




Bosnia and Herzegovina  
Ministry of Finance and Treasury

A decorative graphic consisting of a 4x3 grid of squares. Each square contains a smaller, slightly offset square within it, creating a layered effect. The colors of the squares and their inner layers vary, including shades of red, blue, yellow, green, orange, and purple. The central square of the grid is light blue and contains the title text.

**DONOR  
MAPPING  
REPORT  
2016**

Donor Coordination Forum

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<b>ACIPS</b>	Association Alumni of the Centre for Interdisciplinary Postgraduate Studies
<b>ADC</b>	Austrian Development Cooperation
<b>APOSO</b>	Agency for Pre-school, Primary and Secondary Education
<b>BATA</b>	Institute for Accreditation of Bosnia and Herzegovina
<b>BDBiH</b>	Brcko District BiH
<b>BHMAC</b>	BiH Mine Action Centre
<b>BiH</b>	Bosnia and Herzegovina
<b>BHDCA</b>	BiH Directorate of Civil Aviation
<b>CARDS</b>	Community Assistance for Reconstruction, Development and Stabilization
<b>CCI</b>	Centres for Civil Initiatives
<b>CCSP</b>	Center for Civil Society Promotion
<b>CDS</b>	Country Development Strategy
<b>CEB</b>	Council of Europe Development Bank
<b>CEDAW</b>	Committee on the Elimination of Discrimination Against Women
<b>CEE</b>	Central and Eastern Europe
<b>CEEN</b>	Central and Eastern European Network
<b>CEFTA</b>	Central European Free Trade Agreement
<b>CHU</b>	Central Harmonisation Units
<b>CIP</b>	Centre for Information and Recognition of Documents in the Area of Higher Education
<b>CoE</b>	Council of Europe
<b>CoEM</b>	Conference of Ministers of Education
<b>CoM</b>	Council of Ministers
<b>CRA</b>	Communications Regulatory Agency
<b>CREDO</b>	Competitive Regional Economic Development
<b>CRS</b>	Catholic Relief Services
<b>CS</b>	Civil Society
<b>CSOs</b>	Civil Society Organisations
<b>DAC</b>	Development Assistance Committee
<b>DCF</b>	Donor Coordination Forum
<b>DEI</b>	Directorate for European Integration
<b>DEMA</b>	Danish Emergency Management Agency
<b>DEP</b>	Directorate for Economic Planning
<b>DFID</b>	UK Department for International Development
<b>DIA</b>	Deposit Insurance Agency of Bosnia and Herzegovina
<b>DIS</b>	Decentralised Implementation System
<b>DRG</b>	Diagnosis Related Groups
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EC</b>	European Commission
<b>ECD</b>	Early Childhood Development
<b>ECSEE</b>	Energy Community of South East Europe
<b>EEC</b>	European Energy Community
<b>EFSE</b>	European Fund for South East Europe
<b>EIB</b>	European Investment Bank
<b>EQF</b>	European Qualifications Framework for Lifelong Learning
<b>ERDF</b>	European Regional Development Fund
<b>ETF</b>	European Training Foundation
<b>EU</b>	European Union
<b>EUD</b>	Delegation of the European Union to BiH
<b>EUFOR</b>	European Union Forces
<b>EUROST</b>	Statistical Office of the European Communities
<b>FAO</b>	Food and Agriculture Organisation
<b>FBiH</b>	Federation of Bosnia and Herzegovina
<b>FDIs</b>	Foreign Direct Investments
<b>FIGAP</b>	Funding Mechanism for the Implementation of the Gender Action Plan of BiH
<b>FARMA</b>	Fostering Agricultural Markets Activity
<b>FCO</b>	Foreign and Commonwealth Office
<b>FIRMA</b>	Fostering Interventions for Rapid Market Advancement
<b>FRONTEX</b>	European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union
<b>GAVI</b>	Global Alliance for Vaccines and Immunization
<b>GDP</b>	Gross Domestic Product
<b>GEF</b>	Global Environmental Facility
<b>GFATM</b>	Global Fund to Fight Aids, Tuberculosis and Malaria
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit
<b>GNI</b>	Gross National Income
<b>GOLD</b>	Growth Oriented Local Development
<b>HEA</b>	Agency for Development of Higher Education and Quality Assurance
<b>HJPC</b>	High Judicial and Prosecutorial Council
<b>IBM</b>	Integrated Border Management
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>IC</b>	Italian Cooperation
<b>ICAO</b>	International Civil Aviation Organization
<b>ICMP</b>	International Commission on Missing Persons
<b>ICT</b>	Information and Communication Technology
<b>IDA</b>	International Development Association
<b>ICTY</b>	International Criminal Tribunal for the Former Yugoslavia
<b>IFC</b>	International Finance Corporation
<b>IFAD</b>	International Fund for Agricultural Development
<b>IFIs</b>	International Financial Institutions
<b>ILO</b>	International Labour Organisation
<b>IMAP</b>	Integrated Mine Action Programme
<b>IMF</b>	International Monetary Fund
<b>INTERPO</b>	International Police Organisation
<b>IOM</b>	International Organisation for Migration
<b>IPA</b>	Instrument for Pre-accession Assistance
<b>IPARD</b>	Instrument for Pre-accession Assistance for Rural Development
<b>IT</b>	Information Technology
<b>ITF</b>	International Trust Fund for Demining and Mine Victims

<b>JICA</b>	Japan International Cooperation Agency	<b>SEE</b>	South-East Europe
<b>JSRS</b>	Justice Sector Reform Strategy	<b>SEECCL</b>	SE Europe Centre for Entrepreneurial Learning
<b>KfW</b>	Kreditanstalt für Wiederaufbau	<b>SEETO</b>	South East Europe Transport Observatory
<b>KM</b>	Convertible Mark	<b>SERC</b>	State Electricity Regulatory Commission
<b>LEAP</b>	Local Environmental Action Plan	<b>SEPKA</b>	Southeast Europe Police Chiefs Association
<b>MAP</b>	Membership Action Plan	<b>Sida</b>	Swedish Int. Development Cooperation Agency
<b>MDGs</b>	Millennium Development Goals	<b>SIPA</b>	State Investigation and Protection Agency
<b>MEASURE</b>	Monitoring and Evaluation Support Activity Project	<b>SIPPO</b>	Swiss Import Promotion Programme
<b>MIPD</b>	Multi-Annual Indicative Planning Document	<b>SIS</b>	Social Inclusion Strategy
<b>MoCA</b>	Ministry of Civil Affairs	<b>SMEs</b>	Small and Medium-Sized Enterprises
<b>MoCT</b>	Ministry of Communications and Transport	<b>SPPD</b>	Strategic Planning and Policy Development
<b>MoD</b>	Ministry of Defence	<b>SSPACEI</b>	Sector for Strategic Planning, Aid Coordination and European Integration
<b>MoFT</b>	Ministry of Finance and Treasury	<b>TA</b>	Technical Assistance
<b>MoFTER</b>	Ministry of Foreign Trade and Economic Relations	<b>TAIEX</b>	Technical Assistance Information Exchange Office
<b>MHRR</b>	Ministry for Human Rights and Refugees	<b>TIR</b>	Transports Internationaux Routiers
<b>MoJ</b>	Ministry of Justice	<b>UIC</b>	International Union of Railways
<b>MoS</b>	Ministry of Security	<b>UK</b>	United Kingdom
<b>MoU</b>	Memorandum of Understanding	<b>UN</b>	United Nations
<b>MSME</b>	Micro, Small and Medium Enterprises	<b>UNCT</b>	UN Country Team
<b>MTS</b>	Municipal Training System	<b>UNDAF</b>	United Nations Development Assistance Framework
<b>NATO</b>	North Atlantic Treaty Organisation	<b>UNDP</b>	United Nations Development Programme
<b>NEAP</b>	National Environmental Action Plan	<b>UNEP</b>	United Nations Environmental Programme
<b>NERDA</b>	Northeast Regional Development Association	<b>UNESCO</b>	United Nations Educational, Cultural and Scientific Organisation
<b>NGOs</b>	Non-Governmental Organisations	<b>UNFCCC</b>	UN Framework Convention on Climate Changes
<b>ODA</b>	Official Development Assistance	<b>UNFPA</b>	United Nations Population Fund
<b>OECD</b>	Organisation for Economic Cooperation and Development	<b>UNICEF</b>	United Nations Children's Fund
<b>OFID</b>	The OPEC Fund for International Development	<b>UNIDO</b>	United Nations Industrial Development Organisation
<b>OHR</b>	Office of the High Representative and EU Special Representative	<b>UNIFEM</b>	United Nations Development Fund for Women
<b>ORF</b>	Open Regional Fund	<b>UNIFEM CEE</b>	United Nations Development Fund for Women Office for Central and Eastern Europe
<b>OSA</b>	Intelligence Security Agency	<b>UNSCR</b>	United Nations Security Council Resolution
<b>OSCE</b>	Organization for Security and Cooperation in Europe	<b>UNV</b>	United Nations Volunteers
<b>PAR</b>	Public Administration Reform	<b>UWWT</b>	Urban Waste Water Treatment
<b>PARCO</b>	Public Administration Reform Coordinator's Office	<b>USA</b>	United States of America
<b>PFM</b>	Public Financial Management	<b>USAID</b>	United States Agency for Int. Development
<b>PIFC</b>	Public Internal Financial Control	<b>VET</b>	Vocational Education and Training
<b>PIMIS</b>	Public Investment Management Information System	<b>WB</b>	World Bank
<b>PIP</b>	Public Investment Programme	<b>WBIF</b>	Western Balkans Investment Framework
<b>REDAH</b>	Regional Economic Development Agency for Herzegovina	<b>WHO</b>	World Health Organisation
<b>RCC</b>	The Regional Cooperation Council	<b>WTO</b>	World Trade Organisation
<b>REZ</b>	Regional Development Agency for Central BiH Region		
<b>RS</b>	Republika Srpska		
<b>SAA</b>	Stabilisation and Association Agreement		
<b>SALW</b>	Small Arms and Light Weapons		
<b>SAP</b>	Stabilisation and Association Process		
<b>SCIA</b>	Sector for Coordination of Int. Economic Aid		
<b>SDC</b>	Swiss Agency for Development and Cooperation		

Ministry of Finance and Treasury/Sector for Coordination of the International Economic Aid, in cooperation with representatives of Institutions in Bosnia and Herzegovina and members of Donor Coordination Forum (DCF), has prepared the Donor Mapping Report 2016.

Donor Mapping Report 2016 was prepared on the basis of responses from Questionnaires submitted by the Institutions in Bosnia and Herzegovina and members of the Donor Coordination Forum in BiH. Also, other relevant documents were used in the preparation of this Report. Financial part of the Report is based on data from the DMD database, where donors have entered their new projects as well as updated the data on ongoing projects.

The Report provides a comprehensive overview of projects and programs supported with the Official Development Assistance (ODA) funds by the members of the Donor Coordination Forum, the information on the latest development activities and reforms implemented in the priority development sectors in Bosnia and Herzegovina during 2016, as well as the planned activities.

Classification of the priority sectors is based on the sector-based reporting methodology defined in the IPA II regulation 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 the realization of BiH priorities related to the EU integration process.

In that regard, the Report also provides the analyzed overview of the Official Development Assistance, channelled to the following priority sectors, in accordance with IPA II Classification:

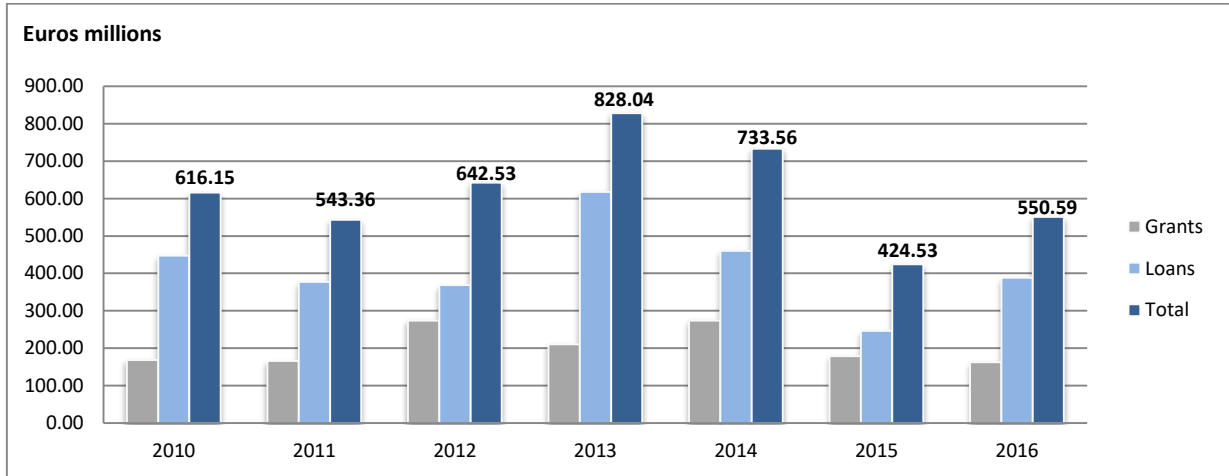
- Democracy and governance;
- Rule of law and fundamental rights;
- Environment and climate action;
- Transport;
- Energy;
- Competitiveness and innovation;
- Education, employment and social policies;
- Agriculture and rural development;
- Regional and territorial cooperation and
- Cross – cutting sector.

Donor Mapping Report 2016 will be available on the Ministry of Finance and Treasury website at [www.mft.gov.ba](http://www.mft.gov.ba) and Donor Coordination Forum website at [www.donormapping.ba](http://www.donormapping.ba) after the adoption by the Council of Ministers of Bosnia and Herzegovina.

**I Summarized overview of ODA allocations and disbursements**

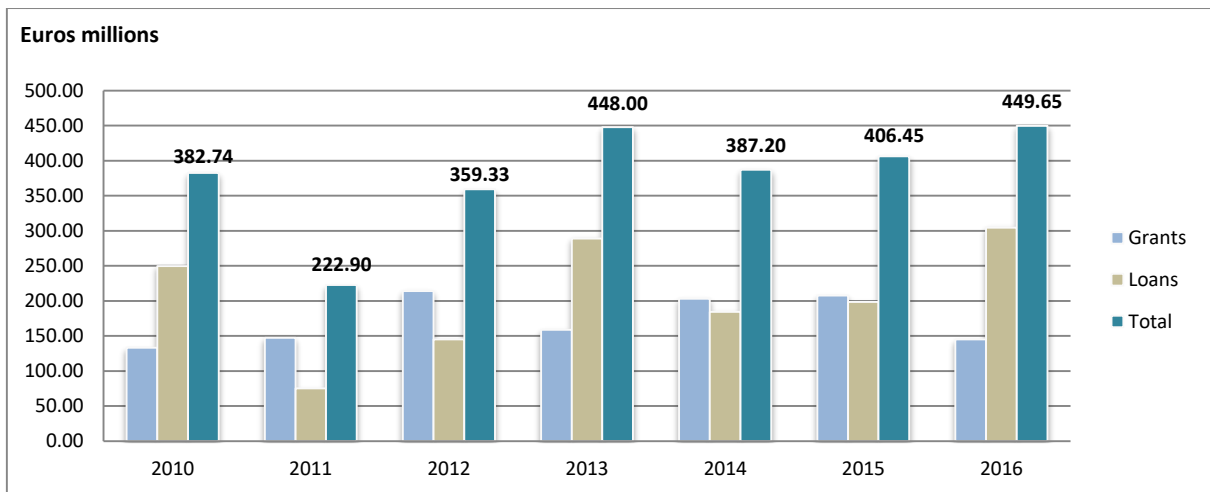
In 2016, total Official Development Assistance (ODA) allocations for Bosna and Herzegovina amounted to €550.59 million, out of which €162.22 million was in the form of grants, while €388.37 million in the form of loans, which compared to 2015, indicates the increase of €126.06 million or 30%. (Figure 1.).

**Figure 1. Total ODA allocations in the period 2010-2016 in BiH**



Total disbursements of ODA funds in 2016 amounted to €449.65 million, out of which €145.16 million in the form of grants, while €304.49 million in the form of loans, indicating the increase of total disbursements if compared to the previous period. If compared to 2015, the increase in total ODA disbursements amounts to €43.20 million or 11%. Also, if compared to 2015, the increase of disbursed loans is noticeable in the amount of €105.87 million and the decrease in the disbursed grants in the amount of €62.67 million. Presented increase of the disbursed loans was partly the result of procedural flexibility and improved realization of projects as well as the dynamics of loan disbursements signed in previous years. (Figure 2.).

**Figure 2. Total ODA disbursements in the period 2010-2016 in BiH**



Comparison of total allocated and disbursed ODA funds in BiH for the period 2010-2016 is presented in the Figure 3.

**Figure 3. Total allocated and disbursed ODA in the period 2010-2016 in BiH**

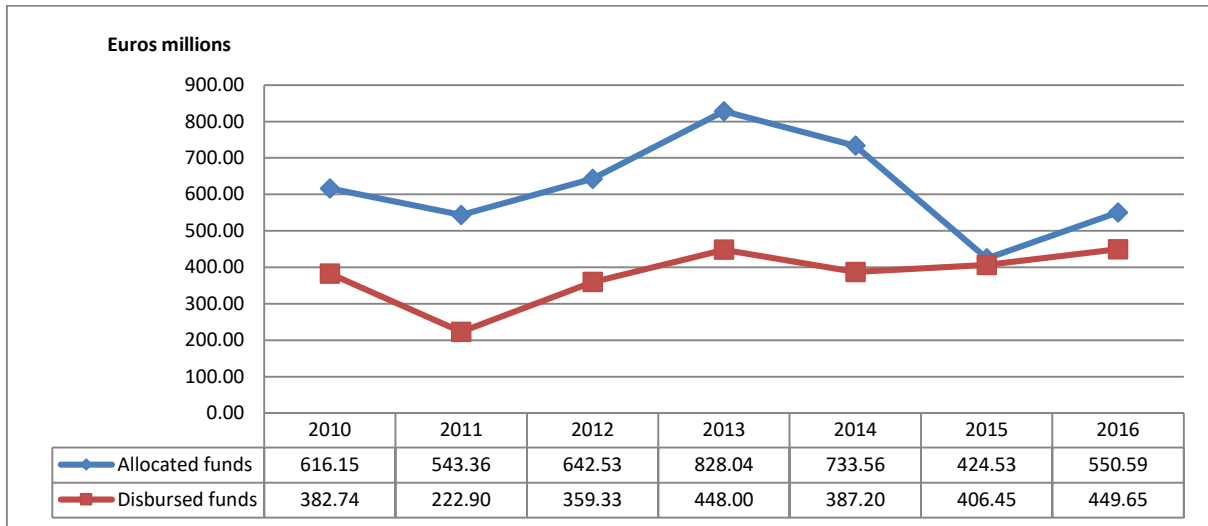


Figure 4. presents the participation ratio of bilateral and multilateral donors in total ODA allocations, for the period 2010 – 2016. Out of total ODA allocations in 2016, in the amount of €550.59 million, bilateral donors allocated €93.03 million or 17%, while multilateral donors allocated €457.56 million or 83%.

During the observed period, multilateral donors allocated 74% and bilateral donors 26% of total allocated ODA funds.

**Figure 4. Participation of bilateral and multilateral donors in total ODA allocations per years**

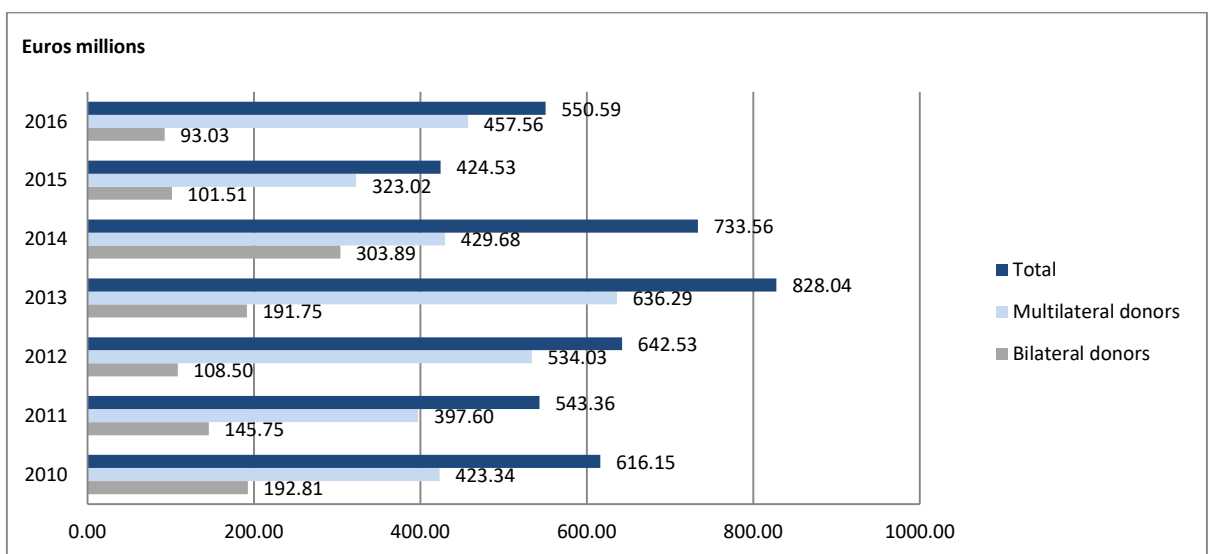
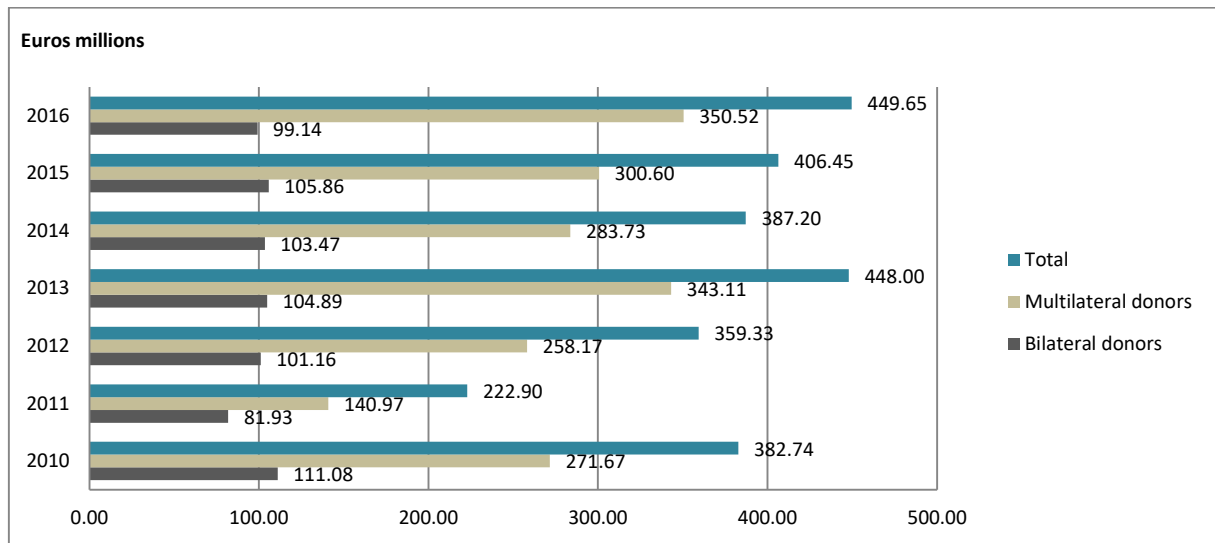




Figure 5. Participation of bilateral and multilateral donors in total ODA disbursements per years



Participation ratio of bilateral and multilateral donors in total ODA disbursements per years for the period 2010 – 2016 is largely similar to the ratio of ODA allocations, presented in Figure 4. Out of total ODA disbursements, multilateral donors participated with 73%, while bilateral donors with 27%.

In 2016, out of total ODA disbursements, participation of multilateral donors is 76% and bilateral donors is 22% (Figure 5.).

## II Overview of allocated and disbursed grants and loans per donors

In 2016, total grant funds of €162.22 million were allocated and €145,16 million were disbursed.

Figures 6. i 7. present allocated and disbursed grant funds by donors, according to the amount of invested funds. Leading donors in 2016, who allocated i.e. disbursed largest amounts were EU, USA/USAID, UN, Switzerland, Germany and Sweden.

Figure 6. Allocated grant funds per donors in 2016

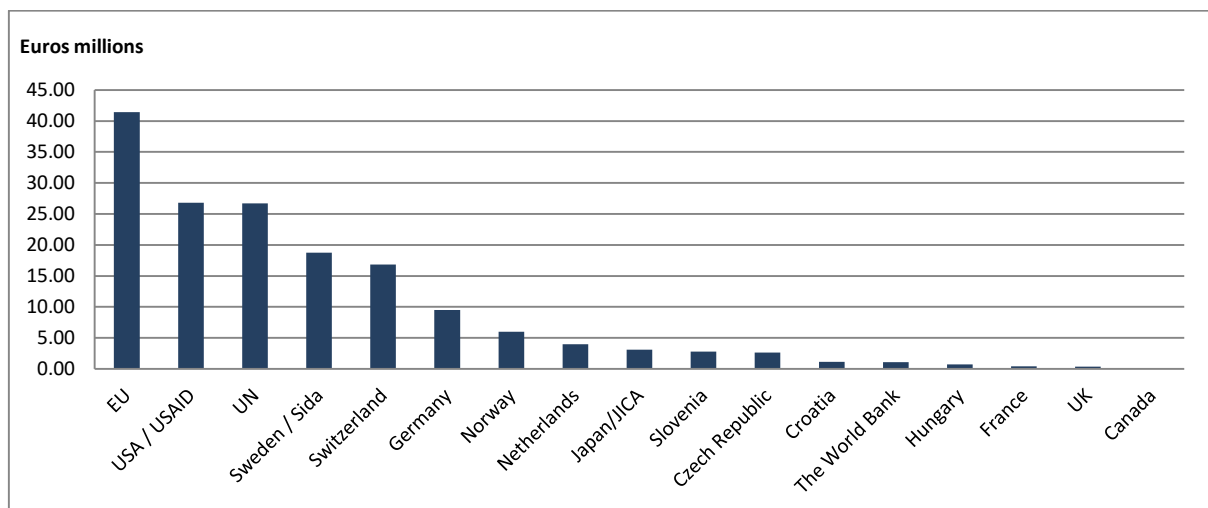
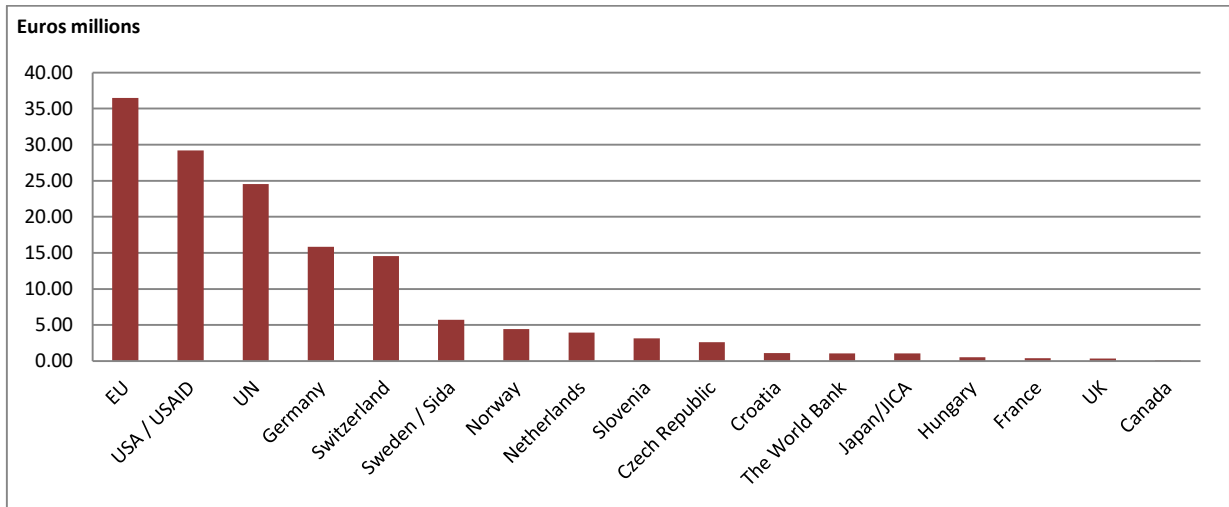




Figure 7. Disbursed grant funds per donors in 2016



In 2016, total loan funds of €388.37 million were allocated and €304.49 million were disbursed.

Figures 8. i 9. present allocated and disbursed loan funds in 2016. Leading creditors in 2016, were the European Bank for Reconstruction and Development, European Investment Bank, The World Bank and Germany.

Figure 8. Allocated funds per creditors in 2016

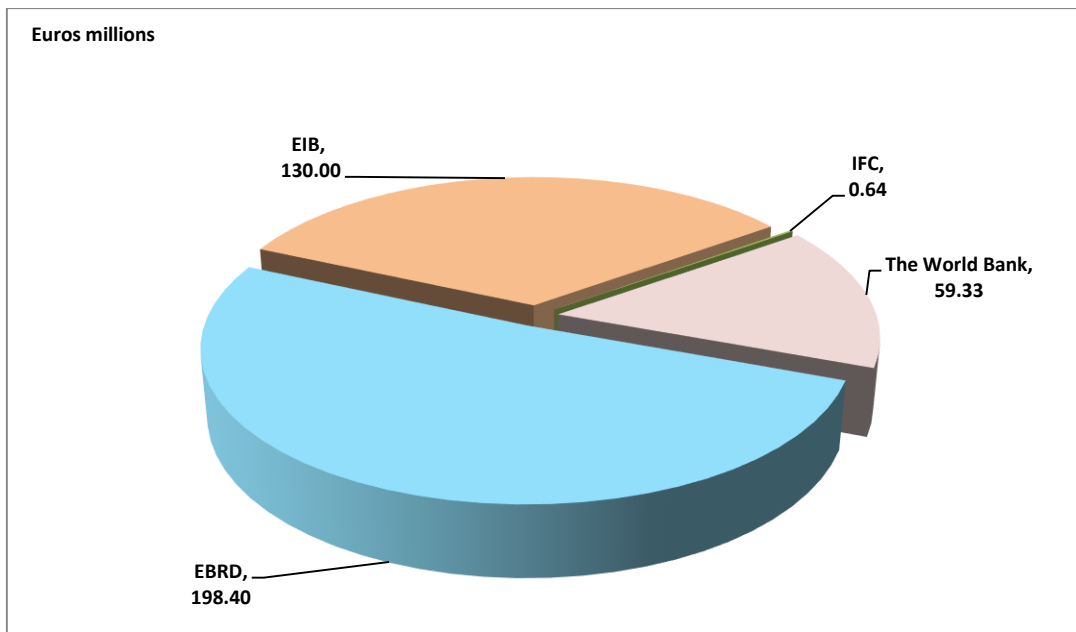
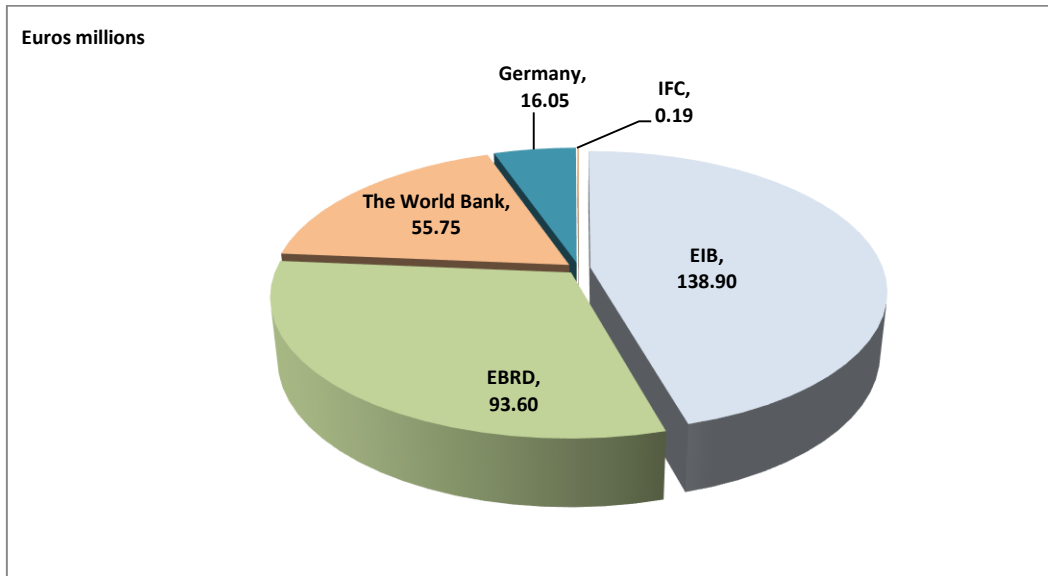


Figure 9. Disbursed funds per creditors in 2016



### III Overview of ODA allocations and disbursements per sectors

In 2016, total ODA allocations in Bosna and Herzegovina in IPA II sectors amounted to €550.59 million, out of which €162.22 million in the form of grants and €388.37 million in the form of loans. (Figures 10. and 11.)

Out of total allocated funds, 68% was allocated to 3 sectors: Transport 39%, Competitiveness and innovation 16% and Democracy and governance 13%, while 32% was allocated in all other sectors.

Figure 10. Total ODA allocations per sectors in 2016

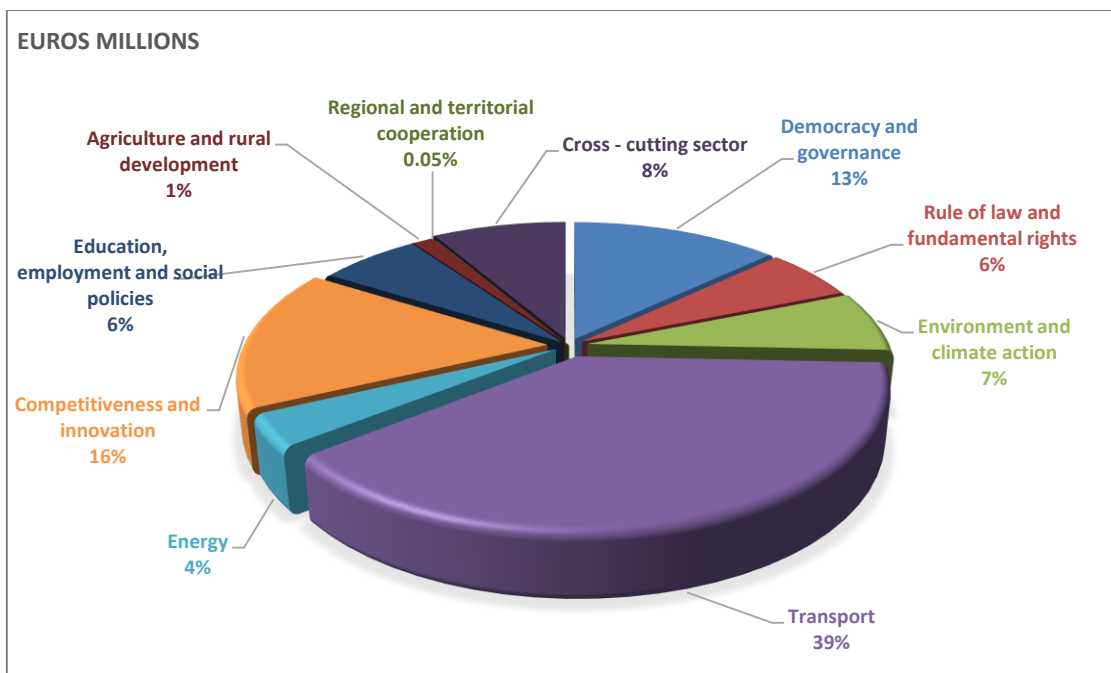
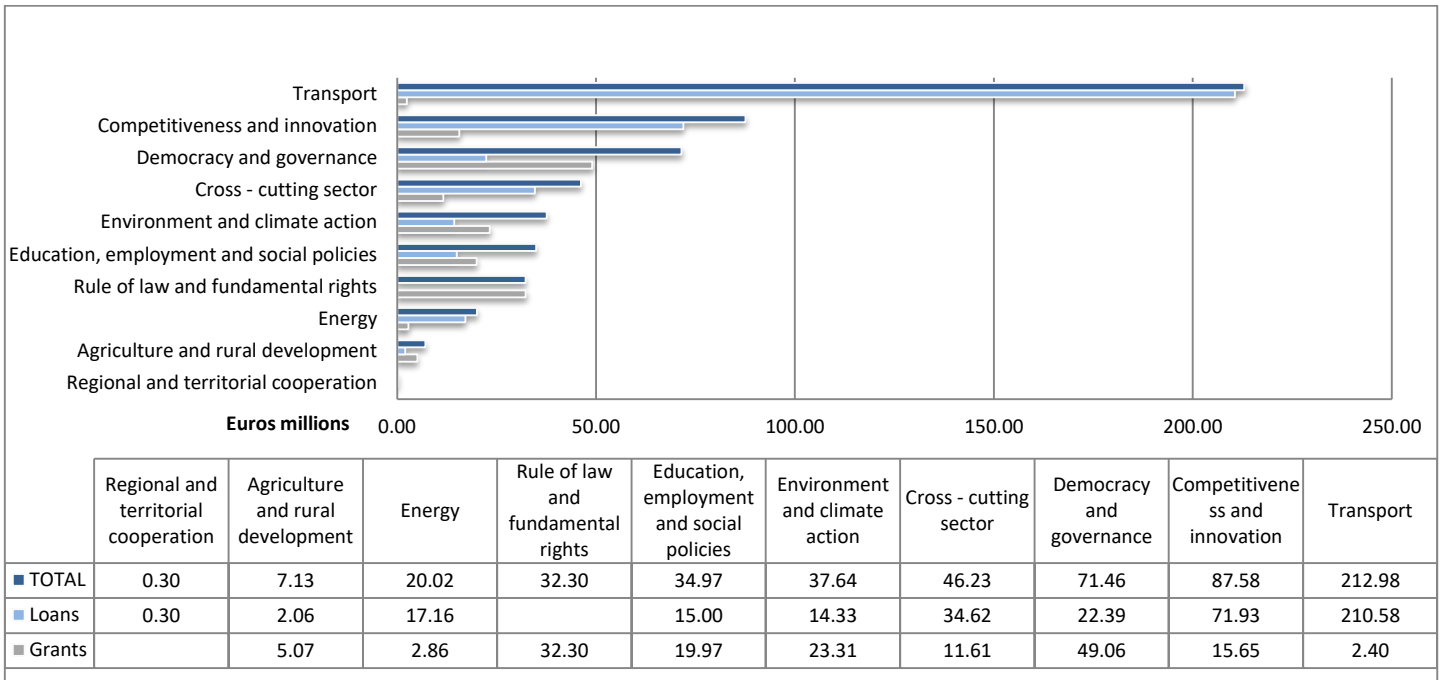


Figure 11. Participation of grants and loans in total ODA allocations per sectors in 2016



In 2016, total ODA disbursements in Bosna and Herzegovina in IPA II sectors amounted to €449.65 million, out of which €304.49 million in the form of loans and €145.16 million in the form of grants. (Figures 12. and 13.)

Out of total disbursements, largest amounts were disbursed in the Transport sector 31%, Environment and climate action 15% and Democracy and governance 14%.

