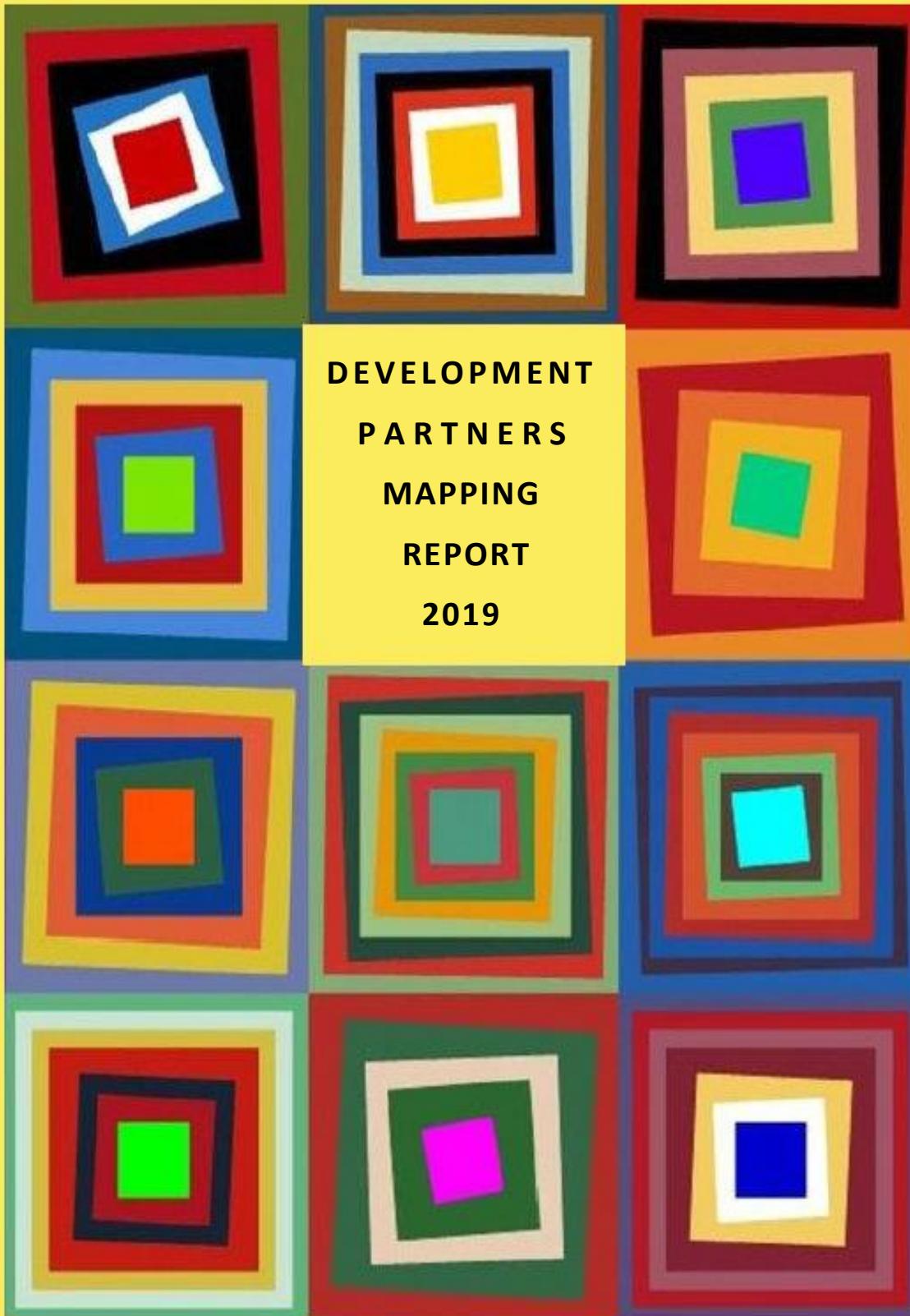




Bosnia and Herzegovina
Ministry of Finance and Treasury

DEVELOPMENT
PARTNERS
MAPPING
REPORT
2019



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| AICS | Italian Agency for Development Cooperation |
| ACIPS | Association Alumni of the Centre for Interdisciplinary Postgraduate Studies |
| ADC | Austrian Development Cooperation |
| APOSO | Agency for Pre-school, Primary and Secondary Education |
| BATA | Institute for Accreditation of Bosnia and Herzegovina |
| BDBiH | Brcko District BiH |
| BHDCA | BiH Directorate of Civil Aviation |
| BHMAC | BiH Mine Action Centre |
| BiH | Bosnia and Herzegovina |
| CAP | Common Agricultural Policy |
| CARDS | Community Assistance for Reconstruction, Development and Stabilization |
| CCI | Centres for Civil Initiatives |
| CCSP | Centre for Civil Society Promotion |
| CDS | Country Development Strategy |
| CEB | Council of Europe Development Bank |
| CEDAW | Committee on the Elimination of Discrimination Against Women |
| CEE | Central and Eastern Europe |
| CEEN | Central and Eastern European Network |
| CEFTA | Central European Free Trade Agreement |
| CHU | Central Harmonisation Units |
| CIP | Centre for Information and Recognition of Documents in the Area of Higher Education |
| Coe | Council of Europe |
| CoEM | Conference of Ministers of Education |
| CRA | Communications Regulatory Agency |
| CREDO | Competitive Regional Economic Development |
| CRS | Catholic Relief Services |
| CS | Civil Society |
| CSO | Civil Society Organisations |
| DAC | Development Assistance Committee |
| DCF | Development Partners Coordination Forum |
| DEI | Direktorate for European Integration of BiH |
| DEMA | Danish Emergency Management Agency |
| DEP | Direktorate for Economic Planning of BiH |
| DFID | UK Department for International Development |
| DIA | Deposit Insurance Agency of Bosnia and Herzegovina |
| DIS | Decentralised Implementation System |
| EASA | European Aviation Safety Agency |
| EBRD | European Bank for Reconstruction and Development |
| EC | European Commission |
| ECD | Early Childhood Development |
| ECRAN | Environment and Climate Regional Accession Network |
| ECSEE | Energy Community of South East Europe |
| EEC | European Energy Community |
| EFSE | European Fund for South East Europe |
| EIB | European Investment Bank |
| EQF | European Qualifications Framework for Lifelong Learning |
| ERA | European Research Area |
| ERDF | European Regional Development Fund |
| ERP | Economic Reform Programme |
| ETF | European Training Foundation |

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

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

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

Ministry of Finance and Treasury / Sector for Financial Planning of Development and Coordination of the International Economic Aid, in cooperation with representatives of Institutions in Bosnia and Herzegovina and members of Development Partners Coordination Forum (DCF), has prepared the Development Partners Mapping Report for 2019 (DMR 2019).

Development Partners Mapping Report 2019 was prepared on the basis of responses from Questionnaires submitted by the Institutions in Bosnia and Herzegovina and members of the Development Partners Coordination Forum in BiH, and other relevant strategic documents. Financial part of the Report is based on data from the DMD database, where development partners 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 Development Partners Coordination Forum, the information on the latest development activities and reforms implemented in the priority sectors in Bosnia and Herzegovina during 2019, as well as the planned development 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, in line with the aspiration of Bosnia and Herzegovina towards the EU membership, as well as the fact that most of the development partners activities are focused at supporting the realization of BiH priorities related to the EU integration process.

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

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

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

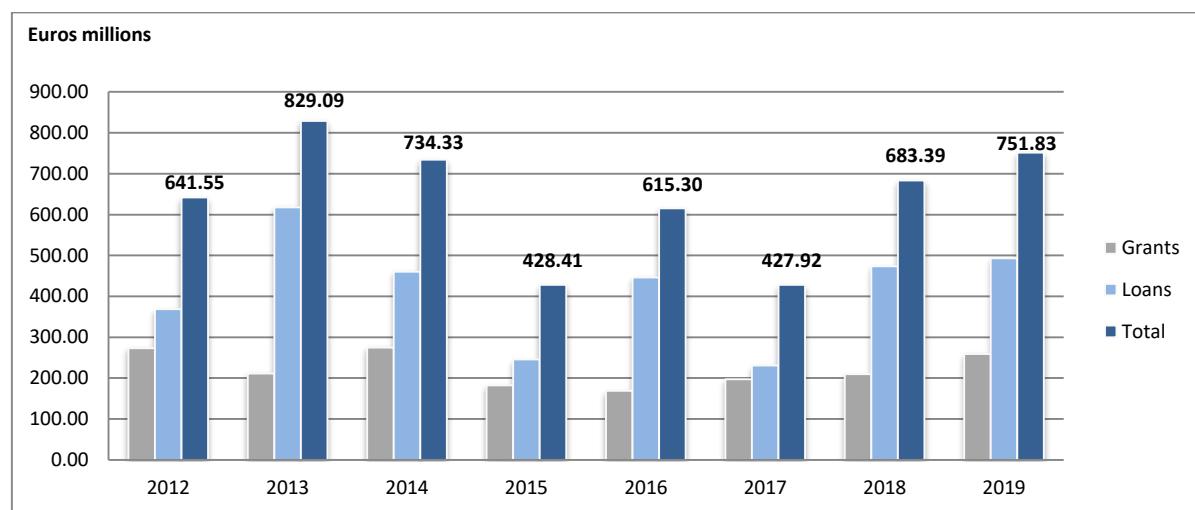
The efficient and effective use of ODA funds as well as the establishing of the mutual partnership has contributed to the the increase of the total allocated ODA funds, which is of crucial importance for the success of the reforms in Bosnia and Herzegovina. In line with this, in 2019, Ministry of Finance and Treasury launched the activities to further improve the efficiency of the use of the international aid.

Development Partners Mapping Report 2019 will be available on the Ministry of Finance and Treasury website at www.mft.gov.ba and Development Partners Coordination Forum website at www.donormapping.ba after the adoption by the Council of Ministers of Bosnia and Herzegovina.

I Summarized overview of ODA allocations and disbursements

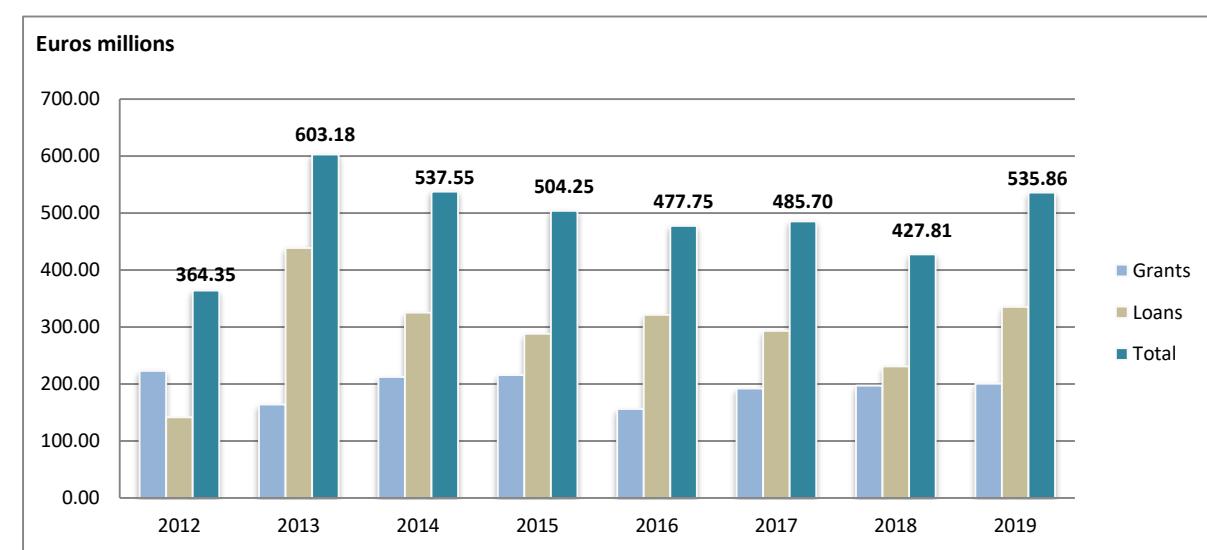
In 2019, total Official Development Assistance (ODA) allocations for Bosnia and Herzegovina amounted to €751.83 million, out of which €258.77 million or 34.4% of grant funds, while €493.06 million or 65.6% of loan funds, which compared to 2018, indicates the increase of €68.4 million or 10.0 %. (Figure 1.).

Figure 1. Total ODA allocations in the period 2012-2019 in BiH



Total disbursements of ODA funds in 2019 amounted to €535.86 million, out of which €200.66 million or 37.4% of grant funds, while € 335.20 million or 62.6% of loan funds, indicating the increase if compared to the previous period. If compared to 2018, the increase in total ODA disbursements amounts to €108.1 million or 25.3%. Also, if compared to 2018, slight increase of disbursed grants is noticeable in the amount of €3.7 million and significant increase in the disbursed loans in the amount of €104.4 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 2012-2019 in BiH



Comparison of total allocated and disbursed ODA funds in BiH for the period 2012-2019 is presented in the Figure 3.

Figure 3. Total allocated and disbursed ODA in the period 2012-2019 in BiH

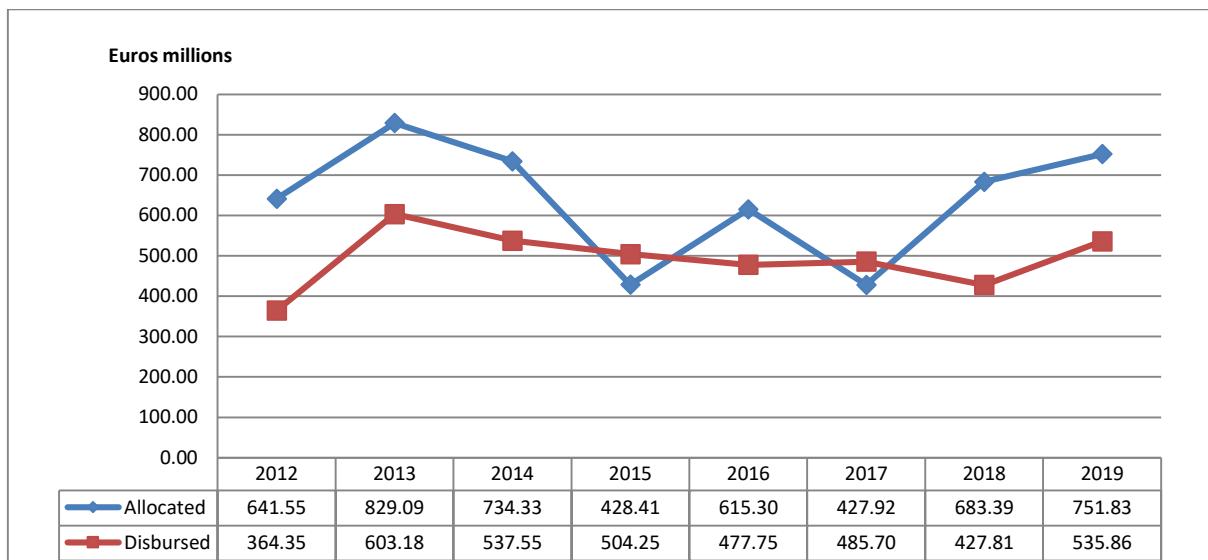


Figure 4. presents the participation ratio of bilateral and multilateral development partners in total ODA allocations, for the period 2012 – 2019. Out of total ODA allocations in 2019, in the amount of €751.83 million, bilateral development partners allocated €188.58 million or 25%, while multilateral development partners allocated €563.25 million or 75%,.

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

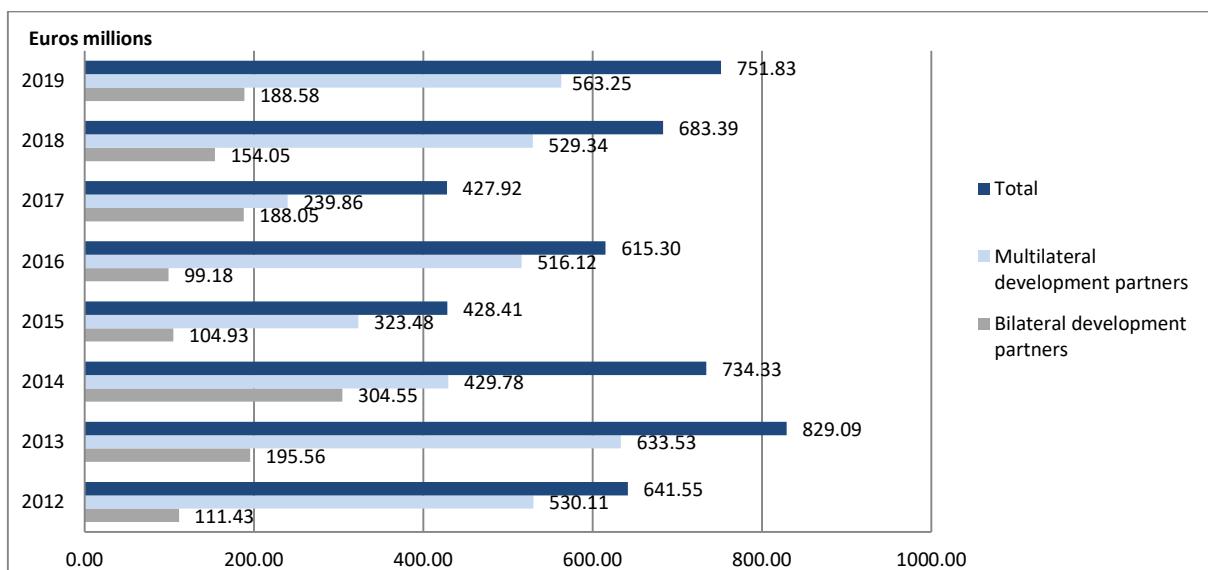
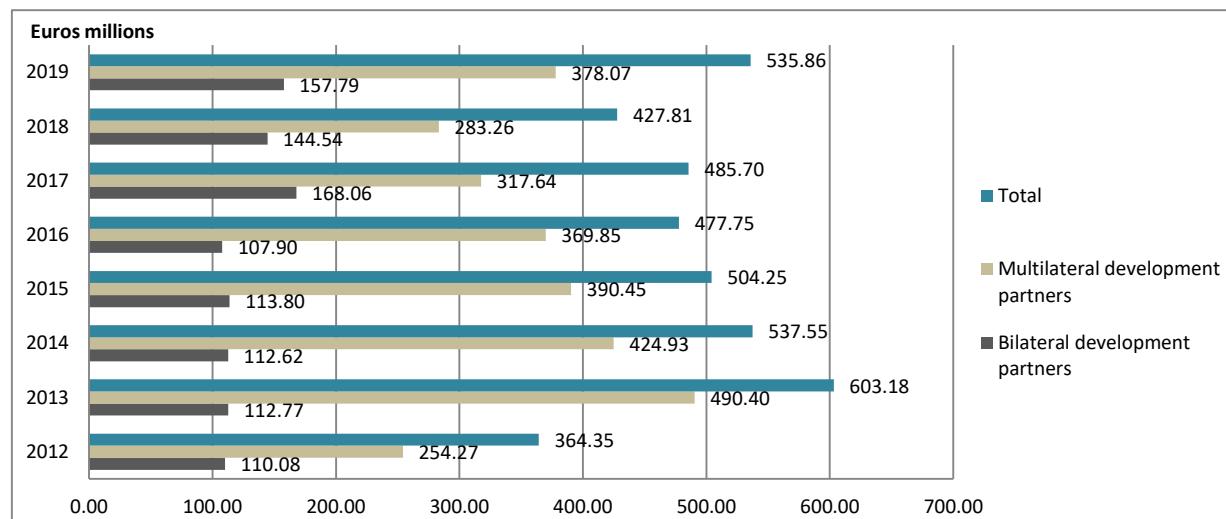


Figure 5. Participation of bilateral and multilateral development partners in total ODA disbursements



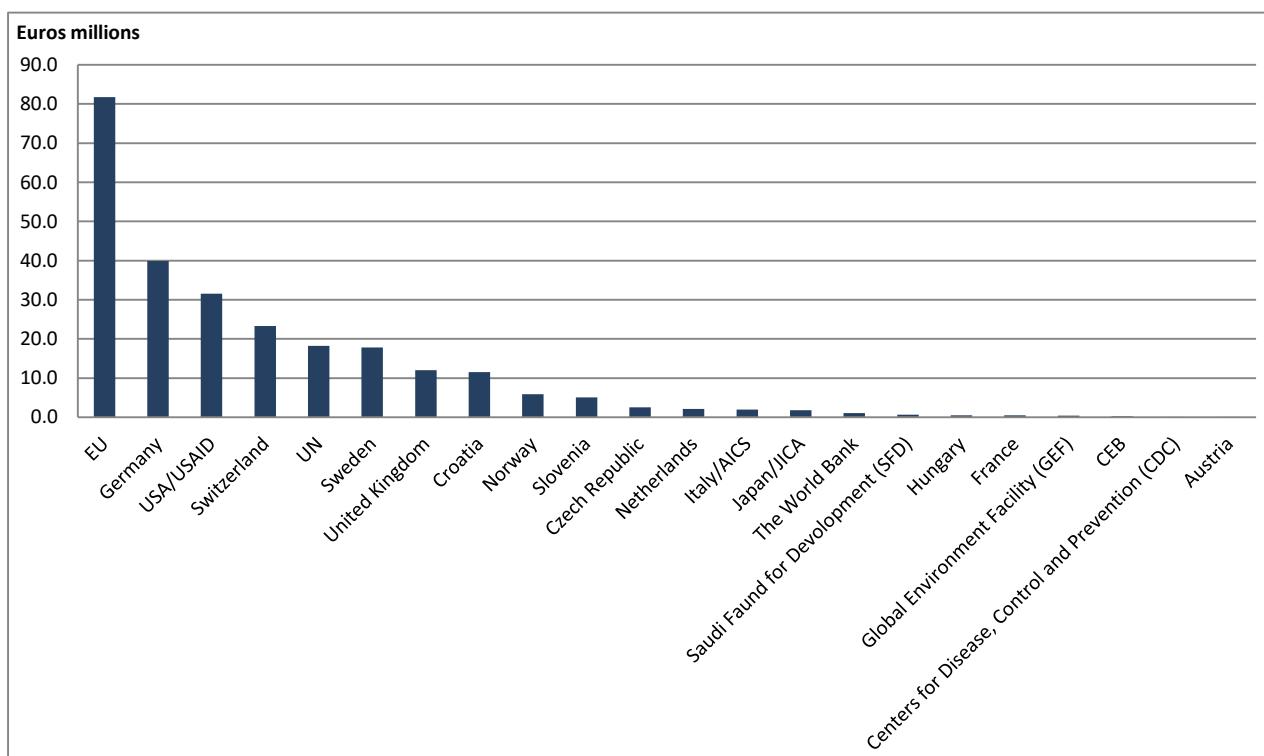
Participation ratio of bilateral and multilateral development partners in total ODA disbursements per years for the period 2012 – 2019 is similar to the ratio of ODA allocations, presented in Figure 4. Out of total ODA disbursements, multilateral development partners participated with 71%, while bilateral development partners with 32%.

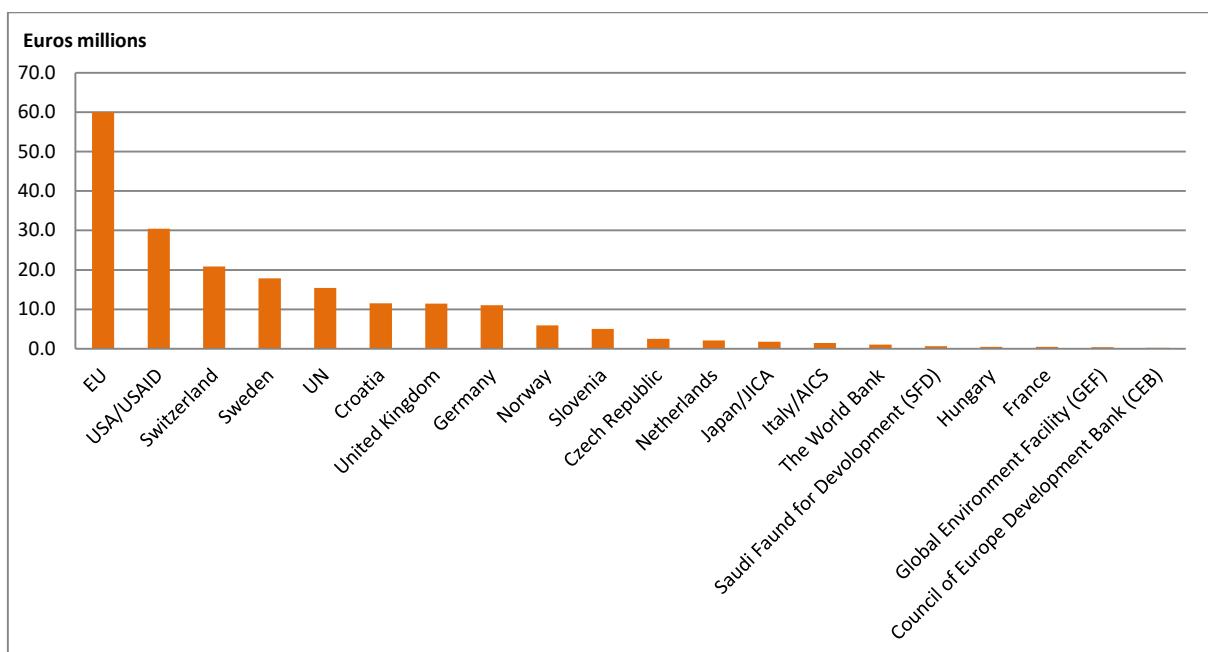
II Overview of allocated and disbursed grants and loans per development partners

In 2019, total grant funds of €258.77 million were allocated and €200.66 million were disbursed.

Figures 6. i 7. present allocated and disbursed grant funds by development partners, according to the amount of the invested funds. Leading development partners in 2019, who allocated i.e. disbursed largest amounts were the EU, Germany, USA/USAID, Switzerland, UN and Sweden.

Figure 6. Allocated grant funds per development partners in 2019





In 2019, total loan funds of €493.06 million were allocated and €335.20 million were disbursed.

Figures 8. i 9. present allocated and disbursed loan funds in 2019. Creditors in 2019 were the European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Germany, The World Bank (WB) and Japan/JICA.

Figure 8. Allocated funds per creditors in 2019

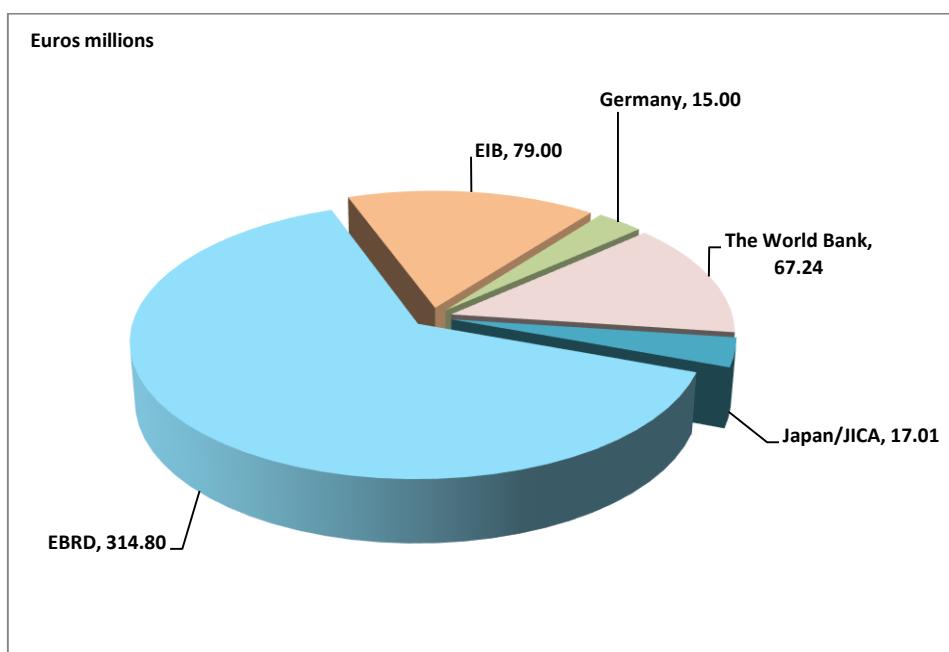
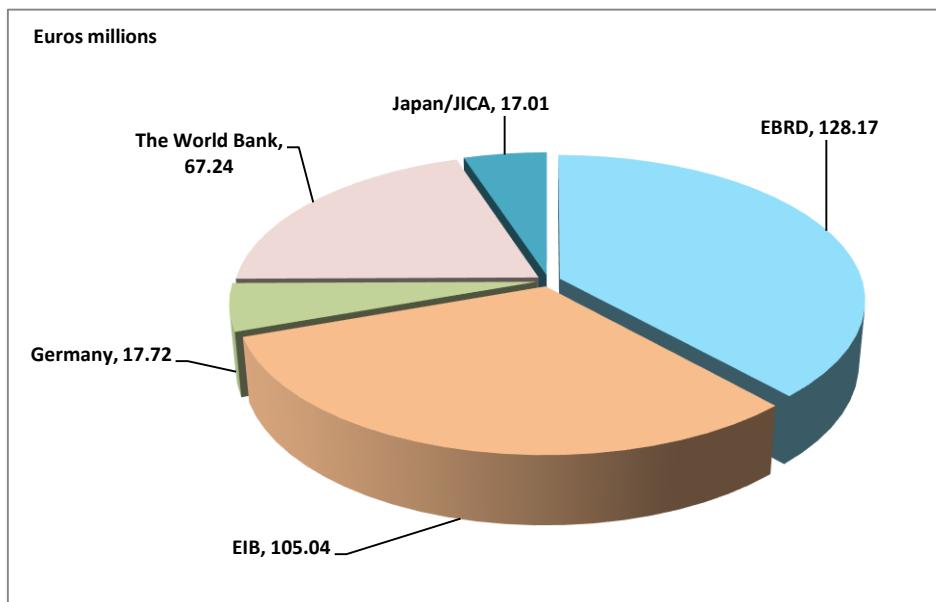


Figure 9. Disbursed funds per creditors in 2019



III Overview of ODA allocations and disbursements per sectors

In 2019, total ODA allocations in Bosnia and Herzegovina in IPA II sectors amounted to €751.83 million, out of which €258.77 million in the form of grants and €493.06 million in the form of loans. (Figures 10. and 11.)

Out of total allocated funds, 82% was allocated to 4 sectors: Transport 50%, Environment and climate action 15%, Competitiveness and innovation 13%, Democracy and governance 9%, while 32% was allocated in all other sectors.

