; RS Strategy for Agricultural Development 2010-2015; Strategic Plan for Rural Development of Republika Srpska 2009-2015.</i></p>
<b>Donor coordination</b>	<p>Donor coordination meetings in the Agriculture sub-sector are organised annually and chaired by the BiH Ministry of Foreign Trade and Economic Relations.</p> <p>There are no regular coordinating 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>117</sup> For more information on the Strategies: [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

Agriculture is one of the most complex, sensitive and critical sectors for the development of the country because of its significant size and structural deficiencies<sup>118</sup>. The same can be said for the Forestry sub-sector as forest land covers about 53% of BiH territory<sup>119</sup>. Due to devastation and mine contamination, significant agricultural and forest resources remain unused. Because of the great potential of the Agriculture and Forestry sector for overall economic development, international agencies have recognised the need for assistance in the Sector.

The RS Ministry of Agriculture, Forestry and Water Management in Republika Srpska and the FBiH Ministry of Agriculture, Water Management and Forestry in the Federation of BiH are in charge of the Agriculture and Forestry sector. The BiH Ministry of Foreign Trade and Economic Relations (BiH MoFTER) Sector for Agriculture, Food, Forestry and Rural Development at the state-level is in charge of defining policy and basic principles, coordinating activities and harmonising plans of the Entity authorities and bodies at the international level. It is also in charge of legislative drafting and other business of relevance for agriculture, food, fisheries, water management and rural development.

**The Sector received 3% of total ODA allocations in 2010 and to date 3% of total ODA in 2011.**

In May 2011 Bosnia and Herzegovina started the development of sectoral analysis that will serve as a basis for preparing the Instrument for Pre-accession Assistance for Rural Development (IPARD) programme, key document for the withdrawal of pre-accession funds intended for rural development.

The Federation of Bosnia and Herzegovina should complete the drafting of the *Forestry Programme* by the end of 2011. The *Forestry Programme* will serve as a basis for developing legislation for the forestry business<sup>120</sup>.

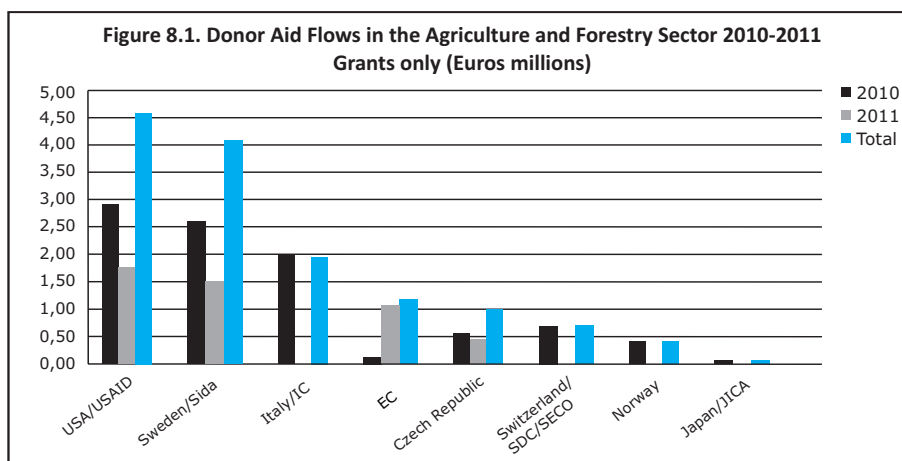
## Donor activities in 2010 and 2011

DCF members active in the Agriculture and Forestry sector during 2010-2011 are the World Bank, EBRD, USA/USAID, Sweden/Sida, Italy/IC, the EC, the Czech Republic, Switzerland/SDC/SECO, Norway and Japan/JICA.

**Figure 8.1** and **Figure 8.2** indicate that the leading donors in the Agriculture and Forestry sector in 2010 are EBRD with a contribution of €6.10 million, USA/USAID with a contribution of €2.92 million and Sweden/Sida with a contribution of €2.64 million, followed by Italy/IC, the World Bank, Switzerland/SDC/SECO, the Czech Republic, Norway, the EC and Japan/JICA.

In 2011 the leading donors in the Agriculture and Forestry sector are the World Bank with a contribution of €4.82 million, USA/USAID with a contribution of €1.71 million and Sweden/Sida with a contribution €1.47 million, followed by the EC and the Czech Republic.

**EBRD and the World Bank provided funds in the form of loans.**



<sup>118</sup> The BiH Agriculture Sector and Italian Development Cooperation Assistance, October 2008.

<http://www.utsarajevo.org/admin/files/docs/AGRICULTURAL%20STRATEGY%20con%20copertina.pdf>

<sup>119</sup> Progress towards realization of the Millennium Development Goals in Bosnia and Herzegovina 2010, July/August 2010, BiH Ministry of Finance and Treasury and UN Country Team in BiH, adopted by the BiH Council of Ministers, November 2010. The Report is available in English at: <http://www.donormapping.ba/pdf/MDG-BiH-2010-ENG.pdf>

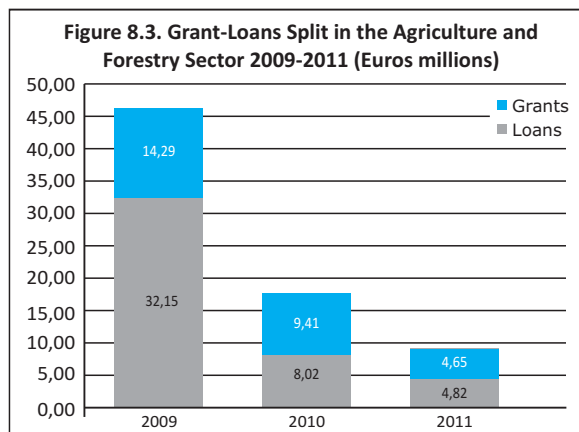
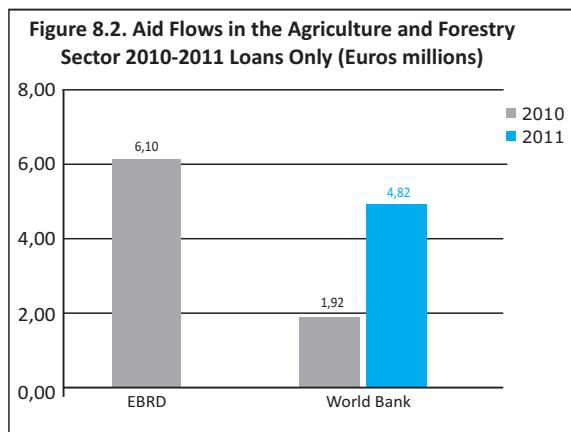
<http://www.undp.ba/Upload/SC/MDGs%20Progress%20Report%202010.pdf> and available in local language at: <http://www.mft.gov.ba/bos/content/view/full/399/166/http://www.undp.ba/Upload/SC/MDGs%20Progress%20Report%202010.pdf>

<sup>120</sup> The 4<sup>th</sup> Forestry Conference, Sarajevo, March 2011. <http://firmaproject.ba/en/news/news.aspx?id=384>

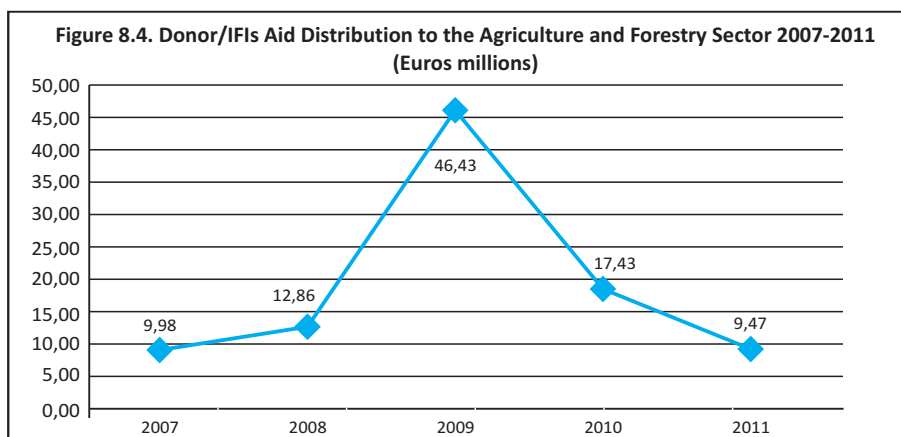
**Figures 8.2 and 8.3 indicate that total allocations by DCF members to the Agriculture and Forestry sector were €17.43 million in 2010 (including commercial loans from EBRD in the amount of €6.10 million and the World Bank loan tranche of €1.92 million) and in 2011 to date €9.47 million (of which €4.82 million was in the form of loans provided by the World Bank). However, additional funds could be allocated to the Sector by the end of 2011.**

The Sector received 3% of total ODA allocations in 2010 and to date 3% of total ODA in 2011.

Donor assistance to the Agriculture and Forestry sector includes diverse programmes. Activities in the Sector range from the support of institutional development and improvement of the efficiency and competitiveness of BiH agricultural producers to the application of new technologies and standards. The Agriculture and Forestry sector activities are closely linked to other sectors including 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 8.4** indicates an increase in ODA in 2010 of €7.45 million compared to 2007 and of €4.57 million compared to 2008. Total allocations in 2010 to the Sector decreased by €29 million as compared to 2009. It should be noted that total allocations in 2009 include commercial loans provided by EBRD<sup>121</sup> in the amount of €28.7 million and the World Bank loan tranche of €3.45 million.



### Agriculture

Donors support to Agriculture primarily focuses on improving production technologies and assisting producers to establish links to domestic and foreign markets. Most donors also provided assistance in improving marketing techniques as well as in accessing finance. Some donors have focused their support to the sector in specific parts of the country.

In 2010 **EBRD** provided €0.2 million loan to Bimal and €5.9 million long term loan for expansion of the retail network, Bingo.

<sup>121</sup>In 2009 EBRD provided a loan to Konzum BiH in the amount of €25 million.



The EBRD loan will support Bingo's strategy to expand its chain of supermarkets and achieve nationwide coverage. The project will bring consumers in smaller cities an improved choice of competitively priced products and better quality services, contributing to the development of the retail sector in Bosnia and Herzegovina.

**USA/USAID** is funding a project aimed at increasing the capacity of the agricultural sector to adapt to droughts that have occurred as a result of climate change. USA/USAID is also providing funds for a local organisation to fight poverty and social exclusion. The project foresees enabling and accelerating the economic development of the rural population through the creation of a market driven model that is capable of long-term sustainable growth. USA/USAID continued the *FARMA*<sup>122</sup> project jointly financed with **Sweden/Sida**. USA/USAID also continued to provide financing for soft fruit production and links small-scale farmers to the market, thus increasing the rural household incomes of participating farmers. In 2011 USA/USAID initiated a new project that should increase the competitiveness of the fruit and vegetable sector in the northwestern areas of Bosnia and Herzegovina.

**Sweden/Sida** and the **World Bank** are jointly funding the *Agriculture and Rural Development Project*. The Project should improve the efficiency of state and entity level institutions to develop agriculture programmes and accelerate the eligibility of Bosnia and Herzegovina for Instrument for Pre-accession Assistance for Rural Development (IPARD). Sweden/Sida is also supporting Bosnia and Herzegovina in adapting the national food safety system to the national requirements of the European Union and the World Trade Organisation (WTO).

**Italy/IC** is implementing a three-year project for the revival of the Una valley. The project envisages activities focused on organic farming, sustainable tourism and socio-economic inclusion. Through the project, *Pilot Actions for Rural Integrated Development and the Revitalisation of the Territory in Bosnia and Herzegovina*, Italy/IC is providing assistance for agricultural development, training and micro-entrepreneurship in favour of vulnerable groups. Italy/IC also supports the project, *Protection and Valorisation of High Quality Traditional Products of Herzegovina*, with the goal of improving the living conditions of the population by sustaining and promoting traditional agriculture as a profitable activity.

**Switzerland/SDC/SECO** is implementing the project, *Food Safety Standards in Bosnia and Herzegovina*. The objective of the Project is to increase the number of actors in the field of agriculture and food production who practice IP<sup>123</sup> standards and introduce the EU standards for safe food.

The **Czech Republic** is providing assistance to increase milk production in Bosnia and Herzegovina. The idea of the project is to transfer the experience of the Czech Republic in livestock management and economic transformation for EU accession.

**Norway** supports the establishment of an agricultural information centre (e-biz). The agricultural information centre serves to identify high impact information and communication technologies that can quickly and significantly improve the competitiveness of small and medium sized enterprises in Bosnia and Herzegovina.

In 2010 the **EC** commenced three new projects in the Agriculture and Forestry sector. The activities are mainly focused on the development and strengthening of the BiH agricultural information structure in line with EU standards - supply of satellite imagery to support the establishment of a Geographic Information System (GIS); establishing an integrated BiH phytosanitary control system; and implementing the BiH plant health protection policy. In 2011 the EC is also initiated the *Sectoral Analysis for IPARD* project.

**Japan /JICA** provided agriculture equipment for the Trešnja Produkt<sup>124</sup>. It will contribute to the promotion of agriculture in the Buna region.

## Forestry

The Forestry sub-sector is one of the least funded sectors with only a few donors implementing programmes and projects in the area as stated in DMR 2009-2010.

**Sweden/Sida** and **USA/USAID** jointly finance the *Fostering Interventions for Rapid Market Advancements (FIRMA)* project<sup>125</sup>. The Project aims to provide support to SMEs and increase sustainable economic growth and employment in the wood processing industry.

**Italy/IC** continued its support to the agro-food production chain of small fruits in Bratunac.

The **World Bank** works on forest conservation and development, assisting the implementation of legislated reforms in forest organisation and management and enhancing biodiversity conservation. The project facilitates the implementation of economically and environmentally sound forest management. The implementation of the project will result in setting up technical instruments, critical to ensure monitoring and sustainable uses of forest endowment, forest management and forest certification.

<sup>122</sup> FARMA-Fostering Agriculture Market Activity. More information about FARMA is available in the DMR 2008-2009, [http://www.donormapping.ba/pdf/report\\_english\\_WEB.pdf](http://www.donormapping.ba/pdf/report_english_WEB.pdf)

<sup>123</sup> IP Food Processing - a standard that is intended for processors and small-scale processors who are suppliers to grocery stores. The standards include basic work with food safety, where product safety for the consumer is the key.

<sup>124</sup> Trešnja Produkt is an agricultural cooperative engaged in fruit growing in Mostar.

<sup>125</sup> This Project is included in the Economic Development and Social Protection sector.

Major projects in the Agriculture and Forestry sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Konzum BiH (Loan)	EBRD	25 <sup>126</sup>
Agriculture and Rural Development Project (Grant/Loan)	World Bank, Sweden/Sida	19.07
Fostering Agriculture Market Activity -FARMA	Sweden/Sida, USA/USAID	8.65
LEF: BINGO (Loan)	EBRD	5.90
Forest Development and Conservation project (Loan)	World Bank	5.30
Agricultural Development	Norway	2.39
Food Safety	Sweden/Sida	1.50
VF Komerc (Loan)	EBRD	1.30 <sup>127</sup>
Strengthening and Harmonisation of the BiH Agriculture and Rural Sectors Information System	EC	1.28
Protection and Valorisation of High Quality Traditional Products of Herzegovina	Italy/IC	1.10
Women Empowerment through Organic Farming in BiH	USA/USAID	1.06
Fostering Entrepreneurship in Rural Areas by Improving Competitiveness and Market Potential Project in BiH	USA/USAID	1.04

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

## Legal framework and sector strategies adopted in 2010-2011

**In June 2011** Republika Srpska adopted the *RS Strategy for Advisory Activities in Agriculture 2011-2015*. The Strategy aims to establish advisory services that would assist farmers and other villagers to increase competitive abilities in their primary production.

**In March 2011** FBiH, based on the proposal of the Federal Ministry of Agriculture, Water Management and Forestry, approved extension of the *Mid-term Agriculture Development Strategy in the Federation of BiH 2006-2010* for two years, for the period 2008-2012.

**In February 2010** Republika Srpska adopted the *RS Strategy for Agriculture Development 2010-2015*<sup>128</sup>. Agriculture strategies of Republika Srpska and the Federation of Bosnia and Herzegovina are compatible but not yet completely harmonised with the *Strategic Plan for the Harmonisation of BiH Agriculture, Food and Rural Development 2008-2011*.

The FBiH revised the *Law on Forestry*, drafted in February 2010. It is in the process of adoption.

The *Strategy for the Development of Forestry of the Republika Srpska 2011-2021* is also in the process of adoption. The Strategy defines the basis for the management of forests owned by Republika Srpska as well as privately owned forests.

## Donor Coordination

Donor coordination meetings, as a platform for information exchange between all stakeholders in the Agriculture sector, are annually organized by the BiH MoFTER. The quarterly meetings within Working Group for Planning and Coordination of Donor Support in the Agriculture sector, led by the BiH MoFTER, prevent the overlapping of activities in the Agriculture sector.

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. DCF meetings are held quarterly with a rotating chairmanship among the member agencies, in order to improve information flow and mutual coordination. DCF meetings also contribute to the multi-sectoral collaboration within all sectors in Bosnia and Herzegovina.

## Future Activities

According to the Agriculture and Forestry sector stakeholders priority areas that would require further assistance include harmonisation of the legislative framework among all levels of the Government, as well as harmonisation with EU provisions and international legislation.

Limited implementation of the state-level veterinary, food safety and phytosanitary legislation prevents agri-food establishments from making more substantial progress towards meeting EU standards. Therefore, official control capacities,

<sup>126</sup> Total value of the Project is €57 million. Total contribution by EBRD was €25 million and the loan was signed in 2009.

<sup>127</sup> The loan was signed in 2009.

<sup>128</sup> The Strategy was adopted by RS Government and National Assembly of the RS.

the laboratory system for food safety, as well as the veterinary and phytosanitary fields also need strengthening<sup>129</sup>.

Even though some advancements and improvements in the forestry area have been achieved, forestry related issues require further support. Some stakeholders believe that more attention should be given to the monitoring of forest health, poor conditions of forest roads, as well as fire protection.

As reflected in the *Second Environmental Performance Review Bosnia and Herzegovina*<sup>130</sup>, FBiH Ministry of Agriculture, Water Management and Forestry, RS Ministry of Agriculture, Forestry and Water Management and Brčko District Department of Agriculture and Forestry with a respective entity ministries of environment will:

- Develop forestry strategies for their respective entities, ensuring sustainable forest management and forest conservation, including use of non-timber forest products.
- Provide for forestry education, training and capacity building, incorporating the relevant provisions of the Ministerial Conference on the Protection of Forest in Europe<sup>131</sup> and Forest Law Enforcement and Governance (FLEG) processes<sup>132</sup>.
- Complete preparation of action plans and forest programmes on the basis of the forest inventory and subsequent strategies.
- Establish coordination mechanisms to provide for inter-entity dialogue and, where appropriate, joint actions to achieve sustainable forest management and forest protection.

According to the World Bank's report *Agricultural Sector Policy Note for Bosnia and Herzegovina*<sup>133</sup>, some of the recommended medium-term measures for the further improvement of the Sector include:

- Strengthening agricultural research and education and making it receptive to the demands of the Sector.
- Strengthening extension and advisory services.
- Separating agricultural expenditures from social transfers.
- Better alignment of the agricultural support programme to the EU's IPARD program.
- Further developing the components of the EU's agricultural policy information system.
- Supporting the private sector in meeting EU food safety requirements.
- Beginning the implementation of the *Climate Change Adaptation Action Plan*<sup>134</sup>, focusing on investments with high co-benefits for current vulnerability reduction.

In accordance with its identified medium-term priorities, the EBRD will actively seek projects in the agribusiness, industrial, property and tourism, wood and metals processing sectors. The Bank will also intensify its policy dialogue with BiH authorities at all levels and assist with key structural and institutional reforms in the industry, commerce and agribusiness area in order to improve competitiveness and restructure companies in the wood and forestry management, property and tourism, agribusiness and manufacturing areas.

Italy/IC plans to continue its support to the Agriculture sector by 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.

USAID and Sweden/Sida will continue joint implementation of agro-business development to produce rapid, sustainable and broad-based economic growth through demand-driven assistance. USA/USAID will continue to support programmes that exclusively support women's endeavors to manage their enterprises and farms and improve their capability to address business risk. USAID will support organised farm programmes that focus on women.

Czech Republic will focus its activities on the increase of agricultural production and competitiveness in milk production in North-East Bosnia.

The EC will support preparations of Bosnia and Herzegovina in the fields of agriculture and rural development through *Sectoral analysis for the IPARD programme*, as a key document for the withdrawal of pre-accession funds intended for rural development.

Stakeholders involved in the Sector agree that the Agriculture and Forestry sector can ensure inclusive and sustainable growth of the country's economy and poverty reduction through utilising local resources and environmental protection. Due to the importance of the Agriculture and Forestry sector for the economy of Bosnia and Herzegovina, it is essential that all domestic stakeholders and the donor community make additional efforts for further development of the Sector.

<sup>129</sup> *Bosnia and Herzegovina 2010 Progress Report*, European Commission, Brussels, November 2010. <http://www.delbih.ec.europa.eu/files/docs/2010progress2.pdf>

<sup>130</sup> *The Second Environmental Performance Review Bosnia and Herzegovina*, United Nations Economic Commission for Europe, United Nations, New York and Geneva, 2011.

<sup>131</sup> The Ministerial Conference on the Protection of Forests in Europe (FOREST EUROPE) is the pan-European policy process for the sustainable management of the continent's forests. FOREST EUROPE develops common strategies for its 46 member countries and the European Union on how to protect and sustainably manage forests. [http://www.foresteurope.org/eng/About\\_us/](http://www.foresteurope.org/eng/About_us/)

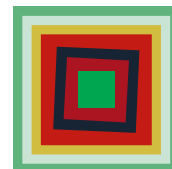
<sup>132</sup> Forest Law Enforcement and Governance (FLEG) is an international, participatory process of formulation and implementation of policies and practices aiming to ensure sustainable forest management and fight against illegal logging and associated timber trade. [http://www.illegal-logging.info/item\\_single.php?it\\_id=118&it=document](http://www.illegal-logging.info/item_single.php?it_id=118&it=document)

<sup>133</sup> *Agricultural Sector Policy Note for Bosnia and Herzegovina, Trade and Integration Policy Notes*, The World Bank, May 2010.

<http://siteresources.worldbank.org/INTBOSNIAHERZ/Resources/AgriculturalSectorPolicyNoteForBheng.pdf>

<sup>134</sup> The environmental ministers and high officials of Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro and Serbia have adopted an action plan aimed at reducing risks of floods, adapting to excessive temperature rise, droughts, health risk and other consequences of climate change. The *Southeast European Climate Change Framework Action Plan for Adaptation* was launched at a conference held in Sarajevo, under the auspices of the Regional Cooperation Council and the Regional Environmental Centre for Central and Eastern Europe, [http://ec.europa.eu/enlargement/press\\_corner/whatsnew/news/081114\\_en.htm](http://ec.europa.eu/enlargement/press_corner/whatsnew/news/081114_en.htm)

# ENVIRONMENTAL PROTECTION SECTOR



9

<b>DCF members active in the sector in 2010-2011</b>	World Bank, UNDP, EC, Sweden/Sida, Italy/IC, Norway, the Netherlands, the Czech Republic, Hungary.
<b>Other key international organisations (IOs)</b>	Global Environment Facility (GEF); Multilateral Fund for the Implementation of the Montreal Protocol (MLF); United Nations Environmental Programme (UNEP); United Nations Industrial Development Organisation (UNIDO); Food and Agriculture Organisation (FAO); United Nations Educational, Cultural and Scientific Organisation (UNESCO); United Nations Volunteers (UNV).
<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 BiH.
<b>Total allocation to the sector in 2010 and 2011 by DCF members</b>	2010: €11.06 million - all in the form of grants 2011: €9.73 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>Law on the Protection of the New Varieties of Plants in Bosnia and Herzegovina; Law on Change and Amendments to the Law on Air Protection in FBiH; Law on Change and Amendments to the Law on Environmental Protection of RS; RS Law on Plant Protection Products; Strategy and Action Plan for Protection of Biodiversity and Landscape Diversity of BiH 2008-2015; Nature Protection Strategy of Republika Srpska; RS Air Protection Strategy; BiH Initial National Communication to United Nations Framework Convention on Climate Change (UNFCCC); Decision on the Establishment of the Designated National Authority (DNA) to implement the Clean Development Mechanisms of the Kyoto Protocol.</i></p> <p><b>Previously adopted legal framework and sector strategies<sup>135</sup></b></p> <p><i>National Strategy for Protection of the Ozone Layer; National Environmental Action Plan 2003; Solid Waste Management Strategy in BiH (adopted in RS); Federal Environmental Protection Strategy 2008-2018 and Action Plan; Framework Plan for Water Management Development in RS with Action Plan; RS Study on Sustainable Development of Irrigation Areas with Action Plan for its Implementation 2008-2017.</i></p>
<b>Donor coordination</b>	<p>Water agencies from both Entities coordinate activities in a water sector sub-group. In the energy efficiency sub-sector cooperation was formalised in December 2010 among USAID, UNDP and GIZ. Regular meetings are held in order to exchange information and explore further ways of cooperation.</p> <p>There is no formalised donor coordination mechanism or information sharing in the Environmental Protection sector.</p> <p>Donors active in the Sector regularly attended DCF quarterly meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

<sup>135</sup> For more information on the Strategies: [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

Bosnia and Herzegovina is a country rich in biodiversity. The country is considered to be among the top five countries in Europe in terms of biodiversity with a high number of endemic and relict species. Bosnia and Herzegovina is home to 30% endemic species of Balkan flora and numerous threatened species. About 53% of BiH territory is covered by forest and more than half of the surface area of Bosnia and Herzegovina is covered with natural and semi-natural ecosystems<sup>136</sup>.

