

DCF members active in the sector in 2017	EU, USA/USAID, Sweden / Sida, Germany, Switzerland, Netherlands, UN, United Kingdom, Norway, Czech Republic, EBRD, Croatia, Slovenia, Canada.
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, Center of Excellence in Finances, UN Population Fund, UN Children's Fund.
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; Ministarstvo vanjske trgovine i ekonomskih poslova BiH; 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 for Economic Relations and Regional 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 administrations of FBiH and 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 Center; Agency for Civil Service of BiH and entity agencies for civil service; Agency for Gender Equality of BiH; Gender centers of FBiH and RS; Association of Municipalities and Cities of RS and FBiH.
Total allocation / disbursement to the sector in 2017 by DCF members	Total allocated €41.37 million – €40.87 million in a form of grants and €0.50 million in a form of loans. Total disbursed €55.21 million – €47.21 million in a form of grants and €8.00 million in a form of loans Out of total ODA in 2017, 10% was allocated and 13% was disbursed in the sector.
Legal framework and sector strategies adopted in 2017	The Law on Changes and Amendments to the Law on Payments into the Single Account and Distribution of Revenues (BiH Off. Gazette No. 91/17); The Law on Changes and Amendments to the Law on Ministries and Other Bodies of Administration of BiH (BiH Off. Gazette No. 83/17); The Law on Changes to the Law on Labour in Institutions of BiH (BiH Off. Gazette No. 93/17); The Law on Changes to the Law on Civil Service in Institutions of BiH (BiH Off. Gazette No. 93/17); The Law on Changes and Amendments to the Law on Administration (BiH Off. Gazette No. 72/17); The Law on Changes to the Law on Salaries and Allowances in Institutions of BiH (BiH Off. Gazette No. 72/17); The Law on Changes to the Law on Value Added Tax (BiH Off. Gazette No. 33/17); The Law

