



Bosnia and Herzegovina
Ministry of Finance and Treasury



Abbreviations	3
Introduction	5
Overview of ODA in 2015.....	8
Overview of donor activities per Sectors.....	15
Democracy and Governance.....	16
Rule of Law and Fundamental Rights.....	28
Environment and Climate Action Sector.....	38
Transport.....	47
Energy	53
Education, Employment and Social Policies Sector	68
Agriculture and Rural Development	76
Regional and Territorial Cooperation	82
Cross – Cutting Sector	86
Donor Profiles	88
Croatia.....	89
Czech Republic	91
France.....	93
Germany.....	94
Hungary.....	98
Italy/The Italian Development Cooperation (IC).....	100
Japan /Japan International Cooperation Agency (JICA).....	102
The Embassy of the Kingdom of the Netherlands	104
The Royal Norwegian Ministry of Foreign Affairs	106
Slovenia	108
Sweden/Swedish International Development Cooperation Agency (Sida)	110
Switzerland.....	112
United Kingdom/Foreign & Commonwealth Office.....	115
United States of America/United States Agency for International Development (USA/USAID)	117
European Bank for Reconstruction and Development (EBRD)	120
European Union	122
European Investment Bank (EIB)	127
United Nations Children’s Fund (UNICEF).....	129
United Nations Development Program (UNDP)	132
The World Bank.....	135
International Finance Corporation (IFC)	138
Disclaimer.....	141
Bibliography	142

ACIPS	Association Alumni of the Centre for Interdisciplinary Postgraduate Studies
ADC	Austrian Development Cooperation
APOSO	Agency for Pre-school, Primary and Secondary Education
BATA	Institute for Accreditation of Bosnia and Herzegovina
BHMAC	BiH Mine Action Centre
BiH	Bosnia and Herzegovina
BHDCA	BiH Directorate of Civil Aviation
CARDS	Community Assistance for Reconstruction, Development and Stabilization
CCI	Centres for Civil Initiatives
CCSP	Center for Civil Society Promotion
CDS	Country Development Strategy
CEB	Council of Europe Development Bank
CEDAW	Committee on the Elimination of Discrimination Against Women
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
CoM	Council of Ministers
CRA	Communications Regulatory Agency
CREDO	Competitive Regional Economic Development
CRS	Catholic Relief Services
CS	Civil Society
CSOs	Civil Society Organisations
DAC	Development Assistance Committee
DCF	Donor Coordination Forum
DEI	Directorate for European Integration
DEMA	Danish Emergency Management Agency
DEP	Directorate for Economic Planning
DFID	UK Department for International Development
DIA	Deposit Insurance Agency of Bosnia and Herzegovina
DIS	Decentralised Implementation System
DRG	Diagnosis Related Groups
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECD	Early Childhood Development
ECSEE	Energy Community of South East Europe
EEC	European Energy Community
EFSE	European Fund for South East Europe

EIB	European Investment Bank
EQF	European Qualifications Framework for Lifelong Learning
ERDF	European Regional Development Fund
ETF	European Training Foundation
EU	European Union
EUFOR	European Union Forces
EUROST	Statistical Office of the European Communities
FAO	Food and Agriculture Organisation
FBiH	Federation of Bosnia and Herzegovina
FDIs	Foreign Direct Investments
FIGAP	Funding Mechanism for the Implementation of the Gender Action Plan of BiH
FARMA	Fostering Agricultural Markets Activity
FCO	Foreign and Commonwealth Office
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
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GFATM	Global Fund to Fight Aids, Tuberculosis and Malaria
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GNI	Gross National Income
GOLD	Growth Oriented Local Development
HEA	Agency for Development of Higher Education and Quality Assurance
HJPC	High Judicial and Prosecutorial Council
IBM	Integrated Border Management
IBRD	International Bank for Reconstruction and Development
IC	Italian Cooperation
ICMP	International Commission on Missing Persons
ICT	Information and Communication Technology
IDA	International Development Association
ICTY	International Criminal Tribunal for the Former Yugoslavia
IFC	International Finance Corporation
IFAD	International Fund for Agricultural Development
IFIs	International Financial Institutions
ILO	International Labour Organisation
IMAP	Integrated Mine Action Programme
IMF	International Monetary Fund
INTERPO	International Police Organisation
IOM	International Organisation for Migration
IPA	Instrument for Pre-accession Assistance

IPARD	Instrument for Pre-accession Assistance for Rural Development
IT	Information Technology
ITF	International Trust Fund for Demining and Mine Victims
JICA	Japan International Cooperation Agency
JSRS	Justice Sector Reform Strategy
KfW	Kreditanstalt für Wiederaufbau
KM	Convertible Mark
LEAP	Local Environmental Action Plan
MAP	Membership Action Plan
MDGs	Millennium Development Goals
MEASURE	Monitoring and Evaluation Support Activity Project
MIPD	Multi-Annual Indicative Planning Document
MoCA	Ministry of Civil Affairs
MoCT	Ministry of Communications and Transport
MoD	Ministry of Defence
MoFT	Ministry of Finance and Treasury
MoFTER	Ministry of Foreign Trade and Economic Relations
MHRR	Ministry for Human Rights and Refugees
MoJ	Ministry of Justice
MoS	Ministry of Security
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	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 System
PIP	Public Investment Programme
REDAH	Regional Economic Development Agency for Herzegovina
RCC	The Regional Cooperation Council

REZ	Regional Development Agency for Central BiH Region
RS	Republika Srpska
SAA	Stabilisation and Association Agreement
SALW	Small Arms and Light Weapons
SAP	Stabilisation and Association Process
SCIA	Sector for Coordination of Int. Economic Aid
SDC	Swiss Agency for Development and Cooperation
SEE	South-East Europe
SEETO	South East Europe Transport Observatory
SERC	State Electricity Regulatory Commission
SEPKA	Southeast Europe Police Chiefs Association
Sida	Swedish Int. Development Cooperation Agency
SIPA	State Investigation and Protection Agency
SIPPO	Swiss Import Promotion Programme
SIS	Social Inclusion Strategy
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
TAIEX	Technical Assistance Information Exchange Office
TIR	Transports Internationaux Routiers
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
UNV	United Nations Volunteers
UWWT	Urban Waste Water Treatment
USA	United States of America
USAID	United States Agency for Int. Development
VET	Vocational Education and Training
WB	World Bank
WBIF	Western Balkans Investment Framework
WHO	World Health Organisation
WTO	World Trade Organisation

Donor Mapping Report 2015 (DMR 2015) was prepared by the Ministry of Finance and Treasury / Sector for Coordination of the International Economic Aid (SCIA) in cooperation with representatives of Institutions of Bosnia and Herzegovina and donors, members of Donor Coordination Forum (DCF).

DMR reflects the interest of Bosnia and Herzegovina and the International Community to exchange the knowledge and enhance joint activities directed towards promotion of socio-economic development of BiH, and also is the instrument for improvement of mutual cooperation and development of partnership between BiH institutions and donors active in Bosnia and Herzegovina.

DMR 2015 provides comprehensive information and the analysis of the current Official Development Assistance (ODA), which donors / DCF members channeled in the priority sectors in Bosnia and Herzegovina during 2015, as well as their future activities.

Classification of the priority sectors is based on the sector-based reporting methodology defined in the IPA II regulation, which will apply in the period 2014 – 2020. This is a logical continuation of sector classifications used in the previous reports (MTDS and MIPD), considering the aspiration of Bosnia and Herzegovina towards the EU membership as well as the fact that most of donors activities are focused at supporting realization of BiH priorities related to the EU integration process.

In that regard, this DMR 2015 provided an overview of the Official Development Assistance (ODA) channeled to the following priority sectors:

- 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 and
- Cross – Cutting Sector.

Information and statistical data presented in the DMR are based on the financial data of projects/programs, entered by DCF members in the database, responses to the questionnaires, provided by BiH Institutions and donors, as well as on the research work of the Ministry of Finance and Treasury / Sector for Coordination of the International Economic Aid.

Donor Coordination Forum welcomed the membership of the International Financial Corporation (IFC) that joined the DCF in 2015.

Ministry of Finance and Treasury / SCIA , in cooperation with donors, defined the transparent system for continuous and transparent monitoring of allocated and disbursed international aid resources, pledged at the Brussels Donors' Conference for rehabilitation and recovery from flood consequences, in order to make public, transparent, and easily accessible data on the use of the financial aid.

Data on allocated and disbursed resources were regularly updated in 2015, and in agreement with donors, quarterly financial reviews were prepared "Floods 2014 – financial review of activated funds for floods recovery in Bosnia and Herzegovina" and published at the official web-sites of the Ministry www.mft.gov.ba and DCF www.donormapping.ba.

Ministry of Finance and Treasury / SCIA, based on the *Decision on the Medium Term Planning, Monitoring and Reporting Process in Institutions of Bosnia and Herzegovina* adopted in 2014, prepared the *Instruction on the Methodology of the Medium Term Planning, Monitoring and Reporting Process in Institutions of Bosnia and Herzegovina* ("Official Gazette" no. 44/15) and the Manual for Preparation of Medium Term Work Plans in Institutions of Bosnia and Herzegovina. With the adoption of the Decision and the Methodology by the Council of Ministers, strategic planning process methodology was fully implemented, and future activities will be focused to the training of civil servants. During 2015, approximately 400 civil servants attended the medium-term planning training. Expert support was provided to BiH institutions for preparation of their medium-term plans. In order to link the process of the Public Investment Management and Medium Term Planning process, Ministry of Finance and Treasury / SCIA upgraded the Public Investment Management Information System (PIMIS) with the Medium Term Planning Module. PIMIS upgrade will enable the preparation of the Medium Term Work Program of the Council of Ministers and the Medium Term Work Plans of BiH Institutions in the mentioned system.

Ministry of Finance and Treasury /SCIA participated in preparation and organization of the first session of the *International Review Conference on the progress made in the implementation of the results of the Brussels Donors' Conference for Bosnia and Herzegovina and Serbia after the floods*, held on September 28, 2015 in Sarajevo, coordinated and moderated the „Morning session“and prepared the respective Draft conclusions. The *International Review Conference* was co-organized by the competent institutions of Bosnia and Herzegovina and Republic of Serbia with the support of the Delegation of the EU to BiH.

Ministry of Finance and Treasury of BiH/Sector for Coordination of the Economic Aid extends thanks to DCF members and representatives of BiH Institutions whose participation and support enabled the preparation of the Donor Mapping Report 2015.

The consequences of the global crisis affecting all economies in the world are still noticeable in Bosnia and Herzegovina, through slowed down growth of GDP, increased prices and high unemployment.

A modest economic recovery and strengthening of economic activity recorded in the country at the end of 2013 and early 2014, was suspended after the catastrophic floods and landslide, that caused enormous damages and losses and badly affected the private sector, a driving engine of the economic growth in BiH. Thanks to the international support, the infrastructure destroyed by floods was successfully rehabilitated, while reconstruction and prevention of future threats from natural disasters are still underway.

Despite the initial stagnation, in 2015 Bosnia and Herzegovina has achieved positive trends in the areas of tax revenues, business climate, industrial production and services, demonstrating the resilience to the effects of external impacts and the efficiency of economic growth. Accordingly, economic growth of 3% percent was recorded as well as the increase of the physical volume of industrial production of 2.6% and the increase in the number of employed in this sector of 1.5%, in comparison to the previous year¹.

The year 2015 also characterized the return of Bosnia and Herzegovina to the EU integration path. The institutions of the newly formed authorities in BiH have reached a broad consensus on the key priorities for the economic-social development of the country, leading to the Stabilisation and Association Agreement (SAA) coming into force on June 1, 2015. Besides, the Reform Agenda for Bosnia and Herzegovina was adopted for the period 2015-2018, which established urgent priorities related to EU integration, with particular emphasis on the areas of Public finance, Taxation and fiscal sustainability, Rule of law, Good governance and Public Administration Reform (PAR).

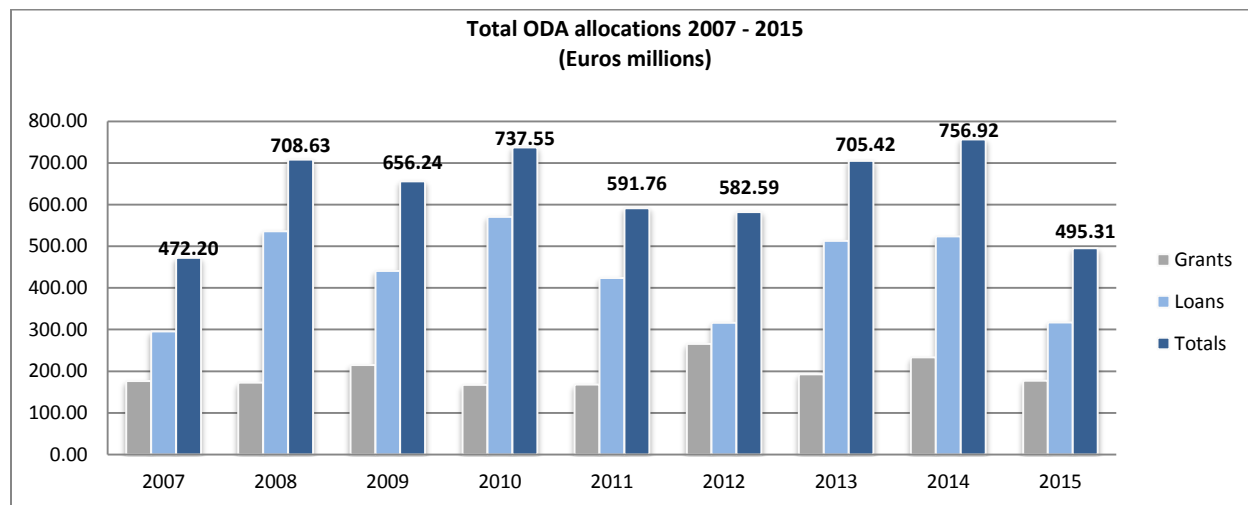
DCF members strongly supported Bosnia and Herzegovina in its attempt to to revive the economy and accelerate economic growth. The international support in 2015 was focused on post flood recovery and reconstruction, as well as the economy and maintaining the country's macroeconomic stability and implementation of reforms that are preconditions for further approximation to the EU integration.

Total amount of allocated Official Development Assistance (ODA) resources provided in 2015 by DCF members to Bosnia and Herzegovina amounted to €495,31 million, i.e. €177,68 mil grants and €317,63 mil loans, whereat the largest share of international aid was channelled to the Competitiveness and innovation (39%), Transport (23%) and Environment and climate action (16%) sectors.

In the forthcoming period, economic priorities of Bosnia and Herzegovina remain the acceleration of the EU integration process, strengthening of the fiscal system, public administration reform, WTO membership and maintaining macroeconomic stability. To meet these priorities, it will be necessary to significantly speed up reforms in order to generate sustainable development and accelerate economic growth, create new jobs and further integration into regional and global markets, implying the necessity of further strong support from the International Community for their realization.

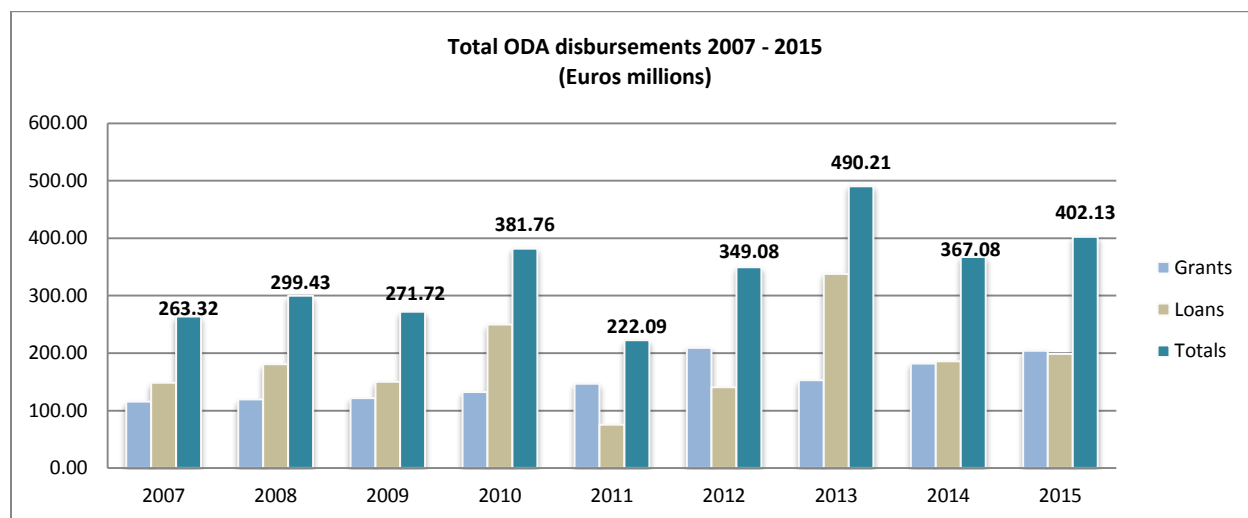
¹ http://www.dep.gov.ba/dep_publikacije/ekonomski_trendovi/Archive.aspx?langTag=bs-BA

Historical overview of total ODA allocations in period 2007 – 2015 in BiH



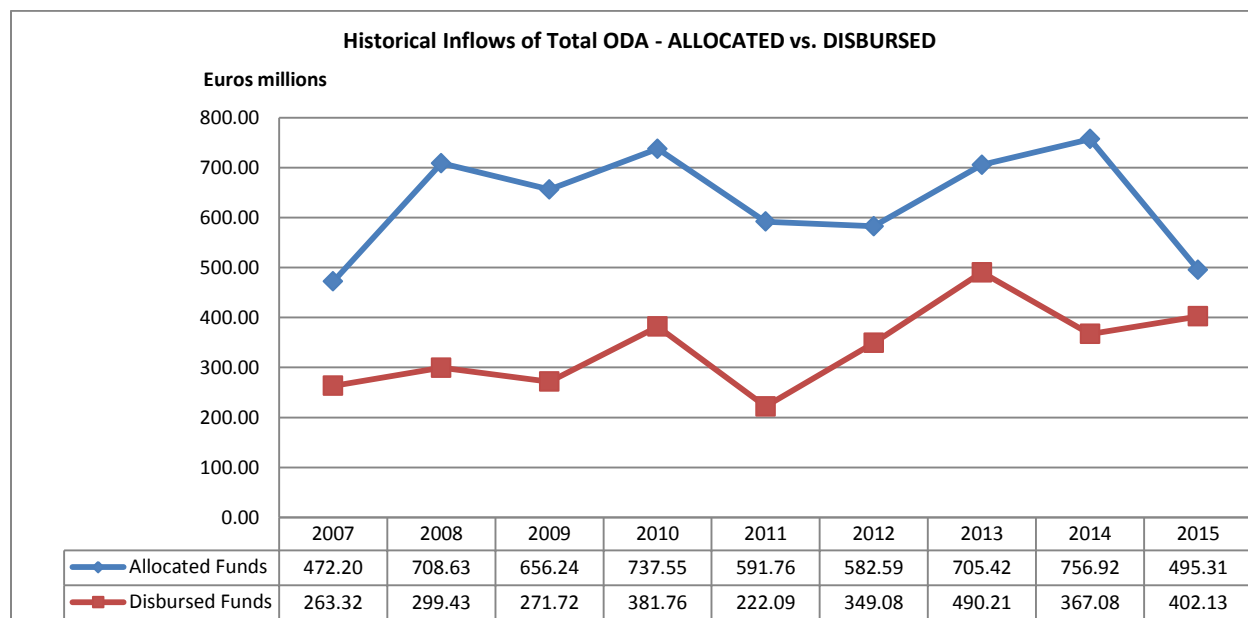
In 2015, total ODA allocations amounted to **€495.31 million**, out of which **€177.68 million** was in the form of grants, while **€317.63 million** in the form of loans, indicating decrease if compared to the previous period, i.e. compared to 2014, an overall decrease of total allocated ODA resources of **€261.60 million or 35%**. It should be emphasized that in 2014, donors in BiH allocated substantial volume of ODA funds in order to overcome the floods consequences, while in 2015 the volume of donor activities was reduced in certain development sectors. The decreased volume of ODA presented in the DMR 2015 was partly the result of different methods applied while entering projects in the DMD database, where some financiers allocated total project values in the year of loan or financing agreement was signed, while others allocated projects values in line with the multiannual implementation dynamics.

Historical overview of total ODA disbursements in period 2007-2015 in BiH



In 2015, total ODA disbursements amounted to **€402.13 milijuna**, out of which **€203.83 million** was in the form of grants and **€198.30 million** in the form of loans, indicating increase if compared to the previous period, i.e. compared to 2014, an overall increase of total disbursed ODA resources of €35.05 million or 10%, out of which €22.20 million in grants and €12.90 million in loans. Respective increase partly resulted from procedural flexibility and improved implementation of projects related to reconstruction of the floods damaged infrastructure, as well as the dynamics of loan payments signed in previous years.

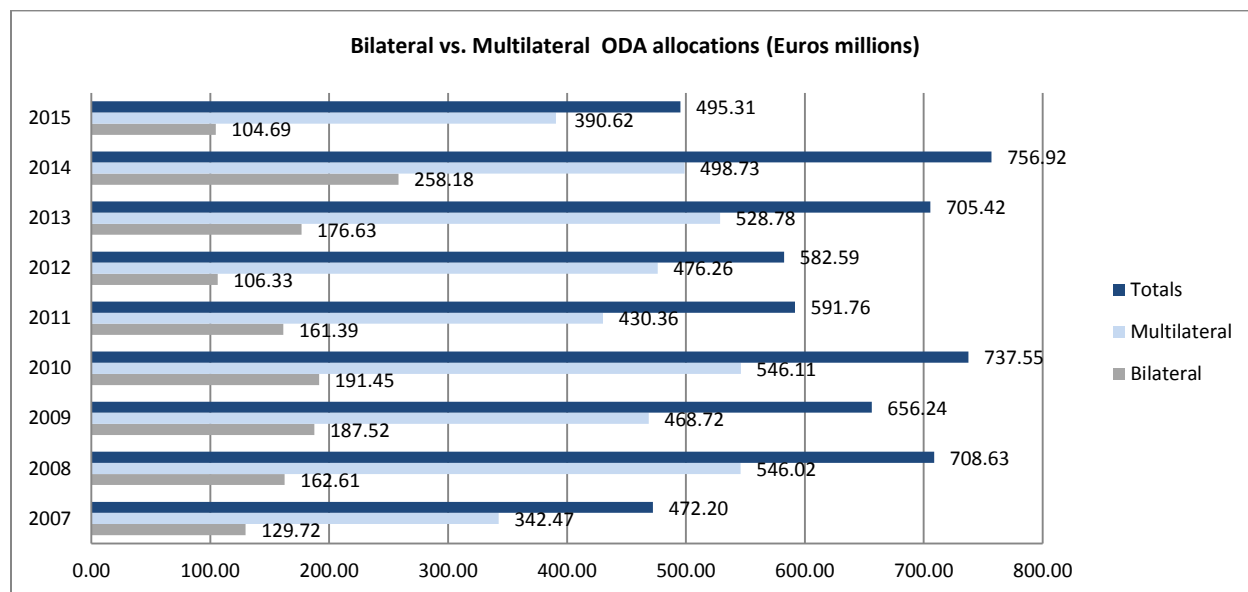
Historical overview of trends in allocated and disbursed total ODA inflows in period 2007- 2015 in BiH



Historically observed, the trend of **allocated funds** is mainly on the rise (except during 2011 – 2012), from **€472.24 million** allocated in 2007, to almost twofold amount of **€756.92 million** in 2014, when donors provided strong support to Bosnia and Herzegovina to overcome the floods consequences.

In 2015, decrease of 35% was recorded in total ODA allocations if compared to 2014, which is in details explained in the graph analyses „Total ODA allocations 2007 – 2015“. In terms of the **disbursed funds** trend, the lowest disbursements were in 2011, when only **€222,09 million** was disbursed, while the highest level of disbursed funds was recorded in 2013, amounting to **€490,21 million**. In 2015, the increase is recorded in the volume of total disbursed ODA funds in comparison to 2014, with a tendency of further growth.

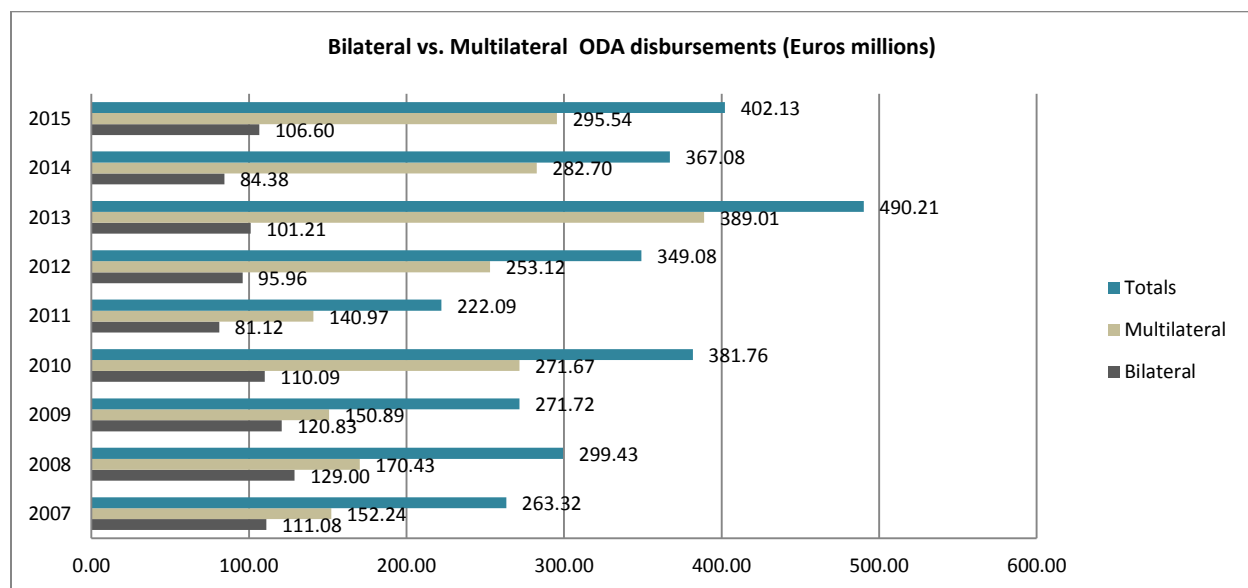
Historical overview - Bilateral vs Multilateral ODA allocations



The chart provides historical comparison of bilateral and multilateral ODA allocations as well as their share in total ODA in the period 2007-2015, where out of total €495.31 million allocated ODA funds in 2015, bilateral donors allocated €104.69 million (21%), while multilateral financiers allocated €390.62 million (79%).

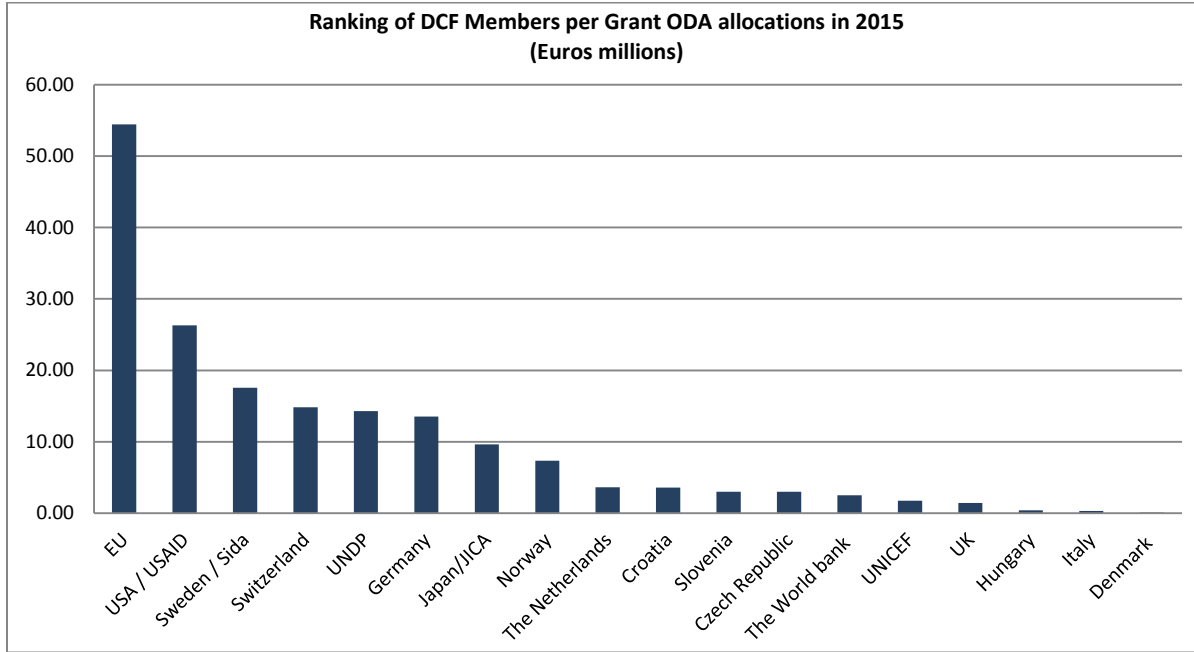
From the historical perspective, it is evident that the average ratio of overall ODA between multilaterally and bilaterally provided assistance is much more inclined towards the multilateral organizations. During the observed period, over 70% of ODA at average was provided by the multilateral donors.

Historical overview - Bilateral vs Multilateral ODA disbursements

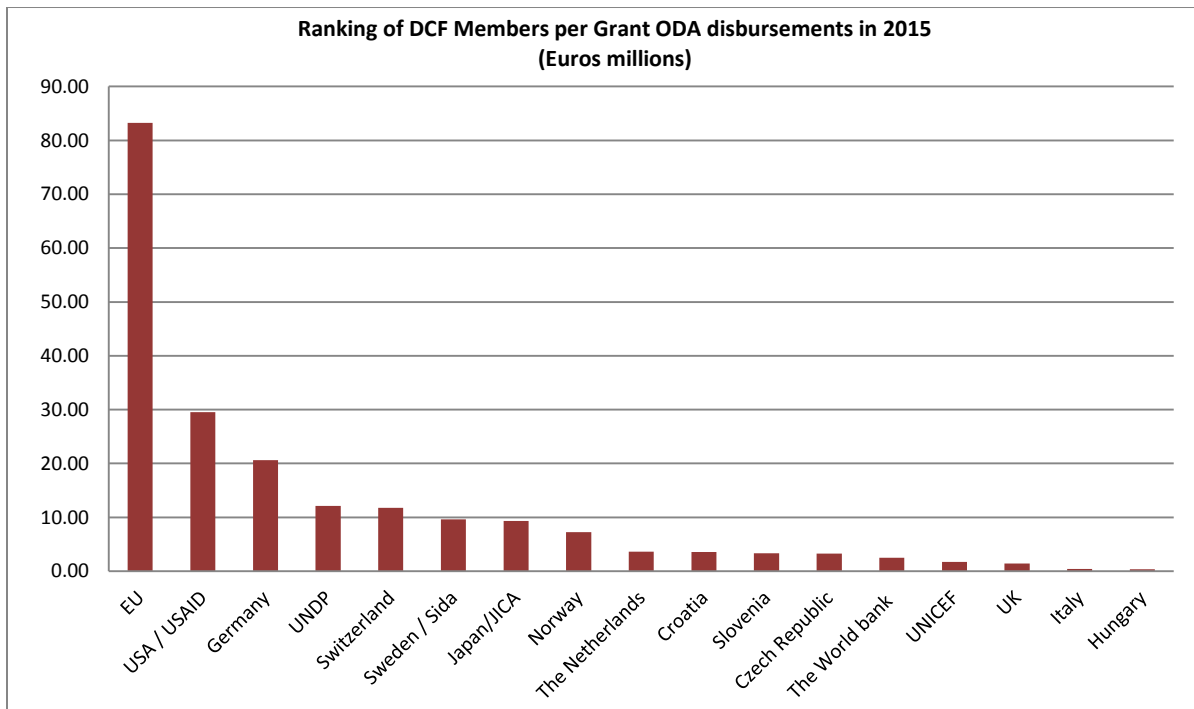


The chart provides a historical comparison of bilateral and multilateral ODA disbursements in the period 2007-2015, where out of total €402.13 million disbursed ODA funds in 2015, bilateral donors disbursed €106.60 million (27%), while multilateral financiers disbursed €295.54 million (73%).

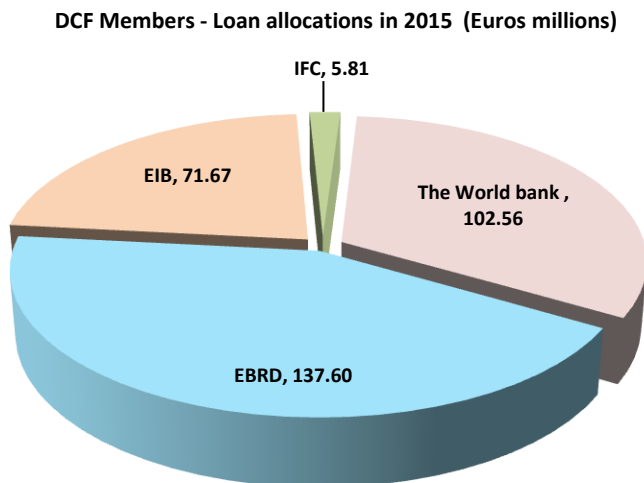
Grant resources allocated in 2015



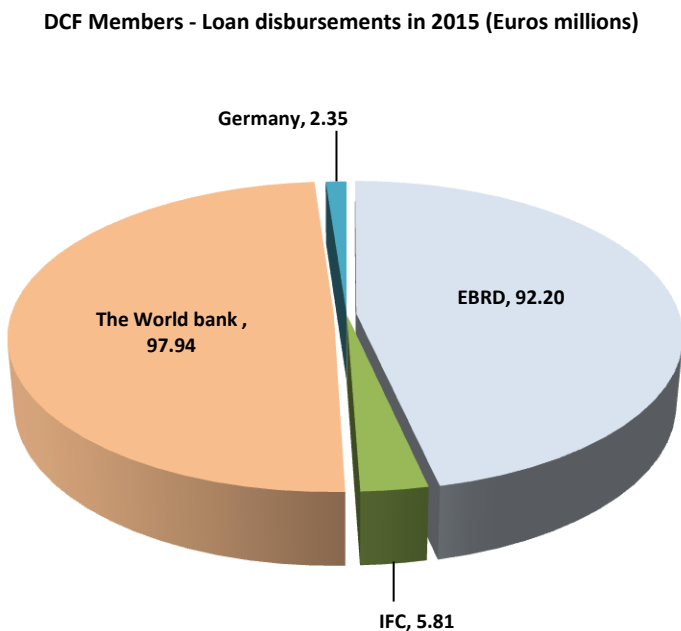
Grant resources disbursed in 2015



Loan resources allocated in 2015

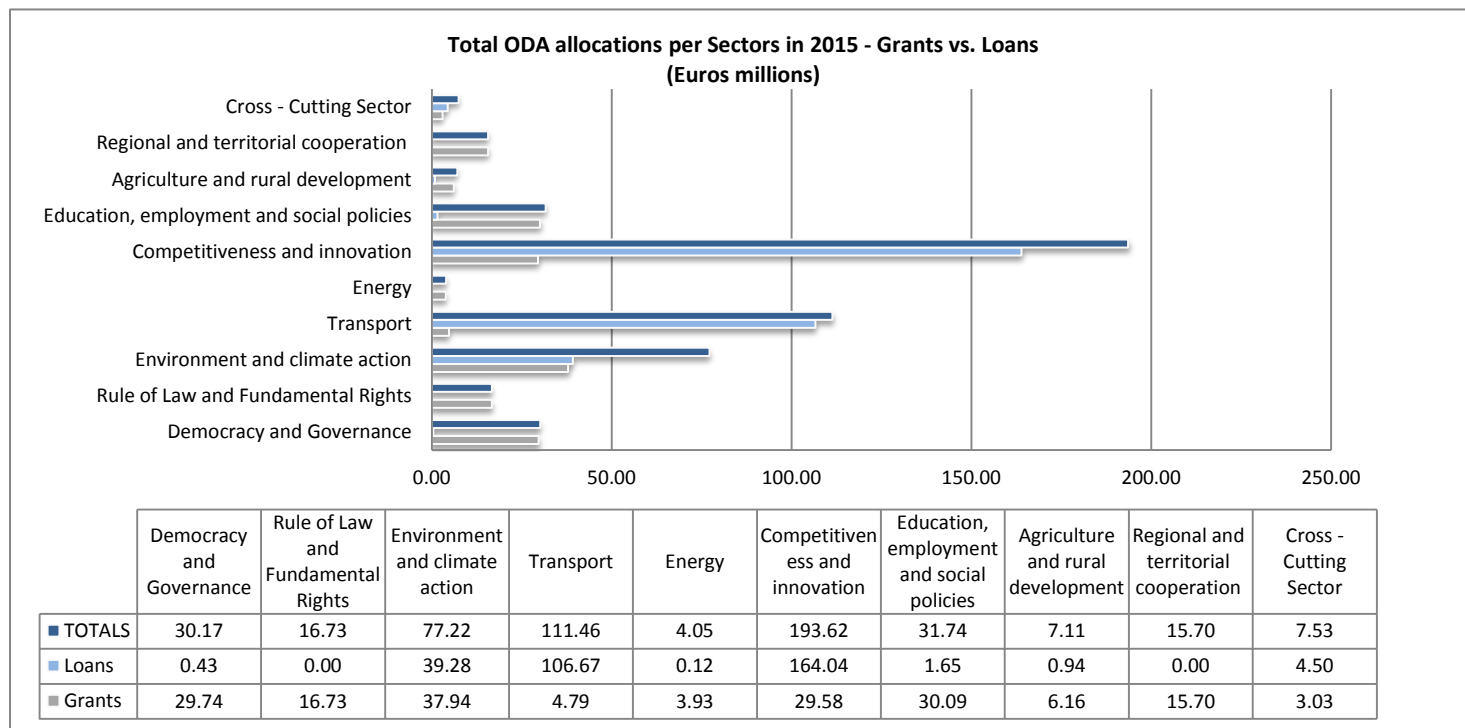


Loan resources disbursed in 2015

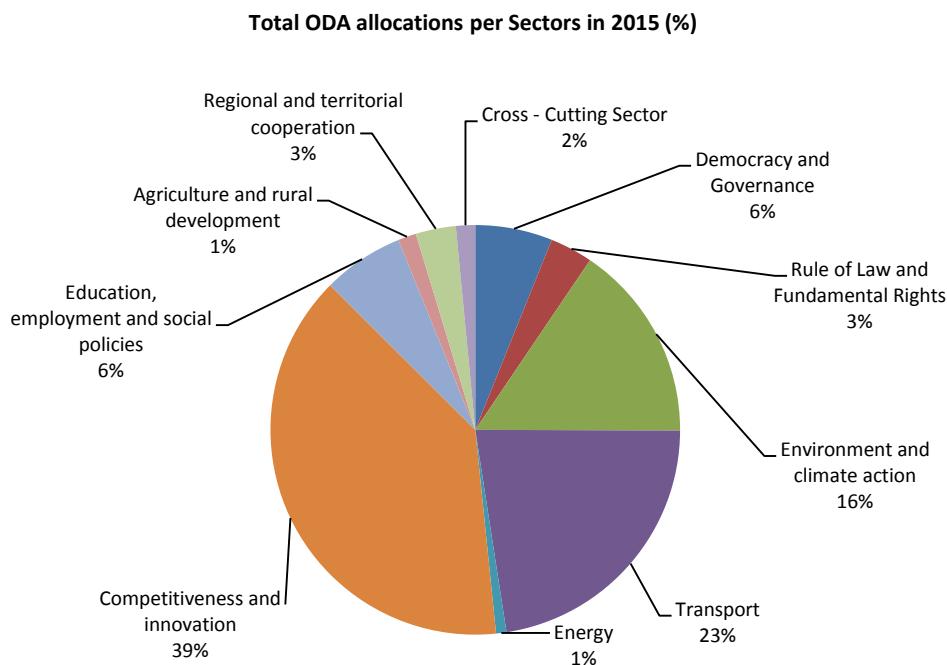


Major financiers in 2015 were EBRD, The World Bank, EIB and the IFC, which primarily allocated loans to Competitiveness and innovation, Transport and Environment and climate action sectors. At the same time, the largest amount of funds in 2015 were disbursed by the World Bank, EBRD, IFC and Germany in the Competitiveness and innovation, Environment and climate policy and Transport sectors.

Overview of total ODA sectoral allocations in 2015



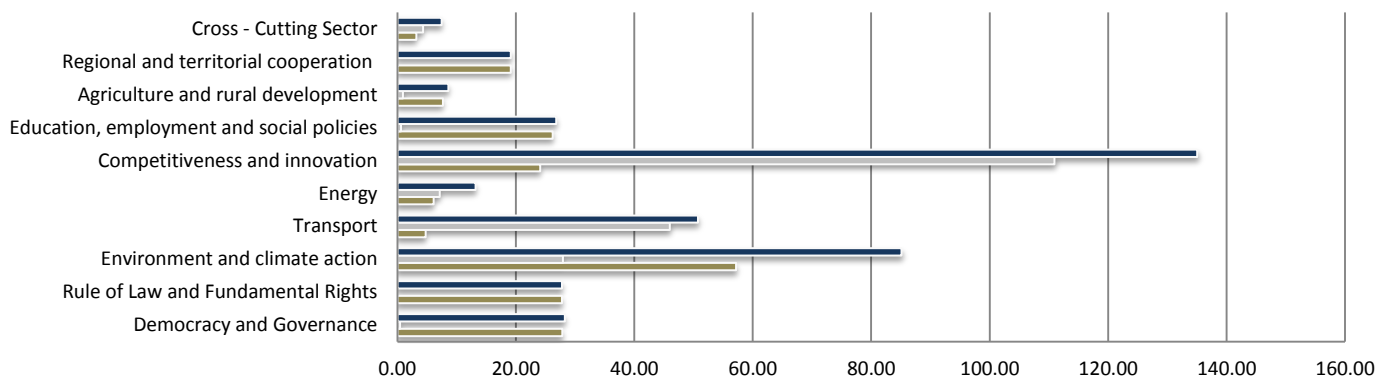
Sectoral share of total ODA allocations in 2015



The largest share of ODA funds in Bosnia and Herzegovina in 2015, was allocated to the Competitiveness and innovation (39%), Transport (23%) and in the Environment and climate policy (16%) sectors.

