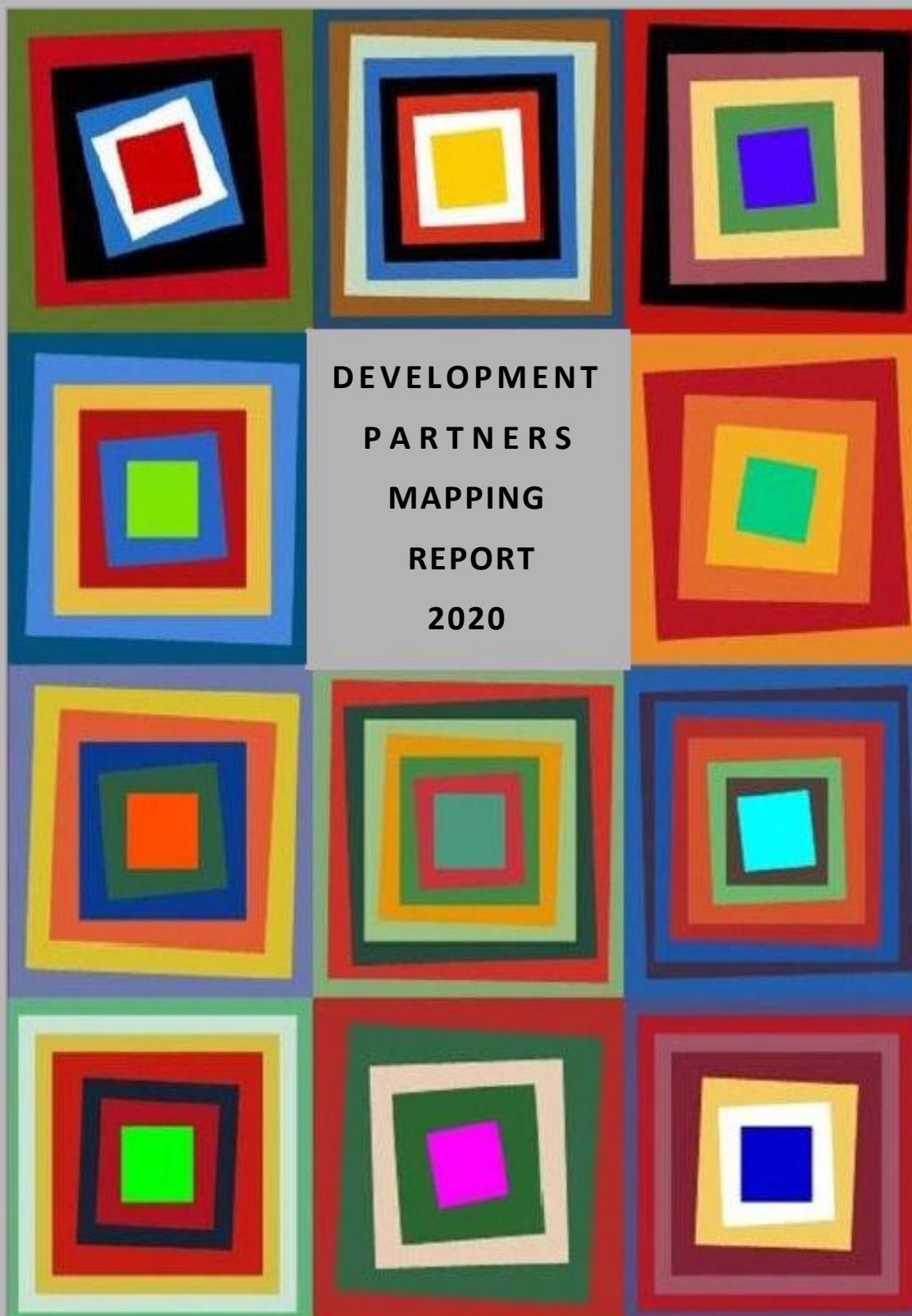




Bosnia and Herzegovina
Ministry of Finance and Treasury



Development Partners Coordination Forum

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| AICS | Italian Agency for Development Cooperation |
| ADC | Austrian Development Cooperation |
| APOSO | Agency for Pre-school, Primary and Secondary Education |
| BATA | Institute for Accreditation of Bosnia and |
| BDBiH | Brcko District BiH |
| BHDCA | BiH Directorate of Civil Aviation |
| BHMAC | BiH Mine Action Centre |
| BiH | Bosnia and Herzegovina |
| CAP | Common Agricultural Policy |
| CARDS | Community Assistance for Reconstruction, Development and Stabilization |
| CCI | Centres for Civil Initiatives |
| CCSP | Centre for Civil Society Promotion |
| CDC | Centers for Disease Control and Prevention |
| CEB | Council of Europe Development Bank |
| CEI | Central European Initiative |
| CEE | Central and Eastern Europe |
| CEEN | Central and Eastern European Network |
| CEFTA | Central European Free Trade Agreement |
| CHU | Central Harmonisation Units |
| CIP | Centre for Information and Recognition of Documents in the Area of Higher Education |
| CoE | Council of Europe |
| CoEM | Conference of Ministers of Education |
| COVAX | Covid-19 Vaccines Global Access |
| CRA | BiH Communications Regulatory Agency |
| CREDO | Competitive Regional Economic Development |
| CRS | Catholic Relief Services |
| CS | Civil Society |
| CSO | Civil Society Organisations |
| DAC | Development Assistance Committee |
| DCF | Development Partners Coordination Forum |
| DEI | Directorate for European Integration of BiH |
| DEP | Directorate for Economic Planning of BiH |
| DFID | UK Department for International Development |
| DIA | Deposit Insurance Agency of Bosnia and |
| EASA | European Aviation Safety Agency |
| EBRD | European Bank for Reconstruction and |
| EC | European Commission |
| ECB | European Central Bank |
| ECRAN | Environment and Climate Regional Accession Network |
| ECSEE | Energy Community of South East Europe |
| EEC | European Energy Community |
| EFSE | European Fund for South East Europe |
| EIB | European Investment Bank |
| ENFSI | European Network of Forensic Science Institutes |
| EQF | European Qualifications Framework for Lifelong Learning |
| ERA | European Research Area |
| ERDF | European Regional Development Fund |
| ERP | Economic Reform Programme |
| EU | European Union |

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| EUD | Delegation of the European Union to BiH |
| EUFOR | European Union Forces |
| EUROPOL | European Union Agency for Law Enforcement Cooperation |
| EUROSTAT | Statistical Office of the European Union |
| FAO | Food and Agriculture Organisation |
| FARMA | Fostering Agricultural Markets Activity |
| FBiH | Federation of Bosnia and Herzegovina |
| FCO | Foreign and Commonwealth Office |
| FDIs | Foreign Direct Investments |
| FIGAP | Funding Mechanism for the Implementation of the Gender Action Plan of BiH |
| FIRMA | Fostering Interventions for Rapid Market Advancement |
| FRONTEX | European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union |
| GAVI | Global Alliance for Vaccines and Immunization |
| GCI | Global Competitiveness Index |
| GDP | Gross Domestic Product |
| GEF | Global Environmental Facility |
| GIZ | <i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> |
| GNI | Gross National Income |
| GOFBP | Global Framework of Fiscal Balance and Policies in BiH |
| GOLD | Growth Oriented Local Development |
| HEA | Agency for Development of Higher Education and Quality Assurance |
| HJPC | High Judicial and Prosecutorial Council of BiH |
| IBM | Integrated Border Management |
| IBRD | International Bank for Reconstruction and Development |
| ICAO | International Civil Aviation Organization |
| ICMP | International Commission on Missing Persons |
| ICT | Information and Communication Technology |
| ICTY | International Criminal Tribunal for the Former Yugoslavia |
| IDA | International Development Association |
| IFAD | International Fund for Agricultural Development |
| IFC | International Finance Corporation |
| IFIs | International Financial Institutions |
| ILO | International Labour Organisation |
| IMF | International Monetary Fund |
| INTERPOL | International Police Organisation |
| IOM | International Organisation for Migration |
| IPA | Instrument for Pre-accession Assistance |
| IPARD | Instrument for Pre-accession Assistance for Rural Development |
| JICA | Japan International Cooperation Agency |
| JICS | Japan International Cooperation System |
| JSRS | Justice Sector Reform Strategy |
| KfW | <i>Kreditanstalt für Wiederaufbau</i> |
| KM | Convertible Mark |
| LEAP | Local Environmental Action Plan |

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|----------------|--|
| MAP | Membership Action Plan |
| MARPOL | International Maritime Organisation |
| MDGs | Millennium Development Goals |
| MEASURE | Monitoring and Evaluation Support Activity Project |
| MoD | Ministry of Defence |
| MoU | Memorandum of Understanding |
| MSME | Micro, Small and Medium Enterprises |
| MTS | Municipal Training System |
| NATO | North Atlantic Treaty Organisation |
| NEAP | National Environmental Action Plan |
| NERDA | Northeast Regional Development Association |
| NGOs | Non-Governmental Organisations |
| ODA | Official Development Assistance |
| OECD | Organisation for Economic Cooperation and Development |
| OFID | The OPEC Fund for International Development |
| OHR | Office of the High Representative and EU Special Representative |
| ORF | Open Regional Fund |
| OSA | BiH Intelligence Security Agency |
| OSCE | Organization for Security and Cooperation in Europe |
| PAR | Public Administration Reform |
| PARCO | Public Administration Reform Coordinator's Office |
| PFM | Public Financial Management |
| PIFC | Public Internal Financial Control |
| PIMIS | Public Investment Management Information |
| PIP | Public Investment Programme |
| REDAH | Regional Economic Development Agency for Herzegovina |
| RCC | The Regional Cooperation Council |
| REZ | Regional Development Agency for Central BiH |
| RS | Republika Srpska |
| SAA | Stabilisation and Association Agreement |
| SALW | Small Arms and Light Weapons |
| SAP | Stabilisation and Association Process |
| SDC | Swiss Agency for Development and Cooperation |
| SDGs | Sustainable Development Goals |
| SEE | South-East Europe |
| SEECCL | SE Europe Centre for Entrepreneurial Learning |
| SEESAC | South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons |
| SEETO | South East Europe Transport Observatory |
| SERC | State Electricity Regulatory Commission |
| SFD | Saudi Fund for Development |
| Sida | Swedish Int. Development Cooperation Agency |
| SIPA | BiH State Investigation and Protection Agency |
| SIPPO | Swiss Import Promotion Programme |
| SMEs | Small and Medium-Sized Enterprises |
| SPPD | Strategic Planning and Policy Development |
| SSPACEI | Sector for Strategic Planning, Aid Coordination and European Integration |
| TA | Technical Assistance |
| TACSO | Technical Assistance for Civil Society Orgs |
| TAIEX | Technical Assistance Information Exchange Office |
| TIR | <i>Transports Internationaux Routiers</i> |

| | |
|-------------------|---|
| UK | United Kingdom |
| UN | United Nations |
| UNCT | UN Country Team |
| UNDAF | United Nations Development Assistance Framework |
| UNDP | United Nations Development Programme |
| UNEP | United Nations Environmental Programme |
| UNESCO | United Nations Educational, Cultural and Scientific Organisation |
| UNFCCC | UN Framework Convention on Climate Changes |
| UNFPA | United Nations Population Fund |
| UNICEF | United Nations Children's Fund |
| UNIDO | United Nations Industrial Development Organisation |
| UNIFEM | United Nations Development Fund for Women |
| UNIFEM CEE | United Nations Development Fund for Women Office for Central and Eastern Europe |
| UNSCR | United Nations Security Council Resolution |
| USA | United States of America |
| USAID | United States Agency for International |
| UWWT | Urban Waste Water Treatment |
| VET | Vocational Education and Training |
| WB | World Bank |
| WBIF | Western Balkans Investment Framework |
| WHO | World Health Organisation |
| WTO | World Trade Organisation |

Ministry of Finance and Treasury / Sector for Financial Planning of Development and Coordination of the International Economic Aid, in cooperation with representatives of Institutions in Bosnia and Herzegovina and members of the Development Partners Coordination Forum (DCF), has prepared the Development Partners Mapping Report for 2020 (DMR 2020).

The Report provides a comprehensive overview of projects and programs supported with the Official Development Assistance (ODA) funds by the members of the Development Partners Coordination Forum, the information on the latest development activities and reforms implemented in the priority sectors in Bosnia and Herzegovina during 2020, as well as the planned development activities.

Development Partners Mapping Report 2020 was prepared on the basis of responses from Questionnaires submitted by the Institutions in Bosnia and Herzegovina and members of the Development Partners Coordination Forum in BiH and other relevant strategic documents. Financial part of the Report is based on the data from the DMD database, where development partners have entered their new projects as well as updated the data on ongoing projects.

Classification of the priority sectors is based on the sector-based reporting methodology defined in the IPA II regulation in the period 2014 – 2020, in line with the aspiration of Bosnia and Herzegovina towards the EU membership, as well as the fact that most of the development partners activities are focused at supporting the realization of BiH priorities related to the EU integration process.

In that regard, the Report also provides the analysed overview of the Official Development Assistance (ODA), channelled to the following priority sectors in Bosnia and Herzegovina:

- Democracy and governance
- Rule of law and fundamental rights
- Environment and climate action
- Transport
- Energy
- Competitiveness and innovation
- Education, employment and social policies
- Agriculture and rural development
- Regional and territorial cooperation
- Cross – cutting sector

European integration process involves comprehensive adjustment of policies, the institutional framework and the legal system with the aim to achieve the European standards in all areas. Thereby, the process of legal harmonization and adoption of the European standards implies extensive internal reforms, general consolidation of the system, stronger economic development in the areas which affect the relationship dynamics between Bosnia and Herzegovina and the European Union. The members of the Development Partners Coordination Forum, play a significant role in this process, through provision of the financial support to the reform activities and programs.

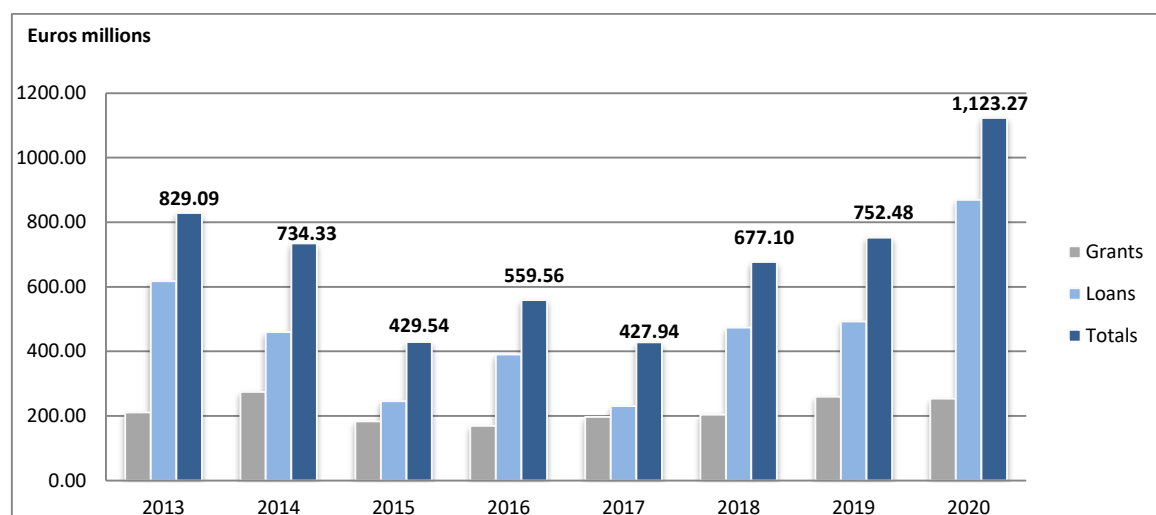
The efficient and effective use of ODA funds as well as the establishing of the mutual partnership has contributed to the the increase of the total allocated ODA funds, which is of crucial importance for the success of the reforms in Bosnia and Herzegovina. In line with this, in 2020, Ministry of Finance and Treasury launched the activities to further improve the efficiency of the use of the international aid.

Development Partners Mapping Report 2020 will be available on the Ministry of Finance and Treasury website at www.mft.gov.ba and Development Partners Coordination Forum website at www.donormapping.ba after the adoption by the Council of Ministers of Bosnia and Herzegovina.

I Summarized overview of ODA allocations and disbursements

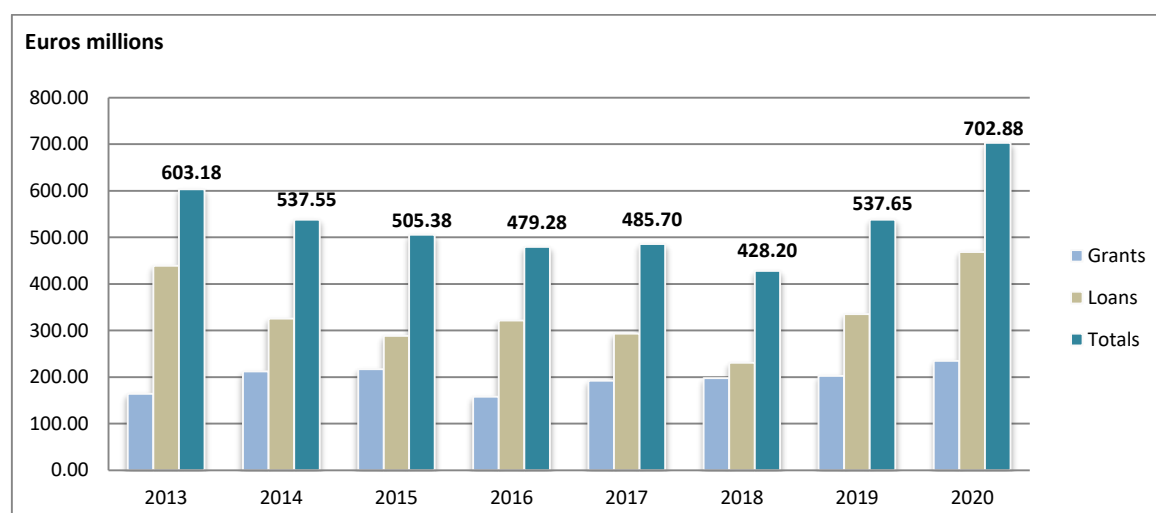
In 2020, total Official Development Assistance (ODA) allocations for Bosnia and Herzegovina amounted to €1,123.27 million, out of which €253.56 million or 22.6% of grant funds, while €869.71 million or 77.4% of loan funds, which compared to 2019, indicates the increase of €370.8 million or 49.3 %. (Figure 1.).

Figure 1. Total ODA allocations in the period 2013-2020 in BiH



Total disbursements of ODA funds in 2020 amounted to €702.88 million, out of which €234.56 million or 33.4% of grant funds and € 468.32 million or 66.6% of loan funds, indicating the increase if compared to the previous period. If compared to 2019, the increase in total ODA disbursements amounts to €165.2 million or 30.7%. Also, if compared to 2019, the increase of disbursed grants is noticeable in the amount of €32.1 million and significant increase in disbursed loans in the amount of €133.1 million. Presented increase of the disbursed loans was partly the result of procedural flexibility and improved realization of projects as well as the dynamics of loan disbursements signed in previous years. (Figure 2.)

Figure 2. Total ODA disbursements in the period 2013-2020 in BiH



Comparison of total allocated and disbursed ODA funds in BiH for the period 2013-2020 is presented in the Figure 3.

Figure 3. Total allocated and disbursed ODA in the period 2013-2020 in BiH

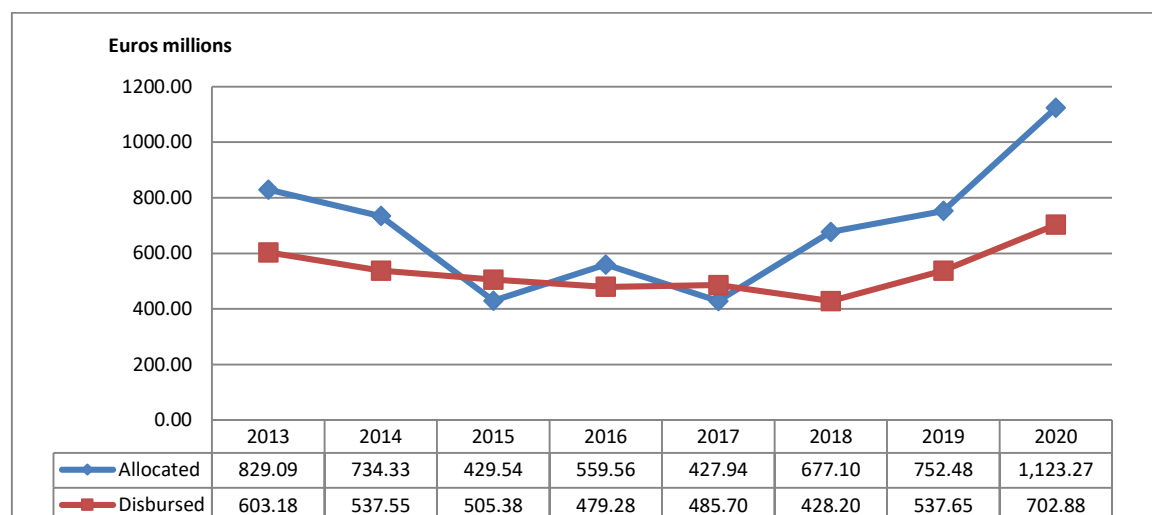


Figure 4. presents the participation ratio of bilateral and multilateral development partners in total ODA allocations, for the period 2013 – 2020. Out of total ODA allocations in 2020, in the amount of €1,123.27 million, bilateral development partners allocated €118.74 million or 11%, while multilateral development partners allocated €1,004.54 million or 89%.

Figure 4. Participation of bilateral and multilateral development partners in total ODA allocations per years

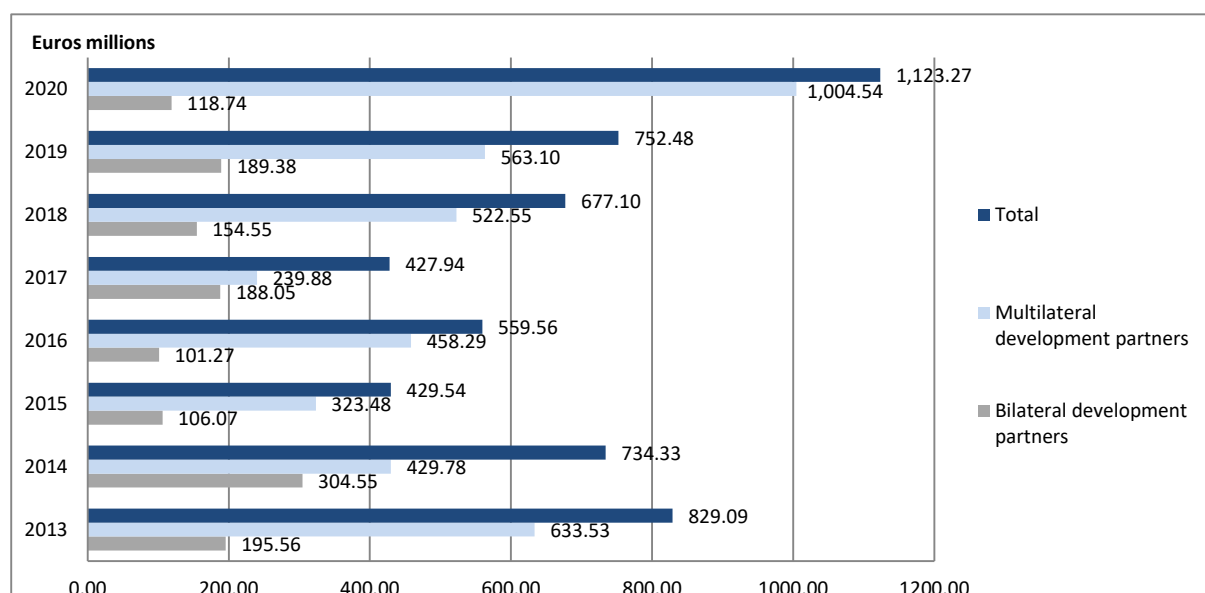
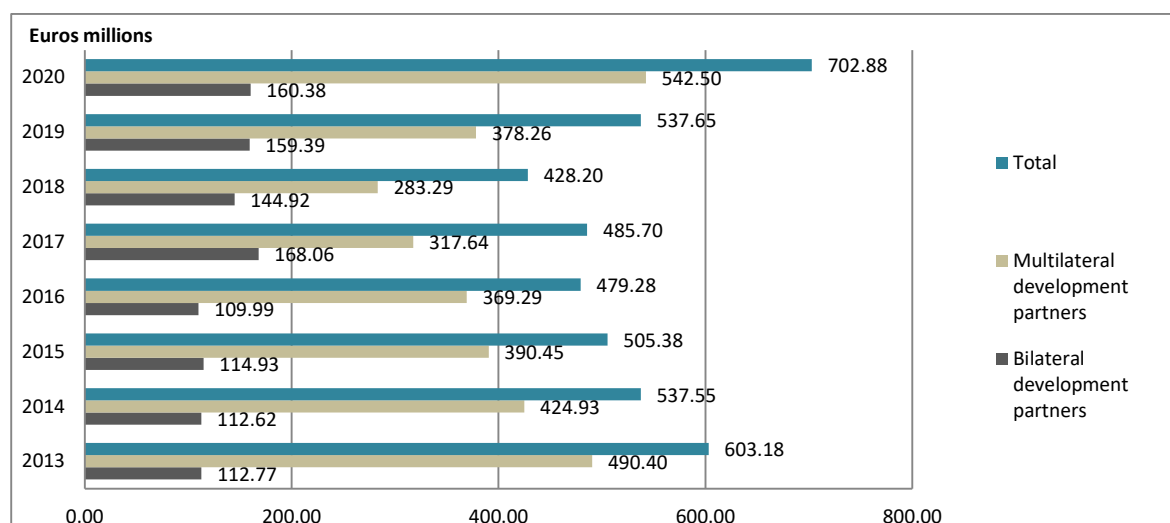


Figure 5. Participation of bilateral and multilateral development partners in total ODA disbursements per years



Participation ratio of bilateral and multilateral development partners in total ODA disbursements per years for the period 2013 – 2020 is similar to the ratio of ODA allocations, presented in Figure 4. Out of total ODA disbursements, multilateral development partners participated with 77%, while bilateral development partners with 23%.

II Overview of allocated and disbursed grants and loans per development partners

In 2020, total grant funds of €253.56 million were allocated and €234.56 million were disbursed. Figures 6. and 7. present allocated and disbursed grant funds by development partners, according to the amount of the invested funds. Leading development partners in 2020, who allocated i.e. disbursed largest amounts were the EU, USA/USAID, Sweden, Switzerland, Germany and Croatia.

Figure 6. Allocated grant funds per development partners in 2020

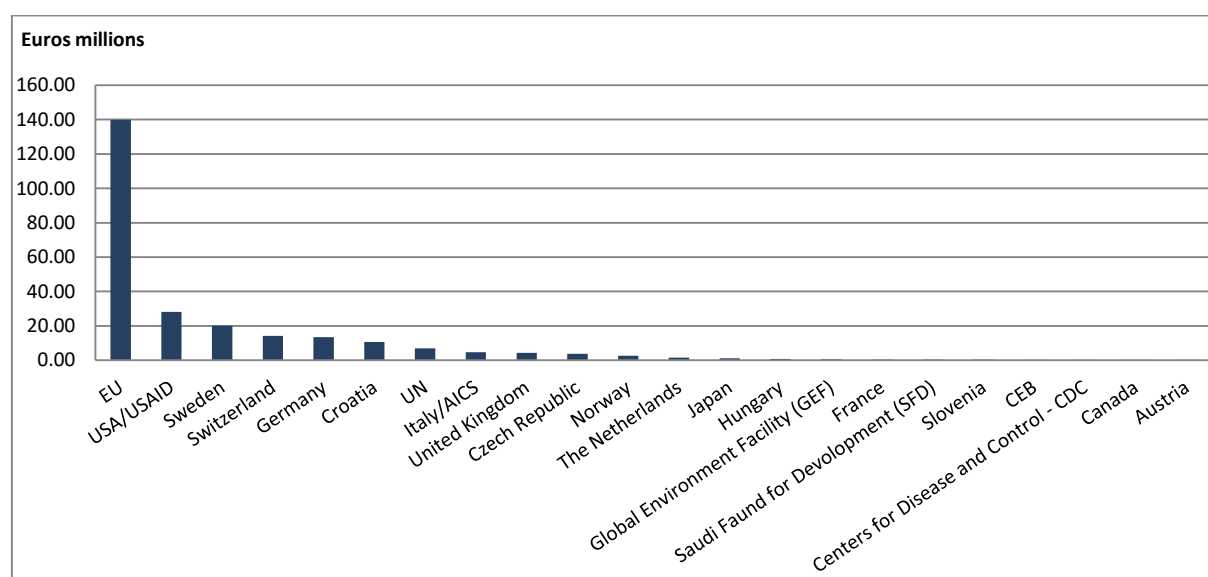
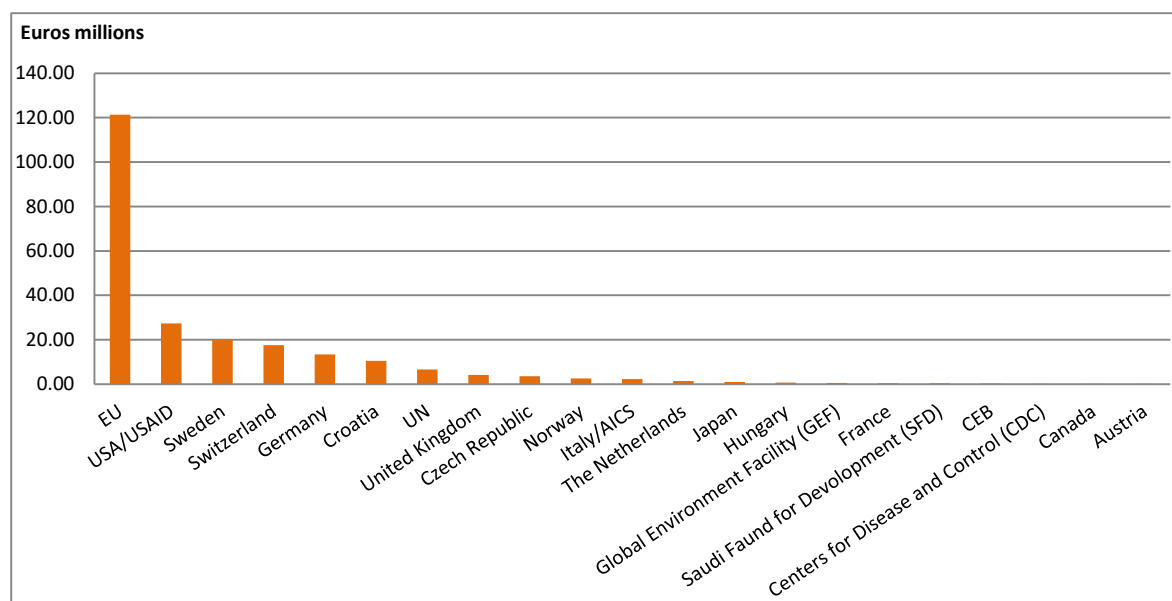


Figure 7. Disbursed grant funds per development partners in 2020



In 2020, total loan funds of €869.71 million were allocated and €468.32 million were disbursed.

Figures 8. i 9. present allocated and disbursed loan funds in 2020. Creditors in 2020 were the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), The World Bank (WB), Germany and Japan.

Figure 8. Allocated funds per creditors in 2020

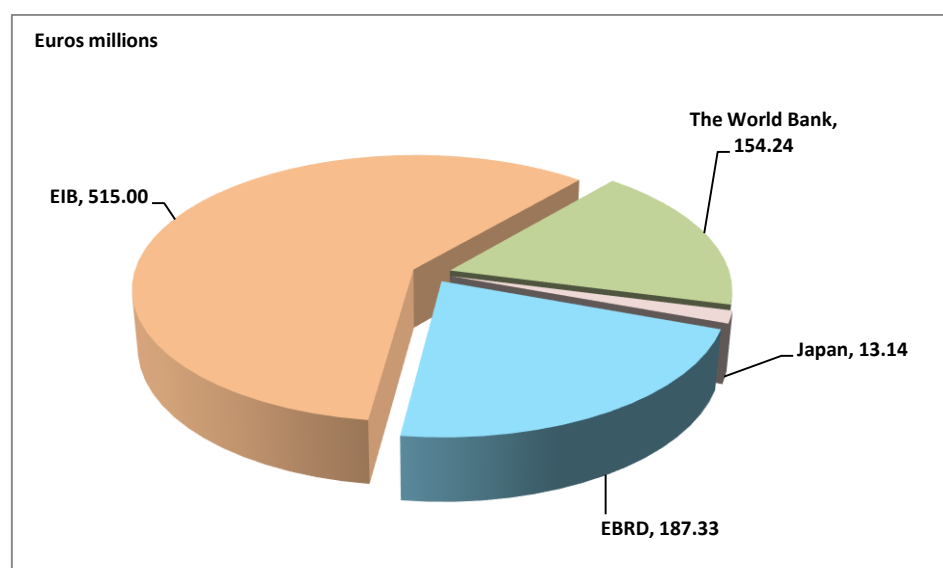
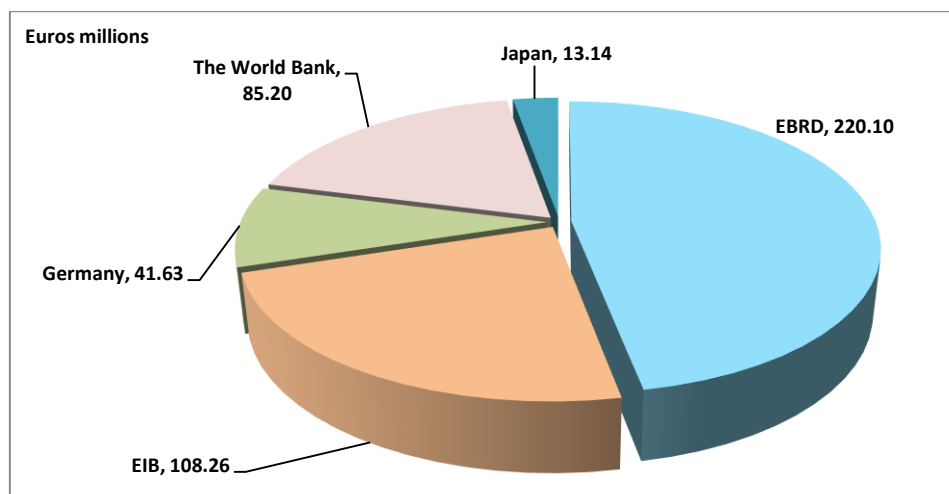


Figure 9. Disbursed funds per creditors in 2020



III Overview of ODA allocations and disbursements per sectors

In 2020, total ODA allocations in Bosnia and Herzegovina in IPA II sectors amounted to €1,123.27 million, out of which €253.56 million in the form of grants and €869.71 million in the form of loans. (Figures 10. and 11.)

Out of total allocated funds, 80% was allocated to 3 sectors: Transport 50%, Competitiveness and innovation 19%, Democracy and governance 11%, while 20% was allocated in all other sectors.

Figure 10. Total ODA allocations per sectors in 2020

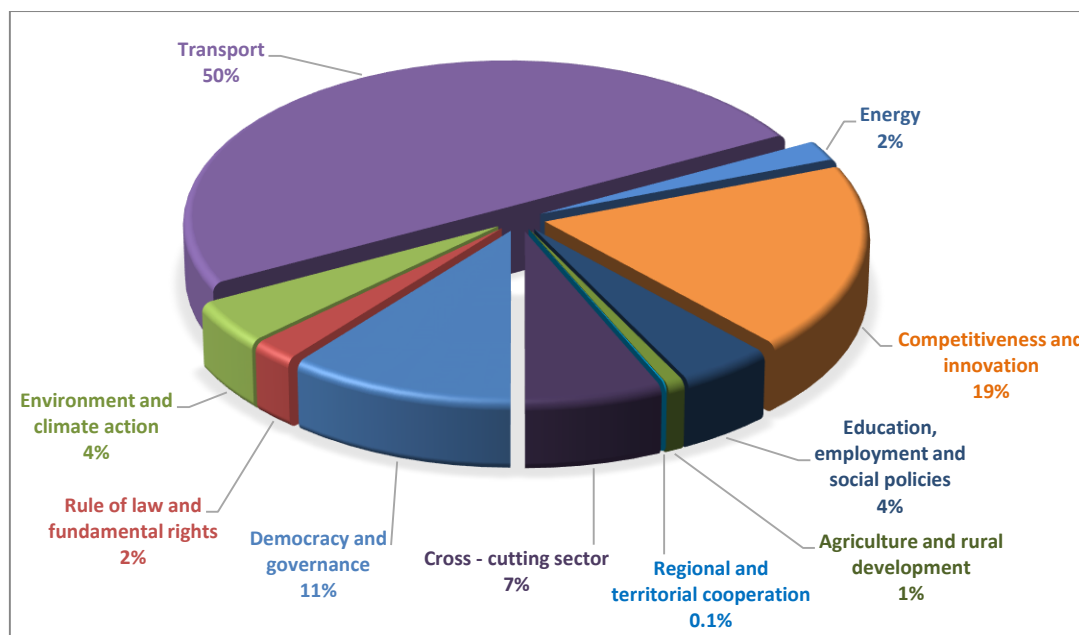
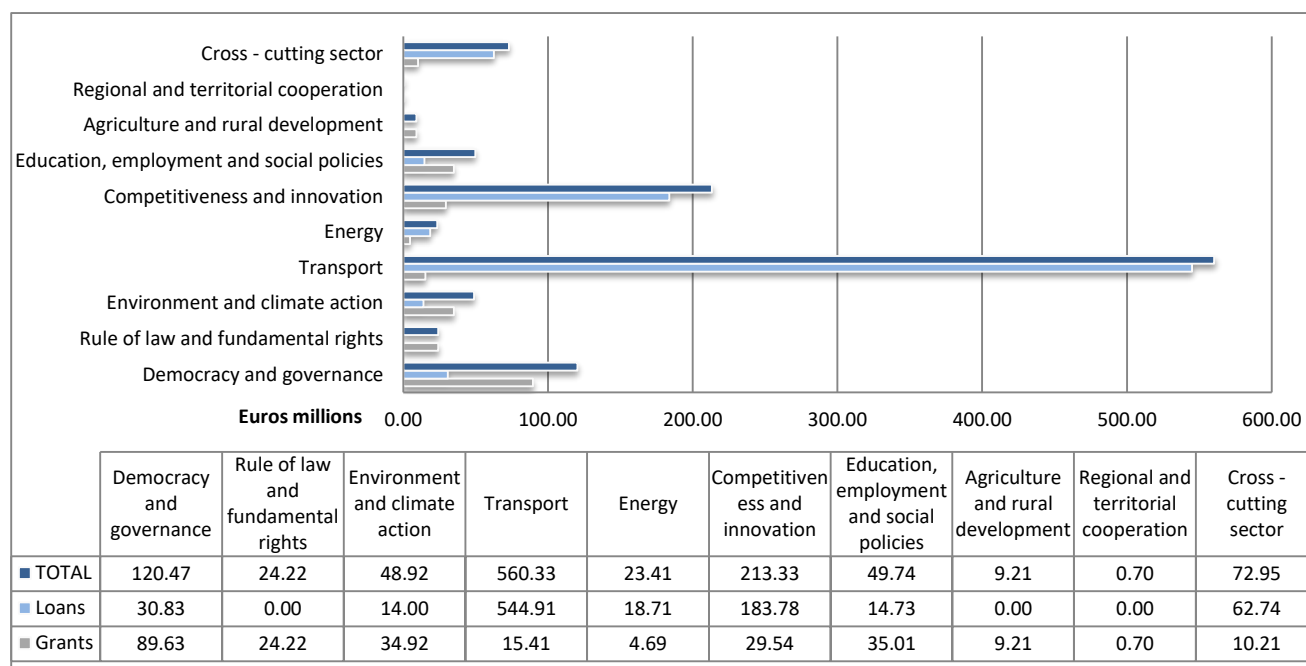


Figure 11. Participation of grants and loans in total ODA allocations per sectors in 2020



In 2020, total ODA disbursements in Bosnia and Herzegovina in IPA II sectors amounted to €702.88 million, out of which €234.56 million in the form of grants and €468.32 million in the form of loans. (Figures 12. and 13.)

Out of total disbursements, 72% was disbursed to 4 sectors: Transport 28%, Competitiveness and innovation 17%, Democracy and governance 16% and Environment and climate action 11%, while 28% was allocated in all other sectors.

Figure 12. Total ODA disbursements per sectors in 2020

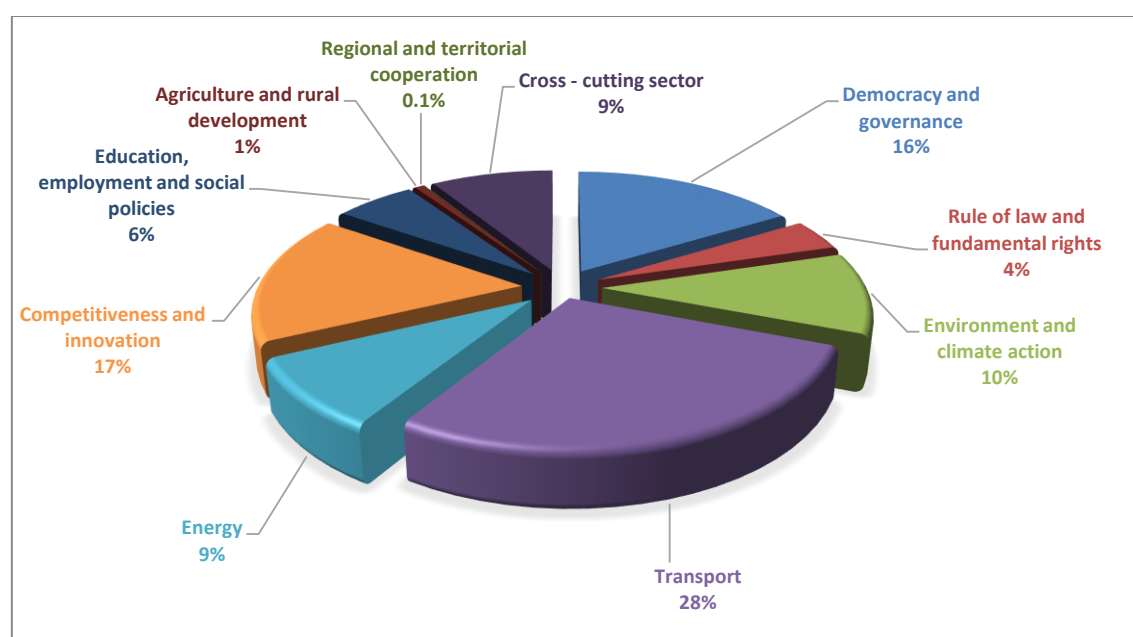
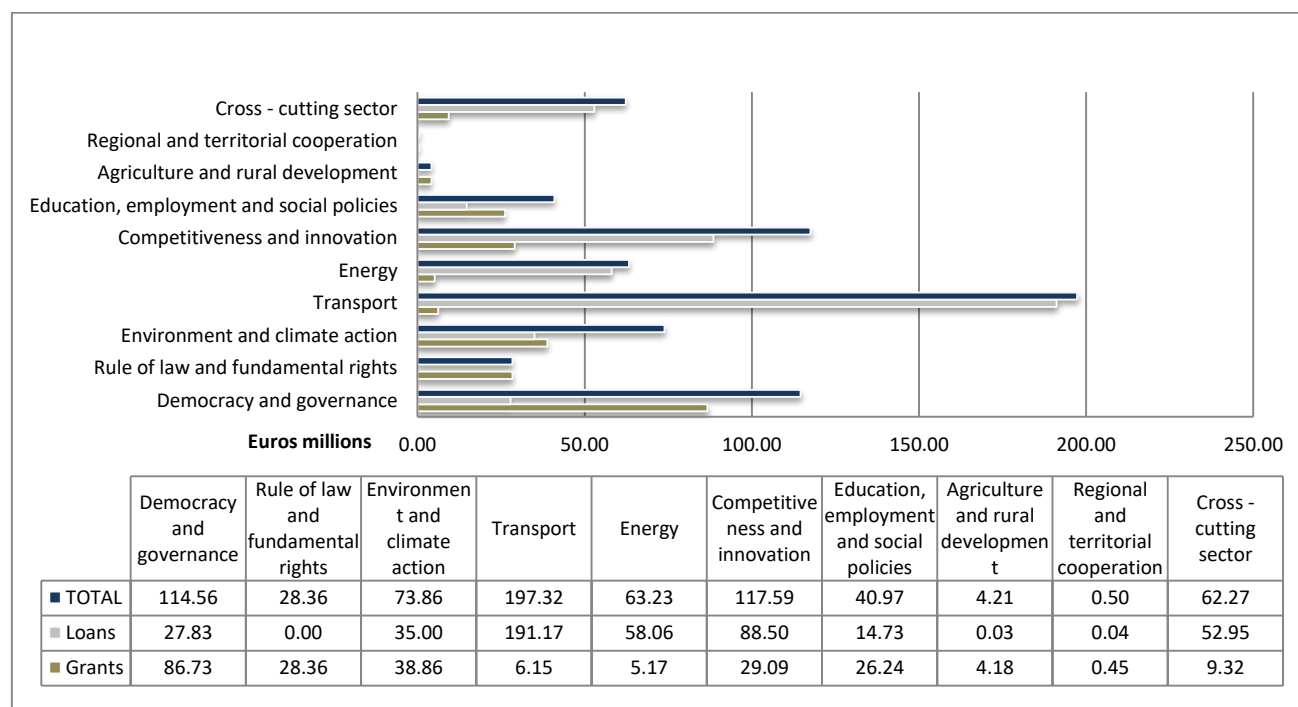


Figure 13. Participation of grants and loans in total ODA disbursements per sectors in 2020



1. Democracy and governance
2. Rule of law and fundamental
3. Environment and climate action
4. Transport
5. Energy
6. Competitiveness and innovation
7. Education, employment and social policies
8. Agriculture and rural development
9. Regional and territorial cooperation
10. Cross- cutting sector

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| DCF members active in the sector in 2020 | EU, The World Bank, USA/USAID, Sweden, Switzerland, Germany, Netherlands, Czech Republic, United Kingdom, Croatia, Norway, UN, Hungary, Slovenia |
| Other key international organizations | International Monetary Fund, Organization for Security and Cooperation in Europe; Office of the High Representative; Organization for Economic Cooperation and Development; Council of Europe; British Council in BiH; Norwegian Institute of International Affairs; European Training Foundation; Statistical Office of the European Union, European Statistical Office, Centre of Excellence in Finances, UN Population Fund, UN Children's Fund, Regional School of Public Administration, Regional Cooperation Council, Council of Europe, Western Balkans Investment Framework, <i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> (GIZ). |
| Key government partners | CoM BiH; Government of FBiH; Government of RS; Government of BD BiH; Cantonal governments; Ministry of Finance and Treasury of BiH; Ministry of Finance of RS and Federal Ministry of Finance; Finance Directorate of the BD BiH; BiH Ministry of Foreign Affairs; BiH Ministry of Foreign Trade and Economic relations; BiH Ministry of Civil Affairs; BiH Ministry of Justice; Ministry of Human Rights and Refugees of BiH; Ministry of Defence of BiH; Ministry of Security of BiH; Public Administration Reform Coordinator's Office, together with entity and DB BiH coordinators; Ministry of European Integration and International Cooperation of RS; Ministry of Administration and Local Self-Governance of RS; Parliamentary Assembly of BiH; Parliament of FBiH and National Assembly of RS; Agencies for Civil Service of BiH and entities; Agency for Pre-Primary, Primary and Secondary Education; Audit Office of the Institutions of BiH; Audit Office for the Institutions of FBiH; Supreme Office for the RS Public Sector Auditing; Agency for Development of Higher Education and Quality Assurance; Directorate for European Integration; Directorate for Economic Planning; BiH Indirect Taxation Authority; Tax Administration of FBiH; Tax Administration of RS; Central Bank of BiH; Public Procurement Agency of BiH; Procurement Review Body of BiH; Central Harmonization Units (CHUs) in the Ministries of Finance of the State and the Entities; Ministry of Labour, War Veterans and Disabled Persons' Protection of RS; Federal Ministry of Labour and Social Policy; Agencies for Statistics of BiH and entities Agencies for Statistics; High Judicial and Prosecutorial Council; Ministry of Health and Social Protection of RS; Financial Intelligence Agency of FBiH, BiH Mine Action Centre; Agency for Civil Service of BiH and entity agencies for civil service; Agency for Gender Equality of BiH; Gender centres of FBiH and RS; Association of Municipalities and Cities of RS and FBiH. |
| Total allocation / disbursement to the sector in 2020 by DCF members | <p>Total allocated € 120.47 million, € 89.63 million in a form of grants and € 30.83 million in a form of loans.</p> <p>Total disbursed € 114.56 million, € 86.73 million in a form of grants and € 27.83 million in a form of loans.</p> <p>Out of total ODA in 2020, 11% was allocated and 16% was disbursed in the sector.</p> |

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| <p>Legal framework and sector strategies adopted in 2020</p> | <p>The Law on the Budget of BiH Institutions and International Obligations for 2020 (BiH Off. Gazette No. 46/20); The Law on Changes and Amendments to the Law on Salaries and Allowances in Court and Prosecutorial Institutions at the level of BiH (BiH Off. Gazette No. 77 /20); The Law on Deposit Insurance in Banks of BiH (BiH Off. Gazette No. 32 /20); The Law on Changes to the Law on Salaries and Allowances in Institutions of BiH (BiH Off. Gazette No. 32 /20); The Law on Changes and Amendments to the Election Law of BiH (BiH Off. Gazette No. 41 /20); The Law on Changes to the Law on Salaries and Allowances in Institutions of BiH (BiH Off. Gazette No. 65 /20); The Law on Changes and Amendments to the Law on Treasury of the FBiH (FBiH Off. Gazette No. 3 /20); The Law on Changes and Amendments to the Law on Income Tax (FBiH Off. Gazette No. 15 /20); The Law on the Amount of the Default Interest Rate (FBiH Off. Gazette No. 18 /20); The Law on Changes and Amendments to the Law on Execution of the FBiH Budget for 2020 (FBiH Off. Gazette No. 28/20); The Law on Mitigation of the Negative Economic Consequences (FBiH Off. Gazette No. 28/20); The Law on Changes to the Law on Settling the Liabilities Arising from the Old Foreign-Currency Saving Accounts in the FBiH (FBiH Off. Gazette No. 57/20); The Law on Safety at Work (FBiH Off. Gazette No. 79/20); The Law on Changes to the Law on Collection and Partial Write-Off of Debts to Sports Collectives (FBiH Off. Gazette No. 79/20); The Law on Amendments to the RS Election Law (RS Off. Gazette No. 18 /20); The Law on Inspections of the RS (RS Off. Gazette No. 18 /20); The Law on the City of East Sarajevo (RS Off. Gazette No. 18 /20); The Law on Changes to the Law on Execution of the RS Budget for 2020 (RS Off. Gazette No. 18 /20); The Law on Changes and Amendments to the Law on Strike (RS Off. Gazette No. 23/20); The Law on Changes and Amendments to the Law on Metrology in the RS (RS Off. Gazette No. 18 /20); The Law on Changes to the Law on Privatization of Public Housing (RS Off. Gazette No. 63/20); The Law on Changes and Amendments to the Law on Concessions (RS Off. Gazette No. 67/20); The Law on Changes and Amendments to the Law on the Public-Private Partnership in the RS (RS Off. Gazette No. 68/20); The Law on Sport of the RS (RS Off. Gazette No. 79/20); The Law on the Tax Procedure of the RS (RS Off. Gazette No. 78/20); The Law on Changes to the Law on the Single Register of Financial Statements of the RS (RS Off. Gazette No. 78/20); The Law on Changes and Amendments to the Law on Accounting and Auditing of the RS (RS Off. Gazette No. 78/20); The Law on Changes and Amendments to the Law on Incentives in the Economy in the RS (RS Off. Gazette No. 78/20); The Law on Administrative Inspection (RS Off. Gazette No. 99/20); The Law on Protection of the Right to Trial Within a Reasonable Time (RS Off. Gazette No. 99/20); The Law on Consensual Out-of-Court Financial Restructuring (RS Off. Gazette No. 99/20); The Law on Real Estate Brokerage (RS Off. Gazette No. 99/20); The Law on Special Expropriation Procedure for the Construction of the Airport in Trebinje (RS Off. Gazette No. 99/20); The Law on Changes and Amendments to the Law on Income Tax (RS Off. Gazette No.123/20); The Law on Changes and Amendments to the Law on Utility Taxes (RS Off. Gazette No.123/20); The Law on Changes and Amendments to the Law on Administrative Taxes (RS Off. Gazette No.123/20); The Law on Factoring (RS Off. Gazette No.123/20); The Law on Amendment to the Law on Special Republic Taxes (RS Off. Gazette No.123/20); The Law on Changes and Amendments to the Law on Hospitality Industry of BD BiH (BD BiH Off. Gazette No.11/20); The Law on Associations and Foundations of BD (BD BiH Off. Gazette No.41/20); The Law on Mitigation of Negative Economic Consequences Caused by the State of Natural Disaster Due to COVID-19 in BD BiH (BD BiH Off. Gazette No.17/20); The Law on Changes and Amendments to the Law</p> |
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on Tourism Activities of BD BiH (BD BiH Off. Gazette No.11/20); The Law on Changes to the Law on Bankruptcy (BD BiH Off. Gazette No.29/20); The Law on Registration of Business Entities in BD BiH (BD BiH Off. Gazette No.11/20); The Law on Changes and Amendments to the Law on Spatial Planning and Construction (BD BiH Off. Gazette No.10/20);—The Law on Changes and Amendments to the Law on Spatial Planning and Construction (BD BiH Off. Gazette No.29/20);The Law on Changes and Amendments to the Law on Spatial Planning and Construction (BD BiH Off. Gazette No.40/20); The Law on Changes and Amendment to the Law on Enterprises of BD BiH (BD BiH Off. Gazette No.11/20); The Law on Changes to the Law on Salaries and Allowances in Judiciary of BD BiH (BD BiH Off. Gazette No.39/20); The Law on Changes to the Law on Salaries in Judiciary of BD BiH (BD BiH Off. Gazette No.26/20); The Law on Changes and Amendments to the Law on Salaries of Employees in the Police of BD BiH (BD BiH Off. Gazette No.39/20); The Law on Changes and Amendments to the Law on Salaries and Allowances in Bodies of Public Administration and Institutions of BD BiH (BD BiH Off. Gazette No.39/20); The Law on Changes to the Law on Salaries and Allowances in Bodies of Public Administration and Institutions of BD BiH (BD BiH Off. Gazette No.41/20); The Law on Changes to the Law on Salaries and Allowances of Budgetary Users in the Assembly, Electoral Commission and Audit Office and Institutions in BD BiH (BD BiH Off. Gazette No.39/20); The Law on Changes to the Law on Salaries and Allowances of Judges and Prosecutors in BD BiH (BD BiH Off. Gazette No.40/20); The Law on Changes to the Law on Planning, Designing and Development of BD BiH (BD BiH Off. Gazette No.24/20); The Law on Changes and Amendments to the Law on Salaries and Other Allowances of the Attorney and Deputy Attorney in the Attorney's Office of BD BiH (BD BiH Off. Gazette No. 40/20); The Law on Changes and Amendments to the Law on Classification of Activities in BD BiH (BD BiH Off. Gazette No. 11/20); The Law on Amendment to the Law on Public Property in BD BiH (BD BiH Off. Gazette No. 5/20); The Law on Public Events (BD BiH Off. Gazette No.29/20); The Law on Execution of the Budget of BD BiH for 2020 (BD BiH Off. Gazette No.12/20); The Law on Changes to the Law on Execution of the Budget of BD BiH for 2020 (BD BiH Off. Gazette No. 24/20); The Law on Amendment to the Law on Inspections of BD BiH (BD BiH Off. Gazette No. 11/20); The Law on Changes and Amendments to the Law on Inspections of BD BiH (BD BiH Off. Gazette No. 24/20); The Law on Changes and Amendments to the Law on Inspections of BD BiH (BD BiH Off. Gazette No. 40/20); The Law on Changes and Amendments to the Law on Fiscal Systems (BD BiH Off. Gazette No. 40/20); The Law on Electronic Document of BD BiH (BD BiH Off. Gazette No. 11/20); The Law on Electronic Signature of BD BiH (BD BiH Off. Gazette No. 11/20); The Law on Changes to the Law on Civil Service in Public Administration Bodies in BD BiH (BD BiH Off. Gazette No. 24/20); The Law on Amendment to the Law on Civil Service in Public Administration Bodies in BD BiH (BD BiH Off. Gazette No. 41/20); The Law on Changes to the Law on Administrative Taxes (BD BiH Off. Gazette No. 11/20); The Law on Tax Administration of BD BiH (BD BiH Off. Gazette No.11/20); The Law on Changes and Amendments to the Law on PC „Luka Brcko“ (BD BiH Off. Gazette No.11/20); The Law on Changes and Amendments to the Law on Income Tax (BD BiH Off. Gazette No.24/20); The Law on Changes to the Law on Income Tax (BD BiH Off. Gazette No.30/20).