	on Changes and Amendments to the Law on Excise Tax (BiH Off. Gazette No. 91/17); The Law on Changes and Amendments to the Law on Securities Commission (FBiH Off. Gazette No. 6/17); The Law on Changes to the Law on Collection and Partial Write-off of Debt to Sport Clubs (FBiH Off. Gazette No. 12/17); The Law on Changes and Amendments to the Law on Salaries and Allowances in Bodies of Administration of FBiH (FBiH Off. Gazette No. 20/17); The Law on Insurance (FBiH Off. Gazette No. 23/17); The Law on Changes and Amendments to the Law on Securities Market (FBiH Off. Gazette No. 25/17); The Law on Changes and Amendments to the Law on Investment Funds (FBiH Off. Gazette No. 25/17); The Law on the Single Registry of Users of Non-Contributory Cash Benefits (FBiH Off. Gazette No. 25/17); The Law on Banks (FBiH Off. Gazette No. 27/17); The Law on the City of Livno (FBiH Off. Gazette No. 32/17); The Law on the City of Gorazde (FBiH Off. Gazette No. 32/17); The Law on the City of Cazin (FBiH Off. Gazette No. 32/17); The Law on Development Planning and Development Management in the FBiH (FBiH Off. Gazette No. 32/17); The Law on Changes to the Law on Financial Consolidation of Coal Mines in the FBiH according to the Accrued and Unpaid Public Revenues for the period 2009-2015 (FBiH Off. Gazette No. 32/17); The Law on the Banking Agency of FBiH (FBiH Off. Gazette No. 75/17); The Law on Changes and Amendments to the Law on Execution of the FBiH Budget (FBiH Off. Gazette No. 96/17); The Law on Changes and Amendments to the Law on Federal Administrative Taxes and Tariffs of Federal Administrative Taxes (FBiH Off. Gazette No. 98 / 17); The Law on the Tax System of RS (RS Off. Gazette No. 62/17); The Law on Amendments to the Law on Insurance Companies (RS Off. Gazette No. 47/17); The Law on Insurance Intermediation and Insurance and Reinsurance Brokerage (RS Off. Gazette No. 47/17); The Law on Banks of RS (RS Off. Gazette No. 3/17); The Law on Changes and Amendments to the Law on Banking Agency of RS (RS Off. Gazette No. 3/17); The Law on Changes and Amendments to the Law on Securities Market (RS Off. Gazette No. 3/17); The Law on Changes and Amendments to the Law on Income Tax (RS Off. Gazette No. 1/17); The Law on Termination of the Law on Special Contribution for Solidarity (RS Off. Gazette No. 1/17); The Law on Intervention Procurement (RS Off. Gazette No. 74/17); The Law on Changes and Amendments to the Law on Notaries (RS Off. Gazette No. 68/17); The Law on Changes and Amendments to the Law on Salaries of Employees in the Ministry of Interior of RS (RS Off. Gazette No. 62/17); The Law on Contributions (RS Off. Gazette No. 114/17); The Law on Changes to the Law on Borrowing, Debt and Guarantees (RS Off. Gazette No. 114/17); The Law on Execution of the Budget of RS for 2018 (RS Off. Gazette No. 114/17); The Law on the Registry of the Staff Employed at RS Budget Users (RS Off. Gazette No. 114/17); The Law on Changes and Amendments to the Law on the Directorate for Finacing (BD BIH Off. Gazette No. 35/17); The Law on Allowances and Salaries of Budgetary Resources Beneficiaries in the Assembly of BD BIH (BD BIH Off. Gazette No. 52/17); The Law on Changes and Amendments to the Law on Tax Administration (BD BIH Off. Gazette No. 35/17); The Law on Changes and Amendments to the Law on Treasury of BD BiH (BD BIH Off. Gazette No. 35/17); The Law on Changes to the Law on the Government of BD BIH (BD BIH Off. Gazette No. 22/17); The Law on Changes and Amendments to the Law on Civil Service in Public Administration Bodies (BD BIH Off. Gazette No. 9/17); The Law on Changes to the Law on Execution of the Budget of BD BIH for 2017 (BD BIH Off. Gazette No. 47/17); The Law on Changes to the Law on the Budget of BD BIH (BD BIH Off. Gazette No. 39/17); The Law on Amendments to the Law on Income
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	<p>Tax (BD BIH Off. Gazette No. 14/17); The Law on Changes and Amendments to the Law on Investment Funds (BD BIH Off. Gazette No. 18/17); The Law on Amendments to the Law on Enforcement Procedure of BD BIH (BD BIH Off. Gazette No. 47/17).</p> <p>Medium-Term Debt Management Strategy of BiH 2016-2019; Strategy of Development of Public Internal Financial Control System in BiH Institutions 2016 -2018 / PIFC; Debt Management Strategy of the FBiH 2017 – 2019; Debt Management Strategy of the RS 2017 – 2020; Strategy for Development of Local Self-Government in RS for the period 2017-2021; Public Finance Management Reform Strategy in BD BiH for the period 2017-2020;</p> <p>Previously adopted legal framework and sector strategies are available on: www.donormapping.ba</p>
Coordination among and with donors	<p>Democratic institutions: Functional exchange of information between stakeholders based on informal <i>ad-hoc</i> coordination, together with self-organized meetings between donors.</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 donors.</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 donors.</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>Donors active in the sector and BiH Institutions from all levels of government regularly attended Donor 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>

Overview of activities in 2017

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.

Bosnia and Herzegovina is at the turning-point in the development of the economy, society and environment, where the perspective of membership in the European Union presents an opportunity as well as an obligation to implement the approximation process, i.e. harmonization of all regulations with the EU *acquis*, and launch the process of structural adjustment of the economy towards the European integration progress.

Reform Agenda, adopted in 2015 by all levels of government in BiH, initiated key economy processes with the focus on strengthening of institutional capacities necessary for the adoption and implementation of effective policies, laws and budgets at all levels of government in Bosnia and Herzegovina.

In 2017, institutions at all levels of government implemented activities aimed at realization of priorities related to internal stability, economic development and the European integration process, with special focus on increasing employment and poverty reduction.

Following the "*Guidelines for Economic Reform Programs*" submitted by the European Commission, *Economic Reform Program 2018-2020 (ERP)* was prepared, which was adopted at the 131st session of the CoM, dated January 30th, 2018).