Overview of total ODA sectoral disbursements in 2015

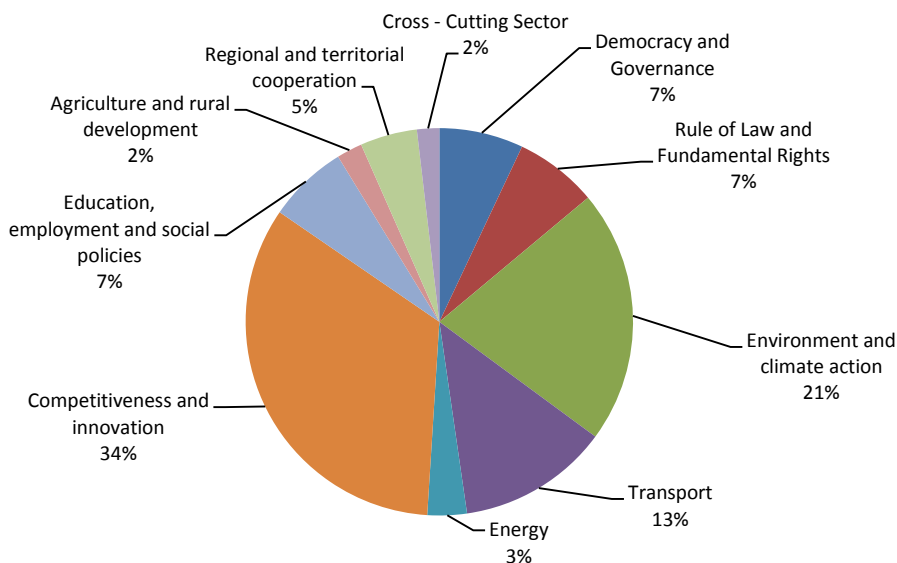
Total ODA disbursements per Sectors in 2014 - Grants vs. Loans (Euros millions)



	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
■ TOTALS	28.24	27.76	85.13	50.74	13.21	135.02	26.83	8.60	19.13	7.47
■ Loans	0.43	0.00	27.95	46.00	7.12	110.94	0.61	0.94	0.00	4.30
■ Grants	27.81	27.76	57.18	4.74	6.08	24.08	26.21	7.66	19.13	3.17

Sectoral share of total ODA disbursements in 2015

Total ODA disbursements per Sectors in 2014 (%)



The largest share of ODA funds in Bosnia and Herzegovina in 2015, was disbursed to the Competitiveness and innovation (34%), Environment and climate policy (21%) and Transport (13%) sectors.

- 1. Democracy and Governance**
- 2. Rule of Law and Fundamental Rights**
- 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**

DCF members active in the sector in 2015	EU, USA/USAID, Germany, Switzerland, Sweden / Sida, Japan / JICA Czech Republic, UNDP, IFC, Denmark, Norway, Italy, Slovenia
Other Key international organizations (IOs)	Organization for Security and Cooperation in Europe (OSCE); Office of the High Representative (OHR); Republic of Turkey; People's Republic of China; British Council in BiH; Norwegian Institute of International Affairs (NUPI); European Training Foundation (ETF).
Key government partners	BiH Council of Ministers, together with the entity and DB governments; Ministry of Finance and Treasury of BiH, together with the entity and cantonal Ministries of Finance and the Finance Directorate of the BD; BiH Ministry of Foreign Affairs; BiH Ministry of Civil Affairs; BiH Ministry of Justice; Ministry of Human Rights and Refugees of BiH; Public Administration Reform in BiH Coordinator's Office together with entity and DB coordinators; BiH and entity Agencies for Civil Service; Agency for Pre-Primary, Primary and Secondary Education; Agency for Development of Higher Education and Quality Assurance (HEA); Directorate for European Integration; BiH Public Procurement Agency; BiH Procurement Review Body; Central Harmonization Units (CHUs) in the Ministries of Finance of the State and the Entities; State, entity and DB Audit Institutions; Indirect Taxation Authority of BiH; The Central Bank of BiH; State and entities Agencies for Statistics
Total allocation / disbursement to the sector in 2015 by DCF members	2015: Total allocated €30.17 million – €29.74 million in a form of grants and €0.43 million in a form of loans Total disbursed €28.24 million – €27.81 million in a form of grants and €0.43 million in a form of loans
Legal framework and Sector strategies	Legal framework and sector strategies (adopted in 2015) <i>Law on Amendment to the Criminal Code of BiH; Law on Budget of BiH Institutions and International Obligations of BiH for 2015; Law on Changes to the Law on Salaries and Allowances in Institutions of BiH; Law on Amendments to the Law on Salaries and Allowances in Institutions of BiH; Law on Customs Policy in BiH; Law on Budget of BiH Institutions and International Obligations of BiH for 2016; Law on Changes and Amendments to the Law on Foreign Direct Investments Policy in BiH; Law on Changes and Amendments to the Law on Budgets in FBiH; Law on Budget of FBiH for 2015; Law on Lotteries and Other Games; Law on the execution of FBiH Budget for 2015; Law on Changes to the Law on Postal Traffic in the FBiH; Decision on Changes and Amendments to the Budget of the Federation of Bosnia and Herzegovina for 2015; The Law on Changes and Amendments to the Law on Execution of the Budget in the Federation of Bosnia and Herzegovina for 2015; FBiH Law on Changes and Amendments to the Law on Default Interest Rate on Public Income; FBiH Law on Changes to the Law on the Single System of Registration, Control and Collecting of Contributions; Law on Changes and Amendments to the Law on Budgets in the FBiH; FBiH Law on Changes and Amendments to the Law on</i>

Contributions; Law on Amendments to the Law on Tax Administration of the FBiH; Law on Changes and Amendments to the Law on Allocation of Public Income in the FBiH; Law on Changes and Amendments to the Law on Civil Service in the FBiH; Law on Budget of FBiH for 2016; Law on Changes and Amendments to the Law on Budgets in the FBiH; Law on Changes and Amendments to the Law on Property and Claims Managed by the Fund for Real Estate and Claims Management of RS; Law on Changes and Amendments to the Law on Fiscal Cash Registers in RS; RS Law on Income Tax; Law on Changes and Amendments to the Law on Salaries and Allowances of Judges and Prosecutors of RS; RS Law on Tax on Immovable Property; Law on Accounting and Auditing of RS; RS Law on Income Tax; RS Law on Deferred Payment of Tax Due; RS Law on Changes to the Law on Administrative Inspection; Law on Changes and Amendments to the Law on the Single Registry of Financial Reports of RS; Law on Fiscal Accountability in RS; Law on Changes to the Law on execution of the Budget of RS; RS Law on Changes and Amendments to the Law on Treasury; RS Law on Changes and Amendments to the Law on the Budget System; Law on Changes and Amendments to the Law on Territorial Organization of RS; Law on the City of Zvornik; Law on the Electronic Signature of RS; Law on the Electronic Document of RS; Law on Execution of the Budget of RS for 2016; RS Law on Changes to the Law on Taxation on the Use, Possession and Carrying of Goods; Law on Change to the Law on Budget of Brcko District BiH; Law on Changes to the Law on the Names of Settlements in Brcko District BiH; Law on Execution of the Budget of Brcko District BiH for 2015; Law on Rendering Null and Void of the Law on Electronic Signature of Brcko District BiH; Law on Rendering Null and Void of the Law on Electronic Document of Brcko District BiH; Law on Changes and Amendments to the Law on Public Service in Public Administration of Brcko District BiH;

Reform Agenda for Bosnia and Herzegovina for the period 2015-2018; Revised Communications Strategy of the Council of Ministers of Bosnia and Herzegovina 2016-2018; Action Plan for Implementation of the Reform Agenda at the Level of the Council of Ministers of Bosnia and Herzegovina; Updated Action Plan for Realization of the Reform Agenda for BiH; Action Plan of the FBiH for Realization of the Reform Agenda for BiH for the period 2015-2018; FBiH Debt Management Strategy 2016 – 2018; PIFC Strategy 2015 – 2018 in FBiH.

Previously adopted legal framework and sector strategies are available on <http://donormapping.ba/index.php/donor-mapping-reports/dmr-2014>

<p>Donor coordination</p>	<p>Democratic institutions: Functional exchange of information between stakeholders based on informal <i>ad-hoc</i> coordination, together with self-organizing meetings between donors.</p> <p>Decentralization and Sub-national Government: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral, self-organizing meetings between donors (such as Local Governance Donor Coordination Group).</p> <p>Public Administration Reform (PAR): PAR Fund stakeholders` regular meetings organized by Public Administration Reform Coordinator's Office (PARCO), PARCO started regular, informal meetings with donors who are active in this sub-sector.</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: Project based informal <i>ad-hoc</i> coordination.</p> <p>Customs: Project based informal <i>ad-hoc</i> coordination.</p> <p>Economic Governance: Project based informal <i>ad-hoc</i> coordination.</p> <p>Statistics: Project based informal <i>ad-hoc</i> coordination.</p> <p>Civil Society: Informal <i>ad-hoc</i> coordination and self-organizing meetings between donors.</p> <p>Donors active in the Sector regularly attended DCF meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>
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Overview

The accession criteria, or Copenhagen criteria, represents the essential conditions which all candidate countries must satisfy, in order to become member states of the European Union (EU). These are:

- *political criteria* (stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities);
- *economic criteria* (functioning market economy and the capacity to cope with competition and market forces) and
- *administrative and institutional capacities* (to effectively implement the *acquis* and the ability to take on the obligations of the membership).

Progress achieved in the Democracy and Governance sector plays an essential role within the political criteria, reflecting at the same time the stability of institutions that are guaranteeing democracy in the transition countries.

The Democracy and Governance sector presented in this Report is based on the sector-based reporting methodology defined in the IPA II regulation, for period 2014 – 2020. This is a logical continuation of sector classifications used in the previous reports (MTDS, MIPD), considering the fact that most of the donor activities are focused at supporting realization of priorities related to the EU integration process in Bosnia and Herzegovina.

The 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 2015, certain progress was made **in the Democracy and Governance sector in Bosnia and Herzegovina**. Following the October 2014 general election and the establishing of the legislative and executive authority in BiH, the United Kingdom and Germany launched an initiative for the new approach in support to BiH on its path towards EU integration, which was adopted by the Foreign Affairs Council of the EU. Accordingly, leaders of all 14 political parties represented in the new government of BiH, signed the written Commitment on the readiness to implement the reforms, which was adopted by the Parliament of BiH in February 2015. As a result, Stabilization

and Association Agreement (SAA) came into force on June 1, 2015. Governments at all levels in BiH adopted the Reform Agenda², identifying urgent priorities related to the EU integration.

A certain progress has been made within **the *Democratic Institutions sub-sector***, through strengthening democracy and its institutions, and providing support to election administration reforms, as well as in **the *Decentralization and Sub-national Government sub-sector***, through promotion of good governance and enhancing of administrative capacities at local and regional authority levels. The progress included the defining and addressing the outstanding reform priorities and the onset of the Reform Agenda implementation. Majority of donors participating in the research suggested that relevant partner institutions should in line with their competencies take the lead and start organizing regular coordination donor meetings at the level of sub-sector in BiH.

In 2015, noticeable progress was not achieved in the ***sub-sector of Public Administration Reform-PAR***. After the expiry of the *PAR Strategy* for the period 2011-2014, broad consultations were launched, based of which the document was prepared "Communication on the public administration reform process with the conclusions", which was adopted by the Council of Ministers, entity governments and the Brcko District BiH. The document - *Operational Plan for the preparation of a new strategic framework in BiH* was prepared in cooperation with SIGMA, defining the key elements for the preparation of the new Strategy and the accompanying Action Plan of PAR. In line with the aforementioned and the fact that PAR is on the top of priorities of the Reform Agenda in BiH, it is envisaged that progress in this area will accelerate in the forthcoming period.

Limited progress was achieved within the ***sub-sector Public Financial Management in 2015***. Budgets are adopted timely, except for 2015 when delay occurred due to establishing of the new government. Progress in this area is reflected in further development of Supreme Audit Institutions (SAI) and adoption of most of the by-laws of the new Law on Public Procurement. However, further harmonization of laws with the *acquis* is necessary, particularly considering regulations in areas of Public-Private Partnerships (PPP) and Concessions. Based on the "Decision on the Medium Term Planning, Monitoring and Reporting Process in Institutions of BiH", the document on strategic planning and monitoring of public expenditures was prepared and adopted, the strategic planning methodology was successfully implemented and training of institutions was conducted. In 2015, initial medium-term plans of BiH institutions were prepared, compatible with the defined budget of institutions in the program format and the Budget Framework Papers (BFP). In November 2015, Ministry of Finance and Treasury / SCIA upgraded the existing Public Investment Management Information System (PIMIS) with the Medium Term Planning Module, thus linking the processes of the public investment management and the medium term planning in BiH.

² More information can be found at: <http://europa.ba/wp-content/uploads/2015/09/Reform-Agenda-BiH.pdf>

In 2015, some progress was made in **Customs sub-sector**, with adopting of the new Law on Customs Policy in BiH, improving protection of intellectual property rights and the overall operational capacity of the Indirect Tax Administration (ITA). The Law on Customs Policy was adopted in July, which further simplified customs procedures. Customs Tariff is updated in accordance with the Combined Nomenclature of the EU from 2015, while the new information subsystems ASYCUDA World for processing of customs declarations became operational.

In the Taxation sub-sector, satisfactory progress was not achieved in 2015, considering that the regulations ensuring further harmonization of Value Added Tax (VAT) and the Law on Excise Duties in Bosnia and Herzegovina with the *acquis* are yet to be adopted.

In the Economic Governance sub-sector, upon the initiative of the EU, in 2015 in enlargement countries preparation of the Economic Reform Programs (ERPs) was initiated, in order to improve their economic governance. ERPs, which define the medium-term macro-fiscal policy frameworks, together with key structural reforms, were adopted on May 12, 2015 at the meeting of economic and financial dialogue, as the basis for recommendations for each country. The recommendations for Bosnia and Herzegovina emphasized that efforts to improve the quality of management in the public sector, budget management, privatization and the business environment should be continued, in order to create the conditions for sustainable growth and increased employment, better planning and implementation of structural reforms.

In accordance with these guidelines and with the Decision on the Medium Term Planning, Monitoring and Reporting Process in the Institutions of BiH, „Strategic Framework for BiH“ was prepared and adopted in August 2015, aiming to harmonize and coordinate the planning process within the Council of Ministers and Institutions of BiH and to secure optimal allocation of resources to priority tasks and projects.

Some progress was recorded within the **Statistics sub-sector in BiH in 2015**, particularly in harmonizing the statistical methodology with EU standards and improvement of internal processes. BHAS and Statistics offices in the entities had conducted the regular annual Labor Force Survey in BiH, based on the recommendations and definitions of the Eurostat and the ILO, as well as the pilot Survey on Income and Living Conditions (SILC), which was successfully conducted. For the first time, the BHAS had used Computer Aided Personal Interviewing (CAPI) method of data collection, conducted through the own software application. Central Bank of BiH (CBBH) reported progress made particularly in the field of improvement of the transparency and reliability of produced data.

Progress was not recorded in the **Civil Society Organizations (CSOs) sub-sector in 2015**. To improve the mechanism for dialogue and cooperation between the government and civil society organizations, it is necessary to continue activities on further improvement of the legal and financial framework in this domain at the BiH level. Some CSOs have made efforts to increase their participation in monitoring of the EU integration process, but their capacity is still limited in order to participate in the formalized dialogue.

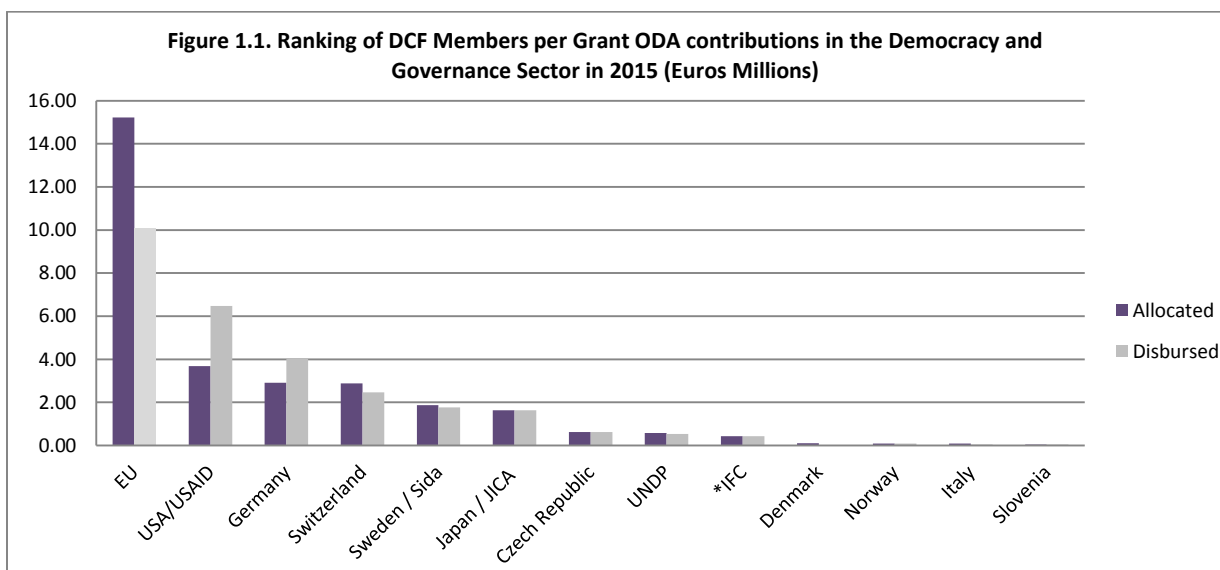
Donor Activities in 2015

DCF members active in the Democracy and Governance sector in 2015 are the EU, USA/USAID, Germany, Switzerland, Sweden / Sida, Japan / JICA, Czech Republic, UNDP, IFC, Denmark, Norway, Italy and Slovenia.

Total allocations of DCF members to the Democracy and Governance sector in 2015 was €30.17 million, out of which €29.74 million was in a form of grants, and € 0.43 million in the form of a loan.

Total disbursements to the Sector in the observed period amounted to €28.24 million, out of which €27.81 million was disbursed in a form of grants and €0.43 million in a form of a loans.

Figure 1.1. compares overall ODA allocations and disbursements per donors provided to the Democracy and Governance sector, indicating that leading donors in the Sector in 2015 were the EU and USA/USAID, followed by Germany, Switzerland, Sweden / Sida, Japan / JICA, Czech Republic, UNDP, IFC, Denmark, Norway, Italy and Slovenia.



***Note:** ODA assistance provided to the Democracy and Governance sector was mainly in the form of grants, with exceptions of the IFC, which provided aid in a form of loan.

Out of total ODA channeled to Bosnia and Herzegovina in 2014, 6% was allocated while 7% was disbursed in the Democracy and Governance sector.

Major projects in the Democracy and Governance sector in BiH are listed below³:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Strengthening the role of Local Communities in BiH	Sweden / Sida	29.18
Strengthening of Public Institutions	Germany	9.69
(CSSP) Civil Society Sustainability Project	USA / USAID	8.34
MEASURE, USAID/Bosnia and Herzegovina (BiH) Monitoring and Evaluation Support Activity	USA / USAID	8.33
Local Integrated Development	EU	6.00
Local Governance - Integrated Local Development Project and Municipal Training Project	Switzerland	5.69
Local Governance - Integrated Local Development Project and Municipal Training Project	Sweden / Sida	5.69
Local Governance - Integrated Local Development Project and Municipal Training Project	UNDP	5.69
Support to Local Employment Partnerships	EU	4.00
Support to Civil Society	USA / USAID	2.04
Japan's Non-Project Grant Aid for Provision of Japanese SME's Products	Japan / JICA	1.64
BASE - Building Accountability and Systems in the Elections	EU	1.50

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

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

Legal framework and sector strategies adopted in 2015

In January 2015, the Parliamentary Assembly of Brcko District of BiH adopted the Law on Rendering Null and Void of the Law on Electronic Document of Brcko District BiH, together with the Law on Rendering Null and Void of the Law on Electronic Signature of Brcko District BiH⁴.

In February 2015, the FBiH Parliamentary Assembly adopted the Law on Changes and Amendments to the Law on Budgets in the FBiH⁵, while the National Assembly of RS adopted the Law on Changes and Amendments to the Law on Property and Claims Managed by the Fund for Real Estate and Claims Management of RS⁶.

In March 2015, the Parliamentary Assembly of BiH adopted the Law on Changes and Amendments to the Law on Foreign Direct Investments Policy in BiH⁷, while the Parliamentary Assembly of FBiH adopted the Budget of the FBiH for 2015⁸, as well as the Law on Execution of

³Due to large number of the projects in the Democracy and Governance sector, only some projects are mentioned in this report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

⁴All published in Official Gazette of Brcko District of BiH no. 1/15

⁵Official Gazette of FBiH no. 8/15

⁶Official Gazette of RS no. 11/15

⁷Official Gazette of BiH no. 22/15

⁸Official Gazette of FBiH no. 25/15

the FBiH Budget for 2015⁹. At the same time, the Parliamentary Assembly of Brcko District of BiH adopted the Law on Execution of the Budget of Brcko District BiH for 2015¹⁰.

In April 2015, the Parliamentary Assembly of Brcko District of BiH adopted the Law on Changes to the Law on the Names of Settlements in Brcko District BiH¹¹.

During **May 2015**, the Law on Budget of BiH Institutions and International Obligations of BiH for 2015¹² was adopted by the Parliamentary Assembly of BiH.

In June 2015, the FBiH Parliamentary Assembly adopted the Law on Lotteries and Other Games¹³, while the National Assembly of RS adopted the Law on Changes and Amendments to the Law on Fiscal Cash Registers¹⁴.

In July 2015 the Law on Customs Policy in BiH¹⁵ was adopted, while the National Assembly of RS adopted the Law on Changes to the Law on Income Tax¹⁶, together with the Law on Changes and Amendments to the Law on Salaries and Allowances of Judges and Prosecutors of RS¹⁷.

In September 2015, the Parliamentary Assembly of BiH adopted the Law on Changes to the Law on Salaries and Allowances in Institutions of Bosnia and Herzegovina¹⁸, while the Parliamentary Assembly of Brcko District of BiH adopted the Law on Changes and Amendments to the Law on Public Service in Public Administration of Brcko District BiH¹⁹.

In October 2015 the Parliamentary Assembly of FBiH adopted the FERK Budget for 2015²⁰, as well as the Law on Changes to the Law on Postal Traffic in the Federation of BiH²¹. At the same time, the National Assembly of RS adopted the Law on Tax on Immovable Property²², the Law on Accounting and Auditing of RS²³, the Law on Income Tax²⁴, the Law on Deferred Payment of Tax Due²⁵, the Law on Changes to the Law on Administrative Inspection²⁶, the Law on Changes and Amendments to the Law on the Single Registry of Financial Reports of RS²⁷ and the Law on Fiscal

⁹ Official Gazette of FBiH no. 25/15

¹⁰ Official Gazette of Brcko District of BiH no.11/15

¹¹ Official Gazette of Brcko District of BiH no. 5/15

¹² Official Gazette of BiH no.40/15

¹³ Official Gazette of FBiH no. 48/15

¹⁴ Official Gazette of RS no. 21/15

¹⁵ Official Gazette of BiH no. 58/15

¹⁶ Official Gazette of RS no. 60/15

¹⁷ Official Gazette of RS no. 60/15

¹⁸ Official Gazette of BiH no. 75/15

¹⁹ Official Gazette of Brcko District of BiH no. 37/15

²⁰ Official Gazette of FBiH no. 77/15

²¹ Official Gazette of FBiH no. 79/15

²² Official Gazette of RS no. 91/15

²³ Official Gazette of RS no. 94/15

²⁴ Official Gazette of RS no. 94/15

²⁵ Official Gazette of RS no. 94/15

²⁶ Official Gazette of RS no. 94/15

²⁷ Official Gazette of RS no. 94/15

Accountability in RS²⁸. The Parliamentary Assembly of Brcko District of BiH adopted the Law on Change to the Law on Budget of Brcko District BiH²⁹.

In November 2015 the Parliamentary Assembly of BiH adopted the Law on Amendments to the Law on Salaries and Allowances in Institutions of BiH³⁰. At the same time, the FBiH Parliamentary Assembly adopted the Decision on Changes and Amendments to the Budget of the FBiH for 2015, as well as the Law on Changes and Amendments to the Law on Execution of the Budget in the FBiH for 2015, the Law on Changes and Amendments to the Law on Default Interest Rate on Public Income and the Law on Changes to the Law on the Single System of Registration, Control and Collecting of Contributions³¹. During November 2015, the FBiH Parliamentary Assembly adopted the Law on Changes and Amendments to the Law on Budgets in the FBiH, the Law on Changes and Amendments to the Law on Contributions and the Law on Amendments to the Law on Tax Administration of FBiH³².

In December 2015, the Parliamentary Assembly of BiH adopted the Law on the Budget of BiH Institutions and International Obligations of BiH for 2016³³. At the same time, the Parliamentary Assembly of FBiH adopted the Law on Changes and Amendments to the Law on Allocation of Public Income in the FBiH³⁴ and the Law on Changes and Amendments to the Law on Civil Service in the FBiH³⁵. The Law on Budget of FBiH for 2016, the Law on Changes and Amendments to the Law on Budgets in FBiH and the Law on Execution of the FBiH Budget for 2016³⁶ were adopted by the Parliamentary Assembly of FBiH as well.

During December 2015, the National Assembly of RS adopted the Law on Changes to the Law on Execution of the Budget of RS, the Law on Changes and Amendments to the Law on Treasury and the Law on Changes and Amendments to the Law on the Budget System³⁷. At the same time, the Law on Changes and Amendments to the Law on Territorial Organization of RS, the Law on the City of Zvornik, the Law on the Electronic Signature of RS and the Law on the Electronic Document of RS³⁸ were adopted, together with the Law on Execution of the Budget of RS for 2016 and the Law on Changes to the Law on Taxation on the Use, Possession and Carrying of Goods³⁹.

²⁸ Official Gazette of RS no. 94/15

²⁹ Official Gazette of Brcko District of BiH no. 40/15

³⁰ Official Gazette of BiH no. 88/15

³¹ All published in Official Gazette of FBiH no. 86/15

³² All published in Official Gazette of FBiH 91/15

³³ Official Gazette of BiH no. 101/15

³⁴ Official Gazette of FBiH no. 98/15

³⁵ Official Gazette of FBiH no. 99/15

³⁶ All published in Official Gazette of FBiH no. 102/15

³⁷ All published in Official Gazette of RS no. 103/15

³⁸ All published in Official Gazette of RS no. 106/15

³⁹ All published in Official Gazette of RS no. 110/15

Donor coordination

Representatives of BiH authorities meet with donors more or less regularly, differently in each of sub-sectors within the Democracy and Governance sector.

Within the **Democratic Institutions** sub-sector, the stakeholders assessed exchange of information as functional. It is based on informal *ad-hoc* coordination between involved Institutions and donors, together with self-organizing meetings between donors active in this sub-sector.

In **Decentralization and Sub-national government** sub-sector coordination meetings are *ad hoc*, project-based and mostly bilateral / multilateral. The trend of self-organizing meetings between donors active in this sub-sector is notable, such as Local Governance Donor Coordination Group. This is done in order to maximize development outcomes of different programs / projects throughout better coordination and partnership.

Within the **PAR** sub-sector, there is no specific, formalized forum for donors, but in 2015 PARCO started regular meetings with donors who are active in this sub-sector. Also, the PAR Fund members meet regularly representatives from the state, entity and DB BiH levels, on regular sessions of the Steering Board of the PAR Fund.

In **Public Financial Management** sub-sector, coordination meetings are *ad hoc*, project-based and mostly bilateral.

As already mentioned for the previous sub-sector, in the **Taxation** and **Customs** sub-sectors, coordination meetings are *ad hoc*, project-based and mostly bilateral. The same is in the **Economic governance** sub-sector.

In the **Civil Society Organizatios** sub-sector there is informal coordination between certain CSOs on *ad-hoc* basis, in order to avoid overlapping activities. Donors active in this sub-sector are organizing internal meetings amongst themselves, as well.

PARCO and DEP, as well as donors active in the Democracy and Governance sector regularly attended the Donor Coordination Forum (DCF) meetings hosted by the BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid (MOFT/SCIA).

Future activities

The Democracy and Governance sector in BiH achieved limited progress in 2015. However, functioning and stability of fundamental institutions guaranteeing democracy remains to be fully resolved, together with the promotion of cooperation at all levels of government in BiH. In that regard, future activities should include the further development of the Sector, through the capacity building within all institutions, drafting of the new legal regulations concerning municipal development in BiH, and formalizing of donor coordination for each of the sub-sectors. Absence of strategic documents and lack of financial resources are the most common reasons stated for slow-paced progress within all sub-sectors.

All stakeholders active in the **Democratic Institutions** and **Decentralization and Sub-national government** sub-sectors agree that in the forthcoming period it is necessary to increase investments in local development in BiH and improve the overall quality of services. That's why it is necessary to accelerate the process of drafting and adopting of legislation, and continue further development of coordination with and among donors as well as between the competent institutions in BiH, given that the sectoral responsibility is divided at different levels of governance.

In the Reform of Public Administration (PAR), the new PAR strategic framework based on reliable cost-based projections needs to be adopted, which will define the objectives, performance indicators and financial framework required for its implementation. Besides, in 2015 the Council of Ministers has entrusted relevant institutions to establish and coordinate sectoral working groups, which are according to their constitutional competencies responsible for the preparation of the sectoral planning documents for IPA II programing.

Future activities in **Public Financial Management sub-sector** should be focused on fiscal consolidation that will gradually lead to reduction of the budget deficits of all government levels in BiH, as well as to improvements within monitoring and reporting on public finances, FMC and the overall coordination within this sub-sector. Also, it is necessary to strengthen the established institutional procurement system through further training of employees and strengthen the supervisory role of the Agency for Public Procurement in BiH.

Future activities in the **Taxation and Customs sub-sectors**, should be focused on further advancement of the current legislation, in order to align the Value Added Tax (VAT) and the Law on Excise Duties in BiH with the *acquis*, together with strengthening of the administrative and coordination capacities of ITA BiH. It is important to mention that infrastructure issues, such as the construction of border crossings Gradiska, Svilaj, Ivanjica and Gorica, will be in the focus in the forthcoming period.

Regarding the **Economic governance sub-sector**, in the forthcoming period it will be necessary to continue further improvement of the mid-term planning process, by harmonizing the planning process with the preparation of the program-based budgets.

In the **Statistics sub-sector**, it will be necessary to continue further aligning of statistics with the EU *acquis*, as well as to continue the efforts to align macro-economic statistics and annual and quarterly National Accounts with the European System of Accounts (ESA) 2010. Also, it is important to develop the sectoral statistics, such as social, business and agricultural statistics in the forthcoming period.

In the **subsector Civil Society Organizations**, the legal and financial framework needs to be further improved with the simultaneous further strengthening of civil society organizations capacities in BiH.

DCF members active in the sector in 2015	USA / USAID, EU, Sweden / Sida, Norway, Switzerland, Germany, Japan/JICA, Slovenia, UK, UNICEF, Italy
Other Key international organizations (IOs)	The Organization for Security and Cooperation in Europe (OSCE), Council of Europe (CoE), the Geneva Centre for the Democratic Control of Armed Forces (DCAF), INTERPOL, EURPOL, International Criminal Investigative Training Assistance Program (ICITAP), the European Police College (CEPOL), the Association of European Police Colleges (AEPC), Catholic Relief Services (CRS), Office of the High Representative (OHR), the European Agency for the Management of Operational Cooperation at the External Borders (FRONTEX), International Committee of the Red Cross, Save the Children Norway
Key government partners	BiH Council of Ministers, together with the entity and DB governments; BiH Ministry of Justice together with the entity and Judicial Commission of Brcko District and cantonal ministries of justice; 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, Cantonal and District courts and Prosecutors offices; Judicial and Prosecutorial Training Centers in FBiH and RS (JPTCs); State Investigation and Protection Agency, Border Police; Directorate for Coordination of Police Bodies, The Indirect Taxation Authority; The BiH Directorate for the Coordination of Police Bodies; Agency for the Prevention of Corruption and Coordination of the Fight against Corruption; Police Academies in FBiH and RS; Entity and cantonal ministries of interior; The Personal Data Protection Agency; Civil Protection Agencies at the entity and district level
Total allocation to the sector in 2015 by DCF members	2015: Total allocated €16.73 million – all in a form of grants Total disbursed €27.76 million – all in a form of grants
Legal framework and Sector strategies	<p>Legal framework and sector strategies (adopted in 2015)</p> <p><i>Law on Amendment to the Criminal Code of BiH; Law on Changes to the Law on Public Broadcasting System of BiH; Law on Changes and Amendments to the Criminal Code of BiH; Law on Amendments to the Law on Infringement; Law on Changes and Amendments to the Law on Permanent Residence and Temporary Residence of BiH Citizens; Law on Foreigners; BiH Law on Amendments to the Law on Citizen's Identification Number; FBiH Law on Changes to the Law on Amnesty; FBiH Law on Changes and Amendments to the Law on Litigation Procedure; RS Law on Public Peace and Order; RS Law on Security Measures and Dealings with Cash and Other Valuables; Law on Changes and Amendments to the Law on Courts of RS; Law on Changes and Amendments to the Law on Actual Rights; RS Law on Changes and Amendments to the Law on Privatization of the State Owned Housing; The Law on Changes to the Law on Expropriation; Law on Advocacy of RS; Law on Prevention of Violence at Sports Events in RS; RS Law on Changes and Amendments to the Law on Spatial Development and Civil Engineering; Law on Amendments to the Law on Restitution of Abandoned Property of Brcko District BiH.</i></p> <p><i>BiH Justice Sector Reform Strategy 2014 – 2018, Strategy for Combating Corruption in Bosnia and Herzegovina 2015-2019 and the Action Plan for Implementation of the Strategy for Combating Corruption 2015-2019; Integrated Border Management</i></p>

	<p><i>Strategy in BiH 2015-2018; Strategy of Bosnia and Herzegovina for preventing and combating terrorism 2015 – 2020; Strategy of Bosnia and Herzegovina for Reception and Integration of BiH Citizens who are returning to BiH on the Basis of the Readmission Agreement and the Action Plan for the period 2015 – 2018</i></p> <p>Previously adopted legal framework and sector strategies are available on http://donormapping.ba/index.php/donor-mapping-reports/dmr-2014</p>
<p>Donor coordination</p>	<p>Judicial Reform: Forum of Donors annual coordination meeting organized by the BiH Ministry of Justice and BiH – EU Structural Dialogue on Justice.</p> <p>Penitentiary Reform: <i>ad hoc</i>, project-based bilateral meetings.</p> <p>War Crimes: <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral, self-organizing meetings between donors.</p> <p>Fight against Organized Crime: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral, self-organizing meetings between donors.</p> <p>Fight against Corruption: regular donors and policy coordination meetings are co-chaired by the Agency for Prevention of Corruption and for Coordination of the Fight against Corruption and EUD/ EUSR, which is not formalized yet.</p> <p>Police reform: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral</p> <p>Migration and Asylum: formal donor coordination is led by the Coordination body on BiH immigration issues</p> <p>Border Management and Security: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral</p> <p>Roma: the Roma Committee with the BiH Council of Ministers represents formal coordination body</p> <p>Refugees and IDPs: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral</p> <p>LGBTI: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral</p> <p>National Minorities: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral</p> <p>Intercommunity Relations: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral</p> <p>Freedom of expression and media freedom: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral</p> <p>Property Rights: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral</p> <p>Data Protection: Informal <i>ad hoc</i> coordination.</p> <p>Donors active in the Sector regularly attended DCF meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

Overview

The rule of law is a fundamental value and the foundation of the Enlargement and the Stabilization and Association processes. In that context, the **Rule of Law and Fundamental Rights sector** refers to the broad range of reforms of the judicial system and human rights protection. Strengthening the rule of law is a lasting process both for BiH and for most countries in the enlargement process, hence it is necessary to make further efforts in order to accelerate reforms in the Sector as a whole, with special focus on the areas of rule of law, organized crime and corruption, as well as respecting of the fundamental rights and the rights of national minorities.

The 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 period 2014 – 2020. This is a logical continuation of sector classifications used in the previous reports (MTDS, MIPD), considering the fact that most of the donor activities are focused at supporting realization of priorities related to the EU integration process in BiH.

The 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.

In 2015, the **Rule of Law and Fundamental Rights sector** in Bosnia and Herzegovina, achieved an unequal progress within the individual sub-sectors. Bosnia and Herzegovina has ratified all major European and international human rights instruments, and it can be asserted that the regulations regarding fundamental rights are largely included in its legislation, yet it is necessary to ensure their full implementation in practice. In the judicial system, Justice Sector Reform Strategy 2014 – 2018 was adopted in 2015, while Action Plan for its implementation was prepared, agreed and sent for adoption. Besides, as part of the Structured Dialogue on Justice, at a Ministerial meeting held in September 2015 in Brussels, the Protocol was signed and an

agreement was reached between all relevant institutions in the justice sector in BiH, regarding the priority judiciary reforms at the state level.

In 2015, judicial efficiency was improved within the **Judicial reform sub-sector in BiH**. However, there is still a large backlog of civil and criminal court cases. In the forthcoming period it will be necessary to continue activities to build the capacity of institutions for law enforcement in the fight against corruption and organized crime.

The activities concerning construction of a high-security State prison are implemented as planned within the **Penitentiary reform sub-sector**. Legislation regulating the prison system is partially harmonized throughout BiH. However, it is still necessary to adopt the legal framework that will ensure compliance of laws in BiH, as well as with the international standards.

Further progress was registered in **the War Crimes sub-sector, in 2015**. Large backlog of war crime cases is reduced, and improvements are evident in prosecution of sexual violence, as a result of enhanced specialization of prosecutors, judges, police investigators and witness support staff.

Within **Fight against organized crime sub-sector, in 2015**, BiH recorded some progress, as well. A number of successful large-scale joint operations were organized, some including neighboring countries. Council of Ministers of BiH adopted the Strategy of Bosnia and Herzegovina for prevention and fight against terrorism for the period 2015 – 2020. The Agreement on Operational and Strategic Cooperation between BiH and EUROPOL entered the final stage of ratification. The Agreement extends the cooperation between the signatories in the fight against organized and international crime and regulates cooperation procedures.

In 2015, progress was made in **the Fight against corruption sub-sector**. The new Strategy for combating corruption in Bosnia and Herzegovina for the period 2015-2019 and Action plan for its implementation were adopted, while confiscation of assets records substantial increase.

Subsector **Police reform** recorded certain progress in 2015. Police agencies across the country are continually working to build up their capacities, but most of them are facing fundamental problems to find permanent accommodation and regular equipping. Positive example is the State Investigation and Protection Agency (SIPA) which bilaterally signed operational agreements on mutual cooperation with all police agencies present in BiH, thus improving the inter-institutional coordination and cooperation.

In 2015, progress was also achieved in **Migration and Asylum subsector**. Strategy and Action plan for migration and asylum for the period 2012-2015 are implemented in satisfactory manner. Readmission agreements with the EU and other countries are implemented in satisfactory manner. Center for temporary detention of illegal immigrants is operational, while permanent asylum center in Trnovo functions adequately. The migration and asylum systems are being strengthened and are adequate for current inflows, while infrastructure, surveillance and equipment at border crossing points have been improved.

Border management and security sub-sector recorded satisfactory progress in 2015. The new Integrated Border Management Strategy (IBM) in BiH 2015-2018 with accompanying Framework Action Plan has been adopted by the Council of Ministers of BiH. Legislation related to integrated border management, including the Law on border control, is aligned with the relevant *acquis*. The Joint Centre for Police Cooperation between BiH, Montenegro and Serbia, located in Trebinje, continued to function. Joint risk analysis is undertaken with Frontex, mainly in the Western Balkans Risk Analysis Network. BiH authorities regularly provide agreed statistical and qualitative information.

In the **sub-sector Roma**, positive steps were taken in registration and housing of the Roma minority in 2015, however limited progress was achieved in the areas of health, education and employment. Free textbooks continued to be provided to a certain number of Roma pupils in primary schools, while the drop-out rate has slightly decreased. However, the number of Roma children included in the education system still needs to be significantly increased.

During 2015, some action was taken to tackle the issue of sustainable return, particularly in connection with employment, education, social protection and healthcare of **Refugees and IDPs** in BiH. Strategy of Bosnia and Herzegovina for Reception and Integration of BiH Citizens who are returning to BiH on the Basis of the Readmission Agreement and the Action Plan for the period 2015 – 2018 was adopted.

The legal framework for the protection of minorities is largely in place and in line with the Council of Europe Framework Convention, however legal and institutional framework for the observance of human rights requires substantial improvements. **LGBTI and National minorities sub-sectors** in BiH faced challenges regarding human rights, protection of minorities and discrimination, notably within the LGBTI community.

The **Intercommunity relations sub-sector** is addressing promotion of cultural diversity, reconciliation and confidence-building measures. In the course of 2015, BiH continued to participate actively in regional initiatives and has made progress on good neighborly relations, including signing of border agreement with Montenegro. Within May – November period, BiH took over the chairmanship of the Council of Europe Committee of Ministers, for the first time since its accession to the Council of Europe in 2002.

Generally, legal provisions guaranteeing **Freedom of expression** and **Media freedom** are in place. However, financial stability and financial sustainability of the public service broadcasting system remain to be addressed and public broadcasting system reform still needs to be completed. Also, BiH urgently needs to implement the digital switchover.

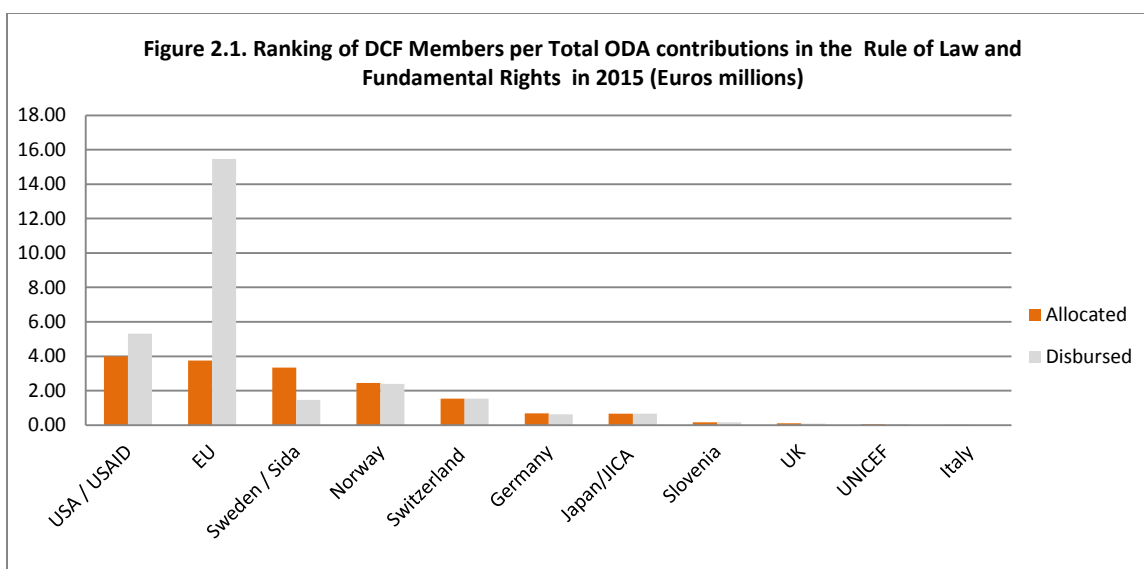
Protection of personal data in BiH is partially harmonised with the European standards. Current efforts are focused on building technical IT capacities throughout database development and systems for informational sharing. Staffing of the Agency for Personal Data Protection needs to be strengthened.