Migration Profile of BiH for 2019; Strategy for Development of the Internal Financial Controls System in Institutions of BiH for the period 2020-2025; Medium-Term Debt Management Strategy of BiH for the period 2019 – 2022; Economic

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| | <p>Reform Program (ERP BiH 2020-2022); Action Plan of the Council of Ministers of BiH for Implementation of the 2020 Communication Strategy for Informing Public on the Accession of BiH to the European Union; Debt Management Strategy of the BiH Federation for the period 2020 – 2022; Economic Reform Programme of the BiH Federation for the period 2020-2022; Strategy for the Development of the RS Statistics 2030; Strategy of Social Housing Development 2020-2030; Economic Reform Programme of the RS for the period 2020-2022; Strategy for the Development of BD BiH 2021-2027(Draft); Public Financial Management Reform Strategy in BD BiH 2021 - 2025 and the Action Plan; Strategy for Development of the Internal Financial Controls System in the Public Sector of BD BiH 2021 - 2025 and the Action Plan.</p> <p>Previously adopted legal framework and sector strategies are available on: www.donormapping.ba</p> |
| <p>Coordination among and with development partners</p> | <p>Democratic institutions: Functional exchange of information between stakeholders based on informal <i>ad-hoc</i> coordination, together with self-organized meetings between development partners.</p> <p>Decentralization and sub-national government: Functional exchange of information between stakeholders based on informal <i>ad-hoc</i> coordination, together with self-organized meetings between development partners.</p> <p>Public Administration Reform (PAR): PAR Fund stakeholders' regular meetings organized by Public Administration Reform Coordinator's Office (PARCO). Joint Management Board of PAR serves as a monthly forum for coordination. Meanwhile, informal coordination is maintained with other development partners.</p> <p>Public Financial Management: Exchange of information between stakeholders based on informal <i>ad-hoc</i> coordination and project-based bilateral meetings.</p> <p>Taxation: Informal <i>ad-hoc</i> coordination on regular basis.</p> <p>Customs: Informal <i>ad-hoc</i> coordination on regular basis.</p> <p>Economic governance: Informal <i>ad-hoc</i> coordination.</p> <p>Statistics: Informal <i>ad-hoc</i> coordination on regular basis.</p> <p>Civil Society: Local Advisory Group supported and managed by the EU-funded project TACSO.</p> <p>Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.</p> <p>Due to the outbreak of the COVID-19 pandemic and accompanying epidemiological measures, DCF meetings were not held in 2020.</p> |

Overview of activities in 2020

Democracy and governance sector presented in this Report is based on the sector-based reporting methodology defined in the IPA II regulation, for the period 2014 – 2020.

Democracy and governance sector consists of eleven sub-sectors:

- Democratic Institutions,
- Decentralization and Sub-national Government,
- Public Administration Reform (PAR),
- Public financial management,
- Taxation,
- Customs,
- Economic governance,
- Statistics,
- Civil society,
- EU programs and agencies and
- Institutional building for European integration.

In the course of 2020, activities have continued in Bosnia and Herzegovina on implementation of the structural reforms, which primarily included the improvement of the strategic and the legislative framework and its further harmonization with the EU *acquis*. In addition, the authorities in Bosnia and Herzegovina have taken steps to implement the key priorities set out in the European Commission's Opinion on Bosnia and Herzegovina's Application for the EU Membership. The Covid-19 virus pandemic has left severe consequences for the economy of Bosnia and Herzegovina, resulting in sharp decline in the economic activity and a significant deterioration in the labour market.

The Council of Ministers of BiH, at its 3rd session held on January 30th, 2020, adopted the document Socio-Economic Reform in Bosnia and Herzegovina (2020-2022), which has been previously adopted by the entity governments. The key measures defined in this document are aimed at sustainable and accelerated economic growth, increased private sector competitiveness and better business environment, increased efficiency of enterprises in public ownership, health system reform as well as stopping the departure of young people from the country. The measures will be implemented in line with the constitutional competencies of each level of the government, and in cooperation with the European Union and International Financial Institutions, which will accelerate the accession process of Bosnia and Herzegovina to the European Union.

Also, the Council of Ministers of BiH at its 3rd session, adopted the Economic Reform Program of BiH (ERP) 2020-2022. The Economic Reform Program has been developed in line with the European Commission guidelines and contains the medium-term macroeconomic framework and the fiscal policy framework, including the fiscal measures and a comprehensive program of structural reforms aimed at improving the country's competitiveness.

The National Assembly of Republika Srpska adopted the Economic Reform Program of Republika Srpska for the period 2020-2022, at the 8th special session held on December 18th, 2019, (Official Gazette of RS, No. 112/19), while the Economic Reform Program of Republika Srpska for the period 2021-2023, adopted at the 17th session of the National Assembly held on December 17th, 2020, (Official Gazette of RS, No. 131/20). The Government of the Federation of BiH, at its 208th session held on January 30th, 2020, adopted the Economic Reform Program of the Federation of BiH for the period 2020-2022, while

the adoption of the Economic Reform Program of the Federation of BiH for the period 2021-2023 is expected in January 2021.

In October 2020, the drafting was initiated of the Program for Integration of Bosnia and Herzegovina into the European Union, which is one of the priorities that Bosnia and Herzegovina must meet according to the Opinion of the European Commission and the Stabilization and Association Agreement. The integration program is a document which determines the plan for meeting the criteria for the European Union membership and the plan for harmonization of domestic legislation with the EU *acquis*. The Program will include an Action Plan for harmonization of regulations in BiH with the EU regulations and an Action Plan for implementation of the European Commission's recommendations, as well as the review of administrative capacities, and will cover a four years planning period. The document will be prepared by 36 working groups and the Commission for European Integration, while the deadline for its completion is 15 months.

Bosnia and Herzegovina is at an early stage with the Public Administration Reform, and limited progress has been made in 2020, primarily due to the adoption of strategic documents in this area. After the Council of Ministers of BiH, the Government of the Federation of BiH and the Government of the Brcko District in 2018 adopted the Strategic Framework for Public Administration Reform in BiH 2018-2022, while the Government of Republika Srpska, at its 77th session held on June 26th, 2020, adopted this strategic document.

Strategic Framework for the Public Administration Reform in BiH (2018-2022) has been focused on creation of an efficient, transparent, accountable, modern public administration that will base its work on the best practices and principles of the European administrative space and work for the benefit of citizens, by providing fast and reliable services. Public Administration Reform should enable effective implementation of laws and public policies, and create a well-organized public administration, which will become a driver of Bosnia and Herzegovina social and economic development.

With the adoption of the Strategic Framework at all levels of the government in BiH, the conditions are created for drafting of the Public Administration Reform Action Plan, which was adopted by the BiH Council of Ministers, the RS Government, the FBiH Government and the Brcko District Government in the second half of 2020. The Public Administration Reform Action Plan will be implemented through realization of the planned activities within the five reform areas (policy development and coordination, civil service and human resources management, accountability, service delivery, public financial management), as well as through joint and individual projects with well-defined basic measures and activities, as well as the indicators that are common to all four administrative levels of government in BiH.

Further improvement of public financial management is the highest priority of all levels of the government in Bosnia and Herzegovina. Establishing of comprehensive and well-organized public finances is a prerequisite for successful reform processes and further development of all sectors of society.

The Strategy for Improving of the Public Financial Management in Institutions of Bosnia and Herzegovina for the period 2021-2025 has been sent in the adoption procedure and its adoption is expected in early 2021. Also, Public Financial Management Strategy of the Republika Srpska for the period 2021-2025 and Public Financial Management Reform Strategy of the Federation of BiH for the period 2021-2025 are also in the adoption procedure. At the end of 2020, Brcko District Public Finance

Management Reform Strategy for the period 2021-2025 was adopted and the corresponding Action Plan.

During 2020, the implementation of the European Union technical assistance project has begun, which is financed from the Instrument of Pre-accession Assistance IPA 2017 "Continuation of the Support for the Improvement of Public Financial Management in BiH". The basic goal of the project is to improve the budgetary planning process through the introduction and implementation of the program budgeting. In addition, activities have continued in 2020 on implementation of the projects "Improvement of Public Internal Financial Control" and "Strengthening Line Ministries' Capacities to Assess Fiscal Implications of Structural Reforms."

The Council of Ministers of BiH, at its 8th session held on June 11th, 2020, adopted the Strategy for the Development of the Internal Control System in Institutions of Bosnia and Herzegovina for the period 2020-2025, with the aim to strengthen the transparency and accountability of the work of institutions. The adoption of the Strategy creates the preconditions for legally compliant, efficient, transparent and responsible management of public finances in Bosnia and Herzegovina.

In December 2020, the Strategy for the Development of the Internal Financial Controls System in the Public Sector of Brcko District 2021-2025 was adopted in Brcko District as well as the Action Plan for the implementation of the Strategy.

The Council of Ministers of BiH, at its 13th session held on July 23rd, 2020, adopted the Medium-Term Debt Management Strategy of Bosnia and Herzegovina for the period 2019-2022. The Strategy contains an overview of the debt structure of Bosnia and Herzegovina, an assessment of the indebtedness situation, and defines the medium-term debt management goals and provides the guidelines for achieving of the set goals.

The Government of the Federation of BiH, at its 215th session held on March 19th, 2020, adopted the Debt Management Strategy of the Federation of BiH for the period 2020-2022, while in Republika Srpska, the adoption of the RS Debt Management Strategy for the period 2020-2023 is expected in early 2021.

In the area of *taxation*, in 2020 progress has been made through the adoption of the by-law acts (Official Gazettes of BiH, No. 35/20, 44/20, 78/20 and 87/20), which will in more details regulate the area of indirect taxes in Bosnia and Herzegovina. In addition, the Indirect Taxation Authority of BiH has expanded the range of the electronic services, which will significantly contribute to the improvement of the business environment and more efficient work of tax institutions in Bosnia and Herzegovina. In the reporting period, the beginning of electronic submission of data from the accounting records of economic entities was made official, and the progress was made in the area of receiving and processing of the electronic VAT declaration.

In Republika Srpska, several laws and by-law acts were adopted in 2020 in the field of tax policy, primarily the Law on the Tax Procedure of Republika Srpska (Official Gazette of the RS, No. 78/20). The adoption of this law created the legal framework for implementation of the project of e-registration of economic entities in Republika Srpska, while tax procedures have been simplified both for taxpayer(s) and for the Tax Administration of Republika Srpska.

In 2020, Brcko District adopted a set of legal acts in the field of taxation, thus establishing more efficient system of control and collection of taxes, as well as the application of tax deductions (Official Gazettes of BD BiH, No. 11/20, 24/20, 30/20 and 40/20).

In 2020, Brcko District adopted the Law on Electronic Document and the Law on Electronic Signature of the Brcko District (Official Gazette of BD BiH, No. 11/20), which enable the citizens and businesses to easier settle the liabilities and requirements towards the administration and other state bodies.

In the field of the customs policy, numerous by-law acts were adopted in 2020 with the aim to improve the foreign trade and customs controls in Bosnia and Herzegovina. In addition, projects for the procurement of the laboratory and IT equipment have been implemented, which will contribute to better and more efficient control of goods imported into the customs territory of Bosnia and Herzegovina.

The Council of Ministers of BiH, at its 3rd session held on January 30th, 2020, passed a Decision on Amendment to the Decision on Implementation of the Law on the Customs Policy of BiH, which prolongs the beginning of application of the electronic signature, based on the electronic certificate on the customs declarations until July 1st, 2021. Prolongation of the application of the Decision is necessary for the issuance of qualified electronic certificates, for the use of the advanced electronic signature, to indirect taxpayers in BiH.

In the course of 2020, in order to implement the European Central Bank (ECB) and the European Commission recommendations, the Central Bank of BiH initiated the activities on preparation of the Report on Credit Activity of Banks in Bosnia and Herzegovina, whose finalization is planned in early 2021. Also, during 2020, the process was formalized on drafting of the mid-term macroeconomic projections in the Central Bank of BiH, thus achieving the significant improvements in the field of the economic research.

In 2020, the implementation of The World Bank project "Strengthening the Banking Sector in BiH" has continued, which aims to improve the legislative framework for banking operations and supervision, address the weaknesses of the banking sector and reform the entity development banks, which should contribute to strengthening of the banking sector, establishing of the framework for bank restructuring and training of entity banking agencies for bank restructuring in BiH.

In the field of *public procurement*, the Law on Amendments to the Law on Public Procurement of BiH was drafted in 2020, which modernizes the public procurement system in BiH and enables the publication of public procurement plans on the Public Procurement Portal, thus making public procurement more transparent and facilitates their monitoring. The adoption of this law will further harmonize the field of public procurement with the European Union directives.

The Council of Ministers of BiH, at its 20th session held on November 26th, 2020, adopted the Public Investment Program / Development Investment Program of the Institutions of Bosnia and Herzegovina for the period 2021-2023. The Government of Republika Srpska, at its 103rd session held on December 30th, 2020, adopted the Public Investment Program of Republika Srpska for the period 2021-2023, while the adoption of the Public Investment Program of the Federation of BiH is expected at the beginning of 2021.

The Council of Ministers of BiH, at its 22nd session held on December 16th, 2020, adopted the Framework Budget Paper of the Institutions of Bosnia and Herzegovina for the period 2021-2023.

The Government of Republika Srpska, at its 81st session held on July 24th, 2020, adopted the Framework Budget Paper of Republika Srpska for the period 2021-2023 and the Government of the Federation of BiH, at its 239th session held on October 8th, 2020, adopted the Framework Budget Paper of the Federation of BiH for the period 2021-2023.

In the field of *statistics*, in 2020 Central Bank of BiH has continued its activities on harmonization of the statistical practice with the European and the international standards, which will significantly contribute to the improvement of the comparability of statistical data.

At the beginning of 2020, the project "Support to the Reform of the Statistical System in BiH" was completed, with the objective to update the existing and develop the new indicators for national accounts, business statistics and tourism statistics. Moreover, the focus was placed on increased use of administrative data in order to enable better data quality and reduce the burden from the reporting units.

The Government of Republika Srpska, at its 95th session held on November 5th, 2020, adopted the Strategy for the Development of Statistics of Republika Srpska 2021-2030 (Official Gazette of RS, No. 114/20). The Strategy defines the long-term goals, general principles, benchmarks and criteria for the operation and development of the statistical system in Republika Srpska, and it constitutes the basis for determining the future statistical activities and statistical indicators in accordance with the requirements and needs of end users.

With the view to implement the Agreement on Cooperation between the Council of Ministers of BiH and Non-Governmental Organizations, the Council of Ministers of BiH at its 19th session held on October 29th, 2020, adopted a Decision on the appointment of members of the Advisory Council of the Council of Ministers of BiH for Cooperation with Non-Governmental Organizations (Official Gazette of BiH, No. 80/20). With the establishing of the Advisory Council, one of the most important obligations from the Agreement on Cooperation with the Non-Governmental Organizations was realized. In addition, one of the priorities was fulfilled from the Opinion on BiH's membership in the European Union related to creating of the supportive environment for the civil society in Bosnia and Herzegovina.

In the field of communication on the European integration process, the Council of Ministers of BiH at its 8th session held on June 11th, 2020, adopted the Action Plan of the Council of Ministers of BiH for the implementation of the Communication Strategy for Informing the Public on the Process of Accession of Bosnia and Herzegovina to the European Union for 2020. The Action Plan enables the implementation of communication activities in the European integration process at the level of the institutions of Bosnia and Herzegovina, with the view to regularly inform the public on the status of Bosnia and Herzegovina in the European integration process of as well as on the obligations stemming from it.

In the field of training for the European Integration, the Directorate for European Integration of BiH continued to organize the training sessions in 2020, whereby most of the training sessions were held on-line due to the outbreak of the Covid-19 virus pandemic. The Council of Ministers of BiH, at its 3rd session held on January 30th, 2020, adopted the Decision on the Amendment to the Decision on the Training in the Field of European Integration (Official Gazette of BiH, No. 16/20), which was adapted to the changes in the accession process, particularly in the domain of pre-accession assistance, and introduced the new topics in accordance with the process priorities.

During 2020, the Directorate for European Integration of BiH started activities on the development of a database for Monitoring, Evaluation and Reporting System (MERSA) and a database for Legislation Harmonization with the EU regulations (LHDB), which will significantly improve the work of the Directorate for European Integration of BiH in the field of coordination of the European Integration process in Bosnia and Herzegovina.

In order to implement the provisions of the Stabilization and Association Agreement, the following meetings were held in 2020: the fifth meeting of the Stabilization and Association Committee on November 26th, 2020, the fifth meeting of the Subcommittee on Economic and Financial Affairs and Statistics on November 19-20, 2020, the fifth meeting of the Subcommittee on Justice, Freedom and Security on December 17-18, 2020, fourth meeting of the Special Working Group for Public Administration Reform on July 08th, 2020, the fourth meeting of the Subcommittee on Agriculture and Fisheries on June 16th, 2020, the fourth meeting of the Subcommittee on Trade, Industry, Customs and Taxation on May 14th, 2020 and the fourth meeting of the Subcommittee on Innovation, Information Society and Social Policy on February 20th, 2020. Due to the outbreak of the Covid-19 pandemic, most of the meetings were held on-line.

Investments of DCF members in 2020

DCF members active in the Democracy and governance sector in 2020 are EU, The World Bank, USA/USAID, Sweden, Switzerland, Germany, Netherlands, Czech Republic, United Kingdom, Croatia, Norway, UN, Hungary and Slovenia.

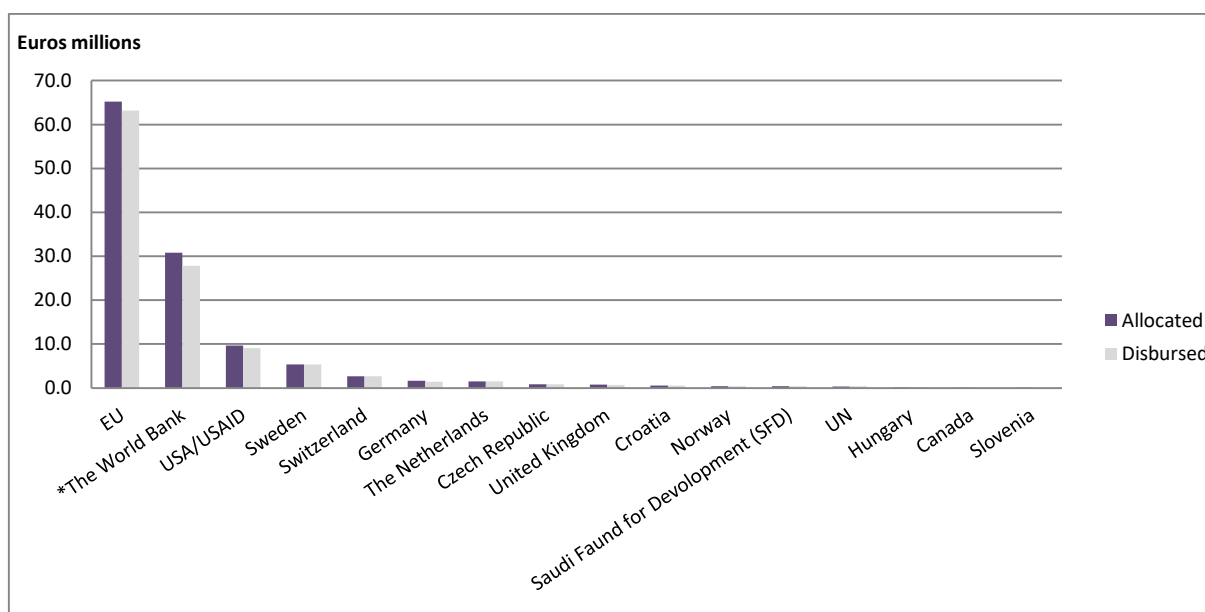
Total allocations of DCF members to the Democracy and governance sector in 2020 amounted to € 120.47 million, out of which € 89.63 million in the form of grants and € 30.83 million in the form of loans.

Total disbursements of DCF members to the Sector in 2020 amounted to €114.56 million, out of which € 86.73 million in the form of grants and € 27.83 million in the form of loans.

Figure 1.1. compares grants allocated and disbursed ODA grants, according to the amount of the invested funds of each individual development partner, as well as allocated and disbursed loan funds from The World Bank.

Leading development partners in the sector in 2020, who allocated i.e. disbursed largest amounts were the EU, The World Bank, USA/USAID and Sweden.

Figure 1.1. Allocated and disbursed grants per development partners in 2020



*Note: The World Bank loan

Figure 1.2. presents the structure of total allocated ODA funds in 2020 per sub-sectors. Democracy and governance sector consists of 11 sub-sectors.

Out of total allocated funds in 2020, 81.8% was allocated the sub-sectors: Civil society (54.2%) and Economic governance (27.6%), while 18.2% was allocated in other subsectors. Sub-sectors that did not have funding are not presented in the chart.

Figure 1.2. Total allocated ODA per sub-sectors in 2020

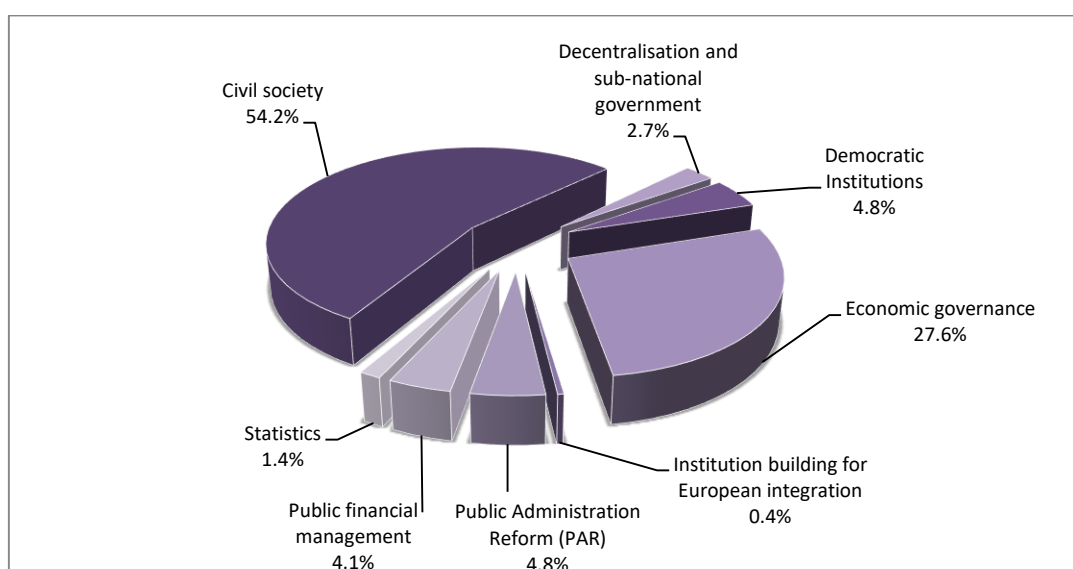
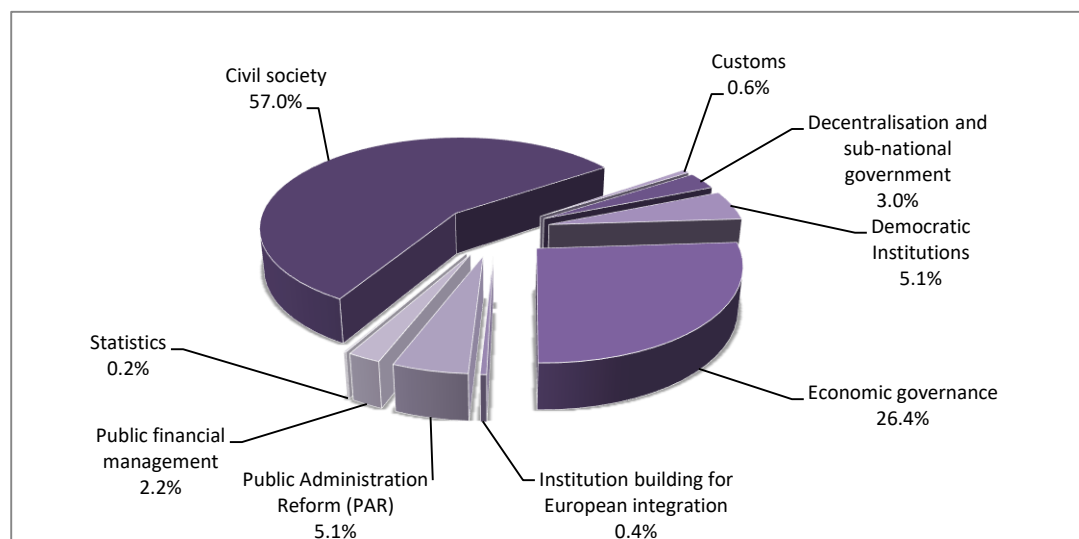


Figure 1.3. presents the structure of total allocated ODA funds in 2020 per sub-sectors.

Out of total disbursed funds in 2020, 83.4% was disbursed in the sub-sectors: Civil society (57.0%) and Economic governance (26.4%), while 16.6% was allocated in other subsectors. Sub-sectors that did not have funding are not presented in the chart.

Figure 1.3. Total disbursed ODA per sub-sectors in 2020



Ten major projects in the sector that allocated or disbursed funds in 2020, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (mil EUR) |
|---|---|-------------------------------|
| Banking Sector Strengthening Project | The World Bank | 56.60 |
| Special Measure to support the response to the refugee and migrant situation in BiH Phase III | EU | 45.00 |
| Strengthening of Public Institutions | Germany | 12.51 |
| Explosive Ordnance and Remnants of War Destruction Project | Norway, Saudi Faund for Devolopment (SFD), UN, United Kingdom | 11.26 |
| USAID/BiH E-governance activity | USA/USAID | 10.01 |
| Investment Climate Programme in BiH | United Kingdom | 9.41 |
| Strengthening the Role of Local Communities/Mjesne zajednice (MZs) in Bosnia and Herzegovina | Switzerland, UN, Sweden, | 9.06 |
| Strengthening the Role of Local Communities/Mjesne Zajednice in Bosnia and Herzegovina 2020–2024 (Phase II) | Switzerland, Sweden, UN | 7.58 |
| (USAID) Judiciary Against Corruption Activity | USA/USAID | 7.50 |
| (USAID) PRO Future (II) Trust, Understanding and Responsibility for the Future | USA/USAID | 7.50 |

All projects are available in the Development Partners Coordination Forum Database, via the following link:
<http://dmd.donormapping.ba/dmd/faces/dmdPublicStart>

Future activities

Bosnia and Herzegovina should continue the process of strengthening democracy and governance, through strengthening of democratic institutions and inclusive democratic processes, strengthening the role of civil society as well as implementing activities to achieve further progress in the reforms crucial for the process of the European and Euro-Atlantic integration. Based on the responses of BiH Institutions from all levels of government and DCF members who participated in preparation of this Report, as well as the recommendations of the European Commission, further efforts should be made in the following period:

- fulfil the key priorities from the Opinion of the European Commission on the application of Bosnia and Herzegovina for the membership in the European Union and continue activities on harmonization of the legislation of Bosnia and Herzegovina with the EU *acquis*;
- continue activities on coordination of the European Integration in BiH and draft the Program for the integration of BiH into the European Union;
- continue activities on harmonization of the legislation of Bosnia and Herzegovina with the EU *acquis*;
- implement activities defined by the Action Plan of the Strategic Framework for the Public Administration Reform in BiH, through adoption of a new Common Platform, finalization of the Guidelines for Monitoring, Reporting and Evaluation of the Strategic Framework for Public Administration Reform, and through resolving of the setbacks in the functioning of the Public Administration Reform Fund in BiH;
- strengthen the system of the strategic, medium-term and annual planning in Bosnia and Herzegovina;
- continue activities on further improvement of the programme budgeting at all levels of government in Bosnia and Herzegovina;
- continue activities to further improvement of public investment at all levels of government in Bosnia and Herzegovina;
- increase the transparency and efficiency of the public sector, in particular by establishing the appropriate institutional and regulatory framework for better management at all levels of government in BiH;
- adopt the Strategy for Strengthening Public Financial Management in the Institutions of Bosnia and Herzegovina for the period 2021-2025;
- in the area of the customs regulations, it is necessary to adopt the laws and by-law acts in order to further harmonize the customs regulations of BiH with the new customs regulations of the European Union;
- harmonize the legislation in the field of indirect taxes with the *acquis*;
- undertake activities to strengthen the coordination of the international development aid and strengthen the partnership with the development partners in BiH;
- draft and adopt the Strategy for the Development of the Public Procurement System of BiH for the period 2021-2025;
- undertake activities in accordance with the Action Plan for the implementation of the Communication Strategy for informing the public on the accession of BiH to the European Union.

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| DCF members active in the sector in 2020 | USA/USAID, Sweden, EU, United Kingdom, Switzerland, UN, Norway, Germany, Czech Republic, Croatia, Slovenia, France |
| Other key international organizations | Organization for Security and Cooperation in Europe; Council of Europe, the Geneva Centre for the Democratic Control of Armed Forces; INTERPOL; EUROPOL; European Union Forces; USA Department of Justice International Criminal Investigative Training Assistance Program; European Police College; Association of European Police Colleges; Catholic Relief Services; Office of the High Representative; European Agency for the Management of Operational Cooperation at the External Borders; International Committee of the Red Cross; Save the Children Norway; Regional Cooperation Council; OPEC Fund for International Development /OFID; South East and East Europe Clearinghouse for Control of Small Arms and Light Weapons (SEESAC); Caritas Switzerland, Care International; Hilfswerk Austria International, International Organization for Migration (IOM), UN Office on Drugs and Crime (UNODC), International Commission on Missing Persons (ICMP), Turkish International Cooperation and Development Agency (TIKA) . |
| Key government partners | CoM of BiH, Government of FBiH, Government of RS; Government of BD BiH; BiH Ministry of Justice; BiH Ministry of Civil Affairs; Federal Ministry of Justice; Ministry of Justice of RS; cantonal ministries of justice; Judicial Commission of BD BiH; Ministry of Security of BiH; Ministry of Human Rights and Refugees of BiH; BiH Prosecutor's Office; High Judicial and Prosecutorial Council; the BiH Court; Judicial and Prosecutorial Training Centres in FBiH and RS; State Investigation and Protection Agency of BiH; Border Police of BiH; Ministry of Foreign Trade and Economic Relations of BiH; The Institution of Human Rights Ombudsman/Ombudsmen of BiH; Notary Chamber of FBiH and RS; Directorate for Coordination of Police Bodies of BiH; Directorate for the Coordination of Police Bodies of BiH; Agency for police Support of BiH; Police Academies in FBiH and RS; Federal Ministry of Interior; Ministry of Interior of RS; cantonal ministries of interior; cantonal ministries of education; The Personal Data Protection Agency of BiH; Agency for Forensic and Expert Examinations of BiH; Civil Protection Agencies at the entity and BD BiH level; Federal Ministry of Health; Ministry of Health and Social Welfare of RS; department of Health of BD BiH; Agency for gender Equality of BiH; Gender centers of FBiH and RS; Council of National Minorities in BiH. |
| Total allocation/disbursement to the sector in 2020 by DCF members | Total allocated € 24.22 million – in a form of grants Total disbursed € 28.36 million –in a form of grants Out of total ODA in 2020, 2% was allocated and 4% was disbursed in the sector. |
| Legal framework and sector strategies adopted in 2020 | The Law on Changes and Amendments to the Law on Infringement of BiH (BiH Off. Gazette No. 65 /20);The Law on Changes and Amendments to the Law on Court Fees in the Proceedings before the Court of BiH (BiH Off. Gazette No. 77 /20); The Law on Deadlines and Procedures in Court Proceedings During the State of Emergency at the territory of the FBiH (FBiH Off. Gazette No. 28/20); The Law on Changes to the Law on Recording and Settlement of Citizens' Claims in the Privatization Procedure (FBiH Off. Gazette No. 44/20); The Law on Changes to the Law on Protection and Treatment of Children and Juveniles in Criminal Proceedings (FBiH Off. Gazette No. 74/20); |

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| | <p>The Law on Changes and Amendments to the Law on Criminal Proceedings of the FBiH (FBiH Off. Gazette No. 74/20); The Law on the Judicial Police in the FBiH (FBiH Off. Gazette No. 77/20); The Law on Usurpations and Volunteering Competencies (RS Off. Gazette No. 8 /20);</p> <p>The Law on Special Expropriation Procedure for the Construction of the Motorway and the Gas Pipeline Vukosavlje-Brcko and Brcko-Raca Sections (RS Off. Gazette No. 18 /20); The Law on Exercising the Right to Free Legal Aid in the RS (RS Off. Gazette No. 67/20); The Law on Changes and Amendments to the Law on Protection and Treatment of Children and Juveniles in Criminal Proceedings (RS Off. Gazette No. 68/20); The Law on Consensual Out-of-Court Financial Restructuring (RS Off. Gazette No. 99/20); The Law on Changes and Amendments to the Law on Court Taxes (RS Off. Gazette No. 67/20); The Law on Protection of the Right to Trial Within a Reasonable Time (RS Off. Gazette No. 99/20); The Law on Administrative Inspection (RS Off. Gazette No. 99/20); The Law on Protection of Rights of Persons Belonging to National Minorities (BD BiH Off. Gazette No.41/20); The Law on Changes and Amendments to the Law on Court Taxes of BD BiH (BD BiH Off. Gazette No.11/20); The Law on Changes and Amendment to the Law on Legal Entities established by BD (BD BiH Off. Gazette No.30/20); The Law on Changes to the Law on Salaries and Allowances in Judiciary of BD BiH (BD BiH Off. Gazette No.39/20); The Law on Changes to the Law on Salaries in Judiciary of BD BiH (BD BiH Off. Gazette No.26/20); The Law on Changes and Amendments to the Law on Salaries of Employees in Police of BD BiH (BD BiH Off. Gazette No.39/20); The Law on Changes to the Law on Salaries and Allowances of Judges and Prosecutors in BD BiH (BD BiH Off. Gazette No.40/20); The Law on Changes and Amendments to the Law on Salaries and Other Allowances of the Attorney and Deputy Attorney in the Attorney's Office of BD BiH (BD BiH Off. Gazette No. 40/20); The Law on Peaceful Assembly (BD BiH Off. Gazette No.29/20); The Law on Amendments to the Law on Criminal Procedure of BD BiH (BD BiH Off. Gazette No. 16/20); The Law on Changes and Amendment to the Law on Expropriation of Real Estate in BD BiH (BD BiH Off. Gazette No. 30/20).</p> <p>Migration Profile of BiH for 2019; Integrated Border Management Strategy in BiH for the period 2019-2023 and the Action Plan; Revised Action Plan for Justice Reform Strategy in BiH 2019-2020; Strategy to Counter Trafficking in Human Beings in Bosnia and Herzegovina 2020 – 2023 and the Action Plan of BiH Institutions for implementation of the Strategy to Counter Trafficking in Human Beings in Bosnia and Herzegovina 2020 – 2023; Strategy for Control of Small Arms and Light Weapons (SALW) in BiH 2021-2024 and the Action Plan; Strategy for the Development of Cooperation with the Diaspora of Brcko District BiH 2020-2024.</p> <p>Previously adopted legal framework and sector strategies are available on: www.donormapping.ba</p> |
| Coordination among and with development partners | <p>Judicial Reform: Forum of Donors Annual coordination meeting organized by the BiH Ministry of Justice and BiH – EU Structural Dialogue on Justice. Development partners coordination is maintained every 6 months by the European Union Delegation (EUD) as part of a structural dialogue, as well as sub-committee meetings in the Justice sector with the participation of the High Judicial and Prosecutorial Council and the Ministry of Justice.</p> |

EUD regularly organizes meetings for coordination of international judiciary sector.

Regular bilateral coordination meetings of international and local partners.

Penitentiary Reform: *ad hoc* coordination, project-based bilateral meetings.

War Crimes: Regular bilateral coordination meetings with international and local partners, including EUD, Switzerland, USA, Ministry of Justice, Prosecutor's Offices. *Ad hoc* coordination, project-based.

Fight against Organized Crime: informal *ad hoc* coordination, project-based and mostly bilateral / multilateral, self-organizing meetings between development partners.

Fight against Corruption: regular development partners and policy coordination meetings are co-chaired by the Agency for Prevention of Corruption and for Coordination of the Fight against Corruption and the EUD.

The UN maintains regular bilateral coordination meetings with international and local partners.

Police reform: informal *ad hoc* coordination, project-based.

Migration and Asylum: formal coordination of development partners is led by the Coordination body on BiH immigration issues.

Border Management and Security: Informal *ad hoc* coordination, project-based.

Roma: Roma Committee with the CoM of BiH represents formal coordination body.

Refugees and IDPs: Informal *ad hoc* coordination, project-based and mostly bilateral / multilateral

LGBTI: Informal *ad hoc* coordination, project-based.

National Minorities: informal *ad hoc* coordination, project-based.

Intercommunity Relations: informal *ad hoc* coordination, project-based.

Freedom of expression and media freedom: Informal *ad hoc* coordination, project-based.

Property Rights: Informal *ad hoc* coordination, project-based.

Data Protection: Informal *ad hoc* coordination.

Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.

Due to the outbreak of the COVID-19 pandemic and accompanying epidemiological measures, DCF meetings were not held in 2020.

Overview of activities in 2020

Rule of law and fundamental rights sector presented in this Report is based on the sector-based reporting methodology defined in the IPA II regulation, for the period 2014 – 2020.

Rule of law and fundamental rights sector consists of sixteen sub-sectors:

- Judicial reform,
- Penitentiary reform,
- War crimes,
- Fight against organized crime,
- Fight against corruption,
- Police reform,
- Migration and asylum,
- Border management and security,
- Roma,
- Refugees and IDPs,
- LGBTI,
- National minorities,
- Intercommunity relations,
- Freedom of expression and media freedom,
- Property rights and
- Data protection.

Strengthening of the Rule of law and fundamental rights is one of the greatest challenges and basic prerequisites in the accession process of Bosnia and Herzegovina to the European Union. The legislative framework of fundamental rights in Bosnia and Herzegovina has been partially established, however in the forthcoming period it is necessary to implement the activities to further harmonize the legislation with the European standards, strengthen integrity and restore citizens' trust in judicial institutions. In order to increase the independence of the judiciary, it is necessary to adopt the systematic laws in this area, primarily the Law on the High Judicial and Prosecutorial Council of BiH and the Law on Courts of BiH.

The Council of Ministers of BiH, at its 19th session held on October 29th, 2020, adopted the revised Action Plan for the implementation of the Justice Sector Reform Strategy (JSRS) for the period 2019-2020. The goal of the Strategy is to create a common reform framework for institutions in the justice sector in BiH, which include the agreed priorities for the future development of the overall sector as well as the realistic reform activities. The Action Plan defines the activities and responsible institutions, deadlines and indicators for monitoring the implementation of activities in the strategic areas of justice, execution of criminal sanctions, access to justice and support for the economic development of Bosnia and Herzegovina.

In the course of 2020, numerous laws and by-law acts were adopted that will contribute to the harmonization of the legislation of Bosnia and Herzegovina with the *acquis*, primarily the Law on Changes and Amendments to the Law on Court Fees in the Proceedings before the Court of BiH (Official Gazette of BiH, No. 77/20) and Law on Changes and Amendments to the Law on Infringement of BiH (Official Gazette of BiH, No. 65/20). Also, in the Federation of BiH and the Republika Srpska, the process has been continued to adopt the legislation which is harmonized with the best European practices,

and the laws have been adopted in the field of penal and criminal law, court fees, administrative affairs and occupational safety.

In December 2020, the 5th meeting was held of the Subcommittee on Justice, Freedom and Security between the European Union and Bosnia and Herzegovina, whereby it was concluded that tangible progress should be made in the area of the rule of law in order to achieve the overall progress in the European integration process of Bosnia and Herzegovina. It is necessary to harmonize the legal framework at the level of BiH in penal legislation, with the aim to improve the institutional cooperation of the law enforcement bodies and exchange of operational data as well as to adopt the strategic approach in the fight against organized crime, including the cybercrime and trafficking in human beings. European Union representatives praised the progress made by Bosnia and Herzegovina in the fight against money laundering and financing of terrorism, which resulted in the removal of Bosnia and Herzegovina from the list of high-risk countries.

The accession process of Bosnia and Herzegovina to the EUROJUST (EU Unit for Criminal Justice Cooperation), started earlier, has been slowed down in 2020 due to the rewriting of certain legal solutions and the outbreak of the Covid-19 virus pandemic.

During 2020, Bosnia and Herzegovina continued the activities defined by the Open Government Partnership initiative for the period 2019-2021, which aims to strengthen the integrity of institutions, increase their transparency, improve public services and improve cooperation with the civil society in creating public policies. The Advisory Council of the Open Government Partnership initiative assessed that most of the measures from the Action Plan for implementation of the initiative have been implemented, and the Report on the implementation will be forwarded to the Council of Ministers of BiH for adoption.

During 2020, Bosnia and Herzegovina has implemented the final activities defined by the program "Europe for Citizens 2014-2020", which supports the involvement of citizens in the process of the European integration and provides practical knowledge on writing of the successful projects and applications for the EU funds. The Council of Ministers of BiH, at its 17th session held on October 1st, 2020, adopted the Report on Implementation of the Europe for Citizens Program for 2019.

In 2020, activities were planned on updating of the final draft of the Transitional Justice Strategy in BiH and its Action Plan, however Covid-19 virus pandemic has slowed down and delayed the planned activities.

At the end of 2020, Center for Education of Judges and Prosecutors of the Federation of BiH became a full-fledged member of the International Organization for Judicial Training, which will enable judges and prosecutors the access to innovative methods of education in the field of justice. Also, in the course of 2020, on-line training sessions were organized for judges and prosecutors in order to improve their ability to effectively investigate, process and adjudicate serious crimes.

In the area of the prison system, activities were carried out in 2020 in order to improve the conditions of prison detention and police detention facilities. In mid-July 2020, the Institute for Execution of Criminal Sanctions, Detention and Other Measures of Bosnia and Herzegovina was opened in East Sarajevo, which will receive the convicts, perpetrators of major crimes. When this Institute became operational, Bosnia and Herzegovina acquired the maximum security prison capacities, which is fully harmonized with the European prison rules and standards.

The Council of Ministers of BiH, at its 29th extraordinary session held on September 24th, 2020, adopted the Revised National War Crimes Processing Strategy, which envisages the processing of all war crimes cases by the end of 2023. The revised strategy will ensure the processing of the most complex and priority war crimes cases before the Court of BiH and the Prosecutor's Office of BiH and other cases before the judicial bodies of entities and Brcko District BiH. The Strategy focuses on harmonizing the court practice in the war crimes cases, in order to ensure the legal security and equality of citizens before the law as well as their protection in the proceedings before the courts in BiH.

In order to enhance the international and inter-agency police cooperation in Bosnia and Herzegovina, in 2020 an Agreement on Mutual Assistance and Operational Cooperation in the Fight against Terrorism was signed between the State Investigation and Protection Agency of BiH (SIPA), the Intelligence - Security Agency of BiH, Border Police of BiH, Directorate for Coordination of Police Bodies of BiH, Federal Police Administration, MoI of Republika Srpska, Police of Brcko District and Service for Foreigners' Affairs of BiH. Following the entry into force of this agreement, it enabled the timely exchange of information, establishing system, competencies, mode of operation and financing of the working bodies and implementation of joint activities, in order to improve the fight against terrorism and create a safer environment in Bosnia and Herzegovina.

Strategy to Counter Trafficking in Human Beings in Bosnia and Herzegovina (2020 – 2023) was adopted at the 2nd session of the Council of Ministers of BiH held on January 23rd, 2020. The Strategy will contribute towards strengthening of the prevention system, prosecuting perpetrators of trafficking-related offenses, protecting and assisting victims, particularly vulnerable groups as well as strengthening the capacities of all relevant institutions and organizations in Bosnia and Herzegovina. With the adoption of this Strategy, Bosnia and Herzegovina has defined policies in the field of human trafficking, and fully harmonized them with the European Commission recommendations and other international documents in this field. Moreover, the Council of Ministers of BiH at its 18th session held on October 22nd, 2020, adopted the Action Plan of the Institutions of Bosnia and Herzegovina for the Implementation of the Strategy to Counter Trafficking in Human Beings in BiH for the period 2020-2023.

In the course of 2020, the "Statistical Portal" was created and became operational, which contains records on victims of human trafficking in BiH, perpetrators of crimes related to trafficking in human beings and data on professionals with the specific knowledge in the field of combating trafficking in human beings. During 2020, the Ministry of Security of BiH has undertaken the activities on establishing of Coordination teams for combating human trafficking, thus increasing the effectiveness of the fight against human trafficking. In Republika Srpska, six teams have been established in the spheres of activity of district courts, one team has been formed in the Brcko District, while 9 teams have been formed in the Federation of BiH, and one team is expected to be formed in Zenica-Doboj Canton in 2021. Basic tasks of Coordination teams are to perform professional, operational and administrative-technical tasks to enhance the functional links and cooperation between the competent authorities and non-governmental organizations, in order to combat and prevent trafficking in human beings.

In 2020, the USAID project *"Approach to the Prevention of Trafficking in Human Beings in BiH"* was implemented in Bosnia and Herzegovina, which aims to prevent trafficking in human beings in BiH and across the region, as well as with strengthening the capacities of BiH authorities and relevant

professionals and civil society organizations, and also by increasing their expertise in the approach to combating trafficking in human beings in BiH.

In the area of *cyber security*, in January 2020, Bosnia and Herzegovina has started to implement the activities within the regional project iPROCEEDS-2, whose goal is to strengthen the government's capacity to find and confiscate the proceeds gained by the cybercrime, prevent money laundering on the Internet, and ensure the electronic evidence on the cybercrime.

During 2020, activities were undertaken on drafting the Cyber Security Strategy in Bosnia and Herzegovina and the Law on the Network and Information Security of BiH, which will improve the procedures and the protection techniques of information systems and end users in the cyber space in Bosnia and Herzegovina.

In the area of *counter-terrorism*, during 2020, the activities have been implemented defined by the BiH Strategy for Preventing and Combating Terrorism (2015-2020), which mostly relate to preventive measures. In 2020, activities were initiated to form a working group that will develop the new Strategy for Preventing and Combating Terrorism for the period 2021-2025.

The institutional framework for combating corruption and prevention of corruption in Bosnia and Herzegovina has been largely established, however the corruption remains widespread across all segments of society in Bosnia and Herzegovina. In order to combat the corruption as efficiently as possible, in the forthcoming period it will be necessary to increase the coordination of all competent bodies in BiH in this area, and strengthen their independence as well as the human and material resources.

In the area of *police reform*, in 2020 police agencies continued to implement activities to improve the safety of citizens in Bosnia and Herzegovina. The activities are planned in the Sectoral Planning Document (2018-2020) for the Home Affairs Sector, to further improve the transparency, accountability and proactive police conduct in line with the intelligence data in organized crime and corruption cases, increased efficiency and cooperation between the law enforcement agencies and prosecutors' offices, and integrated border management.

In the field of police education and security, the Agency for Education and Professional Training of BiH has continued its activities in 2020 on professional training and development of police officers from all police bodies in Bosnia and Herzegovina.

During 2020, police agencies in BiH participated in the implementation of numerous international organizations projects, aimed at advancement of human and material capacities in the fight against the most complex security challenges in Bosnia and Herzegovina. During 2020, the project was implemented "*Strengthening the Capacity of Criminal-Intelligence Systems and Intelligence Led Policing (ILP) in the State and Entity Police Agencies*", which aims to strengthen the capacity of law enforcement agencies in Bosnia and Herzegovina in the fight against serious and organized crime and terrorism through improved management of crime-intelligence information. Also, the activities were underway on implementation of the Memorandum of Understanding on establishing of the Automated Fingerprint/Palmprint Identification System - AFIS/APIS, which will significantly contribute to the increasing of the cyber security.

In the course of 2020, Bosnia and Herzegovina, together with other countries in the region, participated in the implementation of the project "Countering Serious Crime in the Western Balkans"

as well as in the project "Regional Cooperation in Integrity Building in the Western Balkans", which aims to advance the lasting stability and improve the security in the Western Balkans, as well as the regional support for operational procedures in the cross-border crime cases.

Bosnia and Herzegovina was under great migratory pressure in 2020, which required taking numerous actions in order to prevent the illegal migration, so that BiH (due to the Covid-19 pandemic) would not become a kind of "hot spot" for illegal migrants, which could lead to major humanitarian and security problems. Coordination of activities in the field of migration and asylum between the competent institutions in Bosnia and Herzegovina is performed by the Coordination Body for Migration Issues in Bosnia and Herzegovina, which was appointed by the Council of Ministers of BiH.

The Council of Ministers of BiH, at its 22nd session held on December 16th, 2020, adopted the Information of the Ministry of Security of BiH with the Plan of Measures and Activities for Effective Management of the Migrant Crisis in Bosnia and Herzegovina. Proposed measures planned better cooperation and coordination of all institutions and security agencies in the field of border protection, migration management, suppression of illegal migration as well as preserving the security of all citizens in Bosnia and Herzegovina. Furthermore, this plan aims to improve the coordination with relevant regional and international bodies in combating illegal migration, as well as to continue the activities to implement readmission agreements and strengthen readmission and asylum capacities in Bosnia and Herzegovina.

During 2020, activities continued on implementation of the project "Support to Effective Migration and Border Management", and project documentation was prepared for extension of the Migration Information System used by all relevant institutions in Bosnia and Herzegovina.

At the end of 2020, the Council of Ministers of BiH passed a Decision on establishing of the Working Group for the development of the Strategy in the field of migration and asylum and the Action Plan for the period 2021-2025. The Strategy and Action Plan should define the legal and institutional framework in the field of migration and asylum, taking into account relevant European and international standards.

The Council of Ministers of BiH, at its 7th session held on June 2nd, 2020, adopted the Migration Profile for 2019, which is the twelfth migration profile of BiH, that provides the insight into key trends in the field of migration in BiH. Adoption of the Migration Profile is one of the key commitments of Bosnia and Herzegovina from the Visa Liberalization Roadmap.

During 2020, the Strategy for Admission and Integration of BiH Citizens Returning on the Basis of the Readmission Agreement and the Action Plan (2020-2023) were sent to the Council of Ministers of BiH for adoption.

In the domain of *border management*, the Council of Ministers of BiH, at its 3rd session held on January 30th, 2020, adopted the Integrated Border Management Strategy in BiH 2019-2023 and the Action Plan for its implementation. The adoption of this Strategy creates the conditions for the overall process of integrated border management in Bosnia and Herzegovina to be harmonized and adjusted with the European Union *acquis*. The realization of the Strategy goals will create more efficient border management system in BiH, which will result in the overall security increase in BiH and its borders, and facilitate the movement of people, goods and vehicles across the border.

In the course of 2020, significant by-law acts were adopted that will further improve the legislation in the domain of border management, primarily the Decision on the minimum amount of funds needed to support foreigners during their intended stay in BiH (Official Gazette of BiH, No. 16/20), Decision on the Restriction of Movement and Stay of Foreign Nationals in BiH (Official Gazette of BiH, No. 26/20), Decision on Setting Out the Additional Requirements for Entry of Foreign Nationals in BiH (Official Gazette of BiH, No. 57/20 and 58/20), Regulation on Shipping and Maritime Handbooks (Official Gazette of BiH, No. 55/20) and the Rulebook on Conditions for Conducting Flight Operations by Drones (Official Gazette of BiH, No. 51/20).

BiH Border Police continued its activities in 2020 to strengthen the material-technical capacities for border management, with the view to create the conditions for free and uninterrupted movement of people and goods across the BiH border. With constant advancement of the functionality and security of the BiH Border Police information system, the capacities in the field of information management are strengthened and the work on recording of the activities at the state border is facilitated. Also, during 2020, projects for reconstruction, integration and expansion of video surveillance systems at border crossings were implemented, which contributed to increasing of the border control efficiency and increasing the mobility and efficiency in the border control, combating illegal migration and all forms of cross-border crime. In the forthcoming period, it will be necessary to undertake activities on the construction of international border crossings of I and II categories with the Republic of Serbia and Montenegro, considering that the available infrastructure at some border crossings does not comply with the minimum equipment requirements stipulated by the Rulebook on the building standards and conditions of BiH border crossings, which will make the border management system much more efficient.

In the field of *protection of the rights of minorities*, primarily the Roma, during 2020 activities were undertaken envisaged by the (2017-2020) Action Plan of Bosnia and Herzegovina for addressing the Roma issues in the field of employment, housing and health care. In 2020, the Ministry of Human Rights and Refugees of BiH awarded the grant funds intended for co-financing of the employment and self-employment of Roma and the improvement of health services for the Roma population. Also, the Action Plan for Social Inclusion of Roma Men and Women in BiH (2021-2025) is in the final phase of development, which will contribute to the improvement of the social status and the inclusion of Roma in Bosnia and Herzegovina.

In the field of *human rights*, during 2020, activities were carried out on the development of the Medium-Term Program for Combating Discrimination with the Training Program for the Promotion and Protection of Human Rights in BiH (2021-2023) as well as the Framework Program for Human Rights Reporting (2021-2025). The adoption of these documents will contribute to raising the awareness of the importance and the principles of the joint fight against discrimination as well as the undertaking of the specific activities to promote human rights in Bosnia and Herzegovina.

In the field of *cooperation with diaspora*, activities continued in 2020 on the development and adoption of the legislation as well as the implementation of projects aimed at better cooperation of institutions with the diaspora. The draft Framework Strategy for Cooperation with the Diaspora with the accompanying Action Plan are in the adoption procedure. The adoption of these documents will create the necessary preconditions for systematic, institutional and quality improvement of cooperation with the diaspora.

Activities defined by the document Policy on Cooperation with the BiH Diaspora were implemented in 2020, which envisages a significant contribution of the diaspora to the overall development of Bosnia and Herzegovina, through mobilization of investment and financial resources of the diaspora and better connections with the local self-government units, in order to support local economic development and establish the mechanism for the knowledge transfer from the diaspora. Progress in the area of cooperation with the diaspora has been achieved through the project Diaspora4Development, implemented by the BiH Ministry of Human Rights and Refugees. Also, the document: Rules for the Transfer of Knowledge, Skills and Experiences from the Diaspora to the Institutions and Public Institutions in Bosnia and Herzegovina is in the adoption procedure.

The Assembly of Brcko District, on its 58th session held on February 12th, 2020, adopted the Strategy for the Development of Cooperation with the Diaspora of Brcko District BiH for the period 2020-2024. The Strategy creates the conditions for the development of institutional and normative capacities for successful cooperation with the diaspora, and greater participation of the diaspora in the economic development of Brcko District.

During 2020, the activities envisaged by the Regional Housing Program for Displaced Persons continued, with the aim to provide the permanent housing solutions and reintegrate returnees in all countries of the region.

In order to improve the position of refugees and internally displaced persons, 61 housing units were renovated in 2020 in Brcko District through housing and integration projects for returnees.

In the domain of *freedom of expression and media freedom*, the USAID project 'Investigative Reporting' was implemented in 2020 to provide the financial support to the independent media in order to encourage them to produce high-quality, fact-based, investigative reports on the corruption in the public sector.