Figure 10. Total ODA allocations per sectors in 2019

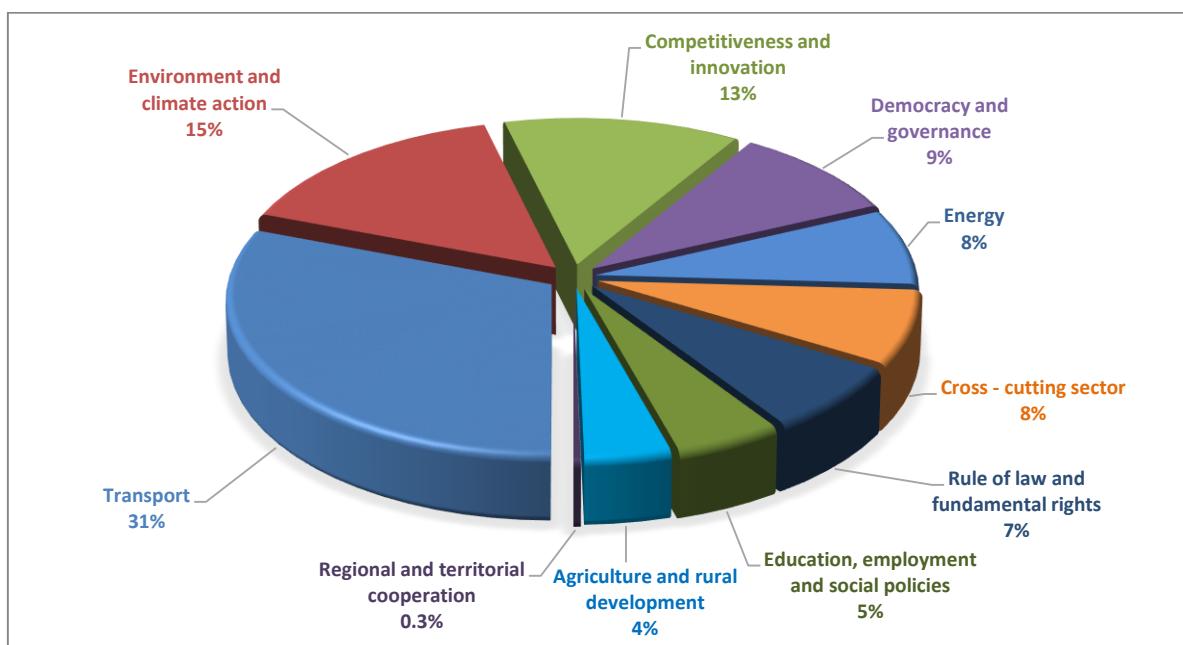
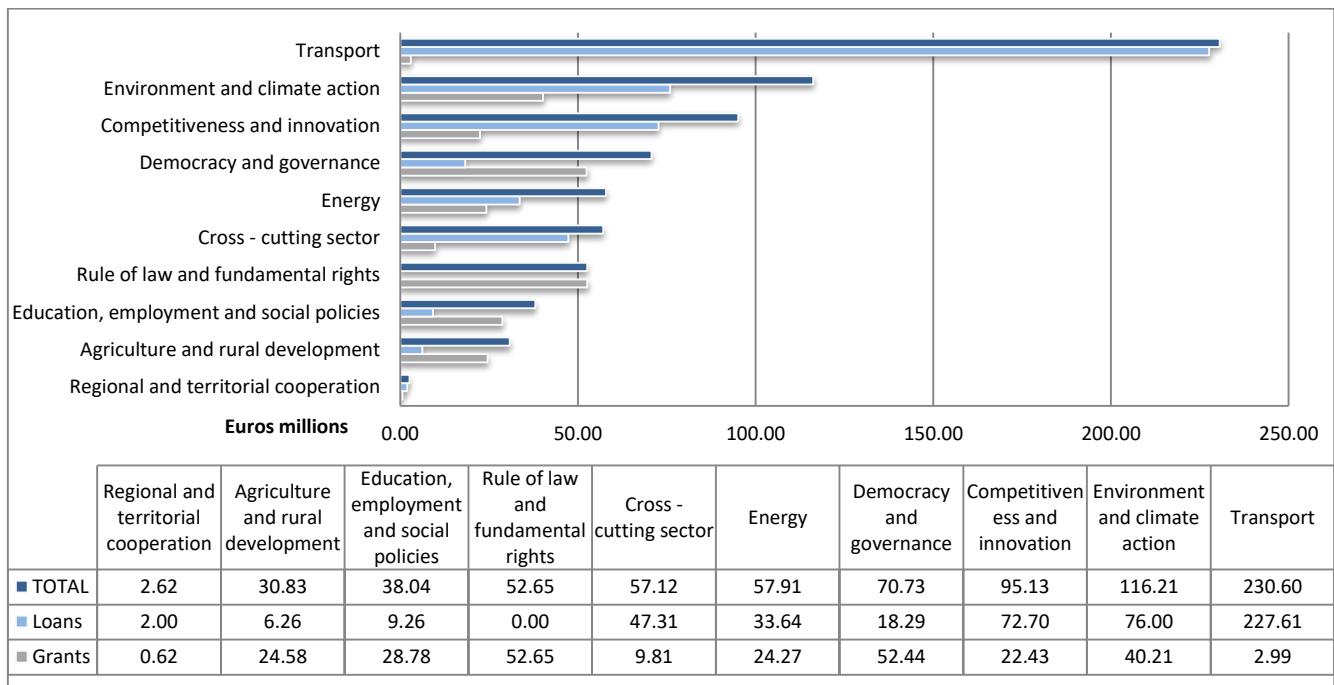


Figure 11. Participation of grants and loans in total ODA allocations per sectors in 2019



In 2019, total ODA disbursements in Bosnia and Herzegovina in IPA II sectors amounted to €535.86 million, out of which €200.66 million in the form of grants and €335.20 million in the form of loans. (Figures 12. and 13.)

Out of total disbursements, largest amounts were disbursed in the Transport sector 30%, Competitiveness and innovation 15%, Democracy and governance 11% and Environment and climate action 11%.

Figure 12. Total ODA disbursements per sectors in 2019

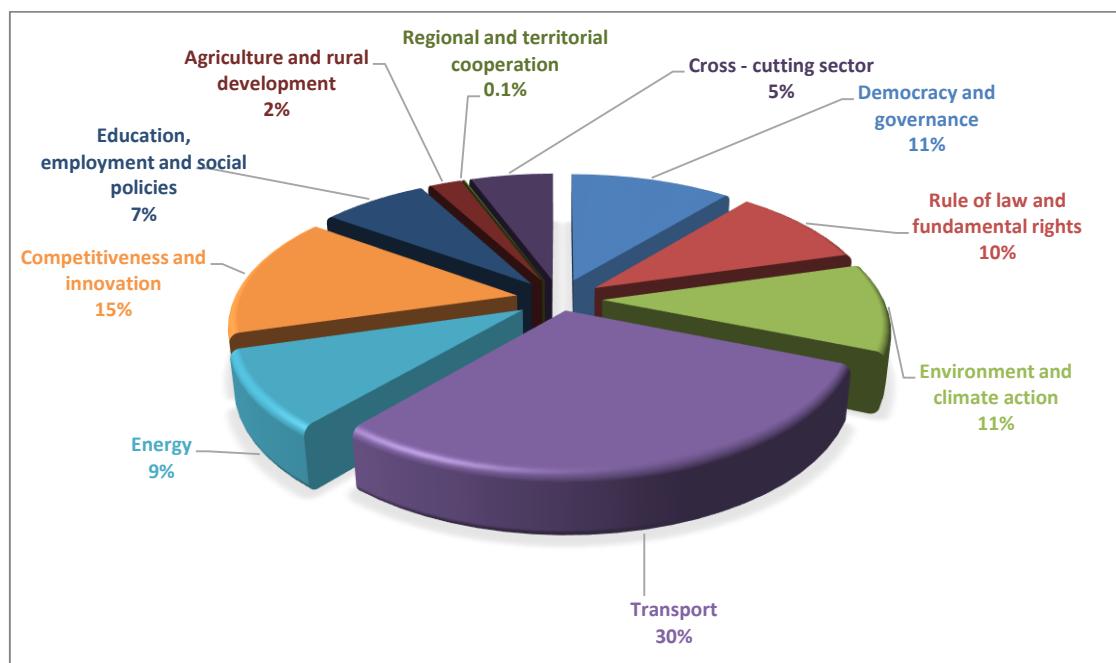
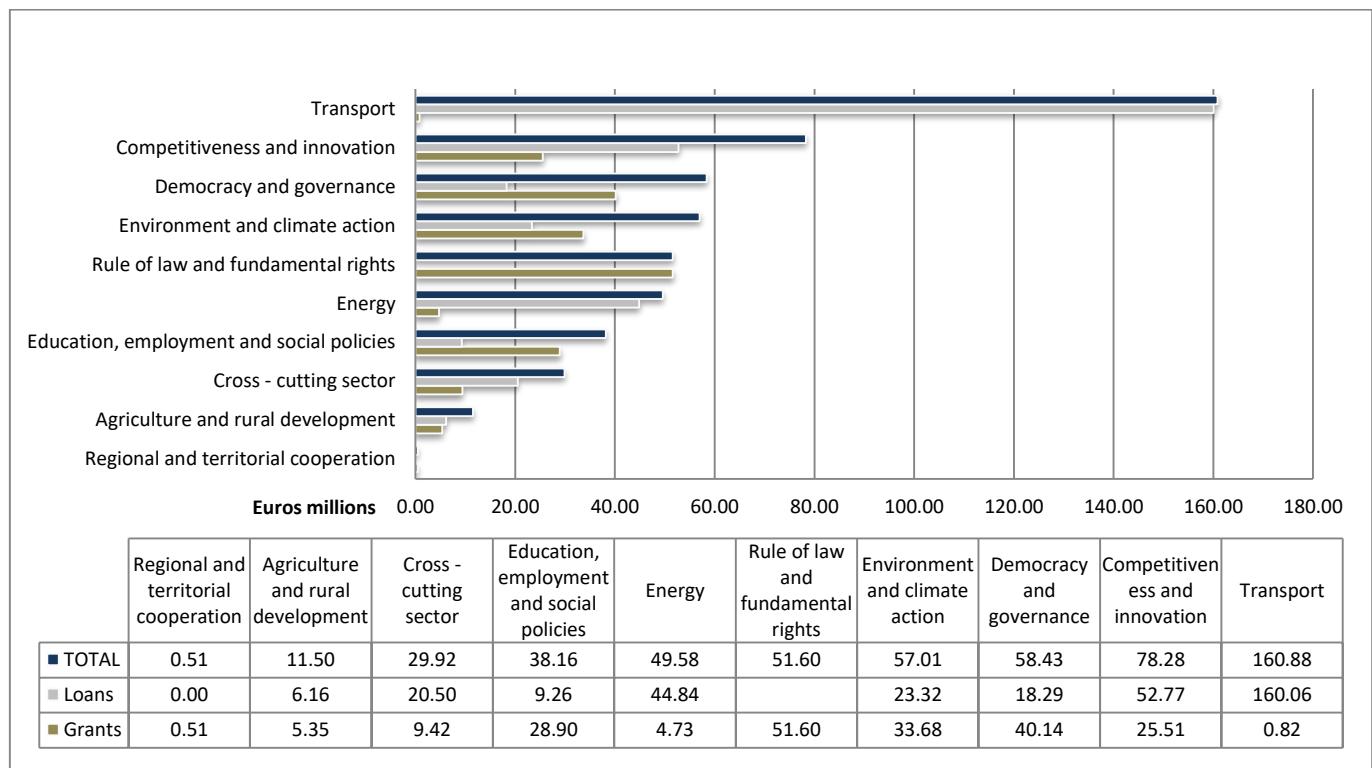


Figure 13. Participation of grants and loans in total ODA disbursements per sectors in 2019



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

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| DCF members active in the sector in 2019 | The World Bank, EU, USA/USAID, United Kingdom, Germany, Sweden, Netherlands, Norway, UN, Switzerland, Czech Republic, Croatia, Italy/AICS, Hungary, Slovenia |
| Other key international organizations | International Monetary Fund, Organization for Security and Cooperation in Europe; Office of the High Representative; Organization for Economic Cooperation and Development; Council of Europe; British Council in BiH; Norwegian Institute of International Affairs; European Training Foundation; Statistical Office of the European Union, European Statistical Office, Centre of Excellence in Finances, UN Population Fund, UN Children's Fund, Regional School of Public Administration, Regional Cooperation Council, Council of Europe, Western Balkans Investment Framework, <i>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)</i> . |
| Key government partners | CoM BiH; Government of FBiH; Government of RS; Government of BD BiH; Cantonal governments; Ministry of Finance and Treasury of BiH; Ministry of Finance of RS and Federal Ministry of Finance; Finance Directorate of the BD BiH; BiH Ministry of Foreign Affairs; BiH Ministry of Foreign Trade and Economic relations; BiH Ministry of Civil Affairs; BiH Ministry of Justice; Ministry of Human Rights and Refugees of BiH; Ministry of Defence of BiH; Ministry of Security of BiH; Public Administration Reform Coordinator's Office, together with entity and DB BiH coordinators; Ministry of European Integration and International Cooperation of RS; Ministry of Administration and Local Self-Governance of RS; Parliamentary Assembly of BiH; Parliament of FBiH and National Assembly of RS; Agencies for Civil Service of BiH and entities; Agency for Pre-Primary, Primary and Secondary Education; Audit Office of the Institutions of BiH; Audit Office for the Institutions of FBiH; Supreme Office for the RS Public Sector Auditing; Agency for Development of Higher Education and Quality Assurance; Directorate for European Integration; Directorate for Economic Planning; BiH Indirect Taxation Authority; Tax Administration of FBiH; Tax Administration of RS; Central Bank of BiH; Public Procurement Agency of BiH; Procurement Review Body of BiH; Central Harmonization Units (CHUs) in the Ministries of Finance of the State and the Entities; Ministry of Labour, War Veterans and Disabled Persons' Protection of RS; Federal Ministry of Labour and Social Policy; Agencies for Statistics of BiH and entities Agencies for Statistics; High Judicial and Prosecutorial Council; Ministry of Health and Social Protection of RS; Financial Intelligence Agency of FBiH, BIH Mine Action Centre; Agency for Civil Service of BiH and entity agencies for civil service; Agency for Gender Equality of BiH; Gender centres of FBiH and RS; Association of Municipalities and Cities of RS and FBiH. |
| Total allocation / disbursement to the sector in 2019 by DCF members | <p>Total allocated € 70.73 million, € 52.44 million in a form of grants and € 18.29 million in a form of loans.</p> <p>Total disbursed € 58.43 million, € 40.14 million in a form of grants and € 18.29 million in a form of loans.</p> <p>Out of total ODA in 2019, 9% was allocated and 11% was disbursed in the sector.</p> |

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| Legal framework and sector strategies adopted in 2019 | <p>The Law on the Budget of BiH Institutions and International Obligations for 2019 (BiH Off. Gazette No. 84/19); The Budget of the Federation of BiH for 2019 (FBiH Off. Gazette No. 11/19); The Law on Execution of the FBiH Budget for 2019 (FBiH Off. Gazette No. 11/19); The Law on Amendments to the Law on Budgets in the FBiH for 2019 (FBiH Off. Gazette No. 30/19); The Law on the City of Visoko (FBiH Off. Gazette No. 30/19); The Law on the City of Gracanica (FBiH Off. Gazette No. 30/19); The Law on the City of Capljina (FBiH Off. Gazette No. 30/19); The Law on the City of Gradacac (FBiH Off. Gazette No. 30/19); The Law on the City of Ljubuski (FBiH Off. Gazette No. 30/19); The Law on the City of Srebrenik (FBiH Off. Gazette No. 30/19); The Law on the City of Zivinice (FBiH Off. Gazette No. 30/19); The Law on Changes and Amendments to the Law on Execution of the FBiH Budget for 2019 (FBiH Off. Gazette No. 53 /19); The Decision on Changes and Amendments to the FBiH Budget for 2019 (FBiH Off. Gazette No. 53 /19); The Law on Changes to the Law on Financial Consolidation of Companies in the FBiH (FBiH Off. Gazette No. 54/19); The Law on the Rights of <i>Demobilized Veterans</i> and Members of <i>their Families</i> (FBiH Off. Gazette No. 54/19); The Budget of the Federation of BiH for 2020 (FBiH Off. Gazette No. 99/19); FERK Budget for 2019 (FBiH Off. Gazette No. 99/19); FERK Budget for 2020 (FBiH Off. Gazette No. 99/19); The Law on Execution of the FBiH Budget for 2020 (FBiH Off. Gazette No. 99/19); The Law on Changes and Amendments to the Law on Budgets in the Federation of BiH (FBiH Off. Gazette No. 99/19); The Law on Changes to the Law on Contributions (FBiH Off. Gazette No. 99/19); The Law on Changes to the Law on the Rate of the Default Interest on Public Revenues (FBiH Off. Gazette No. 99/19); The Law on Salaries of Employees in Primary and Secondary Schools and Student Residences in the RS (RS Off. Gazette No. 11 /19); The Law on Salaries of Employees in the Area of Higher Education and Student Standards in the RS (RS Off. Gazette No.11/19); The Law on Salaries of Employees in the Domain of Culture in the RS (RS Off. Gazette No. 11 /19); The Law on Changes and Amendments to the Law on Territorial Organization of the RS (RS Off. Gazette No. 26/19); The Law on the City of Gradiska (RS Off. Gazette No. 26/19); The Law on Salaries of Employees in the Ministry of Interior of the RS (RS Off. Gazette No. 36/19); The Law on Changes to the Law on Local Self-Government (RS Off. Gazette No. 36/19); The Law on Incentives in Economy of the RS (RS Off. Gazette No. 52/19); The Law on Seals of the Bodies and Institutions in the RS (RS Off. Gazette No. 54/19); The Law on Changes to the Law on Banks (RS Off. Gazette No. 54/19); The Law on Changes and Amendments to the Law on Internal Payment System Operations (RS Off. Gazette No. 58/19); The Law on Changes and Amendments to the Law on Fiscal Cash Registers (RS Off. Gazette No. 58/19); The Law on Changes and Amendments to the Insurance Companies (RS Off. Gazette No. 58/19); The Law on Liquidation Procedure (RS Off. Gazette No. 82/19); The Law on Changes to the Law on Companies (RS Off. Gazette No. 82/19); The Law on Changes and Amendments to the Law on Notaries (RS Off. Gazette No. 82/19); The Law on Changes and Amendments to the Law on Registration of Business Entities in the RS (RS Off. Gazette No. 84/19);</p> |
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| | <p>The Law on Changes to the Law on Execution of the RS Budget for 2019 (RS Off. Gazette No. 93/19); The Law on Changes and Amendments to the Law on Investment Funds (RS Off. Gazette No. 94/19); The Law on Changes and Amendments to the Law on Income Tax (RS Off. Gazette No. 105/19); The Law on Changes and Amendments to the Law on Salaries of Employees in the Bodies of Administration in the RS (RS Off. Gazette No. 105/19); The Law on Changes and Amendments to the Law on Salaries of Employees in the Ministry of Interior in the RS (RS Off. Gazette No. 105/19); The Law on Changes and Amendments to the Law on Salaries of Employees in Civil Services in the RS (RS Off. Gazette No. 105/19); The Law on Changes and Amendments to the Law on Salaries of Employees in Judiciary Institutions of the RS (RS Off. Gazette No. 105/19); The Law on Changes and Amendments to the Law on Guarantee Fund (RS Off. Gazette No. 107/19); The Law on Changes and Amendments to the Law on Voluntary Pension Funds and Pension Plans (RS Off. Gazette No. 107/19); The Law on Changes to the Law on the Members of BD BiH Assembly (BD BIH Off. Gazette No. 8/19, 9/19); The Law on Amendment to the Law on Treasury (BD BIH Off. Gazette No. 3/19); The Law on Changes and Amendment to the Law on Treasury (BD BIH Off. Gazette No. 34/19); The Law on Bankruptcy (BD BIH Off. Gazette No. 16/19); The Law on Officials and Employees in the Assembly of BD BiH (BD BIH Off. Gazette No. 8/19); The Law on Changes and Amendment to the Law on Officials and Employees in Judiciary of BD BiH (BD BIH Off. Gazette No. 1/19, 32/19); The Law on Takeover of Shareholders Companies (BD BIH Off. Gazette No. 32/19); The Law on Salaries and Allowances of Employees in Judiciary of BD BiH (BD BIH Off. Gazette No. 18/19); The Law on Changes and Amendments to the Law on Salaries and Allowances of Employees in Judiciary of BD BiH (BD BIH Off. Gazette No. 10/19); The Law on Changes to the Law on Salaries and Allowances in Judiciary of BD BiH (BD BIH Off. Gazette No. 13/19); The Law on Salaries in the Police of BD BiH (BD BIH Off. Gazette No. 8/19); The Law on Salaries and Allowances in the Bodies of Administration and Institutions of BD BiH (BD BIH Off. Gazette No. 18/19); The Law on Changes and Amendments to the Law on Salaries and Allowances of Employees in Judiciary of BD BiH (BD BIH Off. Gazette No. 10/19); The Law on Changes and Amendments to the Law on Salaries and Allowances in the Bodies of Public Administration of BD BiH (BD BIH Off. Gazette No. 10/19); The Law on Changes and Amendments to the Law on Salaries and Allowances in the Bodies of Public Administration and Institutions of BD BiH (BD BIH Off. Gazette No. 12/19); The Law on Salaries and Allowances of Budgetary Users in the Assembly, Electoral Commission and Public Administration Audit Office and Institutions of BD BiH (BD BIH Off. Gazette No. 8/19); The Law on Changes and Amendments to the Law on Salaries and Allowances in the Assembly of BD BiH (BD BIH Off. Gazette No. 10/19); The Law on Changes and Amendments to the Law on Salaries and Allowances of Judges and Prosecutors in BD BiH (BD BIH Off. Gazette No. 27/19); The Law on Planning, Designing and Development of BD BiH (BD BIH Off. Gazette No. 12/19); The Law on Changes to the Law on Securities (BD BIH Off. Gazette No. 8/19, 10/19, 32/19);</p> |
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| | <p>The Law on Liquidation Procedure (BD BIH Off. Gazette No. 16/19); The Law on Execution of the Budget for 2019 (BD BIH Off. Gazette No. 9/19); The Law on Changes to the Law on Execution of the Budget for 2019 (BD BIH Off. Gazette No. 16/19); The Law on Changes and Amendments to the Law on Execution of BD Budget for 2019 (BD BIH Off. Gazette No. 23/19, 31/19); The Law on Changes to the Law on Inspection (BD BIH Off. Gazette No. 8/19); The Law on Changes to the Law on Fiscal Register of BD BiH (BD BIH Off. Gazette No. 3/19); The Law on Changes to the Law on Civil Service in the Bodies of Administration (BD BIH Off. Gazette No. 14/19); The Law on the Budget (BD BIH Off. Gazette No. 34/19); The Law on Changes to the Law on the Government of BD BiH (BD BIH Off. Gazette No. 8/19); The Law on Changes to the Law on the Government of BD BiH (BD BIH Off. Gazette No. 10/19, 32/19); The Law on Changes to the Law on Tax Administration (BD BIH Off. Gazette No. 8/19); The Law on Changes to the Law on the Directorate of Finance (BD BIH Off. Gazette No. 3/19); The Law on Changes and Amendments to the Law on the Directorate of Finance (BD BIH Off. Gazette No. 34/19), The Law on Labour (BD BIH Off. Gazette No. 34/19).</p> <p>Medium-Term Debt Management Strategy of BiH for the period 2018 – 2021; Economic Reform Program (ERP BiH 2019-2021); Action Plan for Investment Reform of BiH; Communications Strategy of BiH Institutions on the Process of Accession of BiH to the European Union - From the Candidate Status to the Membership; Debt Management Strategy of the BiH Federation for the period 2019 – 2021; Strategy of Cooperation with the Emigration of the BiH Federation for the period 2020 - 2024 and the Action Plan for its Implementation; Debt Management Strategy of the BiH Federation for the period 2019 – 2021; Economic Reform Programme of the BiH Federation for the period 2019-2021 Economic Reform Programme of the RS for the period 2020-2022; Draft Strategy of Development of e-Government in the RS for the period 2019-2022; Public Debt Management Strategy of the RS for the period 2019-2022; Strategy for Promotion and Development of Volunteering in the RS 2019-2023.</p> <p>Previously adopted legal framework and sector strategies are available on: www.donormapping.ba</p> |
| <p>Coordination among and with development partners</p> | <p>Democratic institutions: Functional exchange of information between stakeholders based on informal <i>ad-hoc</i> coordination, together with self-organized meetings between development partners.</p> <p>Decentralization and sub-national government: Functional exchange of information between stakeholders based on informal <i>ad-hoc</i> coordination, together with self-organized meetings between development partners.</p> <p>Public Administration Reform (PAR): PAR Fund stakeholders' regular meetings organized by Public Administration Reform Coordinator's Office (PARCO). Joint Management Board of PAR serves as a monthly forum for coordination. Meanwhile, informal coordination is maintained with other development partners.</p> |

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| | <p>Public Financial Management: Exchange of information between stakeholders based on informal <i>ad-hoc</i> coordination and project-based bilateral meetings.</p> <p>Taxation: Informal <i>ad-hoc</i> coordination on regular basis.</p> <p>Customs: Informal <i>ad-hoc</i> coordination on regular basis.</p> <p>Economic governance: Informal <i>ad-hoc</i> coordination.</p> <p>Statistics: Informal <i>ad-hoc</i> coordination on regular basis.</p> <p>Civil Society: Local Advisory Group supported and managed by the EU-funded project TACSO.</p> <p>Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.</p> |
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Overview of activities in 2019

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

Democracy and governance sector consists of eleven sub-sectors:

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

In the course of 2019, activities have continued in Bosnia and Herzegovina on implementation of the reform of programs aimed at initiating of the key economic processes and improving the competitiveness of the economy. In addition, considering that one of the key priorities of Bosnia and Herzegovina has been the membership of the European Union, many reform activities were focused on harmonization of the legislation with the European Union *acquis*. In the forthcoming period, implementation of the reforms will affect the improvement of the macroeconomic stability and achievement of the stable economic growth.

The Council of Ministers of BiH, at its 165th session, held on January 30, 2019, adopted the Economic Reform Program (ERP) 2019-2021, which represents the most important document in the economic dialogue between the Bosnia and Herzegovina and the European Union. The Economic Reform Program includes the medium-term macroeconomic framework and the fiscal policy framework, including the fiscal measures as well as the comprehensive structural reforms program, in order to improve the BiH competitiveness and realize the economic growth.

Structural reforms defined in the Economic Reform Program (2019-2021) will be focused on improving the strategic and the legislative framework in line with the Treaty on Establishing of the Energy Community, creating the sustainable railway infrastructure financing system, improving agricultural production as well as strengthening the BiH quality infrastructure system in line with the European Union model. Moreover, future activities will be focused on improvement of the communications and information society sectors, increasing the efficiency of the labor market and its improved interface with the education system and improvement of the health and social protection systems.

National Assembly of Republika Srpska, at the 3rd dedicated session held on December 23, 2018 (Official Gazette of RS, No. 122/18), adopted the Economic Reform Program of the RS (2019-2021), while the Economic Reform Program of the RS (2020-2022), was adopted at the 8th dedicated session held on December 18, 2019 (Official Gazette of RS, No. 112/19). The Government of the Federation of BiH adopted the Economic Reform Program of the Federation of BiH (2019-2021) at the 170th session held on January 28, 2019, while the adoption of the FBiH Economic Reform Program (2020-2022) is expected in January 2020.

During 2019, activities were undertaken on drafting of the Framework for the Sustainable Development Goals of Bosnia and Herzegovina until 2030, which represents a joint document of all levels of government in the country, which should determine the development trends of Bosnia and Herzegovina and concurrently contribute to the realization of the global Sustainable Development Goals.

In the domain of the European integration, significant progress has been made in the course of 2019. In February 2019, Bosnia and Herzegovina submitted to the European Commission the answers to the additional questions from the Questionnaire and the European Commission published its Opinion on the BiH application for the EU membership and the Analytical Report on May 29, 2019. The Council of Ministers of BiH, at the extraordinary session held on October 15, 2019, adopted the Action Plan for realization of the priorities from the Analytical Report of the European Commission, considering that the Report defined the areas and specific actions that Bosnia and Herzegovina needs to meet in order to join the European Union.

Bosnia and Herzegovina is at the early stage of the Public Administration Reform and in the coming period it will be necessary to undertake the additional efforts to adopt the strategic documents and implement projects that will contribute to the creation of the efficient, transparent, accountable and modern public administration in Bosnia and Herzegovina.

Strategic framework for the Public Administration Reform in BiH (2018-2022) was adopted already in 2018 by the Council of Ministers of BiH, the Government of the Federation of BiH and Brcko District, while the Government of Republika Srpska has not yet adopted this strategic document. The basic priorities defined by the Strategic framework are: strengthening the capacity of public administration through implementation of the European Administrative Space principles, establishing the user-oriented and transparent public administration, building professional and depoliticized civil service system as well as the establishing of the rational, efficient and accountable organizational structure of the public administration at all levels of government in Bosnia and Herzegovina.

During 2019, the Public Administration Reform Coordinator's Office of BiH initiated the activities on the preparation of the Action Plan for the Public Administration Reform in BiH, which will be finalized and adopted after all levels of government in BiH adopt the Strategic framework for the Public Administration Reform.

In the area of *Public Financial Management*, activities were undertaken in 2019 on implementation of the Public Financial Management Reform Strategy in Institutions of BiH (2017-2020) which aim to ensure greater flexibility, transparency, accountability and efficiency in the management of public funds in BiH. Further improvement of the Public Financial Management system is the highest priority of the authorities of all levels in Bosnia and Herzegovina and a prerequisite for successful reform processes and further development of all sectors of society.

In 2019, the project "Improvement of the Public Internal Financial Control" was implemented, which will contribute to better implementation of the Public Financial Management reforms in the accession process to the European Union by strengthening the capacity for financial management and control in the public sector at all levels of government in Bosnia and Herzegovina.

In 2019, activities were initiated on preparation of the Public Financial Management Strategy of the RS (2020-2025), whose adoption will define the reforms trends in the area of public finances and the

system for improvement of the fiscal accountability and the long-term fiscal stability in Republika Srpska.

The Council of Ministers of BiH, at its 175th session, held on July 23, 2019, adopted the Medium-Term Debt Management Strategy of Bosnia and Herzegovina (2018-2021), thus fulfilling one of the obligations from the Action Plan for the implementation of the Reform Agenda at the level of the Council of Ministers of BiH. The Strategy includes an overview of Bosnia and Herzegovina debt structure, the assessment of the debt situation, medium-term debt management goals and defines the guidelines for realization of the set goals in this area.

The Government of Republika Srpska, at its 36th session held on September 6, 2019, adopted the Debt Management Strategy of the RS (2019-2022), which sets out the medium-term goals and activities in the domain of the debt management in Republika Srpska. In addition, the Government of the Federation of BiH, at the 174th session held on March 13, 2019, adopted the Debt Management Strategy of the Federation of BiH (2019-2021).

In the area of *taxation*, progress has been made in 2019 with the introduction of the electronic and digital services of tax administrations, in order to facilitate the data access to the taxpayers. In the coming years, it will be necessary to make the additional improvements to this system, in order to fully switch to the e-business.

The Council of Ministers of BiH, at the 170th session held on March 28, 2019, established the Proposal of the Basis for the Accession of Bosnia and Herzegovina to the Inclusive Framework for Implementation of the Measures Against Tax Base Erosion and Profit Shifting (*BEPS - Base Erosion and Profit Shifting*). BEPS consists of 15 measures aimed at reducing and combating the aggressive tax planning, tax fraud and tax evasion, particularly in case of large multinational companies. With the accession to the BEPS, Bosnia and Herzegovina will meet its international obligations in the area of the tax policy.

The Government of the RS, at its the 8th session held on December 6, 2019, adopted and sent in the parliamentary procedure the Draft Law on Tax Procedure, whose adoption will facilitate the e-registration procedure of business entities in Republika Srpska. Furthermore, a set of tax laws was adopted in 2019 in Republika Srpska, which will contribute to reduce the shadow economy in Republika Srpska (Official Gazettes of the RS, No. 58/19, 105/19 and 112/19).

In the area of the *customs policy*, significant progress has been made in 2019 with the adoption of the by-law acts relevant for the performance of the foreign trade affairs as well as the improvement of the customs controls. The Indirect Taxation Authority of Bosnia and Herzegovina has brought an Instruction manual for completion of the customs declaration and the aggregated declaration (Official Gazette of BiH, No. 43/19) as well as the Instruction on the conditions and the method of acquiring of authorized exporter status (Official Gazette of BiH, No. 73/19), that will enable all participants in the foreign trade operations to better understand the issues of origin in the area of authorized exporter status.