Donor activities in 2015

DCF members active in Rule of Law and Fundamental Rights sector in 2015 are USA / USAID, EU, Sweden / Sida, Norway, Switzerland, Germany, Japan/JICA, Slovenia, UK, UNICEF, Italy

Total allocations in 2015 to the Rule of Law and Fundamental Rights sector provided by DCF members were €16.73 million, while total disbursements amounted to €27.76 million, all in the form of grants.

Figure 2.1 compares overall ODA allocations and disbursements per donors provided to the Rule of Law and Fundamental Rights sector. The leading donors in the Sector in 2015 were USA / USAID and EU, followed by Sweden / Sida, Norway, Switzerland, Germany, Japan/JICA, Slovenia, UK, UNICEF and Italy. According to the disbursements in the chart below, slight differences in ranking of DCF members is noticeable.



Out of total ODA channeled to Bosnia and Herzegovina in 2015, 3% was allocated while 7% was disbursed to the Rule of Law and Fundamental Rights sector.

Major projects in the Rule of Law and Fundamental Rights sector in BiH are listed below⁴⁰:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
USAID's Justice Project in Bosnia and Herzegovina (BiH)	USA / USAID	8.57
Support to the Judiciary in BiH	Switzerland	5.54
(SGISP) Strengthening Governing Institutions and Processes	USA / USAID	5.38
Improving Judicial Efficiency Project	Sweden / Sida	3.65
Support to the Justice for Children Reform in BiH – Phase 2	Switzerland	3.35
Support to the Justice for Children Reform in BiH – Phase 2	Sweden/Sida	3.35
Increasing Access to Freedom and Justice in BiH 2012-2015	Sweden / Sida	3.10
Public Administration Reform - Support for PARCO	Norway	3.06
Consolidation and Further Development of the Judicial Communication and Information System - HJPC	EU	1.82
Justice for Children 2	Sweden / Sida	1.63
Criminal Justice Sector Reform Program	USA / USAID	1.54

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

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

Legal framework and sector strategies adopted in 2015

In **February 2015**, the National Assembly of RS adopted the Law on Public Peace and Order⁴¹, while during **March 2015**, the Parliamentary Assembly of BiH adopted the Law on Amendment to the Criminal Code of BiH⁴².

In addition, in **April 2015** the National Assembly of RS adopted the Law on Security Measures and Dealings with Cash and Other Valuables⁴³.

In **May 2015** the Parliamentary Assembly of BiH adopted the Law on Changes and Amendments to the Criminal Code of BiH⁴⁴, while the National Assembly of RS adopted the Law on Changes and Amendments to the Law on Courts of RS⁴⁵.

During **June 2015** the Parliamentary Assembly of BiH adopted the Law on Changes to the Law on Public Broadcasting System of BiH⁴⁶.

In **July 2015** the Parliamentary Assembly of BiH adopted the Law on Changes and Amendments to the Law on Permanent Residence and Temporary Residence of BiH Citizens⁴⁷. At the same

⁴⁰Due to large number of the projects in the Rule of Law and Fundamental Rights sector, only some projects are mentioned in this report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

⁴¹ Official Gazette of RS no. 11/15

⁴² Official Gazette of BiH no.22/15

⁴³ Official Gazette of RS no. 33/15

⁴⁴ Official Gazette of BiH no. 40/15

⁴⁵ Office Gazette of RS no. 44/15

⁴⁶ Official Gazette of BiH no. 51/15

⁴⁷ Official Gazette of BiH no. 58/15

time, the National Assembly of RS adopted the Law on Changes and Amendments to the Law on Actual Rights, together with the Law on Changes and Amendments to the Law on Privatization of the State Owned Housing⁴⁸.

In September 2015 the National Assembly of RS adopted the Law on Changes to the Law on Expropriation⁴⁹, as well as the Law on Advocacy of RS⁵⁰.

In October 2015 the Parliamentary Assembly of BiH adopted the Law on Amendments to the Law on Infringement⁵¹, together with the Law on Citizen's Identification Number⁵², while the Parliamentary Assembly of the Brcko District of BiH adopted the Law on Amendments to the Law on Restitution of Abandoned Property⁵³.

In November 2015 the Parliamentary Assembly of BiH adopted the Law on Foreigners⁵⁴, while the Parliamentary Assembly of FBiH adopted the Law on Changes to the Law on Amnesty⁵⁵.

During **December 2015**, the Parliamentary Assembly of FBiH adopted the Law on Changes and Amendments to the Law on Litigation Procedure⁵⁶, while the RS National Assembly adopted the Law on Prevention of Violence at Sports Events and the Law on Changes and Amendments to the Law on Spatial Development and Civil Engineering⁵⁷.

Donor coordination

Donor coordination mechanisms in the Rule of Law and Fundamental Rights sector were implemented differently, depending on the sub-sector and the level of governments involved.

In **the Judiciary** sub-sector, BiH Ministry of Justice is organizing the annual Forum of Donors, with the main topics related to the implementation of the Justice Sector Reform Strategy as well as the monitoring and harmonization of donor efforts in this sub-sector. The Conference of Ministers of Justice in BiH, established during the implementation of the previous Justice Sector Reform Strategy 2008 – 2013, is dealing with the same issues and is going to be used in the new Strategy 2014 – 2018, as well. Also, the BiH – EU Structured Dialogue on justice remains an important platform for donor coordination in implementation of judicial reforms in BiH.

In **the Penitentiary reform** sub-sector, coordination meetings are *ad hoc*, project-based and mostly bilateral.

⁴⁸ All published in the Official Gazette of RS no. 60/15

⁴⁹ Official Gazette of RS no. 79/15

⁵⁰ Official Gazette of RS no. 80/15

⁵¹ Official Gazette of BiH no.81/15

⁵² Official Gazette of BiH no.84/15

⁵³ Official Gazette of Brcko District of BiH no.42/15

⁵⁴ Official Gazette of BiH no.88/15

⁵⁵ Official Gazette of FBiH no. 91/15

⁵⁶ Official Gazette of FBiH no. 98/15

⁵⁷ All published in the Official Gazette of RS no. 106/15

Within **the War crimes** sub-sector, coordination meetings are *ad hoc*, project-based and mostly bilateral / multilateral. The trend of self-organizing meetings between donors active in this sub-sector can be observed.

In **the Fight against crime** sub-sector, coordination efforts were mainly informal and *ad hoc*, project-based and mostly bilateral / multilateral. Mainly, those meetings were self-organized between donors and bilaterally between relevant institutions and donors.

According to the stakeholders within the **Fight against corruption** sub-sector, regular donors and policy coordination meetings are co-chaired by the Agency for Prevention of Corruption and for Coordination of the Fight against Corruption and EUD to BiH / EUSR in BiH, which are not formalized yet.

Coordination efforts in the **Police reform** sub-sector were *ad hoc*, informal, project – based and mostly bilateral / multilateral.

In **Migration and Asylum sub-sector**, formal coordination role is implemented through the Coordination body on BiH immigration issues, whose jurisdiction was extended in 2015. Within the current scope of work, this body will act as an Operational Headquarters, in the event of anticipated or extraordinary emergencies in the area of migration. The Operational Headquarters for migration issues in BiH will coordinate all activities with relevant institutions and agencies, as well as the formed headquarters or other bodies at the entity level and BD, as well as international organizations and NGOs to overcome the specific crisis situation in the field of migration.

The coordination in the **Border management and security** sub-sector in BiH was informal and *ad hoc*, project-based and mostly bilateral / multilateral.

It could be stated that formal coordination body exists in the **Roma** sub-sector. The Roma Committee with the BiH Council of Ministers, which monitors the implementation of BiH Strategy for Roma issues and efficient implementation of the Decade of Roma Inclusion 2005-2015, is also included in making contacts with potential donors and other stakeholders, on order to provide the financing for the implementation of the Action Plan.

Within **Refugees and IDPs, LGBTI** and **National minorities** sub-sectors, the coordination efforts were mainly informal and *ad hoc*, project-based and mostly bilateral / multilateral. Mainly, those meetings were self-organized between donors and bilaterally between relevant institutions and donors. The same situation is in the **Intercommunity relations** and **Freedom of expression and Media freedom** sub-sectors as well as in the **Property rights** and **Data protection** sub-sectors in BiH.

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

Future activities

Bosnia and Herzegovina has ratified all major EU and International Human Rights Instruments, and it can be asserted that the regulations regarding fundamental rights are largely included in the legislation of BiH. In the forthcoming period, further efforts are needed to implement existing and develop the new relevant regulations, strategies and policies harmonized with the EU and international standards, in order to establish the transparent and impartial judicial system, which ensures the highest level of human rights adherence in BiH, implying the engagement of both national and international stakeholders.

According to majority of stakeholders involved in the preparation of the DMR 2015, future activities in this Sector should be focused on formalization of donor coordination meetings, organized and led by the competent ministries, in order to avoid duplication or overlapping of donors' activities.

Within **the Judicial reform** sub-sector, in the forthcoming period it is necessary to improve the enforcement of adopted laws and resolve the problem of deficient human and financial resources. In addition to improvements achieved in the efficiency of the judiciary, further activities need to be focused on decreasing of the backlog of cases.

Regarding **the Penitentiary reform** sub-sector, future activities should be focused on improvements within the penitentiary system, overall prison infrastructure and detention conditions, in line with EU and other international standards.

Within **the War crimes** sub-sector, the focus should be on drafting and adoption of the legislation which regulates the area of the rights of civilian victims of the war, together with strengthening of the State Prosecutor's Office capacities.

Considering **the Fight against organized crime** sub-sector, future activities should be focused on further improvement of coordination among law enforcement bodies and the judicial system in BiH, as well as on increasing the rate of convictions and number of financial investigations. Many stakeholders that have participated in the preparation of DMR 2015, emphasized the necessity of institutional resolving of permanent accommodation and better equipping of those bodies.

Almost the same future activities should be undertaken in the **Fight against corruption** and the **Police reform** sub-sectors. Herewith, improvement of cooperation between the police and prosecutors and preparation of institutions for enforcement of laws related to high-tech and cyber crime, are areas that will need special attention in the coming period.

Within **Migration and Asylum** and **Border management and security** sub-sectors, future activities should be focused on strengthen institutions' capacities to coordinate and implement the adequate policies, together with the legal framework concerning anti-money laundering.

Regarding **Roma, Refugees and IDPs, LGBTI** and **National minorities** sub-sectors, further efforts should be focused on improvements of overall coordination and harmonization in policy making in order to align them with the EU and international standards. The same improvements are also required within the **Intercommunity relations** and **Freedom of expression and Media freedom** sub-sectors.

DCF members active in the sector in 2015	Sweden/Sida, Japan/JICA, EU, USA /USAID, UNDP, The World bank, UK, Norway, Slovenia, Czech Republic, Hungary, UNICEF, Croatia, Germany, Italy, EBRD
Other Key international organizations (IOs)	Danish Emergency Management Agency (DEMA), Save the Children, Global Environment Fund (GEF), Western Balkans Investment Framework (WBIF), Special Climate Change Fund (SCCF), OSCE.
Key government partners	BiH Council of Ministers, together with the entity and DB governments; BiH Ministry of Foreign Trade and Economic Relations; Ministry of Security of BiH; BiH State Regulatory Agency for Radiation and Nuclear Safety; FBiH Ministry of Environment and Tourism; FBiH Ministry of Physical Planning; FBiH Ministry of Agriculture, Water Management and Forestry; RS Ministry of Spatial Planning, Civil Engineering and Ecology; RS Ministry of Agriculture, Forestry and Water Management; Department for Agriculture, Forestry and Water Management of the BD; Department for Spatial Planning and Legal-property Affairs of the BD; FBiH Agency for the Watershed of Sava River; FBiH Agency for the Watershed of Adriatic Sea; Federal Administration of Civil Protection; RS Republic Administration of Civil Protection; the Department of Public Security of the BD; Public Institution Waters of Srpska; Environmental Fund of FBiH; Fund for Environmental Protection and Energy Efficiency of RS; cantonal and municipal governments, together with public companies and public utility companies.
Total allocation / disbursement to the sector in 2015 by DCF members	2015: Total allocated €77.22 million – €37.94 million in a form of grants and €39.28 million in a form of loans Total disbursed €85.13 million – €57.18 million in a form of grants and €27.95 million in a form of loans
Legal framework and Sector strategies	Legal framework and sector strategies (adopted in 2015) <i>FBiH Law on Changes to the Law on Conditions for and Manner of Performing the Wood Cutting Activity; RS Law on Changes and Amendments to the Law on Special Contribution for Solidarity; RS Law on Changes and Amendments to the Law on Protection of Environment; RS Law on Changes and Amendments to the Law on Waste Management; Law on Hunting of Brcko District BiH.</i>

	<p>Action Plan for Flood Protection and River Management in BiH 2014 – 2017; RS Integrated Water Management Strategy 2015 - 2024</p> <p>Previously adopted legal framework and sector strategies are available on http://donormapping.ba/index.php/donor-mapping-reports/dmr-2014</p>
<p>Donor coordination</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 donor coordination, together with self-organizing meetings between donors active in this sub-sector.</p> <p>Water Resources Management: To some extent, MoFTER is leading the donor coordination, together with self-organizing meetings between donors active in this sub-sector.</p> <p>Waste Management: to some extent, MoFTER is leading the donor coordination, together with self-organizing meetings between donors active in this sub-sector.</p> <p>Nature Protection: to some extent, MoFTER is leading the donor coordination, together with self-organizing meetings between donors active in this sub-sector.</p> <p>Air Quality and Noise: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral.</p> <p>Industrial Pollution and Chemicals: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral.</p> <p>Environment Horizontal Standards: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral.</p> <p>Civil Protection: coordination efforts were mainly informal and <i>ad hoc</i>, project-based and mostly bilateral / multilateral</p> <p>Donors active in the Sector regularly attended DCF meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

Overview

With Stabilisation and Association Agreement (SAA) in force, BiH has assumed the legal obligation to harmonize the national legislation with the EU *acquis*, through the development of policy cooperation between the EU and BiH within various development sectors. Environment sector is one of the most important cooperation sectors, whereby with the implementation of adequate policies and standards, it should ensure the improvement of the overall environment situation as well as the long-term sustainable development in the EU.

The 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. This is a logical continuation of sector classifications used in the previous reports (MTDS, MIPD), considering the fact that most of the donor activities are focused at supporting realization of priorities related to the EU integration process in Bosnia and Herzegovina.

The Environment and Climate Action sector consists of nine sub-sectors:

- Climate Action,
- Water Supply and Waste Water,
- Water Resources Management,
- Waste Management,
- Nature Protection,
- Air Quality and Noise,
- Industrial Pollution and Chemicals,
- Environment Horizontal Standards,
- Civil Protection.

Within the Environment and Climate Action sector, diverse level of progress was achieved in individual sub-sectors in **2015**. Regional cooperation on environmental issues is strengthened, particularly in the areas of flood prevention, water, air pollution and nature protection. Bosnia and Herzegovina submitted its new climate action plan to the UN Framework Convention on Climate Change (UNFCCC), called *Intended Nationally Determined Contribution (INDC)*, as a contribution to the adoption of a new universal Agreement on climate change. The Agreement was adopted at the UN climate conference in Paris, in December 2015, where 195 nations have agreed to combat climate change and reduce carbon emissions.

The **Climate Action sub-sector**, throughout legislative alignment and capacity building supports climate change adaptation, by improving resilience to the climate change. Regardless of the progress made in 2015, efforts are still needed in order to align with the *EU Monitoring Mechanism Regulation* as well as to enable the implementation of obligations from 2015 Paris Climate Change Agreement. BiH, together with other EU aspiring countries, must enforce significant reforms consistent with the *EU 2030 framework for climate and energy policies* and simultaneously implement their international climate commitments.

In **Water Supply and Waste Water** and **Water Resources sub-sectors**, an uneven progress was achieved. BiH has abundant water resources, but water supply is satisfactory only in major the cities. In terms of integrated water management, water supply and drainage capacities are unadjusted as well as the treatment of the municipal and industrial wastewater. However, investments in infrastructure, mainly provided by donors and IFIs, led to positive developments in the access to drinking water and wastewater discharges. Positive examples are the newly built waste water treatment plants in Zivinice and Bijeljina. Also, Neretva and Trebisnjica River Basin Management Plan were prepared, while the plan for the Sava river is under preparation. BiH launched the initiative for inclusion of BiH in the European Flood Awareness System (EFAS) and currently it is in the final stage of formal accession. The Action Plan was adopted for flood protection and river management in BiH for the period 2014 - 2017. Also, Flood hazard and flood risk maps project is prepared.

Waste management represent one of the main environmental issues in BiH. In 2015, Bosnia and Herzegovina had limited economic instruments to promote recycling and prevention of waste generation, hence the capacity to manage industrial and hazardous waste needs to be strengthened in the forthcoming period.

Within **Nature Protection sub-sector**, initial steps have been taken to develop the Natura 2000 network in BiH, for core breeding and resting sites of rare and endangered species as well as some rare natural habitat types protected by the special law. The network stretches across all 28 EU countries, with the aim to ensure the long-term survival of Europe's most valuable and endangered species and habitats, listed under the Birds Directive and the Habitats Directive. The list of potential *Natura 2000* sites has yet to be adopted for BiH.

In the **Air Quality and Noise sub-sector**, BiH is in initial stage, where air quality planning and monitoring system needs to be improved, while the existing regulative framework should be aligned with the relevant *acquis*, with simultaneous strengthening of institutional capacities.

Similar situation is observed in **Industrial Pollution and Chemicals** and **Environment Horizontal Standards sub-sectors**. However, in both sub-sectors outstanding results were achieved with support of the USAID, in developing Emission Reduction Plans (ERPs) for 12 Large Combustion Plants (LCPs). These individual ERPs represented the foundation for National Emission Reduction Plan (NERP), which was adopted by the BiH Council of Ministers and submitted to the European Energy Community Secretariat before the end of the year, thus achieving a key milestone in line with BiH obligations under the Energy Community Treaty.

In **Civil Protection sub-sector**, Action Plan for Flood Protection and River management in BiH was adopted at the beginning of 2015, as one of the steps in disaster risk reduction and management, particularly in the light of the severe 2014 floods. Also, it is necessary to continue with the efforts on further preparation for joining the EU Civil Protection Mechanism.

Donor activities in 2015

DCF members active in the Environment and Climate Action sector in 2015 are Sweden/Sida, Japan/JICA, EU, USA/USAID, UNDP, The World bank, UK, Norway, Slovenia, Czech Republic, Hungary, UNICEF, Croatia, Germany, Italy and EBRD.

In 2015, total allocations of the DCF members to the Environment and Climate Action sector was €77.22 million, out of which € 39.28 million was in the form of loans and €37.94 million in the form of a grants.

Total disbursement to the Sector in the observed period amounted to €85.13 million, out of which €57.18 million was in the form of grants, while €27.95 million in the form of loans.

Figure 3.1. compares grant ODA allocations and disbursements per donors provided to the Environment and Climate Action sector in 2015. The leading grant – providing donors in 2015 were Sweden/Sida, Japan/JICA, EU, USA/USAID, UNDP, followed by the The World bank, UK, Norway, Slovenia, Czech Republic, Hungary, UNICEF, Croatia, Germany and Italy.

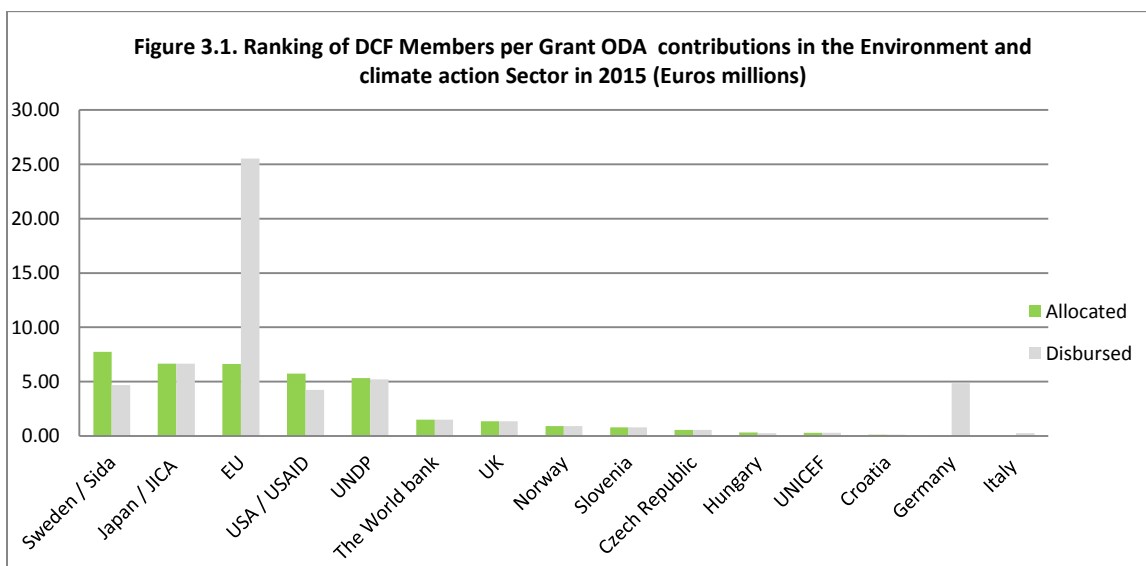
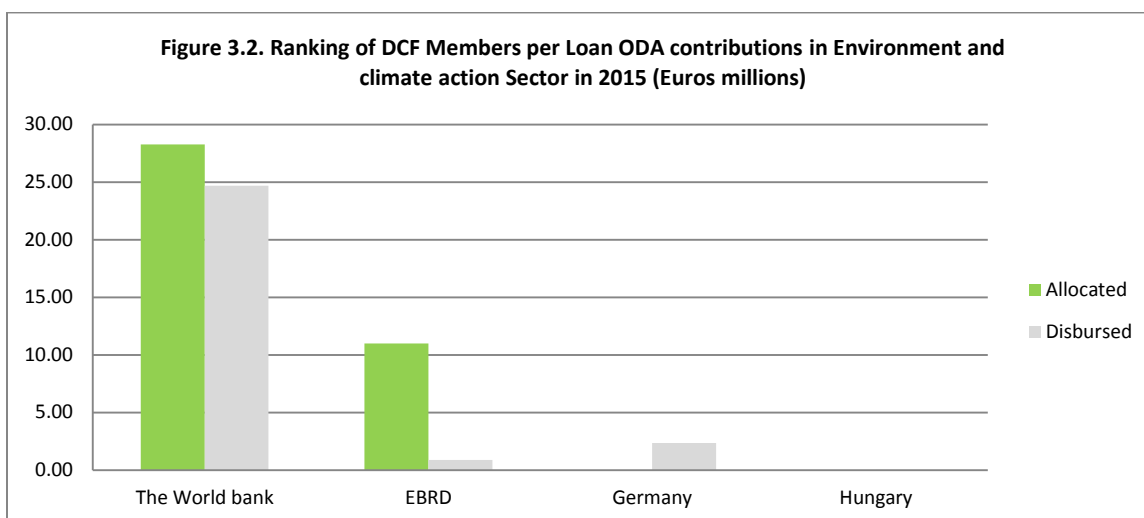


Figure 3.2. compares loan ODA allocations and disbursements per donor provided to the Environment and Climate Action sector in 2015. The leading donors in 2015 the Sector were The World bank, EBRD, Germany and Hungary.



From previous graphical overviews it is evident that certain donors, such as Germany, The World Bank and Hungary, combined the grant and loan aid funds, whereas most of the funds disbursed by Germany and Hungary were in the form of grants, while The World Bank provided most of the funds in the form of loans. Also, the differences between allocated and disbursed funds (some donors disbursed more funds) are the result of altered methodology used for recording of projects within the DMD database in 2014, i.e. instead of allocating projects funds according to the dynamics of implementation per years, methodology of allocating the total project value in the first year of its implementation was used.

Out of total ODA channeled to Bosnia and Herzegovina in 2015, 16% was allocated while 21% was disbursed to the Environment and Climate Change sector.

Major projects in the Environment and Climate Action sector are listed below:⁵⁸

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Flood Emergency Recovery Project	The World bank	71.56
Green Economic Development project (Energy Efficiency)	Sweden / Sida	47.00
Sarajevo Waste Water Management Project	The World bank	35.11
Second Solid Waste Management Project	The World bank	33.70
Irrigation Development Project	The World bank	28.62
Sava Waterway Rehabilitation Project	The World bank	25.24
Cofinancing Environmental infrastructure projects with the EIB	Sweden / Sida	13.00
Plava voda regional water supply	EBRD	11.00
Green Economic Development – Environment	UNDP	10.63
Japan’s Non-Project Grant Aid for Provision of Japanese Next-Generation Vehicles	Japan / JICA	3.68
FLOODS - CESTA (Community Economic Strengthening through Action) in BiH	USA / USAID	3.25

⁵⁸ Due to large number of the projects in the Environment and Climate Action sector, only some projects are mentioned in this report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

FLOODS- Regulation of Bosna River in Sarajevsko Polje, Bosnia and Herzegovina	EU	2.68
Landslide Disaster Risk Management in Bosnia and Herzegovina	Japan / JICA	2.68
Waste Water Treatment Plant in Butila, Sarajevo	EU	2.50
FLOODS - Durable Housing Solutions for Flood and Landslide Affected Households	USA / USAID	1.69

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

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

Legal framework and sector strategies adopted in 2015

In January 2015, the Parliamentary Assembly of Brcko District of BiH adopted the Law on Hunting of Brcko District BiH.

In May 2015, the RS National Assembly adopted the Law on Changes and Amendments to the Law on Special Contribution for Solidarity, while in September 2015, the RS National Assembly adopted the Law on Changes and Amendments to the Law on Protection of Environment.

In November 2015, the FBiH Parliamentary Assembly adopted the Law on Changes to the Law on Conditions for and Manner of Performing the Wood Cutting Activity.

During December 2015, the National Assembly of RS adopted the Law on Changes and Amendments to the Law on Waste Management.

Donor Coordination

There is no formalized donor coordination mechanism or information sharing in the Environment and Climate Change sector at present.

Ministry of Foreign Trade and Economic Relations (MoFTER) cooperates with entities ministries of environment and agriculture and water management, as well as with the relevant water agencies and BD, regarding the environment protection and use of natural resources sub-sectors, in order to present the BiH on the international level. Donors also coordinate among themselves on an *ad hoc* basis.

In **Climate action** sub-sector, coordination meetings are *ad hoc*, project-based and mostly bilateral.

Within the **Water supply and waste water** and **Water resources sub-sectors**, to same extent, the donor coordination is led by MoFTER, together with self-organizing meetings between donors active in this sub-sector. The same can be observed in the **Waste management** and **Nature protection sub-sectors**.

The coordination in the **Air quality and noise, Industrial pollution and chemicals** and **Environment horizontal standards sub-sectors** in BiH was informal and *ad hoc*, project-based and mostly bilateral / multilateral.

Within the **Civil protection** sub-sector in BiH, the Framework Law on Protection and Rescue of People and Property from Natural or Other Disasters in Bosnia and Herzegovina has envisaged

establishing the BiH Coordination Body as a formal inter-institutional and donor coordination body, that needs to be formalized. Therefore, coordination efforts were mainly informal and *ad hoc*, project-based and mostly bilateral / multilateral. Mainly, those meetings were self-organized between donors and bilaterally between relevant institutions and donors.

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

Future Activities

The Environment and Climate Action sector in Bosnia and Herzegovina has achieved some progress in 2015, mainly due to expanding regional cooperation and by fulfilling certain international obligations. To ensure long-term environment protection and sustainable development of the country, it is necessary to continue further harmonization of environmental protection measures across the country, along with ensuring sustainable financing from the national and international sources. The next priority activities must include establishment of the harmonized legal framework for environmental protection, adoption of environmental approximation strategy and its implementing documents with specific implementation plans on environmental impact assessment as well as the adoption of the environmental monitoring data management and reporting strategy.

In **Climate Action** sub-sector, BiH is in the early phase in terms of activities undertaken on climate change adaptation and approximation to the *acquis*. BiH's capacity for monitoring, reporting and verification in this area needs to be significantly strengthened. It is necessary to ensure the implementation of the Climate Change Adaptation and Low-Emission Development Strategy as well. In the forthcoming period, it is necessary to continue the development of policies harmonized with the *EU 2030 framework for climate and energy policies*, with simultaneous implementation of the international climate commitments.

Within **Water supply and waste water** and the **Water resources management** sub-sectors, focus should be on more efficient usage of water resources and on fulfilling of BiH's commitments under international conventions and relevant EU legislation. It is necessary to harmonize water management policies at BiH level, including the management of river basins, as well as to establish the tariff system based on the cost return principles, improve staff skills and operational efficiency of utilities. Also, flood protection measures must be implemented in accordance with the Action Plan for Flood Protection and River Management in BiH 2014 – 2017 as well as the entities documents related to the flood prevention and protection.

In the **Waste management** sub-sector, future efforts should be focused on preparation of the country-wide waste management strategy and related strategic planning of investments as well as strengthening of capacities for industrial and hazardous waste management. Besides,

stronger focus should be placed on economic instruments promoting recycling and prevention of waste generation.

Regarding **Nature protection** sub-sector, a list of potential *Natura 2000* sites on protection of wild birds and habitats has yet to be adopted as well as the legislation to align with the *acquis*. Therefore, investment in projects for construction of hydroelectric power plants should be consistent with the environmental impact assessment, water legislation and environmental protection obligations, particularly in protected national areas and areas of high natural value, which may become *Natura 2000* sites.

Within **Air quality and noise** sub-sector, the legislation at state and entity level in the forthcoming period needs to be harmonized with the relevant *acquis* and its implementation enhanced. Simultaneously, air quality planning and monitoring systems should be improved, and country-wide air monitoring network need established, and while greater efforts in the field of noise are also expected.

Also, future activities should be focused on strengthening institutional capacities within this sub-sector as well as within **the Industrial Pollution and Chemicals and Environment Horizontal Standards** sub-sectors. In terms of risk management and control of **industrial pollution**, Bosnia and Herzegovina is developing a state plan to reduce greenhouse gas emissions.

In **Civil protection** sub-sector, disaster risk reduction and management must be addressed as a matter of priority. Although the system of protection and rescue is mainly improved in BiH, where flood control measures must be implemented in accordance with the Action Plan for flood control and river management in BiH for the period 2014 - 2017 as well as the entity documents related to the prevention and flood protection. In the coming period it will be necessary to improve the level of equipping, training and structures of civil protection, rescue and protection at all levels in BiH.

DCF members active in the sector in 2015	EBRD, EIB, EU, Croatia, Sweden/Sida
Other Key international organizations (IOs)	Energy Community, South East Europe Transport Observatory (SEETO), Regional Cooperation Council (RCC)
Key government partners	BiH Ministry of Communications and Transport; BiH Directorate for Civil Aviation; BiH Air Navigation Services Agency; BiH Railways Public Corporation; FBiH Ministry of Transport and Communications; Public Enterprise Road Directorate of FBiH; Public enterprise Motorways of FBiH; Ministry of Transport and Communications of RS; Government of Brcko District of BiH; Public Enterprise Railroads of RS; Public Enterprise Roads of RS; Public Enterprise Motorways of RS.
Total allocation / disbursement to the sector in 2015 by DCF members	2015: Total allocated €111.46 million – €4.79 million in a form of grants and €106.67 million in a form of loans Total disbursed €50.74 million – €4.74 million in a form of grants and €46.00 million in a form of loans
Legal framework and Sector strategies	Legal framework and sector strategies (adopted in 2015) <i>Law on Contractual Obligations in the Civil Aviation of BiH; RS Law on Compulsory Traffic Insurance.</i> <i>BiH framework transport policy for 2015-2030</i> Previously adopted legal framework and sector strategies are available on http://donormapping.ba/index.php/donor-mapping-reports/dmr-2014
Donor coordination	Transport Connectivity: National Investment Committee is established as formal coordination body between BiH authorities and donors in this sub-sector. Transport Efficiency: coordination efforts were mainly informal and <i>ad hoc</i> , project-based and mostly bilateral / multilateral Air Transport: coordination efforts were mainly informal and <i>ad hoc</i> , project-based and mostly bilateral / multilateral Inland Waterways Transport: coordination efforts were mainly informal and <i>ad hoc</i> , project-based and mostly bilateral / multilateral Maritime Transport: coordination efforts were mainly informal and <i>ad hoc</i> , project-based and mostly bilateral / multilateral Rail Transport: coordination efforts were mainly informal and <i>ad hoc</i> , project-based and mostly bilateral / multilateral Road Transport: coordination efforts were mainly informal and <i>ad hoc</i> , project-based and mostly bilateral / multilateral Multimodal Transport: coordination efforts were mainly informal and <i>ad hoc</i> , project-based and mostly bilateral / multilateral Urban Mobility: coordination efforts were mainly informal and <i>ad hoc</i> , project-based and mostly bilateral / multilateral Donors active in the Sector regularly attended DCF meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.

Overview

Transport links regions and countries and integrates them into the global economy, whereat efficient transport systems also contribute to better economic growth. Transport also represents the cornerstone of the EU integration process and is firmly linked to the creation and completion of the internal market, which promotes new jobs and economic growth, while regional integration plays an important role in fostering economic integration and development. Improving connectivity requires investments focused on improvement of transport and energy infrastructure, as well as the implementation of measures to open markets, removing barriers and creating a transparent regulatory environment.

The Transport sector presented in this Report is based on the sector-based reporting methodology defined in the IPA II regulation, for period 2014 – 2020. This is a logical continuation of sector classifications used in the previous reports (MTDS, MIPD), considering the fact that most of the donor activities are focused at supporting realization of priorities related to the EU integration process in Bosnia and Herzegovina.

The Transport sector consists of nine sub-sectors:

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

In 2015, some progress has been made in the Transport sector in Bosnia and Herzegovina. In light of the EU's connectivity agenda⁵⁹, a fresh impetus has been given to regional cooperation through the 'Berlin process' and the Western Balkan Six (WB6) initiative. In April 2015, the WB6 countries reached an agreement on the core transport network as well as on extending three core Trans-European Transport Networks (TEN-T), and also identified the priority projects to be implemented by 2020. The WB6 agreed to implement a number of 'soft' measures to simplify border crossing procedures and road safety measures. BiH played an active role in all above mentioned activities. Progress can also be observed in both the road and rail networks improvements in the country.

The state-level Framework transport policy for 2015-2030 was adopted in July 2015. However, financing of further activities should be resolved in order to achieve optimal connectivity

⁵⁹ More information can be found at: http://ec.europa.eu/enlargement/pdf/policy-highlights/regional-cooperation/20150828_vienna_info_pack.pdf and http://europa.eu/rapid/press-release_SPEECH-15-4693_en.htm

between different forms of transport: road, rail, air and sea and inland waterways, together with drafting, adoption and implementation of sustainable transport policies.

Very good progress was recorded in 2015 in the **Transport connectivity sub-sector** in BiH. The process of regional transport cooperation continued to be implemented successfully, under the South-East Europe Transport Observatory Network (SEETO) umbrella.

Progress was also recorded in the **Transport efficiency sub-sector** in 2015. The agreement on border crossings, border traffic and free transit, together with the joint statement, signed between BiH and Croatia in June 2015 in Brussels, enables the smooth transport of goods through the Neum corridor. In the forthcoming period, it will be necessary to continue efforts on further harmonization of legislation of the relevant legislation with the the EU *acquis*.

In 2015, some progress has been made in the **Air transport sub-sector**. BiH Air Navigation Services Agency in coordination with EUROCONTROL, has taken over control of the lower level of the BiH airspace from Serbian and Croatian air traffic control service providers. In accordance with its obligations defined in Multilateral Agreement on the establishment of a European Common Aviation Area (ECAA), signed between the EU and Albania, BiH, the Bulgaria, Croatia, Macedonia, Iceland, Montenegro, Norway, Romania, Serbia and the UNMIK, BiH is continuously transposing the European legislation depending on existing capacities.

In 2015, progress was not recorded *within* the **Inland waterways transport sub-sector**, due to the loan agreement with the World Bank cancellation as well as the subsequent cancellation of the EU assistance.

Also, progress was not recorded within the **Maritime, Rail, Road and Multimodal transport sub-sectors** in 2015.

Donor Activities in 2015

DCF members active in the Transport sector in 2015 are EBRD, EIB, EU, Croatia and Sweden/Sida.

In 2015, total allocations of the DCF members to the Transport sector was € 111.46 million, from which €106.67 million was in a form of loans, and €4.79 million in the form of a grants.

Total disbursements to the Sector in 2015 amounted to €50.74 million, out of which €4.74 million in the form of grants, and €46.00 million in the form of loans.

Figure 4.1 compares grant ODA allocations and disbursements per donors provided to the Transport sector in 2015. The leading donors in the Sector in 2015 were EU, Croatia and Sweden/Sida.

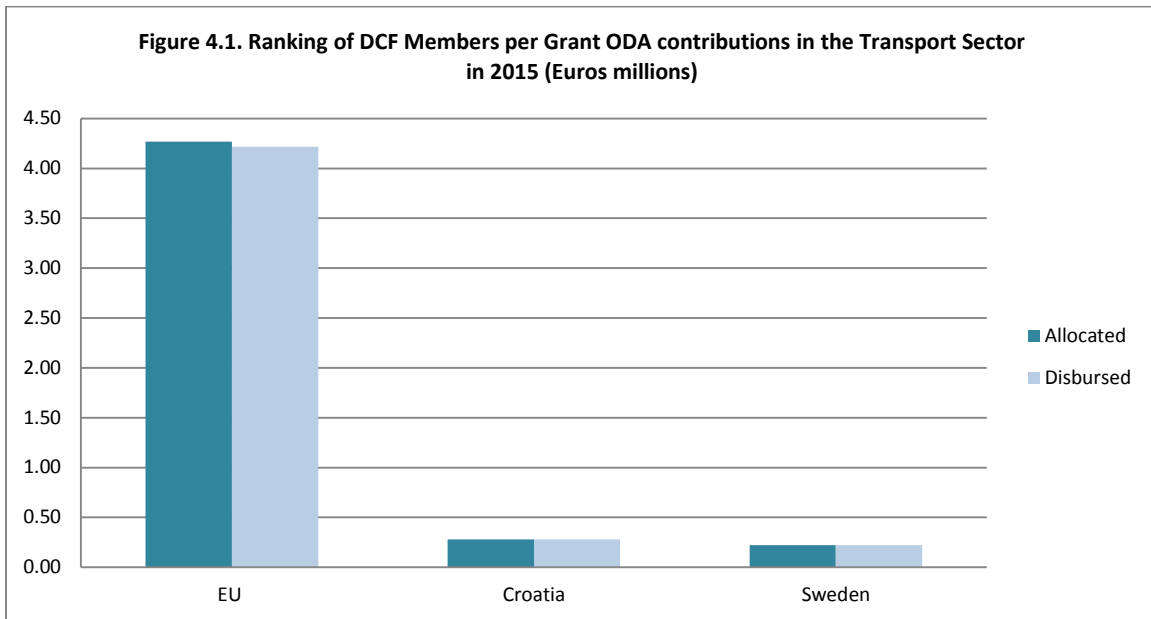
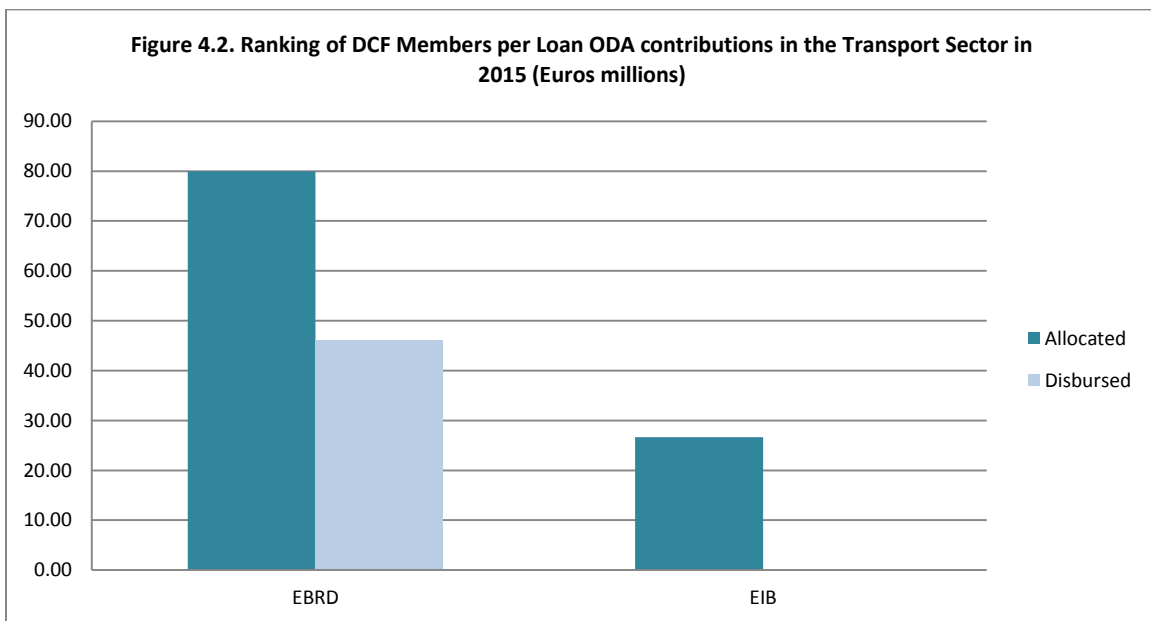


Figure 4.2 compares loan ODA allocations and disbursements per donors provided to the the Transport sector in 2015. The leading donors in the Sector in 2015 were EBRD and EIB



Out of total ODA provided to Bosnia and Herzegovina in 2015 , 22% was allocated while 13% was disbursed in the Transport sector.

Major projects in the Transport sector are listed below⁶⁰:

⁶⁰Due to large number of the projects in the Transport sector, only some projects are mentioned in this report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
BANJA LUKA-DOBOJ MOTORWAY	EIB	160,000,000
BH Corridor Vc2	EBRD	80,000,000
Preparation of main designs and related studies for motoway section in the Corridor Vc	EU	1,799,999
Provision of preliminary designs and studies for specific railway sections on Corridor Vc in BiH	EU	798,000
When encoding the title of the contract make sure it does not contain references to natural persons, one word description, acronyms, internal references or code s, reference to Beneficiary name and that it is user friendly, understandable and correct	EU	770,000
Provision of preliminary designs and studies for removing the railway traffic bottleneck occurring at Ivan-Bradina	EU	486,650
Provision of preliminary studies and designs for railway section Dobož - Tuzla - Brčko	EU	412,000
Support to railway reforms in BiH	Sweden / Sida	221,482

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

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

Legal framework and sector strategies adopted in 2015

In June 2015 the BiH Parliamentary Assembly adopted the Law on Contractual Obligations in the Civil Aviation of BiH⁶¹.