Pursuant to the Decision on the System of Coordination of the European Integration Process in BiH ("Official Gazette of BiH", no. 72/16), in May 2017, Council of Ministers of BiH brought the Decision on appointment of working groups for the EU Integration ("Official Gazette of BiH", no. 34/17), for preparation of answers to the European Commission's Questionnaire. Coordination mechanisms became operational in mid-2017. The answers to 3.242 questions from the Questionnaire on the country political, legal, institutional and economic system, were prepared and translated for the most part by the end of 2017. (Consolidated answers were forwarded to the President of the European Commission in January 2018).

In 2017, the Environmental Approximation Strategy for BiH (EASBiH), the Strategy for Protection of Biodiversity of BiH for the period 2015-2020 and the Action Plan for its implementation were adopted as affirmation of the commitment of Bosnia and Herzegovina to meet obligations on nature

conservation and rational management of natural resources. Strategic Plan for Rural Development of BiH (2018-2021) was prepared and forwarded to the Council of Ministers of BiH in the adoption procedure (adopted on January 4, 2018). Also, activities were undertaken on preparation of strategies in areas such as energy, employment and public finance management.

In July 2017, Parliamentary Assembly of BiH, adopted the amendments to the Uniform rules for drafting of legal regulations with a view to introduce the Regulatory Impact Assessment (RIA) in the process of policy making at the BiH level (Official Gazette of BiH, no. 50/17).

In April 2017, Council of Ministers of BiH adopted the document "Policy Framework for Development of Human Resources Management in Public Administration Structures in BiH" (Official Gazette of BiH, no. 56/17), with the view to create the environment for development of human resources management (General Principles of Civil Service).

Council of Ministers of BiH, on its 95th session held on March 22, 2017, adopted the Policy on Information Security Management for BiH Institutions for the period 2017-2021 (Official Gazette of BiH, no. 38/17) and the Policy for Development of Information Society of BiH for the period 2017-2021 on the 100rd session held on May 4, 2017 (Official Gazette of BiH, no. 42/17).

In 2017, the Law on Electronic Identification and Confidence has been prepared and forwarded in the adoption procedure in order to meet all conditions for the functional use of the e-signature in the open system. Three bylaw acts were adopted on the conditions for criteria and procedures for the use and protection of the e-signature and certification system (Official Gazette of BiH, no. 14/17). Also, the process has been conducted to staff the Office for Supervision and Accreditation, which will become operational in January 2018.

In the course of 2017, the capacities of the Central Bank of Bosnia and Herzegovina were strengthened in the areas of statistics, economic forecasting and foreign reserves management as well as in implementation of methodologies in the area of economic analysis, thereby enhancing presentation of CB BiH data in line with the European standards.

Strengthening capacities of institutions at entity levels was continued in 2017. Harmonized legal framework for bank operations in the entities has been established. The Law on Banks and the Law on Changes and Amendments to the Law on Banking Agency in Republika Srpska (Official Gazette of RS, no. 4/17), and the Law on Banks and the Law on Banking Agency in the Federation of BiH (Official Gazettes of FBiH, no. 27/17 and 75/17) are significantly aligned with the EU directives, and they should lead to introduction of stricter creditworthiness of bank operations and bank restructuring.

During 2017, legislation was adopted related to securities in the Federation of BiH legislation (Official Gazettes of FBiH, no. 6/17) and investment funds (Official Gazettes of FBiH, br. 25/17) as well as the Draft law on e-signature of the Federation of BiH was prepared and sent in further procedure.

In 2017, the Government of Brcko District adopted a set of legal and bylaw acts related to strengthening of capacity of public administration (Official Gazettes of BD BiH, no: 5/17, 9/17, 25/17, 43/17, 6/18). Also, the preparation of the Strategy for Vocational Training 2018-2020 is underway.

The Fiscal Council of the Republika Srpska was established in July 2017, on the basis of the RS Law on Fiscal Responsibility, in order to improve the efficiency of public funds spending in the RS budget system.

Positive shift was made in 2017 within Public Administration Reform (PAR) in BiH on further improvement in this area, in order to meet the obligations related to European integration in more expedient manner. Institutions from all levels of government were involved in the process of preparation and developing of the new PAR Strategy for BiH, under the title Strategic Framework for Public Administration Reform in BiH. Action Plan for implementation of the PAR Strategy, according to the joint agreement of the PAR Coordinators, will be prepared after the adoption of the Strategy.