The Council of Ministers of BiH, at its session held on December 3rd, 2019, adopted the Decision on Establishing of the Customs Tariff for 2020 (Official Gazette of BiH, No. 85/19), which is fully harmonized with the Combined Nomenclature of the European Union for 2020. With the adoption of this Decision, the conditions are created for more successful performance of foreign trade affairs between enterprises in Bosnia and Herzegovina and enterprises in the countries signatories of CEFTA agreement

as well as the European Union member states. At the same session, the Decision was adopted on temporary suspension and temporary reduction of the (customs) duty rates for import of certain goods until December 31st, 2020 (Official Gazette of BiH, No. 84/19), which aims to improve the conditions affecting businesses of domestic producers as well as to retain the existing and create the new jobs. The goods covered by this Decision are materials and raw materials (i.e. reproductive materials) used by BiH producers in their own production, for production of the finished products, in the production of products for export or they are the substitutes of imported products, and which cannot be obtained at the domestic market in quantities and quality required for production of finished products.

In the field of *public procurement*, certain progress was made in 2019, particularly through the improvement of functionality of the electronic public procurement system (e-Procurement) and the basic goal in the forthcoming period is to have the complete computerization of the public procurement system in Bosnia and Herzegovina.

The Law on Changes and Amendments to The Law on Public Procurement is under preparation, which will fully harmonize the area of public procurement with the European directives. After the opinions are obtained from the competent institutions, the proposal of the Law should be sent in the adoption procedure in early 2020.

In mid-2019, the implementation has started of IPA II project "Strengthening of the Public Procurement System in BiH", which includes the training of public procurement officers, and its main goal is to build and strengthen the public procurement system in Bosnia and Herzegovina in order to achieve more efficient use of the public funds. Also, in October 2019, the public procurement *Training Management Information System (TMIS)* became operational, which will further improve the training system of public procurement officers.

Over the past few years, significant progress has been made in the area of the *strategic planning* in BiH Institutions and entities, and in the coming period it will be necessary to undertake additional efforts in order to improve this system, better define the strategic goals and their implementation. Also, an increasing number of local self-government units apply the strategic planning when drafting their budgets.

The Council of Ministers of BiH, at its 178th session held on November 12, 2019, adopted the Medium-Term Work Program of the Council of Ministers of BiH 2020-2022, with the goal to ensure the planning basis for the quality management of development in line with the competencies of the Council of Ministers and Institutions of BiH.

Strategic development goals defined in the Medium-Term Work Program of the Council of Ministers of BiH are the macroeconomic stability, development of competitive economic environment and human resources, increasing the industrial competitiveness, improvement of culture and creative sectors, balanced regional development, improvement of environmental management, faster agricultural development, energy potentials, with the focus on renewable sources and energy efficiency and rural development, increasing employment opportunities, promoting inclusion in education, reducing the poverty, improving health care and accelerating the transition process.

Due to the delays in formation of the government, neither the Framework Budget Paper of BiH Institutions (2020-2022) was adopted in 2019 nor the Framework Budget Paper of the Federation of

BiH (2020-2022), while the Framework Budget Paper of Republika Srpska (2020-2022) was adopted by the Government of Republika Srpska, at the 26th session held on June 27, 2019.

The Council of Ministers of BiH, at the session held on December 3rd, 2019, adopted the Public Investment Program / Development Investment Program of Bosnia and Herzegovina Institutions for the period 2020-2022.

In Republika Srpska, activities have continued in 2019 on the health system reform and the introduction of the public health institutions and the Health Insurance Fund into the treasury operations system, and it is expected this project to be fully completed by 2023.

In the sub-sector of *statistics*, activities have continued in 2019 on the development of institutional capacities of agencies and institutes for statistics in Bosnia and Herzegovina as well as on complying with the international obligations through harmonization of the methodology with the European statistics regulations and the methodology, which will in turn ensure the international comparability of statistical data.

In addition, the Central Bank of BiH has continued its activities to improve the statistical practices, and in 2019 launched a survey on inflation expectations with the aim to better analyze the price trends and contributions in the management of economic policies in Bosnia and Herzegovina. Also, during the reporting period, the new clearing system was established in Bosnia and Herzegovina, which is fully compliant with the SEPA (*Single Euro Payment Area*) rules, thus fulfilling the precondition for integrating the payment systems of the Central Bank of BiH in the European Union payment systems.

In the field of communication on the process of the European integration, the Council of Ministers of BiH at its 169th session held on March 21, 2019, adopted the *Communication Strategy of the Institutions of Bosnia and Herzegovina on the Process of Accession of BiH to the European Union - from the Candidate Status to the Membership*. In addition, the Council of Ministers of BiH at its 175th session held on July 23, 2019, adopted the Action Plan of the Council of Ministers of BiH for the implementation of the Communication Strategy for Informing the Public on the Process of Accession of Bosnia and Herzegovina to the European Union for 2019.

In the area of training on the European integration, in 2019 the Directorate for European Integration of BiH continuously organized the training sessions in the field of European integration for the members of bodies in the system of coordination of the European integration proces and civil servants directly engaged on tasks related to the European integration and coordination of BiH's accession process to the European Union.

In order to implement the provisions of the Stabilization and Association Agreement, the following meetings were held in 2019: the third meeting of the Special Group for Public Administration Reform (12/02/2019), the third meeting of the Sub-committee on Innovation, Information Society and Social Policy (13/02/2019), the fourth meeting of the Stabilization and Association Committee between the BiH and the European Union (11/07/2019), the fourth meeting of the Sub-committee on Economic and Financial Affairs and Statistics (19-20/11/2019) and the fourth meeting of the Sub-committee on Internal Market and Competition (12/12/2019).

Investments of DCF members in 2019

DCF members active in the Democracy and governance sector in 2019 are The World Bank, EU, USA/USAID, United Kingdom, Germany, Sweden, Netherlands, Norway, UN, Switzerland, Czech Republic, Croatia, Italy/AICS, Hungary and Slovenia.

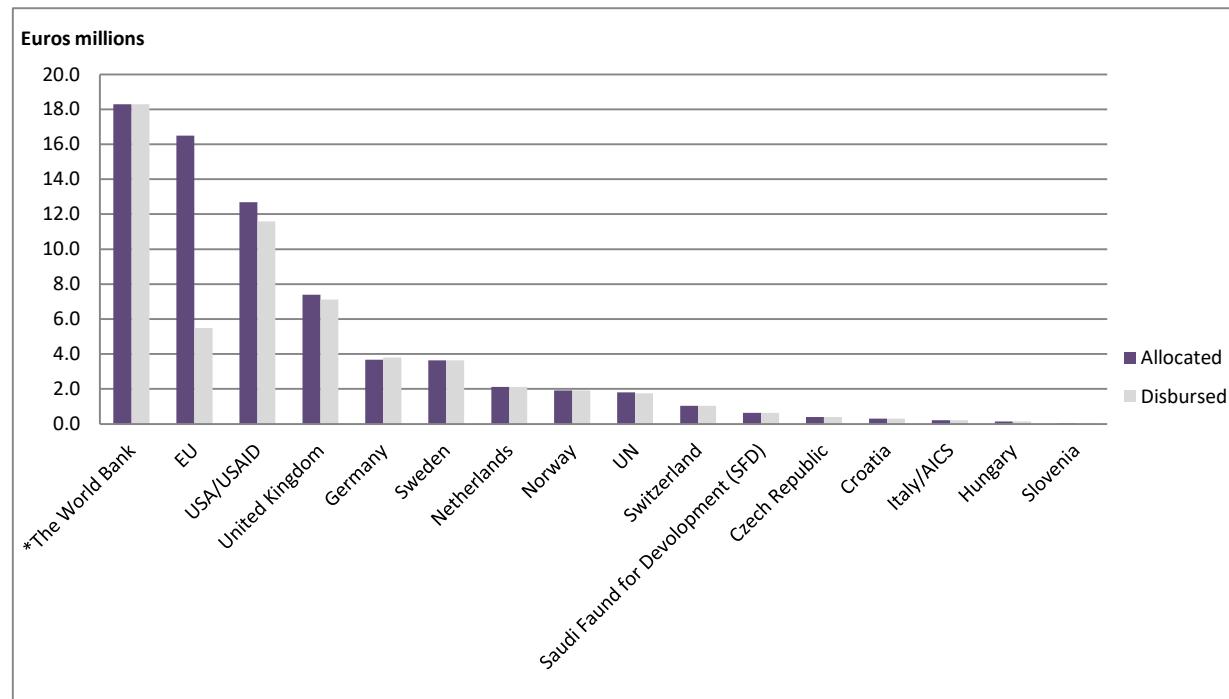
Total allocations of DCF members to the Democracy and governance sector in 2019 amounted to € 70.73 million, out of which € 52.44 million in the form of grants and € 18.29 million in the form of loans.

Total disbursements of DCF members to the Sector in 2019 amounted to €58.43 million, out of which € 40.14 million in the form of grants and € 18.29 million in the form of loans.

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

Leading development partners in the sector in 2019, who allocated i.e. disbursed largest amounts were The World Bank, EU, USA/USAID, followed by the United Kingdom, Germany and Sweden.

Figure 1.1. Allocated and disbursed grants per development partners in 2019



*Note: The World Bank loan

Figure 1.2. presents the structure of total allocated ODA funds in 2019 per sub-sectors. Democracy and governance sector consists of 11 sub-sectors.

Out of total allocated funds in 2019, 67.5% was allocated the sub-sectors: Civil society (39.8%) and Economic governance (27.7%), while 32.5% was allocated in other subsectors. Sub-sectors that did not have funding are not presented in the chart.

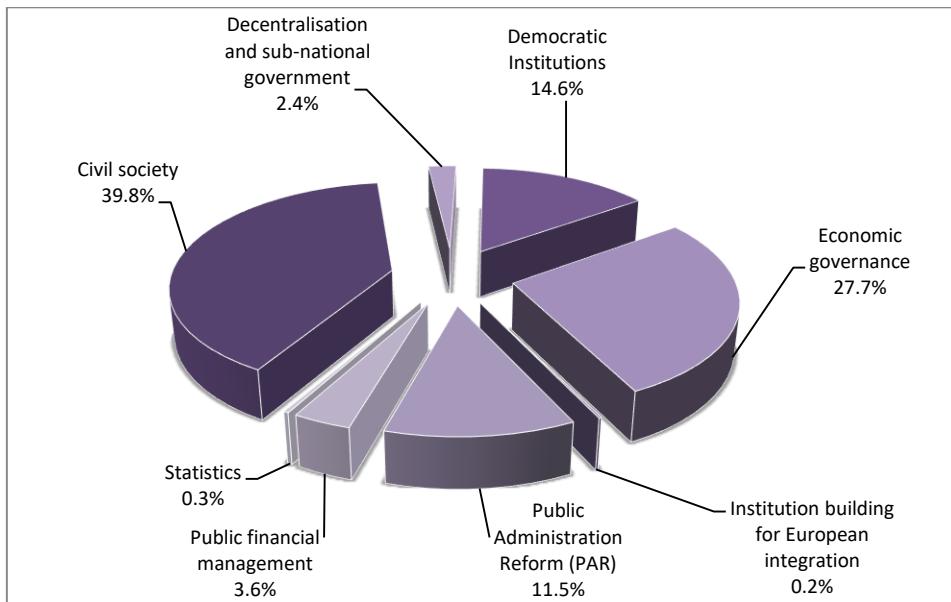
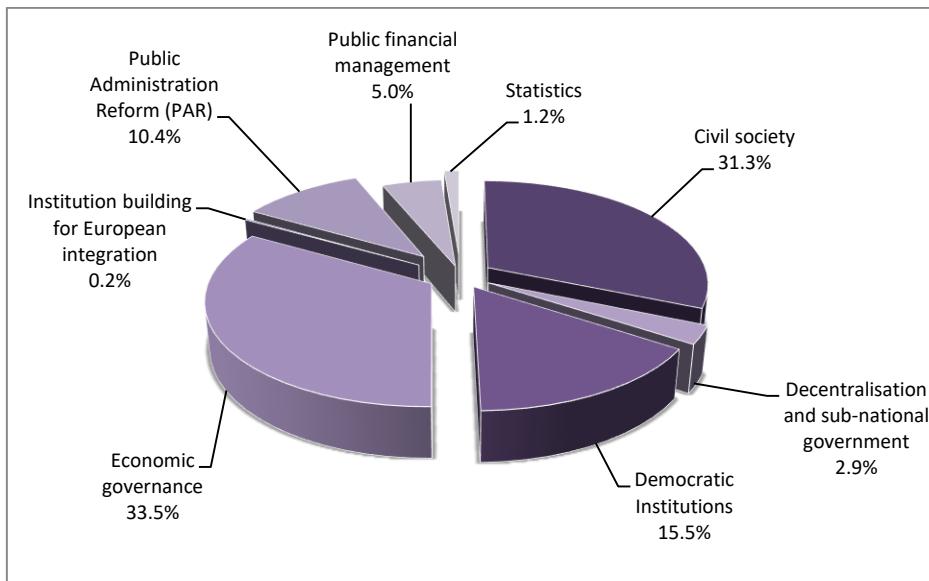
Figure 1.2. Total allocated ODA per sub-sectors in 2019

Figure 1.3. presents the structure of total allocated ODA funds in 2019 per sub-sectors.

Out of total disbursed funds in 2019, 64.8% was disbursed in the sub-sectors: Economic governance (33.5%) and Civil society (31.3%), while 35.2% was allocated in other subsectors. Sub-sectors that did not have funding are not presented in the chart.

Figure 1.3. Total disbursed ODA per sub-sectors in 2019

Ten major projects in the sector that allocated or disbursed funds in 2019, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (Euros millions) |
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| Banking Sector Strengthening Project | The World Bank | 56.50 |
| Strengthening of Public Institutions Various projects within the investment fund and the chain of International Financial Institutions (IFIs) | Germany | 12.11 |
| Investment Climate Programme in BiH | UK | 9.41 |
| Explosive Ordnance and Remnants of War Destruction Project | Germany, Norway, The Netherlands, Saudi Fund for Development (SFD), UK | 9.14 |
| Strengthening the Role of Local Communities/Mjesne zajednice (MZs) in Bosnia and Herzegovina | Switzerland, UN, Sweden | 9.06 |
| MEASURE, USAID/Bosnia and Herzegovina (BiH) Monitoring and Evaluation Support Activity | USA/USAID | 7.75 |
| (USAID) Judiciary Against Corruption Activity | USA/USAID | 7.50 |
| (USAID) PRO Future (II) Trust, Understanding and Responsibility for the Future | USA/USAID | 7.50 |
| USAID's Assistance to Citizens in Fight against Corruption | USA/USAID | 6.50 |
| Completion and delivery of functional Brcko District Police Headquarters | UN | 6.41 |

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

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

Future activities

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

- continue activities on harmonization of the legislation of Bosnia and Herzegovina with the EU *acquis*;
- fulfil the key priorities from the Opinion of the European Commission on the application of Bosnia and Herzegovina for the membership in the European Union and draft the Program for the integration of BiH into the European Union;
- continue activities on Public Administration Reform in Bosnia and Herzegovina, in order to create the transparent, efficient and modern public administration at all levels of government in BiH;
- adopt the Strategic Framework for Public Administration Reform in BiH (2018-2022) at all levels of government in BiH as well as the Action Plan for its implementation;

- ensure full functioning of the Public Administration Reform Fund and provide additional funds for realization of objectives and measures defined by the Strategic Framework for Public Administration Reform;
- strengthen the system of the strategic, medium-term and annual planning in Bosnia and Herzegovina;
- continue the activities on improvement of the programme budgeting in BiH and the implementation of the financial management and control in the Institutions in BiH;
- complete the implementation of the health system reform in Republika Srpska, as the prerequisite for the introduction of all health institutions and the Health Insurance Fund in the treasury operations system, which will contribute to preserve the fiscal security of the entire system;
- reform public enterprises in Republika Srpska to make them operational in terms of the development of the economy and society as a whole;
- in the area of the customs regulations, it is necessary to adopt the laws and by-law acts in order to further harmonize the customs regulations of BiH with the new customs regulations of the European Union;
- undertake activities to strengthen the coordination of the international development aid and strengthen the partnership with the development partners in BiH;
- improve the public procurement system in Bosnia and Herzegovina through harmonization of the legislation with the *acquis*, training sessions of officials in charge of the public procurement affairs, as well as increase the transparency of the public procurement process in BiH.

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| DCF members active in the sector in 2019 | EU, USA/USAID, United Kingdom, Switzerland, Sweden, UN, Norway, Japan/JICA, Germany, Slovenia, Czech Republic, France, Croatia |
| Other key international organizations | Organization for Security and Cooperation in Europe; Council of Europe, the Geneva Centre for the Democratic Control of Armed Forces; INTERPOL; EUROPOL; European Union Forces; USA Department of Justice International Criminal Investigative Training Assistance Program; European Police College; Association of European Police Colleges; Catholic Relief Services; Office of the High Representative; European Agency for the Management of Operational Cooperation at the External Borders; International Committee of the Red Cross; Save the Children Norway; Regional Cooperation Council; OPEC Fund for International Development /OFID; South East and East Europe Clearinghouse for Control of Small Arms and Light Weapons (SEESAC); Caritas Switzerland, Care International; Hilfswerk Austria International, International Organization for Migration (IOM), UN Office on Drugs and Crime (UNODC), International Commission on Missing Persons (ICMP), Turkish International Cooperation and Development Agency (TIKA) . |
| Key government partners | CoM of BiH, Government of FBiH, Government of RS; Government of BD BiH; BiH Ministry of Justice; BiH Ministry of Civil Affairs; Federal Ministry of Justice; Ministry of Justice of RS; cantonal ministries of justice; Judicial Commission of BD BiH; Ministry of Security of BiH; Ministry of Human Rights and Refugees of BiH; BiH Prosecutor's Office; High Judicial and Prosecutorial Council; the BiH Court; Judicial and Prosecutorial Training Centres in FBiH and RS; State Investigation and Protection Agency of BiH; Border Police of BiH; Ministry of Foreign Trade and Economic Relations of BiH; The Institution of Human Rights Ombudsman/Ombudsmen of BiH; Notary Chamber of FBiH and RS; Directorate for Coordination of Police Bodies of BiH; Directorate for the Coordination of Police Bodies of BiH; Agency for police Support of BiH; Police Academies in FBiH and RS; Federal Ministry of Interior; Ministry of Interior of RS; cantonal ministries of interior; cantonal ministries of education; The Personal Data Protection Agency of BiH; Agency for Forensic and Expert Examinations of BiH; Civil Protection Agencies at the entity and BD BiH level; Federal Ministry of Health; Ministry of Health and Social Welfare of RS; department of Health of BD BiH; Agency for gender Equality of BiH; Gender centers of FBiH and RS; Council of National Minorities in BiH. |
| Total allocation/disbursement to the sector in 2019 by DCF members | Total allocated € 52.65 million – in a form of grants Total disbursed € 51.60 –in a form of grants Out of total ODA in 2019, 7% was allocated and 10% was disbursed in the sector. |
| Legal framework and sector strategies adopted in 2019 | The Law on Salaries of Employees in the Ministry of Interior of the RS (RS Off. Gazette No. 36/19); The Law on Amendments to the Law on Salaries of Employees in the Judiciary Institutions of the RS (RS Off. Gazette No. 54/19); The Law on Changes and Amendments to the Law on Police and Internal Affairs (RS Off. Gazette No. 58/199); The Law on Changes and Amendments to the Law on Weapons and Ammunition (RS Off. Gazette No. 58/19); The Law on Changes and Amendments to the Law on Public Peace and Order |

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| | <p>(RS Off. Gazette No. 58/19); The Law on Personal Name (RS Off. Gazette No. 82/19); The Law on Amendments to the Law on the Bar Exam in the RS (RS Off. Gazette No. 82/19); The Law on on Changes and Amendments to the Law on Inheritance of the RS (RS Off. Gazette No. 82/19); The Law on Changes and Amendments to the Law on Notaries of the RS (RS Off. Gazette No. 82/19); The Law on Amendments to the Law on the Police and Internal Affairs (RS Off. Gazette No. 82/19); The Law on Changes and Amendments to the Law on Protection Against Domestic Violence (RS Off. Gazette No. 84/19); The Law on Changes and Amendments to the Law on Salaries of Employees in the Ministry of Interior in the RS (RS Off. Gazette No. 105/19); The Law on Changes and Amendments to the Law on Salaries of Employees in Judiciary Institutions of the RS (RS Off. Gazette No. 105/19); The Law on Amendment to the Law on Administrative Procedure (BD BIH Off. Gazette No. 23/19); The Law on Changes and Amendment to the Law on Conflict of Interest (BD BIH Off. Gazette No. 3/19); The Law on Changes and Amendment to the Law on Officials and Employees in Judiciary of BD BiH (BD BIH Off. Gazette No. 1/19, 32/19); The Law on Amendments to the Law on Legal Entities (BD BIH Off. Gazette No. 3/19); The Law on Criminal Procedure of BD BiH (BD BIH Off. Gazette No. 3/19); The Law on Changes and Amendments to the Law on Police Officials of BD BiH (BD BIH Off. Gazette No. 14/19); The Law on Changes and Amendment to the Law on the Police of BD BiH (BD BIH Off. Gazette No. 14/19); The Law on Salaries and Allowances of Employees in Judiciary of BD BiH (BD BIH Off. Gazette No. 18/19); The Law on Changes and Amendments to the Law on Salaries and Allowances of Employees in Judiciary of BD BiH (BD BIH Off. Gazette No. 10/19); The Law on Changes to the Law on Salaries and Allowances in Judiciary of BD BiH (BD BIH Off. Gazette No. 13/19); The Law on Salaries in the Police of BD BiH (BD BIH Off. Gazette No. 8/19); The Law on Changes and Amendments to the Law on Salaries and Allowances of Employees in Judiciary of BD BiH (BD BIH Off. Gazette No. 10/19); The Law on Changes and Amendments to the Law on Salaries and Allowances of Judges and Prosecutors in BD BiH (BD BIH Off. Gazette No. 27/19); The Law on Changes and Amendments to the Law on Seizing of Illegally Obtained Property (BD BIH Off. Gazette No. 13/19); The Law on Changes and Amendments to the Law on Criminal Proceedings (BD BIH Off. Gazette No. 13/19); The Law on Legal Profession Activities (BD BIH Off. Gazette No. 4/19); The Law on Changes to the Law on the Office for Free Legal Aid (BD BIH Off. Gazette No. 23/19);</p> <p>Migration Profile of BiH for 2018; Draft Strategy for Admission and Integration of BiH Citizens Returning to the BiH further to the Readmission Agreement and the Action Plan for the period 2020-2023, Integrated Border Management Strategy in BiH and Action Plan for the period 2019-2023.</p> <p>Previously adopted legal framework and sector strategies are available on: www.donormapping.ba</p> |
| Coordination among and with development partners | <p>Judicial Reform: Forum of Donors Annual coordination meeting organized by the BiH Ministry of Justice and BiH – EU Structural Dialogue on Justice. Development partners coordination is maintained every 6 months by the European Union Delegation (EUD) as part of a structural dialogue, as well</p> |

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| | <p>as sub-committee meetings in the Justice sector with the participation of the High Judicial and Prosecutorial Council and the Ministry of Justice. EUD regularly organizes meetings for coordination of international judiciary sector.</p> <p>Regular bilateral coordination meetings of international and local partners.</p> <p>Penitentiary Reform: <i>ad hoc</i> coordination, project-based bilateral meetings.</p> <p>War Crimes: 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>Fight against Organized Crime: informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral, self-organizing meetings between development partners.</p> <p>Fight against Corruption: regular development partners and policy coordination meetings are co-chaired by the Agency for Prevention of Corruption and for Coordination of the Fight against Corruption and the EUD.</p> <p>The UN maintains regular bilateral coordination meetings with international and local partners.</p> <p>Police reform: informal <i>ad hoc</i> coordination, project-based.</p> <p>Migration and Asylum: formal coordination of development partners is led by the Coordination body on BiH immigration issues.</p> <p>Border Management and Security: Informal <i>ad hoc</i> coordination, project-based.</p> <p>Roma: Roma Committee with the CoM of BiH represents formal coordination body.</p> <p>Refugees and IDPs: Informal <i>ad hoc</i> coordination, project-based and mostly bilateral / multilateral</p> <p>LGBTI: Informal <i>ad hoc</i> coordination, project-based.</p> <p>National Minorities: informal <i>ad hoc</i> coordination, project-based.</p> <p>Intercommunity Relations: informal <i>ad hoc</i> coordination, project-based.</p> <p>Freedom of expression and media freedom: Informal <i>ad hoc</i> coordination, project-based.</p> <p>Property Rights: Informal <i>ad hoc</i> coordination, project-based.</p> <p>Data Protection: Informal <i>ad hoc</i> coordination.</p> <p>Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.</p> |
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Overview of activities in 2019

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.

Rule of law establishes the legal and the institutional environment which guarantees the fundamental rights of citizens and it is one of the basic requirements that Bosnia and Herzegovina must meet on the path towards the membership in the European Union. The legislative and the legal framework of fundamental rights in BiH has been mainly established, however the reform processes need to be continued in the important segments of the rule of law, primarily in the area of judicial reform.

In the course of 2019, activities were undertaken on the preparation of the laws and by-law acts, however the adoption was postponed until the establishing of the new government following the general elections held at the end of 2018. The Action Plan for implementation of the Justice Sector Reform Strategy (JSRS) for the period 2019-2020 has been submitted to the Council of Ministers of BiH for adoption, however it has not been considered until the end of 2019.

In order to increase the level of independence of the judiciary in BiH as well as to meet the European Commission's recommendations, in 2019 the dialogue continued at the political and technical level in terms of drafting of the systematic laws in the field of justice (The Law on Courts of BiH, The Law on the High Judicial and Prosecutorial Council of BiH, The Law on the Prosecutor's Office of BiH), however final agreement was not reached on the texts of these laws.

At the end of 2019, the implementation of the five-year project "Justice Against Corruption" has begun, with the goal to improve the work of prosecutor's offices and courts in investigating and processing the cases of corruption, economic and organized crime as well as the prevention of corruptive behaviour in the judiciary.

In the Sector Planning Document (SPD) for the period 2018-2020, one of the most important goals for the Home Affairs sector is to improve the security of citizens in Bosnia and Herzegovina, through the

consistent enforcement of criminal sanctions, integrated border management, effective migration management and better cooperation between the law enforcement agencies and prosecutors' offices in Bosnia and Herzegovina.

The Council of Ministers of BiH, on its 175th session, held on July 23, 2019, considered the Information on updating of the final working draft of the Transitional Justice Strategy in BiH and the Action Plan for its implementation and requested the harmonization of the draft document between all levels of government in BiH.

The Council of Ministers of BiH, at its 171st session, held on April 4, 2019, adopted the Action Plan for the implementation of the Open Government Partnership initiative 2019-2021. The Action Plan is focused at strengthening of the integrity of institutions, increasing their transparency, improving public services and improving cooperation and greater participation of the civil society in the public policy-making. Implementation of the measures envisaged by the Action Plan will increase the quality and the transparency of information published on the BiH Institutions web-sites, particularly those in the area of statistics and public procurement as well as it will establish the effective mechanisms for cooperation with the civil society.

Considering that the Office for Free Legal Aid was established in 2018, the Ministry of Justice of BiH carried out activities on its operational setting in 2019. In this regard, the Rulebook was adopted on the manner of registration, management and updating of the List of Free Legal Aid Providers (Official Gazette of BiH, no. 17/19) and the List of Lawyers - Providers of free legal aid was formed.

In the Federation of BiH, several legal acts were sent to the adoption procedure in 2019 which will further harmonize the legal system of the Federation of BiH with the *acquis*, primarily in order to regulate the work in the domain of judicial police, criminal procedure, family law and inheritance as well as functioning of the public notaries.

In 2019, Republika Srpska also harmonized its legislation with the best European practices, and some of the adopted laws are of great importance for the functioning of the judicial system of the RS: The Law on Changes and Amendments to the Law on the Bar Exam in Republika Srpska (Official Gazette of RS, No. 82/19), The Law on Changes and Amendments to the Law on Inheritance of the RS (Official Gazette of the RS, No. 82/19) and The Law on Changes and Amendments to the Law on Notaries of the RS (Official Gazette of the RS, No. 82/19).

In 2019, The Law was adopted on Criminal Procedure of Brčko District (Official Gazette of BD BiH, No. 3/19).

In the course of 2019, the negotiations continued on the accession of Bosnia and Herzegovina to the EUROJUST (EU Judicial Cooperation Unit) and preliminary negotiations on the conclusion of the Cooperation Agreement between the EUROJUST and BiH were also underway. One of the conditions for entering into negotiations on the conclusion of the Agreement was the adoption of The Law on Protection of Personal Data, which was sent to the Council of Ministers of BiH for adoption.

In the area of the *penitentiary system*, living conditions in penitentiary and detention facilities in Bosnia and Herzegovina have improved in 2019, however additional efforts are needed on their further improvement in order to harmonize the detention conditions in prisons and police establishments in line with the international and the EU standards while dealing with the apprehended persons. In addition, significant efforts have been made in training of employees in the penitentiary system, and

by the end of 2019 a total of 956 officials in the penitentiary system have received the training organized in cooperation with the European Union and the Council of Europe.

With a view to harmonize the legislation of Bosnia and Herzegovina with the European standards from the penitentiary system, The Law on Changes and Amendments to The Law on Execution of Criminal Sanctions, Detention and Other Measures of BiH was prepared in 2019 and sent to the Parliamentary Assembly of BiH for adoption.

During 2019, the handover has taken place of the Institute for Execution of Criminal Sanctions, Detention and Other Measures in East Sarajevo, the acting director of the Institute was appointed and public calls were also announced for employment of personnel, prison and civil servants. After the competition procedures are completed, the Institute will become operational and receive the first convicts.

During 2019, the Government of the Federation of BiH gave the consent for the rulebooks on the internal organization of five penitentiary-correctional institutes in the Federation of BiH, which will improve the efficiency of these institutes.

After the Working Group for Drafting of the Amendments to the War Crimes Cases Processing Strategy in Bosnia and Herzegovina revised the Strategy in 2018, it was sent to the Council of Ministers of BiH for adoption. The adoption of the War Crimes Cases Processing Strategy in BiH envisages the processing of all war crimes cases until 2023 as well as defining of the new criteria for determining the complexity and distribution of cases between different levels of government in Bosnia and Herzegovina. War Crimes Cases Processing Strategy was not adopted until the end of 2019.

In the area of *combating of organized crime*, in 2019 activities were carried out defined by the Action Plan for implementation of the Strategy for Combating of Organized Crime in BiH 2017-2020. The Action Plan envisages strengthening of the capacity and cooperation of competent institutions in Bosnia and Herzegovina and intensifying the regional and international cooperation in the area of combating of organized crime. The Council of Ministers of BiH, at its 174th session, held on July 2, 2019, adopted the Report on implementation of the Action Plan for implementation of the Strategy for 2018.

Police agencies in BiH carried out the activities on implementation of the Strategy for Combating of Organized Crime in BiH (2017-2020) that were focused at strengthening of the human and logistical capacities, developing a proactive approach in combating of organized crime as well as boosting cooperation at the regional and international level through intensifying participation in international organizations (Interpol, Europol, SELEC), initiatives and working groups. Furthermore, the operational centres of police bodies in Bosnia and Herzegovina were connected with the Operational centre of the Directorate for Coordination of Police Bodies of BiH and a number of activities were carried out in terms of gathering, processing and using information important for the security of protected persons and facilities.

Council of Ministers of BiH, at its 2nd session, held on January 23, 2020, adopted the Strategy to Counter Trafficking in Human Beings in BiH for the period 2020-2023, whereby Bosnia and Herzegovina met its obligations defined by the numerous international conventions as well as the recommendations of the European Commission in the Opinion on the application for the membership of Bosnia and Herzegovina in the European Union. The main goal of the Strategy is to ensure the permanent, comprehensive and sustainable response of the society to the trafficking in human beings by

strengthening the prevention system, prosecuting perpetrators of crimes related to the trafficking in human beings, protection and assistance to victims and capacity building of all relevant institutions and organizations in Bosnia and Herzegovina.