Uneconomical exploitation of natural resources, urban expansion and damage to the environment harm biodiversity as well as water and soil. Consequently, the economic growth in other sectors such as Agriculture, Forestry and Tourism is negatively impacted. Therefore, an appropriate and environmentally sound management of natural resources is important for the sustainable development of the country. Acknowledging the importance of these issues, donors/IFIs funded capacity strengthening of institutions to develop environmental legislation and procedures.

**The Sector received 2% of total ODA allocations in 2010 and to date 3% of total ODA in 2011.**

In 2010 some progress was achieved regarding the harmonisation of legislative with the reform process. In March 2010 the BiH Council of Ministers (CoM) adopted *Initial National Communication to United Nations Framework Convention on Climate Change (UNFCCC)*<sup>137</sup>. The preparation of the *Second National Communication to the UNFCCC* was initiated in January 2011. Furthermore, in October 2010 the BiH CoM adopted the *Decision on the Establishment of the Designated National Authority (DNA) in order to implement Clean Development Mechanisms of the Kyoto Protocol*. Establishment of the DNA would enable investments in renewable energy and energy efficiency in Bosnia and Herzegovina.

Environmental sustainability has been gradually recognised as an important development issue in Bosnia and Herzegovina. Donors active in Bosnia and Herzegovina recognise the importance of environmental protection and the opportunities that exist within the sector.

## Donor activities in 2010 and 2011

DCF members active in the Environmental Protection sector in 2010-2011 are the World Bank, UNDP, the EC, Sweden/Sida, Italy/IC, Norway, the Netherlands, the Czech Republic and Hungary.

Environmental programs overlap with several 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 organisations such as the World Bank and UNDP have implemented activities funded by the Global Environmental Facility (GEF).

Other non-DCF members active in the Environmental Protection sector are the Multilateral Fund for the Implementation of the Montreal Protocol (MLF), United Nations Environmental Programme (UNEP), United Nations Industrial Development Organisation (UNIDO), Global Environment Facility (GEF), Food and Agriculture Organisation (FAO), United Nations Educational, Cultural and Scientific Organisation (UNESCO) and United Nations Volunteers (UNV).

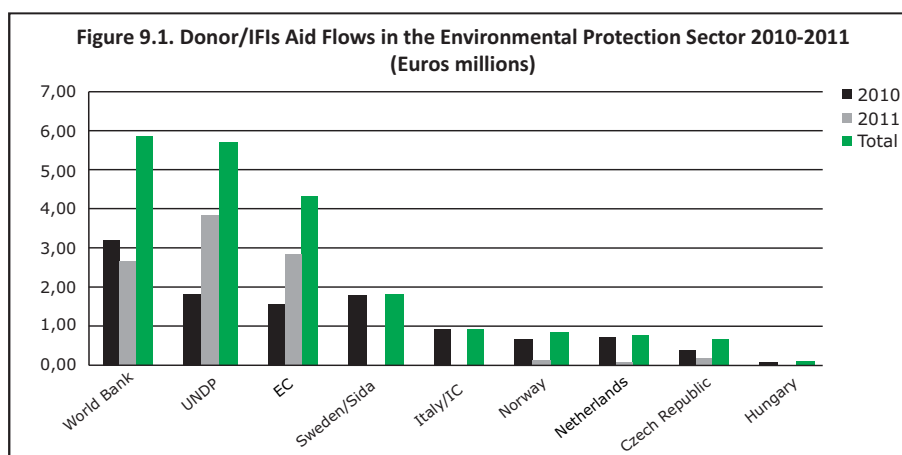
**Figure 9.1** indicates that the leading donors/IFIs active in the Environmental Protection sector in 2010 are the World Bank with a contribution of €3.20 million and Sweden/Sida with a contribution of €1.90 million followed by UNDP, the EC, Italy/IC, the Netherlands, Norway, the Czech Republic and Hungary.

In 2011 the leading donors/IFIs are UNDP with a contribution of €3.82 million<sup>138</sup>, the EC with a contribution of €2.85 million and the World Bank with a contribution of €2.63 million followed by the Czech Republic, Norway, the Netherlands, Sweden/Sida, Italy/IC and Hungary.

<sup>136</sup> *Progress towards the Realisation of the Millennium Development Goals in Bosnia and Herzegovina 2010*, BiH Ministry of Finance and Treasury and UN Country Team in BiH, July/August 2010, adopted by the BiH Council of Ministers, November 2010. The Report is available in English at: <http://www.donormapping.ba/pdf/MDG-BiH-2010-ENG.pdf>, <http://www.undp.ba/Upload/SC/MDGs%20Progress%20Report%202010.pdf> and available in local language at: <http://www.mft.gov.ba/bos/content/view/full/399/166/>

<sup>137</sup> <http://www.unfccc.ba/en/latest/news/21-bih-adopts-the-initial-national-communication-under-the-united-nations-framework-convention-on-climate-change>

<sup>138</sup> According to the UNDP Donor Profile total allocations for the Environmental Protection sector for 2011 is €3.90 million since the UNDP figures for 2011 were calculated using the average 2010 UN exchange rate: USD 1=€ 0.7557.

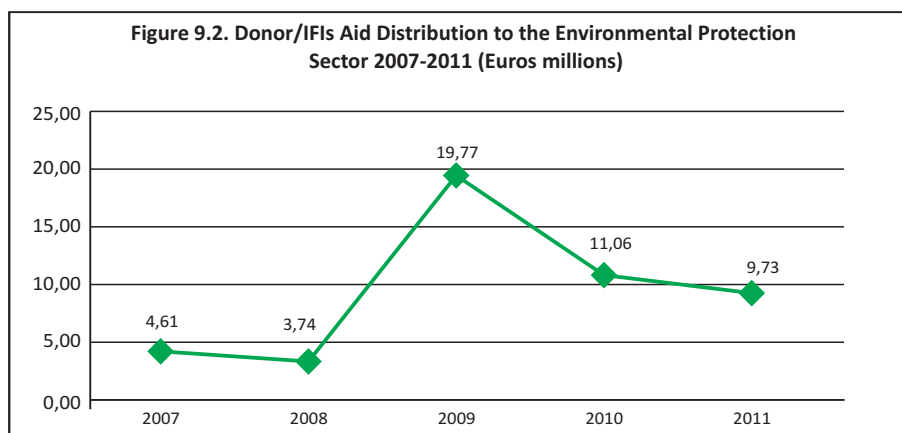


Total allocations to the Environmental Protection sector by DCF members were €11.06 million in 2010 and €9.73 million to date in 2011. However, additional funds could be allocated to the sector by the end of 2011.

Figure 9.2 indicates an increase in ODA in 2010 of €6.45 million as compared to 2007 and of €7.32 million as compared to 2008. However, total allocations in 2010 to the Sector decreased by €8.71 million as compared to 2009.

It should be noted that some projects related to improvements to Environmental Infrastructure are allocated under the Infrastructure sector. Therefore, the allocations to Environmental Protection are higher than presented in this chapter.

The Environmental Protection sector received 2% of total ODA allocations in 2010 and to date 3% of total ODA in 2011.



The **World Bank** is funding three projects in the Environmental Protection sector. The objective of the *Global Environment Facility (GEF)-Forest and Mountain Protected Areas* project is 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* aims to provide mechanisms for the efficient and equitable water allocation amongst users of the Neretva and Trebišnjica River Basin (NTRB) at the trans-boundary level. The additional aim of the Project is to enhance the basin's ecosystems and biodiversity through improved water resources management. The objective of the *Global Environment Facility (GEF)-Water Quality Protection* project is to further strengthen the capacity of local utilities and reduce pollution from municipal sources into the Neretva and Bosna rivers.

In 2010 **Sweden/Sida** started a three-year project with the focus on sustainable management of natural resources, biodiversity and protection of nature. This should bring Bosnia and Herzegovina closer to EU environmental standards and implementation of the *Natura 2000*<sup>139</sup>. Furthermore, Sweden/Sida provided support to five municipalities in Bosnia and Herzegovina in developing *Local Environmental Action Plans (LEAP II)*. Sweden/Sida also improved the capacity of civil society

<sup>139</sup> *Natura 2000* is the centrepiece of EU's nature and biodiversity policy. [http://ec.europa.eu/environment/nature/natura2000/index\\_en.htm](http://ec.europa.eu/environment/nature/natura2000/index_en.htm)



organisations across Bosnia and Herzegovina in dealing with environmental issues. Within the *Municipal Solid Waste Programme*<sup>140</sup>, Sweden/Sida works to improve the quality and availability of solid waste services in selected municipalities, thereby reducing environmental and health concerns.

**UNDP** implements two projects supported through the Millennium Development Goals Fund (MDG-F) established by the Government of Spain: *Mainstreaming Environmental Governance: Linking Local and National Action in BiH*, aimed at improving local level environmental planning, enhancing management of environmental resources and delivery of environmental services (implemented together with UNEP, UNESCO, FAO, and UNV) and *Securing Access to Water through Institutional Development* aimed at improving economic governance in water utility companies (implemented together with UNICEF).

UNDP also implements projects funded by the Global Environmental Facility (GEF). *Mainstreaming Karst Peatlands Conservation into Key Economic Sectors* aims to strengthen the policy and regulatory framework for mainstreaming the requirements for conservation of karst and peatland biodiversity in productive sectors (mining, water use) and spatial planning at the cantonal level. The aim of the *BiH Biomass Energy for Employment and Energy Security* project is to reduce carbon dioxide equivalent emissions by an accumulated total of 80,000 tons over 15 years by installing or retrofitting biomass boilers and creating sustainable markets for biomass energy.

Moreover, in 2010 UNDP initiated implementation of the *Climate Changes for BiH Cities* project with the aim to assist local communities in Bosnia and Herzegovina to introduce energy efficiency measures, including, among others, the implementation of the Energy Management Information System in ten local communities. Energy efficiency activities are also implemented as part of other UNDP projects both through capacity building and pilot initiatives.

In 2010, Bosnia and Herzegovina successfully submitted its *Initial National Communication to the UNFCCC* and by the beginning of 2011, UNDP initiated preparation of the *Second National Communication to the UNFCCC* (funded under the GEF).

In 2010 the **EC** started four new projects in the Environmental Protection sector. Construction of water supply systems and sewerage collection infrastructure in Bijeljina and Banja Luka is financed under IPA 2009<sup>141</sup>, Component II and Component III. The Project's aim is to alleviate the current financial and economic crisis by improving health conditions for people living in Bosnia and Herzegovina and to increase protection of the environment from adverse effects of urban waste water. The *Support to Implementation of the Integrated Pollution and Prevention and Control Directive* project is financed under IPA 2007. The overall objective of the Project is to strengthen the administrative capacity of the institutions involved in environmental protection and to ensure the implementation of EU legislation. Furthermore, through its support to the Environmental Protection sector, the EC provided equipment for field inspections of FBIH and RS inspectorates. In 2011 the EC started activities to encourage the partnership and dialogue between governmental and non-governmental sectors as well as effective implementation of EU standards in environment.

In 2010 **Italy/IC** started a new three-year project, *Management System of Corporate Waste assimilated with Urban Waste*. Italy/IC is also supporting the creation and promotion of environmental and sustainable tourism in Neretva, Drina, Una and Sana valleys in order to initiate activities for domestic supplementary income.

The **Netherlands** is providing assistance for capacity building of national and local stakeholders in terms of good environmental governance, sustainable development, management and sustainable investments in cross border context.

**Norway** is working on capacity building and interactions among policy makers on the Stockholm Convention.

In 2011 the **Czech Republic** initiated a project for the improvement of the waste management system in Dobož and Maglaj. The project foresees educational training for youth and broad public, mapping of wild landfills and preparation works for a sanitary regional landfill. Through the project, *Waste as a Commodity-Legislative and Practical System of Waste Management*, the Czech Republic shared its experience and transferred know-how in the areas of legislative and practical systems of waste management, recycling, waste economy, systems of collection and usage of waste.

Major projects in the Environmental Protection sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Rehabilitation and Construction of the Water and Waste Infrastructure in FBIH	EC	12.00
Global Environmental Facility (GEF) Water Quality Protection	World Bank	6.32
Mainstreaming Environmental Governance: Linking Local and National Action in BiH (joint UN Programme – MDG Fund, Spain)	UNDP, UNEP, FAO, UNV	4.26

<sup>140</sup> In DCF database this Project is allocated to the Infrastructure sector.

<sup>141</sup> The IPA 2009 national contribution for implementation of the environmental programmes in BiH is €16.5 million.  
[http://ec.europa.eu/enlargement/pdf/bosnia\\_and\\_herzegovina/ipa2009/pf\\_4\\_environment\\_20090624\\_en.pdf](http://ec.europa.eu/enlargement/pdf/bosnia_and_herzegovina/ipa2009/pf_4_environment_20090624_en.pdf)



Global Environmental Facility (GEF) -Neretva and Trebišnjica	World Bank	4.24
Construction of the Water Supply System and the Sewerage Network in the Bijeljina Municipality	EC	3.50
Securing Access to Water through Institutional Development (joint UN Programme – MDG Fund, Spain)	UNDP, UNICEF	3.05
Global Environment Facility (GEF) – Forest and Mountain Protected Areas	World Bank	2.40
Cofinancing IPA with Biodiversity Component	Sweden/Sida	1.50
Delivery of Technology for Implementation of an Integrated Waste Management System in the Una - Sana Canton, BiH	Czech Republic	1.36
Biodiversity and Water Management	Norway	1.32
Construction of the Sewage Collection in Živinice	EC	1.29
Support to Implementation of the Integrated Pollution Prevention and Control Directive (Grant – Technical Assistance and Supply of equipment)	EC	1.20
Support to the Creation and Promotion of Environmental and Sustainable Touristic Itineraries in Bosnia and Herzegovina	Italy/IC	1.18
Water Supply and Sewerage Collection Project Banja Luka	EC	1.00
Support to Environmental NGOs	EC	0.99
Sector Support to Environmental Civil Society	Sweden/Sida	0.74
Bosnia and Herzegovina Biomass Energy for Employment and Energy Security Project	UNDP/GEF	0.73
Mainstreaming Karst Peatlands Conservation Concerns into Key Economic Sectors (Global Environmental Facility, GEF)	UNDP/GEF	0.73

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

## Legal framework and sector strategies adopted in 2010-2011

**In July 2011** the 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 June 2011** Republika Srpska adopted the *Nature Protection Strategy*. One of the most important objectives of the Strategy is to link the protected natural areas of Republika Srpska in a European and global network of protected areas. Under this Strategy the Republika Srpska will actively participate in international activities to preserve nature, reduce the effects of global climate change and reduction of environmental pollution on biodiversity.

**In March 2011** Republika Srpska adopted the *Air Protection Strategy*. The Strategy is the basic document which will determine the policy and activities for further advancement in managing air quality in Republika Srpska.

**In March 2010** the BiH Council of Ministers adopted the *BiH Initial National Communication to United Nations Framework Convention on Climate Change (UNFCCC)*. Additionally, in January 2011, the BiH Ministry of Foreign Trade and Economic Relations, in cooperation with the UNDP Country Office in Bosnia and Herzegovina, initiated preparation of the *Second National Communication to UNFCCC*<sup>142</sup>.

Furthermore, **in October 2010** the BiH Council of Ministers adopted the *Decision on the Establishment of the Designated National Authority (DNA) to Implement the Clean Development Mechanisms of the Kyoto Protocol*<sup>143</sup>.

*The Water Management Strategy of the FBiH 2010-2022* is in the process of adoption. The Strategy is part of a comprehensive Federation Strategy for Environmental Protection 2008-2018 and Action Plan that was adopted in the Federation of Bosnia and Herzegovina in December 2009.

## Donor Coordination

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

In the energy efficiency area cooperation between USAID, UNDP and GIZ was formalised in December 2010 by signing the Memorandum of Understanding (MoU). In order to multiply the benefits of their projects, these three agencies in Bosnia and Herzegovina decided to work together with the aim of supporting the country in its accession process to the European Union.

<sup>142</sup> Funded by GEF.

<sup>143</sup> Since January 2011, UNDP has provided technical assistance for the establishment and operationalisation of the DNA in BiH to implement the Clean Development Mechanisms of the Kyoto Protocol. The purpose is to enable investments in renewable energy and energy efficiency in Bosnia and Herzegovina.

This MoU represents a strengthening of cooperation and securing of knowledge transfer between the USAID, UNDP and GIZ during the preparation and implementation of energy efficiency projects. The work of the three agencies is harmonised and regular meetings are held in order to exchange information and explore further ways of cooperation.

Water agencies from both entities coordinate activities in a Water sector sub-group.

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. DCF meetings are held quarterly with a rotating chairmanship among the member agencies, in order to improve information flow and mutual coordination. DCF meetings also contribute to the multi-sectoral collaboration within all sectors in Bosnia and Herzegovina.

All stakeholders in this sector would welcome the establishment of formal donor coordination mechanisms led by the BiH Ministry of Foreign Trade and Economic Relations and facilitated by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid, in order to enhance, harmonise and coordinate donor initiatives.

## 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 is necessary to make additional efforts in this process. All relevant stakeholders in the sector agreed that further donor support is needed for institutional strengthening and capacity building in the Sector.

Some of the recommendations for addressing environmental protection related issues identified in the report *Progress towards the Realization of the Millennium Development Goals in BiH 2010*<sup>144</sup> include:

- Encouraging and monitoring development of environmental infrastructure (treatment of solid ballast, waste waters, public water supply, irrigation systems, etc.).
- Ensuring operationalisation of Entities, Brčko district and cantonal environment funds.
- Introducing European standards and regulations for biomass fuels to facilitate energy exploitation, market growth and increase consumers' confidence; develop a wind map, geothermal map, map of small hydroelectric power plants, solar energy potential and map of wood production and distribution for Bosnia and Herzegovina.

A number of donors agreed that one of the biggest threats in the coming years is the issue of climate change. Bosnia and Herzegovina should put additional efforts to strengthen its capacities to properly address these issues. The Environmental Protection sector should lead this process. Other sectors such as energy, industry, tourism, agriculture, forestry, education and health should also be involved. It will be necessary to prepare strategic documents for both mitigation of and adaptation to climate changes and to strengthen technical capacities to prepare and implement projects in this field.

Some of the most important recommendations concerning the issue of climate changes include developing a national climate change mitigation strategy and related action plan, as well as a national climate change adaptation strategy and related action plan within the framework of subregional activities<sup>145</sup>.

Significant funds from IPA 2009 and IPA 2010 will be used mainly as a complementary assistance to the loans provided by international financial institutions for further investments in environmental infrastructure<sup>146</sup>.

Sweden/Sida will continue to support environmental Infrastructure with a focus on support to municipal infrastructure to handle water, waste water and solid waste.

In the following three years, the Czech Republic plans to finance projects which focus on water supply and sanitation.

Environmental sustainability will be one of the World Bank's priorities for the next four years in order to ensure a sustainable use of natural resources, such as water and forestry, as well as to adapt to climate change.

UNDP will continue to support the strengthening of BiH's environmental management mechanisms in order to meet the requirements of the multilateral environmental agreements as well as the EU accession process.

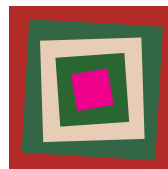
Although Bosnia and Herzegovina has achieved progress in the Environmental Protection sector, still there is a need for a state-level environmental protection law to ensure harmonised country-wide environmental protection. Ensuring a sustainable source of financing is an additional task for long-term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

<sup>144</sup> The Report was prepared by the BiH Ministry of Finance and Treasury and UN Country Team in BiH in July/August 2010 and adopted by the BiH Council of Ministers in November 2010. The Report is available in English at: <http://www.donormapping.ba/pdf/MDG-BiH-2010-ENG.pdf>, <http://www.undp.ba/Upload/SC/MDGs%20Progress%20Report%202010.pdf> and available in local language at: <http://www.mft.gov.ba/bos/content/view/full/399/166/>.

<sup>145</sup> *Second Environmental Performance Review Bosnia and Herzegovina*, United Nations Economic Commission for Europe, United Nations, New York and Geneva, 2011.

<sup>146</sup> The IPA 2009 national contribution for implementation of the environmental programmes in Bosnia and Herzegovina is €16.5 million.

# CROSS-CUTTING SECTOR



10

<b>DCF members active in the sector in 2010-2011</b>	USA/USAID, EC, UNDP, Switzerland/SDC/SECO, Sweden/Sida, France, UK/DFID, Germany, Italy/IC, Norway, UNICEF, the Czech Republic, Hungary.
<b>Other key international organisations (IOs)</b>	United Nations Women Office for Central and Eastern Europe (UN Women CEE); United Nations Population Fund (UNFPA); United Nations Volunteers (UNV).
<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 2010 and 2011 by DCF members</b>	2010: €9.92 million - all in the form of grants 2011: €6.72 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>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; Strategy for the Fight Against Domestic Violence in RS 2009-2013; Action Plan for Implementation of UN Security 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> <p><b>Previously adopted legal framework and sector strategies<sup>147</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; Gender Action Plan of BiH; Strategy for Prevention and Combat Against Domestic Violence in BiH 2009-2011; State Strategy to Combat Violence Against Children 2007-2010; FBiH Strategic Plan for the Domestic Violence Prevention 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.</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 ad-hoc meetings with donors active in the Sub-sector.</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>147</sup> For more information on the Strategies: [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 the Gender, Youth, as well as the Return and Reintegration sub-sectors.

In Bosnia and Herzegovina, gender equality and the inclusion of women has become increasingly important in all aspects of social, economic and political life. 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 at the Entity-level the FBiH Gender Centre, as well as the RS Gender Centre. In the last decade these Agencies have developed a national institutional and political framework for the application of gender issues in Bosnia and Herzegovina.

The most important achievement in the **Gender sub-sector** was the establishment of the *Funding Mechanism for the Implementation of Gender Action Plan of BiH (FIGAP Programme 2009-2014)*<sup>148</sup> in November 2009. The Programme contributes to increased level of gender equality in BiH society. It means that the concept of gender equality and gender mainstreaming<sup>149</sup> is accepted as an approach in formulating and implementing programmes and policies in all sectors of society as described in the *BiH Gender Action Plan*<sup>150</sup>.

The Gender sub-sector has witnessed several positive developments in 2010-2011. *The Action Plan for Implementation of UN Council Resolution 1325 on Women, Peace and Security (UNSCR) in BiH*<sup>151</sup>, prepared by the BiH Gender Agency was adopted by the BiH Council of Ministers (CoM) in July 2010.

In June 2011 Bosnia and Herzegovina submitted the *Fourth and Fifth Combined UN CEDAW*<sup>152</sup> *Report of Bosnia and Herzegovina* to the Secretariat of the UN Committee for Elimination of Discrimination against Women (UN CEDAW Committee)<sup>153</sup>. The Report presents an evaluation of the progress made in the implementation of the CEDAW Convention in Bosnia and Herzegovina.

In July 2010, the United Nations General Assembly created UN Women, which is the United Nations Entity for Gender Equality and the Empowerment of Women. UN Women was established as a part of the UN reform agenda, bringing together resources and mandates of four previously distinct parts of the UN system which focus exclusively on gender equality and women's empowerment. The four previously distinct parts of the UN system were the Division for the Advancement of Women (DAW), International Research and Training Institute for the Advancement of Women (INSTRAW), Office of the Special Adviser on Gender Issues and Advancement of Women (OSAGI), as well as United Nations Development Fund for Women (UNIFEM)<sup>154</sup>.

**The Sector received 1% of total ODA allocations in 2010 and to date 2% of total ODA in 2011.**

In the **Youth sub-sector** the BiH Ministry of Civil Affairs/Commission for the Coordination of Youth Issues (CCYI)<sup>155</sup> is responsible for the coordination of the activities of all groups of significance to the promotion and protection of the roles and positions of young people in Bosnia and Herzegovina with the goal of improving their living conditions, as well as for the international representation of issues which relate to BiH youths<sup>156</sup>.