In September 2015 the Law on Compulsory Traffic Insurance⁶² was adopted by the National Assembly of RS.

Donor coordination

Donors active in Transport sector meet with representatives of BiH authorities more or less regularly, to coordinate donor activities and discuss progress in implementation of reforms, differently in each of sub-sectors within the sector. However, sector wide donor coordination mechanism in this Sector still does not exist, since the meetings with donors are *ad hoc*, project-based and mostly bilateral.

As previously stated, in the **Transport connectivity sub-sector**, regional cooperation is advancing, under the SEETO auspices. The decision of the Council of Ministers of BiH regarding establishment of the National Investment Committee⁶³, formalized coordination between BiH authorities and donors in this sub-sector. Particular attention was given to the need for a country-wide transport policy, and single project pipeline, in light of the Western Balkan 6

⁶¹Official Gazette of BiH no. 51/15

⁶²Official Gazette of RS no. 82/15

⁶³Official Gazette of BiH no.41/15

Initiative for the support to infrastructure development on the regional level, as well as for a country-wide transport strategy in order to enable possible financial support under IPA II programme.

In **Transport efficiency sub-sector**, coordination efforts were mainly informal and *ad hoc*, project-based and mostly bilateral / multilateral. Mainly, those meetings were self-organized between donors and bilaterally between relevant institutions and donors.

The same is observed within all other sub-sectors.

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

Future activities

It can be concluded that in 2015 noticeable progress was made in the **Transport sector** in Bosnia and Herzegovina. Future activities should support the further development of the overall Sector as well as continuation of the reform processes, including development of the new country-wide transport strategies and policies for all Transport sub-sectors. Also, focus should be on the regulatory framework strengthening, coordination and administrative capacities at all levels, in order for the country to be able to benefit fully from the Connectivity agenda.

It could be said BiH is on the right path in regard with the activities undertaken within the **Transport connectivity sub-sector**. However, in the forthcoming period, the issues should be resolved related to the financing of activities in this sub-sector together with the capacities implementing those activities and policies.

Future activities in **Transport efficiency sub-sector** should be focused on further alignment of domestic legislation with the EU *acquis*, while activities in the **Air, Inland waterways, Maritime, Rail, Road and Multimodal transport** must include modernizing and improving the efficiency of the existing infrastructure, promoting multi-modal and sustainable transport solutions and addressing the remaining non-physical barriers to the movement of goods and passengers. The maintenance of the transport infrastructure and addressing road safety issues remains permanent issue in the forthcoming period in Bosnia and Herzegovina.

DCF members active in the sector in 2015	Germany, Czech Republic, USA/USAID, EU, IFC, Norway, Croatia, EBRD
Other key international organizations (IOs)	Regional Cooperation Council (RCC)
Key government partners	BiH Council of Ministers, together with the entity and DB governments; BiH Ministry of Foreign Trade and Economic Relations; Ministry of Finance and Treasury of BiH; Ministry of Energy, Mining and Industry of FBiH; FBiH Ministry of Physical Planning; FBiH Ministry of Finance; FBiH Ministry of Environment and Tourism; Ministry of Industry, Energy and Mining of RS; Ministry of Spatial Planning, Civil Engineering and Ecology of RS; RS Ministry of Agriculture, Forestry and Water Management; RS Ministry of Finance; RS Ministry of Economic Affairs and Regional Cooperation; BiH Regulatory Agency for Radiation and Nuclear Safety; State Electricity Regulatory Commission; Environmental Fund of FBiH; Regulatory Commission for Energy in FBiH; Regulatory Commission for Energy of RS; Fund for Environmental Protection and Energy Efficiency of RS; Association of municipalities, together with cantonal and municipal governments in both Entities.
Total allocation / disbursement to the sector in 2015 by DCF members	2015: Total allocated €4.05 million – €3.93 in a form of grants and €0.12 million in a form of loans. Total disbursed €13.21 million – €6.08 million in a form of grants and €7.12 million in a form of loans.
Legal framework and sector strategies	Legal framework and sector strategies (adopted in 2015) <i>Law on Changes and Amendments to the Law on Electricity Power in the FBiH; RS Law on Changes and Amendments to the Law on Renewable Energy Sources and Efficient Cogeneration.</i> <i>Draft of the National Action Plan on Emergency Protection of Population from Ionizing Radiation in Case of Emergency, Nuclear Incident or Occurrence of Nuclear Damage</i> Previously adopted legal framework and sector strategies are available on http://donormapping.ba/index.php/donor-mapping-reports/dmr-2014
Donor coordination	Energy Connectivity: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral, self-organizing meetings between donors with MoFTER attendance Energy Efficiency: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral, self-organizing meetings between donors with MoFTER attendance Renewable Energy: coordination efforts were mainly informal

and *ad hoc*, project-based and mostly bilateral / multilateral

Oil: coordination efforts were mainly informal and *ad hoc*, project-based and mostly bilateral / multilateral

Gas: coordination efforts were mainly informal and *ad hoc*, project-based and mostly bilateral / multilateral

Electricity: coordination efforts were mainly informal and *ad hoc*, project-based and mostly bilateral / multilateral

Nuclear Safety and Radiation Protection: coordination efforts were mainly informal and *ad hoc*, project-based and mostly bilateral / multilateral.

Donors active in the Sector regularly attended DCF meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.

Overview

Due to the fact that the currently imports more than half its needs, EU has established the common EU energy policy, which aims to ensure the uninterrupted availability of energy products and services on the market at a price affordable to all consumers (private and industrial). Activities have been undertaken on establishment of the Energy Union, development of renewable energy sources and promoting of energy efficiency within the Energy Community, which brings together the EU countries and its neighbors, in order to create the integrated pan-European energy market. BiH has joined the Energy Community and committed itself to implement the EU energy law, develop adequate regulatory framework and liberalize its energy market, in line with the relevant *acquis*.

The Energy sector presented in this Report is based on the sector-based reporting methodology defined in the IPA II regulation, for period 2014 – 2020. This is a logical continuation of sector classifications used in the previous reports (MTDS, MIPD), considering the fact that most of the donor activities are focused at supporting realization of priorities related to the EU integration process in Bosnia and Herzegovina.

The Energy sector consists of seven sub-sectors:

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

In 2015, certain progress has been made in the Energy sector in BiH. Improved connectivity of transport and energy networks, better environmental protection and improved the cooperation with the EU Member States (in order to facilitate the preparation for EU integration) are the main goals defined in this Sector. However, BiH is still in an early phase of transposition of relevant EU *acquis* within the national legislation, where the countrywide energy strategy is still in the development phase. In the future, it will be necessary to strengthen coordination and cooperation at all levels of government, in order to improve the strategic planning, comprehensive investment policy and effective implementation of the Energy Community Treaty (EnC), and speed up the reform in the overall Sector.

Certain progress can be observed within the **Energy connectivity sub-sector** in 2015. However, all international commitments stemming from the Energy Community (EnC) Treaty were not met, particular regarding the gas Sector. In April 2015, the WB6 identified priority projects in order to integrate their power systems and to improve gas supply, while at Vienna WB6 summit,

held in August 2015, the countries have agreed on four investment Projects of Energy Community Interest (PECI), to be implemented through the IPA 2015 multi country program.

Some progress can be observed within the **Energy connectivity sub-sector** in 2015. However, BiH is still in delay of its international commitments stemming from the Energy Community (EnC) Treaty, especially regarding the gas sector, and the law on gas adoption.

Within the **Energy efficiency sub-sector** progress was not recorded in 2015. Secondary legislation was adopted on entity and cantonal levels of governance, however the legislative and institutional frameworks required at the BiH level are still in the development phase. In the forthcoming period it is necessary to prepare the plan for energy efficiency, as well as the road map for adoption of the *acquis* under the Energy Community at BiH level.

The legislative framework on **Renewable energy sub-sector** still does not comply with the Energy Community Treaty (EnC) requirements, so the Action plan for renewable energy at the BiH level should be prepared as a matter of urgency, and submitted to the Energy Community Secretariat.

Existing legislation concerning **Oil, Gas and Electricity sub-sectors** in Bosnia and Herzegovina has yet to be aligned with the *acquis*.

Bosnia and Herzegovina has liberalized its **electricity** market. In May 2015, State Regulatory Electricity Commission adopted the new rules to improve the market principles in this area. However, it is necessary to undertake the activities to fulfill the commitments arising from the Energy Community, i.e. to harmonize the legal framework on electricity with the *acquis*, particularly in the framework of the Third EU energy package.

In the area of **nuclear safety and radiation protection**, BiH Regulatory Agency for Radiation and Nuclear Safety adopted a number of regulations to strengthen and improve its regulatory functions, including a Rulebook on monitoring of the radiation in the environment. Action Plan on emergency cases aimed to protect the population from ionizing radiation in case of nuclear accidents or occurrence of nuclear damage was adopted in 2015.

Donor activities in 2015

DCF members active in the Energy sector in 2015 are Germany, Czech Republic, USA/USAID, EU, IFC, Norway, Croatia and EBRD.

In 2015, total allocations of the DCF members to the Energy sector was €4.05 million, from which €0.12 million was in a form of loans, and €3.93 million in the form of grants.

Total disbursements to the Sector in 2015 amounted €13.21 million, out of which €6.08 million in the form of grants, and €7.12 million in the form of loans.

Figure 5.1 compares grant ODA allocations and disbursements per donors provided to the Energy sector in 2015. The leading grant donors/IFIs in the Sector in 2015 were Germany, Czech Republic, USA/USAID, EU, Norway and Croatia.

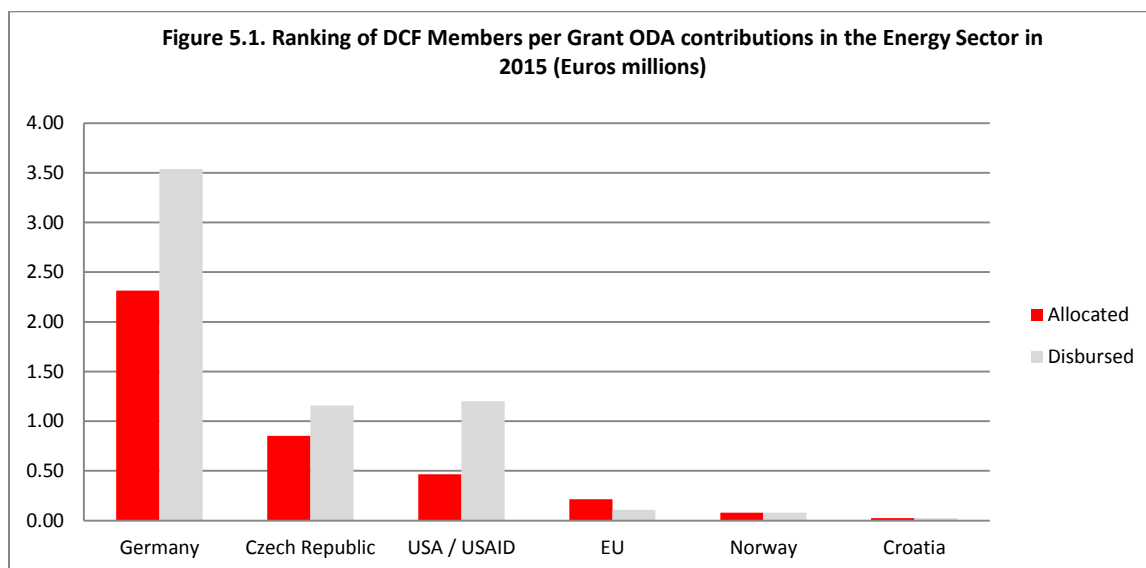
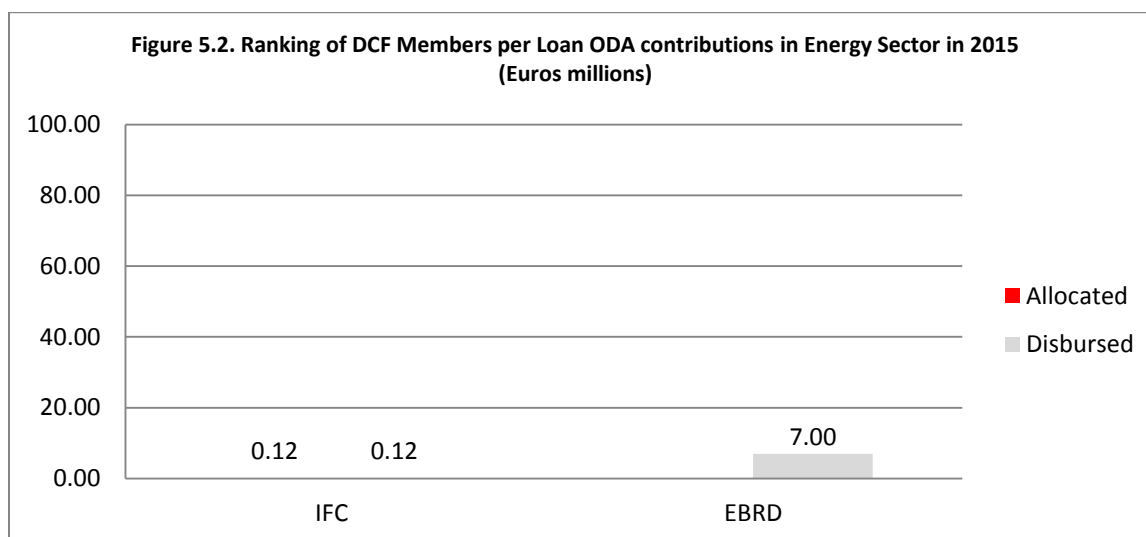


Figure 5.2 compares loan ODA allocations and disbursements per donors provided to the Energy sector in 2015. The leading loan donors/IFIs in the Sector in 2015 were IFC and EBRD.



Out of total ODA provided to Bosnia and Herzegovina in 2015, 1% was allocated while 3% was disbursed in the Energy sector.

Major projects in the Energy sector are listed below:⁶⁴

⁶⁴ Due to large number of the projects in the Energy sector, only some projects are mentioned in this report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Energy Efficiency - Consulting in Bosnia and Herzegovina	Germany	6,000,000
Energy Investment Activity	USA /USAID	3,920,569
Open Regional Fund (ORF) for South East Europe - Energy Efficiency	Germany	1,968,666
Ensuring energy efficiency of the hospital in Bihac	Czech Republic	945,000
CB-GREEN; Cross-Border Green, Renewable & Energy Efficiency Network	EU	214,951
Renewable Energy BiH	IFC	1,300,000

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

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

Legal framework and sector strategies adopted in 2015

In September 2015 the National Assembly of RS adopted the Law on Changes and Amendments to the Law on Renewable Energy Sources and Efficient Cogeneration, while **in December 2015** the Parliamentary Assembly of BiH adopted the Law on Changes and Amendments to the Law on Electricity Power in the Federation of Bosnia and Herzegovina.

Donor Coordination

Internationally, Energy Community Secretariat has established the Energy Efficiency Coordination Group (EECG) with the main focus on transposition and enforcement of legislation on energy efficiency, development of the next round of Energy Efficiency Action Plans (EEAPs) and their monitoring, coordination of donors support for energy efficiency and promotion of the existing regional support initiatives and design of new ones, together with exchange of best implementation practices in Contracting Parties and EU. The EECG consists of representatives from ministries and agencies in charge for energy and energy efficiency issues from all Contracting Parties, two Observer Countries (Armenia and Georgia) and other Participants. Its meetings take place in Vienna, three times a year, usually combined with thematic workshops.

Donors active in Energy sector in BiH meet with representatives of BiH authorities more or less regularly, to coordinate donor activities and discuss progress in implementation of reforms, differently in each of sub-sectors within the sector. Despite the MoFTER efforts to establish inter-institutional coordination, sector wide donor coordination mechanism in this Sector still does not exist, hence the meetings with donors are *ad hoc*, project-based and mostly bilateral.

Regarding **Energy connectivity and Energy efficiency** sub-sectors, there is no formal donor's coordination mechanism in place. Donors active in those sub-sectors (such as the EU Delegation, USAID, GIZ, WB, etc.) are organizing coordination meetings amongst themselves, and those meetings were attended by the MoFTER and other relevant institutions.

In sub-sectors **Renewable energy, Oil, Gas, Electricity and Nuclear safety and radiation protection** coordination efforts were informal and *ad hoc*, project-based and mostly bilateral / multilateral.

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

Future Activities

Further strengthening and development of the **Energy sector** represents one of the major preconditions for growth and development of Bosnia and Herzegovina and its capability to fulfill the EU market requirements. Although the progress was achieved in the overall Sector, some serious challenges are yet to be resolved. It will be necessary to define the country-wide energy strategy in the areas of oil and gas. In line with the commitment from the Third EU Energy package, it will be necessary to align the legislative framework on electricity with the *acquis*, specifically with the Third EU Energy package. Also, future work should be focused on addressing these issues and strengthening coordination and cooperation at all levels of governance, in order to improve the strategic planning and facilitate the comprehensive investment policy.

Having afore mentioned in mind, future activities in **Energy connectivity and Energy efficiency sub-sectors** should be focused on acceleration of reforms. The inter-institutional coordination and cooperation at all levels of governance need to be improved in order to speed up the activities required for full implementation of the Energy Community Treaty (EnC) in BiH.

The new legislative framework on **Renewable energy** needs to be harmonized with the EnC requirements, while the National Renewable Energy Plan needs to be submitted to the Energy Community Secretariat in the nearest future.

FBiH and RS, made a progress within the **Oil sub-sector**, by introducing measures on establishing of the oil stocks. However, comprehensive and coordinated system at the state level still needs to be established.

In the **Gas sub-sector**, the laws on gas, together with establishing of the regulatory authority covering the overall gas Sector should be treated as a matter of urgency in the forthcoming period.

Bosnia and Herzegovina also needs to meet its obligation under the EnC in order to align its legislative framework on **Electricity** with the *acquis*, and specifically with the Third EU Energy package.

Competitiveness and Innovation

DCF members active in the sector in 2015	The World Bank, EIB, EBRD, EU, IFC, USA/USAID, Sweden/Sida, Germany, Switzerland, Croatia, Norway, Japan / JICA, Italy, Slovenia
Other Key international organizations (IOs)	International Monetary Fund (IMF), The Marshall Legacy Institute, European Union Forces (EUFOR), International Committee of the Red Cross (ICRC), South Korea, Republic of Turkey, Council of Europe Development Bank (CEB), International Trust Fund for Demining and Mine Victims (ITF), Regional Cooperation Council (RCC), Switzerland Global Enterprise (SIPPO).
Key government partners	BiH Council of Ministers, together with the entity and DB governments; BiH Ministry of Foreign Trade and Economic Relations, BiH Ministry of Finance and Treasury, BiH Ministry of Civil Affairs, Indirect Taxation Authority of BiH, BiH Ministry of Human Rights and Refugees, BiH Directorate for Economic Planning, BiH Directorate for European Integration, Labour and Employment Agency of BiH, Market Surveillance Agency of BiH, BiH Deposit Insurance Agency, Central Bank of BiH, Competition Council of BiH, Foreign Trade Chamber of BiH, Export Promotion Agency of BiH, State Aid Council of BiH, Institute for Intellectual Property of BiH; FBiH Ministry of Finance, FBiH Ministry of Environment and Tourism, FBiH Ministry of Development, Entrepreneurship and Craft, Ministry of Agriculture, Water Management and Forestry of FBiH, Ministry of Finance of RS, RS Ministry of Trade and Tourism, RS Ministry of Economic Relations and Regional Cooperation, RS 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.
Total allocation / disbursement to the sector in 2015 by DCF members	2015: Total allocated €193.62 million – €29.58 million in a form of grants and €164.04 million in a form of loans Total disbursed €135.02 million – €24.08 million in a form of grants and €110.94 million in a form of loans
Legal framework and Sector strategies	Legal framework and sector strategies (adopted in 2015) <i>Law on Amendments to the Law on Protection of Consumers in BiH; FBiH Law on Internal Payment Operations; Labour Law of FBiH;</i>

	<p><i>FBiH Law on Changes to the Law on Cheque; Law on Takeover of Shareholders Companies in FBiH; FBiH Law on Changes and Amendments to the Law on Foreign Investments; FBiH Law on Companies; FBiH Law on Changes to the Law on Securities Market; Law on Changes and Amendments to the Law on Investment Funds in RS; RS Law on Changes and Amendments to the Law on Trade; Law on Changes and Amendments to the Law on Sojourn Tax; Labour Law on RS; Law on Changes and Amendments to the Law on Public Company Luka of Brcko District BiH.</i></p> <p><i>Reform Agenda for Bosnia and Herzegovina for the period 2015-2018</i></p> <p>Previously adopted legal framework and sector strategies are available on http://donormapping.ba/index.php/donor-mapping-reports/dmr-2014</p>
<p>Donor coordination</p>	<p>Trade and Internal Market: To some extent, MoFTER is leading the donor coordination, together with self-organizing meetings between donors active in this sub-sector.</p> <p>Private Sector Development: To some extent, MoFTER is leading the donor coordination, together with self-organizing meetings between donors active in this sub-sector.</p> <p>Local Economic Development: informal ad hoc coordination, project-based and mostly bilateral / multilateral.</p> <p>Research, Innovation and Technological Development: Project based informal <i>ad-hoc</i> coordination.</p> <p>Information and communication technology (ICT): Project based informal <i>ad-hoc</i> coordination.</p> <p>Tourism and Heritage: To some extent, MoFTER is leading the donor coordination, together with self-organizing meetings between donors active in this sub-sector.</p> <p>Donors active in the Sector regularly attended DCF meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

Overview

Competitiveness is the key determinant for growth and new jobs, particularly for small and medium-sized companies (SMEs), and it refers to the ability of companies to compete in domestic and global markets. The last financial crisis exposed various structural weaknesses that undermine competitiveness all over Europe, particularly in the transition countries still struggling with low growth rates and high levels of unemployment. In order to strengthen the competitiveness, transition countries must create conditions for better business environment and job creation, improve training and education systems complied with the labor markets, as well as support the innovations as one of the main driving engines of the economic growth.

The 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. This is a logical continuation of sector classifications used in the previous reports (MTDS, MIPD), considering the fact that most of the donor activities are focused at supporting realization of priorities related to the EU integration process in Bosnia and Herzegovina.

The 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),
- Tourism and heritage.

In 2015, little progress was made within the Competitiveness and Innovation sector in BiH. Bosnia and Herzegovina is at an early stage in the capacity building that could cope with competitive pressures and market forces within the EU. In order to strengthen competitiveness, activities are undertaken to develop more strategic approach to training and education system, simplifying procedure for exports, while transport, energy and SME strategies are under preparation. BiH also expressed interest in becoming a member of the COSME program, in order to improve competitiveness of enterprises and SMEs, and is preparing for conclusion of the international agreement. In the forthcoming period, it will be necessary to activate the potentials of the private sector and improving the investment climate to achieve the capacity to cope with competitive pressures and market forces within the EU, and in order to develop BiH on a sustainable level.

In 2015, some progress was made within the **Trade and internal market sub-sector**, in regard with trade openness and in the areas of standardization, accreditation, and metrology and consumer protection. However, simplifying complex export procedures and adoption of trade concessions granted under SAA, are issues that must be in focus in the near future. Also, it is important to continue the negotiations for accession to the World Trade Organization (WTO).

During 2015, BiH recorded certain progress in *the Private sector development sub-sector*. Steps have been taken to strengthen policy coordination and to improve the business environment, particularly on the ease of market entry and granting of construction permits. Considering that the economic growth ultimately depends on cultivating more competitive products as well as deeper regional and global trade integration, the focus should be on improving business and investment climate in order to attract foreign investors, stimulate entrepreneurship, improve productivity, and create new jobs, including those for younger workers and women.

An encouraging progress has been made in the *Local level development sub-sector*, particularly in overcoming the 2014 floods consequences. Local development provided a suitable framework for fast realization of tangible results in the short and medium term, considering that the authorities at the local level are more sensitive to specific local issues and urgent needs of the community. However, lack of capacities and limited financial resources hamper faster realization of the strategic development goals at the local level.

There was no progress in the *Research, innovation and technological development and Information and communication technology (ICT) sub-sectors* in 2015. However, BiH actively participated in different cultural programs as well as in research networks and activities.

In the *sub-sector Tourism and heritage*, it is necessary to focus on harmonization, implementation and improvement of legal frameworks as well as development of strategies and action plans for promotion of BiH, so that the tourism potential can contribute to faster sustainable development and conservation of the natural and cultural heritage.

Donor activities in 2015

DCF members active in the Competitiveness and Innovation sector in 2015 are The World Bank, EIB, EBRD, EU, IFC, USA/USAID, Sweden/Sida, Germany, Switzerland, Croatia, Norway, Japan / JICA, Italy and Slovenia.

Total allocations of the DCF members to the Competitiveness and Innovation sector was €193.62 million in 2015, out of which the largest share of ODA, or €164.04 million was in a form of loans, while €29.58 million was in the form of a grants.

Total disbursements to the Sector in the observed period amounted to €135.02 million, out of which €110.94 million was disbursed in a form of loans, while €24.08 million was disbursed in a form of grants.

Figure 6.1. compares grant ODA allocations and disbursements per donors provided to the Competitiveness and Innovation sector in 2015. The leading grant-providing donors in the Sector in 2015 were the EU and USA/USAID, followed by Sweden/Sida, Germany, Switzerland, Croatia, Norway, Japan/JICA, Italy and Slovenia.

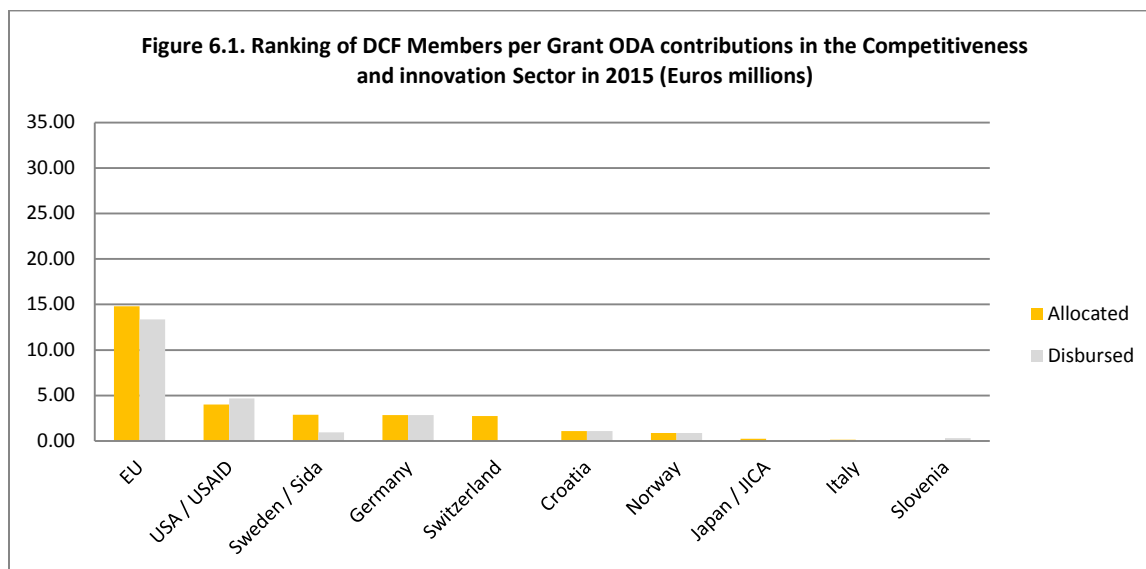
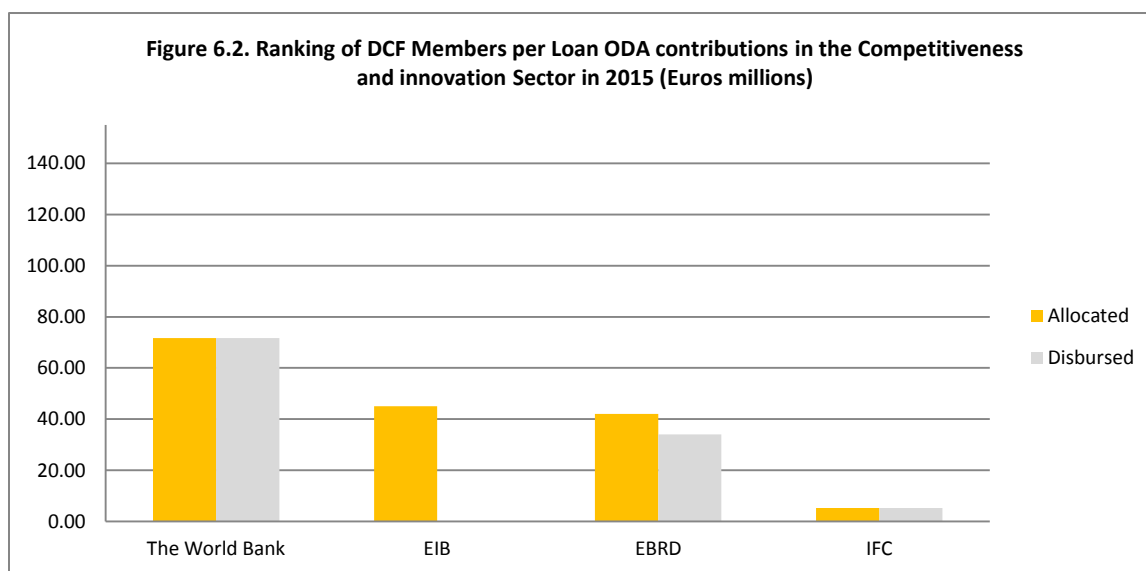


Figure 6.2. compares loan ODA allocations and disbursements per financiers provided to the Competitiveness and Innovation sector in 2015. The leading loan-providing donors in 2015 were The World Bank, EIB, EBRD and IFC.



Out of total ODA channeled to Bosnia and Herzegovina in 2015, 39% was allocated while almost 12% was disbursed to the Competitiveness and Innovation Sector.

Major projects in the Competitiveness and Innovation Sector in BiH are listed below⁶⁵:

Project Title	Donor/Financial	Total Project
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⁶⁵Due to large number of the projects in the Competitiveness and Innovation sector, only some projects are mentioned in this report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

	Institution	Value (Euros millions)
Enhancing SME Access to Finance	The World Bank	137,900,000
ISP LOAN FOR SMES&PRIORITY PROJECTS II	EIB	60,000,000
Business Environment Development Policy Operation	The World Bank	35,779,150
ZIRAAT loan for SMEs and priority projects	EIB	25,000,000
Real Estate Registration Project	The World Bank	24,600,731
Bingo expansion	EBRD	20,100,000
Growth Oriented Local Development Program (GOLD)	USA / USAID	14,600,000
WeBSEFF II - Unicredit bank BiH	EBRD	10,000,000
FLOODS - Recovering SMEs in flood affected areas and strenghtening their competitiveness based on local economic development partnership	EU	9,000,000
FIF - Sparkasse Bank - BH SME CSF	EBRD	8,000,000
Bosnia and Herzegovina: Raiffeisen bank d.d.	IFC	5,000,000
Bosnia and Herzegovina- SME Competitiveness Support Facility	EU	4,000,000

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

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

Legal Framework and sector strategies adopted in 2015

In April 2015, the Parliamentary Assembly of the Brcko District of BiH adopted the Law on Changes and Amendments to the Law on Public Company Luka of Brcko District BiH⁶⁶.

In June 2015 the Parliamentary Assembly of FBiH adopted the Law on Internal Payment Operations⁶⁷, while **in August 2015** it adopted the Labor Law of FBiH⁶⁸.

The National Assembly of RS adopted the Law on Changes and Amendments to the Law on Investment Funds⁶⁹ **in September 2015**.

In October 2015 the Parliamentary Assembly of FBiH adopted the Law on Changes to the Law on Cheque, the Law on Takeover of Shareholders Companies and the Law on Changes and Amendments to the Law on Foreign Investments⁷⁰, while at the same month it adopted the Law on Companies⁷¹.

⁶⁶ Official Gazette of Brcko District of BiH no. 5/15

⁶⁷ Official Gazette of FBiH, no. 48/15

⁶⁸ Official Gazette of FBiH no. 62/15

⁶⁹ Official Gazette of RS no. 82/15

⁷⁰ All published in the Official Gazette of FBiH no. 77/15

⁷¹ Official Gazette of FBiH no.81/15

In **November 2015** the BiH Parliamentary Assembly adopted the Law on Amendments to the Law on Protection of Consumers in BiH⁷², while the Parliamentary Assembly of FBiH adopted the Law on Changes to the Law on Securities Market⁷³.

In **December 2015** National Assembly of RS adopted the Law on Changes and Amendments to the Law on Trade and the Law on Changes and Amendments to the Law on Sojourn Tax⁷⁴, while at the same month the Labor Law of RS⁷⁵ was adopted, as well.

Donor coordination

Donors active in Competitiveness and Innovation sector meet with representatives of BiH authorities more or less regularly, to coordinate donor activities and discuss progress in implementation of reforms, differently in each of sub-sectors within the sector. However, sector wide donor coordination mechanism in this Sector still does not exist, hence the meetings with donors are *ad hoc*, project-based and mostly bilateral.

In **the Trade and internal market, Private sector development** and **Tourism and Heritage sub-sectors**, MoFTER is responsible for inter-institutional coordination activities. Donors also coordinate activities among themselves and with various institutions on an *ad hoc* and project implementation basis.

The same is observed within all other sub-sectors.

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

Future activities

Although certain progress has been achieved in the **Competitiveness and Innovation sector** in general, yet significant efforts should be undertaken. Bosnia and Herzegovina is at an early stage in the capacity building capable to cope with competitive pressure and market forces within the EU. In that regard, particular attention needs to be paid to develop more strategic approach to improve the training and education system, simplify procedure for exports as well as to preparation of the transport, energy and SME strategies. In order to attract investments and boost job creation that will build competitive economy, BiH also needs to improve its business environment and enhance functioning of the labor market as well as increase the competitiveness and support innovation as a key driver of the economic growth.

⁷²Official Gazette of BiH, no. 88/15

⁷³Official Gazette of FBiH, no. 86/15

⁷⁴All published in the Official Gazette of RS no. 106/15

⁷⁵Official Gazette of RS, no. 1/16

The ***Trade and internal market sub-sector*** plays an important role in economic integration with the EU. In that regard, Bosnia and Herzegovina in the forthcoming period must be focused on further improvements and facilitation of trade, strengthening regional trade flows and harmonization of incentives for business.

Stronger and sustainable economic growth will require the development of a more dynamic ***Private sector***. In that regard, it is necessary to step up the pace of economic reforms stated within the Reform Agenda, while maintaining macroeconomic stability of BiH.

Future activities within the ***Local economic development sub-sector*** should be focused on further capacity building and creating conditions for direct access to different financial resources.

The same can be referred to ***the Research, innovation and technological development sub-sector***, where some steps should be taken to improve development policy, research and innovation, by adopting of innovation strategies, thus boosting the private sector further development in BiH.

In order to boost the economic growth and support the private sector development, activities should be focused on the ***Tourism and heritage sub-sector*** in Bosnia and Herzegovina, particularly on harmonization, implementation and improvement of legal frameworks, along with development of strategies and action plans to promote this sub-sector, whereby the tourism potential could contribute to fast sustainability and preservation of natural and cultural heritage.

DCF members active in the sector in 2015	EU, Switzerland, UNDP, Croatia, Slovenia, The World Bank, Germany, UNICEF Norway, Sweden/Sida, Japan/JICA, Czech Republic, Hungary, Italy
Other Key international organizations (IOs)	Council of Europe (CoE), International Labour Organization (ILO), Centre for Democracy and Reconciliation in SEE, World Health Organisation (WHO), KulturKontakt Austria, European Training Foundation (ETF), Dubai Cares, Organization for Security and Co-operation in Europe (OSCE), European Centre for Disease Prevention and Control (ECDC), British Council, Regional Cooperation Council (RCC), South East European Centre for Entrepreneurial Learning (SEECEL).
Key government partners	BiH Council of Ministers, together with the entity and DB governments, BiH Ministry of Civil Affairs, BiH Ministry of Human Rights and Refugees, BiH Ministry of Foreign Trade and Economic Relations, Labor and Employment Agency of BiH, BiH Agency for Development of Higher Education and Quality Assurance, BiH Agency for Pre-school, Primary and Secondary Education, BiH Centre for Information and Recognition of Documents in the Area of Higher Education, Agency for Gender Equality of BiH, FBiH Ministry of Labour and Social Policies, FBiH Ministry of Health, FBiH Ministry of Development, Entrepreneurship and Craft, Ministry of Education and Science of FBiH, FBiH Ministry of Culture and Sports, Gender Centre of FBiH, Federal Employment Bureau, RS Ministry of Education and Culture, RS Ministry of Health and Social Welfare, RS Ministry of Labour and Veterans Affairs, Ministry of Economic Relations and Regional Cooperation of RS, RS Ministry of Science and Technology, Gender Centre of RS, RS Employment Bureau, Brcko District Department of Education, Pedagogical Institutes, Employment Bureau of Brcko District, cantonal ministries of education.
Total allocation / disbursement to the sector in 2015 by DCF members	2015: Total allocated €31.74 million – €30.09 million in a form of grants and €1.65 million in a form of loans Total disbursed €26.83 million – €26.21 million in a form of grants and €0.61 million in a form of loans
Legal framework and sector strategies	Legal framework and sector strategies (adopted in 2015) <i>FBiH Law on Changes to the Law on Establishing and Settlement of Citizens Claims in Privatization Procedure; Law on Transfusion Activity in RS; Law on Changes to the Law on Higher Education in RS; RS Law on Changes and Amendments to the Law on Health Care; Law on Preschool Education; RS Law on Changes and Amendments to the Law on Protection against Domestic Violence; Law on Changes and Amendments to the Law on Professional Rehabilitation, Training and Employment of Persons with Disabilities in RS; Law on Changes and Amendments to the Law on Pension and Disability Insurance in</i>

	<p><i>RS; Law on Changes and Amendments to the Law on Contributions in RS; Law on Nostrification of Foreign Higher Education Qualifications in Brcko District BiH; Law on Changes to the Law on Child Protection of Brcko District BiH; Law on Changes and Amendments to the Law on Supplementary Rights of Families of War Veterans and War Invalids of Brcko District BiH; Law on Changes to the Labor Law of Brcko District BiH; Law on Changes and Amendments to the Law on Health Protection in Brcko District BiH.</i></p> <p><i>Proposal of Action Plan for the Implementation of the Strategic Directions of Development of Career Orientation in the FBiH for the period 2015 – 2020; Action Plan for the development and implementation of the Qualifications Framework in Bosnia and Herzegovina for the period 2014-2020; The road map for the implementation of the EU Directive on regulated professions 2005 / 36EC and 2013 / 55EU; Strategy for Combating Corruption in Bosnia and Herzegovina 2015-2019 and the Action Plan for Implementation of the Strategy for Combating Corruption 2015-2019, Framework Strategy for the Implementation of the Convention on Preventing and Combating Violence Against Women and Domestic Violence in BiH for the period 2015 – 2018.</i></p> <p>Previously adopted legal framework and sector strategies are available on http://donormapping.ba/index.php/donor-mapping-reports/dmr-2014</p>
Donor coordination	<p>Education: coordination meeting organized by the BiH Ministry of Civil Affairs – the Conference of Ministers of Education (CoEM) meetings.</p> <p>Vocational education training: <i>ad-hoc</i>, project-based, informal bilateral/multilateral meetings.</p> <p>Lifelong learning: <i>ad-hoc</i>, project-based, informal bilateral/multilateral meetings.</p> <p>Labor market and employment: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral.</p> <p>Equal opportunities and gender equality: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral.</p> <p>Social dialogue: <i>ad-hoc</i>, project-based, informal bilateral/multilateral meetings.</p> <p>Social protection: <i>ad-hoc</i>, project-based, informal bilateral/multilateral meetings, except in the area of health where the Conference for the Health sector in BiH acts as a permanent advisory and coordinating body.</p> <p>Social inclusion and fight against poverty: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral.</p> <p>Donors active in the Sector regularly attended DCF meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

Overview

Bosnia and Herzegovina is still facing major structural economic and social challenges, with high unemployment rates and low levels of revenues. In order to move forward, the country should focus on improvements within the areas of education, employment and social policies, through enhanced efficiency of the education system, harmonization of the legal framework, addressing the high unemployment rate as a matter of urgency and implementation of the public health reform in the country.

The 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. This is a logical continuation of sector classifications used in the previous reports (MTDS, MIPD), considering the fact that most of the donor activities are focused at supporting realization of priorities related to the EU integration process in Bosnia and Herzegovina.

The Education, Employment and Social Policies sector consists of nine sub-sectors:

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

In 2015, uneven progress was achieved in the Education, Employment and Social policies sector. Although some progress was achieved within education, culture and public health policy, implementation of policies in the areas of employment, social inclusion and dialogue are still in the initial phase and did not produce the expected results.

Limited progress can be observed within the **Education sub-sector** in 2015. The document *Qualifications Framework in BiH* was adopted, and developed elements of the qualification framework for higher education. Out of 46 registered institutions for higher education, 16 of them are accredited, while 16 is in the process of accreditation. Strategic platform for development of adult education in the context of lifelong learning in BiH for the period 2014-2020 was adopted. The adoption of the Action Plan for Development and Implementation of the Qualifications Framework in BiH 2014 – 2020, created the conditions for further development of qualifications framework and standards, for comparison with qualifications issued in the EU countries. BiH actively participated in the Western Balkans Platform on Education and Training, as well as in the Erasmus+ and the Western Balkans Youth Window.

Within the **Vocational Education (VET)** and **Lifelong Learning sub-sectors**, it is necessary to continue the activities on improvement of the quality of higher education and further

restructuring of the vocational education and training. Based on Strategic development platform for adult education in the context of lifelong learning for 2014-2020 in BiH, during 2015 several cantons adopted laws on adult education.

In the ***Labour market and employment sub-sector***, it is necessary to continue the harmonisation of employment and labour legislation as well as the rights based on employment (i.e. health, pension, social and unemployment insurance), in order to improve the mobility of the work force. In accordance with the Reform Agenda provisions, new labour laws were adopted in the FBiH and in the RS in 2015.

Legal provisions enabling ***gender equality*** are fully established in BiH. However, their implementation was limited in 2015, partly due to constrained budgetary resources as well as the fragmentation of competencies and institutional bodies at various levels in BiH.

In 2015, the progress was unnoticeable ***within Social dialogue, Social protection and Social inclusion and fight against poverty sub-sectors***. Social dialogue is still weak, while the social protection benefits are not implemented in practice, mainly due to the financial constraints at all levels of governance in Bosnia and Herzegovina.