In the Annual Report on the progress on implementation of the targets from the Revised Action Plan 1 (RAP) of the PAR Strategy in BiH for 2017, it was recorded that 72% of targets were met if the entire RAP 1 is taken in consideration, while in terms of reform areas, most significant progress was achieved in the area of Public Finance 81%, and the least in the area of e-Government 57%.

In 2017, efforts are intensified in Bosnia and Herzegovina on implementation of measures within the Public Finance Management reform, with the aim to establish a sustainable fiscal framework, improve the public spending planning process, budget execution and internal financial control at all levels of government.

With the adoption of the amendments to the Uniform rules for preparation of legal regulations in the BiH Institutions (Official Gazette of BiH, no. 50/17), the methodology was defined for assessment of impact of regulations in terms of possible fiscal, economic, social and environmental costs in BiH Institutions. Also, in 2017, the Manual was prepared and published on the Assessment of fiscal impact of regulations in the BiH Institutions.

On its 102nd session, held on May 23, 2017, Council of Ministers of BiH adopted the Medium-Term Debt Management Strategy of BiH for the period 2016 - 2019. The Strategy represents the consolidated medium-term debt management strategies of entities and BD BiH, adopted by the competent governments in accordance with the existing legal framework which regulates borrowing, debt and guarantees in BiH. Medium-term debt management strategies are reviewed annually and updated in order to better manage BiH debt and apply the established guidelines for new external borrowing.

Public investments were additionally regulated in the previous period. At the level of the BiH Institutions, the Decision on Modality and Criteria for Preparing, Developing and Monitoring of Implementation of the Public Investment Program / Development Investment Program of BiH Institutions is under preparation, and its adoption is expected in 2018.

In 2017, draft was prepared of the RS Public Investment Program for the period 2018-2020, which for the first time covered the Preliminary list of priority projects and will serve as the basis for drawing up the Unified list of priority projects of the RS Government, in line with the requirements of the EU and international financial institutions.

The Government of the Federation of BiH, on its' 106th session, held on June 15, 2017, adopted the Public Finance Management Reform Strategy in the Federation of BiH for the period 2017-2020, which regulated that in the coming years, federal extrabudgetary funds will be fully included in the FBiH Budget.

Since January 1, 2017, Republika Srpska Pension and Disability Insurance Fund obtained the status as the budgetary user of Republika Srpska, which is a novelty compared to the previous period.

The Government of the BD BiH, on its' session held on June 6, 2017, adopted the Public Finance Management Reform Strategy of BD BiH for the period 2017-2020.

In 2017, progress has been recorded in Budgeting based on specific programs, considering that all budget users from all levels of government in BiH have submitted requests for financing in a program format, as well as projections of expenditures by economic classification. The new Budget law of Brcko District is in the process of preparation, which will be harmonized with the laws at other levels in BiH.

In the Federation of BiH, BPMIS has been introduced in all ten cantons, which is a positive shift in creating technical preconditions for program budgeting at cantonal level of authorities, considering that preparation of cantonal budgets in the program format should start in 2018. Also, linking cantonal with the Federal Ministry of Finance will positively reflect on fiscal discipline, transparency and efficiency in planning and budgeting in the Federation of BiH.

The area of public procurement as part of public finance reform, recorded the continuous progress. Currently, the preparation of the draft Law on Amendments to the Law on Public Procurement Law of BiH is underway, with the view to be further harmonized with the EU legislation (EU Directives). In 2017, the Council of Ministers of Bosnia and Herzegovina adopted the Rulebook on the Training of Public Procurement Officers (Official Gazette of BiH, no: 08/18), with the goal to improve their skills for efficient and transparent spending of public funds in public procurement procedures.

An important part of the public finance reform, refers to the development and strengthening of the Public Internal Financial Control (PIFC) system and procedures in the public sector, with the view to introduce higher control standards and accountability in public funds management from domestic and foreign sources. In 2017, the Council of Ministers of BiH adopted the Annual Consolidated Report on the Financial Management and Control System in Institutions of BiH for 2016, which covered 70 institutions in BiH.

