

<b>DCF members active in the sector in 2017</b>	/
<b>Other key international organizations</b>	Regional Cooperation Council; Energy Community OF Southeast Europe; South East Europe Transport Observatory; Central European Free Trade Agreement.
<b>Key government partners</b>	Council of Ministers 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
<b>Total allocation / disbursement to the sector in 2017 by DCF members</b>	Total allocated €0.00 million – in a form of loan Total disbursed €0.00 million – in a form of loan
<b>Legal framework and sector strategies adopted in 2017</b>	/
<b>Coordination with and among donors</b>	<p><b>Single mechanism for donor coordination does not exist.</b></p> <p>For regional investments, donor coordination 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><b>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.</b></p>

### Overview of activities in 2017

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.

Continuous strengthening of regional cooperation of the Western Balkans countries is one of the prerequisites for further prosperity and improvement of the living conditions of their citizens. In the context of the current economic situation, regional cooperation contributes to the strengthening of the economic, cultural and social ties and it is the key factor in the overall stability of the Western Balkans and South East European countries.

In 2017, Bosnia and Herzegovina actively participated in regional initiatives established with the aim to use the joint forces for fostering of growth in the Western Balkans, including the South East European Cooperation Process (SEECP), the Regional Cooperation Council (RCC), the Central European Free Trade Agreement (CEFTA) and the Western Balkans 6 Initiative.

Accordingly, BiH participated in the high-level SEECP Summit, held in Dubrovnik on June 29 and 30, 2017. Joint declaration was adopted at the summit, with conclusions related to the support for candidate countries and potential candidates on their path to the EU, economic cooperation and development of the overall region. It was pointed out that the process of the European integration will not be completed until all SEECP participants become a part of the European Union.

RCC, with headquarters in Sarajevo is one of the most important institutions that encourages the development of regional cooperation and provides support to the political, economic, social and institutional reforms in the region. Being the operational branch of the SEECP, RCC makes positive efforts to develop the progress, employment and improve competitive conditions in the countries of the region and has proved to be an important instrument for improving of the cooperation and development in the region.

The Berlin Process and the Western Balkans 6 Initiative have contributed to further strengthening of awareness on the need for cooperation in the region, tighter economic, infrastructural and business connections and an increase in the economic growth and development of the countries in the region.

The meeting of Western Balkans prime ministers was held on March 16, 2017, in Sarajevo as preparation for the upcoming Summit in Trieste, pinpointing to the problems that all Western Balkans countries are facing, such as unemployment, organized crime and corruption. Joint statement was adopted expressing the commitment for continuation of the regional cooperation, and supporting the initiative to create the common market as part of the Western Balkans convergence process towards the EU.

As part of the "Berlin Process", the fourth annual Summit of the Western Balkans countries representatives was held in Trieste on July 12, 2017, which was also attended by the delegation of Bosnia and Herzegovina. The key topics discussed at this Summit were the infrastructure, transport,

energy and the prospect of connecting of the Western Balkans for the purpose of the regions' economic recovery.

The Summit supported the proposed Multiannual Action Plan for the Regional Economic Area in the Western Balkans (MAP), whose implementation should enable the uninterrupted flow of goods, services, capital and qualified labor force in the period 2017-2020, and make the region more attractive for investments and trade. MAP arises from the commitments undertaken under the CEFTA and the South East Europe Development Strategy by 2020 (SEE 2020), in line with the CEFTA and the EU rules and principles, which are reflected in the Stabilization and Association Agreements (SAAs) of the Western Balkans countries.

During this Summit, in the area of transport the Treaty was signed on Establishing the Transport Community between the five Western Balkans countries and the EU (TCT), which established conditions for the new cooperation dynamics between the EU and the region. Bosnia and Herzegovina signed the Treaty on Accession to the Transport Community in September 2017 in Brussels, and thus became the part of a very important project, which will enable the overall infrastructure to be gradually harmonized with the norms and standards applicable in the European Union.

With the inclusion of Bosnia and Herzegovina in the Transport Community, financing has been approved for four exceptionally important projects (construction of the corridor V-C section), in total value of EUR 256.00 mil and also included EUR 46.00 mil grant funds, whose implementation will start in the forthcoming period.

During the Summit, the first joint institution was opened in the region, the Permanent Secretariat of the Western Balkans Chamber Investment Forum (WB CIF) based in Trieste, established by the six chambers of commerce of the Western Balkans countries. The Secretariat will address the regional economic initiatives and represent the interests of the business community as well as promote the region as an investment destination.

The meeting of Regional Economic Area Coordinators was held in Brussels on October 31, 2017. At this meeting, the progress has been discussed on the realization of the measures envisaged by the MAP, as well as programs, activities and plans for activities for 2017 and 2018 were presented, as an important step in improvement of coordination and harmonization of activities towards the efficient achievement of the goals from the MAP.