Figure 12. Total ODA disbursements per sectors in 2016

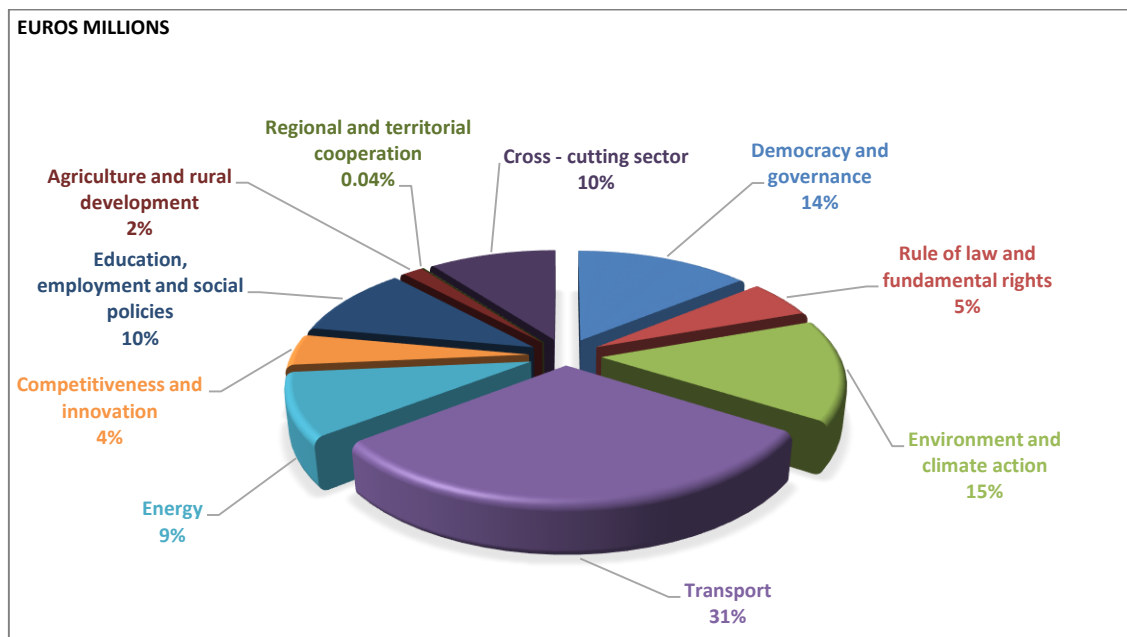
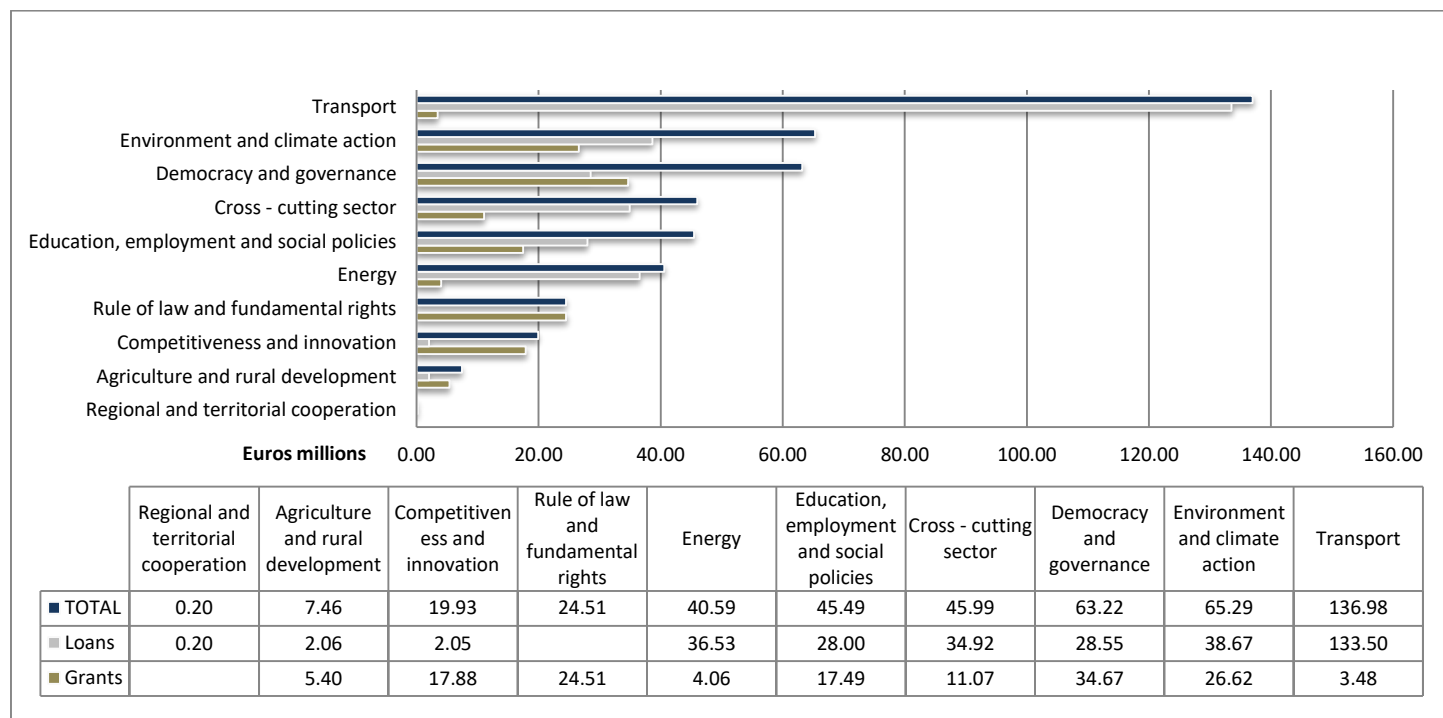


Figure 13. Participation of grants and loans in total ODA disbursements per sectors in 2016



- 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 i territorial cooperation**
- 10. Cross - cutting sector**

<p><b>DCF members active in the sector in 2016</b></p>	<p>USA/USAID, EU, Sweden / Sida, Switzerland, EBRD, UN, Germany, Norway, Czech Republic, IFC, UK, Netherlands, Canada, Slovenia, France and Hungary.</p>
<p><b>Other key international organizations</b></p>	<p>International Monetary Fund, Organization for Security and Cooperation in Europe; Office of the High Representative; Organization for Economic Cooperation and Development; Council of Europe; British Council in BiH; Norwegian Institute of International Affairs; European Training Foundation; Statistical Office of the European Union.</p>
<p><b>Key government partners</b></p>	<p>CoM BiH; Government of FBiH; Government of RS; Government of BD BiH; Cantonal governments; Ministry of Finance and Treasury of BiH; Ministry of Finance of RS and Federal Ministry of Finance; Finance Directorate of the BD BiH; BiH Ministry of Foreign Affairs; BiH Ministry of Civil Affairs; BiH Ministry of Justice; Ministry of Human Rights and Refugees of BiH; Ministry of Defence of BiH; Ministry of Security of BiH; Public Administration Reform Coordinator's Office, together with entity and DB BiH coordinators; Ministry for Economic Relations and Regional Cooperation of RS; Ministry of Administration and Local Self-Governance of RS; Parliamentary Assembly of BiH; Parliament of FBiH and National Assembly of RS; Agencies for Civil Service of BiH and entities; Agency for Pre-Primary, Primary and Secondary Education; Audit Office of the Institutions of BiH; Audit Office for the Institutions of FBiH; Supreme Office for the RS Public Sector Auditing; Agency for Development of Higher Education and Quality Assurance; Directorate for European Integration; Directorate for Economic Planning; BiH Indirect Taxation Authority; Tax administrations of FBiH and RS; Central Bank of BiH; Public Procurement Agency of BiH; Procurement Review Body of BiH; Central Harmonization Units (CHUs) in the Ministries of Finance of the State and the Entities; Ministry of Labor, War Veterans and Disabled Persons' Protection of RS; Federal Ministry of Labour and Social Policy; Agencies for Statistics of BiH and entities Agencies for Statistics; Agency for Gender Equality of BiH, Gender centers of FBiH and RS; Association of Municipalities and Cities of RS and FBiH</p>
<p><b>Total allocation / disbursement to the sector in 2016 by DCF members</b></p>	<p>Total allocated €71.46 million – €49.06 million in a form of grants and €22.39 million in a form of loans</p> <p>Total disbursed €63.22million – €34.67 million in a form of grants and €28.55 million in a form of loans</p> <p>Out of total ODA in 2016, 13% was allocated and 14% was disbursed in the sector.</p>
<p><b>Legal framework and sector strategies adopted in 2016</b></p>	<p>The Law on the Budget of BiH Institutions and International Obligations of BiH for 2017 (<i>BiH Off. Gazette No.94/16</i>); The Law on Changes to the Law on Salaries and Allowances in Institutions of BiH (<i>BiH Off. Gazette No.16/16</i>); The Law on Changes and Amendments to the Law on Associations and Foundations of BiH (<i>BiH Off. Gazette No.94/16</i>); The Law on Changes and Amendments to the Law on Ministries and Other Bodies of Administration of BiH (<i>BiH Off. Gazette No.19/16</i>); The Law on Changes and Amendments to the Law on Administrative Procedures (<i>BiH Off. Gazette No.53/16</i>); The Law on Changes and Amendments to the Law on Borrowing, Debt and Guarantees of BiH (<i>BiH Off. Gazette No. 90/16</i>); The Law on Changes to the Law on Conflict of Interest in BiH Institutions (<i>BiH Off. Gazette No.41/16</i>); The Law on</p>

Changes and Amendments to the Election Law of BiH (*BiH Off. Gazette No.31/16*); The Law on Changes and Amendments to the Law on Financing of Political Parties (*BiH Off. Gazette No.41/16*); The Law on Income Tax in FBiH (*FBiH Off. Gazette No.15/16*); The Law on Treasury in the FBiH (*FBiH Off. Gazette No.26/16*); The Law on Changes and Amendments to the Law on Debt, Borrowing and Guarantees in the FBiH (*FBiH Off. Gazette No.30/16*); The Law on Changes to the Law on the Single System of Registration, Control and Collecting of Contributions (*FBiH Off. Gazette No.30/16*); The Law on Financial Management and Control in the Public Sector in the FBiH (*FBiH Off. Gazette No.38/16*); The Law on Changes and Amendments to the Law on Execution of the FBiH Budget for 2016 (*FBiH Off. Gazette No.96/16*); Decision on Changes and Amendments to FBiH Budget for 2016 (*FBiH Off. Gazette No.96/16*); The Law on Changes and Amendments to the Law on Internal Audit in the Public Sector in the FBiH (*FBiH Off. Gazette No.101/16*); The Budget of FBiH for 2017 (*FBiH Off. Gazette No.104/16*); FERK Budget for 2017 (*FBiH Off. Gazette No.104/16*); The Law on Execution of FBiH Budget for 2017 (*FBiH Off. Gazette No.104/16*); The Law on Amendments to the Law on Budgets in the FBiH (*FBiH Off. Gazette No.104/16*); The Law on Changes to the Law on Contributions (*FBiH Off. Gazette No.104/16*); The Law on Changes and Amendments to the Law on Salaries of Employees in the Field of Education and Culture in the RS (*RS Off. Gazette No.116/16*); The Law on Changes and Amendments to the Law on Salaries of Employees in Bodies of Administration in the RS (*RS Off. Gazette No.116/16*); The Law on Changes to the Law on Salaries of Employees in the Ministry of Interior of the RS (*RS Off. Gazette No.116/16*); The Law on the Day of Republika Srpska (*RS Off. Gazette No.113/16*); The Law on Local Self-Government in RS (*RS Off. Gazette No.97/16*); The Law on Civil Servants and Employees in Local Self-Government Units in RS (*RS Off. Gazette No.97/16*); The Law on the System of Internal Financial Controls in the Public Sector of the RS (*RS Off. Gazette No.91/16*); The Law on Processing and Publication of the Results of the 2013 Census of Population, Households and Dwellings in the RS (*RS Off. Gazette No.82/16*); The Law on Changes and Amendments to the Law on Civil Servants (*RS Off. Gazette No.57/16*); The Law on Changes to the Law on Republic Administration (*RS Off. Gazette No.57/16*); The Law on Changes and Amendments to the Law on Inspections in the RS (*RS Off. Gazette No.44/16*); The Law on Changes and Amendments to the Law on Tax Procedure of the RS (*RS Off. Gazette No.44/16*); The Law on Changes and Amendments to the Law on the System of Public Services in RS (*RS Off. Gazette No.44/16*); The Law on Changes to the Law on the Use, Possession and Carrying of Goods in RS (*RS Off. Gazette No.44/16*); The Law on Metrology in RS (*RS Off. Gazette No.33 /16*); The Law on Changes and Amendments to the Law on Republic Administration in RS (*RS Off. Gazette No.15 /16*); The Law on Changes to the Law on the Budget System of the RS (*RS Off. Gazette No.15 /16*); The Law on Changes and Amendments to the Law on Audit of Public Administration and Institutions in BD BiH (*BD BiH Off. Gazette No.23 /16*); The Law on Accounting and Auditing in District Brcko BiH (*BD BiH Off. Gazette No.42/16*); The Law on Changes and Amendments to the Law on Civil Service in Bodies of Public Administration of BD BiH (*BD BiH Off. Gazette No.48/16*); The Law on Changes and Amendments to the Law on Public Administration of BD BiH (*BD BiH Off. Gazette No.48/16*);

Medium-Term Debt Management Strategy of BiH; Public Finance



	<p>Management Reform Strategy in BiH Institutions 2017-2020; Revised Communications Strategy of the BiH CoM 2016-2018; Strategy of Development of BiH Public Procurement 2016 -2020; Communications Strategy of the Assembly of BD BiH 2016 -2018; Strategy for Development of Internal Financial Control System in BiH Institutions 2016-2018.</p> <p>Previously adopted legal framework and sector strategies are available on: <a href="http://www.donormapping.ba">www.donormapping.ba</a></p>
<p>Coordination among and with donors</p>	<p><b>Democratic institutions:</b> Functional exchange of information between stakeholders based on informal <i>ad-hoc</i> coordination, together with self-organizing meetings between donors.</p> <p><b>Decentralization and sub-national government:</b> UN holds regular bilateral meetings with international and local partners, including the EU, Switzerland, Sweden, USAID and Norway.</p> <p><b>Public Administration Reform (PAR):</b> PAR Fund stakeholders` regular meetings organized by Public Administration Reform Coordinator's Office (PARCO). Joint Management Board of PAR serves as a monthly forum for coordination. Meanwhile, informal coordination is maintained with other donors.</p> <p><b>Public Financial Management:</b> Exchange of information between stakeholders based on informal <i>ad-hoc</i> coordination and project-based bilateral meetings.</p> <p><b>Taxation:</b> Informal <i>ad-hoc</i> coordination on regular basis.</p> <p><b>Customs:</b> Informal <i>ad-hoc</i> coordination on regular basis.</p> <p><b>Economic governance:</b> Informal <i>ad-hoc</i> coordination.</p> <p><b>Statistics:</b> Informal <i>ad-hoc</i> coordination on regular basis.</p> <p><b>Civil Society:</b> Local Advisory Group, supported and managed by the EU-funded project TACSO.</p> <p><b>Donors active in the sector and BiH Institutions from all levels of government regularly attended Donor Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</b></p>

### Overview of activities in 2016

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

#### **Democracy and governance sector consists of eleven sub-sectors:**

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

In 2016, Institutions of Bosnia and Herzegovina at all levels of government continued to work on reform priorities. In terms of realization of the Reform Agenda, the cooperation between the Council of Ministers of BiH and entity governments was efficient.

On February 15, 2016, the Chairman of the BiH Presidency submitted the request for Bosnia and Herzegovina's membership to the European Union and the Decision on submission of application, which includes the Joint statement signed by all parties participating in the State Government of Bosnia and Herzegovina. In August 2016, the Council of Ministers of BiH adopted a mechanism for coordination of the European integration process as well as the joint bodies within the coordination system, their composition, responsibilities and mutual relations. Commissioner for Neighbourhood Policy and Enlargement Negotiations, delivered the European Commission Questionnaire to the Chairman of the BiH Council of Ministers on December 09, 2016.

In November 2016, Council of Ministers of BiH adopted a set of action documents under IPA 2017 program, which includes action documents on Improving human resources management in the civil service system and further development of statistics as well as the Further support to Public Financial Management.

In cooperation with SIGMA, Operational Plan was prepared for preparation of the Strategic Framework for Public Administration Reform in BiH, which offers comprehensive approach to developing a new strategy and action plan for Public Administration Reform through the intergovernmental working-consultative structures of four administrative levels in BiH. Acts were adopted on appointment of representatives from different levels of authority in inter-institutional working structures for preparation of the Strategic Framework for Public Administration Reform for the period 2016 - 2020.

For the needs of the regular Annual Progress Report for 2016, Public Administration Reform Coordinator Office has prepared the Overview of progress made in implementation of objectives of the Revised Action Plan 1 of the Public Administration Reform Strategy in BiH. Considering the overall Revised Action Plan 1, so far, on average, recorded realization of goals from RAP1 is 68%. Institutions of BiH realized 67%, Federation of BiH 64%, Republika Srpska 75% and Brcko District

BiH 63% goals from the Revised Action Plan 1. Considering the reform areas, major progress was achieved in the field of Institutional communication - 79%, while the lowest progress was achieved in e-government - 50%.

Regarding the amendment to the legal framework for the civil service in the Federation of BiH, which increased the risk of politicization of civil servants, it was noticed that there has been a set-back if compared to the existing legislation.

In order to improve the public finance system, ministries of finance at all levels expressed their commitment for preparation of the comprehensive public finance management strategy.

Upon the proposal of the Ministry of Finance and Treasury, in December 2016, Council of Ministers of BiH adopted the Public Finance Management Reform Strategy in Institutions of Bosnia and Herzegovina for the period 2017-2020.

The Strategy defines that the area of public investment in BiH institutions should be regulated through Amendments to the Law on Financing of Institutions of BiH (with provisions for public investments), the Decision on the method and criteria for preparation, development and monitoring of implementation of the Public Investment Program / Development Investment Program of BiH Institutions and the Instruction for monitoring and reporting of project implementation, with special focus on capital projects. Also, the linking was defined of information systems, the BPMIS – Budget Planning Management Information System and the PIMIS – Public Investment Management Information System.

Public Finance Management Reform Strategy in Institutions of Bosnia and Herzegovina for the period 2017-2020 and the lower level governance strategies, consolidated, will represent one of the key areas and pillars of Public Administration Reform in Bosnia and Herzegovina and will be integrated in the new Public Administration Reform Strategy in BiH. The preparation and adoption of a comprehensive Public Finance Management Reform Strategy in BiH is the crucial basis for further support from the Instrument for Pre-Accession Assistance (IPA) and one of the prerequisites for the use of IPA sector budget support.

In June, Republika Srpska adopted the Information on preparation of the Public Finance Management Strategy of Republika Srpska for the period 2016-2020.

The Federal Ministry of Finance will initiate the preparation of the Public Finance Management Strategy in FBiH for the period 2017-2020.

With the Law on Changes and Amendments to the Law on Ministries and other Bodies of the Administration of BiH, mid-term and annual planning system was established as well as the basis for quality financial management was ensured in accordance with the competencies of the Council of Ministers of BiH. *Inter alia*, with the amendments to the Law, it was stipulated that the Council of Ministers of BiH adopts the Mid-Term Work Programme which serves as the basis for preparation of the Budget Framework Document for a 3-year period and for medium-term plans of BiH institutions. Such established planning system is essential for withdrawal of resources from the EU funds and other development partners, as well as for creating the framework for other forms of international cooperation. The Ministry of Finance and Treasury of BiH is responsible for financial development planning tasks in Institutions of Bosnia and Herzegovina, which includes public investment management and mid-term planning, monitoring and reporting.

In May 2016, the Fiscal Council adopted the Global Framework of Fiscal Balance and Policies in *BiH* for the period 2017-2019. Based on data from the adopted Global Framework, Ministry of Finance and Treasury has prepared the Budget Framework Document for the period 2017-2019 and the Public Investment Program / Development-Investment Program of BiH Institutions for the period 2017-2019, that was adopted by the Council of Ministers of BiH.

In September 2016, the Council of Ministers of BiH adopted the Mid-Term Work Programme of the Council of Ministers of BiH for the period 2017 - 2019.

In 2016, further activities were undertaken on harmonizing the process of mid-term planning, budget planning and public investment planning in BiH institutions in order to harmonize objectives, programs and indicators in the program budget and the mid-term work plan and in order to continue the activities on providing expert assistance and consultations to the budget users on preparation of their mid-term work plans in PIMIS.

In the course of 2016, the Policy was also adopted by the Council of Ministers of BiH on Restriction of Public Expenditure on Salaries and Allowances of Employees in BiH Institutions.

Since January 1, 2016, Pension and Disability Insurance Fund of Republika Srpska is included in the treasury operations system.

Certain progress has been made due to the adoption of the new Law on Financial Management and Control in the Public Sector in FBiH.

The legislative framework of internal audit in BiH institutions has been completed with the adoption of by-law acts in the area of financial control. The work of the Coordination Board of three Central Harmonization Units was renewed in February 2016.

Central Harmonization Unit of Republika Srpska, has prepared in accordance with the Law on Internal Financial Control System in Public Sector of Republika Srpska, the Consolidated annual report for 2015, which was adopted at the session of the Government of Republika Srpska, held on June 9, 2016.

Further efforts are needed on adoption of the remaining Public Internal Financial Control (PIFC) strategies as well as to ensure the coherent legal framework for PIFC in the country.

In the area of customs and tax the progress was not achieved. The Law on Customs Policy has not been implemented, and the legislation on VAT and excise tax is still not aligned with the EU *acquis*.

In accordance with the deadline prescribed by the Law on the Census of Population, Households and Dwellings, on June 30, 2016, census results were published in BiH, and in August 2016 in the BiH Official Gazette.

Progress has been made in harmonization with the EU standards. According to the Eurostat, for the first time the experimental GFS data (financial accounts statistics data) were sent in accordance with ESA 2010 and EDP methodology. They are rated as quality data and are now refined in accordance with the Eurostat suggestions. The development of an internal IT system has been initiated, which would support the compilation of GFS statistics in accordance with ESA 2010.

In the course of 2016, annual report on the statistics of international trade in services was prepared in accordance with the Eurostat's *Vademecum* for 2015. The compiled statistical reports are converted to SDMX format in order to submit the statistics to the Eurostat. Since then, compiling the statistics on international trade in services has been done on annual basis, with the deadline T + 9 months, and subsequently submitted to UNCTAD and the Eurostat. In BiH, such

statistics is published aggregated as part of the balance of payments in regular publications and on the CBBH web site.

Progress has been made in certain number of statistical areas, particularly in the area of business statistics (Statistical business register, Structural business statistics, Short-term statistics (construction and services), Macroeconomic statistics (National accounts statistics, with introduction of ESA 2010), Social statistics (SILC, ESSPROS, HBS), Environmental statistics, Education statistics (AES), Labour statistics (LFS), Agricultural statistics, etc. The work on improving of statistical products and services quality continued through producing and publishing of statistics reports on quality of statistical research. Also, information and communication technologies are continuously improved as the support for implementation of statistical research.

In the Tax Administration of FBiH, annual online tax return declaration for taxpayers was installed. In the Financial Intelligence Agency of FBiH (FIA), software for Single Register of Business Bank Accounts was created and tested. Registers on parafiscal taxes were made in FBiH, RS and BD and sent for adoption. In the Tax Administration of the RS, software for E-filing and E-archiving was created and installed.

Preparations were made for providing the answers to the European Commission Questionnaire.

Legal framework has been established to ensure more active participation of the civil society and procedures for the registration of non-governmental organizations. The Council of Ministers of BiH entrusted the Ministry of Justice to prepare the text of the new Agreement on cooperation between the Council of Ministers of BiH and the non-governmental sector in Bosnia and Herzegovina. Upon the proposal from the BiH Ministry of Justice, the Council of Ministers of BiH has adopted the Rules for consultations in preparation of legislation in order to improve the cooperation with the civil society, strengthen the dialogue culture and to involve citizens and civil society organizations in the policy-making process in BiH, in line with the recommendations of the European Commission. On April 20, 2016, web platform was successfully launched for consulting with the interested public ("e-consultation"), whereat Ministry of Justice of BiH enabled all citizens to participate directly in drafting of BiH institutions' regulations. Annual Report on the Implementation of Uniform Rules in BiH Institutions has been prepared and sent to the CoM BiH for consideration and to the Parliamentary Assembly of BiH for adoption.

In order to improve the quality of administrative decision-making, the Quality Improvement Program has been adopted.

### Investments of DCF members in 2016

DCF members active in the Democracy and governance sector in 2016 are USA/USAID, EU, Sweden / Sida, Switzerland, EBRD, UN, Germany, Norway, Czech Republic, IFC, UK, Netherlands, Canada, Slovenia, France and Hungary.

Total allocations of DCF members to the Democracy and governance sector in 2016 amounted to €71.46 million, out of which €49.06 million in the form of grants and €22.39 million in the form of loans.

Total disbursements of DCF members to the sector in 2016 amounted to €63.22 million, out of which €34.67 million in the form of grants and €28.55 million in the form of loans.

Figure 1.1. compares grants allocated and disbursed per donors, according to the amount of the invested funds. Leading donors in the sector in 2016, who allocated i.e. disbursed largest amounts were USA/USAID, EU and Sweden /Sida, followed by Switzerland, UN, Germany, Norway and Czech Republic.

Figure 1.1. Allocated and disbursed grants per donors in 2016

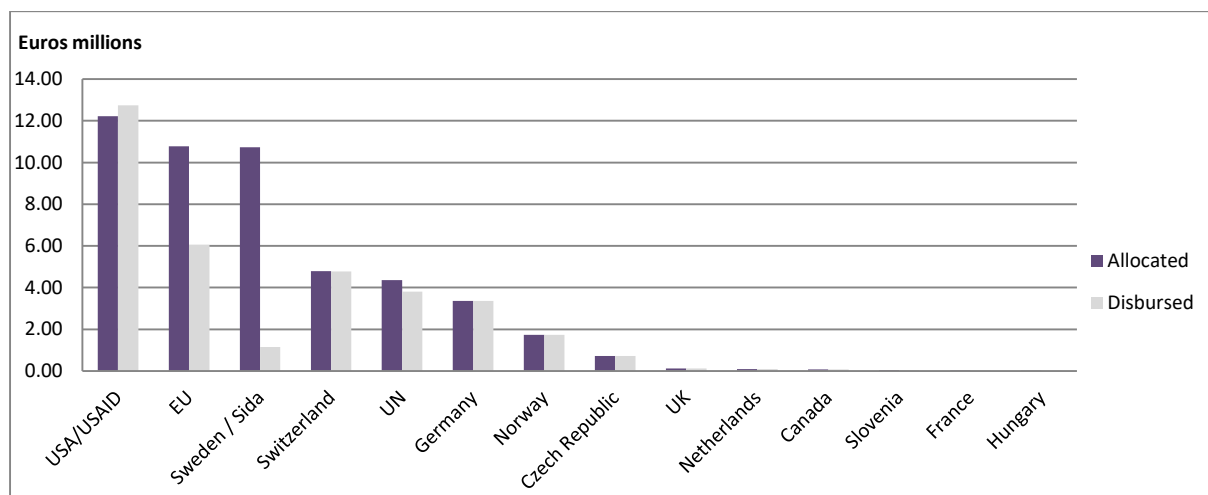
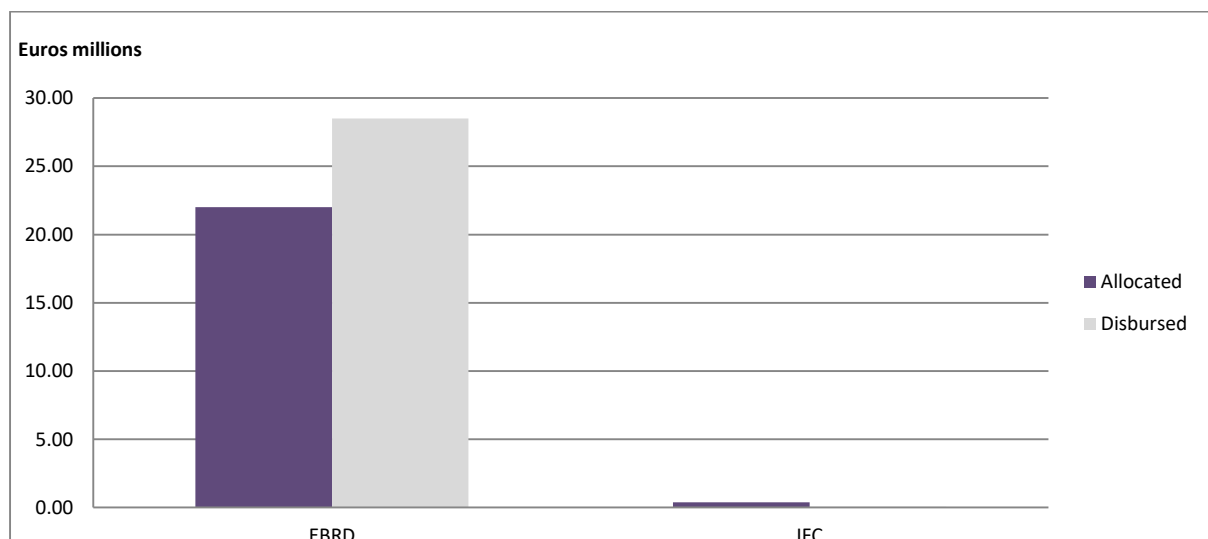


Figure 1.2. Allocated and disbursed loans per creditors in 2016



Democracy and governance sector consists of 11 sub-sectors. Figure 1.3. presents the structure of total allocated ODA funds per sub-sectors. Out of total allocated funds in 2016, 84% was allocated in three sub-sectors: Civil society 34%, Economic governance 31% and Decentralization and Sub-national government cca 19%. Sub-sectors that did not have funding are not presented in the chart.

Figure 1.3. Total allocated ODA per sub-sectors in 2016

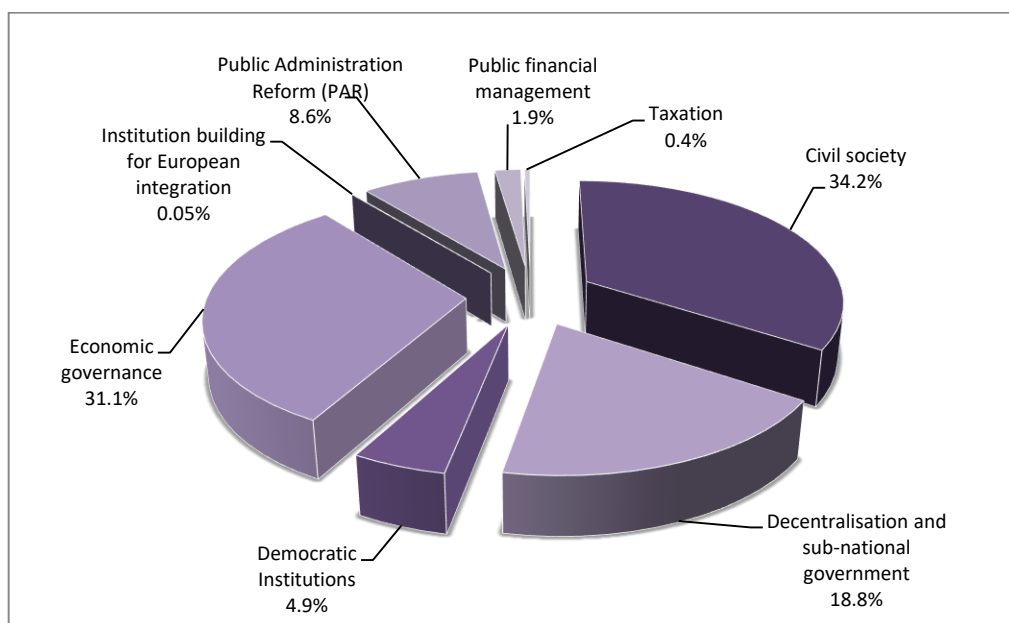
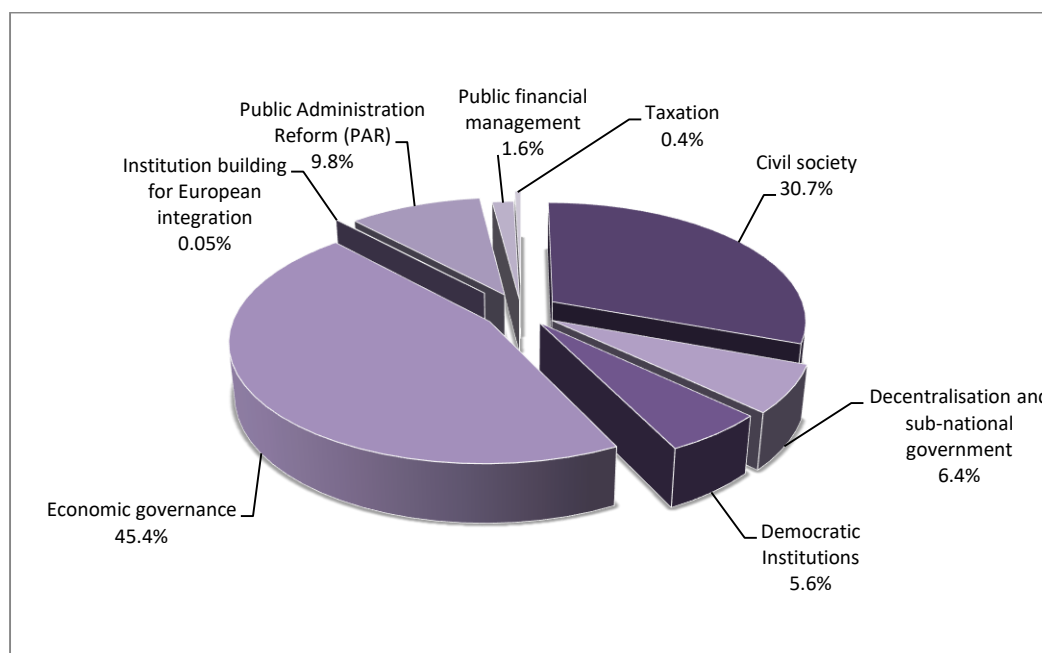


Figure 1.4. presents the structure of total disbursed ODA funds per sub-sectors in 2016. Out of total disbursed funds in 2016, the largest disbursements were recorded in the sub-sectors Economic governance 45% and Civil society 31%, followed by Public Administration Reform (PAR) cca 10%. Sub-sectors that did not have funding are not presented in the chart.

Figure 1.4. Total disbursed ODA per sub-sectors in 2016





Ten major projects in the sector that allocated or disbursed funds in 2016, are listed below:

PROJECT TITLE	Donor/Creditor	Total Project Value (Euros millions)
(ICITAP) Assistance to Law Enforcement Agencies (total value of the project will be determined)	USA/USAID	17.77
Municipal Environmental and Economic Governance (MEG)	Switzerland	10.44
Local Governance - Integrated Local Development Project and Municipal Training Project	Switzerland, Sweden /Sida, UN	9.83
Strengthening of Public Institutions	Germany	9.40
(CSSP) Civil Society Sustainability Project	USA/USAID	8.34
MEASURE, USAID/Bosna i Hercegovina (BiH) Monitoring and Evaluation Support Activity	USA/USAID	8.33
FIF - Sparkasse Bank - BH SME CSF	EBRD	8.00
Strengthening the Role of Local Communities/Mjesne zajednice (MZs) in Bosnia and Herzegovina	Switzerland, Sweden /Sida	7.58
FIF - Intesa SanPaolo Bank - BH SME-CSF	EBRD	7.00
Floods - Program for Local Self- Government and Economic Development (EU ProLocal)	Germany	6.33

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

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

## Future activities

Based on the responses of BiH Institutions from all levels of government, as well as in line with the recommendations of the European Commission's 2016 Report for Bosnia and Herzegovina, further summarized efforts should be made in the following period:

- adopt countrywide Public Finance Management Reform in BiH, compatible with the new strategic framework for Public Administration Reform with the adoption of the Public Finance Management Strategy in BiH;
- improve drafting of the programme budgeting and prepare for implementation of the programme budgeting;
- improve accountancy and reporting of budget users;
- improve treasury system;
- establish government finance statistics for Republika Srpska in accordance with the requirements of the International Monetary Fund's methodology for government finance statistics (*Government Finance Statistics - GFS*), European System of National and Regional Accounts-ESA, area of social statistics (planned implementation of SILC full scope research), area of labour statistics (with introduction of continuous LFS research), environmental statistics, energy industry statistics, macroeconomic statistics, and other statistics areas, as well as the quality statistics, IT area;

- establish methodologies on determining of debt level and excessing of budget deficit (*Excessive Deficit Procedure Report-EDP*);
- make preparations for implementation of the Agriculture Census;
- prepare the final draft of the strategic framework for Public Administration Reform (Public Administration Reform Strategy with associated Action plan) and submit to BiH CoM / entity and BD BiH governments for adoption;
- continued strengthening of CBBH capacity in order to gradually harmonize with the EU standards;
- revise the document "Strategic Framework for BiH", whereby strategic goals portfolio is presented;
- coordinate activities on replying to the European Commission's Questionnaire and finalizing the answers to questions from the European Commission's Questionnaire;
- prepare for negotiations;
- Implement NATO standards in the area of storage (weaponry operations and M&MEO), demining and destruction of UXO, disposal of surplus weaponry, ammunition, mine explosive ordnances;
- equip BiH Armed forces with K2 mobile systems and the maintain existing K4 systems;
- participate in NATO, EU, UN and other international operations, continue to fulfil the MoD and BiH Armed forces obligations under documents from NATO accession program "Partnership for Peace".
- ensure the implementation of an effective human resources management system, particularly in employment and amend and change the civil service regulations in an inclusive manner and based on reliable data, in order to reduce the risk of politicization the civil service of at all levels of government;
- adopt and initiate the implementation of PIFC strategies at the state level and in Republika Srpska, as well as ensure systematic monitoring and reporting on all PIFC strategies;
- ensure adequate recruitment of staff in central harmonization units;
- adopt implementing rules to enable the implementation of the new Customs Policy Law;
- improve cooperation between the Indirect Taxation Authority (ITA) and entity tax administrations, including through joint audits;
- amend the Law on Excise and align it with the EU *acquis*;
- continue to apply the European System of National and Regional Accounts (ESA) 2010, in particular with regard to national accounts and state finance statistics;
- continue to improve co-operation, coordination and decision-making processes for development of national statistics systems in key statistical domains;
- finalize classification of statistical regions by Nomenclature of Territorial Units for Statistics (NUTS) and ensure that GDP *per capita* data are aligned at the level of NUTS II in accordance with the commitments from the Stabilization and Association Agreement (SAA).

<b>DCF members active in the sector in 2016</b>	EU, USA / USAID, UN, Norway, Sweden / Sida, Switzerland, Japan/JICA, Germany, Slovenia and Czech Republic
<b>Other key international organizations</b>	Organization for Security and Cooperation in Europe; Council of Europe, the Geneva Centre for the Democratic Control of Armed Forces; INTERPOL; EUROPOL; European Union Forces; USA Department of Justice International Criminal Investigative Training Assistance Program; European Police College; Association of European Police Colleges; Catholic Relief Services; Office of the High Representative; European Agency for the Management of Operational Cooperation at the External Borders; International Committee of the Red Cross; Save the Children Norway; Regional Cooperation Council; OPEC Fund for International Development /OFID
<b>Key government partners</b>	Council of Ministers of BiH, Government of FBiH, Government of RS; Government of BD BiH; BiH Ministry of Justice; Federal Ministry of Justice; Ministry of Justice of RS; cantonal ministries of justice; Judicial Commission of BD BiH; Ministry of Security of BiH; Ministry of Human Rights and Refugees of BiH; BiH Prosecutor's Office; High Judicial and Prosecutorial Council; the BiH Court; Judicial and Prosecutorial Training Centers in FBiH and RS; State Investigation and Protection Agency of BiH; Border Police of BiH; Ministry of Foreign Trade and Economic Relations of BiH; The Institution of Human Rights Ombudsman/Ombudsmen of BiH; Notary Chamber of FBiH and RS; Directorate for Coordination of Police Bodies of BiH; Directorate for the Coordination of Police Bodies of BiH; Agency for police Support of BiH; Police Academies in FBiH and RS; Federal Ministry of Interior; Ministry of Interior of RS; cantonal ministries of interior; The Personal Data Protection Agency of BiH; Agency for Forensic and Expert Examinations of BiH; Civil Protection Agencies at the entity and BD BiH level; Federal Ministry of Health; Ministry of Health and Social Welfare of RS; department of Health of BD BiH; Agency for gender Equality of BiH; Gender centers of FBiH and RS; Council of National Minorities in BiH.
<b>Total allocation/disbursement to the sector in 2016 by DCF members</b>	Total allocated € 32.30 million –in a form of grants Total disbursed € 24.51 million –in a form of grants Out of total ODA in 2016, 6% was allocated and 5% was disbursed in the sector.
<b>Legal framework and sector strategies adopted in 2016</b>	The Law on Asylum BiH ( <i>BiH Off. Gazette No.11/16</i> ); The Law on Changes and Amendments to the Anti-Discrimination Law ( <i>BiH Off. Gazette No. 66/16</i> ); The Law on Execution of Criminal Sanctions, Detention and Other Measures ( <i>BiH Off. Gazette No.22/16</i> ); The Law on Amendments to the Law on Litigation Procedure before the Court of BiH ( <i>BiH Off. Gazette No. 94/16</i> ); The Law of Provision of Free Legal Aid ( <i>BiH Off. Gazette No.83/16</i> ); The Law on Changes and Amendments to the Law on Prevention of Money Laundering and Financing of Terrorist Activities ( <i>BiH Off. Gazette No.46/16</i> ); The Law on Changes and Amendments to the Law on Executive Procedure ( <i>BiH Off. Gazette No. 53/16</i> ); The Law on Changes to the Law on BiH Public Radio-Television (Broadcasting) System ( <i>BiH Off. Gazette No.25/16</i> ); The Law on Changes and Amendments to the Law on Expropriation in the FBiH ( <i>FBiH Off. Gazette No. 34/16</i> ); The Law on Changes and Amendments to the Criminal Code of the FBiH ( <i>FBiH Off. Gazette No. 46/16</i> ); The Law on Changes to the Law on Settlement of Liabilities Originating from Old Foreign Currency Savings in FBiH ( <i>FBiH Off. Gazette No. 101/16</i> ); The Law on Illegal Advertising in FBiH ( <i>FBiH Off. Gazette No. 101/16</i> ); The Law on Changes and Amendments to the Law on Salaries of Employees in Judiciary Institutions of the RS ( <i>RS Off. Gazette No. 110/16</i> ); The Law on Changes and Amendments to the Law on Police and Internal

	<p>Affairs in RS (<i>RS Off. Gazette No. 110/16</i>); The Law on Changes and Amendments to the Law on Infringement of the RS (<i>RS Off. Gazette No. 110/16</i>); The Law on Changes and Amendments to the Law on Survey and Cadastre of the RS (<i>RS Off. Gazette No. 110/16</i>); The Law on Changes and Amendments to the Law on Seeds of Agricultural Plants (<i>RS Off. Gazette No. 110/16</i>); The Law on Changes and Amendments to the Law on Inheritance in RS (<i>RS Off. Gazette No. 91/16</i>); The Law on Changes and Amendments to the Law on the Court Police of the RS (<i>RS Off. Gazette No. 57/16</i>); The Law on Public Prosecutor's Offices in the RS (<i>RS Off. Gazette No. 96/16</i>); The Law on Bar Exam in RS (<i>RS Off. Gazette No. 58/16</i>); The Law on Changes and Amendments to the Law on Execution of Criminal Sanctions in the RS (<i>RS Off. Gazette No. 44/16</i>); The Law on Changes and Amendments to the Law on Radio Television of the RS (<i>RS Off. Gazette No. 44/16</i>); The Law on Police and Internal Affairs in RS (<i>RS Off. Gazette No. 57/16</i>); The Law on Arms and Ammunition in RS (<i>RS Off. Gazette No. 26/16</i>); The Law on Combating Corruption, Organized and Most Serious Forms of Economic Crime in RS (<i>RS Off. Gazette No. 39/16</i>); The Law on Amendments to the Law on Police Officials of BD BiH (<i>BD BiH Off. Gazette No. 13/16</i>); The Law on Confiscation of Illegally Acquired Property in BD BiH (<i>BD BiH Off. Gazette No. 29/16</i>); The Law on Amendments to the Criminal Code of BD BiH (<i>BD BiH Off. Gazette No. 26/16</i>);</p> <p>Strategy in the Field of Migration and Asylum and the Action Plan 2016-2020; Strategy for the Fight Against Corruption in FBiH 2016-2019, Strategy for Supervision and Suppression of the Abuse of Narcotics Drugs in RS 2016-2021; Strategy for Control of Small Arms and Light Weapons in BiH 2016-2020.</p> <p>Previously adopted legal framework and sector strategies are available on: <a href="http://www.donormapping.ba">www.donormapping.ba</a></p>
<p><b>Coordination among and with donors</b></p>	<p><b>Judicial Reform:</b> Forum of Donors annual coordination meeting organized by the BiH Ministry of Justice and BiH – EU Structural Dialogue on Justice. Donor coordination is maintained every 6 months by the European Union Delegation (EUD) as part of a structural dialogue, as well as sub-committee meetings in the Justice sector with the participation of the High Judicial and Prosecutorial Council and the Ministry of Justice.</p> <p>EUD regularly organizes meetings for coordination of international judiciary sector.</p> <p>Regular bilateral coordination meetings of international and local partners.</p> <p><b>Penitentiary Reform:</b> <i>ad hoc</i> coordination, project-based bilateral meetings.</p> <p><b>War Crimes:</b> Regular bilateral coordination meetings with international and local partners, including EUD, Switzerland, USA, Ministry of Justice, Prosecutor's Offices. <i>Ad hoc</i> coordination, project-based.</p> <p><b>Fight against Organized Crime:</b> informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral, self-organizing meetings between donors.</p> <p><b>Fight against Corruption:</b> 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 the EUD.</p> <p>The UN maintains regular bilateral coordination meetings with international and local partners.</p> <p><b>Police reform:</b> informal <i>ad hoc</i> coordination, project-based.</p>

**Migration and Asylum:** formal donor coordination is led by the Coordination body on BiH immigration issues

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

**Roma:** Roma Committee with the Council of Ministers of BiH represents formal coordination body.

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

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

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

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

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

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

**Data Protection:** Informal *ad hoc* coordination.

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

## Overview of activities in 2016

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

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

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

Following the adoption of BiH Justice Sector Reform Strategy 2014-2018 in 2015, BiH Ministry of Justice, in coordination with the Federal Ministry of Justice, Ministry of Justice of Republika Srpska and Judicial Commission of Brcko District BiH, prepared Action plan for implementation of the Justice Sector Reform Strategy in BiH and submitted it to the Council of Ministers of BiH for adoption.