In the area of customs regulations, progress has been made in further alignment with the EU legislation. A set of laws and bylaws have been adopted related to import customs clearance and simplified customs procedure, which regulate the customs duty exemption system, with the aim to harmonize it with the European customs rules (Official Gazette of BiH, no. 06/17, 33/17, 85/17, 91/17). Also, the proposal was prepared in 2017 for the Decision on Implementation of the Law on Customs Policy in BiH, which will be sent in the adoption procedure at the Council of Ministers of BiH.

Progress has been made on further harmonization of taxation area with the EU regulations. In December 2017, a set of excise laws was adopted, as fulfilment of one of the IMF conditions, whose direct beneficiaries will be the entity budgets (Official Gazettes of BiH, no. 85/17, 91/17.) The legislation on excise tax, the Single Account and the allocation of revenues and the system of indirect taxation in BiH were ratified on December 15, 2017 in the Parliamentary Assembly of BiH.

In June 2017, the Law on the Tax System of Republika Srpska (Official Gazette of RS no. 62/17, dated July 3, 2017) was adopted, which defines introduction, modification or cancellation of tax and non-tax payments. The Registry of Tax and Non-tax Payments in the RS was established as laid down by the provisions of this Law.

In April 2017, the Law on Amendments to the Law on Income Tax was adopted in Brcko District of BiH.

During 2017, Bosnia and Herzegovina maintained the macroeconomic and fiscal stability and positive economic indicators. Significant step has been made in improving mobilization of revenues through the established exchange of all data on taxpayers between the four tax administrations.

In October 2017, the Fiscal Council of Bosnia and Herzegovina established the Proposal of the document - Global Framework for Fiscal Balance and Policies in Bosnia and Herzegovina for the period 2018-2020 (GFBP)¹, which includes fiscal targets proposal of the budgets of BiH institutions, Federation of BiH, Republika Srpska and Brcko District BiH, as well as the proposal for the budget ceilings of institutions at all levels government.

Based on this, Council of Ministers of BiH, at the session held on November 22, 2017, adopted the Budget Framework Papers for the period 2018-2020 and updated Public Investment Program of BiH Institutions for the period 2018-2020. Budget Framework Papers of the Federation of BiH for 2018-2020 was adopted in October 2017 and Budget Framework Papers of Republika Srpska for 2018-2020 was adopted in June, which was revised in October 2017 after the adoption of the GFBP.

Cooperation and coordination of activities within the statistical system in BiH are regulated by the laws on statistics of BiH, Republika Srpska, Federation BiH and the Agreement on implementation of harmonized methodologies and uniform statistical standards in producing of BiH statistical data.

In this area, progress has been made in aligning with the EU standards. ESA 2010 was implemented in annual and quarterly estimates of the GDP under production and expenditure approach, and the new series of data were forwarded to the Eurostat. The series of data on investments of legal entities in BiH has been revised and published, in line with ESA 2010 methodology for the period 2007-2016.

For the first time, the series was published of the monthly industry turnover Index for BiH for January 2010 - December 2017 and regular publication was initiated of quarterly turnover indices of other services for the same period. New series of data has been forwarded to Eurostat. Also, regular reporting of Eurostat was started with the short-term indicators of energy statistics for electricity power and coal, and statistical energy balance of BiH was revised and published for the period 2014-2016.

For the first time, the data were published on "Environmental Costs" for Bosnia and Herzegovina, based on the EU Regulation no. 691/2011 on the European Environment Economic Accounts.

In 2017, regular monthly delivery of data has started from the VAT database to the Agency for Statistics of BiH. Pilot Survey on Income and Living Conditions (EU SILC) and the Adult Education Survey were conducted and the obtained data were sent to the Eurostat together with the Quality Report.

After editing and validation of the set of agricultural issues from the 2013 BiH Census of population, households and dwellings in BiH, the Directory of agricultural farms was prepared, which represents the framework for the future Agricultural Census and the research in sample agricultural statistics in BiH.

In Republika Srpska, the application of ESA 2010 was introduced, whose calculations are used as the basis for macroeconomic aggregates from the domain of national accounts. As a part of social and demographic statistics, comprehensive Adult Education Survey was conducted in the first quarter of

¹<https://www.mft.gov.ba/hrv/images/stories/proracuni/gfo/GO%20FBIP%202018%20-%202020%20%20hrv.%20final.pdf>

2017, while in the period May-July, pilot study was conducted "Road transport of goods - weekly tracking", with the aim of harmonization with the EU concepts and methodology definitions.