In addition, regional monitoring teams for countering of trafficking in human beings were reorganized during 2019 and total 17 regional teams were formed, which will increase the countering of human trafficking effectiveness in Bosnia and Herzegovina.

At the end of 2019, the drafting was finalized of the document- the Guidelines for a Strategic Framework of Cybersecurity in BiH, which should secure the strategic and the legal framework and improve the procedures and techniques in order to protect the information and communication systems and end users in the cyberspace.

Bosnia and Herzegovina, together with other countries in the region, in 2019 participated in the iPROCEEDS project, whose goal is to strengthen the government's capacity to find and confiscate the proceeds gained by the cybercrime as well as to prevent the money laundering on the Internet. At the end of 2019, the continuation of this iPROCEEDS-2 project was announced, whereby Bosnia and Herzegovina will also participate in its implementation in the next few years.

In the field of *counter-terrorism*, progress has been made in implementation of the strategic goals defined in the BiH Strategy for Prevention and Combatting Terrorism for the period 2015-2020, particularly in the part related to preventive measures. During 2019, good cooperation was achieved between institutions of all levels of government in Bosnia and Herzegovina on prevention and counter-terrorism.

During 2019, Working Group of the Council of Ministers of BiH was engaged on developing of the Draft Law on Prevention of Money Laundering and Financing Terrorist Activities in Bosnia and Herzegovina. This Law will harmonize the regulations with the EU directives in the field of prevention of money laundering and financing terrorist activities, as well as the system for money laundering prevention and financing terrorist activities will be harmonized with the standards and recommendations of the Working Group for Financial Action Task Force on Money Laundering (FATF).

In terms of *the suppression of the abuse of narcotic drugs*, international obligations undertaken by Bosnia and Herzegovina continued to be regularly met as well as regular reporting by the international organizations in this field (EMCDDA - European Monitoring Centre for Drugs and Drug Addiction, INCB - International Narcotics Control Board, UNODC - UN Office on Drugs and Crime and the Cooperation Group to Combat Drug Abuse and Illicit Trafficking in Narcotic Drugs). In addition, in 2019 two procedures were carried out for destruction of the seized narcotics.

Based on the Strategy on Supervision of Narcotic Drugs, Prevention and Suppression of Narcotic Drug Abuse in BiH for the period 2018-2023, that was adopted by Council of Ministers of BiH at the beginning of 2018, the Action Plan for Suppression of Narcotics Drugs Abuse in Bosnia and Herzegovina was prepared in 2019 and sent to the Council of Ministers of BiH for adoption. In addition, in September 2019, the proposal of the Decision on supplementing the List of narcotic drugs, psychotropic substances, plants from which narcotic drugs and precursors can be obtained, is also sent to the Council of Ministers of BiH for adoption.

Corruption is widespread in all segments of the society in Bosnia and Herzegovina, and the fight against corruption is one of the fundamental requirements for the membership in the European Union.

Although Bosnia and Herzegovina has established institutional, legal and strategic framework for the fight against corruption, the corruption still remains one of the major problems of BH society, and in the coming period it will be necessary to ensure the political support to effectively address the issue of corruption and improve the efforts of all levels of government in BiH in the fight against corruption.

In the course of 2019, training sessions were organized for employees in police agencies regarding the prevention of corruption in implementation of the public procurement, the procedure was improved for addressing the corruption reports in terms of confidentiality of the received information, with special emphasis on protection of the whistle blowers, as well as the cooperation was improved with police agencies of neighbouring countries regarding the investigation of corruption criminal offenses. In addition, raising general awareness of the rights and obligations of the state bodies, businesses, civil society and citizens on corruption is crucial in the fight against corruption in Bosnia and Herzegovina.

In the area of *police reform*, certain progress was made in 2019, primarily through the increased international operational police cooperation and security of protected persons, facilities and valuable parcels/letters. However, in the following period it is also necessary to continue the strengthening of the human and material-technical capacities of police employees from police agencies in Bosnia and Herzegovina.

During 2019, in the field of police education and security, BiH Agency for Education and Professional Training of BiH has continued to implement all forms of basic I and II level police training, professional training and development of police officers in BiH, thus improving the level of training of police officers from police authorities in Bosnia and Herzegovina.

In the field of *migration*, the increasing trend has continued in 2019 in terms of the number of migrants entering the country and who use Bosnia and Herzegovina mainly as a transit country towards the countries of the European Union.

Operational headquarters for migration issues in Bosnia and Herzegovina, on October 09, 2019, adopted the Plan of measures and activities for effective management of the migrant crisis in BiH, which was subsequently submitted to the Council of Ministers of BiH. The Plan defines the priorities and activities that need to be implemented in BiH in the following period as well as the amount of additional financial resources needed for effective management of migrant crisis in Bosnia and Herzegovina.

During 2019, activities were undertaken on the preparation of the Draft Law on Changes and Amendments to the Law on Foreigners of BiH, which will adequately respond to the increased influx of migrants in Bosnia and Herzegovina in the recent years.

Due to the increased influx of migrants in Bosnia and Herzegovina at the beginning of 2019, the Council of Ministers of BiH, at its 167th session held on March 11, 2019, passed the Decision on designating of the temporary reception centres for accommodation of the migrants (Official Gazette of BiH, No. 28/19), which designated four facilities in Bihac, Velika Kladusa and Cazin for accommodation of migrants. Besides, in late 2019, the Government of the Federation of BiH ceded two army barracks to the Ministry of Security of BiH for accommodation of the migrants.

As part of the registration of illegal migrants, in the process of expressing the intent to apply for asylum in Bosnia and Herzegovina, the information system was improved and approximately 29 000 requests of illegal migrants were biometrically processed during 2019.

The Council of Ministers of BiH, at its 173rd session held on June 10, 2019, adopted the Migration Profile of Bosnia and Herzegovina for 2018, thus fulfilling one of the obligations in the visa liberalization process. This is the eleventh migration profile that provides the data on the key trends in the field of migration in Bosnia and Herzegovina.

In 2019, Bosnia and Herzegovina participated in the project "Regional Support for Migration Management in the Western Balkans and Turkey in the Context of Protection of Vulnerable Categories", with the aim to exchange experiences with countries in the region and Turkey in combating illegal migration and increased influx of migrants in the last few years.

In the field of *border management*, the Strategy on Integrated Border Management in Bosnia and Herzegovina for the period 2019-2023 was prepared during 2019, which was adopted by the Council of Ministers of BiH at its 3rd session, held on January 30, 2020. The adoption of this Strategy will increase the overall security in Bosnia and Herzegovina and its borders as well as it will facilitate the flow of people, goods and vehicles across the border.

In addition, numerous by-law acts were adopted in 2019 that will further improve the legislation in the field of the border management in Bosnia and Herzegovina, primarily the Decision on the minimum amount of funds needed to support foreigners during their intended stay in Bosnia and Herzegovina (Official Gazette of BiH, No. 5/19) and the Rulebook on service record books and seaman's registration books (Official Gazette of BiH, No. 29/19).

During 2019, Bosnia and Herzegovina Border Police has continued activities to improve the conditions for free and uninterrupted movement of people and goods across the border, by raising the level of the border checks and border supervision in order to successfully combat the illegal migration, corruption and all forms of cross-border crime. Also, activities have been undertaken to improve the equipment of the BiH Border Police and this especially refers to improving the functionality and security of the information system through establishing of the video surveillance at the small border crossings and renovation of the server room of the BiH Border Police. However, strengthening of the migrant route through the Balkans and passing of the large number of migrants through BiH in 2019 caused the significant problems in maintaining of the border security, and in the coming period it is necessary to invest the additional funds to improve the material-technical equipment of the Bosnia and Herzegovina Border Police.

Roma population is the largest national minority in Bosnia and Herzegovina. During 2019, activities were undertaken to improve the situation of Roma people in line with the Action Plan for Addressing Roma Issues in Bosnia and Herzegovina. In the forthcoming period, additional efforts are needed to reduce the social exclusion of Roma children and improve the overall position of Roma population in BiH.

In the course of 2019, the activities of reintegration of the returnees and internally displaced persons in BiH has continued through the housing projects and integration of returnees into the community. Also, Bosnia and Herzegovina has continued to participate in the Regional Housing Program for Displaced Persons, which aims to provide durable housing solutions for approx. 24 000 displaced families in the countries of the region.

In the area of *data protection*, in 2019, the Rulebook was prepared on the procedure for issuing of the security approval or accreditation of the information and communication technology systems for

handling of the classified information, which is fully harmonized with the European Union standards in this area. The opinions of entity governments and the Government of the Brčko District have been obtained for the proposal of the Rulebook, which should be sent to the Council of Ministers of BiH for adoption in 2020.

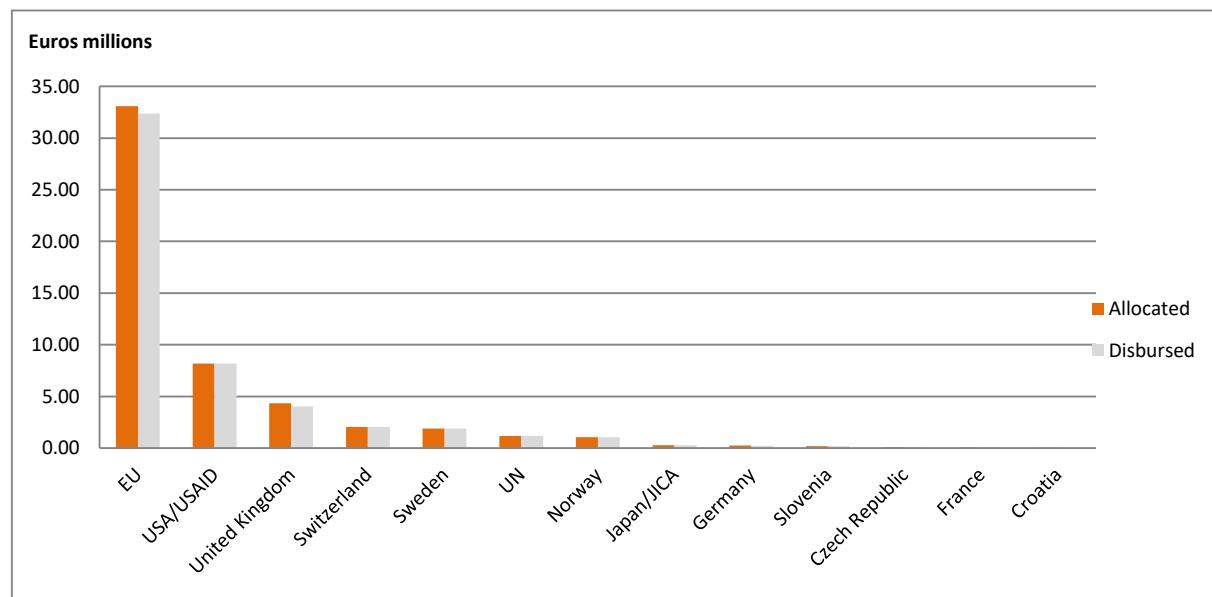
Investments of DCF members in 2019

DCF members active in the Rule of law and fundamental rights sector in 2019 are EU, USA/USAID, United Kingdom, Switzerland, Sweden, UN, Norway, Japan/JICA, Germany, Slovenia, Czech Republic, France and Croatia.

Total allocations of DCF members to the Sector in 2019 amounted to € 52.65 million, while total disbursements amounted to € 51.60 million, all in the form of grants.

Figure 2.1. compares allocated and disbursed ODA funds, according to the amount of invested funds of each individual development partner. Leading development partners in the Sector in 2019, who allocated i.e. disbursed largest amounts, were the EU, followed by USA/USAID, United Kingdom and Switzerland.

Figure 2.1. Allocated and disbursed grant funds per development partners in 2019



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 2019, 76.8% was allocated in two sub-sectors: Migration and asylum (44.0%) and Judicial reform (32.8%), while the remaining 23.2% of funds were allocated to other subsectors. Sub-sectors that did not have funding are not presented in the chart.

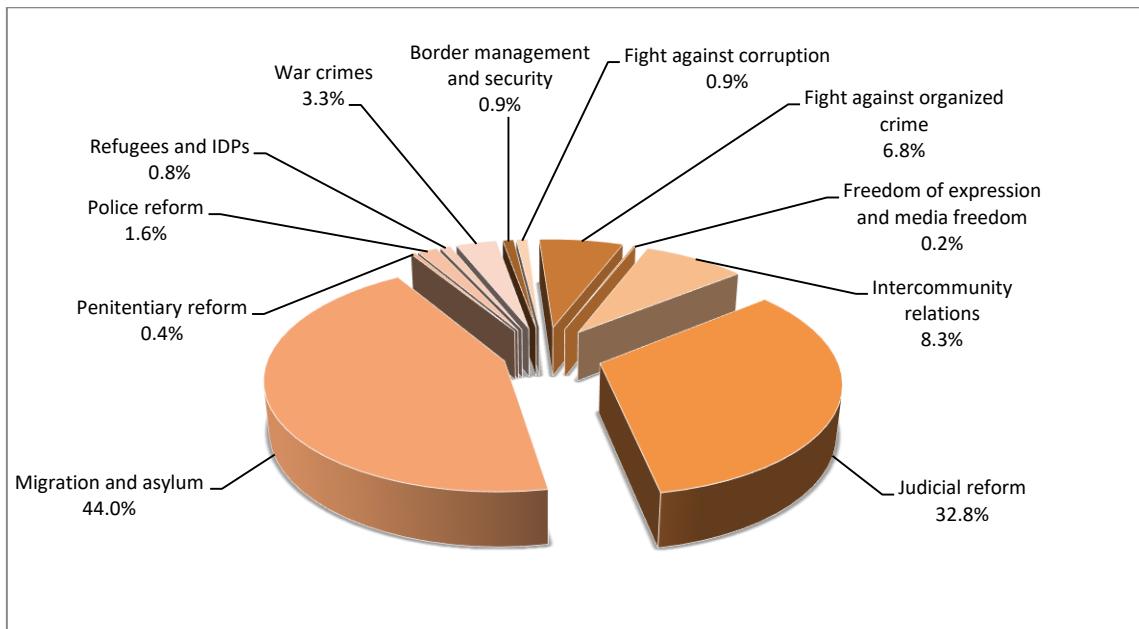
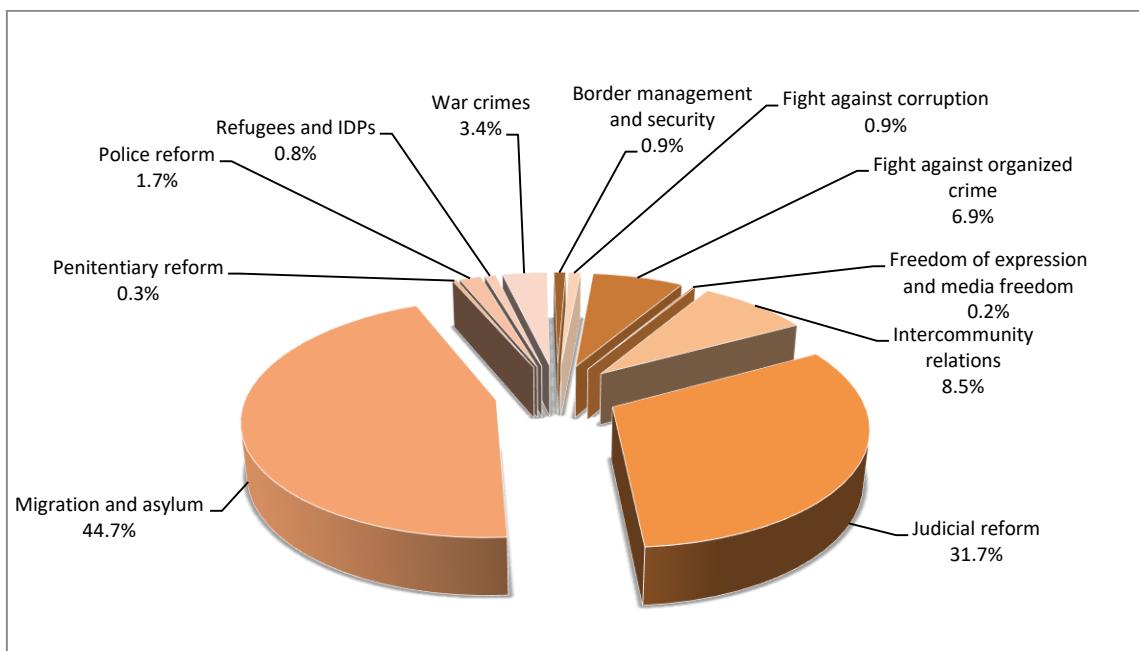
Figure 2.2. Total allocated ODA per sub-sectors in 2019

Figure 2.3. presents the structure of total disbursed ODA funds per sub-sectors in 2019. Out of total disbursed funds in 2019, 76.4% was disbursed to the subsectors Migration and asylum (44.7%) and Judicial reform (31.7%), while remaining 23.6% of funds was disbursed to other sub-sectors.

Figure 2.3. Total disbursed ODA per sectors in 2019

Ten major projects in the sector that allocated or disbursed funds in 2019, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (Euros millions) |
|---|---------------------|--------------------------------------|
| (ICITAP) Assistance to Law Enforcement Agencies (total value of the project will be determined) | USA/USAID | 45.00 |
| Special Measures to support the response to the Refugee and Migrant situation in Bosnia and Herzegovina Phase II | EU | 23.00 |
| (OPDAT) Overseas Prosecutorial Development, Assistance and Training (total value of the project to be determined, end date TBD) | USA/USAID | 19.00 |
| (NADR CWD) Department of State Demining and Small Arms Destruction Program | USA/USAID | 10.24 |
| Enhancing war crime case processing | EU | 7.44 |
| OPA Fund for Interethnic Reconciliation and Youth Initiatives | USA/USAID | 6.28 |
| Building an Effective and Citizen-friendly Judiciary | EU | 5.95 |
| Construction/reconstruction of Municipal, Cantonal Court and Prosecutors Office in Tuzla, Federation of Bosnia and Herzegovina, Bosnia and Herzegovina, Lot 1 (Tuzla) | EU | 4.33 |
| Construction of Bijeljina Prison, Bosnia and Herzegovina | EU | 4.31 |
| Open Regional Fund (ORF) for South East Europe - Legal Reform | Germany | 2.87 |

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

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

Future activities

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

- implement activities envisaged by the Action Plan for implementation of the Justice Sector Reform Strategy in Bosnia and Herzegovina;
- draft and adopt systematic laws in the field of judiciary (The Law on the High Judicial and Prosecutorial Council of BiH, The Law on Courts of BiH and The Law on the Prosecutor's Office of BiH) in line with the European standards;
- develop strategic documents and related action plans in the field of fight against organized crime, terrorism and corruption, and ensure their effective implementation;
- continue to develop a proactive approach in the fight against organized crime and corruption by strengthening inter-institutional and inter-agency cooperation in Bosnia and Herzegovina, and develop and strengthen cooperation at the regional and international level, by intensifying participation in international organizations (Interpol, Europol, SELEC);

- improve the system of analytical data collection on cases of trafficking in human beings in Bosnia and Herzegovina, and develop action plans to combat trafficking in human beings at all levels of government in BiH;
- implement the project - introducing an information system and database with the digital archive of security checks and issuing personal and industrial security permits in Bosnia and Herzegovina;
- continue the activities to establish the laboratory capacities for implementation of legally regulated competencies in the field of forensic examinations and expertise, and training of staff for professional and quality performance of expertise,
- ensure the membership of Bosnia and Herzegovina in ENFSI (*European Network of Forensic Science Institutes*);
- develop a Strategy in the field of migration and asylum and an Action Plan for the period 2021-2025. year;
- additionally strengthen the capacities of agencies and sectors responsible for migration and asylum issues in terms of personnel and logistics, in order to provide the conditions for controlled and coordinated movement and stay of migrants at the territory of Bosnia and Herzegovina;
- improve the information and communication system for border control of the BiH Border Police and strengthen capacities in the field of information management and recording of activities at the state border;
- draft and adopt the Law on Amendments to the Law on Foreigners of Bosnia and Herzegovina.

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| DCF members active in the sector in 2019 | EIB, EBRD, UN, Germany, Sweden, Switzerland, EU, Croatia, Italy/ AICS, Slovenia, Czech Republic, Hungary |
| Other key international organizations | Global Environment Fund, Western Balkans Investment Framework, Danish Emergency Management Agency, Organization for Security and Cooperation in Europe; Climate Change Fund; United States Agency for International Development, UN Developemnt Programme, UN Environment Programme, Swedish International Development Cooperation Agency. |
| Key government partners | CoM of BiH; Government of FBiH; Government of RS; Government of BD BiH; BiH Ministry of Foreign Trade and Economic Relations; Ministry of security of BiH; Ministry of Finance Treasury BiH; BiH State Regulatory Agency for Radiation and Nuclear Safety; BiH Mine Action Centre; Federal Ministry of Environment and Tourism; Federal Ministry of Physical Planning; Federal Ministry of Agriculture Water Management and Forestry; Sava River Basin District Agency in FBiH; Agency for Adriatic Sea Water District in FBiH; Federal Civil Protection Administration; Environmental Protection Fund in FBiH; Ministry of Spatial Planning, Civil Engineering and Ecology of RS; Ministry of Agriculture, Forestry and Water Management of RS; Ministry of Interior of RS; Republic Administration for Civil Protection of RS; Public Institution " <i>Vode Srpske</i> "; Environmental Protection and Energy Efficiency Fund of RS; Department for Agriculture, Forestry and Water Management of BD BiH; Department for Spatial Planning and Property Rights Matters of BD BiH; Department of Public Security of BD BiH; cantonal and municipal governments, together with public companies and public utility companies. |
| Total allocation / disbursement to the sector in 2019 by DCF members | <p>Total allocated € 116.21 million, € 40.21 million in a form of grants and € 76.00 million in a form of loans.</p> <p>Total disbursed € 57.01 million, € 33.68 million in a form of grants and € 23.32 million in a form of loans.</p> <p>Out of total ODA in 2019, 15% was allocated and 11% was disbursed in the sector.</p> |
| Legal framework and sector strategies adopted in 2019 | <p>The Law on the Protection from Non-Ionising Radiation (RS Off. Gazette No. 36/19); The Law on Security of Critical Infrastructure in the RS (RS Off. Gazette No. 58/19); The Law on Changes and Amendments to the Law on Spatial Planning and Construction (RS Off. Gazette No. 84/19); The Law on Fire Protection (RS Off. Gazette No. 94/19); The Law on Changes and Amendments to the Law on Geological Surveys (RS Off. Gazette No. 107/19).</p> <p>Previously adopted legal framework and sector strategies are available on www.donormapping.ba</p> |

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| Coordination with and among development partners | <p>Climate Action: Exchange of information between stakeholders based on informal <i>ad-hoc</i> coordination and project-based bilateral meetings.</p> <p>Water Supply and Waste Water: to some extent, MoFTER is leading the coordination of development partners. <i>Ad-hoc</i> coordination among development partners.</p> <p>Water Resources Management: To some extent, MoFTER is leading the coordination of development partners. <i>Ad-hoc</i> coordination among development partners.</p> <p>Waste Management: to some extent, MoFTER is leading coordination of development partners. <i>Ad-hoc</i> coordination among development partners.</p> <p>Nature Protection: to some extent, MoFTER is leading coordination of development partners. <i>Ad-hoc</i> coordination among development partners.</p> <p>Air Quality and Noise: Informal <i>ad hoc</i> coordination.</p> <p>Industrial Pollution and Chemicals: Informal <i>ad hoc</i> coordination, mostly project-based.</p> <p>Environment Horizontal Standards: Informal <i>ad hoc</i> coordination, mostly project-based.</p> <p>Civil Protection: <i>Ad hoc</i> coordination, participants are the EU Ministry of Security, UN and other international organizations and other major international development partners in the sub-sector.</p> <p>Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.</p> |
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Overview of activities in 2019

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

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

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

Environment and climate action sector, due to its impact on many sectors of the economy represents one of the development priorities in Bosnia and Herzegovina. The Sector is in the initial phase of harmonization with the European Union norms and standards, and sustainable management of natural resources is one of the obligations of Bosnia and Herzegovina on the path towards the membership in the European Union.

In 2019, significant progress was made in the Environment and climate action sector, primarily through improvement of the strategic and the legal framework, implementation of planning documents, realization of numerous environmental protection projects as well as strengthening the awareness on the environmental impact on human health and the economic development of the country.

At the beginning of 2019, the realization was initiated of the Project ESAP BiH 2030+ (Environmental Strategy and Action Plan), which includes the development of strategies and action plans for environmental protection of the Federation of BiH, Republika Srpska and Brcko District, which will be integrated to form the BiH Environmental Protection Strategy for the period 2020-2030. The adoption of the strategic documents will contribute to better environmental management at all levels of government in BiH, harmonization of legislation with the European Union *acquis* as well as providing the guidelines for investments in the environmental Sector.

During 2019, the activities continued on implementation of the Environmental Approximation Strategy of Bosnia and Herzegovina / EAS BiH, which was adopted in 2018. The plan has been prepared for monitoring of the implementation of the EAS BiH, with the foreseen measures and activities for all levels of the government in BiH. With the adoption of the EAS BiH, Bosnia and Herzegovina was granted the access to IPA II funds for the environmental sector. IPA 2018 funds became operational in December 2019. In addition, the Environmental Action Document IPA 2020 was prepared as well.

The Investment Committee of BiH, at its session held in February 2019, adopted the Single list of infrastructure projects for the Environment Sector in BiH, after it was agreed and approved by the entity governments. The list includes 67 projects from the environment Sector and its adoption was one of the conditions for using of the Western Balkans Investment Framework (WBIF) funds. In order to update the list of projects, in accordance with the needs of competent institutions, in July 2019 the Ministry of Foreign Trade and Economic Relations of BiH initiated the process of revision of the Single

list of infrastructure projects, and it is expected that the revised List will be adopted in the first half of 2020.

Council of Ministers of BiH, at its 177th session held on September 19, 2019, adopted the List of selected environmental indicators in BiH, which will enable the establishing of the official reporting system on Bosnia and Herzegovina progress in line with the international standards in this area.

In the Federation of BiH, The Law on Environmental Protection of the Federation of BiH is in the parliamentary procedure as well as The Law on the Fund for Environmental Protection and Energy Efficiency of the Federation of BiH.

In the course of 2019, activities have continued on the development of the National Adaptation Plan of Bosnia and Herzegovina to Climate Change (NAP), which is one of the country's obligations under the Paris Agreement on Climate Change. NAP will define the necessary resources and set the deadlines for implementation of the policies and the strategies in the field of climate change in Bosnia and Herzegovina.

In the field of *water resources management*, during 2019 activities were conducted defined by the strategic documents on the river basin management and flood protection as well as the projects were implemented for the improvement of the infrastructure for water supply and wastewater collection and treatment.

At the end of 2019, the document was prepared "Baseline Analysis of the Situation in Bosnia and Herzegovina for the Implementation of the Water and Health Protocol under the UN Convention on the Protection and Use of Transboundary Watercourses and International Lakes" and sent to the Council of Ministers of BiH for adoption. The document analyses the areas of the quality of potable water, sanitary-technical conditions of the water supply, the quality and the protection of the aquatic ecosystems, sustainable use of the aquatic ecosystems and their information system and defines the specific objectives for all signatory countries to the Protocol.

In the field of *flood protection*, the flood risk management plans were under preparation during 2019 at all levels of government in Bosnia and Herzegovina as well as the planning documents on protection against erosion in the Federation of BiH and Brcko District.

During 2019, activities continued on implementation of the IPA flood protection projects and reconstruction of the priority river infrastructure in Sava, Bosna and Drina river basins, in line with the implementation of activities defined in the Action Plan for Flood Protection and River Management in BiH in 2014-2021. Also, the construction of the plant for wastewater treatment from the area of Igman and Bjelasnica has begun, which represents one of the most important infrastructure projects in the Environment Sector of Bosnia and Herzegovina.

In Republika Srpska, the implementation has continued of the project for construction and reconstruction of the water supply and wastewater infrastructure facilities in local self-government units, which will contribute to the stable water supply and the overall economic development.

In the field of *waste management* in Bosnia and Herzegovina, significant efforts have been made to harmonize the legislation with the *acquis* as well as to build the infrastructure needed to establish and develop an integrated waste management system. In terms of the special waste categories, the management system for packaging and packaging waste as well as electronic products is best developed in Bosnia and Herzegovina.

In the Federation of BiH, during 2019, the Rulebook on the construction waste was adopted (Official Gazette of the FBiH, No. 93/19) and other by-law acts are in the adoption process, which will further regulate the field of waste management.

In Republika Srpska, Waste Management Plan for the period 2019-2029 is under preparation, and its adoption is expected in early 2020. The Plan will include the analysis and the assessment of the current situation in the field of waste management, waste generation prevention programs, types and quantities of the produced waste as well as the schedule of the future locations of the waste management centers.

In the following period, Bosnia and Herzegovina needs to make additional efforts in the waste prevention through introduction of the new / cleaner technologies characterized by the small amount of waste and conduct a campaign to raise the public awareness on the importance and benefits of proper management of all types of waste.

In the area of *air quality*, pollution in some parts of Bosnia and Herzegovina still significantly exceeds the standards of the World Health Organization, particularly during the winter months. Considering that polluted air poses as one of the greatest environmental risks to human health, it is of the utmost importance to enhance the efficiency of the competent institutions in Bosnia and Herzegovina with a view to improve the air quality as well as to reduce the socio-economic and health consequences arising from the air pollution.

In the field of *civil protection*, during 2019, activities were carried out on improvement of the protection and rescue system, harmonization of legislation with the European directives and best practices and on procurement of protection and rescue equipment, in order to improve and enhance the overall effectiveness of civil protection in Bosnia and Herzegovina.

At the end of 2019, the document - Vulnerability Assessment of Bosnia and Herzegovina was submitted to the Council of Ministers of BiH for adoption, with an overview of the dangers and risks caused by the natural and other disasters as well as with the measures to prevent, reduce and eliminate the consequences of disasters and accidents. Adoption of this document is one of the conditions for the membership of Bosnia and Herzegovina in the European Union Civil Protection Mechanism.

Moreover, strategic document was prepared during the reporting period - Methodology for Risk Assessment of Natural and Other Disasters of Bosnia and Herzegovina. The methodological approach for risk assessment in Bosnia and Herzegovina, applied in this document, is harmonized with the European Union and the United Nations guidelines as well as with the methodological approach of the countries in the region, and it is harmonized between all levels of government in Bosnia and Herzegovina.

Investments of DCF members in 2019

DCF members active in the Environment and climate action sector in 2019 are EIB, EBRD, UN, Germany, Sweden, Switzerland, EU, Croatia, Italy/ AICS, Slovenia, Czech Republic and Hungary

Total allocations of DCF members to the Sector in 2019 amounted to € 116.21 million, out of which € 40.21 million in the form of grants and € 76.00 million in the form of loans.

Total disbursements to the Sector in 2019 amounted to € 57.01 million, out of which € 33.68 million in the form of grants and € 23.32 million in the form of loans.

Figure 3.1. compares grants allocated and disbursed per development partners, according to the amount of invested funds. Leading development partners in the Sector in 2019, who allocated i.e. disbursed largest amounts were EIB, EBRD,UN, followed by Germany, Government of Sweden and Switzerland.