Through the Structured Dialogue on Justice, at ministerial meetings held in 2016, activities were undertaken on harmonization of new legislative solutions, aligned with the best European practices.

Appropriate activities were performed in order to draft, finalize and harmonize regulations in BiH at the international and national level in the area of justice and execution of criminal sanctions. The backlog in execution of criminal sanctions has been significantly reduced. Also, adequate measures were implemented to reduce the backlog of cases in the enforcement procedure.

In November 2016, the Council of Ministers of BiH adopted a set of Action documents (ADs) within IPA 2017 programme, which includes ADs Strengthening justice sector efficiency and integrity, Effective implementation of anti-discrimination policy and Support in the area of internal affairs in combating unlawful activities.

In July 2016, High Judicial and Prosecutorial Council adopted the Guidelines for conflict of interest and Guidelines for development and implementation of integrity plans in judicial institutions, which is the first mandatory code of conduct adopted by the Judiciary itself. System for electronic processing of public utility cases (SOKOP Mal) was implemented in 22 courts in BiH.

In June 2016, the Law on Amendments to the Law on Financing of Political Parties was adopted, with incorporated five GRECO recommendations, while one recommendation was further upgraded.

The Institute for Forensic Psychiatry - Sokolac became operational, which is of great importance for BiH criminal sanctions execution system.

Also, the State prison facility has been built, and the deadline for becoming operational was shifted for the spring of the next year.

In the course of 2016, the Ministry of Justice was working on amendments to the *National War Crimes Strategy*. In 2016, the Council of Ministers of BiH adopted the Information of the Ministry of Justice on the need for amendments to the mentioned Strategy. It was planned that Working group should complete the draft amendment by March 2017, in order to be submitted to the Council of Ministers of BiH for adoption.

Directorate for Coordination of Police Bodies of BiH has undertaken, within its competencies, numerous activities to implement the defined priority goals, in order to improve the level of coordination in the work of police agencies, both on national and international level. Progress has been made in the field of harmonization of legislation in the area law enforcement between different levels of government, with the EU standards and strengthening of cooperation and coordination among law enforcement institutions.

In December 2015, State Investigation and Protection Agency signed the Agreement on mutual assistance and operational cooperation with FBiH, RS and Brcko District, and subsequently in March 2016 it also signed the Agreement on mutual assistance and operational cooperation with the cantons.

In 2016, Government of FBiH adopted the Strategy for Combating Corruption for the period 2016-2019 in the Federation of Bosnia and Herzegovina and the Action Plan for its Implementation. The Strategy was developed in line with the Law on the Agency for the Prevention of Corruption and Coordination of the Fight against Corruption of BiH and follows the basic guidelines established by the Agency, while anti-corruption strategies and action plans at the level of BiH and Republika Srpska were adopted in 2014. Coordination bodies for combating corruption are formed at all levels of government.

In August 2016, Agreement was signed between BiH and EUROPOL on extension of cooperation in the fight against cross-border crime, through information exchange, including personal data of suspected perpetrators as well as joint planning of operational activities. The Agreement enables an extension of cooperation between EUROPOL and BiH in the fight against organized and serious forms of international crime and regulates the procedures for information exchange and other forms of cooperation and communication with the European police body.

Based on the BiH Strategy for Preventing and Combating Terrorism for the period 2015-2020, in May 2016, the Government of RS adopted the Action plan for Preventing and Combating Terrorism for the period 2016-2020.

In the European Commission 2016 Report on Bosnia and Herzegovina, in Justice, freedom and security chapter, it was concluded that Bosnia and Herzegovina has reached the certain level of preparedness in this area. It has been noted that certain progress was achieved with the adoption of the Integrated Border Management Strategy in 2015 as well as the new legal framework for migration and asylum. Integrated Border Management Strategy is substantially compatible with the concept of the EU integrated border management. Framework Action plan for the period 2015-2018 entered into force in January 2016. Annual Action plan for 2016 was adopted in March 2016 with a view to improve the coordination of all bodies tasked with integrated border management through combined activities, including those related to customs control and cross-border crime, which could be financed from budgets of each of these bodies. In March 2016, the Strategy in the area of Migration and Asylum and the Action plan for the period 2016-2020 were adopted, which aims to improve the country's strategic migration management framework.



In September 2016, the Law on Amendments to the Anti-Discrimination Law was adopted, which implements the European Commission's recommendations and it fully aligns the law with the EU *acquis*.

Although progress was achieved in implementation of the return of refugees and displaced persons, still significant challenges remain in order to meet the goals and activities defined by the Revised strategy of BiH for implementation of Annex VII of the Dayton Peace Accords, which was adopted by the Council of Ministers of BiH in 2010.

Upon the adoption of the Law on Asylum, the system was established for issuance of travel documents for recognized refugees, i.e. persons not in possession of a travel document of the country of origin or the country of habitual residence.

In the subsector Roma, one of the achievements is the drafting of an Action plan for Roma employment, housing and health.

Adopted Small Arms and Light Weapons Strategy for the period 2016-2020 contributes to strengthening of the efficiency of all actors in the area of small arms and light weapons (SALW) control in BiH, which is prepared on the basis of the EU, UN and other international organizations legal framework.

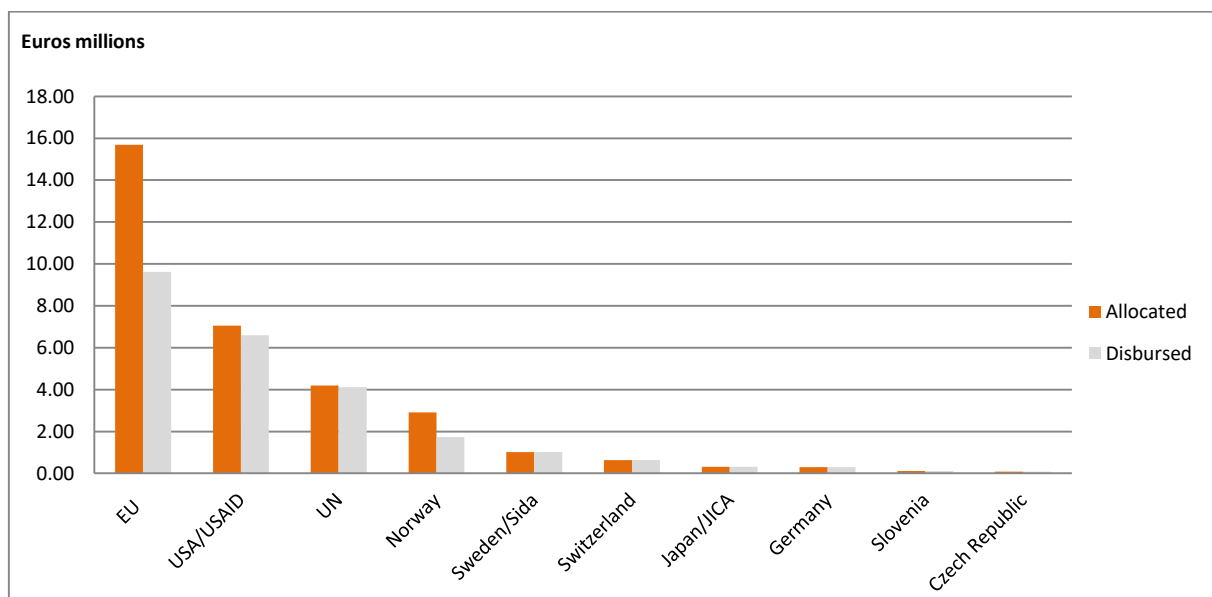
### Investments of DCF members 2016

DCF members active in the Rule of law and fundamental rights sector in 2016 are EU, USA/USAID, UN, Norway, Sweden /Sida, Switzerland, Japan/JICA, Germany, Slovenia and Czech Republic.

Total allocation of ODA funds of DCF members to the sector in 2016 amounted to €32.30 million in the form of grants, and total disbursements amounted to €24.51 million in the form of grants.

**Figure 2.1.** compares grants allocated and disbursed per donors, according to the amount of invested funds. Leading donors in the sector in 2016, who allocated i.e. disbursed largest amounts were EU and USA/USAID, followed by the UN and Norway.

Figure 2.1. Allocated and disbursed grant funds per donors in 2016



Rule of law and fundamental rights sector consists of 16 sub-sectors. Figure 2.2. presents the structure of total allocated ODA funds per sub-sectors. Out of total allocated funds in 2016, 75% was allocated in the sub-sector Judicial reform. Sub-sectors that did not have funding are not presented in the chart.

Figure 2.2. Total allocated ODA per sub-sectors in 2016

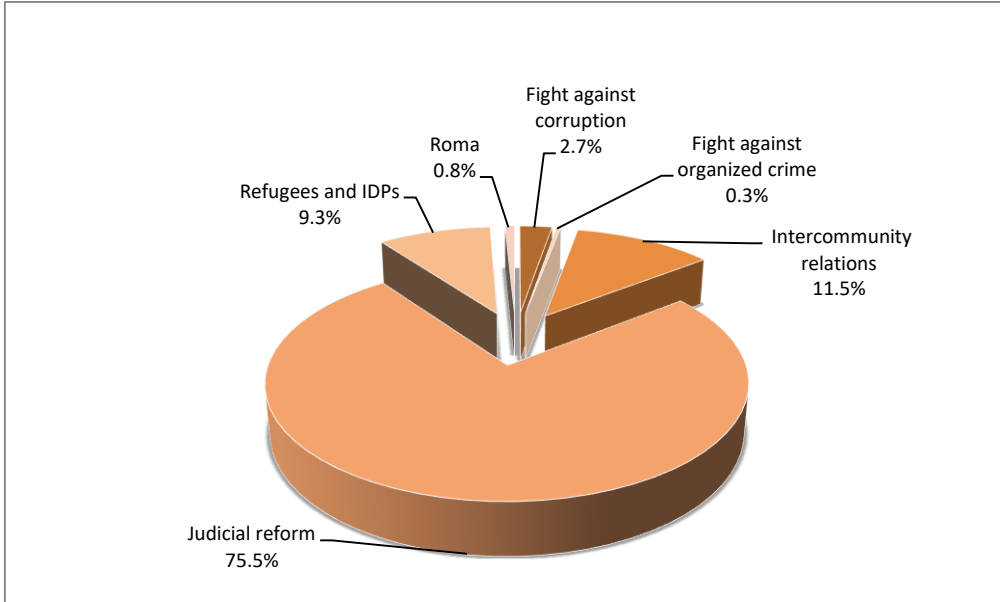
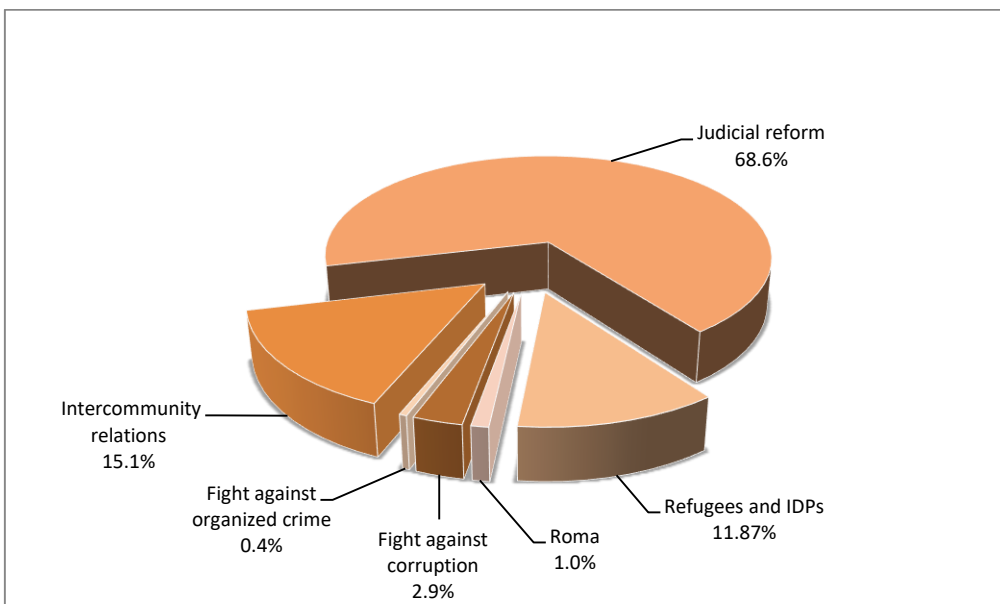


Figure 2.3. presents the structure of total disbursed ODA funds per sub-sectors in 2016. Out of total disbursed funds in 2016, the largest disbursements were recorded in the subsector Judicial reform 69%. Sub-sectors that did not have funding are not presented in the chart.

Figure 2.3. Total disbursed ODA per sectors in 2016



Ten major projects in the sector that allocated or disbursed funds in 2016, are listed below:

PROJECT TITLE	Donor/Creditor	Total Project Value (Euros millions)
USAID Justice Project in Bosnia and Herzegovina	USA/USAID	8.57
Enhancing war crime case processing	EU	7.44
Support to the Justice for Children Reform in BiH – Phase 2	UN, Switzerland	6.70
(SGISP) Strengthening Governing Institutions and Processes	USA/USAID	6.35
Construction of a High Security state prison, Phase II	EU	5.15
Department of State Demining and Small Arms Destruction Program	USA/USAID	3.28
Support to the Judiciary in BiH	Switzerland	2.75
Construction/reconstruction of Banja Luka Basic and District Court (Republika Srpska, Bosnia and Herzegovina)	EU	2.68
Open Regional Fund (ORF) for South East Europe - Legal Reform	Germany	2.35
ACCOUNT III (USAID/BiH Anti-Corruption Civic Organizations Unified Network follow-on	USA/USAID	2.28

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

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

## Future activities

Based on the responses of BiH Institutions from all levels of government, as well as in line with the recommendations of the European Commission's 2016 Report for Bosnia and Herzegovina, further summarized efforts should be made in the following period:

- establish mechanisms for monitoring and implementation of the Action plan of the Justice Sector Reform Strategy in BiH, along with setting up of functional working groups for all five strategic areas of the Strategy and activities on implementation of the Action plan;
- implement reforms of the Law on Executive Procedure;
- continue with setting the laboratory capacities for forensic examinations and expertise, and further strengthen the staff for professional and quality expertise performance in order to strengthen the capacities to fight against organized crime and terrorism;
- improve cooperation with INTERPOL, EUROPOL, with professional organizations from BiH, region and beyond as well as providing maximum contribution to create conditions for implementation of the commitments deriving from the Prüm Agreement;
- strengthen capacities to combat terrorism;
- ensure the implementation and monitoring of strategies for combating corruption;
- improve regulations on mutual access to databases between law enforcement agencies and prosecutor's offices in order to combat organized crime;
- ensure accreditation of forensic laboratories and thus the membership in ENFSI (European Network of Forensic Science Institutes);
- continue with activities to ensure joint control at border sections where illegal migrants enter, as well as performing joint flights for removal of illegal migrants and providing support for voluntary return of illegal migrants to their countries of origin;

- continue activities on equipping of border crossings with equipment for document and vehicles control, as well as improving the fixed and mobile technical surveillance system of the land border between the border crossings;
- continue implementation of Dayton Peace Accords Annex VII, with the focus on the Regional Housing Program;
- regulate general housing policies involving not only displaced persons and refugees but also social cases and persons requiring full housing protection;
- establish harmonized and efficient and free legal aid system throughout the country.

<p><b>DCF members active in the sector in 2016</b></p>	<p>EIB, The World bank, UN, EBRD, EU, Sweden/Sida, Switzerland, USA/USAID, Czech Republic, Japan/JICA, Hungary, Germany, Norway, UK, Slovenia</p>
<p><b>Other key international organizations</b></p>	<p>Global Environment Fund, Western Balkans Investment Framework, Danish Emergency Management Agency, Organization for Security and Cooperation in Europe</p>
<p><b>Key government partners</b></p>	<p>CoM of BiH; Government of FBiH; Government of RS; Government of BD          BiH; BiH Ministry of Foreign Trade and Economic Relations; Ministry of security of BiH; BiH State Regulatory Agency for Radiation and Nuclear Safety; Federal Ministry of Environment and Tourism; Federal Ministry of Physical Planning; Federal Ministry of Agriculture, Water Management and Forestry; Sava River Basin District Agency in FBiH; Agency for Adriatic Sea Water District in FBiH; Federal Civil Protection Administration; Environmental Protection Fund in FBiH; Ministry of Spatial Planning, Civil Engineering and Ecology of RS; Ministry of Agriculture, Forestry and Water Management of RS; Ministry of Interior of RS; Republic Administration for Civil Protection of RS; Public Institution “Vode Srpske”; Environmental Protection and Energy Efficiency Fund of RS; Department for Agriculture, Forestry and Water Management of BD BiH; Department for Spatial Planning and Property Rights Matters of BD BiH; Department of Public Security of BD BiH; cantonal and municipal governments, together with public companies and public utility companies.</p>
<p><b>Total allocation / disbursement to the sector in 2016 by DCF members</b></p>	<p>Total allocated €37.64 million – €23.31 million in a form of grants and €14.33 million in a form of loans</p> <p>Total disbursed €65.29 million – €26.62 million in a form of grants and €38.67 million in a form of loans</p> <p>Out of total ODA in 2016, 7% was allocated and 15% was disbursed in the sector.</p>
<p><b>Legal framework and sector strategies adopted in 2016</b></p>	<p>The Law on Changes to the Law on Collection, Production and Trade of Secondary Raw Materials and Waste Materials in FBiH (<i>FBiH Off. Gazette No.15/16</i>); The Law on Changes and Amendments to the Law on the Fund and Financing of Environmental Protection of the RS (<i>RS Off.Gazette No.90/16</i>); The Law on Protection and Rescue of People and Material Goods from Natural and Other Disasters in BD BiH (<i>BD BiH Off.Gazette No.29/16</i>).</p> <p>Strategy for Integrated Water Management in Republika Srpska for the period 2015-2024; Strategy on Spatial Data Infrastructure of FBiH.</p> <p>Previously adopted legal framework and sector strategies are available on <a href="http://www.donormapping.ba">www.donormapping.ba</a></p>
<p><b>Coordination with and among donors</b></p>	<p><b>Climate Action:</b> Exchange of information between stakeholders based on informal <i>ad-hoc</i> coordination and project-based bilateral meetings.</p>

	<p><b>Water Supply and Waste Water:</b> to some extent, MoFTER is leading the donor coordination. <i>Ad-hoc</i> coordination among donors.</p> <p><b>Water Resources Management:</b> To some extent, MoFTER is leading the donor coordination. <i>Ad-hoc</i> coordination among donors.</p> <p><b>Waste Management:</b> to some extent, MoFTER is leading the donor coordination. <i>Ad-hoc</i> coordination among donors.</p> <p><b>Nature Protection:</b> to some extent, MoFTER is leading the donor coordination. <i>Ad-hoc</i> coordination among donors.</p> <p><b>Air Quality and Noise:</b> Informal <i>ad hoc</i> coordination.</p> <p><b>Industrial Pollution and Chemicals:</b> Informal <i>ad hoc</i> coordination, mostly project-based.</p> <p><b>Environment Horizontal Standards:</b> Informal <i>ad hoc</i> coordination, mostly project-based.</p> <p><b>Civil Protection:</b> <i>Ad hoc</i> coordination, participants are the EU Ministry of Security, UN and other international organizations and other major international donors in the sub-sector.</p> <p><b>Donors active in the sector and BiH Institutions from all levels of government regularly attended Donor Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</b></p>
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### Overview of activities in 2016

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

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

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

Certain progress has been made within this sector in the areas of nature protection, air quality, potable water and urban wastewater treatment and waste management.

Although overall pollution levels in the recent period have decreased, mainly due to the fact that heavy industry operations came to a halt, and use of wood or coal is still considered inexpensive heating method, particularly among the poorest, which along with the low energy efficiency contributes to the air pollution.

Forests in BiH are among the best-preserved in Europe and constitute one of the country's most significant resources.

In April 2016, BiH signed the Paris Agreement on Climate Change, which is in the process of ratification.

In 2016, the Council of Ministers of BiH adopted the Decision on the Cross-Border Transport of Hazardous Waste, which is accorded with the Convention on the Control of Transboundary Movements of Hazardous Waste and its Disposal as well as the Decision on Amendments to the Decision on the Conditions and Methods of Implementation of the Montreal Protocol and the phased exclusion from use of substances that deplete the ozone layer in BiH.

Also, the Council of Ministers of BiH adopted the National Plan for Implementation of the Stockholm Convention, which aims to limit or prohibit the production, use, emission, import or export of highly toxic substances known as long-term organic polluting substances.

The Nagoya Protocol on access to genetic resources and the fair and equitable distribution of profit resulting from their use, along with the UN Convention on Biological Diversity is currently in the ratification process.

Strategy for approximation of regulations to the EU *acquis* in the area of environmental protection of Bosnia and Herzegovina (Environmental Approximation Strategy /EAS) has been prepared by using the "modular approach". RS, FBiH and BD revised their parts of the mentioned Strategy, which were adopted by their relevant governments. The adoption of BiH EAS Strategy is expected.



Due to the absence of legislation on chemicals in the Federation of BiH harmonized with EU regulations, and as a transitional solution until the adoption of new chemicals legislation (i.e. laws regulating the area of chemicals and biocides), Government of FBiH adopted the Decision on the procedure for determining the fulfilment of conditions for transport and use of poisons in the Federal Ministry of Health.

In September 2016, Government of FBiH adopted the Strategy on Spatial Data Infrastructure of FBiH in accordance with the INSPIRE Directive and trends in the EU.

New approach to work has been established through the Disaster Risk Reduction Platform of Bosnia and Herzegovina, which was set up as a web platform in the Ministry of Security. The Platform was established in line with the conclusions of the UN "World Conference on Disaster Risk Reduction", held in 2005 in Japan, where the plan "Hyogo Framework for Action 2005-2015" was adopted.

The degree of equipping and training of civil protection and protection and rescue structures overall at all levels in BiH is still not satisfactory, resulting in the absence of a rapid and efficient response and insecurity of citizens in disasters.

The implementation of the Civil Protection Preparation Program for Bosnia and Herzegovina is underway, which is a precondition for signing of the agreement between the EU and the Council of Ministers of BiH on participation of BiH in the EU Civil Protection Mechanism.

It is expected that one EU member country will be selected to facilitate the cooperation of all civil protection actors in Bosnia and Herzegovina in order to achieve better coordination and effective response, including interventions in neighbouring communities in the region.

### Investments of DCF members in 2016

DCF members active in the Environment and climate action sector in 2016 are EIB, The World bank, UN, EBRD, EU, Sweden /Sida, Switzerland, USA/USAID, Czech Republic, Japan/JICA, Hungary, Germany, Norway, UK and Slovenia.

Total allocations of DCF members to the sector in 2016 amounted to €37.64 million, out of which €23.31 million in the form of grants and €14.33 million in the form of loans.

Total disbursements to the sector in 2016 amounted to €65.29 million, out of which €26.62 million in the form of grants and €38.67 million in the form of loans.

Figure 3.1. compares grants allocated and disbursed per donors, according to the amount of invested funds. Leading donors in the sector in 2016, who allocated i.e. disbursed largest amounts were UN, EU and Germany, followed by Sweden /Sida and Switzerland.

Figure 3.1. Allocated and disbursed grant funds per donors in 2016

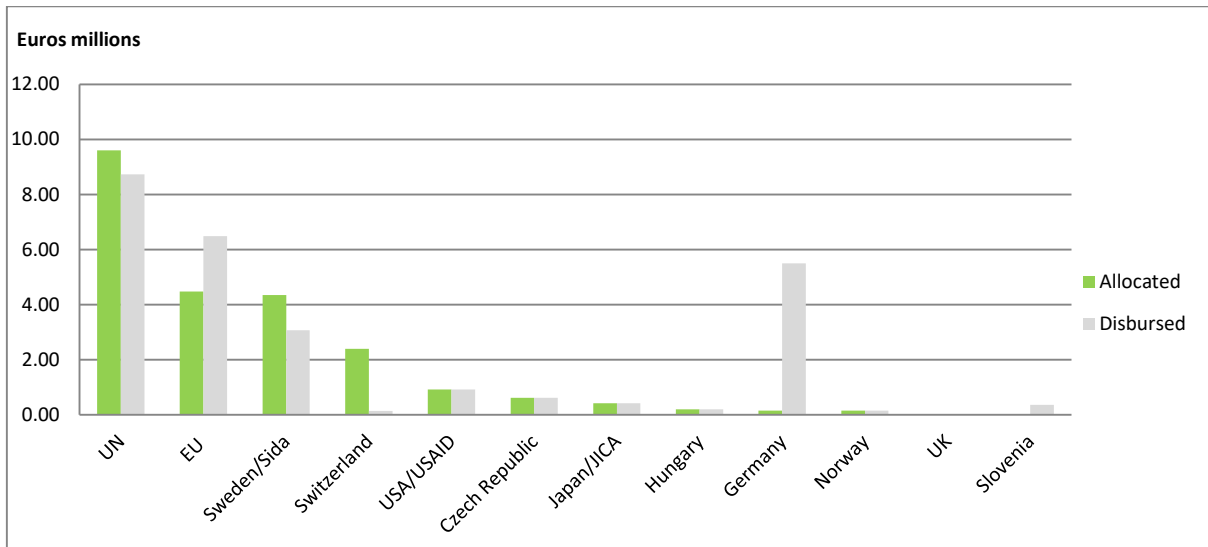
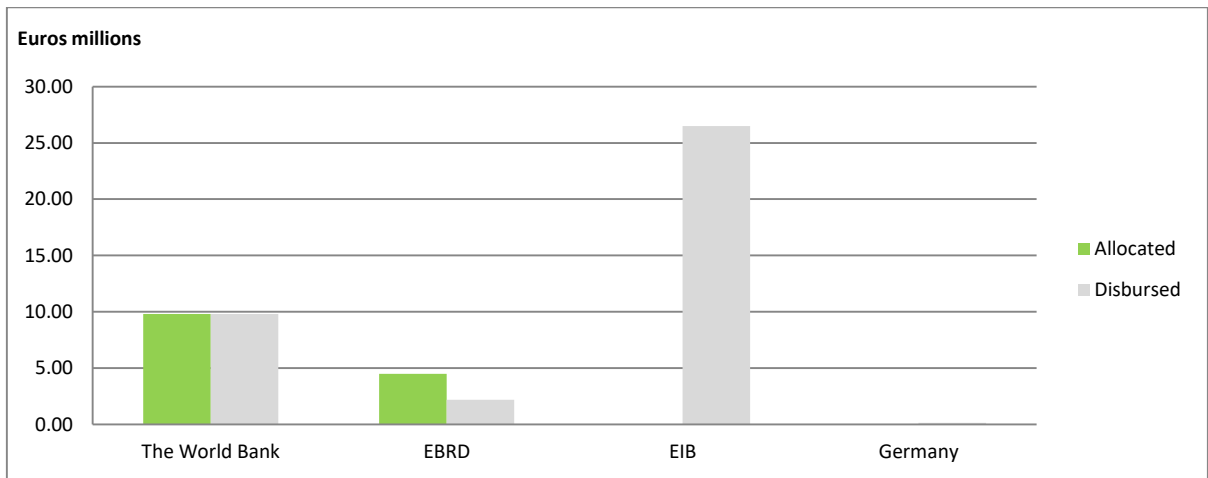


Figure 3.2. presents allocated and disbursed loans in 2016. Creditors in this sector are the European Investment Bank, which disbursed € 26.50 million in 2016, as well as The World Bank and the European Bank for Reconstruction and Development.

Grafikon 3.2. Allocated and disbursed loans per creditors in 2016



Environment and climate action sector consists of 9 sub-sectors. Figure 3.3. presents the structure of total allocated ODA funds per sub-sectors. Out of total allocated funds in 2016, 90% was allocated in three sub-sectors: Water supply and waste water 41%, Environment horizontal standards 26% and Civil protection 23%. Sub-sectors that did not have funding are not presented in the chart.

Figure 3.3. Total allocated ODA per sub-sectors in 2016

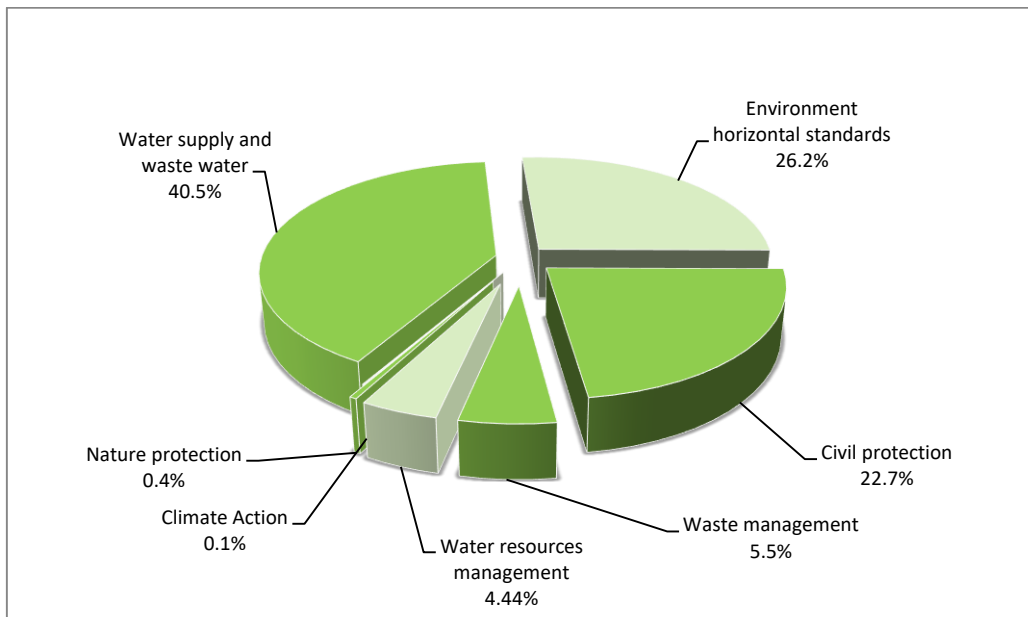
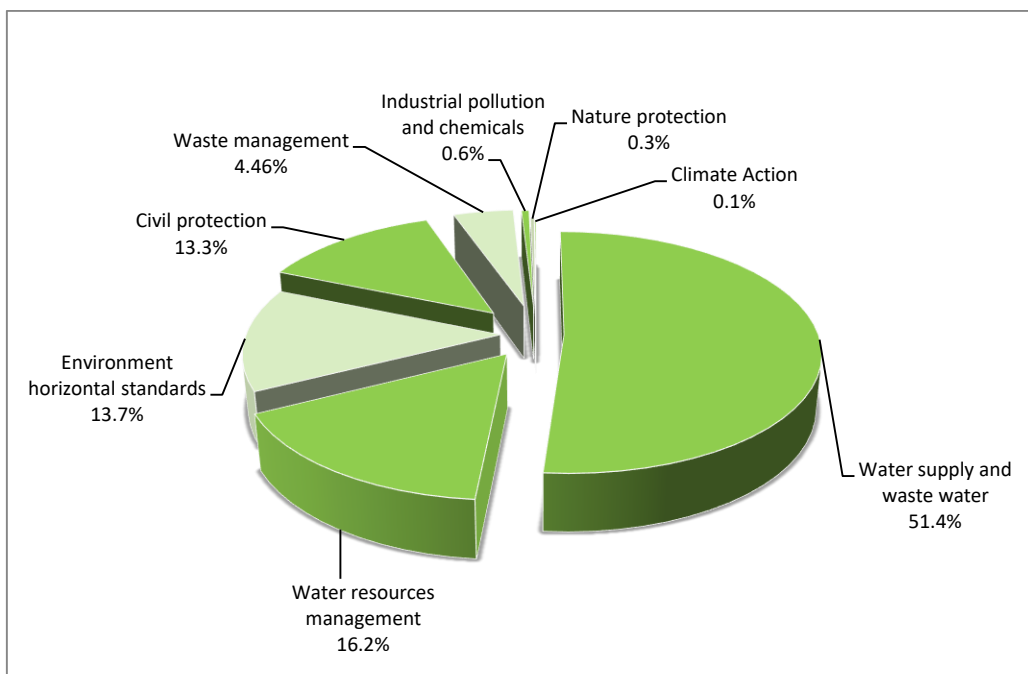


Figure 3.4. presents the structure of total disbursed ODA funds per sub-sectors in 2016. Out of total disbursed funds in 2016, the largest disbursements were recorded in the sub-sector Water supply and waste water 51%, followed by Environment horizontal standards and Civil protection. Sub-sectors that did not have funding are not presented in the chart.

Figure 3.4. Total disbursed ODA per sectors in 2016



Ten major projects in the sector that allocated or disbursed funds in 2016, are listed below:

PROJECT TITLE	Donor/Creditor	Total Project Value (Euros millions)
Water and sanitation in the Federation BiH	EIB	60.00
Emergency flood relief and prevention project	EIB	55.00
Water and Sanitation in RS	EIB	50.00
EU Flood Recovery programme	UN, EU	49.68
Sarajevo Waste Water Management Project	The World Bank, EU	35.11
Second Solid Waste Management Project	The World Bank, EU	33.70
Water Supply and Waste Water Treatment Programme, BiH II	Germany, Switzerland	24.37
Water Supply and Waste Water Programme in BiH, II	Germany, Switzerland	22.89
Waste Water Treatment Bihac	Germany, EU	20.44
Green Economic Development project- Environment	UN, Sweden/Sida	14.09

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

## Future activities

Based on the responses of BiH Institutions from all levels of government, as well as in line with the recommendations of the European Commission's 2016 Report for Bosnia and Herzegovina, further summarized efforts should be made in the following period:

- adopt Environmental Protection Strategy of BiH;
- amend the Law on Communications, which refers to the establishment of the single European emergency number 112;
- update the 2011 Vulnerability assessment of Bosnia and Herzegovina to natural or other disasters as prescribed by the Framework Law on Protection and Rescue;
- establish the Central Water Information System in BiH, with a view to report on the transposition and implementation of the Water *acquis* in BiH;
- continue activities on establishing of the mixed specialized unit for protection and rescue at the BiH level.

<b>DCF members active in the sector in 2016</b>	EBRD, EIB, The World Bank, EU
<b>Other key international organizations</b>	Western Balkans Investment Framework; South East Europe Transport Observatory; Regional Cooperation Council; International Civil Aviation Organization; International Union of Railways
<b>Key government partners</b>	Ministry of Communications and Transport of BiH; Directorate for Civil Aviation of BiH; Air Navigation Services Agency of BiH; Railways Public Corporation in BiH; Federal Ministry of Transport and Communications; Public Enterprise Road Directorate of FBiH; Public Enterprise Motorways of FBiH; Ministry of Transport and Communications of RS; Public Enterprise Motorways of RS; Government of BD BiH; Public Enterprise Railroads of FBiH; Public Enterprise Railroads of RS.
<b>Total allocation / disbursement to the sector in 2016 by DCF members</b>	Total allocated €212.98 million – €210.58 million in a form of loans and €2.40 million in a form of grants Total disbursed €136.98 million – €133.50 million in a form of loans and €3.48 million in a form of grants  Out of total ODA in 2016, 39% was allocated and 31% was disbursed in the sector.
<b>Legal framework and sector strategies adopted in 2016</b>	The Law on Transport of Dangerous Materials in RS ( <i>RS Off. Gazette No.15/16</i> ); The Law on Changes and Amendments to the Law on Transport of Explosive Materials, Flammable Liquids and Gases in RS ( <i>RS Off. Gazette No.58/16</i> ); Amendments to the Law on Road Transport in BiH ( <i>BD BiH Off. Gazette No.31/16</i> ); The Law on Changes and Amendments to the Law on Shipping in Road Transport of BD BiH ( <i>BD BiH Off. Gazette No. 26/16</i> ); The Law on Amendments to the Law on Working Time, Obligatory Rest Periods of Mobile Workers and Recording Equipment in Road Transport in BiH ( <i>BiH Off. Gazette No.66 /16</i> ).  Framework Transport Strategy of BiH 2016-2030; Transport Strategy in the FBiH 2016-2030; Transport Strategy of BD BiH 2016 -2030; Strategy of Development of Public Roads in RS for the period 2016-2025.  Previously adopted legal framework and sector strategies are available on <a href="http://www.donormapping.ba">www.donormapping.ba</a>
<b>Coordination with and among donors</b>	<p><b>The EU Delegation coordinates all donors active in this sector.</b></p> Currently there is no mechanism for coordination of donors in transport sector led by relevant BiH institutions. In the context of the Connectivity Agenda, <b>National Investment Committee (NIC)</b> was established in 2015, which also envisages the participation of relevant international financial institutions and bilateral donors. <p><b>Donors active in the sector and BiH Institutions from all levels of government regularly attended Donor Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</b></p>

### Overview of activities in 2016

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

#### **Transport sector consists of nine sub-sectors:**

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

Bosnia and Herzegovina has made some progress in the Transport sector with the adoption of the Framework Transport Strategy 2016-2030 and the Action plan, thus ensuring the financial support of the EU and the international financial institutions to already nominated and to the future BiH infrastructure projects. Framework Transport Strategy is based on previously adopted strategic documents of entities and Brcko District BiH. The Strategy contains structural proposals for development of the Transport sector and capacity building programs in order to adjust with the long-term goals and the EU strategic documents in the transport area.

Bosnia and Herzegovina has actively initiated the implementation of all short-term measures agreed within the "linking" initiative under the WB6 process. Two measures have been fully implemented, while the implementation of the third measure is underway concerning the conclusion of negotiations between Bosnia and Herzegovina and the Republic of Croatia on border crossings at the Corridor Vc for the railway traffic. The construction of the bridge near Svilaj over the Sava River is the joint project of BiH and Republic of Croatia, which represents the extension of the Trans-European Transport Networks (TEN-T). BiH with the lowest density of the road network, is one of the poorest countries in the Southeast Europe.

In order to eliminate the ambiguities in the Law on International and Inter-Entity Road Transport, on August 31, 2016, the Council of Ministers of BiH established the Proposal to the Law on Amendments to the Law on International and Inter-Entity Road Transport, which was harmonized with the provisions of the Regulation (EC) No 1071 / 2009 and forwarded the same in the parliamentary procedure.

Development of transport infrastructure will contribute to the greater mobility of people, goods and services and thus better employment opportunities. Development of transport infrastructure will also contribute to the promotion of tourism in BiH.

Ministry of Communications and Transport, in cooperation with the Directorate for Civil Aviation of BiH and the Ministry of Security, has initiated the procedure for adoption of the new Aviation Law of Bosnia and Herzegovina, in order to properly define search and rescue issues in aviation accidents.

On August 24, 2016, the Council of Ministers of BiH adopted the Decision on the setting-up of the Commission for Air Space Management of BiH. The Commission was set-up with the objective to introduce the strategic airspace management of BiH - level 1.

Railways are facing particularly serious challenges due to the obsolete infrastructure and fragmentation of services between the entities. The Law on the Railways of Republika Srpska, which also regulates combined transport and various types of combined transport, is currently in the parliamentary procedure for adoption.

Ministers of **transport and energy** of the Western Balkans (WB6) held a meeting in Brussels on March 1, 2016. The meeting was hosted by the Commissioner for European Neighbourhood Policy and Enlargement Negotiations. Bosnia and Herzegovina was represented by the Deputy Chairman of the the Council of Ministers of BiH, Minister of Foreign Trade and Economic Relations and Deputy to the Minister of Communications and Transport of BiH. The meeting was focused on the main issues within the Connectivity Agenda and the progress of each of the six countries in implementation of the "soft measures" in the area of energy and transport. At the end of the meeting, joint statement was adopted confirming the commitment to connectivity, good neighbourly relations, regional cooperation and European integration.

Relying on the Conclusions of the Council of Ministers of Bosnia and Herzegovina from 09/12/2015, and having in mind the lack of information, in particular of private entities and citizens in the area of communications, the Foreign Trade Chamber of BiH and the Communications Regulatory Agency of BiH, have organized the round tables in Sarajevo, Mostar and Banja Luka, considering the conditions and modalities for continuation of the digitalization process as well as the conditions and possibilities for utilization of the digital network and the digital signal.