In 2017, some progress has been made in establishing of institutional mechanisms for cooperation between governments and civil society organizations (CSOs), as well as financing of civil society organizations in BiH. The Agreement on Cooperation between the Council of Ministers of BiH and non-governmental organizations in BiH was signed on November 30, 2017, with the aim to build the prosperous, just, democratic society in BiH.

Legal framework has been established to ensure more active participation of civil society with the adoption of new Rules for consultations in drafting legal regulations in Institutions of BiH (Official Gazette of BiH, no. 5/17) and the work has continued on regulation of the area of registration of associations and supervision over their work.

Council of Ministers of Bosnia and Herzegovina, at its 93rd session, held on March 8, 2017, adopted the Action Plan for Implementation of Priorities from the EU Report on BiH for 2016. In cooperation with the Institutions in BiH, DEI prepared three quarterly reports on implementation of measures from the Action Plan, which were submitted to the Parliamentary Assembly of BiH and the EU Commission after they were adopted by the Council of Ministers of BiH.

Council of Ministers of BiH adopted the Action Plan for the Implementation of the Communication Strategy for informing the public on the EU Accession Process for 2017, which aims at effective communication and informing the public on the process of the European Integration.

Also, as part of the EU integration activities, during 2017, meetings were held of the Sub-committee on economic and financial affairs and statistics on 25 - 26 January 2017 and 14 - 15 November 2017; Special group for Public Administration Reform on February 1, 2017; Sub-committee on innovation, information society and social policy on February 09, 2017; second meeting of the Stabilization and Association sub-committee on January 31, 2017; second meeting of the Sub-committee on internal market and competition and consumer protection on September 19, 2017; second meeting of the Sub-committee on trade, industry, customs and taxation on October 24, 2017; Sub-committee on agriculture and fisheries on October 25, 2017; Sub-committee for transport, energy, environment and regional development on November 30, 2017 and the Sub-committee on justice, freedom and security.

Investments of DCF members in 2017

DCF members active in the Democracy and governance sector in 2017 are EU, USA/USAID, Sweden / Sida, Germany, Switzerland, Netherlands, UN, United Kingdom, Norway, Czech Republic, EBRD, Croatia, Slovenia and Canada.

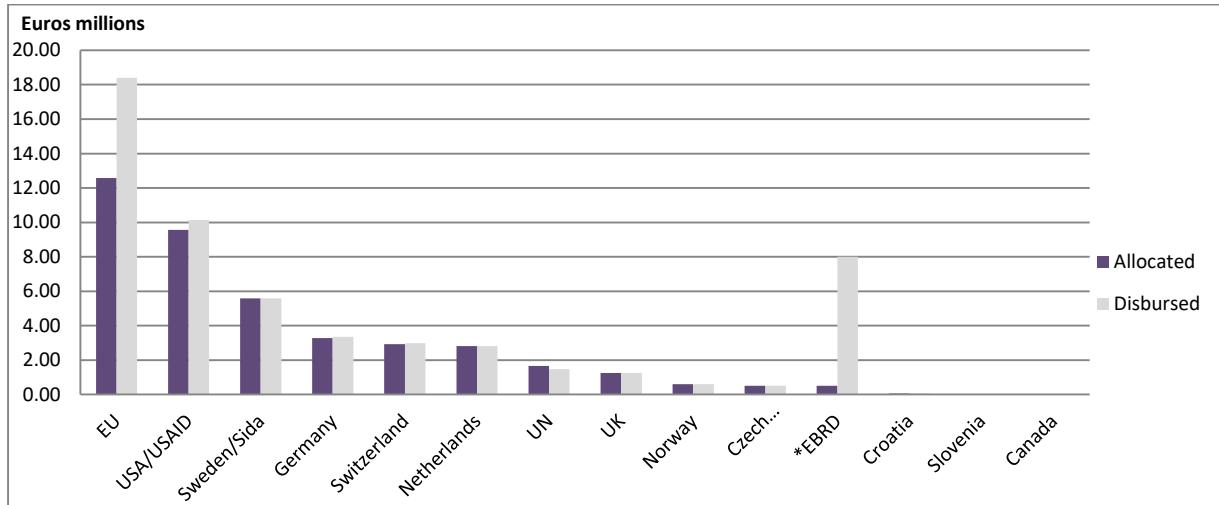
Total allocations of DCF members to the sector in 2017 amounted to €41.37 million, out of which €40.87 million in the form of grants and €0.50 million in the form of loans.