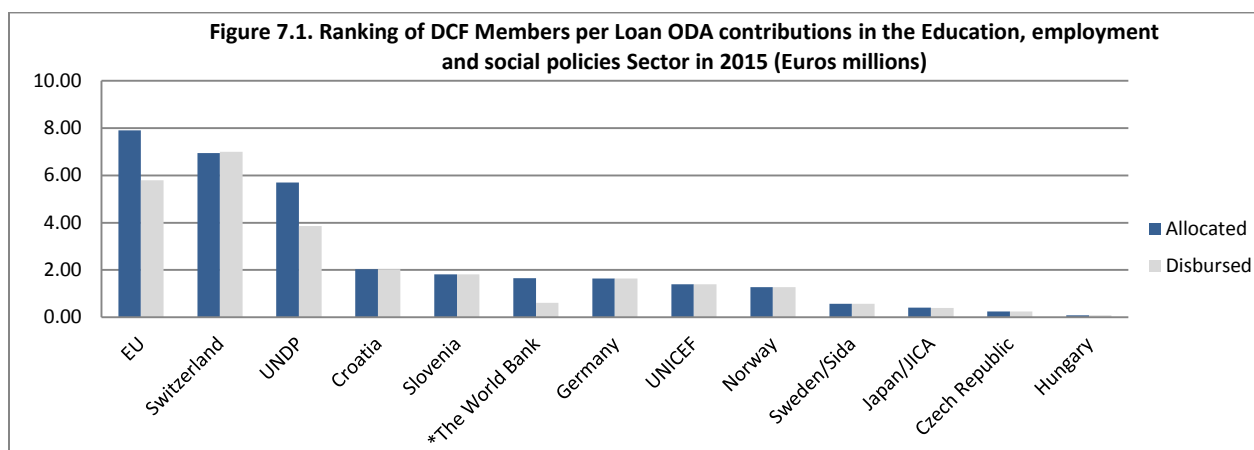
Donor activities in 2015

DCF members active in the Education, Employment and Social Policies sector in 2015 are the EU, Switzerland, UNDP, Croatia, Slovenia, The World Bank, Germany, UNICEF, Norway, Sweden/Sida, Japan/JICA, Czech Republic, Hungary and Italy.

Total allocations of the DCF members to the Education, Employment and Social Policies sector in 2015 were €31.74 million, out of which €30.09 million were in the form of grants, and €1.65 million were in the form of loans (The World Bank).

Total disbursements to the Sector in the observed period amounted to €26.83 million, out of which €26.21 million was disbursed in the form of grants, and €0.61 million in the form of loans.

Figure 7.1. compares overall ODA allocations and disbursements per donors provided to the Education, Employment and Social Policies sector in 2015. The leading donors in the Sector in 2015 were the EU and Switzerland, followed by UNDP, Croatia, Slovenia, The World Bank, Germany, UNICEF, Norway, Sweden / Sida, Japan / JICA, Czech Republic and Hungary.



***Note:** ODA assistance provided to the Education, Employment and Social Policies Sector was mainly in the form of grants, with exception of the World Bank which provided aid in the form of loans.

Out of total ODA channeled to Bosnia and Herzegovina in 2015, nearly 6% was allocated, while 7% was disbursed to the Education, Employment and Social Policies sector.

Major projects in the Education, Employment and Social Policies sector are listed below⁷⁶:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Scaling up Universal Access for Most at Risk Populations in Bosnia and Herzegovina	UNDP	20,695,997
Strengthening of DOTS Strategy and Improving National Tuberculosis Programme, Including Multidrug Resistant and Infection Control, in Bosnia and Herzegovina	UNDP	11,982,981
Social Safety Net and Employment Support Project	The World Bank	10,754,655
Skills for Jobs (Adult and Non-formal Education in Bosnia and Herzegovina)	Switzerland	8,050,645
Reducing Health Risk Factors in Bosnia and Herzegovina	Switzerland	5,950,000
Support for Adult Education	Germany	4,900,000
Market Makers	Switzerland	4,289,650
ROMA ACTION (RA) Improving social inclusion of vulnerable Roma families in flood - affected areas of BiH through provision of housing and socio-economic measures with proactive participation of state and local authorities and other local stakeholders.	EU	2,500,000
Support to Social Service providers and enhancement of the monitoring capacities	EU	1,758,000
Imputed student costs	Slovenia	1,620,000
Development of Qualifications Framework for Lifelong Learning	EU	1,442,000

All projects are available in the Donor Coordination Forum Database via following link:

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

⁷⁶ Due to large number of the projects in the Education, Employment and Social Policies sector, only some projects are mentioned in this report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

Legal framework and sector strategies adopted in 2015

In **January 2015**, the Parliamentary Assembly of Brcko District of BiH adopted the Law on Changes to the Labour Law of Brcko District BiH⁷⁷, as well as the Law on Nostrification of Foreign Higher Education Qualifications in Brcko District BiH⁷⁸.

In **February 2015**, the Parliamentary Assembly of Brcko District of BiH adopted the Law on Child Protection of Brcko District BiH⁷⁹, while at the same time adopted the Law on Changes and Amendments to the Law on Supplementary Rights of Families of War Veterans and War Invalids and the Law on Changes and Amendments to the Law on Health Protection in Brcko District BiH⁸⁰.

During May 2015, the National Assembly of RS adopted the Law on Transfusion Activity, Law on Changes to the Law on Higher Education and the Law on Changes and Amendments to the Law on Health Care⁸¹.

In September 2015, National Assembly of RS adopted the Law on Preschool Education⁸², as well as the Law on Changes and Amendments to the Law on Protection against Domestic Violence and the Law on Changes and Amendments to the Law on Professional Rehabilitation, Training and Employment of Persons with Disabilities⁸³.

In November 2015, the Parliamentary Assembly of FBiH adopted the Law on Changes to the Law on Establishing and Settlement of Citizens Claims in Privatization⁸⁴.

In December 2015, the RS National Assembly adopted the Law on Changes and Amendments to the Law on Pension and Disability Insurance and the Law on Changes and Amendments to the Law on Contributions⁸⁵.

Donor coordination

In order to coordinate donor activities and discuss progress in the implementation of reforms, Donors active in the Education, Employment and Social Policies sector meet with representatives of BiH authorities more or less regularly, differently in each of sub-sectors within the sector. However, sector wide donor coordination mechanisms in this Sector still does not exist, except in the Education sub-sector as well as in the Social protection sub-sector, in the area of health.

⁷⁷ Official Gazette of Brcko District of BiH no. 1/15

⁷⁸ Official Gazette of Brcko District of BiH no.2/15

⁷⁹ All published in Official Gazette of Brcko District of BiH no.13/15

⁸⁰ Official Gazette of Brcko District of BiH no. 3/15

⁸¹ All published in Official Gazette of RS no. 44/15

⁸² Official Gazette of RS no. 79/15

⁸³ All published in Official Gazette of RS no. 82/15

⁸⁴ Official Gazette of FBiH no. 86/15

⁸⁵ All published in Official Gazette of RS no. 115/14

Within the **Education sub-sector**, the coordination among partners is realized over the Conference of Ministers of Education (CoEM) meetings, as a formal coordinating body in BiH.

In **the VET** and **Lifelong learning** sub-sectors, coordination efforts were mainly informal and *ad hoc*, project-based and mostly bilateral / multilateral.

Although domestic institutions stated that the cooperation between domestic institutions and donors exists, formal sectoral coordination within the **Labour market and employment, Equal opportunities and gender equality**, together with **Social dialogue** and **Social protection sub-sectors** (with the exception of the area of health) is yet to be established.

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

Future activities

As stated in the Reform Agenda for BiH 2015 – 2018, BiH economy must be rehabilitated and modernized, taking into consideration that socio – economic development cannot be reached without country-wide reforms in the Education, Employment and Social Policies sector. Besides, strengthening and implementation of active labor market measures, with better targeting of social benefits are prerequisites for poverty reduction and overall improvement in socio-economic development in BiH.

Within the **Education sub-sector**, adoption of the Action Plan for the Development and Implementation of the Qualifications Framework in BiH 2014 – 2020 created conditions for further development of qualifications framework and qualifications standards, as well as their comparability with qualifications issued in EU countries. Its further development and implementation should be the priority in the forthcoming period, with special focus on the development of general education (pre-school, primary and secondary general education). Also, domestic and foreign stakeholders active in this Sector should make further efforts to ensure the implementation of the existing and support the preparation of the new legislation, strategies and policies harmonized with the EU and international standards in this area.

In **the VET** and **Lifelong learning** sub-sectors, future activities should include further development and implementation of the qualifications framework and quality assurance in the field of vocational and adult education, along with development of the model for recognition of informal learning.

Within the **Labour market and employment** sub-sector, the focus should be on enhancement and implementation of active labour market measures as well as on strengthening of institutions and institutional capacities in adoption and enforcement of international labour standards and domestic legislation harmonization with the *acquis*.

Within the *sub-sector Equal opportunities and gender equality*, it is necessary to continue with activities that involve raising awareness on equality issues, provision of sufficient budgetary resources and improved coordination.

Within the *Social dialogue* and *Social protection sub-sectors*, attention should be given to creation and adoption of strategic documents in the field of social protection and social inclusion, as well as special programs for protection of persons with disabilities, children and other vulnerable groups. However, activities in these sub-sectors are hampered due to the lack of financial and strategic resources. The same can be observed in the *Social inclusion and fight against poverty sub-sector*.

DCF members active in the sector in 2015	The Netherlands, The World Bank, EU, Germany, Czech Republic, Italy, Croatia, Japan/JICA
Other Key international organizations (IOs)	Food and Agriculture Organization of the UN (FAO).
Key government partners	BiH Council of Ministers, together with the entity and DB governments; BiH Ministry of Foreign Trade and Economic Relations, Veterinary Office of BiH, Administration of Plant Health Protection of BiH, Food Safety Agency of BiH, BiH Directorate for European Integration, Ministry of Agriculture, Water Management and Forestry of FBiH, Ministry of Agriculture, Forestry and Water Management of RS.
Total allocation / disbursement to the sector in 2015 by DCF members	<p>2015: Total allocated €7.11 million – €6.16 million in a form of grants and €0.94 million in a form of loans</p> <p>Total disbursed €8.60 million – €7.66 million in a form of grants and €0.94 million in a form of loans</p>
Legal framework and Sector strategies	<p>Legal framework and sector strategies (adopted in 2015)</p> <p><i>RS Law on Livestock Farming; RS Law on Wine; RS Law on Strong Alcoholic Beverages.</i></p> <p><i>Medium-term Strategy for Development of the Agricultural Sector in FBiH for 2015–2019, Strategic plan for development of agricultural and rural areas of RS for 2016-2020</i></p> <p>Previously adopted legal framework and sector strategies are available on http://donormapping.ba/index.php/donor-mapping-reports/dmr-2014</p>
Donor coordination	<p>Rural development: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral, self-organizing meetings between donors.</p> <p>Capacity for CAP: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral, self-organizing meetings between donors.</p> <p>Food safety, veterinary and phytosanitary: informal and <i>ad hoc</i>, project-based and mostly bilateral / multilateral.</p> <p>Fisheries: coordination efforts were mainly informal and <i>ad hoc</i>, project-based and mostly bilateral / multilateral.</p> <p>Forestry: coordination efforts were mainly informal and <i>ad hoc</i>, project-based and mostly bilateral / multilateral.</p> <p>Donors active in the Sector regularly attended DCF meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</p>

Overview

Agriculture is the primary base for the local entrepreneurship, employment and social development in the transitional countries, contributing to their sustainable and socially-inclusive economic development. Agriculture presents a major sector in the economy of BiH, whereby the Department of Agriculture, Forestry and Fisheries in 2015, recorded the biggest increase in production value (9.36%)⁸⁶. However, low productivity is still preventing the accumulation of growth in this Sector, which is why the strategic plan for rural development, consolidation of ownership as well as the organization of small farms into cooperatives representing their interests, are the issues that should be urgently addressed at all levels of governance in BiH.

The 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. This is a logical continuation of sector classifications used in the previous reports (MTDS, MIPD), considering the fact that most of the donor activities are focused at supporting realization of priorities related to the EU integration process in Bosnia and Herzegovina.

The 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.

In 2015, some progress was made in the Agriculture and Rural Development sector, specifically in the areas of food safety and veterinary policy. Sector analysis in the areas forestry and aquaculture are finalized. Entities policy framework is enhanced with the adoption of the Medium-term development strategies for the agricultural Sector. Within the food safety area, Action plan for controls on the production and processing of dairy products for export to the EU was drafted by BiH authorities, following recommendations from the EU Food and Veterinary Office. In the veterinary area, legislation on controlling, preventing and eradicating communicable animal diseases were further improved together with animal control measures. However, the situation in this Sector is still affected by the low productivity, inefficient and limited capacities of agricultural producers.

Within the **Rural development sub-sector**, Entities policy frameworks were improved in 2015 by adoption of Medium-term Strategy for Development of the Agricultural Sector for 2015–2019 in the Federation of BiH and Strategic plan for Development of Agricultural and Rural Areas for 2016-2020 in Republika Srpska. However, establishment of the institutional structures that would allow the use of the Instrument for Pre-accession Assistance for Rural Development

⁸⁶ "GDP BiH for 2015, Production approach, first results", BiH Agency for Statistics, Sarajevo, July 21, 2015

(IPARD) is still pending. Also, countrywide rural development strategy needs to be adopted, while institutional structures that should be involved in preparation and implementation of above mentioned activities, still need to be strengthened.

The same can be observed within the **Capacity for CAP sub-sector**, where productivity and competitiveness are still hampered, both by the lack of administration capacity and ineffective rural credit schemes as well as by the fact that agricultural census in BiH has not been conducted.

In 2015, positive trend was recorded within the **Food safety, veterinary and phytosanitary sub-sector**, where export of potatoes and ultra-heat treated milk as well as certain dairy products was allowed. Also, an Action plan for controls on the production and processing of dairy products for export to the EU was accepted at the state level. Within the list of establishments that could be allowed to export that were proposed to the European Commission, four dairy establishments were authorized to export heat treated products to the EU in 2015. However, most goods of animal origin are not allowed to compete on the EU market. Therefore, it is necessary to continue the harmonization of existing legislation in the field of veterinary, food safety, agriculture and rural development with the EU legislation, along with strengthening of institutional and administrative capacities, including inspections, so they can perform their tasks fully in accordance with the EU standards and legislation.

Regarding **Fisheries sub-sector**, the sectoral analysis on fisheries and aquaculture sector in BiH⁸⁷ contributed to improving the country's policies. However, more efforts are needed, in order to facilitate exports of fish and fishery products to the EU, implying necessary harmonization of relevant laws within the legislative framework and consolidation the countrywide legislation implementation. Improvements that were achieved include analysis preparation of two related sectors analysis, out of seven requested⁸⁸ by the BiH authorities responsible for agriculture.

The same can be observed within **the Forestry sector**⁸⁹. Forestry sector faced significant structural changes and it needs strong modernization in order to be competitive on global markets. It is necessary to prepare the sustainable forest management plan and establish the fire management systems, which among other includes the means for fire prevention and fire-fighting.

Donor activities in 2015

DCF members active in the Agriculture and Rural Development sector in 2015 are The Netherlands, The World Bank, EU, Germany, Czech Republic, Italy, Croatia and Japan/JICA.

⁸⁷ More information can be found at:

<http://ba.one.un.org/content/dam/unct/bih/PDFs/Analysis%20of%20the%20Fishery%20and%20Aquaculture%20Sector%20in%20Bosnia%20and%20Herzegovina.pdf>

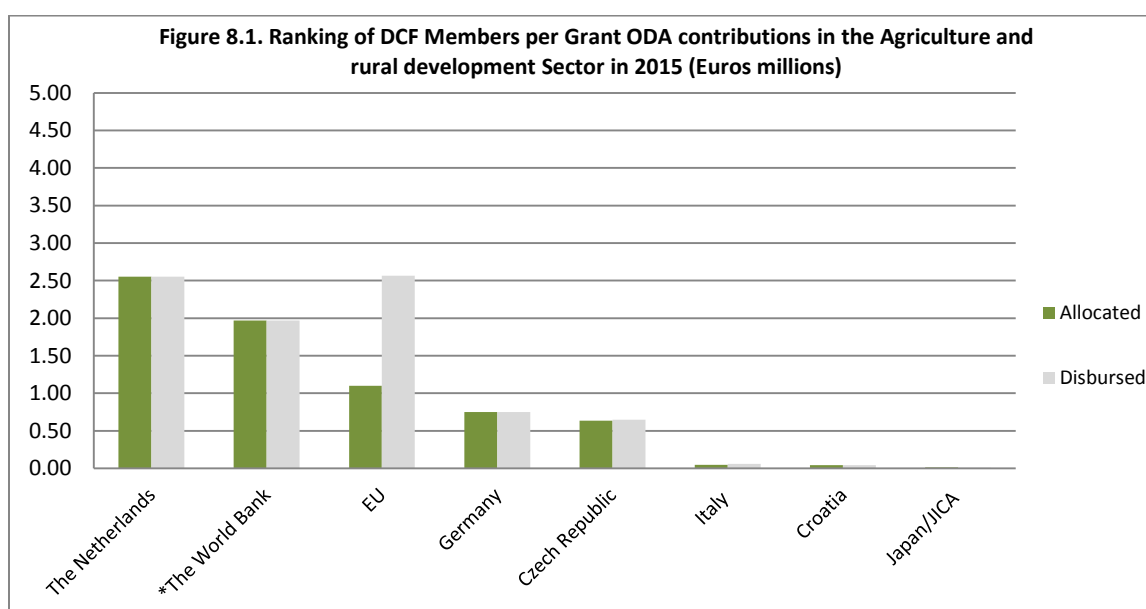
⁸⁸ Seven sectors analysis: Meat and Dairy, Fruit and Vegetables, Wine, Diversification, Fishery and Aquaculture and Forestry.

⁸⁹ More information can be found at: http://europa.ba/wp-content/uploads/2015/05/delegacijaEU_2015020309283833eng.pdf

Total allocations of the DCF members to the Agriculture and Rural Development Sector was €7.11 million in 2015, of which €0.94 million was in a form of loans, while €6.16 million was in the form of grants.

Total disbursements to the Sector in the observed period amounted €8.60 million, out of which €0.94 million was disbursed in a form of loans, while €7.66 million was disbursed in a form of grants.

Figure 8.1. compares overall ODA allocations and disbursements per donors provided to the Agriculture and Rural Development Sector in 2015. The leading donors in the Sector in 2015 were The Netherlands, The World Bank and EU, followed by Germany, Czech Republic, Italy, Croatia and Japan/JICA.



***Note:** ODA assistance provided to the Agriculture and Rural Development Sector was mainly in the form of grants, with exceptions of The World Bank which provided aid in a form of loans.

Out of total ODA channelled to Bosnia and Herzegovina in 2015, 1% was allocated while 2% was disbursed to the Agriculture and Rural Development sector.

Major projects in the Agriculture and Rural Development sector in 2015 in BiH are listed below⁹⁰:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
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⁹⁰Due to large number of the projects in the Agriculture and Rural Development sector, only some projects are mentioned in this Report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

Agriculture and Rural Development Project	The World Bank	19,416,544
Global Environmental Facility (GEF) Sustainable Forest and Landscape management	The World Bank	4,007,263
Srebrenica Regional Recovery for Economic Development (SRRP) IV	The Netherlands	3,887,352
Birac Region Advance and Cooperation project	The Netherlands	1,754,335
High-quality, GMO-free soya from the Danube region	Germany	1,250,000
Development of Environmental logging and forest management in Bosnia and Herzegovina	Czech Republic	711,000
Development of a System for Breeding Beef Cattle in Bosnia and Herzegovina	Czech Republic	600,000
Technical assistance in coordination of animal disease control and eradication program in Bosnia and Herzegovina-Phase III	EU	593,530

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

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

Legal framework and sector strategies adopted in 2015

In May 2015 the National Assembly of RS adopted the Law on The Law on Livestock Farming⁹¹.

In September 2015 the National Assembly of RS adopted the Law on Wine⁹², together with the Law on Strong Alcoholic Beverages⁹³.

Donor Coordination

Donors active in the Agriculture and rural development sector in BiH meet with representatives of BiH authorities more or less regularly, to coordinate donor activities and discuss progress in implementation of reforms, differently in each of sub-sectors within the sector. The MoFTER's Working Group for planning and coordination of international aid in Agricultural, Food and Rural Development Sector for coordination of activities in BiH is regularly active among donors and inter-institutionally. However, sector wide donor coordination mechanism in this Sector still does not exist, hence the meetings with donors are *ad hoc*, project-based and mostly bilateral.

Regarding **Rural development** and **Capacity for CAP sub-sectors**, there is no formal donor's coordination mechanism in place, despite MoFTER efforts. Donors active in those sub-sectors (such as EU Delegation, Sida, USAID, WB, and UN agencies, etc.) are regularly organizing coordination meetings amongst themselves, as well.

In **Food safety, veterinary and phytosanitary sub-sector** coordination efforts were mainly informal and *ad hoc*, project-based and mostly bilateral / multilateral.

Regarding **Fisheries** and **Forestry sub-sectors**, coordination efforts were mainly informal and *ad hoc*, project-based and mostly bilateral / multilateral. The fragmentation of coordination efforts

⁹¹Official Gazette of RS, no. 44/15

⁹²Official Gazette of RS, no. 80/15

⁹³Official Gazette of RS, no. 81/15

within the both sub-sectors and lack of cross-sectoral dialogue should be addressed as soon as possible.

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

Future activities

Agriculture and rural development, as an important sector in BiH's economy, requests implementation of comprehensive reforms at all levels of governance in BiH.

Future activities in **Rural development** and **Capacity for CAP sub-sectors** should be focused on establishment and development of diversified and viable farms and farming systems. Specifically, a country-wide strategic plan for rural development in BiH needs to be prepared and adopted. Institutional structures necessary for the use of the IPARD need to be established, land registration and land management systems country-wide must be harmonized, while capacities and coordination structures strengthened. Also, effective rural credit schemes need to be introduced.

In **Food safety, veterinary and phytosanitary sub-sector**, future efforts should be focused on improvements in the official food and feed control system, with strengthened relevant legal, institutional and administrative capacities, to be more EU compliant.

Within **Fisheries** and **Forestry sub-sectors**, future efforts should be focused on defining of the strategic directions, improving governance and capacity development of key stakeholders, including overall harmonization of legislative frameworks with the *acquis*.

<p>DCF members active in the sector in 2015</p>	<p>Germany, Italy, Netherlands, Norway, Slovenia, Switzerland, USA/USAID, EU, UNDP</p>
<p>Other key international organizations (IOs)</p>	<p>Regional Cooperation Council (RCC), South-East European Cooperation Process (SEEC), Energy Community (EnC), International Trust Fund for Demining and Mine Victims (ITF), Global Environment Fund (GEF), West Balkans Investment Framework (WBIF), Special Climate Change Fund (SCCF), Center for Democracy and Reconciliation in SEE, Regional Commission for Reconciliation (REKOM), etc. See previously elaborated sectors in this Report.</p>
<p>Key government partners</p>	<p>Council of Ministers of BiH, together with the entities and BD governments, as well as institutions, agencies, directorates at all levels of governance in BiH, in line with their sectoral competencies. See previously elaborated sectors in this Report.</p>
<p>Total allocation / disbursement to the sector in 2015 by DCF members</p>	<p>2015: Total allocated €15,70 million – all in a form of grants Total disbursed €19,13 million – all in a form of grants</p>
<p>Legal framework and sector strategies</p>	<p>Legal framework and sector strategies adopted in 2015 are presented for each individual sector, and available in previously elaborated sectors in this Report.</p> <p>Previously adopted legal framework and sector strategies are available on http://donormapping.ba/index.php/donor-mapping-reports/dmr-2014</p>
<p>Donor coordination</p>	<p>Donor coordination for 2015, was analysed for each individual sector. See previously elaborated sectors in this Report.</p>

Pregled

Regional cooperation and good neighborly relations constitute the essential part of the European Union convergence process, whose priorities include the improvement of cross-border economic, social, border and territorial cooperation as well as addressing common challenges in the areas of environmental protection, natural and cultural heritage, public health, prevention and fight against organized crime, border security and supporting network, availability and emergency preparedness.

Accordingly, Bosnia and Herzegovina participates actively in regional initiatives such as the South-East European Cooperation Process (SEECF), the Regional Cooperation Council (RCC), the Initiative "West-Balkan Six" (WB6) and the Energy Community Treaty, and in May 2015 it assumed the presidency over the Committee of Ministers of the Council of Europe. Also, Bosnia and Herzegovina continues to actively support the Regional Commission for Reconciliation (RECOM), and the Igman initiative on regional reconciliation.

The 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. This is a logical continuation of sector classifications used in the previous reports (MTDS, MIPD), considering the fact that most of the donor activities are focused at supporting realization of priorities related to the EU integration process in Bosnia and Herzegovina.

Regional and Territorial Cooperation sector consists of four sub-sectors:

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

In 2015, uneven progress was made in the Regional and Territorial Cooperation sector in Bosnia and Herzegovina. Joint activities were undertaken to improve the connection of transport and energy networks, better environmental protection and improvement of cooperation with EU Member States (in order to facilitate the preparation for EU integration), as well as in the areas of economic and social development in BiH, which are elaborated in more details in the above priority sectors situation analysis.

In April 2015, the Western Balkan Six countries identified the priority projects with the aim to integrate their energy systems and improve the gas supply. At the WB6 summit held in Vienna in August 2015, they agreed on four priority investment *Projects of Energy Community Interest (PECI)*, which will be implemented in several countries under the IPA 2015 program.

Bosnia and Herzegovina currently participates in six Cross-Border Cooperation programs: three cross-border cooperation (CBC) bilateral programs with immediate neighbours -Croatia, Montenegro and Serbia, cross-border cooperation programme with the EU Member States (IPA Adriatic CBC programme) and two transnational programmes (South-East Europe and the Mediterranean).

Within the **Horizontal support to sector policies and reforms sub-sector in 2015**, activities were undertaken to strengthen the capacity and better formulation and implementation of national sector policies and related sector reform strategies, strengthening of civil society, freedom of expression and independence of the media, as well as the capacity building and the promotion

of mobility in higher education of young people, which was elaborated in more details in the previous sectors.

Within the **Regional structure and networks sub-sector in 2015**, activities were undertaken to strengthen regional cooperation and exchange experiences regarding approximation of BiH legislation (as well as of the countries in the region preparing for the membership in the EU), with the EU *acquis* and gradually adapting to the standards and practices of the European Union, which was elaborated in more details in the previous sectors.

Sub-sector Regional investment support includes activities on further improvement of the socio-economic development of the West Balkans, in particular by improving the investment climate and implementing major investments, in line with the established investment priorities, as elaborated in more details in the previous sectors.

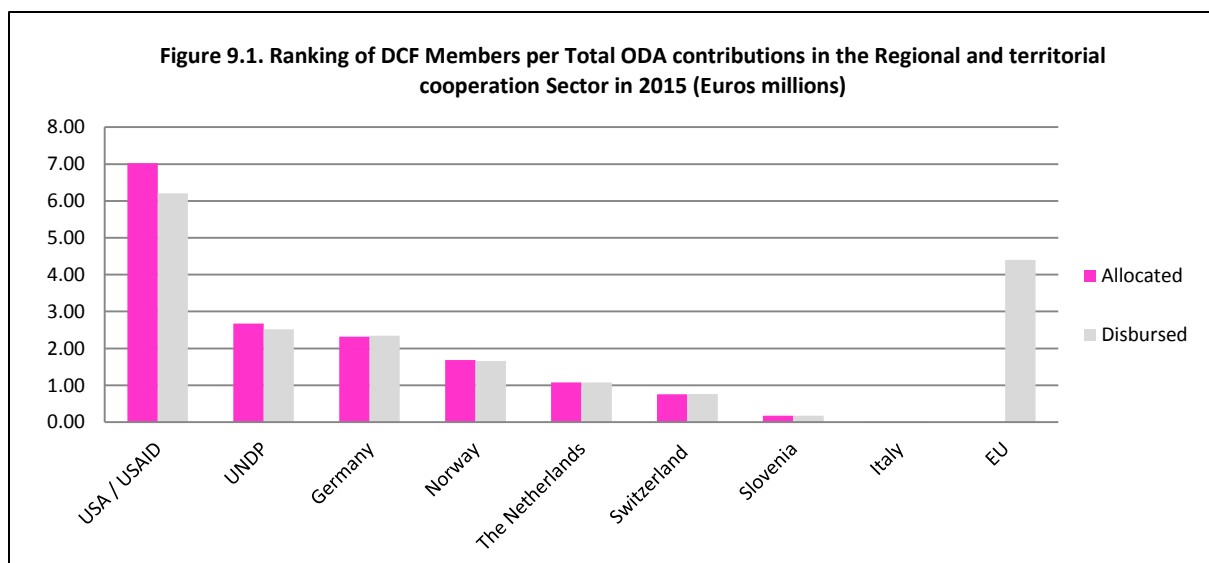
Progress was achieved within **Territorial cooperation sub-sector in 2015**. Promoting good neighbourly relations and local development of frontier areas were realized through implementation of cross-border programmes in the region, with the EU Member States, as well as through transnational cooperation programmes and related macro-regional programmes (EU Strategy for the Danube Region and for the Adriatic-Ionian Region), in order to support initiatives aimed at fostering reconciliation and overcoming the legacy of the past.

Donor activities in 2015

DCF members active in Regional and Territorial Cooperation sector in 2015 are USA/ USAID, UNDP, Germany, Norway, Netherlands, Switzerland, Slovenia, Italy, EU.

Total allocations of the DCF members to Regional and Territorial Cooperation sector in 2015 was €15.70 million, while total disbursements were €19.13 all in the form of grants.

Figure 9.1. compares overall ODA allocations and disbursements per donors provided to the Regional and Territorial Cooperation sector in 2015. The leading donors in the Sector in 2015 were USA/ USAID, EU, UNDP, Germany, followed by Norway, Netherlands, Switzerland, Slovenia and Italy.



Out of total ODA channeled to Bosnia and Herzegovina in 2015, 3% was allocated while almost 5 % was disbursed in the Regional and Territorial Cooperation sector.

Major projects in the Regional and Territorial Cooperation sector in BiH are listed below ⁹⁴:

Project Title	Donor/Financial Institution	Total Project Value (Euros millions)
Department of State Demining and Small Arms Destruction Program	USA / USAID	3,283,200
Humanitarian demining	Germany	1,763,000
Completion and delivery of functional Brcko District Police Headquarters	UNDP	5,033,876
Mine action Bosnia & Hercegovina	Norway	1,316,016
Trust-Understanding-Responsibility for the Future (PROFUTURE)	USA / USAID	3,739,200
Community Based Approach to Support Youth in Targeted Municipalities in Bosnia and Herzegovina	USA / USAID	919,502
The Dutch Contribution to the Potocari Memorial Centre, second phase (SAR Potocari Memorial 2)	The Netherlands	1,298,748
Export Control and Border Security Programme (EXBS)	USA / USAID	4,991,967

Svi projekti dostupni su u bazi podataka Foruma za koordinaciju donatora, putem sljedećeg linka:

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

Future activities

Further strengthening and development of Regional and Territorial Cooperation represents one of the preconditions both for socio-economic growth and development of Bosnia and Herzegovina and for its capacity to meet the requirements of the EU market. Accordingly, it is necessary to prepare the country wide strategies in the areas of oil and gas, and in accordance with the commitment under the Energy Community Treaty (EnC), to harmonize the existing legislative framework on Electricity in BiH with the *acquis*, and specifically with the Third EU Energy Package. **More details can be found within previously analysed development sectors in BiH.**

⁹⁴ Due to large number of the projects in the Regional and Territorial Cooperation sector, only some projects are mentioned in this report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

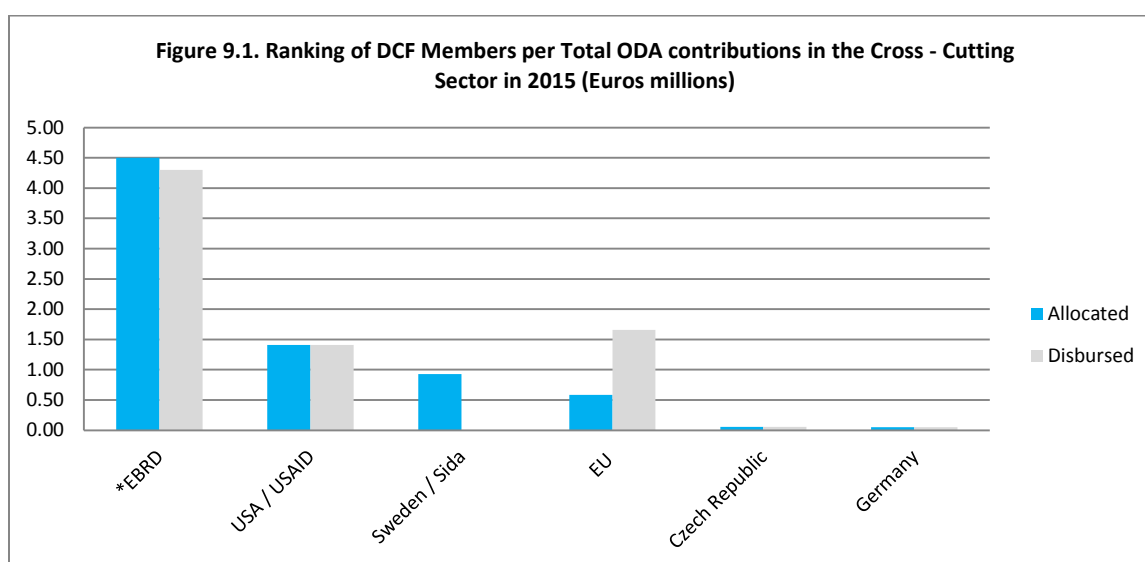
DCF members active in the sector in 2015	EBRD, USA/USAID, Sweden/Sida, EU, Czech Republic, Germany
Total allocation/ disbursement to the sector in 2015 by DCF members	2015: Total allocated €7.53 million – €3.03 million in a form of grants and €4.50 million in a form of loans Total disbursed €7.47 million – €3.17 million in a form of grants and €4.30 million in a form of loans
Legal framework and Sector strategies	Previously adopted legal framework and sector strategies are available on http://donormapping.ba/index.php/donor-mapping-reports/dmr-2014
Donor coordination	Donors active in the sector regularly attended Donor Coordination Forum meetings hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.

The Cross – Cutting Sector replaced so called Temporary Sector, defined for projects which donors were not able to classify within the sectors existing in the DMD.

In 2015, total ODA allocations of DCF members to the Cross - Cutting Sector were €7.53 million, out of which €3.03 million was grants, and €4.50 million in a form of loans (EBRD).

Total disbursements to the Sector in the observed period amounted to €7.47 million, out of which €3.17 million was disbursed in the form of grants, and €4.30 million in the form of loans.

Figure 9.1. compares overall ODA allocations and disbursements per donors provided to the Cross – Cutting Sector in 2015. The leading donors in the Sector were EBRD, USA/USAID, Sweden/Sida, EU, Czech Republic and Germany.



***Note:** ODA assistance provided to the Cross – Cutting Sector was mainly in the form of grants, with exceptions of the EBRD which provided aid in a form of loans.

In 2015, out of total ODA received in Bosnia and Herzegovina 2% was allocated and 2% disbursed to the Cross-Cutting Sector.

Major projects in the Cross- Cutting Sector in BiH are listed below.⁹⁵

Project title	Donor/Financial Institution	Total Project Value (Euros millions)
FIF - European Fund for Southeast Europe (EFSE)	EBRD	1,600,000
Administrative support	USA / USAID	1,408,036
Western Balkans SME platform: ENEF	EBRD	4,200,000
Capacity Building for Improvement of Land Administration and Procedures in Bosnia and Herzegovina - CILAP	Sweden / Sida	3,000,000

Svi projekti dostupni su u bazi podataka Foruma za koordinaciju donatora, putem sljedećeg linka: <http://dmd.donormapping.ba/dmd/faces/dmdPublicStart>

⁹⁵ Due to large number of the projects in the Cross- Cutting Sector, only some projects are mentioned in this Report. All projects classified under the Sector are accessible in the DCF database (www.donormapping.ba).

- Croatia
- Czech Republic
- France
- Germany
- Hungary
- Italy/The Italian Development Cooperation (IC)
- Japan/Japan International Cooperation Agency (JICA)
- The Embassy of the Kingdom of the Netherlands
- The Royal Norwegian Ministry of Foreign Affairs
- Slovenia
- Sweden/Swedish International Development Cooperation Agency (Sida)
- Switzerland
- United Kingdom / Foreign and Commonwealth Office (FCO)
- United States of America/United States Agency for International Development (USA/USAID)
- European Bank for Reconstruction and Development (EBRD)
- European Union (EU)
- European Investment Bank (EIB)
- United Nations Children`s Fund (UNICEF)
- United Nations Development Program (UNDP)
- The World Bank
- International Finance Corporation in Bosnia and Herzegovina (IFC)



Croatia

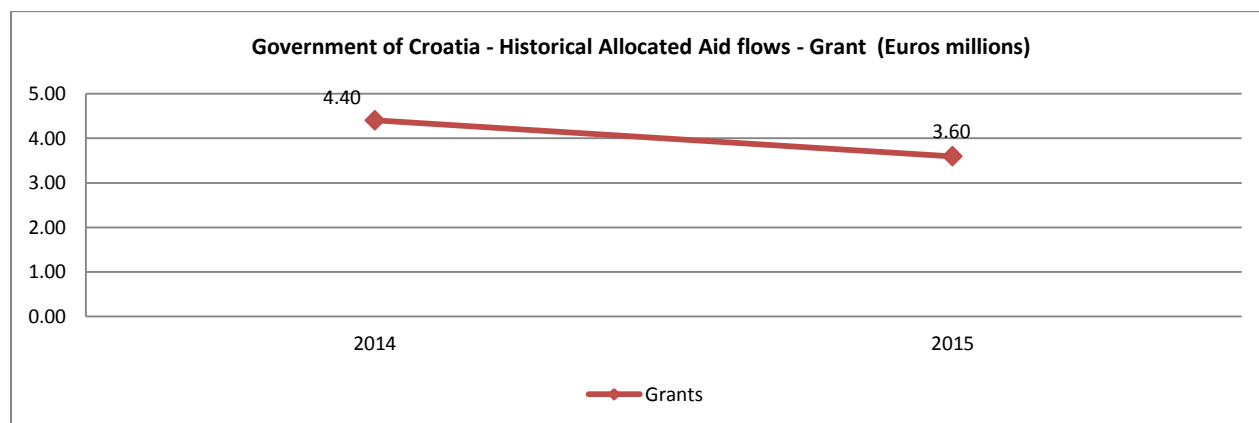
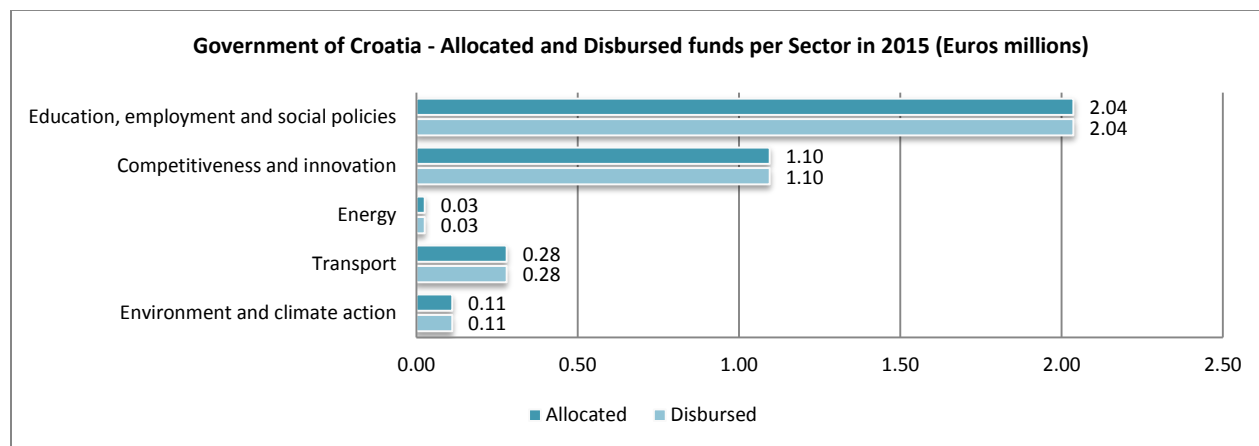
Policy approach

Bosnia and Herzegovina is a priority country for Croatia in South East Europe as far as development cooperation is concerned. According to Croatian data for years 2011 and 2012, Croatia financed EUR 11.1 million worth of programmes and is among the leading donors in Bosnia and Herzegovina. Croatia invests mainly in the field of education and in the field of health.

Croatia will continue to streamline its development assistance in Bosnia and Herzegovina in order to improve the assistance efficiency.

Key activities in 2015

The Government of Croatia **allocated € 3.60 million and disbursed € 3.60 million in 2015 in the form of grant** to the following sectors: Environment and climate action, Transport, Energy, Competitiveness and innovation, Education, employment and social policies and Agriculture and rural development.





Medium and long-term approach

Over the medium term, Croatia will seek to implement on an annual basis between 20 and 30 projects in the field of education, health, culture and infrastructure in the total value of up to EUR 3 million per year.

Apart from that, development cooperation with Bosnia and Herzegovina will be focused on projects contributing to 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 activities of providing experience and expertise 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.