In 2010-2011 progress was achieved in Youth sub-sector legislation. In July 2010 the BiH CoM adopted the *BiH Employment Strategy 2010-2014*. The Strategy envisages a decrease of 30% in the unemployment rate for youth by 2014. The *FBiH Law on Youth* was adopted in 2010.

In April 2011 representatives of organisations from Bosnia and Herzegovina, Croatia and Serbia which are partners in the project, *Equal Opportunities for all Young People*<sup>157</sup>, signed the agreement on joining the regional network for the promotion of social inclusion of young people. The aim of the network is to raise awareness about the importance of social inclusion policies, as well as to inform young people about the possibilities of social engagement.

<sup>148</sup> FIGAP is supported by the Sweden/Sida, Austria/ADC, UK/DFID and Switzerland/SDC/SECO.

<sup>149</sup> Gender mainstreaming is the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in all areas and at all levels. It is a strategy for making women's as well as men's concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated.

<sup>150</sup> <http://www.figap.ba/en/organisation/about-figap>

<sup>151</sup> UN Security Council resolution 1325 was unanimously adopted by the UN Security Council in October 2000. It is a landmark legal and political framework that acknowledges the importance of the participation of women and the inclusion of gender perspectives in peace negotiations, humanitarian planning, peacekeeping operations, post conflict peacebuilding and governance. <http://www.unifem.org/campaigns/1325plus10/about-resolution-1325/>

<sup>152</sup> *The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)* was adopted in 1979 by the UN General Assembly. Bosnia and Herzegovina ratified the Convention in September 1993.

<sup>153</sup> Member States that ratify CEDAW are required to report to the CEDAW Committee every four years on progress made in the implementation of CEDAW at the national level. Bosnia and Herzegovina submitted its *Initial, Second and Third reports on the Implementation of the CEDAW Convention* to the Committee in May 2006.

<sup>154</sup> <http://www.unifem.sk/index.cfm?Module=Static&page=w&s=about>

<sup>155</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>156</sup> [http://www.mladi.gov.ba/index.php?option=com\\_content&task=view&id=35&Itemid=35&lang=en](http://www.mladi.gov.ba/index.php?option=com_content&task=view&id=35&Itemid=35&lang=en)

<sup>157</sup> The Project is supported by the European Commission, the IPA-Fund for Cross-Border Cooperation.

In June 2011 *South East European Youth Network*<sup>158</sup> organised a regional seminar, *SEE Youth for the European Year of Volunteering 2011* in Sarajevo. The seminar provided an opportunity for the productive interaction between enterprises, public institutions and civil society organisations from the South East European countries, the European Union, the United States as well as from international and intergovernmental organisations.

In the **Return and Reintegration sub-sector**, the responsible institution at the state-level is the BiH Ministry for Human Rights and Refugees (MHRR), whereas the main coordinating body on return at the state-level is the State Commission for Refugees and Displaced Persons (SCRDP). The SCRDP manages the Return Fund, which was established in 2004 to provide policy coherence and coordination.

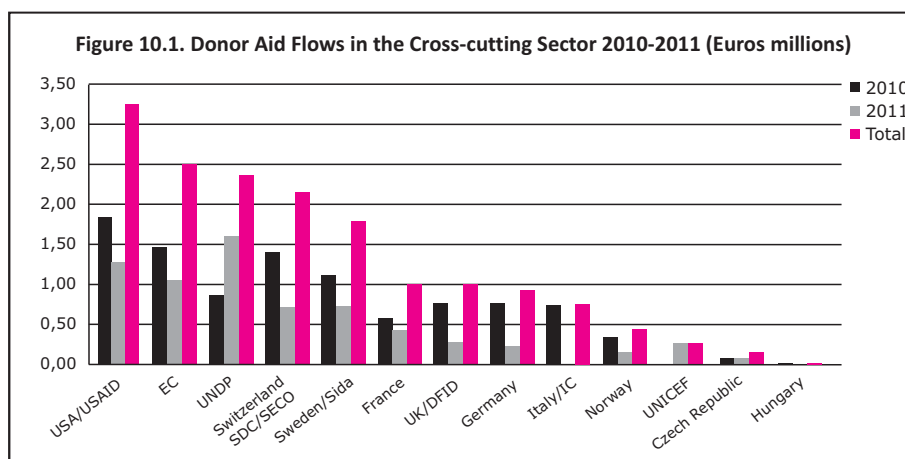
The positive development in the area of return and reintegration in 2010 is the adoption of the *Revised Strategy of Bosnia and Herzegovina for the Implementation of Annex VII of the Dayton Peace Agreement*. The Revised Strategy presumes that the process of return will be completed by 2014.

## Donor activities in 2010 and 2011

DCF members active in the Cross-cutting sector in 2010-2011 are USA/USAID, the EC, UNDP, Switzerland/SDC/SECO, Sweden/Sida, France, UK/DFID, Germany, Italy/IC, Norway, UNICEF, the Czech Republic and Hungary.

**Figure 10.1** indicates that the leading donors in the Cross-cutting sector in 2010 are USA/USAID with a contribution of €1.90 million, the EC with a contribution of €1.49 million and Switzerland/SDC/SECO with a contribution of €1.43 million, followed by Sweden/Sida, UNDP, Germany, UK/DFID, Italy/IC, France, Norway, the Czech Republic and Hungary.

In 2011 the leading donors in the Sector are UNDP with a contribution of €1.59 million<sup>159</sup> and USA/USAID with a contribution of €1.28 million, followed by the EC, Switzerland/SDC/SECO, Sweden/Sida, France, UK/DFID, UNICEF, Germany, Norway and the Czech Republic.



**Figure 10.2** indicates that the **Gender sub-sector in 2010** received €2.97 million, which is **29.92% of total allocations** to the Cross-cutting sector. To date in 2011 the Gender sub-sector received €2.38 million or 35.45% of total allocations to the Sector.

Activities/projects classified as **No sub-sector in 2010** received €3.88 million, which is **39.17% of total allocations** to the Cross-cutting sector. To date in 2011 these activities received €1.35 million or 20.04% of total allocations to the Sector.

The **Youth sub-sector in 2010** received €2.34 million, which is **23.60% of total allocations** to the Cross-cutting sector. To date in 2011 the Youth sub-sector received €2.43 million or 36.23% of total allocations to the Sector.

The **Return and Reintegration sub-sector in 2010** received €0.72 million, which is **7.31% of total allocations** to the Cross-cutting sector. To date in 2011 the Return and Reintegration sub-sector received €0.56 million or 8.28% of total allocations to the Sector.

<sup>158</sup> The South East European Youth Network (SEEYN) is a network organisation involving 15 member NGOs from 8 countries in an attempt to overcome differences among societies that have a recent tradition of conflicts through gathering young people from the entire South East European region to work together on global issues.  
[http://www.seeyn.org/index.php?option=com\\_content&view=article&id=49&Itemid=85](http://www.seeyn.org/index.php?option=com_content&view=article&id=49&Itemid=85)

<sup>159</sup> According to the UNDP Donor Profile total allocations for the Cross-cutting sector for 2011 is €1.62 million since the UNDP figures for 2011 were calculated using the average 2010 UN exchange rate: USD 1 = €0.7557.

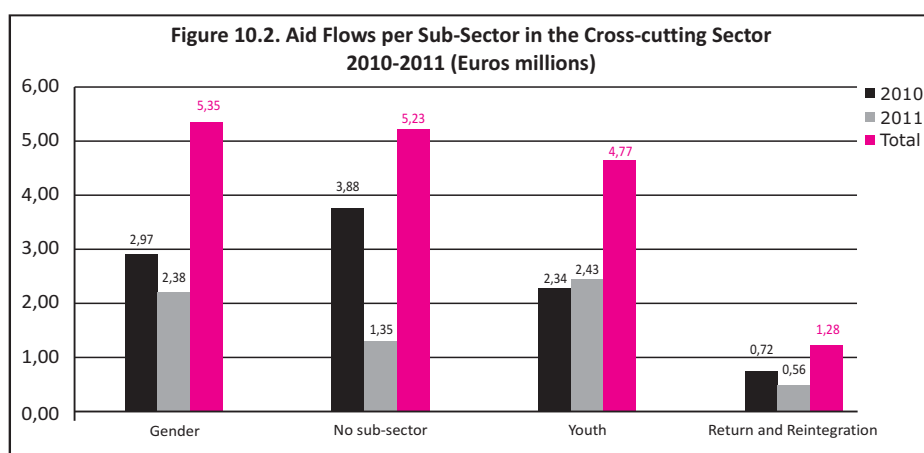
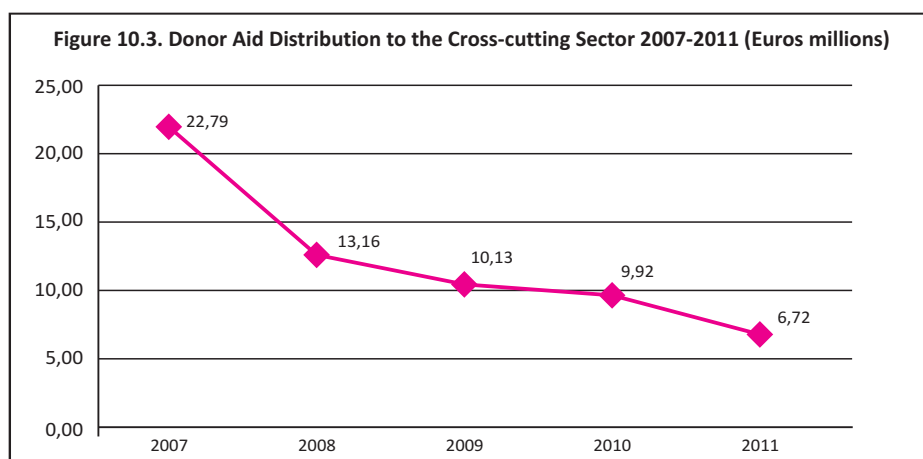


Figure 10.3 shows that total allocations to the Cross-cutting sector by DCF members were €9.92 million in 2010 and in 2011 to date €6.72 million. However, additional funds could be allocated to the Sector by the end of 2011.

Figure 10.3 also indicates that total allocations in 2010 and 2009 were almost at the same level, while total allocations in 2010 decreased by €3.24 million as compared to 2008 and significantly decreased by €12.87 million as compared to 2007.

The Cross-cutting sector received 1% of total ODA allocations in 2010 and to date 2% of total ODA in 2011.



## Gender

DCF members active in the Gender sub-sector in 2010-2011 are USA/USAID, the EC, UNDP, Sweden/Sida, UK/DFID, Italy/IC and UNICEF.

In 2010 the Gender sub-sector received €2.97 million, which is 29.92% of total allocations to the Cross-cutting sector, while to date in 2011 the Sub-sector received €2.38 million or 35.45% of total allocations to the Sector.

In 2011 Sweden/Sida initiated the *Gender Master Study Programme III*. The main goal of the Project is to educate post-graduate students from Bosnia and Herzegovina on various aspects of gender in order to enable them to apply this knowledge into practice at their daily work in institutions, in the private sector and in NGOs. Furthermore, Sweden/Sida continued the project *Kvinna till Kvinna Foundation*. Through the framework agreement, *Kvinna till Kvinna Foundation (KtK)*<sup>160</sup> supports civil society development in South East Europe, focusing on women's participation in society, violence against women, women in education and labour as well as women's health. KtK provides capacity building and funding to local NGO's and projects.

UNDP and UNFPA are implementing a joint programme on *Preventing and Combating Sexual and Gender Based Violence in BiH* that works towards the building of national capacities for data collection, provision of services to victims and efficient

<sup>160</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>



processing of gender-based violence and sexual violence cases. The UNDP component includes a) capacity building of law enforcement agencies for processing of gender-based violence and sexual violence cases, b) increased efficiency of prosecutors and courts of Bosnia and Herzegovina in processing gender-based violence and sexual violence cases, c) institutional reform such as the adjustment of legislation and procedures and d) awareness raising campaigns. UNFPA components are directed towards establishing effective data collection and prevalence analysis and effective referral mechanisms to support victims of gender-based and sexual violence. The Project is funded by the UN Women Trust Fund.

**Italy/IC** continued implementation of the *International Project ARS AEVI - Museum/Centre of Contemporary Art Sarajevo and Promotion of Inter Cultural Dialogue in South Eastern Europe* designed to promote cultural dialogue and to develop stronger relations among the countries of South Eastern Europe (SEE). Moreover, the Project promotes contemporary art in SEE region, BiH's unique multicultural identity as well as the cultural industry sector.

**USA/USAID** supports sustainable development of the NGO sector in Bosnia and Herzegovina by improving the legal and regulatory framework for NGOs, increasing financial sustainability of NGOs, increasing public support for civil society and strengthening capacity of the Civil Society Promotion Centre as an intermediary service organisation. In 2010 USA/USAID launched a new project to establish the Women's Business Network (WBN). The project will support women managing businesses and farms and, in the process improve their money management skills. The WBN Programme will provide a means for members to increase their business connections, improve their access to finance, obtain business-related skills and advocacy skills.

In 2011 **UNICEF** launched the project, *BiH 2011 Multiple Indicator Cluster Survey 4 (MICS4)*. The Multiple Indicator Cluster Survey (MICS) is a household survey programme developed to assist countries in supplementing data gaps for monitoring the situation of children and women. *MICS4* will provide up-to-date information for assessing the situation of children and women and provide data required for monitoring progress toward the Millennium Development Goals (MDGs), the objectives of *A World Fit for Children*<sup>161</sup> and other international commitments.

The **EC** continued implementation of the project, *EIDHR 2008 Gender Sensitisation of the Budget as Part of Reform Changes on the Road to European Integration and the Basis for Strengthening Women Rights in BiH*, as well as the project, *For Old Age with Dignity*.

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

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Forum Syd Balkans Youth Programme	Sweden/Sida	3.56
Kvinna till Kvinna Foundation	Sweden/Sida	3.34
Tax and Fiscal Project (TAF)	USA/USAID	1.78
Sustainable Development of the NGO Sector in Bosnia and Herzegovina II (CCSP II)	USA/USAID	0.73
International Project ARS AEVI-Museum/Centre of Contemporary Art Sarajevo and Promotion of Inter Cultural Dialogue in South Eastern Europe	Italy/IC	0.60
Strategic Impact Fund	UK/DFID	0.51
Preventing and Combating Sexual and Gender Based Violence in BiH (UN Women Trust Fund)	UNDP, UNFPA	0.45
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 2010-2011 are USA/USAID, the EC, UNDP, Switzerland/SDC/SECO, Sweden/Sida, France, Germany, Italy/IC, UNICEF and Hungary.

In 2010 the Youth sub-sector received €2.34 million, which is **23.60% of total allocations** to the Cross-cutting sector, while to date in 2011 the Sub-sector received €2.43 million or 36.23% of total allocations to the Sector.

**UNDP, UNICEF, UNFPA, IOM and UNV** support *The Youth Employability and Retention Programme (Joint UN Programme - MDG - Fund Spain)* which focuses on the problem of the high unemployment of youth and the prevention of the drain of valuable resources. In 2011 UNICEF also initiated a new programme to protect children from violence by improving identification, monitoring and responses to violence against children within public social services, strengthening civil society networks as well as supporting public child care system reform.

<sup>161</sup> The UN General Assembly adopted the resolution *A World Fit for Children* where world leaders made a joint commitment and issued an urgent, universal appeal to give every child a better future. The Resolution was adopted in May 2002. <http://www.unicef.org/worldfitforchildren/files/A-RES-S27-2E.pdf>



**USA/USAID** supports *Internship Program Srebrenica* which provides the youth in Srebrenica with an opportunity to gain practical work experience through an internship with employers in the region. Within the Project 120 youth of Srebrenica and neighboring municipalities gained practical working experience with various employers in the region.

**Hungary** began the project, *Youth Peace Advocates in Eastern Bosnia and Herzegovina*. The overall objective of the Project is to increase stability and peace, as well as to promote a culture of human rights amongst youth and the community in general throughout Bosnia and Herzegovina. In 2010 Hungary also initiated the project, *Debate-Tolerance-European Union*. The goal of the Project is to disseminate the sense of tolerance and EU integration in debate clubs around Bosnia and Herzegovina.

**France** continued to support activities of youth NGOs as well as to provide education for the youth leaders.

In 2010 **Germany** completed the project, *Development and Support of Structures in the Youth Sector*. The idea of the Project was to support existing local initiatives as well as to support a close agreement with local, regional and international institutions in order to gain the greatest synergy effect as possible.

**Italy/IC** continued the activities focused on promotion and implementation of youth policy in Bosnia and Herzegovina in order to make youth active and able to participate and contribute to the development of their country. In 2010 Italy/IC completed the project, *Mladi za Mlade: Youth for Youth - Action of Social Promotion and Development for the Youth and Adolescents*. The Project contributed to the inter-ethnic integration and the peaceful coexistence of BiH youth and adolescents.

**Sweden/Sida** provided assistance for the *Forum Syd Balkans Youth Programme*. The purpose of the Programme is ethnic reconciliation among youth by providing university education in youth work, running of youth clubs, as well as administration of small grant funds for youth projects. Sweden/Sida completed the project, *Open Fun Football Schools*. The purpose of the Project was to rebuild tolerance and coexistence among different ethnic groups through sport for school children within the twin-city concept. Regional trainings for coaches, trainers and instructors were also part of the programme.

**Switzerland/SDC** supports the *Youth Employment Programme (YEP)*. The overall objective of the Programme is to make a substantial contribution to the reduction of youth unemployment in Bosnia and Herzegovina.

The **EC** supports activities for the prevention of juvenile delinquency on the local level as well as promotion of youth participation in strategic local development.

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 (joint UN Programme – MDG Fund, Spain)	UNDP, UNICEF, UNFPA, IOM	4.53
Forum Syd Balkans Youth Programme	Sweden/Sida	3.56
Development and Support of Structures in the Youth Sector	Germany	3.00
Youth Employment Programme (YEP)	Switzerland/SDC/SECO	1.90
Cooperation for Cultural Activities	France	1.52
Mladi za Mlade: Youth for Youth. Action of Social Promotion and Development for the Youth and Adolescents	Italy/IC	1.25
Pilot Project in Support of Communication for Social and Cultural Development in Bosnia and Herzegovina	Italy/IC	0.44
Promotion of Youth Policy at Local Level in North East of Bosnia and Herzegovina	Italy/IC	0.42

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 2010-2011 are the EC, Switzerland/SDC/SECO, France, Germany and Norway.

In 2010 the **Return and Reintegration sub-sector** received €0.72 million, which is **7.31% of total allocations** to the Cross-cutting sector, while to date in 2011 the Sub-sector received €0.56 million or 8.28% of total allocations to the Sector.

The **EC** supports implementation of integrated return in the Kotor Varoš Municipality. The Project includes support to at least 40 families through reconstruction of dwellings and other sustainability measures.

**Germany** finances the reconstruction and repair of houses for returnees and distribution of goods like firewood, beds, food, etc.

**France** supports economical projects for BiH returnees from France in order to provide a basic living conditions to returnees in a difficult environment.

**Switzerland** provided basic preconditions for voluntary and sustainable return of minority returnees, respecting the principles of transparency and equality in prioritisation of beneficiaries of return related assistance programmes.

Major projects in the Return and Reintegration sub-sector are listed below:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Electrification of Areas of Accomplished Return	Norway, UNDP	1.28
Programme for Helping Integration of Returnees	France	0.52
Reconstruction of Small Infrastructure in Support to Sustainable Return (Kotor Varos Houses reconstruction)	EC	0.50
Reconstruction of Homes	Germany	0.26
Monitoring and Verification of Prioritized Beneficiaries for return and Reconstruction Project in Bosnia and Herzegovina	Switzerland/SDC/SECO	0.21

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

### Activities classified as No sub-sector

Activities classified as **No sub-sector in 2010** received €3.88 million, which is **39.17% of total allocations** to the Cross-cutting sector. To date in 2011 these activities received €1.35 million or 20.04% of total allocations to the Sector.

In 2010 **USA/USAID** launched the *Strengthening Independent Media Project (SIM)*. The Project should raise the level of dialogue and discourse in Bosnia and Herzegovina by focusing on institutional building, alternative sources of information and citizen engagement.

**Germany** funded reconstruction and reparation of houses as well as distribution of goods like firewood, food, etc. for families in Maglaj and flood victims in Eastern Bosnia. In 2011 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.

The **Czech Republic** provided support for small local projects in Bosnia and Herzegovina.

The **EC, Norway, UK/DFID** support the project, *Enhancing the Social Protection and Inclusion System for Children in Bosnia and Herzegovina*. The goal of the Project is to enhance the capacity of Bosnia and Herzegovina to increase the effectiveness and relevance of the social protection and inclusion system (SPIS) for children and families. The main target groups are policy makers and professionals accountable for the reform of the social protection system, as well as vulnerable groups of children and their families.

**Norway** provides assistance for women and children who are exposed and affected by domestic and other forms of gender based violence.

**Switzerland/SDC** works on improvement of the social inclusion and quality of life of population in the mine-affected municipalities of Berkovići and Stolac through a systematic and participatory process of linking mine action and development.

**France** provides subsidies for the autonomous Cultural Centre Andre Malraux (Sarajevo) and for French Cultural Centre's network (Tuzla, Mostar, Banja Luka), the salary of the vice-director of the Centre Andre Malraux as well as support of BiH festivals and cultural events.

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	EC, Norway, UK/DFID	6.67
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	1.52

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

## Legal framework and sector strategies adopted in 2010-2011

**In April 2010** the Federation of Bosnia and Herzegovina adopted the *FBiH Law on Youth*. This law established the legal ground for the adoption of youth strategies and the institutional capacities necessary for their implementation at local, cantonal and FBiH levels.

**In July 2010** the BiH Council of Ministers adopted the *BiH Employment Strategy 2010-2014*. The Strategy projects an increase in the employment of women by 2.5% annually and a decrease of 30% in the unemployment rate for youth by 2014. In addition, the Strategy should improve employment opportunities for all in accordance with the *Employment Policy Convention* ratified by Bosnia and Herzegovina. The Strategy will contribute to the quality and quantity of employment while at the same time promoting social inclusion and gender equality.

**In June 2010** the BiH Parliamentary Assembly adopted the *Revised Strategy of Bosnia and Herzegovina for the Implementation of Annex VII of the Dayton Peace Agreement*. The Revised Strategy presumes that the process of return will in essence be completed by 2014 under the condition that funds are secured. In line with the Annex VII of the Dayton Peace Agreement, the Strategy foresees the implementation of rights of return as well as the selection of permanent residence and possible property compensation.

**In December 2010** Republika Srpska adopted the *Strategy for the Fight Against Domestic Violence in Republika Srpska 2009-2013*, which should improve the programme for prevention and protection from domestic violence in Republika Srpska.

**In July 2010** the BiH Council of Ministers adopted the *Action Plan for the Implementation of UN Security Council Resolution 1325 on Women, Peace and Security (UNSCR) in BiH* prepared by the BiH Gender Agency. The primary goal of the Action Plan is to improve the situation of women victims of civil war and to increase participation of women in decision-making, military, police forces and peacekeeping missions<sup>162</sup>.

**In December 2010** Republika Srpska adopted the *Action Plan for Improvement of the Position of Women in Rural Areas of RS by 2015*. The Action Plan is an integral part of the operationalisation of the *Strategic Plan for Rural Development of Republika Srpska 2009-2015* and represents the first plan of that kind in the region<sup>163</sup>.

On the proposal of the BiH Agency for Gender Equality and BiH Ministry for Human Rights and Refugees, **in June 2011**, the BiH Council of Ministers adopted the *Fourth and Fifth Periodic CEDAW Report of Bosnia and Herzegovina*<sup>164</sup>.

The draft of the state-level coordination strategy, *Youth Policy 2009-2013*<sup>165</sup>, prepared by the Commission for the Coordination of Youth Issues (CCYI) with donor support, is in the process of adoption by the BiH Council of Ministers.

## Donor coordination

There is no formal donor coordination in the Gender sub-sector. Donors active in the Gender sub-sector coordinate their activities on an ad-hoc basis. However, intensive collaboration among donors during the creation of the *Funding Mechanism for the Implementation of the Gender Action Plan 2009-2014 (FIGAP)* has strengthened the coordination of the gender mainstreaming process in Bosnia and Herzegovina. The BiH Agency for Gender Equality, the FBiH and RS Gender Centres 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 the FIGAP Programme<sup>166</sup>.

UN Agencies, especially UN Women, UNDP and United Nations Population Fund (UNFPA), continue to work closely to develop and implement project initiatives focusing on *UN Security Council Resolution (UNSCR) 1325*.