In early 2016, the Communications Regulatory Agency of BiH issued licenses to the public broadcasting services for utilization of the equipment purchased in the first (I) phase of digitization of the public RTV services in BiH. The licenses were issued for all devices that were already installed and undergone the last phase of technical acceptance, thus eliminating all obstacles to start the digital TV broadcasting signal of the three public services in the wider area of Sarajevo, Mostar and Banja Luka. However, since the inception of the licence validity, i.e. from March 1, 2016, the beginning of digital broadcasting has not been recorded.

### Investments of DCF members in 2016

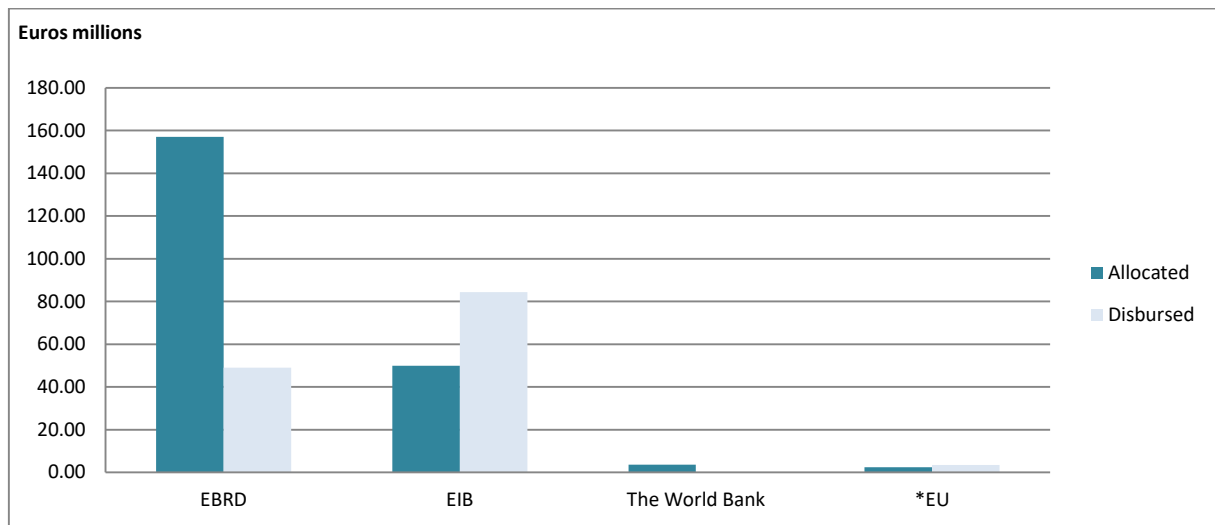
DCF members active in the Transport sector in 2016 are EBRD, EIB, the World Bank and EU.

Total allocations of DCF members to the sector in 2016 amounted to €212.98 million, out of which €210.58 million in the form of loans and € 2.40 in the form of grants.

Total disbursements of DCF members to the sector in 2016 amounted to €136.98 million, out of which €133.50 million in the form of loans and €3.48 in the form of grants.

Figure 4.1. compares loans allocated and disbursed in 2016. Leading creditors in this sector were the European Bank for Reconstruction and Development and the European Investment Bank. European Union is also presented in the chart, with grant funds contribution in this sector.

Figure 4.1. Allocated and disbursed loans per creditors in 2016



\*Note: European Union grant

Transport sector consists of 9 sub-sectors. Figure 4.2. presents the structure of total allocated funds per sub-sectors. Out of total allocated funds in 2016, 93% was allocated to the Road transport sub-sector. Sub-sectors that did not have funding are not presented in the chart.

Figure 4.2. Total allocated funds per sub-sectors in 2016

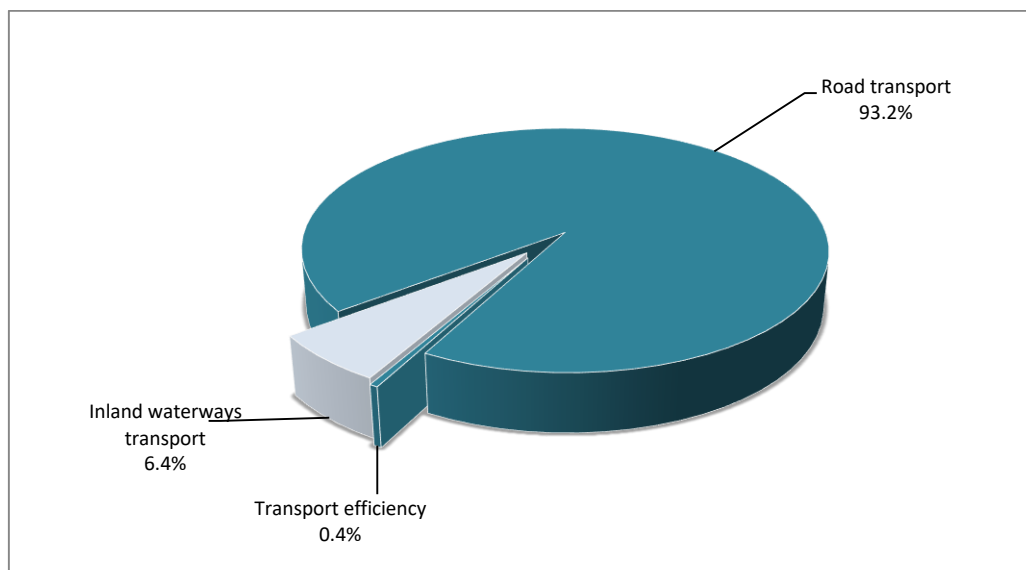
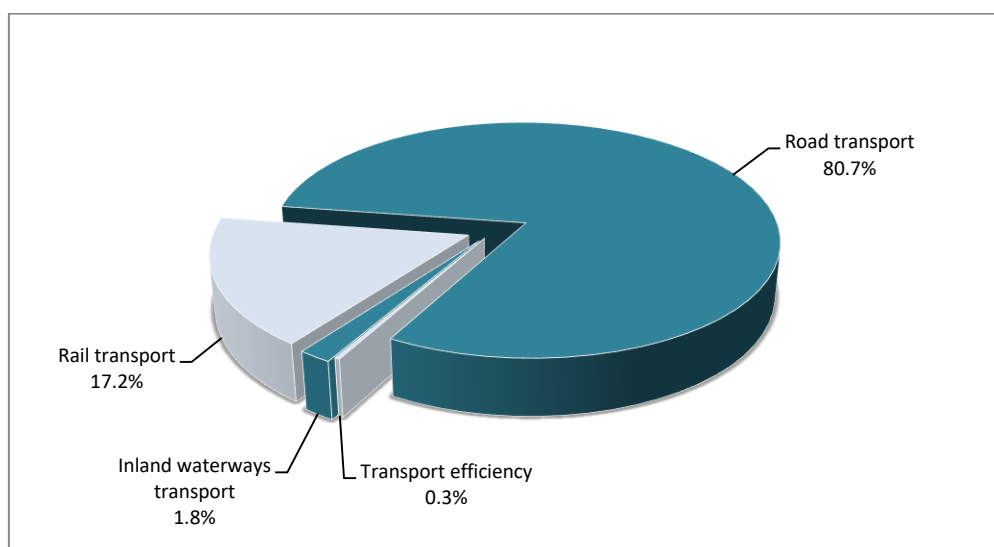


Figure 4.3. presents the structure of total disbursed funds per sub-sectors in 2016. Out of total disbursed funds in 2016, the largest disbursements were recorded in the sub-sector Road transport 81%, followed by the sub-sector Rail transport 17%. Sub-sectors that did not have funding are not presented in the chart.



Figure 4.3. Total disbursed funds per sub-sectors in 2016



Ten major projects in the sector that allocated or disbursed funds in 2016, are listed below:

PROJECT TITLE	Donor/Creditor	Total Project Value (Euros millions)
Banja Luka - Dobož Motorway Tranche I and Tranche II	EBRD	185.00
BANJA LUKA-DOBOJ MOTORWAY	EIB	160.00
ROAD MODERNIZATION, FEDERATION BIH	EIB	103.00
BIH RAILWAYS II	EIB	86.00
BH Corridor Vc 2 - extension	EBRD	76.00
Bosnia and Herzegovina Regional Railway Project	EBRD	70.00
Floods - FBH Roads Repair and Upgrade	EBRD	65.00
Federation Road Sector Modernization Project	The World Bank	58.00
Brcko Bypass	EBRD	28.50
Construction of Urban Roads in Sarajevo	The World Bank, EU	25.24

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

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

### Future activities

Based on the responses of BiH Institutions from all levels of government, as well as in line with the recommendations of the European Commission's 2016 Report for Bosnia and Herzegovina, further efforts should be made on strengthening of the regulatory framework.

<b>DCF members active in the sector in 2016</b>	The World Bank, EBRD, Germany, USA/USAID, Czech Republic, IFC, Croatia, EU
<b>Other key international organizations</b>	Energy Community; South East Europe Energy Community; Western Balkans Investment Framework; Regional Cooperation Council.
<b>Key government partners</b>	CoM of BiH; Government of FBiH; Government of RS; Government of BD BiH; Ministry of Foreign Trade and Economic Relations of BiH; Ministry of Finance and Treasury of BiH; Regulatory Agency for Radiation and Nuclear Safety of BiH; State Electricity Regulatory Commission; Federal Ministry of Energy, Mining and Industry; Federal Ministry of Physical Planning; Federal Ministry of Finance; Federal Ministry of Environment and Tourism; Regulatory Commission for Energy in FBiH; Environmental Protection Fund of FBiH; Ministry of Industry, Energy and Mining of RS; Ministry of Industry, Energy and Mining of RS; Ministry of Finance of RS; Ministry of Economic Affairs and Regional Cooperation of RS; Regulatory Commission for Energy of RS; Fund for Environmental Protection and Energy Efficiency of RS; Foreign Trade Chamber of BiH; Chamber of Economy of FBiH; Chamber of Commerce of RS; Commission for Concessions of BiH; Commission for Concessions of FBiH; Commission for Concessions of RS; Association of cities and municipalities in RS and FBiH.
<b>Total allocation / disbursement to the sector in 2016 by DCF members</b>	<p>Total allocated €20.02 million – €17.16 in a form of loans and €2.86 million in a form of grants.</p> <p>Total disbursed €40.59 million – €36.53 million in a form of loans and €4.06 million in a form of grants.</p> <p>Out of total ODA in 2016, 4% was allocated and 9% was disbursed in the sector.</p>
<b>Legal framework and sector strategies adopted in 2016</b>	<p>The Law on Changes to the Law on Fees for the Use of Natural Resources for Production of Electricity in RS (<i>Off. Gazette of RS No.15/16</i>)</p> <p>Previously adopted legal framework and sector strategies are available on <a href="http://www.donormapping.ba">www.donormapping.ba</a></p>
<b>Coordination with and among donors</b>	<p><b>Energy connectivity:</b> Informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral, self-organizing meetings between donors with MoFTER attendance.</p> <p><b>Energy efficiency:</b> Coordination meetings between donors with MoFTER are held biannually.</p> <p><b>Renewable energy:</b> There is a sub-sector DCF donor group and MVTEO, however, the meeting has not been convened for one year.</p> <p>Informal <i>ad hoc</i> project-based coordination.</p> <p>Joint <i>Bioenergy</i> program was initiated, following the UN bilateral meetings with GIZ and USAID.</p> <p><b>Oil:</b> Informal <i>ad hoc</i> project-based coordination</p>

**Gas:** Informal *ad hoc* project-based coordination

**Electricity:** Informal *ad hoc* coordination

**Nuclear safety and radiation protection:** Informal *ad hoc* project-based coordination.

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

### Overview of activities in 2016

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

#### Energy sector consists of seven sub-sectors:

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

In the past year certain progress has been made in the Energy sector. Bosnia and Herzegovina needs to make significant efforts in order to fulfil its international obligations deriving from the Energy Community Treaty.

In February 2016, the Council of Ministers of BiH entrusted the Ministry of Foreign Trade and Economic Relations of BiH to set up a working group with the aim to define the principles based on which a strategic document will be formed at the BiH level (from two entity strategies) after the adoption of FBiH energy strategy.

Government of FBiH has adopted the project task for the preparation of the energy strategy of the Federation of BiH for the period 2015-2035, with the projection until 2050.

Certain progress has been made in terms of elimination of legal and contractual obstacles for establishing of an organized electricity energy market. The Draft Law on Energy of BiH was prepared (it should be adopted by the end of March 2017). In respect to the so-called "cross-border electricity balancing", the trilateral Agreement on the Common Regulatory Reserve in the Control Block SCB (R. Slovenia, R. Croatia, BiH) is practically applied from September 9, 2016.

The Council of Ministers of BiH has adopted the National Renewable Energy Action Plan in BiH (NREAP BiH), which together with the National Emission Reduction Program (NERP BiH), adopted on December 30, 2015, represents certain progress in this area.

Ministerial Council of the Energy Community suspended the measures against BiH at its meeting on October, 14 2016, which were introduced on October 16, 2015. Also, concerning the aspect of security of supply, the Independent System Operator of BiH prepared and the State Electricity Regulatory Commission approved the "Indicative plan for development of production 2017 - 2026".

The EU has commissioned the framework plan for regional hydropower sources for the Western Balkans. This plan will define the manner of development of hydropower potentials in the region through balancing between the energy production and environmental issues. An initiative was introduced for increased investments in energy efficiency in residential buildings and sustainable development, assisted with additional EU funds in the amount of EUR 50 million. The program involves exploring the best methods for development of regional hydropower potentials. In this context, Western Balkans countries now need to increase their efforts, considering that the progress on implementation of non-technical measures will improve the legal and regulatory framework for

infrastructure projects. Agreement has been reached on the roadmap for establishing of the regional electricity market in the Western Balkans, in order to facilitate the exchange of resources, to enable better utilization of the existing energy systems, integration of renewable energy production, and finally, linking the regional with the EU market.

Bosnia and Herzegovina has one of the least energy-efficient economies in Europe, which affects the export competitiveness of companies due to high energy inputs by comparison to other countries. The potential for renewable energy sources is underutilized. Better utilization would help reduce the probability of electricity shortages and maintain future economic growth.

The data of the Independent System Operator in BiH indicate that in case all power plants were closed in accordance with the ongoing planned dates, by the year 2020 BiH would become an importer of electricity.

### Investments of DCF members in 2016

DCF members active in the Energy sector in 2016, are The World Bank, EBRD, Germany, USA/USAID, Czech Republic, IFC, Croatia, EU.

Total allocations of DCF members to the sector in 2016, amounted to €20.02 million, out of which, €17.16 million in the form of loans and €2.86 in the form of grants.

Total disbursements of DCF members to the sector in 2016 amounted to €40.59 million, out of which € 36.53 million in the form of loans and €4.06 in the form of grants.

Figure 5.1. compares grants allocated and disbursed per donors, according to the amount of invested funds. Leading donors in the sector in 2016, who allocated i.e. disbursed largest amounts were Germany, followed by USA/USAID and Czech Republic.

Figure 5.1. Allocated and disbursed grant funds per donors in 2016

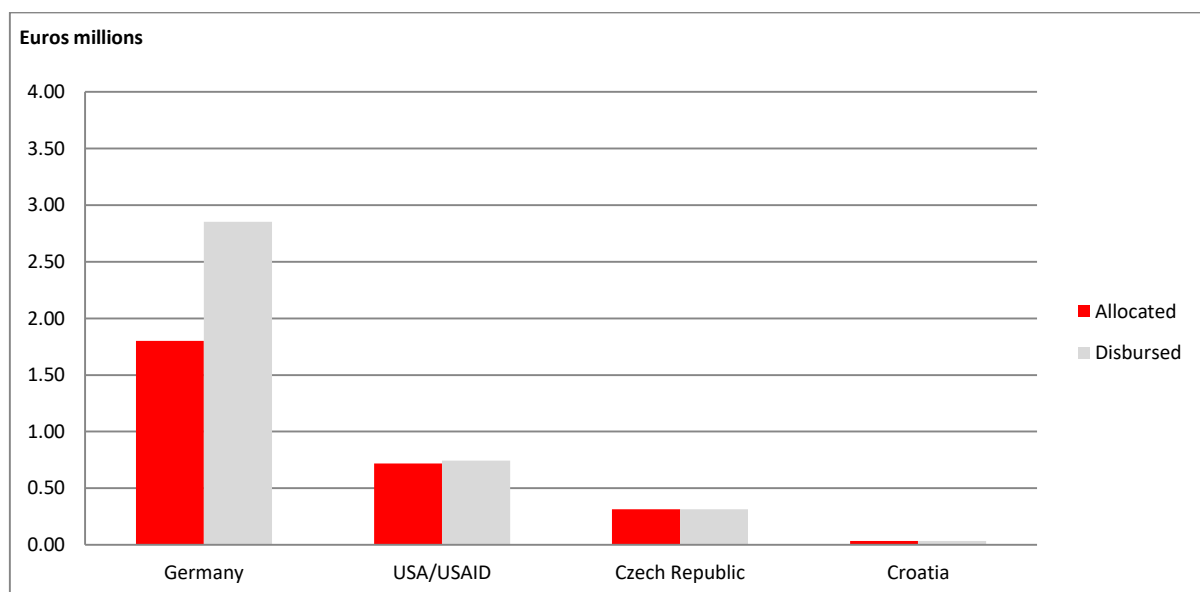
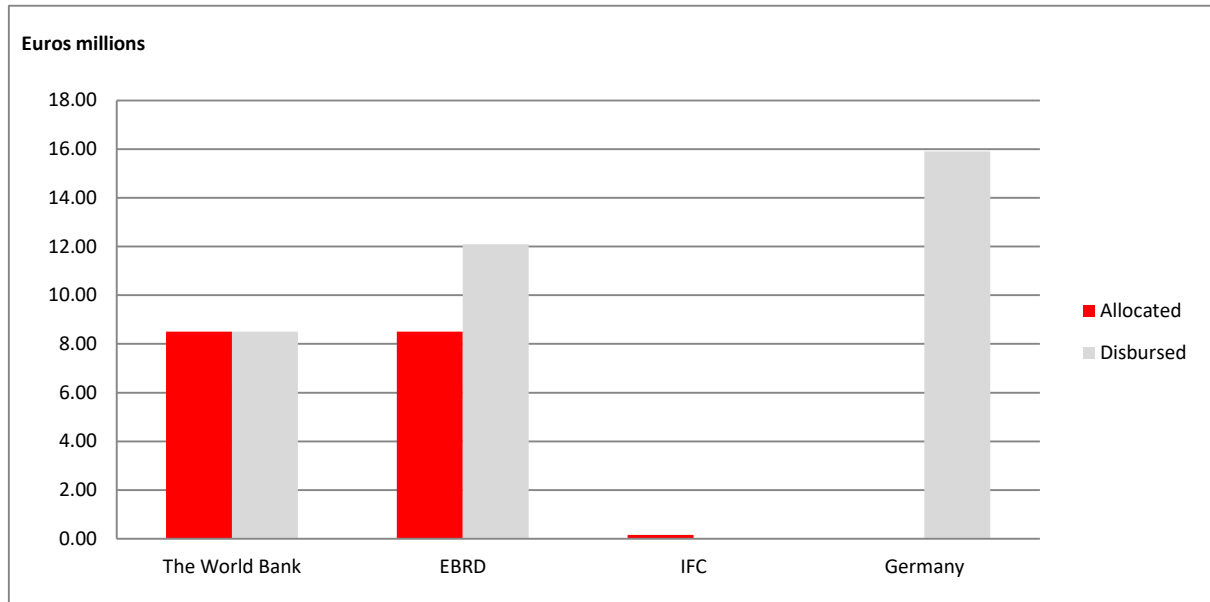


Figure 5.2. presents allocated and disbursed loans in 2016. Leading creditors in the sector were The World Bank and the European Bank for Reconstruction and Development as well as Germany, which disbursed €15.90 million in 2016.

Figure 5.2. Allocated and disbursed loans per creditors in 2016



Energy sector consists of 7 sub-sectors. Figure 5.3. presents the structure of total allocated funds per sub-sectors. Out of total allocated funds in 2016, 55% was allocated to the sub-sector Energy Efficiency and 43% to the sub-sector Electricity. Sub-sectors that did not have funding are not presented in the chart.

Figure 5.3. Total allocated funds per sub-sectors in 2016

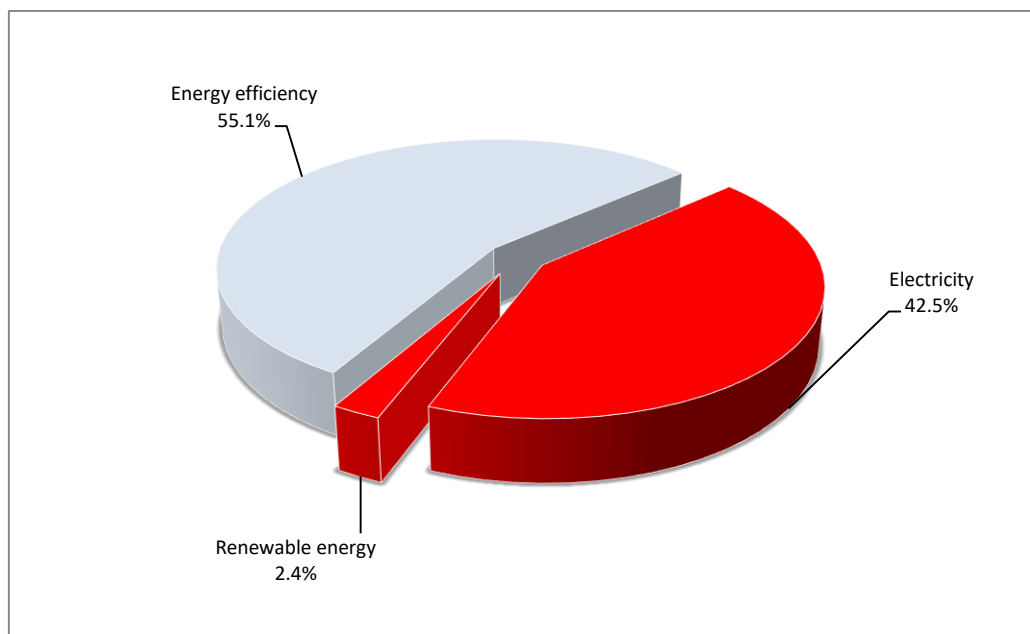
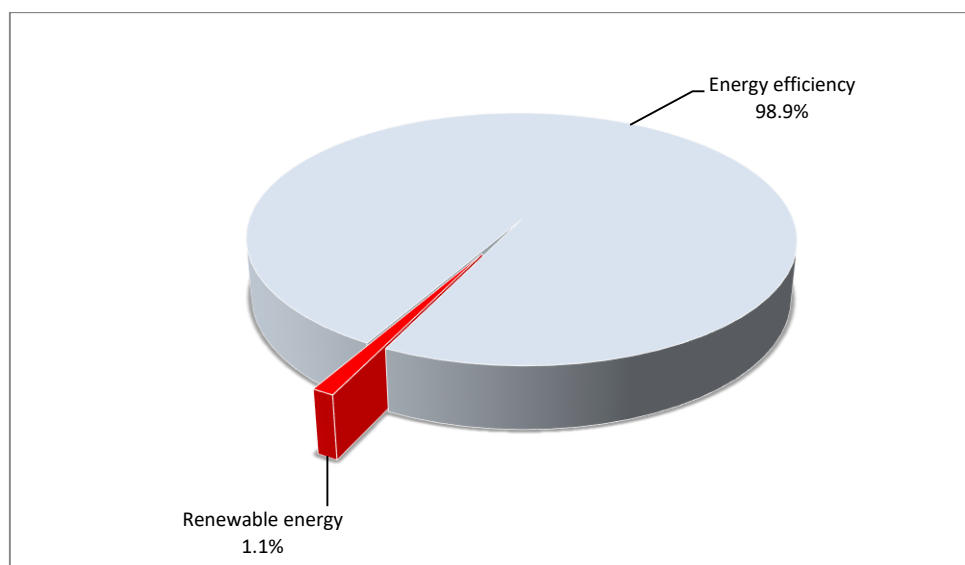


Figure 5.4. presents the structure of total disbursed funds per sub-sectors in 2016. Out of total disbursed funds in 2016, the largest disbursements were recorded in the sub-sector Energy Efficiency 99%. Sub-sectors that did not have funding are not presented in the chart.

Figure 5.4. Total disbursed funds per sub-sectors in 2016



Ten major projects in the sector that allocated or disbursed funds in 2016, are listed below:

PROJECT TITLE	Donor/Creditor	Total Project Value (Euros millions)
Windpark Mesihovina	Germany	72.00
EP BiH – Hydro Power Plants Project	EBRD	35.00
Energy Efficiency Project	The World Bank	22.90
Distribution SCADA/DMS/OMS System	Germany	17.03
Rehabilitation of Hydro Power Plant Trebinje Phase 3	Germany	10.01
Energy Efficiency - Consulting in BiH	Germany	5.66
Rehabilitation of Hydro Power Plant Trebinje Phase 2	Germany	5.11
Energy Investment Activity	USA/USAID	4.66
Open Regional Fund (ORF) for South East Europe - Energy Efficiency	Germany	1.72
Using biomass for development of rural areas in Bosnia and Herzegovina	Czech Republic	1.49

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

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

## Future activities

Based on the responses of BiH Institutions from all levels of government, as well as in line with the recommendations of the European Commission's 2016 Report for Bosnia and Herzegovina, further summarized efforts should be made in the following period

- adopt countrywide energy strategy and strengthen the coordination and cooperation at all levels of government in the country;
- adopt legal framework for electrical energy and adopt legal framework for gas in accordance with the Third Energy Package, in order to enable lifting of the sanctions due to the serious and persistent breach of Energy Community Treaty;
- adopt and implement the EU *acquis* on energy efficiency, including the end-use efficiency of energy and energy services;
- adopt the National Action Plan on Energy Efficiency and submit it to the Energy Community Secretariat.



<p><b>DCF members active in the sector in 2016</b></p>	<p>EIB, EBRD, USA/USAID, EU, Sweden /Sida, Switzerland, The World Bank, Slovenia, Norway, Germany, IFC, Czech Republic, Hungary</p>
<p><b>Other key international organizations</b></p>	<p>Western Balkans Investment Framework; Council of Europe Development Bank; Regional Cooperation Council; Switzerland Global Enterprise; European Fund for Southeast Europe; Central European Free Trade Agreement; Organization for Security and Cooperation in Europe; Regional Center for Development of Entrepreneurial Competencies.</p>
<p><b>Key government partners</b></p>	<p>CoM of BiH; Government of FBiH; Government of RS; Government of BD BiH; Ministry of Foreign Trade and Economic Relations of BiH; Ministry of Finance and Treasury of BiH; Ministry of Civil Affairs of BiH; Ministry of Justice of BiH; Indirect Taxation Authority of BiH; Ministry of Human Rights and Refugees of BiH; Directorate for Economic Planning of BiH; Directorate for European Integration of BiH; Labour and Employment Agency of BiH; Market Surveillance Agency of BiH; Market Surveillance Agency of BiH; Deposit Insurance Agency of BiH; Central Bank of BiH; Competition Council of BiH; Foreign Trade Chamber of BiH; Export Credit Agency of BiH; State Aid Council of BiH; Institute for Intellectual Property of BiH; Federal Ministry of Finance; Federal Ministry of Environment and Tourism; Federal Ministry of Development, Entrepreneurship and Craft, Ministry of Agriculture, Water Management and Forestry; Federal Ministry of Justice; Ministry of Finance of RS; Ministry of Trade and Tourism of RS; Ministry of Justice of RS; Ministry of Economic Relations and Regional Cooperation of 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; Association of cities and municipalities.</p>
<p><b>Total allocation / disbursement to the sector in 2016 by DCF members</b></p>	<p>Total allocated €87.58 million – €15.65 million in a form of grants and €71.93 million in a form of loans.</p> <p>Total disbursed €19.93 million – €17.88 million in a form of grants and €2.05 million in a form of loans</p> <p>Out of total ODA in 2016, 16% was allocated and 4% was disbursed in the sector.</p>
<p><b>Legal framework and sector strategies adopted in 2016</b></p>	<p>The Law on Control of Foreign Trade in Weapons, Military Equipment and Special Purposes Items in BiH (<i>BiH Off. Gazzete No.53/16</i>); The Law on Control of Foreign Trade in Dual-Use Items in BiH (<i>BiH Off. Gazzete No.53/16</i>); The Law on Marking of Small Arms, Light Weapons and Related Ammunition in BiH (<i>BiH Off. Gazzete No.83/16</i>); The Law on Factoring in FBiH (<i>FBiH Off. Gazzete No.14/16</i>); The Law on Labour in</p>

	<p>FBiH (<i>FBiH Off. Gazzete No.26/16</i>); The Law on Changes and Amendments to the Law on Mediation in Private Insurance in FBiH (<i>FBiH Off. Gazzete No.30/16</i>); The Law on Financial Transactions in FBiH (<i>FBiH Off. Gazzete No.48/16</i>); The Law on Amendments to the Law on the Default Interest Rate in FBiH (<i>FBiH Off. Gazzete No.101/16</i>); The Law on Changes and Amendments to the Law on Leasing in FBiH (<i>FBiH Off. Gazzete No.104/16</i>); The Law on Voluntary Pension Funds in FBiH (<i>FBiH Off. Gazzete No.104/16</i>); The Law on Changes and Amendments to the Law on Crafts - Entrepreneurial Activity in RS (<i>RS Off. Gazzete No.44/16</i>); The Law on Labour in RS (<i>RS Off. Gazzete No. 1/16</i>); The Law on Changes and Amendments to the Law on Public Ski Resorts in RS (<i>RS Off. Gazzete No.33/16</i>); The Law on Changes and Amendments to the Law on the Single System for Multilateral Compensations and Cessions in RS (<i>RS Off. Gazzete No.33/16</i>); The Law on Changes and Amendments to the Law on Electronic Business Transactions in RS (<i>RS Off. Gazzete No.33/16</i>); The Law on Changes and Amendments to the Law on Registration of Businesses in RS (<i>RS Off. Gazzete No. 15/16</i>); The Law on Bankruptcy in RS (<i>RS Off. Gazzete No.16/16</i>); The Law on Stimulating the Economy of Brcko District BiH (<i>BD BiH Off. Gazzete No.23/16</i>); The Law on Changes and Amendments to the Law on Payment Transactions of Brcko District BiH (<i>BD BiH Off. Gazzete No.23/16</i>); The Law on Changes and Amendments to the Law on Public Companies of Brcko District BiH (<i>BD BiH Off. Gazzete No. 17/16</i>); The Law on Fiscal Systems of Brcko District BiH (<i>BD BiH Off. Gazzete No. 48/16</i>); The Law on Foreign Exchange Operations in District Brcko BiH (<i>BD BiH Off. Gazzete No. 23/16</i>).</p> <p>Strategy of Tourism in the FBiH – Transfer 2016 – „ Action Plan of the Strategy of Tourism in the FBiH - Transfer for Tourism Development" for 2016; Strategy of Development of Small and Medium Enterprises of RS 2016-2020; Strategy and Policy of Development of RS Industry 2016-2020 and related Action plan; Employment Strategy of RS 2016-2020; Strategy for Fostering Foreign Investment in RS 2016-2020; RS Action plan for Realization of Foreign Investment Strategy 2016-2020.</p> <p>Previously adopted legal framework and sector strategies are available on <a href="http://www.donormapping.ba">www.donormapping.ba</a></p>
	<p><b>Trade and internal market:</b> To some extent, MoFTER is leading the donor coordination, together with self-organizing meetings between donors active in this sub-sector. CEFTA secretariat is organizing donor coordination for free trade.</p> <p><b>Private sector development:</b> To some extent, MoFTER is leading the donor coordination. Self-organizing regular meetings are held between donors active in this sub-sector, mainly in the context of programming, implementation or</p>

<p><b>Coordination among and with donors</b></p>	<p>launching specific initiatives. Leading donors/financial institutions include the EU, USAID, The World Bank, EBRD, GIZ, KfW and UNDP.</p> <p><b>Local economic development:</b> Donor coordination meetings, GIZ together with UNDP and ILO within the EU Program for local development and employment. Informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral.</p> <p><b>Research, innovation and technological development:</b> Informal <i>ad-hoc</i> coordination.</p> <p><b>Information and communication technology (ICT):</b> Informal <i>ad-hoc</i> coordination.</p> <p><b>Tourism and heritage:</b> To some extent, MoFTER is leading the donor coordination, together with self-organizing meetings between donors active in this sub-sector.</p> <p><b>Donors active in the sector and BiH Institutions from all levels of government regularly attended Donor Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</b></p>
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### Overview of activities in 2016

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

#### **Competitiveness and innovation sector consists of six sub-sectors:**

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

Continuous and strong political support for implementation of the necessary structural reforms is of crucial importance for this sector, in line with the agreed Reform Agenda.

Bosnia and Herzegovina is still at an early stage in developing of a functioning market economy, which is necessary for competitiveness in the European Union.

Progress has been made in the areas of improving the competitiveness of municipalities as business locations; competitiveness of small and medium enterprises in strategic metal and wood sectors as well as in tourism and agribusiness sectors.

In 2016, progress has been made in the reporting process towards the OECD and in the implementation of the SBA principles in BiH.

In February 2016, Governing Board of the Banking Agency of the Republic of Srpska adopted the new Strategy for Introduction of Basel III standards, while in late June 2016, Board of Directors of the Federal Banking Agency also adopted the amended Strategy for Introduction of Basel III, thus achieving the full compliance with the relevant RS Strategy.

In July 2016, the Council of Ministers of BiH adopted the Rulebook on e-auction, which is considered as progress made in the area of public procurement and in August 2016 it adopted the Rulebook on monitoring of public procurement procedures in order to ensure the maximum efficiency of public funds spending. The Rulebook aligns the public procurement monitoring procedure with the new Law on Public Procurement and improves the monitoring system.

Also, in July 2016, the Council of Ministers of BiH adopted the Decision on the establishing of the third term of the Advisory Council of the Institute for Accreditation of BiH.

In September 2016, the Government of the FBiH adopted the Action plan for implementation of the project "Development of Small and Medium Enterprises in the FBiH" for the period 2016 - 2018.

Since August 2016, The Indirect Taxation Authority applies the new customs information application ASYCUDA WORLD in all four regional centres.

Within the first phase of the Project of Digitalization of the Microwave Links of RTV public services in BiH, the procurement, assembling, installation and acceptance of equipment at the facilities have been successfully completed. Project documentation required for issuing of licenses to RTV public services in BiH has been fully completed and technical acceptance of equipment has been performed

at the facilities. In October, broadcasting of testing digital signal was initiated in Sarajevo, Banja Luka and Mostar.

Council of Ministers of Bosnia and Herzegovina brought the Decision on appointment of the new Council for Science of BiH, which according to the Framework Law on the Basis of Scientific Research Activity and Coordination of Internal and International Scientific Research Cooperation of BiH, constitutes the advisory and expert body of the Ministry of Civil Affairs.

**Investments of DCF members in 2016**

DCF members active in the Competitiveness and innovation sector in 2016 are EIB, EBRD, USA/USAID, EU, Sweden /Sida, Switzerland, The World Bank, Slovenia, Norway, Germany, IFC, Czech Republic and Hungary.

Total allocations of DCF members to the sector in 2016 amounted to €87.58 million, out of which €15.65 million in the form of grants and €71.93 million in the form of loans.

Total disbursements of DCF members to the sector in 2016 amounted to €19.93 million, out of which €17.88 million in the form of grants €2.05 million in the form of loans.

Figure 6.1. compares grants allocated and disbursed per donors, according to the amount of invested funds. Leading donors in the sector in 2016, who allocated i.e. disbursed largest amounts were USA/USAID and the EU, followed by Sweden /Sida and Switzerland.

Figure 6.1. Allocated and disbursed grant funds per donors in 2016

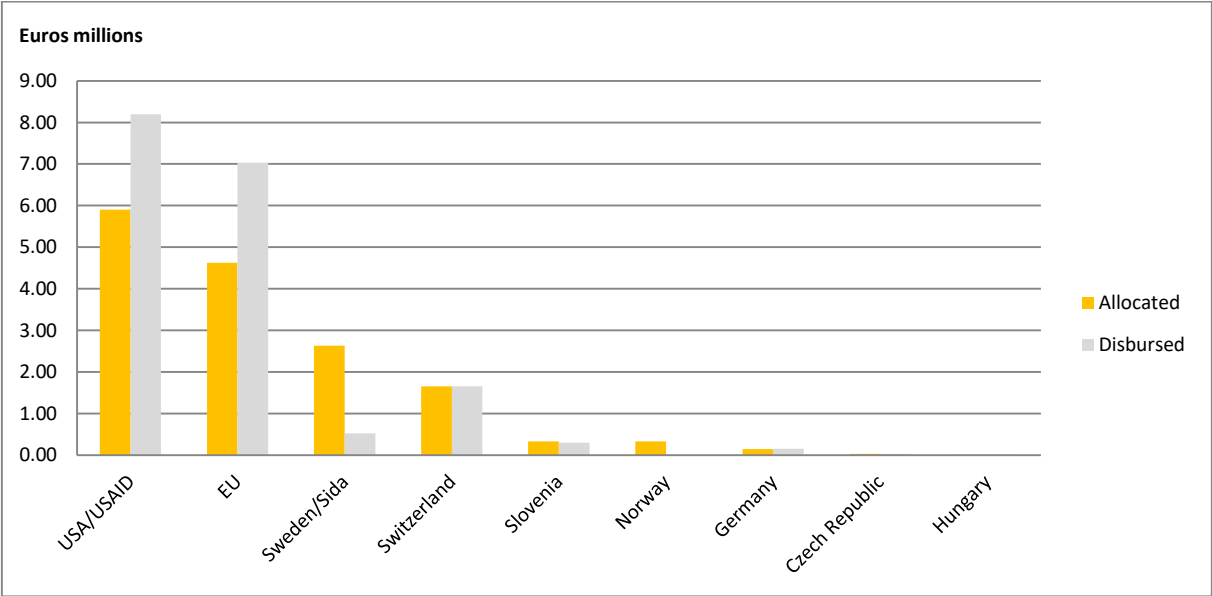
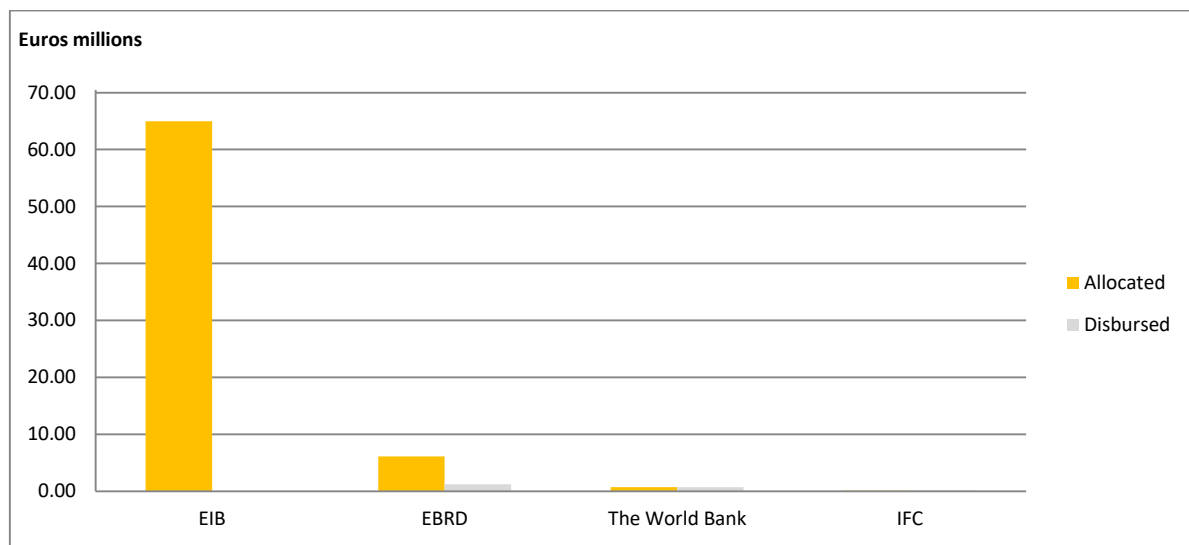


Figure 6.2. presents allocated and disbursed loans in 2016. Leading creditor in this sector was the European Investment Bank, which allocated €65.00 million in 2016.

Figure 6.2. Allocated and disbursed loans per creditors in 2016



Competitiveness and innovation sector consists of 6 sub-sectors. Figure 6.3. presents the structure of total allocated funds per sub-sectors. Out of total allocated funds in 2016, 93% was allocated in the sub-sector Private sector development.