Donor coordination efforts

N/A

Contact information

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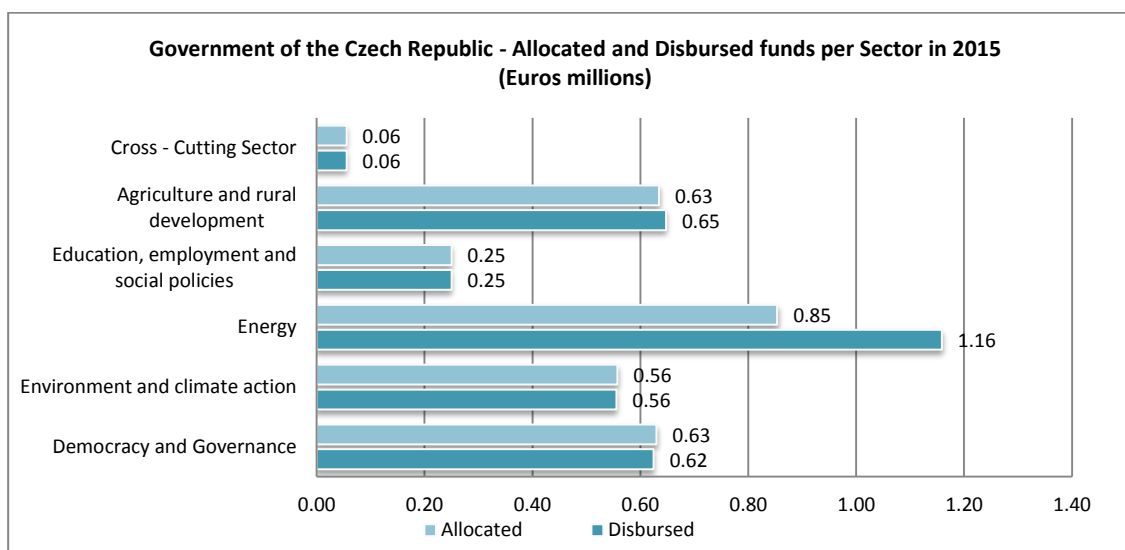
Czech Republic

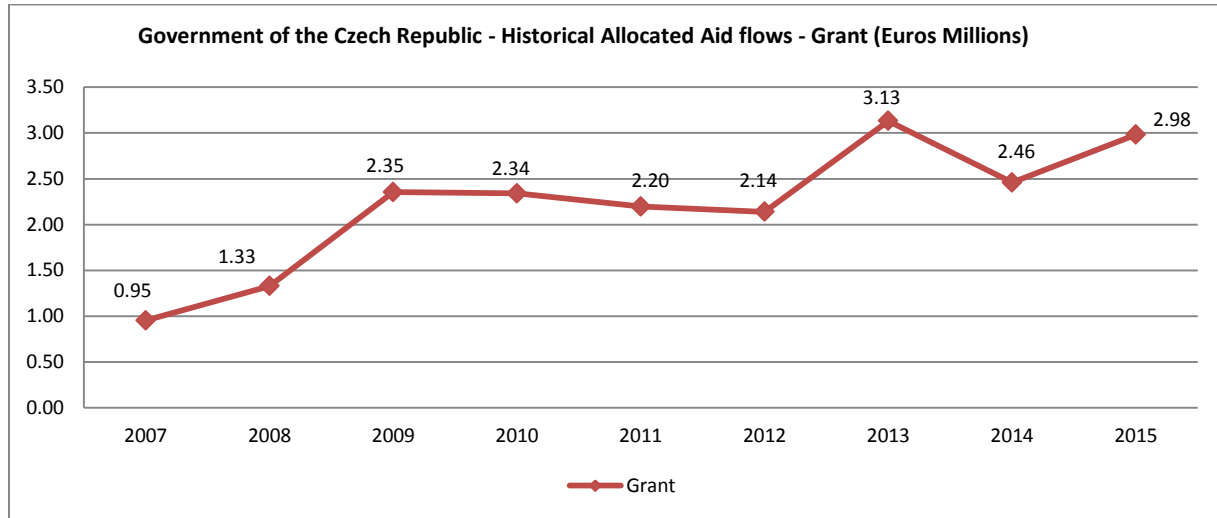
Policy approach

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 2010-2017 among programme priority countries for development cooperation. Current Development Cooperation Programme of the Czech Republic with Bosnia and Herzegovina, launched in 2011, defines the following priority sectors: water supply and sanitation; general environmental protection; energy generation and supply; government and civil society; health; agriculture, forestry and fishing. The cooperation should primarily take advantage of the Czech Republic's experience with the process of post-communist socio-economic transition and European integration, thus bringing additional value added.

Key activities in 2015

The Government of the Czech Republic **allocated € 2.98 million and disbursed € 3.29 million in 2015 in the form of grant** to the following sectors: Democracy and Governance, Environment and climate action, Energy, Education, employment and social policies, Agriculture and rural development, Cross - Cutting Sector.





Medium and long-term approach

In the year 2016, Czech Republic is preparing the new development strategy for Bosnia and Hercegovina. Document is in preparatory phase and in sreation of the new strategy, the experience of past six years will be taken into account.

Donor coordination efforts

Czech Republic regularly participates at DCF meetings and coordination meetings organized by the Ministry of Foreign Trade and Economic Relations.

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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.

Medium and long-term approach

Basically, the French cooperation is organized with the goal of getting the people in Bosnia and Herzegovina always more implicated in socio-economic projects in the country. Key points of cooperation are democracy and equity, building trust in the future through good governance, promotion of the concept of sustainable development and highlighting the interest of working on a local level, using all the possibilities offered by decentralized cooperation, twinning strategies and links between universities and enterprises. The actual trend of cooperation is to build networks and partnerships in order to mobilize co-financing from private sector and other international donors. Direct funding without local counterparts will disappear.

Donor coordination efforts

French government representatives are participating in all donor coordination efforts, including sector working groups. The main coordinator is the European Delegation in BiH. UN and Regional Cooperation Council (RCC) are also efficient as well as several BiH ministries. Donors such as USAID are also analyzing and sharing priorities with other local funders. French Embassy works simultaneously with groups such as Foreign Investors Council/Vijeće stranih investitora – FIC.

Contact information:

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Germany

Policy approach

Germany is committed to assist BiH in developing into a functioning market economy, in aligning its legal system with the EU *acquis* and in overcoming the consequences of the war and the flooding in 2014. For this purpose, the German government has provided bilateral development assistance to BiH directly and through several implementing agencies and non-governmental organizations. The most prominent are the *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH* and *KfW Entwicklungsbank* (Development Bank). Projects are also implemented through CIM integrated experts, twinning projects, political foundations and other German institutions represented in BiH. The Embassy coordinates these efforts and implements directly funds from the Stability Pact for South Eastern Europe as well as small-scale projects.

Environment and climate change:

- *Energy efficiency*

The ongoing GIZ supported project aims at capacity development for energy efficiency (fulfilling requirements of Energy Community, monitoring and data management, legislative framework and its implementation, implementation of energy efficiency measures) at municipal and entity level and in close coordination with MoFTER. Energy efficiency is also subject of a SEE regional project. KfW Development Bank is also currently preparing Energy efficiency programmes.

- *Water supply and waste water*

KfW Development Bank still has an ongoing portfolio in this Sector both in the RS and the Federation BiH. In 2014, the project “Water and Waste Water BiH II: Tuzla and Zenica” was signed with a loan of € 11 million plus a grant of € 1.5 million. This project is additionally supported by the Swiss Development Cooperation. The projects “Water Supply and Waste Water Banja Luka” and “Waste Water Bihac” are close to completion.

- *Renewable energy*

Various large-size projects of KfW Development Bank in RS and Federation with a total financing volume of approx. € 374 million are in various phases of implementation, most importantly related to hydropower and wind power generation. A number of new projects in the area of renewable energy are in principal agreed upon between the Federal German and the BiH governments, including the Windfarm Hrgud (€ 60 million) and a number of hydropower projects.

A project appraisal for a new project on renewable energy was conducted by GIZ in 2015 and the project is ready to start in 2016. The objective of this project is to improve the framework conditions for the increased use of renewable energy in BiH.

Private sector development

The ongoing program implemented by GIZ builds capacities in public and private sector for strengthened competitiveness of selected business locations (10 municipalities), their specific sectors and as well as their respective small and medium enterprises. In addition to competitiveness in metal and wood processing and tourism sectors, this program includes promotion of agricultural value chains for selected fruit and vegetable crops. GMO-free quality soybean production is supported in close partnership with Danube Soybean initiative. Adult education targets better

employability. A pilot project on vocational training is implemented in Herzegovina-Neretva Kanton. A regional project fosters cooperation between SEE countries in relation to various foreign trade issues concerning trade within and outside the region.

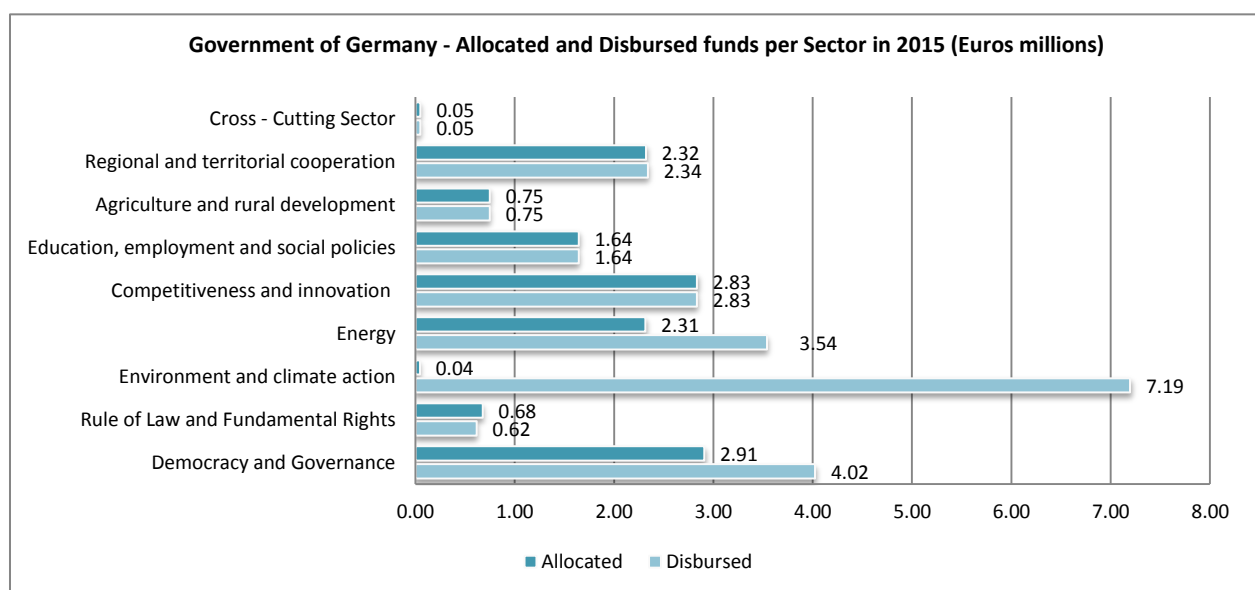
KfW Development Bank supports the “Flood Relief Credit Programme” (FRCP) through a grant of € 5 million committed in 2014. The FRCP is intended to support to overcome the effects of the flooding in BiH of May and August 2014. Loans are issued by two micro finance organizations and borrowers can be both private households as well as small enterprises affected by the floods. The full amount was disbursed to more than 2000 private households and micro, small and medium-sized enterprises (MSME) affected by the floods.

Public administration reform/ Justice and Home Affairs

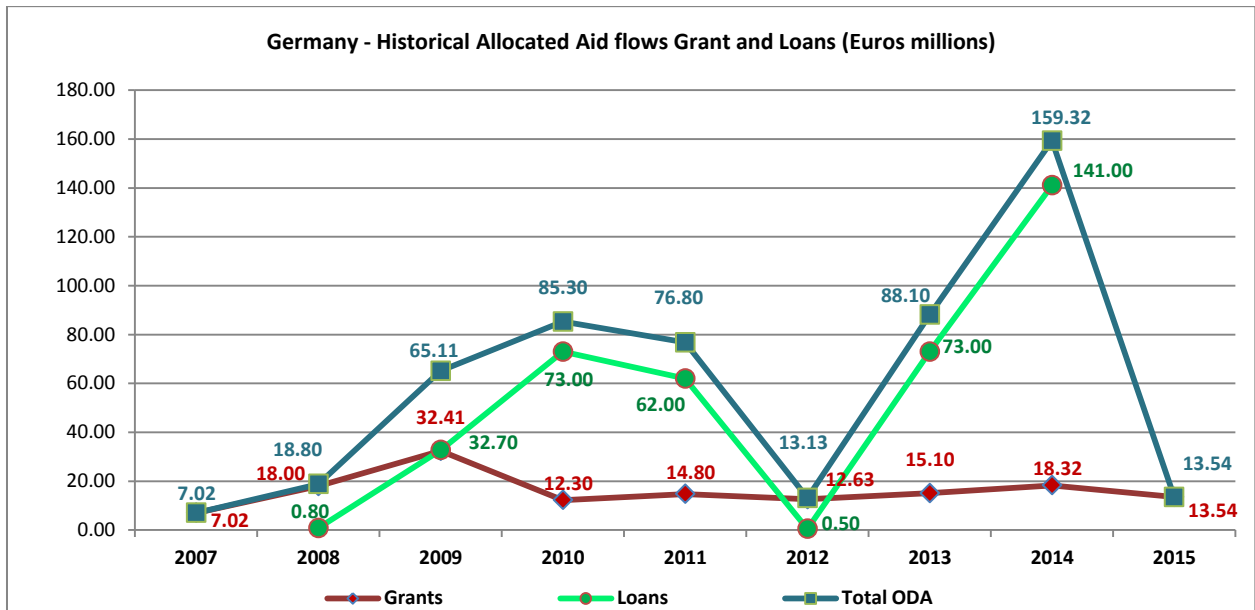
The GIZ-supported program cooperates with PARCO, DEI and 8 other public institutions at state level to increasingly fulfil the standards of the Public Administration Reform Strategy. Justice affairs are dealt with in a regional GIZ-project for South Eastern Europe. Another regional project works on improved municipal services (water supply, waste management, business friendliness). Finally, a regional project supports capacity development within the region with regard to EU accession, integration processes and the management of IPA funds.

Key activities in 2015

The Government of Germany **allocated € 13.54 million⁹⁶ and disbursed € 22.99 million in 2015 in the form of grant and loan** to the following sectors: Democracy and Governance, Rule of Law and Fundamental Rights, Environment and climate action, Energy, Competitiveness and innovation, Education, employment and social policies, Agriculture and rural development, Regional and territorial cooperation, Cross - Cutting Sector.



⁹⁶ KfW reports allocations by year of signing of loan or financing agreement



Medium and long-term approach

In all projects of the German government, the requirements of the EU integration process are taken into account.

In its Technical and Financial Cooperation, the German government will continue its present commitment, with the main focus on (1) democracy, civil society and public administration (2) local economic and private sector development and (3) energy efficiency and renewable energy.

Donor coordination efforts

German Embassy, GIZ and KfW Development Bank participate in the Donor Coordination Forum. German Embassy, GIZ and KfW Development Bank also coordinate with the EU Member States Aid Coordination Meeting organized by the EU-Delegation.

KfW Development Bank, in all three active sectors of bilateral German Financial Cooperation (renewable energy and energy efficiency, municipal infrastructure and SME/microfinance), coordinates with BiH partners at State, Entity and Municipal levels and with other relevant donor agencies.

GIZ participates in several sector coordination groups with those donors and implementing agencies that have interventions in the sector:

- Coordination group on local governance
- Energy efficiency group
- Agricultural sector group (MoFTER)
- Public administration reform

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Hungary

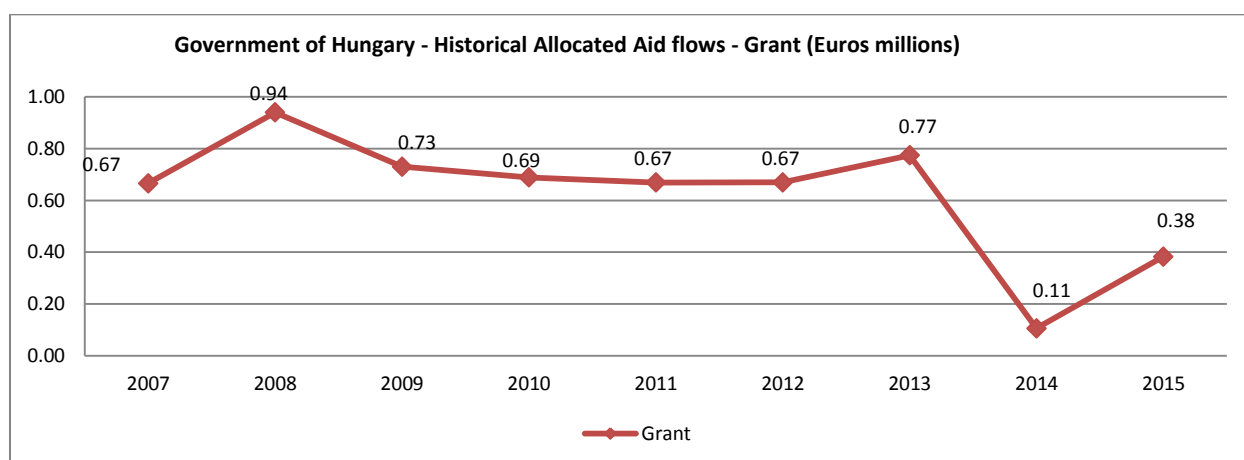
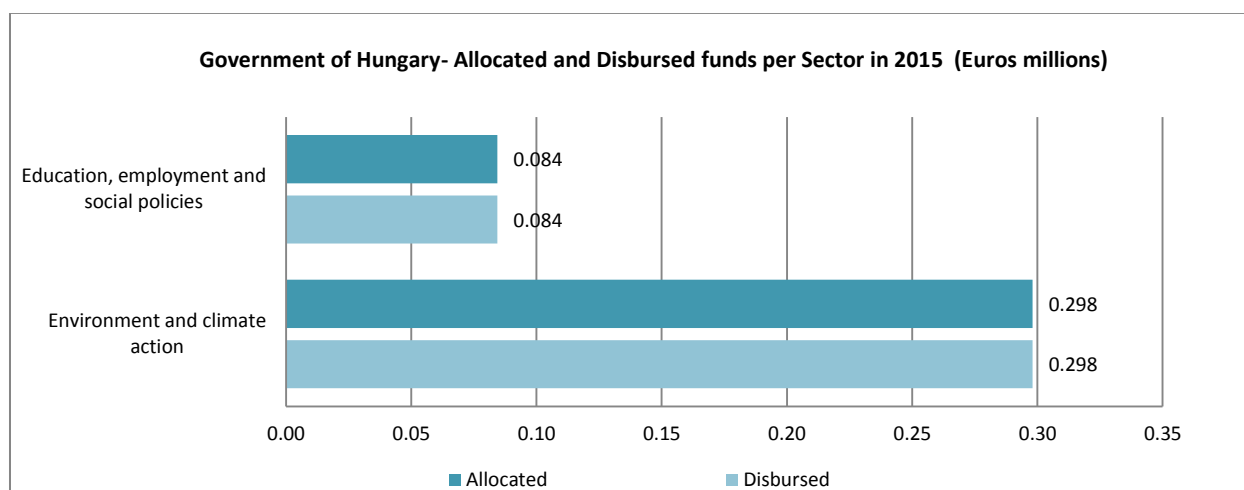
Policy approach

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.

Due to the general budgetary situation in Hungary, only limited funds could be devoted to bilateral development assistance activities in the reporting period. On the other hand, Hungary is actively participating in EU IPA projects (support of law enforcement, census, etc.).

Key activities in 2015

The Government of Hungary **allocated € 0.38 million and disbursed € 0.38 million in 2015 in the form of grant and loan** to the following sectors: Environment and climate action, Education, employment and social policies.





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.
- The relevant policy Strategy adopted by the Government of Hungary, provides the framework of a more streamlined development activity.

Donor coordination efforts

Hungary is involved in donor coordination 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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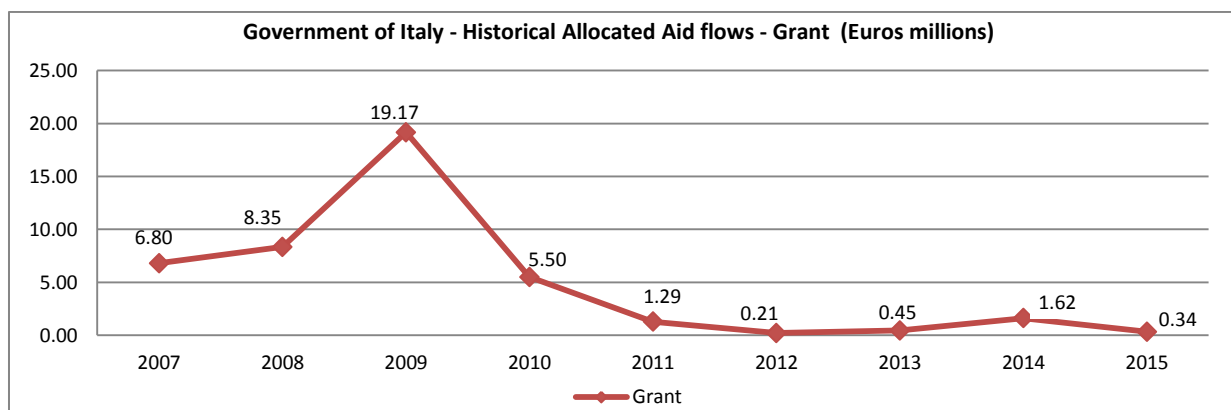
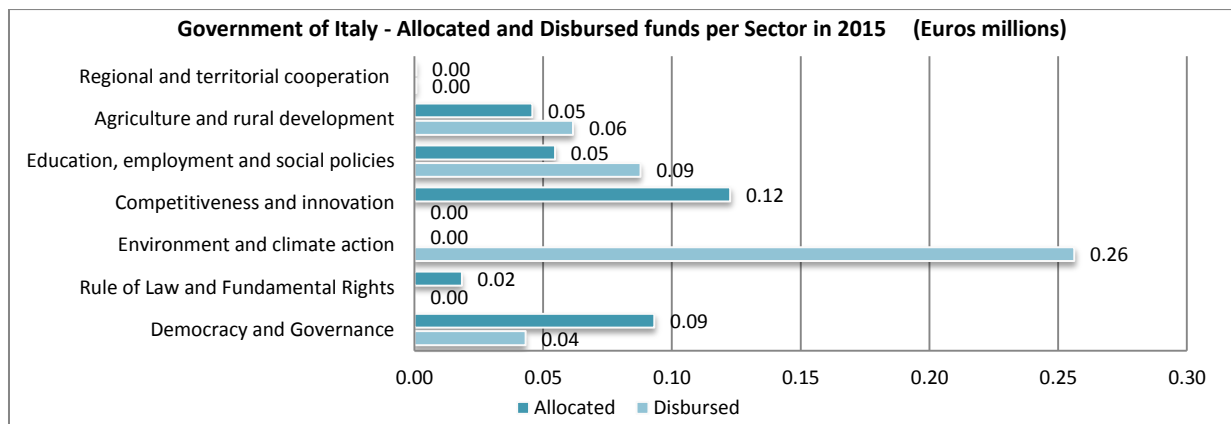
Italy/The Italian Development Cooperation (IC)

Policy approach

Bosnia and Herzegovina is considered as a priority country in the agenda of the Italian Development Cooperation. The areas of activity of the Italian Development Cooperation are various and focused on poverty reduction and improvement of socio-economic conditions. The Italian Cooperation focuses on supporting sustainable development especially in the rural sector, institution-building and the protection of the most vulnerable social categories through numerous initiatives in economic and social fields. The type of activities that have been carried out until today confirm the commitment towards the consolidation of democratic processes and, indirectly, towards the protection of human rights, democracy, rule of law, good governance and the promotion of a culture of peace, based on multi-ethnic cohabitation. Such projects are financed through both bilateral and multi-lateral channels with the relevant participation of Italian NGOs and decentralized cooperation (Regions, Provinces and other local institutions).

Key activities in 2015

The Government of Italy **allocated € 0.33 million and disbursed € 0.45 million in 2015 in the form of grant** to the following sectors: Democracy and Governance, Rule of law and fundamental Rights, Environment and climate action, Competitiveness and innovation, Education, employment and social policies, Agriculture and rural development and Regional and territorial cooperation.



Medium and long-term approach

Starting from the 1st January 2016, all Italian projects and activities will be implemented by the new **Italian Agency for Development Cooperation – AICS**. The Italian Cooperation intends to continue operating in BiH and to strengthen its support to the following fields: support to SMEs, rural development, security (demining) and culture.

After the floods that affected the country in 2014, the Italian Development Cooperation pledged EUR 1 million for reconstruction in six Municipalities: Derventa, Sanski Most, Zvornik, Orasje, Maglaj and Srebrenica. Most of the activities have been carried out in 2015 and 2016, reaching more than 3.000 beneficiaries, in particular small producers, households, farmers and SMEs with the aim to increase jobs creation and productivity. Support to SMEs, especially in the rural sector, will continue with new initiatives in synergy with the results achieved so far within the post-flood reconstruction program.

Within the framework of EU integration, the Italian Cooperation Office in Sarajevo will continue to actively participate in Member States Coordination Meetings and enhance its assistance to Italian and Bosnian actors willing to apply to IPA tenders, Twinning in particular, providing them with information and facilitating the relationships with the Bosnian institutional counterparts.

Donor coordination efforts

Besides the DCF, the Italian Cooperation was a part of the following coordination efforts:

- EU Member States Coordination Meetings (EC Delegation).
- Donor Coordination for the support to the Court and the Prosecutor's Office of Bosnia and Herzegovina.
- International meeting on the EU Sector-Wide Approach in South East Europe.

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Japan/Japan International Cooperation Agency (JICA)

Policy approach

The priority sectors for Japanese development assistance are the following: (1) consolidation of peace/ethnic reconciliation, (2) development of the private sector and (3) protection of environment.

Education

Japan has assisted Bosnia and Herzegovina in modernizing informatics curricula through the grant aid program and technical cooperation projects. The Project for Informatics Curricula Modernization in Bosnia and Herzegovina, Phase 2 has been implemented since 1 August 2010.

Environment

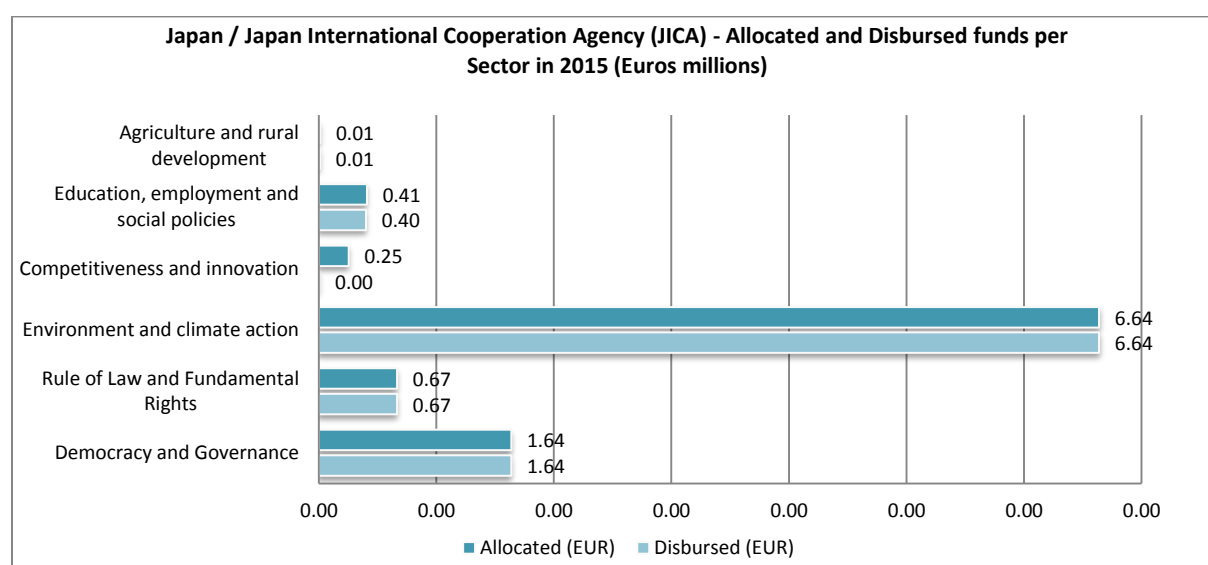
To reduce air pollutants (SO₂ and dust) by constructing Flue Gas Desulphurization (FGD) at Ugljevik Thermal Power Plant, thereby contributing to improvement of environment in BiH and complying with EU environmental regulation looking forward to EU accession.

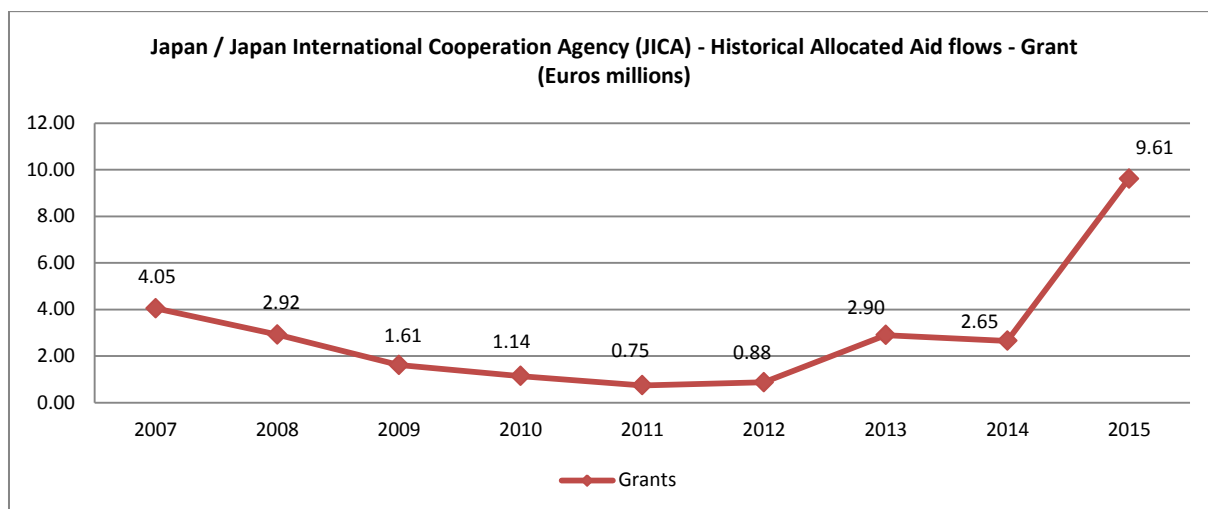
Tourism

In response to social needs of Bosnia and Herzegovina to achieve economic reconstruction and improvement of living standards, JICA has supported a tourism sector. “The project for Herzegovina International Tourism Corridor Development and Environmental Conservation” has been providing assistance for BiH’s stakeholders to implement various activities for creation of an international tourism corridor by establishing round trip routes connecting tourism spots.

Key activities in 2015

The Government of Japan /Japan International Cooperation Agency (JICA) **allocated € 9.61 million and disbursed € 9.35 million in 2015 in the form of grant** to the following sectors: Democracy and Governance, Rule of law and fundamental rights, Environment and climate action, Competitiveness and innovation, Education, employment and social policies, Agriculture and rural development.





Medium and long-term approach

Assistance policy to BiH by the Government of Japan has priority areas as follows:

– ***Consolidation of peace/ethnic reconciliation***

Japan will support ethnic reconciliation and provide assistance to refugees, returnees and landmine victims towards the peace consolidation, making use of its neutral position to all peoples.

Japan tries to make projects related to more than one people or entity so that the assistance contributes to the peace consolidation.

– ***Development of the private sector***

Since the area of policy-making and legislation is being improved in accordance with the EU *Acquis Communautaire*, the assistance in this sector would be efficient if it is implemented by European donors including the EU member countries. Japan, therefore, will concentrate on other sectors where Japan has advantages, such as promoting small and medium private enterprises development.

– ***Protection of environment***

The area of policy-making and legislation is being improved in accordance with the EU *Acquis Communautaire* so the assistance in this sector would be efficient if it is implemented by European donors including EU member countries. Japan, therefore, will concentrate on other sectors where Japan has skills and knowledge.

Donor coordination efforts

Japan has been keeping communication with other donors when necessity arises.

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The Embassy of the Kingdom of the Netherlands

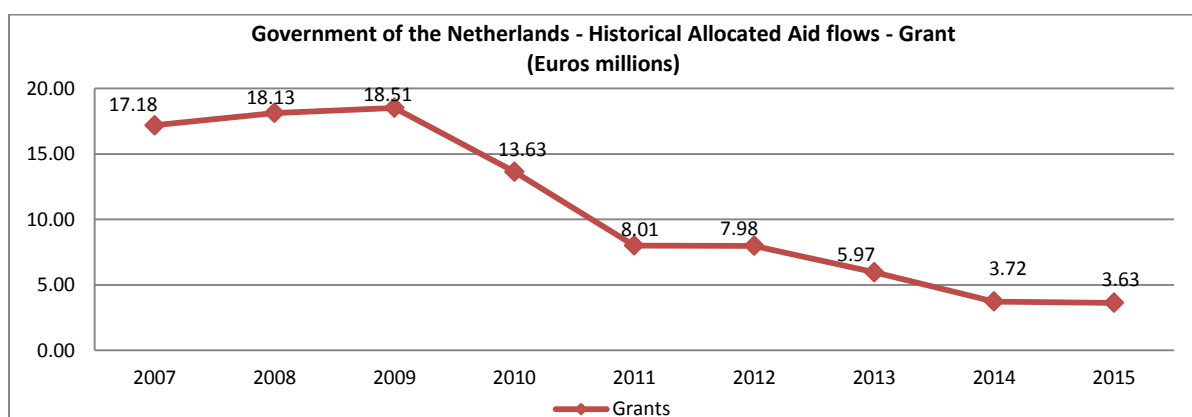
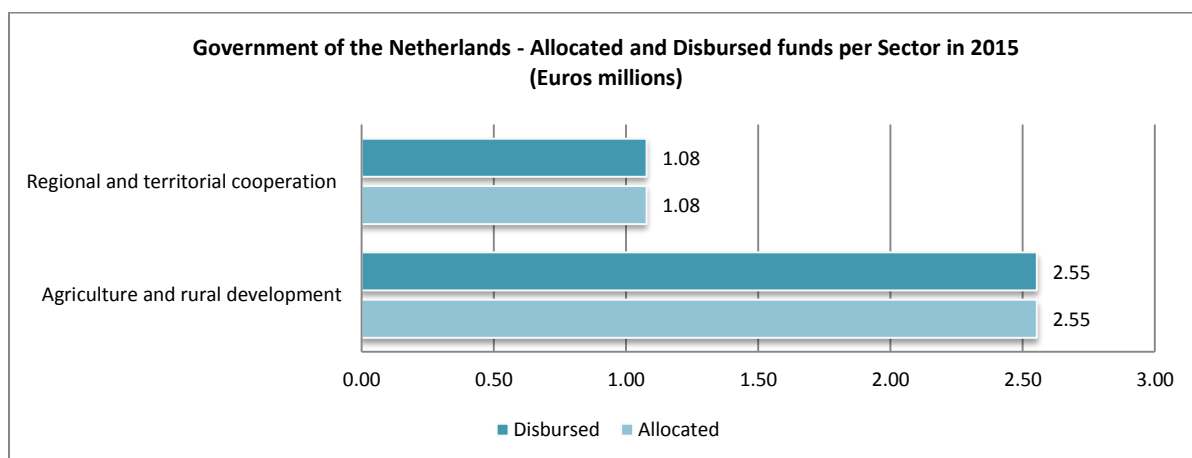
Policy approach

Bosnia and Herzegovina is one of the 36 partner countries worldwide that the Netherlands has a substantive bilateral development cooperation programme with. In the past the Netherlands focused predominately on the facilitating of minority return and creating stability in the aftermath of the war. In the last three years the programme shifted to the creation of sustainable, transparent and accountable governance structures in line with criteria prescribed by the EU accession process and concentrating on the development of a business climate inclusive of private sector development and foreign direct investment.

By the end of 2011 bilateral development assistance for Bosnia and Herzegovina has phased-out and transformed from more traditional development relationship into a relationship geared towards EU accession. This new relationship comes with its own instruments, such as the programme for societal transformation (MATRA), for which Bosnia and Herzegovina has qualified since January 2008.

Key activities in 2015

The Government of the Netherlands **allocated € 3.63 million and disbursed € 3.63 million in 2015 in the form of grant** to the following sectors: Agriculture and rural development, Regional and territorial cooperation.





Medium and long-term approach

As of 2012, the Embassy will focus its development assistance to the Srebrenica region in the amount of €5.000.000 per year. The main areas of interest are: the identification of victims of the 1995 genocide in Srebrenica, support to its survivors, prosecuting the culprits, remembrance and support to the creation of a business enabling environment (including capacity building of the local government).

Furthermore, the Embassy will continue its support to the transformation of the Bosnian society through its MATRA programme.

Donor coordination efforts

Besides participating in DCF, the Embassy has a good cooperation with other donors active in the sectors of common interest. Particularly good coordination is with the agencies that co-fund the projects with the Netherlands such as GAP, PARF, and Judiciary.

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The Royal Norwegian Ministry of Foreign Affairs

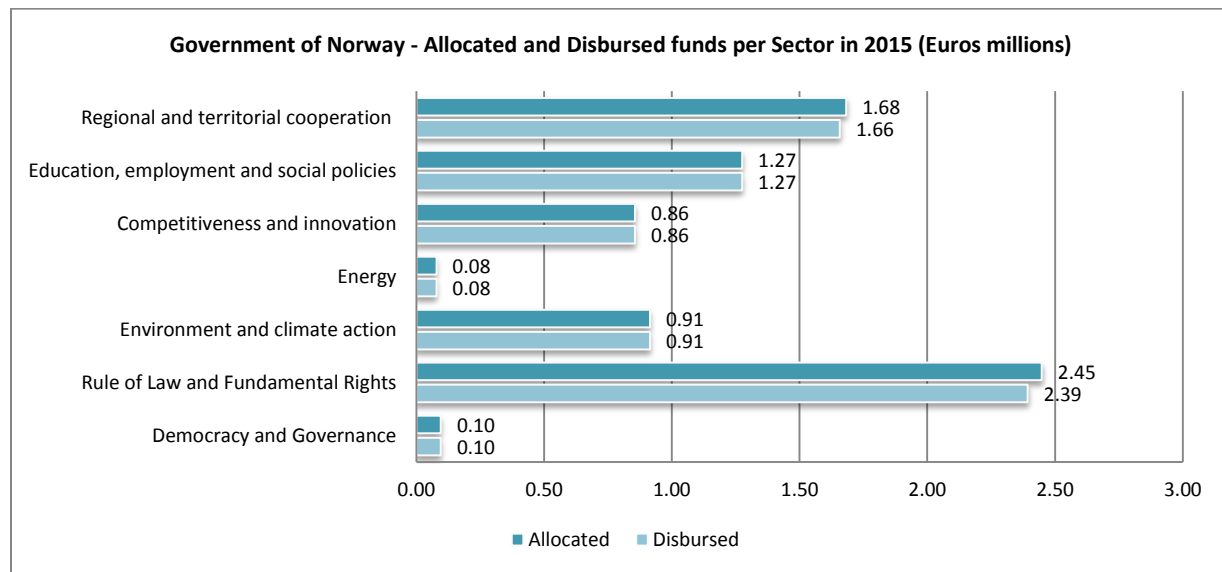
Policy approach

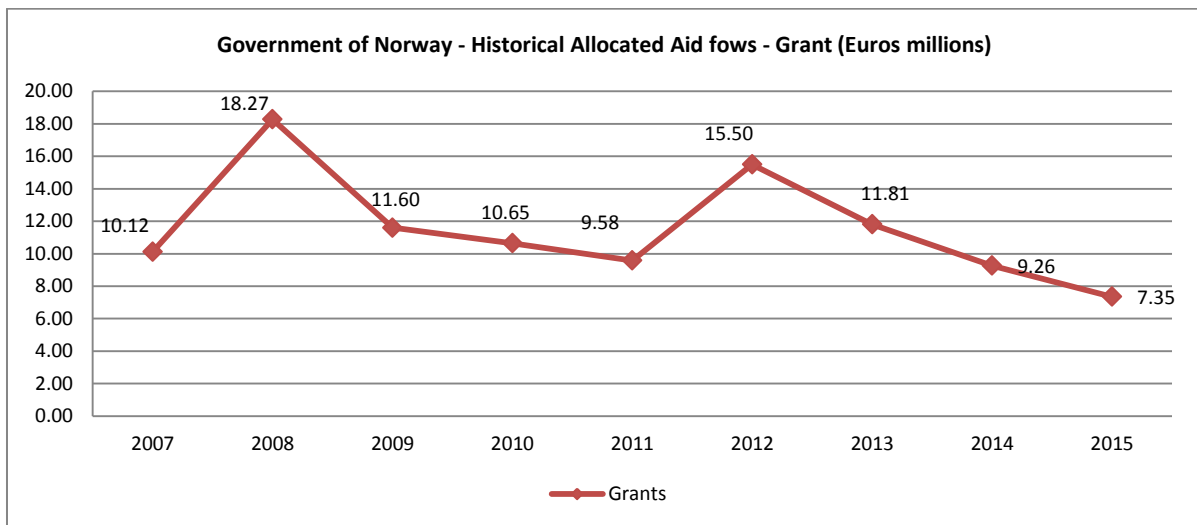
Much of Norwegian development cooperation internationally involves long-term assistance in the form of grants. Norwegian long-term development cooperation in general emphasizes both bilateral assistance, channelled directly to the governments of partner countries, and multilateral assistance, which is channelled through the UN system and development banks. Norway also provides significant assistance through international, local and Norwegian non-governmental organisations.

Norwegian 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.

Key activities in 2015

The Government of Norway **allocated € 7.35 million and disbursed € 7.27 million in 2015 in the form of grant** to the following sectors: Democracy and governance, Rule of law and fundamental rights, Environment and climate action, Energy, Competitiveness and innovation, Education, employment and social policies, Regional and territorial cooperation.





Medium and long-term approach

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

Donor coordination efforts

Embassy of the Norway participates in Working group on Gender Equality and Women Empowerment

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Slovenia

Policy approach

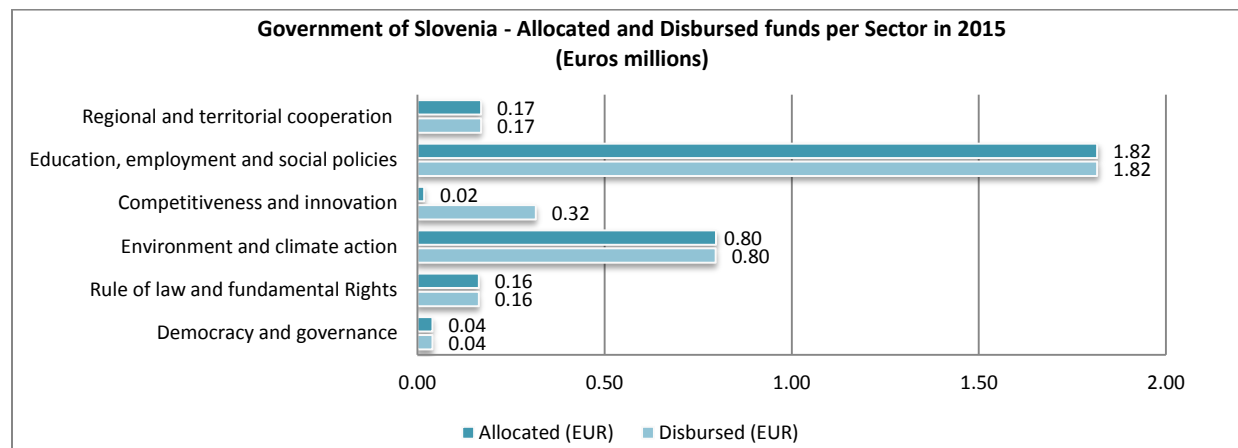
The thematic priorities of Slovenia's International Development Cooperation are defined in the Resolution on International Development Cooperation of the Republic of Slovenia for the period until 2015. The target areas of development cooperation are listed in the bilateral Agreement on development cooperation between the Government of the Republic of Slovenia and the Council of Ministers of Bosnia and Hercegovina. The Framework Programme of international development cooperation and humanitarian aid of the Republic of Slovenia for the period 2013 and 2015 (including its revision for the period 2014 until 2015 and second revision for 2015 with the plan of the implementation of international development cooperation for 2016) operationalized planned activities, which in case of BiH includes the following sectors: Justice and Home Affairs, Public administration reform, Environment and Climate Change, Social Development.