The Commission for Coordination of Youth Issues in Bosnia and Herzegovina (CCYI) within the BiH Ministry of Civil Affairs, Department of Science and Culture, holds monthly meetings to coordinate activities of all groups of significance to promote and protect the roles and positions of the young people of Bosnia and Herzegovina. Donors active in the Youth sub-sector also participate in ad-hoc information sharing meetings. USAID leads a youth coordination group with interested donors. The group meets on a quarterly basis and the donors find the discussions very productive.

<sup>162</sup> <http://www.arsbih.gov.ba/bhs/strategije/ap-uns-1325>

<sup>163</sup> *Fourth and Fifth Periodic CEDAW Reports of Bosnia and Herzegovina*, May 2011. [http://www.arsbih.gov.ba/images/documents/cedaw\\_4\\_5\\_e.pdf](http://www.arsbih.gov.ba/images/documents/cedaw_4_5_e.pdf)

<sup>164</sup> *The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)* was adopted in 1979 by the UN General Assembly. Bosnia and Herzegovina ratified the Convention in September 1993.

<sup>165</sup> Preparation of the Document was supported by the World Bank funds, the GIZ Youth Project, as well as the Commission for the Coordination of Youth Issues (CCYI) Budget Funds.

<sup>166</sup> *Fourth and Fifth Periodic CEDAW Reports of Bosnia and Herzegovina*, May 2011. [http://www.arsbih.gov.ba/images/documents/cedaw\\_4\\_5\\_e.pdf](http://www.arsbih.gov.ba/images/documents/cedaw_4_5_e.pdf)

At the state level, the 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 organises 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. DCF meetings are held quarterly with a rotating chairmanship among the member agencies, in order to improve information flow and mutual coordination. DCF meetings also contribute to the multi-sectoral collaboration within all sectors in Bosnia and Herzegovina.

## Future activities

Domestic stakeholders have identified the following priority strategic goals for future activities in the Gender sub-sector:

- Building and strengthening of the systems, mechanisms and instruments for achieving gender equality.
- Development, implementation and monitoring of temporary measures for the improvement of gender equality.
- Establishing and strengthening of cooperation and partnership among Civil Society Organisations (CSOs), the academic and research community as well as legislative and judicial authorities.
- Creating institutional conditions for the sustainability of all activities and programmes related to gender equality.
- Improvement of multi-sectoral cooperation.
- Development of new channels of communication in order to raise awareness regarding intolerance and violence against women.

According to the report, *Progress towards the Realisation of the Millennium Development Goals in BiH*<sup>167</sup>, to achieve better results in the future it is necessary to:

- Follow and enforce the *Law on Gender Equality*.
- Implement the *Gender Action Plan* in Bosnia and Herzegovina in such a way that all the government institutions and other stakeholders fulfil their obligations and responsibilities defined in the *Gender Action Plan*.
- Enforce recommendations of the UN CEDAW Committee for Bosnia and Herzegovina from 2006<sup>168</sup> as well as other applicable international standards.

Bosnia and Herzegovina is among the countries with the highest youth unemployment rate<sup>169</sup>. Thus, youth employment problems must be more properly addressed by public policy.

Other youth-related issues in Bosnia and Herzegovina that need more attention include youth discrimination on numerous accounts, inadequate youth social protection, as well as the issues related to alcoholism and substance abuse, which often affect young people.<sup>170</sup>

In the future UNDP and UNICEF will continue to support the Youth sub-sector. UNDP will provide unemployed youth with:

- First work experience.
- Vocational and educational trainings.
- Technical and soft skills necessary to bring added value to employers.

UNICEF will support linkages between the Education sector and the labour market to ensure that youth have the life skills and key competencies required to be employed.

USA/USAID's new activity will improve youth leadership skills, communication between youth from different ethnic groups and entities and will promote youth self-confidence. Activities will also encourage youth to be more politically and economically active in BiH society.

<sup>167</sup> The Report was prepared by the BiH Ministry of Finance and Treasury and UN Country Team in BiH in July/August 2010 and adopted by the BiH Council of Ministers in November 2010. The Report is available in English at: <http://www.donormapping.ba/pdf/MDG-BiH-2010-ENG.pdf>; <http://www.undp.ba/Upload/SC/MDGs%20Progress%20Report%202010.pdf> and available in local language at: <http://www.mft.gov.ba/bos/content/view/399/166/>.

<sup>168</sup> In June 2006 the Committee for Elimination of Discrimination against Women (UN CEDAW Committee) sent its concluding comments and recommendations to Bosnia and Herzegovina for future implementation of the CEDAW Convention in BiH.

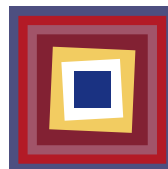
<sup>169</sup> *Progress towards the Realisation of the Millennium Development Goals in Bosnia and Herzegovina 2010*, BiH Ministry of Finance and Treasury and UN Country Team in BiH, July/August 2010, adopted by the BiH Council of Ministers, November 2010. The Report is available in English at: <http://www.donormapping.ba/pdf/MDG-BiH-2010-ENG.pdf>; <http://www.undp.ba/Upload/SC/MDGs%20Progress%20Report%202010.pdf> and available in local language at: <http://www.mft.gov.ba/bos/content/view/399/166/>.

<sup>170</sup> Regional consultations on the position of adolescents in Bosnia and Herzegovina, held in Jajce in May 2011, jointly organised by UNICEF and OIA, with support from the Spanish MDG Fund. [http://www.unicef.org/bih/media\\_17145.htm](http://www.unicef.org/bih/media_17145.htm)



BiH authorities have estimated that full implementation of the *Revised Strategy for the Implementation of Annex VII to the Dayton Peace Agreement* could be achieved by 2014. However, the planned implementation will depend on availability of international assistance. According to the report of the European Commission against Racism and Intolerance (ECRI)<sup>171</sup> future activities related to Return and Reintegration should be focused on elimination of discrimination against minority returnees in access to health care, pensions and other forms of social protection, creating opportunities for employment of minority returnees country-wide and providing access to education free of political, religious and cultural discrimination for all children of minority returnee families.

<sup>171</sup> European Commission against Racism and Intolerance (ECRI) – *Final report on Bosnia and Herzegovina* adopted by ECRI at its 53rd plenary meeting, 7–10 December 2010. <https://wcd.coe.int/wcd/ViewDoc.jsp?Ref=CM%282011%296&Language=lanEnglish&Ver=add2&Site=CM&BackColorInternet=DBC8F2&BackColorIntranet=FDC864&BackColorLogged=FDC864>

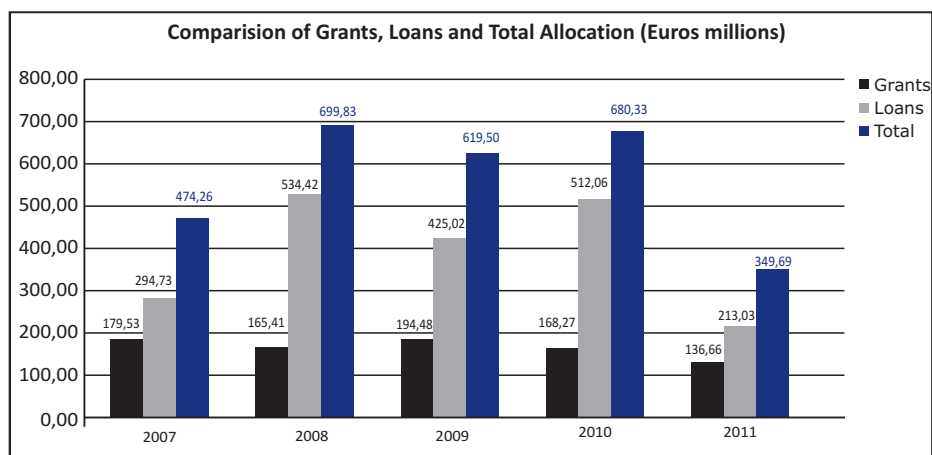


- Overview of ODA allocations to Bosnia and Herzegovina
- Austria/Austrian Development Cooperation (ADC)
- Czech Republic
- France
- Germany
- Hungary
- Italy/The Italian Development Cooperation (IC)
- Japan/Japan International Cooperation Agency (JICA)
- The Embassy of the Kingdom of the Netherlands
- 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

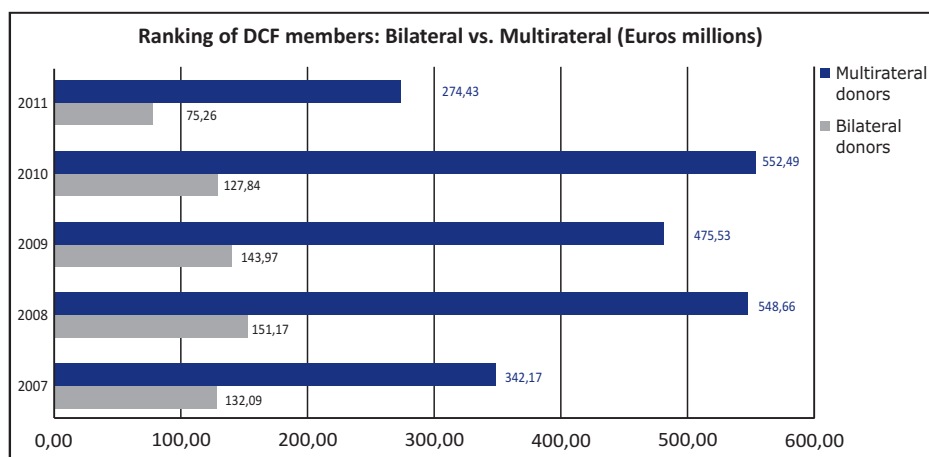
## Overview of ODA allocations to Bosnia and Herzegovina

Total allocations of DCF members in 2010 amounted to €680.33 million out of which €168.27 million was in the form of grants while €512.06 million was in the form of loans<sup>172</sup>. Compared to 2009, this represents an overall increase of €60.83 million in the total ODA allocations, with a €26.21 million decrease in grants and a €87.04 million increase in loans.

In 2011 total allocations by DCF members to all ten sectors was €349.69 million<sup>173</sup> to date, out of which €136.66 million was in the form of grants and €213.03 million was in the form of loans.



The following chart provides a ranking of DCF members per source of ODA from 2007-2011. Out of total figures for 2010, €127.84 million (18.79%) of ODA was allocated by bilateral donor agencies and €552.49 million (81.21%) by multilateral agencies, including financial institutions. The same trend was observed in 2011 with €75.26 million (21.52%) of ODA provided by bilateral agencies, €274.43 million (78.48%) provided by multilateral agencies.

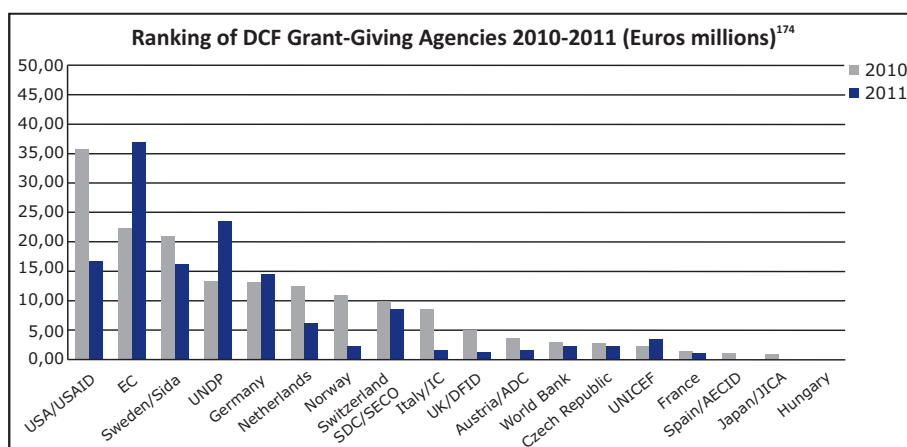


The following chart provides a ranking of grant-giving DCF agencies according to their allocations in 2010-2011. The USA/USAID, the EC, Sweden/Sida and UNDP provided the largest amounts of grant aid in 2010 followed by Germany, the Netherlands, Norway, Switzerland/SDC/SECO and Italy/IC.

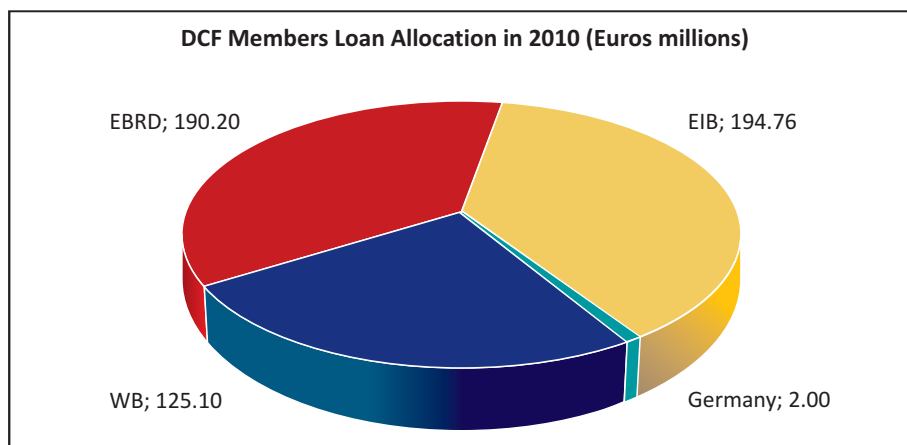
<sup>172</sup> Due to a change in the data entering method for allocations into the Donor Coordination Forum database by Germany/KfW, figures per year from 2007 to 2010 currently in the database are different from the figures that were published in the previous Donor Mapping Reports. In previous years Germany/KfW allocated the entire amount of each project in one year. Now the entire amount of each project has been allocated per years of the project's duration. This method was applied retroactively to all KfW projects, therefore, the total allocations have been changed for 2010 and previous years. Furthermore, the contribution for the *Energy Sector Programme IV - PSPP Vriilo*, €70 million in 2009 and €30 million in 2010, that was committed by the German Government was deleted from the database since the Project and Financing Agreement with BiH is not in place yet (and will not be for at least an additional year). Also, *Water and Sewage BiH II* - including Tuzla, Zenica and Travnik - that amounted to €19.5 million and *Renewable Energies II (Wind Park RS Phase 1)* - that amounted to €50 million were deleted from the database.

<sup>173</sup> The figures for 2011 do not give a full picture of total ODA since some of the DCF members were not able to provide total allocations for 2011.





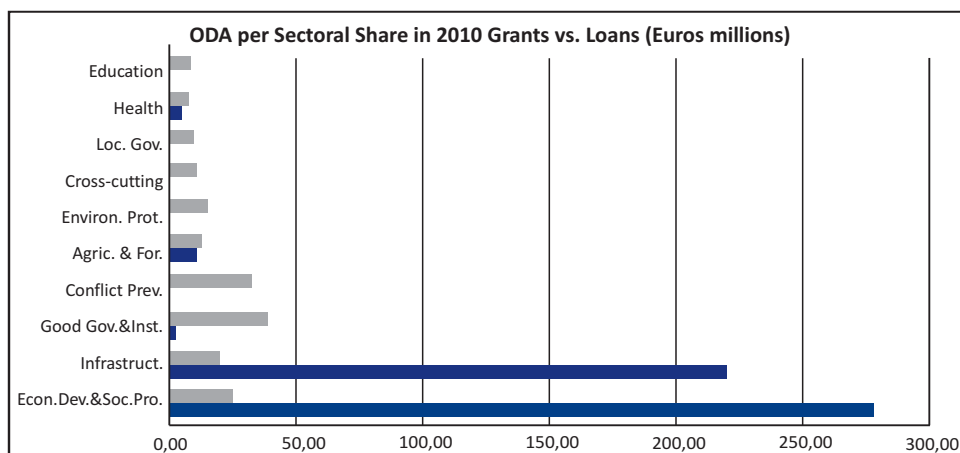
Spain/AECID and Austria/ADC closed down their offices in Bosnia and Herzegovina in 2011 and Austria/ADC will gradually phase out direct bilateral technical assistance by 2013. UK/DFID and the Netherlands will cease their operations by the end of 2011. These four agencies together contributed approximately 13% of total grant allocations in 2010.



The three largest international financial institutions, the EIB, EBRD and the World Bank, as well as bilateral donor, Germany, provided loans in 2010-2011. The EIB loans are provided for the Infrastructure and Economic Development sectors. The EBRD loans primarily support Economic Development, Infrastructure and Agriculture and Forestry sectors, while the World Bank loans are provided for the Economic Development, Infrastructure, Agriculture and Forestry, Health and Good Governance and Institution Building 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.

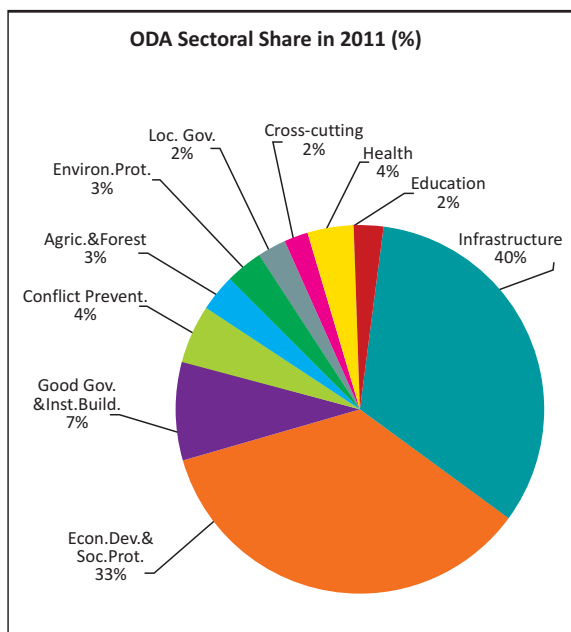
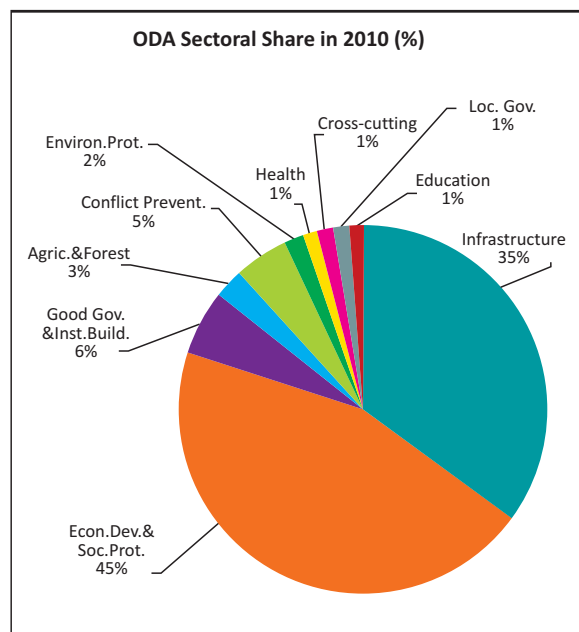
The following chart with sectoral allocations of donor/financial institutions assistance indicates that in 2010 the Economic Development and Social Protection and Infrastructure sectors received the highest proportion of international support, followed by the Good Governance and Institution Building, Conflict Prevention and Agriculture and Forestry sectors. However, it should be noted that 92% of the total allocations to both the Economic Development and Social Protection sector and the Infrastructure sector, as well as 46% of total allocations to the Agriculture and Forestry sector, were delivered in the form of loans, while 95% of the total allocations to the Good Governance and Institution Building sector was delivered in the form of grants.

<sup>174</sup> It is to be noted that, as concerns statistics for the EC, due to a change of methodology for data entering in the Donor Coordination Forum database, the annual allocation of funds foreseen for implementation in 2010 reflects only funds contracted in 2010.



	Econ.Dev.&Soc.Pro.	Infrastruct.	Good Gov.&Inst.	Conflict Prev.	Agric. & For.	Environ. Prot.	Cross cutting	Loc. Gov.	Health	Education
■ Grants	25,12	18,35	38,12	32,98	9,41	11,06	9,92	9,66	5,92	7,73
■ Loans	280,18	219,87	1,88	0,00	8,02	0,00	0,00	0,00	2,11	0,00

The following charts provide a ranking of the sectoral share of ODA in 2010 and 2011 expressed in percentages. The highest percentage of ODA in 2010 was allocated to Economic Development and Social Protection (45%) followed by Infrastructure (35%), while the least funded sector was Education. The same trend was noticed in 2011 with the highest percentage of ODA allocated to Infrastructure (40%) followed by Economic Development and Social protection (33%), while the least funded sectors were Education and Cross-cutting.



## Austria/Austrian Development Cooperation (ADC)

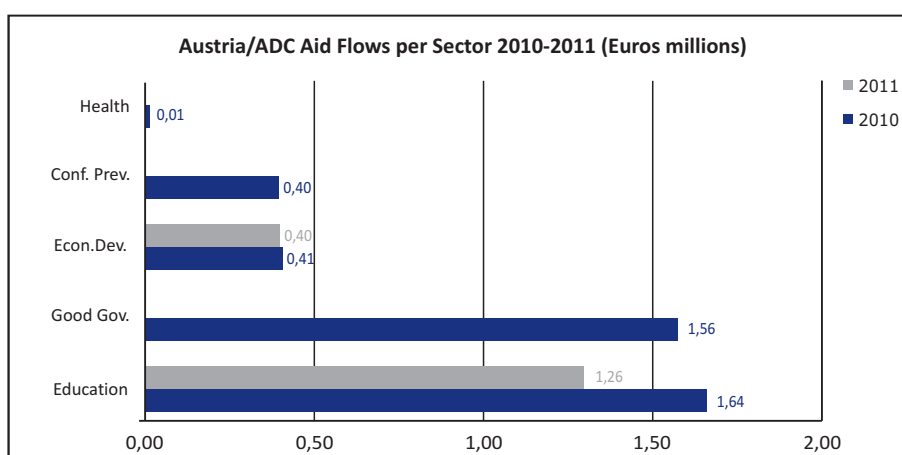
**Austrian**  
Development Cooperation

### 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 2010 and 2011

The Austria/ADC allocated €4.02 million in 2010 and €1.66 million in 2011 to the following sectors: Education, Good Governance and Institution Building, Conflict Prevention, Economic Development and Social Protection and Health.



ADC support for education in Bosnia and Herzegovina focuses on higher education and vocational educational training (VET). This support is aligned to the *Strategy for the Reform of Education 2008-2015* and the *Strategy for VET 2007-2013* and is closely coordinated with the MoCA on the state level. Measures in this sector 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 promote sustainable economic recovery and social development.

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, especially education, research and judiciary. ADC supports institution building of local institutions through direct cooperation and implementation of its projects within the capacities of these institutions.

### 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. ADC's BiH Country-strategy 2011-2013 focuses on three main areas: economic development and employment, education and governance. After the termination of Austrian bilateral development cooperation, development cooperation partners in Bosnia and Herzegovina will be encouraged and supported to make increased use of alternative ADA instruments such as Private Sector Partnerships, NGO Co-financing and Regional Co-operation. These instruments will be complemented by non-ADA facilities like EU Twinnings and assistance provided by the Austrian Development Bank.



## Donor coordination efforts

ADC is participating at the EU Member States donor coordination meetings, as well as in the working group of donors in higher education.

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BMeiA - Austrian Ministry for European and International Affairs: [www.bmeia.gv.at](http://www.bmeia.gv.at)

## Czech Republic

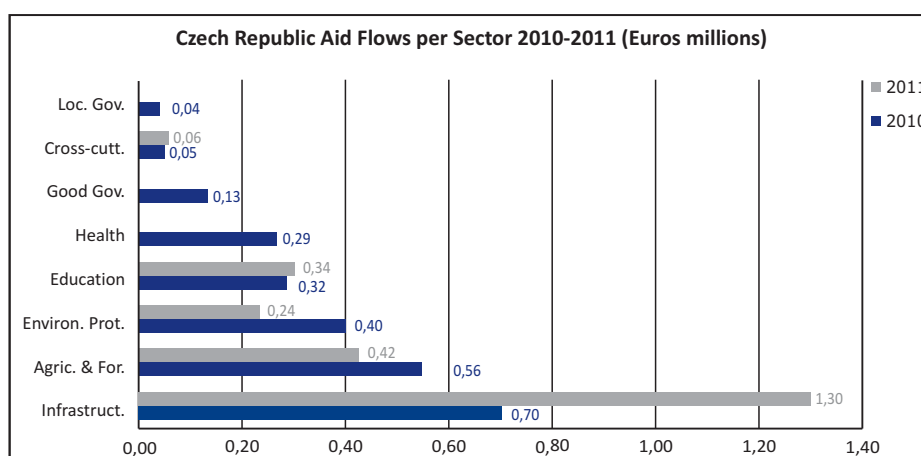


### Policy approach

The Czech Republic has five Programme priority countries for its development cooperation - Bosnia and Herzegovina belongs to these five together with Afghanistan, Ethiopia, Moldova and Mongolia. The Czech Republic policy approach is based on the Programme of Cooperation between Bosnia and Herzegovina and the Czech Republic for period 2011-2017. The Programme is in a draft version. It is estimated that the approved version will be mutually acknowledged in the summer 2011. A mid-term evaluation of the Programme is planned in order to incorporate a field feedback.