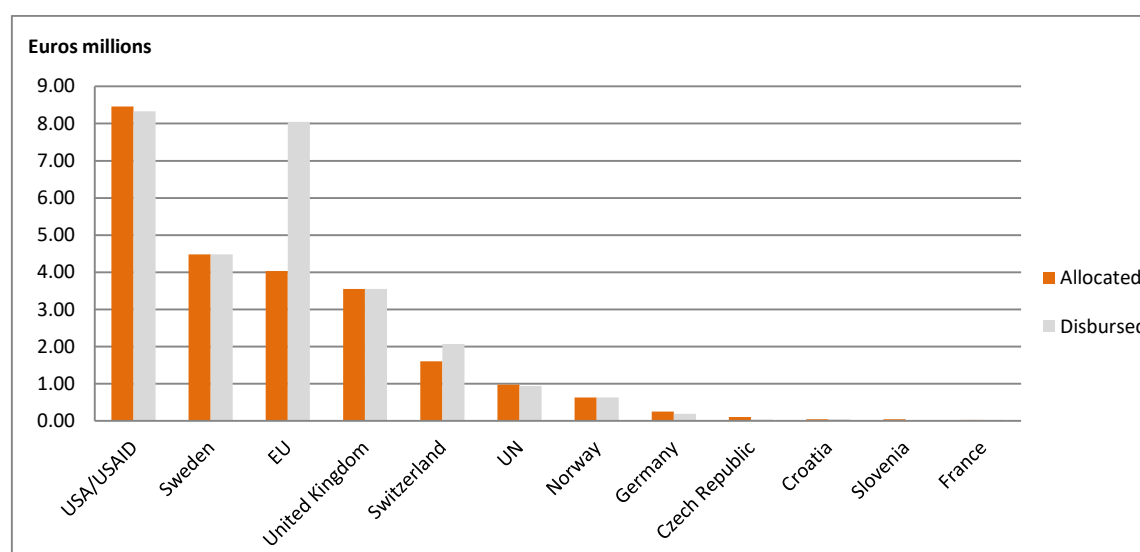
Investments of DCF members in 2020

DCF members active in the Rule of law and fundamental rights sector in 2020 are USA/USAID, Sweden, EU, United Kingdom, Switzerland, UN, Norway, Germany, Czech Republic, Croatia, Slovenia and France.

Total allocations of DCF members to the Sector in 2020 amounted to € 24.22 million, while total disbursements amounted to € 28.36 million, all in the form of grants.

Figure 2.1. compares allocated and disbursed ODA funds, according to the amount of invested funds of each individual development partner. Leading development partners in the Sector in 2020, who allocated i.e. disbursed largest amounts, were the USA/USAID, Sweden and EU, followed by the United Kingdom, Switzerland and UN.

Figure 2.1. Allocated and disbursed grant funds per development partners in 2020



Rule of law and fundamental rights sector consists of 16 sub-sectors. Figure 2.2. presents the structure of total allocated ODA funds per sub-sectors.

Out of total allocated funds in 2020, 79.5% was allocated in two sub-sectors: Judicial reform (56.9%) and Intercommunity relations (22.6%), while the remaining 20.5% of funds were allocated to other subsectors. Sub-sectors that did not have funding are not presented in the chart.

Figure 2.2. Total allocated ODA per sub-sectors in 2020

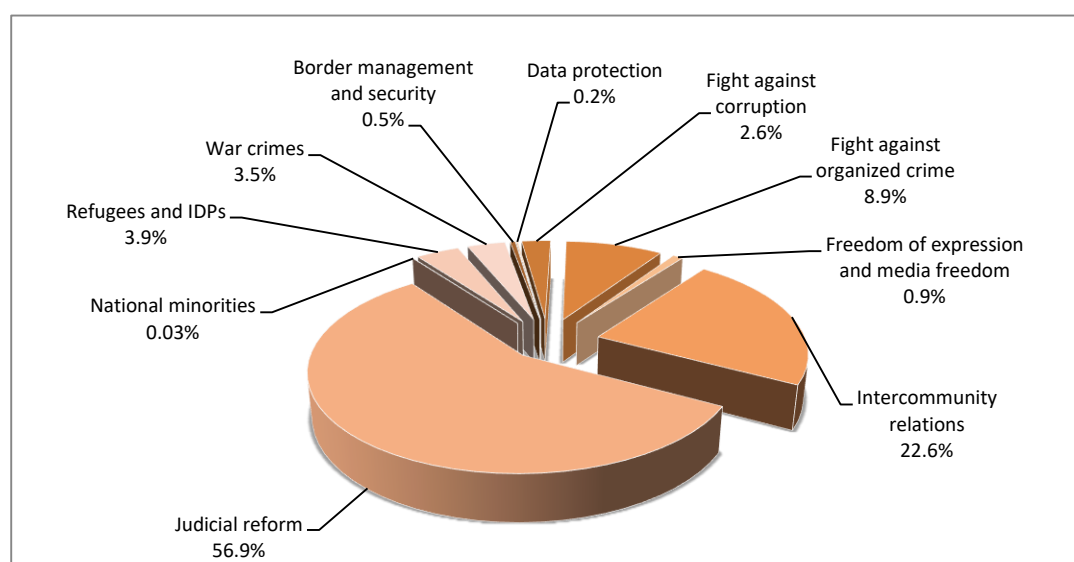
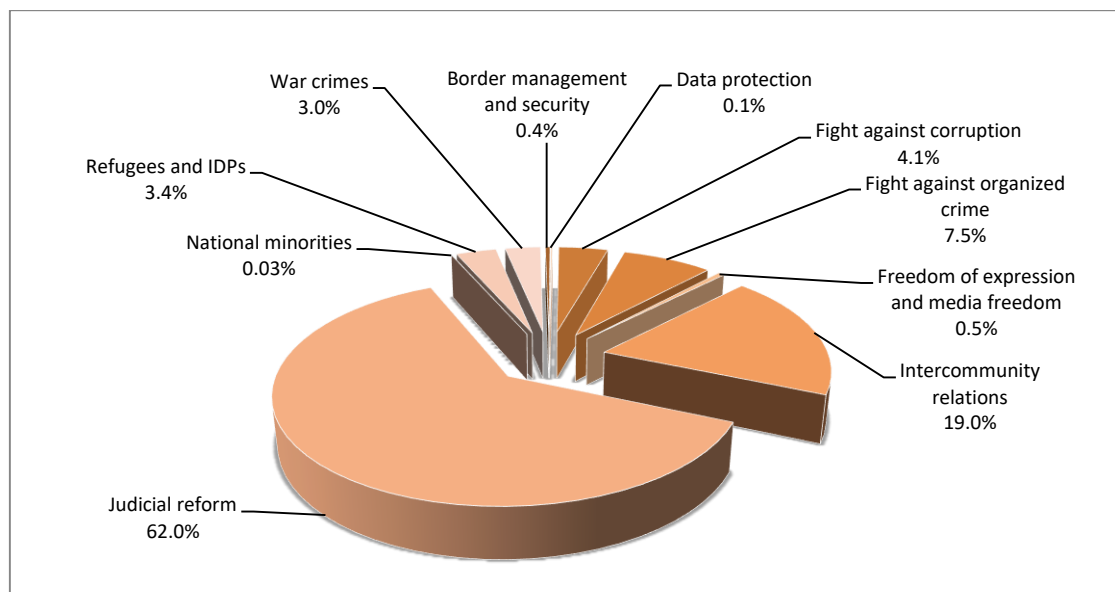


Figure 2.3. presents the structure of total disbursed ODA funds per sub-sectors in 2020. Out of total disbursed funds in 2020, 81.0% was disbursed to the subsectors: Judicial reform (62.0%) and Intercommunity relations (19.0%), while remaining 19.0% of funds was disbursed to other sub-sectors.

Figure 2.3. Total disbursed ODA per sectors in 2020



Ten major projects in the sector that allocated or disbursed funds in 2020, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (mil EUR) |
|---|---------------------|-------------------------------|
| (ICITAP) Assistance to Law Enforcement Agencies (total value of the project will be determined) | USA/USAID | 45.00 |
| (NADR CWD) Department of State Demining and Small Arms Destruction Program | USA/USAID | 20.00 |
| (OPDAT) Overseas Prosecutorial Development, Assistance and Training (total value of the project to be determined, end date TBD) | USA/USAID | 20.00 |
| Global Programme Against Trafficking (GPAT) | USA/USAID, France | 11.00 |
| OPA Fund for Interethnic Reconciliation and Youth Initiatives | USA/USAID | 6.28 |
| Support to the Judiciary in BiH | Switzerland | 5.30 |
| Improving Court Efficiency and Accountability of Judges and Prosecutors in Bosnia and Herzegovina-ICEA, Phase III | Sweden | 4.85 |
| Construction/reconstruction of Municipal, Cantonal Court and Prosecutors Office in Tuzla, Federation of Bosnia and Herzegovina, Bosnia and Herzegovina, Lot 1 (Tuzla) | EU | 4.33 |
| Construction of Bijeljina Prison, Bosnia and Herzegovina | EU | 4.31 |
| Enhancing War Crime Cases Processing in BiH | EU | 4.00 |

All projects are available in the Development Partners Coordination Forum Database, via the following link:

<http://dmd.donormapping.ba/dmd/faces/dmdPublicStart>

Future activities

In the forthcoming period, it is necessary to continue the strengthening of the judicial system, independence and efficiency of the judiciary in Bosnia and Herzegovina and harmonize domestic with the EU legislation. Based on the responses of BiH Institutions from all levels of government and DCF members who participated in preparation of this Report, as well as the recommendations of the European Commission, further efforts should be made in the following period:

- continue activities defined by the Action Plan of the Justice Sector Reform Strategy in Bosnia and Herzegovina, with the emphasis on normative-legal activities;
- draft and adopt The Law on the High Judicial and Prosecutorial Council of BiH and The Law on Courts of BiH in line with the European standards;
- continue with the implementation of the remaining activities envisaged by the Action Plan of the Council of Ministers of BiH for the implementation of the initiative "Partnership for Open Government" for the period 2019-2021, and develop an Action Plan for the period 2021-2023;
- initiate the procedure of Bosnia and Herzegovina's accession to the program "Citizenship, Equality, Rights and Values" for the period 2021-2027;
- improve detention conditions in prison and police detention facilities and harmonize them with the European and international standards, including the introduction of a social reintegration program for former prisoners;
- implement activities defined by the Revised National War Crimes Processing Strategy;
- adopt the strategic framework in the field of combating serious and organized crime, terrorism and corruption, and strengthen inter-institutional cooperation at all levels of government in BiH;
- improve counter-terrorism capacities through better cooperation and coordination, the exchange of intelligence information on criminal offences, and establishing of radicalization prevention programs;
- draft and adopt the BiH Strategy for Preventing and Countering Terrorism 2021-2026;
- implement the activities envisaged by the Strategy for Combating Trafficking in Human Beings in BiH 2020-2023, and complete the process of establishing the coordination teams whose basic task will be to develop the local action plans to combat trafficking in human beings;
- continue activities on the construction of the 'Statistical Portal' for the suppression of trafficking in human beings, and develop the Minimum Standards for non-governmental organizations that provide accommodation and care for victims of trafficking in human beings;
- develop and adopt the Cyber Security Strategy of BiH and the Law on the Network and Information Security of BiH;
- continue activities on strengthening the capacities and infrastructure of police agencies in BiH in order to meet the EU police standards;
- continue activities on establishing the laboratory capacities for implementation of legally prescribed competencies in the field of forensic and expert examinations, and training of the staff for professional and quality performance of expert examination;
- ensure the membership of Bosnia and Herzegovina in ENFSI (*European Network of Forensic Science Institutes*);
- develop the Strategy in the field of migration and asylum and the Action Plan for the period 2021-2025;

- expand the accommodation capacities of immigration centers, and strengthen the personnel and material-technical capacities of the BiH Service for Foreigners' Affairs in the fight against illegal migration;
- continue the activities on equipping the border crossings with the equipment for control of documents and vehicles and strengthen the capacities in the field of information management and recording of activities at the state border;
- adopt the Action Plan for Social Inclusion of Roma Men and Women in BiH for the period 2021-2025.

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| DCF members active in the sector in 2020 | EU, EBRD, Sweden, Germany, EIB, UN, Czech Republic, Switzerland, Norway, Italy/ AICS, Slovenia, Croatia, Japan |
| Other key international organizations | Global Environment Fund, Western Balkans Investment Framework, Danish Emergency Management Agency, Organization for Security and Cooperation in Europe; Climate Change Fund; United States Agency for International Development, UN Development Programme, UN Environment Programme, Swedish International Development Cooperation Agency. |
| Key government partners | CoM of BiH; Government of FBiH; Government of RS; Government of BD BiH; BiH Ministry of Foreign Trade and Economic Relations; Ministry of security of BiH; Ministry of Finance Treasury BiH; BiH State Regulatory Agency for Radiation and Nuclear Safety; BiH Mine Action Centre; Federal Ministry of Environment and Tourism; Federal Ministry of Physical Planning; Federal Ministry of Agriculture Water Management and Forestry; Sava River Basin District Agency in FBiH; Agency for Adriatic Sea Water District in FBiH; Federal Civil Protection Administration; Environmental Protection Fund in FBiH; Ministry of Spatial Planning, Civil Engineering and Ecology of RS; Ministry of Agriculture, Forestry and Water Management of RS; Ministry of Interior of RS; Republic Administration for Civil Protection of RS; Public Institution "Vode Srpske"; Environmental Protection and Energy Efficiency Fund of RS; Department for Agriculture, Forestry and Water Management of BD BiH; Department for Spatial Planning and Property Rights Matters of BD BiH; Department of Public Security of BD BiH; cantonal and municipal governments, together with public companies and public utility companies. |
| Total allocation / disbursement to the sector in 2020 by DCF members | <p>Total allocated € 48.92 million, € 34.92 million in a form of grants and € 14.00 million in a form of loans.</p> <p>Total disbursed € 73.86 million, € 38.86 million in a form of grants and € 35.00 million in a form of loans.</p> <p>Out of total ODA in 2020, 4% was allocated and 10% was disbursed in the sector.</p> |
| Legal framework and sector strategies adopted in 2020 | <p>The Law on Chemicals of the FBiH (FBiH Off. Gazette No. 77/20); The Law on Changes and Amendments to the Law on Environment Protection (RS Off. Gazette No. 70/20); The Law on Changes and Amendments to the Law on Waste Management (RS Off. Gazette No. 70/20); The Law on Changes and Amendments to the Law on Forests (RS Off. Gazette No. 70/20).</p> <p>Previously adopted legal framework and sector strategies are available on www.donormapping.ba</p> |

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| <p>Coordination with and among development partners</p> | <p>Climate Action: Exchange of information between stakeholders based on informal <i>ad-hoc</i> coordination and project-based bilateral meetings.</p> <p>Water Supply and Waste Water: to some extent, MoFTER is leading the coordination of development partners. <i>Ad-hoc</i> coordination among development partners.</p> <p>Water Resources Management: To some extent, MoFTER is leading the coordination of development partners. <i>Ad-hoc</i> coordination among development partners.</p> <p>Waste Management: to some extent, MoFTER is leading coordination of development partners. <i>Ad-hoc</i> coordination among development partners.</p> <p>Nature Protection: to some extent, MoFTER is leading coordination of development partners. <i>Ad-hoc</i> coordination among development partners.</p> <p>Air Quality and Noise: Informal <i>ad hoc</i> coordination.</p> <p>Industrial Pollution and Chemicals: Informal <i>ad hoc</i> coordination, mostly project-based.</p> <p>Environment Horizontal Standards: Informal <i>ad hoc</i> coordination, mostly project-based.</p> <p>Civil Protection: <i>Ad hoc</i> coordination, participants are the EU Ministry of Security, UN and other international organizations and other major international development partners in the sub-sector.</p> <p>Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.</p> <p>Due to the outbreak of the COVID-19 pandemic and accompanying epidemiological measures, DCF meetings were not held in 2020.</p> |
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Overview of activities in 2020

Environment and climate action sector presented in this Report is based on the sector-based reporting methodology defined in the IPA II regulation, for period 2014 – 2020.

Environment and climate action sector consists of nine sub-sectors:

- Climate action,
- Water supply and wastewater,
- Water resources management,
- Waste management,
- Nature protection,
- Air quality and noise,
- Industrial pollution and chemicals,
- Environment horizontal standards and
- Civil protection.

Environment and climate action sector is one of the basic priorities for the development of Bosnia and Herzegovina, considering it has major influence on many other sectors of the economy as well as on the daily life of citizens. Reform activities implemented within this sector have influenced on its increasing compliance with the EU directives and best practices as well as to better environmental management at all levels of government in BiH, and the development of the guidelines for investments in this sector.

In the course of 2020, activities have continued on implementation of the Environmental Approximation Strategy of BiH – EAS as well as the Plan for monitoring the implementation of the EAS BiH was prepared, which is in the harmonization phase. The implementation of a number of significant projects in the environmental sector (included in IPA II) is underway, considering that the access of Bosnia and Herzegovina to this of IPA component was conditioned by the adoption of the strategy in question.

Furthermore, during 2020, activities continued on the development of the Environmental Strategy and Action Plan for BiH until 2030 and onwards (*BiH ESAP 2030+*), as most the important strategic documents that will define the goals and most important activities of environmental policies in Bosnia and Herzegovina until 2032. The Strategy is focused at strengthening the framework for policy-making in the field of environmental in BiH, and its adoption will contribute to further alignment of regulations in BiH with the EU *acquis*.

At the beginning of 2020, the Ministry of Foreign Trade and Economic Relations of BiH undertaken the activities on updating of the Single list of infrastructure projects for the Environmental Sector in Bosnia and Herzegovina, whose adoption is one of the conditions for using the Western Balkans Investment Framework (WBIF) funds. In mid-2020, the Government of the Federation of BiH, the Government of Republika Srpska and the Government of Brcko District adopted an updated Single list of projects, and after that it was also adopted by the Investment Committee of BiH at its session held on August 31st, 2020.

In the Federation of BiH, activities were implemented during 2020 on the development of the Federal Environmental Strategy for the period 2020-2030. The Law on Environmental Protection of the Federation of BiH is in the parliamentary procedure, and its adoption is expected at the beginning of

2021. Also, during 2020, a number of by-law acts were adopted (Official Gazettes of FBiH, No. 21/20, 26/20 and 96/20), which should further improve the Environmental Sector in the Federation of BiH.

In the field of *water resources management*, significant progress was made in 2020, primarily through the development of the strategic documents, implementation of international agreements and conventions, and implementation of significant projects in the field of water supply, river basin management, flood protection and wastewater collection and treatment.

The Council of Ministers of BiH, at its 3rd session held on January 30th, 2020, adopted the document "Baseline Analysis of the Situation in Bosnia and Herzegovina for the Implementation of the Water and Health Protocol under the UN Convention on the Protection and the Use of Transboundary Watercourses and International Lakes". This document defines the BiH goals for the implementation of the Protocol, and relate to the quality of potable water, technical-sanitary requirements of water supply and sewerage, quality and protection of aquatic ecosystems as well as sustainable use of aquatic ecosystems and their information system.

The Council of Ministers of BiH, at its 6th session held on May 28th, 2020, adopted the Feasibility Study for the Implementation of the Coastal Area Management Program in Bosnia and Herzegovina. This Study proposed that the area of Neum municipality, which has direct access to the Adriatic Sea and is one of the most important tourist destinations in BiH, should be used for the overall development of the economy, particularly the tourism and hospitality industry. Also, the Study provides an overview of the existing laws and by-law acts, strategic documents as well as the existing institutional arrangements for coastal area management and the list of projects and initiatives which should contribute to the sustainable development of the BiH coast.

During 2020, Bosnia and Herzegovina participated in the implementation of the regional project and the preparation of the document "Sava and Drina Corridors Integrated Development Program", which includes Serbia, Croatia and Montenegro.

In the field of *flood protection*, during 2020, activities were undertaken on the implementation of the Action Plan for Flood Protection and River Management in BiH for the period 2014-2021. The Council of Ministers of BiH, at its 11th session held on July 14th, 2020, requested from the competent institutions in Bosnia and Herzegovina to intensify the activities on implementation of this Action Plan, as well as to ensure the preconditions for Bosnia and Herzegovina's accession to the Reference System for Weather Forecasts.

In both entities, during 2020, activities continued on the construction and reconstruction of water supply and sewerage infrastructure facilities in local self-government units, which will contribute to a stable water supply in subsequent years.

During 2020, activities continued on implementation of the Regional Drina River Basin Management Project in the Western Balkans, which aims to improve the mechanisms and capacities in Bosnia and Herzegovina, Serbia and Montenegro for planning and management of the transboundary Drina River Basin, in addition to adaptation to the climate change and raising the living standards of the population in this area.

In September 2020, the implementation was initiated of the project "Support to Risk Management and Flood Protection", with the goal to develop the flood risk management plans in Bosnia and Herzegovina and planning documents on erosion protection in the FBiH and Brcko District as well as to develop the project documentation for flood protection infrastructure facilities.

In the field of *waste management* in Bosnia and Herzegovina, progress was made in 2020 through the adoption of the laws and by-law acts as well as through the improvement of the infrastructure necessary for the smooth functioning of the waste management system. In the coming period, it is necessary to make additional efforts in waste prevention through introduction of new/cleaner technologies, characterized by small amount of waste, and conduct a campaign to raise public awareness on the importance and benefits of proper management of all types of waste.

The Government of Republika Srpska, at its 68th session held on April 23rd, 2020, adopted the Waste Management Plan of the RS for the period 2019-2029, which includes the analysis and the assessment of the current situation in the field of waste management, waste prevention programs, types and quantities of produced waste, the schedule of future locations of waste management centre as well as the measures to raise public awareness of the importance of proper waste management. The basic goal is to increase the coverage of the population with the waste collection and disposal service in the next 10 years, as well as to organize a system of separate waste collection in all local self-government units, complete the construction of regional landfills and increase the number of facilities for treatment and recycling of special and dangerous types of waste.

In the Federation of BiH, the Rulebook on the Changes and Amendments to the Rulebook on Packaging and Packaging Waste Management (Official Gazette of FBiH, No. 85/20) was adopted in 2020, and other by-law acts are in the adoption procedure, that will significantly improve the management system of special categories of waste.

In the field of *air quality*, air pollution in certain parts of Bosnia and Herzegovina is still significantly above the standards of the World Health Organization, thus in the coming period it is necessary to make additional efforts to adopt the plan for improvement of the air quality in areas where pollution exceeds the limit values.

In 2020, activities were undertaken on ratification of the Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer (Kigali Amendment), which is an important step in the implementation of the EU environmental *acquis* and creates conditions for sustainable development of BiH economy. Ratification of this amendment in BiH will establish the system of permits for the export and import of the hydrofluorocarbon HFC substances, and will enable reporting on their consumption.

In the field of *civil protection*, during 2020, activities were carried out to harmonize the legislation with the European directives and best practices, improve the protection and rescue system, as well as the procurement of protection and rescue equipment at all levels of the government in Bosnia and Herzegovina.

During 2020, the procedure was initiated for the adoption of the Program for the Development of the Protection and Rescue System at the Level of Bosnia and Herzegovina Institutions and Bodies (2021-2025), in order to assess the state of the protection and rescue system in Bosnia and Herzegovina, identify weaknesses and shortcomings, as well as tasks, activities and stakeholders that will contribute to overcoming the identified problems in the specified period, and improve and raise the protection and rescue to the higher level of security. In addition, activities have been initiated on the development of the document Disaster Risk Reduction Strategy of BiH, which is one of the obligations arising from the Sendai Declaration. After the database in the field of protection and rescue has been established

in the previous period, activities were initiated on signing of the Protocol on the exchange of data between the competent institutions in the field of protection and rescue in Bosnia and Herzegovina.

Investments of DCF members in 2020

DCF members active in the Environment and climate action sector in 2020 are EU, EBRD, Sweden, Germany, EIB, UN, Czech Republic, Switzerland, Norway, Italy/ AICS, Slovenia, Croatia and Japan.

Total allocations of DCF members to the Sector in 2020 amounted to € 48.92 million, out of which € 34.92 million in the form of grants and € 14.00 million in the form of loans.

Total disbursements to the Sector in 2020 amounted to € 73.86 million, out of which € 38.86 million in the form of grants and € 35.00 million in the form of loans.

Figure 3.1. compares grants allocated and disbursed per development partners, according to the amount of invested funds. Leading development partners in the Sector in 2020, who allocated i.e. disbursed largest amounts were EU, EBRD, Sweden and Germany.

Figure 3.1. Allocated and disbursed grant funds per development partners in 2020

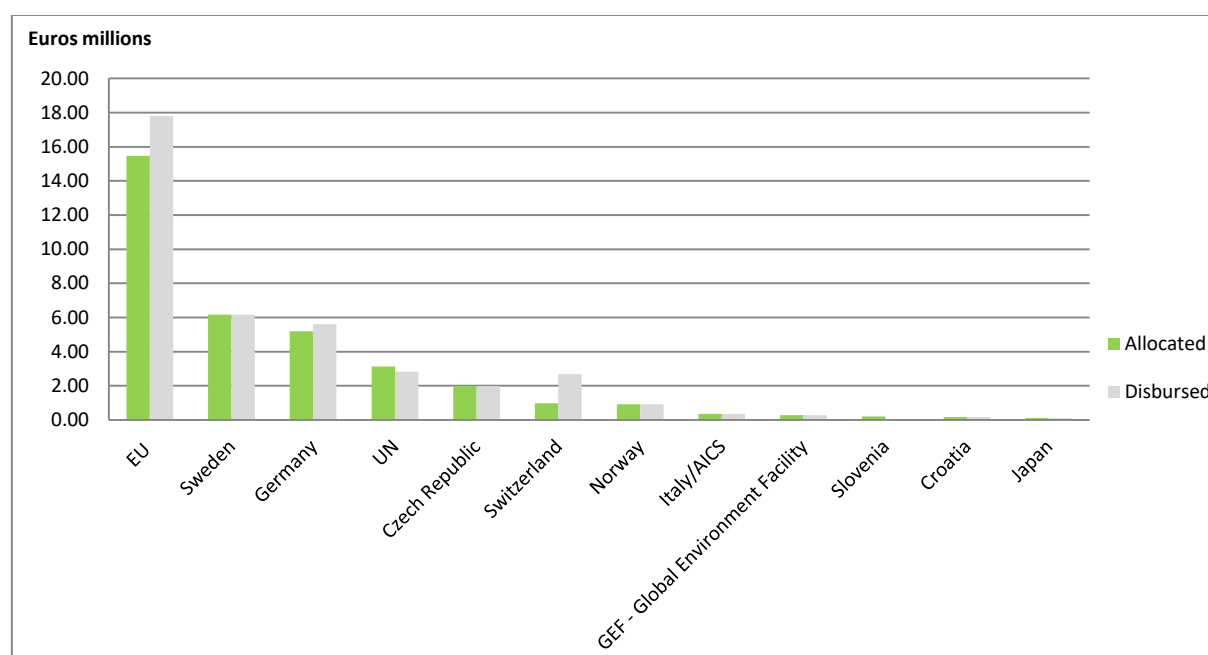


Figure 3.2. presents allocation and disbursement of loans in 2020. EBRD allocated € 14.00 million and disbursed € 21.35 million, while Germany disbursed € 9.14 million and EIB € 4.50 million from previously allocated funds.

Figure 3.2. Allocated and disbursed loans per creditors in 2020

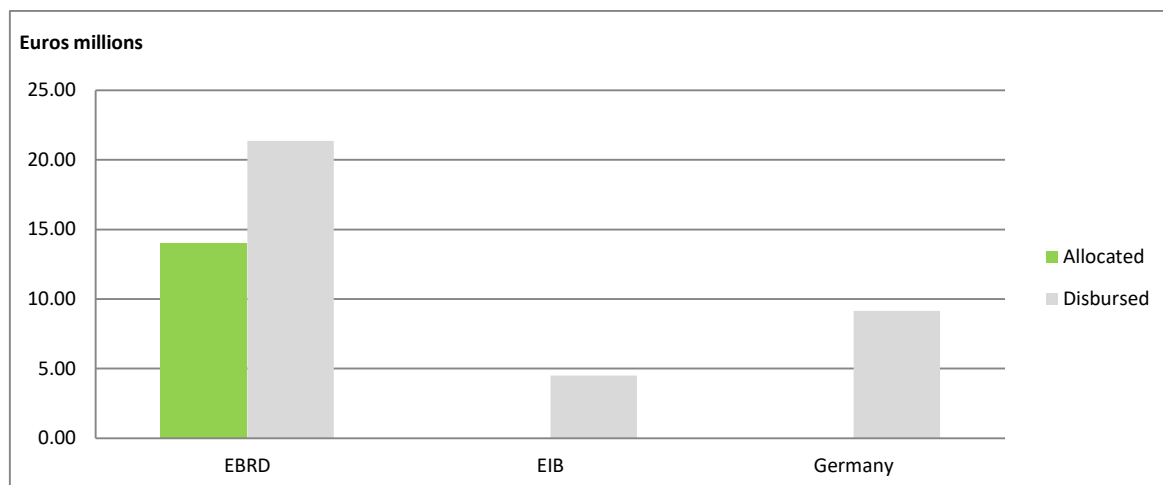


Figure 3.3. presents the structure of total allocated ODA funds per sub-sectors.

Out of total allocated funds in 2020, 80.1% was allocated in 3 sub-sectors: Water supply and waste water (32.4%), Civil protection (30.1%) and Climate action (17.6%). The remaining 19.9% of funds were disbursed to other sub-sectors

Figure 3.3. Total allocated ODA per sub-sectors in 2020

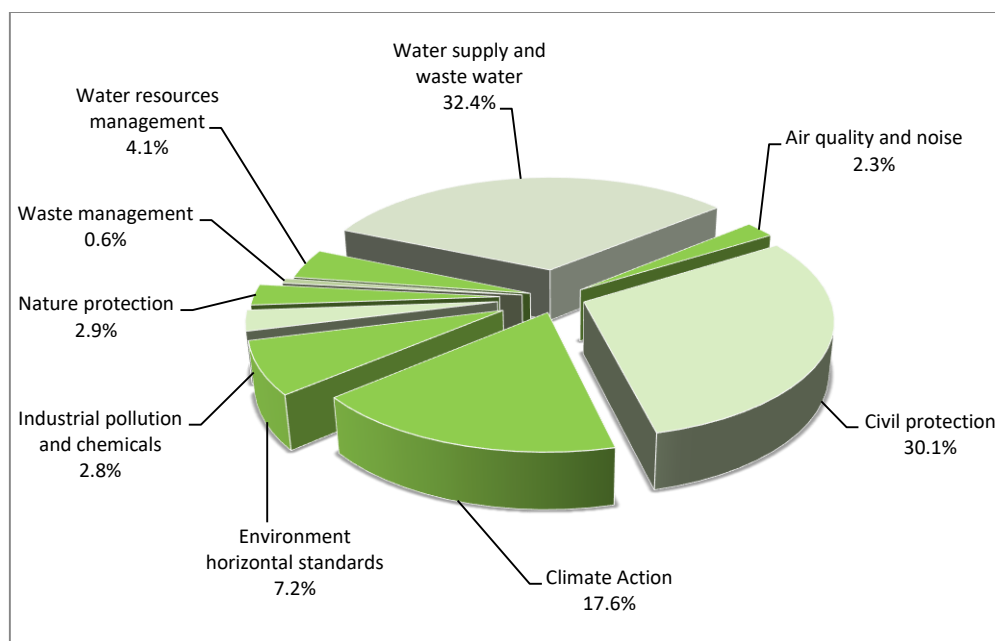
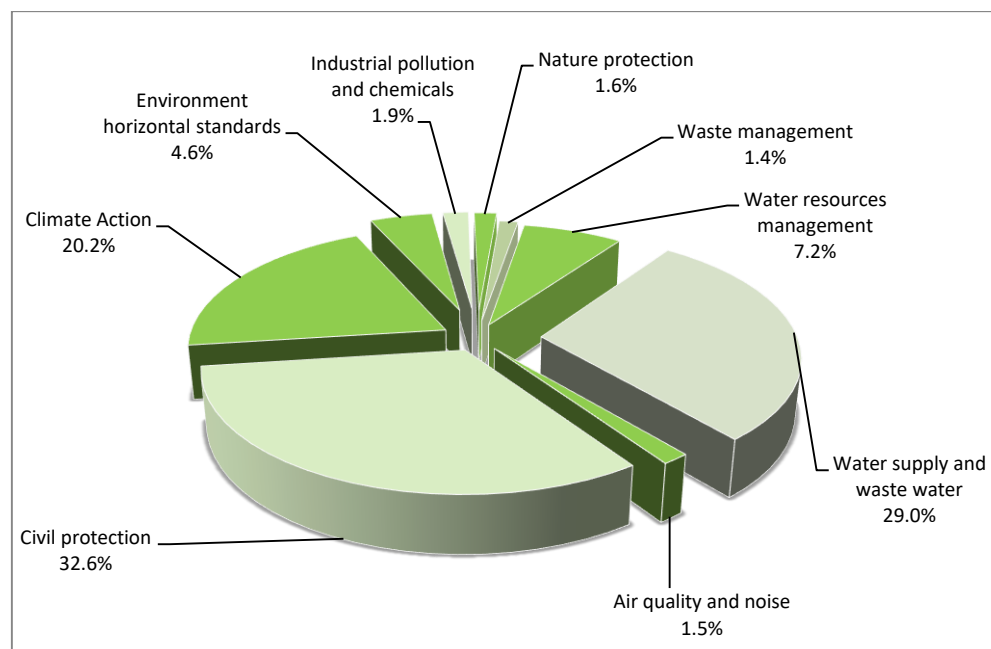


Figure 3.4. presents the structure of total disbursed ODA funds per sub-sectors in 2020. Out of total allocated funds in 2020, 81.8% was disbursed in three sub-sectors: Civil protection (32.6%), Water supply and waste water (29.0%) and Climate action (20.2%).

Figure 3.4. Total disbursed ODA per sub-sectors in 2020



Ten major projects in the sector that allocated or disbursed funds in 2020, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (mil EUR) |
|--|----------------------|-------------------------------|
| Emergency flood relief and prevention | EIB | 55.00 |
| Credit Program for energy efficiency improvements in residential housing | Germany | 37.00 |
| Water Supply and Waste Water Program in BiH II | Germany, Switzerland | 24.37 |
| Waste water collection and treatment Zenica | Germany | 18.29 |
| District heating plant Zenica GET Project | EBRD | 18.00 |
| Scaling-up Investment in Low-Carbon Public Buildings | UN | 17.65 |
| GrCF: Sarajevo Water | EBRD | 10.00 |
| Environmentally Sound Management of Persistent Organic Pollutants (POPs) in industrial and hazardous waste sectors (including COVID-19 Waste management) | Sweden | 9.29 |
| Country Infrastructure Development Initiative: improving the quality of life for people through targeted investments in service delivery infrastructure. | UN | 8.79 |
| Flood Recovery-Housing Interventions in FBiH | UN | 7.05 |

All projects are available in the Development Partners Coordination Forum Database, via the following link: <http://dmd.donormapping.ba/dmd/faces/dmdPublicStart>

Future activities

Bosnia and Herzegovina should continue with further improvement in the area of Environment and climate policy through aligning legislation and by-laws with the norms and standards of the European Union and building and strengthening capacities in this area. Based on the responses of BiH Institutions from all levels of government and DCF members who participated in preparation of this Report, as well as the recommendations of the European Commission, further efforts should be made in the following period:

- continue activities on implementation of the Environmental Approximation Strategy of Bosnia and Herzegovina / EAS BiH, and accordingly improve the legal framework, strengthen administrative capacities and improve the coordination of institutions from all levels of government in BiH;
- continue activities on the preparation of the Environmental Protection Strategy and Action Plan for BiH until 2030 and onwards (BiH ESAP 2030+);
- initiate implementation of the Paris Agreement by establishing policies and measures to achieve the nationally determined contribution (NDC), update and implement the Climate Change Adaptation and Low-Emission Development Strategy for Bosnia and Herzegovina;
- develop an integrated energy and climate plan of Bosnia and Herzegovina in accordance with the recommendations of the Energy Community;
- undertake activities on the development of the Program of Integration of Bosnia and Herzegovina into the European Union in the field of environment and climate policies;
- improve the legal framework which regulates the environmental inspections with the relevant *acquis*;
- improve the strategic and the legal framework for integrated water management in BiH;
- continue activities to increase the implementation of infrastructure projects in the field of water supply and water protection;
- further improve and harmonize the legal framework in BiH with the EU legislation in the field of management of special categories of waste;
- adopt the plan for improving the air quality in BiH, and establish a functional network for monitoring of the air quality in BiH together with a program for improvement of the air quality;
- constantly renew the protection and rescue equipment at all levels of government in BiH;
- determine insurance models in case of natural or other disasters in BiH.

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| DCF members active in the sector in 2020 | EIB, EBRD, The World Bank, EU, Japan, Croatia |
| Other key international organizations | Western Balkans Investment Framework; South East Europe Transport Observatory; Regional Cooperation Council; International Civil Aviation Organization; International Union of Railways; Japan International Cooperation System (JICS), EU Agency for Railways (ERA) |
| Key government partners | Ministry of Communications and Transport of BiH; Directorate for Civil Aviation of BiH; Air Navigation Services Agency of BiH; Railways Public Corporation in BiH; Federal Ministry of Transport and Communications; Public Enterprise Road Directorate of FBiH; Public Enterprise Motorways of FBiH; Ministry of Transport and Communications of RS; Public Enterprise Motorways of RS; Government of BD BiH; Public Enterprise Railroads of FBiH; Public Enterprise Railroads of RS. |
| Total allocation / disbursement to the sector in 2020 by DCF members | Total allocated € 560.33 million – out of which € 15.41 million in a form of grants and € 544.91 million in a form of loans. Total disbursed € 197.32 million – out of which € 6.15 million in a form of grants and € 191.17 million in a form of loans. Out of total ODA in 2020, 50% was allocated and 28% was disbursed in the sector. |
| Legal framework and sector strategies adopted in 2020 | The Law on Amendments to the Law on Road Transport of the FBiH (FBiH Off. Gazette No. 57/20); The Law on Compulsory Traffic Insurance (FBiH Off. Gazette No. 57/20); The Law on Special Expropriation Procedure for the Construction of the Motorway and the Gas Pipeline Vukosavlje-Brcko and Brcko-Raca Sections (RS Off. Gazette No. 18 /20); The Law on Changes to the Law on Compulsory Traffic Insurance (RS Off. Gazette No. 78/20); The Law on Changes to the Law on Road Transport of BD BiH (BD BiH Off. Gazette No.40/20). Previously adopted legal framework and sector strategies are available on www.donormapping.ba |
| Coordination with and among development partners | The EU Delegation coordinates all development partners active in this sector. Currently there is no mechanism for coordination of development partners in the Transport sector led by relevant BiH institutions. In the context of the Connectivity Agenda, National Investment Committee (NIC) was established in 2015, which also envisages the participation of relevant international financial institutions and bilateral development partners. Development partners active in the sector and BiH Institutions from all levels of government regularly attend Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Planning of Financial Development and Coordination of International Economic Aid. Due to the outbreak of the COVID-19 pandemic and accompanying epidemiological measures, DCF meetings were not held in 2020. |

Overview of activities in 2020

Transport sector presented in this Report is based on the sector-based reporting methodology defined in the IPA II regulation, for the period 2014 – 2020.

Transport sector consists of nine sub-sectors:

- Transport connectivity,
- Transport efficiency,
- Air transport,
- Inland waterways transport,
- Maritime transport,
- Rail transport,
- Road transport,
- Multimodal transport and
- Urban mobility.

Transport sector is an important prerequisite for the development of the economy and the living standard of citizens. The state of the transport system in Bosnia and Herzegovina is characterized by outdated transport infrastructure and resources, uneven development of transport subsystems and inadequate organization of subsystem management and operation. Construction of the transport infrastructure is one of the commitments of Bosnia and Herzegovina within the European Integration process and in the upcoming period it is necessary to make additional efforts to align the legislation with the *acquis* and the development of infrastructure, which will have positive effects on increasing economic competitiveness and employment growth in Bosnia and Herzegovina. The Covid-19 virus pandemic has negatively affected the transport sector in Bosnia and Herzegovina, primarily due to the slowdown of movement across the border crossings and increased cross-border sanitary and medical controls.

In the course of 2020, activities have been implemented defined by the Framework Transport Strategy of BiH 2016-2030. According to the Stabilization and Association Agreement with the European Union, Bosnia and Herzegovina is obliged to harmonize its legislation with EU directives in all areas of transport and at all levels of the government. Furthermore, Bosnia and Herzegovina is a member of the Transport Community, which significantly contributes to the development of the transport network, further strengthening of the economy and creating better conditions for foreign investors in BiH.

The Council of Ministers of BiH, at its 20th session held on November 26th 2020, adopted the Single List of Priority Infrastructure Projects of Bosnia and Herzegovina, which includes 25 projects from the Transport sector. The adoption of the List granted Bosnia and Herzegovina the access to the funds of the Western Balkans Investment Framework, which will increase the investment in the transport infrastructure.

In 2020, Bosnia and Herzegovina continued to participate in the "Berlin Process" for the Western Balkans, which aims to improve the connectivity within the region and with the European Union countries. Due to the outbreak of the Covid-19 virus pandemic, the Summit of the Western Balkans and the European Union was held on-line in May 2020. The Summit confirmed the importance of

further improvement of the transport infrastructure in the region and its integration into the Trans-European Transport Network (TEN-T).

In the field of *air transport*, the BiH Directorate for Civil Aviation continued to carry out activities to meet Bosnia and Herzegovina's obligations under the Multilateral Agreement on Establishing of the European Common Aviation Area (ECAA Agreement), which refers to the harmonization of legislation with the EU regulations. During 2020, by-law acts were adopted that will further regulate the field of air transport in Bosnia and Herzegovina: Rulebook on Requirements for Conducting Flight Operations by Drones (Official Gazette of BiH, No. 51/20), Rulebook on Air Transport Services (Official Gazette of BiH, No. 22/20) and the Rulebook on Establishing of the Framework for Creation of the Single European Sky (Official Gazette of BiH, No. 40/20).

The Presidency of BiH, at its 14th session held on July 22nd, 2020, passed a Decision on the Accession of Bosnia and Herzegovina to the Agreement relating to the Implementation of Part 11 of the United Nations Convention on the Law of the Sea, which recognizes the seabed zone and its resources as a common world heritage.

The *railway infrastructure* in Bosnia and Herzegovina is for the most part underdeveloped and unreliable, and cannot enable the traffic flow of international transport on its network. In previous years, investments in railway infrastructure were at a low level, so in the coming period it will be necessary to invest significant funds in improving of the infrastructure and continuing the restructuring process of railway companies in Bosnia and Herzegovina.

In Republika Srpska, during 2020, activities were initiated on implementation of the project of the overhaul and modernization of Samac - Doboj - Rjecica railway section, which will reconstruct approximately 100 kilometers of the Corridor 5-C railway.

In the area of *road transport*, most activities in 2020 were focused on the construction of new sections at Corridor 5-C. In mid 2020, the construction of the interstate bridge over the Sava River in Svilaj was completed, which will be placed in service after the completion of works at the part of the route in Bosnia and Herzegovina as well as after the completion of the border crossing. After this bridge is placed in service, it will enable better functionality of the Corridor 5-C, better transport connectivity between Bosnia and Herzegovina and Croatia as well as the integration of Bosnia and Herzegovina into the TEN-T network. In the Federation of BiH and Republika Srpska, works also continued on the construction of several sections at this Pan-European Corridor.

In order to further liberalize the international road transport of passengers between the European Union members and the third countries, the Presidency of BiH, at its 14th session held on July 22nd, 2020, approved the ratification of the Additional Protocol to the Agreement on the International Occasional Carriage of Passengers by Coach and Bus (INTERBUS Agreement).

The Presidency of BiH, at its 10th session held on May 13th, 2020, accepted the Agreement between the Council of Ministers of BiH and the Government of the Republic of Serbia on maintenance and reconstruction of the road interstate bridges between the Bosnia and Herzegovina and the Republic of Serbia. Upon the conclusion of this Agreement, all obstacles and difficulties related to the joint maintenance and reconstruction of 11 interstate bridges on the border between Bosnia and Herzegovina and Serbia have been eliminated.

In addition, the Presidency of BiH at its 14th session held on July 22nd, 2020, approved the conclusion of the Memorandum of Understanding to improve the regional and cross-border connectivity in the Adriatic-Ionian region. The aim of this Memorandum is to strengthen the cooperation in the region in order to find the sustainable transport solutions and define the concrete measures to simplify the freight transport. Special emphasis was placed on the improvement and elimination of "bottlenecks" at the corridors of the Trans-European Networks and the establishing of the basic TEN-T corridors.

Investments of DCF members in 2020

DCF members active in the Transport sector in 2020 are EIB, EBRD, The World Bank, EU, Japan and Croatia.

Total allocations of DCF members to the Sector in 2020 amounted to € 560.33 million, out of which € 15.41 million in the form of grants and € 544.91 million in the form of loans.

Total disbursements of DCF members to the Sector in 2020 amounted to € 197.32 million, out of which € 6.15 million in the form of grants and € 191.17 million in the form of loans.

Figure 4.1. compares allocated and disbursed grants by development partners in line with the amount of investment. Out of total allocated and disbursed grant funds in the Transport sector, EU allocated € 96.7 million (€ 14.9 million) and disbursed 91.7% (€ 5.6 million).

Figure 4.1. Total allocated and disbursed grants per development partners in 2020

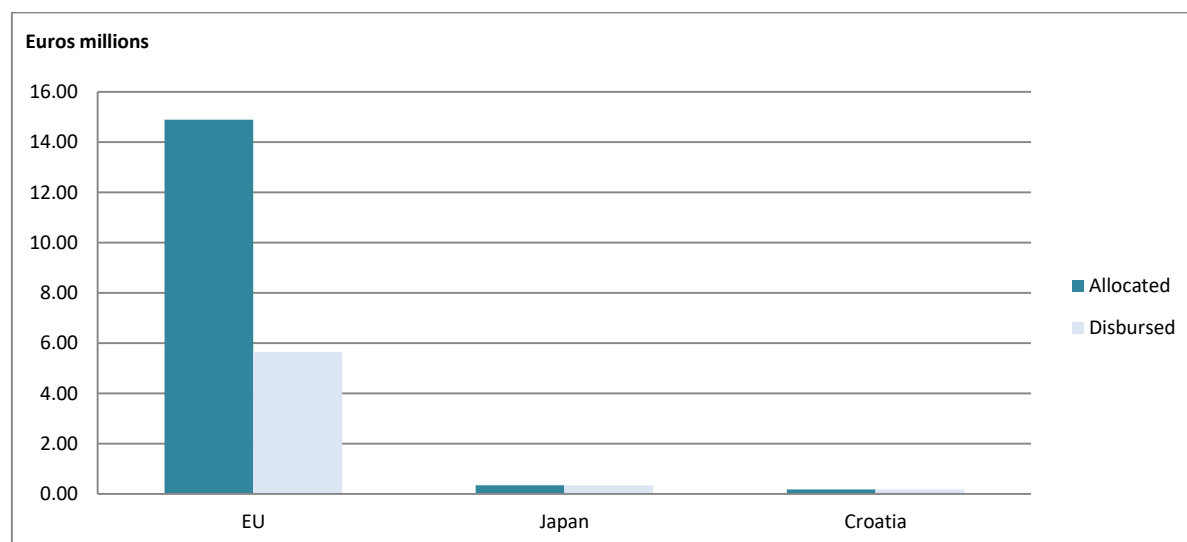
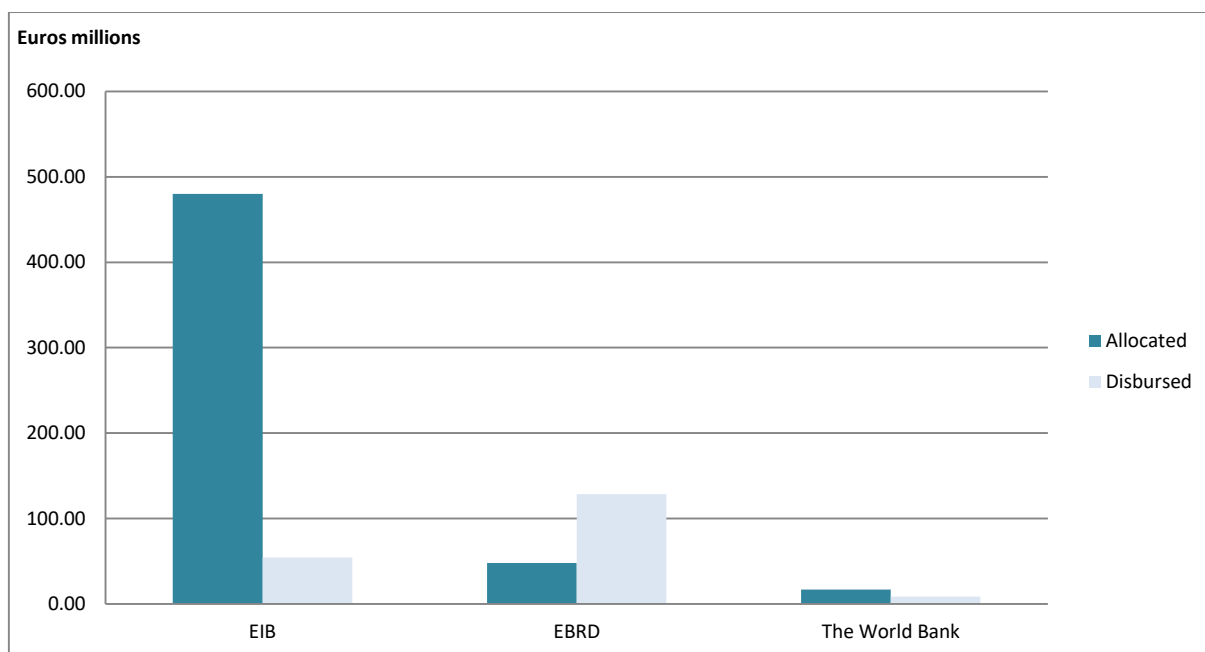


Figure 4.2. presents total allocated and disbursed loans in 2020.

Out of total allocated loans, 88.1% of funds were allocated by EIB (€ 480.00 million), while the remaining 11.9 % loans were allocated by EBRD (€ 48.00 million) and The World Bank (€ 16.91 million).

Out of total disbursed loans, 67.3% of funds were disbursed by EBRD (€ 128.64 million), 28.3% EIB (€ 54.10 million) and 3.1% The World Bank (€ 8.43 million).

Figure 4.2. Allocated and disbursed loans per development partners in 2020



Transport sector consists of 9 sub-sectors. Figure 4.3. presents the structure of total allocated funds per sub-sectors.

Out of total allocated funds in 2020, 97.2% was allocated in the sub-sector Road transport, while the remaining 2.8% of funds was allocated in sub-sectors: Rail transport and Urban mobility. Sub-sectors that did not have funding are not presented in the chart.

Figure 4.3. Total allocated funds per sub-sectors in 2020

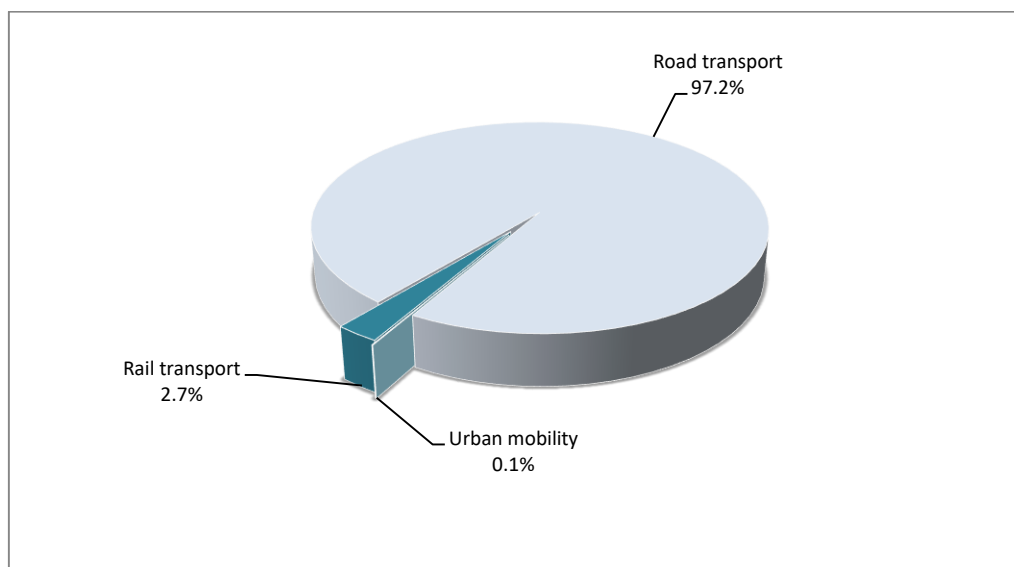
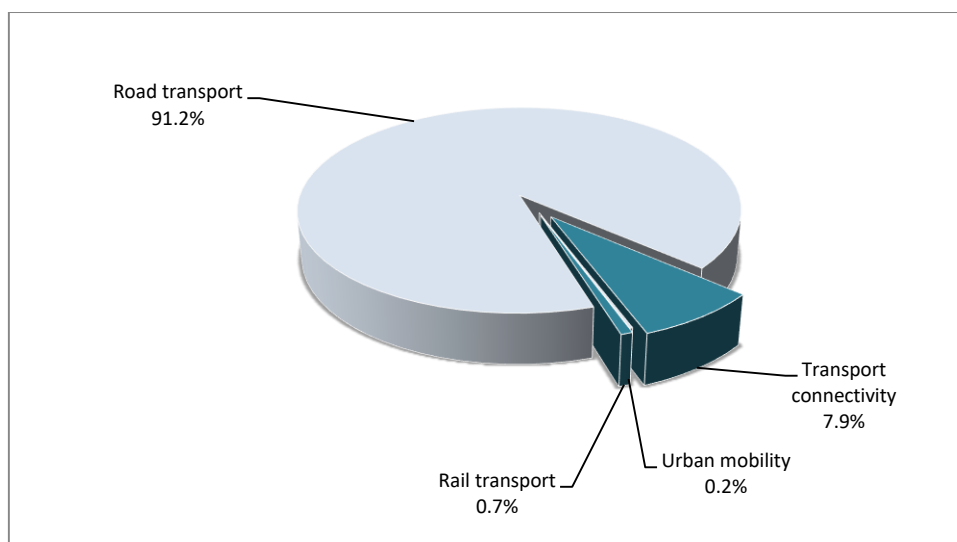


Figure 4.4. presents the structure of total disbursed funds in 2020 per sub-sectors.

Out of total disbursed funds in 2020, 91.2% was disbursed in the sub-sector Road transport, while the remaining 8.8% was disbursed in sub-sectors: Transport connectivity (7.9 %), Rail transport (0.7%) and Urban mobility (0.2%). Sub-sectors that did not have funding are not presented in the chart.