Figure 6.3. Total allocated funds per sub-sectors in 2016

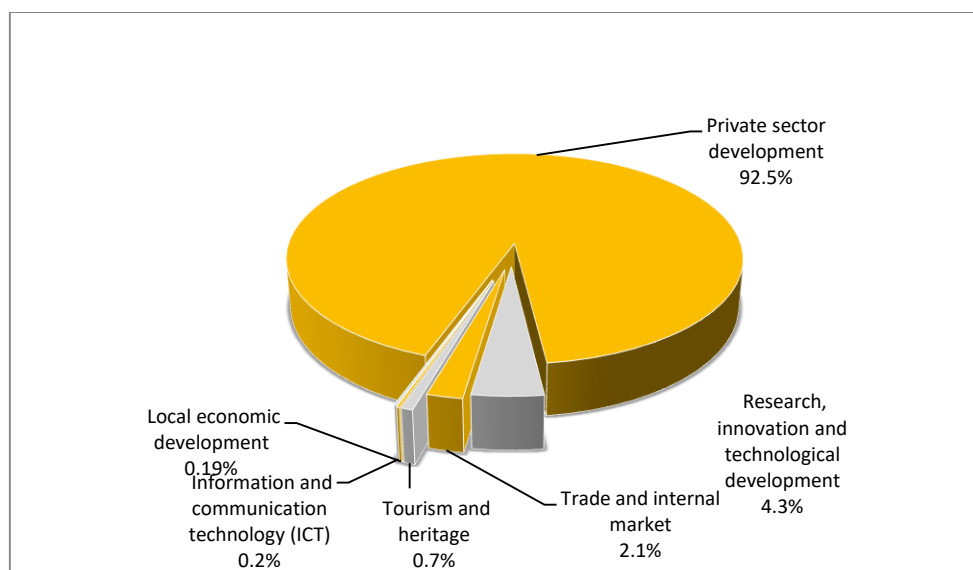
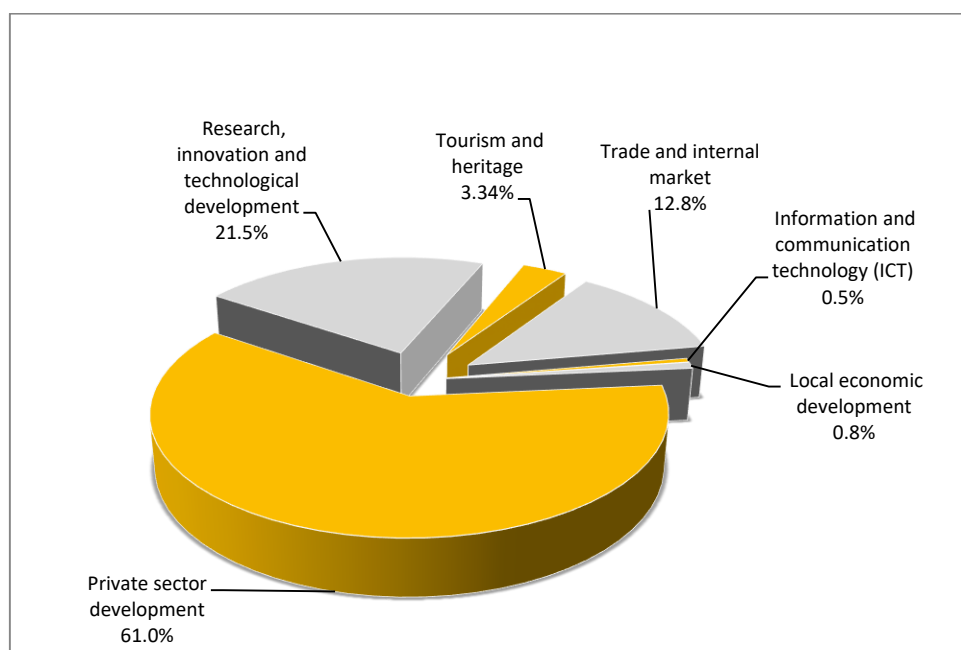


Figure 6.4. presents the structure of total disbursed funds per sub-sectors in 2016. Out of total disbursed funds in 2016, the largest disbursements were recorded in the sub-sector of Private sector development 61%. Disbursements were also recorded in sub-sectors Research, innovation and technological development 22% and Trade and internal market 13%.

Figure 6.4. Total disbursed funds per sub-sectors in 2016



Ten major projects in the sector that allocated or disbursed funds in 2016, are listed below:

PROJECT TITLE	Donor/Creditor	Total Project Value (Euros millions)
Enhancing SME Access to Finance	The World Bank	137.90
RBBH LOAN FOR SMES & PRIORITY PROJECTS	EIB	30.00
ISP LOAN FOR SMES & PRIORITY PROJECTS III	EIB	25.00
Fostering Agricultural Markets Activity (FARMA II)	USA/USAID	14.86
Municipal Environmental and Economic Governance Project (MEG)	Switzerland	10.84
PROCREDIT LOAN FOR SME AND OTHER COP OBJECTIVES	EIB	10.00
Growth Oriented Local Development (GOLD)	USA/USAID	9.27
GOLD, Growth Oriented Local Development	Sweden /Sida	7.20
Bingo Expansion 2	EBRD	5.00
Harnessing Bosnia and Herzegovina Diaspora for Economic Development	USA/USAID	4.40

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

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

### Future activities

Based on the responses of BiH Institutions from all levels of government, as well as in line with the recommendations of the European Commission's 2016 Report for Bosnia and Herzegovina, further summarized efforts should be made in the following period:

- develop institutional framework and legislation related to the SME sector, promotion and encouraging of entrepreneurship, development of entrepreneurial infrastructure as well as development of consultancy services market.
- strongly interconnect the cultural sector with the tourism sector and provide support to projects that will be jointly prepared, in order to valorise the potential of the cultural sector through tourism.
- improve compatibility and enforcement of regulations in the area of the state aid.

In accordance with the recommendations from PER and the Reform Agenda, and in order to support the long-term growth, particular attention should be paid to the following:

- improve the quality of public finances by improving investment which support the growth, improve targeting of social expenditures and more solid debt management;
- strengthen the financial sector by addressing low-quality loans, improving the banking sector supervision and developing the new framework for recovery of banks;
- improve the efficiency of public investment, in particular investment in infrastructure;
- improve the quality of education and training;
- further improve the coordination between competent institutions;
- set up the register of valid technical regulations and initiate abolishing domestic regulations that are contradictory to the European standards;
- adopt coordinated countrywide strategy for quality infrastructure;
- ensure more effective functioning of the Competition Council;
- further harmonize and implement the legislation on the state aid and ensure the effective functioning of the State Aid Council;
- ensure that the existing state aid schemes are in line with SAA commitments.



<b>DCF members active in the sector in 2016</b>	EIB, UN, EU, Switzerland, Japan/JICA, Slovenia, The Netherlands, Croatia, Germany, Norway, France, UK, Czech Republic, Hungary
<b>Other key international organizations</b>	Council of Europe; Office of the High Representative; International Labour Organization; World Health Organisation; West Balkans Investment Framework; <i>KulturKontakt</i> Austria, European Training Foundation; Organization for Security and Cooperation in Europe; European Centre for Disease Prevention and Control; British Council; Regional Cooperation Council.
<b>Key government partners</b>	CoM of BiH; Government of FBiH; Government of RS; Government of BD BiH; Ministry of Civil Affairs of BiH; Ministry of Human Rights and Refugees of BiH; Ministry of Foreign Trade and Economic Relations of BiH; Labor and Employment Agency of BiH; Agency for Development of Higher Education and Quality Assurance of BiH; Agency for Pre-school, Primary and Secondary Education of BiH; Centre for Information and Recognition of Documents in the Area of Higher Education of BiH; Agency for Gender Equality of BiH; Directorate for European Integration; The Institution of Human Rights Ombudsmen of BiH; Federal Ministry of Labour and Social Policies; Federal Ministry of Health; Federal Ministry of Development, Entrepreneurship and Craft, Ministry of Education and Science; Federal Ministry of Culture and Sports; Federal Employment Bureau; Gender Centre of FBiH and RS; Ministry of Education and Culture of RS; Ministry of Health and Social Welfare of RS; Ministry of Labour, War Veterans and Disabled Persons' Protection of RS; Ministry of Economic Relations and Regional Cooperation of RS; Ministry of Science and Technology of RS; Employment Bureau of RS; Employment Bureau of BD BiH; Employers' Association of RS and FBiH; cantonal ministries of education.
<b>Total allocation / disbursement to the sector in 2016 by DCF members</b>	<p>Total allocated €34.97million – €19.97 million in a form of grants and €15.00 million in a form of loans.</p> <p>Total disbursed €45.49 million – €17.49 million in a form of grants and €28.00 million in a form of loans.</p> <p>Out of total ODA in 2016, 6% was allocated and 10 % was disbursed in the sector.</p>
<b>Legal framework and sector strategies adopted in 2016</b>	The Law on Asylum BiH ( <i>BiH Off. Gazette No.11/16</i> ); The Law on Changes and Amendments to the Law on Sport in BiH ( <i>BiH Off. Gazette No.66/16</i> ); The Law on Changes and Amendments to the Anti-Discrimination Law ( <i>BiH Off. Gazette No.66/16</i> ); The Law on Labour in FBiH ( <i>FBiH Off. Gazette No.26/16</i> ); The Law on Changes and Amendments to the Law on Social Protection, Protection of Civil War Victims and Families With Children in FBiH ( <i>FBiH Off. Gazette No.45/16</i> ); The Law on Labour in RS ( <i>RS Off. Gazette No.1/16</i> ); The Law on Changes and Amendments to the Law on Salaries of Employees in the Field of Education and Culture in the RS ( <i>RS Off. Gazette No.116/16</i> ); The Law on Changes and Amendments to the Law on Salaries of Employees in Public Institutions in the Field of Health in the RS ( <i>RS Off. Gazette No.116/16</i> ); The Law on Amendments to the Law on the Health Insurance in RS ( <i>RS Off. Gazette No.110/16</i> ); The Law on Peaceful Settlement of Labor Disputes in RS ( <i>RS Off. Gazette No.91/16</i> ); The Law on Changes and Amendments to the Law on Social Protection in RS ( <i>RS Off. Gazette No.90/16</i> ); The Law on Changes to

	<p>the Law on Higher Education in RS (<i>RS Off. Gazette No.90/16</i>); The Law on Student Organization in RS (<i>RS Off. Gazzete No. 58/16</i>); The Law on Changes and Amendments to the Law on Preschool Education in BD BiH (<i>BD BiH Off. Gazzete No. 48/16</i>); The Law on Changes and Amendments to the Law on Education in Primary and Secondary Schools in BD BiH (<i>BD BiH Off. Gazzete No. 48/16</i>).</p> <p>Strategy for Promotion of the Rights and the Status of Persons with Disability in the FBiH 2016-2021; Strategy in in the Field of Migration and Asylum and the Action Plan 2016-2020; Strategy of Education Development in RS for the period 2016-2021; Action Plan of the Strategy of Education Development in RS for the period 2016-2021.</p> <p>Previously adopted legal framework and sector strategies are available on: <a href="http://www.donormapping.ba">www.donormapping.ba</a></p>
<p><b>Coordination with and among donors</b></p>	<p><b>Education:</b> Coordination is implemented via meetings of the Conference of Ministers of Education (CoEM). When appropriate, Ministry of Civil Affairs of BiH organizes the Coordination forum meetings of MCA BiH and international organizations involved in the education reform in BiH.</p> <p><b>Vocational education training:</b> Informal <i>ad-hoc</i> coordination, project-based, bilateral/multilateral meetings.</p> <p><b>Lifelong learning:</b> Informal <i>ad-hoc</i> coordination, project-based, bilateral/multilateral meetings.</p> <p><b>Labor market and employment:</b> European Union Delegation holds regular coordination meetings with the EU member states.</p> <p><b>Equal opportunities and gender equality:</b> UN organized the International Gender Equality Working Group.</p> <p><b>Social dialogue:</b> Informal <i>ad-hoc</i> coordination, project-based, bilateral/multilateral meetings.</p> <p><b>Social protection:</b> Conference for the Health sector in BiH acts as a permanent advisory and coordinating body. EU Delegation holds regular coordination meetings with donors involved in the sub-sector.</p> <p><b>Social inclusion and fight against poverty:</b> EU Delegation holds regular coordination meetings with donors involved in the sub-sector.</p> <p><b>Education, employment and social infrastructure:</b> Informal <i>ad-hoc</i> coordination.</p> <p><b>Donors active in the sector and BiH Institutions from all levels of government regularly attended Donor Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</b></p>

### Overview of activities in 2016

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

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

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

Significant progress has been made in the Education, employment and social policy sector.

BiH continued participation within the *Erasmus* program activities, including participation in education networks, *Eurydice* and *EQF* as well as the electronic platforms. Applications have been submitted and grants approved for 2016, for participation in *Eurydice* and *EQF* networks. Within the *Eurydice* network, activities were implemented on drafting of *Europedia* - the encyclopedia of education in BiH and feasibility studies "Entrepreneurial Education", "JAF Qualitative Indicators", "Salaries and Compensations of School Teachers in Europe", "Scholarship and Student Grants System", "Academic and School Calendar", "Student mobility", "Planned teaching time" and promotional activities.

"Guidelines for Development of Statistical Reporting in the Field of Education" were drafted and implemented by the „CREDI“ Foundation for the needs of the Ministry of Civil Affairs. Drafting of this document was funded through the "Opportunity Plus" program. Primary objective of this project task was to analyze the existing statistical data collection system in the Education sector concerning the reporting obligation of BiH towards international actors as well as to develop the guidelines that will ensure that the data are systematically collected, which would enable BiH to report in accordance with the undertaken commitments.

Priorities were adopted for Higher Education Development in BiH for the period 2016-2026. Implementation of the defined priorities, grouped in seven key areas (good governance and management, resources, correlation between labor market and higher education, qualifications standards, student experience, internationalization and statistics), will contribute to further harmonization of higher education in BiH with the policies, goals and priorities of the European Higher Education Area.

"Platform for the Development of Preschool Education in BiH 2017-2022" was developed, and after obtaining the necessary opinions, it will be submitted to the Council of Ministers of BiH for adoption.

The process was initiated for developing of qualifications framework at the level of primary and general secondary education, establishing the external graduation model and formulating the recommendations for improvement of the initial education at teachers faculties and teachers continuous professional development, in order to modernize the education process.

Upon the EU invitation, since 2016, as a full-fledged member, BiH participates in the work of the European Qualifications Framework Advisory Group. The membership in the Advisory Group also implies the formal commitment of BiH to prepare the so-called Referencing Report in the process of the European Integration in the area of education and training, i.e. the Report on Connecting the Qualification Framework in BiH with the European Qualifications Framework (EQF) and the Qualifications Framework of the European Higher Education Area (QF-EHEA). At the end of 2016, Ministry of Civil Affairs initiated the activities on the preparation of the Report.

In March 2016, further development and implementation of the qualifications framework for adult vocational education was initiated, with a particular emphasis on systematic approach to quality assurance in vocational education and funding mechanisms in vocational education and training, as well as the development of a model for recognition of informal and non-formal learning.

During 2016, the priorities were implemented outlined in the Strategy for Entrepreneurial Learning in BiH for the period 2012-2015. Priorities are aligned with the requirements of the EU Small Business Act and Dimension 1 refers to entrepreneurial learning (integration of entrepreneurial competences at ISCED2 and ISCED 3 levels and creation of partnerships at the state, local and school level, as well as promotion of entrepreneurial learning through media campaigns). In order to improve the partnership policies, drafting of the Memorandum of Cooperation between the Ministry of Civil Affairs and the Ministry of Foreign Trade and Economic Relations was initiated, in order to establish the reporting model within the EU Small Business Act. Information was drafted on implementation of the Strategy for Entrepreneurial Learning in Education Systems in BiH 2012-2015 with the related Action Plan and adopted at the Council of Ministers of BiH in October 2016.

Mixed secondary schools are equipped with the necessary computer equipment and textbooks, teaching staff was trained, proposal was drafted for the common core of computer science and network established for information exchange among all participants, which aims to contribute to increasing of the overall quality and standardization of IT education in BiH.

In 2016, the drafting has continued of the Strategic Planning Document for BiH in the area of education, employment and social policy, which will focus on, *inter alia*, the employment of the so-called vulnerable groups of population and also project the activities related to strengthening of the social inclusion.

Progress was achieved in implementation of the reforms in BiH health sector in 2016 in the field of control of communicable and non-communicable diseases, mental health, nursing, etc.

Working group for harmonization of domestic legislation in the area of chemicals and biocides with the EU regulations, appointed by the Minister of Civil Affairs, has prepared the applications for five TAIEX expert missions, which were implemented in the period May-September 2016. The experts reviewed the existing legislation on biocides and chemicals in BiH and provided recommendations on their compliance with the Regulations 1907 / 2006, 1272 / 2008 and 528 / 2012, that were included in the final Report.

Activities were launched on preparation of three applications for TAIEX workshops on tobacco control in BiH. Workshops will be focused on issues related to the presentation of 2014/40 / EU Directive which regulates the production, presentation and sale of tobacco products, standards for

safety and quality of electronic cigarettes containing nicotine and water pipe tobacco as well as the systems for monitoring of movement and illegal trade in tobacco products.

In the course of 2016, the Common Core Curricula (CCC) for Arts has been developed as well as the within CCC for Natural Science, the CCC for Physics, CCC for Chemistry, CCC for Biology and CCC for Geography were drafted as defined on learning outcomes supported by the modern approach to teaching and learning processes, based on the development of knowledge, skills and values with involved key competences important for the performance in the 21st century.

The research was conducted, the "Analysis of the needs of educators for vocational and professional development", designed to identify the list of priorities for the reform of the continuous professional development of educators in line with the competences defined in the Standards of the quality of work of educators, pedagogues and principals in pre-school education (APOSO 2011).

During 2016, the number of registered users from BiH on the eTwinning portal has doubled. By the end of 2016, the number of registered users from BiH was 561. Fourteen State Quality Labels and 13 European Quality Labels were awarded for the eTwinning projects, whose founders were teachers from BiH. One project was nominated for the European Award. The program refers to the implementation of the European Agenda for Adult Learning, it has promotional nature and it deals with with education, adult education and lifelong learning. A collaborative network has been established with key actors from all levels of government involved in the adult education.

Since 2016, the Agency for Preschool, Elementary and Secondary Education has also been involved in the international assessment study of student achievements PISA 2018, which is oriented on the reading literacy, mathematical literacy and literacy in natural sciences.

In January 2016, the Agency for Preschool, Elementary and Secondary Education has submitted the application for the full-fledged membership in the European Association for Quality Assurance in Higher Education (ENQA).

Progress has been made in terms of quality assurance in higher education in BiH, i.e. in implementation of the accreditation process of higher education institutions. Out of total 46 licensed higher education institutions in BiH, performing the teaching, until 31.12.2016, 26 institutions were registered in the State Register of Accredited Higher Education Institutions in BiH.

In September 2016, the Government of the Federation of BiH has established and submitted to the FBiH Parliament the Law on Pension and Disability Insurance, whose text is based on the Pension System Reform Strategy in the Federation of BiH, which was adopted by the Parliament of the Federation of BiH.

Significant progress has not been recorded in sub-sectors of Social protection and Social inclusion.

Progress was made in the sub-sector of Labour market and employment with the adoption of the Law on Labour, which constitutes the major part of the labour legislation reform, and which is complemented with the adoption of the related by-laws.

Although the new labour laws in RS and FBiH have been adopted, unemployment still remains the structural issue.

The proposal was prepared of the Law on Foster Care in the Federation of Bosnia and Herzegovina, and submitted in the parliamentary procedure by the Government of the Federation BiH.

The establishing of the inter-governmental and inter-sectoral Coordination Body of the Government of the Federation of BiH is underway, which will be in charge of monitoring, directing and reporting on implementation of the Strategy for Promotion of the Rights and Position of Persons with Disabilities in the Federation of Bosnia and Herzegovina.

### Investments of DCF members in 2016

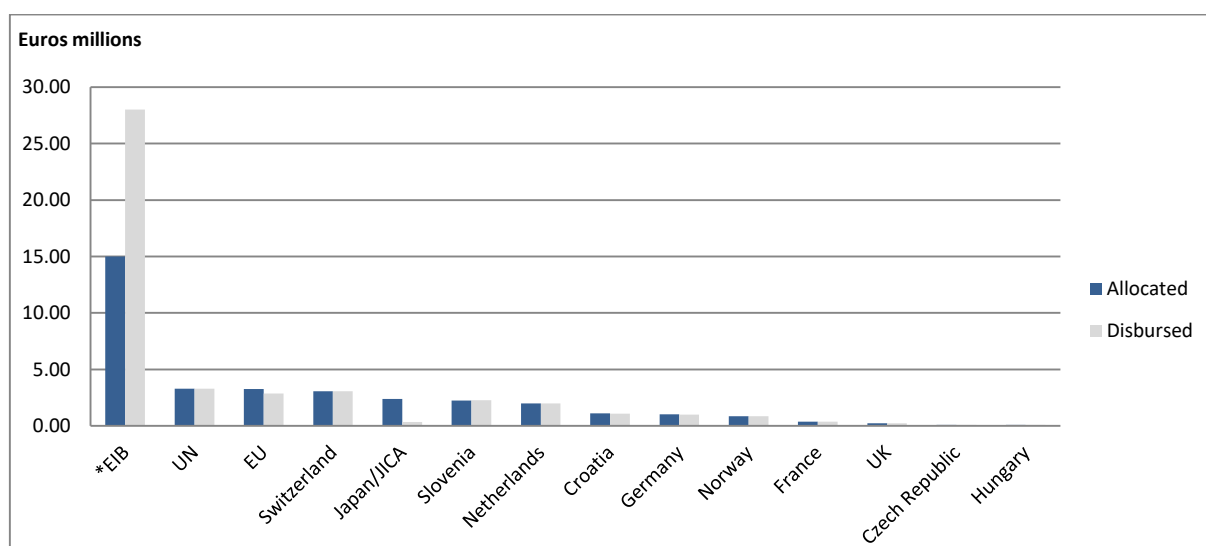
DCF members active in the Education, employment and social policies sector in 2016 are EIB, UN, EU, Switzerland, Japan/JICA, Slovenia, The Netherlands, Croatia, Germany, Norway, France, UK, Czech Republic, Hungary.

Total allocations of DCF members to the sector in 2016, amounted to €34.97 million, out of which €19.97 million in the form of grants and €15.00 million in the form of loans, from the creditor the European Investment Bank.

Total disbursements to the sector in 2016 amounted to €45.49 million, out of which €17.49 million in the form of grants and €28.00 million in the form of loans, from the creditor European Investment Bank.

Figure 7.1. compares grants allocated and disbursed per donors, according to the amount of invested funds as well as allocated and disbursed loan funds from the European Investment Bank. Leading donors in the sector in 2016, who allocated i.e. disbursed largest grants were UN, EU, Switzerland, Japan/JICA, Slovenia and The Netherlands.

Figure 7.1. Allocated and disbursed funds per donors/creditor in 2016



\*Note: EIB loan

Education, employment and social policies sector consists of 9 sub-sectors. Figure 7.2. presents the structure of total allocations per sub-sectors. Out of total allocated funds in 2016, 73% was allocated in the Education, employment and social infrastructure sub-sector, while 9% was allocated to Civil

protection and Education sub-sectors. Sub-sector Social dialogue did not have funding is not presented in the chart.

Figure 7.2. Total allocated funds per sub-sectors in 2016

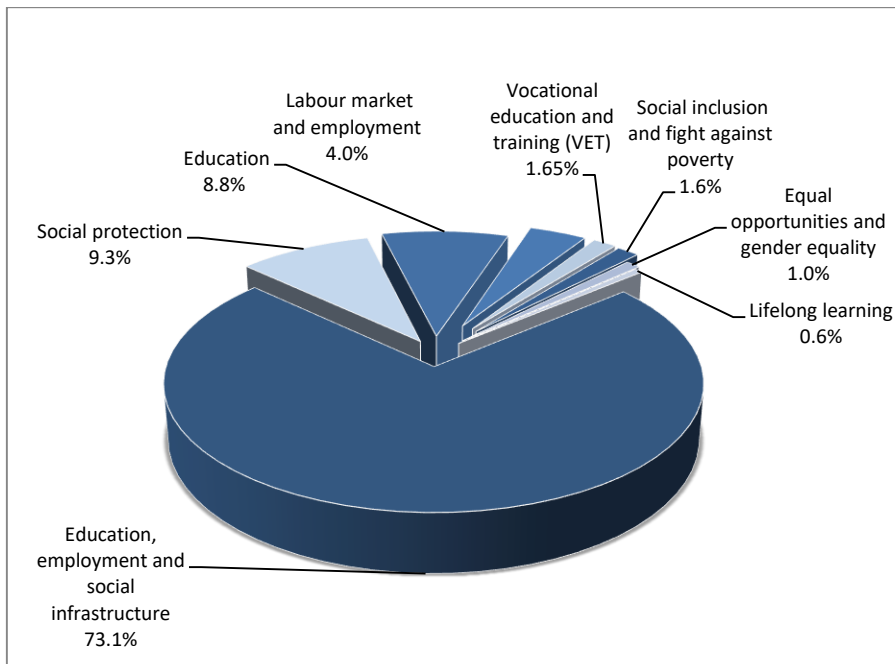
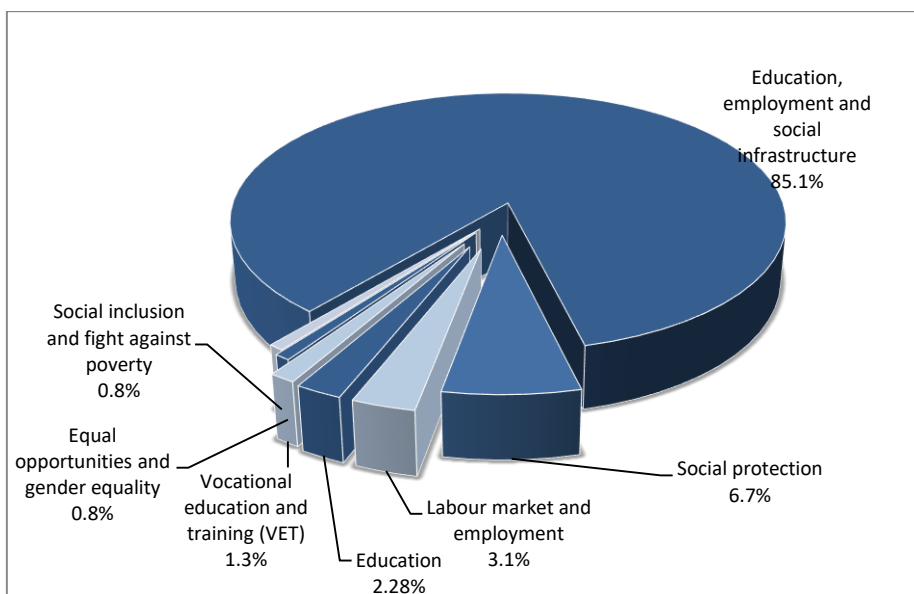


Figure 7.3. presents the structure of total disbursed funds per sub-sectors in 2016. Out of total disbursed funds in 2016, the largest disbursements were recorded in the sub-sector Education, employment and social infrastructure 85%. Sub-sectors that did not have funding are not presented in the chart.

Figure 7.3. Total allocated funds per sub-sectors in 2016





Ten major projects in the sector that allocated or disbursed funds in 2016, are listed below:

PROJECT TITLE	Donor/Creditor	Total Project Value (Euros millions)
RS Hospitals	EIB	115.00
Scaling up Universal Access for Most at Risk Populations in Bosnia and Herzegovina	UN	21.50
Strengthening of DOTS Strategy and Improving National Tuberculosis Programme, Including Multidrug Resistant and Infection Control, in Bosnia and Herzegovina	UN	12.88
Skills for Jobs (SfJ)	Switzerland	5.71
Support for Adult Education	Germany	4.40
Youth Employment Programme (YEP)	Switzerland	4.35
Market Makers	Switzerland	4.29
Youth Employment Programme (YEP)	Switzerland	4.10
The Project for Confidence Building through Physical Education	Japan/JICA	2.04
Imputed student costs	Slovenia	2.03

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

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

### Future activities

Based on the responses of BiH Institutions from all levels of government, as well as in line with the recommendations of the European Commission's 2016 Report for Bosnia and Herzegovina, further summarized efforts should be made in the following period:

- develop and adopt strategic document in the area of social protection and social inclusion in BiH, which would define the priorities for development of social protection and inclusion in BiH, common development goals with related indicators as well as the coordination and reporting framework in this area;
- modernize the laws on health and protection and harmonize them between the entities;
- continue accreditation activities of study programs and continuation of accreditation of higher education institutions in BiH;
- make recommendations on recognition of foreign higher education qualifications for the purpose to access to the labor market, considering that the largest number of foreign higher education qualifications come from countries stemming from the dissolution of the former SFRY and Western Balkans states, it would be necessary to support the setting up and the work of the Regional Network of ENIC Centers of these countries, and continue cooperation through regular meetings, conferences, etc.;
- continue activities on implementation of the Qualifications Framework in BiH for the period 2014-2020, which is of priority importance in the area of education in BiH;
- draw up a Referencing Report, i.e. a report on the linking of the Qualification Framework in BiH with the European Qualifications Framework (EQF) as well as the Qualifications Framework of the European Higher Education Area (QF-EHEA);
- review the standards for quality of work in pre-school education and care in BiH, defined in 2011;
- develop standards for quality of work for professional associates in preschool institutions;



- adopt systematic solutions to improve adult education and lifelong learning systems and develop awareness on the need for the lifelong learning;
- improve functional literacy of the adult population and promote the need for adoption of basic literacy skills in language, literacy in mathematics and digital domains;
- revise the "Learning Strategy on Entrepreneurship in Education Systems in BiH 2012-2015";
- develop the Guide on the Rights of Persons with Disabilities in appropriate formats adapted to groups of persons with disabilities;
- make new reform regulations in the area of social protection and protection of children.

<b>DCF members active in the sector in 2016</b>	The World Bank, UN, Czech Republic, Netherlands, Germany, EU, Hungary
<b>Other key international organizations</b>	International Fund for Agricultural Development; OPEC Fund for International Development/OFID; European Food Safety Authority; European Center for Disease Prevention and Control.
<b>Key government partners</b>	CoM of BiH; Government of FBiH; Government of RS; Government of BD BiH; Ministry of Foreign Trade and Economic Relations of BiH; Veterinary Office of BiH, Plant Health Protection Administration of BiH; Food Safety Agency of BiH; Directorate for European Integration; Federal Ministry of Agriculture, Water Management and Forestry; Ministry of Agriculture, Forestry and Water Management of RS.
<b>Total allocation / disbursement to the sector in 2016 by DCF members</b>	<p>Total allocated €7.13 million – €5.07 million in a form of grants and €2.06 million in a form of loans</p> <p>Total disbursed €7.46 million – €5.64 million in a form of grants and €2.06 million in a form of loans</p> <p>Out of total ODA in 2016, 1% was allocated and 2% was disbursed in the sector.</p>
<b>Legal framework and sector strategies adopted in 2016</b>	<p>The Law on Land Management of FBiH (<i>FBiH Off. Gazette No.57/16</i>); The Law on Agricultural Organic Production in FBiH (<i>FBiH Off. Gazette No.72/16</i>); The Law on Changes and Amendments to the Law on Seeds of Agricultural Plants in RS (<i>RS Off. Gazette No.110/16</i>); The Law on Changes to the Law on Forests of Brcko District BiH (<i>BD BiH Off. Gazette No. 26/16</i>).</p> <p>Development Strategy of the Wood Sector in the FBiH 2016 – 2026</p> <p>Previously adopted legal framework and sector strategies are available on <a href="http://www.donormapping.ba">www.donormapping.ba</a></p>
<b>Coordination with and among donors</b>	<p>There is no formal coordination in the sector.</p> <p>Informal <i>ad hoc</i> project-based coordination is maintained as well as self-organizing meetings between donors.</p> <p><b>Donors active in the sector and BiH Institutions from all levels of government regularly attended Donor Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</b></p>

## Overview of activities in 2016

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

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

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

Some progress has been made in the Agriculture and rural development sector. Large number of by-laws has been adopted in the area of agricultural policy, rural development policy, food safety, veterinary and phytosanitary policy.

Certain progress has been made in recognition of products and improving of quality of life of all citizens, particularly of those in rural areas.

Also, progress has been made in increasing of awareness of the competent authorities regarding the need to address the problem in the area of animal by-products and animal waste.

In September 2016, the Council of Ministers of BiH adopted the rulebooks on amendments to the Rulebook on microbiological criteria for foodstuffs, amendments to the Rulebook on market standards for olive oil and amendments to the Rulebook on maximum permitted quantities for certain contaminants in food, marked with "E" label. These rulebooks will regulate the safety and improve the food quality and align them with the EU legislation in this area.

New diagnostic methods have been introduced for detection of the lumpy skin disease, diagnostic kits have been obtained as well as multi-annual control plans for certain diseases were prepared. Control and prevention of animal health has been improved through strengthening of the capacity of veterinary diagnostic laboratories.

Strategies have been developed for control of brucellosis in small ruminants and rabies.

Phytosanitary legal framework has been upgraded in line with the EU *acquis* and phytosanitary capacities (inspectorates, institutes, ministries). Also, the companies dealing with seeds and plants health are further enhanced, particularly in the area of plant health, protection of plants, seeds and seedlings.

Software was provided for establishing of the FITO-GIS system, as well as the training of officials for data entry and its use.

In accordance with the Medium Term Development Strategy of the Agricultural Sector in the Federation of BiH 2015-2019, and if compared to the previous method of payment of incentives per liter, the payment of incentives is now partially replaced by the payment per cow.

Standards are regionally harmonized for labelling and control of non-genetically modified food products for the Danube Region countries. These standards were officially presented to the Minister

of Foreign Trade and Economic Relations in March 2016 and political agreement was reached in the course of 2016, to introduce these standards in the form of national guidelines in BiH.

In Republika Srpska, special line was included in the rulebook on incentives, for stimulating the Danube soya producers in 2015 and 2016. Regional research project was set up between Agricultural Institutes Banja Luka from BiH, Novi Sad from Serbia, Osijek from Croatia and Boku-University from Austria, with the aim to increase the capacity of soybeans cultivation in order to overcome the adverse effects of climate change in soybean cultivation. The project was implemented in 2016 and the results were published and transferred to the services of BiH and Serbia.

Forests in BiH are among the best-preserved in Europe and constitute one of the country's most significant resources.

Due to the absence of the legal framework in the forestry area at the level of the Federation of BiH, activities related to the implementation of reforms in this sub-sector could not be undertaken.

### Investments of DCF members in 2016

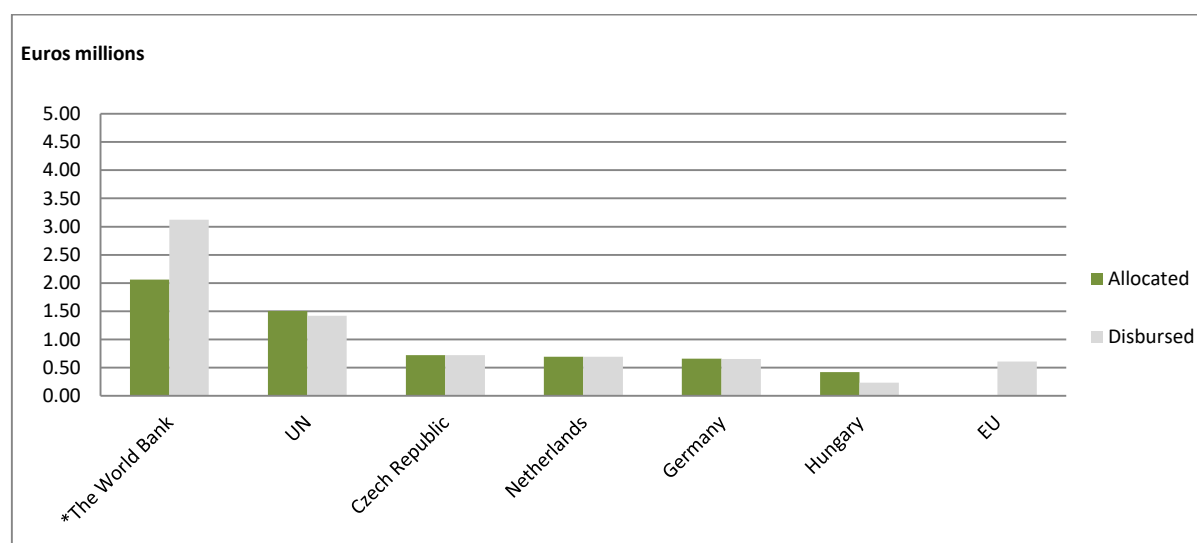
DCF members active in the Agriculture and rural development sector in 2016 were The World Bank, UN, Czech Republic, Netherlands, Germany, EU and Hungary.

Total allocations of DCF members to the sector in 2016 amounted to €7.13 million, out of which €5.07 million in the form of grants and €2.06 million in the form of loans, from the creditor The World Bank.

Total disbursements of DCF members to the sector in 2016 amounted to €7.46 million, out of which €5.40 million in the form of grants and €2.06 million in the form of loans.

Figure 8.1. compares grants allocated and disbursed per donors, according to the amount of invested funds, as well as allocated and disbursed loan funds from The World Bank. Leading donors in the sector in 2016, who allocated i.e. disbursed largest funds were UN, Czech Republic, Netherlands, Germany, EU and Hungary.

Figure 8.1. Allocated and disbursed funds per donors/creditor in 2016



\*Note: The World Bank – summarized loan and grant allocated and disbursed funds (loan €2.06 m and grant €1.06 m)

Agriculture and rural development sector consists of 5 sub-sectors. Figure 8.2. presents the structure of total allocated ODA funds per sub-sectors. Out of total allocated funds in 2016, maximum funds were allocated to the Rural development sub-sector 57%, while 19% was allocated to Capacity for Common Agricultural Policy and 17% to Forestry sub-sectors. Sub-sector Fisheries did not have funding and is not presented in the chart.

Figure 8.2. Total allocated funds per sub-sectors in 2016

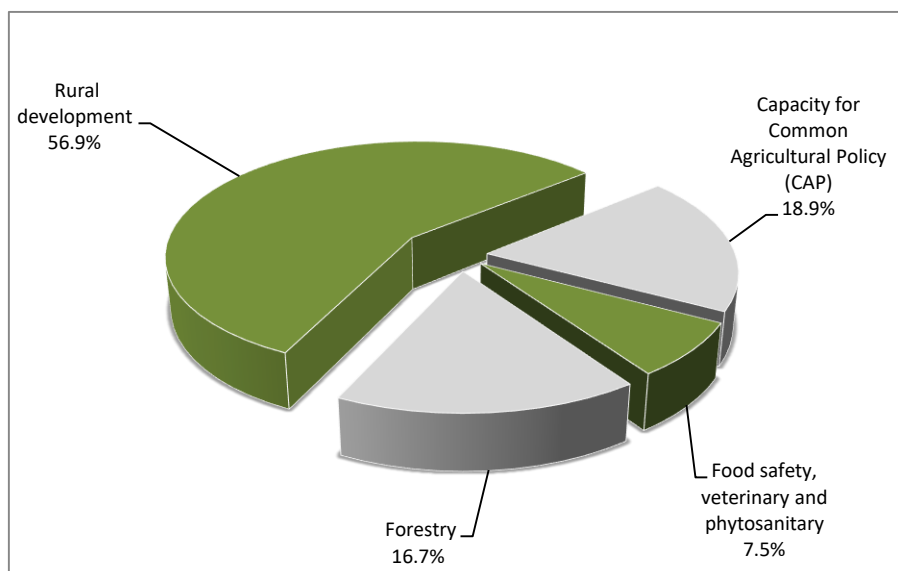
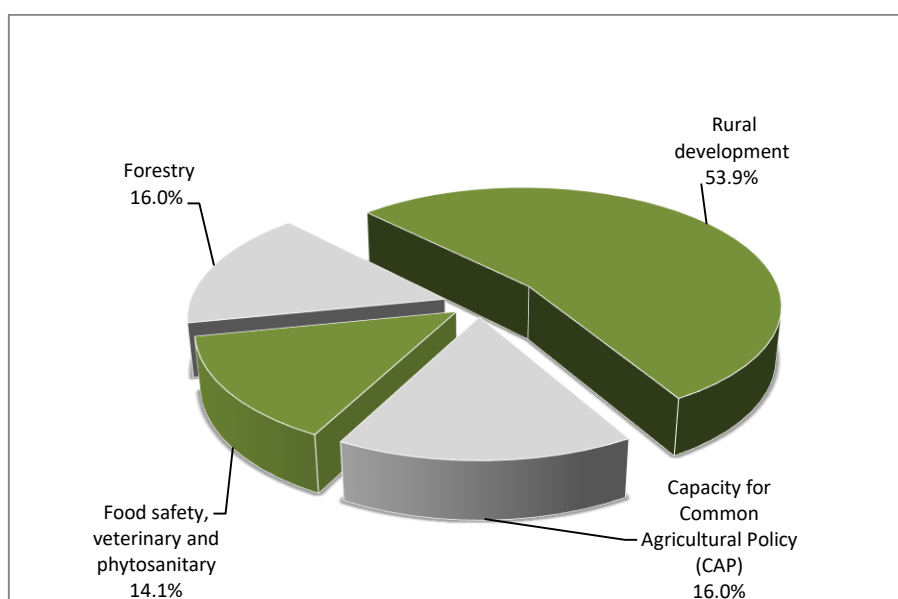


Figure 8.3. presents the structure of total disbursed ODA funds per sub-sectors in 2016. Out of total disbursed funds in 2016, the largest disbursements were recorded in the sub-sectors Rural development 54%. Other three sub-sectors received 46%. Sub-sector Fisheries did not have funding and is not presented in the chart.

Figure 8.3. Total disbursed funds per sub-sectors in 2016



Ten major projects in the sector that allocated or disbursed funds in 2016, are listed below:

PROJECT TITLE	Donor/Creditor	Total Project Value (Euros millions)
Irrigation Development Project	The World Bank	28.62
Agriculture and Rural Development Project	The World Bank Sweden /Sida	19.42
Local Integrated Development Project	UN, EU	7.39
Srebrenica Regional Recovery for Economic Development (SRRP) IV	Netherlands, UN	7.00
Global Environmental Facility (GEF) Sustainable Forest and Landscape management	The World Bank	4.01
Supply and distribution of rabies vaccination baits for autumn 2014, 2015 and spring 2016, BiH	EU	1.29
High-quality, GMO-free soya from the Danube region	Germany	1.13
Development of Environmental logging and forest management in BiH	Czech Republic	0.74
Development of a System for Breeding Beef Cattle in BiH	Czech Republic	0.72
Technical assistance in coordination of animal disease control and eradication program in BiH	EU	0.59

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

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

### Future activities

Based on the responses of BiH Institutions from all levels of government, as well as in line with the recommendations of the European Commission's 2016 Report for Bosnia and Herzegovina, further summarized efforts should be made in the following period:

- continue control of brucellosis in small ruminants, control of lumpy skin disease and control of classic swine fever through termination of vaccination, as well as the control of brucellosis in cattle and rabies in wild animals;
- establish the basis for marking and control of movement of animals in BiH, and in particular small ruminants and pigs;
- undertake measures for adoption of the Law on Forests at the level of the Federation of BiH;
- define long-term policy and strategy of forestry and hunting development in the Federation of BiH;
- prepare master plans of forest roads model and adopt guidelines for rehabilitation of roads in order to reduce the environmental and social impacts;
- draft the new Law on Agriculture and the Law on Financial Support in Agriculture and Rural Development;
- develop the software for management of the Wine-growing and Wine-making Registry;
- create the new Wine-growing districts of BiH/FBiH;
- draft and adopt the countrywide strategic plan for rural development and agree on establishing of the national structure for obtaining the pre-accession assistance in the agriculture sector through the Instrument for Pre-Accession Assistance for rural development;
- additionally harmonize the systems of official veterinary and phytosanitary controls with the European standards;
- additionally upgrade the administrative capacities, in particular the inspection services and laboratories.