### Key activities in 2010 and 2011

The Czech Republic allocated €2.49 million in 2010 and €2.36 million in 2011 to the following sectors: Infrastructure, Agriculture and Forestry, Environmental Protection, Education, Health, Good Governance and Institution Building, Cross-cutting and Local Governance.



Activity of the Czech Republic in the sectors was established by The Development Cooperation Strategy of the Czech Republic<sup>175</sup>. According to this strategy and according to the Programme, six sectors or sub-sectors were identified for Bosnia and Herzegovina: a) Health, b) Water supply and sanitation, c) Government and civil society, d) Energy generation and supply, e) Agriculture, forestry and fishery, f) General environmental protection.

**Health:** In previous years the Czech Republic supported a project related to technical and material support in vascular surgery for hospitals in Sarajevo, Tuzla and Mostar. This cooperation will continue and be broadened by including more hospitals and by complementing technical support with education. Generally, the development will focus on improvement of medical care during 2012-2014.

**Water supply and sanitation:** Currently the Czech Development Agency is preparing two projects for the next three years. The first project is dedicated to improvement in waste management in municipalities of Dobož and Maglaj. The second project focuses on improvement of water supply in the Lukavac. Both projects will start later this year. Generally, development cooperation in this field should focus on water supply and sanitation during 2012-2014.

**Government and civil society:** Development cooperation in this sector will focus on the transmission of Czech Republic experience in transformation of state administration and in capacity building of civil society during 2012-2014 with specific emphasis on transferring Czech experience with EU integration processes.

**Energy generation and supply:** Currently the Czech development agency is preparing a project, which is dealing with a new source of heating for the village of Nemila in the Zenica municipality. The planned source of energy is renewable energy (biomass). Generally, development cooperation in this sector will focus on locally sustainable sources of energy during 2012-2014 by introducing model examples of renewable energy sources which could subsequently be replicated throughout Bosnia and Herzegovina.

<sup>175</sup> For more information, please visit the following link:

[http://www.mzv.cz/jnp/en/foreign\\_relations/development\\_cooperation\\_and\\_humanitarian/development\\_cooperation\\_strategy\\_of\\_the.html](http://www.mzv.cz/jnp/en/foreign_relations/development_cooperation_and_humanitarian/development_cooperation_strategy_of_the.html)

**Agriculture, forestry and fishery:** Development cooperation in this sector focuses mainly on the increase of competitiveness in milk production in north-east Bosnia. The current project will continue until 2012. Generally, development cooperation in this sector will focus on the support of agricultural production.

**General environmental protection:** Currently the Czech development agency is preparing a project, which should start next year and will deal with flood protection management. Generally, development cooperation in this sector will focus on preservation of the environment during 2012-2014.

An important component of Czech development cooperation is assistance to **small local projects**, which allow small and targeted development activities, complementing the overall development cooperation of the Czech Republic. Unlike the standard large projects, small local projects are implemented by local organisations. Any subject interested in cooperation, either state authorities, authorities on regional or local level, government bodies, NGOs, academic institutions, nonprofit organisations, organisations providing health services, education and social services, communes or others, must submit a project proposal on a form in English. Detailed information about the project can be enclosed and written in either English or Bosnian, Serbian or Croatian. The small local project application form can be found at the website of the Embassy of the Czech Republic in Sarajevo at <http://www.mzv.cz/sarajevo>.

**The Transition Programme** is aimed at support to democracy and human rights, using the Czech Republic's recent experience with social transition and democratisation. Projects within this Programme are implemented in cooperation with Czech civil society organisations and their local partners, underpinning the importance of civil society in the democratisation processes. Applicants for this Programme must be Czech organisations, which, in the course of the implementation of the project, must cooperate with their Bosnian counterparts.

## Medium and long-term 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. Bosnia and Herzegovina equally enjoys this position due to its historically friendly relationship with the Czech Republic and the results of development cooperation with the Czech Republic to date.

The present Development Cooperation Programme for the period of 2011 to 2017 was drafted taking into account development cooperation results and Bosnia and Herzegovina's effort to achieve EU accession. Its principal aim is to improve the economic and social standing of Bosnia and Herzegovina and to support the country's integration within the EU. Czech development cooperation in Bosnia and Herzegovina will therefore increasingly focus on the transfer of knowledge and provision of assistance in building administrative capacities that are necessary for EU membership, on approximation of legislation and provision of technical assistance.

## Donor coordination efforts

Apart from the general DCF, representatives of the Embassy of the Czech Republic take part in the sectoral meetings in the field of agriculture, organized by BiH Ministry of Foreign Trade and Economic Relations. They also take part in donor meetings on youth organised by USAID.

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## France

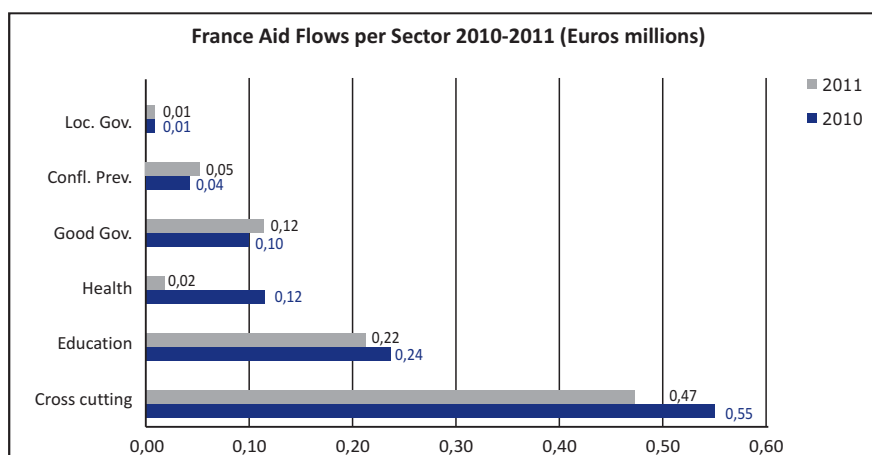


### Policy approach

The French Embassy deals both with classical cooperation assistance (police, justice, administration, non-governmental organizations and exchanges between regions and cities in France and Bosnia and Herzegovina) and traditional cultural activities (universities, French language teaching, cinema, theatre, dance, visual arts and literature). The goals of the latter are to promote the French language and cultural diversity. Support to civil society focuses especially on empowering youth and women by financing educational initiatives and creating spaces where young people and women can meet and raise their voices (e.g. youth centres). From a political standpoint, the French Embassy in BiH aims to strengthen the central state. The Embassy does this by promoting the rule of law, supporting institution building and providing education to civil servants, judges and police officers. France's priority sectors in Bosnia and Herzegovina are Justice, Education, Culture, Youth, Health and decentralised cooperation.

### Key activities in 2010 and 2011

France allocated €1.06 million in 2010 and €0.89 million in 2011 to the following sectors: Cross-cutting, Education, Health, Good Governance and Institution Building, Conflict Prevention and Resolution, Peace and Security and Local Governance.



### Medium and long-term approach

In the coming years the co-operation office of the French Embassy is developing a reduced series of programmes in order to take into account the budget reduction and the necessity to focus on specific targets: reimplementation of the Sarajevo Film Festival with a 3 year term programme (€45,000); enlargement of partners in municipalities and regions for decentralized cooperation; opening of a French language international college in Sarajevo; strengthening of training sessions for policemen, firemen, judges and prosecutors through 3 year term programmes; enlargement of scholarship policy for studies in France thanks to the private sector; orientation of all NGO training sessions towards youth leaders with the support of the Institut Francais network (3 centres in Tuzla, Banja Luka and Mostar, in addition to the NGO Centre André Malraux in Sarajevo).

### Donor coordination efforts

France is following a policy of “niche” on fields where others are not largely involved (medicine, cultural network, decentralised cooperation, civil security), therefore the French Embassy is regularly participating in the DCF but is not a part of any sector working group so far.





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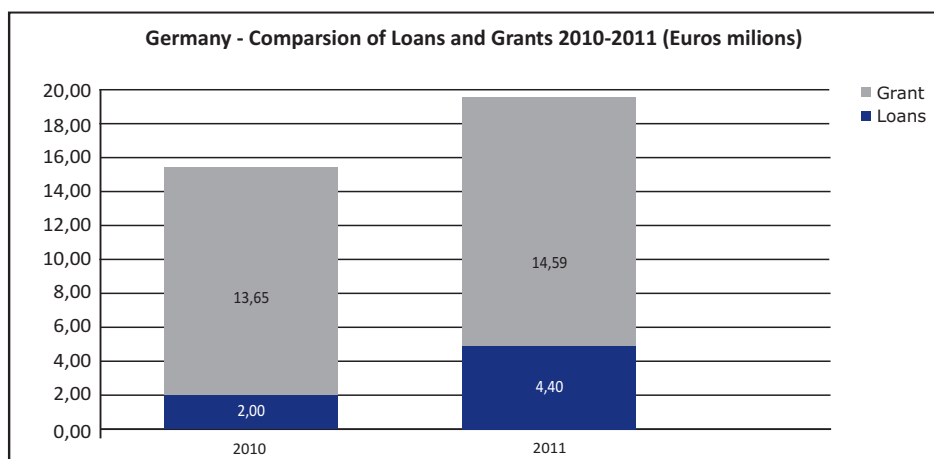
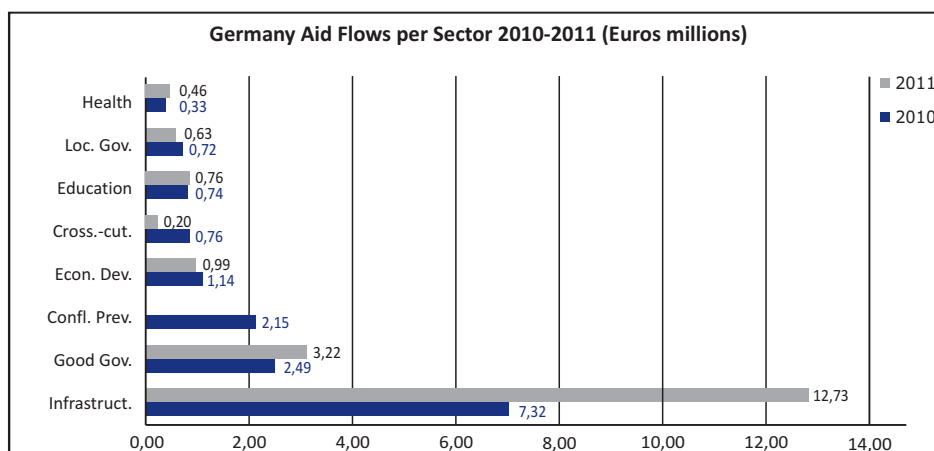
## Germany

### Policy approach

Germany is committed to assisting 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. To this end, the German Government has mandated several implementing agencies to conduct its development assistance in BiH, out of which the most prominent are KfW Entwicklungsbank (Development Bank) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)<sup>176</sup>. 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 the funds from the Stability Pact for South Eastern Europe.

### Key activities in 2010 and 2011

Germany allocated €15.65 million in 2010<sup>177</sup> and €18.99 million in 2011 to the following sectors: Infrastructure, Good Governance and Institution Building, Conflict Prevention, Economic Development and Social Protection, Cross-cutting, Education, Local Governance and Health.



<sup>176</sup> GIZ was formed on 1 January 2011. It brings together the long-standing expertise of Deutscher Entwicklungsdienst (DED), Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) and Internationale Weiterbildung und Entwicklung GmbH (Inwent).

<sup>177</sup> Due to a change in the data entering method for allocations into the Donor Coordination Forum database by Germany/KfW, the total allocations for 2010 currently in the database are different from the figures published in the Donor Mapping Report 2009-2010. In previous years Germany/KfW allocated the entire amount of each project in one year. Now the entire amount of each project has been allocated per years of the project's duration. This method was applied retroactively to all KfW projects, therefore, the total allocations were changed for 2010 and previous years. Furthermore, the contribution for the *Energy Sector Programme IV - PSPP Vrljo*, €70 million in 2009 and €30 million in 2010, that was committed by the German Government was deleted from the database since the Project and Financing Agreement with BiH is not in place yet (and will not be for at least an additional year). Also, *Water and Sewage BiH II* - including Tuzla, Zenica and Travnik - that amounted to €19.5 million and *Renewable Energies II (Wind Park RS Phase 1)* - that amounted to €50 million were deleted from the database.

KfW Entwicklungsbank (the German Development Bank) is part of the KfW Bankengruppe and promotes economies in transition and developing countries. On behalf of the German Government KfW provides long-term capital for investments in Infrastructure, financial systems and Environmental Protection. KfW's financial cooperation activities are based on agreements between the German Government and the BiH Council of Ministers as well as on the stipulations of the Federal Ministry of Economic Cooperation and Development (BMZ). On that basis KfW is focusing its activities in BiH on municipal water and waste water programmes, on activities for better use of renewable energy sources and improvement of energy efficiency and the further strengthening of the financial sector.

In the framework of its water and waste water activities KfW is focusing on rehabilitation of water supply systems for improving water quality and for reducing losses. Extension of sewage systems is financed for protecting drinking water sources. Each programme is supplemented by activities for improving the management and financial aspects of water utilities. It aims at providing an affordable, reliable water supply for the population.

In the energy sector the very first programmes were focused on the rehabilitation of older hydropower plants. This effort is expanding towards financing new generation facilities based on water and wind. Furthermore the implementation of a new management system at the distribution level (SCADA) for the support of power quality and for the optimisation of power management is currently under preparation.

KfW has supported the consolidation of the financial sector since 1998 with refinancing lines and credit guarantees. Support to the establishment of the Deposit Insurance Agency (DIA) as well as the promotion of the European Fund for South East Europe were other core activities. KfW will continue with the German support of the sector and will especially focus on further consolidation of the microfinance sector and provision of refinancing lines for SMEs and energy efficiency via the banking sector.

As an international cooperation enterprise for sustainable development with worldwide operations, the federally owned Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) supports the German Government in achieving its development policy objectives. It provides viable, forward-looking solutions for political, economic, ecological and social development in a globalised world. GIZ promotes complex reforms and change processes. Its corporate objective is to improve people's living conditions on a sustainable basis.

Since 1992 GIZ has been supporting countries in South-Eastern Europe in developing a competitive market economy on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ). These countries receive targeted assistance in implementing reforms that serve European integration.

The German Development Cooperation serves to rebuild the country's economy, focusing on the following areas: economic reform (Local and Regional Economy Support, Vocational Education and Training, Land Administration), democracy/civil society (Development and Support of Structures in the Youth Sector, Support of the Sexual and Reproductive Health and HIV Prevention Among Youth, Development of Youth Tourism, Open Regional Fund for South–East Europe), legal reform, foreign trade promotion, energy efficiency and modernisation of municipal services.

In these fields GIZ manages programmes and projects across the geographical and ethnic divide, thereby making a significant development contribution to stability in the region. GIZ thoroughly assesses the overall impact of the programme and project measures in development.

## Medium and long-term approach

The long-term goal of German assistance is BiH's European integration and its independence of further development cooperation funds. To support BiH 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 the Education sector.

With regard to financial cooperation KfW will especially extend its presence as a leading bilateral promotional bank in municipal infrastructure and renewable energy. Co-financing with other donors shall be extended to increase leverage and allow financing of even larger projects.

## Donor coordination efforts

Germany is actively participating in the Donor Coordination Forum. Bilateral activities are coordinated and linked with activities of other donors.

KfW is combining bilateral projects with various EU-programmes (e.g. IPA and IPF MW). In the financial sector KfW has initiated the European Fund for South East Europe (EFSE) as a joint donor vehicle for the overall region. This fund allows pooling of funds and provides an additional platform for donor coordination in the sector. In addition KfW manages the European Funds for Bosnia and Herzegovina and offers donors a supplementary vehicle for supporting specific purposes within the financial sector. Partners are, for example, the Danish Government and the Swedish Government.

Since 2003, GIZ has implemented the Land Administration Project combining funding from Germany, Sweden and Austria, and actively supporting coordination with other donors like the World Bank and the European Union. With the Open Regional Fund (ORF) GIZ supports regional cooperation in South-East Europe towards their EU approach. With the regional support of legal reform, foreign trade, energy efficiency and modernisation of municipal services GIZ helps to connect the countries of South-East Europe in their common search for the best solution.

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## Hungary



### Policy approach

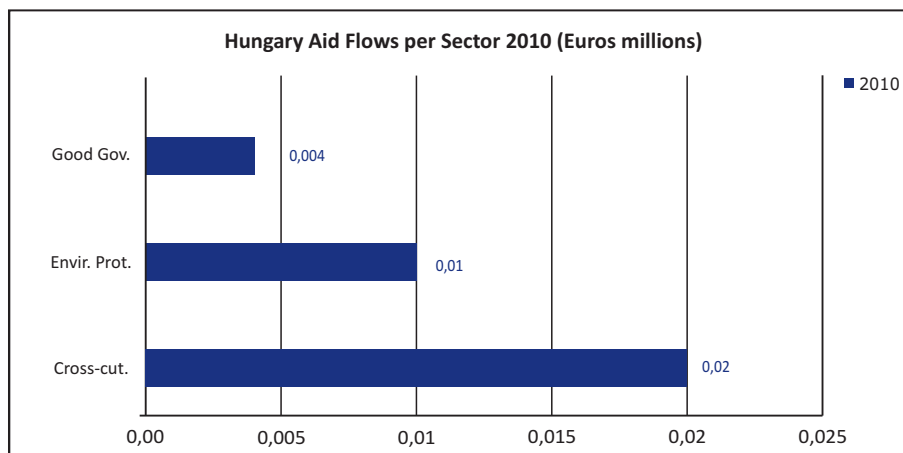
Bosnia and Herzegovina is among the priority countries for Hungarian National Development activities. The aims of Hungary's development strategy for Bosnia and Herzegovina, which covers the period 2008–2010, are:

- 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 a 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 a market economy, to a democratic functioning state) and its Euro-Atlantic integration (i.e. EU-integration, NATO-integration, regional cooperation) processes.

### Key activities in 2010

Hungary allocated €0.03 million in 2010 to the following sectors: Cross-cutting, Environmental Protection and Good Governance and Institution Building.



### Cross-cutting

The focus in the Cross-cutting sector is to support youth in Bosnia and Herzegovina. Projects supported by Hungary are related to tolerance (sensitive communities), the role of youth in EU-integration and extending the possibilities of youth in Bosnia and Herzegovina.

### Environment

In the Environment sector Hungary will focus on local activities, i.e. efforts of small communities or municipalities to create a sustainable local environment.

## Good Governance

In the Good Governance sector Hungary has two main development objectives:

1. To transfer know-how from state to state in order to develop the democratic functioning of the state and the rule of law.
2. To strengthen civil society in its activities and capacities:
  - a. To promote EU-integration, disseminate information about the EU.
  - b. To promote cultural and ethnic tolerance.
  - c. To involve youth in working towards a better future of Bosnia and Herzegovina.

In line with the above mentioned aims Hungary supported projects that helped youth civil organisations in the country to build their capacities.

## Medium and long-term approach

Hungary expects its role in the medium term, as one of the friends of Bosnia and Herzegovina and an EU member state, to be helping the country to a successful Euro-Atlantic integration. As a neighbour, Hungary is very interested in the stabilisation and the democratic functioning of Bosnia and Herzegovina and the 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 who are key players for the future of the country. Therefore Hungary would like to support initiatives that:

- Strengthen the capacities of state institutions for a successful Euro-Atlantic integration.
- Strengthen civil society itself and its activities of encouraging people, especially youth 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 of Hungary as a bilateral donor.

Hungary will further support activities that reduce mine risk in Bosnia and Herzegovina since Hungary regards it as a particular problem which directly affects human lives.

## Donor coordination efforts

Hungary participated in the sector working group that functions as a sub-group of DCF. It is the sector of planning of country development and social inclusion. Hungary also attends regular EU Member States' meetings on IPA coordination.

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Web address: [www.mfa.gov.hu/emb/sarajevo](http://www.mfa.gov.hu/emb/sarajevo)

## Italy/The Italian Development Cooperation (IC)

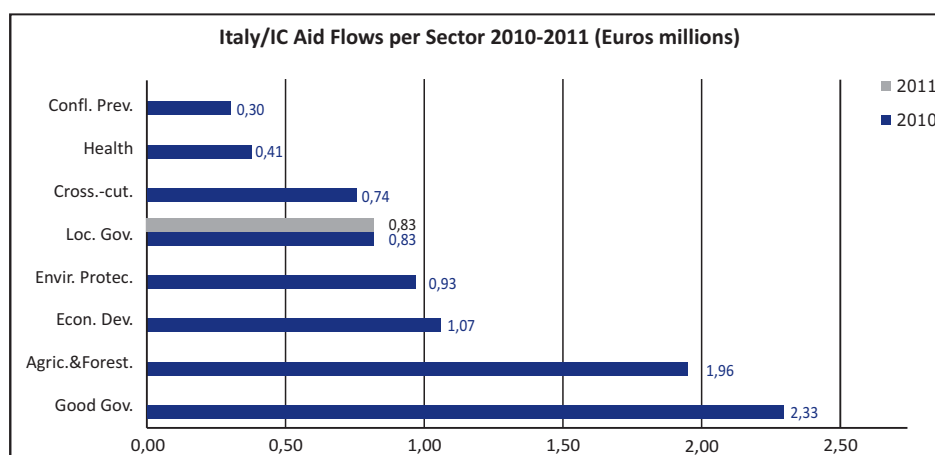


### Policy approach

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

Italy/IC allocated €8.57 million in 2010 and €0.83 million in 2011 to the following sectors: Good Governance and Institution Building, Agriculture and Forestry, Economic Development and Social Protection, Environmental Protection, Local Governance, Cross-cutting, Health and Conflict Prevention.



The funds allocated for the Italian Cooperation initiatives in Bosnia and Herzegovina are divided into four main sectors: i) rural development and tourism; ii) minors; iii) government/civil society; iv) the development of local institutions.

### 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.

### 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 a 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 BHMIC, is fundamental for the agricultural, industrial and touristic development of wide 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

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)

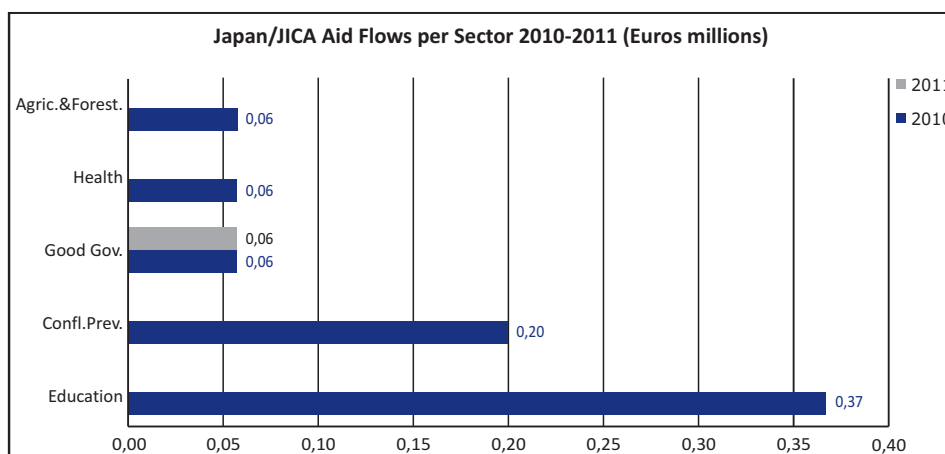


### Policy approach

The priority sectors for Japanese economic cooperation are the following: (1) consolidation of peace/ethnic reconciliation, (2) development of the private sector and (3) protection of environment. Specifically, Japan will support projects in the areas of primary health care, primary/secondary education, agriculture, tourism, water supply, landmine clearance, development of SMEs and protection of the environment as well as disaster prevention.

### Key activities in 2010 and 2011

In addition to existing projects, Japan/JICA allocated additional €0.75 million in 2010 and €0.06 million in 2011 to the following sectors: Education, Conflict Prevention, Good Governance and Institutional Building, Health as well as Agriculture and Forestry.



### Education

The *Peace Consolidation Programme* implements technical cooperation projects to expand reconciliation from the entity to state level among the peoples in order to establish a common agenda through projects targeting more than one ethnic group. In this programme, Japan has assisted Bosnia and Herzegovina in modernising informatics curricula through a grant aid programme and a technical cooperation project. The *Informatics Curricula Modernisation in Bosnia and Herzegovina Phase II* started on 1 August 2010.

### Health

Regarding the land mine issue, which is a lingering negative factor for the peace consolidation, the Programme supports clearance activities through the *Grassroots Human Security Grant Aid*.