Figure 3.1. Allocated and disbursed grant funds per development partners in 2019

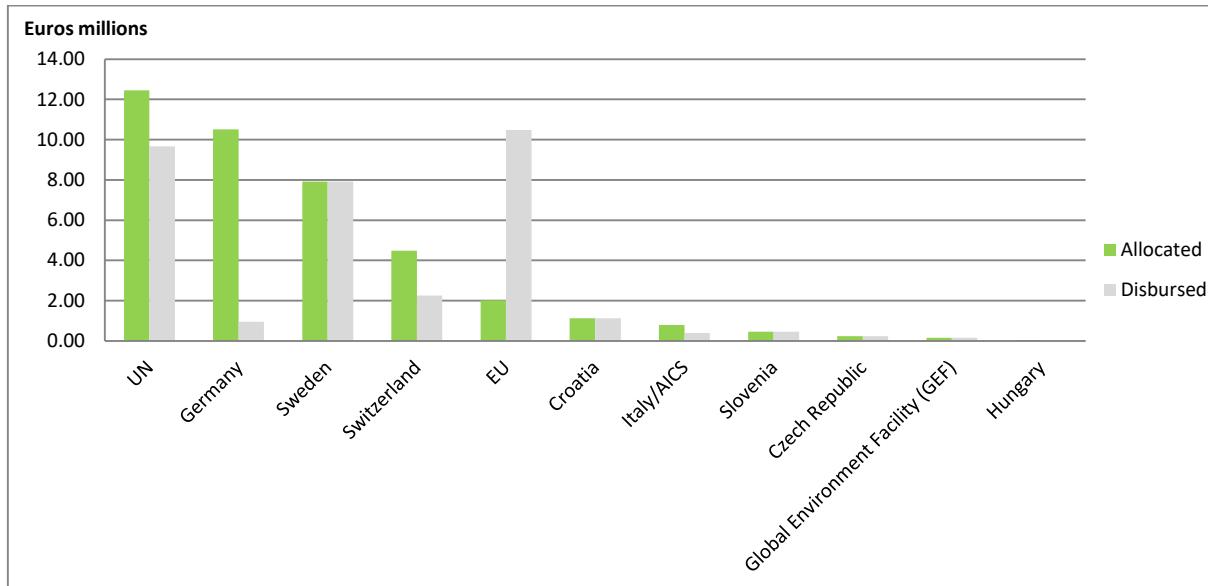


Figure 3.2. presents allocation and disbursement of loans in 2019. EIB allocated € 49.00 million and disbursed € 12.50 million, EBRD allocated € 27.00 million and disbursed € 7.09 million, while Germany disbursed € 3.73 million from previously allocated funds.

Figure 3.2. Allocated and disbursed loans per creditors in 2019

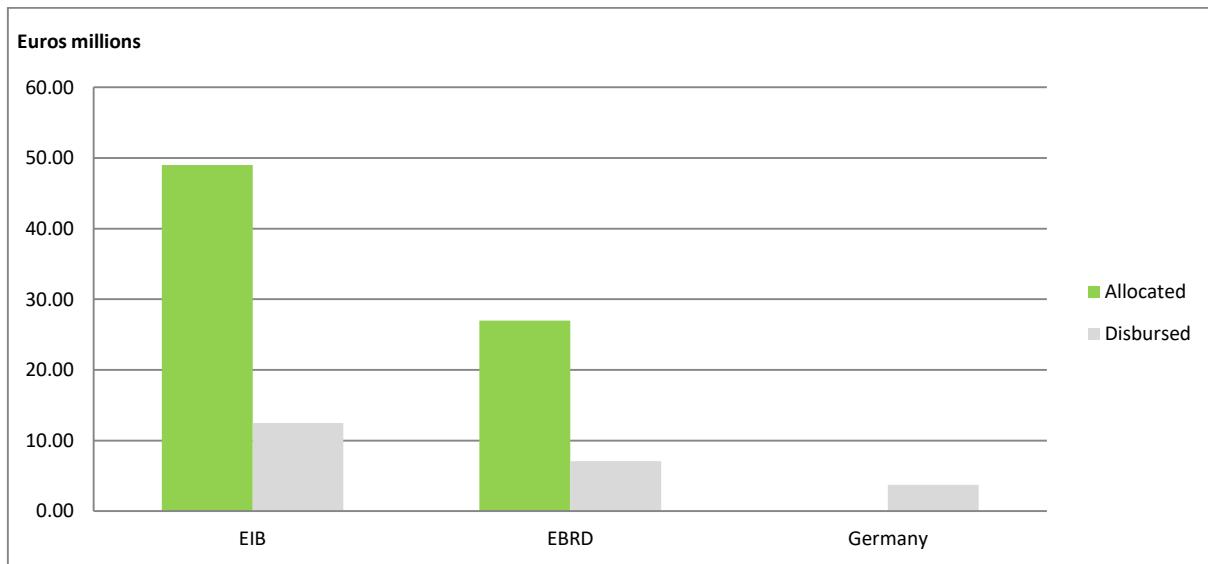


Figure 3.3. presents the structure of total allocated ODA funds per sub-sectors.

Out of total disbursed funds in 2019, 82.3% was disbursed in two sub-sectors: Water supply and waste water (44.3%) and Climate action (38.0%). The remaining 17.7% of funds were disbursed to other sub-sectors

Figure 3.3. Total allocated ODA per sub-sectors in 2019

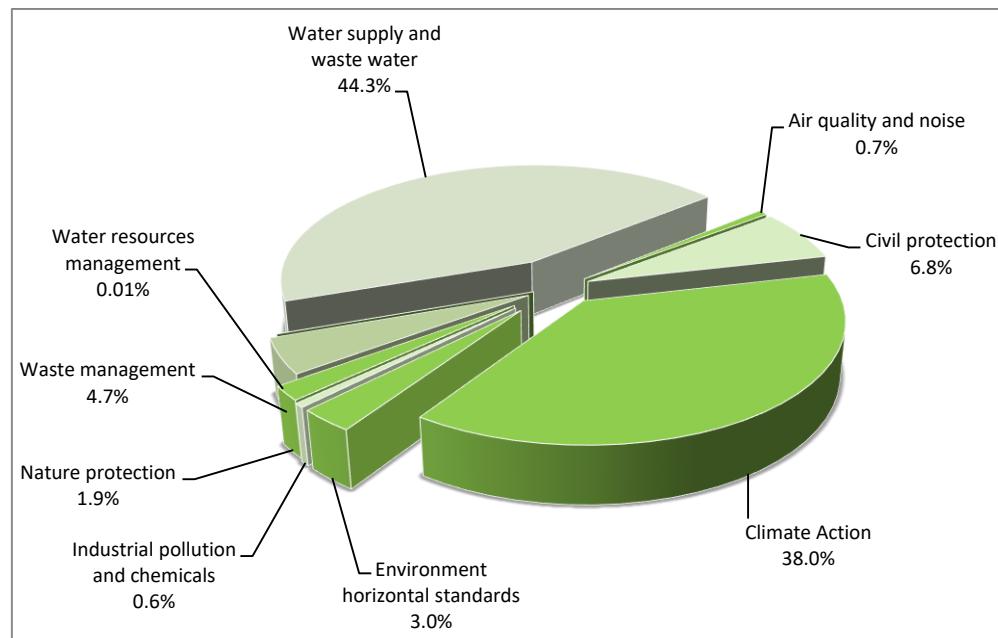
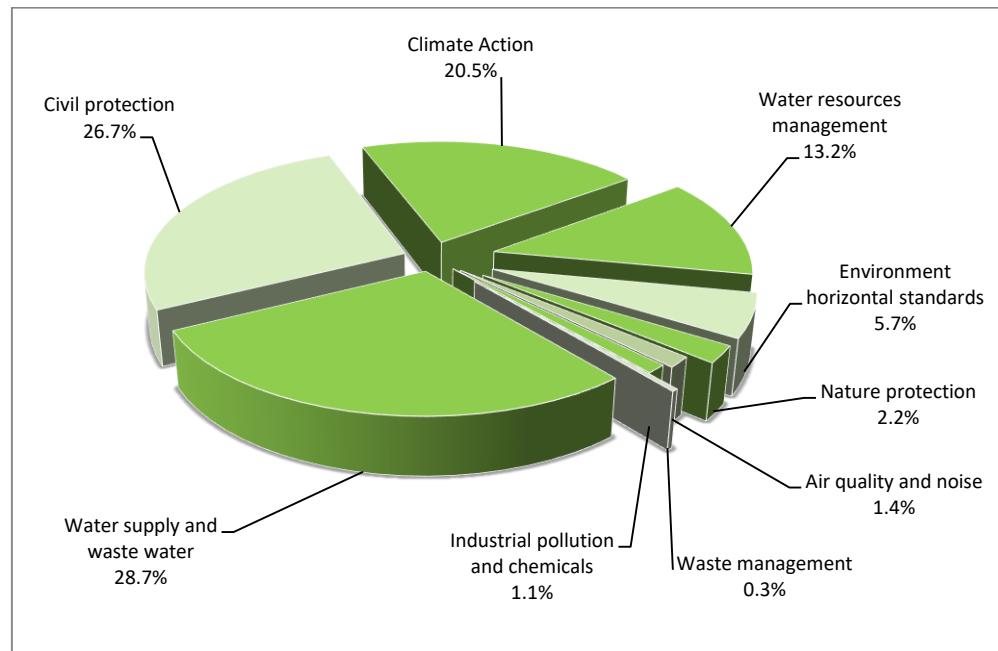


Figure 3.4. presents the structure of total disbursed ODA funds per sub-sectors in 2019. Out of total disbursed funds in 2019, 75.9% was disbursed in three sub-sectors: Water supply and waste water 28.7%, Civil protection 26.7% and Climate action 20.5%.

Figure 3.4. Total disbursed ODA per sub-sectors in 2019



Ten major projects in the sector that allocated or disbursed funds in 2019, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (Euros millions) |
|---|---------------------|--------------------------------------|
| Water and sanitation RS | EIB | 62.50 |
| Water and sanitation RS II | EIB | 60.00 |
| Emergency flood relief and prevention | EIB | 55.00 |
| Water Supply and Waste Water Program in BiH II | Germany | 48.73 |
| Flood protection measures RS | EIB | 41.01 |
| Water Supply and Waste Water Program in BiH II | Switzerland | 24.37 |
| Joint UN Program on Disaster Risk Reduction "Disaster Risk Reduction for Sustainable Development in Bosnia and Herzegovina" | UN | 21.86 |
| Waste Water Treatment Bihac | Germany | 20.43 |
| Credit Program for energy efficiency improvements in residential housing | Germany | 18.50 |
| Waste water collection and treatment – Zenica | Germany | 18.29 |

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

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

Future activities

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

- implement the Environmental Approximation Strategy of Bosnia and Herzegovina / EAS BiH, and accordingly improve the legal framework, strengthen administrative capacities and improve the coordination of institutions from all levels of government in BiH;
- draft and adopt environmental protection strategies at all levels of government in BiH;
- implement activities based on international conventions and protocols in the field of environmental protection;
- adopt the National Adaptation Plan of Bosnia and Herzegovina to Climate Change (NAP);
- continue to increase the material and technical capacities for prevention and response to climate disasters;
- establish institutional capacities for effective implementation of policies, regulations and other requirements of the EU integration in the water and environmental sector;
- implement the Program of measures from the river basin districts management plans in BiH;
- invest in further expansion of the water supply, wastewater collection and treatment system in BiH;
- establish the functional network for air quality monitoring in BiH;
- harmonize the waste management system with the principles and goals of the circular economy;
- permanently update protection and rescue equipment at all levels of government in BiH;
- establish a database on protection and rescue resources in Bosnia and Herzegovina.

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| DCF members active in the sector in 2019 | EBRD, The World Bank, EU, Japan/JICA, Croatia, United Kingdom, EIB |
| Other key international organizations | Western Balkans Investment Framework; South East Europe Transport Observatory; Regional Cooperation Council; International Civil Aviation Organization; International Union of Railways; Japan International Cooperation System (JICS), EU Agency for Railways (ERA) |
| Key government partners | Ministry of Communications and Transport of BiH; Directorate for Civil Aviation of BiH; Air Navigation Services Agency of BiH; Railways Public Corporation in BiH; Federal Ministry of Transport and Communications; Public Enterprise Road Directorate of FBiH; Public Enterprise Motorways of FBiH; Ministry of Transport and Communications of RS; Public Enterprise Motorways of RS; Government of BD BiH; Public Enterprise Railroads of FBiH; Public Enterprise Railroads of RS. |
| Total allocation / disbursement to the sector in 2019 by DCF members | <p>Total allocated € 230.60 million – out of which € 2.99 million in a form of grants and € 227.61 million in a form of loans.</p> <p>Total disbursed € 160.88 million – out of which € 0.82 million in a form of grants and € 160.06 million in a form of loans.</p> <p>Out of total ODA in 2019, 31% was allocated and 30% was disbursed in the sector.</p> |
| Legal framework and sector strategies adopted in 2019 | <p>The Law on Inland Navigation of the RS (RS Off. Gazette No. 54/19); The Law on Security of Critical Infrastructure in the RS (RS Off. Gazette No. 58/19); The Law on Changes and Amendments to the Law on Public Roads (RS Off. Gazette No. 83/19).</p> <p>Previously adopted legal framework and sector strategies are available on www.donormapping.ba</p> |
| Coordination with and among development partners | <p>The EU Delegation coordinates all development partners active in this sector. Currently there is no mechanism for coordination of development partners in the Transport sector led by relevant BiH institutions. In the context of the Connectivity Agenda, National Investment Committee (NIC) was established in 2015, which also envisages the participation of relevant international financial institutions and bilateral development partners.</p> <p>Development partners active in the sector and BiH Institutions from all levels of government regularly attend Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Planning of Financial Development and Coordination of International Economic Aid.</p> |

Overview of activities in 2019

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

Transport sector consists of nine sub-sectors:

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

Transport is strategically one of the most important sectors of Bosnia and Herzegovina, considering that it significantly contributes to the sustainable development of the economy, spatial integration, environment and social cohesion. Furthermore, developed transport infrastructure increases the country's competitiveness and affects to the creation of new jobs.

Strategic priority in the area of transport is the integration of Bosnia and Herzegovina transport market into the European Union transport market, through harmonization of legislation in this area with the *acquis*. Harmonization of legislation is primarily necessary in the field of technical standards, interoperability, transport safety and environmental protection, while concurrently continuing construction and reconstruction of the transport infrastructure in Bosnia and Herzegovina.

Transport sector in Bosnia and Herzegovina is still insufficiently developed, as a consequence of the obsolete transport infrastructure, insufficient investments in the Sector and the lack of financial resources for realization of the large infrastructure projects. In addition, considering that the competencies in the Transport sector are shared between different levels of government, in the coming period it is necessary to make additional efforts to harmonize the regulations and define the priority projects in the field of transport at all levels of government in Bosnia and Herzegovina.

In the course of 2019, in the Transport sector of Bosnia and Herzegovina numerous by-law acts were adopted (Official Gazettes of BiH, No. 9/19, 12/19, 23/19, 26/19, 33/19, 46/19, 56/19, 63/19, 65/19, 77/19 and 79/19), which should encourage the institutional and infrastructural development of the Transport sector in BiH.

As part of the "Berlin Process", diplomatic initiative for the promotion of the regional cooperation and integration of the Western Balkans into the European Union, the Summit of the Western Balkans and the European Union was held from 04-05, July 2019, in Poznan. At the Summit, the importance was reaffirmed of the advancement of the region's transport infrastructure and its integration into the Trans-European Transport Network (TEN-T), which will create greater opportunities for economic development, job creation, safer and faster transport and trade flows within the region and with the European Union. At the Summit in Poznan, the European Union approved the funds to the Western Balkans countries for the implementation of the new projects in the Transport sector, which will contribute to the realization of the goals defined by the Western Balkans Connectivity Agenda. Funds

were approved to Bosnia and Herzegovina at the Poznan Summit for the construction of three sections at the Corridor 5-C.

After the Western Balkans countries established the Transport Community in 2017, with the aim to develop the transport network between the Western Balkans countries and the European Union, in September 2019, the Transport Community Secretariat became operational in Belgrade. The main goal of the Secretariat is to provide the support to the countries of the region in the preparation and implementation of projects in the area of transport, strengthening their interconnection as well as the correlation with the European Union and harmonization of the legislation and standards with the *acquis*.

In the area of *air transport*, significant progress was made in 2019. In December 2019, Phase II of the Strategy for the Development of Air Traffic Management System in Bosnia and Herzegovina was finalized, which envisaged that Bosnia and Herzegovina will assume the control of its airspace from the neighboring countries. Final, the third phase of taking control of an airspace will be completed in the forthcoming period when agreements are concluded with the neighboring countries that have been in charge of the air traffic control over Bosnia and Herzegovina for years.

The Law on Civil Aviation of BiH is under preparation. The adoption of this Law will improve the overall legislative and regulatory framework of the civil aviation, allowing this area to become fully harmonized with the EU regulations in the area of civil aviation (EU Regulation 1139/2018). During the reporting period, Directorate for Civil Aviation of BiH has undertaken the activities on drafting of the by-law acts that will also be aligned with the international regulations, standards and best practices. The three-year Draft program for the implementation of the Multilateral Agreement on Establishing of the European Common Aviation Area (ECAA) in Bosnia and Herzegovina for the period 2020-2022 is also under preparation.

The Presidency of BiH, at its 2nd session, held on April, 17 2019, passed a Decision on the accession of Bosnia and Herzegovina to the changes and amendments of the 2006 Maritime Labor Convention (MLC), whereby the accepted amendments were adopted in order to ensure the higher level of protection of wages and rights of seafarers in case of piracy or armed robbery of ships.

Rail transport in Bosnia and Herzegovina is not sufficiently developed and it represents one of the biggest challenges in the Transport sector of Bosnia and Herzegovina. Major problems of the rail transport in Bosnia and Herzegovina are the insufficient investments in the railway infrastructure and weak connection with the regional and the European railway corridors. In the coming period, it is necessary to make additional efforts to improve the railway infrastructure and continue the restructuring process of the railway companies, in order to improve both passengers and goods transport services as well as orienting the goods transport to the railways.

In the area of *road transport*, during 2019, the activities have continued on the construction of the Corridor 5-C highway sections through Bosnia and Herzegovina, whose realization presents the most important infrastructure project in the Transport sector of BiH. In June 2019, the construction has began of the first kilometers of the Corridor 5-C highway through Republika Srpska near Doboj, while several sections of this Pan-European Corridor were under construction in the Federation of BiH, during 2019. In addition, a bridge on the Sava River near Svilaj is under construction, which will connect the Banja Luka - Gradiska highway with the Pan-European Corridor 10 and Belgrade - Zagreb highway.

In December 2019, an Agreement on Cooperation was signed between the Council of Ministers of BiH and the Government of the Republic of Serbia on implementation of Sarajevo-Belgrade highway construction project, which is one of the most important regional projects in the Transport sector. The Agreement defined the activities that will be undertaken in the first phase of construction, and includes the construction of the Interstate bridge over the Sava River, at the location Sremska Raca - Raca, as well as the construction / reconstruction of the border crossing at Kotroman - Vardiste.

The Presidency of BiH, at its 3rd session, held on June, 19 2019, approved the conclusion of the Memorandum of Understanding on business arrangements between the Ministry of Communications and Transport and the Organization for Economic Cooperation and Development and the International Transport Forum (OECD / ITF) (Official Gazette of BiH - International Agreements, No. 2/19), in order to improve the road safety. The signing of this Memorandum, enabled Bosnia and Herzegovina to obtain the access to the international database on the road transport and accidents.

Investments of DCF members in 2019

DCF members active in the Transport sector in 2019 are EBRD, The World Bank, EU, Japan/JICA, Croatia, United Kingdom and EIB.

Total allocations of DCF members to the Sector in 2019 amounted to € 230.60 million, out of which € 2.99 million in the form of grants and € 227.61 in the form of loans.

Total disbursements of DCF members to the Sector in 2019 amounted to € 160.88 million, out of which € 0.82 million in the form of grants and € 160.06 in the form of loans.

Figure 4.1. compares allocated and disbursed grants by development partners in line with the amount of investment. EU allocated € 2.2 million, Japan/JICA allocated and disbursed € 0.3 million, while Croatia and United Kingdom each allocated and disbursed € 0.2 million in the form of grants in the Transport sector.

Figure 4.1. Total allocated and disbursed grants per development partners in 2019

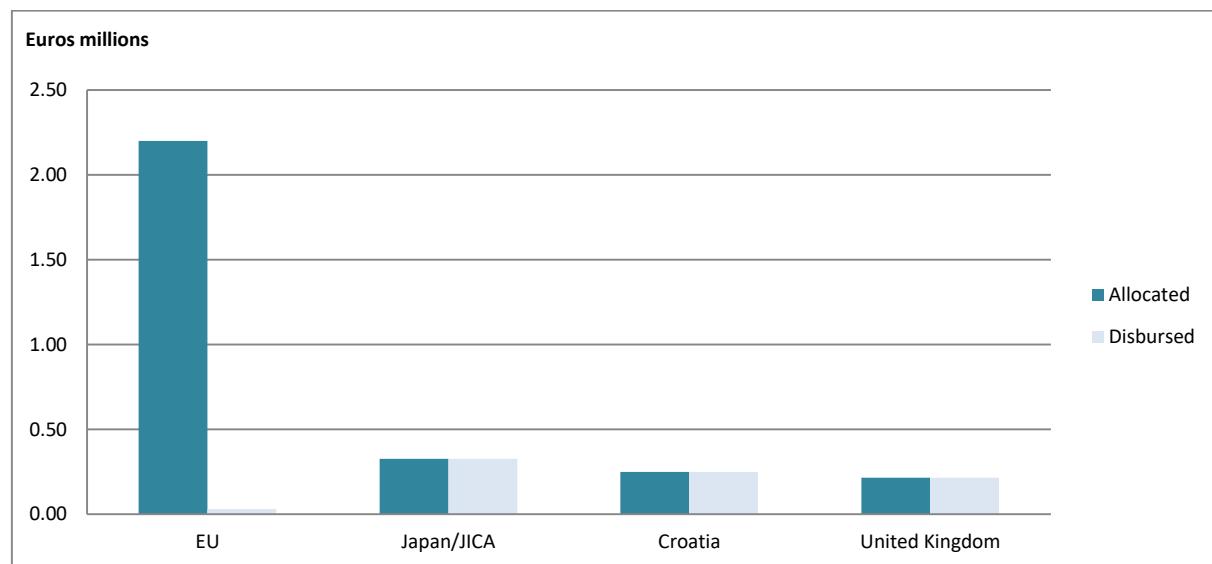
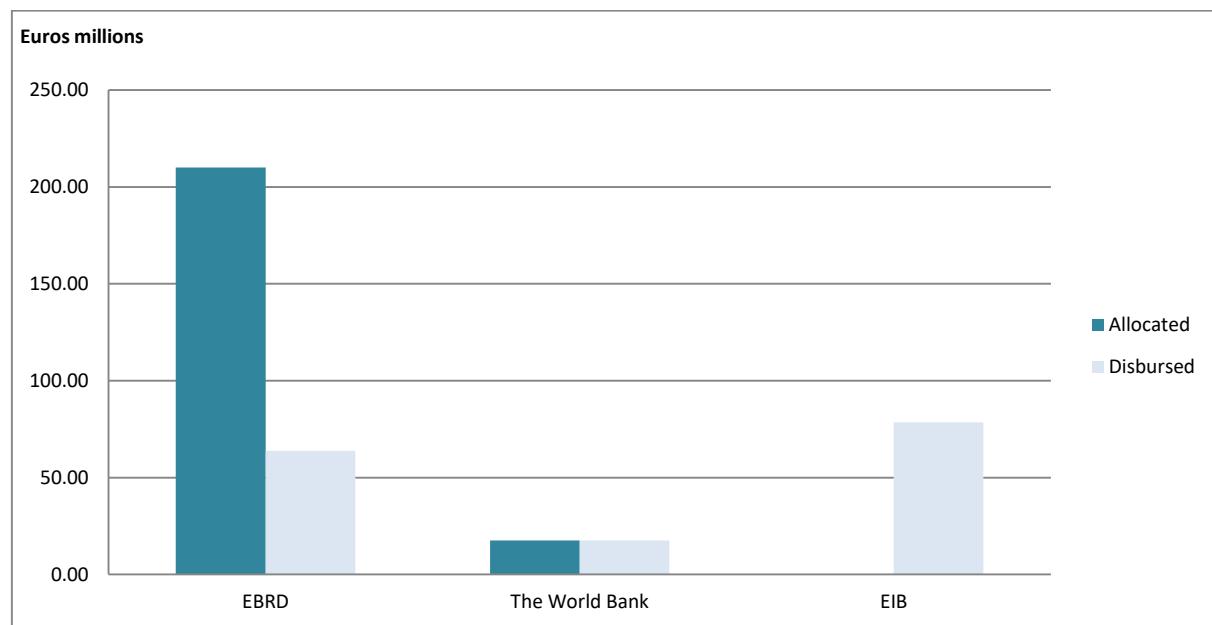


Figure 4.2. presents total allocated and disbursed loans in 2019. EBRD allocated € 210.00 million and disbursed € 63.85 million, The World Bank allocated and disbursed € 17.61 million, while EIB disbursed € 78.60 million in the Transport sector.

Figure 4.2. Allocated and disbursed loans per development partners in 2019



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

Out of total allocated funds in 2019, 91.1% was allocated in the sub-sector Transport connectivity, while 8.9% was allocated in other sub-sectors. Sub-sectors that did not have funding are not presented in the chart.

Figure 4.3. Total allocated funds per sub-sectors in 2019

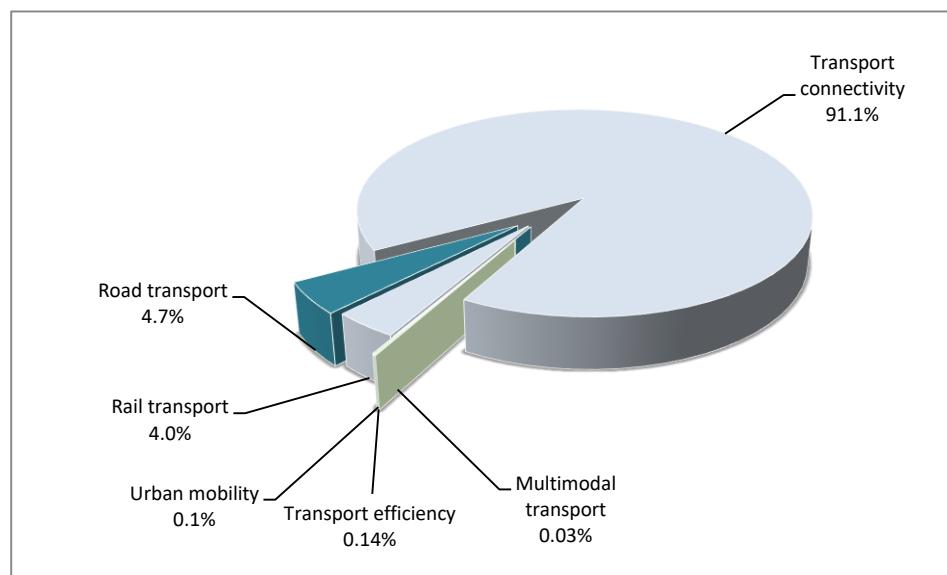
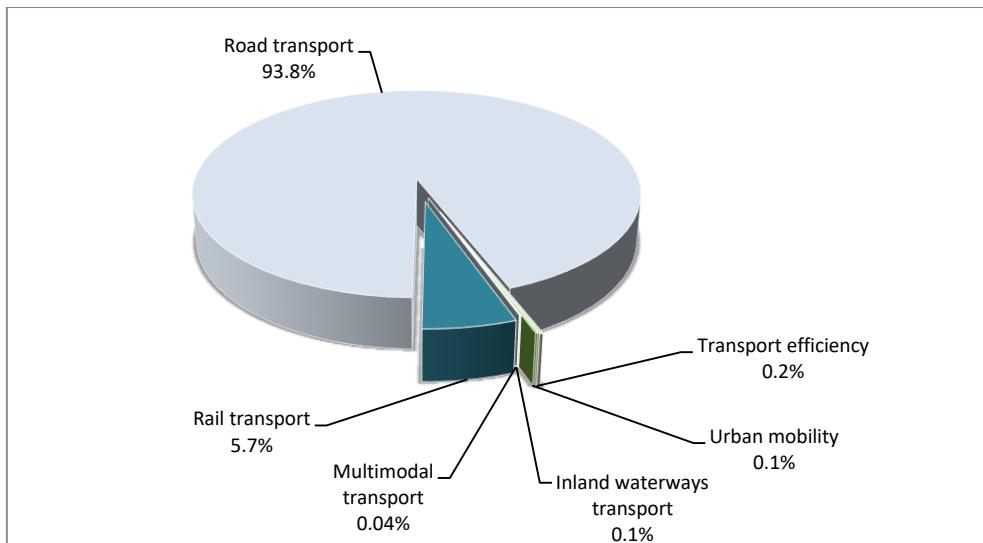


Figure 4.4. presents the structure of total disbursed funds in 2019 per sub-sectors

Out of total disbursed funds in 2019, 93.8% was disbursed in the sub-sector Road transport, while 6.2% of funds was disbursed in other sub-sectors. Sub-sectors that did not have funding are not presented in the chart.

Figure 4.4. Total disbursed funds per sub-sectors in 2019



Ten major projects in the sector that allocated or disbursed funds in 2019, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (Euros millions) |
|--|---------------------|--------------------------------------|
| Corridor Vc - Doboj Bypass | EBRD | 210.00 |
| BANJA LUKA-DOBOJ MOTORWAY | EIB | 207.00 |
| ROAD MODERNISATION FEDERATION BIH | EIB | 103.29 |
| CORRIDOR VC POCITELJ - BIJACA | EIB | 100.00 |
| BH Corridor Vc2 | EBRD | 80.00 |
| BH Corridor Vc2 - extension | EBRD | 76.00 |
| Corridor Vc in Republika Srpska - Part 1 | EBRD | 70.00 |
| Floods - FBH Roads Repair and Upgrade | EBRD | 65.00 |
| Federation Road Sector Modernization Project | The World Bank | 58.00 |
| Republika Srpska Railways Restructuring | The World Bank | 51.30 |

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

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

Future activities

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

- continuation of activities on harmonization of domestic legislation with the EU legislation in the area of transport;
- implementation of strategic documents in the area of transport at all levels of government in BiH;
- strengthening of the mechanism for monitoring the implementation of the relevant international rules and EU regulations on road safety;
- drafting of the Strategy for Road Traffic Safety of BiH and the Action plan for its implementation;
- continuing the construction of the Corridor 5-C highway sections through Bosnia and Herzegovina;
- expansion of the existing TEN-T network map of priority traffic routes in BiH;
- adoption of The Law on Civil Aviation of BiH;
- continuing the investment at airports infrastructure in BiH;
- adoption of the changes and amendments to The Law on Railways of BiH, in order to create the safe and single railway space in BiH.

| | |
|---|---|
| DCF members active in the sector in 2019 | Germany, Japan/JICA, The World Bank, USA/USAID, EU, Czech Republic, EBRD, EIB |
| Other key international organizations | Energy Community; South East Europe Energy Community; Western Balkans Investment Framework; Regional Cooperation Council. |
| Key government partners | CoM of BiH; Government of FBiH; Government of RS; Government of BD BiH; National Assembly of Republika Srpska; Ministry of Foreign Trade and Economic Relations of BiH; Ministry of Finance and Treasury of BiH; Regulatory Agency for Radiation and Nuclear Safety of BiH; State Electricity Regulatory Commission; Federal Ministry of Energy, Mining and Industry; Federal Ministry of Physical Planning; Federal Ministry of Finance; Federal Ministry of Environment and Tourism; Regulatory Commission for Energy in FBiH; Operator for Renewable Energy Sources and Efficient Cogeneration FBiH; Environmental Protection Fund of FBiH; Ministry of Industry, Energy and Mining of RS; Ministry of Physical Planning, Civil Engineering, and Ecology of RS; Ministry of Finance of RS; Ministry of European Integration and International Cooperation of RS; Ministry of Agriculture, Forestry and Water Management of RS; Regulatory Commission for Energy of RS; Fund for Environmental Protection and Energy Efficiency of RS; Foreign Trade Chamber of BiH; Chamber of Economy of FBiH; Chamber of Commerce of RS; Commission for Concessions of BiH; Commission for Concessions of FBiH; Commission for Concessions of RS; Association of cities and municipalities in RS and FBiH. |
| Total allocation / disbursement to the sector in 2019 by DCF members | <p>Total allocated € 57.91 million - € 24.27 million in a form of grants and € 33.64 million in a form of loans.</p> <p>Total disbursed € 49.58 million- € 4.73 million in a form of grants and € 44.84 million in a form of loans.</p> <p>Out of total ODA in 2019, 8% was allocated and 9% was disbursed in the sector.</p> |
| Legal framework and sector strategies adopted in 2019 | <p>The Law on Changes and Amendments to the Electricity Law in the FBiH (FBiH Off. Gazette No. 54/19); The Law on Changes to the Law on Renewable Energy Sources and Efficient Cogeneration (RS Off. Gazette No. 26/19); The Law on Security of Critical Infrastructure in the RS (RS Off. Gazette No. 58/19).</p> <p>Previously adopted legal framework and sector strategies are available on www.donormapping.ba</p> |
| Coordination with and among development partners | <p>Energy connectivity: Informal <i>ad hoc</i> coordination, project-based and mostly bilateral/multilateral, self-organizing meetings between development partners with MoFTER attendance.</p> <p>Energy efficiency: Coordination meetings between development partners with MoFTER are held biannually.</p> <p>Renewable energy: There is a sub-sector DCF development partners group and MoFTER, however, the meeting has not been convened for one year.</p> <p>Informal <i>ad hoc</i> project-based coordination.</p> <p>Joint Bioenergy program was initiated, following the UN bilateral meetings with GIZ and USAID.</p> <p>Oil: Informal <i>ad hoc</i> project-based coordination</p> <p>Gas: Informal <i>ad hoc</i> project-based coordination</p> |

Electricity: Informal *ad hoc* coordination

Nuclear safety and radiation protection: Informal *ad hoc* project-based coordination. Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.