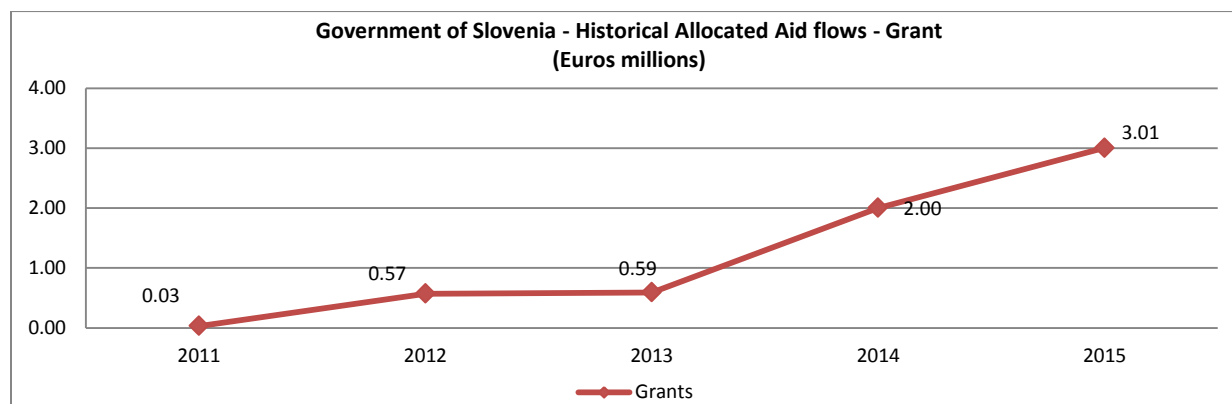
Slovenia has not yet developed a policy paper on Slovenian development cooperation with Bosnia and Hercegovina.

Data for 2015 entered in the Donor Mapping Database include disbursements in the context of the commitments given by Slovenia at the Donors conference for Serbia and Bosnia and Herzegovina after the floods and in the context of post-floods recovery. All allocated funds were in the form of grant.

Key activities in 2015

Government of Slovenia **allocated € 3.01 million and disbursed € 3.30 million in 2015 in the form of grant** to the following sectors: Democracy and governance, Rule of law and fundamental rights, Environment and climate action, Competitiveness and innovation, Education, employment and social policies, Regional and territorial cooperation.





Medium and long-term approach

In the medium term Slovenia will continue providing support to Bosnia and Herzegovina in the same sectors as in the previous period. The current Resolution on International Development Cooperation of the Republic of Slovenia expired at the end of 2015, but continues to be in use until the adoption of a new one. The new resolution is expected by the end of 2016. Discussions on the new geographical and thematic orientations of Slovenia's development cooperation are ongoing. It is expected that BiH will remain among geographical priorities.

Slovenia has drafted a new template agreement, which will also simplify cooperation with other donors and will replace the existing bilateral agreements on development cooperation in the following years.

In the area of Democracy and governance, Slovenian assistance will focus on aligning legislation with the EU standards.

In the area of Rule of law and fundamental rights, Slovenia will contribute to the respect of human rights with an emphasis on children and young people and women.

In the area of Environment and climate action, Slovenia contributes to improved quality of life of the citizens in BiH through the implementation of environmental projects.

In the area of Education, employment and social policies, Slovenia will continue to enable studying at the Slovenian Universities for students from BiH.

In the future Slovenia will support BiH in the field of mine protection.

Donor coordination efforts

Slovenia participates in meetings of donors 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/Swedish International Development Cooperation Agency (Sida)

Policy approach

The Swedish reform cooperation with Bosnia and Herzegovina 2014-2020 aims at democratic, fair and sustainable development together with improved conditions for EU integration.

Sida focuses on three main areas: democracy, human rights and gender equality; market development; and sustainable infrastructure. In addition, support is also given to the cross-cutting issues (civil society, gender and minorities). In order to increase aid efficiency and facilitate EU integration, the strategy promotes:

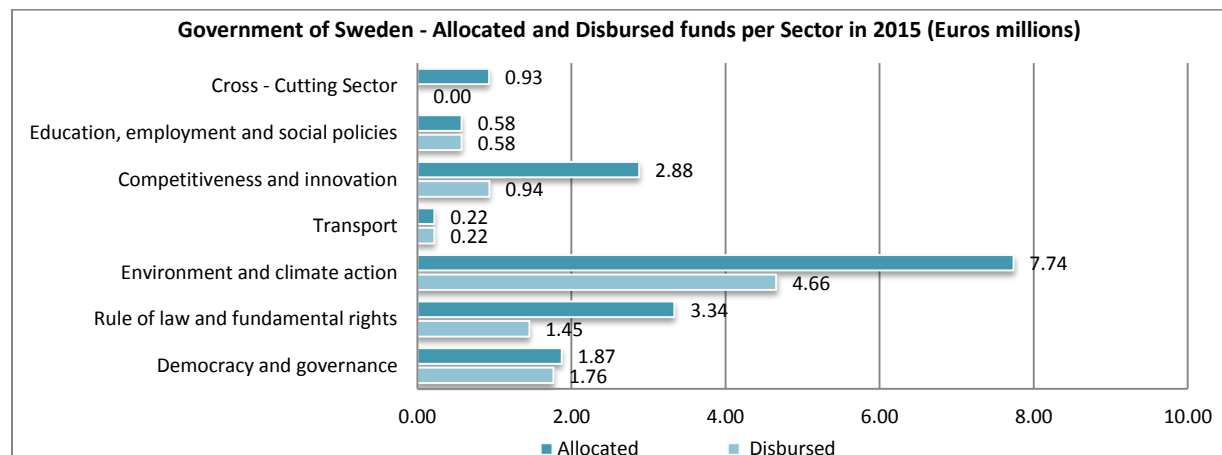
- Better coordination with the EC and the IPA program;
- Increased use of the country's own systems for planning, implementation and follow-up;
- Increased use of program-based approaches.

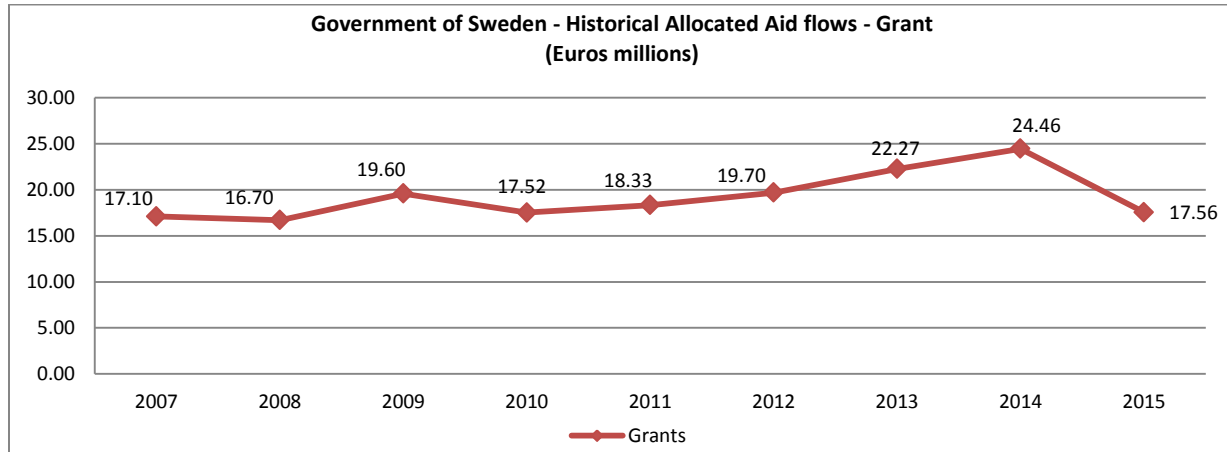
The Swedish Development Cooperation with Bosnia and Herzegovina is guided by a result strategy for Swedens reform cooperation with the Western Balkans – Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia. The strategy covers 2014-2020.

(<http://www.swedenabroad.com/en-GB/Embassies/Sarajevo/Development-Cooperation/Policy/>)

Key activities in 2015

The Government of Sweden **allocated € 17.56 million and disbursed € 9.61 million in 2015 in the form of grant** to the following sectors: Democracy and governance, Rule of law and fundamental rights, Environment and climate action, Transport, Competitiveness and innovation, Education, employment and social policies, Cross - Cutting Sector.





Medium and long-term approach

Sweden has adopted the Results strategy for Sweden's reform cooperation with **Eastern Europe, the Western Balkans and Turkey** 2014 – 2020 (www.swedenabroad.com/sarajevo). The results strategy aims to assist the countries in the Eastern Partnership, the Western Balkans and Turkey to forge closer links with the EU.

The activities in the Western Balkans are expected to result in the following:

- 1) Enhanced economic integration with the EU and development of market economy
- 2) Strengthened democracy, greater respect for human rights and a more fully developed state under the rule of law
- 3) A better environment, reduced climate impact and enhanced resilience to environmental impact and climate change

Donor coordination efforts

Sweden is the member of the DCF forum led by the Ministry of Finance and Treasury as well as the *ad hoc* established sector coordination forums (PAR, Local Governance, Justice, EU Councilors, etc.) and participates in other relevant sector meetings.

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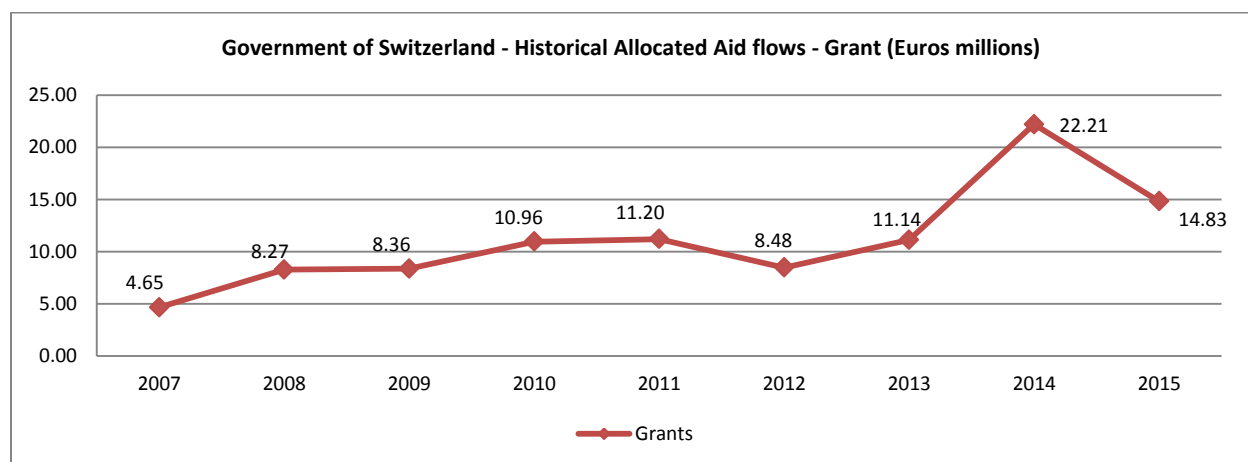
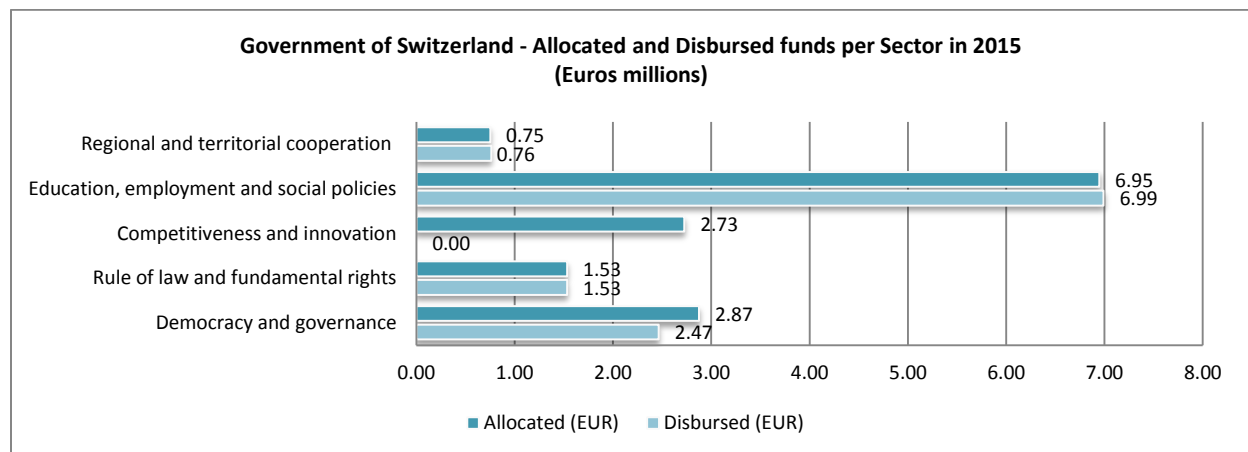
Switzerland

Policy Approach

Switzerland aims to contribute to the transition of BiH towards a socially inclusive market economy and a decentralized democratic political system, with the longer-term perspective of European integration. The Swiss Cooperation Strategy for BiH 2013-2016 aims to support BiH in addressing remaining challenges in line with the priorities defined by national strategic documents for specific sectors. It focuses on three thematic domains: Economy & Employment, Local Governance & Municipal Services, and Health. The foreseen financial commitments for the period 2013 – 2016 amount to 79 million CHF.

Key activities in 2015

The Government of Switzerland **allocated € 14.83 million and disbursed € 11.75 million in 2015 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 and Regional and territorial cooperation.



Medium and long-term approach

Within the Swiss Cooperation Strategy BiH 2017-2020, Switzerland will continue working in the same thematic fields as in the previous period as the relevance of interventions and their potential have been repeatedly confirmed. These sectors, as defined by the Strategy, are: Democratic Governance, Municipal Services and Justice; Economy and Employment, Health, and Migration and Development. A stronger focus will be given to more intensive policy dialogue within the selected sectors in order to support reforms towards establishing supportive normative frameworks at all institutional levels.

In the **Democracy and governance sector**, Switzerland will maintain its focus on the local level, where mechanisms of checks and balances between local governments and local assemblies will be explored. Empowering civil society and citizens, especially young people, and improving their democratic capacities will also be in the focus. Budget support based on good governance performance will be used for municipal investments to support public sector reforms. Cooperation between different State levels for political, administrative and fiscal decentralization shall become more effective, driven by the Associations of Municipalities and Cities (AMC) and professional expert networks, a joint endeavor of Switzerland and SIDA. Also in cooperation with SIDA, engagement of citizens in municipal decision making, in the provision of municipal quality services and in the implementation of local development initiatives will be fostered through the revitalisation of sub-municipal units (Local Communities - Mjesna Zajednica) as spaces for citizens' participation and social inclusion. Focused activities will support the setting up of functional vertical cooperation mechanisms and the strengthening of capacities at all relevant institutional levels. Switzerland will invest into tailor made support for consensus oriented citizen deliberation and civic engagement to enable matchmaking between committed civic movements and the decisive parliamentary committees, for citizens to be heard and politicians to pursue reforms in the interest of people.

In the field of **Environment and climate action**, investments in infrastructure for drinking water and waste water treatment and institutional strengthening of public utilities will remain a focus. Switzerland, together with the German Promotional Bank (KfW), will support the rehabilitation of water supply and sanitation systems in the towns of Tuzla and Zenica. Furthermore, targeted interventions with the aim to lower emissions and foster climate resilience (e.g. through renewable energy and energy efficiency) are envisaged. Learning from the 2014 floods, disaster risk reduction measures in vulnerable municipalities will further increase their resilience.

In the **Rule of law and fundamental rights sector**, Swiss Cooperation will continue to support High Judiciary and Prosecutorial Council of BiH with an aim to raise efficiency, effectiveness and accountability of the judiciary and increase access to justice for all citizens. The establishment of a functional institutional set up in BiH's Juvenile Justice System will be further enhanced in a joint endeavour with UNICEF and Norway. Swiss support to the State authorities in BiH will be continued in improving the management of regular and irregular migration in BiH, including effective readmission of returnees, immigration and asylum procedures, safe return/deportation, and proper treatment of migrants.

In the field of **Education, employment and social policies**, interventions will address new and better employment opportunities by creating a favorable economic environment for businesses with the

engagement of public and private sector, including the Diaspora. Swiss Youth Employment Portfolio will continue to work on the three major aspects around the labor market (skills gap, connection gap, jobs gap). Young people will be given the opportunity to improve their (job-market relevant) skills, either through formal or non-formal education and training. In addition, they will be supported through an improved intermediation system within Public Employment Services. New opportunities on the labor market - especially jobs for women - will be promoted through projects on economic development in high potential value chains. Policy dialogue, as an integral part of all interventions, will contribute to achieve systemic changes. This relates in particular to the reform of Public Employment Services, vocational education and training reform, the regulation of adult education, as well as the legal framework for the involvement of the Diaspora.

In the **Competitiveness and innovation sector**, start-ups and SMEs will be supported by improving access to finance. Switzerland will continue to work through International Financial Institutions in creating better regulatory frameworks on national and entity levels for private sector growth and better export opportunities; also as result of more transparent and efficient public financial management schemes. The microfinance sector will be addressed by supporting banking agencies and Ministries of Finance to improve legislation following the IMF Financial Sector Assessment Program (FSAP) recommendations. Transparency and accountability will be promoted among microfinance providers. Counselling services provided by municipalities to over-indebted citizens will be scaled up, thus increasing financial literacy and reducing personal debt at the population level.

In the **Cross - Cutting Sector**, support to health sector reforms and improvement of primary health care services will be continued. Further efforts will be invested to strengthen the role and position of nurses in order to raise the system's performance and cost-effectiveness. A successfully developed community nursing model and mental health outreach services, targeting specifically excluded and poor persons and fighting their discrimination, will be rolled out to cover the whole country. Special focus will be put on multi-sectoral collaboration (whole-of-government approach) for prevention and control of major non-communicable diseases. The role of local communities and civil society organizations in health promotion and disease prevention will be strengthened.

Donor coordination efforts

Government of Switzerland participates in the following donor coordination groups:

- Local Governance
- Justice
- Prosecutorial Service
- Gender Equality and Women Empowerment
- Environment Sustainable Infrastructure
- Migration and Development

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United Kingdom/Foreign & Commonwealth Office

Policy approach

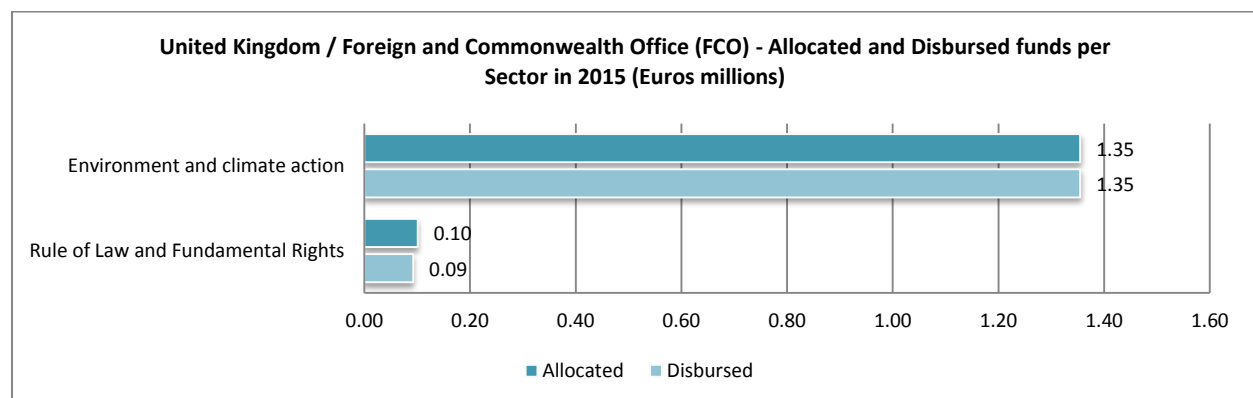
The UK Government has provided political and financial support to Bosnia and Herzegovina since its independence. Assistance provided by UK Government is governed by her Majesty's Government priorities and objectives for Bosnia and Herzegovina and set out in a comprehensive Country Business Plan. The DFID BiH office in the British Embassy was closed on 11 February 2011, but the UK Government continues to provide programme assistance through the Foreign and Commonwealth Office and the Ministry of Defence.

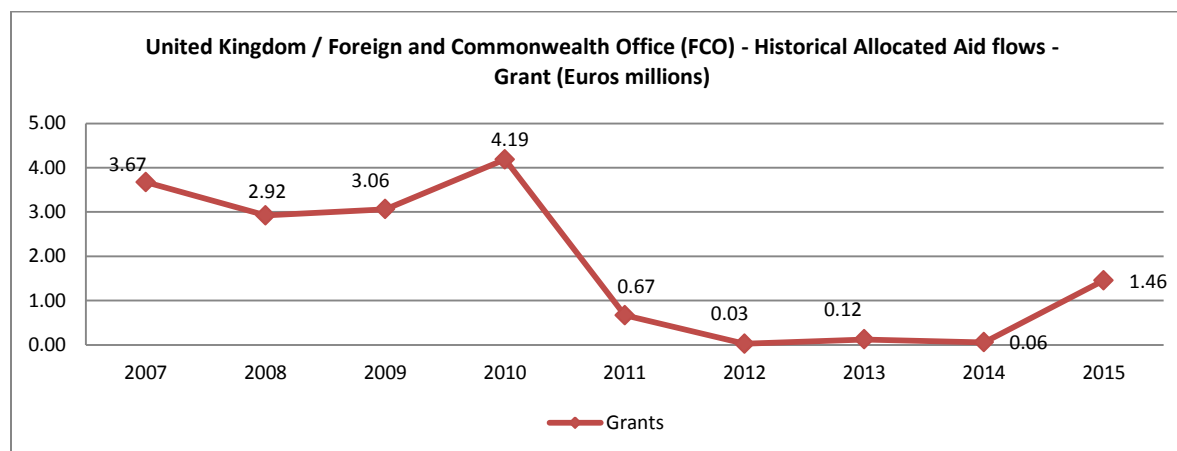
In July 2011, UK Government published a new strategy outlining how the UK will promote stability and prosperity in countries and regions where its interests are at stake. The Building Stability Overseas Strategy (BSOS) was developed jointly by the Foreign and Commonwealth Office (FCO), the Department for International Development (DFID) and the Ministry of Defence (MOD). It sets out how the UK can enhance its own security and prosperity by identifying, preventing and ending instability and conflict overseas, using its diplomatic, development, military and security tools, and drawing on Britain's unique experience, relationships, reputation and values. The full strategy can be downloaded from: <http://www.fco.gov.uk/resources/en/pdf/publications/annual-reports/bsos-july-11>

It is in interest of the UK Government to maintain the momentum of the enlargement process and progress on bringing peace and stability to the Western Balkans. The *Reuniting Europe* programme helps deliver vision of building an effective and globally competitive EU in a secure neighbourhood. The Programme does this by supporting EU enlargement and by helping the European partner countries to implement the reforms necessary for EU accession. It focuses, in particular, on stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities. The full strategy can be downloaded from: <http://www.fco.gov.uk/resources/en/pdf/about-us/what-we-do/diplomatic-influence-values-fund-2011-12>

Key activities in 2015

The Government of the United Kingdom **allocated € 1.46 million and disbursed € 1.45 million in 2015 in the form of grant** to the following sectors: Rule of law and fundamental rights, Environment and climate action.





Medium and long-term approach

N/a

Donor coordination efforts

Working in partnership with other donors, the BiH Government, parliaments, civil society, academia and the media, it is the objective of UK to support and promote reforms that will assist Bosnia and Herzegovina's Euro-Atlantic integration.

In addition to the DCF, representatives of the UK Government/British Embassy actively participate in sectoral donor co-ordination activities run by local institutions and donors, in all key sectors, but with a special emphasis on the justice and security sectors.

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

Policy approach

Regional and territorial cooperation:

United States of America will continue to strengthen Bosnia and Herzegovina judicial and law enforcement institutions for sustained and effective action against terrorism and criminal activities including narcotics, and human trafficking, money laundering, public corruption and organized crime. It will also help to rebuild trust and confidence among citizens of all ethnic backgrounds.

Competitiveness and innovation:

USAID will help to encourage private sector productivity and create investment opportunities and jobs for struggling households and entrepreneurs, including women and young people. USAID will strengthen small and medium enterprise (SME) productivity, including supporting innovative start-ups, facilitating access to credit, and reducing operational barriers to SMEs. USAID will also use funds to help public and private institutions to encourage greater investment into the country, including from the BiH diaspora, and to facilitate trade, access to finance, and private sector growth. This includes support for public policy and regulatory reform, particularly in the public financial and fiscal arenas.

Energy:

USAID's economic development programming is designed to support progress toward implementing the BiH Reform Agenda, intended to advance BiH toward EU accession. In doing so, USAID will continue to promote economically and environmentally sustainable investment in BiH's energy sector, which will in turn support broader European energy security.

Environment and climate action:

U.S. assistance in this area represents USAID's Flood Recovery Initiative. Remaining activities include assisting flood-affected communities replace small community infrastructure.

Rule of law and fundamental rights:

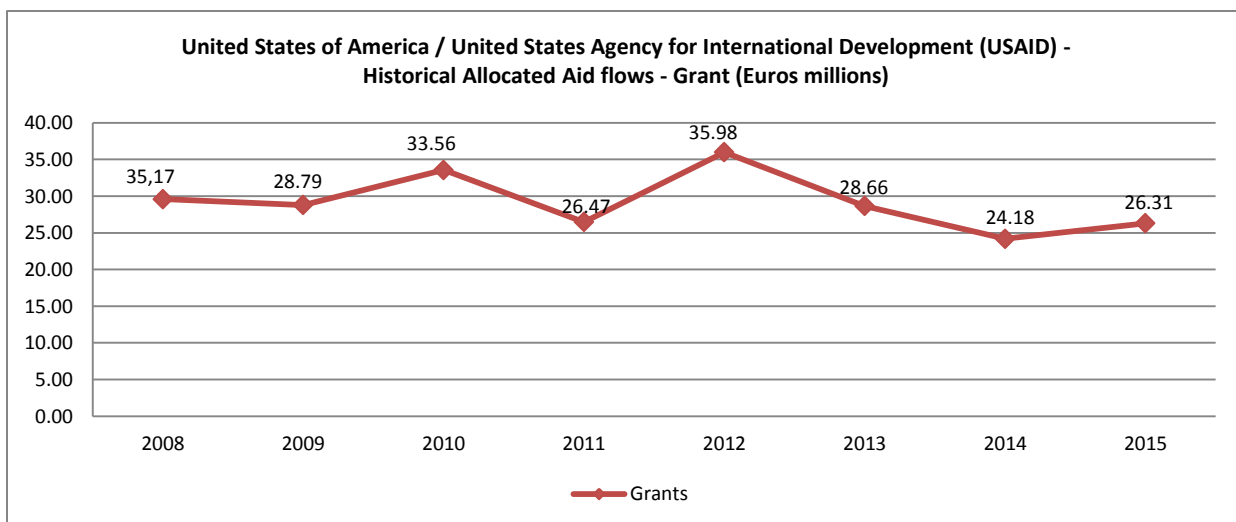
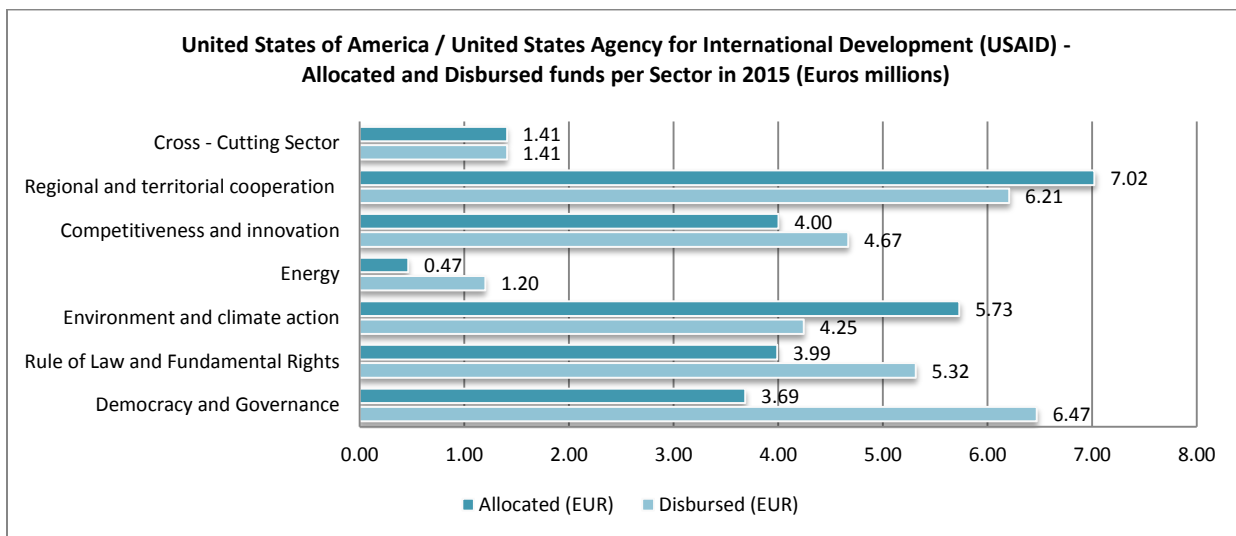
USAID will work with judicial institutions and civil society to reform the justice sector by strengthening the independence, accountability, and effectiveness of the judiciary. Assistance will be geared toward creating a better-coordinated and more unified justice system ready for EU accession and increase public confidence in the rule of law. In addition, USAID will assess, monitor, and evaluate the impact of its Rule of Law programming, and communicate this impact to the BiH public, highlighting the need for BiH authorities to address development challenges in this area, especially in difficult-to-engage communities.

Democracy and governance:

Assistance will address the widespread corruption that permeates BiH’s political system and economy. USAID will support civil society and other actors to play a stronger watchdog role, bringing public attention and supporting solutions to widespread institutional corruption. Assistance will also focus on strengthening the capacity of governing and legislative institutions to adopt, implement, and be accountable for more effective policies, laws, and budgets that address critical EU accession-related issue.

Key activities in 2015

United States of America/United States Agency for International Development (USA/USAID) **allocated €26.31 million and disbursed €29.52 million in 2015 in the form of grant** to the following sectors: Democracy and governance, Rule of law and fundamental rights, Environment and climate action, Energy, Competitiveness and innovation, Education, employment and social policies, Regional and territorial cooperation, 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 donor resources. The United States and the United States Agency for International Development (USAID) will carry out assistance programs that help the country progress toward a harmonized economic space, improved rule of law, effective and transparent government institutions with a strong civil society, and a multi-ethnic, tolerant society.

Donor coordination efforts

USG staff participate in general coordination meetings, bilateral meetings and other forums. U.S. Mission staff will continue to participate in donor coordination meetings and sector-specific meetings including civil society, local governance, rule of law and energy to avoid overlap or duplication of efforts. USAID co-funds and co-designs programs with several bilateral and multilateral donors.

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European Bank for Reconstruction and Development (EBRD)

Policy approach

The European Bank for Reconstruction and Development is an international financial institution, owned by 67 countries and two inter-governmental institutions (the European Community and the European Investment Bank).

The EBRD's objectives are to promote transition to market economies by investing mainly in the private sector, to mobilise significant foreign direct investment, to support privatisation, restructuring and better municipal services. In all of its activities, the EBRD promotes environmentally sound and sustainable development.

The EBRD's approach in addressing the complex transition challenges is based on strategies, policies and procedures. Regional diversity between the countries of operation is wide and the Bank adapts its products and sector focus so as to meet the specific market need of any particular country. Distinct country strategies are developed and followed for all countries of operation.

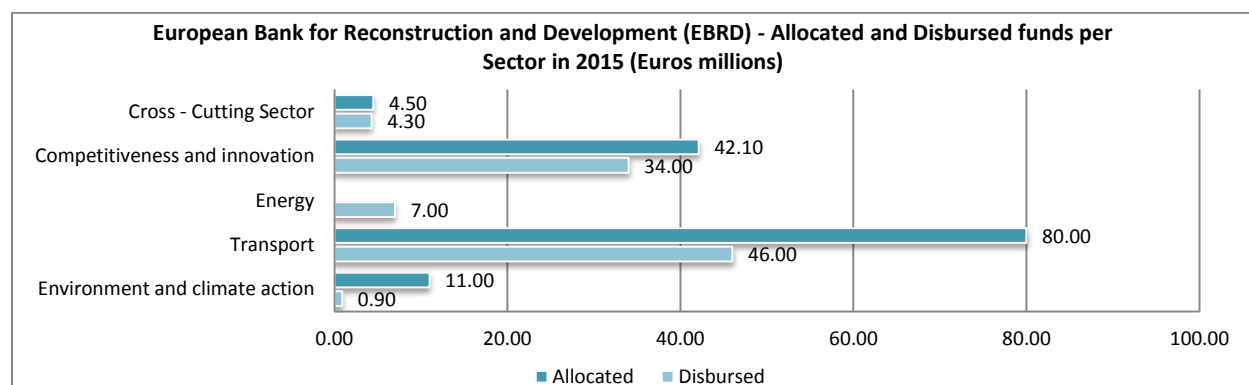
Furthermore, the Bank has its sectoral policies, which formally set out the strategy in the following sectors: agribusiness, energy, municipal and environmental infrastructure, natural resources, property, shipping, transport, telecom, informatics and media.

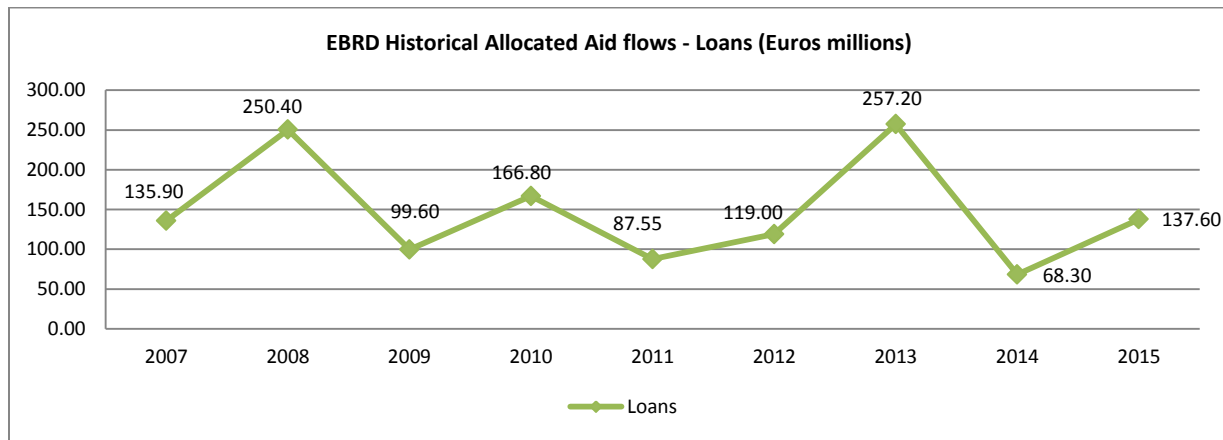
To date, the EBRD is the largest institutional investor in Bosnia and Herzegovina (BiH) with 130 projects and cumulative business volume of more than € 1.8 billion.

In 2015, the EBRD signed 12 new projects in the amount of €137.6 million, which included 10 projects in the private sector in the amount of €43.9 million and 2 projects in the public sector amounting to €91 million. The EBRD focused its efforts on support to financial and corporate sectors, and also continued with investments in key infrastructure projects, which are crucial for the country's regional integration and development. The Bank also continued with good implementation of large infrastructure projects, with disbursements reaching €92.2 million.

Key activities in 2015

The European Bank for Reconstruction and Development (EBRD) **allocated € 137.60 million and disbursed € 92.20 million in 2015 in the form of loan** to the following sectors: Environment and climate action, Transport, Energy, Competitiveness and innovation, and Cross - Cutting Sector.





Medium and long-term approach

The current three-year strategy for Bosnia and Herzegovina, approved in January 2014, sets out support of the private sector development as a priority for which improving the business environment was seen as critical.

The EBRD is focusing on the economic integration of the country within the region and will continue to closely coordinate its activities with the EU and IFI partners.

Preparations for the new three-year country strategy will start in September 2016 and it is expected that the new strategy will be approved in 2017.

Donor coordination efforts

In its activities in BiH, the EBRD will seek to align its operation with the priorities of local authorities and closely cooperate with other International Financial Institutions and donors, including the European Union, both by co-financing selected projects and by coordinating policy dialogue initiatives.

In particular, the Bank will coordinate, and if possible implement joint operations, with the European Investment Bank and The World Bank under the Reform Agenda. The Bank is also the lead IFI in the area of Business Climate and Competitiveness of the EU Reform Agenda, together with the IFC.

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European Union (EU)

Policy approach

EU assistance to Bosnia and Herzegovina (BiH) has contributed to bringing the country back on the reform path necessary to move forward in the EU integration process. A comprehensive Reform Agenda was adopted in July 2015 providing for a set of socio-economic, rule of law and public administration reforms. As part of the Reform Agenda implementation and with EU support, including policy advice and technical assistance, Bosnia and Herzegovina authorities has adopted and started to implement key strategic documents, notably as regards the judiciary, fight against corruption and organised crime.

The main strategic objective of the EU assistance remains to support BiH in its transition from a potential candidate country, to a candidate country, through to membership in the European Union. BiH submitted the membership application to EU on 15 February 2016.

Since 2007, through its national and multi-beneficiary programmes, the Instrument for Pre-Accession Assistance (IPA) addresses the political and economic requirements in the framework of the Stabilisation and Association Process (SAP) and approximation to European Standards, mainly to support Bosnia and Herzegovina in establishing regulatory systems and preparing for IPA pre-structural funds, and supports the participation in cross-border cooperation programmes with neighbouring countries and EU Member States.

To continue support for the political criteria, the EU places further emphasis on the civil society dialogue, the development of independent and professional media and the preservation of the cultural heritage. IPA assists in the fight against corruption and supports Bosnia and Herzegovina in meeting its obligations towards returnees, minorities, vulnerable groups and in implementation of the Mine Action Strategy.

Several economic indicators raise concerns, including the high unemployment rates and external imbalances. In addition, slippages in public spending create obstacles to social and economic recovery. To assist the country in complying with the economic criteria of the SAP, IPA supports stabilising the macro-economic environment and reducing and improving the quality of public spending to create a favourable business climate. The reform of the education system and of the labour market and the development of a research policy should contribute to fostering employment. Additional sectors supported under the economic requirements are trade, health, small and medium enterprises and local economic development.

So far, Bosnia and Herzegovina has made only limited progress in the approximation of its legislation and policies with the *acquis*. To assist the country in complying with the *acquis*-related requirements of the SAP, IPA supports the development and the implementation of strategies and policies to approximate to the European *acquis* in the areas of internal market, sectoral policies and justice, freedom and security. Support is also provided for the environment, quality infrastructure, customs and taxation.

BiH still benefits from the first two components of the Instrument for Pre-accession Assistance (IPA) available to BiH since 2007: component I for Transition Assistance and Institution Building and component II for Cross-Border Cooperation. Over the period 2007-2013, the EU allocated to BiH a total of €593 million.

The new generation of Instrument for Pre-accession Assistance (IPA) – IPA II 2014-2020 has been available to BiH as of August 2015, when the Framework Agreement between the EC and BiH was signed and ratified. The financial assistance under IPA II for BiH the period 2014-2017, foreseen in the Indicative Strategy Paper (ISP) for BiH amounts € 165.8 million (annual allocation amounts € 40 million on average).

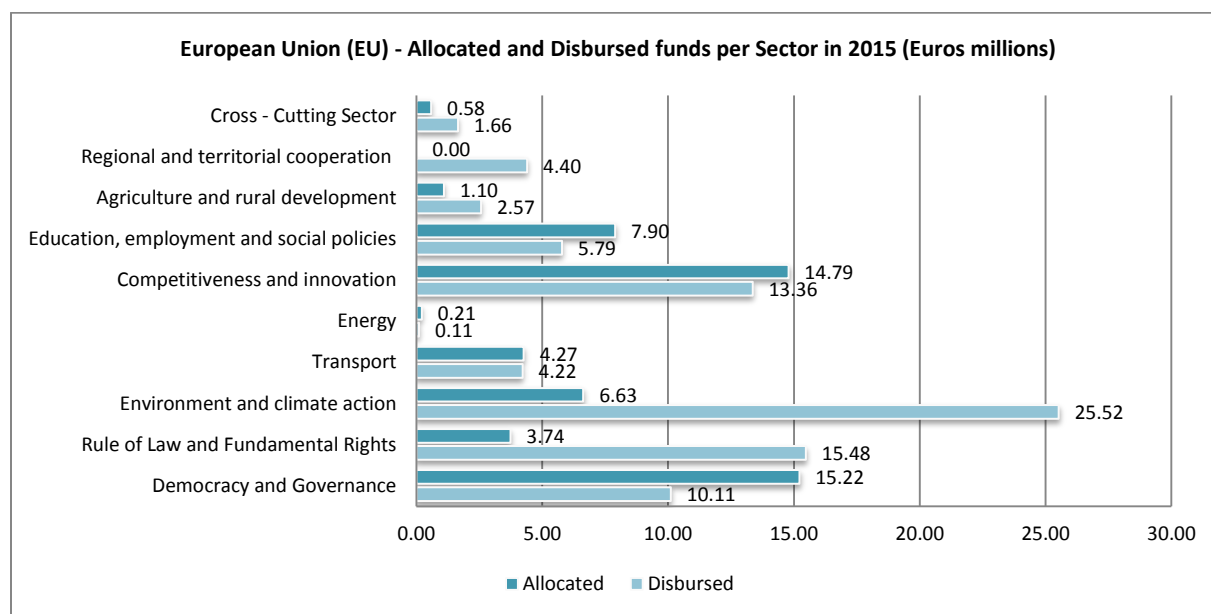
It supports four sectors:

1. Democracy and governance
2. Rule of law and fundamental rights
3. Competitiveness and innovation: local development strategies
4. Education, employment and social policy

Such a limited annual allocation of IPA II 2014-2017 funds for BiH derives from the absence of sector country wide strategies in BiH in the sectors such as transport, environment, energy and agriculture and rural development - the sectors to which greater funds are earmarked to be allocated under IPA II.

Key activities in 2015

The European Union **allocated € 54.44 million and disbursed € 83.21 million in 2015 in the form of grant** to the following sectors: 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 and Cross - Cutting Sector:





As per the above graph, it is to be noted that in 2015 the EU provided most of assistance in environment, rule of law and competitiveness sectors. The assistance mainly related to the construction and/or rehabilitation of water and waste water infrastructure, support to judicial reform, including the reduction of backlog of war crime case prosecutions and construction/rehabilitation of cantonal courts and prosecution offices across the country and fight against corruption, as well as the improvement of business infrastructure and competitiveness of SMEs. The EU also provided support to strengthening capacities of BiH institutions in various areas, such as: law enforcement, public procurement and public finance management, education, statistics, taxation and customs, civil society, mine actions as well as the support to BiH to participate in the increased number of EU Programmes.