Figure 4.4. Total disbursed funds per sub-sectors in 2020



Ten major projects in the sector that allocated or disbursed funds in 2020, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (mil EUR) |
|--|---------------------|-------------------------------|
| CORRIDOR VC CENTRE | EIB | 294.00 |
| ROAD MODERNISATION FEDERATION BIH | EIB | 206.58 |
| Corridor VC in FBH - Part 3 | EBRD | 120.00 |
| CORRIDOR VC POCITELJ - BIJACA | EIB | 100.00 |
| CORRIDOR VC ZENICA NORTH | EIB | 100.00 |
| BH Corridor Vc2 | EBRD | 80.00 |
| BH Corridor Vc 2 - extension | EBRD | 76.00 |
| Corridor Vc in Republika Srpska - Part 1 | EBRD | 70.00 |
| Floods - FBH Roads Repair and Upgrade | EBRD | 65.00 |
| Federation Road Sector Modernization Project | The World Bank | 58.00 |

All projects are available in the Development Partners Coordination Forum Database, via the following link:

<http://dmd.donormapping.ba/dmd/faces/dmdPublicStart>

Future activities

Future activities in the Transport sector should be focused to further harmonization of domestic legislation with the EU regulation as well as creating the conditions for the construction and reconstruction of the transport infrastructure that lies on the Trans-European and Regional Core Network, as well as the promotion of multimodal and sustainable transport solutions and addressing remaining non-physical barriers for the movement of goods and passengers, which implies:

- continuation of activities on harmonization of domestic legislation with the EU legislation in the area of transport;
- implementing strategic documents in the area of transport at all levels of government in BiH;
- accelerate the implementation of the Connectivity Agenda reform measures and continue to adopt multi-annual maintenance plans for the entire road and rail core network;
- continue with the construction of the highway sections on Corridor 5-C through Bosnia and Herzegovina;
- expand the map of the existing TEN-T network of priority traffic routes in BiH;
- continue investing in the infrastructure of airports in BiH.

| | |
|---|---|
| DCF members active in the sector in 2020 | Germany, Japan, The World Bank, Sweden, USA/USAID, Czech Republic, EU, Croatia, EBRD |
| Other key international organizations | Energy Community; South East Europe Energy Community; Western Balkans Investment Framework; Regional Cooperation Council. |
| Key government partners | CoM of BiH; Government of FBiH; Government of RS; Government of BD BiH; National Assembly of Republika Srpska; Ministry of Foreign Trade and Economic Relations of BiH; Ministry of Finance and Treasury of BiH; Regulatory Agency for Radiation and Nuclear Safety of BiH; State Electricity Regulatory Commission; Federal Ministry of Energy, Mining and Industry; Federal Ministry of Physical Planning; Federal Ministry of Finance; Federal Ministry of Environment and Tourism; Regulatory Commission for Energy in FBiH; Operator for Renewable Energy Sources and Efficient Cogeneration FBiH; Environmental Protection Fund of FBiH; Ministry of Industry, Energy and Mining of RS; Ministry of Physical Planning, Civil Engineering, and Ecology of RS; Ministry of Finance of RS; Ministry of European Integration and International Cooperation of RS; Ministry of Agriculture, Forestry and Water Management of RS; Regulatory Commission for Energy of RS; Fund for Environmental Protection and Energy Efficiency of RS; Foreign Trade Chamber of BiH; Chamber of Economy of FBiH; Chamber of Commerce of RS; Commission for Concessions of BiH; Commission for Concessions of FBiH; Commission for Concessions of RS; Association of cities and municipalities in RS and FBiH. |
| Total allocation / disbursement to the sector in 2020 by DCF members | Total allocated € 23.41 million - € 4.69 million in a form of grants and € 18.71 million in a form of loans. Total disbursed € 63.23 million- € 5.17 million in a form of grants and € 58.06 million in a form of loans. Out of total ODA in 2020, 2% was allocated and 9% was disbursed in the sector. |
| Legal framework and sector strategies adopted in 2020 | The Law on Electricity Power (RS Off. Gazette No. 68/20) Previously adopted legal framework and sector strategies are available on www.donormapping.ba |
| Coordination with and among development partners | Energy connectivity: Informal <i>ad hoc</i> coordination, project-based and mostly bilateral/multilateral, self-organizing meetings between development partners with MoFTER attendance. Energy efficiency: Coordination meetings between development partners with MoFTER are held biannually. Renewable energy: There is a sub-sector DCF development partners group and MoFTER, however, the meeting has not been convened for one year. Informal <i>ad hoc</i> project-based coordination. Joint Bioenergy program was initiated, following the UN bilateral meetings with GIZ and USAID. Oil: Informal <i>ad hoc</i> project-based coordination Gas: Informal <i>ad hoc</i> project-based coordination Electricity: Informal <i>ad hoc</i> coordination Nuclear safety and radiation protection: Informal <i>ad hoc</i> project-based coordination. |

Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.

Due to the outbreak of the COVID-19 pandemic and accompanying epidemiological measures, DCF meetings were not held in 2020.

Overview of activities in 2020

Energy sector presented in this Report is based on the sector-based reporting methodology defined in the IPA II regulation, for period 2014 – 2020.

Energy sector consists of seven sub-sectors:

- Energy connectivity,
- Energy efficiency,
- Renewable energy,
- Oil,
- Gas,
- Electricity and
- Nuclear safety and radiation protection.

Energy sector of Bosnia and Herzegovina is one of the most promising sectors of the economy, with great development potentials. Bosnia and Herzegovina's international obligations in the field of energy sector are to a large degree contained in the provisions of the Energy Community Treaty, which aim to create a stable regulatory and market framework capable to attract investments and ensure a stable energy supply, which is of crucial importance for the overall economic development and social stability.

In the course of 2020, the activities were implemented defined by the Framework Energy Strategy of Bosnia and Herzegovina until 2035, and Council of Ministers of BiH at its 13th session held on July 23rd, 2020, adopted the Report on implementation of the Strategy in the previous year, as well as the overview of the planned activities for the upcoming period. The Strategy defined five key strategic goals of the Energy sector in Bosnia and Herzegovina: efficient use of resources, safe and affordable energy, efficient use of energy, energy transition and environmental responsibility and development and harmonization of the regulatory and the institutional framework. The Framework Energy Strategy of the Federation of BiH until 2035 is in the adoption procedure at the Parliament, while strategic document in this area in Republika Srpska was adopted in 2018.

In 2020, Bosnia and Herzegovina has continuously implemented the activities within the regional initiatives for the development of the electricity market, with the basic goal to establish the regional market and integration of the Southeast Europe Electricity Market into the Pan-European Electricity Market. In order to implement the regional projects, Bosnia and Herzegovina should make additional efforts to align its legislation with the European Union rules on granting of licences for the construction of energy infrastructure facilities, which will alleviate the implementation of these projects as well as the access to the funding sources.

Upon ratification of the Energy Community Treaty and the Paris Agreement, Bosnia and Herzegovina has committed itself to align the energy sector with the European Union's goals with regard to the energy transition and climate neutrality. One of the most important commitments undertaken by Bosnia and Herzegovina is the development of the Integrated National Energy and Climate Plan (NECP) for Bosnia and Herzegovina 2021-2030. During 2020, activities have continued on the development of the NECP BiH as well as the entity energy and climate plans, and it was planned they should be adopted by the end of 2021. The Integrated National Energy and Climate Plan will give an overview of the current situation in the field of energy and climate policies in BiH, and will define the concrete measures Bosnia and Herzegovina should undertake in order to achieve the strategic goals:

decarbonisation, energy efficiency, energy security, internal energy market and research as well as the innovation and the competitiveness.

In the domain of energy efficiency, activities have been implemented in 2020 on the development of energy efficiency Action Plans for the level of BiH and the entities, which is one of the commitments of Bosnia and Herzegovina under the Treaty on Establishing of the Energy Community. In the Federation of BiH, the Operational Plan for Improving Energy Efficiency in the Institutions of the Federation of BiH is in the final phase of adoption.

In the field of renewable energy, activities were implemented in 2020 on the development of the new legislative framework in both entities, which would harmonize this area with the existing European directives, and which would adopt a modern concept of the incentive system, which will affect to the accelerated development of the renewable energy sources sector in Bosnia and Herzegovina. Also, several significant facilities in the renewable energy sector were under construction during 2020.

In the natural gas sector, during 2020, numerous activities were carried out on the implementation of infrastructure projects, related to the construction of gas interconnections that should ensure security of the natural gas supply in Bosnia and Herzegovina. In the Federation of BiH, activities continued on implementation of the project for the construction of the "Southern Interconnection of Bosnia and Herzegovina and Croatia", which includes the construction of the gas pipeline in the direction Zagvozd (Croatia) - Posusje (BiH) - Novi Travnik (BiH) with a branch line extended to Mostar. In order to implement this project, the Draft Law on the Gas Pipelines "Southern Interconnection of Bosnia and Herzegovina - Croatia" was sent to the parliamentary procedure, and its adoption is expected in early 2021. In Republika Srpska, the construction has been announced of the long-distance gas pipeline "New Eastern Interconnection Republika Srpska / BiH - Serbia", which would enable the gas supply from the Turkish Stream pipeline, at the section Kuzmin (Serbia) - Banja Luka (BiH) up to Novi Grad.

One of the commitments of Bosnia and Herzegovina from the membership in the Energy Community is the adoption of the Law on the Regulator of Electricity Power and Natural Gas of BiH. During 2020, the activities of harmonization of the draft law were still carried out, and the adoption of this law will contribute to the establishing of an organized electric power and gas market in Bosnia and Herzegovina, as well as its connection with the regional markets.

The National Assembly of Republika Srpska, on its 10th session held on June 26th, 2020, adopted the Law on Electricity Power of Republika Srpska (Official Gazette of the RS, No. 68/20). The law introduced the directives from the Third Energy Package, and created conditions for market liberalization, which includes the separation of energy activities, reorganization of Elektroprivreda Republike Srpske, introduction of the status of energy protected customer and the possibility of establishing energy cooperatives.

In the field of nuclear safety and radiation protection, in 2020 activities were undertaken on the drafting of the new Law on Radiation and Nuclear Safety of BiH, as well as the by-law acts that will regulate this area in more detail and harmonize it with the applicable European directives.

Investments of DCF members in 2020

DCF members active in the Energy sector in 2020 are Germany, Japan, The World Bank, Sweden, USA/USAID, Czech Republic, EU, Croatia and EBRD.

Total allocations of DCF members to the Sector in 2020, amounted to € 23.41 million, out of which, € 4.69 million in the form of grants and € 18.71 million in the form of loans.

Total disbursements of DCF members to the Sector in 2020 amounted to € 63.23 million, out of which € 5.17 million in the form of grants and € 58.06 million in the form of loans.

Figure 5.1. compares grants allocated and disbursed per development partners, according to the amount of invested funds. Leading development partners in 2020, who allocated i.e. disbursed largest grants were Germany, Sweden and USA/USAID.

Figure 5.1. Allocated and disbursed grant funds per development partners in 2020

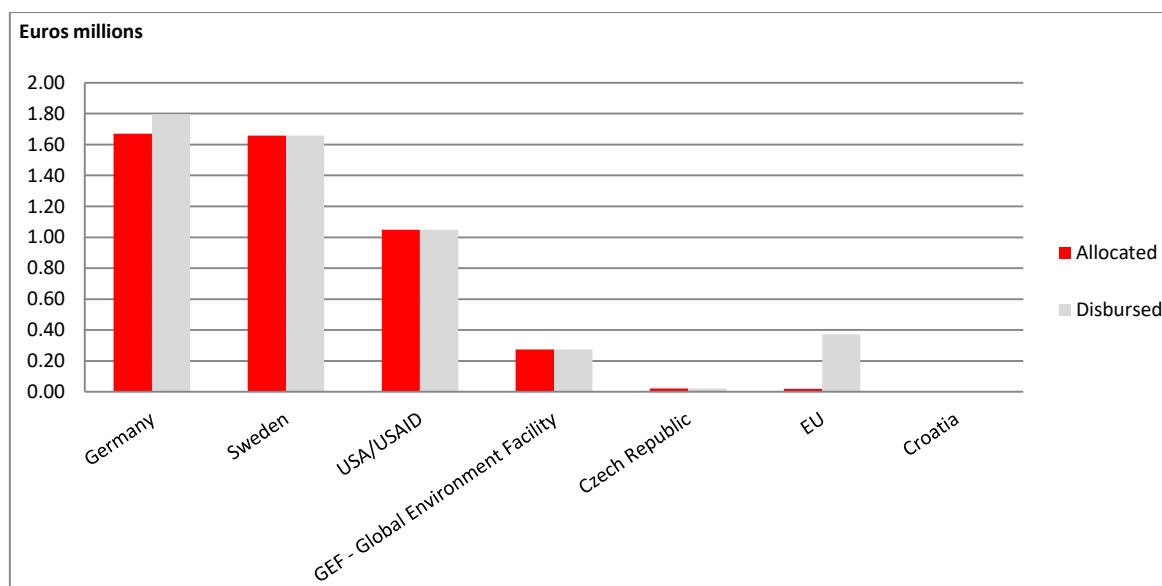
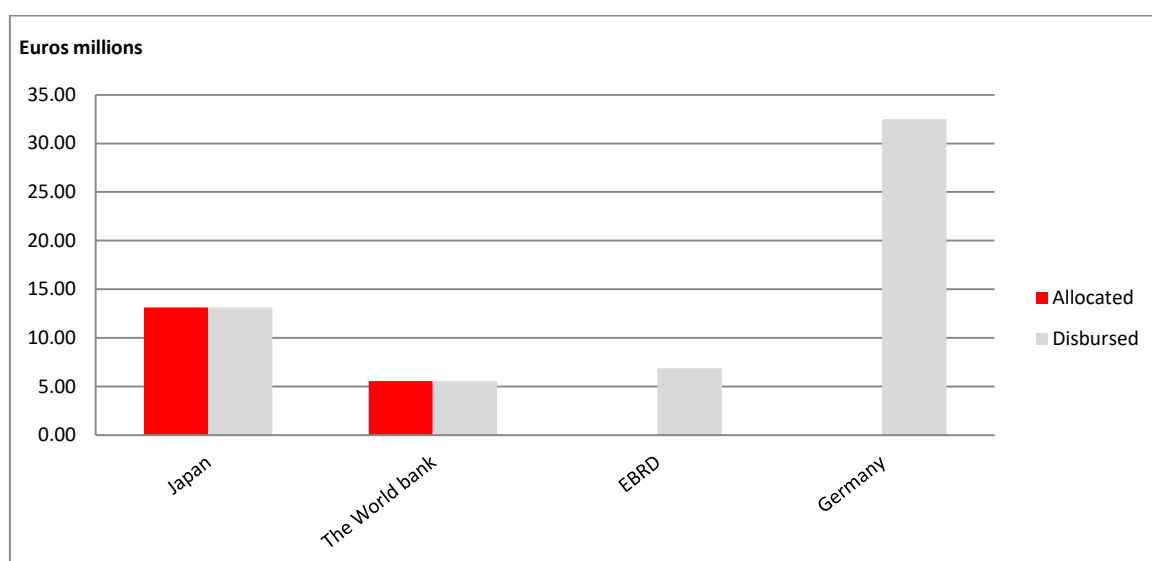


Figure 5.2. presents allocated and disbursed loans in 2020.

Development partners who allocated or disbursed the largest amounts of loans in 2020 are Germany and Japan, followed by The World Bank and EBRD.

Figure 5.2. Allocated and disbursed loans per creditors in 2020



Energy sector consists of 7 sub-sectors. Figure 5.3. presents the structure of total allocated funds per sub-sectors.

Out of total allocated funds in 2020, 93.6 % of funds were allocated entirely to the sub-sector Energy efficiency. Sub-sectors that did not have funding are not presented in the chart.

Figure 5.3. Total allocated funds per sub-sectors in 2020

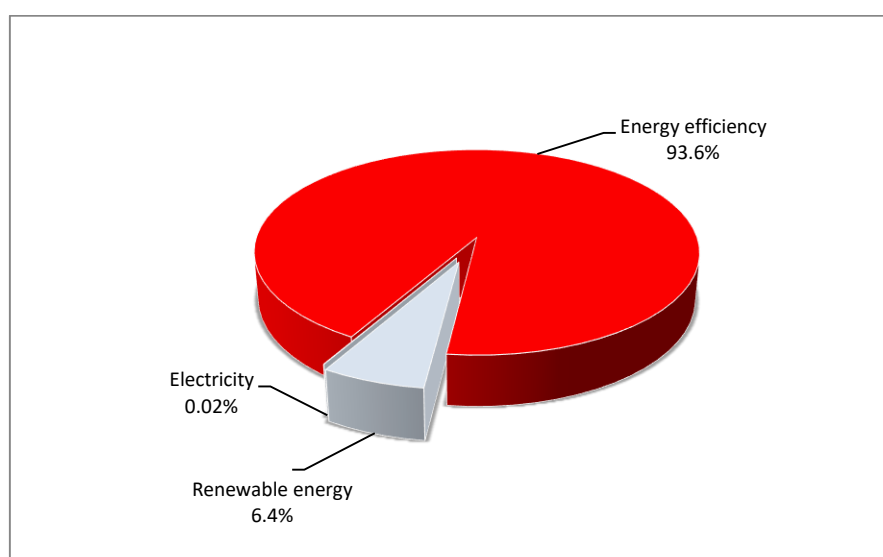
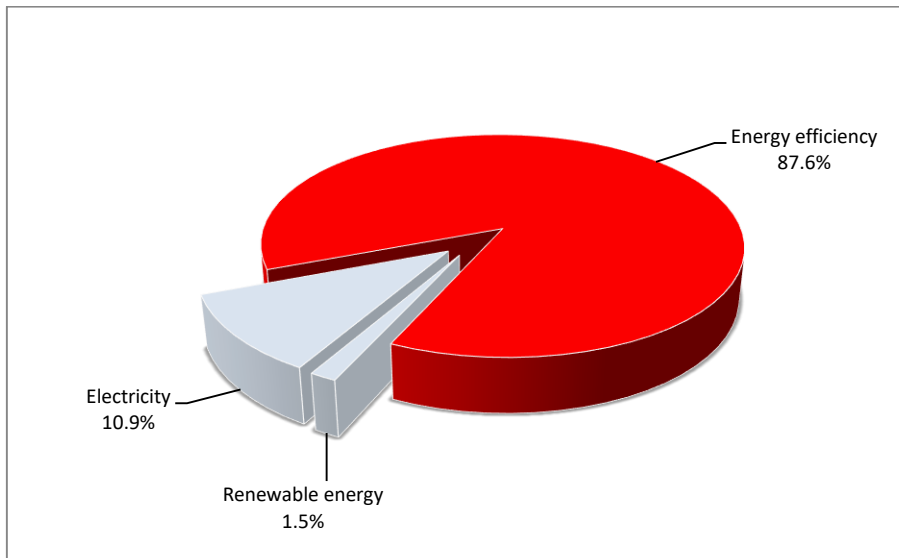


Figure 5.4. presents the structure of total disbursed funds per sub-sectors in 2020.

Out of total disbursed funds in 2020, 87.6% of funds were disbursed entirely to the sub-sector Energy efficiency. Sub-sectors that did not have funding are not presented in the chart.

Figure 5.4. Total disbursed funds per sub-sectors in 2020



Ten major projects in the sector that allocated or disbursed funds in 2020 are listed below:

| PROJECT TITLE | Development partner | Total Project Value (mil EUR) |
|---|---------------------|-------------------------------|
| Japanese ODA loan for Flue Gas Desulphurization Construction Project for Ugijevik Thermal Power Plant | Japan | 105.28 |
| Construction of Wind Farm (WF) Podvelezje | Germany | 65.00 |
| Construction of Wind Farm Hrgud | Germany | 60.23 |
| Energy Efficiency Project | The World Bank | 52.39 |
| Sectoral Program Renewable Energy and Energy Efficiency: Wind farm Vlasic | Germany | 36.10 |
| Distribution SCADA/DMS/OMS System | Germany | 34.05 |
| Green Economic Development Project, Phase II | Sweden, UN | 11.53 |
| Rehabilitation of Hydro Power Plant Trebinje, Phase 3 | Germany | 10.01 |
| ISO - EMS, SCADA and IT upgrade | EBRD | 8.50 |
| Elektrokrajina Power Distribution Project | EBRD | 7.50 |

All projects are available in the Development Partners Coordination Forum Database, via the following link:

<http://dmd.donormapping.ba/dmd/faces/dmdPublicStart>

Future activities

In the forthcoming period, activities should be continued on harmonization of legislation in Bosnia and Herzegovina with the European standards, as well as strengthening of infrastructure and capacities of the Energy sector. Based on the responses of BiH Institutions from all levels of government and DCF members that participated in the preparation of this Report, as well as the recommendations of the European Commission, further efforts should be made in the following period:

- implement the activities envisaged by the Framework Energy Strategy of Bosnia and Herzegovina;
- adopt the Law on the Regulator of Electricity Power and Natural gas in accordance with the Third Energy Package;
- develop and adopt the Integrated Energy and Climate Plan for BiH;
- adopt the legislation on renewable energy and energy efficiency at the state and entity levels in accordance with the commitments stemming from the Energy Community Treaty;
- intensify efforts to implement the reform measures of the Connectivity Agenda to support the functioning of the regional market;
- undertake activities on the installation of a new system for measuring radioactivity in the air at the territory of the entire Bosnia and Herzegovina.

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|---|--|
| DCF members active in the sector in 2020 | EBRD, The World Bank, EIB, EU, USA/USAID, Switzerland, Germany, Sweden, UN, Croatia, Japan, Czech Republic |
| Other key international organizations | Western Balkans Investment Framework; Council of Europe Development Bank; Regional Cooperation Council; Switzerland Global Enterprise; European Fund for Southeast Europe; Central European Free Trade Agreement; Organization for Security and Cooperation in Europe; Regional Center for Development of Entrepreneurial Competencies, Swedish International Development Cooperation Agency, Japan International Cooperation Agency, <i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> (GIZ). |
| Key government partners | CoM of BiH; Government of FBiH; Government of RS; Government of BD BiH; Ministry of Foreign Trade and Economic Relations of BiH; Ministry of Finance and Treasury of BiH; Ministry of Civil Affairs of BiH; Ministry of Justice of BiH; Ministry of Communications and Transport of BiH; Indirect Taxation Authority of BiH; Ministry of Human Rights and Refugees of BiH; Directorate for Economic Planning of BiH; Directorate for European Integration of BiH; Labour and Employment Agency of BiH; Market Surveillance Agency of BiH; Market Surveillance Agency of BiH; Deposit Insurance Agency of BiH; Central Bank of BiH; Competition Council of BiH; Foreign Trade Chamber of BiH; Export Credit Agency of BiH; State Aid Council of BiH; Institute for Intellectual Property of BiH; Communications Regulatory Agency of BiH; Institute of Metrology of BiH; Mine Action Center in BiH; Federal Ministry of Finance; Federal Ministry of Environment and Tourism; Federal Ministry of Development, Entrepreneurship and Craft, Ministry of Agriculture, Water Management and Forestry; Federal Ministry of Justice; Ministry of Finance of RS; Ministry of Trade and Tourism of RS; Ministry of Justice of RS; Ministry of European Integration and International Cooperation of RS; Ministry for Scientific and Technological Development, Higher Education and Information Society; Ministry of Industry, Energy and Mining, Ministry of Agriculture, Forestry and Water Management of RS; Agency for Development of Small and Medium Enterprises of RS; Association of cities and municipalities; Finance Directorate of Brcko District; Department of Economic Development, Sports and Culture of Brcko District. |
| Total allocation / disbursement to the sector in 2020 by DCF members | <p>Total allocated € 213.33 million – € 29.54 million in a form of grants and € 183.78 million in a form of loans.</p> <p>Total disbursed € 117.59 million – € 29.09 million in a form of grants and € 88.50 million in a form of loans.</p> <p>Out of total ODA in 2020, 19% was allocated and 17% was disbursed in the sector.</p> |
| Legal framework and sector strategies adopted in 2020 | The Law on Changes and Amendments to the Law on Income Tax (FBiH Off. Gazette No. 15 /20); The Law on Mitigation of the Negative Economic Consequences (FBiH Off. Gazette No. 28/20); The Law on Safety at Work (FBiH Off. Gazette No. 79/20); The Law on Changes and Amendments to the Law on Incentives in the Economy in the RS (RS Off. Gazette No. 78/20); The Law on Real |

| | |
|--|--|
| | <p>Estate Brokerage (RS Off. Gazette No. 99/20); The Law on Mitigation of Negative Economic Consequences Caused by the State of Natural Disaster Due to COVID-19 in BD BiH (BD BiH Off. Gazette No.17/20); The Law on Changes and Amendment to the Law on Mitigation of Negative Economic Consequences Caused by the State of Natural Disaster Due to COVID-19 in BD BiH (BD BiH Off. Gazette No.40/20); The Law on Changes and Amendments to the Law on Tourism Activities of BD BiH (BD BiH Off. Gazette No.11/20); The Law on Changes and Amendments to the Law on Trade of BD BiH (BD BiH Off. Gazette No.11/20); The Law on Registration of Business Entities in BD BiH (BD BiH Off. Gazette No.11/20); The Law on Changes and Amendments to the Law on Spatial Planning and Construction (BD BiH Off. Gazette No.10/20); The Law on Changes and Amendments to the Law on Spatial Planning and Construction (BD BiH Off. Gazette No.29/20); The Law on Changes and Amendments to the Law on Spatial Planning and Construction (BD BiH Off. Gazette No.40/20); The Law on Changes and Amendment to the Law on Enterprises of BD BiH (BD BiH Off. Gazette No.11/20); The Law on Changes and Amendments to the Law on Income Tax (BD BiH Off. Gazette No.24/20); The Law on Changes to the Law on Income Tax (BD BiH Off. Gazette No.30/20); The Law on Changes to the Law on Promoting of the Economic Development in BD BiH (BD BiH Off. Gazette No.24/20); The Law on Abolition of the Law on Promoting of the Economic Development in BD BiH (BD BiH Off. Gazette No.29/20); The Law on Changes and Amendments to the Law on Public Enterprises (BD BiH Off. Gazette No. 5/20); The Law on Electronic Document of BD BiH (BD BiH Off. Gazette No. 11/20); The Law on Electronic Signature of BD BiH (BD BiH Off. Gazette No. 11/20).</p> <p>Economic Reform Program (ERP BiH 2020-2022); Economic Reform Programme of the BiH Federation for the period 2020-2022; Economic Reform Programme of the RS for the period 2020-2022.</p> <p>Previously adopted legal framework and sector strategies are available on www.donormapping.ba</p> |
| <p>Coordination among and with development partners</p> | <p>Trade and internal market: To some extent, MoFTER is leading the coordination of development partners, together with self-organizing meetings between development partners active in this sub-sector.</p> <p>CEFTA secretariat is organizing coordination of development partners for free trade.</p> <p>Private sector development: To some extent, MoFTER is leading the coordination of development partners.</p> <p>Self-organizing regular meetings are held between development partners active in this sub-sector, mainly in the context of programming, implementation or launching specific initiatives.</p> <p>In the area of micro, small and medium enterprises there is no formal coordination of development partners, and coordination is based on informal <i>ad-hoc</i> basis</p> <p>Local economic development: coordination meetings of development partners, which support local development projects organized by UNDP. Informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral meetings.</p> |

| | |
|--|--|
| | <p>Research, innovation and technological development: Informal <i>ad-hoc</i> coordination.</p> <p>Information and communication technology (ICT): Informal <i>ad-hoc</i> coordination.</p> <p>Tourism and heritage: MoFTER is leading the coordination of development partners, within the Work group for tourism, together with self-organizing meetings between development partners active in this sub-sector.</p> <p>Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.</p> <p>Due to the outbreak of the COVID-19 pandemic and accompanying epidemiological measures, DCF meetings were not held in 2020.</p> |
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Overview of activities in 2020

Competitiveness and innovation sector presented in this Report is based on the sector-based reporting methodology defined in the IPA II regulation, for period 2014 – 2020.

Competitiveness and innovation sector consists of six sub-sectors:

- Trade and internal market,
- Private sector development,
- Local economic development,
- Research, innovation and technological development,
- Information and communication technology (ICT) and
- Tourism and heritage.

In the course of 2020, Bosnia and Herzegovina has undertaken the activities to establish the functional market economy and strengthen the competitiveness of the small and medium enterprises at the regional and the global level. At the beginning of 2020, Bosnia and Herzegovina assumed the year-long chairmanship of CEFTA and defined the chairmanship priorities related to free movement of goods, removal of barriers for commodity trading, free trade in services, free flow of investment, conclusion of the Additional Protocol 7 on dispute resolution and institutional development of CEFTA bodies.

The Presidency of BiH, at its 15th session held on August 27th, 2020, ratified the Additional Protocol 6 to the CEFTA Agreement on Liberalization of Trade in Services (Official Gazette of BiH - International Agreements, No. 17/20), which will further strengthen the economic cooperation and trade between all signatories to the Agreement.

The outbreak of Covid-19 virus pandemic left significant consequences for the economy of Bosnia and Herzegovina as well as on other countries in the region, and led to a sharp decline in economic activity and a significant deterioration of situation at the labour market. At the beginning of the pandemic, CEFTA countries introduced green lanes for transport of the priority goods, which enabled an uninterrupted flow of goods in the common market.

In order to strengthen the competitiveness at the European level, in 2020 Bosnia and Herzegovina continued the process of harmonization of legislation with the *acquis*, and implemented the activities to improve the business environment. Also, during 2020, activities have continued towards fulfilling the requirements for the accession of Bosnia and Herzegovina to the World Trade Organization (WTO), which will significantly affect on further strengthening of BiH's competitiveness at the global level.

In May 2020, the fourth meeting was held of the Subcommittee on Trade, Industry, Customs and Taxation between Bosnia and Herzegovina and the European Union. The conclusion was drawn at this meeting that Bosnia and Herzegovina was one of the few countries that did not impose restrictions on foreign trade in the pandemic situation and it has undertaken all activities to facilitate foreign trade, which primarily includes the opening of green priority lanes for vital products and establishing the list of vital products in the Western Balkans region. In addition, it was required from Bosnia and Herzegovina to adopt the Law on Electronic Identification and Trust Services for Electronic Transactions (Law on e-Signature) as soon as possible.

In mid-February 2020, the fourth meeting was held of the Subcommittee on Innovation, Information Society and Social Policy between BiH and the European Union. It was pointed out at this meeting that

Bosnia and Herzegovina has made a breakthrough in the field of introduction of the electronic signature, considering that the procedure of registering of entities in the Register of Certifiers has begun.

Throughout 2020, the harmonization process has continued of the policies in the field of small and medium enterprises at all levels of government in BiH with the principles of the EU Small Business Act (SBA), which is an important prerequisite for the effective breakthrough towards the establishing of the competitive business environment in Bosnia and Herzegovina.

During 2020, the Strategic Guidelines for Harmonization of the Support for the Development of Small and Medium-Sized Enterprises and Entrepreneurship in BiH (2021-2027) were in the adoption procedure. This document defines the strategic goals in this domain, which includes renewal and strengthening of the small and medium enterprises position in the global value chains and further harmonization of the support for the development of the small and medium enterprises in Bosnia and Herzegovina. Furthermore, strategies for small and medium enterprises in the entities and the Brcko District are in the adoption procedure, which will together with the Strategic Guidelines at the BiH level, form the Strategic Framework for the Development of Small and Medium Enterprises and Entrepreneurship (2021-2027).

The activities of the development partners and authorities at all levels in Bosnia and Herzegovina in 2020 were mostly focused on supporting small and medium enterprises affected by the Covid-19 pandemic, primarily by improving the access to the long-term financing and increasing the resilience after the Covid-19 pandemic.

The Government of the Federation of BiH, at its 226th session held on June 18th, 2020, adopted the Program of Economic Stabilization and Recovery of the Federation of BiH 2020-2021, which includes the measures that need to be implemented in order to mitigate the effects of the Covid-19 pandemic on economic developments. The Program includes the adoption of several laws and by-law acts relevant to the functioning of the small and medium enterprises, primarily the Law on Crafts and Related Activities in the FBiH, the Law on Incentives to Small Business Development of the FBiH and the Law on Entrepreneurial Infrastructure of FBiH. Also, in the Federation of BiH, the Development Strategy of the Federation of BiH (2021-2027) was in the drafting procedure in 2020, whose adoption is expected in early 2021. The Strategy defines four basic goals - accelerated economic development, resource-efficient and sustainable development, prosperous and inclusive social development and a transparent, efficient and accountable public sector.

In the area of competition policy, Bosnia and Herzegovina needs to undertake the additional efforts to align its competition and state aid legislation framework with the European *acquis*, and in mid-2020 the BiH Council of Competition established a Working Group to draft the new Competition Law of BiH.

The field of science and innovation is of crucial importance for the development of each country, and in the upcoming period Bosnia and Herzegovina should make additional efforts to implement projects linking the science, innovation and the economy, particularly the technology parks and innovation centres, and provide the additional support for infrastructure development in the field of science.

In 2020, the activities continued defined by the Strategy for Development of Science of BiH (2017-2022). The Council of Ministers of BiH, at its 23rd session held on December 29th, 2020, passed the Decision on the appointment of the Science Council of BiH, which has the task to provide the

recommendations and opinions with the aim to develop the science and the technology in BiH, participates in drafting of laws and by-law acts in this area, and decides on BiH's participation in international bodies and projects in the field of science and technology.

In 2020, Bosnia and Herzegovina participated in the European Union Horizon 2020 program (Framework Program for Research and Innovation), which is the largest European Union program in this field and it aims to ensure the creation of the European science and technology at the global level, which will contribute to the overall economic growth.

In the course of 2020, activities were initiated on establishing the Scientific-Research Information System in BiH, with the aim to have systematic monitoring, recording and improvement of the situation in the science and technology in Bosnia and Herzegovina. This System will include scientific-research databases, records and statistical indicators in line with the world and the European standards.

In Brcko District of BiH, activities continued in 2020 on improvement of the business environment, with regard to the adoption of laws and by-law acts that will enable the establishing of a system for business registration in one place (One stop shop).

During 2020, activities were undertaken on implementation of the Strategy for Enforcement of the Intellectual Property Rights in Bosnia and Herzegovina (2018-2020). The Council of Ministers of BiH, at its 4th session held on February 6th, 2020, passed the Decision on establishing of the Interdepartmental Body for Cooperation in the Field of Acquisition and Enforcement of Intellectual Property Rights in BiH, which creates the preconditions for better cooperation of institutions from all levels of government in BiH responsible for the enforcement of intellectual property rights.

In 2020, the Institute of Metrology of BiH drafted the Law on Metrology of BiH, which will further harmonize the metrology area in Bosnia and Herzegovina with the EU legislation and best practices in this area. Adoption of this law is one of the preconditions for the integration of Bosnia and Herzegovina into the European Union and its single market, i.e. for meeting the requirements related to the free movement of goods under the Stabilization and Association Agreement with the European Union. In addition, compliance of the metrology system, as part of the quality infrastructure, with the metrology system in the EU and at the international level is a prerequisite for implementation of the international trade agreements that Bosnia and Herzegovina has signed or plans to sign in the future period with other countries or organizations (the Stabilization and Association Agreement, the World Trade Organization as well as other bilateral agreements).

During 2020, the Institute of Metrology of BiH implemented numerous technical cooperation projects with the goal to improve the capacities of the Institute's laboratories in various fields. In addition, activities have continued to expand the Calibration and Measurement Capacities (CMC) of the Institute of Metrology of BiH in the International Bureau of Weights and Measures (BIPM), and the Institute has so far published 73 calibration and measurement capacities in the field of mass, pressure, temperature, humidity, electrical quantities, time and frequency as well as chemistry and volume.

During 2020, activities were initiated on the development of the BiH Strategy for Quality Infrastructure, whose adoption is one of the commitments of Bosnia and Herzegovina from the European integration process. The Strategy will significantly improve the business environment, particularly in the areas of standardization, metrology, laboratory testing and certification, accreditation of technical requirements for products and market surveillance.

In the field of information and communication technologies, the Communications Regulatory Agency of BiH conducted the activities in 2020 towards further harmonization of legislation in Bosnia and Herzegovina with the current European regulatory framework and best practices, with special emphasis on market analysis procedures, establishing of separate accounting methodology and improving the capacity for checking the quality of the broadband internet access services.

In addition, during 2020, a large number of laws and by-law acts were in the drafting stage, primarily the Law on Electronic Communications and Electronic Media of Bosnia and Herzegovina, the Law on Public RTV Broadcasting System of BiH as well as the Broadband Access Strategy in BiH.

The processes of digital transformation in the previous period were significantly slowed down in Bosnia and Herzegovina, and the outbreak of the Covid-19 virus pandemic indicated the need for faster development of information and communication technologies in all segments of society.

Tourism is one of the most developed branches of the economy in Bosnia and Herzegovina and has great development potential. The tourism sector has suffered heavy losses due to the Covid-19 virus pandemic, and in the coming period it is necessary to make additional efforts to rehabilitate this sector and raise the standards and the quality of services in the tourism and hospitality industry in order to further improve the general conditions of the stay of tourists in Bosnia and Herzegovina.

During 2020, Bosnia and Herzegovina participated in several regional projects in the field of tourism, which aimed to promote the natural beauties, better management of natural resources and development of the tourist offer in all countries of the Western Balkans.

In order to strengthen the tourism sector competitiveness in the Federation of BiH, during 2020, the Law on Tourism of the FBiH, the Law on the Tourist Tax in the FBiH and the Law on Hospitality Industry in the FBiH were drafted. Also, the drafting was planned of the Strategy for Tourism Development of the Federation of BiH, whose adoption will define the future directions of tourism development in the Federation of BiH.

Investments of DCF members in 2020

DCF members active in the Competitiveness and innovation sector in 2020 are EBRD, The World Bank, EIB, EU, USA/USAID, Switzerland, Germany, Sweden, UN, Croatia, Japan and Czech Republic.

Total allocations of DCF members to the Sector in 2020 amounted to € 213.33 million, out of which € 29.54 million in the form of grants and € 183.78 million in the form of loans.

Total disbursements of DCF members to the Sector in 2020 amounted to € 117.59 million, out of which € 29.09 million in the form of grants and € 88.50 million in the form of loans.

Figure 6.1. compares grants allocated and disbursed grant funds per development partners, according to the amount of invested funds as well as allocated and disbursed loan funds.

Development partners who allocated i.e. disbursed largest grant funds to the Sector in 2020 were EU and USA/USAID.

Figure 6.1. Allocated and disbursed grant funds per development partners in 2020

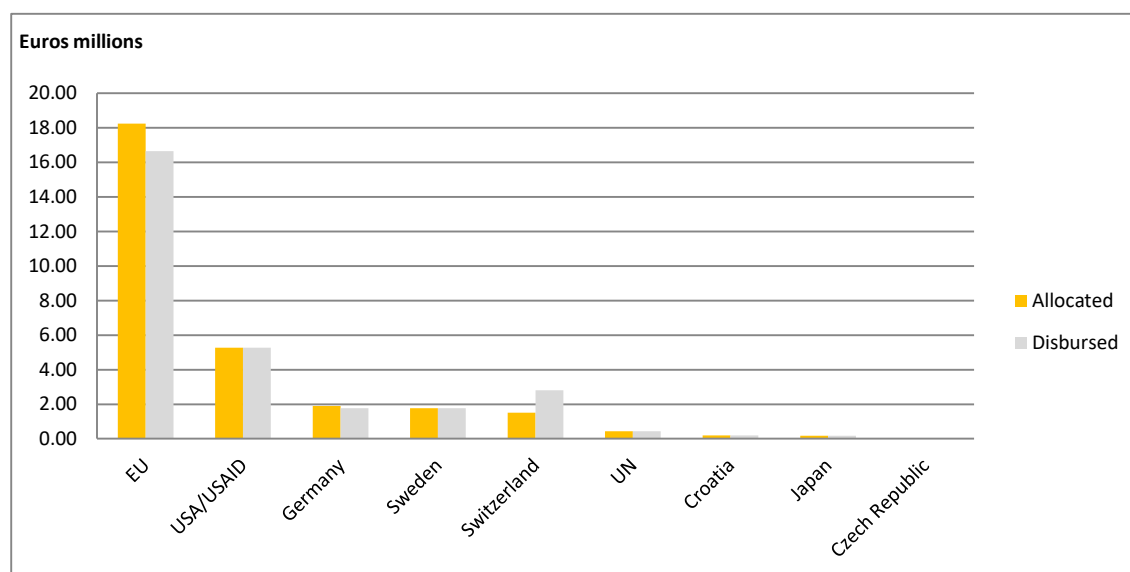
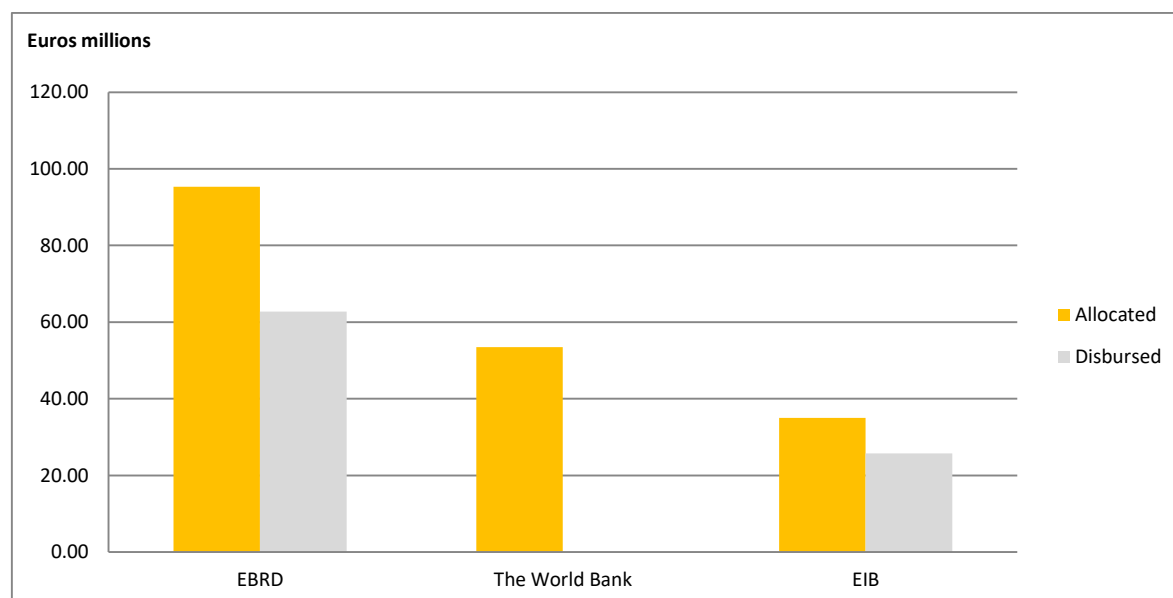


Figure 6.2. presents allocated and disbursed loans funds in 2020

Figure 6.2. Allocated and disbursed loans per creditors in 2020



Competitiveness and innovation sector consists of 6 sub-sectors. Figure 6.3. presents the structure of total allocated funds per sub-sectors. Out of total allocated funds in 2020, 94.1% was allocated to two sub-sectors: Private sector development (82.2%) and Trade and internal market (11.9%), while the remaining 5.9% funds were allocated in other sub-sectors. Sub-sectors that did not have funding are not presented in the chart.

Figure 6.3. Total allocated funds per sub-sectors in 2020

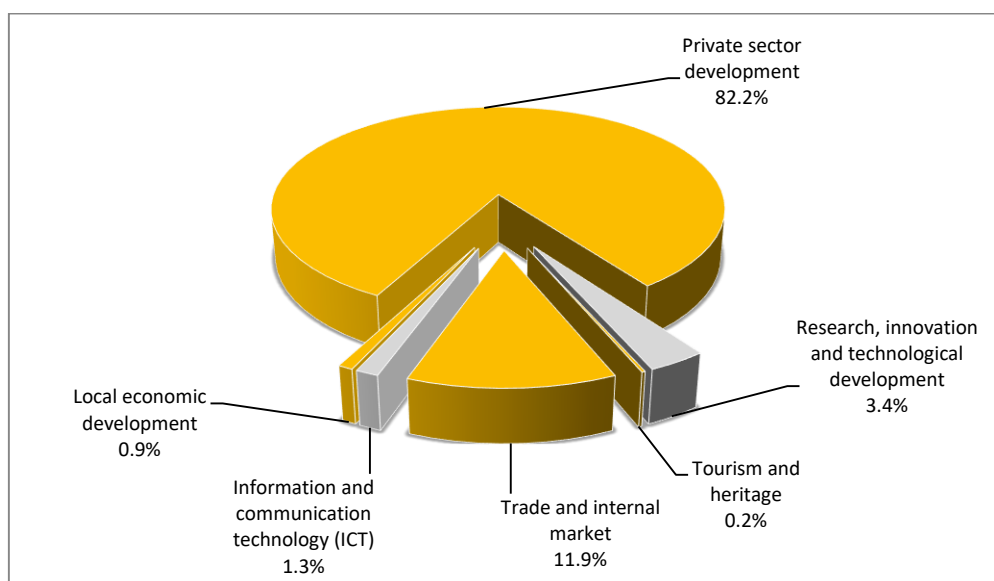
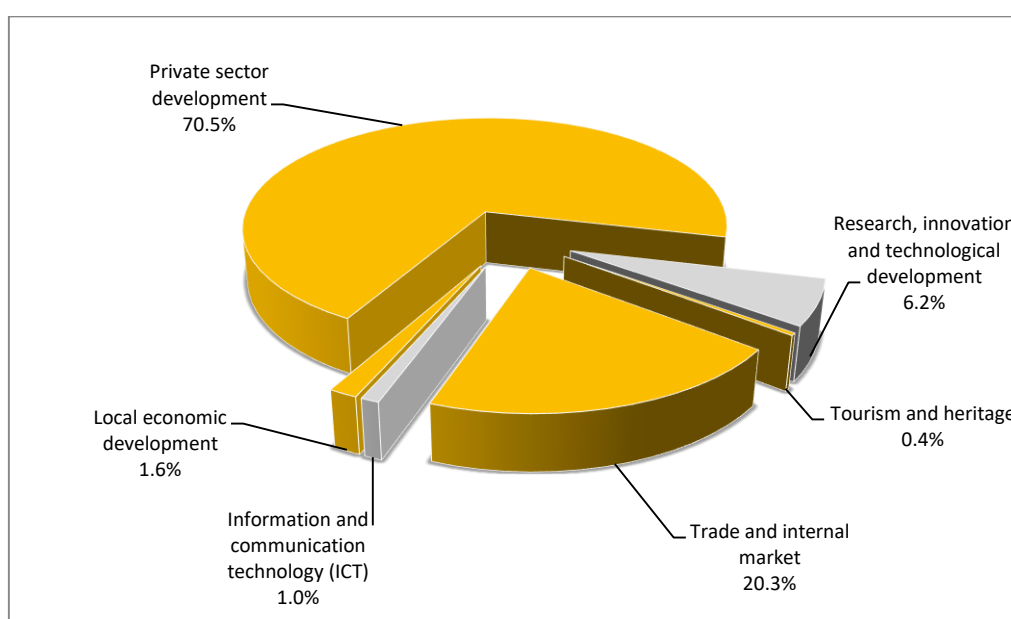


Figure 6.4. presents the structure of total disbursed funds in 2020 per sub-sectors. Out of total disbursed funds in 2020, 90.8% was disbursed to two sub-sectors: Private sector development (70.5%) and Trade and internal market (20.3%), while the remaining 9.2% of funds were allocated in other sub-sectors. Sub-sectors that did not have funding are not presented in the chart.

Figure 6.4. Total disbursed funds per sub-sectors in 2020



Ten major projects in the sector that allocated or disbursed funds in 2020, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (mil EUR) |
|--|---------------------|-------------------------------|
| RLBH loan for SMEs MIDCAPs & priority projects II | EIB | 195.00 |
| BiH Firm Recovery and Support Project | The World Bank | 53.45 |
| Local development strategies | EU | 15.00 |
| Intesa SanPaolo Bank BiH - Mortgage Line | EBRD | 15.00 |
| COVID-19 investment response – EU4Business recovery | EU | 13.00 |
| Mid Europa Fund V | EBRD | 12.00 |
| Programme for Local Self-Government and Economic Development (EU 4 Business, Innovation and Digitalization in SMEs in BiH) | Germany | 11.55 |
| Municipal Environmental and Economic Governance MEG project | Switzerland, UN | 10.52 |
| Hypo Group Alpe Adria AG | EBRD | 8.50 |
| (USAID/WHAM) Workforce and Higher Access to Markets Activity in Bosnia-Herzegovina | USA/USAID | 6.60 |

All projects are available in the Development Partners Coordination Forum Database, via the following link:

<http://dmd.donormapping.ba/dmd/faces/dmdPublicStart>

Future activities

In view of all the above, it is necessary to continue to make the additional efforts in the development of a functioning market economy, as a condition for strengthening the competitiveness of the economy of Bosnia and Herzegovina in the regional and the world contexts. Particular attention should be focused to the implementation of the structural reforms, in order to achieve better cooperation between the public, private sector and the civil society, as one of the key prerequisites for the economic growth and much-desired employment growth. Thereby, the focus should be on the integrated local economic development, particularly in the domain of export-oriented manufacturing sector, tourism and the agro-rural sector. Based on the responses of BiH Institutions from all levels of government and DCF members, which participated in the preparation of this Report as well as the recommendations of the European Commission, further efforts should be made in the following period:

- continue trade integration with the EU and CEFTA, while supporting alignment with the European safety and quality standards, as envisaged in the Regional Economic Area (REA) initiative;
- continue activities on concluding negotiations on accession of Bosnia and Herzegovina to the World Trade Organization (WTO);
- simplify and harmonize the registration of business entities in both entities and the Brcko District in order to reduce the administrative burden for entrepreneurs and centralize the registration of business entities and the issuance of permits via a one-stop shop system;

- adopt Strategic Guidelines for Harmonization of Support to the Development of Small and Medium Enterprises and Entrepreneurship in BiH 2021-2027;
- develop and adopt the Quality Infrastructure Strategy of Bosnia and Herzegovina and the Smart Specialization Strategy;
- adopt the Law on Electronic Communications and Electronic Media of BiH;
- adopt the Law on Electronic Identification and Trust Services for Electronic Transactions of BiH and carry out activities on implementation of e-signatures and e-administration at all levels of government in BiH;
- complete the digitalization process in Bosnia and Herzegovina;
- continue activities on the establishing of the Scientific-Research Information System in BiH and the integrated database;
- provide support for the implementation of international scientific projects stemming from the concluded international bilateral agreements on cooperation in the field of science;
- continue activities of coordination of project ideas programming, planning and preparation processes for IPA II and other available funds from the EU programs in the field of science and technology;
- make additional efforts to rehabilitate the tourism sector, and raise the quality standards of services in tourism and hospitality industry in order to improve the general conditions of stay of tourists in Bosnia and Herzegovina.

| | |
|---|---|
| DCF members active in the sector in 2020 | The World Bank, EU, Croatia, Switzerland, USA/USAID, UN, Germany, Sweden, Norway, Czech Republic, Japan, Italy/AICS, Hungary, France |
| Other key international organizations | Council of Europe; Office of the High Representative; International Labour Organization; World Health Organisation; West Balkans Investment Framework; <i>KulturKontakt</i> Austria, European Training Foundation; Organization for Security and Cooperation in Europe; European Centre for Disease Prevention and Control; British Council; Regional Cooperation Council, International Planned Parenthood Federation (IPPF). |
| Key government partners | CoM of BiH; Government of FBiH; Government of RS; Government of BD BiH; Ministry of Civil Affairs of BiH; Ministry of Human Rights and Refugees of BiH; Ministry of Foreign Affairs of BiH; Ministry of Foreign Trade and Economic Relations of BiH; Ministry of Defence of BiH; Labour and Employment Agency of BiH; Agency for Development of Higher Education and Quality Assurance of BiH; Agency for Pre-school, Primary and Secondary Education of BiH; Centre for Information and Recognition of Documents in the Area of Higher Education of BiH; Agency for Gender Equality of BiH; Directorate for European Integration; The Institution of Human Rights Ombudsmen of BiH; Mine Action Centre in BiH; Federal Ministry of Labour and Social Policies; Federal Ministry of Health; Federal Ministry of Development, Entrepreneurship and Craft, Ministry of Education and Science; Federal Ministry of Culture and Sports; Federal Employment Bureau; Gender Centre of FBiH and RS; Ministry of Education and Culture of RS; Ministry of Health and Social Welfare of RS; Ministry of Family, Youth and Sports of RS; Ministry of Labour, War Veterans and Disabled Persons' Protection of RS; Ministry of European Integration and International Cooperation of RS; Ministry for Scientific and Technological Development, Higher Education and Information Society of RS; Ministry of Economic Relations and Regional Cooperation of RS; Ministry of Science and Technology of RS; Employment Bureau of RS; Employment Bureau of BD BiH; Department for Education of BD BiH; Employers' Association of RS and FBiH; cantonal ministries of education, cantonal ministries of health. |
| Total allocation / disbursement to the sector in 2020 by DCF members | Total allocated € 49.74 million - out of which € 35.01 million in a form of grants and € 14.73 million in a form of loans. Total disbursed € 40.97 million - out of which € 26.24 million in a form of grants and € 14.73 million in a form of loans. Out of total ODA in 2020, 4% was allocated and 6% was disbursed in the sector. |
| Legal framework and sector strategies adopted in 2020 | The Law on Changes and Amendments to the Law on Preschool Upbringing and Education (RS Off. Gazette No. 63/20); The Law on Changes and Amendments to the Law on Elementary Upbringing and Education (RS Off. Gazette No. 63/20); The Law on Protection of Mental Health (RS Off. Gazette No. 67/20); The Law on Higher Education (RS Off. Gazette No. 67/20); The Law on Quality Assurance in Higher Education in the RS (RS Off. Gazette No. 67/20); The Law on Infertility Treatment with Biomedically Assisted Fertilization Procedures (RS Off. Gazette No. 68/20); The Law on Changes and Amendments to the Law on Secondary |

| | |
|--|---|
| | <p>Upbringing and Education (RS Off. Gazette No. 78/20); The Law on Changes and Amendments to the Law on Protection of the Population from Communicable Diseases (RS Off. Gazette No. 98/20); The Law on Changes and Amendments to the Law on Health Protection in BD BiH (BD BiH Off. Gazette No.16/20); The Law on Protection of Population from Communicable Diseases (BD BiH Off. Gazette No.41/20); The Law on Changes and Amendments to the Law on Higher Education in BD BiH (BD BiH Off. Gazette No.16/20); The Law on Amendments to the Law on Preschool Upbringing and Education in BD (BD BiH Off. Gazette No.24/20); The Law on Changes to the Law on Education in Primary and Secondary Schools of BD BiH (BD BiH Off. Gazette No. 24/20); The Law on Amendment to the Law on Child Protection of BD BiH (BD BiH Off. Gazette No. 29/20); The Law on Changes to the Law on Child Protection of BD BiH (BD BiH Off. Gazette No.41/20).</p> <p>Adult Education Strategy in RS 2021-2031</p> <p>Previously adopted legal framework and sector strategies are available on www.donormapping.ba</p> |
| <p>Coordination with and among development partners</p> | <p>Education: Coordination is implemented via meetings of the Conference of Ministers of Education (CoEM).</p> <p>When appropriate, Ministry of Civil Affairs of BiH organizes the Coordination forum meetings of MCA BiH and international organizations involved in the education reform in BiH.</p> <p>Vocational education training: Informal <i>ad-hoc</i> coordination, project-based, bilateral/multilateral meetings.</p> <p>Lifelong learning: Informal <i>ad-hoc</i> coordination, project-based, bilateral/multilateral meetings.</p> <p>Labour market and employment: European Union Delegation holds regular coordination meetings with the EU member states.</p> <p>Equal opportunities and gender equality: UN organized the International Gender Equality Working Group.</p> <p>Social dialogue: Informal <i>ad-hoc</i> coordination, project-based, bilateral/multilateral meetings.</p> <p>Social protection: Conference for the Health sector in BiH acts as a permanent advisory and coordinating body.</p> <p>EU Delegation holds regular coordination meetings with development partners involved in the sub-sector.</p> <p>Social inclusion and fight against poverty: EU Delegation holds regular coordination meetings with development partners involved in the sub-sector.</p> <p>Education, employment and social infrastructure: Informal <i>ad-hoc</i> coordination.</p> <p>Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.</p> <p>Due to the outbreak of the COVID-19 pandemic and accompanying epidemiological measures, DCF meetings were not held in 2020.</p> |

Overview of activities in 2020

Education, employment and social policies sector presented in this Report is based on the sector-based reporting methodology defined in the IPA II regulation, for period 2014 – 2020.

Education, employment and social policies sector consists of nine sub-sectors:

- Education,
- Vocational education and training (VET),
- Lifelong learning,
- Labour market and employment,
- Equal opportunities and gender equality,
- Social dialogue,
- Social protection,
- Social inclusion and fight against poverty and
- Education, employment and social infrastructure.

Education, employment and social policies sector in Bosnia and Herzegovina faced major challenges in 2020, primarily as a result of the outbreak of the Covid-19 virus pandemic. The Sector is significantly fragmented, with responsibilities shared between different levels of government in Bosnia and Herzegovina, which is why the additional efforts were needed to coordinate the activities in order to prevent the spreading of the Covid-19 virus as well as to minimize the negative consequences incurred in all segments of the society. Reform processes within the Sector, which need to be implemented in the upcoming period, should contribute to better correlation of educational programs with the changes and the needs of the labour market, reduce the unemployment and strengthen the social protection system.