Overview of activities in 2019

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

Energy sector consists of seven sub-sectors:

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

Energy sector is one of the most important sectors of the economy in Bosnia and Herzegovina, with huge potentials and opportunities for further development and investment. Bosnia and Herzegovina, as one of the members of the Energy Community, is obliged to transpose the EU *acquis communautaire* in the area of energy into its legislation, which primarily refers to the area of energy infrastructure construction, energy efficiency, security of supply and promotion of energy from renewable sources. The construction of energy infrastructure is a demanding and technically complex process, which is additionally complicated in Bosnia and Herzegovina considering that competencies within the Sector are divided between different levels of government.

Within the Energy sector, activities were implemented during 2019 defined by the Framework Energy Strategy of BiH, which was adopted in 2018. With the adoption of this Strategy, preconditions were created that enabled Bosnia and Herzegovina to withdraw the funds from European Union IPA funds. At the end of 2019, the European Commission adopted the annual IPA 2019 program for Bosnia and Herzegovina, which also includes the "EU Energy Aid" program. The basic purpose of IPA funds in the Energy sector in Bosnia and Herzegovina is to provide the technical assistance on order to meet its obligations under the Energy Community Treaty, the improvement and development of energy efficiency projects and programs as well as the development of sustainable energy projects at the local level.

During 2019, activities continued on the development of the Integrated National Energy and Climate Plan (NECP) for Bosnia and Herzegovina for the period 2021-2030. This document will include an overview of the current energy system and the situation in the area of energy and climate policy, as well as the defined targets for each of the five key dimensions of the Energy Union until 2030: decarbonisation, energy efficiency, energy security, the internal energy market and research, innovation and competitiveness as well as the appropriate measures and policies to achieve these objectives. It is important to point out that the development of the Integrated National Energy and Climate Plan is an obligation of Bosnia and Herzegovina based on the Treaty on Establishing of the Energy Community.

With the aim to improve the energy efficiency, in 2019 drafting has begun of the Energy Efficiency Action Plans for BiH and entities levels for the period 2019-2021. The basic goal to draft these action documents is to create the energy efficiency policies and define the measures and the activities in order to achieve the indicative energy efficiency goal of Bosnia and Herzegovina. In the course of 2019,

the Strategy was under preparation for the Renovation of Buildings in Bosnia and Herzegovina for the period until 2050, which will together with the entity strategies define the long-term frameworks for the renovation of the national construction fund with the aim to save the energy and increase the energy efficiency. During 2019, the 3rd Annual Progress Report was also prepared on the implementation of the Energy Efficiency Directive for Bosnia and Herzegovina and submitted to the Energy Community Secretariat.

The Council of Ministers of BiH, at the session held on June 12, 2019, adopted the Decision on Establishing of the Energy Management System and the Energy Efficiency Information System in the Institutions of BiH (Official Gazette of BiH, No. 48/19), which will establish the systems for the management and control of energy consumption in the Institutions of Bosnia and Herzegovina.

In addition, during 2019, numerous projects were implemented on improvement of the energy efficiency in the public buildings in the Federation of BiH and Republika Srpska, which aim to achieve the budget savings and increase the employment as well as the environmental protection in Bosnia and Herzegovina.

In Brcko District, The Law on Renewable Energy Sources, The Law on Energy Efficiency and The Law on Electricity are in the drafting phase, which will create the regulatory framework and contribute to increasing of the investments in the Energy sector of Brcko District.

In the area of *renewable energy*, during 2019, a draft concept was prepared for the reform of the Incentive System for Renewable Energy Sources based on improvement of the cost-effectiveness and market integration of renewable energy sources. It was planned that the reform and relevant legislation should be adopted by the end of 2020 and will become applicable from 2021. Also, during 2019, the 3rd Progress Report on the Implementation of the Renewable Energy Directive 2009/28 / EC was prepared and submitted to the Energy Community Secretariat, which is also an obligation of Bosnia and Herzegovina under the Energy Community Treaty.

In the area of renewable energy, the most significant progress has been made with the establishing of the *on-line* interactive map of the *Atlas on Biomass Potentials*, which provides an overview of available resources for launching the bioenergy projects in Bosnia and Herzegovina.

Bosnia and Herzegovina, as a member of the Energy Community, is obliged to harmonize its legislation with the European directives defined within the Second and Third Energy Packages. One of the most important obligations of Bosnia and Herzegovina is the adoption of The Law on the Regulator of Electric Power and Natural Gas of BiH, whose adoption would create the conditions for establishing of the wholesale electricity market as well as liberalization of the natural gas market in Bosnia and Herzegovina. During 2019, activities were undertaken to harmonize the Draft Law on the Regulator of Electric Power and Natural Gas of BiH, particularly in the area of allocation of competencies between the state and entity levels of government, and its adoption is expected during 2020.

In the Federation of BiH, in the mid 2019, the realization has begun of one of the most important projects in the natural gas sector - the construction of the gas interconnection "Southern Interconnection of Bosnia and Herzegovina and Croatia". With the implementation of this project and the construction of the gas pipeline Zagvozd (Croatia) - Posusje (BiH) - Novi Travnik (BiH), Bosnia and Herzegovina will ensure the new supply route and connect with the European natural gas market, which will ensure the reliable natural gas supply in the future.

Construction of the new and revitalization of the existing energy facilities in Bosnia and Herzegovina have continued during 2019, which will contribute to greater security of electricity supply and increase the energy independence of Bosnia and Herzegovina.

Investments of DCF members in 2019

DCF members active in the Energy sector in 2019 are Germany, Japan/JICA, The World Bank, USA/USAID, EU, Czech Republic, EBRD and EIB.

Total allocations of DCF members to the Sector in 2019, amounted to € 57.91 million, out of which, € 24.27 million in the form of grants and € 33.64 in the form of loans.

Total disbursements of DCF members to the Sector in 2019 amounted to € 49.58 million, out of which € 4.73 million in the form of grants and € 44.84 in the form of loans.

Figure 5.1.compares grants allocated and disbursed per development partners, according to the amount of invested funds. Leading development partner in the sector in 2019, who allocated i.e. disbursed largest amounts was Germany, followed by the USA/USAID and the EU.

Figure 5.1. Allocated and disbursed grant funds per development partners in 2019

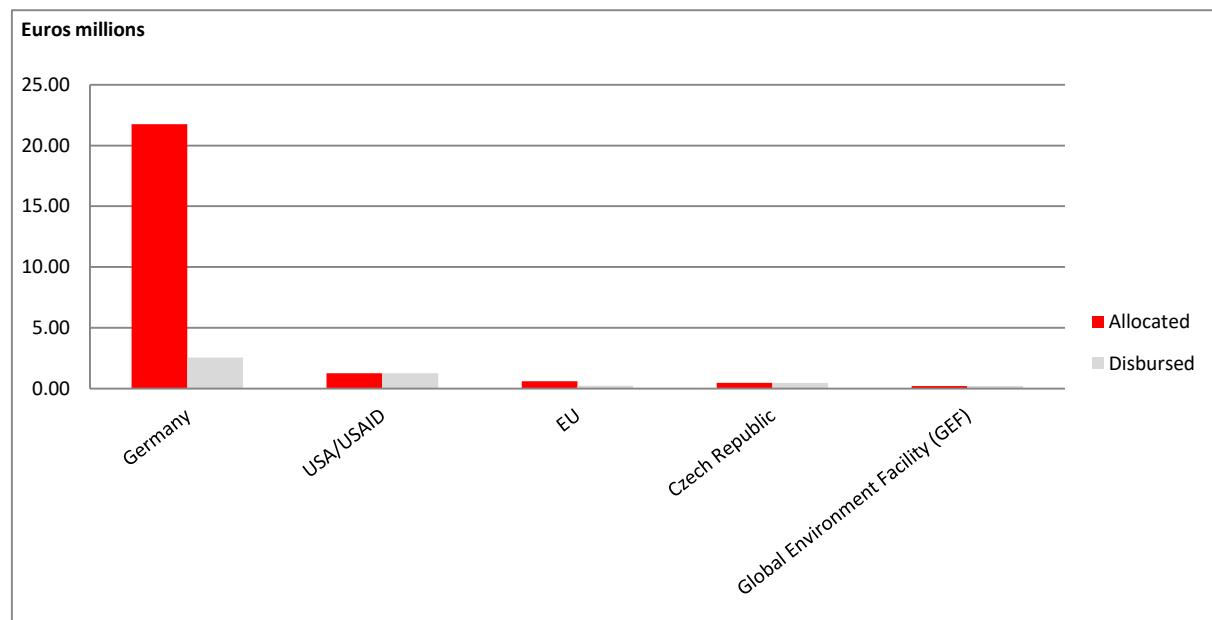
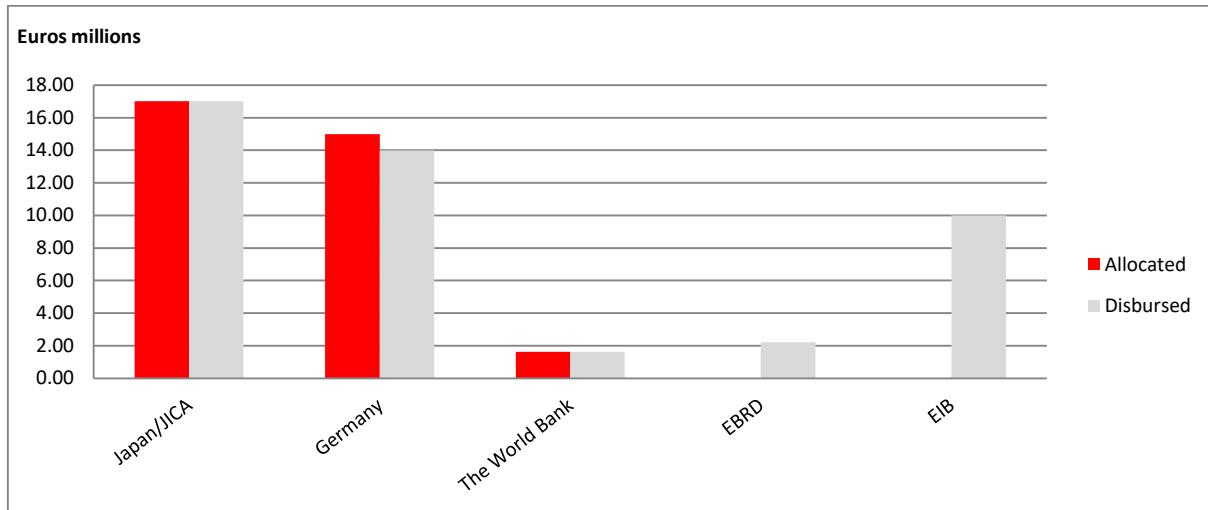


Figure 5.2. presents allocated and disbursed loans in 2019. Development partners who allocated or disbursed the largest amounts of loans in 2019 are Japan/JICA and Germany.

Figure 5.2. Allocated and disbursed loans per creditors in 2019



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

Total allocated funds in 2019 were entirely allocated to the two sub-sectors: Energy Efficiency (71.0%) and Renewable Energy (29.0%). Sub-sectors that did not have funding are not presented in the chart.

Figure 5.3. Total allocated funds per sub-sectors in 2019

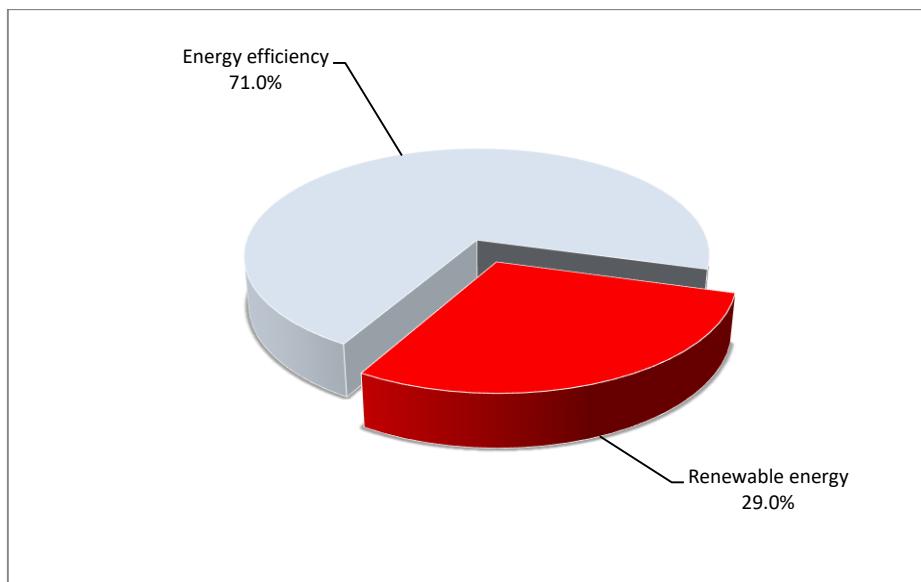
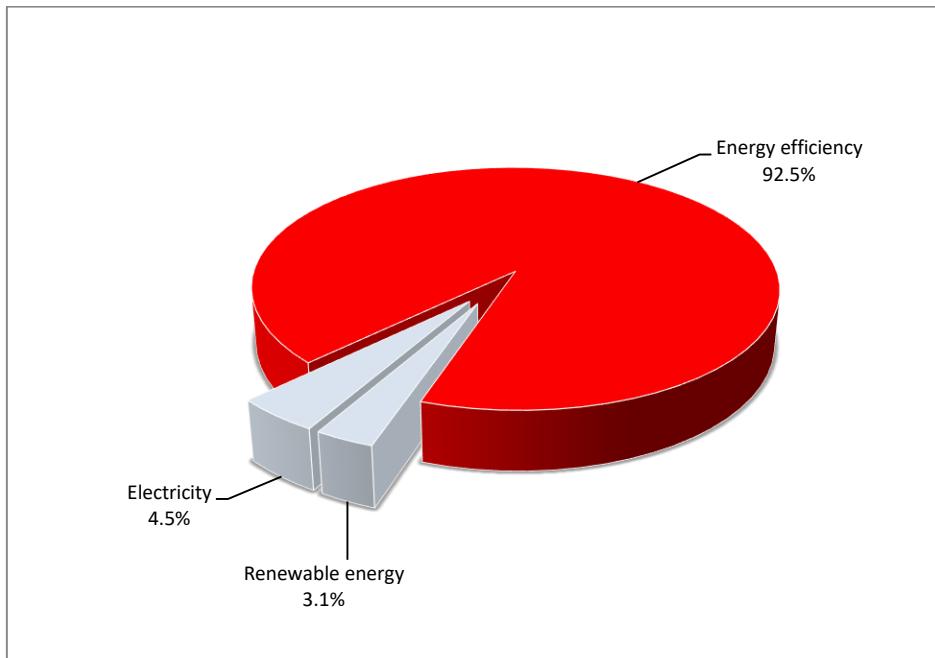


Figure 5.4. presents the structure of total disbursed funds per sub-sectors in 2019.

Out of total disbursed funds in 2019, 92.5% of funds were disbursed to the sub-sector Energy Efficiency. Sub-sectors that did not have funding are not presented in the chart.

Figure 5.4. Total disbursed funds per sub-sectors in 2019



Ten major projects in the sector that allocated or disbursed funds in 2019 are listed below:

| PROJECT TITLE | Development partner | Total Project Value (Euros millions) |
|---|---------------------|--------------------------------------|
| Japanese ODA loan for Flue Gas Desulphurisation Construction Project for Ugijevik Thermal Power Plant | Japan/JICA | 105.28 |
| Construction of Wind Farm (WF) Podvezje | Germany | 65.00 |
| Construction of Wind Farm Hrgud | Germany | 60.23 |
| Electricity distribution BIH | EIB | 35.00 |
| Distribution SCADA/DMS/OMS System | Germany | 34.05 |
| Energy Efficiency Project | The World Bank | 22.90 |
| Rehabilitation and Modernization of the Pumped Storage Hydropower Plant Capljina | Germany | 15.00 |
| Energy Efficiency in Public Buildings BiH/RS | Germany | 10.00 |
| Energy Efficiency in Public Buildings in BiH/FBiH | Germany | 9.50 |
| Promotion of Energy Efficiency | Germany | 8.19 |

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

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

Future activities

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

- meet the obligations from the Second and the Third Energy Package of the Energy Community Treaty through harmonization of the legal and regulatory framework with the *acquis*, in particular with the adoption of The Law on the Regulator on the Electric Power and Natural Gas;
- develop action plans for the implementation of the Framework Energy Strategy of Bosnia and Herzegovina;
- prepare and adopt the National Energy and Climate Plans of BiH for the period 2021-2030;
- define the goals for energy efficiency, renewable energy sources and reduction of greenhouse gas emissions for BiH until 2030;
- develop Energy Efficiency Action Plan for the period 2019-2021;
- continue activities on establishing of the energy management system in the Institutions of BiH;
- draft and adopt the Strategy for the Renovation of BiH Buildings until 2050;
- adopt the Decision on the quality of liquid petroleum fuels in BiH;
- undertake activities to maintain a minimum stocks of crude petroleum and petroleum products;
- intensify efforts to establish functional internal markets and integrate them into the regional market.

| | |
|---|--|
| DCF members active in the sector in 2019 | EBRD, Switzerland, USA/USAID, Sweden, EU, Norway, Germany, UN, Japan/JICA, Croatia, Czech Republic, United Kingdom, EIB |
| Other key international organizations | Western Balkans Investment Framework; Council of Europe Development Bank; Regional Cooperation Council; Switzerland Global Enterprise; European Fund for Southeast Europe; Central European Free Trade Agreement; Organization for Security and Cooperation in Europe; Regional Center for Development of Entrepreneurial Competencies, Swedish International Development Cooperation Agency, Japan International Cooperation Agency, <i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> (GIZ). |
| Key government partners | CoM of BiH; Government of FBiH; Government of RS; Government of BD BiH; Ministry of Foreign Trade and Economic Relations of BiH; Ministry of Finance and Treasury of BiH; Ministry of Civil Affairs of BiH; Ministry of Justice of BiH; Ministry of Communications and Transport of BiH; Indirect Taxation Authority of BiH; Ministry of Human Rights and Refugees of BiH; Directorate for Economic Planning of BiH; Directorate for European Integration of BiH; Labour and Employment Agency of BiH; Market Surveillance Agency of BiH; Market Surveillance Agency of BiH; Deposit Insurance Agency of BiH; Central Bank of BiH; Competition Council of BiH; Foreign Trade Chamber of BiH; Export Credit Agency of BiH; State Aid Council of BiH; Institute for Intellectual Property of BiH; Communications Regulatory Agency of BiH; Institute of Metrology of BiH; Mine Action Center in BiH; Federal Ministry of Finance; Federal Ministry of Environment and Tourism; Federal Ministry of Development, Entrepreneurship and Craft, Ministry of Agriculture, Water Management and Forestry; Federal Ministry of Justice; Ministry of Finance of RS; Ministry of Trade and Tourism of RS; Ministry of Justice of RS; Ministry of European Integration and International Cooperation of RS; Ministry for Scientific and Technological Development, Higher Education and Information Society; Ministry of Industry, Energy and Mining, Ministry of Agriculture, Forestry and Water Management of RS; Agency for Development of Small and Medium Enterprises of RS; Association of cities and municipalities; Finance Directorate of Brcko District; Department of Economic Development, Sports and Culture of Brcko District. |
| Total allocation / disbursement to the sector in 2019 by DCF members | <p>Total allocated € 95.13 million – € 22.43 million in a form of grants and € 72.70 million in a form of loans.</p> <p>Total disbursed € 78.28 million – € 25.51 million in a form of grants and € 52.77 million in a form of loans.</p> <p>Out of total ODA in 2019, 13% was allocated and 15% was disbursed in the sector.</p> |
| Legal framework and sector strategies adopted in 2019 | The Law on Changes to the Law on Financial Consolidation of Companies in the FBiH (FBiH Off. Gazette No. 54/19); The Law on Changes to the Law on Contributions (FBiH Off. Gazette No. 99/19); The Law on Changes and Amendments to the Law on Income Tax (RS Off. Gazette No. 58/19); The Law on |

| | |
|--|--|
| | <p>Changes and Amendments to the Law on Income Tax (RS Off. Gazette No. 105/19); The Law on Changes and Amendments to the Law on Electronic Signature (RS Off. Gazette No. 83/19); The Law on Changes and Amendments to the Law on Crafts and Entrepreneurship Activity (RS Off. Gazette No. 84/19); The Law on Changes and Amendments to the Law on Registration of Business Entities in the RS (RS Off. Gazette No. 84/19); The Law on Changes and Amendments to the Law on Development of Medium and Small Enterprises (RS Off. Gazette No. 84/19); The Law on Changes and Amendments to the Law on Scientific Research and Technological Development (RS Off. Gazette No. 84/19); The Law on Changes and Amendments to the Law on Investment Funds (RS Off. Gazette No. 94/19); The Law on Trade (RS Off. Gazette No. 105/19); The Law on Changes and Amendments to the Insurance Companies (RS Off. Gazette No. 58/19); The Law on Changes to the Law on Banks (RS Off. Gazette No. 54/19); The Law on Changes to the Law on Companies (RS Off. Gazette No. 82/19); The Law on Changes and Amendments to the Law on Fiscal Registers (RS Off. Gazette No. 58/19); The Law on Changes and Amendments to the Law on Geological Surveys (RS Off. Gazette No. 107/19); The Labour Law (BD BiH Off. Gazette No. 34/19); The Law on Takeover of Shareholders Companies (BD BiH Off. Gazette No. 32/19); The Law on Planning, Designing and Development of BD BiH (BD BiH Off. Gazette No. 12/19); The Law on Changes and Amendments to the Law on Planning, Designing and Development of BD BiH (BD BiH Off. Gazette No. 23/19, 34/19); The Law on Changes to the Law on Inspection (BD BiH Off. Gazette No. 8/19); The Law on Changes to the Law on Securities (BD BiH Off. Gazette No. 8/19, 10/19, 32/19); The Law on Changes to the Law on Fiscal Register of BD BiH (BD BiH Off. Gazette No. 3/19); The Law on Bankruptcy (BD BiH Off. Gazette No. 16/19).</p> <p>Strategy for Enforcement of Intellectual Property Rights in BiH for the period 2018-2022; Draft Strategy for Development of e-Government in the RS for the period 2019-2022.</p> <p>Previously adopted legal framework and sector strategies are available on www.donormapping.ba</p> |
| <p>Coordination among and with development partners</p> | <p>Trade and internal market: To some extent, MoFTER is leading the coordination of development partners, together with self-organizing meetings between development partners active in this sub-sector.</p> <p>CEFTA secretariat is organizing coordination of development partners for free trade.</p> <p>Private sector development: To some extent, MoFTER is leading the coordination of development partners.</p> <p>Self-organizing regular meetings are held between development partners active in this sub-sector, mainly in the context of programming, implementation or launching specific initiatives.</p> <p>In the area of micro, small and medium enterprises there is no formal coordination of development partners, and coordination is based on informal <i>ad-hoc</i> basis</p> |

Local economic development: coordination meetings of development partners, which support local development projects organized by UNDP. Informal *ad hoc* coordination, project-based and mostly bilateral / multilateral meetings.

Research, innovation and technological development: Informal *ad-hoc* coordination.

Information and communication technology (ICT): Informal *ad-hoc* coordination.

Tourism and heritage: MoFTER is leading the coordination of development partners, within the Work group for tourism, together with self-organizing meetings between development partners active in this sub-sector.

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

Overview of activities in 2019

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.

Bosnia and Herzegovina is at an early stage of establishing of the functioning market economy and strengthening of competitiveness at the regional and global level. In the following period, development policy makers in Bosnia and Herzegovina should focus on creating of the better business environment, increasing employment and investment as well as strengthening the role of the knowledge and innovation.

In The Global Competitiveness Report 2019, Bosnia and Herzegovina was ranked 92nd, which indicates to rather low level of competitiveness of Bosnia and Herzegovina in the global context. Although the Competitiveness and innovation sector has recorded some progress in 2019, primarily through the harmonization of the legislation with the *acquis* and gradual liberalization of trade with the European Union, in the following period it will be necessary to continue the structural reforms and the efforts related to the accession of Bosnia and Herzegovina in the membership of the World Trade Organization (WTO).

In late January 2019, the European Union has approved the export of chicken and poultry products to Bosnia and Herzegovina, and thereafter the Veterinary Office of BiH issued individual approvals to BiH companies from the relevant country that complied with all legal requirements for the export in the European Union market. By exporting chicken meat to the European Union, poultry husbandry received an incentive for further development, considering that it has a great potential to become the leading sector for meat production in Bosnia and Herzegovina.

In December 2019, the fourth meeting of the Subcommittee on Internal Market and Competition between Bosnia and Herzegovina and the European Union was held, whereby it was concluded that Bosnia and Herzegovina had made progress in this area in the previous one-year period. At the meeting, it was emphasized that Bosnia and Herzegovina in the coming period should improve the work process and the decision-making in the bodies in charge of the competition and the state aid, and continue to implement intellectual property rights, with special focus on the fight against counterfeit goods.

At the third meeting of the Subcommittee on Innovation, Information Society and Social Policy between the BiH and the European Union, held in February 2019, it was requested from Bosnia and Herzegovina to finalize the drafting of the Law on Electronic Communications and adopt the new Law on Electronic Identification and Trust Services for Electronic Transactions (the Law on e-signature). In addition, the European Union has encouraged Bosnia and Herzegovina to accelerate the development

of the "smart specialization" strategy and increase investments in research and innovation. The implementation of active measures aimed at the labor market and the reform of labor market institutions was positively assessed as well as it was pointed out that it is necessary to adopt the employment strategy of Bosnia and Herzegovina.

In Bosnia and Herzegovina, during 2019, numerous activities were undertaken with the aim to create better business environment that will stimulate the creation of new and development of the existing economic entities, job creation and export growth. Special attention is paid to supporting small and medium-sized enterprises in order to increase their competitiveness and modernize production by introducing the new standards, technologies and skills.

Institutions at all levels of government in Bosnia and Herzegovina responsible for the development of small businesses, use the Small Business Act of the European Union (SBA - Small Business Act) in defining of the development goals, which enables the harmonization of policies in this area at all levels of government in BiH, linking of all sector policies that affect the business environment with the SBA principles, as well as standardized reporting to the European Union on the progress in the field of small and medium enterprises.

In order to create a better business environment and improve the regulatory and institutional framework, the Federation of BiH is in the process of drafting several laws and by-law acts relevant for the functioning of the small and medium enterprises. The Law on Crafts and Related Activities of the Federation of BiH is in the parliamentary procedure, and its adoption will enable the foreign trade operations for craftsmen, introduce the shortened procedure and simplified registration of crafts, as well as it will allow the physical entities and retirees to perform crafts in the form of additional and supplementary occupation. Also, in the Federation of BiH, the Law on Encouraging of the SMEs Development is in the adoption procedure, which will contribute to faster development of small businesses and creation of new jobs.

In the course of 2019, activities were carried out on implementation of the Bosnia and Herzegovina Strategy for the Development of Science 2017-2022, related to the implementation of ERA priorities, including Smart Specialization, Open Access and Open Data as well as the involvement in regional initiatives related to supporting of the regional mobility of researchers. In addition, activities were initiated on establishing of the Scientific-Research Information System, with the aim to monitor, record and improve the situation in the science and technology in Bosnia and Herzegovina.

The Council of Ministers of BiH, at its 163rd session held on January 15, 2019, adopted the Strategy for Enforcement of Intellectual Property Rights in BiH for the period 2018-2022 (Official Gazette of BiH, No. 24/19), which is the basis for defining and establishing the comprehensive and effective system of enforcement of intellectual property rights in line with the requirements of the accession to the World Trade Organization (WTO) and the European Union. The Strategy sets out the guidelines and the measures that should be undertaken on development and improvement of the legislative and the institutional framework in BiH, with the aim to have more efficient use of the intellectual property for the purpose of economic development. The Strategy envisages the establishing of an Interdepartmental body for cooperation in the field of acquisition and enforcement of intellectual property rights, which will significantly improve the coordination of activities between institutions at all levels of government, with the aim to establish a comprehensive intellectual property system in Bosnia and Herzegovina.

The Council of Ministers of BiH, at its 173rd session held on June 10, 2019, supported the inclusion of Bosnia and Herzegovina in the drafting process of the Smart Specialization Strategy, which is part of the European Union reformed cohesion policy. The basic goal for the drafting of the Smart Specialization Strategy is the economic development based on the research and innovation, which have proven to be significant drivers of the economic development at the global level. Following the adoption of the Smart Specialization Strategy, the competitiveness of the economy in Bosnia and Herzegovina should be increased, considering that the Strategy defines the economic areas with the greatest development potential.

In order to increase the competitiveness and meet the criteria defined in the Agreement on Stabilization and Association in the European Union, in 2019 the Institute of Metrology of BiH drafted the Law on Metrology of BiH. With the adoption of this Law, Bosnia and Herzegovina will meet the conditions required by the European market and the metrology system of BiH will be harmonized with the European and the world standards and thus facilitate the implementation of the international trade agreements of Bosnia and Herzegovina with other countries and international organizations. In addition, The Law on Official Time in Bosnia and Herzegovina was sent to The Council of Ministers of BiH for adoption, which will define the official time, the use of the official time, the method of calculating and measuring time for commercial purposes.

During 2019, the Institute of Metrology of BiH made significant progress through the expansion of its calibration and measurement capacities (CMC) in the International Bureau of Weights and Measures (BIPM), and so far it has published 70 calibration and measurement capacities in the field of mass, pressure, temperature, humidity, electrical quantities, time and frequency and chemistry. Also, the Institute of Metrology of BiH has participated in numerous regional and European research and development projects.