## Regional and territorial cooperation

<b>DCF members active in the sector in 2016</b>	EBRD
<b>Other key international organizations</b>	Regional Cooperation Council; Energy Community OF Southeast Europe; South East Europe Transport Observatory; Central European Free Trade Agreement.
<b>Key government partners</b>	Council of Ministers of BiH; Government of FBiH; Government of RS; Government of BD BiH; institutions, agencies, directorates at all levels of government in BiH, in line with their sectoral competencies
<b>Total allocation / disbursement to the sector in 2016 by DCF members</b>	Total allocated €0.30 million – in a form of loan Total disbursed €0.20 million – in a form of loan
<b>Legal framework and sector strategies adopted in 2016</b>	---
<b>Coordination with and among donors</b>	<p><b>Single mechanism for donor coordination does not exist.</b></p> <p>For regional investments, donor coordination takes place in the context of the Western Balkans Investment Framework (WBIF) and partly in the context of the National Investment Committee (NIC).</p> <p><b>Donors active in the sector and BiH Institutions from all levels of government regularly attended Donor Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</b></p>

### Overview of activities in 2016

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

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

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

Regional cooperation is yet another key element of the economic development of the Western Balkans, since it enhances the connection between peoples, increases the number of cross-border and multi-country initiatives as well as the common investments. In the context of the existing economic situation, regional cooperation represents the only way to address the common challenges.

Regional cooperation and good neighbourly relations constitute the essential part of the convergence process of Bosnia and Herzegovina's towards the European Union. BiH has continued with active participation in regional initiatives such as the South East Europe Cooperation Process (SEECF), RCC, CEFTA and the Western Balkan Six Initiative. In November, BiH successfully concluded its first six-month presidency over the Committee of Ministers of the Council of Europe. In January, BiH assumed the presidency over the Central-European Initiative.

With the momentum gained from the Berlin Process and the Western Balkan Six Initiative, particularly regarding the EU Connectivity Agenda, the support was continued for increasing of the scale of regional cooperation.

As part of the Berlin Initiative, the third summit of Western Balkans leaders was held in Paris. The summit in Paris was an opportunity to reaffirm the European perspective of the Western Balkans countries and to support the regional cooperation as a result of good neighbourly relations, the progress in resolving of bilateral issues, connectivity in terms of transport and energy and the youth exchange. At the plenary session, European region and cooperation perspective was discussed in domains of migration, security and fight against terrorism. At this summit, the agreement was reached on establishing of the Regional Youth Cooperation Office (RYCO), which will have the task to support the activities aimed at promotion of reconciliation of peoples as well as remembrance programs, diversities, intercultural exchanges, regional mobility, civic participation and the promotion of democratic values. The Office will rely on the experience of the Franco-German Youth Office (FGYO), founded in 1963 upon the initiative of Charles de Gaulle and Konrad Adenauer.

Previous summits led to the progress in areas such as youth cooperation and connectivity, as well as in transport and energy. Participants also concluded that the dynamics established at these meetings as well as at various meetings held within the Brdo-Brijuni process, significantly improved the cooperation and good neighbourly relations in the region.

An important element of this process is a clear orientation on the limited number of specific issues related to stronger connectivity in the area of transport, energy and contacts among the citizens of the countries in the region. The aim of the Paris summit was to ensure better



coherence with various regional initiatives by enhancing the regional cooperation in the light of the European perspective of the region, in particular of the Brdo-Brijuni process.

Regional cooperation was particularly dynamic in 2016, since BiH presided over the Central European Initiative (CEI) and hosted the Brdo-Brijuni summit of leaders, on May 28-29, 2016, in Sarajevo. The main themes of the CEI Summit were the European integration related to the challenges Europe is currently facing, namely migration and extremism as well as the infrastructure connectivity as the basis for the future economic development and cooperation between the Western Balkans and more developed part of Europe. At the end of BiH presidency over CEI, the chairman of the Council of Ministers of BiH hosted the summit which involved representatives from 18 countries of the Central European Initiative and was attended by the delegations from Albania, Austria, Belarus, Bulgaria, Montenegro, Czech Republic, Croatia, Italy, Hungary, Macedonia, Moldova, Poland, Romania, Slovakia, Slovenia, Serbia and Ukraine.

Cross-border Cooperation programs (CBC) are being adopted and currently implemented

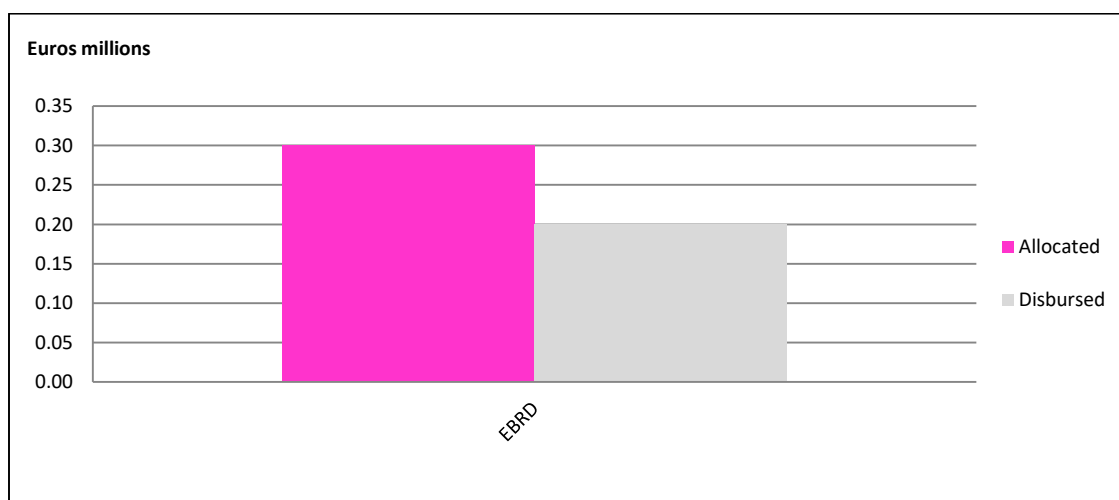
In addition to implementation of the Cross-border Cooperation programs (CBC), comprehensive technical assistance was ensured - Cross Border Institution Building Project - CBIB + Phase II, for all Western Balkan countries with a view to improving the regional coordination and aligning the access as well as promoting the best practice culture and exchange of experience in cross-border cooperation among the countries (members) of The World Bank. This also supports the smooth transition from IPA I program to IPA II in the domain of cross-border cooperation. Therefore, the capacity of cross-border program management structures as well as beneficiaries of cross-border programs grant funds were improved through continual training, provision of instruction booklets and guidebooks for designing, implementation and monitoring of the CBC programs.

### Investments of DCF members in 2016

DCF member active in Regional and territorial cooperation sector in 2016 is EBRD.

Total allocations in the sector in 2016 amounted to €0.30 million, while total disbursements amounted to €0.20, from the loan of the European Bank for Reconstruction and Development.

Figure 9.1. Allocated and disbursed funds in 2016



### Future activities

Regional cooperation is the key condition for the European perspective of the countries in the region still affected by the consequences of tragic conflicts. Reconciliation is of crucial importance for the region stability on the path to the EU association. In this context, it is necessary to continue with strengthening of the regional cooperation and good neighbourly relations.

<b>DCF members active in the sector in 2016</b>	The World Bank, Switzerland, UN, Germany, Netherlands, EU, Slovenia, Czech Republic and EBRD
<b>Total allocation/ disbursement to the sector in 2016 by DCF members</b>	Total allocated €46.23 million – €11.61 million in a form of grants and €34.62 million in a form of loans Total disbursed €45.99 million – €11.07 million in a form of grants and €34.92 million in a form of loans  Out of total ODA in 2016, 8% was allocated and 10% was disbursed in the sector.
<b>Legal framework and sector strategies adopted in 2016</b>	Legal framework and sector strategies adopted in 2016 are presented for each individual sector within this Report.
<b>Coordination with and among donors</b>	<b>Donors active in the sector and BiH Institutions from all levels of government regularly attended Donor Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Coordination of International Economic Aid.</b>

### Investments of DCF members in 2016

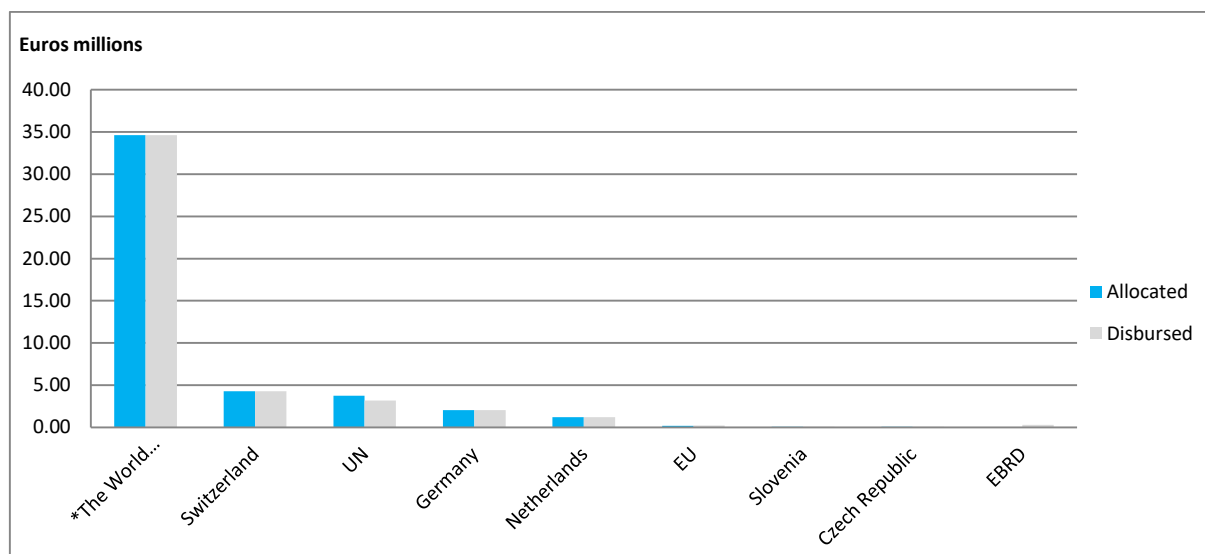
DCF members active in the Cross-cutting sector in 2016 are The World Bank, Switzerland, UN, Germany, Netherlands, EU, Slovenia, Czech Republic and EBRD.

Total allocations of DCF members to sector in 2016 amounted to €46.23 million, out of which €11.61 million in the form of grants and €34.62 million in the form of loans, from the creditor The World Bank.

Total disbursements of DCF members to the sector in 2016 amounted to €45.99 million, out of which €11.07 million in the form of grants and €34.92 million in the form of loans from the creditor The World Bank.

Figure 9.1. compares grants allocated and disbursed per donors, according to the amount of invested funds as well as loan funds allocated and disbursed by The World Bank. Leading donors in the sector in 2016, who allocated i.e. disbursed largest grants are Switzerland, UN and Germany.

Figure 9.1. Allocated and disbursed grant funds per donors/creditor in 2016



\*Loan of The World Bank

Ten major projects in the sector that allocated or disbursed funds in 2016, are listed below:

PROJECT TITLE	Donor/ Creditor	Total Project Value (Euros millions)
Flood Emergency Recovery Project	The World Bank	71.56
Real Estate Registration Project	The World Bank	24.60
Floods - Drina Flood Protection Project	The World Bank	17.17
Reducing Health Risk Factors in Bosnia and Herzegovina	Switzerland	5.95
Mental Health Project in Bosnia and Herzegovina, Phase 2	Switzerland	5.13
Developing and advancing modern and sustainable public health strategies, capacities and services to improve population health in Bosnia and Herzegovina	Switzerland	4.46
Strengthening Nursing in BiH	Switzerland	4.46
Western Balkans SME platform: ENEF	EBRD	4.20
Birac Region Advance and Cooperation Project	Netherlands, UN	2.21
Landmines Clearance and Help for the victims	Germany	2.06

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

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

Croatia

Czech Republic

France

Germany

Hungary

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 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 (UN)

The World Bank

International Finance Corporation in Bosnia and Herzegovina (IFC)

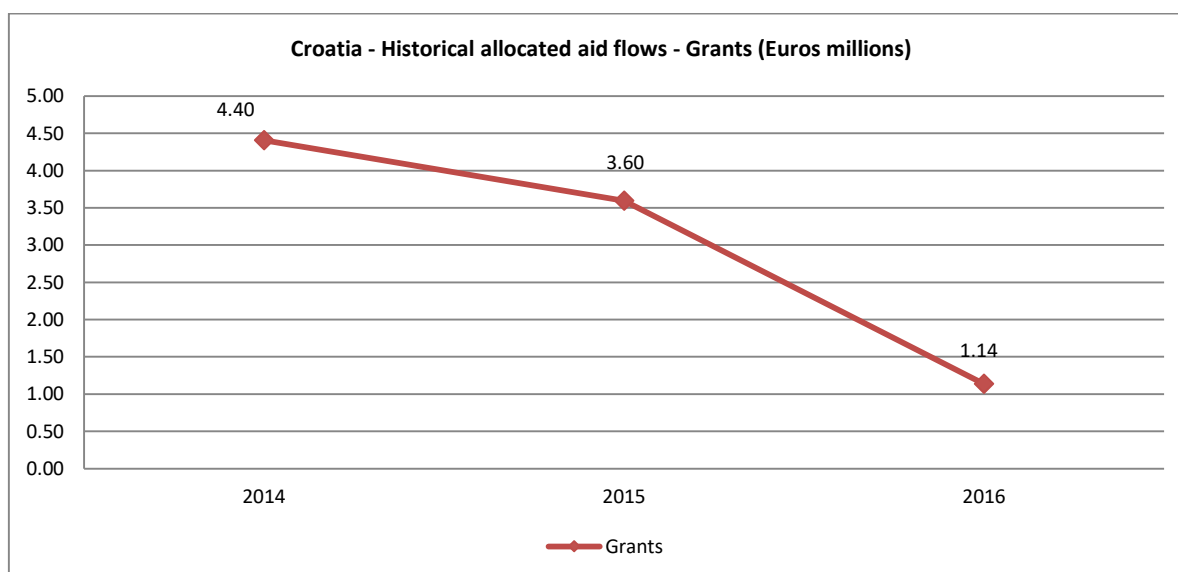
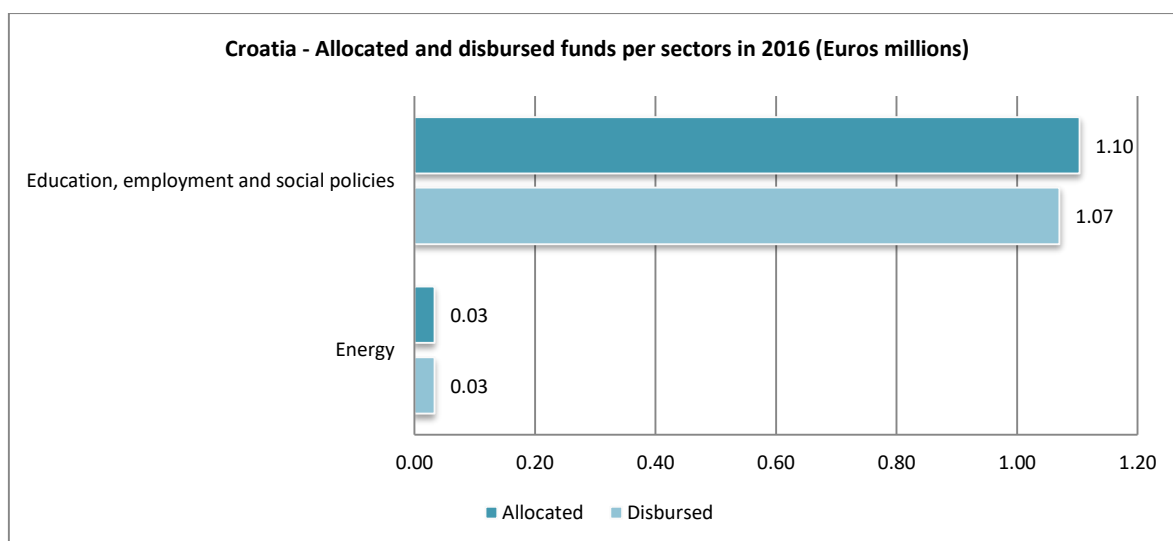
## Croatia

### Policy approach

In the National Strategy of Development Cooperation of the Republic of Croatia, Bosnia and Herzegovina is defined as a priority country in the South East Europe. Croatia will continue to streamline its development assistance in Bosnia and Herzegovina in order to improve the assistance efficiency.

### Key activities in 2016

The Government of Croatia **allocated € 1.14 million and disbursed € 1.10 million in 2016 in the form of grant** to the following sectors: Education, employment and social policies and Energy.





### Medium and long-term approach

Croatia intends to continue financing efforts in the field of education, health, culture and post-conflict reconstruction and relief, in particular in the field of housing and veterans' DRR. Our aim is to continue the policy of consolidation by reducing the number and enlarging the projects.

### Donor coordination efforts

N/A

### Contact information:

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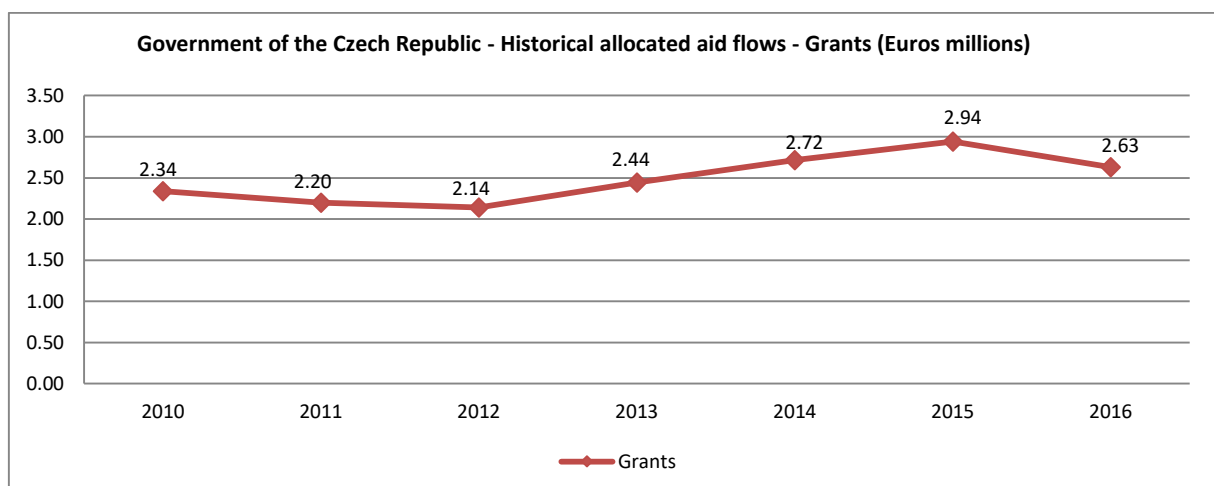
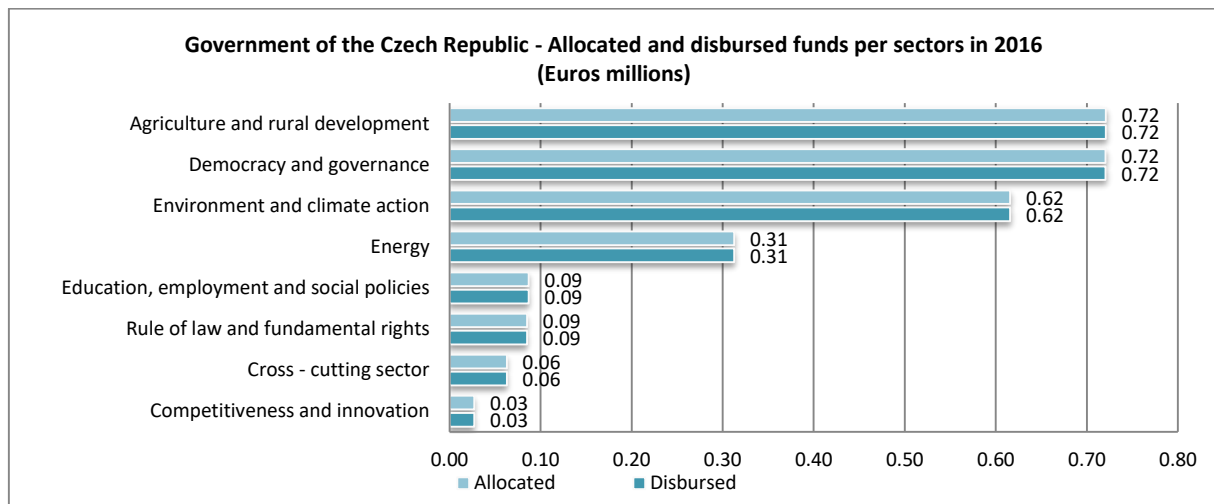
## Czech Republic

### 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 2016

The Government of the Czech Republic **€ 2.63 million and disbursed € 2.63 million in 2016 in the form of grant** to the following sectors: Agriculture and rural development, Democracy and governance, Environment and climate action, Energy, Education, employment and social policies, Rule of law and fundamental rights, Cross - cutting sector and Competitiveness and innovation.





## Medium and long-term approach

The new Bilateral Development Cooperation Programme of the Czech Republic 2018-2023 builds on the Czech Republic's existing development cooperation and partnership with Bosnia and Herzegovina (BiH) and responds to the country's needs and development priorities. It addresses the objectives of the Development Cooperation Strategy of the Czech Republic 2018-2030 while respecting the Sustainable Development Goals (SDGs) under the 2030 Agenda for Sustainable Development as well as the principles of the Global Partnership for Effective Development Cooperation. The programme reflects past experience, including project and sector evaluations carried out during the previous cooperation programme. It takes into account the conclusions and recommendations for Czech development cooperation stemming from the 2016 OECD Peer Review.

Long-term Czech development cooperation will focus on the following three priority areas in which it will pursue the relevant SDGs:

### I. Economic growth

Increasing the share of renewable energy generation in areas with optimum conditions

The aim is to support renewable energy generation and energy self-sufficiency. This will involve promotion of sustainable and affordable energy sources (building of biomass heating systems, installation of solar collectors for water heating, photovoltaic panels, geothermal energy systems), supporting development of strategic framework for sustainable use of renewable energy sources.

### II. Sustainable management of natural resources

Improving the protection, use and development of water sources, water quality and access to quality drinking water, eliminating pollution and improving wastewater management including systematic measures.

The aim is to assist in bringing wastewater treatment systems into line with EU standards. This will involve the building of technical infrastructure and, most importantly, transfer of know-how to end recipients, taking into account principles of affordability, full costs recovery and operational efficiency.

### III. Good democratic governance

Building efficient, accountable and transparent institutions at all levels of public administration

Strong and transparent institutions have a key role to play in the process of transition to democratic and pluralist society. The added value of Czech development assistance in BiH lies mainly in the Czech Republic's own experience of transition and integration into Euro-Atlantic structures. The Czech Republic will support BiH's public administration, promote good governance and assist in alignment with EU standards and legislation (in relevant chapters of the acquis relevant to the programme, including Chapter 12: Food safety, veterinary and phytosanitary policy). Assistance to BiH as to the EU integration process will be emphasized in the programme. The transfer of transition experience will also contribute to social and economic development and equal opportunities for all. Regarding to this cooperation the Czech Republic will support capacity building in extension services and technical assistance by development of supporting systems for agriculture.

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

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

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

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

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

Furthermore, **Programme Temporary Expert Assignment; Programme Engaging the Private Sector Development Cooperation; Programme Feasibility Study; Programme Development Partnership for the Private Sector; Program Placement of Czech Teachers for Development; Program on Security Cooperation of the Ministry of the Interior of the Czech Republic and the Ministry of Security of Bosnia and Herzegovina, Program Aid For Trade of Czech Ministry of Industry and Trade.**

#### Donor coordination efforts

Apart from the DCF chaired by the BiH Ministry of Finance and Treasury, the Czech Republic takes part in the sectoral donor coordination meetings in the field of agriculture, organized by the BiH Ministry of Foreign Trade and Economic Relations, energy organized by UNDP, consular meetings etc. Furthermore, it participates in meetings organized by the Delegation of the EU in Sarajevo which are primarily related to IPA projects.

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# France

## Policy approach

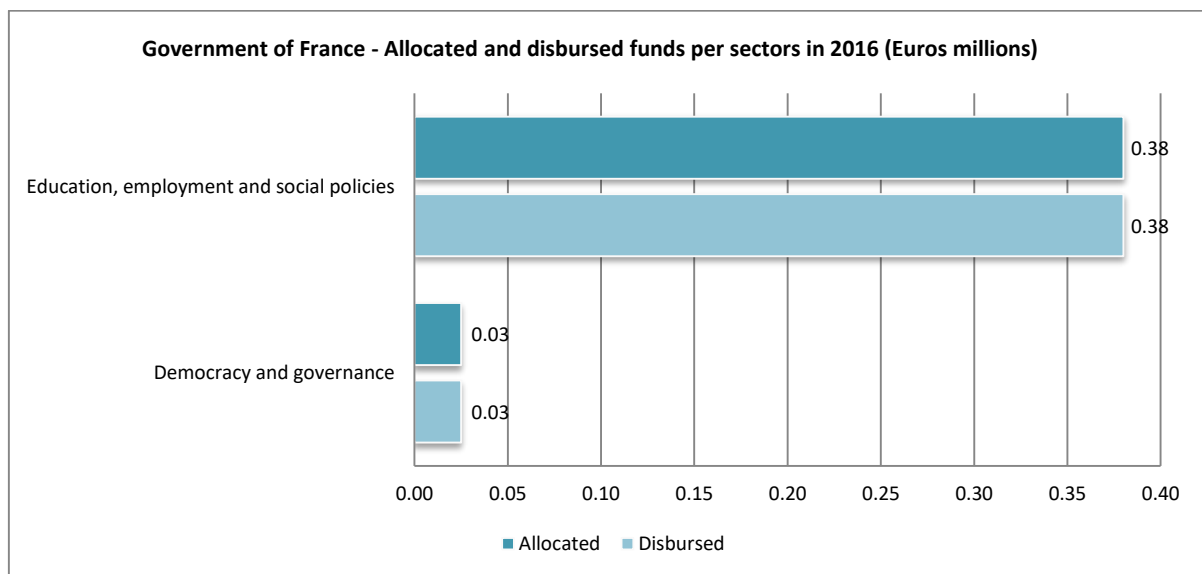
The French Embassy in Bosnia and Herzegovina is implementing different programs, following priorities designed by the French Ministry of Foreign Affairs in order to support the country in its efforts towards European integration. The work is carried out according to four main links, with an integrated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

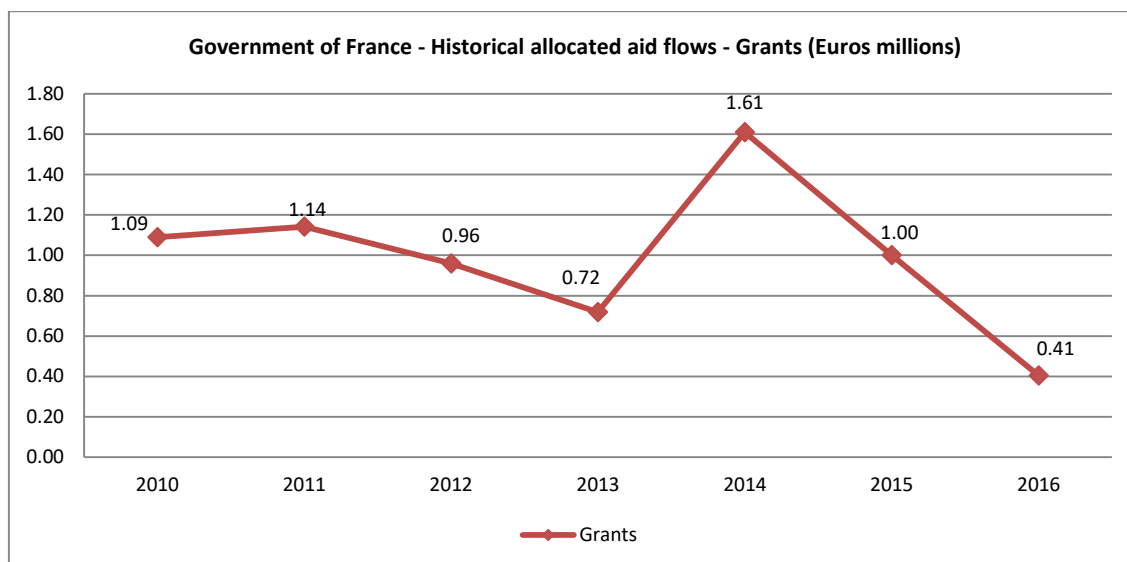
Some of these activities are financed with a large support of the European Union (including TAIEX), some others are financed directly by French government and French local collectivities.

In 2016, the Government of France has allocated €0.41 million to the BiH. €0.38 million was allocated for projects in the field of education and culture and €0.03 million for projects in the field of cooperation with civil society and institutions.

## Key activities in 2016

The Government of France **allocated € 0.41 million and disbursed € 0.41 million in 2016 in the form of grant** to the following sectors: Education, employment and social policies and Democracy and governance.





### Medium and long-term approach

The Government of France will continue to finance projects in the field of education and linguistic cooperation, and to support civil society and institutions.

### Donor coordination efforts

The Government of France representatives are participating in all donor coordination efforts, including sector working groups such as friends of National Museum, EUNIC, etc.

### Contact information:

#### Cooperation and Culture Office, French Embassy

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## Germany

### Policy approach

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

For this purpose, the German Government has provided and will provide bilateral development assistance to BiH directly and through several implementing agencies and non-governmental organizations. The most prominent are: *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)* for technical assistance, *KfW Entwicklungsbank* (Development Bank) for financial assistance. In addition, AHK (Chamber of Commerce) promotes German investments and bilateral trade. CIM integrated experts are working in a number of private sector organizations and NGOs. Projects are also implemented through political foundations and other German institutions represented in BiH. The Embassy oversees and co-ordinates these efforts and implements some funds directly.

### Socio-Economic Priorities – Private Sector Development

Against B-H largest bilateral trade volume annually exceeding currently € 1.5 billion and an overall German investment totals € 350 million. Still situated in BiH since its independence, German companies overall provide for the strongest German potential to stimulate private sector development in Bosnia and Herzegovina. *Inter alia*, activities are accompanied by AHK and its assistance in supportive programmes and by the Standing Working Group on bilateral business, established by the respective Ministries of Economics in May 2017. Ongoing programs implemented by GIZ build, *inter alia*, capacities in the B-H public and private sector for strengthening competitiveness of selected business locations (10 municipalities), their specific sectors and as well as their respective small and medium enterprises in BiH. In addition to competitiveness in metal and wood processing and tourism sectors, this program promotes the establishment of agricultural value chains for selected fruit and vegetables products with a potential comparative advantage.

For a cross-sector engagement to support innovation in private sector, the German government co-funds together with the EU a programme including a granting scheme for local private companies through GIZ (EU ProLocal). Several projects focus on education to improve employability. TVET (technical and vocational education and training) project introduces important elements of Germany's dual TVET system (Duale Berufsausbildung). The project was extended from single cantonal level to include several locations in both entities. It aims at the introduction of a cooperative and competence based TVET System which will better respond to the needs of the labour market. Involvement of the private sector and cooperation between schools and companies in TVET delivery is an essential element.

A regional project fosters co-operation between SEE countries in relation to various foreign trade issues in order to remove trade barriers and boost trade within and with export destinations outside of the region.

### **Focus Sector (1): Energy**

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

Until today, activities have focused on German governmental support for the rehabilitation of existing power plants (hydro-electric power plants) and the introduction of forms of renewable energies (wind energy). Various large-size projects of KfW Development Bank in RS and Federation with a total financing volume of approximately €400 million are in different phases of implementation. These projects of German Financial Cooperation are 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 on renewable energy is implemented by GIZ since end of 2015. The objective of this project is to improve the framework conditions for the increased use of renewable energies in BiH. The project cooperates with all relevant partners at entity as well as state level. Besides the improvement of the legal framework, licensing and permitting regime as well as monitoring of the NREAP, the project works on energy modelling and scenarios. It develops options for support schemes reform, frame conditions for increased sustainable application of small hydropower and use of biomass in electricity and heating generation.

### **Focus Sector (2): Environment**

With reference to the adopted country-wide strategy on environment, activities in this sector are – beyond their immediate environmental effect and their assistance to meet climate change goals – essential to improve the general conditions to allow for private sector development not only in the environmental sector itself, but those depending on it. Primarily, this may include the production and processing of agricultural and natural goods with their standards required as much as tourism.

- *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. The project “Water Supply and Waste Water Banja Luka” was completed in 2016, while “Waste Water Bihac” was due for completion in 2017.

- *Biodiversity*

The Open Regional Fund SEE on Biodiversity aims at enhancing capacities to better value ecosystem services, to collect and manage biodiversity information for monitoring and reporting purposes. The project co-operates with public and NGO partners in the region to establish a transboundary ecosystem management.

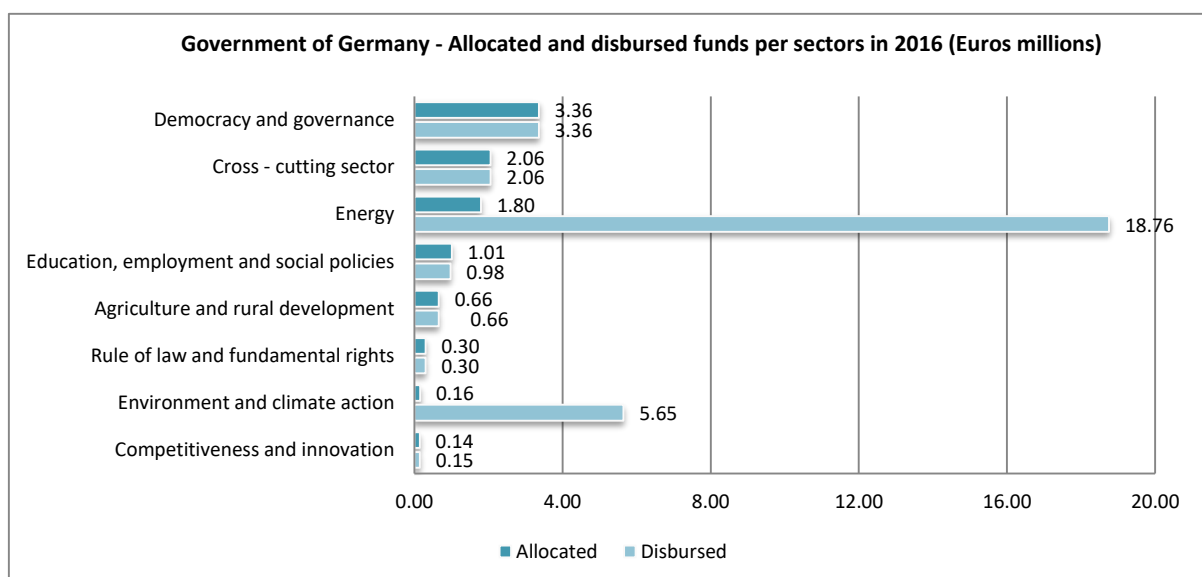
### Public Administration Reform and Rule of Law Affairs

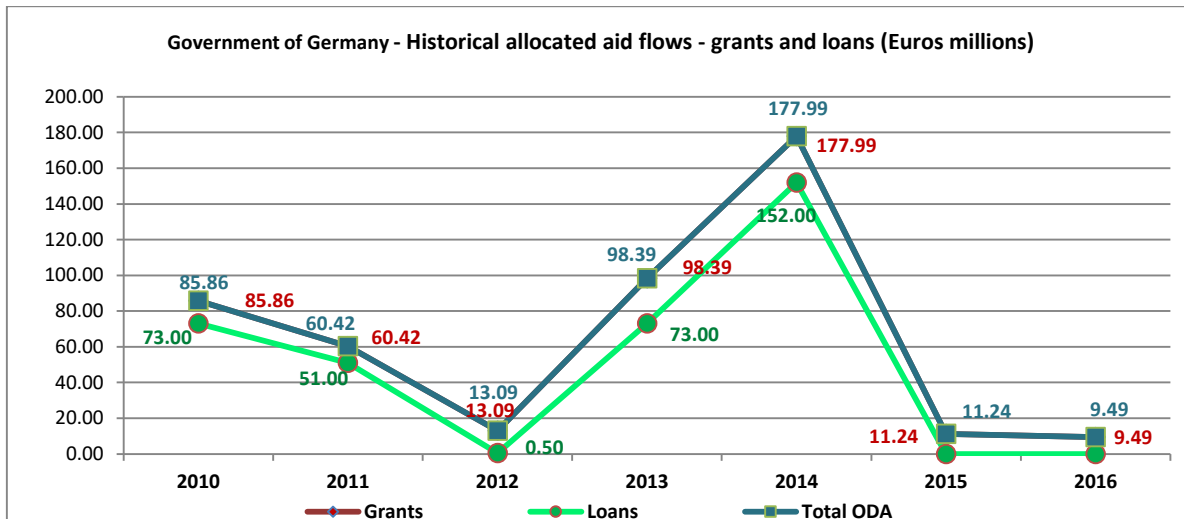
The German engagement with Bosnia and Herzegovina in Public Administration Reform tackles the pertinent issue of improving service delivery of public administration also needed to allow for investment and growth of the private sector. As set out in the B-H Reform Agenda, GIZ-supported program co-operates with PARCO, DEI and other selected public institutions at state level. These institutions are supported in order to apply the principles of public administration for transparent, accountable, effective and efficient public service delivery. Along the same lines, a GIZ project supports the process towards business friendliness of Municipalities, and was able to award “Business Friendly Certificates”. The newly created, bilateral Standing Working Group on Business Co-operation between the German Ministry of Economics and MoFTER including their respective Trade Chambers is similarly pointing towards initiating specific public reforms needed to especially establish more solid grounds for private foreign investment.

As suggested in the B-H Reform Agenda, a strong, reliable and independent judicial system is an indispensable prerequisite of further development. So far, different legal reform issues have been dealt with in a regional GIZ-project for South Eastern Europe. Finally, a regional project supports capacity development within the region with regard to EU accession, integration processes and the management of IPA funds. All regional projects also cooperate with partners in BiH.

### Key activities in 2016

The Government of Germany **allocated € 9.49 million and disbursed € 31.90 million in 2016 in the form of grants and loans** to the following sectors: Energy, Environment and climate Action, Democracy and governance, Education, employment and social policies, Agriculture and rural development, Rule of law and fundamental rights and Competitiveness and innovation. The German activities are framed along the B-H Reform Agenda and its commitment to the Berlin+ Process.





### Medium and long-term approach

In the context of the Berlin Process and EU perspective of Bosnia and Herzegovina, Germany will continue its path from a traditional donor to a stronger facilitator of investments and rely on enhancing Bosnia and Herzegovina largest bilateral trade volume of currently about € 1.7 billion per annum and various forms of private investments. This would require mutual efforts in developing markets and adjusting the institutional setting.

Against this background, the German government will continue its commitment for technical and financial co-operation, primarily under the headers of (1) local economic and private sector development with (2) energy efficiency and renewable energy and (3) further sectors of business development according to developments on the B-H side, as well as (4) democracy and public administration, especially including (5) the rule of law. In all projects regional cooperation will remain an important aspect of German cooperation.

### Donor coordination efforts

Co-ordination among donors and investors are overseen by the German Embassy and eventually assigned to specialized agencies as GIZ and KfW Development Bank. Aside regular participation in the Donor Coordination Forum, they also coordinate among 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 (local governance, Energy efficiency and renewable energy group, Agricultural sector group with MoFTER, Public Administration Reform).