In the course of 2020, the Agency for Pre-primary, Primary and Secondary Education of BiH continued its activities on drafting of the by-law acts in the field of preschool, primary and secondary education. Based on already developed Common Core Defined on the Learning Outcomes, the standards of student achievement were formulated for the third, sixth and the ninth grade of primary school and the end of the secondary education in mathematics, native tongue and natural sciences, covering all subjects relevant to the international research. Also, the Agency has developed the Guidelines for Inclusive Education and Standards for Learning and Development of pre-primary children, which are based on the learning outcomes from the Common Core of comprehensive development programs for preschool education. Within the improvement and support to the quality assurance processes of the secondary vocational education and training and the lifelong learning, in 2020 the Agency developed the qualification standards for the profession of the hotel-restaurant technician.

In December 2020, the results were published of the international survey TIMSS 2019 (*Trends in International Mathematics and Science Studies*), which monitors the trends in mathematics and natural sciences and provides data on student achievements in these areas and the elements that affect them. According to the results of the TIMSS 2019 survey, the fourth grade elementary school students from Bosnia and Herzegovina achieved the results in mathematics and natural sciences that are below the international average, which leads to the conclusion that there is a need to have the existing curricula revised and changeover to the learning outcomes.

During 2020, the USAID project "Enhancing and Advancing Basic Learning and Education in BiH - ENABLE" was implemented in Bosnia and Herzegovina, which aims to develop the educational

competencies of students in primary and secondary education in the fields of science, technology, engineering and mathematics. The project seeks to ensure that BiH students master the key competencies necessary to participate in a knowledge-based economy, and become holders of the economic development in the future.

In the domain of *recognition of foreign higher education qualifications* in Bosnia and Herzegovina, during 2020, activities have continued on the development of the laws and by-law acts, which will further improve the situation in this field. The Centre for Information and Recognition of Qualifications in the Field of Higher Education of BiH has prepared a Preliminary Action Plan in the field of mobility for the period 2021-2024, in order to improve the mobility of students, academic staff and programs in the field of higher education as well as the internationalization of higher education in Bosnia and Herzegovina. Moreover, the Centre for Information and Recognition of Qualifications in the Field of Higher Education of BiH has continuously provided the training for employees engaged on recognition work at higher education institutions.

The Council of Ministers of BiH, at its 15th session held on September 2nd, 2020, adopted the Roadmap for Implementation of the Lisbon Convention on Recognition of Qualifications concerning Higher Education (Official Gazette of BiH, No. 64/20). The goal of the Roadmap is to achieve the maximum uniformity in the procedures for recognition of the foreign higher education qualifications in Bosnia and Herzegovina in order to facilitate the access to the labour market. The Roadmap contains the proposals for concrete steps in achieving full harmonization of the BiH legislation with the Lisbon Convention.

In 2020, Bosnia and Herzegovina continued to participate in the regional project "Effective Partnership for Improved Recognition", which aims to create the partnerships and synergies for full implementation of the Lisbon Convention on the Recognition of Qualifications in Bosnia and Herzegovina, Croatia, North Macedonia, Serbia and Montenegro.

During 2020, Bosnia and Herzegovina continued to take part in the European Union *Erasmus +* program intended to support the education, training, youth and sport, primarily through participation in education networks, *Eurydice* and *EQF* and electronic platforms. In Bosnia and Herzegovina, a constant increase in the funds is recorded that applicants withdraw from this program, whereat most of the activities implemented in 2020 were conducted on-line due to the outbreak of the Covid-19 virus pandemic.

In the field of Vocational Education and Training (VET), during 2020 the activities were undertaken envisaged by the project "Preparation of Technical Documentation for Renovation/Modernization of Schools/Centers for Secondary Vocational Education (VET) and Preschool Institutions in Bosnia and Herzegovina and Preparation of Tender File for the Works “.

In the course of 2020, the document "Improving the Quality and Relevance of Vocational Education and Training in BiH based on the Riga Conclusions " (2021-2030) was finalized and submitted to the Council of Ministers of BiH for adoption. The Riga Conclusions emphasize the important role of Vocational Education and Training in the context of smart growth and jobs, and the adoption of this document will define the priorities and activities that Bosnia and Herzegovina needs to implement in order to create competitive and attractive Vocational Education and Training.

In the domain of the *lifelong learning*, activities were undertaken throughout 2020 on the adoption of the by-law acts and implementation of projects that should contribute to the development of entrepreneurial skills of individuals and their proactive actions, which should ultimately increase the competitiveness in the labour market.

The Council of Ministers of BiH, at its 18th session held on October 22nd, 2020, adopted the document "Priorities in Integration of Entrepreneurial Learning and Entrepreneurial Key Competencies in Education Systems in BiH 2021-2030" (Official Gazette of BiH, No. 79/20). Entrepreneurial learning and entrepreneurial competences are recognized in a number of EU policies as a key to supporting the employment, self-employment and small business development. Key competencies are defined as lifelong learning, and priorities follow all levels of formal education (primary, secondary and higher), including the adult education. The implementation of the measures from this document would enable the full integration of entrepreneurial learning and entrepreneurial competencies into the education systems of BiH, and it would achieve the harmonization of this field with the EU priorities and policies. The document provides an overview of relevant EU policies that pose as the basis for modernization of the curricula in Bosnia and Herzegovina, an overview of previous activities in this area as well as a list of priorities that need to be implemented.

In the field of employment, activities have continued in 2020 on the development of the Employment Strategy of Bosnia and Herzegovina, as well as the entity strategies and the strategic document for the field of employment of the Brcko District. Employment strategies at all levels of government in BiH will define the measures and the activities that should enable easier employment and better working conditions, while respecting the rights of workers.

The Council of Ministers of BiH, at its 18th session held on October 22nd, 2020, adopted the Plan on the Guidelines for Labour Market Policies and Active Employment Measures in BiH for 2020. The plan presents the labour market policy guidelines and active employment measures planned by the competent institutions in the field of employment, with the view to improve the quality and increase the competitiveness at the labour market supply in Bosnia and Herzegovina. The guidelines anticipate strengthening the role of employment bureaus and services in BiH, continuing implementation of the labour market reforms, increasing labour market efficiency, and focusing on active employment measures.

In the Federation of BiH, activities were undertaken in 2020 on the development and adoption of laws and by-law acts, whose implementation will contribute to establishing and maintaining the functional and efficient labor market system, adjusted with the European legislation and international documents. The Law on Changes and Amendments to the Labor Law of the Federation of BiH was drafted, which was adopted in July 2020 by the House of Representatives of the Parliament of the Federation of BiH.

Activities were undertaken in the course of 2020 within the project "Strengthening the Capacity of Labour Market Institutions through Improvement of the Labour Market Research Methodology" which aims to create a more efficient labour market in Bosnia and Herzegovina by improving the capacity of labour market institutions and modernizing service delivery, focusing on the individual, comprehensive access to job seekers and their more effective positioning at the labour market.

At the beginning of 2020, the implementation of the regional project "Platform for Employment and Social Affairs" started, jointly implemented by the Regional Cooperation Council (RCC) and the

International Labour Organization (ILO). The aim of this project is to develop the national roadmaps for formalization of the illicit employment, supporting social dialogue in the region, promoting collective bargaining and strengthening the institutional capacities of the ministries of labour and social protection in developing, monitoring and evaluating labour market policies and measures.

In the field of *social protection*, primarily the protection of persons with disabilities, children, families with children, the elderly and other vulnerable groups, Bosnia and Herzegovina is facing serious difficulties. Due to the Covid-19 pandemic, the position of vulnerable social categories has deteriorated further, so in the forthcoming period it will be necessary to make the additional efforts in protection programs for these categories of the population. In September 2020, the implementation of the IPA project "Analysis of the Needs of the Social Work Centres in BiH" began in Bosnia and Herzegovina, which aims to improve the efficiency of institutions in the social protection system at all levels of the government in BiH.

During 2020, activities were carried out on implementation of the project "Strengthening the Human Resources of Employees in the Social Protection System in Bosnia and Herzegovina", which provides that institutions from all levels of government in BiH should support the development of measures for planning, development and support of employees in the social protection system with the goal to strengthen the competencies needed for their engagement in social processes.

In Republika Srpska, activities were undertaken in 2020 on establishing of the Institute for Social Protection of Republika Srpska, aimed to monitor and study social phenomena and problems, prepare analysis and reports on the situation in the field of social protection and propose measures to improve the social protection system in Republika Srpska.

In the field of protection and inclusion of persons with disabilities, during 2020, the Law on Organizations and Representative Organizations of Persons with Disabilities of the Federation of BiH was prepared, which was adopted by the Government of the Federation of BiH and sent to the parliamentary procedure.

During 2020, the Ministry of Labour and Social Policy of the Federation of BiH organized training sessions for foster parents, in accordance with the Program of the basic and additional training for foster parents in the Federation of BiH. Also, the Ministry organized training sessions of professionals in accordance with the Program of specialized education of professionals in the centres for social work in the Federation of BiH for the work with children and families of returnees from foreign war zones.

In the domain of *health*, all levels of government in Bosnia and Herzegovina had intensified normative activities in 2020, and a large number of laws and by-law acts were adopted aimed to prevent the spreading of Covid-19 virus, as well as reducing the negative consequences incurred in all segments of society.

The activities of institutions and establishments in the Health sector at all levels of government in Bosnia and Herzegovina in 2020 were primarily focused on ensuring and strengthening the capacity for timely and effective response to the outbreak of the Covid-19 virus pandemic. Conference for the Health Sector in BiH held seven meetings in 2020, which is the highest advisory and coordinating body in the field of health in Bosnia and Herzegovina. At these meetings, current issues were discussed related to the outbreak of the Covid-19 virus pandemic, in order to coordinate as efficient as possible the activities and improve the quality of the health care of the population in Bosnia and Herzegovina.

Development partners in BiH as well as the international organizations, have focused most of their activities and projects on fixing the consequences caused by the pandemic, and this primarily refers to upgrading the capacity of institutions and establishments in the health sector in Bosnia and Herzegovina.

In order to curb the Covid-19 virus pandemic, the Council of Ministers of BiH held its 28th extraordinary session on September 16th, 2020, adopted the Information on the Accession of Bosnia and Herzegovina to the Instrument for Global Access to Vaccines for Covid-19 (COVAX), and approved the procurement of vaccines with the Global Alliance for Vaccine and Immunization (GAVI).

In the context of the Covid-19 virus pandemic, the BiH Ministry of Civil Affairs has intensified the cooperation with the World Health Organization and other international institutions regarding the planning, organization and implementation of activities aimed to ensure and strengthen the capacity for the effective response to the Covid-19 virus pandemic and prevention of its spreading. Also, intensive cooperation has been established with the European Commission and its bodies and agencies regarding the accession of Bosnia and Herzegovina to the Agreement on Joint Public Procurement of Health Countermeasures, as well as the inclusion of BiH in other mechanisms for procuring health countermeasures in response to the Covid-19 virus.

Representatives of the health sector in BiH in 2020 participated in the meetings of the Working Group for Response to the Covid-19 Pandemic of the Central European Initiative (CEI) and the World Health Organization, which aimed to provide the Central European Initiative member states an overview of the current situation, expected development and consequences of the Covid-19 virus pandemic, and provide the recommendations on best practices to overcome all pandemic challenges.

In the field of *gender equality*, progress was made in 2020, primarily through implementation of activities envisaged by the Gender Action Plan for the period 2018-2022 and the allocation of grant funds to non-governmental organizations that undertake activities to improve the position of women in all spheres of public and private life in Bosnia and Herzegovina.

During 2020, the implementation of the project "Strengthening the Capacity of Institutions to Address Gender-based Violence in Bosnia and Herzegovina" continued, which aims to establish the crisis centers for victims of violence, considering that the outbreak of the Covid-19 pandemic increased the number of requests for accommodation in safe houses. In December 2020, an observational study was conducted on the position of women in BiH during the Covid-19 pandemic, with the main goal to gain the overall insight into the impact of the pandemic on gender equality and life of health and social assistance beneficiaries, with special emphasis on multiple vulnerable categories. The recommendations generated by this study will serve as the basis for creating specific measures in the upcoming period as part of implementation of the Gender Action Plan and sectoral policies.

Investments of DCF members in 2020

DCF members active in the Education, employment and social policies sector in 2020 are The World Bank, EU, Croatia, Switzerland, USA/USAID, UN, Germany, Sweden, Norway, Czech Republic, Japan, Italy/AICS, Hungary and France.

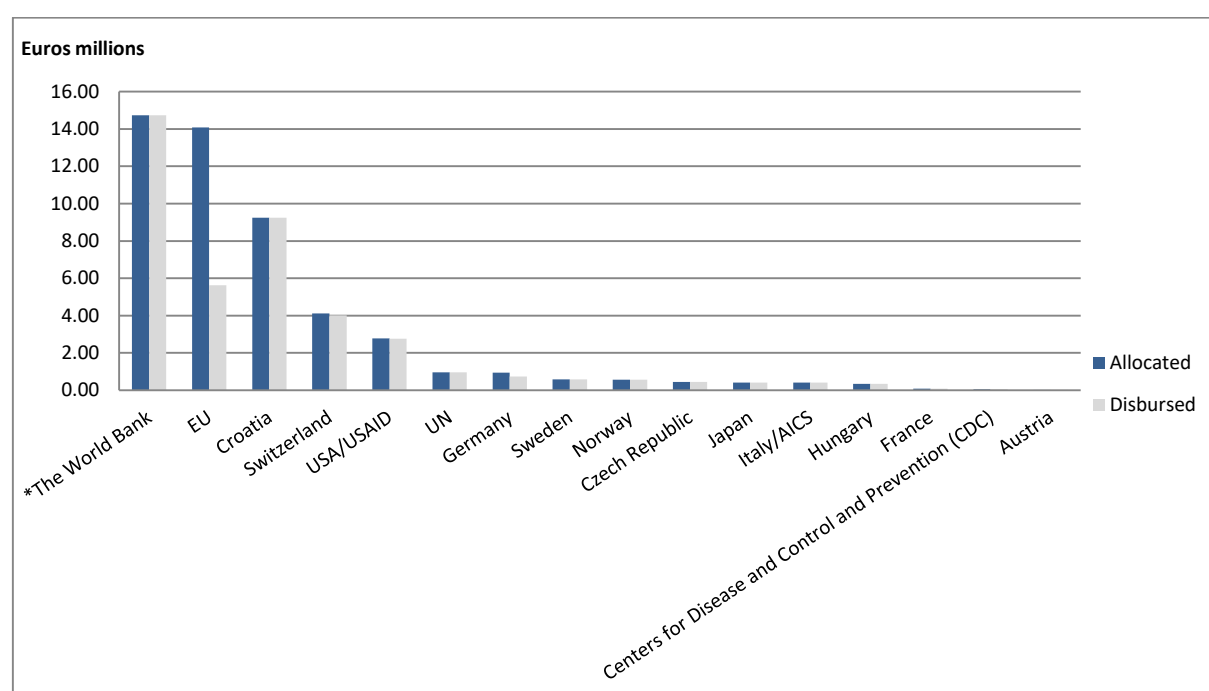
Total allocations of DCF members to the Sector in 2020, amounted to € 49.74 million, out of which € 35.01 million in a form of grants and € 14.73 million in a form of loans.

Total disbursements to the Sector in 2020 amounted to € 40.97 million, out of which € 26.24 million in the form of grants and € 14.73 million in the form of loans.

Figure 7.1. compares ODA grants allocated and disbursed funds, according to the amount of invested funds of each individual development partner, as well as allocated and disbursed loan funds from The World Bank.

Development partners who allocated i.e. disbursed largest amounts of ODA grant funds in 2020 were The World Bank, EU and Croatia.

Figure 7.1. Allocated and disbursed grants per development partners in 2020



*Note: The World Bank loan

Education, employment and social policies sector consists of 9 sub-sectors.

Figure 7.2. presents the structure of total allocated funds per sub-sectors. Out of total allocated funds in 2020, 84.2% was allocated in 3 sub-sectors: Labour market and employment (35.2%), Education, employment and social infrastructure (35.0%) and Social protection (14.0%), while the remaining 15.8% funds was allocated to all other sub-sectors. Sub-sectors that did not have funding are not presented in the chart.

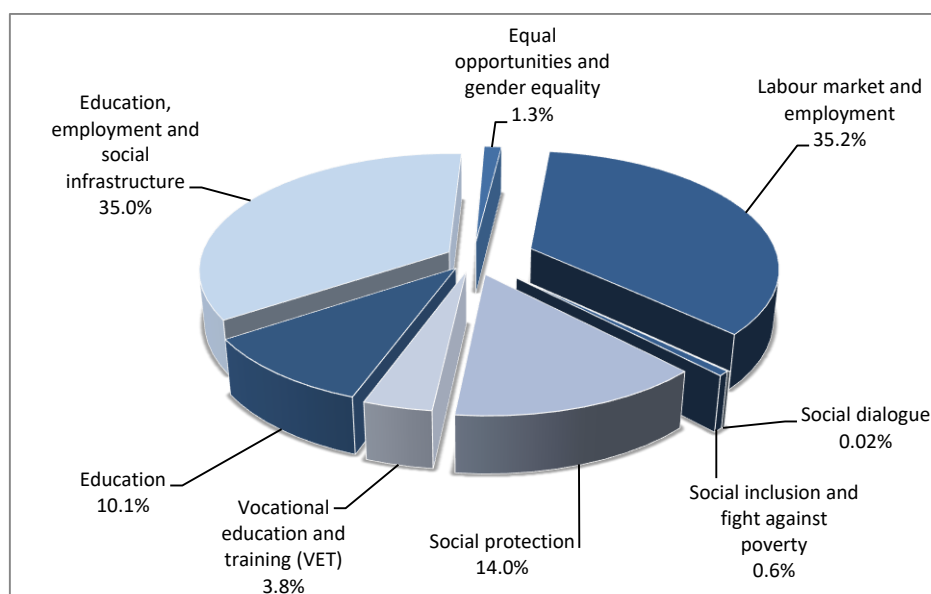
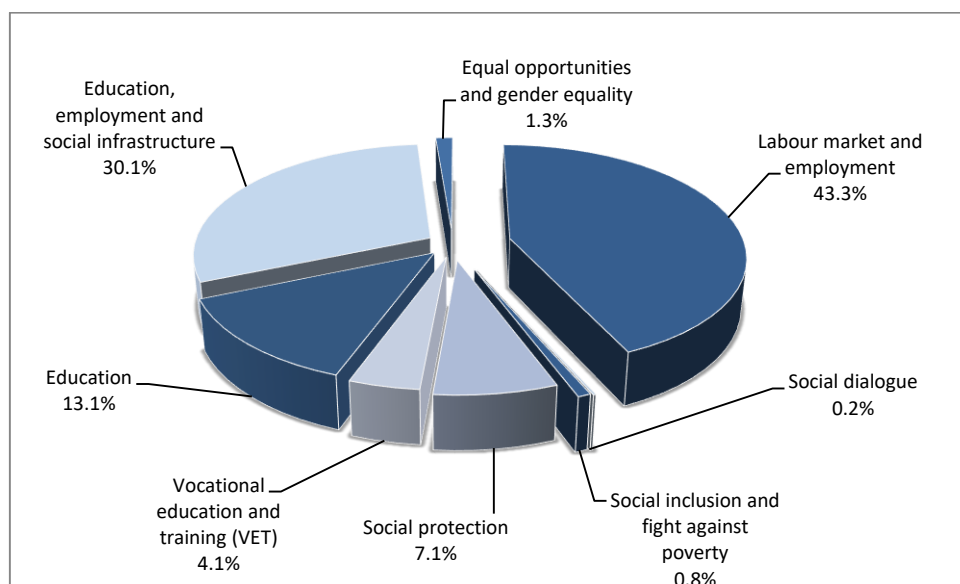
Figure 7.2. Total allocated funds per sub-sectors in 2020

Figure 7.3. presents the structure of total disbursed funds per sub-sectors in 2020.

Out of total disbursed funds in 2020, 86.5% was disbursed in 3 sub-sectors: Labour market and employment (43.3%), Education, employment and social infrastructure (30.1%) and Education (13.1%), while the remaining 13.5% funds was disbursed in all other sub-sectors.

Figure 7.3. Total disbursed funds per sub-sectors in 2020

Ten major projects in the sector that allocated or disbursed funds in 2020, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (mil EUR) |
|--|---------------------|-------------------------------|
| Bosnia and Herzegovina Employment Support Program | The World Bank | 50.00 |
| UNODC 'Strong Families' program implementation | USA/USAID | 14.00 |
| (OPA) Democracy and Human Rights Education Program | USA/USAID | 8.28 |
| Covid 19 Health Sector Support to BiH | Croatia | 5.31 |
| Market Makers | Switzerland | 5.29 |
| Youth Employment Project (YEP) | Switzerland | 5.26 |
| European Union Support to Covid-19 Recovery and Resilience of Agriculture and Rural Development in Bosnia and Herzegovina (EU4AGRI-Recovery) | EU | 5.00 |
| USAID's General Education Activity (TABLA) | USA/USAID | 4.60 |
| Youth for Change | Switzerland | 4.21 |
| Support to Local Employment Partnerships in BiH | EU | 4.00 |

All projects are available in the Development Partners Coordination Forum Database, via the following link::

<http://dmd.donormapping.ba/dmd/faces/dmdPublicStart>

Future activities

Socio-economic development cannot be achieved without comprehensive reforms in the Education, employment and social policies sector, thus it is necessary in the forthcoming period to continue activities on implementation of measures for further development of the Labour market, improvement of situation in the areas of Education, Employment, Social protection and Social inclusion in Bosnia and Herzegovina. Based on the responses of BiH Institutions from all levels of government and DCF members, which participated in the preparation of this Report as well as the recommendations of the European Commission, further efforts should be made in the following period:

- continue the activities envisaged by the Roadmap for the Implementation of the EU Directive on Regulated Professions, which includes the detection of professional qualifications belonging to regulated professions and identification of all institutions responsible for implementation of each individual profession;
- implement preparatory activities for participation in the IPA III program for the Education sector;
- develop strategic documents for the field of education and training in Bosnia and Herzegovina (all levels and types of education), and continue activities on the development of the information system in the field of education, i.e. the development of the framework for data collection for education in BiH;
- continue activities on implementation of the Qualifications Framework in BiH 2014-2020;
- draft the Guidelines for implementation of the Common Core of Comprehensive Development Programs for Preschool Education Defined on the Learning Outcomes;
- provide comprehensive training of the teaching staff that will be aimed at developing students' key competencies and a systematic approach to the implementation of the common core curricula;
- implement the activities envisaged by the Roadmap for Implementation of the Lisbon Convention on Recognition of Qualifications concerning Higher Education;

- ensure a functional system of (re) accreditation of higher education institutions and study programs in Bosnia and Herzegovina;
- make additional efforts in the internationalization of higher education in BiH, mobility of academic staff, students and study programs;
- evaluate the Strategic Platform for the Development of Adult Education in the Context of Lifelong Learning in BiH 2014-2020 and initiate the activities on the revision of this strategic document;
- develop and adopt the Employment Strategy of Bosnia and Herzegovina;
- provide greater support to employment and self-employment projects at all levels of government in Bosnia and Herzegovina;
- develop an efficient, sustainable and fair system of social protection and protection of families with children, which will guarantee the fundamental and equal rights for socially vulnerable categories in BiH;
- undertake activities to improve the work through education of professional and other staff in social protection institutions, as well as continuous education of foster parents.

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|---|--|
| DCF members active in the sector in 2020 | EU, Italy / AICS , Croatia, Czech Republic, UN, EBRD |
| Other key international organizations | International Fund for Agricultural Development; OPEC Fund for International Development/OFID; European Food Safety Authority; European Center for Disease Prevention and Control. |
| Key government partners | BiH CoM; FBiH Government; RS Government; BD BiH Government, Ministry of Foreign Trade and Economic Relations of BiH; Veterinary Office of BiH, Administration for Plant Health Protection of BiH; Food Safety Agency of BiH; Directorate for European Integration; Federal Ministry of Agriculture, Water Management and Forestry; Ministry of Agriculture, Forestry and Water Management of RS; Department for Agriculture, Forestry and Water Management of Brcko District. |
| Total allocation / disbursement to the sector in 2020 by DCF members | Total allocated € 9.21 million in a form of grant Total disbursed € 4.21 million – out of which € 4.18 million in a form of grant and € 0.03 million in a form of loan. Out of total ODA in 2020, 1% was allocated and disbursed in the sector. |
| Legal framework and sector strategies adopted in 2020 | The Law on Changes and Amendment to the Law on Incentives in Agricultural Production (BD BiH Off. Gazette No.21/20);The Law on Changes and Amendment to the Law on Incentives in Agricultural Production (BD BiH Off. Gazette No.30/20). Previously adopted legal framework and sector strategies are available on www.donormapping.ba |
| Coordination with and among development partners | Working Group of the Ministry of Foreign Trade and Economic Relations of BiH for planning and coordination of international aid in the Sector for agriculture, food and rural development is active in coordination of Development partners and institutions of BiH in this sector, through regular meetings and preparation of annual reports adopted by the CoM of BiH. Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid. Due to the outbreak of the COVID-19 pandemic and accompanying epidemiological measures, DCF meetings were not held in 2020. |

Agriculture and rural development

Overview of activities in 2020

Agriculture and rural development sector presented in this Report is based on the sector-based reporting methodology defined in the IPA II regulation, for period 2014 – 2020.

Agriculture and rural development sector consists of five sub-sectors:

- Rural development,
- Capacity for Common Agricultural Policy (CAP),
- Food safety, veterinary and phytosanitary,
- Fisheries and
- Forestry.

Bosnia and Herzegovina possesses natural resources and favourable climate for the development of the primary agricultural production, hence the agricultural sector is one of the holders of the overall economic development. During 2020, numerous activities were undertaken with the intention to improve the agricultural production, increase the competitiveness of agricultural producers and their better interconnection with the market. The outbreak of the Covid-19 virus pandemic indicated to the great importance of domestic production, and it is necessary to make the additional efforts in the coming period to strengthen the agricultural and the food industry in Bosnia and Herzegovina.

In the course of 2020, activities were undertaken on implementation of the Strategic Plan for Rural Development of Bosnia and Herzegovina for the period 2018-2021. At the beginning of 2020, Bosnia and Herzegovina started the implementation of the IPA project "EU Support in the Field of Agriculture and Rural Development, Food Safety, Veterinary and Phytosanitary Standards" - EU4Agri, in the total value of EUR 30 m. In addition, during 2020, activities were implemented from the program "Competitiveness and Innovation - Local Development Strategies - EU for Business (EU4Business)", which supports strengthening the private sector competitiveness, and one of the components of this program is intended for agri-food small and medium companies focused on innovation. Activities under this program were mostly focused at addressing the consequences caused by the Covid-19 virus pandemic. The implementation of activities funded by the European Union creates favourable conditions for strengthening the competitiveness of the agricultural sector, along with strengthening of the institutional capacities at all levels of government in Bosnia and Herzegovina.

International assistance to the Agriculture and rural development sector of Bosnia and Herzegovina is also provided via projects implemented through regional initiatives such as the Regional Rural Development Standing Working Group of Southeast Europe countries. Lending services for the development of agriculture in Bosnia and Herzegovina are provided by the international financial institutions such as the International Fund for Agricultural Development (IFAD) and the World Bank.

In June 2020, the fourth meeting of the Subcommittee on Agriculture and Fisheries was held between Bosnia and Herzegovina and the European Union. At this meeting, information were exchanged regarding the situation in the BiH agricultural sector and measures undertaken to address the consequences of the Covid-19 pandemic. It was concluded that progress has been

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made in drafting of the legislative framework for the protection of domestic geographical indications. In addition, working group was established in Bosnia and Herzegovina in 2020 to draft the new BiH Law on Wine, and the need was emphasized to establish the new system for the protection of the geographical origin of wine.

In the area of *rural development*, most of the activities in 2020 were focused on mitigating the consequences of the Covid-19 pandemic on the agricultural sector. At the entities level, numerous by-law acts have been adopted, which primarily regulate the payment of incentive funds to agricultural producers. Due to the danger of agricultural products shortage, due to the outbreak of the pandemic, incentives were paid for sowing of the spring and autumn crops, which was a lump-sum payment measure in order to ensure better supply of the market.

In addition, activities have continued to support the investment projects in the agricultural sector, through construction and equipping of buildings for primary agricultural production and processing of agricultural products, procurement of machinery, purchasing of livestock and certification of organic production.

At the end of 2020, Bosnia and Herzegovina completed the first phase of the approval process for the red meat export to the European Union market, which will provide an additional stimulus for the development of domestic agricultural capacities. Competent institutions from all levels of government in BiH should make additional efforts in the upcoming period to complete the approval procedure for the export of the red meat, hence it is necessary to implement the European Commission recommendations referring to the fulfilment of the requirements related to the public health of animals, registration of farms, identification of animals as well as the program for the control of infectious diseases and establishing of the laboratory network.

At all levels of government in Bosnia and Herzegovina activities have continued in 2020 to improve the Agricultural Information System. The information system, as a tool, has a significant role in accessing the financial resources of European Union assistance and funds intended for agricultural development, based on the compliance with the European Union Common Agricultural Policy (CAP).

In the field of *food safety*, Bosnia and Herzegovina has made significant progress in 2020, primarily through continuous harmonization of laws and regulations with the *acquis* and best European Union practices. Beside, Bosnia and Herzegovina has complied with the rules and requirements for the export of the poultry meat as well as the industrial eggs, while increasing the number of animal products compliant with the EU regulations, thus paving the way for the access to the single European market.

At the proposal of the Food Safety Agency of BiH, in 2020 the Council of Ministers of BiH adopted five regulations governing the field of food safety, which are fully harmonized with the EU *acquis* (Official Gazettes of BiH, No. 43/20, 47/20, 51/20, 84/20 and 6/21). This primarily refers to the Rulebook on Amendments to the Rulebook on Food Additives (Official Gazette of BiH, No. 6/21), which was adopted by the Council of Ministers at its 21st session held on December 3rd, 2020. The amendments to the Rulebook are intended to enable the uninterrupted functioning of the internal market, which will provide high level of protection

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for consumers and producers in BiH when using food additives. The amended Rulebook creates the conditions for continuous monitoring of the European Union regulations and regular updating of the Rulebook annexes related to the food additives allowed in human consumption.

With the aim to timely and effectively implement the new legislation in the field of food safety, the BiH Food Safety Agency used the offered capacities of various programs of the European Union and other international organizations, and in 2020, with the support of the TAIEX instrument, an expert mission was organized with the subject „Coordination of laboratories ". Also, during 2020, the BiH Food Safety Agency, in cooperation with competent institutions from all levels of government in BiH, prepared and implemented the Program for Monitoring of Pesticide Residues In and On Food of Plant and Animal Origin in BiH in 2020.

At the end of 2020, the BiH Food Safety Agency, together with other competent institutions in BiH, initiated the implementation of the project "EU Support to Capacity Building and Gradual Alignment of the Food Safety Sector with the *acquis*", which will focus on building of the institutional capacities, policy implementation and harmonization of legislation in the field of food safety as well as procurement of the equipment.

Due to the outbreak of the Covid-19 virus pandemic, the Food Safety Agency of BiH, with the support of international organizations in this field, prepared a document Guidelines for Companies in the Food Sector on the impact of Covid-19 virus on food processing and level of food safety for end consumers in the pandemic.

In Republika Srpska, several by-law acts in the field of food safety were adopted in 2020, primarily the Rulebook on Food Additives (Official Gazette of RS, No. 96/20), the Rulebook on Labelling of Organic Products (Official Gazette of RS, No. 93/20) as well as the Rulebook on Cereal Products (Official Gazette of RS, No. 25/20).

In the field of phytosanitary policy, during 2020, activities were carried out on implementation of the projects that will contribute to further harmonization of legislation with the European *acquis* and the best practices. The Council of Ministers of BiH, at its 6th session held on May 28th, 2020, adopted a proposal for participation of Bosnia and Herzegovina in the technical cooperation program "Support for the Enhancement of the National Plant Pest Surveillance System and the Phytosanitary Certification System", which is implemented in several European countries by the UN Food and Agriculture Organization (FAO).

During 2020, activities continued on implementation of the project "New Actions to Support the Phytosanitary Sector in Bosnia and Herzegovina for Harmonization with the EU Standards", which aims to consolidate the technical, specialist and organizational skills of BiH institutions responsible for phytosanitary analysis in the process of accreditation of laboratory methods with the ISO standards, and supply of laboratory equipment.

The Federal Ministry of Agriculture, Water Management and Forestry has initiated the process of drafting the Law on Phyto-Pharmaceuticals of the Federation of BiH, which will be fully harmonized with the EU Directive on Sustainable Use of Pesticides and the Regulation concerning the Placing of Plant Protection Products on the Market.

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In the field of veterinary medicine, during 2020, activities were undertaken on the adoption of the by-law acts aimed towards implementation of the veterinary public health and animal health measures, as well as creating an effective system of animal health and welfare control and production of safe products of animal origin.

In the Federation of BiH, during 2020, the Program was adopted for Determining the Manner of Conducting Veterinary and Health Examinations in Approved Facilities for Internal Trade in the Federation of BiH (Official Gazette of the FBiH, No. 5/20) and the Instruction on Implementing the Measures for Eradication and Prevention of Infectious and Parasitic Animal Diseases for 2020 (Official Gazette of FBiH, No. 40/20).

In the field of fisheries, activities were undertaken in 2020 on the drafting of the Strategic Document for the Development of Fisheries and Aquaculture of BiH, as well as entity programs for the development of fisheries and aquaculture, which is a significant step towards harmonization of legislation in this area with the *acquis*, considering that fish and fish products are one of the strategic products of animal origin that Bosnia and Herzegovina exports to the European Union.

In the field of forestry, in the Federation of BiH, the Law on Forests of the Federation of BiH and the Forestry Program are in the adoption process, while the House of Representatives of the Parliament of the Federation of BiH, at its 10th session held on January 29th, 2020, adopted the Draft Law on Reproductive Material of Forest and Ornamental Trees and Shrubs, which regulates the production, placing on the market and import of the reproductive material of forest and ornamental trees and shrubs, requirements to be met by suppliers of this material in the process of registration into the Register of Suppliers of Reproductive Material, establishing and the use of the seed material reserves as well as the exchange of data and information in this area.

Investments of DCF members in 2020

DCF members active in the Agriculture and rural development sector 2020 EU, Italy/AICS, Croatia, Czech Republic, UN and EBRD.

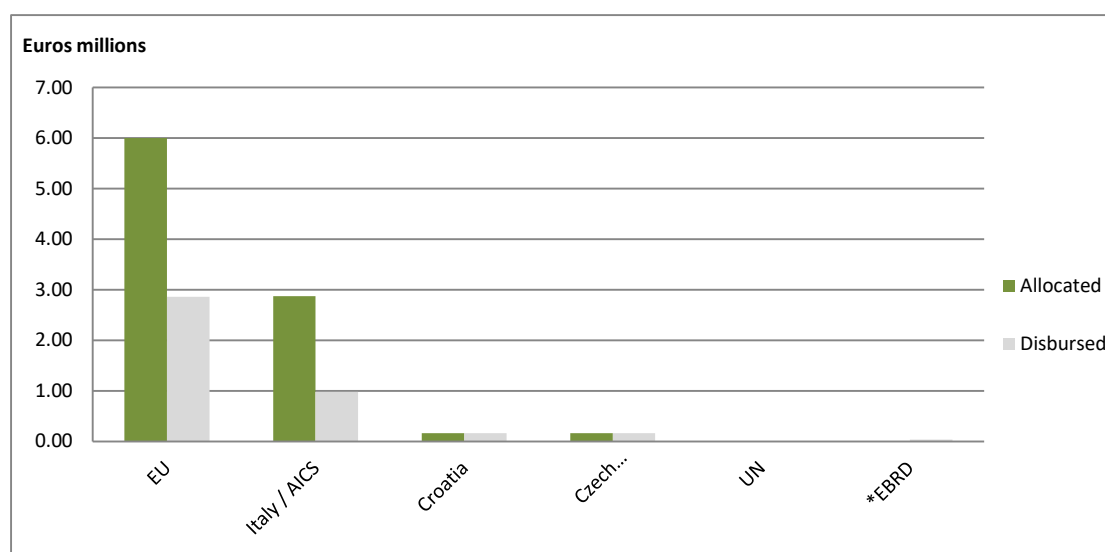
Total allocations of DCF members to the Sector in 2020 amounted to € 9.21 million in the form of grants.

Total disbursements of DCF members to the Sector in 2020 amounted to € 4.21 million, out of which € 4.18 million in the form of grants and € 0.03 million in the form of loan, from the creditor European Bank for Reconstruction and Development.

Figure 8.1. compares grants allocated and disbursed per development partners, according to the amount of invested funds as well as allocated and disbursed loan funds from European Bank for Reconstruction and Development. Development partners who allocated i.e. disbursed largest amounts were EU and Italy / AICS.

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Figure 8.1. Allocated and disbursed grant funds per development partners in 2020



*Note: EBRD Loan

Agriculture and rural development sector consists of 5 sub-sectors. Figure 8.2. presents the structure of total allocated funds per sub-sectors.

Total allocated funds in 2020, were allocated to 3 sub-sectors: Food safety, veterinary and phytosanitary policy (55.6%), Capacity for Common Agricultural Policy (43.1%) and Rural development (1.2%).

Figure 8.2. Total allocated funds per sub-sectors in 2020

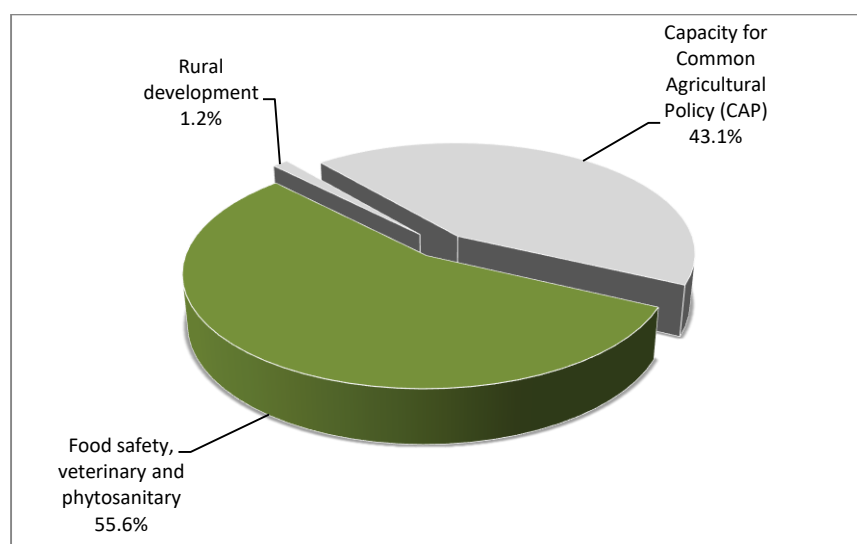
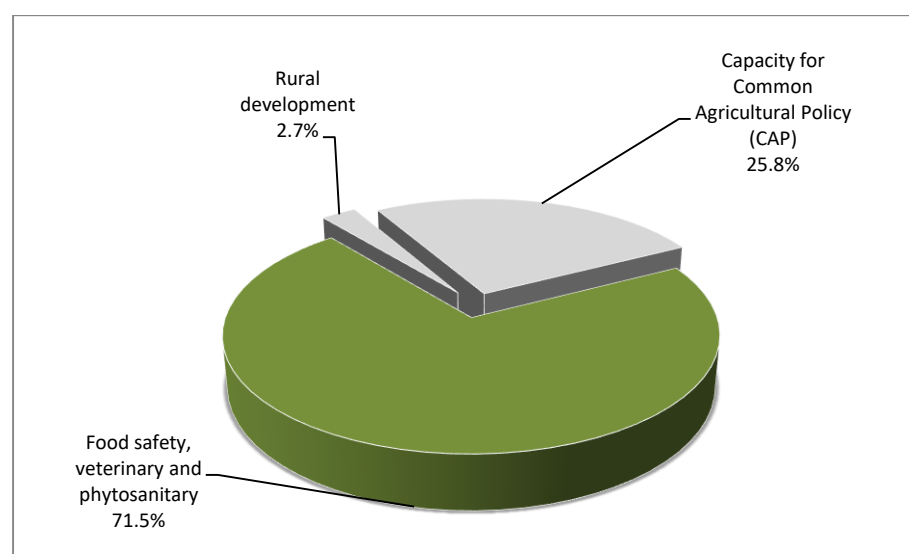


Figure 8.3. presents the structure of total disbursed funds in 2020 per sub-sectors.

Total disbursed funds in 2020, were disbursed to 3 sub-sectors: Food safety, veterinary and phytosanitary policy (71.5%), Capacity for Common Agricultural Policy (25.8%) and Rural development (2.7%).

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Figure 8.3. Total disbursed funds per sub-sectors in 2020



Ten major projects in the sector that allocated or disbursed funds in 2020, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (mil EUR) |
|--|---------------------|-------------------------------|
| EU support to capacity building and gradual <i>acquis</i> alignment in the veterinary sector of Bosnia and Herzegovina | EU | 3.00 |
| Economic sustainable development and environmental protection in Areas with Natural Constraints in Bosnia and Herzegovina | Italy/AICS | 2.40 |
| EU Support to supply and distribution of rabies vaccination baits for spring 2020, autumn 2020 and spring 2021 campaigns in Bosnia and Herzegovina | EU | 2.17 |
| EU support to capacity building and gradual EU <i>acquis</i> alignment in the Food safety sector in Bosnia and Herzegovina | EU | 1.50 |
| EU support to capacity building and gradual EU <i>acquis</i> alignment in the phytosanitary sector in Bosnia and Herzegovina | EU | 1.50 |
| New Actions to support the Phytosanitary Sector in Bosnia Herzegovina for the Adaptation to European Standards | Italy/AICS | 1.20 |
| Sustainable production of traditional Livno cheese | Czech Republic | 0.18 |
| Innovation Nest Fund II | EBRD | 0.10 |
| Support for the agriculture development | Croatia | 0.07 |
| Persons with disabilities - Leaders in beekeeping (self-employment of persons with disabilities) | EU | 0.04 |

All projects are available in the Development Partners Coordination Forum Database, via the following link:

<http://dmd.donormapping.ba/dmd/faces/dmdPublicStart>

Agriculture and rural development

Future activities

In the forthcoming period, activities should be continued on improving of the rural development and creating an efficient, sustainable and innovative agricultural and food sector in Bosnia and Herzegovina, which will be competitive at the International market, which will ensure employment and a better living standard for agricultural producers. Based on the responses gathered from BiH Institutions from all levels of government as well as members of DCF that participated in the preparation of this Report, as well as the recommendations of the European Commission, further efforts should be made in the following period:

- implement the Strategic Plan for Rural Development of BiH for the period 2018-2021 and initiate the activities on drafting of the new rural development plan after 2021;
- increase the competitiveness of agricultural producers and the food industry by supporting the investment in infrastructure for production and processing of agricultural products;
- continue reform activities that should include the consolidation of agricultural land, increasing the areas under irrigation regime, the introduction of the EU and international quality standards, and support for innovation in order to adapt to the requirements and market demands;
- strengthen advisory services in the agriculture and rural development sector;
- draft and adopt the Law on Agriculture of the Federation of BiH, the Law on Financial Support of the Federation of BiH and the Program for the Development of Cooperatives in the Federation of BiH;
- support the establishing of the food products registration system with trademark labels of origin, geographical origin and guaranteed traditional specialty;
- adopt the laws on organic production and wine in BiH;
- continue activities on harmonization of regulations on food safety in BiH with the European Union legislation;
- improve the capacities of competent institutions and entities in the food business for the implementation of the EU legislation and standards in the areas of food hygiene and official food inspections;
- continue to implement animal health protection measures, as well as measures that ensure the production of the safe food of animal origin and veterinary preservation of the environment;
- draft the Law on Veterinary Medicine of the Federation of BiH;
- draft and adopt the Strategic Document for the Development of Fisheries and Aquaculture of BiH, as well as the entity programs for the development of fisheries and aquaculture;
- adopt the Law on Forests of the Federation of BiH and the Forestry Program of the Federation of BiH.

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| DCF members active in the sector in 2020 | Italy / AICS, Hungary, EBRD |
| Other key international organizations | Regional Cooperation Council; Energy Community OF Southeast Europe; South East Europe Transport Observatory; Central European Free Trade Agreement. |
| Key government partners | CoM of BiH; Government of FBiH; Government of RS; Government of BD BiH; institutions, agencies, directorates at all levels of government in BiH, in line with their sectoral competencies |
| Total allocation / disbursement to the sector in 2020 by DCF members | <p>Total allocated € 0.70 million - in a form of grant</p> <p>Total disbursed € 0.50 million - € 0.45 million in a form of grant and € 0.04 million in a form of loan.</p> <p>Out of total ODA in 2020, 0.1% was allocated and 0.1 % was disbursed in the sector.</p> |
| Legal framework and sector strategies adopted in 2020 | / |
| Coordination with and among development partners | <p>Single mechanism for coordination of development partners does not exist.</p> <p>For regional investments, coordination of development partners takes place in the context of the Western Balkans Investment Framework (WBIF) and partly in the context of the National Investment Committee (NIC).</p> <p>Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.</p> <p>Due to the outbreak of the COVID-19 pandemic and accompanying epidemiological measures, DCF meetings were not held in 2020.</p> |

Overview of activities in 2020

Regional and territorial cooperation sector presented in this Report is based on the sector-based reporting methodology defined in the IPA II regulation, for period 2014 – 2020.

Regional and territorial cooperation sector consists of four sub-sectors:

- Horizontal support to sector policies and reforms,
- Regional structure and networks,
- Regional investment support and
- Territorial cooperation.

Strengthening of the regional cooperation and good neighborly relations in the Western Balkans countries is an important part of the EU accession process and also a significant factor in achieving the overall economic progress and improving the living standards in all countries of the region.

In the course of 2020, Bosnia and Herzegovina has continued to participate in regional initiatives which aim to strengthen the cooperation and support the accession process of the Western Balkans countries to the European Union, primarily the Central European Free Trade Agreement (CEFTA), the Energy Community, Transport Community, Regional Cooperation Council (RCC) and the South East European Cooperation Process (SEECP).

In January 2020, Bosnia and Herzegovina assumed the one-year chairmanship over the CEFTA Agreement and structures, whereby the basic priorities of the presidency are: free movement of goods, removal of barriers for commodity trading, free trade in services, free flow of investments and conclusion of the additional protocol on settlement of disputes and institutional development of CEFTA bodies. Successful implementation of the CEFTA Agreement will contribute to the creation of a free trade zone in the Southeast Europe and accelerate the European integration process of all countries in the region.

As part of the "Berlin Process", in May 2020, the Summit was held between the European Union and the Western Balkans countries in Zagreb, where support has been provided to the European perspective of the Western Balkans and further strengthening of the regional cooperation in order to facilitate the recovery after the Covid-19 pandemic crisis. Also, it was concluded at the Summit that the key role in increasing of the competitiveness and attractiveness of countries in the region is building of the common regional market, which should be inclusive, based on the European Union rules and built on the achievements of the Multi Annual Action Plan for Establishing of the Regional Economic Space.

Zagreb Declaration was adopted at the Summit, which foresees the EU support package worth € 3.3 billion to assist the Western Balkans in addressing the consequences of the Covid-19 pandemic crisis, which includes support for the health sector, support for subsequent socio-economic recovery as well as the package of € 750 million in macro-financial assistance and € 1.7 billion support from the European Investment Bank.

Also, as part of the "Berlin Process", another European Union - Western Balkans Summit was held in Sofia in November 2020, where Western Balkans leaders signed the Declaration on the Common Market of the Western Balkans countries and the Declaration on the Green Agenda for the Western Balkans. The signed declarations were supported through the Economic and Investment Plan for the Western Balkans adopted by the European Commission on October

6th, 2020, with the goal to mobilize up to € 9 billion of the European Union grants, in order to accelerate the socio-economic recovery of the region from the Covid-19 virus pandemic, and to accelerate its economic convergence with the European Union.

In October 2020, the third Digital Summit of the Western Balkans was held in Tirana, where two MoUs were signed - Memorandum of Understanding on Regional Interoperability and Trust Services in the Western Balkans and Memorandum of Understanding on the Roadmap for 5G Digital Transformation in the six Western Balkans countries.

Throughout 2020, the Directorate for European Integration of BiH participated in the work of the Regional Network of Institutions Responsible for European Integration, which is implemented within the GIZ project "Promoting of the EU Integration in the Western Balkans". The project has created a platform for regional learning and dialogue that reflects the needs of the ministries of foreign affairs, institutions responsible for the EU integration and IPA structures. The project also supports the countries of the region in implementation of the agreements reached within the Berlin Process, encourages the common approach towards the challenges arising from the transposition of the European Union law and provides the support when reporting the progress to the European Union.

During 2020, Bosnia and Herzegovina continued to participate in the cross-border cooperation projects, which had a positive impact on increasing of the competitiveness of border regions, increasing the employment and improving the infrastructure.

Under the territorial cooperation program, in 2020 Bosnia and Herzegovina participated in two bilateral cross-border cooperation programs with Serbia and Montenegro, the trilateral Interreg program with Croatia and Montenegro as well as in three transnational programs: Danube, Mediterranean (MED) and Adriatic -Ionian (ADRION).

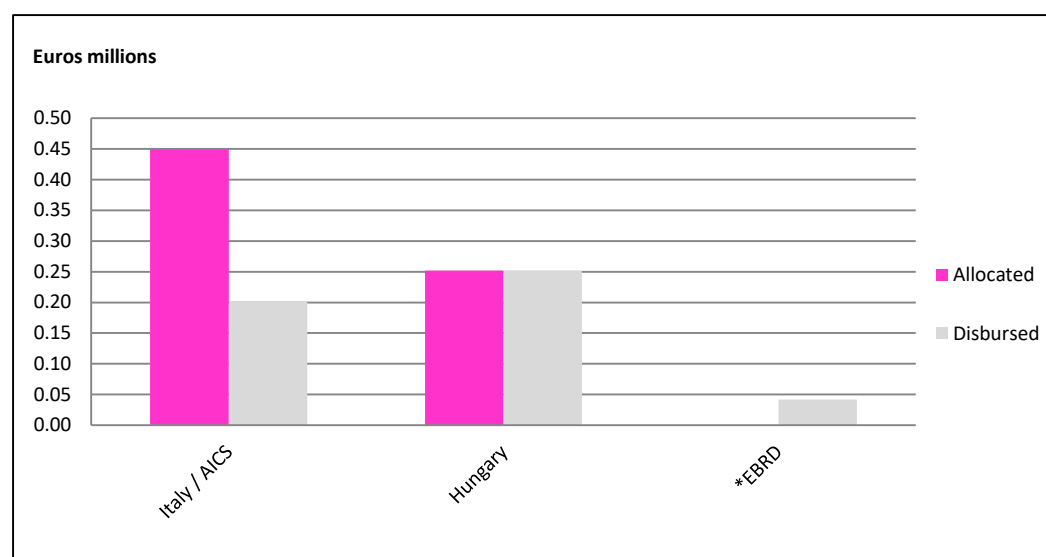
Investments of DCF members in 2020

DCF members active in the Regional and territorial cooperation sector in 2020 were Italy / AICS, Hungary and EBRD.

Total allocations of DCF members to the Sector in 2020 amounted to € 0.70 million, in the form of grants.

Total disbursements of DCF members to the Sector in 2020 amounted to € 0.50 million, out of which € 0.45 million in the form of grants and € 0.04 million in the form of loans.

Figure 9.1. compares ODA grants allocated and disbursed per development partners, according to the amount of invested funds of each individual development partner, as well as disbursed loan funds from the European Bank for Reconstruction and Development (EBRD).

Figure 9.1. Allocated and disbursed grant funds per development partners in 2020

*Note: EBRD loan

Regional and territorial cooperation sector consists of 4 sub-sectors.

Figure 9.2. presents the structure of total allocated funds per sub-sectors.

Out of total allocated funds in 2020, 64.1% was allocated to the sub-sector Horizontal support to sector policies and reforms, while 35.9% was allocated to the sub-sector Territorial cooperation. Sub-sectors that did not have funding are not presented in the chart.

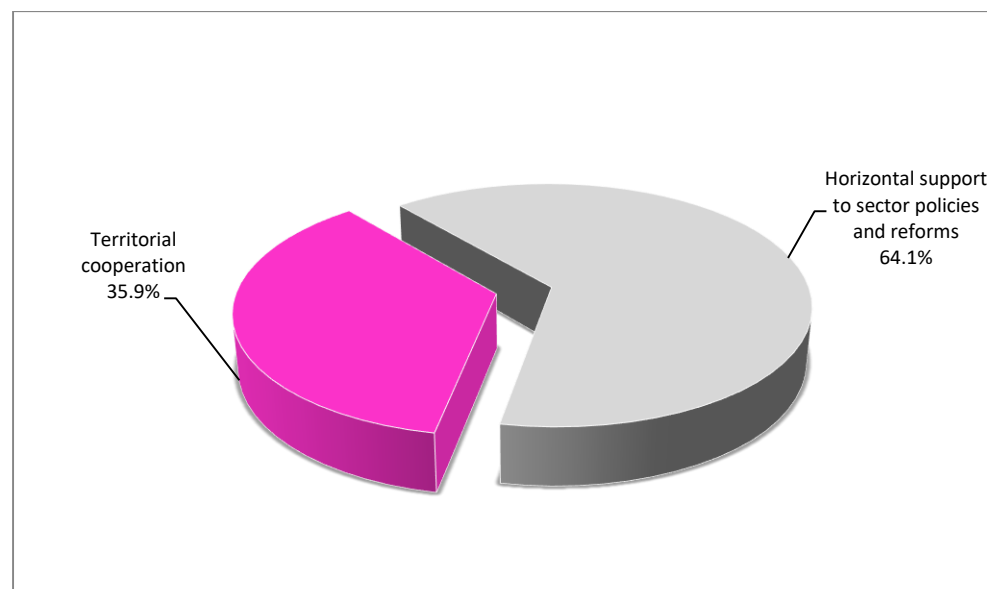
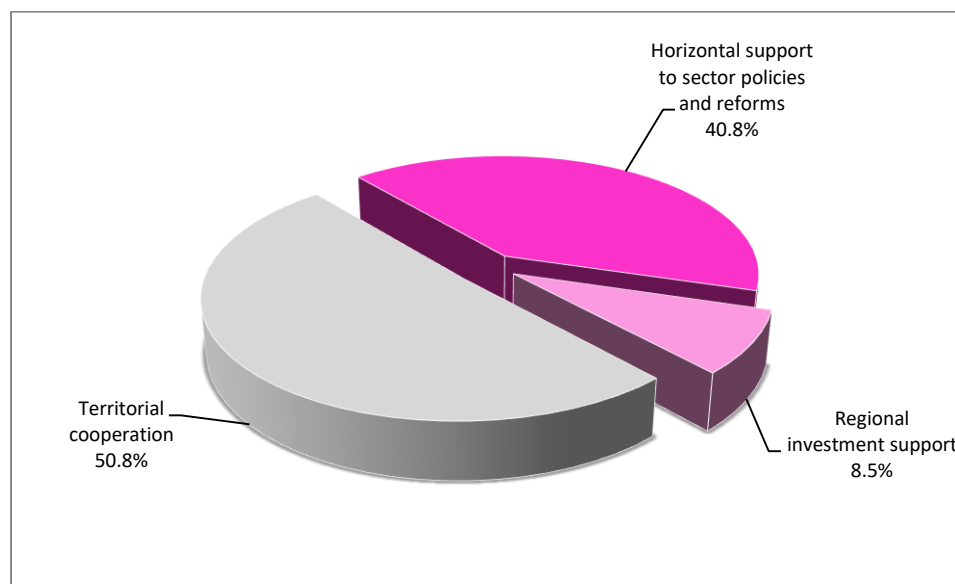
Figure 9.2. Total allocated funds per sub-sectors in 2020

Figure 9.3. presents the structure of total disbursed funds per sub-sectors in 2020.

Total disbursed funds in 2020 are disbursed in 3 sub-sectors: Territorial cooperation 50.8%, Horizontal support to sector policies and reforms 40.8% and Regional investment support 8.5%.