In the field of information and communication technologies, the Council of Ministers of BiH at its 166th session held on February 12, 2019, adopted and sent to the parliamentary procedure the proposal of The Law on Electronic Identification and Trust Services for Electronic Transactions of BiH, which is fully harmonized with the European regulations in this area. The adoption of this Law will create the conditions for safer, cheaper and simpler electronic interaction between the companies, citizens and public administration and will significantly improve the position of Bosnia and Herzegovina in the digital market of Europe and the world.

In addition, during 2019 a large number of laws and by-law acts were in the drafting stage, primarily The Law on Electronic Communications and Electronic Media of Bosnia and Herzegovina, The Law on the Public Broadcasting System of BiH as well as the Strategy of Broadband Access in Bosnia and Herzegovina.

During 2019 in Bosnia and Herzegovina, the digitalization process was not completed, so the country is significantly lagging behind other European countries that have switched from the analogue to the digital broadcasting. The first phase of the digitalization process in BiH has been completed, and during 2019, the second and third phases were in preparation. The finalization of the digitalization process in BiH will enable greater transparency of the economy, which will directly affect the competitiveness of the economy of Bosnia and Herzegovina.

In mid 2019, the 4G network in Bosnia and Herzegovina became operational, which represents a major improvement in the field of mobile communications in BiH. The introduction of the 4G network

enabled the significant investments in the network infrastructure of mobile operators as well as the introduction of new services to the end users.

Bosnia and Herzegovina participated in the Western Balkans Digital Summit, held in Belgrade on April 04-05, 2019, whereby Western Balkans countries reached and signed an Agreement on reducing of the prices of roaming services in public mobile communications networks in the Western Balkans region (Official Gazette of BiH - International Agreements, No. 01/19). The Agreement envisages the roaming price reduction from July 1, 2019, while total suspension of roaming in the Western Balkans is expected from July 1, 2021.

Tourism sector of Bosnia and Herzegovina has great development potential, and during 2019 the positive trends in this Sector have continued. Bosnia and Herzegovina is one of the fastest growing tourism destinations, considering that significant funds are invested in the tourism infrastructure and the implementation of the local and regional projects in the Tourism sector of Bosnia and Herzegovina.

During 2019, Bosnia and Herzegovina continued its participation in the regional project *Via Dinarica*, which aims to promote the natural beauty and tourism potentials of the Western Balkans seven countries.

The Law on Tourism and the Law on Tourist Tax are currently drafted in the Federation of BiH, which will define the future trends of tourism development in the Federation of BiH as well as the development of destination management, control of the payment of the tourist tax as well as establishing of a tourist organization of the Federation of BiH. In addition, The Law on Hospitality Industry of the Federation of BiH is under preparation.

Investments of DCF members in 2019

DCF members active in the Competitiveness and innovation sector in 2019 are EBRD, Switzerland, USA/USAID, Sweden, EU, Norway, Germany, UN, Japan/JICA, Croatia, Czech Republic, United Kingdom and EIB.

Total allocations of DCF members to the Sector in 2019 amounted to € 95.13 million, out of which € 22.43 million in the form of grants and € 72.70 million in the form of loan, from the creditor European Bank for Reconstruction and Development (EBRD).

Total disbursements of DCF members to the Sector in 2019 amounted to € 78.28 million, out of which € 25.51 million in the form of grants and € 52.77 million in the form of loan, from the creditor European Bank for Reconstruction and Development (EIB).

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

Development partners who allocated i.e. disbursed largest funds to the Sector in 2019 were EBRD, Switzerland, USA/USAID, Sweden, EU and EIB.

Figure 6.1. Allocated and disbursed grant funds per development partners in 2019

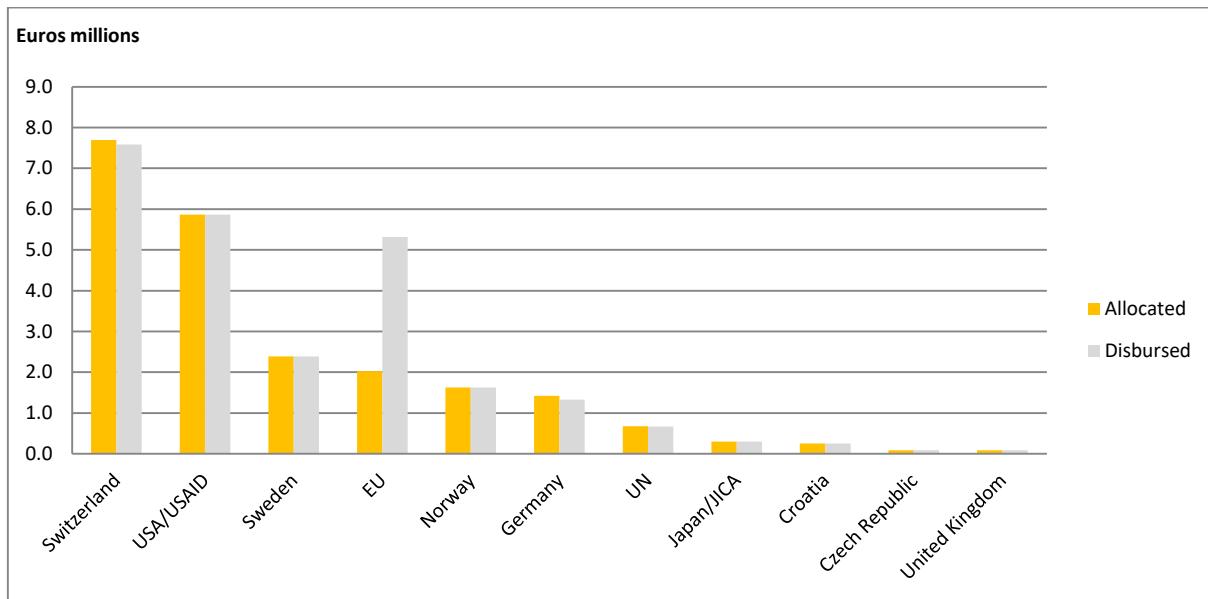
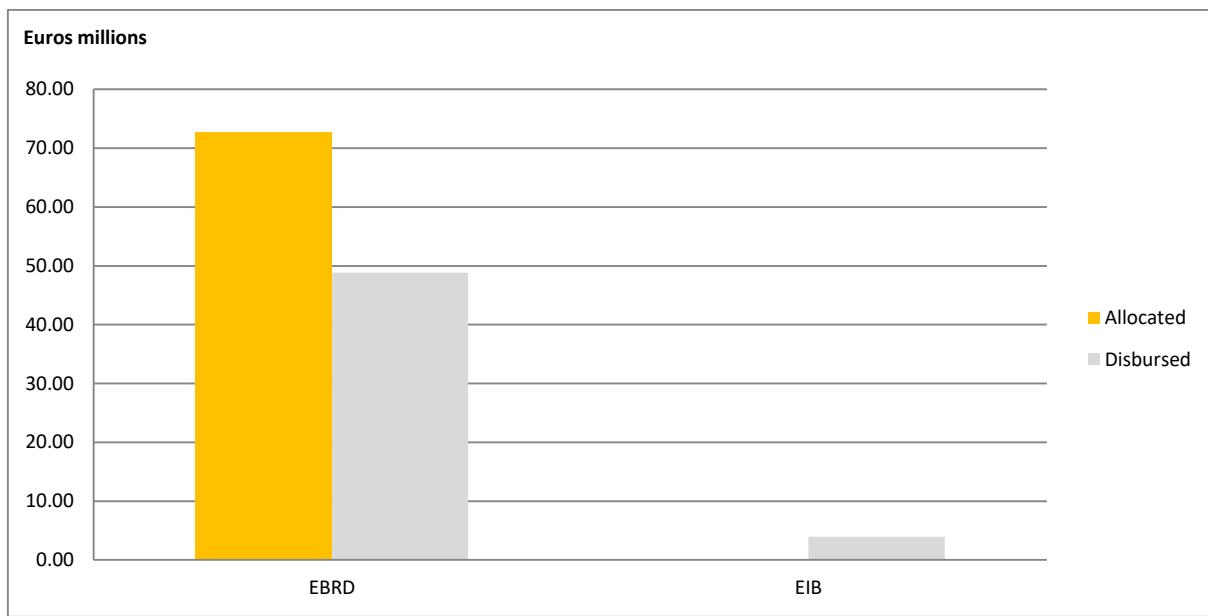


Figure 6.2. presents allocated and disbursed loans funds in 2019

Figure 6.2. Allocated and disbursed loans per creditors in 2019



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 2019, most of them were allocated to the sub-sector Private sector development 88.5%, while 11.5% of funds was allocated in other sub-sectors.

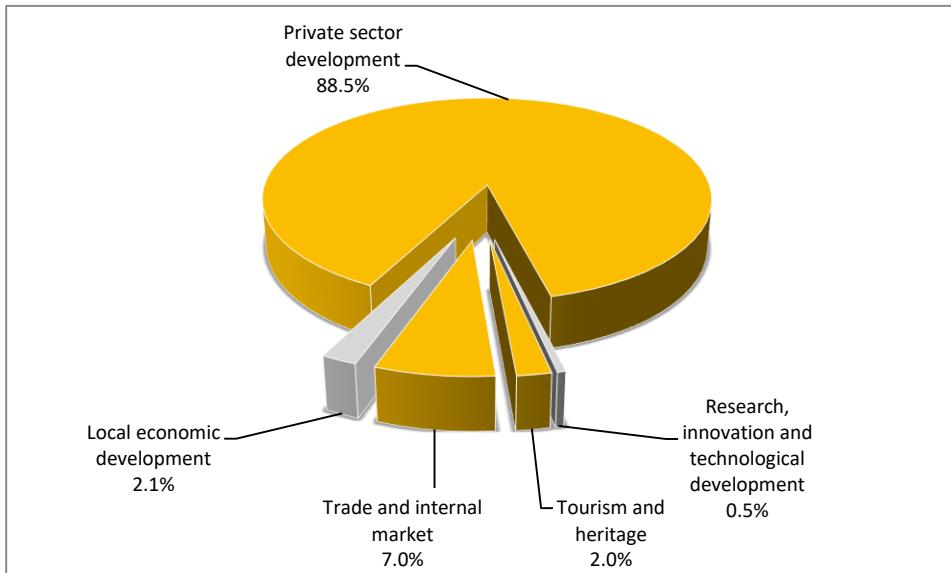
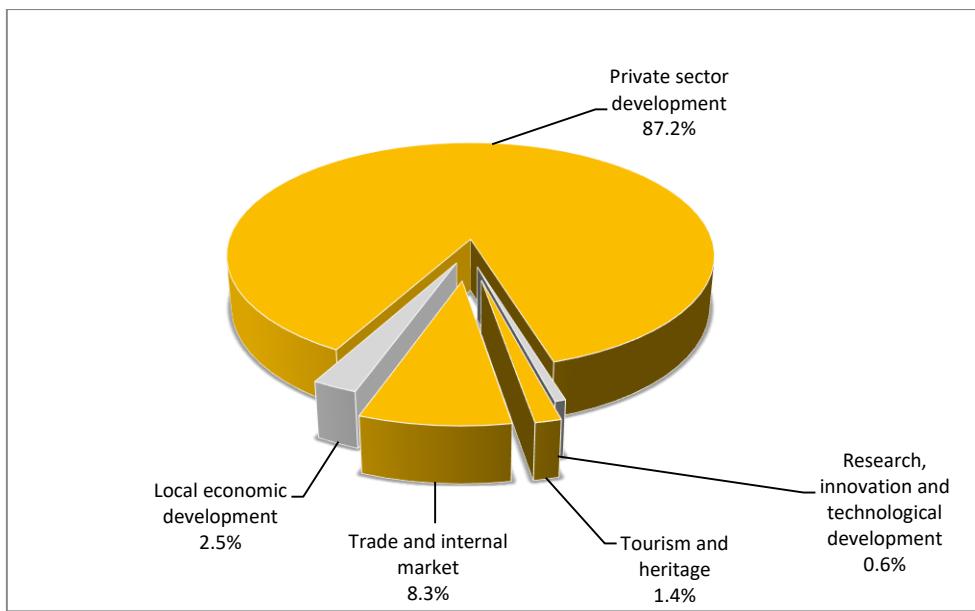
Figure 6.3. Total allocated funds per sub-sectors in 2019

Figure 6.4. presents the structure of total disbursed funds in 2019 per sub-sectors. Out of total disbursed funds in 2019, most of them were allocated to the sub-sector Private sector development 87.2%, while 12.8% of funds was disbursed in other sub-sectors.

Figure 6.4. Total disbursed funds per sub-sectors in 2019

Ten major projects in the sector that allocated or disbursed funds in 2019, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (Euros millions) |
|---|---------------------|--------------------------------------|
| ISP LOAN FOR SMES&PRIORITY PROJECTS III | EIB | 50.00 |
| RBBH LOAN FOR SMES & PRIORITY PROJECTS | EIB | 30.00 |
| FIF - UniCredit Bank dd BiH SME Credit Line | EBRD | 20.00 |
| (USAID) Fostering Agricultural Markets Activity (FARMA II) | USA/USAID | 15.97 |
| Local development strategies | EU | 15.00 |
| Mid Europa Fund V | EBRD | 12.00 |
| SECO support | Switzerland | 11.60 |
| Municipal Environmental and Economic Governance MEG project | Switzerland, UN | 10.52 |
| Intesa SanPaolo Bank BiH - Mortgage Line | EBRD | 10.00 |
| PRS - BiH Unicredit Bank Mostar | EBRD | 10.00 |

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

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

Future activities

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

- provide support for digital transformation and innovation in small and medium enterprises, with the goal to strengthen the regional cooperation and develop the regional economic space;
- simplify the procedure for registration of the business entities at the entity levels;
- create a favourable business environment by providing financial and technical support to the economic entities in Bosnia and Herzegovina;
- draft the Strategic Framework for development of the small and medium enterprises and the entrepreneurship in BiH;
- draft the Development Strategy of the Federation of BiH for the period 2021-2027;
- continue the activities on the conclusion of the negotiations on the accession of Bosnia and Herzegovina to the World Trade Organization (WTO);

- adopt The Law on Electronic Communications and Electronic Media in Bosnia and Herzegovina in line with the EU Directive on Audiovisual Services;
- develop and adopt the Strategy for the Development of the Information Society of BiH and the Strategy for Broadband Access in BiH with the aim to meet the conditions from the European Union Digital Agenda;
- complete the digitalization process in Bosnia and Herzegovina;
- establish an Interdepartmental body for cooperation in the field of acquisition and enforcement of intellectual property rights in BiH, in line with the activities defined in the Strategy for Enforcement of Intellectual Property Rights in Bosnia and Herzegovina for the period 2018-2022;
- strengthen the capacities in the field of science, research and innovation and support the projects that have the application in the economy;
- draft the Strategy for Tourism Development of the Federation of BiH as well as the Action Plan for its implementation.

| | |
|---|---|
| DCF members active in the sector in 2019 | Croatia, The World Bank, Slovenia, Switzerland, USA/USAID, EU, Sweden, Germany, Japan/JICA, Norway, UN, Czech Republic, Hungary, France, Austria |
| Other key international organizations | Council of Europe; Office of the High Representative; International Labour Organization; World Health Organisation; West Balkans Investment Framework; <i>KulturKontakt Austria</i> , European Training Foundation; Organization for Security and Cooperation in Europe; European Centre for Disease Prevention and Control; British Council; Regional Cooperation Council, International Planned Parenthood Federation (IPPF). |
| Key government partners | CoM of BiH; Government of FBiH; Government of RS; Government of BD BiH; Ministry of Civil Affairs of BiH; Ministry of Human Rights and Refugees of BiH; Ministry of Foreign Affairs of BiH; Ministry of Foreign Trade and Economic Relations of BiH; Ministry of Defence of BiH; Labour and Employment Agency of BiH; Agency for Development of Higher Education and Quality Assurance of BiH; Agency for Pre-school, Primary and Secondary Education of BiH; Centre for Information and Recognition of Documents in the Area of Higher Education of BiH; Agency for Gender Equality of BiH; Directorate for European Integration; The Institution of Human Rights Ombudsmen of BiH; Mine Action Centre in BiH; Federal Ministry of Labour and Social Policies; Federal Ministry of Health; Federal Ministry of Development, Entrepreneurship and Craft, Ministry of Education and Science; Federal Ministry of Culture and Sports; Federal Employment Bureau; Gender Centre of FBiH and RS; Ministry of Education and Culture of RS; Ministry of Health and Social Welfare of RS; Ministry of Family, Youth and Sports of RS; Ministry of Labour, War Veterans and Disabled Persons' Protection of RS; Ministry of European Integration and International Cooperation of RS; Ministry for Scientific and Technological Development, Higher Education and Information Society of RS; Ministry of Economic Relations and Regional Cooperation of RS; Ministry of Science and Technology of RS; Employment Bureau of RS; Employment Bureau of BD BiH; Department for Education of BD BiH; Employers' Association of RS and FBiH; cantonal ministries of education, cantonal ministries of health. |
| Total allocation / disbursement to the sector in 2019 by DCF members | <p>Total allocated € 38.04 million -out of which € 28.78 million in a form of grants and € 9.26 million in a form of loans.</p> <p>Total disbursed € 38.16 million -out of which € 28.90 million in a form of grants and € 9.26 million in a form of loans.</p> <p>Out of total ODA in 2019, 5% was allocated and 7% was disbursed in the sector.</p> |
| Legal framework and sector strategies adopted in 2019 | The Law on Salaries of Employees in the Area of Higher Education and Student Standards in the RS (RS Off. Gazette No.11/19); The Law on Salaries of Employees in the Domain of Culture in the RS (RS Off. Gazette No. 11 /19); The Law on Changes and Amendments to the Law on Higher Education (RS Off. Gazette No. 26/19); The Law on Protection Against Non-Ionizing Radiation (RS Off. Gazette No. 36/19); The Law on Social Housing of the RS (RS Off. Gazette No. 54/19); The Law on Changes and Amendments to the Law on Elementary Upbringing and Education (RS Off. Gazette No. 84/19); The Law on Changes to the Law on Health |

| | |
|--|---|
| | <p>Insurance (RS Off. Gazette No. 94/19); The Law on Changes to the Law on Social Protection (RS Off. Gazette No. 94/19); The Law on Changes and Amendments to the Law on Mediation in Employment and Rights during Unemployment (RS Off. Gazette No. 94/19); The Law on Changes and Amendments to the Law on Salaries of Employees in the Domain of Culture in the RS (RS Off. Gazette No. 105/19); The Law on Changes and Amendments to the Law on Salaries of Employees in the Area of Higher Education and Student Standards in the RS (RS Off. Gazette No. 105/19);_The Law on Changes and Amendments to the Law on Child Protection (RS Off. Gazette No. 107/19); The Law on Amendment to the Law on Health Insurance (BD BIH Off. Gazette No. 34/19); The Law on Changes and Amendments to the Law on Banning of Tobacco Smoking (BD BIH Off. Gazette No.32/19); The Law on Changes and Amendment to the Law on Social Protection of BD BIH (BD BIH Off. Gazette No. 32/19); The Labour Law (BD BIH Off. Gazette No. 34/19); The Law on Changes and Amendment to the Law on Child Protection (BD BIH Off. Gazette No. 4/19).</p> <p>Mine Action Strategy of BiH 2018-2025; Draft Strategy for Promotion of Sexual and Reproductive Health in the RS (2019-2029); Strategy for Promotion and Development of Volunteering in the RS (2019-2023).</p> <p>Previously adopted legal framework and sector strategies are available on: www.donormapping.ba</p> |
| <p>Coordination with and among development partners</p> | <p>Education: Coordination is implemented via meetings of the Conference of Ministers of Education (CoEM).</p> <p>When appropriate, Ministry of Civil Affairs of BiH organizes the Coordination forum meetings of MCA BiH and international organizations involved in the education reform in BiH.</p> <p>Vocational education training: Informal <i>ad-hoc</i> coordination, project-based, bilateral/multilateral meetings.</p> <p>Lifelong learning: Informal <i>ad-hoc</i> coordination, project-based, bilateral/multilateral meetings.</p> <p>Labour market and employment: European Union Delegation holds regular coordination meetings with the EU member states.</p> <p>Equal opportunities and gender equality: UN organized the International Gender Equality Working Group.</p> <p>Social dialogue: Informal <i>ad-hoc</i> coordination, project-based, bilateral/multilateral meetings.</p> <p>Social protection: Conference for the Health sector in BiH acts as a permanent advisory and coordinating body.</p> <p>EU Delegation holds regular coordination meetings with development partners involved in the sub-sector.</p> <p>Social inclusion and fight against poverty: EU Delegation holds regular coordination meetings with development partners involved in the sub-sector.</p> <p>Education, employment and social infrastructure: Informal <i>ad-hoc</i> coordination.</p> <p>Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.</p> |

Overview of activities in 2019

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.

During 2019, implementation of reform activities has continued with the purpose to improve the situation within the Education, employment and social policies sector in Bosnia and Herzegovina. Responsibilities within this sector are shared between different levels of government in Bosnia and Herzegovina, which hampers the balanced approach to policies and implementation of reforms in this sector. Reform processes in the Education sector are of particular importance, since the quality and competitive education systems represent one of the most important factors in the economic development.

Sector planning document for Education, employment and social policies for the period 2019-2020 was finalized during 2019, based on which the Action Documents for IPA 2019 and IPA 2020 were prepared. Thereby, the preconditions were met for the use of IPA funds for financing of the projects in the Education, employment and social policies sector. Considering that the key strategies in the domain of education in Bosnia and Herzegovina expired in 2015, it will be necessary in the following period to undertake the activities to develop and adopt the new strategies that will contribute to the creation of compatible educational policies at all levels of government in BiH and better correlation of educational programs with the changes and needs of the labour market in Bosnia and Herzegovina.

In 2019, the Agency for Pre-primary, Primary and Secondary Education of BiH has undertaken activities on the development of the by-law acts that will further regulate the area of pre-primary, primary and secondary education in Bosnia and Herzegovina. Preparations were made for development of Guidelines in Inclusive Education as well as the Guidelines for Implementation of the Common Core of Integrated Development Programs for Pre-school Education Defined on Learning Outcomes. In addition, the document was prepared at the end of 2019, Quality standards of the work of psychologists, educational rehabilitators and speech therapists, professional associates in preschool education, which will contribute to the implementation of activities defined in the Platform for the Development of the Pre-school Education in Bosnia and Herzegovina.

Council of Ministers of BiH, at the session held on October 15, 2019, adopted the Recommendations for inclusive education in Bosnia and Herzegovina with the aim to further develop the educational policies and improve the situation in the field of inclusive education. The recommendations relate to the capacity building of schools to create an inclusive environment, improve teachers' competencies,

develop the support system for inclusive education, monitoring and evaluation of inclusive education, as well as formalization of the inter-sectoral and inter-institutional cooperation in this area.

In December 2019, the results were presented of the PISA test (Program for International Student Assessment), which was conducted in Bosnia and Herzegovina during 2018. According to the results of the PISA Report 2018, Bosnia and Herzegovina ranked at 62nd place out of total 79 countries that participated in the survey. The best results were achieved by students from Bosnia and Herzegovina in the field of mathematics, and the lowest in natural sciences, whereby every other tested student from Bosnia and Herzegovina was evaluated as functionally illiterate. Furthermore, in the course of 2019, the key research TIMSS 2019 (Trends in International Mathematics and Science Studies) was conducted, and the results of this research are expected in 2020.

In the domain of *recognition of foreign higher education qualifications*, in 2019 continuous training was conducted of employees engaged on recognition of diplomas at higher education institutions and good cooperation was established between all authorities competent for recognition of higher education qualifications in Bosnia and Herzegovina. Also, the project "Strengthening the institutional capacity for recognition of higher education qualifications in BiH" was implemented, intended to improve the regulations, procedures and practices for recognition of foreign qualifications and strengthen the institutional capacities of all bodies in charge of recognition of foreign education qualifications in Bosnia and Herzegovina.

In early January 2019, the Center for Information and Recognition of Documents in the Field of Higher Education in BiH published the Recommendations on the use of the Model regulations for recognition of foreign higher education qualifications (Official Gazette of BiH, No. 01/19), in order to facilitate the recognition process of foreign higher education qualifications in Bosnia and Herzegovina as well as the adoption of the best practices of the European Area of Recognition (EAR).

During 2019, Bosnia and Herzegovina has actively participated in the European Union Erasmus + program, which supports the education, training, youth and sports. Namely, young people from Bosnia and Herzegovina expressed very strong interest to participate in this European Union program. In addition, Bosnia and Herzegovina has actively participated in the implementation of activities envisaged by the European Agenda for Adult Learning (EAAL).

As part of the implementation of the Western Balkans Regional Economic Area Multi-Annual Plan (MAP-REA), at the Summit European Union - Western Balkans held in July 2019 in Poznan, Western Balkans leaders supported the Declaration on the Recognition of Academic Qualifications between the Western Balkans Countries, thus creating the preconditions for greater mobility of skilled workers within the region. Moreover, during 2019, the Agreement on Mutual Recognition of Professional Qualifications of Doctors of Medicine, Dentists, Architects and Civil Engineers was under preparation, but it has not been signed by the end of 2019.

In the field of *higher education* in Republika Srpska, in 2019 the Law on Changes and Amendments to the Law on Higher Education of Republika Srpska (Official Gazette of the RS, No. 26/19) was adopted, which is fully harmonized with the changes in the European higher education system. The amendments to the Law stipulate that the accreditation procedure is prescribed as an obligation to all higher education institutions in Republika Srpska, and the recognition of foreign higher education qualifications will fall under the competence of the Agency for Accreditation of Higher Education Institutions of Republika Srpska.

In the area of the *Lifelong learning*, during the 2019 activities were underway defined by the Strategic Platform for Development of Adult Education in the Context of Lifelong Learning in Bosnia and Herzegovina for the period 2014-2020. Last year, the Agency for Pre-primary, Primary and Secondary Education of BiH developed the new occupational standards in the fields of mechanical engineering and metal processing, and conducted the analysis of the modular curricula application and development.

In the course of 2019, in the area of Employment, activities were undertaken on preparation of strategic documents as well as the implementation of projects in support to the employment at all levels of government in Bosnia and Herzegovina. Besides, the activities have continued on preparation of the Employment Strategy in BiH for the next five-year period. In addition, the project was implemented "Support to Local Partnerships for Employment in Bosnia and Herzegovina", which aims to increase the employment and create the new jobs for socially vulnerable categories of population, including women, youth, minority communities, returnees and internally displaced persons.

Employment bureaus and services in Bosnia and Herzegovina are being reformed, in order to have their primarily administrative work transferred to a client-oriented approach. One of the key activities in the implementation of the active employment measures program carried out during 2019 was the training of employees in public employment bureaus and services with the aim to provide the counselling services in order to improve the labour market mediation.

In the Federation of BiH, The Law on Prevention of Occupational Risks is in the parliamentary procedure, which regulates the rights, the obligations and the responsibilities of employers and workers in regard to the implementation and improvement of the safety and health of workers at work, as well as the system of safety rules and health of workers at work. Also, the proposal of The Law on Peaceful Settlement of Labour Disputes is in the parliamentary procedure.

In the field of *social protection*, Bosnia and Herzegovina continues to face the difficulties in the field of social development and social inclusion, so in the coming period it is necessary to make additional efforts to develop the programs for protection of persons with disabilities, children, families with children, the elderly and other vulnerable groups of population.

In the course of 2019, the Ministry of Labour and Social Welfare of the Federation of BiH organized the training sessions for foster parents, in line with the Program of basic and additional training in the Federation of BiH. The training was organized with the goal to have the adequate preparation of foster parents for the performance of the foster role.

The Assembly of the Brčko District, at its 56th session held on December 4, 2019, adopted the Law on Changes and Amendments to the Law on Social Protection (Official Gazette of BD, No. 32/19).

In the field of *health*, activities were undertaken during 2019 on the adoption of laws and by-law acts at all levels of government in Bosnia and Herzegovina. In addition, activities have continued to improve the capacities of institutions and establishments in the health sector in BiH.

During 2019, the activities were carried out defined by the Biennial Cooperation Agreement between Bosnia and Herzegovina and the Regional Office of the World Health Organization for Europe for the period 2018-2019.

In the Federation of BiH, the by-law acts were adopted in 2019 (Official Gazettes of FBiH, No. 9/19, 22/19 and 26/19), passed with the aim to implement The Law on Transplantation of Organs and Tissues

for the Purpose of Medical Treatment and The Law on Protection of the Population from Infectious Diseases.

In May 2019, the National Assembly of Republika Srpska adopted The Law on Protection Against Non-Ionizing Radiation (Official Gazette of the RS, No. 36/19), which regulates the principles and measures of protection against non-ionizing radiation, professional tasks against non-ionizing radiation, and other important issues essential for protection of human health and the environment from the harmful effects of non-ionizing radiation.

In the domain of *gender equality*, in 2019 the activities were implemented from the Gender Action Plan of BiH 2018-2022, which should enable further strengthening of gender institutional mechanisms in Bosnia and Herzegovina and contribute to the introduction of the gender equality principle in all spheres of the public and private life in the country.

In November 2019, the Agency for Gender Equality of Bosnia and Herzegovina published the document - Recommendation to employers and competent authorities regarding gender equality at work and employment, which defines the concept of direct discrimination based on gender and provides recommendations to the competent administrative bodies, particularly inspections as well as to the law enforcement agencies and judiciary, to intensify the efforts to protect the rights arising from employment for women, mothers and pregnant women.

At the end of 2019, the drafting process was initiated of the Report on the Implementation of the Council of Europe Convention on Action Against Violence Against Women and Domestic Violence (Istanbul Convention), which Bosnia and Herzegovina is obliged to implement as a member state of the Council of Europe.

The Council of Ministers of BiH, at its 165th session held on January 30, 2019, adopted the Mine Action Strategy of BiH for the period 2018-2025. The adoption of the Strategy will enable the development of the efficient and effective mine action program in order to reduce and eliminate the danger of mines for the population in Bosnia and Herzegovina. In the forthcoming period, it will be necessary to adopt an Action Plan for the implementation of the Strategy. One of the obligations under the Ottawa Agreement is to clear Bosnia and Herzegovina of mines until 2025. However, due to the lack of capacities the deadline will most probably be extended.

Investments of DCF members in 2019

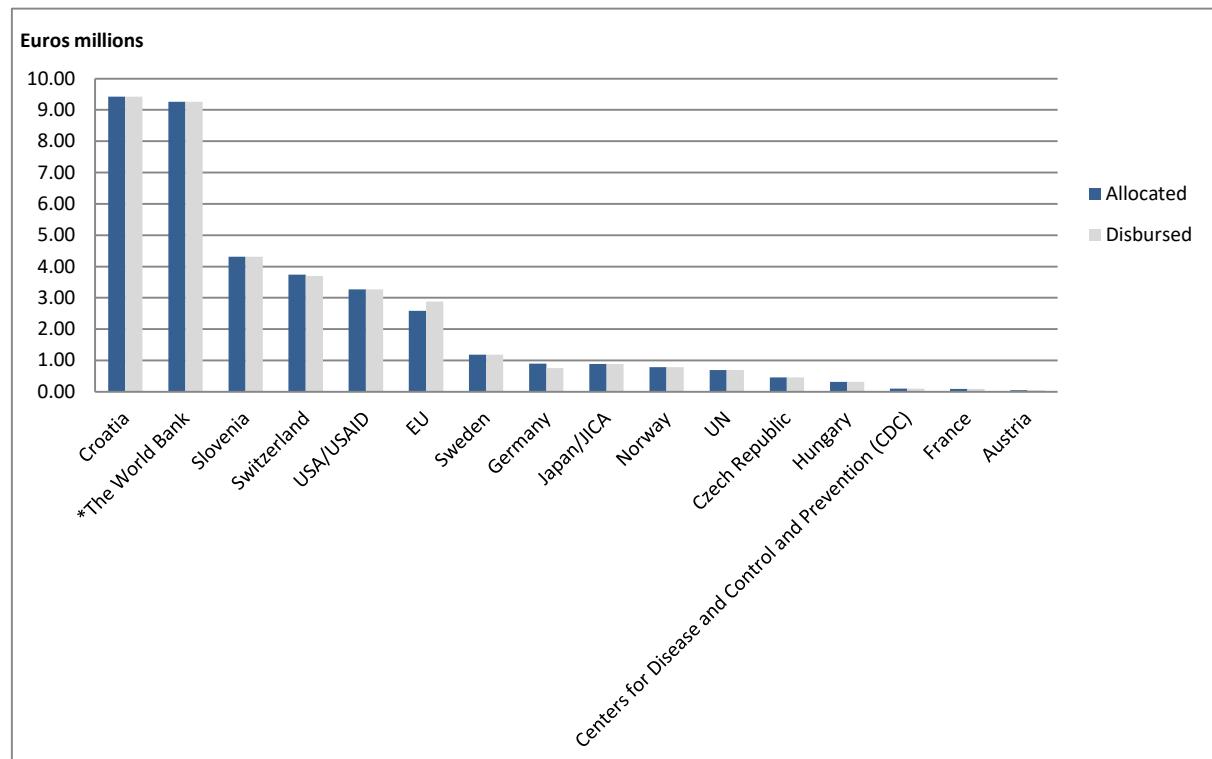
DCF members active in the Education, employment and social policies sector in 2019 are Croatia, The World Bank, Slovenia, Switzerland, USA/USAID, EU, Sweden, Germany, Japan/JICA, Norway, UN, Czech Republic, Hungary, France and Austria.