### Economic Development and Social Protection

The *Environmental Protection Programme* focuses on policy advice and/or capacity development in the areas where Japan has high expertise and rich experience, such as global climate change, antipollution, energy conservation technology and recycling. The implementation of the *Flue Gas Desulphurisation Construction Project for Ugljevik Thermal Power Plant* started in FY2010.

Also, it is necessary to foster SMEs and tourism, the main actors in the national economy, in order to promote a market-oriented economy and private sector development. The *Private Sector Development Programme* supports efforts in human

resource development and the creation of a policy implementation system in order to promote establishing strategies for SMEs and tourism by both of the BiH authorities and that of each entity. The *Project for Herzegovina International Tourism Corridor Development and Environmental Conservation* in Bosnia and Herzegovina is scheduled to start in 2012.

### Agriculture and Forestry

The *Peace Consolidation Programme* also includes a technical cooperation project in the field of agriculture. The *Project for Confidence-Building in Srebrenica on Agricultural and Rural Enterprise Development (SACRED)* has been implemented in order to expand reconciliation from the entity to state level.

### Medium and long-term approach

As of 2009, Bosnia and Herzegovina's GNI per capita was USD 4,431 (source: World Bank); therefore, grant aid programmes in Bosnia and Herzegovina are limited to certain areas e.g. environment and disaster prevention.

Since Bosnia and Herzegovina is categorised as an upper-middle income country (GNI per capita in 2009 exceeds USD 4,431), ODA loans will be limited to the following four 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



Kingdom of the Netherlands

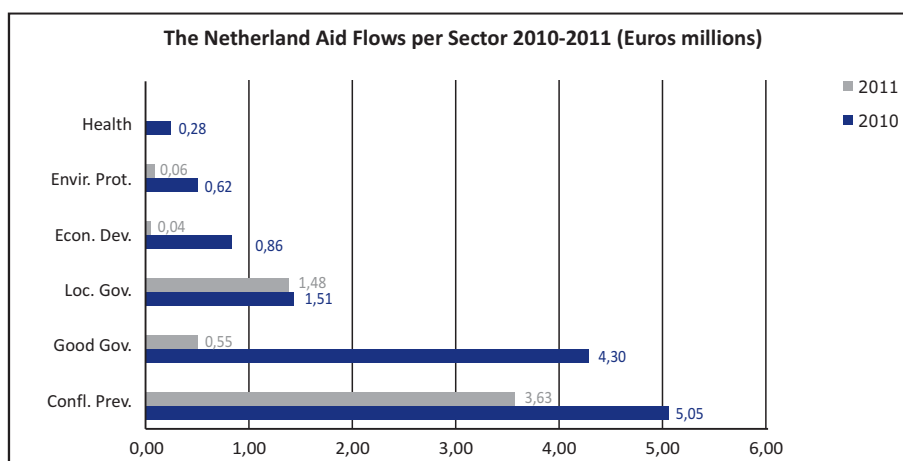
### Policy approach

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 predominately on the facilitating of 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 inclusive of private sector development and foreign direct investment.

By the end of 2011 bilateral development assistance for Bosnia and Herzegovina will be 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, like the programme for societal transformation (MATRA), for which Bosnia and Herzegovina has qualified since January 2008.

### Key activities in 2010 and 2011

The Netherlands allocated €12.61 million in 2010 and €5.76 million in 2011 to the following sectors: Conflict Prevention, Good Governance and Institution Building, Local Governance, Economic Development and Social Protection, Environmental Protection and Health.



**Activities in Good Governance/Local Government:** Financing of GAP and PAR, CCI.

**Activities in Private Sector Development/Agriculture:** Enforcing value chains in agriculture (implemented by UNDP) and support of REZ (Central BiH).

### Activities in Conflict Prevention/Post Conflict

- Financing ICMP, several projects and programmes in the Srebrenica area to help improve the social and economic situation.
- The social housing project, implemented by the NGO CRS, beneficiaries from collective centres who can not return.
- Develop models for social housing, regulatory framework and pilots (Fojnica, Potočari, Drvar, Goražde and Foča).

## Medium and long-term approach

The Netherlands development aid programme will end after 2011 except for a post conflict programme in the Srebrenica area (€5 million/year). Some smaller programmes, managed from headquarters will continue such as the programme for social transformation (MATRA, approximately €0.3 million/year) and a programme to support PFM of countries within the Dutch constituency of WB/IMF.

## Donor coordination efforts

Besides participating in DCF the Netherlands has good cooperation with the 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, PAR, Judiciary and SPPD.

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## The Royal Norwegian Ministry of Foreign Affairs



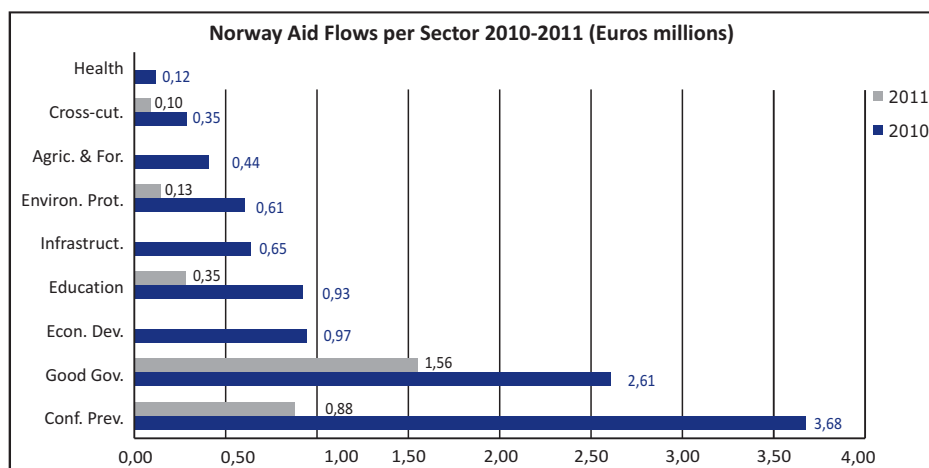
### Policy approach

Much of Norwegian development cooperation internationally involves long-term assistance in the form of grants. Norwegian long-term development cooperation in general emphasises both bilateral assistance, channelled directly to the governments of partner countries, and multilateral assistance, which is channelled through the UN system and development banks. Norway also provides significant assistance through international, local and Norwegian non-governmental organisations.

Norwegian development cooperation with Bosnia and Herzegovina has evolved throughout the years in accordance with the changing needs in the country from a focus on humanitarian assistance, reconstruction and development of infrastructure to the current concentration on supporting reforms and processes to promote stability and bring Bosnia and Herzegovina closer to the Euro-Atlantic structures. This involves support to institution building (state parliament, judicial institutions, security sector, police, local government) and judicial reform. It is estimated that by the end of 2011 Norway will allocate €13.5 million (NOK 105 million) for development assistance to Bosnia and Herzegovina.

### Key activities in 2010 and 2011

Norway allocated €10.37 million in 2010 and €3.01 million until May 2011 to the following sectors: Conflict Prevention, Good Governance and Institutional Building, Economic Development and Social Protection, Education, Infrastructure, Environmental Protection, Agriculture and Forestry, Cross-cutting and Health.



### Security Sector

**Norwegian Institute of International Affairs (NUPI)** was granted support for their reform projects in the intelligence and security sector in Bosnia and Herzegovina. The project focuses on reform of OSA, and is carried out in cooperation with the OSCE and OHR.

**North Atlantic Treaty Organisation (NATO)** received grants for the Trust Fund established to support reintegration of Bosnian personnel made redundant during the defence reform process in the period 2010-2012 and to strengthen domestic capacity to meet similar challenges in the future. Norway is one of the lead nations in the Trust Fund together with the Netherlands and Slovenia. The executing agent for this project is the International Organisation for Migration (IOM), in coordination with the Bosnia and Herzegovina Ministry of Defence.

**DIFI- Direktoratet for forvaltning og IKT** received support for a pre-project regarding the Defence and Security Sector Reform Programme, which includes focusing on the implementation of Security Council Resolution 1325 on Women, Peace and Security.

## Judicial Sector

**International Commission on Missing Persons (ICMP)** The purpose of the project is to provide 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. It will also ensure that mass grave sites are protected, catalogued and properly excavated and will ensure that relatives of the missing are able to participate in the work of searching for missing persons.

**High Judicial and Prosecutorial Council of Bosnia and Herzegovina** The EU accession process is the main driving force behind judicial reform in Bosnia and Herzegovina and the Norwegian support to the reform process has been harmonised with the short and medium term priorities of the second European Partnership which identifies priorities for action in the justice sector in Bosnia and Herzegovina.

**Office of the Registry in Bosnia and Herzegovina** Support to the Registry for War Crimes and Organised Crime of the Court and Prosecutor's Office of BiH. The grant is used to assist the national authorities in developing an effective, independent and efficient judiciary at state level capable of processing the most complex cases of war crime, organised crime, economic crime and corruption. The Office of the Registry in Bosnia-Herzegovina also received grants for the construction of new offices.

**The Norwegian Helsinki Committee** received support for their project to promote transitional justice in Bosnia and Herzegovina and to implement teaching in transitional justice in existing university programmes.

## Good Governance and Institution Building

**Rikshospitalet HF** received grants for the continuation of their project *Improving Governance and Interethnic Cooperation through eHealth*. Rikshospitalet is building a national electronic health portal which will improve transparency in the health sector and facilitate better communication between the public and institutions. The portal is also a tool for further training of personnel in the health sector.

**Kommunens Sentralforbund (KS)** received support for the project *Strengthening Citizens Participation at the Local Level in Republika Srpska*. The project is aiming at strengthening local governance through capacity building in the municipalities as well as improving the dialogue among citizens and local politicians. KS also received grants for the project MIC Bosnia and Herzegovina carried out in three municipalities Mostar, Konjic and Donji Vakuf.

**Petrad** was granted support for the *Pre-project for Future Petroleum Sector Management Development* to analyse and evaluate future possibilities for the petroleum sector in Bosnia and Herzegovina.

**International Management Group** and the project, *Document Management System and System of Integral Protection*, received support. The purpose of the project is to improve the working and safety conditions in the BiH Ministry of Foreign Affairs.

**Statens Kartverk** received support for the project *Maps for National Development and European Integration*. The purpose of the project is to create an infrastructure of digital maps and photomaps to serve numerous purposes such as property and land management, census, planning and development.

**Council of Europe** The purpose of the project *Pre-election Action Plan* was to ensure that the general elections in Bosnia and Herzegovina in October 2010 were organised and conducted according to European standards.

## Education

**United World Colleges and International Baccalaureate Initiative** The key aim of the project is to provide a strong reference point for educational reform in Bosnia and Herzegovina and to create a practical demonstration of a model that can lead over time to long term reconciliation. The United World College in Mostar has students from all ethnic groups in Bosnia and Herzegovina, as well as from the region and abroad.

**University of Sarajevo** received support for the Master's programme in gender studies and in religious studies.

**Education for Peace (EFP)** The project *Ensuring sustainable integration* aims at introducing the reconciliation-focused Education for Peace programme in the education sector in Bosnia and Herzegovina. The project seeks to empower young people and their teachers with the skills, knowledge, attitudes and confidence to play an active role in shaping a peaceful society.



**Save the Children Norway** The Norwegian Ministry of Foreign Affairs has continued its support to Save the Children Norway's work in Bosnia and Herzegovina. Their project, *Inclusive Quality Education through Better Local Governance*, promotes the methodology of indices for inclusion and enhances the involvement of local government in the educational process.

**Kommunes Sentralforbund (KS)** Social Dialogue in the Education Sector promotes increased quality in the education sector in Bosnia and Herzegovina. The project is carried out in co-operation with the Union of Education in Norway and local stakeholders.

### Peace and Reconciliation

**Norwegian Football Federation** received support for *The Open Fun Football Schools Programme*. The purpose of the project is to stimulate reconciliation and tolerance through football camps for children across Bosnia and Herzegovina.

**Balkan Investigative Reporting Network (BIRN)** BIRN's overall goal is to increase understanding of and support for the work of the war crimes trials in Bosnia and Herzegovina and the region and to contribute to the establishment of truth and reconciliation by offering objective information on the process of war crimes trials and other pillars of transitional justice.

**Nansen Dialogue Centre Sarajevo** The Nansen Dialogue Centre is working to increase interethnic communication and cooperation in Srebrenica, Bratunac, Zvornik and Jajce through local dialogue projects related to local authorities and directed towards local schools.

**Nansen Dialogue Centre Mostar** The purpose of the project is to work for an integrated and inclusive education in Stolac high school, and through this, to contribute to enhanced relations between ethnic groups in Stolac.

**Nansen Dialogue Network (Prijeedor)** The purpose of the project is to improve interethnic and cross entity communication and cooperation in the Prijedor region through the establishment of resources and capacities for interethnic cooperation.

**Medica Zenica** Sustainable responses to combating violence against women and children.

**Gardens of the Righteous Worldwide Sarajevo** was granted support for the project *Be the Change-Make a Difference-Education on Civil Courage*. The purpose of the project is to assist youth and other citizens to reconsider and reshape their approach towards the political and civil society sphere and to actively contribute to the development of a resilient, healthy, vibrant, inclusive and democratic civil society in Bosnia and Herzegovina.

**UN Development Program (UNDP)** Project for electrification of areas of accomplished return, in accordance with Bosnia and Herzegovina's strategy for return of refugees.

### Climate and Environment

**World Wildlife Fund** Support for two projects: *Living Neretva* - working towards EU-standards in the Neretva river basin; and *Europe's Living Heart*: working to preserve BiH's natural heritage using EU-tools.

**Norsk Energi** Project aimed at introducing the Clean Development Mechanism in Bosnia and Herzegovina. Support to capacity building and establishment of a National Designated Authority.

**Norsk Institutt for Vannforskning (NIVA)** Project on water pollution and implementing the Stockholm Convention.

### Private Development Sector

**Athene Project Management** has received funding for the Innovation Centre in Banja Luka. The first of its kind for development of innovative business ideas in this part of Bosnia and Herzegovina, the Innovation Centre opened in Banja Luka on 16 June 2010. The purpose of the centre is to encourage entrepreneurial ideas and economic growth in the country.

**Education Development Centre** *The Excellence in Innovation* project establishes two e-biz centres within the machine tools and agriculture sectors. The agricultural centre will offer high impact ICT to small and medium sized enterprises within the agricultural sector.

**Stiftelsen Sandnes-Dubrovnik** Project focusing on capacity building, education and business development in the agricultural sector in Bosnia and Herzegovina, based upon cooperation with the Agricultural Schools in Derventa and Modrica as well as local authorities.

**Business Innovation Programmes (BIP)** is a non-profit foundation whose objective is to contribute to the establishment of jobs and facilitate the development of expertise in the field of economic development as an effective means of building or rebuilding countries.

**Norwegian Accreditation** Capacity building of BATA and accreditation of testing and calibration laboratories in Bosnia and Herzegovina. BATA is the Bosnian-Herzegovinian Institute for Accreditation. The Industrial Development Corporation of Norway (SIVA) received grants for their study on revitalising the Mostar region's pre-war industry.

**LESPnet- Association of Business Consultants in BiH.** The purpose of the project *BiH Benchmarking System* is to establish and implement the system for a benchmarking index in Bosnia and Herzegovina.

#### Other

**Norwegian People's Aid** received funding for their mine action programme in Bosnia-Herzegovina. NPA has been an important part of the Norwegian support to the region since 1996.

**LO Norway** The Norwegian Confederation of Trade Unions (LO) is the largest workers' organisation in Norway. Their goal is to strengthen the role and structure of Trade Unions in Bosnia and Herzegovina and to establish a national confederation of trade unions built upon strong, democratic workers' organisations.

### 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. Norwegian Government has decided to reduce the number of sectors receiving support, but at the same time pledged continued development assistance at the same level as in 2010.

### Donor coordination efforts

Norway is participating in several donor coordination meetings such as for justice sector reform.

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## Spain/Spanish Agency for International Development Cooperation (AECID)



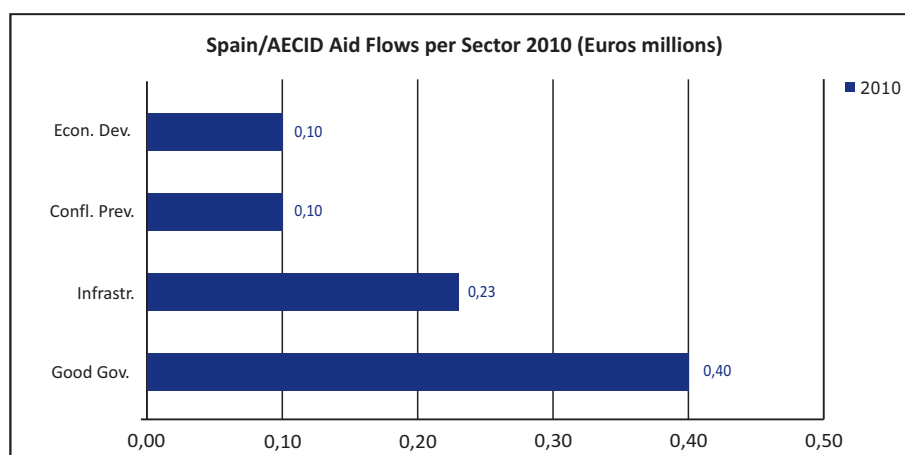
### Policy Approach

The global strategic objective of the Spanish Agency for International Development Cooperation in Bosnia and Herzegovina (AECID) is to support and accompany the country in the consolidation of peace and to foster progress towards EU integration with political, economic and social transformations. In this context the activities of the Spanish Cooperation correspond to the following sectoral strategic goals:

- 1. Institutional reinforcement:** The focus was on the projects and programmes that contributed to the rule of law both in justice and in interior affairs. AECID also financed activities that contributed to civil participation and gave strong support to the European integration process.
- 2. Economic Development:** AECID has been working closely with the Regional Development Agencies of its priority areas (Sarajevo and Herzegovina) as a catalyst for a regional economic development process in Bosnia and Herzegovina and as an instrument of support in economic regeneration and job creation. AECID also supported tourism initiatives with projects particularly developed in Herzegovina. Finally, Spain granted €54.5 million to microcredit institutions in loans, which makes Bosnia and Herzegovina one of the top five countries funded for this cooperation.
- 3. Contribution to peace building:** AECID has supported transitional justice initiatives and financed many projects, which have contributed to reconciliation among citizens of Bosnia and Herzegovina.

### Key activities in 2010

Spain/AECID allocated €0.83 million in 2010 to the following key sectors: Good Governance and Institution Building, Infrastructure, Conflict Prevention as well as Economic Development and Social Protection.



#### Good Governance and Institution Building

- Strengthening the rule of law Justice.
- Consolidation of police structures.
- Promotion of citizen participation.
- Supporting the development and modernisation of public administration European Integration.

#### Conflict Prevention and Resolution and Peace-Building

- Transitional justice.
- Support for the ICMP.
- Support to victims and witnesses of war crimes.

- Collaboration with the removal of ammunition and light weapons.
- Collaboration with the progressive elimination of mines.

### **Economic Development and Social Protection**

- Strengthening Regional Development Agencies.
- Strengthening the booming tourism industry.
- Municipal strengthening and promotion of local development.
- Micro-credits.

### **Infrastructure:**

- Sustainable Management Plan for BiH Rivers.

### **Medium and long-term approach**

On 31 March 2011 the Technical Office of Cooperation with the Balkans effectively closed its doors. After almost 20 years of work, dedication, effort and commitment, more than €500 million of ODA spent in Albania, Bosnia and Herzegovina, Serbia and Montenegro and 10 years of Technical Office of Cooperation with the Balkans, AECID consider its mission in the Balkans accomplished.

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## Sweden/Swedish International Development Cooperation Agency (Sida)



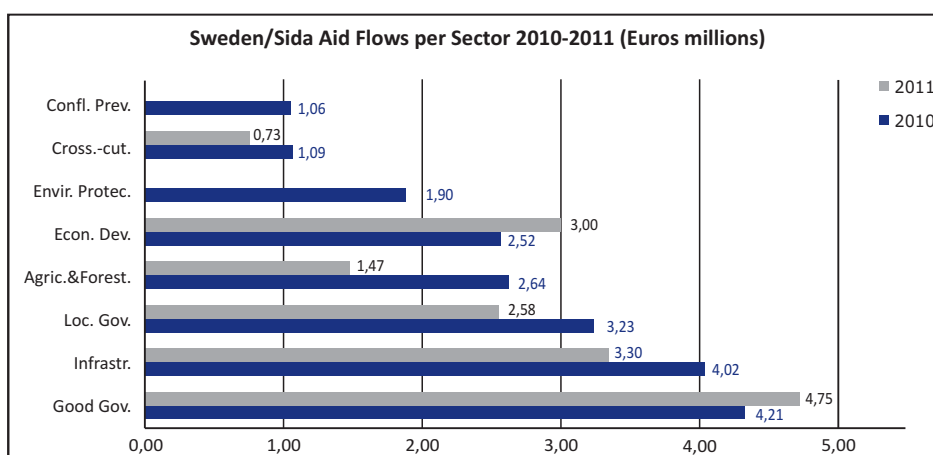
### Policy approach

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's focus has been on three main areas: democracy, human rights and gender equality; market development; and sustainable infrastructure. In addition, support was also given to the cross-cutting issues -civil society, gender and minorities. In order to increase aid efficiency and facilitate EU integration the strategy will promote:

- 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 approaches.

### Key activities in 2010 and 2011

Sweden/Sida allocated €20.67 million in 2010 to the following sectors: Good Governance and Institution Building, Infrastructure, Local Governance, Agriculture and Forestry, Economic Development and Social Protection, Environmental Protection, Cross-cutting and Conflict Prevention. For 2011 approximately €19 million were made available, of which €15.83 million have already been allocated and included in the Donor Coordination Forum database.



### Democracy, Human Rights and Gender Equality

The Swedish 2011-2014 strategy focused on the development of central and local administration aimed at better safeguarding citizens' rights and meeting the requirements of EU integration. Sweden provides assistance to 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). Local democratic governance remains in focus. The *Governance Accountability Project (GAP)* is assisting half of the municipalities in Bosnia and Herzegovina to improve services and legal, regulatory and financial conditions. In addition to this Sida finances three complementary projects:

- Capacity building at the Municipal Associations of Bosnia and Herzegovina,
- 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 these in the overall development of Bosnia and Herzegovina.

### Market development

The focus is on economic growth through improved competitiveness and conditions for growth for small and medium-sized companies. The major projects FIRMA and FARMA, co-financed with USAID, focus 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 organisations, like NERDA and REDAH in Mostar, have been successful. The *Food Safety project* aims at helping BiH institutions adapt to EU standards in the field of food safety and quality control.

### Environmental infrastructure

Support is intended to contribute to an improved municipal environmental infrastructure focused on the management of waste, water and sewage. It comprises both capacity building and investment at the municipal level. There is also cooperation with international financial institutions. A project aimed at improving solid waste management in 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 through two Swedish NGOs: The *Civil Rights Defenders* and *Kvinna till Kvinna*. Sweden also provides support to the International Commission for Missing Persons (ICMP) to service families and society with identification of missing persons and with the right to credible and impartial information about the war and its consequences. Sweden supports the BiH Gender Agency through a recently established Fund for the Implementation of the BiH Gender Action Plan. Support has also been given to the Centre for Interdisciplinary Postgraduate Studies for education of post-graduate students from Bosnia and Herzegovina on various aspects of gender in order to enable them to apply this knowledge in practice.

### 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 of justice sector reform. During 2011 Sida gave economic support to the donor mapping activities of the BiH Ministry of Finance and Treasury.

### Medium and long-term approach

Sweden will continue to be a major donor in Bosnia and Herzegovina 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 priority sectors. A third priority sector is Environmental Infrastructure with a focus on support to municipal infrastructure to handle water, water waste 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 will also be examined.