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## Hungary

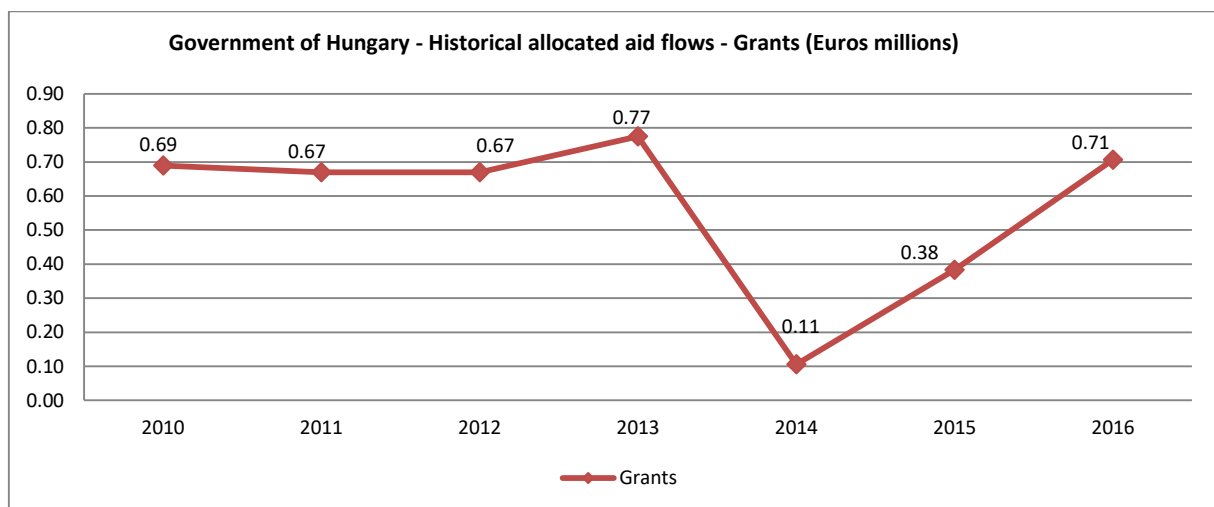
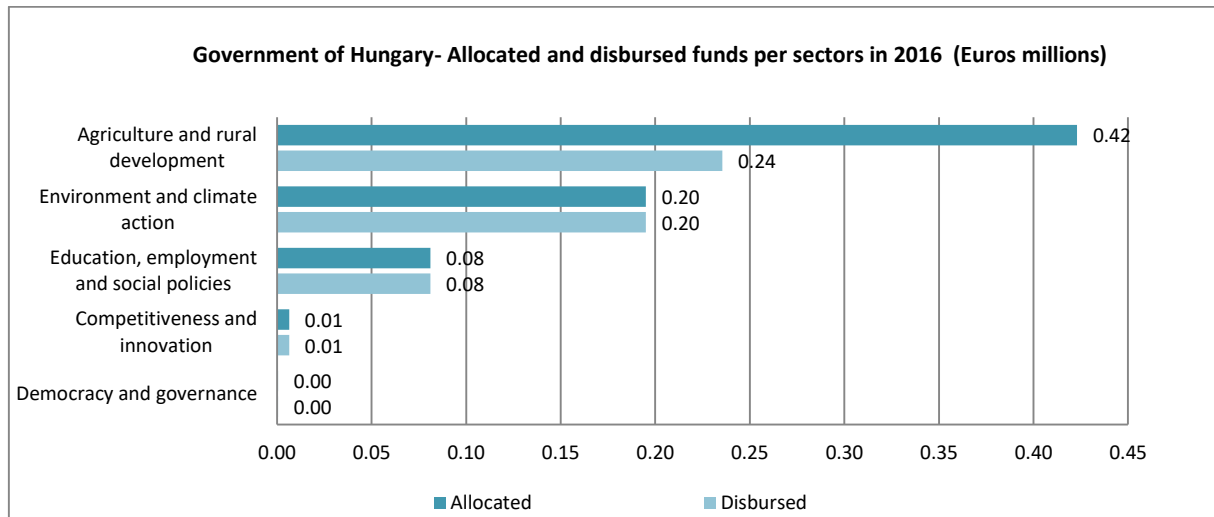
### Policy approach

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 2016

The Government of Hungary **allocated € 0.71 million and disbursed € 0.52 million in 2016 in the form of grant and loan** to the following sectors: Environment and climate action, Education, employment and social policies, Competitiveness and innovation and Democracy and governance.





## Medium and long-term approach

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

- Hungary's stabilizing economy opens wider possibilities also in international development cooperation.
- Western-Balkan countries, including Bosnia and Hercegovina constitute a region of outstanding importance and of strategic partnership.
- 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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## Japan/Japan International Cooperation Agency (JICA)

### Policy approach

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

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

#### (1) Peace Consolidation and Ethnic Reconciliation

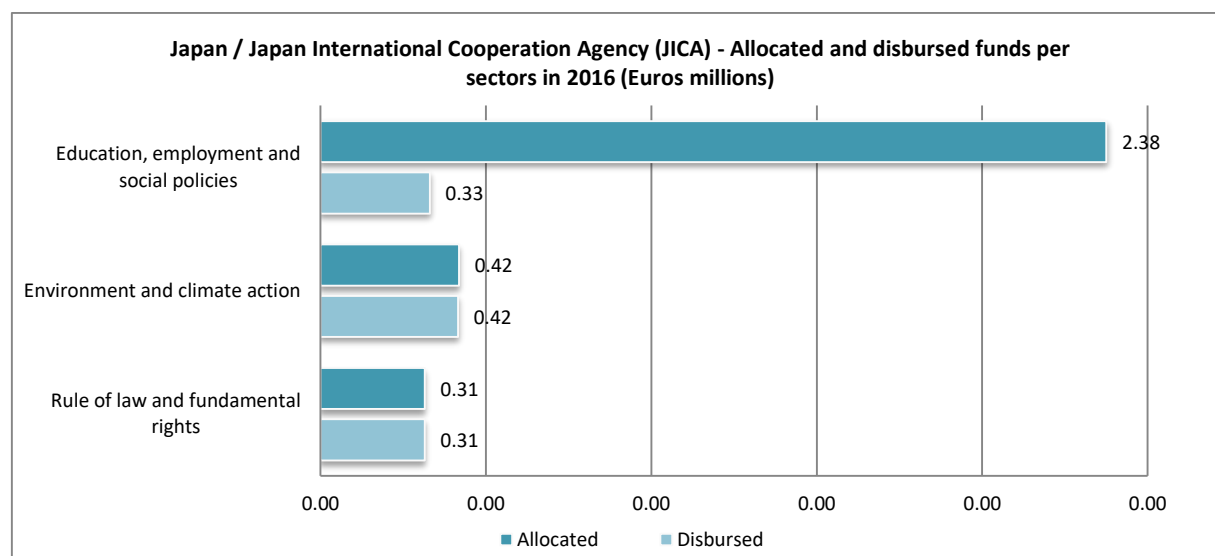
Japan will provide support in the fields such as ethnic reconciliation, improvement of health, sanitation and educational services, removal of land mines and unexploded ordnances, in order to contribute to the consolidation of peace.

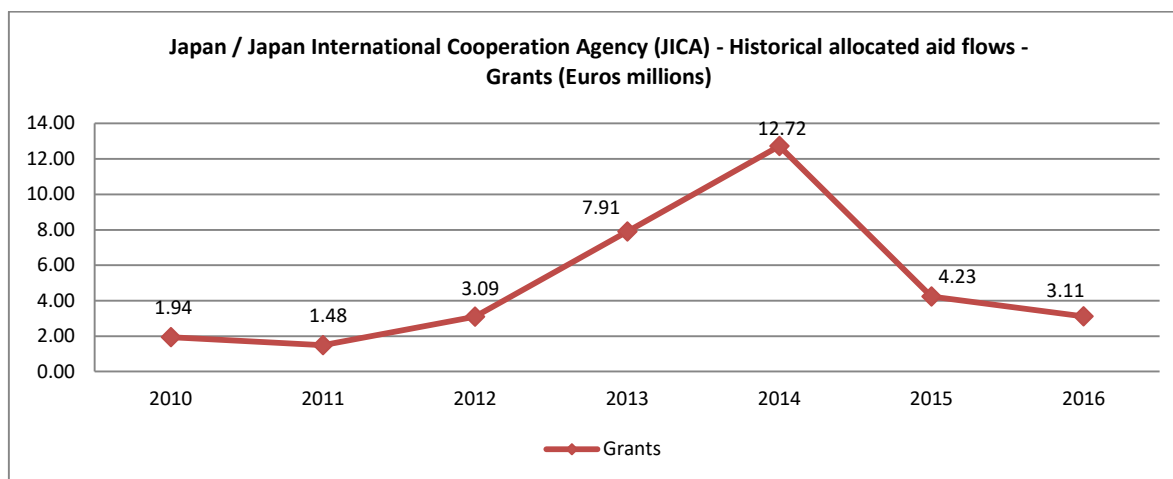
#### (2) Environmentally Friendly and Sustainable Economic Development

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

### Key activities in 2016

The Government of Japan /Japan International Cooperation Agency (JICA) **allocated € 3.11 million and disbursed € 1.06 million in 2016 in the form of grant** to the following sectors: Education, employment and social policies, Environment and climate action and Rule of law and fundamental rights.





### Medium and long-term approach

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

#### *Education*

From 1997 to 2016, the Government of Japan has granted 28,252,021 EUR in total under four types of schemes: General Grant Aid, Grant Assistance for Grassroots Human Security Projects (GAGP), Grant Assistance for Cultural Grassroots Projects (GACGP) and Technical Cooperation. Under General Grant Aid, GAGP and GACGP projects, altogether 90 primary schools and other institutions have been supported for constructing, reconstructing and rehabilitating their school buildings, sports halls and laboratories, equipping school furniture and providing heating systems. On the other hand, under the Technical Cooperation projects, more than 100 high schools and other institutions have been granted for informatics curriculum modernization, improving IT Education or technical and so on.

#### *Health*

From 1997 to 2016, the Government of Japan has granted 82,195,651 EUR in total under three types of schemes; General Grant Aid, Grant Assistance for Grassroots Human Security Projects (GAGP) and Non-Project Grant Aid. Altogether 153 Health Care Centers and Hospitals have been supported for reconstructing of buildings, providing medical equipment, ambulance vehicles and improving medical services.

#### *Demining*

From 1997 to 2016, the Government of Japan has granted at least 8,346,986 EUR in total for demining under three types of schemes; General Grant Aid, Grant Assistance for Grassroots Human Security Projects (GAGP) and Technical Cooperation. Under these schemes, altogether 23 demining projects have been supported for provision of demining equipment, demining work, raising mine awareness and mine risk education. 26 municipalities, cities and organizations became recipients from these projects.

#### *Environment*

In May 2017, construction of the flue gas desulphurization (FGD) plant has started at Ugljevik Thermal Power Plant. This project is funded by Japanese ODA loan amounting up to 12.633 billion

yen (approx. 200 million KM). The planned construction period is about 3 years. FGD is expected to reduce drastically sulfur dioxide that pollute the air and will also contribute to the protection of environment in BiH and improving the health condition of nearby residents.

The Government of Japan granted 500 million Japanese Yen (approx. 7.2 million KM) to BiH Government for purchasing 120 Japanese next generation vehicles (40 clean-diesel and 80 hybrid vehicles). These vehicles were delivered to 120 social and welfare institutions in Federation of BiH, RS and Brčko District.

#### *Consolidation of peace/ethnic reconciliation*

In November 2016, JICA started a technical cooperation project in Mostar for confidence building through physical education. This project consists of two components: to support Agency for Preschool, Primary and Secondary Education of BiH (APOS) with formulating the common core curriculum for physical education, and to support sports association plan and activities for the promotion of the interaction of different ethnic groups.

#### *Development of the private sector*

In September 2017, JICA started a technical cooperation project “The Project on Establishment and Promotion of Mentoring Service for Small and Medium Enterprises in the Western Balkans (Phase 2)” to improve mentor services of SME assistance organizations in Serbia, Bosnia and Herzegovina, Montenegro and Macedonia.

#### **Donor coordination efforts**

In addition to participating at DCF meetings, Japan/ (JICA) also participate in the work of sector working groups:

Disaster Risk Reduction Group (UNDP)

Education Donor Coordination Group (U.S. Embassy)

Health Donor Coordination Group (Embassy of Switzerland in BiH and WHO)

Mine Action Board of Donors Meeting (UNDP and BiH Ministry of Civil Affairs)

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## The Embassy of the Kingdom of the Netherlands

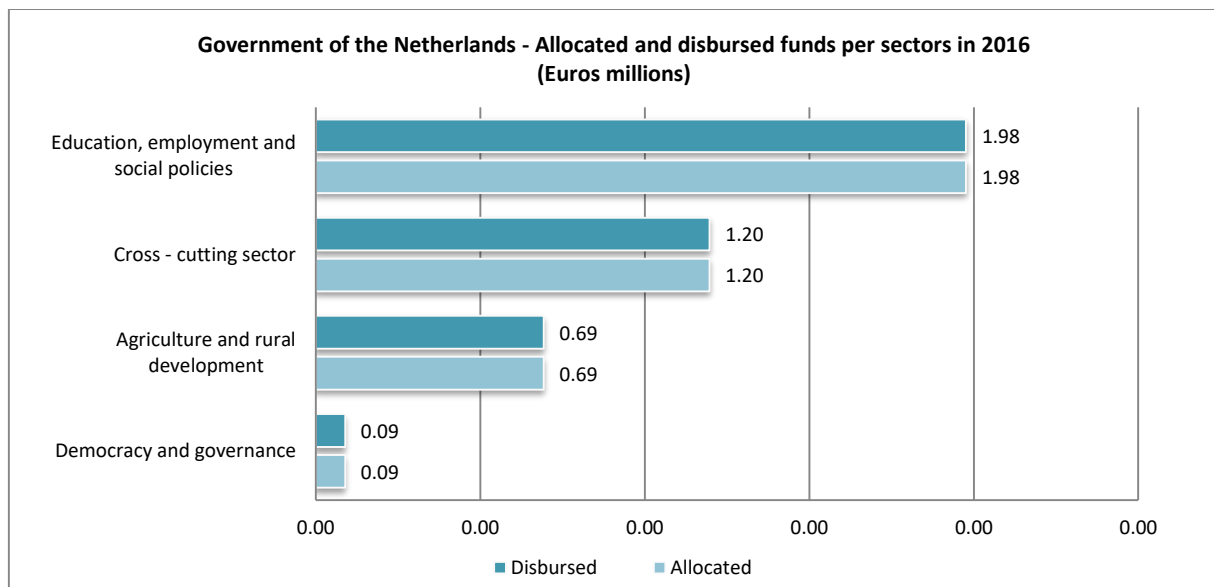
### Policy approach

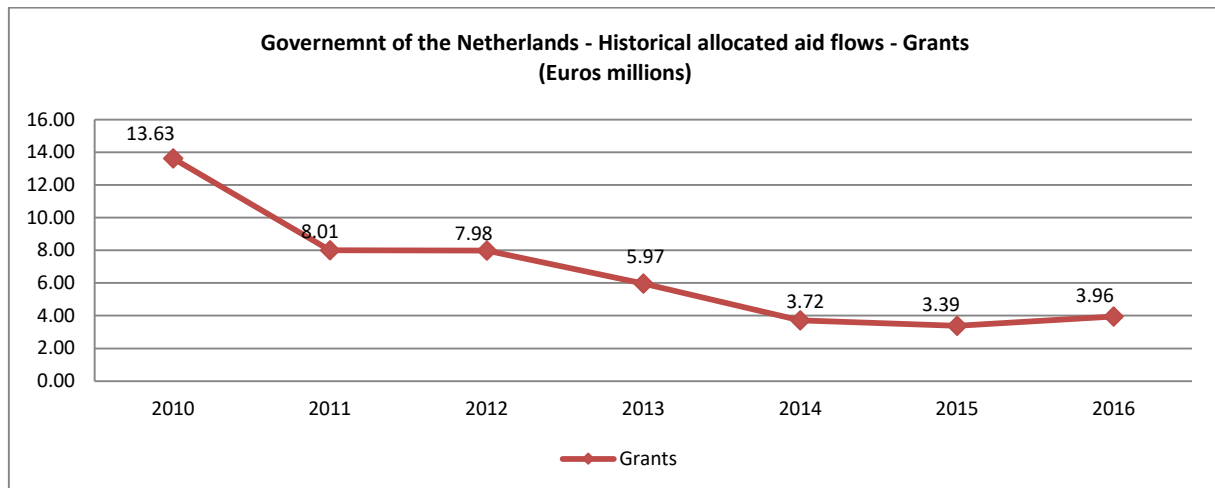
Bosnia and Herzegovina is one of the 36 partner countries worldwide that the Netherlands has a substantive bilateral development cooperation programme with. In the past the Netherlands focused predominately on the facilitating of minority return and creating stability in the aftermath of the war. In 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 2016

The Government of the Netherlands **allocated € 3.96 million and disbursed € 3.96 million in 2016 in the form of grant** to the following sectors: Education, employment and social policies, Cross-cutting sectors, Agriculture and rural development and Democracy and governance.





### 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 B-H 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.

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## The Royal Norwegian Ministry of Foreign Affairs

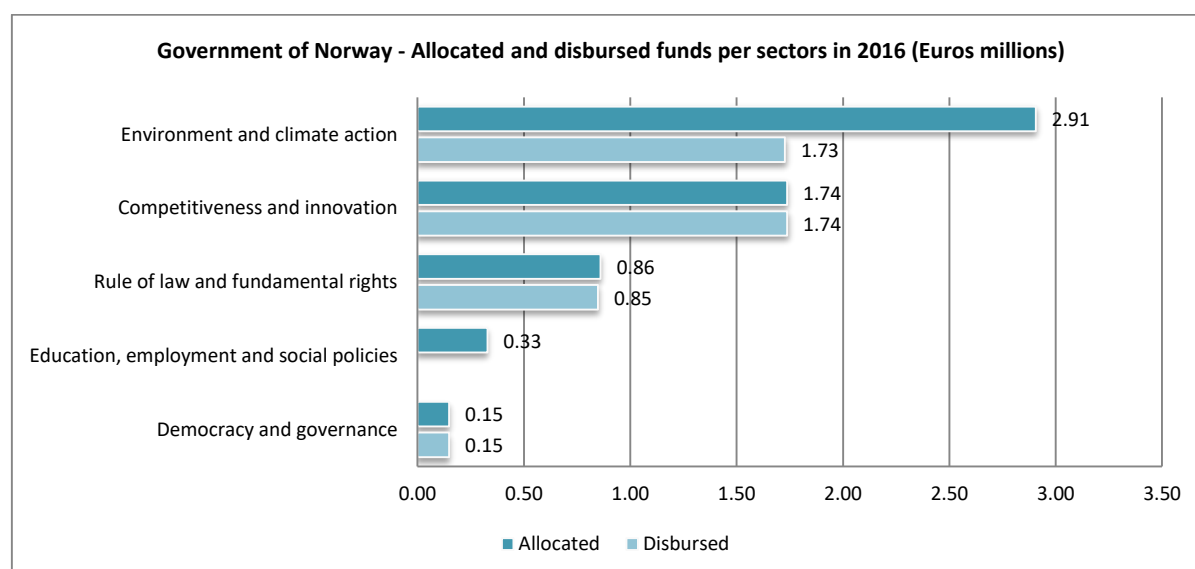
### Policy approach

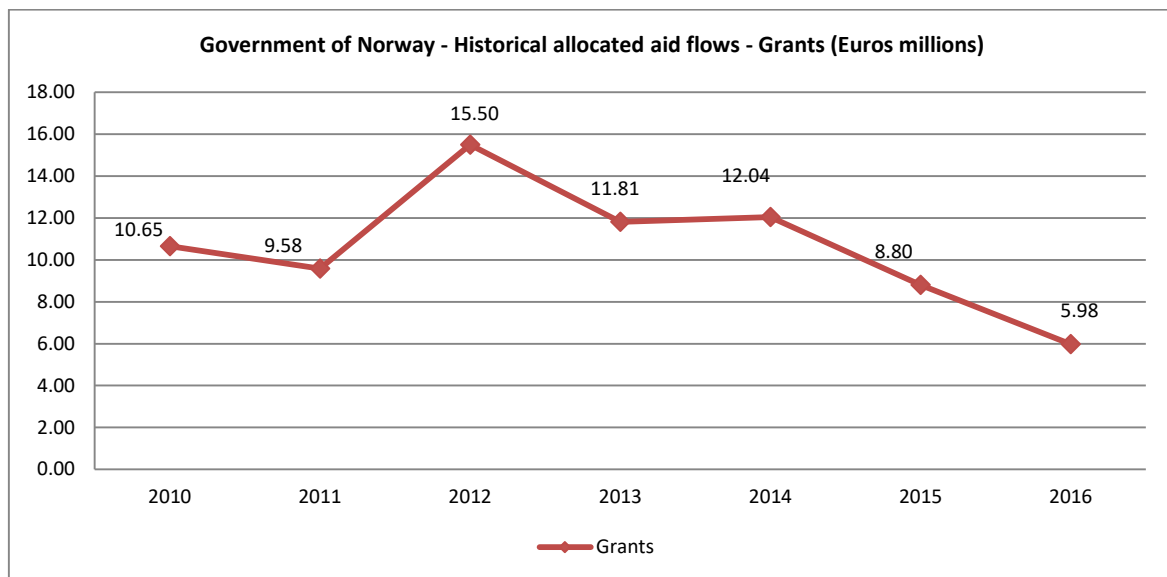
Much of Norwegian development cooperation internationally involves long-term assistance in the form of grants. Norwegian long-term development cooperation in general emphasizes both bilateral assistance, channelled directly to the governments of partner countries, and multilateral assistance, which is 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 2016

The Government of Norway allocated **€ 5.98 million** and **disbursed € 4.46 million** in 2016 in the form of grant to the following sectors: Environment and climate action, Competitiveness and innovation, Rule of law and fundamental rights, Education, employment and social policies and Democracy and governance.





### 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 Norway participates in Working groups on Gender Equality and Women Empowerment, Judiciary and Security.

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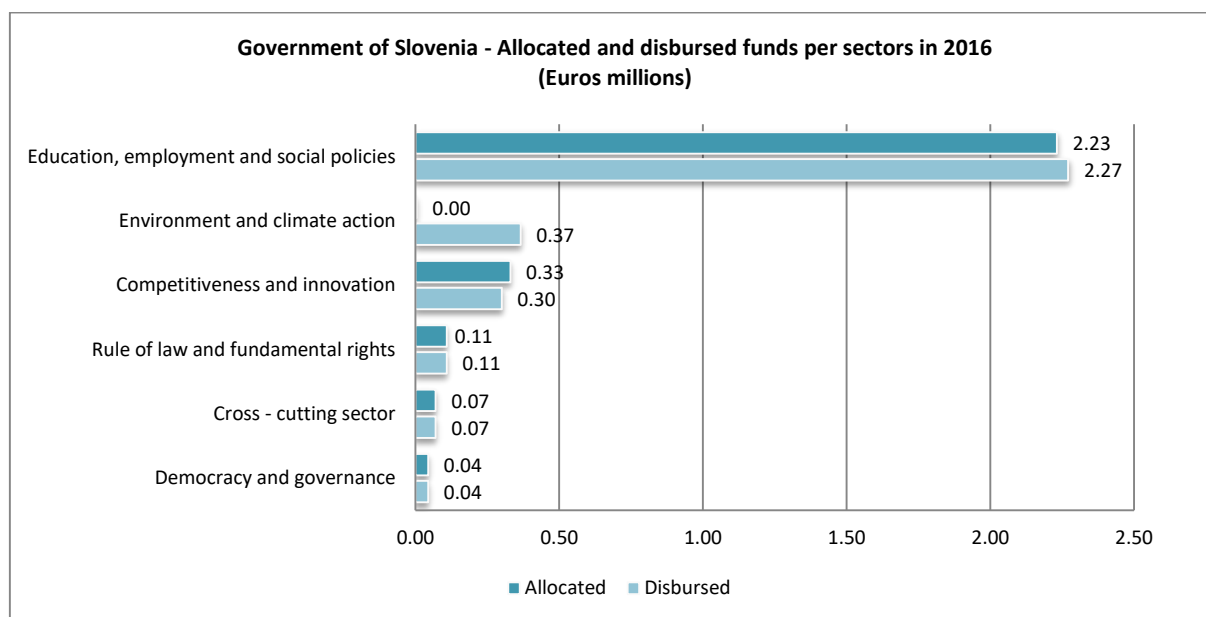
## Slovenia

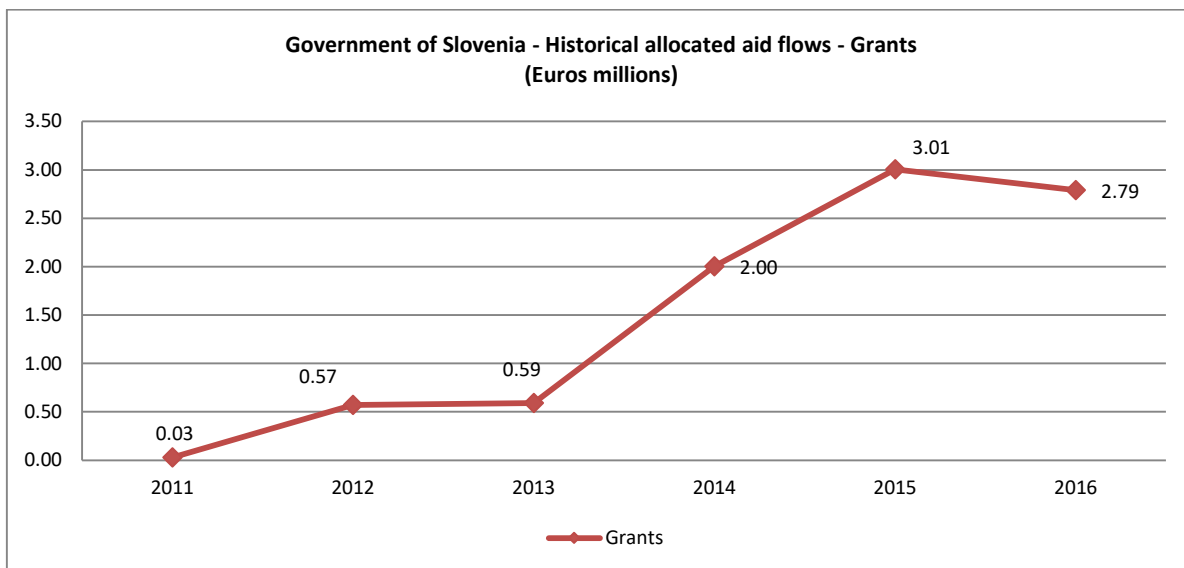
### Policy approach

The thematic priorities of Slovenia's International Development Cooperation were defined in the Resolution on International Development Cooperation of the Republic of Slovenia for the period until 2015 (N.B. valid until adoption of the new resolution in September 2017). 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 2016 and 2019 operationalized planned activities, which in the case of BiH include the following sectors: Education, employment and social policies, Environment and climate action, Competitiveness and innovation, Rule of law and fundamental rights, Cross - cutting sector and Democracy and governance.

### Key activities in 2016

Government of Slovenia allocated **€ 2.79 million and disbursed € 3.16 million in 2016 in the form of grant** to the following sectors: Education, employment and social policies, Environment and climate action, Competitiveness and innovation, Rule of law and fundamental rights, Cross - cutting sector and Democracy and governance.





### Medium and long-term approach

In September 2017 the National Assembly adopted the Resolution on development cooperation and humanitarian assistance of the Republic of Slovenia. Thematic priorities are (1) promotion of peaceful and inclusive societies, with a particular emphasis on good governance, equal opportunities, including gender equality, and quality education and (2) fight against climate change, focused on the sustainable management of natural and energy resources. Slovenia’s geographical priorities are the Western Balkans, the European neighbourhood and Sub-Saharan Africa, notably the least-developed countries with respect to the latter.

Based on the new Resolution on development cooperation and humanitarian assistance of the Republic of Slovenia, Slovenia will prepare the Strategy on development cooperation and humanitarian assistance within a year which will define in more detail: (i) thematic priorities; (ii) geographical priorities, including the criteria for selecting priority partner countries and orientations for action in the selected programme partner countries; (iii) orientations for international humanitarian assistance; (iv) orientations for multilateral development cooperation, with an emphasis on activities within the European Union; (v) orientations for cooperation with non-governmental organisations and the private sector; (vi) orientations for raising public awareness of development cooperation. In the medium term Slovenia will continue providing support to Bosnia and Herzegovina in the same sectors as in the previous period.

Slovenia is also in the process of adopting of the new act on development cooperation. 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. Slovenia will continue to support BiH in the field of mine protection also in the future.

### 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:

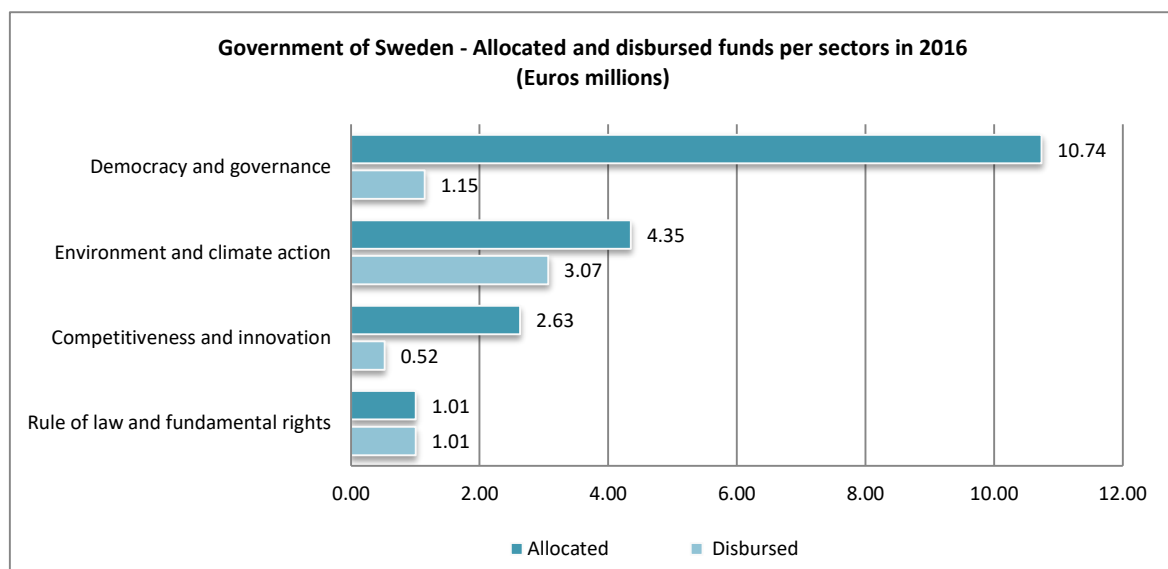
- Better coordination with the EC and the IPA program;
- Increased use of the country's own systems for planning, implementation and follow-up;
- Increased use of program-based approaches.

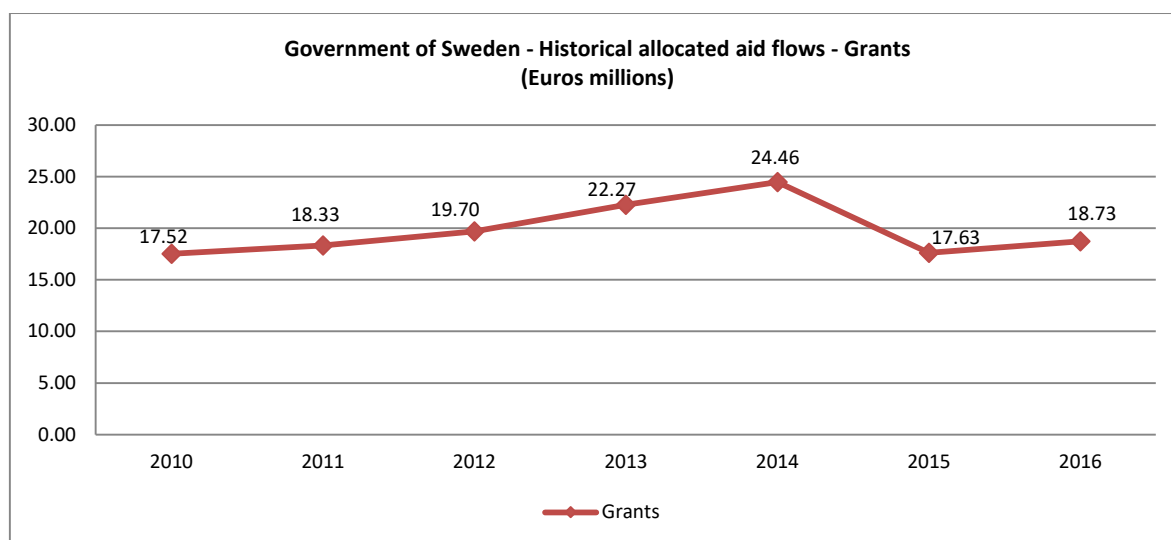
The Swedish Development Cooperation with Bosnia and Herzegovina is guided by a result strategy for Swedish reform cooperation with the Western Balkans – Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia. The strategy covers 2014-2020.

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

### Key activities in 2016

The Government of Sweden **allocated € 18.73 million and disbursed € 5.75 million in 2016 in the form of grant** to the following sectors: Democracy and governance, Environment and climate action, Competitiveness and innovation and Rule of law and fundamental rights.





### Medium and long-term approach

The Swedish Development Cooperation with Bosnia and Herzegovina is guided by a result strategy for Swedish reform cooperation with the Western Balkans – Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro, Serbia and Turkey. ([www.swedenabroad.com/sarajevo](http://www.swedenabroad.com/sarajevo)) The strategy covers 2014-2020. The results strategy aims to assist the countries 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) Better environment, reduced climate impact and enhanced resilience to environmental impact and climate change

The Government of Sweden finances 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.

### 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 Councillors, etc.) and participates in other relevant sector meetings.

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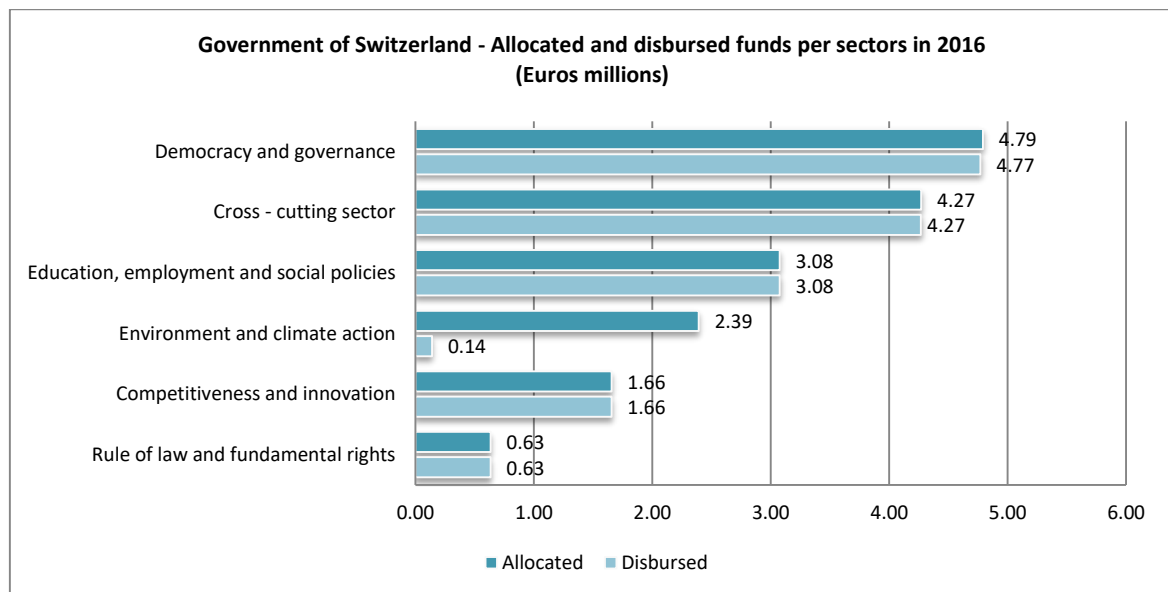
## Switzerland

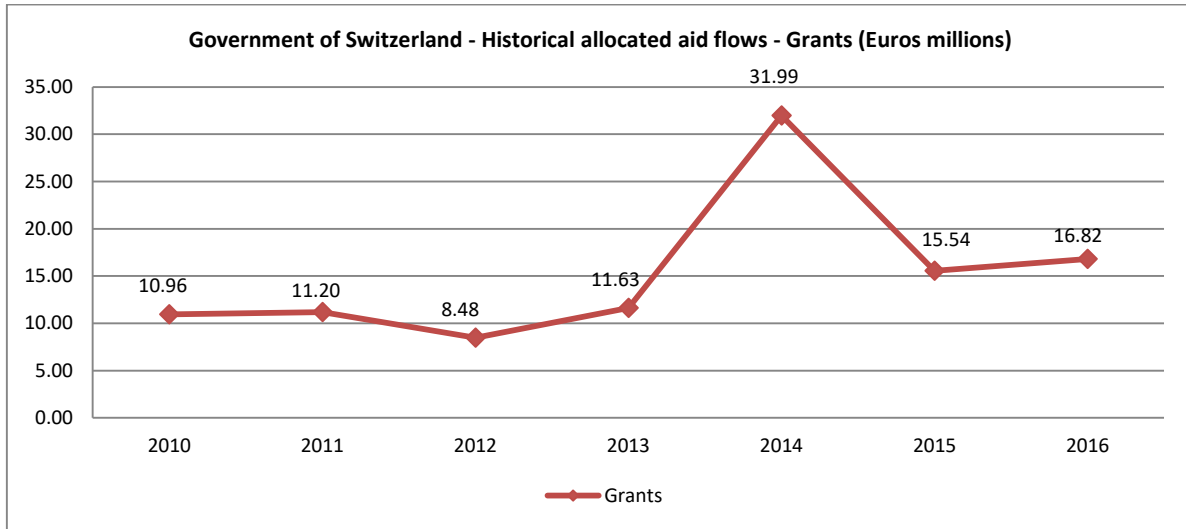
### Policy approach

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 2016

The Government of Switzerland **allocated € 16.82 million and disbursed € 14.55 million in 2016 in the form of grant** to the following sectors: Democracy and governance, Cross - cutting sector, Education, employment and social policies, Competitiveness and innovation, Rule of law and fundamental rights and Environment and climate action.





### Medium and long-term approach

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

In the **Democracy and governance sector**, Switzerland will maintain its focus on the local level. Budget support based on performance will be used for municipal investments. Empowering civil society and citizens and improving their democratic capacities will also be in the focus. 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 is fostered through the revitalisation of sub-municipal units (Mjesna zajednica) as spaces for citizens' participation and social inclusion. Focused activities support the setting up of functional vertical cooperation mechanisms and the strengthening of capacities at all relevant institutional levels.

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), supports 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.

In the **Rule of law and fundamental rights sector**, support to the High Judiciary and Prosecutor Council of BiH continues 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. 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 address new and better employment opportunities by creating a favourable 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 labour market (skills gap, connection gap, jobs gap). Young people's employment will be supported through an improved intermediation system within Public Employment Services. 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 involvement of the Diaspora.

In the **Competitiveness and innovation sector**, Switzerland continues 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. Counselling services provided by municipalities to over-indebted citizens will be scaled up, thus increasing financial literacy.

In the **Cross - cutting sector**, support to health sector reforms and improvement of primary health care services is 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, targeting specifically excluded and poor persons, will be rolled out throughout the 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 in creating health-promoting environment will be strengthened.

### Donor coordination efforts

Government of Switzerland participates in the following donor coordination groups:

- Local Governance Donor Coordination Group
- Gender Equality and Women Empowerment Coordination Group
- Justice Sector Coordination Group
- Prosecutorial Service Donor Coordination Group
- Educational Sector Coordination Group
- Education Donor Coordination Group
- Health Donor Coordination Group
- Migration & Development Coordination Group

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

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### Policy approach

#### Democracy and governance

Assistance will address the widespread corruption that permeates BiH's political system and economy. USAID will continue to support a network of anti-corruption civil society organizations to maintain public pressure on the BiH Government to implement anti-corruption reforms required for EU integration. USAID will strengthen collaboration and cooperation among different anti-corruption initiatives through small grants, as well as support CSOs in implementing small-scale advocacy projects, monitoring corruption cases, and conducting investigative and research work. USAID will also continue to build the capacity of the country's governing institutions to adopt, implement, and account for more effective policies, laws, and budgets. USAID will train young politicians in EU integration requirements; support mapping of key actors and legislative opportunities; and bring political parties together to collaborate on reforms. USAID will continue supporting BiH citizens, through its People to People Reconciliation Programs, to work across ethnic lines on important social, economic and political issues. The Mission will help foster the dedication of non-traditional news organizations and independent media outlets to professional reporting.

#### 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. Through its Justice Activity, USAID will improve the performance of prosecutors and justice sector institutions through mentoring, training, and technical assistance.

#### Competitiveness and innovation

Through the Mission's private sector programming, USAID will address specific market failures that inhibit the growth and development of SMEs, leading to more sustainable job growth. The Mission's efforts will also assist producer organizations in selected agriculture and food processing sub-sectors to adopt EU and international food standards and new production techniques, helping them produce new high-value products and expand their markets. USAID will also assist public sector institutions in adopting EU-compliant trade policies and regulations to facilitate regional and EU trade and enable BiH private sector growth in agriculture and manufacturing. USAID will partner with small and medium-sized enterprises (SMEs) in key industries (such as agriculture and food processing, wood processing, metal processing, and tourism) to improve their ability to meet EU and regional market standards, increase exports, and generate jobs.