Total disbursements of DCF members to the sector in 2017 amounted to €55.21 million, out of which €47.21 million in the form of grants and €8.00 million in the form of loans.

Figure 1.1. compares grants allocated and disbursed ODA grants, according to the amount of the invested funds, as well as allocated and disbursed loan funds from the European Bank for Reconstruction and Development (EBRD).

Leading donors in the sector in 2017, who allocated i.e. disbursed largest amounts were EU, USA/USAID and EBRD, followed by Sweden /Sida, Germany, Switzerland, Netherlands, UN and United Kingdom.

Figure 1.1. Allocated and disbursed grants per donors in 2017



*Note: EBRD loan

Figure 1.2. presents the structure of total allocated ODA funds in 2017 per sub-sectors. Democracy and governance sector consists of 11 sub-sectors.

Out of total allocated funds in 2017, 80,6% was allocated in three sub-sectors: Civil society 55%, Public Administration Reform 16,9% and Decentralization and Sub-national government 8,6%. Sub-sectors that did not have funding are not presented in the chart.

Figure 1.2. Total allocated ODA per sub-sectors in 2017

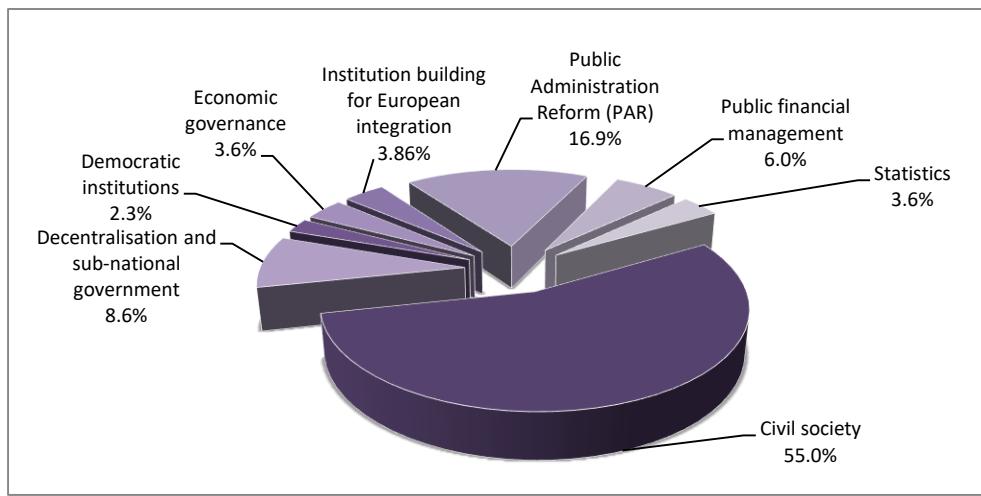
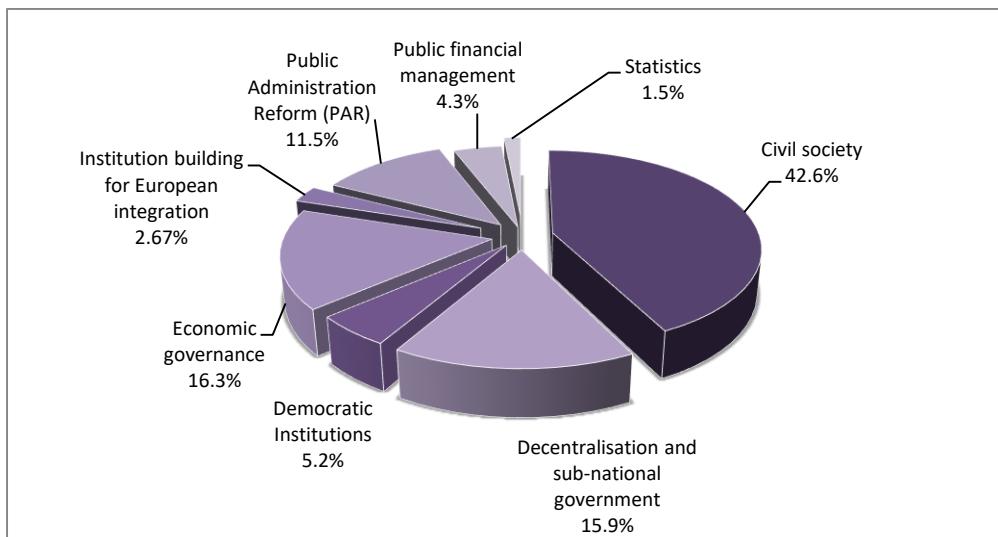