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## Switzerland/ Swiss Agency for Development and Cooperation (SDC)/ State Secretariat for Economic Affairs (SECO)



### Policy Approach

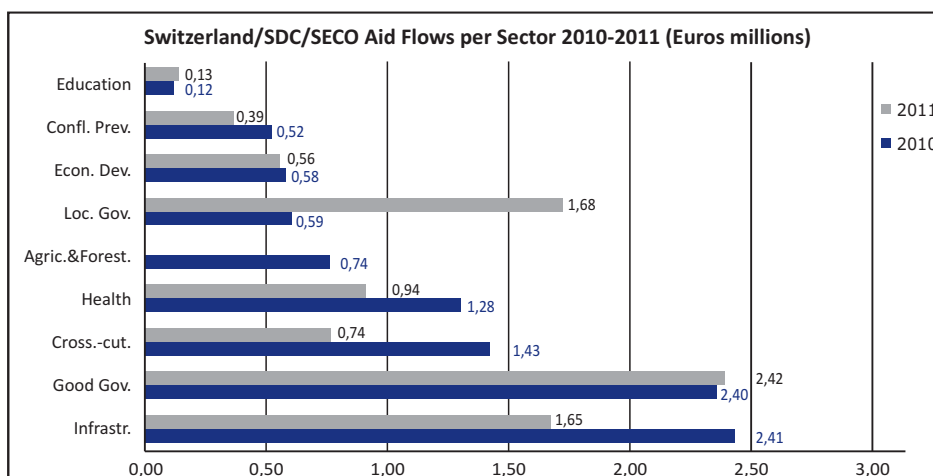
Due to the strategic importance of Bosnia and Herzegovina for regional development and stability in the Western Balkans, its large diaspora and our strong mutual relationship, Switzerland has supported Bosnia and Herzegovina since 1996. The Swiss Cooperation Office in Sarajevo, responsible for Switzerland's activities in Bosnia and Herzegovina, is jointly run by the Swiss Agency for Development and Cooperation (SDC) and the State Secretariat for Economic Affairs (SECO).

The SDC and SECO Cooperation Strategy 2009-2012 is in line with relevant national documents (*Country Development Strategy 2008-2013* and the *Social Inclusion Strategy*). The strategy stands for the Swiss commitment to Bosnia and Herzegovina in the ongoing transition process and EU integration. Therefore, Switzerland's main activities in BiH are focused on:

- Political stability, security and functioning democratic structures and processes.
- Private sector based economic development and employment generation.
- Functioning public sector and improved service delivery for all BiH citizens.

### Key activities in 2010 and 2011

Switzerland/SDC/SECO allocated €10.07 million in 2010 and €8.51 million in 2011 to the following sectors: Infrastructure, Good Governance and Institution Building, Cross-cutting, Health, Agriculture and Forestry, Local Governance, Economic Development and Social Protection, Conflict Prevention and Education.



### Good Governance and Institution Building

SDC contributed significantly to the application of country-wide, innovative approaches and models compatible with international standards in the areas of community policing and juvenile justice. SDC further worked on the development of national legislation and policies on justice for children in line with international standards. The sector will continue to support, in partnership with the HJPC, judiciary reform in Bosnia and Herzegovina with a focus on strengthening the role of the prosecution in accordance with the *BiH Justice Sector Reform Strategy*. Application of alternative measures and improved legal framework for juvenile justice will also remain the focus of sector activities for 2011.

### Local governance

Local development planning, enhancement of transparent and accountable municipal service delivery and improved framework conditions for local economic development and municipal water supply are the focus of the sector. All projects



provided institutional and capacity building for selected municipalities to upgrade efficiency, accountability, transparency and effectiveness as well as to strengthen civil society participation in public decision-making. Through policy dialogue best practices were promoted and replicated on the horizontal and vertical level in close cooperation with domestic institutions. In 2011 the sector will undergo a process of strategic redefinition and further portfolio development.

## Health

The successful policy dialogue and the alignment of the SDC's programme with BiH's two entities' health authorities is to be continued focusing on strengthening primary health care services. Policy dialogue will be held with attention to a wider replication of the best practices achieved in the field of family medicine. This dialogue will focus on an increase in the accessibility, quality and scope of both curative and preventive services particularly for a roll-out of successfully piloted community nursing services and the continuous professional development of primary health care professionals. A new project in the field of nursing will be prepared, built upon the lessons learned from the previous interventions and the needs for additional support in the health sector analysed with the health authorities. Projects realisation will take the form of programme coordination, advice, coaching and support to the responsible health authorities in steering the reform processes and strengthening accountability of their operations. Strong focus will be kept on continuing reform of community mental health services where technical support by the Swiss Cantons and their institutions will enable institutional exchange and knowledge enhancement.

## Economy and Employment

Youth employability has been defined as one of the priorities of Swiss development cooperation in Bosnia and Herzegovina in its Cooperation Strategy for the years 2009 - 2012. SDC's stated objectives in the youth employability domain are to improve the employability of new entrants and unemployed youth into the labour market and to strengthen the cooperation between the key actors in the sector, including employers and their associations, public and private employment agencies, education and training providers, government officials from all level, employees and their associations and unemployed people.

Activities in SDC's supported Economy and Employment sector will prominently change character and shift from the promotion of income generation to the strategically selected domain of youth employment and employability, focusing on both formal and informal vocational training in connection with a functional public/private partnership yet to be fully established in the context of the fragile economic development and global crisis with considerable negative impact on Bosnia and Herzegovina.

SECO will continue its investment promotion activities that currently include IFC, FIAS, WB and IMF projects as well as access to finance through SIFEM activities and access to markets through SIPPO activities. Country specific projects will be emphasised to improve corporate governance practices and the performance of the micro-finance sector. SIFEM will continue to invest in promising equity funds that serve financial intermediaries and SMEs, as well as in micro-finance facilities. SIPPO will promote access for SMEs to European markets for selected industries and sectors. Several regional initiatives will offer support the areas of catastrophic risk insurance and public financial management.

## Infrastructure

SECO's strategic interventions in infrastructural ameliorations and modernisation is being followed up with a specific practice oriented approach focussed on to the grants' based thematic entry of water supply system rehabilitation, integrating corporate governance coaching and applied capacity building of involved municipal utilities in linkage to other sister-organisations in other geographical locations. In addition to the current water supply activities in RS, a new project is being developed in cooperation with KfW in the Federation of BiH. Rehabilitation activities in the electric power sector and portfolio supervision in contact with state institutions should end during 2011.



## Medium and long-term approach

The Western Balkans will continue to be a strategic priority region for Switzerland's foreign policies. Therefore, a mid-term cooperation strategy for the duration 2009-2012 has four thematic domains:

- **Rule of law and democracy:** Subdomains 1) Decentralisation and Local Governance; 2) Justice.
- **Economy and Employment:** Subdomains 1) Investment Promotion; 2) Access to Markets; 3) Youth Employability.
- **Health:** Subdomains 1) Family Medicine; 2) Mental Health.
- **Basic Infrastructure:** Subdomain 1) Municipal Infrastructure.
- **Transversal Themes:** 1) Gender, Good Governance.
- **Specific Target Group:** Youth.

The context development of Bosnia and Herzegovina will be evaluated in 2012 and will determine the strategic orientation of the Swiss cooperation beyond 2012.

## Donor coordination efforts

As one of Cross-cutting sector activities, SDC is involved in gender promotion and equality. SDC participates in donor coordination and co-financing of the FIGAP project. SDC regularly takes part at justice donor coordination meetings coordinated by the BiH Ministry of Justice, bi-annual ministerial conferences on justice and justice coordination meetings organised by the EC.

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## United Kingdom/Department for International Development (UK/DFID)

**DFID** Department for International Development

### Policy approach

Assistance provided by UK/DFID is governed by Her Majesty's Government priorities and objectives for Bosnia and Herzegovina set out in a comprehensive Country Business Plan.

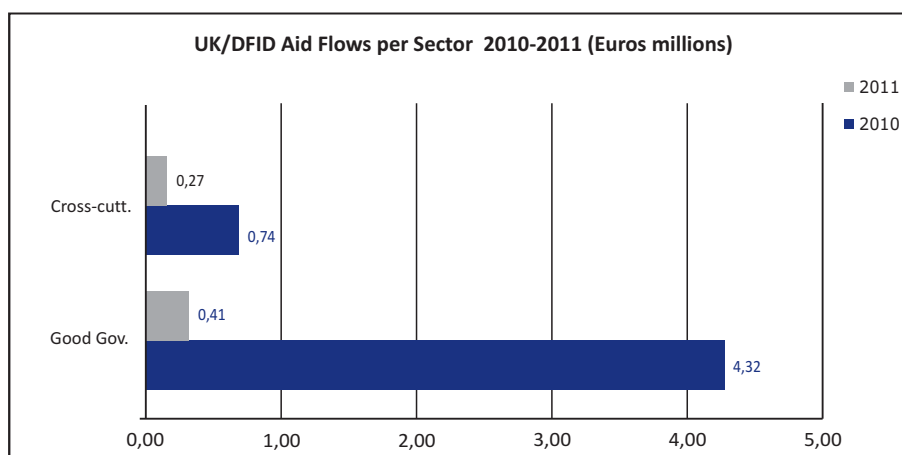
DFID has been active in Bosnia and Herzegovina since early 1990s when it provided much needed post conflict assistance. Nowadays, DFID supports key reforms in public administration, public finance management, aid coordination and effectiveness, social inclusion and conflict prevention. DFID has provided more than £82 million of reconstruction aid and technical assistance. The DFID BiH office within the British Embassy BiH was closed on 11 February 2011.

DFID will continue to support BiH through multilateral programmes such as the European Commission's Instrument for Pre-Accession (IPA) and the World Bank's country assistance strategy. We will also continue to support the work of the World Bank, the European Bank of Reconstruction and Development and the United Nations.

### Key activities in 2010 and 2011

DFID current main areas of support during the period 2009-2011 are: Public Administration, Economic Development and Social Development.

UK/DFID allocated €5.06 million in 2010 and €0.68 million in 2011 to the following sectors: Good Governance and Institution Building and Cross-cutting.



Since 2008 DFID has been working in BiH within the context of a Country Business Plan of the British Embassy and under the umbrella of HMG's overall priorities for Bosnia and Herzegovina.

Our fundamental aim for the 2008-2011 period is to help make BiH a country more fit for eventual EU and NATO membership. Our work involves helping BiH both to avoid slipping backwards, and to move forwards. This means embedding and pursuing reforms to improve BiH's functionality and reduce the risks of future conflict. Our work is transformational by changing BiH, focussing on domestic policies which impact on our interests, while, at the same time, mitigating the destabilising effects of global and regional issues in Bosnia and Herzegovina.

**Strengthening Public Expenditure Management (SPeM) in BiH, 2009 - 2011:** DFID provides technical assistance to the State, Entity and Cantonal Governments to further institutionalise and deepen the budget planning process and link that process to the policy making process across all levels of government. This assistance also includes enhancing the role of parliament and civil society in the budget process.

**Aid Coordination and Effectiveness project in BiH, 2009-2011:** DFID's assistance is helping create and adopt functional aid coordination architecture to facilitate development and improvement of the process of planning, programming and management of external funds in line with BiH development priorities and the Paris Declaration.

**Public Administration Reform Fund, 2008-2011:** Together with the EC, Sida and the Netherlands, DFID established the PAR Fund. Total value of the Fund is €5.5 million for a period of three years. The purpose of the Fund is to support the implementation of the PAR Strategy and Action Plan 1 for implementation of the Strategy.

**Strategic Impact Facility (SIF), 2008-2010:** This assistance was aimed at supporting modest collaborative initiatives involving BiH institutions, civil society organisations, the EC and other relevant stakeholders.

**Support to National Planning in BiH, 2009-2010:** DFID supported the Directorate for Economic Planning until December 2010. The purpose of the programme was to help provide an integrated planning mechanism to strengthen BiH planning institutions in their delivery of a National Plan in line with future EU requirements. DFID provided an additional technical resource for DEP to support the production and coordination of the Country Development Strategy and Social Inclusion Strategy in close coordination with the EC and like minded donors.

**Social Protection and Inclusion System (SPIS) for Children in BiH, 2008-2010:** The SPIS focus was on mapping the policy, normative and strategic documents developed by BiH Ministry of Civil Affairs in three sectors (Health, Education and Social Protection) using the JIM format and structure and the EU Social Charter.

**Support to EU Info Centres in BiH, 2008-2010:** The aim of this support was to contribute to the EU awareness II EC project fiche (IPA 2008) with main beneficiary being the Directorate for European Integration. The IPA 2008 fiche aimed to strengthen the communication capacities of the Directorate for European Integration of Bosnia and Herzegovina.

**Up Dated Sample Framework, 2008-2010:** The aim of this support was to obtain a listing of household data in selected areas for the four year period (2009–2013).

**Sub-national Competitiveness Project in BiH, 2008-2010:** Together with other donors and channelled through the FIAS/IFC Western Balkans Trust Fund, DFID provided support to improve competitiveness and increase private investment in Bosnia and Herzegovina. This entailed the promotion of systemic change at selected localities which reduced administrative and regulatory barriers for private sector development.

## Medium and long-term approach

It is important to recall that DFID's priorities lie in the reduction of poverty, and in the most effective possible use of DFID resources to that end. The standards by which poverty is judged are global, rather than European. So a country in which 18% of the population live below the poverty line may seem on one level to be very poor, but by global standards this places it in the "few poor" category. It is notable that in the Eastern European region only Kosovo has a high Gini coefficient or high inequality. Other countries in the region are exceptionally equal by global standards. Therefore, beyond 2011, there will no longer be a direct bilateral development aid programme for Bosnia and Herzegovina. The UK will, however, continue to support Bosnia and Herzegovina through its substantial contribution to multilateral donor organisations, our partnerships with other donors and other programme budgets managed by the British Embassy and other smaller DFID programmes managed from DFID headquarters.

## Donor coordination efforts

UK/DFID was an active member of the Joint Donor Group working with the BiH Ministry of Justice to help implement the *BiH Justice Sector Reform Strategy*. UK/DFID is also a member of the PAR Fund Management Board and joint donor forums dealing with gender and national planning.

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## United States of America/United States Agency for International Development (USA/USAID)



**USAID**  
FROM THE AMERICAN PEOPLE



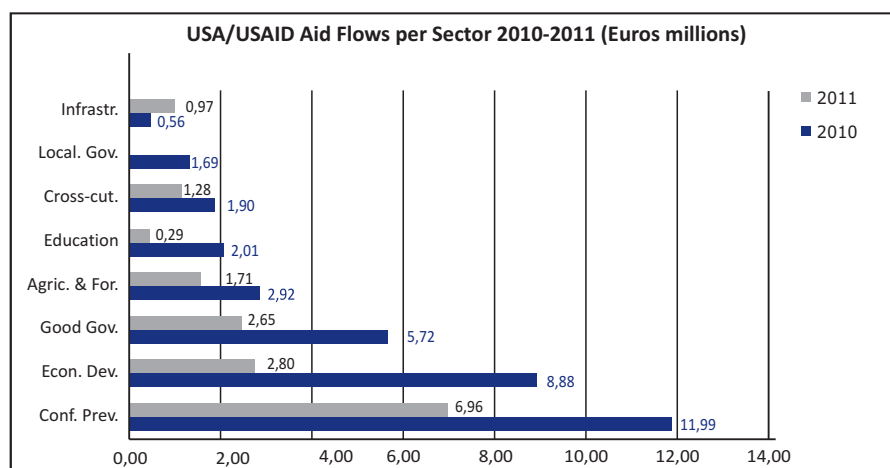
### Policy approach

The U.S. Government (USG) remains committed to Bosnia and Herzegovina's emergence as a stable, democratic, multiethnic state on the road to Euro-Atlantic integration. U.S. assistance seeks to ensure a multi-ethnic democracy that protects the rights of all citizens, values tolerance and diversity, and enables women and minorities to flourish. Programmes support effective government institutions and civil society, which encourage and enable active citizen involvement; transparent, effective and accountable law enforcement and judicial systems, which uphold the rule of law equally for all citizens; a military that meets BiH's security needs and NATO membership requirements; a prosperous economy, which offers opportunity for all citizens, fosters private sector development and attracts investment; as well as women and youth as critical proponents of BiH's future.

Fiscal Year (FY) 2011 data for USG projects: Because the USG fiscal year runs from October to September, we allocated our assistance data in this report accordingly. We will review FY11 data when final funding is allotted from Washington. As with other donors, disbursement often does not take place in the fiscal year that funds are allocated. FY11 funding data in this report and the database will, therefore, reflect a significantly lower amount of USG assistance than is actually anticipated.

### Key activities in 2010 and 2011

The USG allocated €35.66 million in 2010 and €16.65 million until May 2011 to the following sectors: Conflict Prevention, Economic Development and Social Protection, Good Governance and Institution Building, Agriculture and Forestry, Education, Cross-cutting, Local Governance and Infrastructure.



### Education

USG programmes promote inter-ethnic cooperation among youth and responsible citizenship through developing and implementing quality education programmes and teaching materials from the pre-school through university levels. Programmes also support inter-ethnic secondary school study programmes and exchanges both to the U.S. and within Bosnia and Herzegovina.

### Governing Justly and Democratically

USG programmes improve the efficiency and organisation of the BiH justice system and enhance prosecutors' and judges' capacity to handle serious cases involving terrorism, organised crime and war crimes. Programmes develop the BiH



Parliament's institutional capacity to draft legislation, make procedural reforms and outreach to constituents. Programmes also expand local NGOs' ability to impact policy decisions and increase the professionalism of media. Programmes also support exhumation and identification of war victims.

### **Conflict Prevention**

The USG supports the Office of the High Representative as a guarantor of the Dayton Peace Accords. U.S. experts train and mentor BiH law enforcement and judicial officials. Programmes increase Bosnian law enforcement agencies' capacity to combat terrorism and organised crime. Programmes work to bring the Bosnian military into full compliance with NATO standards. Programmes foster inter-ethnic cooperation among different levels of government and support various community initiatives and collaboration among youth, parents, civil leaders, and the business community.

### **Economic Development**

USG projects promote an accountable, transparent and modern tax regime that simplifies compliance with tax laws and regulations. Programmes assisted state and entities' to harmonise debt laws to comply with donor requirements. Programmes continue to leverage other donors' funds and advance Bosnia and Herzegovina toward WTO and EU accession. Programmes harmonise legislation and export standards, reduce corruption, engage women and youth, strengthen judges' and prosecutors' capacity to try intellectual property cases and increase private sector competitiveness particularly in wood processing, tourism and agriculture.

### **Local Governance**

USG programmes promote efficient, transparent local governance throughout Bosnia and Herzegovina. Programmes help municipal governments to improve customer service and service delivery, strengthen municipalities' collective lobbying efforts, rationalise and control revenues and expenditures, and secure financing from commercial institutions.

### **Agriculture**

USAID and Sida will continue joint implementation of agri-business development to produce rapid, sustainable and broad-based economic growth through demand-driven assistance. Programmes improve producers' competitiveness and environmentally sustainable production, processing, domestic and export sales, as well as value-added production.

### **Youth**

USG programmes promote tolerance and social inclusion among youth. Programmes will increase youth's civic participation and economic opportunities through reconciliation and tolerance-building activities, skills development and employment training. Programmes will increase leadership skills, improve inter-ethnic communication and encourage youth's political and economic engagement.

### **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. In the near future, we anticipate scaling down or cutting future assistance projects in response to diminishing budget support.

## Donor coordination efforts

USG staff participate in donor coordination meetings and sector specific meetings including Civil Society, Rule of Law and Energy donor groups.

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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.

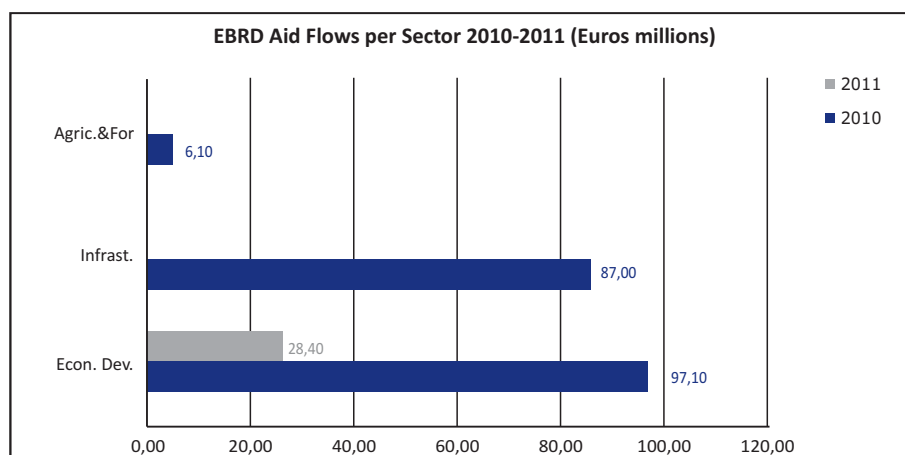
The EBRD objectives are to promote a transition to market economies by investing mainly in the private sector, to mobilise significant foreign direct investment and to support privatisation, restructuring and better municipal services with the aim of improving peoples' lives. In all of its activities, 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.

To date the EBRD is the largest institutional investor in Bosnia and Herzegovina with 84 projects and a cumulative business volume of more than €1.3 billion. In the four years up to June 2011 the EBRD signed 50 projects in the country amounting to over €733 million.

### Key activities in 2010 and 2011

The EBRD allocated loans in amount of €190.20 million in 2010 and €28.40 million in 2011<sup>178</sup> to the following sectors: Economic Development and Social Protection, Infrastructure, and Agriculture and Forestry. In 2010 the EBRD signed 15 new projects, which included 6 projects in the public sector in the amount of €137 million and 9 projects in the private sector amounting to €53.2 million. As crisis response and in support of the recovery process in the country, the EBRD focused its efforts on support to the financial and corporate sectors and also continued with investments in key infrastructure projects, which are crucial for the country's regional integration and development. To date, in 2011 the EBRD has signed 5 new projects amounting to €28.4 million and has developed a strong pipeline of projects for 2011 amounting to more than €130 million.



<sup>178</sup> The presented EBRD loans in 2011 are signings made until end of August 2011.

## Medium and long-term approach

The Bank will continue to:

- Provide support in constructing new and upgrading existing infrastructure, address reforms in the municipal and environmental infrastructure sector and provide financial support for energy efficiency projects.
- Provide financing to MSMEs and support the further development of the banking sector.
- Support strategic investors in ongoing privatisation or restructuring, in particular in agribusiness, industry, property and tourism and the wood and metals processing sectors.
- Pursue policy dialogue at all institutional levels and assistance in key reforms required for EU approximation.

The Bank will also continue to be guided by the strategic priorities contained in the current Country Strategy for the period 2010-2013 until a new country strategy is approved by the board.

## 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.

Furthermore, the Bank will continue to coordinate very closely with other IFIs, the EU, other key international actors and the international donor community, especially in the context of the new Western Balkans Investment Framework (WBIF). The WBIF provides an important tool to consolidate financial resources and instruments at the European level and enhances cooperation with the EU, EIB and CEB, in particular, on infrastructure projects, and increasingly also in other sectors such as SMEs and energy efficiency. The WBIF will provide the best platform for the Bank to plan and prioritise infrastructure projects in BiH alongside other IFIs, and in the context of the EU accession process and EU-IPA planning exercises.

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## European Commission (EC)

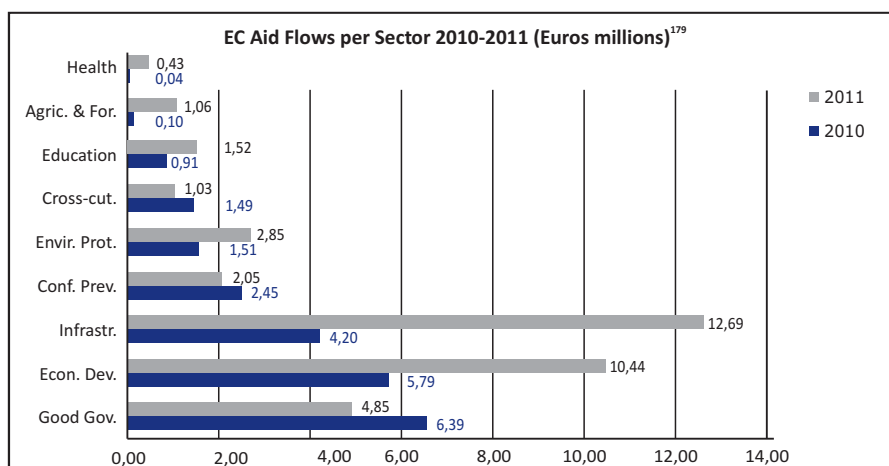


### Policy approach

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 2007-2010, the EC allocated to BiH a total of €331 million, while €328.71 million is foreseen for this country for years 2011-2013.

### Key activities in 2010 and 2011

The EC contracted €77.6 million in 2010 and €4.6 million until March 2011 to the sectors Good Governance and Institution Building, Economic Development and Social Protection, Infrastructure, Conflict Prevention, Environmental Protection, Cross-cutting, Education, Agriculture and Forestry, Health and Local Governance. Out of this amount €22.88 million was foreseen for implementation in 2010 and €36.93 million until March 2011. The EC plans to contract €100 million by the end of 2011, including funds for other sector interventions which are not covered by this report.



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), 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.

<sup>179</sup> It is to be noted that, as concerns statistics for the EC, due to a change of methodology for data entering in the Donor Mapping Database, the annual allocation of funds foreseen for implementation in 2010 reflects only funds contracted in 2010.

Since the preparation of the precedent EC strategy papers (Multi-Annual Indicative Documents for 2009-2011), Bosnia and Herzegovina has made only 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, can support domestic efforts on constitutional reform, and assists in the reform of the police and the judicial system.