Figure 9.3. Total disbursed funds per sub-sectors in 2020



Future activities

Regional cooperation is the key condition for the European perspective of the Western Balkans countries and their further economic progress. In this context, it is necessary to:

- continue strengthening regional cooperation and good neighbourly relations;
- adopt the strategic framework in areas relevant for the EU regional policy and ensure the effective coordination of the cross-border and interregional cooperation programs, as a significant step in the preparation of the regional development strategies;
- continue to implement the activities defined in the Multiannual Action Plan for Establishing of the Western Balkans Regional Economic Area;
- continue activities to provide the support and coordinate the use of the assistance under the Western Balkans Investment Framework.

Cross-cutting sector

| | |
|--|--|
| DCF members active in the sector in 2020 | The World Bank, EBRD, EIB, Switzerland, Germany, EU, UN, USA/USAID, Italy /AICS, France, Slovenia, Czech Republic, Croatia |
| Total allocation/ disbursement to the sector in 2020 by DCF members | <p>Total allocated € 72.95 million – out of which € 10.21 million in a form of grants and € 62.74 million in a form of loans.</p> <p>Total disbursed € 62.27 million – out of which € 9.32 million in a form of grants and € 52.95 million in a form of loans.</p> <p>Out of total ODA in 2020, 7% was allocated and 9% was disbursed in the sector.</p> |
| Legal framework and sector strategies adopted in 2020 | Legal framework and sector strategies adopted in 2020 are presented for each individual sector within this Report. |
| Coordination with and among development partners | <p>Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.</p> <p>Due to the outbreak of the COVID-19 pandemic and accompanying epidemiological measures, DCF meetings were not held in 2020.</p> |

Investments of DCF members in 2020

Cross – cutting sector replaced the so called Temporary sector, defined for projects which DCF members were not able to classify within the sectors existing in the PIMIS/DMD database.

DCF members active in the Cross-cutting sector in 2020 are The World Bank, EBRD, EIB, Switzerland, Germany, EU, UN, USA/USAID, Italy /AICS, France, Slovenia, Czech Republic and Croatia.

Total allocations of DCF members to Sector in 2020 amounted to € 72.95 million, out of which € 10.21 million in the form of grants and € 62.74 million in the form of loans.

Total disbursements of DCF members to the Sector in 2020 amounted to € 62.27 million, out of which € 9.32 million in the form of grants and € 52.95 million in the form of loans.

Figure 10.1. compares allocated and disbursed grant funds, according to the amount of invested funds. Development partner who allocated i.e. disbursed largest amount is Switzerland, followed by Germany, EU and UN.

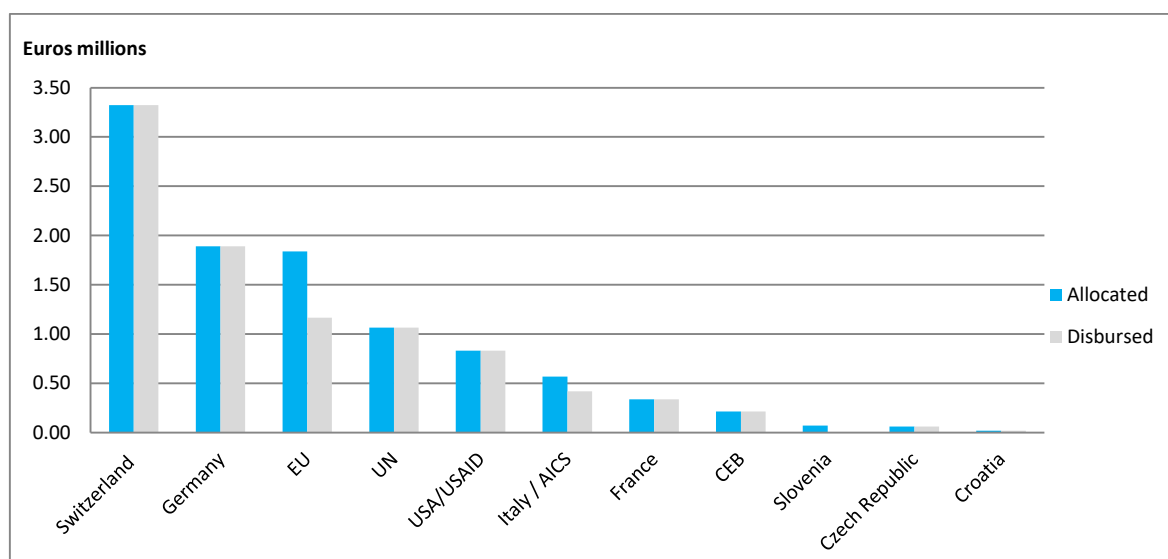
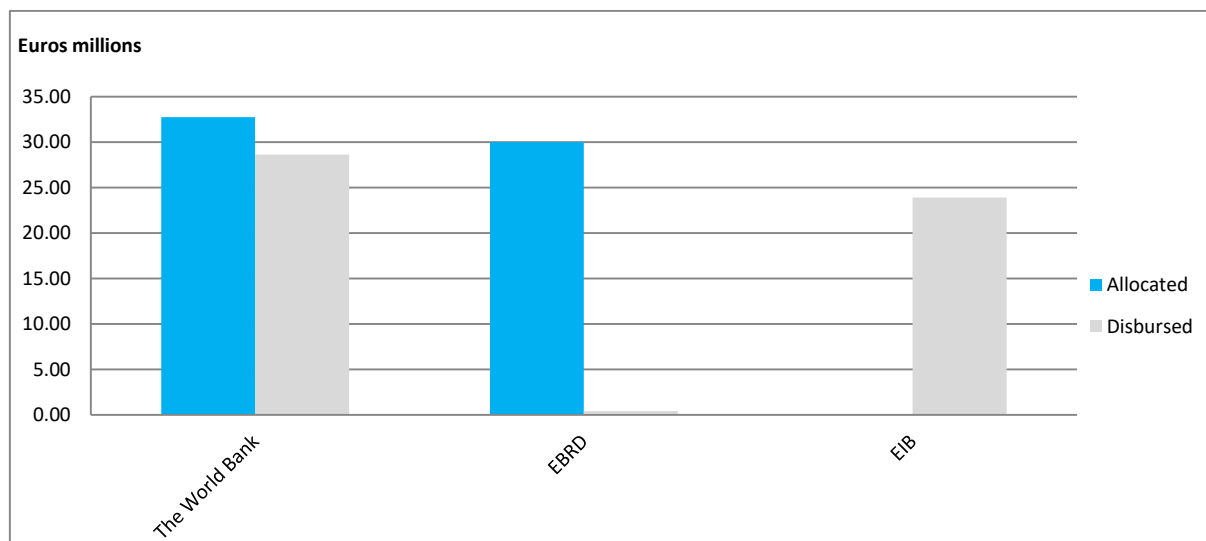
Figure 10.1. Allocated and disbursed grant funds per development partners in 2020

Figure 10.2. presents allocated and disbursed loans in 2020

Figure 10.2. Allocated and disbursed loans per creditors in 2020

Ten major projects in the sector that allocated or disbursed funds in 2020, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (mil EUR) |
|---|---------------------|-------------------------------|
| ISP BiH loan for SMEs and priority projects IV | EIB | 360.00 |
| Real Estate Registration Project | The World Bank | 46.25 |
| Bosnia and Herzegovina Emergency COVID-19 Project | The World Bank | 29.63 |
| Global Credit Cooperation | Switzerland | 7.60 |
| Flood Recovery Housing Intervention in RS | UN | 6.90 |
| Reducing Health Risk Factors in Bosnia and Herzegovina | Switzerland | 5.95 |
| Mental Health Project in BiH | Switzerland | 5.56 |
| Strengthening Nursing in BiH | Switzerland | 4.85 |
| Western Balkans SME platform: ENEF | EBRD | 4.20 |
| Support to more effective Mine Action and Strengthening of National Mine Action Capacities in BiH | Switzerland | 2.55 |

All projects are available in the Development Partners Coordination Forum Database, via the following link:
<http://dmd.donormapping.ba/dmd/faces/dmdPublicStart>

Croatia

Czech Republic

France

Germany

Hungary

Italy / Italian Agency for Development Cooperation (AICS)

Japan

The Embassy of the Kingdom of the Netherlands

The Royal Norwegian Ministry of Foreign Affairs

Slovenia

Sweden

Switzerland

United States of America/United States Agency for International Development (USA/USAID)

United Kingdom

European Bank for Reconstruction and Development (EBRD)

European Union (EU)

European Investment Bank (EIB)

United Nations (UN)

The World Bank

International Finance Corporation in Bosnia and Herzegovina (IFC)

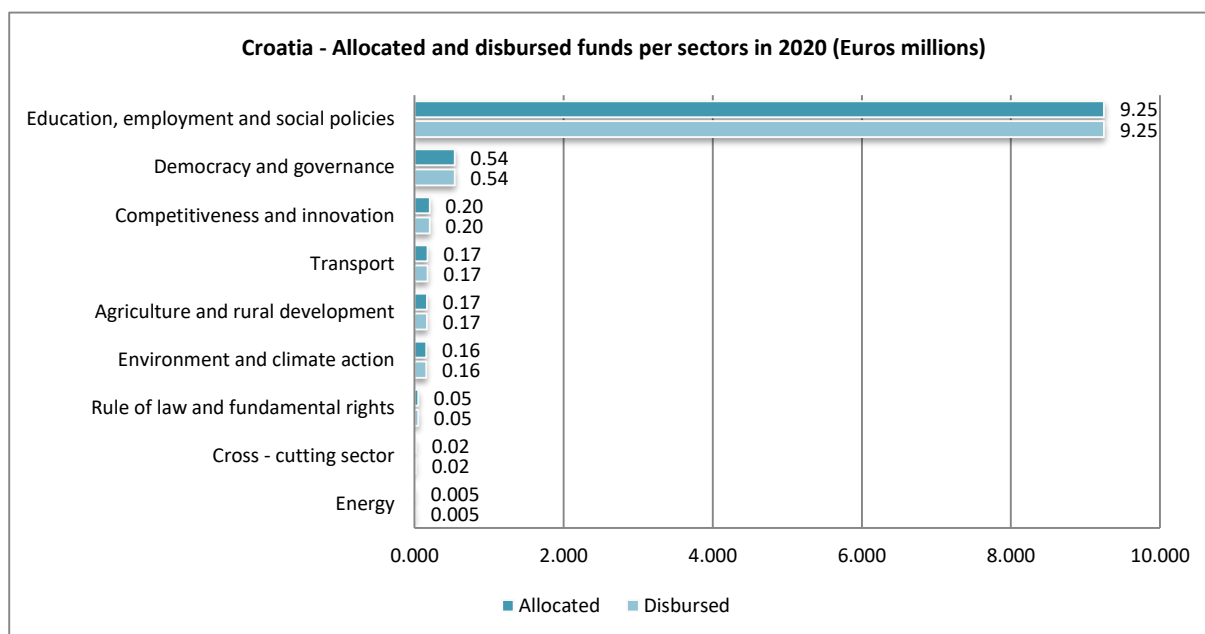
Croatia

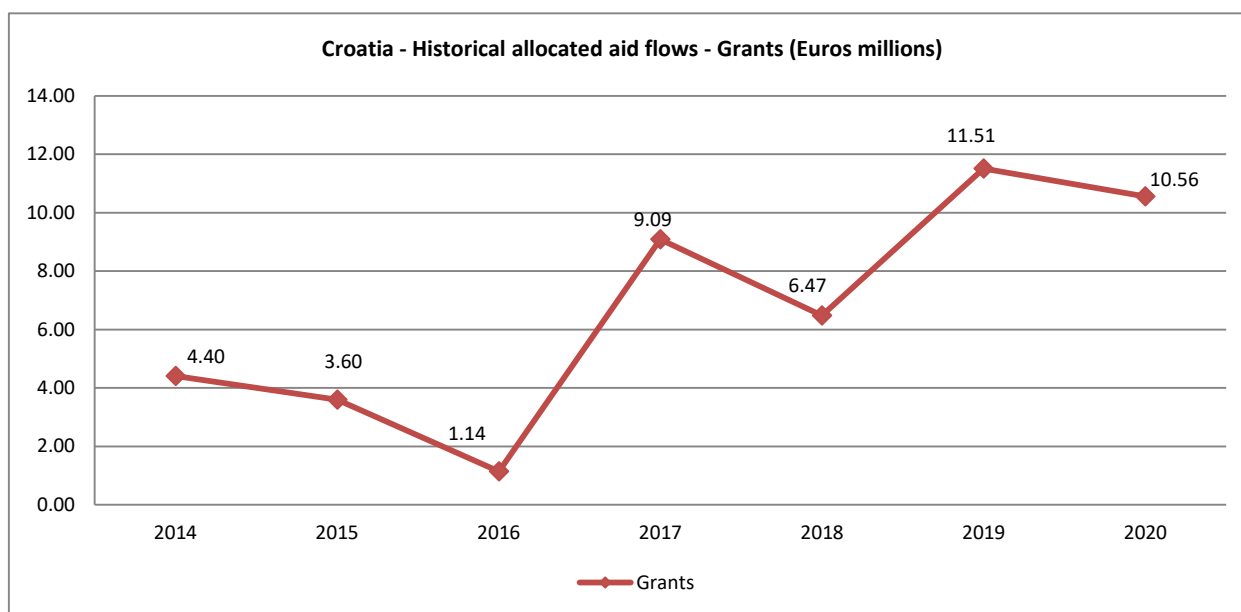
Policy approach

The National Strategy for Development Cooperation of the Republic of Croatia for the term 2017 - 2021 defines Bosnia and Herzegovina as a programme country within the priority area of South East Europe. Education, employment and social policies fall under the sectoral priorities of Croatia's development assistance. The Ministry of Foreign and European Affairs is the key institution engaged in development co-operation co-ordination and policy-making processes. The majority of development projects in BiH are implemented by the Central State Office for Croats Abroad, the Ministry of Health, the Ministry of the Interior and the Ministry of Croatian Veterans' Affairs within the scope of their competencies. Bosnia and Herzegovina has traditionally been the largest recipient of Croatian bilateral aid. Croatia will continue to streamline its development assistance to Bosnia and Herzegovina based on the National Strategy priorities.

Key activities in 2020

The Government of Croatia **allocated € 10.56 million and disbursed € 10.56 million in 2020 in the form of grant** to the following sectors: Education, employment and social policies, Democracy and governance, Competitiveness and innovation, Transport, Agriculture and rural development, Environment and climate action, Rule of law and fundamental rights, Cross - cutting sector and Energy.





Medium and long-term approach

Based on existing national strategic documents, Bosnia and Herzegovina is one of the main priority areas of Croatian development cooperation. Croatia intends to continue financing efforts for the education sector, employment and social policies, culture, infrastructure and post-conflict reconstruction. It will pay particular attention to strengthening health systems as they were severely affected by the coronavirus pandemic. Future development cooperation with Bosnia and Herzegovina will focus on projects contributing to the institution building and democratization, improving active citizenship and protection of human rights as well as establishing links with the business sector, in order to achieve better inclusiveness and sustainability of projects. Croatia will also continue with activities related to providing experience and expertise to development partners in BiH in the field of democratic transition and EU and NATO accession process through the Centre of Excellence of the Ministry of Foreign and European Affairs of the Republic of Croatia with the state and entity institutions of Bosnia and Herzegovina.

Development partners coordination efforts

N/A

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Czech Republic

Policy approach

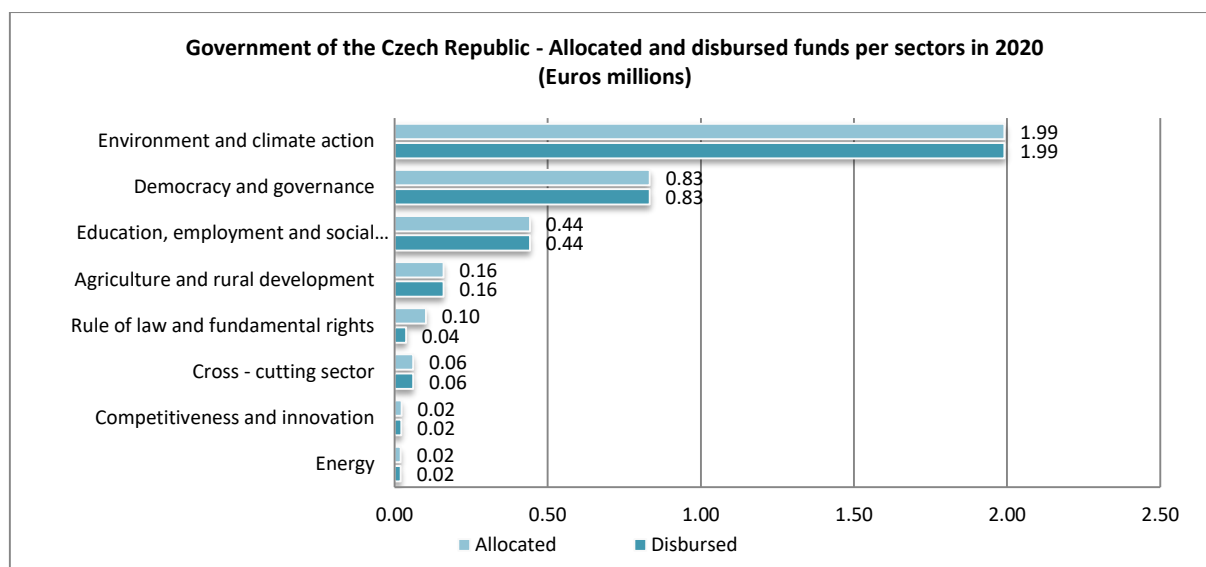
Bosnia and Herzegovina has been among the long-term priorities of the Czech Republic and as such, has been included within the Development Cooperation Strategy of the Czech Republic 2006 – 2010, 2011-2017 among programme priority countries for development cooperation. Current Development Cooperation Programme of the Czech Republic with Bosnia and Herzegovina (2018 – 2023) defines the following priority sectors:

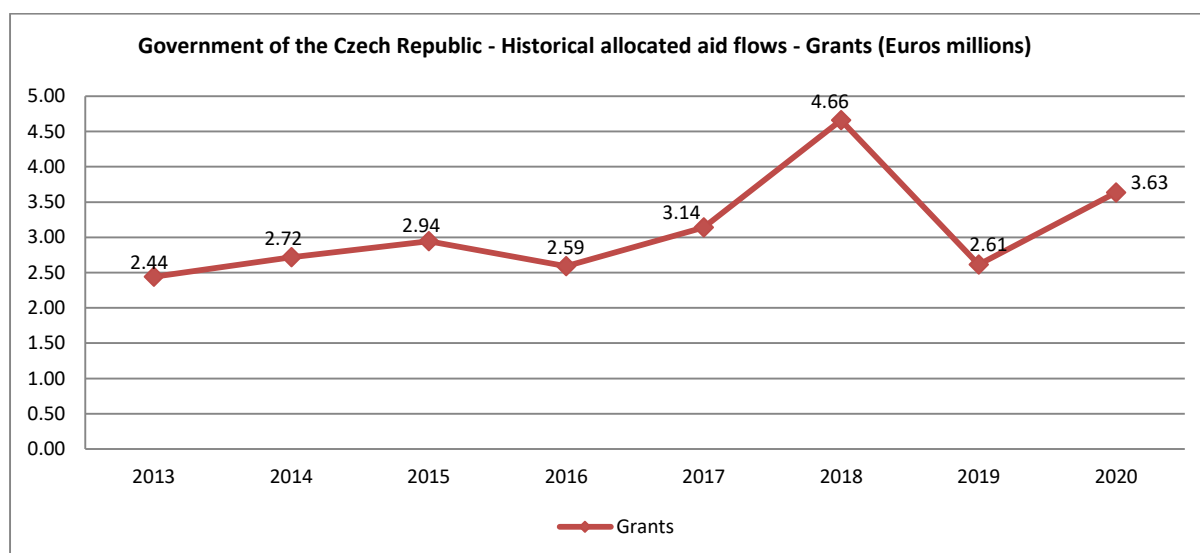
- I. Economic growth with focus on increasing the share of renewable energy generation in areas with optimum conditions
- II. Sustainable management of natural resources, with focus on improving the protection, use and development of water sources, water quality and access to quality drinking water, eliminating pollution and improving wastewater management including systematic measures
- III. Good democratic governance, with focus on building efficient, accountable and transparent institutions at all levels of public administration

Strong and transparent institutions have a key role to play in the process of transition to democratic and pluralist society. The added value of Czech development assistance in BiH lies mainly in the Czech Republic's own experience of transition and integration into Euro-Atlantic structures.

Key activities in 2020

The Government of the Czech Republic **allocated € 3.63 million and disbursed € 3.57 million in 2020 in the form of grant** to the following sectors: Environment and climate action, Democracy and governance, Education, employment and social policies, Agriculture and rural development, Rule of law and fundamental rights, Cross - cutting sector, Competitiveness and innovation and Energy.





Medium and long-term approach

Czech development cooperation with Bosnia and Herzegovina takes place in the following forms:

Major development cooperation projects managed by the Czech Development Agency - These are usually 2-3 year-long projects, whose implementing bodies are selected by the Czech Development Agency. The cooperation should primarily take advantage of the Czech Republic's experience with the process of post-communist socio-economic transition and European Integration, thus bringing additional value added.

Small scale local projects, which allow small and targeted development activities - unlike major projects, small local projects are implemented by local organizations selected by the Embassy of the Czech Republic in Sarajevo and their implementation must take place within the year for which they were approved.

Transformation cooperation, aimed at support to democracy and human rights, using the Czech Republic's recent experience with social transition and democratization of the country. Applicants for this Program must be Czech organizations, which, in the course of the implementation of the project, have to cooperate with their B-H counterparts.

Local transition project, which allow small and targeted development activities in the field of transformation and human rights.

The Jiri Dienstbier Journalism Fellowship is a joint program of the Ministry of Foreign Affairs of the Czech Republic and RFE/RL, funded by the Ministry. Launched in 2014, it is inspired by Jiri Dienstbier Sr.'s contributions to the fields of journalism, foreign policy and human rights, and intended to further RFE/RL's legacy of promoting more just and open societies through journalism.

Scholarship programme, offers several scholarship programs for B-H students who intend to study at Czech public universities (in Czech or English languages). Programmes in Czech language cover the majority of fields of study and all three stages of university studies.

Other instruments: Temporary Expert Assignment; program B2B (Programme for the Private Sector); Placement of Czech Teachers for Development Countries; Trilateral Development cooperation,

Program on Security Cooperation of the Ministry of the Interior, Aid For Trade of Czech Ministry of Industry and Trade, Humanitarian aid, Support of the Czech Rep. in the field of demining through ITF, UNDP TF/Czech-UNDP Partnership for SDGs (CUP).

Development partners coordination efforts

Apart from the DCF chaired by the BiH Ministry of Finance and Treasury, the Czech Republic takes part in the informal development partners' coordination meeting organized by UN, and EU coordination meetings organized by Delegation of the EU in Sarajevo. Sectoral development partners coordination meetings in the field of agriculture (organized by the BiH Ministry of Foreign Trade and Economic Relations), biomass (organized by UNDP), health development partners coordination organized by Swiss embassy, UNDP coordination on local governance, Energy development partners coordination meeting organized by USAID.

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France

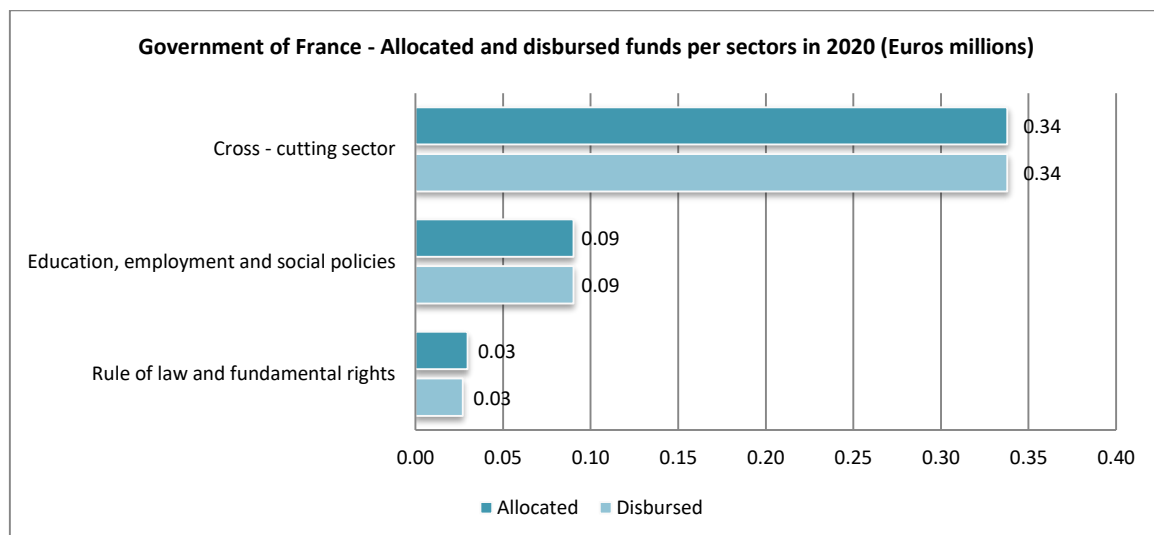
Policy approach

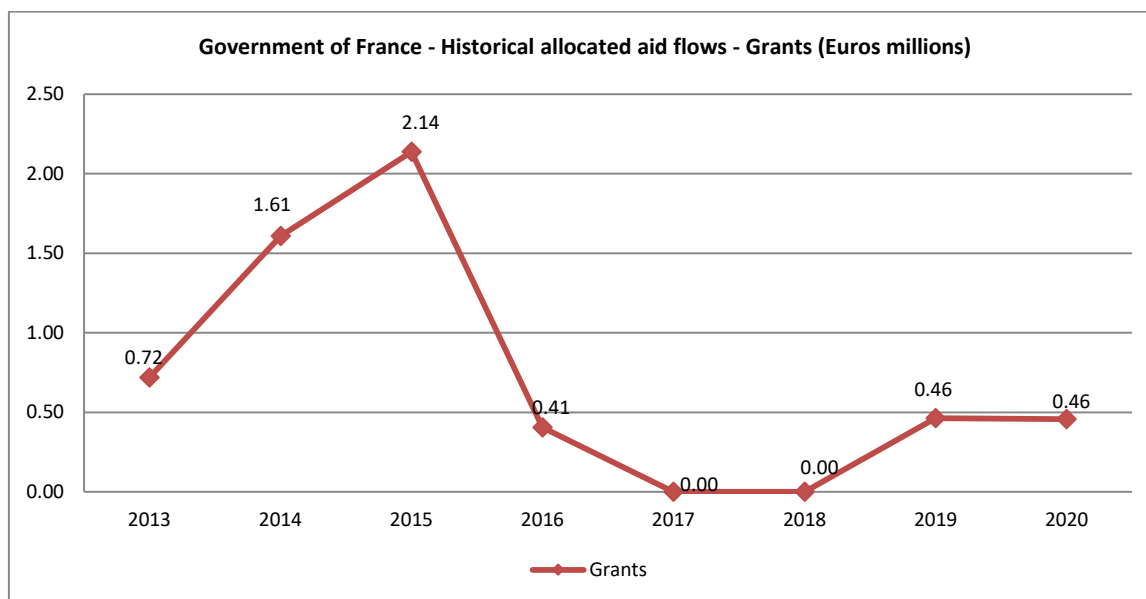
The French Embassy in Bosnia and Herzegovina is implementing different programs, following priorities designed by the French Ministry of Foreign Affairs in order to support the country in its efforts towards European integration. The work is carried out according to four main links, with an integrated approach: Interior security, technical cooperation including governance and high education and scientific cooperation, culture and civil society including Francophonie, *reprise de l'acquis*.

Some of these activities are financed with a large support of the European Union (including TAIEX), some others are financed directly by French government and French local collectivities.

Key activities in 2020

The Government of France **allocated € 0.46 million and disbursed € 0.46 million in 2020 in the form of grant** to the following sectors: Cross - cutting sector, Education, employment and social policies and Rule of law and fundamental rights.





Medium and long-term approach

The Government of France wants to develop more cooperation with the Western Balkan countries in the medium-term and also in the long-term, particularly in relation to the EU integration.

In the coming years, France will continue to support the projects in the area of civil society in Bosnia and Herzegovina on different topics such as human rights, youth projects, gender question, local development, ecology as well as it will also support the state changes and reforms on state of law question, administration reform and training, justice, economic development, etc.

Development partners coordination efforts

The Government of France is taking part in all development partner coordination groups, if connected with any project when implicated with direct support or through contribution like EU activities.

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Germany

Policy approach

Germany is committed to assist BiH on its path towards the EU, to overcome its various obstacles and to support taking the steps spelled out in BiH Reform Agenda. Building on decades of economic co-operation, this particularly requires an overall focus on fostering private investment schemes and adapting its business climate accordingly. Foremost, this is BiH development into a functioning market economy with private investments and a stable macro-economic outlook, efficient administrative and governmental structures, the alignment of its related legal system with the EU *acquis* and the overcoming of the aftermath of war.

For this purpose, the German government has provided and will provide bilateral development assistance to BiH directly and through several implementing agencies and non-governmental organizations. The most prominent are: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and KfW Entwicklungsbank (Development Bank). Projects are also implemented through political foundations and other German institutions represented in BiH. The Embassy oversees and co-ordinates these efforts and implements some funds directly.

Focus Area Private Sector Development

Ongoing programs implemented by GIZ build, *inter alia*, capacities in the BiH public and private sector for strengthening competitiveness of small and medium term enterprises and their specific sectors, particularly in metal and wood processing and tourism sectors. In addition, we promote innovation based on digitization in SMEs. In order to improve employability, the VET (vocational education and training) project introduces important elements of Germany's dual VET system so that vocational education will better respond to the needs of the labor market.

KfW Development Bank provides concessional loans to local banks and microfinance institutions for onlending to micro, small and medium-sized enterprises in BiH.

Focus Area Energy/Climate Protection

The Energy Sector in BiH stands out as one of the most promising sectors for economic investment and growth, as much as for a core need of service for the public to be fully secured in BiH and to further pursue an environmentally healthy and climate change sensitive path.

In the area of renewable energy, activities have focused on German governmental support for the rehabilitation of existing and construction of new hydro-electric power plants and the introduction of new renewable energy technologies (wind energy). Various large-size projects of KfW Development Bank in RS and the Federation BiH with a total financing volume of up to € 380 million are in different phases of implementation. A project on renewable energy is implemented by GIZ since end of 2015. The objective of this project is to improve the framework conditions for the increased use of renewable energies. The project cooperates with all relevant partners at the entity as well as the state level.

In the area of energy efficiency, the ongoing GIZ supported project aims at capacity development essential to fulfilling requirements of Energy Community, monitoring and data management, legislative framework and its implementation, implementation of energy efficiency measures at

municipal, cantonal and entity level and in close coordination with MoFTER. KfW supports the promotion of energy efficiency in residential and public buildings.

Environment

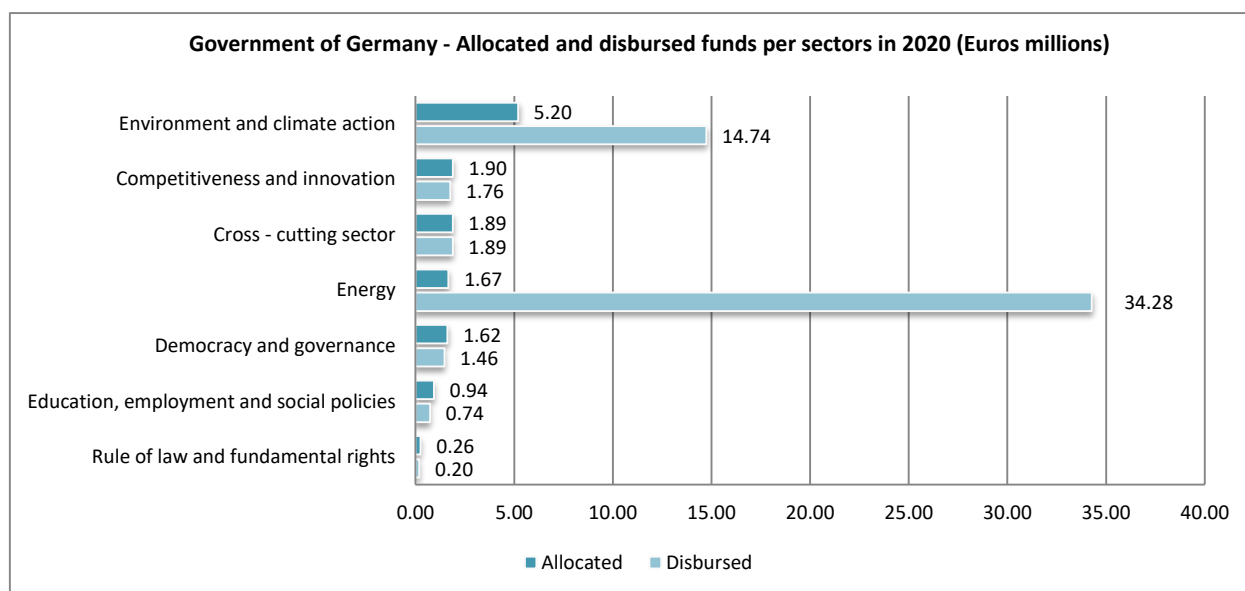
KfW Development Bank has an ongoing portfolio in this sector with grant-financed programmes to improve water supply and wastewater. A project for the construction of a wastewater treatment plant in Gradiska is under preparation.

Public Administration Reform and Rule of law affairs

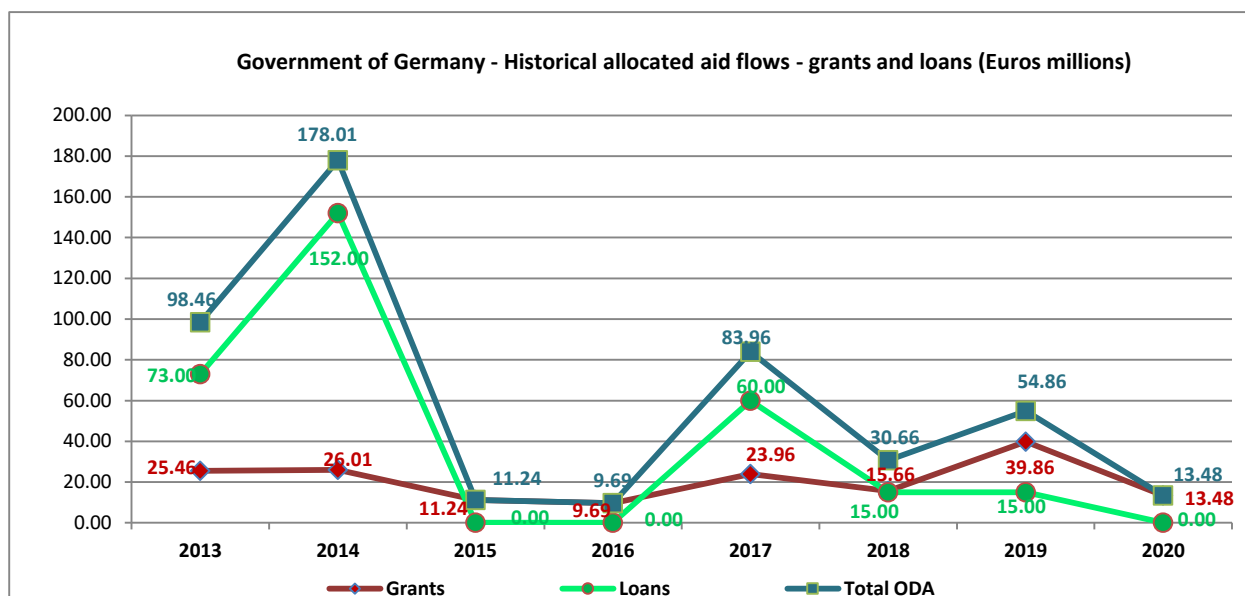
The German engagement with Bosnia and Herzegovina in Public Administration Reform tackles the pertinent issue of improving service delivery of public administration, also needed to allow for investment and growth of the private sector.

Key activities in 2020

The Government of Germany **allocated € 13.48¹ million and disbursed € 55.07 million in 2020 in the form of grant and loan** to the following sectors: Environment and climate action, Competitiveness and innovation, Cross - cutting sector, Energy, Democracy and governance, Education, employment and social policies and Rule of law and fundamental rights. In 2020, Germany also contributed to the containment of the medical and economic consequences of the Corona crisis in BiH with support services worth € 6.7 million.



¹ German Development Bank KfW reports allocations by year of signing of loan or financing agreement



Medium and long-term approach

Germany will continue to actively support BiH on its way to EU integration. In doing so, we will primarily focus on the known priority sectors: creating framework conditions for private sector development as well as energy supply / climate protection.

We are also ready to promote further activities to overcome the consequences of the Corona crisis.

Development partners coordination efforts

We coordinate informally with other development partners in our main areas of cooperation. We would very much welcome a more formal development partners coordination that could be organized by the BiH authorities.

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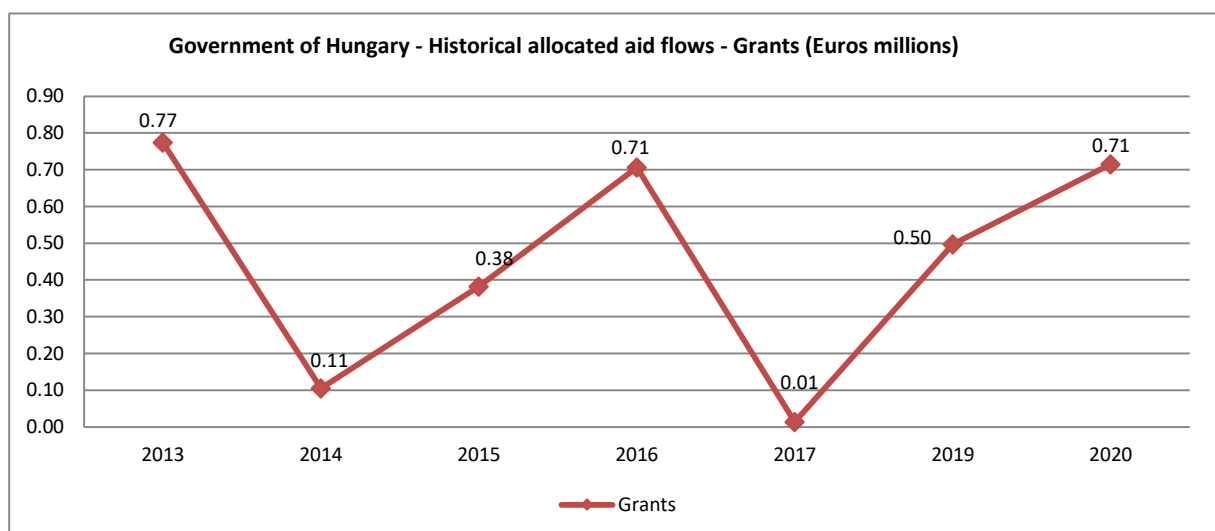
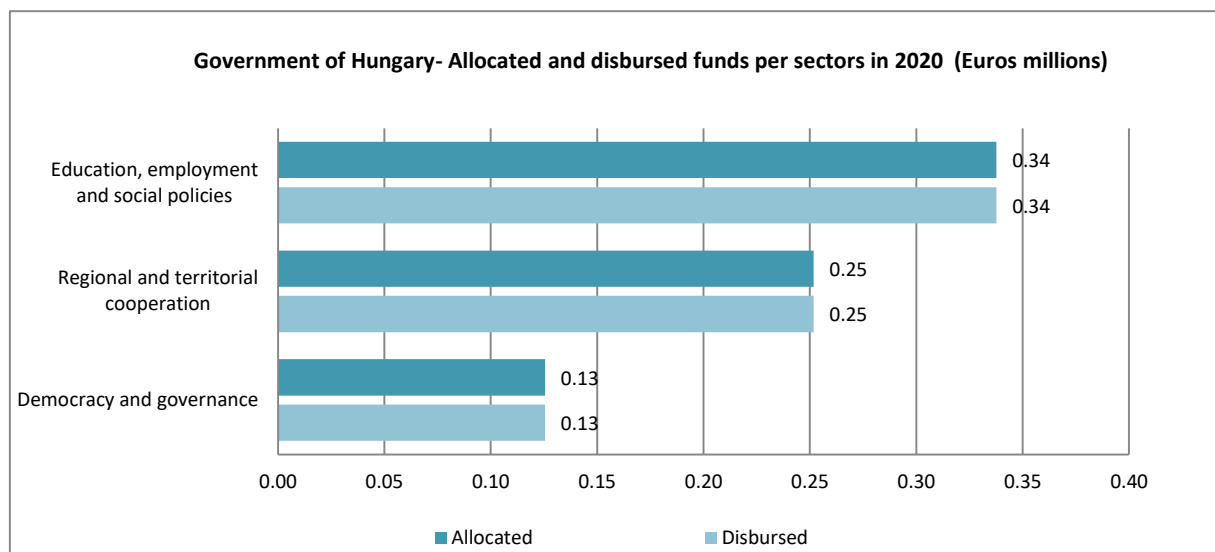
Hungary

Policy approach

A key element of the Hungarian approach is to use the specific experience gained during Hungary's democratic transition (i.e. to market economy, to democratic functioning state) and its Euro-Atlantic integration (i.e. EU-integration, NATO-integration, regional cooperation) processes.

Key activities in 2020

The Government of Hungary **allocated € 0.71 million and disbursed € 0.71 million in 2020 in the form of grant** to the following sectors: Education, employment and social policies, Regional and territorial cooperation and Democracy and governance.





Medium and long-term approach

The Government of Hungary positive approach is based on the following considerations:

- Hungary's stabilizing economy opens wider possibilities also in international development cooperation.
- Western-Balkan countries, including Bosnia and Hercegovina constitute a region of outstanding importance and of strategic partnership.
- Hungary would like to seek to finance initiatives, which supports the stability, the reconciliation and the peaceful co-existence in Bosnia and Herzegovina.

Development partners coordination efforts

Hungary is involved in coordination of development partners through its embassies in the partner countries and as an EU member state, Hungary is particularly engaged in EU coordination both in Brussels and in the partner countries. The Government of Hungary is targeting an increased participation in Twinning and TAIEX programs.

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Italy / Italian Agency for Development Cooperation (AICS)

Policy approach

The Italian Agency for Development Cooperation, AICS Tirana, is the regional headquarter of the Italian Agency for Development Cooperation in the Western Balkans, which oversees Albania, Kosovo and Bosnia and Herzegovina for the management of development cooperation initiatives. AICS Tirana currently manages 49 projects: 38 initiatives in Albania for a total of more than EUR 251 million (of which about EUR 25 million as grant, EUR 206 million soft loan and EUR 20 million through the swap debt agreement), 9 in Bosnia and Herzegovina for a total of about EUR 10.8 million (grant) and 2 in Kosovo for a total of EUR 3.4 million (grant).

AICS Sub-Office in Sarajevo, contributes to the inclusive and sustainable growth of the country and its path to the European integration. It is therefore part of the institutional reforms that the B&H government is called upon to put in place for the continuation of EU accession negotiations and for the adoption of the *acquis Communautaire*, as confirmed in Annex 1 of the "Instrument for Pre-accession Assistance (IPAI), Indicative strategy paper for Bosnia and Herzegovina (2014-2020) - revised 2017 version.

In line with the programmatic directions from AICS headquarters, AICS Sub-Office in Sarajevo activated a path to apply its three main principles: characterization, recognition and impact, positioning Italy in key areas, involving institutions of excellence and of renowned value.

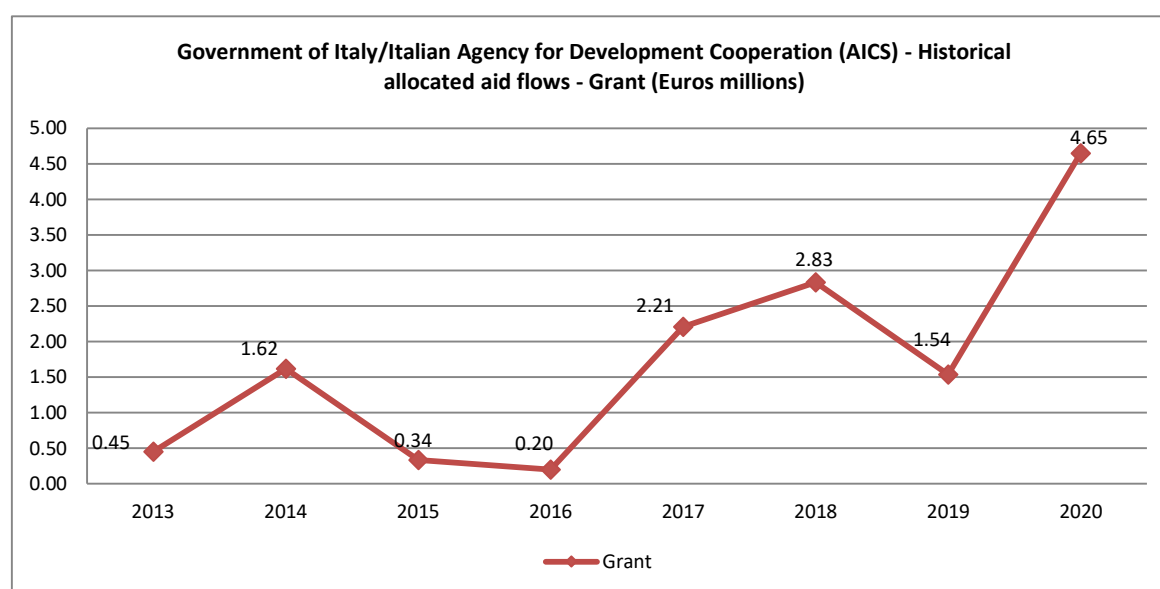
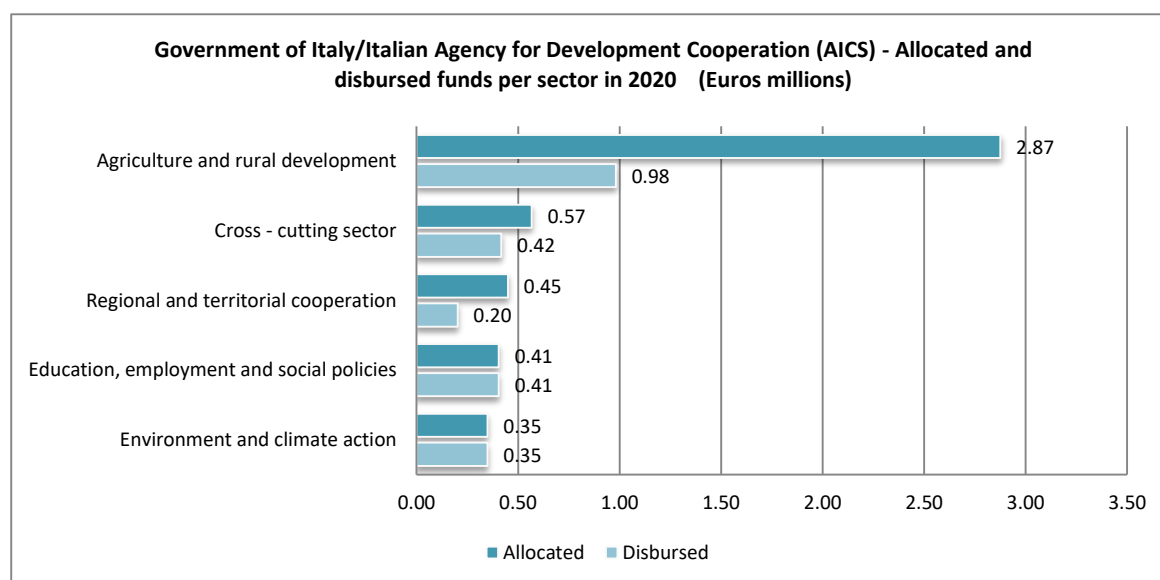
In 2020 the role of the Italian Agency for Development Cooperation in B&H has been focused in the sectors of "*Good governance and rule of law*" and "*Environment and nature*". Currently, there are twelve initiatives implemented, ongoing, or deliberated and in process of being launched, carried out in bilateral, multilateral, direct management and promoted by civil society organizations.

In particular, in line with the regional strategy of the foreign branch, which aims, despite the presence of moderate resources, to concentrate the initiatives on a few priority areas, in Bosnia and Herzegovina the role of the Italian Cooperation has focused on the sectors "Good governance and of law " and " Environment and nature ".

In the area of Environment and nature, in 2020 AICS has been funding the initiative „Sustainable economic development and environmental protection of areas with natural constraints in Bosnia and Herzegovina“. The initiative aims to enhance sustainable development in areas officially identified as ANCs through supporting productive activities and implementing a regulatory framework (in accordance with EU Reg 1305/2013) in order to deploy a virtuous cycle encouraging good practices at social and economic level, while protecting the environment and adapting to climate change. The initiative applies a concerted participatory approach at different institutional levels of Bosnia and Herzegovina (BiH) through the institutional capacity building, governance of rural development, on-ground interventions, network enhancing, training quality improvement. The project favours public-private partnership, sustains the economic growth of rural areas, encourages new and sustainable jobs and generates pre-conditions to access the EU IPARD funds.

Key activities in 2020

The Government of Italy **allocated € 4.65 million and disbursed € 2.36 million in 2020 in the form of grant** to the following sectors: Agriculture and rural development, Cross - cutting sector, Regional and territorial cooperation, Education, employment and social policies and Environment and climate action.



Medium and long-term approach

AICS will keep on focusing and expanding its activities in the field of environment, tourism and sustainable development by supporting ongoing initiatives as well developing new ones. Additionally, actions based on eco-efficiency, innovation, equal opportunities, and environmental protection

through activation, support and consolidation of sustainable rural practices will be promoted. In this way, it will be possible to mitigate the risks of abandonment of the territory and, therefore, to reduce the risks of desertification and hydro-geological disasters, loss of biodiversity and precious rural landscapes. AICS will also keep an important focus on disaster risk management, social inclusion, reconciliation and human rights, while engaging more vigorously in the Phytosanitary and food safety sectors. Particular attention is devoted also the area of Good governance and Rule of law. In this regard, AICS has been drafting a project document together with the High Judicial Prosecutorial Council (HJPC) and the Italian *Consiglio Superiore della Magistratura (CSM)* concerning the adaptation and training of a specialized legal software to be used by the High Courts in BiH.

The following initiatives will continue throughout the current year (2021):

Project: *Sustainable economic development and environmental protection in areas subject to natural constraints* – AID 12189

Project: *From awareness to care: women as protagonists for the right to health in Bosnia and Herzegovina* - AID 11861-

Project: *Inclusive4All: inclusive education for all children in Bosnia and Herzegovina* -AID 11522-

Project: *Biodiversity for local development. Innovative model of participatory governance of the Protected Landscape Konjuh in Bosnia Herzegovina / BioSvi* -AID10938

Project: *NaturBosnia: Protected Areas and Sustainable Development in Bosnia and Herzegovina'* - AID 12003;

Project: *VIA DINARICA: Platform for Sustainable Tourism Development and Local Economic Growth*-AID 11576-

Project: *European Regional Master in Democracy and Human Rights in South East Europe -ERMA-* –AID 11325-

Project: *New Actions to support the Phytosanitary Sector in Bosnia Herzegovina for the Adaptation to European Standard (II)*-AID 11681-

Development partners coordination efforts

Representatives of AICS Sub-Office in Sarajevo have been taking part to the Agriculture Coordination Meetings and to the Disaster Risk Management International Coordination Meetings. Moreover, coordinating actions with the EU and with the UN agencies have been organized, in particular in relation to initiatives carried out in sectors of mutual interest. Bilateral coordination is ensured through periodic meetings held with representatives of the development partners community.

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Japan

Policy approach

According to Japan's Country Development Cooperation Policy for Bosnia and Herzegovina (revised in July, 2017), the basic policy of Japanese ODA for Bosnia and Herzegovina (BiH) consists of 2 points: Assistance for Social Stabilization and Economic Development. Japan supports the stability and sustainable economic growth of Bosnia and Herzegovina, mainly in such areas where Japan's high technology and rich knowledge can be utilized and also supports its efforts to join the EU.

According to the Country Development Cooperation Policy for BiH, priority areas are as follows:

(1) Peace Consolidation and Ethnic Reconciliation

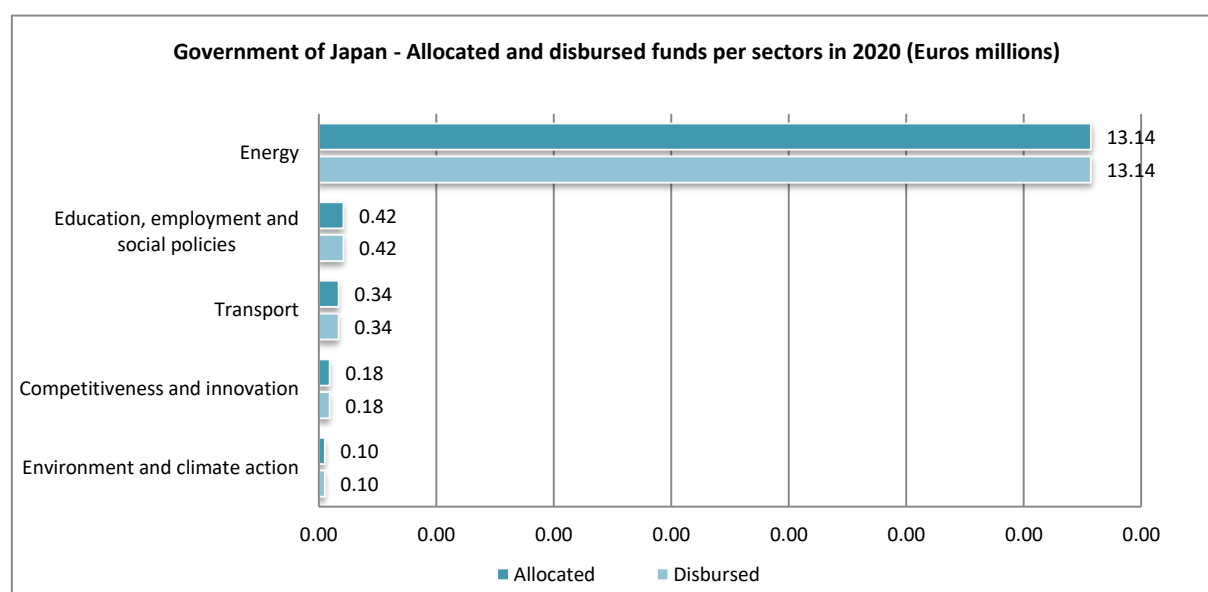
Japan provides support in the fields such as ethnic reconciliation, improvement of health, sanitation and educational services, removal of land mines and unexploded ordnances, in order to contribute to the consolidation of peace.

(2) Environmentally Friendly and Sustainable Economic Development

In order to make full use of rich nature of Bosnia and Herzegovina and to make economic growth achieved after the war sustainable, Japan utilizes its excellent technologies and knowledge as much as possible and also supports mainly the fields of environmental conservation, tourism promotion and the development of small and medium enterprises.

Key activities in 2020

The Government of Japan **allocated € 14.18 million and disbursed € 14.18 million in 2020 in the form of grant and loans** to the following sectors: Energy, Education, employment and social policies, Transport, Competitiveness and innovation and Environment and climate action.