Figure 1.3. presents the structure of total allocated ODA funds in 2017 per sub-sectors.

Out of total disbursed funds in 2017, 74,8% was disbursed in three sub-sectors: Civiln society 42,6%, Economic governence 16,3% and Decentralization and Sub-national government 15,9%. Sub-sectors that did not have funding are not presented in the chart.

Figure 1.3. Total disbursed ODA per sub-sectors in 2017



Ten major projects in the sector that allocated or disbursed funds in 2017, are listed below:

PROJECT TITLE	Donor/Creditor	Total Project Value (Euros millions)
Strengthening Associations of Municipalities and Cities in Bosnia and Herzegovina	Sweden /Sida	29.00
Strengthening of Public Institutions	Germany	10.31
Local Governance - Integrated Local Development Project and Municipal Training Project	Switzerland, UN	9.83
(CSSP) Civil Society Sustainability Project	USA/USAID	8.34
FIF - Sparkasse Bank - BH SME CSF	EBRD	8.00
MEASURE, USAID/Bosna i Hercegovina (BiH) Monitoring and Evaluation Support Activity	USA/USAID	7.75
Strengthening the Role of Local Communities/Mjesne zajednice (MZs) in Bosnia and Herzegovina	Switzerland, Sweden/Sida, UN	7.71
Bosnia and Herzegovina Sub-National Investment Climate Project - LIFE	UK	7.27
FIF - Intesa SanPaolo Bank - BH SME-CSF	EBRD	7.00
Explosive Ordnance and Remnants of War Destruction Project	Germany, Netherlands, UN, USA/USAID	6.35

All projects are available in the Donor 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, and implementing activities to achieve further progress in reforms, crucial for the process of the European and Euro-Atlantic integration. Based on the responses of BiH Institutions from all levels of government, as well as in line with the recommendations of the European Commission's 2017 Report for Bosnia and Herzegovina, further efforts should be made in the following period:

- continue activities on harmonization of the legislation of Bosnia and Herzegovina with the EU *acquis*;
- adopt the new strategic framework for Public Administration Reform in BiH (PAR) and the Action Plan for implementation of the PAR Strategy;
- establish joint performance-based monitoring and reporting system, in order to assess the progress made in PAR and ensure the sustainability of the PAR Fund;
- adopt Public Finance Management Reform Strategy in BiH;
- continue improvements in the area of drafting and implementation of program budgeting at all levels of government in BiH;
- establish the methodology for determining debt levels and excessing budget deficit (Excessive Deficit Procedure Report – EDP);
- strengthen mid-term and annual strategic planning system in Bosnia and Herzegovina; in Bosnia and Herzegovina;
- continue strengthening the capacities of institutions responsible for European integration in BiH;
- strengthen development and coordination policies in support to the EU integration process;
- continue activities on strengthening the external audit system and directorates for direct taxation;
- continue activities for improvement in the areas of accounting, book keeping and reporting of budget users and treasury system at all levels of government in BiH;
- implement preparation and drafting of bylaws based on the new Law on Customs and Tax Policy in BiH;
- undertake activities to strengthen the coordination of international development aid and strengthen the partnership with development partners in BiH (donors, creditors);
- develop tools to create preconditions for establishing common accountability system between BiH institutions and the donor community, with the view to improve the aid effectiveness in BiH;
- continue activities on further improvement in the field of electronic public procurement;
- strengthen the statistical system and capacities for producing reliable statistics in BiH, through further harmonization of statistics with the EU legislation and capacity building of relevant institutions at all levels of government in BiH;
- ensure implementation of effective human resources management system in Institutions in Bosnia and Herzegovina.