It is important to note that during 2015, the EU Delegation continued to put an emphasis on the implementation of EU Flood Recovery Programme of the amount of €42.24 m, following the flood disaster that hit the country in spring and summer 2014. The Programme has focused to support the reconstruction of public infrastructure and housing in the flooded areas, with a special focus on vulnerable persons, and including also support for livelihood measures. The Programme has also foreseen the assistance to BiH to prepare the ground to support the reconstruction of houses destroyed by landslides. All the infrastructure related activities were successfully finished by the end of 2015.

In addition to the national programmes, BiH benefits from the IPA I Multi-beneficiary Programmes 2007-2013, which support measures of common interest in the Western Balkans and Turkey, such as infrastructure development, institution building, the implementation of the Central European Free Trade Agreement (CEFTA), fight against organised crime, environment, energy, regional trade integration and cross-border cooperation.

The multi-beneficiary programmes support areas of key importance for European integration, such as taxation and customs, statistics, public administration via the Organisation for Economic Cooperation and Development (OECD) Support for Improvement in Governance and Management (SIGMA) and horizontal support via the Technical Assistance Information Exchange Office (TAIEX). *Inter alia*, important achievements of the multi-beneficiary programmes include cooperation between regional prosecutors and mutual legal assistance between the courts, improved police cooperation, integrated border management and cooperation on migration issues.

Assistance under the Cross-Border Cooperation component is supporting BiH's participation in cooperation with its neighbours (Croatia, Montenegro and Serbia), its participation in the Adriatic IPA cross-border programme with EU Member States and other Western Balkan Countries (Albania, Montenegro and Serbia) and in the European Regional Development Fund (ERDF) transnational programmes 'South East Europe' and 'Mediterranean'.

IPA II Multi-country programmes 2014-2020 is the new generation of IPA Multi-beneficiary programmes 2007-2013. They mainly continue to support the regional structures and projects that were initiated and established under the IPA I MBP 2007-2013.

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.

To increase the impact of IPA II assistance and to give greater focus to achievable results, the EU has decided to concentrate its efforts on 4 targeted sectors. Those are included in the IPA II ISP 2014-2017 for Bosnia and Herzegovina, as mentioned under Policy approach chapter.

In medium-term period, the EU assistance will further support the strengthening of Agency for Identification Documents, Registers and Data exchange (IDDEEA) to enhance information security and e-services, public finance management, public procurement system, civil service legislation, Parliaments as well as participation of BiH in various EU Programmes under the scope of Democracy and governance sector. It will support the efforts to increase the use of alternative dispute resolution to reduce backlog of court cases and will continue to provide support to the International Commission for Missing Persons (ICMP) under the scope of Rule of law and fundamental rights. As far as the Competitiveness and innovation: local development strategies sector is concerned, the EU assistance will focus on continuation of support to local integrated development, employment and SMEs. In addition, following the flood disaster of spring and summer 2014, it will provide assistance to flood protection and flood risk/river management. The fourth sector, Education, employment and social policy has been identified as a potential sector that could include sector budget support, in particular in the area of employment, taking into account the link of education with employment and the important role employment plays in successful social inclusion.

In long-term period, EU assistance will be based on the results of Mid-term Review (MTR) of ISP that will begin with the first round of consultation with BiH stakeholders (BiH authorities, CSOs, donors, IFI's and IO's) in autumn 2016 with the aim to identify the sectors to which EU shall contribute for IPA II financial perspective 2018-2020.

The Mid-term Review is expected to be finalised and adopted by the EC in summer 2017. Depending on maturity of sectors (including, *inter alia*, availability of sector country wide strategies, the MTR could result in inclusion of more than 4 sectors that have only been covered by ISP 2014-2017. The attention is in particular directed towards transport, energy, environment and agriculture and rural development sectors that would enable BiH for greater IPA II financial allocation *per annum*.

A sector approach will facilitate cooperation among donors and beneficiaries, where possible under the lead of the national authorities, eliminating duplication of efforts and leading to greater efficiency and effectiveness. This in turn should allow all stakeholders to focus increasingly on the impact of our combined efforts. In this respect, IPA II 2014-2020 assistance has strongly prescribed the sector approach and encouraged sector budget support to be used as the aid delivery modality.

Donor coordination efforts

To increase effectiveness and efficiency in the delivery of assistance through donor coordination, the European Commission and EU Member States ensure coordination of their respective assistance programmes. This coordination is extended also to the IFIs and other non-EU donors. At state-level, coordination meetings with IFIs as well as with EU and non-EU donors are organised on a regular basis.



They focus primarily on strategic orientations and a national and regional dimension of IPA planning and programming. Additionally, coordination between the European Commission and EU Member States takes place on a regular basis in the context of the IPA Committee.

Close coordination is also maintained with the World Bank, EBRD, EIB and KfW in particular in the fields of transport, energy and environmental infrastructure, where the European Commission finances designs, studies, works and technically assists in helping to meet the conditions for investment by the IFIs. In addition, the 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 donors 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, return, gender, human rights, social protection and education, civil society and many others. The coordination mechanisms described above ensure that EU assistance and the assistance of other donors produce synergies and are, as much as possible, complementary.

The EU Delegation also supports local institutions, such as the Directorate for European Integration and the BiH Ministry of Finance and Treasury, in their donor coordination efforts.

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European Investment Bank (EIB)

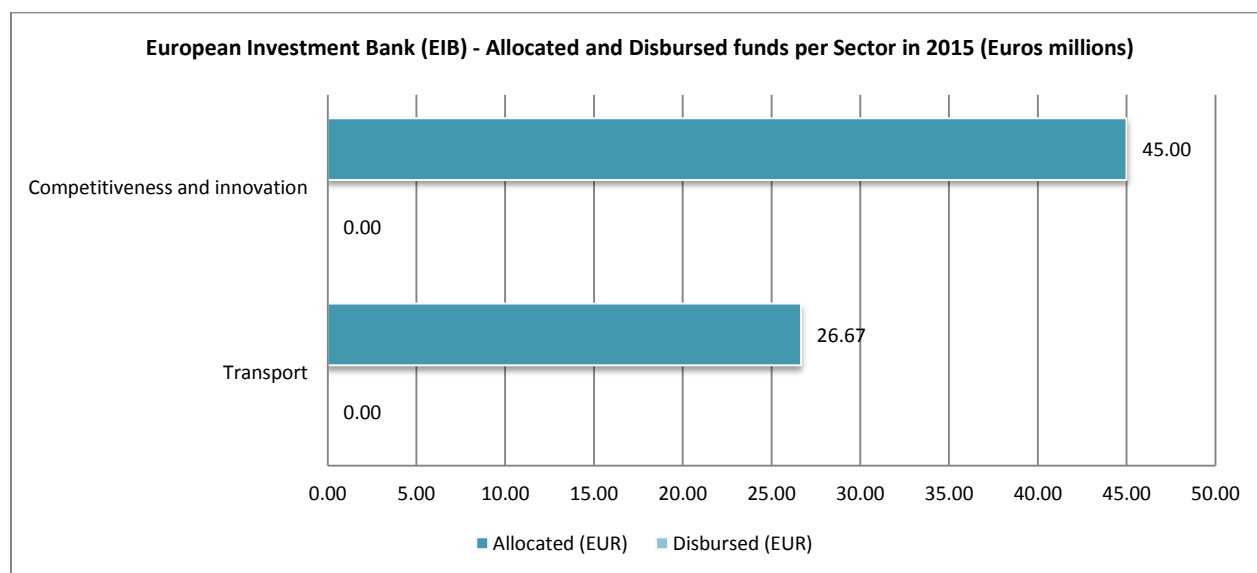
Policy approach

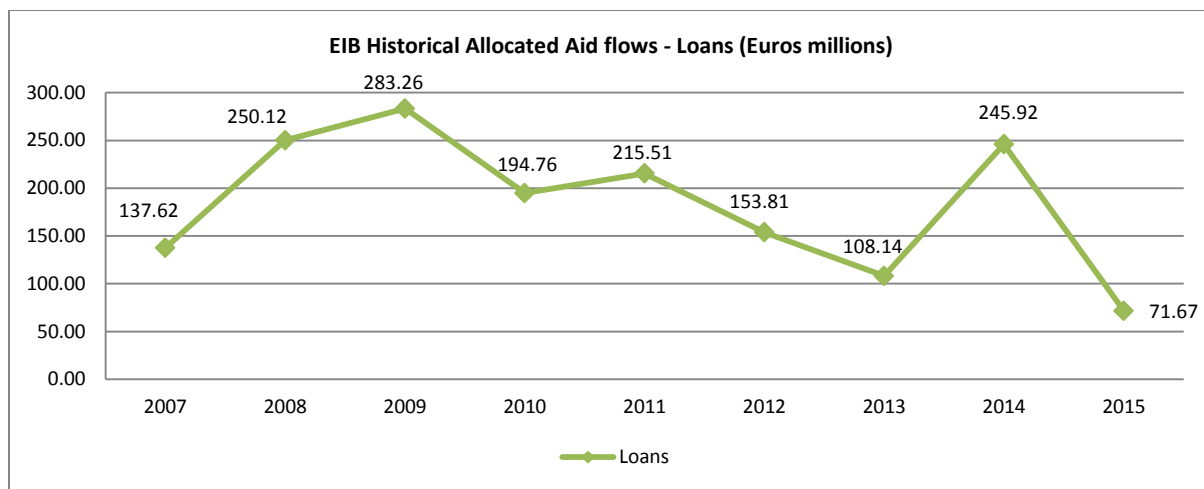
The European Investment Bank is the long-term financing institution of the European Union. The task of the Bank is to contribute towards the integration, balanced development and economic and social cohesion of the EU Member States. The EIB raises substantial volumes of funds on the capital markets, which it lends on favourable terms to projects furthering EU policy objectives. The EIB continuously adapts its activities to developments in EU policies. The operational plan 2012-2014 responds to an environment in which Europe has the difficult task of addressing the impact of the economic crisis while accelerating its transition to a smarter, greener and sustainable economy.

The EIB has been active in the Western Balkans since 1977 and today it is one of the largest international financiers in the region. In December 2009, the EIB launched, together with the European Commission, the Council of Europe Development Bank and the European Bank for Reconstruction and Development, the Western Balkans Investment Framework (WBIF) as a joint grant facility and a joint lending facility for priority investments in the region. The objective is to simplify access to credit by pooling and coordinating different sources of finance and technical assistance.

Key activities in 2015

European Investment Bank (EIB) **allocated € 71.67 million and disbursed € 0.00 million in 2015 in the form of loan** to the following sectors: Transport, Competitiveness and innovation.





Donor coordination efforts

The EIB co-finances major projects in the region with other IFIs, particularly the EBRD, the World Bank and the Council of Europe Development Bank, as well as other bilateral donors. The EIB also continues its close cooperation with the EC and the European Agency for Reconstruction in order to prepare and co-finance projects with EU budgetary contribution provided by the new EU Instrumental for Pre-Accession Assistance.

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United Nations Children's Fund (UNICEF)

Policy approach

Education, employment and social policies:

UNICEF is focused on supporting strategy development and services for the most vulnerable in areas of health, education, child protection and social protection and inclusion. In particular, UNICEF works with Government authorities and civil society to develop and implement inclusive policies and strategies to improve child health and ECD services, integrate services across sectors and address gaps affecting marginalized children and families; implement immunization action plans; and develop capacities to improve the nutrition.

In education Sector, UNICEF works with all partners to support education ministries, municipalities and CSOs to implement policies and strategies that raise the quality of basic education through institutional capacity building and developing standards for school readiness. In the area of pre-school education, UNICEF has been mobilizing partners about the importance of early learning, developing standards and capacities, and supporting pre-school programmes at the local level. Several projects are aimed at promoting inclusive and inter-cultural education. The programmes have also been empowering young people through activities at the local level, and efforts are being made to strengthen linkages between the education Sector and the labour market.

UNICEF also focuses on strengthening protection systems through decentralized inclusive services and referral mechanisms. Interventions seek to protect children and women from violence, maintain children with their families and promote alternatives to institutionalization and detention. UNICEF addresses gaps in institutional capacity for evidence-based policy design, implementation and planning at various governmental levels in BiH. It supports social sector reform, the formulation of policies and budgets, and targeting vulnerable and socially excluded children, based on quantitative and qualitative analysis of disaggregated data and policy reviews across all social sectors.

Environment and climate action:

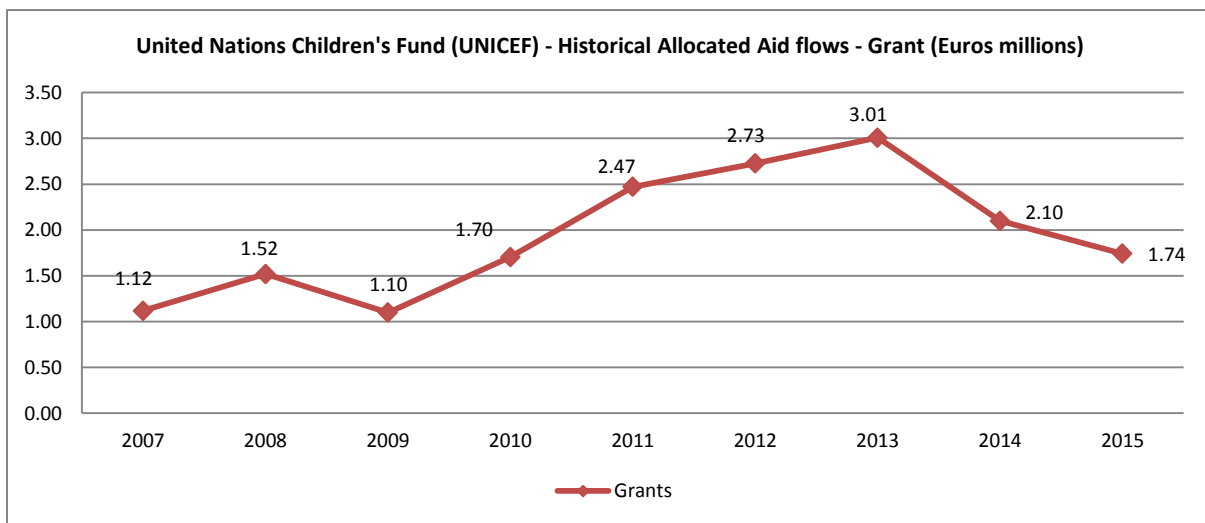
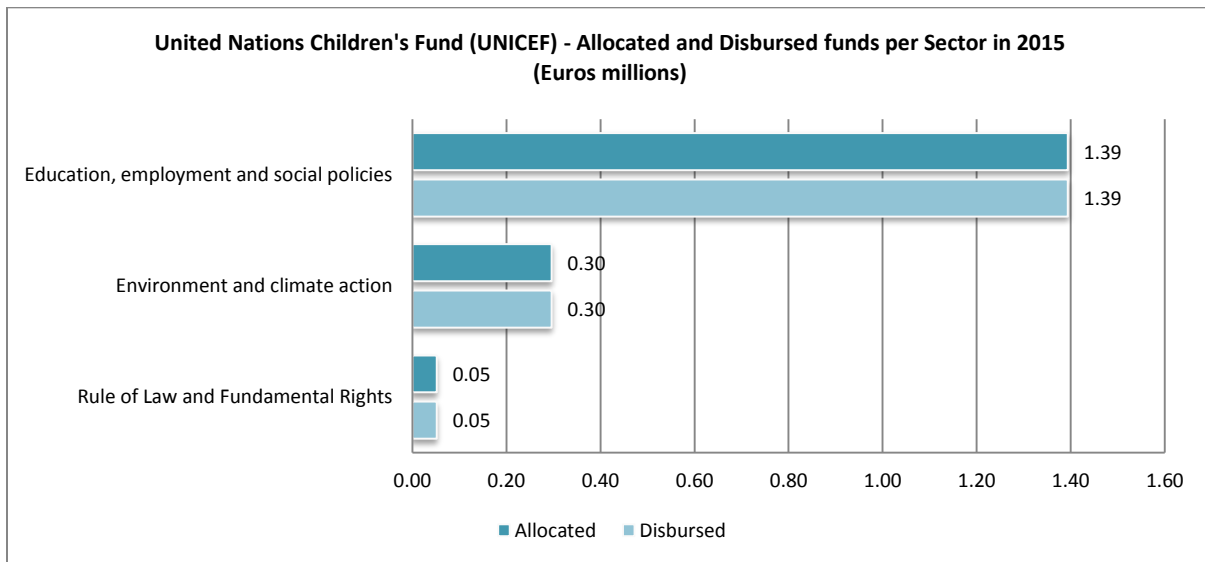
UNICEF has been focusing its efforts on recovery phase after floods, disaster risk reduction and enhancing the local social protection systems to build resilience of vulnerable children and families in flood affected municipalities in BiH.

Rule of law and fundamental rights:

UNICEF's activities in this area are aimed at strengthening legal, policy and social environment for secondary and tertiary prevention measures for children at risk and juveniles in conflict with the law and increasing access to efficient support and protection services to child victims/witnesses and children in civil proceedings.

Key activities in 2015

United Nations Children's Fund (UNICEF) **allocated € 1.74 million and disbursed € 1.74 million in 2015 in the form of grant** to the following sectors: Rule of law and fundamental rights, Environment and climate action, Education, employment and social policies.



Medium and long-term approach

Over the next four years, UNICEF will continue to use evidence based strategic interventions to support BiH's effort to accelerate the universal realization of child rights by fostering greater inclusion of all children, especially of the most vulnerable, children with disabilities, children of minorities, children living in poverty.

The areas of focus will continue to be in child rights monitoring, social protection and inclusion, child protection and justice for children, inclusive quality education and young child well-being.

In terms of cross cutting strategies, disaster risk reduction remains UNICEF's priority and is mainstreamed across all programme areas.

Donor coordination efforts

UNICEF is a member of the UNCT and as part of delivering as one modality. Two years joint work plans have been developed by UN sister agencies. UNICEF is a chair of the social inclusion as well as the monitoring and evaluation results group. UNICEF is closely coordinating with EU, Sweden/SIDA and Switzerland/SDC on management and implementation of current projects, but also on strategic directions and interventions in relevant areas.

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United Nations Development Program (UNDP)

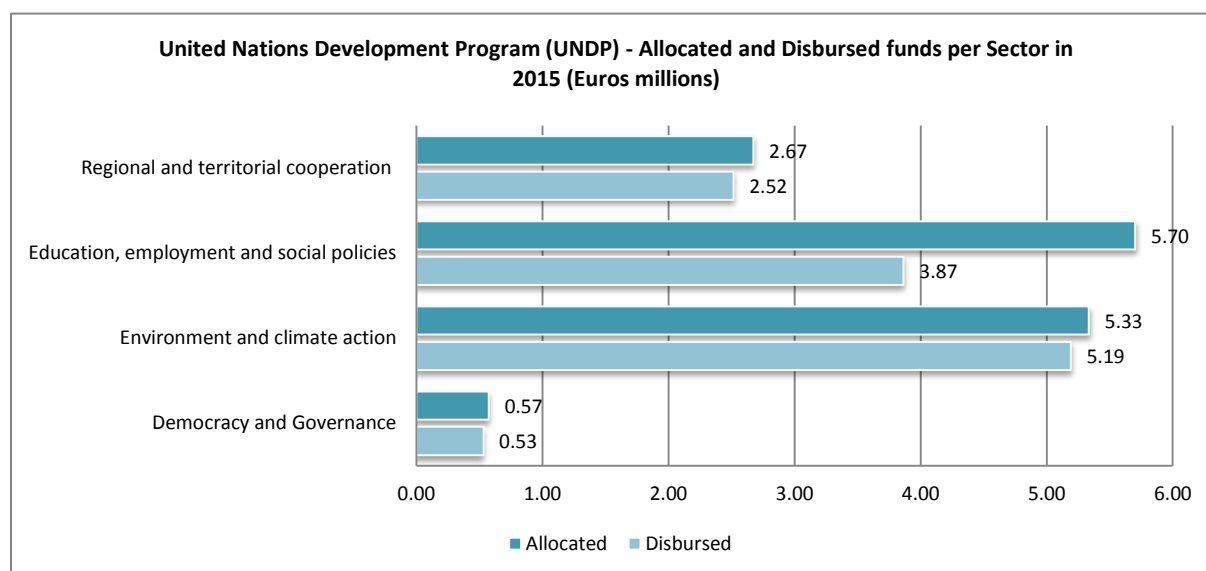
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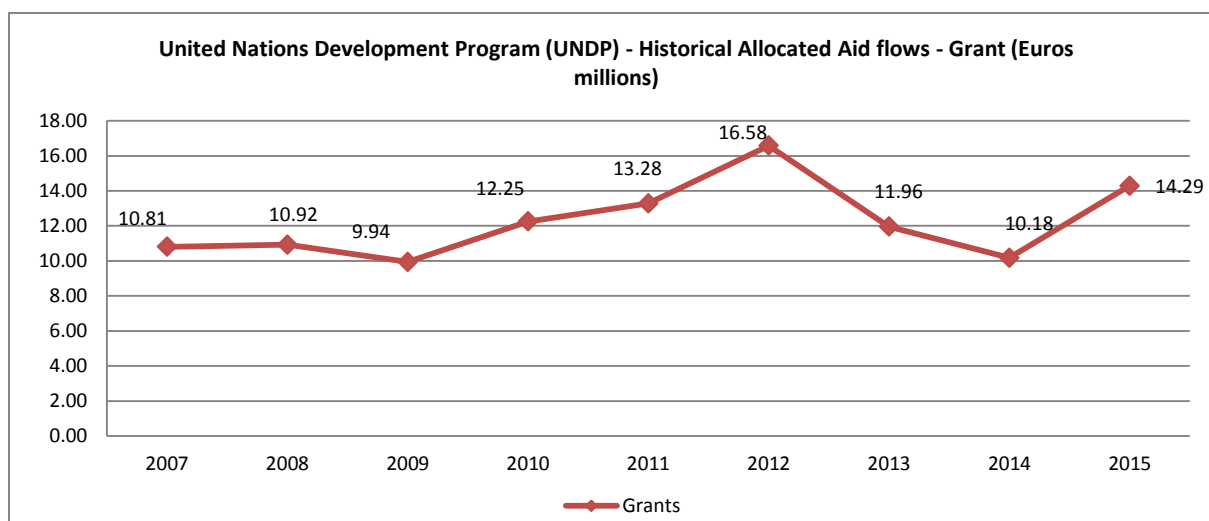
In the period ahead, UNDP will continue to work at the policy level and implement grass-root initiatives, the greatest value added being that UNDP is one of the few actors in the country that can strengthen connectivity between the two – turning projects into policies and policies into actions. Using its competitive advantage – political neutrality and impartiality – UNDP will facilitate intergovernmental cooperation and will lead through innovation. Moreover, UNDP will leverage grass-roots reform pressure by subnational governments and scale up local initiatives to support needed national policy reforms, and drive change that is guided not by political considerations, but by citizens’ needs.

High unemployment, poverty and the devastating flood consequences require even sharper focus on economic governance and livelihoods. The common priorities mainstreamed across work areas are: governance, better access to and quality of public services, and employment. As its focus, UNDP will support policy frameworks which help Bosnia and Herzegovina on its way towards the European Union.

Key activities in 2015

United Nations Development Programme (UNDP) **allocated € 14.29 million and disbursed € 12.11 million in 2015 in the form of grant** to the following sectors: Democracy and governance, Environment and climate action, Education, employment and social policies, Regional and territorial cooperation.





Medium and long-term approach

UNDP’s priorities in the medium-term will continue to be guided by country priorities, the *United Nations Development Assistance Framework 2015-2019* and the *Country Programme Document 2015-2019*. UNDP will continue to support Bosnia and Herzegovina on its path to the European Union, specifically in the areas of energy, environment, justice and security, and rural development and agriculture. Reinforced attention will be placed on supporting Bosnia and Herzegovina to operationalise and institutionalise the Sustainable Development Goals and the Agenda 2030.

UNDP will continue its work in the area of **local governance and local development**. Main focuses for the period ahead include: phasing-out assistance to sub-national planning systems; support to municipal performance management; advancing public service delivery and infrastructure. Citizen participation and community engagement will also be in the spotlight: by working in more than 100 local communities, UNDP will strengthen human, technical and operational capacities of *mjesne zajednice*/local communities, so they become democratic spaces. Local economic development, private sector support and job creation will also continue to be prevailing development priorities.

UNDP will continue to focus on **energy management**, including through support to the entity Environmental Funds, investments in energy efficiency measures in the public sector buildings, as well as through further support to both entity Energy Efficiency Revolving Funds, aiming to support SMEs and public institutions to implement energy efficiency interventions. UNDP will further assist Bosnia and Herzegovina to meet policy and international obligations, by assisting the adoption of the Third National Communication, development of the Fourth National Communication in accordance with United Nations Framework Convention for Climate Change. Further support will be provided in introduction and compliance with sound **man-made and natural disaster risk reduction** operational frameworks. Focus will be also on implementing adaptation initiatives aiming to strengthen climate risk management policies.

Support will be offered in the areas of **human security and access to justice** focusing on reduction of surplus ammunition and remnants of war (including mine-action) and enhancing governments' capacities aligned with exit strategy. UNDP will respond to Government request to assist in the implementation of strategy for Prevention and Countering Terrorism. UNDP will also continue its effective partnership with the Ministry of Security of Bosnia and Herzegovina specifically in regard to the design of the Integrated Border Management Strategy and its 2016-2018 Action Plan, as well as the Strategy for Control of Small Arms and Light Weapons of BiH. UNDP will also support resolution of war crime cases through enhancing regional cooperation among Western Balkan countries' war crime prosecutors. A new **human rights** intervention is being finalized with focus on capacity building for human rights institutions.

Donor coordination efforts

Since 2012, UNDP, together with the Swiss Cooperation is co-chairing the Local Government/Local Development Donor Coordination Group established as a sector-specific coordination mechanism. Members of the Local Government/Local Development Donor Coordination Group are the Delegation of the European Union to Bosnia and Herzegovina, the Embassy of Sweden/Swedish Cooperation; the Embassy of the Netherlands, the GIZ, the USAID, OSCE and the Council of Europe.

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The World Bank

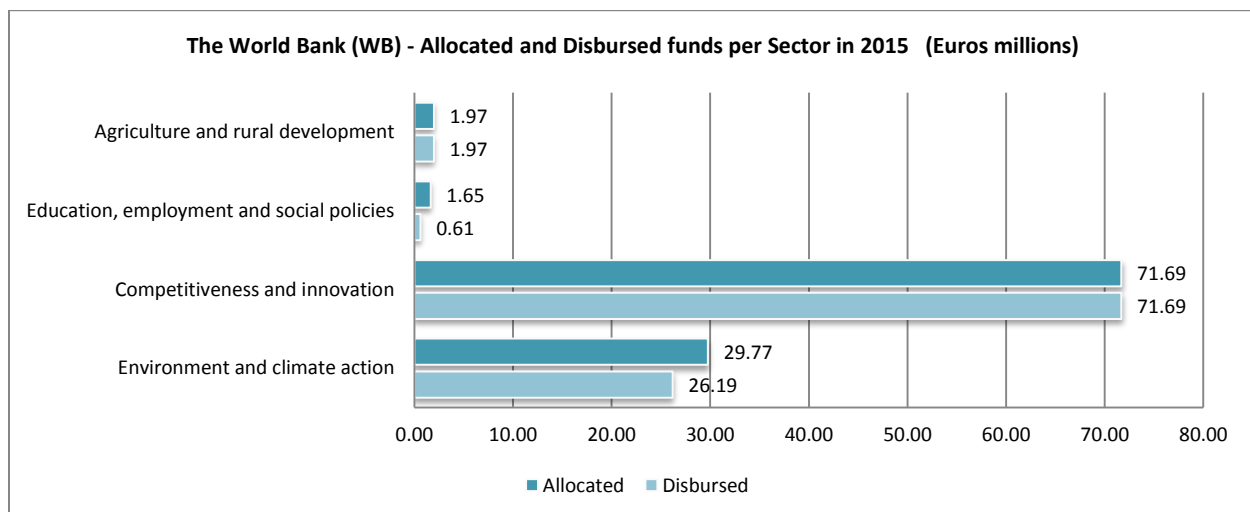
Policy approach

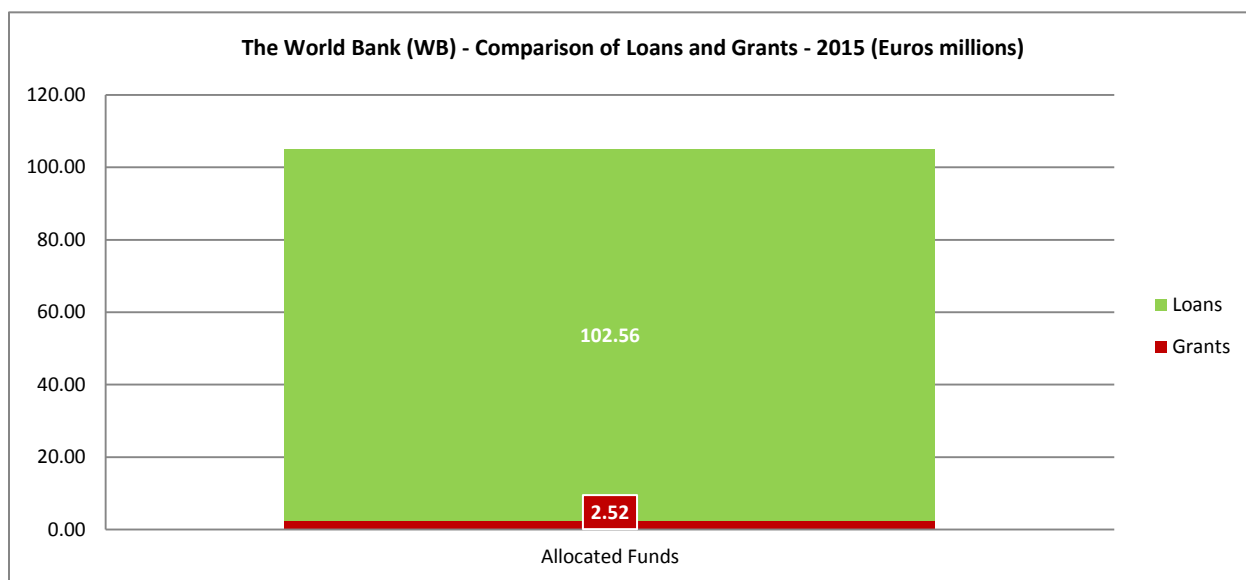
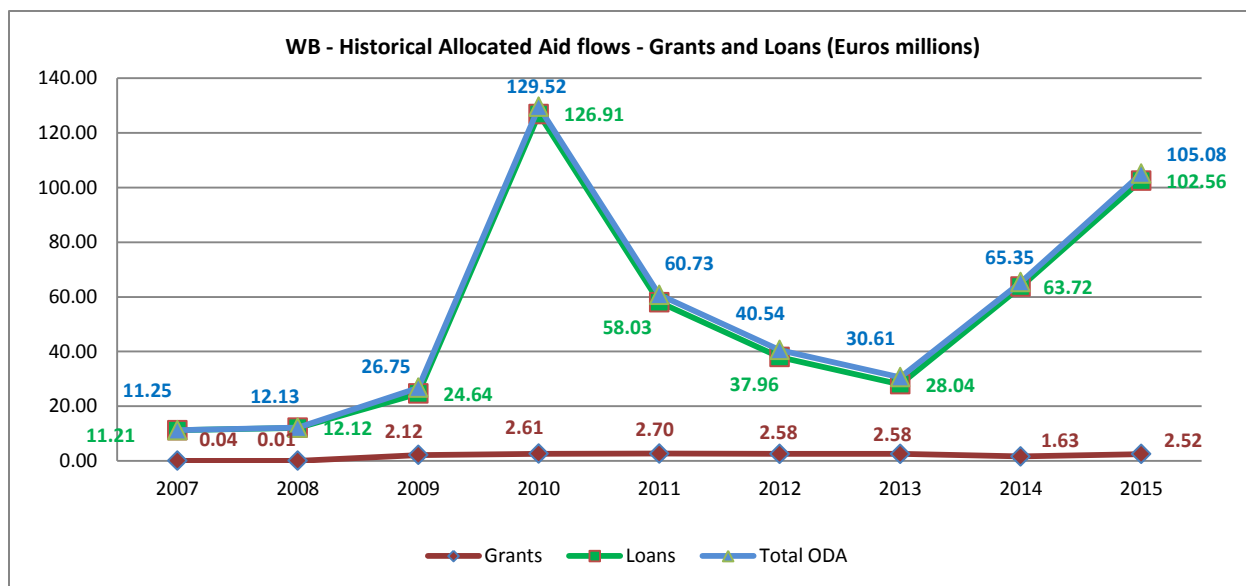
After a successful partnership in BiH during the period of post-conflict reconstruction, the World Bank Group remains committed to continued partnership with BiH authorities in addressing country's current economic and social challenges. In particular, the new Country Partnership Strategy of the World Bank Group for the period 2012-2015 envisages support around three mutually reinforcing pillars:

- **Competitiveness:** support economic growth by tackling some of the bottlenecks to competitiveness and faster productivity growth (support for macroeconomic stability, investments in irrigation, land registration, regional transport, and through stimulating SMEs access to capital);
- **Social inclusion:** continue to support improvement in living standards, including expanding access to primary health care, as well as to basic services, and support reforms of social assistance programs to target benefits to the truly vulnerable, and strengthen pension system;
- **Environmental sustainability:** support projects to help ensure the sustainable use of natural resources, such as water and forestry, with which BiH is extravagantly endowed, and prepare for growing risk of floods and droughts.

Key activities in 2015

The World Bank (WB) **allocated € 105.08 million and disbursed € 100.46 million in 2015 in the form of grant and loan** to the following sectors: Environment and climate action, Competitiveness and innovation, Education, employment and social policies, Agriculture and rural development.





Medium and long-term approach

In December 2015, the World Bank Groups' Board of Executive Directors endorsed the new *Country Partnership Framework for 2016-2020* to support faster implementation of reforms in Bosnia and Herzegovina. To design this new strategy, WB first carried out a systematic diagnostic analysis to clarify the challenges that BiH is facing on the road to growth and prosperity, and to identify possible solutions to these challenges. WB consulted with all levels of government, as well as other groups of BiH society such as the private sector, academia and civil society, and representatives of international development organizations, to ensure that the diagnostic is accurate, and that proposed priorities make sense. The main conclusion of the diagnostic is that BiH can attain sustainable growth that will benefit broad groups



of society only if it makes decisive steps to make the public sector leaner and more efficient, and unleash the growth and job creating potential of the private sector.

Through the strategic framework the World Bank Group will support reforms in three areas: (1) increasing public sector efficiency and effectiveness; (2) creating conditions for accelerated private sector growth; and (3) building resilience to natural shocks. The framework includes a cross-cutting theme of inclusion that will inform the choice and design of specific interventions under the strategy, to ensure that reforms are socially sustainable, and that vulnerable groups are not left behind as new opportunities open.

The framework envisions around US\$ 750 million of new lending from the World Bank in the next four years, depending on the scope and pace of reform implementation.

Donor coordination efforts

Besides participating in the DCF meetings, the World Bank participates in several sector level donor coordination efforts. The World Bank also has periodic coordination meetings with the international financial organizations active in Bosnia and Herzegovina as well as with other development partners, in order to maximize development outcomes of different programs through better coordination and partnership.

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International Finance Corporation (IFC)

Bosnia and Herzegovina

Political 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 investment in Bosnia and Herzegovina totalled € 345.5 million, including € 20.1 million mobilized from its partners, in 44 projects across a variety of sectors. In addition, IFC has supported trade flows of € 4.27 million through its trade finance program.

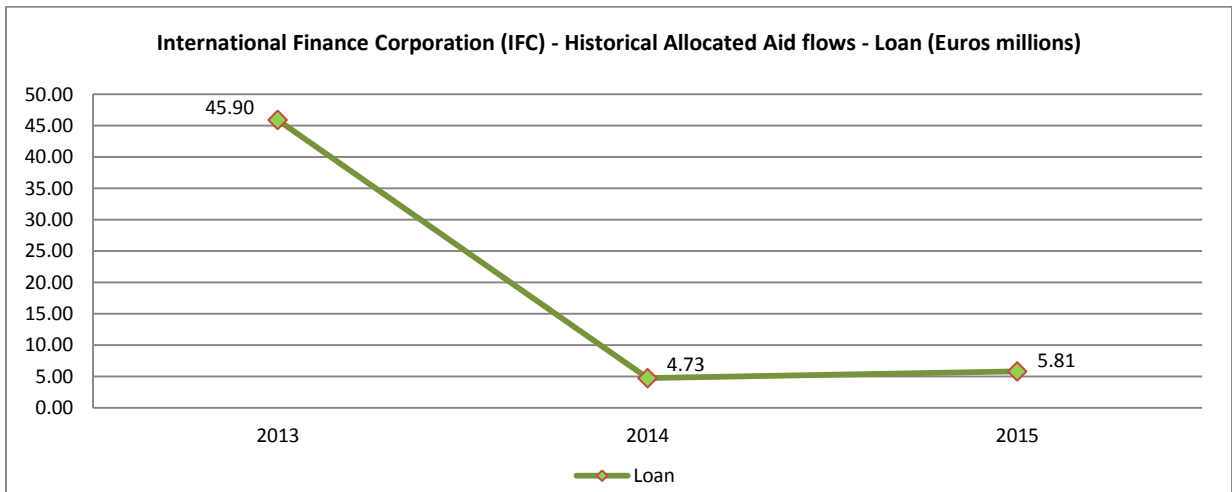
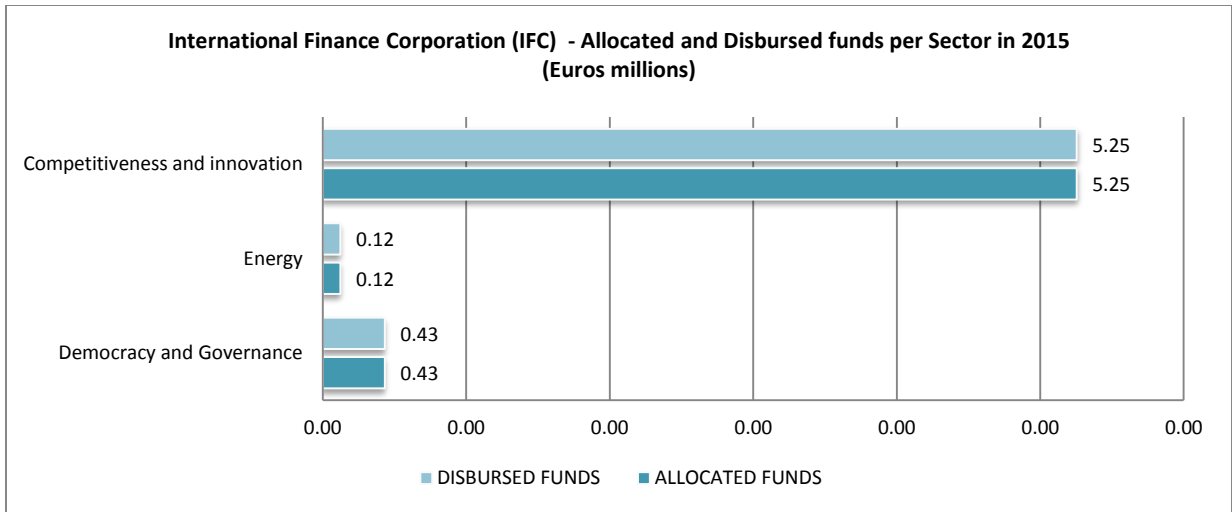
IFC strategy in Bosnia and Herzegovina focuses on the following priorities:

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, with particular focus on:

- Financial sector with a special emphasis on small and medium enterprises and energy efficiency lending
- Climate change including investments in infrastructure and energy sectors
- Agribusiness with an emphasis on food retail and manufacturing
- Value-added manufacturing
- Business infrastructure with a focus on logistics and distribution
- Sub-national finance with a focus on municipal infrastructure and waste management
- Health and education

Key activities in 2015

International Finance Corporation (IFC) **allocated € 5.81 million and disbursed € 5.81 million in 2015 in the form of loan** to the following sectors: Democracy and governance, Energy and Competitiveness and innovation.



In fiscal year 2015, IFC invested € 5.81 million in Bosnia and Herzegovina. IFC is focusing its investments services on increasing access to finance by supporting the development of local financial institutions, especially ones that concentrate on micro, small, and medium enterprises. IFC has also invested in the country’s health sector, municipal infrastructure, agribusiness, construction, and general manufacturing. Through the joint GPs and independently, IFC advisory services aim to improve the investment climate, performance of private sector companies, access to finance, and to attract private sector participation in development of infrastructure projects.

In 2015 IFC allocated and disbursed a total amount of € 5.81 million in Private Sector Development in the form of loans, while its committed portfolio stood at € 79.54 million (17% in the Financial Markets and 83% in the Manufacturing, Agribusiness and Services). Additionally, total IFC funding for advisory support to Private Sector Development resulted in following outcomes:

- Reducing the cost and time required for approval and compliance with business administrative procedures for licenses; improving regulatory reform and establishing a

transparent Registry for businesses and general public; implementing/monitoring of FDI registration procedures.

- Improving corporate governance standards; building local capacity to provide corporate governance advisory services.
- Developing the renewable energy market, with a special emphasis on small hydro power plants (SHPP).
- Simplifying tax administration procedures to reduce tax compliance costs; improving the legal framework and efficiency of administration of international taxation procedures, with a focus on transfer pricing and double taxation treaties.
- Reducing the number of documents and days needed for goods to be exported and imported; streamlining procedures for the flow of cargo by road, air, and river.
- Providing advice on designing and implementing PPP transactions to national and municipal governments to improve infrastructure and access to basic services such as water, power, health and education.
- Addressing the over-indebtedness of micro entrepreneurs by supporting the operations of the Debt Advice Center.

Donor coordination efforts

IFC in Bosnia and Herzegovina operates as part of the World Bank Group; as such, IFC aligns its operations and mandate with the joint strategies endorsed by the BH authorities. In addition, IFC has periodic coordination meetings with the international financial organisations and bilateral donors active in Bosnia and Herzegovina, as well as with other development partners through co-financing arrangements, policy dialogue initiatives or direct project implementation in order to maximize development outcomes of different programs through better coordination and partnership.

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Donor Mapping Report 2015 was prepared by the Ministry of Finance and Treasury /Sector for Coordination of the International Economic Aid, in cooperation with representatives of institutions of Bosnia and Herzegovina and donors in BiH, members of Donor Coordination Forum (DCF).

The Report is focused on activities and financial portfolios of DCF members and therefore it does not include the activities of all donors in Bosnia and Herzegovina.

Information and statistical data presented in the Report are based on financial data of projects/programmes, entered by DCF members into DCF database, as well as on the responses to the questionnaires, delivered by the institutions of Bosnia and Herzegovina and donors in BiH. Although financial data as well as the narrative part were verified by the participants in the preparation of the Report, there is still a possibility of error(s).

Also, due to the fact that the DMD database currently technically does not support the new sector classification, historical overview of total ODA funds per sector will be included into DMR reports as soon as the technical requirements are acquired.

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