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 key.

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 lead 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 orientations 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 in the Infrastructure Projects Facility.

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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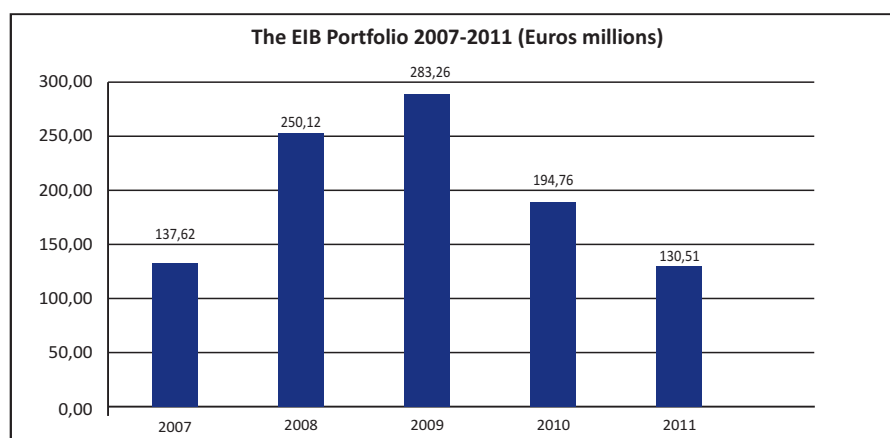
## European Investment Bank (EIB)



### Policy approach

The European Investment Bank was created by the Treaty of Rome in 1958 as the long-term bank of the European Union (EU). 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 favourable terms to projects furthering EU policy objectives. The EIB continuously adapts its activities to developments in EU policies.

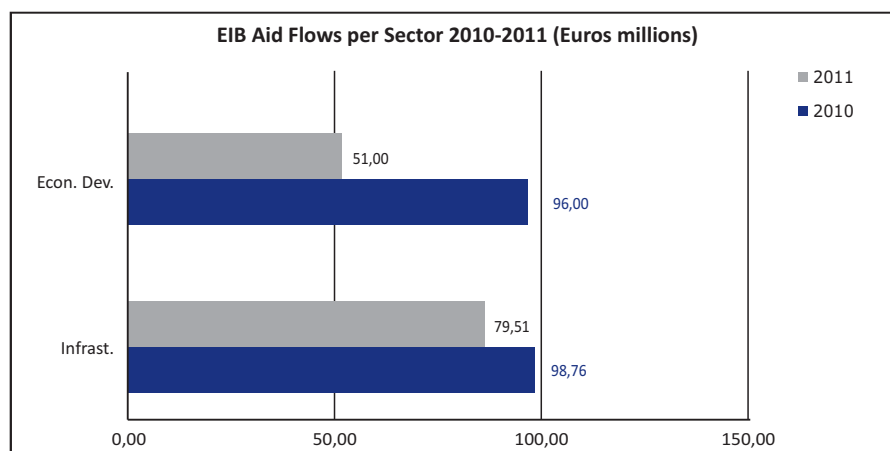
The EIB has been active in the Western Balkans since 1977 and today it is one of the largest international financiers in the region. In December 2009, the EIB launched, together with the European Commission, the Council of Europe Development Bank and the European Bank for Reconstruction and Development, 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.



EIB's activity in the country so far has concentrated on financing projects in the transport, energy and environment sectors and projects undertaken by SMEs.

### Key activities in 2010 and 2011

The European Investment Bank allocated €194.76 million in 2010 and €130.51 million in 2011. All allocated funds are in the form of loans supporting the Infrastructure and Economic Development sectors.





## Medium and long-term approach

EIB has approved a €100 million loan for the Ministry of Health and Social Welfare of Republika Srpska to finance reconstruction and to upgrade the existing obsolete facilities, namely New Hospital Bijeljina and Clinical Centre Banja Luka. EIB has also approved another €74 million for the Ministry of Agriculture, Forestry and Water Management of Republika Srpska to finance the *Emergency Flood Relief and Prevention project*. The project's purpose is to safeguard the agricultural, industrial and housing areas prone to flooding impacts and to enable stable future development.

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)

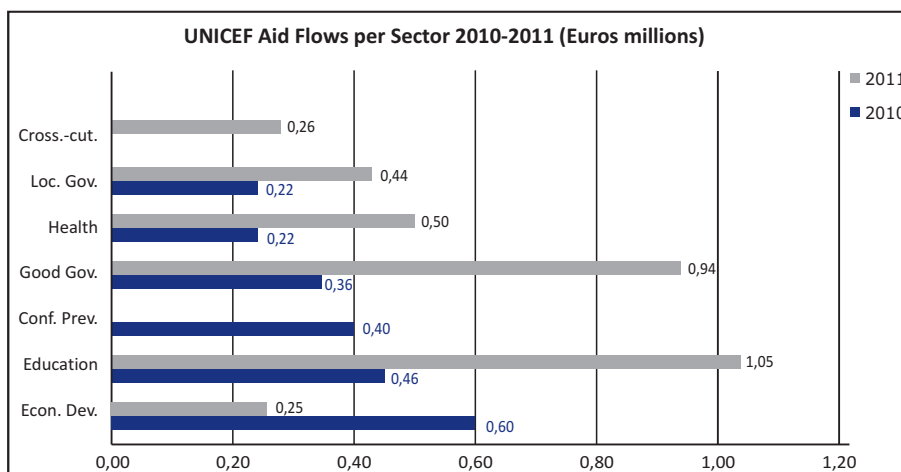


### Policy approach

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 2010 and 2011

Overall, the UNICEF available funding was €4.35 million in 2010 and €5.86 million in 2011. In addition to funds reported under other donors<sup>180</sup>, UNICEF allocated €2.26 million in 2010 and €3.44 million in 2011 to the following sectors: Economic Development and Social Protection, Education, Conflict Prevention, Good Governance and Institution Building, Health, Local Governance and Cross-cutting.



The 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 Bosnia and Herzegovina. It supports social sector reform, the formulation of policies and budgets, as well as 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 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 methodology has been enabling children, families and Civil Society Organisations to participate, contribute and become empowered. With support from the European Union the Government of Norway and the UK's Department for International Development, the aim has been to strengthen *Social Protection and Inclusion Systems (SPIS)* for children and families in Bosnia and Herzegovina.

<sup>180</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.

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 organisation develops capacities, builds partnerships in monitoring children's rights and employs a mix of Communication for Development, social mobilisation 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 to develop policies, integrate services across sectors and address gaps affecting marginalised children and families. The projects support health, education and social welfare ministries, as well as civil society to implement inclusive policies and strategies to improve child health and ECD services; implement immunisation 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 are being developed and IECD centres are focusing on marginalised children and families.

In Child Protection, UNICEF focuses on strengthening protection systems through decentralised inclusive services and referral mechanisms. Interventions seek to protect children and women from violence, maintain children with their families and promote alternatives to institutionalisation and detention. A project on *Justice for Children*, funded by Switzerland/SDC/SECO, Sweden/Sida and UNICEF, supports strategy development and services for the most vulnerable. UNICEF provides technical assistance to MoHRR and the Juvenile Justice Coordination Body at the policy level, to Ministry of Justice and Ministry of Social Welfare to implement the national Juvenile Justice (JJ) strategy and responds to children who come into contact with the law in line with international standards.

In the Education sector, using the Child-Friendly School (CFS) approach, 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, child-centred learning and teaching methods and developing standards for school readiness. As the lead UN agency on pre-school education, UNICEF's focus has been on the development of standards and increasing schools' capacity to address exclusion and to manage referral mechanisms at the community level. 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 Country Programme supports, amongst others, 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 accession, with the UN Development Assistance Framework (UNDAF) for Bosnia and Herzegovina and the Country Programme Action Plan (CPAP) for 2010-2014. The programme responds to BiH's international commitments, including the CRC and the *Convention for the Elimination of all Forms of Discrimination Against Women (CEDAW)*. It also supports the Millennium Declaration, the Millennium Development Goals (MDGs), as well as the principles and goals enshrined in *A World Fit for Children*.

One of the pillars of UNICEF's Country Programme is the fulfilment of the UN *Convention on the Rights of the Child (CRC)*. UNICEF advocates that every child is born with rights: the right to health, to education, to protection, to participation and to equality. The emphasis on reducing disparities and reaching the most marginalised children and women responds to the recommendations of the Committee on the Rights of the Child and is a UNICEF global priority. Equity means that all children have an opportunity to survive, develop and reach their full potential without discrimination, bias, or favouritism. This is consistent with the CRC, which guarantees the fundamental rights of every child, regardless of gender, race, religious beliefs, income, physical attributes, geographical location, or other status. This equity-based approach seeks to understand and address the root causes of inequity so that all children, particularly those who suffer the worst deprivations in society, have access to education, health care, protection and other services necessary for their survival, growth and development.

## Donor coordination efforts

UNICEF participates in donor coordination efforts to strengthen partnerships, create synergies, maximise programming outcomes and ensure that human rights and gender concerns are effectively addressed in development interventions.

Collaboration with the EU Delegation, the Government of Norway, DFID and BiH authorities at all levels has been critical in strengthening Social Protection and Inclusion Systems in Bosnia and Herzegovina. UNICEF has been part of the Joint Initiative for a Righteous Education System in Bosnia and Herzegovina and has been chairing meetings of the International Education Coordination Forum. UNICEF is also closely coordinating with Government authorities, Sweden/Sida, Switzerland/SDC, as well as other partners, in strengthening the Justice system in Bosnia and Herzegovina, through meetings of the Juvenile Justice (JJ) Coordination Body, the JJ inter-agency group and the JJ project steering committee.

UNICEF participates in UN inter-agency coordination initiatives especially within the framework of the MDG-F joint programmes, supported by the Government of Spain, in the areas of democratic economic governance, culture and development and youth, employment and retention. UNICEF also provides support in setting up coordination mechanisms and contingency plans for emergency preparedness and response in-country.

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## United Nations Development Programme (UNDP)

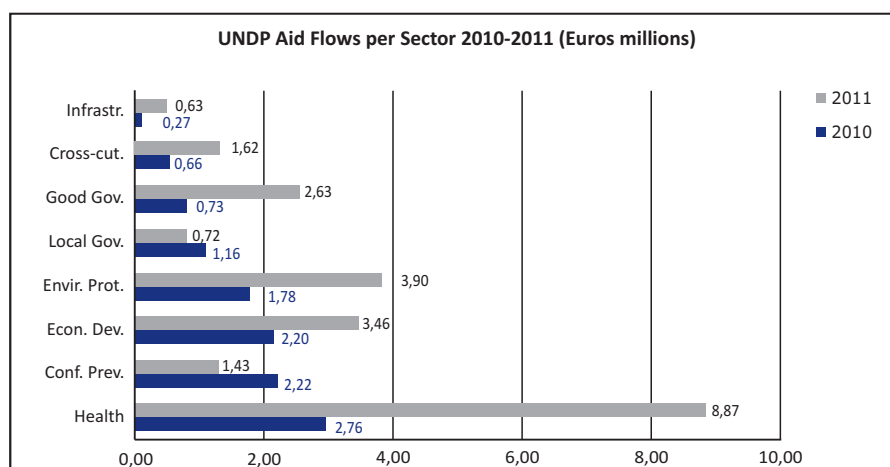


### Policy approach

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, emphasising 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 2010 and 2011

UNDP disbursed €11.78 million in 2010 and allocated €23.26 million in 2011<sup>181</sup> to the following sectors: Health, Good Governance and Institution Building, Conflict Prevention, Economic Development and Social Protection, Local Governance, Environmental Protection, Cross-cutting and Infrastructure.



### Regional and Rural Development

In order to assist the local authorities to tap potentials as efficiently as possible UNDP's Regional and Rural Development Cluster developed various initiatives and activities geared towards reducing the problems of unemployment, poverty and social exclusion. The interventions are implemented through five regional offices (Mostar, Bihac, Banja Luka, Srebrenica and Sarajevo & Central Bosnia) and within three main strategic components:

1. Improved local governance.
2. Economic development through employment and income generation.
3. The integration of the most vulnerable groups in development processes.

In regard to local governance a particular focus is placed upon raising long-term technical and implementation capacities of local authorities to successfully participate in EU supported initiatives through IPA or, eventually, IPARD mechanisms. Economic development primarily includes rural development, given the great discrepancy in employment and poverty levels between urban and rural areas, by providing technical assistance to food and agriculture producers to increase their competitiveness through improved food quality and safety standards, introduction of enhanced business, marketing and

<sup>181</sup> At the request of the UNDP figures for 2011 were calculated using the average 2010 UN exchange rate: USD 1= € 0.7557.

labeling practices as well as the creation of networks and value chains. Particular attention to socially excluded stratum of the population, among them refugees and displaced persons, is directed towards creating opportunities for them to actively participate in the market, generate income and gain access to basic utilities.

In order to yield full results for its efforts the Regional and Rural Development Cluster also designed activities whose purpose is to secure successful coordination of interventions at local levels with entity and state goals. For that reason, intensive cooperation is maintained with all concerned ministries in order to address key issues and targets identified by the *Country Development Strategy* and the *Social Inclusion Strategy* as well as by other major strategic documents on state and entity levels. Of particular interest in this regard is raising capacities for export and business development in line with EU standards.

### Governance and Social Inclusion

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 and to overcome problems such as the weak centre of government, inflated administrative costs, and overlapping accountabilities between units and levels of government, as well as the lack of coordination. These problems negatively impact policy making, public finance and human resources management, and ultimately, result in inadequate service delivery for citizens, especially socially excluded categories. More than 50% of the BiH population is socially excluded in some way.

UNDP's approach to tackling the challenges of governance at the state and local level - as they most directly affect lives of ordinary citizens and particularly of the most vulnerable - is closely related to the efforts made through the Social Inclusion sector. Through implementation of more inclusive citizen-centred 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. To address those issues in a proper manner, projects were designed in consultation with vulnerable groups. Input was solicited from civil society, academia, private sector, national stakeholders and donors in line with the United Nations Convention on the Rights of Persons with Disabilities.

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. The Cluster 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.

### Environment and Energy

This programmatic area focuses its support on strengthening BiH's environmental management mechanisms in order to meet the requirements of the multilateral environmental agreements as well as of the EU accession process; and, at the same time, to support the development of capacities at all levels for both sustainable use of resources and sustainable development. Particularly, this includes:

- Supporting Bosnia and Herzegovina in meeting its obligations towards implementation of international conventions related to climate change issues.
- Supporting BiH municipalities by raising their capacities in environmental and energy planning and funding as well as linking local, entity and national level energy and environment actions that would raise absorption capacities for EU funding.
- Development of mechanism for sustainable environmental funding.
- Provision of energy security and clean energy systems based on introduction of energy efficiency and renewable energy sources such as biomass, solar energy, geothermal energy sources etc., that would result in lower energy consumption and sustainable energy and environment development in the country.
- Enabling opportunities for economic gain from biodiversity and natural values for BiH citizens.
- Providing affordable, safe and sustainable water supply and sanitation systems in BiH municipalities.
- Remediation of high level environmental pollution sites.
- Introduction of energy efficiency measures and actions into all UNDP interventions in the country.
- Raising awareness and education at all levels on importance and opportunities in the field of energy and environment and benefits for Bosnia and Herzegovina in reaching its sustainable development.

## Security and Justice

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 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 specialised trainings and witness support offices.
- Concurrently activities focus on developing a national policy on transitional justice that includes defining of truth telling and fact finding mechanisms, reparations and a unified approach to the remembrance of all victims of war and has significant impact on reconciliation process.
- Specialised trainings and trial monitoring to increase the efficiency and number of processed GBV and SV cases and strengthen the prevention measures.
- Support to improved security and safety of communities through community policing initiatives at 5 pilot locations and support to community security forums.
- Reducing military stockpiles and unstable ammunition through industrial demilitarisation that includes economic support to government ordnance factories and job creation.
- Increasing regional capacities to effectively cooperate on reducing the risks of natural disasters that are common to the region of the Western Balkans and Turkey. Activities include development of a Regional Road Map for Disaster Risk Reduction, Risk Assessments, and country policies for disaster risk reduction.
- Provision of technical support to Joint Committee for Defence and Security of BiH Parliament Assembly and the Parliamentary Military Commissioner to the strengthening of democratic and civilian oversight of the defence and security sector.
- Technical support to the most affected municipalities and communities to increase the prevention and responsiveness to floods.

## 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 the Netherlands, Spain and Norway continued through a number of projects, many of which will go on in 2011 and beyond. The four MDG-F projects, of which only Culture and Development was operational before, have finalised their inception phases and are on their way to solid implementation. 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

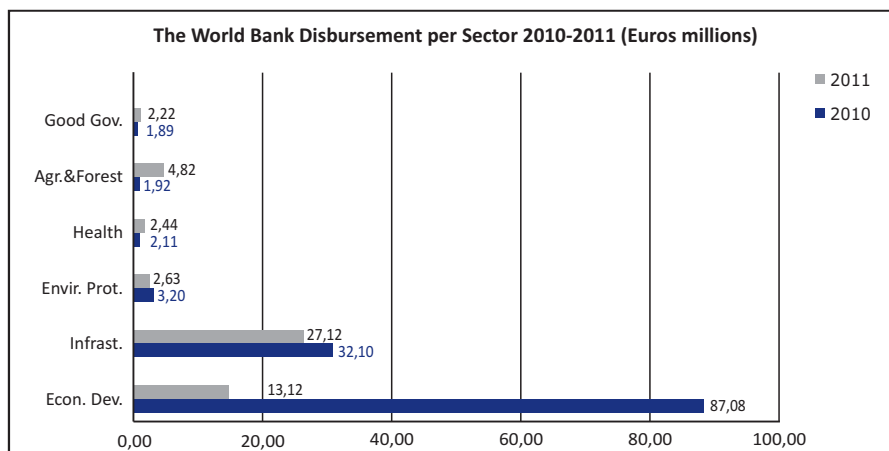
In 2011, the World Bank marks 15 years of successful operations and partnerships in Bosnia and Herzegovina. Overall, over the last 15 years, the World Bank approved 66 projects in the total amount of about USD 1.6 billion of which USD 1.32 billion in interest free IDA credits, USD 44 million in grants, and USD 175 million under IBRD conditions.

During the immediate post-conflict phase, the World Bank supported reconstruction and development of virtually every segment of the war-destroyed country including housing, energy, transport, schools, hospitals, as well as job creation through support for small and medium enterprises, and micro entrepreneurs. During this period, the World Bank also engaged in supporting structural reforms of the public sector and the banking sector. Impressive results were achieved including: over 20,000 public apartments and 2,000 houses were repaired; hundreds of kilometers of power and water lines, transmission stations, and thermal and hydro power plants were rehabilitated; about 2,300 kilometers of roads, 41 bridges, 3 tunnels and Sarajevo's International Airport were rebuilt; 82 primary schools were rebuilt and equipped; 5 clinical centres and 15 hospitals were rehabilitated; 210 kilometers of existing forest roads were reconstructed; about 200,000 jobs were created or sustained under two micro-finance projects. A review carried out by the Independent Operations Evaluation Department in 2004 found the BiH reconstruction programme was an example of "the Bank at its best".

### Key activities in 2010 and 2011

The World Bank disbursed €128.30 million in 2010 and €52.35 million in 2011 (up to June) to the following sectors: Economic Development and Social Protection, Infrastructure, Environment Protection, Health, Agriculture and Forestry, Good Governance and Institution Building.

The World Bank portfolio of active projects in Bosnia and Herzegovina currently comprises 14 investment operations with total commitments of USD 332.3 million. The portfolio consists of 9 IDA<sup>182</sup> credits (USD 184 million), three IBRD<sup>183</sup> loans (USD 130 million) and three GEF<sup>184</sup> grants (USD 18.3 million).



### Environmental protection

Three GEF grants are under implementation in Bosnia and Herzegovina in response to the country's environmental priorities: *Water Quality Protection* (USD 8.9 million); *Neretva and Trebišnjica Management Project* (USD 6 million); and *Forest and Mountain Protected Areas* (USD 3.4 million). The World Bank is also the lead agency in supporting the reform of the solid waste management in Bosnia and Herzegovina. Building on the successes of the first *Solid Waste Management Project* under which six regional landfills were constructed benefiting 1.7 million people, the *Second Solid Waste Management Project* (USD 40 million) continues to improve the availability, quality, environmental soundness and financial viability of solid waste management services in Bosnia and Herzegovina. The *Sarajevo Waste Water Management Project* (USD 35 million) will help improve the waste water management in Sarajevo canton and reduce pollution into the Miljacka and the Bosna rivers.

<sup>182</sup> International Development Association – no interest credits with long repayment term.

<sup>183</sup> International Bank for Reconstruction and Development – long repayment term and interest rate linked to LIBOR.

<sup>184</sup> Global Environment Fund.

## Infrastructure and Energy

The World Bank remains committed to partnering with Bosnia and Herzegovina and other development partners in improving infrastructure as a precondition for growth, development and EU convergence. Three projects that are currently under implementation in this sector include: *ECSEE APL3* (USD 36 million) which facilitates 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 systems; *Road Infrastructure and Safety Project* (USD 25 million) under which investments in the road network are made in order to reduce user costs by 10%, improve road safety and modernise road maintenance practices; and *Urban Infrastructure and Service Delivery*<sup>185</sup> (USD 25 million) which improves availability, quality and reliability of basic local services - water and sanitation in particular. Thanks to investments carried out under the Urban Infrastructure and Service Delivery project, 317,000 people (about 81,300 households) were connected to the piped water supply in participating municipalities (Banja Luka, Cazin, Pale and Posušje).

## Agriculture

The objective of the *Agriculture and Rural Development Project* (USD 21 million) is to improve delivery of services to farmers and food producers.

## Health

The World Bank continues to support reforms in the health sector. The *Health Sector Enhancement Project* (USD 27 million) enhances health system efficiency through restructuring and strengthening of primary health care along the family medicine model. Currently, about 58% of the population has been covered through family medicine, and 70% coverage will be achieved by 2014. The *Avian Influenza Preparedness Project* (USD 5 million) developed the institutional capacity to minimise the threat posed to humans and the poultry industry by highly pathogenic avian influenza and other such viruses.

## Good Governance

Most World Bank financed operations in Bosnia and Herzegovina include aspects related to strengthening public sector governance. In particular, the *Land Registration Project* (USD 15 million) facilitates the orderly development of transparent land markets through the registration of real estate rights and complimentary policies. This project has helped eliminate the backlog of cases (80,000 in 2008) and expedite processing of transactions which are now completed in one day for 95% of cases.

## Economic Development and Social Protection

In 2010 the World Bank approved USD 111 million Development Policy Operation in support of reforms of the social protection system. The legislative framework to improve targeting of non-insurance based cash transfers was adopted in both BiH Entities thus marking the beginning of the structural reform of the system of social protection. Simultaneously, the World Bank approved the *Social Safety Net and Employment Support Project* (USD 15 million) to strengthen the capacity of local institutions to implement targeting of cash transfers and provide effective job-brokerage services to 10,000 vulnerable active job seekers. Finally, a USD 70 million line of credit enhances access to financing for SMEs.

## Medium and long - term approach

The World Bank is currently preparing the new Country Partnership Strategy (CPS) for BiH for the period 2012 - 2015. The new CPS will be agreed with the BiH authorities in the coming months and is scheduled for the presentation to the World Bank Board of Executive Directors in September 2011. The CPS programme will outline a set of financial and non-financial services in response to the country's development priorities. After preliminary consultations with BiH authorities, members of civil society, academia, private sector and youth groups, the following pillars emerged as priorities to be addressed over the next four years:

<sup>185</sup> The project can also be classified as Local Governance or Cross-cutting as it also strengthens the capacity of cantonal and municipal governments to improve management of infrastructure development.



- **Competitiveness:** support economic growth by tackling some of the bottlenecks to competitiveness and faster productivity growth.
- **Inclusion:** improving delivery of public services for the vulnerable and targeting fiscal sustainability of social benefits to the poor.
- **Environmental sustainability:** Ensure a sustainable use of natural resources, such as water and forestry, key to economic growth in Bosnia and Herzegovina and adapt to climate change. Promote sustainable municipal development.

In addition to these, supporting the process of EU integration remains a cross-cutting theme for the World Bank programme in Bosnia and Herzegovina. The above proposed pillars are fully aligned with the strategic goals of the draft *Country Development Strategy* for the period 2010-2014.

### Donor coordination efforts

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 recently initiated informal periodic coordination meetings between the international financial organisations active in Bosnia and Herzegovina (EBRD, EIB, KFW, CEB, IMF, World Bank) in order to maximise development outcomes of different programmes through better coordination and partnership.

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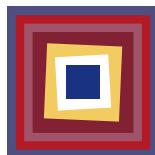
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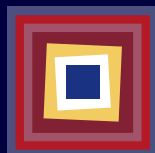
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