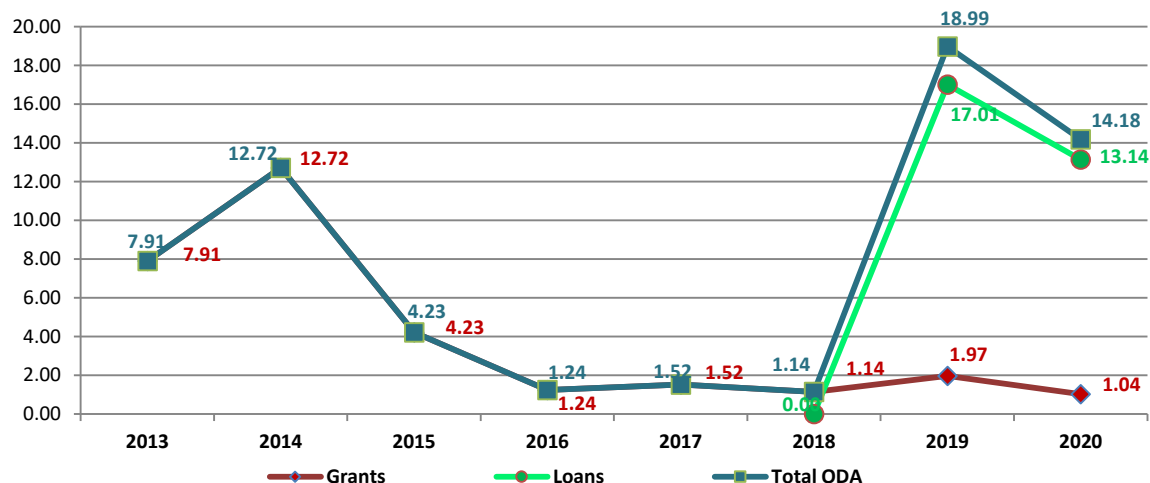




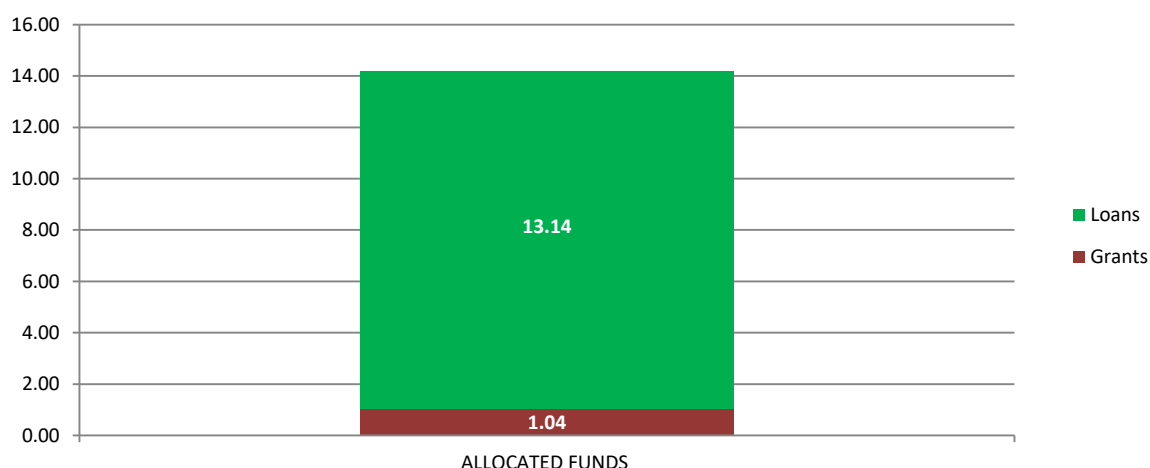
From
the People of Japan

135

Government of Japan - Historical allocated aid flows - Grants and Loans (Euros millions)



Government of Japan - Comparison of loans and grants- 2020 (Euros millions)



Medium and long-term approach

As medium and long-term approach, Japan supports the following sectors:

Education

From 1997 to 2020, the Government of Japan granted EUR 29,391,972 in total under four types of schemes; General Grant Aid, Grant Assistance for Grassroots Human Security Projects (GAGP), Grant Assistance for Cultural Grassroots Projects (GACGP) and Technical Cooperation. Under General Grant Aid, GAGP and GACGP projects, altogether 97 primary schools and other institutions have been supported for

constructing, reconstructing and rehabilitating their school buildings, classrooms, sports halls and laboratories, equipping school furniture and providing heating systems.

Health

From 1997 to 2020, the Government of Japan granted EUR 83,069,083 in total under three types of schemes; General Grant Aid, Grant Assistance for Grassroots Human Security Projects (GAGP) and Non-Project Grant Aid. Altogether 170 Hospitals and Health Care Centres have been supported for reconstructing of buildings, providing medical equipment, ambulance vehicles and improving medical services.

Demining

From 1997 to 2020, the Government of Japan granted at least EUR 9,577,122 in total for demining under three types of schemes; General Grant Aid, Grant Assistance for Grassroots Human Security Projects (GAGP) and Technical Cooperation. Under these schemes, altogether 26 demining projects have been supported for provision of demining equipment, demining work, raising mine awareness and mine risk education, for 31 recipients, including cantons, municipalities & cities and demining organizations.

Environment

In May 2017, construction of the flue gas desulphurization (FGD) plant started at Ugljevik Thermal Power Plant. This project is funded by Japanese ODA loan (E/N was signed in 2009) amounting up to YEN 12 billion (approx. KM 200.00 m). The construction was completed in October 2020. The FGD is expected to reduce drastically sulphur dioxide that pollute the air and will also contribute to the protection of environment in BiH and improving the health condition of nearby residents.

Consolidation of Peace/Ethnic Reconciliation

From November 2016 to October 2020, JICA (Japan International Cooperation Agency) conducted a technical cooperation project in Mostar for Confidence building through physical education. This project consisted of two components: to support Agency for Preschool, Primary and Secondary Education of BiH (APOS) with formulating the common core curriculum for physical education, and to support sports association plan and activities for the promotion of the interaction of different ethnic groups.

Development of the Private Sector

From September 2017 to August 2020, JICA started a technical cooperation project “The Project on Establishment and Promotion of Mentoring Service for Small and Medium Enterprises in the Western Balkans (Phase 2)” to improve mentor services of SME assistance organizations in BiH, Serbia, Montenegro and North Macedonia. JICA will continue to support SMEs in BiH through enhancement of Mentoring System.

JICA also has been offering and implementing training courses in Japan for BiH officials.

Disaster Risk Reduction/Disaster Management

JICA has been offering and implementing training courses in Japan for BiH officials. In 2016, JICA started “Disaster Management and Response Training” for 4 years term. This program aimed at enhancing the capacity on disaster risk management focusing on activities for preparedness and

response stages in the disaster risk reduction management cycle based on lessons and learnings to be obtained in Japan.

Development partners coordination efforts

Japan participates in work at the meetings of the following groups:

Informal group for coordination of development partners

Development partners meeting of the Mine Action Board (UNDP and BiH Ministry of Civil Affairs)

Group for coordination of development partners in Education

Group for coordination of development partners in Health

UN Program - Disaster Risk Reduction Group

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The Embassy of the Kingdom of the Netherlands

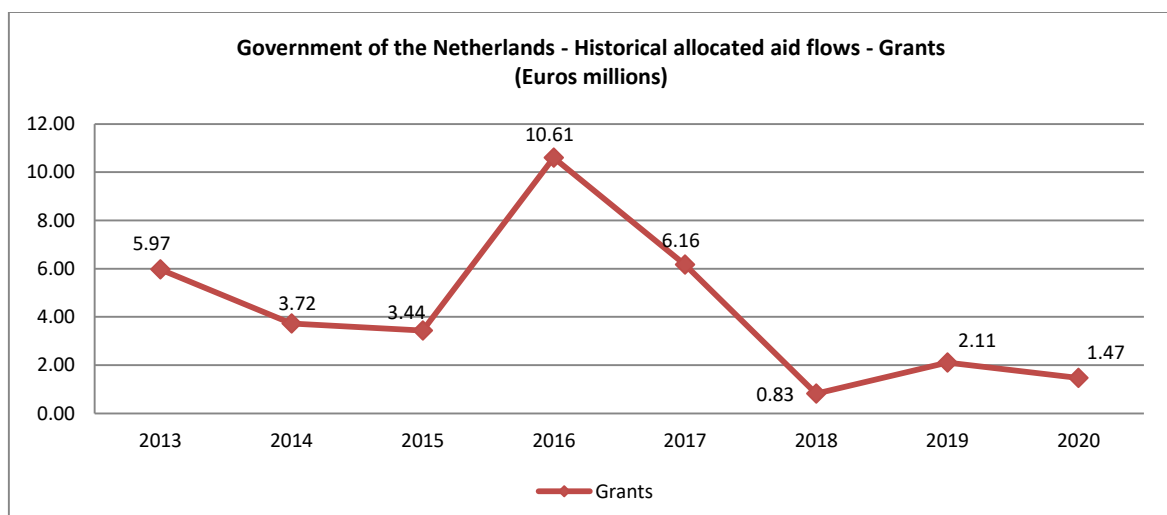
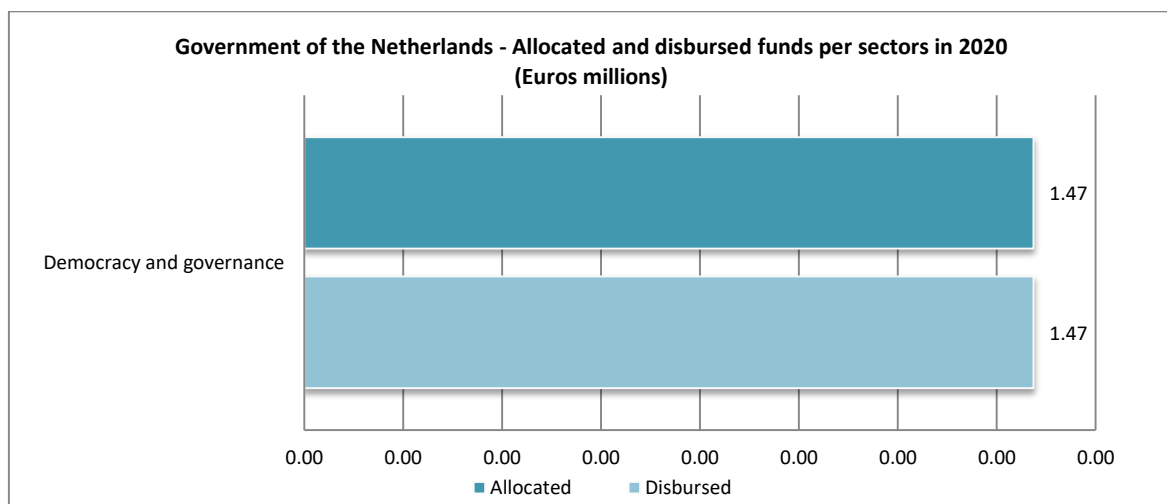
Policy approach

Bosnia and Herzegovina was one of the 36 partner countries worldwide that the Netherlands had a substantive bilateral development cooperation programme with.

By the end of 2011, bilateral development assistance for Bosnia and Herzegovina has phased-out and transformed from more traditional development relationship into a relationship geared towards EU accession: the creation of sustainable, transparent and accountable governance structures in line with criteria prescribed by the EU accession process. This new relationship comes with its own instruments, such as the MATRA programme. Its objective is to contribute to social transformation, leading to a sustainable relationship between government and the citizens in the areas of plural democracy, the rule of law, free media and human rights, using Dutch experience where possible.

Key activities in 2020

The Government of the Netherlands **allocated € 1.47 million and disbursed € 1.47 million in 2020 in the form of grants** to the Democracy and governance sector.



Medium and long-term approach

The Embassy will continue supporting Bosnia and Herzegovina's EU pre-accession process with the emphasis on the development of democracies governed by the Rule of Law.

Development partners coordination efforts

Besides participating in DCF meetings, the Embassy has a good cooperation with other development partners active in the sectors of common interest.

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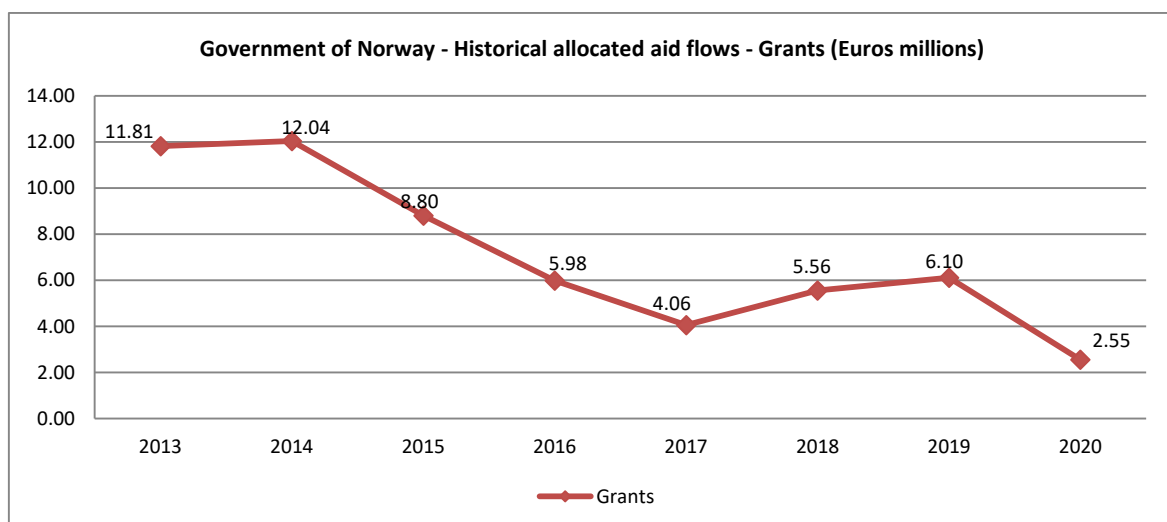
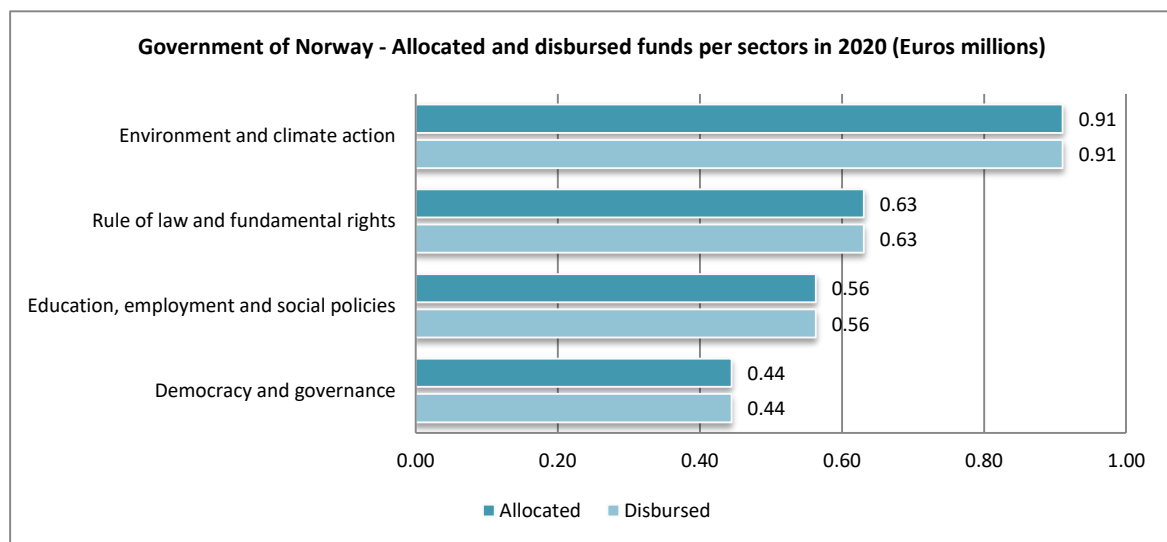
The Royal Norwegian Ministry of Foreign Affairs

Policy approach

Much of Norwegian development cooperation internationally involves long-term assistance in the form of grants. Norwegian long-term development cooperation in general emphasizes both bilateral assistance, 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.

Key activities in 2020

The Government of Norway **allocated € 2.55 million and disbursed € 2.55 million in 2020 in the form of grant** to the following sectors: Environment and climate action, Rule of law and fundamental rights, Education, employment and social policies and Democracy and governance.



Medium and long-term approach

Norwegian cooperation with Bosnia and Herzegovina has evolved over the years from humanitarian assistance and reconstruction to supporting political and administrative reforms and Euro-Atlantic integration. This involves support to institution building and judicial reform. The Government intends to continue assistance to Bosnia and Herzegovina.

We expect to continue with the current initiatives within the following priority areas:

- Good governance, including justice and security sector reform
- Human rights, peace and reconciliation
- Economic development
- Strengthening civil society

Development partners coordination efforts

The Ministry / Embassy participates in development partners coordination meetings in different sectors/sub-sectors according to their capacity and where relevant within our priority areas.

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Slovenia

Policy approach

The priority areas of bilateral development cooperation are listed in the Agreement on development cooperation between the Government of the Republic of Slovenia and the Council of Ministers of Bosnia and Hercegovina.

The Development Cooperation and Humanitarian Aid Strategy of the Republic of Slovenia until 2030 defines in more detail the goals and principles, geographic and thematic focus of future Slovenian development cooperation, humanitarian aid, strategic orientation towards international organisations, institutional set-up for effective development cooperation, partnerships, awareness-raising and plans for results-management. It confirms sustained efforts and continued presence of Slovenia in the Western Balkan countries in the near future. It further specifies the main areas of activity and forms of cooperation.

Areas of activity:

- good governance: support for the EU accession process in the countries of the region, i.e. adjusting the standards and legislation to the European *acquis*, strengthening administrative capacity and institution building and assistance in the EU negotiations; development of good governance, the rule of law and civil society; support for the development of democracy, the exercise of human rights, women's empowerment and gender equality;
- economic growth, productive employment and decent jobs for all: efforts focusing on the eradication of poverty, promotion of social progress and economic development, support for the establishment of institutional conditions for equal development, encouraging entrepreneurship among young people and fostering a favourable environment for the development of MSMEs;
- support for the transition to a circular economy, the effective management of natural resources, including access to drinking water and waste management, and the fight against climate change;
- implementation of the initiative Positive Agenda for Youth in the Western Balkans and other projects aimed at young people: enhancing the prospects of young people in the Western Balkan countries, and ensuring alternative options and possibilities for activities, success, employment and life in the countries of the region; the acquisition of relevant education, knowledge and experience, fostering mutual ties and conciliation.

Forms of cooperation and implementing partners:

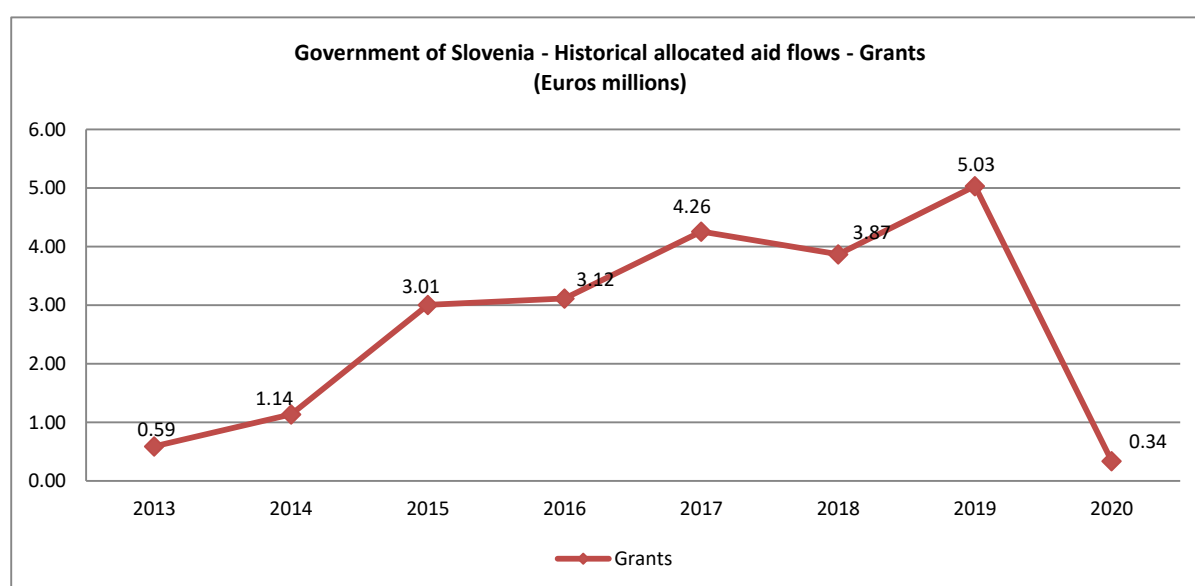
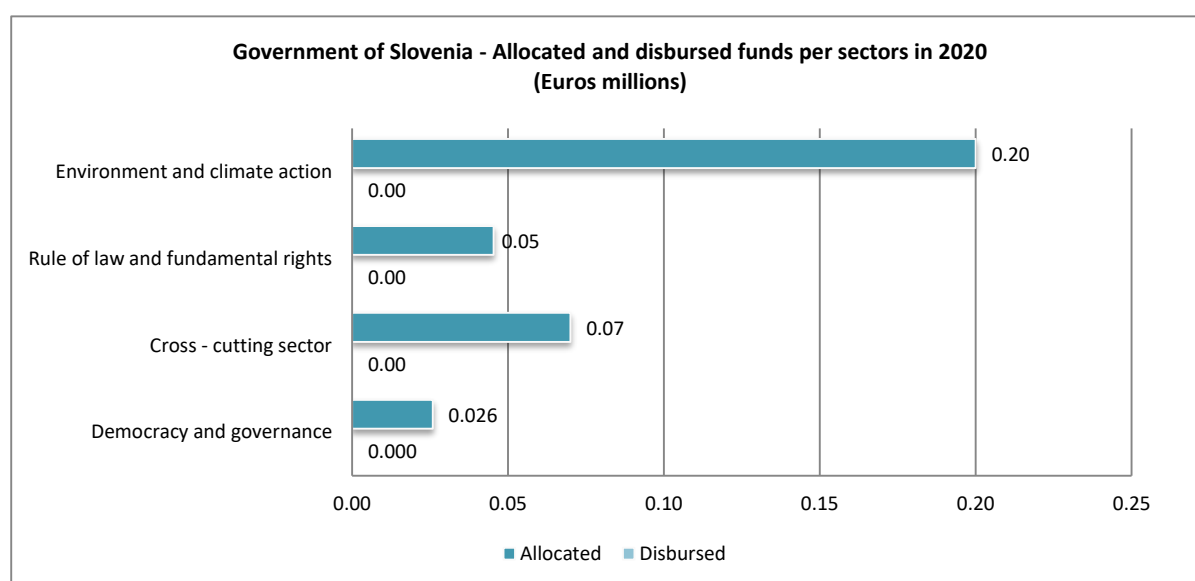
- technical assistance provided either directly between state authorities or through Centre for European Perspective and Center of Excellence in Finance or other implementing partners; attention is devoted to attracting new stakeholders from the public and private sectors;
- building public infrastructure to improve the conditions for development, ensure prosperity for all population groups and promote environmental protection;
- tuition fee waivers and scholarships for secondary and vocational education, graduate and post-graduate studies, thereby contributing to higher levels of education of young people in

partner countries and improved employability, as well as to the sustainable development of partner countries;

- enhancing civil society with NGO projects, especially in women's empowerment, strengthened prospects for young people in the region and the raising of awareness of users of new public infrastructure.

Key activities in 2020

The Government of Slovenia **allocated € 0.34 million in 2020 in the form of grant** to the following sectors: Environment and climate action, Rule of law and fundamental rights, Cross - cutting sector and Democracy and governance.



Medium and long-term approach

In the medium term, Slovenia will continue to offer its support to Bosnia and Herzegovina in more or less the same sectors as in the previous period, where Slovenia has a comparative advantage. Based on updated legal and strategic documents on development cooperation, Slovenia will focus on strengthening the rule of law and good governance, particularly in the context of EU integration, employment and decent work agenda, especially for women, and on environmental protection, with an emphasis on sustainable water management, as well as on mitigation and adaptation to climate change.

Slovenia will also support projects fostering respect of human rights with an emphasis on women empowerment and on strengthening of the role of young people in the society (teacher-training programmes to work with children with special needs, school and peer mediation, promotion of entrepreneurship among young people and their regional cooperation). Slovenia will also continue to support projects in the field of mine action. In line with the effectiveness principle of ownership, we remain open to receive proposals for cooperation from Bosnia and Herzegovina.

To address the challenges related to the Covid-19 pandemic, Slovenia already provided in-kind assistance to several countries, including Bosnia and Herzegovina, as well as contributions to international organizations. Within the process of reprogramming of Slovenian development assistance, several activities will be adjusted on mitigation measures for Covid-19, for example strengthened activities in the fight against disinformation, the transfer of knowledge in the field of work with children with special needs during the epidemic, additional trainings on prevention in times of Covid-19.

In line with the Protocol between the Government of the Republic of Slovenia and the Council of Ministers of Bosnia and Herzegovina on Cooperation in the Field of Education (Official Gazette of the Republic of Slovenia – International Agreements, No. 6/14), and the rising interest of students from Bosnia and Herzegovina to study in Slovenia, this field will foreseeably continue to play an important part of the development cooperation.

Development partners coordination efforts

Slovenia participates in meetings of development partners in different formats. Slovenia does not participate in sector working groups but has bilateral contacts with other donor agencies where necessary.

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Sweden

Policy approach

The Swedish Development Cooperation with Bosnia and Herzegovina is guided by a result strategy for Sweden's reform cooperation with the Western Balkans – Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia. The strategy covers 2014-2020, which has been extended one year until the end of 2021. (<https://www.swedenabroad.se/en/about-sweden-non-swedish-citizens/bosnia-and-herzegovina/development-and-aid/>). A new strategy is currently being elaborated.

The main goal for Sweden's support is to improve the living conditions in Bosnia and Herzegovina. As a way to achieve this, the main focus is to bring the country closer to the European Union. We support the country through various partners and types of support such as public institutions, civil society, the business community and international actors.

Sweden's perspective is long-term and clearly anchored in European and global norms and values. We strive for a trusting relationship with a breadth of different partners, where issues such as local ownership and responsibility, gender equality, transparency and the fight against corruption are closely monitored and openly discussed. Sweden always seeks an inclusive approach and looks for changes that also include vulnerable and marginalized groups in the society. We believe that changes are more sustainable if ideas and solutions are defined locally, and we therefore emphasize the importance of local ownership. Furthermore, Sweden is a strong advocate for democracy, Human Rights and the Rule of Law, gender equality and sustainable development (environmentally and economically). These are perspectives we always try to integrate into our development cooperation. Sweden supports Bosnia and Herzegovina's path towards the European Union as one country. We believe it is important to support initiatives over entity and ethnic lines and we strive to support changes in the whole country.

Looking back, Sweden's support to Bosnia and Herzegovina started in 1994. During the initial years, the focus was on humanitarian aid for the reconstruction of houses and helping people to return to their villages after the 1992-1995 war. In the early 2000s, the development cooperation turned into more long-term support. Since 2014, Sweden's focus has been on Bosnia and Herzegovina's accession to the European Union (EU), in line with the country's formal application for EU membership. The total Swedish grant assistance to Bosnia and Herzegovina since its inception in 1994 now exceeds SEK 5 billion (or approximately 0,5 billion EURO). In recent years, Sweden has provided around 150-200 million SEK annually (around 15-20 million EURO) as financial support for development cooperation. Bosnia and Herzegovina also benefits from Sweden's support to regional cooperation in the Western Balkans.

Today, Swedish support to Bosnia and Herzegovina – through the projects visible on the map – is focused on three areas: Economic Development; Democracy, Human Rights and Rule of Law; Environment and Climate.

Economic Development: The focus is on economic integration with the EU and development of a market economy. Swedish support covers the spectrum from direct support to small and medium-sized enterprises (SMEs) to make them competitive, over support for innovation and young entrepreneurs to support influencing policy and creating a business-friendly environment. We also support the creation of a better match between the labor market's demand for labour and supply. The support also includes efforts to increase access to affordable credit to enable a graduation away from development assistance dependence to commercial finance.

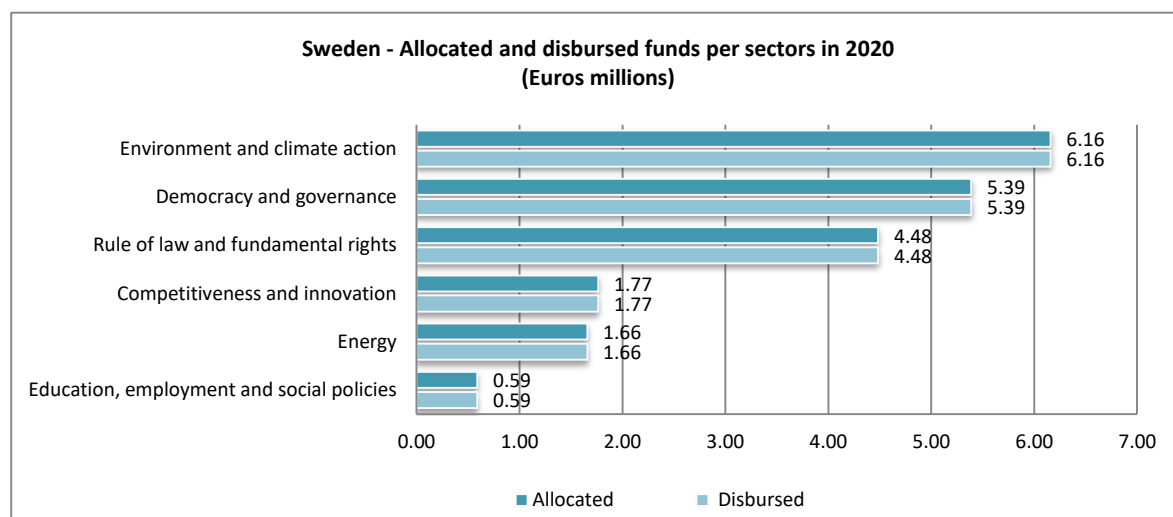
Democracy, Human Rights and Rule of Law: Sweden supports strengthened democracy, increased respect for Human Rights and a more developed Rule of Law with a focus on strengthened public administration and the judiciary, and, increased enjoyment of Human Rights, strengthened rights and strengthened opportunities to exercise democratic influence, including gender equality. This area receives the largest share of Sweden's support to Bosnia and Herzegovina. The support is broad and combines Swedish profile issues with a balance between support for rights holders and duty bearers. In this way, we strengthen the state's and entities' capacity to guarantee rights. This is balanced by extensive support to civil society actors to strengthen their advocacy and demand for human rights. The support focuses on legal reform, gender equality, anti-corruption, the rights of children and people with disabilities. Through regional support, the rights of the Roma minority are strengthened. In addition, there is extensive support for reforms of public administration where Swedish authorities share Swedish working methods and experiences of EU adaptation in twinning relations with their counterparts here. Sweden also supports the implementation of EU regulations on municipality level and local governments.

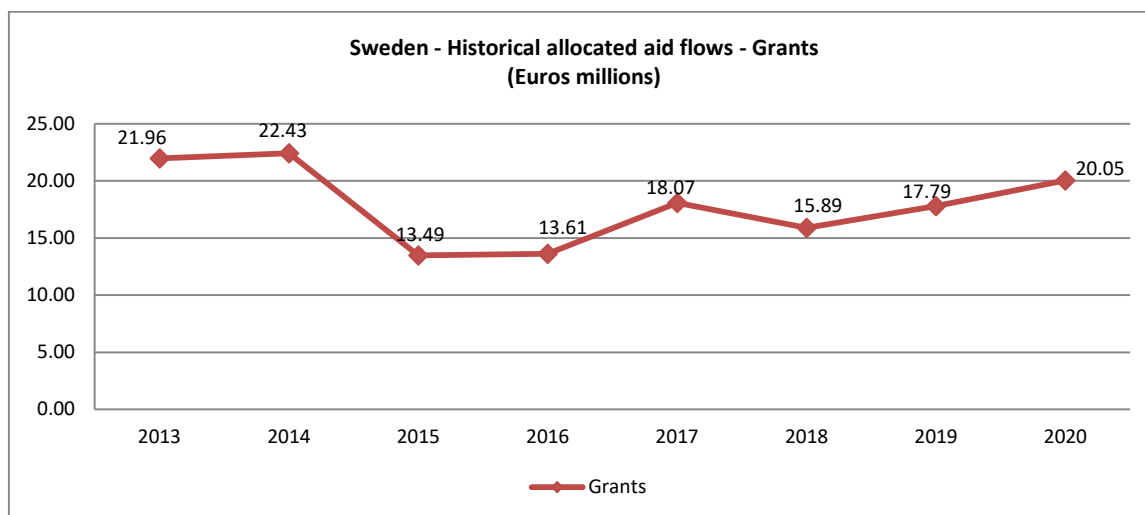
Environment and Climate: The Swedish support includes initiatives to increase Bosnia and Herzegovina's investments in environmental infrastructure and to make them sustainable in the long term, complying with EU directives within the field of environment and climate. Sweden focuses specifically on wastewater treatment, solid waste management, air quality and hazardous waste. We seek to strengthen Bosnia and Herzegovina's capacity to receive and implement funding from International Financial Institutions and the European Union. This is complemented by support for developing the country's environmental and climate policy in the form of concrete action plans and support for strengthening the role of civil society in holding the government's accountable, as well as in building environmental awareness and commitment among the country's citizens.

The pandemic has complicated the implementation of Swedish development cooperation with BiH. Through a close dialogue and a flexible approach, Sweden's partners have found alternative ways of conducting activities. As a result, the size and ambition of Sweden's development cooperation portfolio has been maintained. Some partners have not only adapted their operations but also applied for increased support for proactive initiatives.

Key activities in 2020

The Government of Sweden **allocated € 20.05 and disbursed € 20.05 million in 2020 in the form of grant** to the following sectors: Environment and climate action, Democracy and governance, Rule of law and fundamental rights, Competitiveness and innovation, Energy and Education, employment and social policies.





Medium and long-term approach

It is expected that Sweden will continue its development cooperation with Bosnia and Herzegovina in the near future, more or less in the same way as mentioned above. The Swedish Government will adopt a new strategy for reform cooperation with the Western Balkans during 2021.

Development partners coordination efforts

Sweden fully supports all initiatives to coordinate development partners interventions and prevent overlapping activities. Sweden participates in most of the development partners coordination initiatives i.e. Local Governance Development Partners Coordination Forum, Anti-corruption Development Partners Coordination Forum, Rule of Law Development Partners Coordination forum, PAR Development Partners Coordination Forum, EU Councilors coordination forum, UN Women International Working Group on Gender Equality (IWGE), and other relevant sector meetings.

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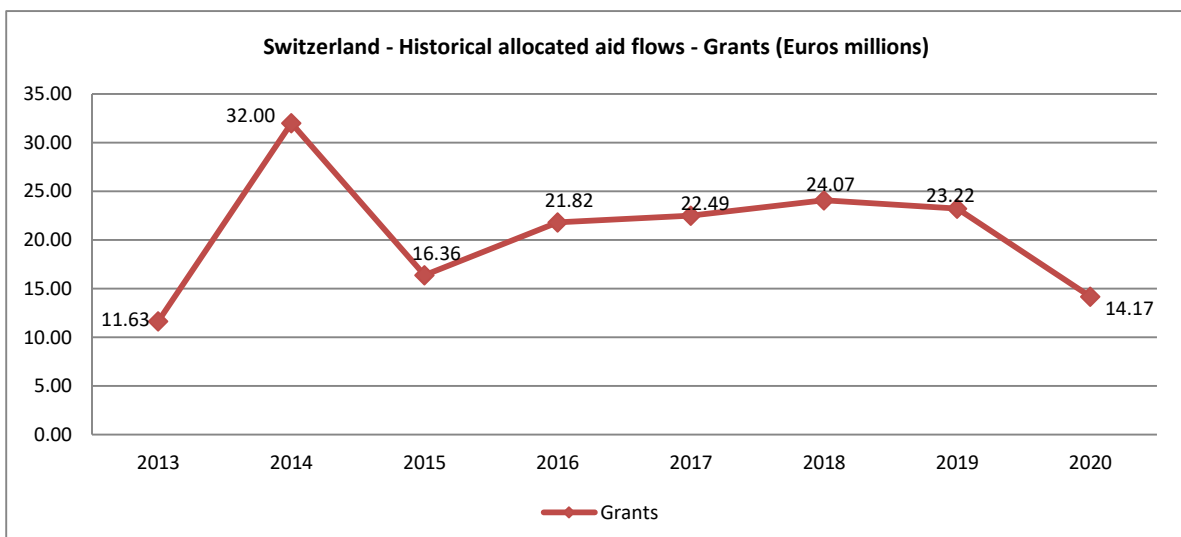
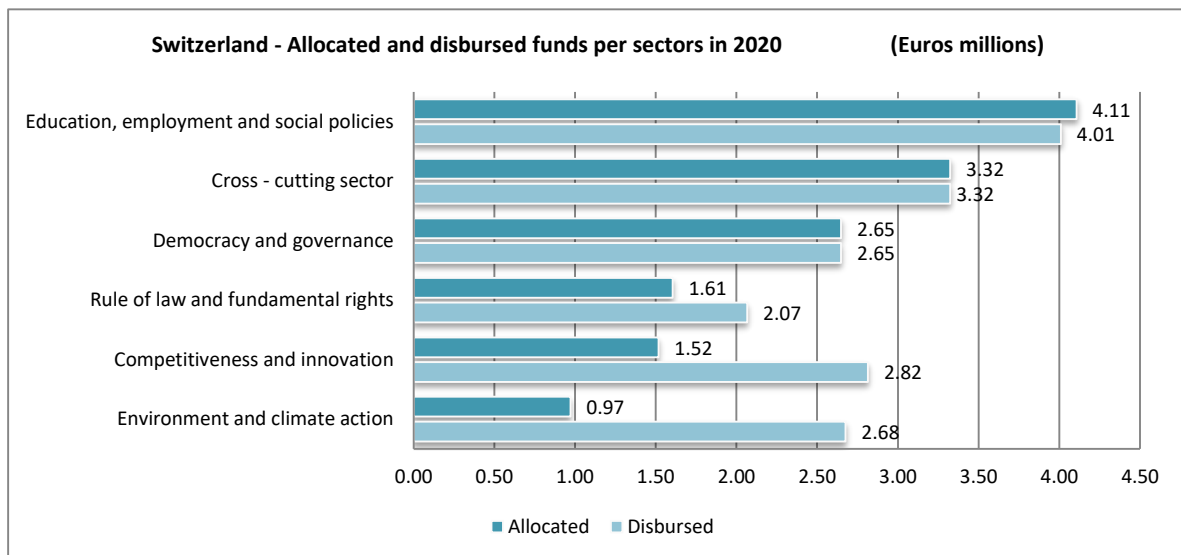
Switzerland

Policy approach

The Government of Switzerland provides its support to reforms in Bosnia and Herzegovina within the framework of the Swiss Cooperation Strategy BiH 2017-2020. A particular focus is given to support the establishment of supportive normative frameworks at all institutional levels and quality services to citizens, responsive to their needs, particularly of the most vulnerable and excluded population.

Key activities in 2020

The Government of Switzerland **allocated € 14.17 million and disbursed € 17.54 million in 2020 in the form of grant** to the following sectors: Education, employment and social policies, Cross - cutting sector, Democracy and governance, Rule of law and fundamental rights, Competitiveness and innovation and Environment and climate action.



In the *Democracy and governance sector*, the Swiss programme has supported the establishing of strategic development planning systems in BiH and the introduction of innovative planning and management methodologies at the municipal level. Support has been provided for the improvement of the local governments' performance, access to services for citizens, particularly for socially excluded groups, and more citizens' participation in relevant decision-making processes. Particular focus has been at ensuring gender equality and social inclusion in all interventions.

In the *Environment and climate action sector*, Switzerland together with KfW has supported the rehabilitation of water supply and sanitation systems in the towns of Tuzla and Zenica and the construction of the new facilities for wastewater treatment in Gradiska. In a joint programme with the UN agencies, support has been provided in introducing and operationalizing an integrated model of disaster risk governance in ten municipalities.

In the *Rule of law and fundamental rights sector*, support has been provided to the High Judiciary and Prosecutor Council of BiH with an aim to raise efficiency, effectiveness and accountability of the prosecutorial system and increase access to justice for all citizens. Access to justice for children has been specially targeted through the establishment of a functional and sustainable institutional set up in BiH's Juvenile Justice System. Support to state authorities in BiH has been provided for further improving the management of regular and irregular migration. Finally, support has been provided to development of efficient mechanisms for cooperation with diaspora, provision of better services for diaspora at different levels and business-to-business cooperation and know-how transfer with the diaspora.

In the field of *Employment*, interventions have addressed new and better employment opportunities by creating a favorable economic environment for businesses with the engagement of the public and private sector, including the diaspora. The Swiss Youth Employment Portfolio has continued to work on the three major aspects around the labor market (skills gap, connection gap, jobs gap) aiming at creating decent and sustainable jobs for young people. The development of social enterprises and support to self-employment of youth and their engagement in local communities has also continued.

In the *Competitiveness and innovation sector*, Switzerland has been working through the International Financial Institutions and other partners on creating better regulatory frameworks on national and entity levels for private sector growth and better export opportunities, as result of more transparent and efficient public financial management schemes. Support has been provided to debt restructuring and efficient insolvency procedures creating opportunities to indebted companies to save jobs and remain in the market. Business support organizations have been assisted in developing efficient and client oriented export promotion services. Also, Switzerland has been supporting innovations through improving entrepreneurial eco systems and supporting business start-ups. Mechanisms for sustainable infrastructure investments in the water sector, by using a performance-based approach, also have been established.

In the *Cross-cutting sector*, support has been provided to the health sector reforms and strengthening of primary healthcare. Successfully developed community nursing models have been rolled out to other parts of the country. Support to improved community-based mental health services has been continued as well as to improved education of nurses and services provided by nurses. Support has been also provided to the strengthening of the national mine action capacities and to demining in nine communities. Small-scale grants have been provided for initiatives of the civil society, public and

private organisations, including the institutional capacity building, and addressing needs of vulnerable groups. Specific support has been provided to respond to the pressing health, social and economic needs caused by the COVID-19 pandemic. The urgent procurement of respirators, diagnostic tests and protective gear for hospitals throughout the country was supported, as well as online psychological support for the population and funding for organizations supporting victims of gender-based violence and their functioning during the pandemic.

Medium and long-term approach

In the medium term the Swiss Cooperation Programme in BiH 2021-2024 will be focused on the following areas of intervention: local governance and municipal services, economy and employment, and health. Switzerland will reinforce and scale up the performance-based approach across its program. It will work with committed citizens, activists, entrepreneurs, officials and politicians who strive to work against general apathy, while advocating for citizens' interests, demanding a responsive government, and promoting change throughout the country. Changing social norms towards gender equality, social inclusion and citizen participation will be an integral part of the program. Furthermore, the potential of digital transformation in all interventions will be systematically seized upon. Switzerland will continue its assistance in meeting the humanitarian needs of migrants stranded in the country and in mitigating a negative impact of COVID-19 pandemic.

Development partners coordination efforts

Government of Switzerland participates in the work of the following groups for coordination of development partners:

- Local Governance
- Gender Equality and Women Empowerment
- Justice Sector
- Prosecutorial Service
- Disaster Risk Reduction
- Education
- VET
- Health

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The Government of the United Kingdom

Policy approach

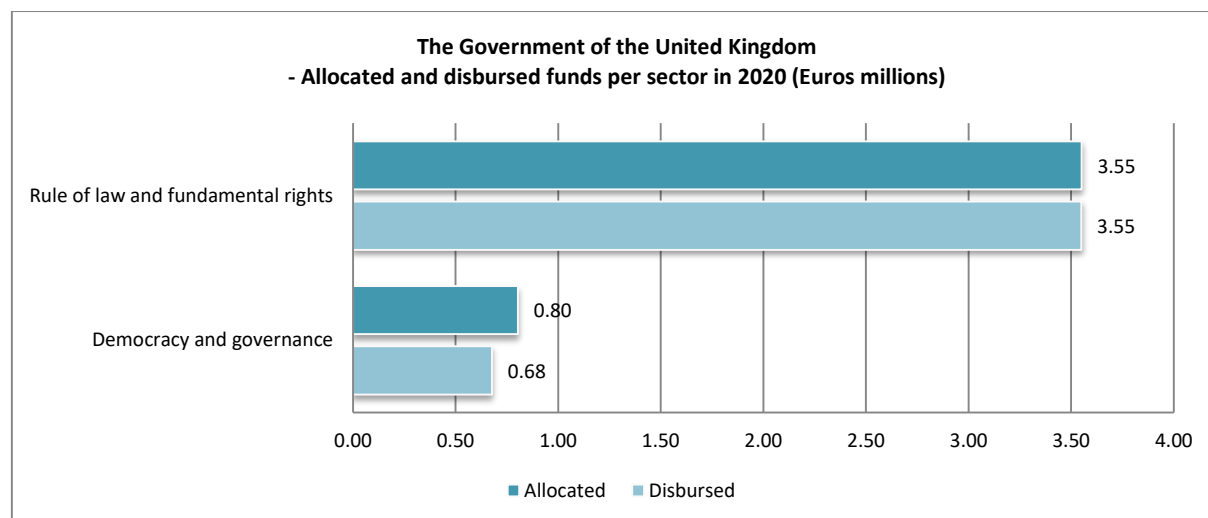
The UK is committed to Bosnia and Herzegovina's success on its Euro Atlantic path as a single, sovereign, secure and peaceful country, and promotes a range of socioeconomic and political reforms through its assistance.

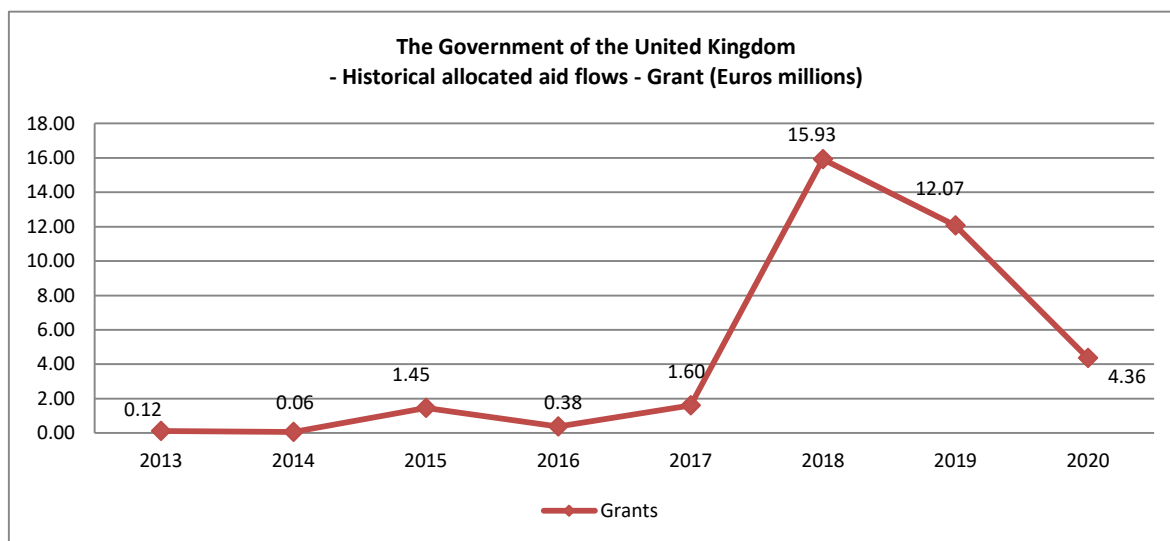
Our programming work covers a range of issues, including:

- Improving governance, transparency and democracy and reducing corruption;
- Improving the business environment;
- Supporting education through building digital and critical thinking skills in schools;
- Strengthening the effectiveness of BiH's rule of law system through supporting reforms in rule of law institutions;
- Supporting BiH to resolve the legacy of previous conflict through identifying missing persons, processing war crimes and supporting survivors;
- Helping communities and institutions in BiH prevent and counter all forms of violent extremism;
- Supporting the development of a strong and independent media in BiH;
- Strengthening BiH's defense capability.

Key activities in 2020

The Government of the United Kingdom **allocated € 4.36 million and disbursed € 4.23 million in 2020 in the form of grant** to the following sectors: Rule of law and fundamental rights and Democracy and governance.





Medium and long-term approach

UK financial support for activities in BiH is largely delivered through the Western Balkans Conflict, Stability and Security Fund (CSSF) and the Good Governance Fund (GGF). Despite the impact of COVID-19 on overall allocations for overseas development assistance, the UK commitment to stability and prosperity in the region and BiH stands, and we expect to deliver the vast majority of planned programming and spend this year. Priorities for the Western Balkans and BiH continue to include support for governance and economic development, rule of law, peace building and reconciliation, democracy, media freedom and combatting serious and organized crime.

Development partners coordination efforts

The UK attends a number of formal and informal meetings for coordination of development partners, particularly those focused on the thematic areas mentioned above.

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United States of America / United States Agency for International Development (USA/USAID)

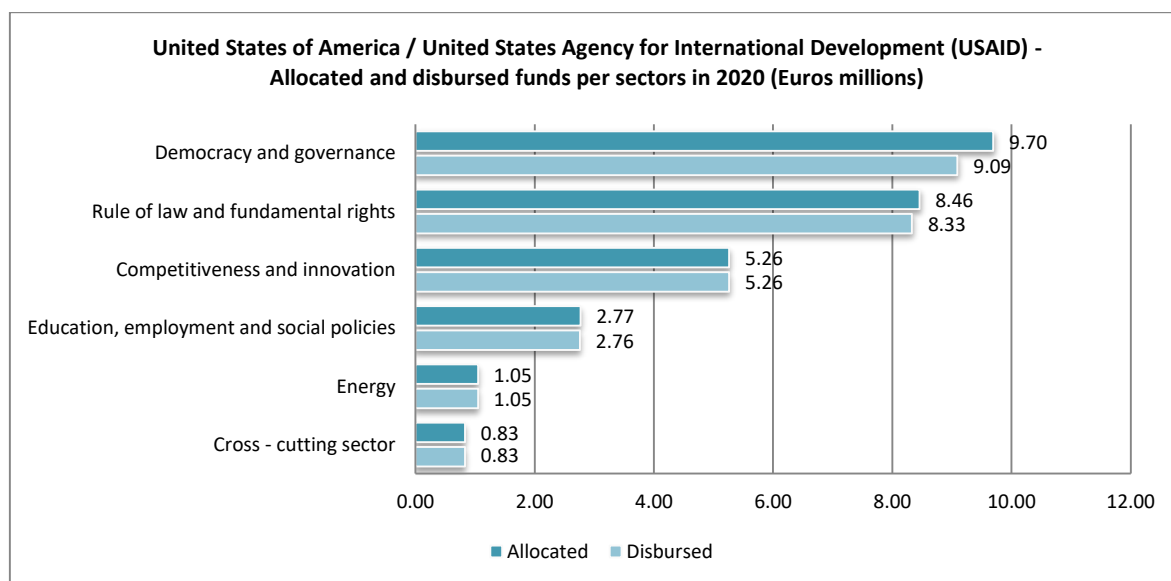
Policy approach

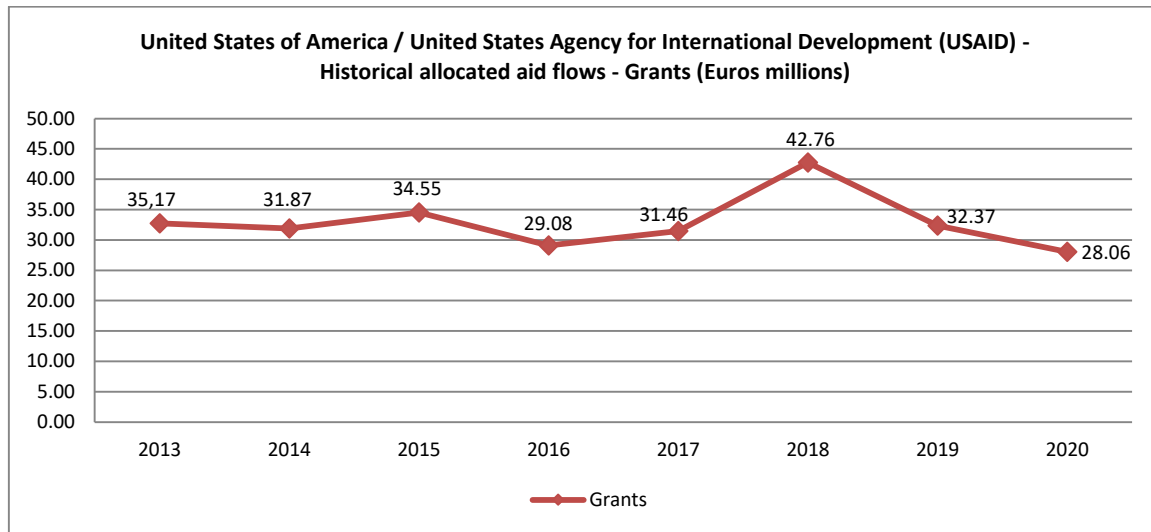
U.S. assistance to Bosnia and Herzegovina (BiH) will help the country integrate into Euro-Atlantic institutions, address pervasive corruption and grow the economy. Assistance will improve the effectiveness and accountability of executive, legislative and judicial branches of government by building their capacity; strengthen civil society to counter corruption and advocate for reforms; and strengthen independent media and investigative reporting, election reform, and democratic political processes. Assistance will support partnerships with local organizations that promote a tolerant, inclusive society. Assistance will support the fight against trafficking in persons and other human rights abuses. Funds will promote reconciliation, reduce ethno-nationalist tensions, and strengthen democratic institutions, including through support to the Office of the High Representative.

Economic programs will foster a sound business environment and promote U.S. investment, as well as support economic development; ensure stronger social and health protection mechanisms to stabilize the economy and improve fiscal stability. Funding will help remove obstacles to economic growth, especially for small and medium enterprises and in rural areas; strengthen BiH's commercial law framework; and help prepare integrated national energy and climate plans which promote the use of renewable energy. Programs will help increase transparency and reduce corruption through e-governance and digitization platforms and increase BiH's integration with Western markets.

Key activities in 2020

United States of America/United States Agency for International Development (USA/USAID) **allocated €28.06 million and disbursed €27.33 million in 2020 in the form of grant** to the following sectors: Democracy and governance, Rule of law and fundamental rights, Competitiveness and innovation, Education, employment and social policies, Energy and Cross - cutting sector.





Medium and long-term approach

Projects will continue to evolve and respond to BiH's changing needs and will promote initiatives to leverage other development partners resources. Over the course of five years, the USAID mission in BiH expects to refocus civil society on building constituencies and increasing the active roles that men and women, youth, and members of marginalized groups take in their communities and in political life. As a result, an increasing number of reform champions in government will have made tangible progress on reforms needed for the country's further Euro-Atlantic integration. One visible aspect of this progress will be BiH's return to Tier 1 status in the State Department's Trafficking in Persons (TIP) Report. Members of the diaspora will be visible not only in business but in community development initiatives and philanthropic ventures as well. As a result of our partnership with the U.S. International Development Finance Corporation, increased access to transparent financing will be evident through increased economic growth.

Development partners coordination efforts

USG staff participates in general coordination meetings, bilateral meetings and other forums. U.S. Mission staff will continue to participate in development partners coordination meetings and sector-specific meetings including civil society, local governance, rule of law and energy to avoid overlapping or duplication of efforts.

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European Bank for Reconstruction and Development (EBRD)

Policy approach

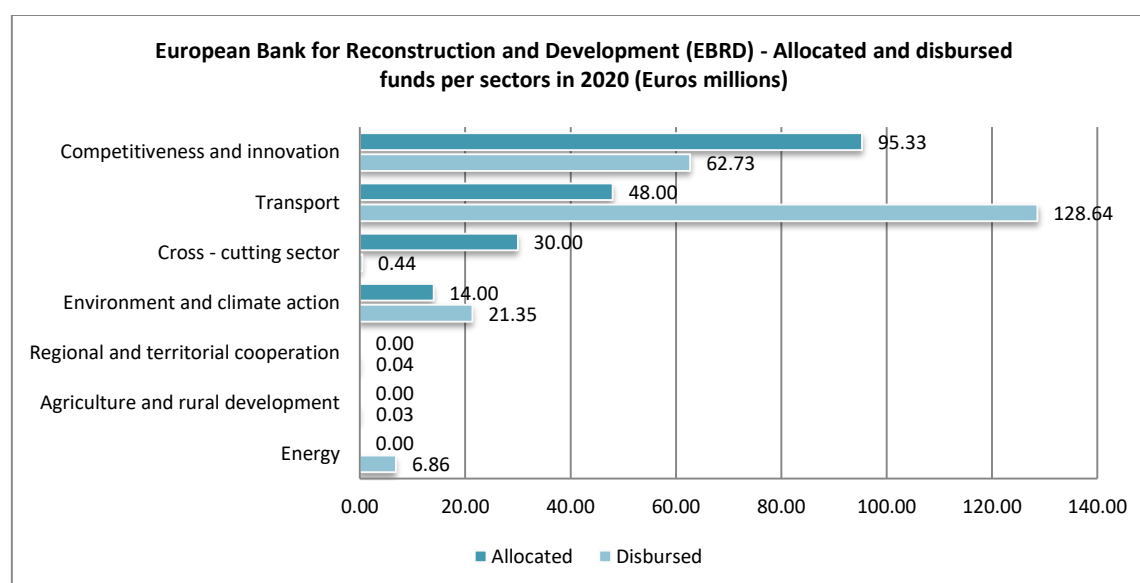
The European Bank for Reconstruction and Development is an international financial institution owned by 69 countries from five continents, plus the European Union and the European Investment Bank. Its mission is to develop open and sustainable market economies in countries committed to, and applying, democratic principles.