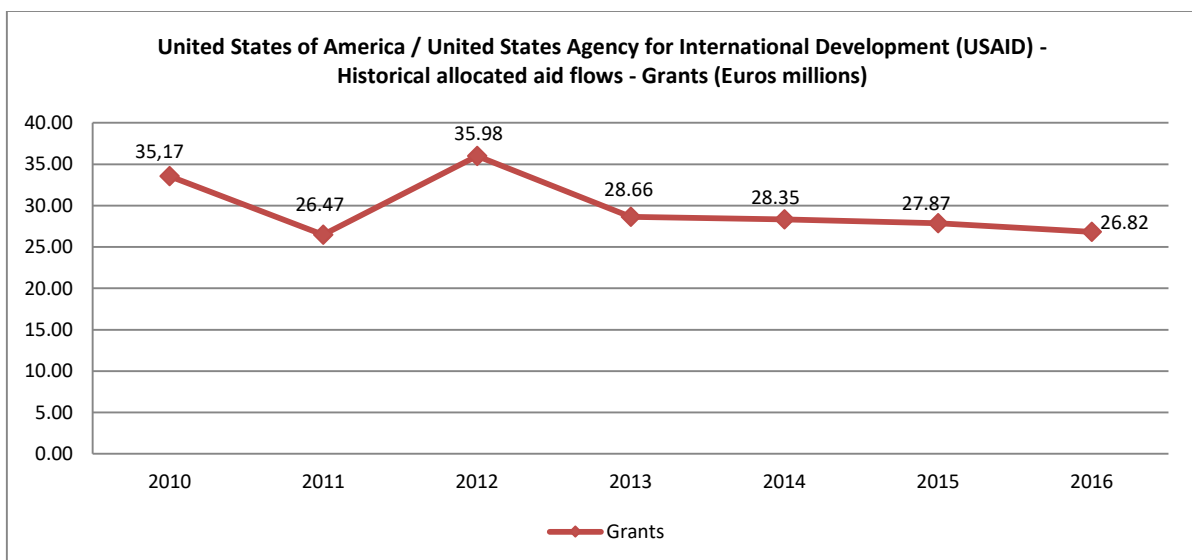
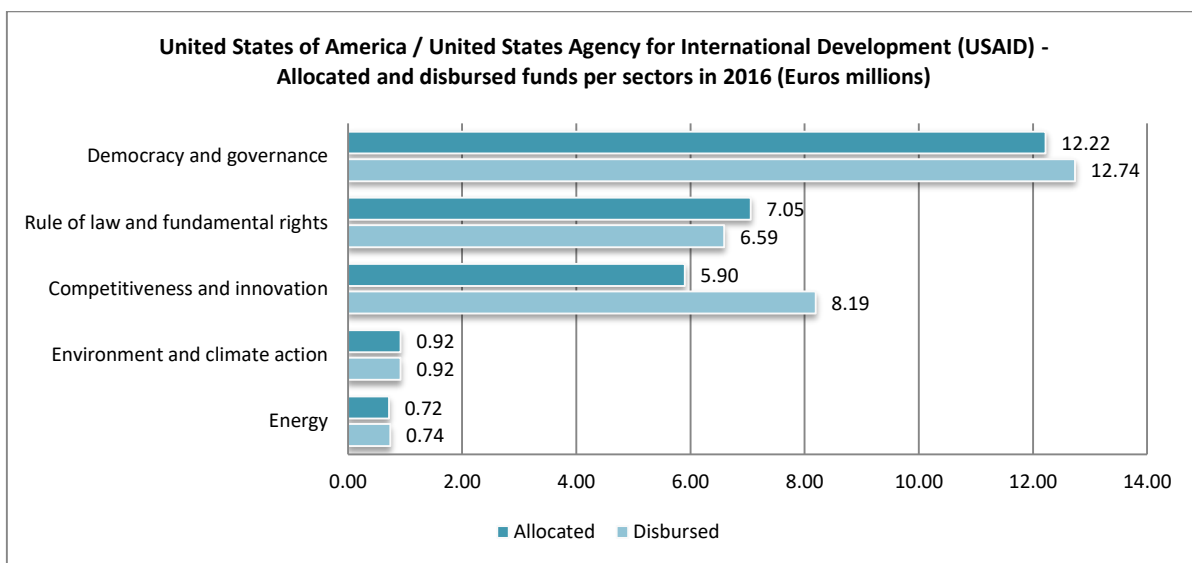
#### Energy

The Mission will support legislative efforts at all levels of government that stimulate investment in new power plants and improve energy efficiency to reduce CO2 emissions and energy costs. In partnership with local and international counterparts, USAID will develop transparent and investor-friendly regulations for building energy infrastructure (including recommendations for stimulating

investment in renewable power plants); establish a functional electricity retail market in which customers can negotiate contracts with the most competitive suppliers; and achieve energy savings using regulatory incentives and bringing BiH into compliance with the EU Directive on Large Combustion Plants. USAID will also support policies that promote energy efficiency for more sustainable cities in BiH, a country with increasing levels of urban pollution resulting from the consumption of dirty fuels.

### Key activities in 2016

United States of America/United States Agency for International Development (USA/USAID) approximately **allocated € 26.82 million and disbursed € 29.19 million in 2016 in the form of grants** to the following sectors: Democracy and governance, Rule of law and fundamental rights, Competitiveness and innovation and Energy.



### 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.

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## European Bank for Reconstruction and Development (EBRD)

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### Policy approach

The European Bank for Reconstruction and Development is an international financial institution owned by 65 countries from five continents, as well as the European Union 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 144 projects and cumulative business volume of more than €2.0 billion.

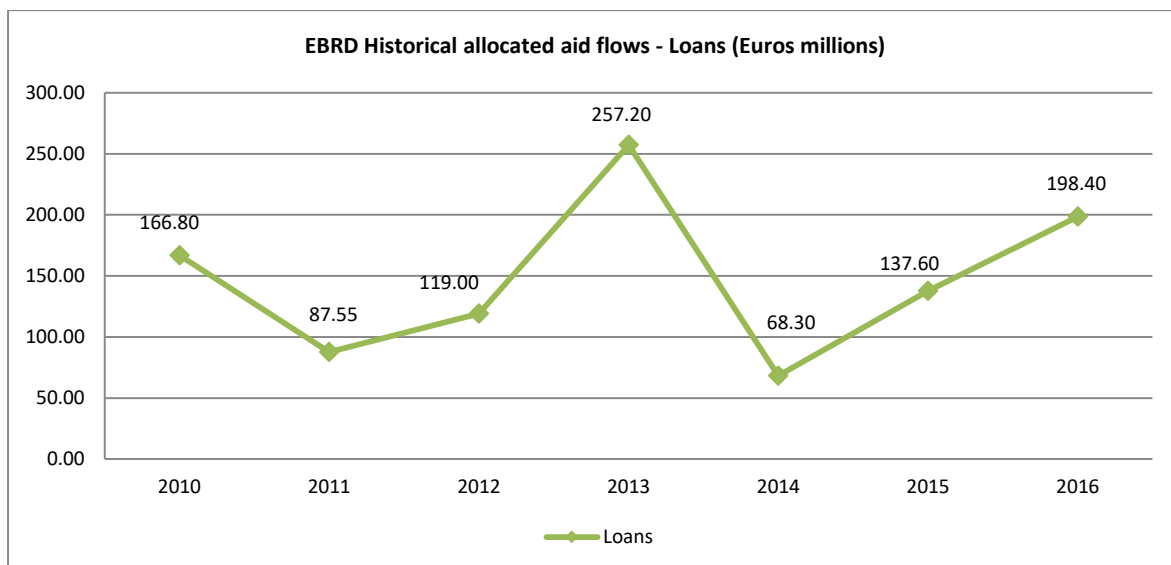
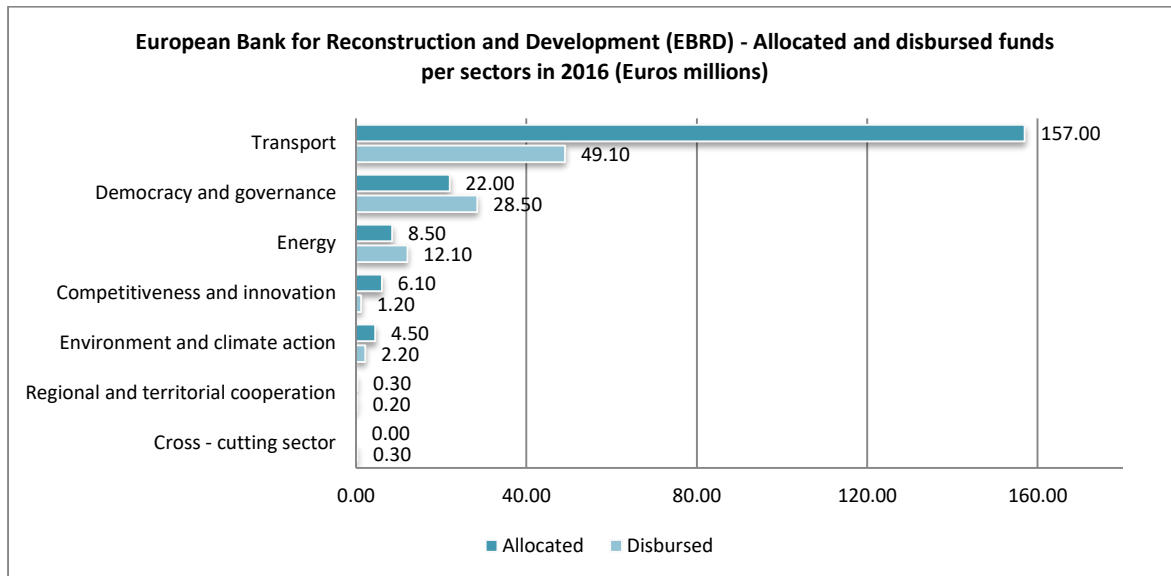
The Bank signed 14 new projects in 2016, amounting to EUR 198.4 million. Six public sector projects included (i) financing of new sections of Corridor Vc motorway of EUR 76 million, (ii) FBH Flood Repair and Roads Upgrade Project of EUR 65 million, (iii) Port of Brcko rehabilitation project of EUR 10 million, (iv) loan increase of EUR 6 million for Sarajevo Urban Roads Development Project, (v) Visoko Water Supply project of EUR 4.5 million and (vi) the loan of EUR 8.5 million for ISO BiH for upgrade of Emergency Management System (EMS) and Supervisory Control and Data Acquisition (SCADA) system and the implementation of new IT systems.

Eight private sector projects were signed in 2016 amounting to EUR 28.4 million, which included investments in local companies as well as credit lines with local banks.

Implementation of public sector projects continued to be good, with total disbursements to final beneficiaries of EUR 94 million.

### Key activities in 2016

The European Bank for Reconstruction and Development (EBRD) **allocated € 198.40 million and disbursed € 93.60 million in 2016 in the form of loan** to the following sectors: Transport, Democracy and Governance, Energy, Competitiveness and innovation, Environment and climate action, Regional and territorial cooperation and Cross - cutting sector.



### Medium and long-term approach

The new 5-year Country strategy for Bosnia and Herzegovina was approved by the EBRD Board of Directors on 5 July 2017.

The strategy sets out the following strategic priorities in Bosnia and Herzegovina in the period 2017-2022:

- Enable capacity-building and scaling up of the private sector, while promoting commercialisation of public utilities, and supporting privatisation of viable state-owned enterprises to enhance Competitiveness
- Support development of key transport and energy cross-border links with a view to promote Integration with the region while enhancing Resilience of the economy, and
- Support energy efficiency and renewable energy generation, while helping municipalities upgrade quality of services to promote Green Economy



### 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.

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## European Union (EU)

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### Policy approach

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 the membership in the European Union.

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. Bosnia and Herzegovina applied for EU membership in February 2016 and, on the basis of meaningful progress in the Reform Agenda, EU Member States asked the European Commission in September to provide its Opinion on the application. 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 have adopted and started to implement key strategic documents, notably as regards the judiciary, fight against corruption and organised crime.

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 should contribute to fostering employment. Additional sectors supported under the economic requirements are trade, 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).

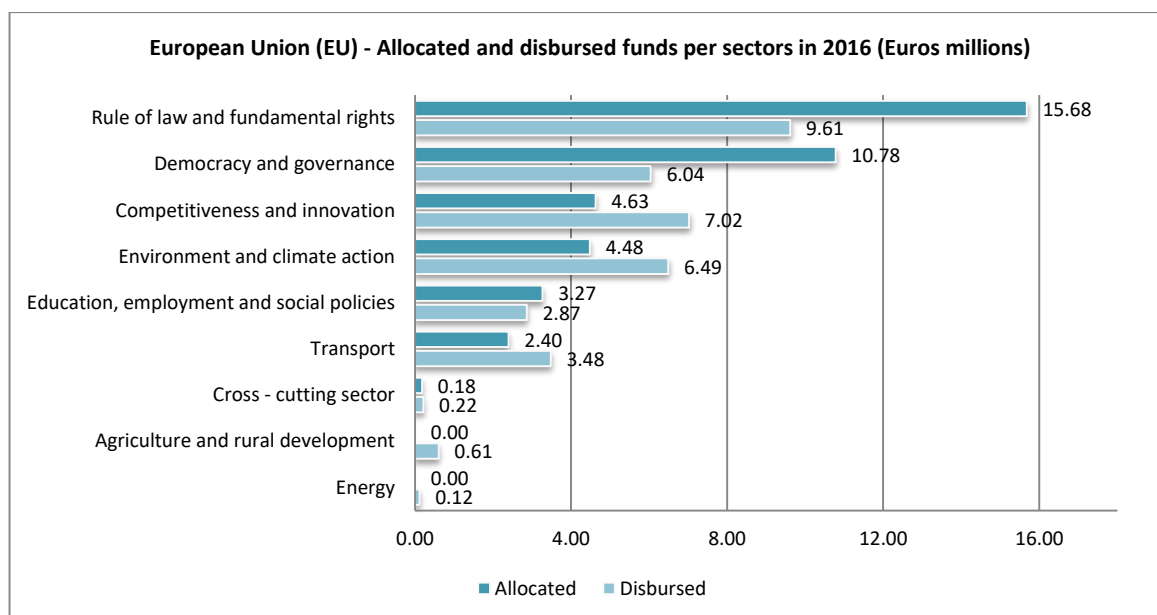
It supports four sectors:

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 environment, energy and agriculture and rural development - the sectors to which greater funds are earmarked to be allocated under IPA II.

### Key activities in 2016

The European Union (EU) **allocated € 41.42 million and disbursed € 36.46 million in 2016 in the form of grant** to the following sectors: Rule of law and fundamental rights, Democracy and governance, Competitiveness and innovation, Environment and climate action, Education, employment and social policies, Transport, Cross - cutting sector, Energy and Agriculture and rural development.



As per the above graph, it is to be noted that in 2016 the EU provided most of assistance in Rule of law and fundamental rights, Democracy and governance and Competitiveness and innovation sectors. The assistance mainly related to the support to judicial reform, including the reduction of backlog of war crime case prosecutions and construction/rehabilitation of cantonal courts and prosecution offices throughout the country and fight against corruption as well as strengthening capacities of relevant BiH institutions in public finance management, public procurement, statistics, taxation and customs. It also included the construction and/or rehabilitation of water and waste water infrastructures, as well as the improvement of local level business support structures and SMEs finance including substantial grant support. The EU also provided support to strengthening capacities of BiH institutions in other areas, such



as: law enforcement, education, 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 2016, the EU Delegation continued with 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 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 also foresees the assistance to BiH to prepare the ground to support the reconstruction of houses destroyed by landslides, while all 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 IPA 2014-2020 CBC Programmes BiH – Montenegro and Serbia – BiH, its participation in the Interreg IPA CBC Croatia – BiH - Montenegro 2014 – 2020, Interreg ADRION Programme with EU Member States and other Western Balkan Countries (Albania, Montenegro and Serbia), Interreg MED Programme with EU Member States and other Western Balkan Countries (Montenegro and Albania), and Danube Transnational Programme with EU Member States, other Western Balkan Countries (Montenegro and Serbia), Ukraine and Moldova.

IPA II Multi-country programmes 2014-2020 is the new generation of IPA Multi-beneficiary programmes 2007-2013. It mainly continues 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 public sector management reform, including public finance management, public procurement system, 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 whose revision started in 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 2018. 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 one of aid delivery modalities.

### 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, mine action 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)

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### 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.

The Bank has lent over EUR 1.6 billion to support projects in Bosnia and Herzegovina since 2000. Out of this, total EUR 570 million has been used for credit lines to develop SMEs and midcaps. These are a core component of the EIB's lending priorities.

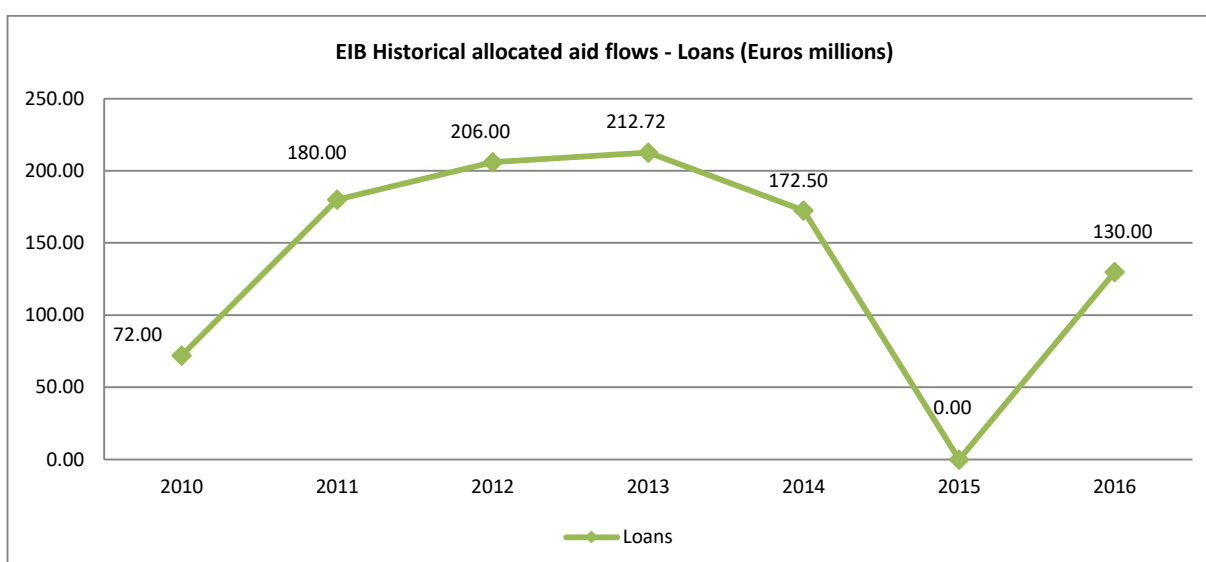
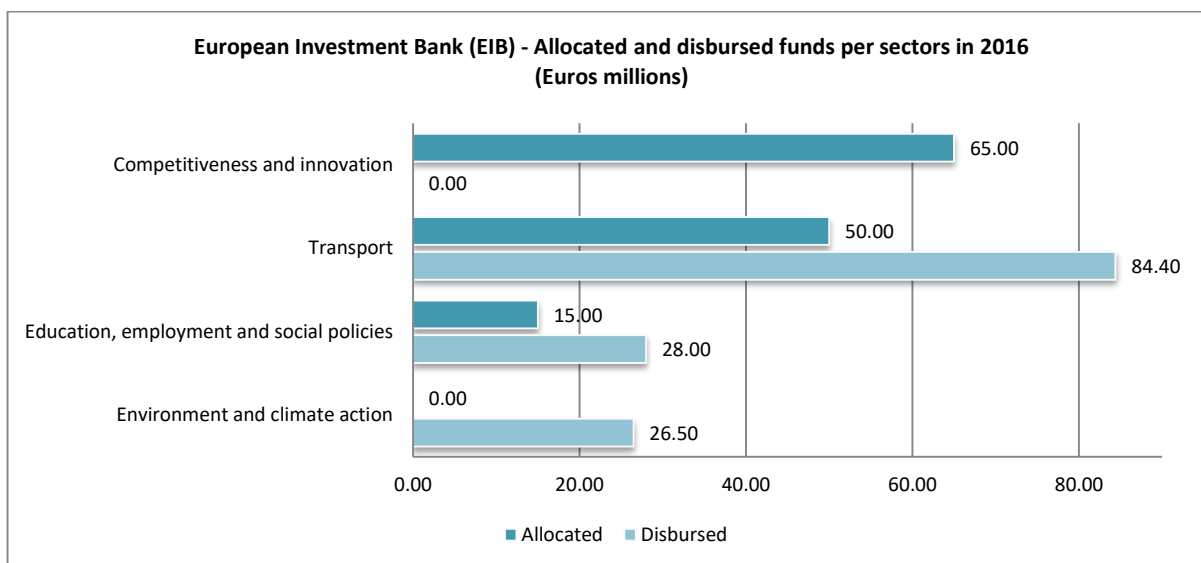
A further EUR 582 million has been used to develop the country's transport infrastructure, both regional projects and Trans European Transport Networks, which are another priority for the EIB. The bank has also contributed EUR 163 million to rebuild and improve the reliability of B-H's energy transmission networks. This was an on-going project in the last decade. (source: <http://www.eib.org/projects/regions/enlargement/the-western-balkans/bosnia-herzegovina/index.htm>)

### Key activities in 2016<sup>1</sup>

The European Investment Bank (EIB) allocated **€ 130.00 million and disbursed € 138.90 million in 2016 in the form of loan** to the following sectors: Competitiveness and innovation, Transport, Education, employment and social policies and Environment and climate action.

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<sup>1</sup> The source for data on EIB donor profile and allocations for 2016 is <http://www.eib.org/projects/loan/list/index.htm?from=2016&region=3&sector=&to=2016&country=BA>, while the source for disbursements in 2016 are the MFIT data.



### 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 (UN)

### Policy approach

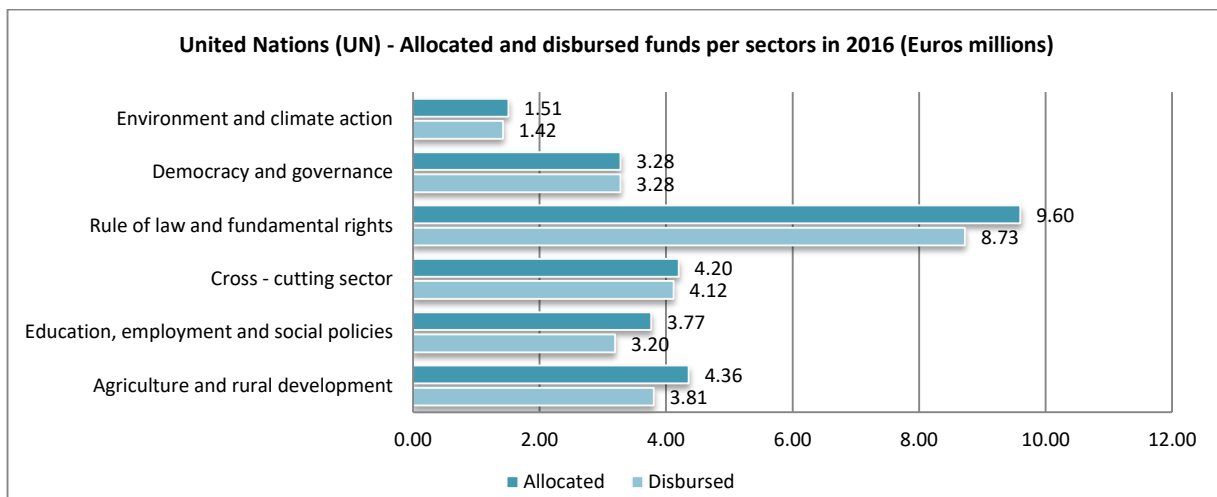
In 2016, UN continues to be generally defined through the 2015-2019 UN Development Assistance Framework (UNDAF) for BiH, which reinforces the strong partnership between the BiH authorities and the UN to advance equitable economic growth and reduce poverty in four focus areas (Rule of Law/Human Security, Sustainable and Equitable Employment and Development, Social Inclusion and Empowerment of Women), through capacity development, strengthening the accountability systems and the delivery of quality social services. The strategies outlined in UNDAF are intended to reach the most deprived and vulnerable sections of the population, and are designed to reflect the UN’s commitment to assisting BiH in meeting its human rights obligations and ensuring compliance with the UN and other international treaties ratified by BiH, including the 2030 Agenda and the Sustainable Development Goals.

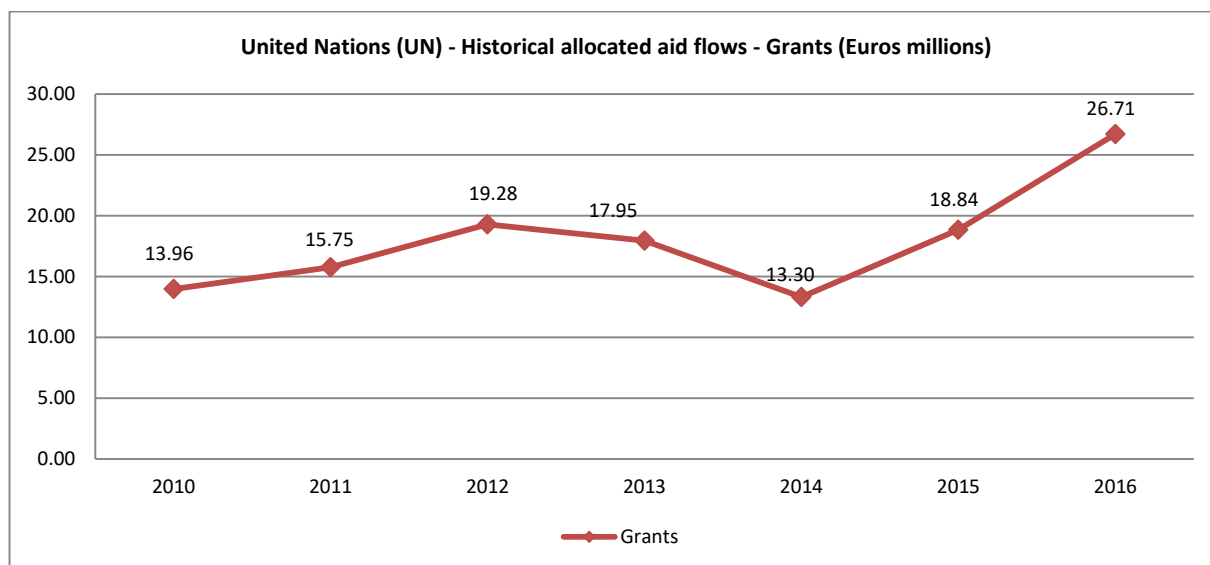
In the absence of the nationally defined development strategy and/or nationally defined development goals, the UN in BiH continues to implement its activities in full consultations with all the relevant authorities at various levels of government in BiH ensuring a country-wide ownership of its activities. Through this approach, the UN strengthens its comparative advantage and ensures its political neutrality and impartiality positioning the UN as the main intergovernmental facilitator and interlocutor. Working at both ends, the policy development and grass-root initiatives implementation, the UN is uniquely positioned to strengthen the connectivity between the two – turning projects into policies and policies into actions.

Furthermore, UN continued leveraging grass-roots reform pressure by subnational governments and scale up local initiatives to support needed national and inclusive policy reforms, and drive innovative change that is guided not by political considerations, but by citizens’ needs.

### Key activities in 2016

United Nations (UN) **allocated € 26.71 million and disbursed € 24.55 million in 2016 in the form of grant** to the following sectors: Environment and climate action, Democracy and governance, Rule of law and fundamental rights, Cross -cutting sector, Education, employment and social policies and Agriculture and rural development.





### Medium and long-term approach

Second set of Joint Work Plans for the period 2017/2018 under the current UNDAF 2015-2019 have been endorsed at the beginning of the 2017 by the UNDAF Joint Steering Committee. The UN will continue the work under the 4 respective JWP pillars: Rule of Law and Human Security, Local and economic development (including environmental protection), Social inclusion (including protection and health) and the Empowerment of women.

### Donor coordination efforts

The UN participates in the following sector/thematic working groups, bearing in mind that some are IC groups and ad-hoc: the Education/Informal Donor Coordination Group organized by the U.S. Embassy; Conference of Ministers of Education organized by the BiH Ministry of Civil Affairs; Educational Sector Coordination Group organized by the BiH Ministry of Civil Affairs; Health/Ministerial Conference organized by the BiH Ministry of Civil Affairs; Social Protection and Inclusion in Birac Region/Regional meetings of SPI municipal commissions organized by UNICEF; Health Donor Coordination Group organized by the Swiss Embassy and the World Health Organization; Human Rights IC Coordination Group; Gender Equality and Women Empowerment IC Coordination Group; Local Governance and Local Development Donor Coordination Group; Mine Action Board of Donors organized by UNDP and the BiH Ministry of Civil Affairs; Countering/Preventing Violent Extremism Donors Coordination Meeting; Small Arms and Light Weapons Coordination Board; IC National Museum Coordination Group.

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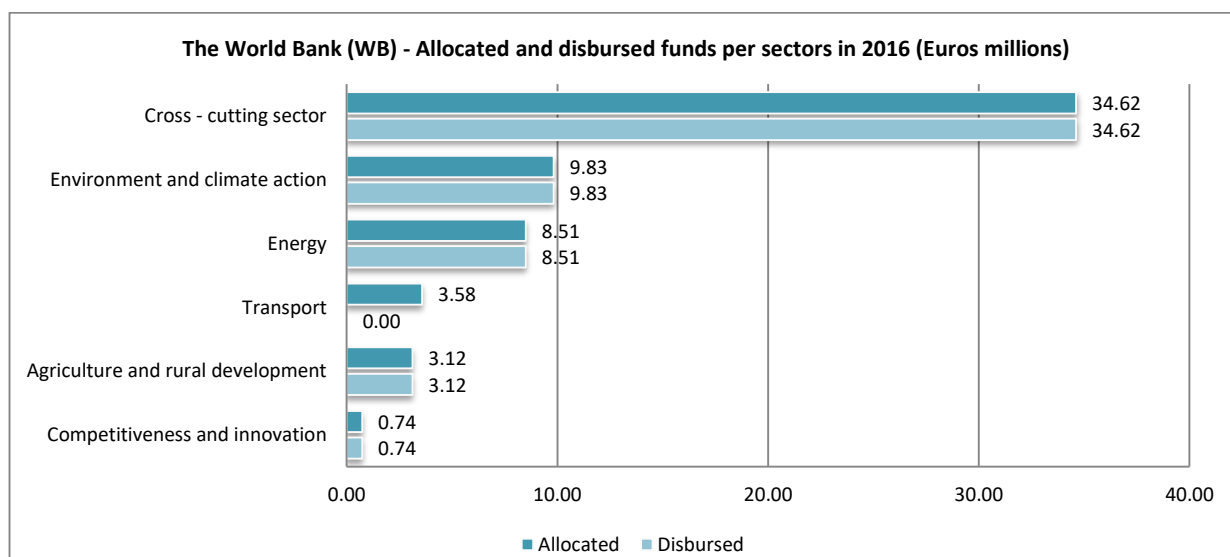
## The World Bank

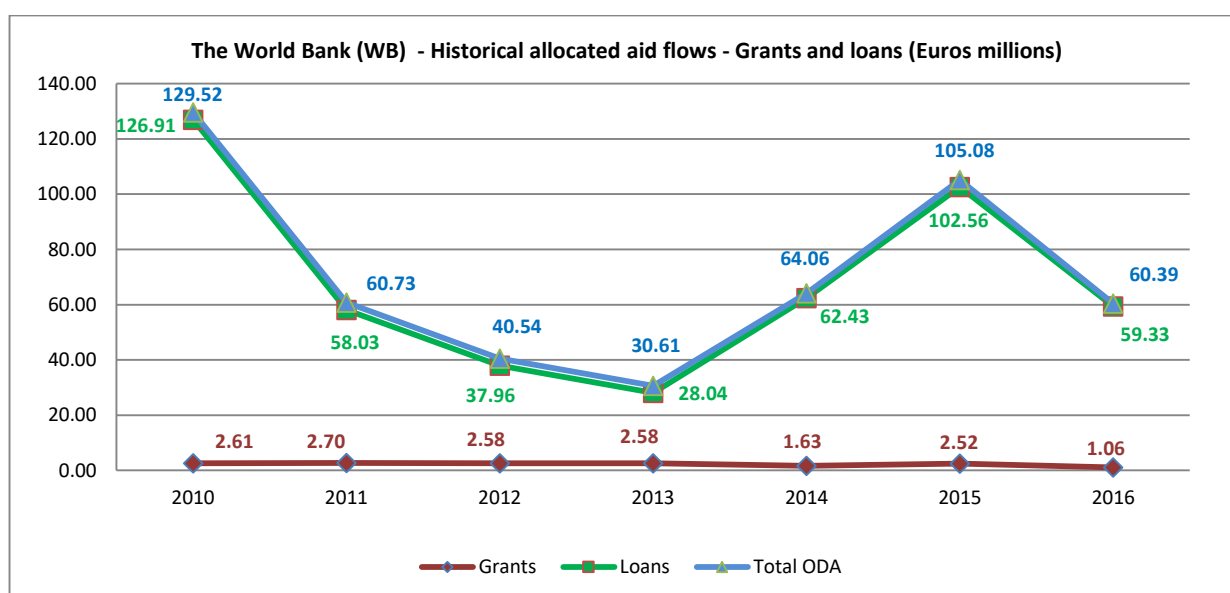
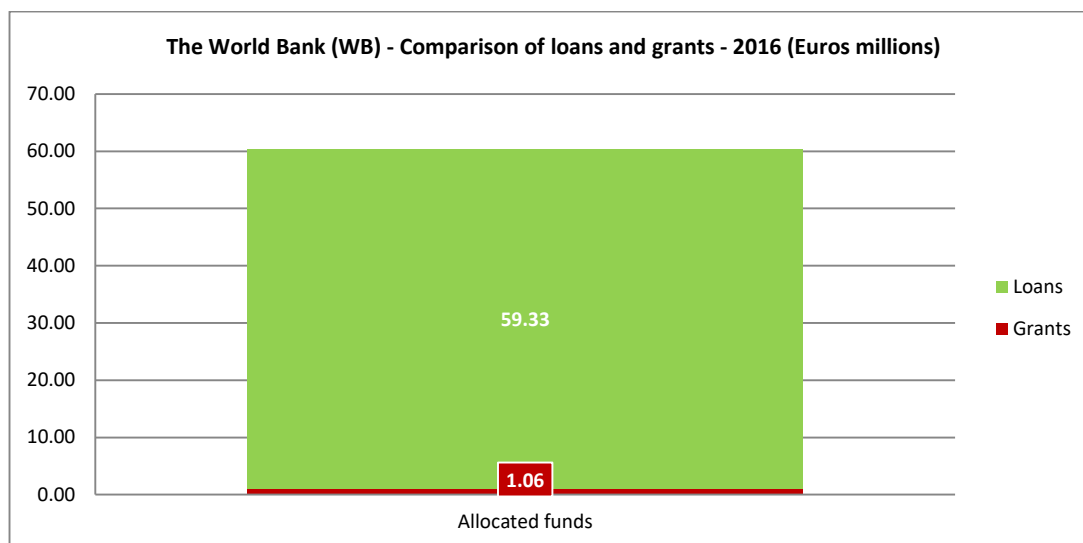
### Policy approach

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

### Key activities in 2016

The World Bank (WB) **allocated € 60.39 million and disbursed € 56.82 million in 2016 in the form of grants and loans** to the following sectors: Cross - cutting sector, Environment and climate action, Energy, Transport, Agriculture and rural development and Competitiveness and innovation.





### Medium and long-term approach

In December 2015, the World Bank Groups’ Board of Executive Directors endorsed the WBG Country Partnership Framework (CPF) for FY16-20. Through the strategic framework, the WBG supports 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 informs 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 WBG CPF endorses lending program in the amount of about US\$750 million over the CPF period.

*Focus Area I – Increasing Public Sector Efficiency and Effectiveness.* There has been satisfactory progress against the objective of improving management and efficiency of public finances. In the coming years,



this area will also assist with *strengthening governance and reducing fiscal burden of SOEs*. Through the Banking sector strengthening project will assist with implementation of the new banking sector laws in BiH.

*Focus Area II – Creating Conditions for Accelerated Private Sector Growth.* Real Estate Registration Project completed activities in 210 cadastral municipalities and is contributing significantly to this area and so is Energy Efficiency Project with the end goal of increasing lifetime energy savings to 650,000 MWh, and thus contributing to the objective of upgrading economic infrastructure. It is expected that the Federation Road Sector Modernization Project will also contribute to the upgrading of economic infrastructure. In the upcoming period, this focus area will contribute to supporting a competitive business environment and access to finance through a project under preparation.

*Focus Area III – Building Resilience to Natural Shocks.* GEF Sustainable Forest and Landscape Management is making satisfactory progress in restoring sustainable land management practices. The Second Solid Waste Management Project contributes to having 8 regional landfills operational. The Floods Emergency Recovery Project has already exceeded its target of reaching 300,000 beneficiaries, and 200 repaired public infrastructure facilities. Irrigation Development Project reached 5,000 water users with improved irrigation services and will together with the Drina Flood Protection further contribute to the achievement of this objective of building resilience to floods.

### **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. The project teams have regular meetings with the relevant counterparts (with EC and Swedish Embassy on solid waste and waste water; with UNDP on energy efficiency, IMF onbudget support etc.)

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## International Finance Corporation (IFC) in Bosnia and Herzegovina

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### 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 long term finance investment in Bosnia and Herzegovina totalled \$398.3 million, including \$23.1 million mobilized from our partners, in 46 projects across a variety of sectors. In addition, IFC has supported trade flows of \$52 million through its trade finance program. Our committed investment portfolio in Bosnia and Herzegovina as of 30 June 2017, is \$60.70 million. In fiscal year 2016, IFC invested \$13 million in Bosnia and Herzegovina.

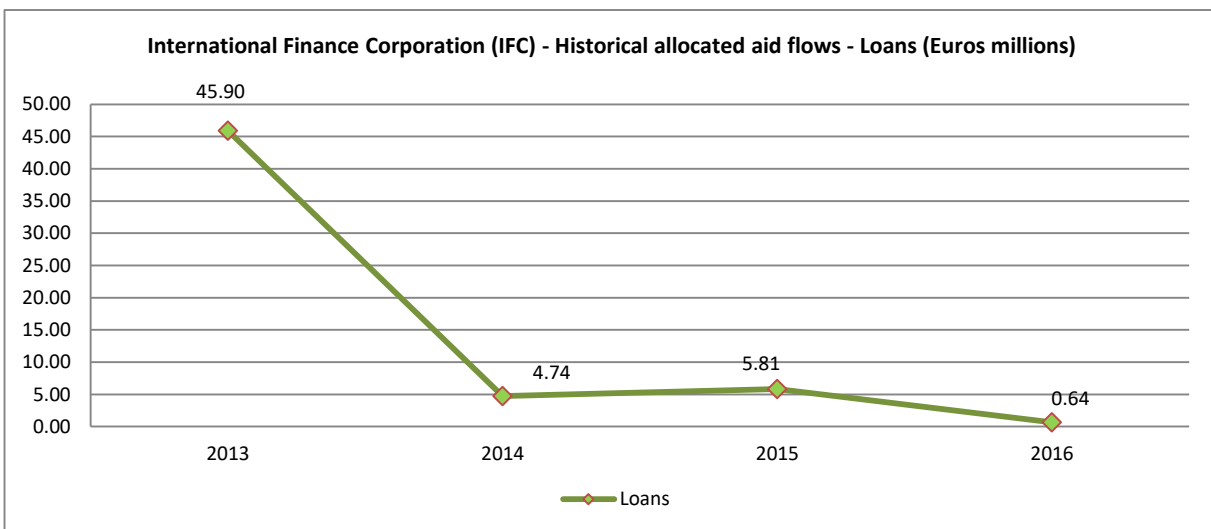
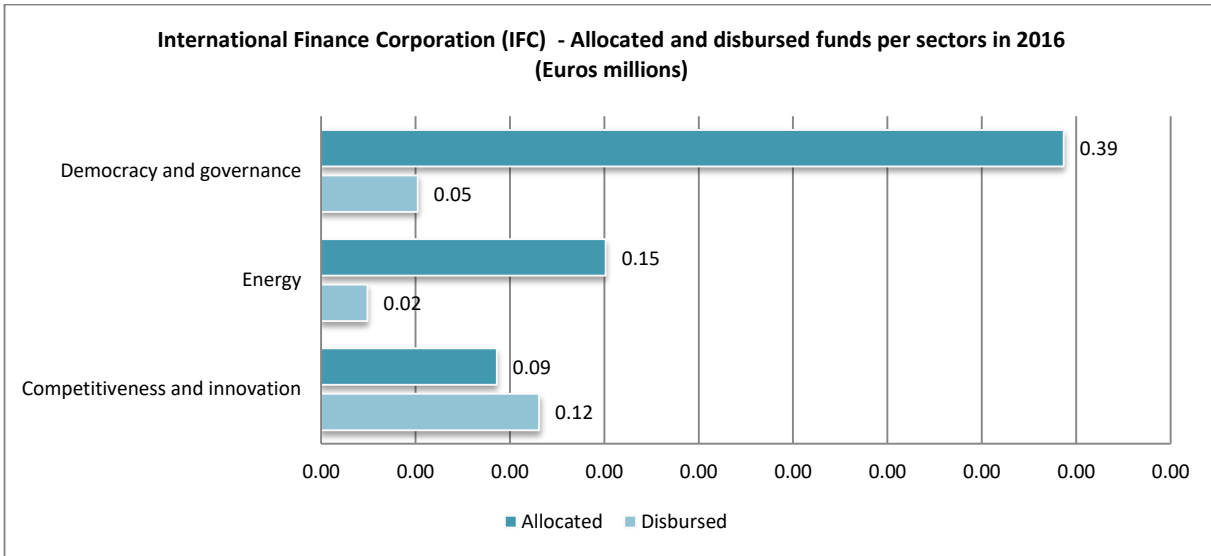
### **IFC strategy in Bosnia and Herzegovina focuses on the following priorities:**

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 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 2016

International Finance Corporation (IFC) allocated **€ 0.64 million and disbursed € 0.19 million in 2016** in the form of loan to the following sectors: Democracy and governance, Energy and Competitiveness and innovation.



In fiscal year 2016, IFC disbursed € **0.19 million** to projects being implemented in Bosnia and Herzegovina. IFC is focusing its advisory services on increasing competitiveness of local governments by reducing the red tape, facilitating more efficient business services for local and foreign investments and by strengthening quality infrastructure. Additionally, IFC is increasing access to finance by supporting the development of local financial institutions, especially ones that concentrate on micro, small, and medium enterprises and by helping with the development of better insolvency framework to deal with existing stock of NPLs. In the past, IFC has 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 2016 IFC allocated and disbursed a total amount of € **0.19 million in** Private Sector Development through donor funded advisory projects, while its committed investment portfolio stood at € 60.70 million (17 % in the Financial Markets and 82 % in the Manufacturing, Agribusiness and Services).

Additionally, total IFC funding for advisory support to Private Sector Development resulted in following outcomes:

- Provided continuous support to development of the RE market in the country, focused on delivery of targeted advice to private sector investments in wind parks and SHPP projects.
- Addressing the over-indebtedness of citizens by supporting establishment of counselling at select number of localities (totalling 27), and working with EFSE to ensure sustainability of Debt Advice Centre.
- Improving insolvency and debt resolution system in Republika Srpska; delivering 20 building capacity events, round tables and conferences for over 400 bankruptcy judges and bankruptcy trustees in Republika Srpska. Providing continuous support to the Federation Ministry of Justice in drafting the Insolvency Law.
- Strengthening financial institutions' capacity in the area of risk management through delivering specially tailored thematic trainings, workshops and conferences mobilizing international and local expertise.
- 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.
- 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.

#### 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 to maximize development outcomes of different programs through better coordination and partnership.

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1. European Commission - Bosnia and Herzegovina 2016 Report
2. Council of Ministers of Bosnia and Herzegovina 2016 Work Report
3. UN 2016 Results Report