With the Decision of the Council of Ministers of Bosnia and Herzegovina (125<sup>th</sup> session held on December 22, 2017), the National Coordinator for the Western Balkans Regional Economic Area Project as well as sub-coordinators for the areas of trade, mobility, investment and digital integration were appointed, for the period of implementation of the Action Plan for establishing of the Western Balkans Regional Economic Area (Official Gazette of BiH, no. 2/18).

In the past years, activities have been particularly intensified on strengthening of the regional cooperation in implementation of the joint activities on promotion of gender equality in various areas, particularly in implementation of the UN Resolution 1325 "Women, Peace and Security" and the Council of Europe Convention on Preventing and Combating Violence Against Women and Domestic Violence (Istanbul Convention).

In May 2017, the meeting of the Regional Coordination Committee of the Balkans Regional Network was held in Zagreb, where representatives of the gender institutional mechanisms from Bosnia and

Herzegovina, Croatia, Serbia, Macedonia and Montenegro participated, in order to reach the agreement on implementation of joint regional initiatives and activities. The meeting was concluded with the elaboration of the project concept for the sustainability of the Balkans Regional Network.

In 2017, Bosnia and Herzegovina fully participated in the Connectivity Agenda and continued to use the appropriate EU funds, for example the Transnational Project Attractive Danube, which focused on presentation of situation of the environmental, anthropological, socio-cultural, economic / human and institutional aspect, as well as the Western Balkans Investment Framework (WBIF) for infrastructure and investment projects, and the support funds within the Multiannual Cooperation Program (MCP), for all four subsectors of the Regional and territorial cooperation.

In addition, there is an ongoing support to regional cooperation through various projects implemented in the PAR area (for example: Regional School of Public Administration Reform), PFM, statistics, customs, judiciary, fight against organized crime, migration management, human rights and protection of minorities, Roma integration, Regional Housing Program, etc.

The goal of the Cross-border Cooperation (CBC) is to promote good neighbourly relations and through joint local and regional initiatives, encourage the socio-economic development in the border areas, contributing to the promotion of cooperation in priority areas such as employment, labour mobility, development of small and medium-size enterprises, trade and investments, social and cultural inclusion, environmental protection and promotion of sustainable transport, improvement of public infrastructure, tourism and cultural and natural heritage

Bosnia and Herzegovina participates in three bilateral cross-border cooperation programs with Croatia, Serbia and Montenegro, in one cross-border cooperation program with the member states - IPA Adriatic Program, as well as in two transnational cooperation programs South-East Europe (SEE) and Mediterranean (MED).

For the territorial cooperation programs (IPA II 2014-2020), currently the funds are operational for technical assistance within the Program: BiH - Montenegro, Serbia - BiH, INTERREG Croatia - BiH - Montenegro and INTERREG MED. The first call for proposals within the IPA II Program Serbia-BiH 2014-2020 was published in 2017, while in all other territorial cooperation programs (IPA II 2014-2020) the first calls were announced earlier, and for transnational cooperation programs, MED and DANUBE, second calls were published in 2017.

In addition to implementation of the Cross-Border Cooperation Programs (CBC), comprehensive technical assistance - Cross-border Institutional Building - CBIB + Phase II - has been provided to all Western Balkans countries with the aim to improve regional coordination and harmonization and exchange of the experience in cross-border cooperation among the of the World Bank member countries. Also, uninterrupted transition was supported from the IPA I program to IPA II in the domain of the cross-border cooperation.

In 2017, the capacities of governance structures as well as of grants beneficiaries from the cross-border cooperation programs were improved, through the series of ongoing trainings, supplying handbooks and guidelines for designing, implementation and monitoring of the Cross-Border Cooperation Programs (CBC).

Previous high-level summits reaffirmed the European perspective of the Western Balkans countries, supported the regional cooperation as a result of good neighbourly relations and led to the progress

in resolving of bilateral issues as well as in the areas of youth cooperation and connectivity and in transport and energy.

### Future activities

Regional cooperation is the key condition for the European perspective of the countries in the region still affected by the consequences of tragic conflicts. Reconciliation is of crucial importance for the region stability on the path to the EU association. In this context, it is necessary to:

- continue strengthening regional cooperation and good neighbourly relations;
- in line with the conclusions of the WB6 Summit leaders in Trieste, activities should be carried out on implementation of the adopted MAP;
- expand the „Connectivity Agenda" to include measures to better connect the region's infrastructures, economies and people;
- continue activities to harmonize BiH legislation with the EU regulations, which should have a positive impact on attracting of foreign investments in the Western Balkans region;
- implement the Strategy for Western Balkans which European Commission intends to publish in February 2018;
- ratify the Additional Protocol 5 of CEFTA Agreement, which will further facilitate trade between CEFTA country signatories.