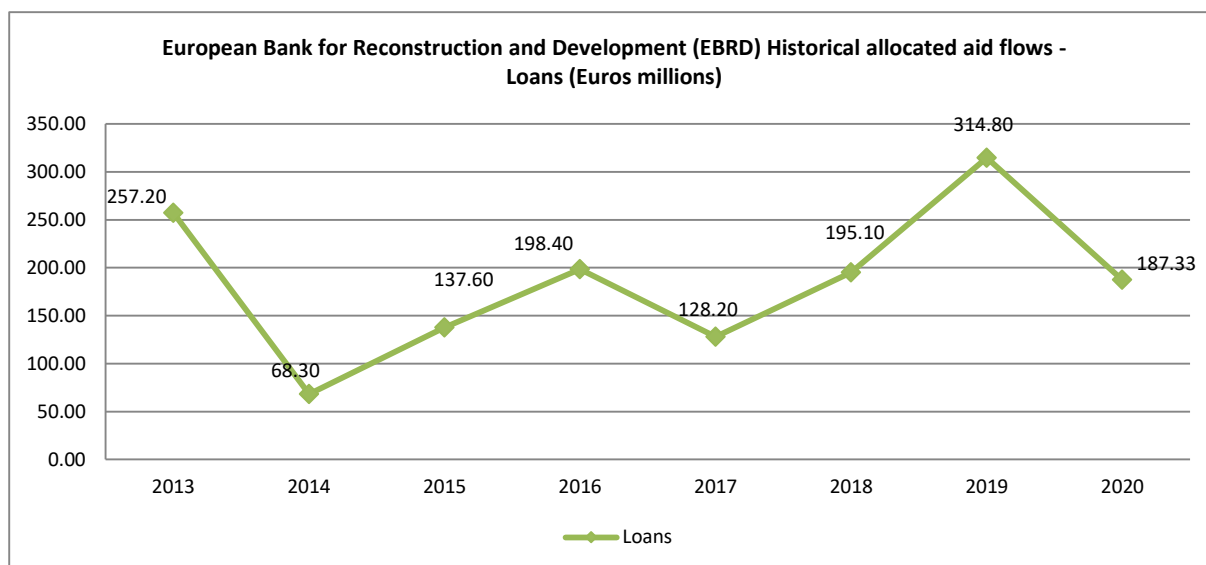
In particular, the EBRD promotes transition to a competitive, well-governed, green, inclusive, resilient and integrated market economies by investing mainly in the private sector, to mobilize significant foreign direct investment, to support Small and Medium Enterprises and to investment in better business practices. It also finances public sector projects in infrastructure and improvements of municipal services. In all of its activities, the EBRD promotes environmentally sound and sustainable development. The EBRD also supports policy reforms, provides technical assistance and extends business advice for SMEs.

The EBRD's approach in addressing the complex transition challenges is based on country strategies, sectoral and corporate policies and procedures. Country strategies address the specific market need of any particular country.

Key activities in 2020

European Bank for Reconstruction and Development (EBRD) **allocated € 187.33 million and disbursed € 220.10 million in 2020 in the form of loans** to the following sectors: Competitiveness and innovation, Transport, Cross - cutting sector, Environment and climate action, Regional and territorial cooperation, Agriculture and rural development and Energy. About half of the Bank's activities are with the private sector, whilst in terms of volumes of financing a majority of funds were invested into medium and large infrastructure projects.





Medium and long-term approach

The 5-year country strategy for Bosnia and Herzegovina was approved by the EBRD Board of Directors in July 2017 <https://www.ebrd.com/home>. The three strategic priorities are (i) to increase the role of the private sector in the economy; (ii) continuing to support key transport and energy infrastructure links; and (iii) supporting expanded investment in the green economy, including investment in energy efficiency and renewable energy, and in municipal services. A new country strategy will be approved in the first half of 2022.

The EBRD's new Strategic and Capital Framework 2021-25 sets out how the EBRD is committed to preserve and accelerate transition as countries seek to build back better.

Development partners coordination efforts

The EBRD participates in bi-annual donor coordination meetings organized by the authorities as well as *ad hoc* donor coordination meetings for the infrastructure and municipal sector. There is very strong coordination on a project by project basis and overall close coordination between IFIs and other actors. EBRD has also played an active role in the EU-Government coordination on the socio-economic reform agenda.

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European Union (EU)

Policy approach

The main strategic objective of EU assistance continued to promote Bosnia and Herzegovina (BiH) EU integration perspective in line with the Stabilization and Association Agreement (SAA). The EU Delegation work contributed to securing policy coherence with local authorities, EU Member States and other international players and donors, who all recognize and support BiH EU accession as the main priority for the country.

The Delegation continued to follow the implementation of the key priorities from the Commission Opinion (May 2019) on BiH application for membership to the EU and the recommendations from the Analytical report. Key findings of the **Opinion on Bosnia and Herzegovina's EU membership application and analytical report** can be consulted on the EU Delegation to BiH's web page: <http://europa.ba/?p=63808>

At the same time, and as the other countries around the world, BiH has been severely affected by the **COVID-19 pandemic**. BiH Authorities estimated a financial gap of EUR 900 million as the negative economic effects of the COVID-19 outbreak on BiH in 2020. The EU Delegation reacted immediately and carried out a significant re-programming exercise of IPA Annual Action Programmes (AAP) 2017, 2018, 2019 and 2020 worth EUR 83.5 million, thus freeing resources immediately deployed in procurement of medical supplies and in the economic recovery measures ("saving lives" and "saving jobs" operations). In addition, the EU accompanied these measures by making available an EU Macro Financial Assistance loan of up to EUR 250 million, which was negotiated during 2020. Medical supplies started to be delivered to hospitals already in March 2020 and continued throughout the year. Economic recovery measures were designed and contracts with implementing partners were concluded in 2020, with first grant schemes to affected businesses launched in at the Q3 and Q4 2020.

This pandemic affected also the future programming to address the medium-term support to the health sector and economy.

Despite these difficulties and the need to move online, as well as the failure to reach a definitive agreement on the way to reconcile the IPA legal framework with the System of Coordination of the European Integration process, BiH progressed with the preparation of the content of the IPA III programming documents. This process envisaged a National IPA Coordinator (NIPAC)-conducted 'sector strategic needs assessment' for IPA III 2021-2027, which identified priorities for IPA III support. BiH authorities succeeded in submitting to the Commission a package of 28 Action Fiches for both IPA III 2021 and IPA 2022 programmes worth EUR 359.7 million. These documents underwent a pre-screening and a 'policy relevance assessment' by relevant Commission services late in the year. The Commission provided feedback on the proposed Actions, alongside information about the state of play of IPA III and the latest draft IPA III Programming Framework document and draft Strategic Response template. The drafting of the Action Documents was scheduled to take place in 2021 according to the established calendar.

The Migration crisis continued in BiH also during 2020 requiring the EU to provide urgent and continuous support to guarantee continuity of assistance and services to the migrants on BiH territory.

The EU, via a number of its international partners (IOM, UNHCR, UNICEF, Danish Refugee Council -DRC, UNFPA), provided support and mitigated BiH authorities' the shortages in terms of financial and human resources capacity of BiH authorities. Following-up on the sizeable assistance provided since 2018 both from the Instrument for Pre-Accession (IPA Special Measures n. 1, 2) and from the European Civil Protection and Humanitarian Aid Operations (DG ECHO), additional EUR 20 million + EUR 25 million were allocated to BiH for dealing with increased migratory flows in the period 2020-2021. In addition, the Foreign Policy Instrument (FPI) allocated EUR 8 million at regional level to support COVID-19 preventive measures with focus on health (including support to mental health), implemented through IOM and UNHCR. Despite the EU financial commitment and intensive political engagement, BiH authorities failed to take the necessary steps to take full ownership of the problem and relieve the most exposed areas of the country from the burden of the growing number of migrants. This resulted in a humanitarian crisis during the Christmas 2020 period with approximately 1.000 migrants left without suitable accommodation in the dire winter condition. Their condition partially improved following constant advocacy from the EU Delegation and Headquarters, including at the highest political level.

In October 2020, the BiH Council of Ministers adopted the Final Report on the implementation of the Action Plan for the Implementation of Priorities from the EC Analytical Report, prepared by the Directorate for European Integration (DEI). According to DEI assessment contained therein, out of 591 measures domestically agreed in this Action Plan, 288 measures (42%) were implemented. The Delegation intensified the efforts on advancing concrete actions on the Opinion key priorities and adoption of the Action Plan (AP) on implementation of Key Priorities. In the course of 2021, the EU Delegation will continue monitoring the implementation, urging BiH authorities to prepare an Action Plan on the implementation of the 14 key priorities of the Commission Opinion.

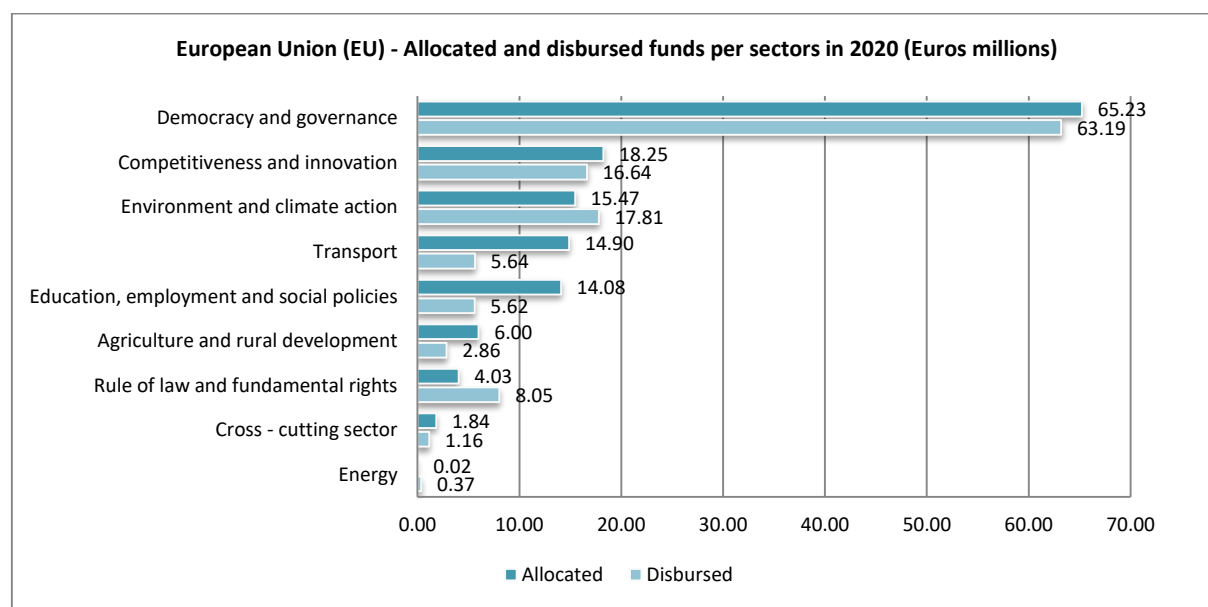
On 7 October 2020, the European Commission has published the '2020 Enlargement package' including the 2020 Report on BiH. The Delegation handed over and presented the Report to the executive authorities at all levels (BiH CoM Chair, BiH Presidency, Entity and Brcko District governments). The report was also presented to other relevant actors, including CSOs and business community. The publication and presentation of these documents dominated BiH media, mostly followed by statements by BiH officials about possibly obtaining the candidate status in 2021. The EU Delegation contributed to the drafting of the Country report and will continue to support the handling of the key priorities of the Commission's Opinion and annual Country report recommendations.

The overall implementation of the SAA remains unsatisfactory, as the country does not have a program for the approximation with the EU acquis (i.e. *National Programme for Adoption of Acquis -NPAA*) to steer the process. The authorities fail to properly follow-up the EU recommendations and guidance on SAA.

The EU Delegation facilitated the endorsement of the Rules of Procedures for the Stabilization and Association Parliamentary Committee (SAPC) after five years stalemate, in view of making this body operational and scheduling the first meeting of the SAPC in early 2021.

Key activities in 2020

The European Union (EU) significantly increased its assistance to BiH in comparison to 2019, i.e. the EU allocated € 139.83 million and disbursed € 121.35 million in 2020 in the form of grant to the following sectors: Democracy and governance, Competitiveness and innovation (*Covid-19 response measures included*), Environment and climate action (*Covid-19 response measures included*), Transport, Education, employment and social policies, Agriculture and rural development (*Covid-19 response measures included*), Rule of law and fundamental rights, Cross - cutting sector and Energy.



***To be noted that in 2019, the EU allocated € 81.75 million and disbursed € 60 million in form of grant to BiH.**

As per the above graph, it is to be noted that in 2020 the EU provided most of assistance in Democracy and governance sector followed by Competitiveness and innovation, Environment and climate action and Education, employment and social policies sectors.

The assistance included the continued support to Public Administration Reform (PAR)/ Public Financial Management (PFM) with new projects, worth EUR 5.8 million, which add to the ongoing projects in these sectors. The huge available assistance will support BiH in implementing the recently adopted PAR Action Plan, but more reforms and adoption of a PFM strategy are also expected from BiH side. On the Elections Process, in 2019 the Delegation decided to mobilize funding under EU Integration Facility (IPA 2015) to provide support to the Central Election Commission (CEC), especially in the perspective of the 2020 elections. A contract worth EUR 0.3 million was prepared and signed in the same year and the implementation started on 1 September 2019. In 2020, the project prepared a draft BiH Strategy and an Action Plan to improve the integrity, transparency and efficiency of the electoral process by addressing its technical shortcomings, including introduction of technology based tools. The Project also delivered a Communication Plan. All these documents were adopted by the CEC in 2020 and were sent to the Parliamentary Assembly for subsequent adoption.

The EU assistance to Civil Society continues to make significant progress in strengthening awareness on the importance of the collaboration between governmental institutions and civil society

organizations; development of institutional mechanisms of cooperation between governments and civil society organizations; as well as in improving capacities of the government institutions to take part in policy dialogue with civil society achieving majority project objectives and expected results. Additional support has been directed to the civil society networks active within particular sectors e.g. education, election monitoring, environment, with the aim to enhance their capacity and knowledge and ensure their participation in the processes link to BiH EU path. The total financial envelope in this regard went over EUR 8 million through the Civil Society Facility (CSF) and EIDHR instruments.

Due to the migrants' flows that hit BiH in second half of 2018, the EU, by swiftly adopting the Special Measure I to support the response to the Refugee and Migrant Situation in BiH, provided significant funds to address the migration crisis in BiH already in summer 2018. This support was further enhanced – tripled in 2019, by adopting Special Measure II, as the migrant's flows continued throughout 2019. As migration crisis continued throughout 2020, EU provided additional 45 EUR million for increased migratory flows to the country for the period 2020-2021.

For the purpose of recovery of BiH economy from effects caused by the COVID-19 viral pandemic, the EU approved EUR 18 million emergency support to micro, small and medium-sized enterprises. These funds were made available through two new projects, namely the EU4BusinessRecovery, worth EUR 13.7 million provided by the EU and the German Government, and the EU4AGRI-Recovery, whose implementation started on 1 January 2021. The projects are complementary to the two on-going projects, EU4Business (financed by the EU and the German Government) and EU4AGRI (financed by the EU), worth over EUR 36 million and aiming to strengthen BiH economy and ensure retention of existing and creation of new jobs.

The currently designed EUR 14 million support for further mitigating COVID-19 effects on BiH's economy through the SMEs digital transformation is expected to be contracted in 2021. Overall, some 160 SMEs should improve their access to digital innovations through EUR 40 million worth lending, while 120 SMEs should participate in the 5 high-tech innovations through the hubs that will be fully functional by 2027.

In *Education, employment and social policies*, a Framework Contract (IPA 2015) addressing preparation of technical documentation for modernization of sports halls in 40 primary schools and 5 Faculties of Sport was finalized. This has allowed the launch in the first quarter of 2021 of a works contract, 'EU4Sport', worth EUR 2.5 million. This first phase, aimed at identifying facilities to be modernized, has been completed very successfully. In the field of Education, a project started in September 2020 with primary focus on relation between education and future job perspectives and on enhancing the quality of education. In the field of Employment, a project started on September 2020 targeting the improvement of active labour market measures.

In the area of *Rule of Law*, the EU continued implementing important projects. The EU4Justice Project helped strengthening the cooperation on the entire 'criminal justice chain' in BiH, including law enforcement agencies, prosecutors and judges, for a more effective response to serious crime. On prevention of corruption, the APIK technical assistance project has provided support in establishing strategies and action plans at all levels for all the anti-corruption bodies in the country. All the contractors managed to reorganize their working methods in order to deliver trainings and workshops online during the pandemic. In parallel, the Delegation has carried out an external evaluation to assess the efficiency of the EU assistance to the Judiciary, especially to the High Judicial and Prosecutorial

Council. The results were presented to the EU and BiH beneficiaries in November 2020 and the recommendations will serve to better elaborate future assistance in the Justice sector in order to establish more conditionality and to be more results-oriented.

In addition to the national annual programmes, BiH benefited from some still ongoing projects funded under the IPA II Multi-country Programmes 2014-2020, which support measures of common interest in the Western Balkans and Turkey, such as infrastructure development, institution building, the implementation of the Central European Free Trade Agreement (CEFTA), fight against organized crime, environment, energy, regional trade integration and cross-border cooperation.

The multi-country programmes support areas of key importance for European integration, such as taxation and customs, statistics, public administration via the Organization 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-country programmes include cooperation between regional prosecutors and mutual legal assistance between the courts, improved police cooperation, integrated border management and cooperation on migration issues. It also included the support to Erasmus + programmes through the cooperation between IPA countries' and EU Member States' universities in the form of mobility of students, professors and university personnel.

Assistance under the *Cross-Border Cooperation* component is supporting BiH's participation in IPA II 2014-2020 CBC Programmes BiH – Montenegro and Serbia – BiH, its participation in the Interreg IPA CBC Croatia – BiH - Montenegro 2014 – 2020, Interreg ADRION Programme with EU Member States and other Western Balkan Countries (Albania, Montenegro and Serbia), Interreg MED Programme with EU Member States and other Western Balkan Countries (Montenegro and Albania), and Danube Transnational Programme with EU Member States, other Western Balkan Countries (Montenegro and Serbia), Ukraine and Moldova.

Medium and long-term approach

The EU will keep supporting 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.

Due to the COVID-19 outbreak in March 2020, the EU managed to respond quickly with its support to mitigate urgent health and humanitarian implications that COVID-19 pandemics abruptly caused in BiH, by providing various medical supplies and equipment to various public health facilities in BiH. In medium term, the EU will provide assistance for socio-economic recovery of BiH, by mitigating the impact of the COVID-19 crisis on business of agri-food and tourism operators, MSMEs, entrepreneurs and farmers as well as on the development of start-ups by unemployed or which appertain to vulnerable groups (women, minorities etc).

It is to be noted that the EU has mobilised a package of over EUR 3.3 billion to the Western Balkan partners in tackling COVID-19 crisis. The package includes reallocations from the Instrument for Pre-accession Assistance of EUR 882 million for the entire region, out of which EUR 83.5 million for Bosnia and Herzegovina; a EUR 1.7 billion package of assistance from the European Investment Bank and EUR 750 million of Macro-Financial Assistance, out of which 250 million for Bosnia and Herzegovina.

Apart from the EU Response to COVID-19 outbreak in BiH, the EU assistance will further support the public administration reform, including robust statistics, greater accountability in public administration and ability to provide e-services in line with EU standards. It will also support further building capacities for accession negotiation as well as participation of BiH in various EU Programmes under the scope of Democracy and governance sector. It will support the effective justice, by strengthening the independence, transparency, efficiency, accountability and ultimately public trust in justice system of BiH and by enhancing cooperation between law enforcement and prosecution services; However, the EU assistance is linked to BiH's willingness to adopt the new law on the High Judicial and Prosecutorial Council and the new law on the Courts of Bosnia and Herzegovina, in line with European standards; to establish a credible and rigorous system of verification of asset declarations of judges and prosecutors, and members of the High Judicial and Prosecutorial Council; to apply consistently and significantly improve rules and practices on the appointment, integrity and training of judges and prosecutors and to ensure that a system of performance appraisal is in place. Without these reforms in place, the efficiency of EU assistance will remain limited

As far as the Environment, climate action and energy sector is concerned, the EU assistance will further support alignment of the regulations and policies with EU environmental acquis and development of priority environmental infrastructure; it will also assist in reforming the energy sector and improve its energy and climate policies, implementation of energy efficiency measures as well as in supporting pilot green investments in local communities; Under the sector of Competitiveness, innovation and agriculture and rural development, the EU assistance will focus on continued support to improve BiH competitiveness in foreign trade, by increasing international and regional volume trade volume of BiH. The EU assistance will also focus on increasing the competitiveness of agricultural production and rural jobs and services as well as to support EU *acquis* alignment and implementation of policy measures in the area of food safety, veterinary and phytosanitary standards.

Lastly, the EU assistance will provide assistance to improve of Bosnia and Herzegovina's socio-economic situation and living conditions by enhancing the responsiveness of education to labour market needs, improving internationalisation and mobility in higher education, contributing to the development of social inclusion policies in sport and pre-school at relevant levels, and better employability in local communities.

In the long-term period, the EU will continue to provide support to all Six IPA II sectors, but in the architecture of the new IPA instrument - IPA III, whose regulation is expected to be adopted in Q3 2021 and will be valid for the period 2021-2027. The IPA II sectors will be merged and translated to Five IPA III Windows, each having its Thematic priorities. The main criteria for funding a particular sector will be policy relevance and technical maturity of Action proposals.

Development partners coordination efforts

To increase effectiveness and efficiency in the delivery of assistance through coordination of development partners, 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, including international organisations (UN and its agencies, OSCE, CoE, etc.). At state-level, coordination meetings with IFIs as well as with EU and non-EU donors were organised on a regular basis until mid-2019. There was no meeting held 2020. The meetings 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, KfW and GIZ, in particular in the fields of transport, energy and environmental infrastructure, where the EU finances designs, studies, works and technically assists in helping to meet the conditions for investment by the IFIs. Moreover, the EU and the IFIs cooperate within the framework of the Western Balkans Investment Framework (WBIF).

In addition, the EU Delegation maintains regular cooperation with other development partners through bilateral meetings and/or sector working groups related to areas of judicial reform and juvenile justice, fight against corruption, public administration reform, agriculture and rural development, energy efficiency, environment, gender, human rights, social protection, employment and education, mine action, civil society and many others. The coordination mechanisms described above ensure that EU assistance and the assistance of other development partners 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 development partners coordination efforts.

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European Investment Bank (EIB)

Policy approach

The European Investment Bank is the bank of the European Union. This is the largest investor in the world. It provides finance to support the European Union's enlargement policy and strategy in the Western Balkans, boosting the standing of the EU in a strategic region where many other international actors are present.

As the climate bank of the European Union, the EIB is in an excellent position to support a green transition in the Western Balkans, and is expanding its support to energy efficiency and renewable energy projects in the region to which it will provide technical assistance and investment grants.

Activities of the European Investment Bank (EIB) in 2020 have been two-sided. EIB has provided over €1 billion of support for the Western Balkans for alleviating immediate negative effects of the covid-19 and, in parallel, financed the key infrastructure projects for long-term recovery and increased resilience to future emergencies.

Specifically, the EIB has accelerated approvals, signatures and disbursements to provide EUR 1.7 billion in the region until 2021. These projects will focus on climate and environment, healthcare, digital transformation, SMEs and the European Union's Connectivity Agenda.

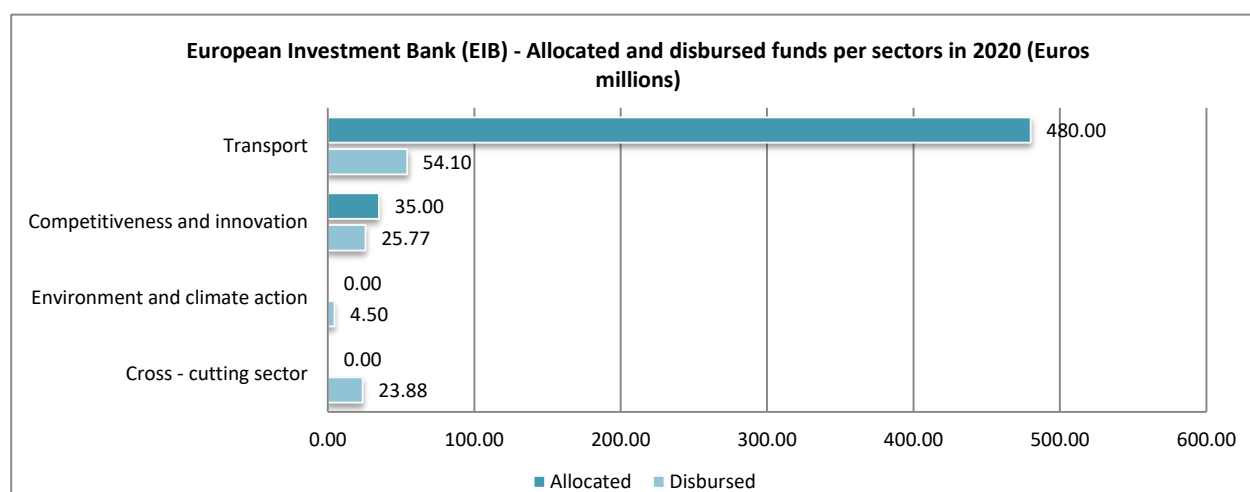
National healthcare sectors and small and medium-sized enterprises in the region will be the immediate beneficiaries of the EU's support package, which is also designed to strengthen the national banking sectors and provide technical assistance to realize development projects and stimulate much needed investments.

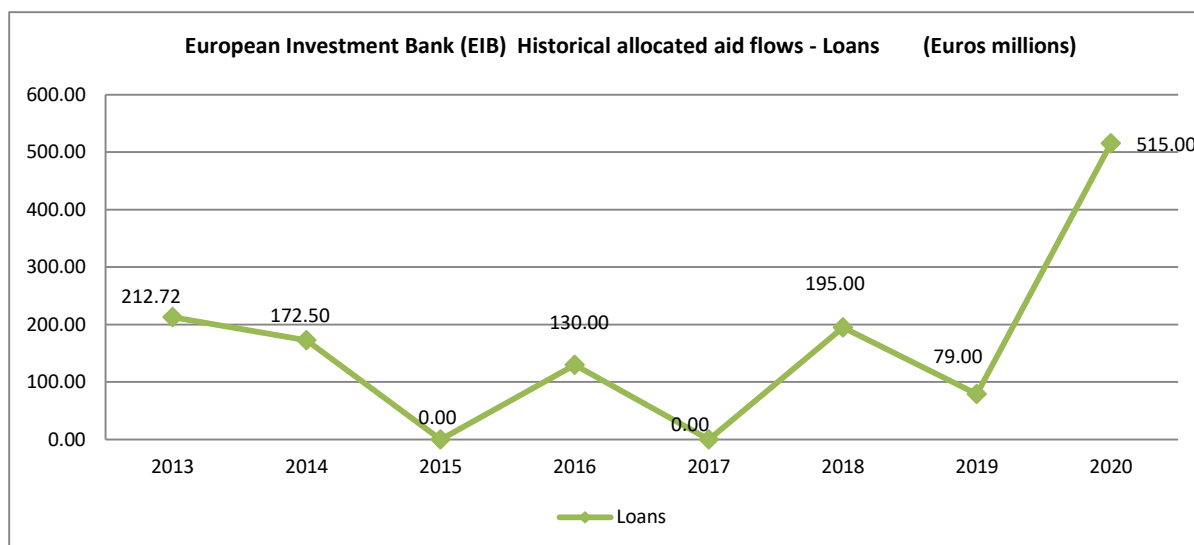
As far as Bosnia and Herzegovina is concerned, there are already a large number of strategically important projects under approval phase and in 2021, investments will target mainly the fields of health, energy, road and railways, as well as SMEs.

In 2020 only, EIB disbursed an amount of EUR 108.2 million to Bosnia and Herzegovina, and approved an additional total amount of EUR 515 million for new projects both in the private and in the public sectors.

Key activities in 2020

The European Investment Bank (EIB) **allocated € 515.00 million and disbursed € 108.26 million in 2020 in the form of loans** to the following sectors: Transport, Competitiveness and innovation, Cross - cutting sector and Environment and climate action.





Development partners coordination efforts

The EIB co-finances major projects in the region with other IFIs, particularly the EBRD and The World Bank as well as other bilateral development partners. The EIB also continues its close cooperation with the EC in order to prepare and co-finance projects with EU budgetary contribution provided by the EU Instrument for Pre-Accession Assistance (IPA) and the Western Balkan Investment Framework (WBIF).

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United Nations (UN)

Policy approach

In 2020, the United Nations in Bosnia and Herzegovina supported authorities in finalising a Sustainable Development Goals Framework in Bosnia and Herzegovina. Developed over the last two years through the direct engagement of public and private sector stakeholders, this framework was adopted by the governments of Brcko District and the entities in 2020 in preparation for adoption by the Council of Ministers of Bosnia and Herzegovina in 2021. This framework offers a common countrywide vision for sustainable development in Bosnia and Herzegovina. The framework further provides the basis to expand discussions on financing the SDGs with the objective of increasing and diversifying sources of public and private investment aligned with the sustainable development goals, including through private sector investment. Within this context, the United Nations has supported the authorities in the country in preparing a comprehensive SDG Financing Strategy for Bosnia and Herzegovina and in setting-up a platform for countrywide dialogue and partnerships for SDG implementation. The United Nations will assess the financing gaps in priority sectors (health, education and employment) and support the optimisation and rechannelling of public funds toward SDG priorities as well as identify new and innovative financing mechanism that could be applicable to the Bosnia and Herzegovina context (e.g., from the private sector, institutional investors and domestic and international financial institutions). The strategic planning and development management systems in both entities were set in function in 2020, guided by the relevant regulatory frameworks. Countrywide, 90 per cent of local governments and all 10 cantons in the Federation of Bosnia and Herzegovina developed their new development strategies. The capabilities and structures developed within the public strategic planning system are vital to the successful implementation of the SDG Framework for Bosnia and Herzegovina, which was developed with the support of the United Nations.

The United Nations continued to support the strengthening of the country's integrated border management capacities. The focus was on addressing illicit arms trafficking, improved border security and freight control as well as enhancement of the legal and operational environment and gender equality in law enforcement agencies. As a result, 2,000 illegally trafficked small arms and light weapons were seized and destroyed by the respective authorities. The United Nations supported the operationalization of the reformed counter-trafficking referral mechanism, the development of a new strategy, related local action plans at different levels of government and a new database of victims of trafficking. This resulted in a higher number of victims being identified in 2020 compared to previous years.

In the area of money laundering, the United Nations increased the capacities and enhanced the effectiveness of law enforcement representatives in terms of countering illicit cross-border activities and halting high risk shipments whilst facilitating legitimate trade. The United Nations supported the design of the new Small Arms and Light Weapons Control Strategy 2021–2024 and assisted the Ministry of Defence of Bosnia and Herzegovina in minimising the risk of an unplanned explosion of ammunition. The United Nations supported the Ministry of Communications and Transport of Bosnia and Herzegovina in the preparation of the Bosnia and Herzegovina Framework Road Safety Strategy for 2021–2025 for the most critical road safety system areas in the country in line with EU safety standards.

In 2020, United Nations agencies continued to support the government migration management efforts by providing accommodation, humanitarian aid and assistance to migrants and asylum seekers registered in TRCs in Bira, Borici, Blazuj, Sedra, Miral and Usivak and ETC Lipa. Between January and December there were over 35,000 registrations at these facilities by people transiting through Bosnia and Herzegovina.

Through the Assisted Voluntary Return and Reintegration programme 227 men, women and children returned to their countries. Moreover, 3,474 migrant and asylum seeker women/girls and men/boys were empowered in prevention and protection in regard to gender-based violence, improved mental health and life skills. In addition, the United Nations ensured provision of sexual and reproductive health services to 1,355 migrants and asylum seekers and strengthened the capacities of 3,565 migrants and asylum seekers in relation to COVID-19 health awareness and prevention.

Since the outbreak of the COVID-19 pandemic in Bosnia and Herzegovina, the United Nations has actively supported the institutional response by the authorities to prevent and reduce the spread of the COVID-19 crisis, focusing particularly on the most vulnerable whilst also assisting civil society organisations engaged in various areas of work. The United Nations collaborated closely with the Ministry of Civil Affairs of Bosnia and Herzegovina and the public health departments in the entities and Brcko District on technical issues related to all aspects of the COVID-19 emergency. The United Nations ensured technical adherence of the health authorities to WHO recommendations on the response to COVID-19, early detection, surveillance, testing, tracing contacts, isolation, treatment and case management. The health systems were supported through the procurement and distribution to the relevant institutions of 11.5 million pieces of life-saving medical equipment, testing kits and necessary supplies (10,618,665 items of personal protective equipment; 12,367 medical devices; 899,099 pieces of lab equipment, tests and testing materials;).

With United Nations support, more than 4,700 people benefited from employment or income generation opportunities that contributed to keeping people out of poverty and alleviated the negative impact of the crisis. Two employers organisations were provided with survey tools to help them evaluate the needs of companies arising from the COVID-19 crisis and to use them in the economic recovery policy dialogue.

Recognizing the harmful impact that COVID-19 has had on employment and income generation opportunities, the UNCT specifically in 2020 allocated 28 per cent of jobs and 41 per cent of assistance to livelihoods for women. This meant that 1,843 women benefited from improved livelihoods and income, including 225 of those affected by the floods of 2014 and the current COVID-19 pandemic. Targeted support enabled immediate food and hygiene security and livelihood support for 300 families. Recognising the need to tackle the socioeconomic consequences of the crisis, the United Nations reprogrammed support in order to help the livelihood and business operations of 200 rural female owners of agribusinesses and 40 female owners of small sized companies.

The United Nations contributed to strengthening private sector competitiveness by supporting the authorities in introducing public financing instruments for private sector development, by helping 300 small and medium-sized enterprises to modernise their business models, by improving the entrepreneurial skills of 350 women and men and by assisting in the registration of 80 new start-ups. The United Nations continued to promote digital literacy among girls and young women and the closing of the digital gender gap.

The country-initiated efforts toward digital transformation in the public and private sectors were accelerated by the COVID-19 crisis. Quality policy support provided to the authorities across all levels of government resulted in more effective and accessible public services for 370,000 citizens (40% women).

The United Nations supported all of the ministries of education in ensuring continuity of learning through e-learning and blended learning during the school closures, reaching at least 105,000 children. Six TV shows called 'Kids Scientists' were broadcast widely with a total reach of 700,000 viewers. These educational series were a combination of puppetry, animation and videos whereby children learned in an interactive

and engaging way about viruses, diseases and hygiene and prevention from real experts, other children and through songs.

During the year, about 185,000 children and 257,000 caregivers benefitted directly or indirectly from United Nations supported child protection programmes. Community based mental health and psychosocial support was enhanced through United Nations support, benefitting 14,000 children and 2,800 caregivers. The United Nations further strengthened the institutional capacities in the area of sexual and reproductive health and rights. One example is the development of clinical guidelines on the provision of quality maternal healthcare and enhancing youth-friendly approaches in the delivery of healthcare to young people.

In the area of social protection, the United Nations supported the entity associations of social workers in conducting COVID-19 impact assessments in the social protection sector. The findings clearly indicate the need to invest in building shock-responsive social protection systems in order to ensure the continuity of services and benefits, which are even more important in crisis situations.

Through the capacity building of 118 service providers and 66 mentoring sessions the United Nations increased the capacities of institutional service providers in 2020 in terms of a multi-sectoral response to cases of violence, in line with the Istanbul Convention.

United Nations support for civil society organisations and local government resulted in the introduction of four new short-term social services, especially for the most vulnerable. At policy level, in partnership with the EU and the United Nations, the Social Inclusion Foundation facilitated the development of entity and district social inclusion strategies. The United Nations continued to support the adoption and amendment of cantonal and entity legislation and related strategies as well as strategic litigation cases related to the implementation of Annex 7 of the Dayton Agreement.

The United Nations further supported the authorities in enhancing their disaster risk management capacities. Highlight results in 2020 include mainstreaming disaster risk reduction into strategies or preparedness plans in more than 50 per cent of local governments, support for medical waste management, implementation of technical measures for landslide and flood prevention and capacity development of communities and institutions on climate change. Moreover, a joint DRR programme continued to strengthen the capacities of local multi-sectoral DRR platforms in 10 high-risk local governments.

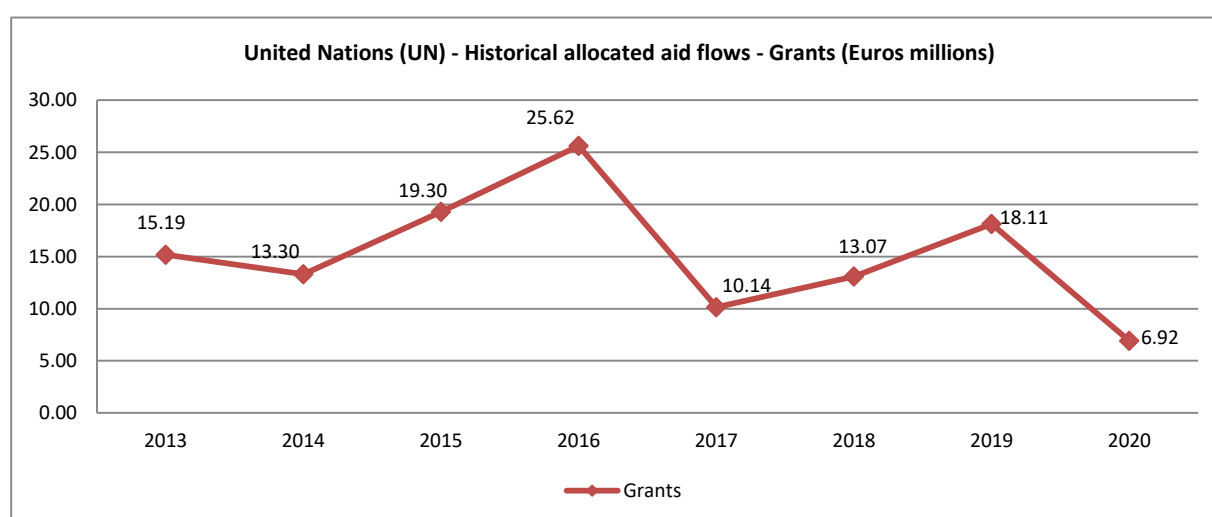
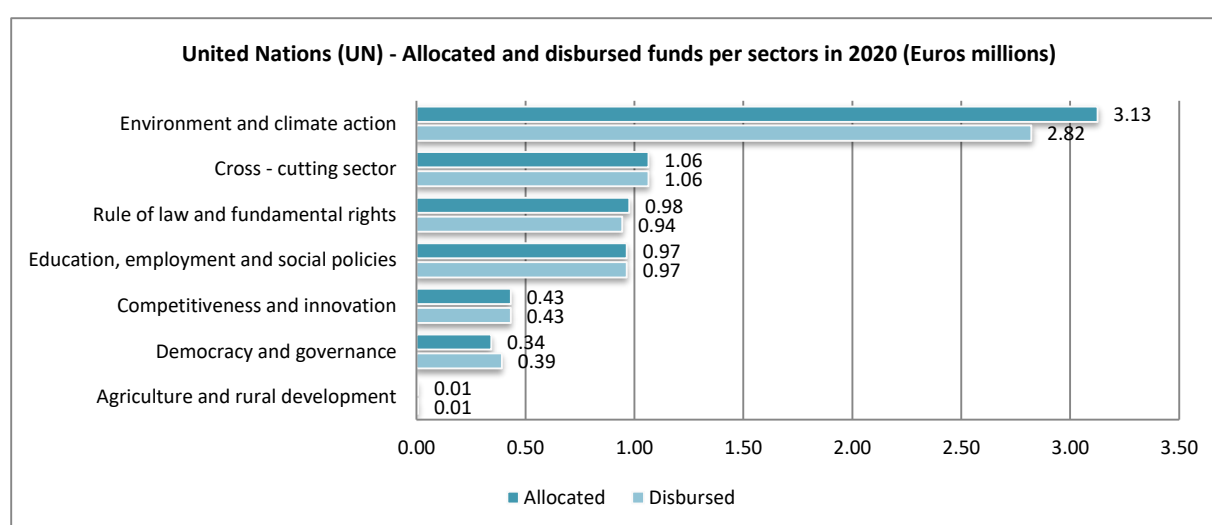
The United Nations continued to lead climate action efforts in the country with impactful development results in the areas of energy efficiency, low-carbon economy and disaster risk management. Bosnia and Herzegovina developed the Nationally Determined Contributions in 2020, which sets the path toward zero-carbon development. Through energy efficiency interventions the United Nations supported a reduction of 13,150 tonnes of CO₂ emissions, improved indoor conditions for more than 250,000 people and the creation of more than 1,800 green jobs since 2015. The set UNDAF target of not exceeding 31.46 million metric tonnes of carbon dioxide by 2020 has been achieved. The United Nations supported the 'Review of the situation for the development of the green economy in Bosnia and Herzegovina' in order to further guide the country's efforts in this area.

The United Nations work in the area of natural and energy resource management contributed to the country's transition toward low-emission and sustainable development. The network of protected areas in Bosnia and Herzegovina increased to 2.65 per cent of the total territory of the country (up from 2.26% in 2019), with the official designation of three new natural areas, enhanced capabilities for management of

the protected areas and the adoption of the management planning documentation by the Government of Republika Srpska. A case study on Application of the United Nations Framework Classification (UNFC) in Bosnia and Herzegovina was developed and offers valuable analytical and policy direction for improved integrated energy and groundwater resource management.

Key activities in 2020

United Nations (UN) allocated € 6.92 million and disbursed € 6.63 million in 2020 in the form of grant to the following sectors: Environment and climate action, Cross - cutting sector, Rule of law and fundamental rights, Education, employment and social policies, Competitiveness and innovation, Democracy and governance and Agriculture and rural development. In this regard, it is important to note that **United Nations in Bosnia and Herzegovina implemented total amount of € 92.9 million (\$113.5 million) in 2020.**



Medium and long term approach

In 2021, one of the key objectives of the UNCT will be the rolling out of the 2021–2025 United Nations Sustainable Development Cooperation Framework for Bosnia and Herzegovina (CF). The CF was formally

endorsed by the Council of Ministers of Bosnia and Herzegovina in December of 2020, after a year-long consultation process with the relevant authorities in Bosnia and Herzegovina, international partners, academia, NGOs and the private sector. It aligns with the EU accession priorities and the Reform Agenda for Bosnia and Herzegovina and focuses on four priority areas: i) Sustainable resilient and inclusive growth, ii) quality, accessible and inclusive education, health and social protection; iii) people centred governance and rule of law and iv) citizen and community engagement for social cohesion.

The UNCT has already finalized the process of preparation of the initial biennial Joint United Nations Work Plan (JWP), operationalizing the CF implementation for the period 2021–2022, which is the subject of review and endorsement by the BiH/UN Steering Committee currently in the process of being established.

The Steering Committee will include the participation of the newly formed SDG Council in BiH that is responsible for the strategic oversight and coordination of the implementation of the recently adopted SDG Framework in the country. This will provide a direct link between the CF and the SDG Framework in Bosnia and Herzegovina and align the CF implementation with the SDG targets in the country.

The draft 2021–2022 JWP funding framework is set at USD 172 million, which is approximately half of the indicative Funding Framework for the entire 2021–2025 Framework set at USD 336 million. The focus of the UNCT will also be on expanding the SDG financing sources by initiating implementation of the Joint United Nations Programme on SDG Financing with the ultimate objective of preparing the SDG Financing Roadmap/Strategy in support of the implementation of the SDG Framework in Bosnia and Herzegovina.

Development partners coordination efforts

The United Nations in Bosnia and Herzegovina supported the immediate response to COVID-19 by providing coordination support, knowledge, expertise and equipment to the authorities in Bosnia and Herzegovina and the international community. The UN Resident Coordinator chaired a monthly International Coordination Meeting on COVID-19 under the technical leadership of WHO, which is the primary forum for the sharing of epidemiological information with the international community.

A COVID19 Socioeconomic Task Force was established with UN agencies and IFIs to enable technical coordination of expertise and knowledge across the United Nations family and partners. Co-Chaired by UNDP and UNICEF, this task force enabled the coordination of more than 30 assessments, including in-person surveys, intersectoral assessments, analyses and policy briefs, in order to assess the impact that the COVID-19 pandemic has had on the most affected groups. These were presented to partners and the public through online events and policy briefs facilitated by the RCO in support of the UNCT.

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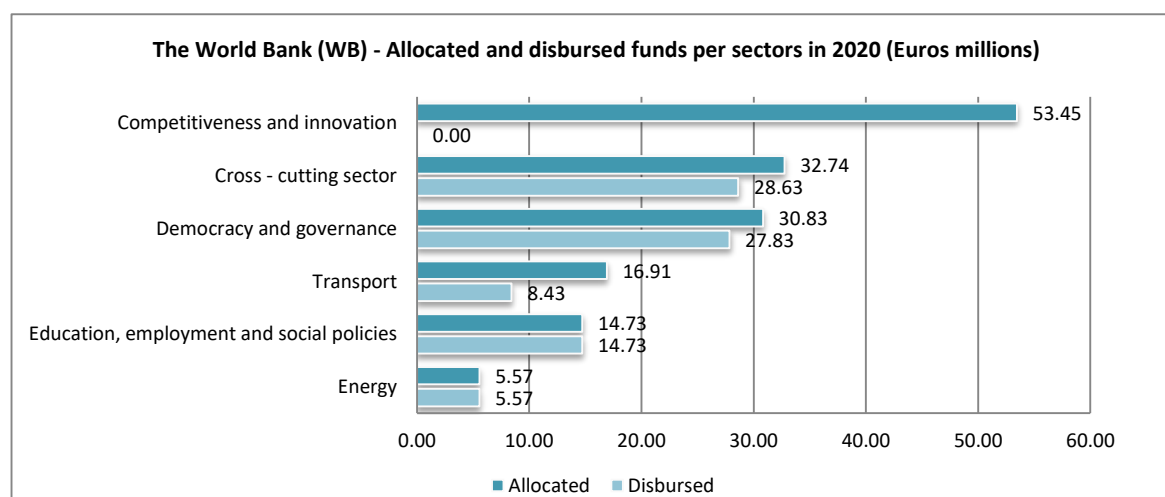
The World Bank

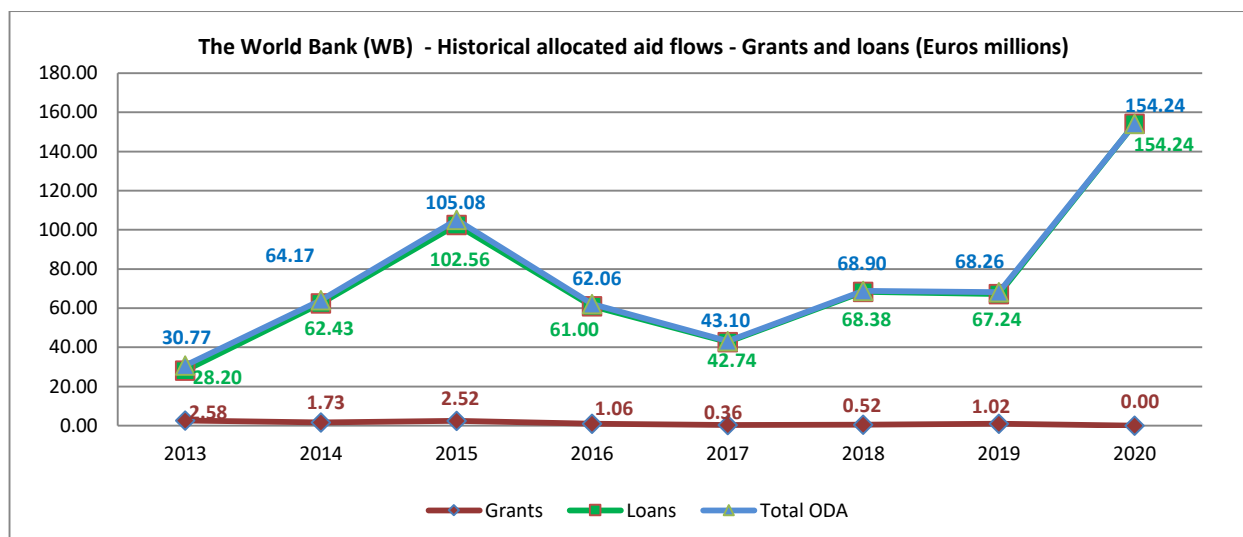
Policy approach

In December 2015, The World Bank Groups' Board of Executive Directors endorsed the WBG Country Partnership Framework (CPF) for FY16-20 **for Bosnia and Herzegovina**. Due to the ongoing COVID19 pandemic, CPF has been extended till the end of 2021. The CPF has three focus areas for WBG support: increasing public sector efficiency and effectiveness, creating conditions for accelerated private sector growth, and building resilience to natural shocks. Support to **increasing public sector efficiency and effectiveness** includes improving the management and efficiency of public finances; strengthening governance and reducing fiscal burden of state-owned enterprises; and improving public service delivery, such as health, water supply and sanitation. **Creating conditions for accelerated private sector growth** implies continued work on competitiveness and business environment, including building a more stable and accessible financial sector, particularly for underserved segments in the market, corporate governance and resource efficiency improvements, as well as support for greater labour market flexibility so that private companies can create more and better jobs, and upgrading key economic infrastructure, such as transport, energy and possibly ICT. Finally, **building resilience to natural shocks** largely focuses on the successful implementation of the existing portfolio of water resource management operations as well as analytic and advisory work to identify key challenges and opportunities in disaster risk management and sustainable management of natural resources. **Strengthening inclusion** is a cross-cutting theme for the entire strategy, informing the choice and design of specific operations to ensure that many groups in society can benefit from the structural reforms the WBG program supports. A new CPF is under preparation. A draft framework based on the Systematic Country Diagnostic (SCD) and the emerging impact of COVID19 identifies three pillars: i) unleashing the potential of the private sector for faster growth and jobs; ii) investing in human capital, and iii) managing the environment for sustainable growth. Improving efficiency of the public sector will be a cross cutting theme.

Key activities in 2020

The World Bank (WB) allocated **€ 154.24 million** and disbursed **€ 85.20 million** in 2020 in the form of **grants and loans** to the following sectors: Competitiveness and innovation, Cross - cutting sector, Democracy and governance, Transport, Education, employment and social policies and Energy.





Medium and long-term approach

During 2021, The World Bank main activities will focus on implementation support to the ongoing operations and assisting the implementing entities with reaching the development objectives. Main areas covered are responding to COVID19 pandemic, real estate registration, energy efficiency, banking sector, recovery of the small and medium enterprises, employment and labour market, roads infrastructure in FBiH, and railways restructuring in RS.

As mentioned above, the Bank is preparing the new Country Partnership Framework. Apart from these activities, the Bank will be working with the relevant counterparts on preparation of the activities in the area of health, agriculture, forestry and water sector modernization.

Apart from this, the main advisory activities will cover the following areas: functional review of health system performance; horizontal functional reviews of central government, SOE sector modernization; deepening and diversification of the financial sector; public sector employment and labour markets. Besides from the planned activities and due to the COVID19 crisis, The World Bank will work with the authorities to help with mitigating the impact of the crisis.

Development partners coordination efforts

Besides participating in the DCF quarterly meetings, The World Bank participates in several sector level donor coordination efforts. In addition to these, The World Bank has coordination meetings with the international financial organizations active in Bosnia and Herzegovina (EU, EBRD, EIB, KfW, CEB, IMF) as well as with other development partners, such as Sida, USAID, British Embassy, OSCE, in order to maximize development outcomes of different programs through better coordination and partnership.

The WB coordinates its engagement in PAR and judicial reform with governments and other development partners active in these areas through regular participation at sector-level development partners coordination meetings and providing regular and *ad-hoc* updates to governments and relevant development partners.



The Bank coordinated closely with USAID on the financial sector reforms, specifically on improvement of the entity banking agencies ability to undertake bank recovery and resolution functions. Furthermore, Bank worked closely with the IMF on the wide range of complementary issues in the fiscal and financial sector. For Water Services World Bank is actively coordinating with EU, Swiss and Sweden Embassy as well with UNDP.

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International Finance Corporation (IFC) in Bosnia and Herzegovina

Policy approach

International Finance Corporation (IFC), a member of the World Bank Group, provides comprehensive solutions to address the greatest challenges that developing countries are facing, through support designed to meet the specific needs of our partners, with special focus on infrastructure, manufacturing, agribusiness, services, and financial markets.

IFC works mainly with the private sector to encourage entrepreneurship and build sustainable businesses, advising them on a wide range of issues, including environmental, social and governance standards, energy efficiency and supply chains.

Through financial support to the private sector companies, IFC enables them to broaden their access to foreign and domestic capital markets, while through advisory activities IFC helps unlock private sector investments, essential for expanding businesses, creating new jobs, and growing economy.

Bosnia and Herzegovina became a shareholder and member of IFC in 1996. Since then, IFC's long term finance investment in Bosnia and Herzegovina totaled \$298 million, including \$23 million mobilized from IFC partners. IFC committed investment portfolio in Bosnia and Herzegovina as of 31 December 2020, is \$12.20 million.

Medium and long-term approach

Through combination of investment and advisory services, IFC will continue to partner with clients in strategic sectors crucial for country's long-term sustainable development.

IFC strategy in BiH aims to assist the shift of the country's growth model from public-led to private-led, from consumption to investment, from domestic to external (**the Three Shifts**), through fostering **competitiveness, connectivity, climate resilience**. Specific strategic activities include:

1) Boost private sector **COMPETITIVENESS**:

- Promote higher-value added, export-oriented industries
- Continue removing barriers to investment
- Keep broadening access to finance

2) Strengthen **CONNECTIVITY** to unlock export potential:

- Foster connectivity by leveraging private investment in economic and urban infrastructure, including through PPP
- Support digital transition through investments in digital infrastructure

3) Green reboot to tackle **CLIMATE CHANGE**:

- Promote green financial solutions

- Ramp up investment in renewable energy
- Support municipalities to promote climate-friendly urban solutions

IFC's baseline program, realistically assuming the current low-reform momentum as default, will seek opportunistic investments in Financial, TMT, Retail, Light Manufacturing and Agribusiness spaces. Given the country's small size and limited potential for sizable investment transactions, IFC's efforts will aim to leverage regional Upstream initiatives, with which BiH can be encompassed when feasible: Agriculture/Green Financing, Light Manufacturing, Manufacturing Value Chains, and Digital Financial Services, are likely AS programs relevant for IFC's strategic alignment. While the likelihood for reform is low in the short term, it is expected that increased post-COVID-19-crisis pressure, donor fatigue, and incentives created by the EU accession agenda (including the sizeable Economic & Investment plan, Green Deal initiatives, and funding potentially available through the Western Balkans Investment Framework mechanism) could help create more conducive political conditions in a 2-3 year horizon. IFC will then seek engagement in flagship projects with strong signaling effect, that could in turn help unlock new private markets, particularly in the Telecom sector, Economic and Investment Infrastructure, and Financial sector.

Development partners coordination efforts

IFC is actively coordinating with other development partners where needed in sectors specific areas or policy level issues. Notably, IFC is involved in coordination of activities related to the COVID-19 crisis response and EU and regional integration processes implementation with the EU and key IFIs present in the country.

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5. WB Group –Western Balkans Regular Economic Report No. 18: An Uncertain Recovery
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