Total allocations of DCF members to the Sector in 2019, amounted to € 38.04 million, out of which € 28.78 million in a form of grants and € 9.26 million in a form of loans.

Total disbursements to the Sector in 2019 amounted to € 38.16 million, out of which € 28.90 million in the form of grants and € 9.26 million in the form of loans.

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

Figure 7.1. Allocated and disbursed grants per development partners in 2019



*Note: The World Bank loan

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

Figure 7.2. presents the structure of total allocated funds per sub-sectors. Out of total allocated funds in 2019, 63.3% was allocated in two sub-sectors: : Education, employment and social infrastructure (33.0%) and Labour market and employment 30.3%, while the remaining 36.7% funds was allocated to all other sub-sectors. Sub-sectors that did not have funding are not presented in the chart.

Figure 7.2. Total allocated funds per sub-sectors in 2019

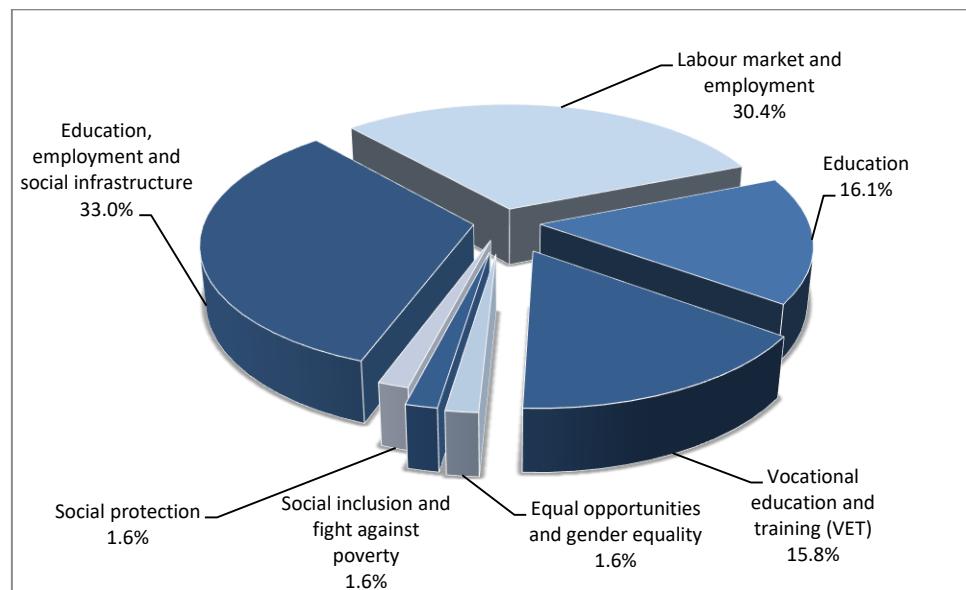
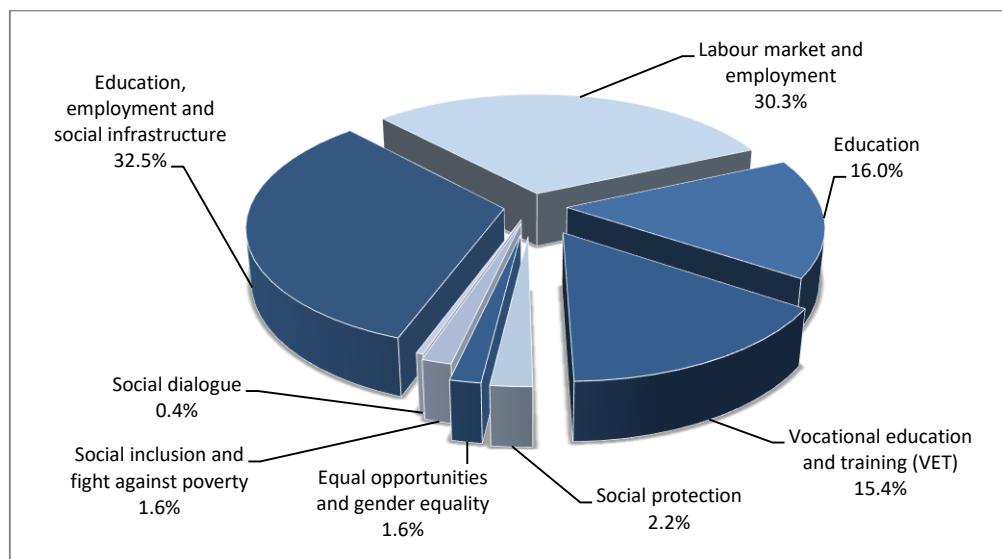


Figure 7.3. presents the structure of total disbursed funds per sub-sectors in 2019.

Out of total disbursed funds in 2019, 62.8% was disbursed in two sub-sectors: Education, employment and social infrastructure (32.5%) and Labour market and employment (30.3%), while 37.2% of funds was disbursed in all other sub-sectors.

Figure 7.3. Total disbursed funds per sub-sectors in 2019



Ten major projects in the sector that allocated or disbursed funds in 2019, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (Euros millions) |
|--|---------------------|--------------------------------------|
| Bosnia and Herzegovina Employment Support Program | The World Bank | 50.00 |
| (OPA) Democracy and Human Rights Education Program | USA/USAID | 8.28 |
| USAID's General Education Activity (TABLA) | USA/USAID | 7.50 |
| Skills for Jobs (SfJ) | Switzerland | 5.71 |
| Financial support for health care in the Federation of BiH - the University Clinical Hospital Mostar | Croatia | 5.37 |
| Market Makers | Switzerland | 5.29 |
| Youth Employment Project (YEP) | Switzerland | 4.35 |
| Youth for Change | Switzerland | 4.21 |
| Imputed student costs | Slovenia | 3.97 |
| ROMA ACTION (RA) Improving social inclusion of vulnerable Roma families in flood -affected areas of BiH trough provision of housing and socio-economic measures with proactive participation of state and local authorities and other local stake holders. | EU | 2.50 |

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

Future activities

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

- implement the activities envisaged by the Roadmap for the Implementation of the EU Directive on Regulated Professions;
- continue activities on harmonization and improvement of procedures for recognition of foreign higher education qualifications in line with the Lisbon Convention;
- continue activities on preparation of the Qualifications Framework in BiH 2014-2020;
- make additional efforts in internationalization of higher education in BiH, mobility of academic staff, students and study programs;
- ensure fully functional system of (re)accreditation of higher education institutions in BiH;
- finalize the Guidelines for Inclusive Education and the Guidelines for Implementation of the Common Core of Integrated Development Programs for Pre-school Education Defined on Learning Outcomes;
- draft the new strategic document for the development of vocational education and training in BiH with the focus on implementation of the conclusions from Riga;
- continue activities on introduction of entrepreneurial learning and entrepreneurial key competencies in education systems in BiH;
- draft and adopt the Employment Strategy of Bosnia and Herzegovina;
- provide better support to employment and self-employment projects at all levels of government in BiH;
- strengthen the infrastructure capacities of centers for social work and other institutions of social protection;
- develop an efficient, sustainable and fair system of social protection and protection of families with children that will guarantee the basic and equal rights of socially vulnerable categories;
- draft and adopt laws and by-law acts in the field of social protection in the Federation of BiH (The Law on Basics of Social Protection, The Law on Social Services, The Law on Social Work Activities);
- organize training of qualified staff in social protection institutions in order to raise the quality of social services provision;
- harmonize the legislative and the strategic framework with the international standards in the domain of gender equality.

| | |
|---|--|
| DCF members active in the sector in 2019 | EU, The World Bank, Czech Republic, Italy / AICS, UN, Croatia, EBRD |
| Other key international organizations | International Fund for Agricultural Development; OPEC Fund for International Development/OFID; European Food Safety Authority; European Center for Disease Prevention and Control. |
| Key government partners | BiH CoM; FBiH Government; RS Government; BD BiH Government, Ministry of Foreign Trade and Economic Relations of BiH; Veterinary Office of BiH, Administration for Plant Health Protection of BiH; Food Safety Agency of BiH; Directorate for European Integration; Federal Ministry of Agriculture, Water Management and Forestry; Ministry of Agriculture, Forestry and Water Management of RS; Department for Agriculture, Forestry and Water Management of Brcko District. |
| Total allocation / disbursement to the sector in 2019 by DCF members | <p>Total allocated € 30.83 million – € 24.58 million in a form of grants and € 6.26 million in a form of loans</p> <p>Total disbursed € 11.50 million – € 5.35 million in a form of grants and € 6.16 million in a form of loans</p> <p>Out of total ODA in 2019, 4% was allocated and 2% was disbursed in the sector.</p> |
| Legal framework and sector strategies adopted in 2019 | <p>The Law on Changes to the Law on Financial Support in Agriculture and Rural Development (FBiH Off. Gazette No. 99/19); The Law on Changes and Amendments to the Law on Agricultural Land (RS Off. Gazette No. 58/19); The Law on Changes and Amendments to the Law on the Chamber of Agricultural Engineers (RS Off. Gazette No. 58/19); The Law on Changes and Amendments to the Law on Tobacco (RS Off. Gazette No. 58/19); The Law on Changes and Amendments to the Law on Animal By-Products (RS Off. Gazette No. 94/19).</p> <p>Previously adopted legal framework and sector strategies are available on www.donormapping.ba</p> |
| Coordination with and among development partners | <p>Working Group of the Ministry of Foreign Trade and Economic Relations of BiH for planning and coordination of international aid in the Sector for agriculture, food and rural development is active in coordination of Development partners and institutions of BiH in this sector, through regular meetings and preparation of annual reports adopted by the CoM of BiH.</p> <p>Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.</p> |

Agriculture and rural development

Overview of activities in 2019

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.

Agriculture is one of the most important sectors in the economy with substantial development potential, considering that Bosnia and Herzegovina possesses natural resources, work force and favourable climate for the development of the primary agricultural production as well as the food industry. Activities undertaken within the Agriculture and rural development sector during 2019 were related to the increasing of the volume and the productivity of agricultural production, strengthening the competitiveness of the agricultural sector through the increased investment as well as the systematic support for the development of the agricultural sector and rural areas of Bosnia and Herzegovina.

In the course of 2019, activities were undertaken on implementation of the Strategic Plan for Rural Development of Bosnia and Herzegovina for the period 2018-2021, considering that the adoption of the Strategic Plan has created the conditions for Bosnia and Herzegovina to use the European Union pre-accession funds in the field of agriculture. During 2019, preparations were made for implementation of the Program "EU Support in the Field of Agriculture and Rural Development, Food Safety, Veterinary and Phytosanitary Standards" - EU4Agri, in the total value of EUR 30 million. The implementation of this program should begin in 2020 and will significantly contribute to the strengthening of the agricultural sector in Bosnia and Herzegovina.

In the field of rural development, numerous by-law acts were adopted during 2019 at the entity levels, which regulate incentives for agricultural producers, with the aim to increase the competitiveness and better linking of primary agricultural producers with the market.

In January 2019, the European Commission has approved the export of the chicken meat and products made of poultry meat from Bosnia and Herzegovina into the European Union. The export to the European Union should significantly increase the potentials of the poultry industry, thus enabling Bosnia and Herzegovina to maintain the leadership position in the export of chicken meat and poultry meat products among the countries of the region. In July 2019, Bosnia and Herzegovina was approved to export the composite eggs and the procedure was initiated for obtaining of the license to export the table eggs to the European Union market. During 2019, the activities were also underway for obtaining the license for the export of the red meat, i.e. beef, goat, sheep and pigs meat to the European Union.

At all levels of government In Bosnia and Herzegovina, in the reporting period the activities have continued on the development of the Agricultural Information System, which is in line

Agriculture and rural development

with the recommendations of the European Commission and the legislation of the European Union. The development of this System will enable the decision-makers from the agricultural sector to obtain the quality analysis and the collected information will be available to the agricultural producers, agricultural traders and consumers. So far, the statistical directory of agricultural farms, the registers for identification and control of animal movement as well as agricultural farms, phytosanitary register, GIS cadastre and an inspection system have been established in Bosnia and Herzegovina.

During 2019, activities have continued on improvement of the quality, increasing the efficiency and improving the operability of agricultural advisory services in Bosnia and Herzegovina.

In April 2019, Bosnia and Herzegovina became the first country in the region which certified and labeled the products with the quality label "Produced with NO GMO", which guarantees that the entire production process is controlled and certified according to the NO GMO Standard for the Danube region.

In the field of *food safety*, progress was made in 2019, primarily through the activities of institutional capacity building, implementation of policies and harmonization of legislation in the field of food safety with the European standards. The goal of the overall activities undertaken during 2019 is to create an atmosphere for quality protection of the consumer health in Bosnia and Herzegovina as well as to meet the conditions for opening the European Union market to BiH food businesses.

The Council of Ministers of BiH, upon the proposal of the Food Safety Agency of BiH, in 2019 adopted nine food related regulations that transpose the EU *acquis*, which is one of the conditions for the export of agricultural products into the European Union (Official Gazette of BiH, No. 20/19, 28/19, 34/19, 55/19, 82/19 and 84/19). This primarily refers to the Rulebook on the appearance and the manner of use of the protected trademark label, the label of geographical origin and the label of guaranteed traditional specialty of food products (Official Gazette of BiH, No. 82/19), which regulates the appearance and manner of use of the trademark in BiH as well as the manner of trademark issuance. In addition, the Rulebook was adopted on the changes and amendments to the Rulebook on the methods for the control of honey and other bee products (Official Gazette of BiH, No. 84/19), with the aim to harmonize the existing honey quality control methods in BiH with the international standards.

In 2019, the Food Safety Agency of BiH, in cooperation with the European Food Safety Authority (EFSA), continued the activities on implementation of the Project "Research of Dietary Habits of the Population in Bosnia and Herzegovina" and the Project "Hiring Assistant Coordinators", which has the goal to create a network of organizations in the area of food and feed safety at the territory of Bosnia and Herzegovina. Also, in cooperation with the EFSA, the 39th meeting of the EFSA Contact Points Network was held in Sarajevo in May 2019, where representatives of 28 EU Member States and 6 pre-accession countries, including Bosnia and Herzegovina, exchanged the information on the activities and the challenges in the field of the food safety in the European Union. In line with the pre-accession obligations, in 2019 representatives of Bosnia and Herzegovina participated in the work panels of the European

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Food Safety Authority: Advisory Council, Contact Points Forum, scientific networks in the field of pesticides, genetically modified organisms, animal welfare and health and veterinary drugs.

In the domain of the *phytosanitary policy*, activities were undertaken during 2019 to further harmonize the legislation of Bosnia and Herzegovina with the European Union *acquis*. With the aim to establish the functional and the efficient phytosanitary system in Bosnia and Herzegovina, the Administration of Bosnia and Herzegovina for Plant Health Protection, in cooperation with the competent authorities of the entities and Brcko District, in 2019 adopted the Program of special monitoring (systematic control) of quarantine harmful organisms on potatoes (Official Gazette of BiH, No. 26/19), the Rulebook on the phytosanitary certificate and the phytosanitary certificate for re-export (Official Gazette of BiH, No. 68/19) and the List of active substances allowed for the use in phyto-pharmaceuticals in BiH (Official Gazette of BiH, No. 15) / 19, 37/19, 56/19 and 77/19).

In the Federation of BiH, by-law acts were adopted in the field of *veterinary medicine* in 2019, which will contribute to better control of infectious animal diseases as well as to the implementation of the animal health protection measures (Official Gazette of FBiH, No. 37/19, 52/19 and 3/19).

In the field of *fisheries* during 2019, continuous work on harmonization of regulations was pursued, and the Council of Ministers of BiH at its 164th session, held on January 22, 2019 adopted the Information on undertaking of activities on harmonization of the domestic legislation and implementation of the *acquis* in the field of fisheries and aquaculture. Drafting of the strategic document was planned for the development of fisheries and aquaculture in BiH as well as the entity programs for the development of fisheries and aquaculture. Considering that fish and fish products are one of the strategic products of animal origin that Bosnia and Herzegovina may export into the European Union, in the following period it is necessary to make the additional efforts to create the conditions for increasing of the quotas for fish export into the European Union and continue promoting this industry, by improving the coordination and the control as well as by improving of the international cooperation in this field.

In the field of *forestry*, the Council of Ministers of BiH at its 164th session, held on January 22, 2019, noted that more than half of the state forests were certified by the end of 2018, hence six public forest management companies already have the FSC FM / COC certificates, while other companies are in the phase of preparation for forest certification or they plan to start this process. Certification of the state forests in Bosnia and Herzegovina resulted in an increase in the wood sector export which generates positive trade balance and participates with over 10% in the total BiH export. The wood sector of Bosnia and Herzegovina is export-oriented and achieved the surplus in the international trade with the constant increasing export trend and it qualifies as one of the most important exporters.

In the Federation of BiH, The Law on Forests is in the process of adoption as well as the Forestry Program of FBiH, which will regulate the protection and preservation of the forests and the forestland, the forestry planning and the forests and forestland management as well as financing of the biological recovery in the Federation of BiH.

Agriculture and rural development

Investments of DCF members in 2019

DCF members active in the Agriculture and rural development sector 2019 were EU, The World Bank, Czech Republic, Italy / AICS, UN, Croatia and EBRD.

Total allocations of DCF members to the Sector in 2019 amounted to € 30.83 million, out of which € 24.58 million in the form of grants and € 6.26 million in the form of loans.

Total disbursements of DCF members to the Sector in 2019 amounted to € 11.50 million, out of which € 5.35 million in the form of grants and € 6.16 million in the form of loan.

Figure 8.1. compares grants allocated and disbursed per development partners, according to the amount of invested funds. Development partner who allocated i.e. disbursed largest amounts was the EU.

Figure 8.1. Allocated and disbursed grant funds per development partners in 2019

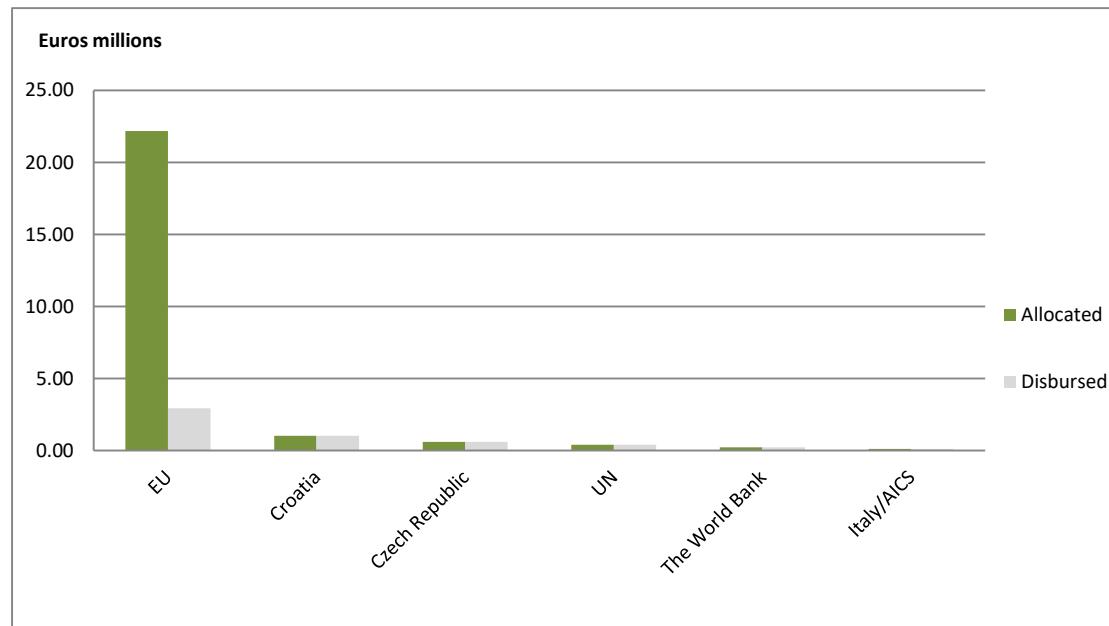
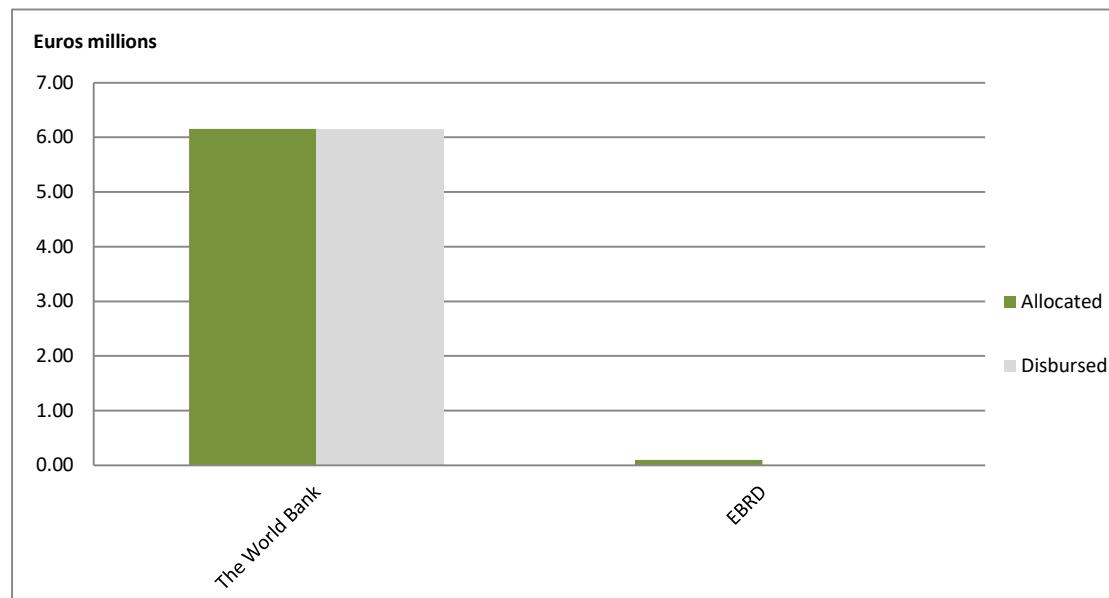


Figure 8.2. presents loan allocations and disbursement in 2019

Agriculture and rural development

Figure 8.2. Allocated and disbursed loan funds per creditors in 2019



Agriculture and rural development sector consists of 5 sub-sectors.

Figure 8.3. presents the structure of total allocated funds per sub-sectors.

Out of total allocated funds in 2019, 86.8% was allocated to two sub-sectors: Capacity for Common Agricultural Policy (65.0%) and Rural development (21.8%), while 13.2% of funds was allocated to other sub-sectors.

Figure 8.3. Total allocated funds per sub-sectors in 2019

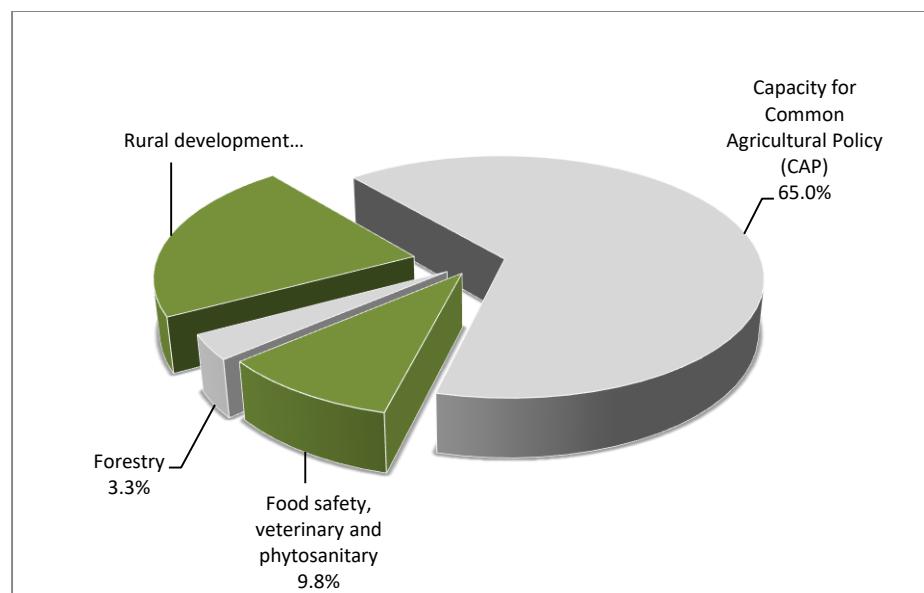
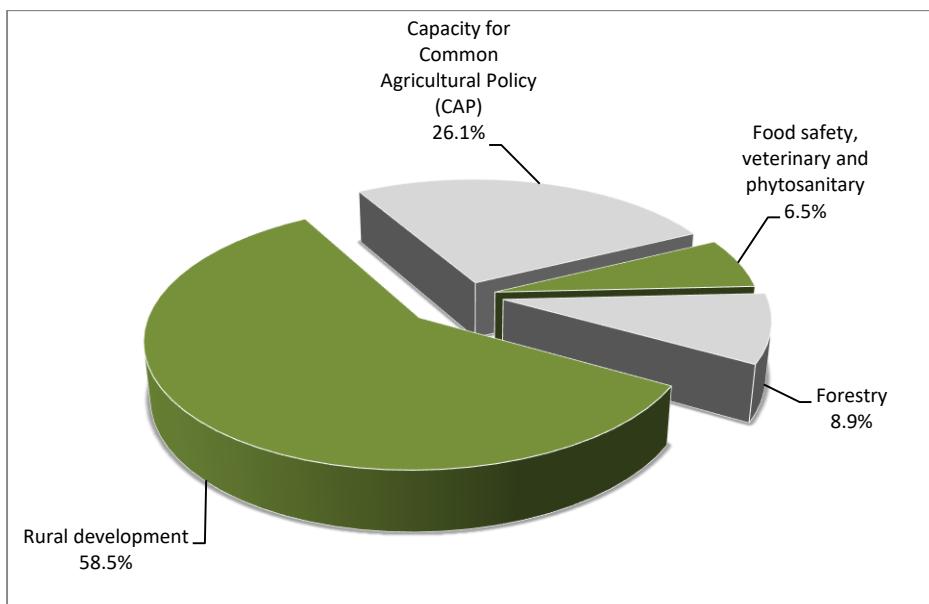


Figure 8.4. presents the structure of total disbursed funds per sub-sectors in 2019.

Out of total disbursed funds in 2019, 84.6% of funds was disbursed in two sub-sectors: Rural development (58.5%) and Capacity for Common Agricultural Policy (26.1%).

Agriculture and rural development

Figure 8.4. Total disbursed funds per sub-sectors in 2019



Ten major projects in the sector that allocated or disbursed funds in 2019, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (Euros millions) |
|---|---------------------|--------------------------------------|
| Irrigation Development Project | The World Bank | 28.62 |
| EU Support to Agriculture Competitiveness and Rural Development in Bosnia and Herzegovina (EU4AGRI) | EU | 20.00 |
| Local Integrated Development Project | UN | 7.47 |
| Global Environmental Facility (GEF) Sustainable Forest and Landscape management | The World Bank | 4.01 |
| EU Support to supply and distribution of rabies vaccination baits for spring 2020, autumn 2020 and spring 2021 campaigns in Bosnia and Herzegovina | EU | 2.17 |
| Institutional Support for Certification and Control of Plant Material | Czech Republic | 0.50 |
| Sustainable production of traditional Livno cheese | Czech Republic | 0.18 |
| Persons with disabilities - Leaders in beekeeping (self-employment of persons with disabilities) | EU | 0.17 |
| Innovation Nest Fund II | EBRD | 0.10 |
| Agricultural cooperative Teskera p.o. Ljubuski - Support for the revitalization of agricultural production - A precondition for the sustainable survival and stay of Croats in Bosnia and Herzegovina | Croatia | 0.07 |

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

Agriculture and rural development

Future activities

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

- continue the implementation of activities defined by the Strategic Plan for Rural Development of BiH for the period 2018-2021;
- carry out the activities to improve the agricultural production, improve the business environment and strengthen the competitiveness of the agri-foods sector in BiH;
- establish the basic instruments and institutions for participation in the Common Agricultural Policy of the European Union;
- draft The Strategy for Agricultural Development and Rural Development of the Federation of BiH and The Law on Agriculture of the FBiH;
- establish a system of registration of food products with the trademark labels of origin, geographical origin and guaranteed traditional specialty;
- in the field of food safety, it is necessary to continue with the activities of transposing of the EU legislation, develop the quality system for food products, strengthen the capacities of laboratories for the food control and competent inspection bodies;
- draft The Veterinary Law of the Federation of BiH;
- draft strategic documents in the field of fisheries and aquaculture at all levels of government in BiH;
- draft the Program for the Development of Cooperatives in the Federation of BiH with the aim to implement the measures related to better organization of the cooperative sector, support the producer groups as well as the organizing of the producers through establishment of the producers and sector organizations.

| | |
|---|---|
| DCF members active in the sector in 2019 | EBRD, USA/USAID, Italy / AICS |
| Other key international organizations | Regional Cooperation Council; Energy Community OF Southeast Europe; South East Europe Transport Observatory; Central European Free Trade Agreement. |
| Key government partners | CoM of BiH; Government of FBiH; Government of RS; Government of BD BiH; institutions, agencies, directorates at all levels of government in BiH, in line with their sectoral competencies |
| Total allocation / disbursement to the sector in 2019 by DCF members | <p>Total allocated € 2.62 million - € 0.62 million in a form of grant and € 2.00 million in a form of loans.</p> <p>Total disbursed € 0.51 million in a form of grant.</p> <p>Out of total ODA in 2019, 0.3% was allocated and 0.1 % was disbursed in the sector.</p> |
| Legal framework and sector strategies adopted in 2019 | / |
| Coordination with and among development partners | <p>Single mechanism for coordination of development partners does not exist.</p> <p>For regional investments, coordination of development partners takes place in the context of the Western Balkans Investment Framework (WBIF) and partly in the context of the National Investment Committee (NIC).</p> <p>Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid.</p> |

Overview of activities in 2019

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 in the Western Balkans countries is of crucial importance for the EU accession process, and moreover it is also an important factor in the economic development and macroeconomic stability. The advancement of good neighborly relations in the region will also have positive influence on the improvement of the standard of living, better social cohesion, higher quality education and increased mobility of workers.

In the course of 2019, Bosnia and Herzegovina has actively participated in numerous regional initiatives, which aim to strengthen the cooperation in the region and encourage the economic development of the Western Balkans countries. The initiatives that mostly contributed to the promotion of regional cooperation, in which Bosnia and Herzegovina has played an active role, are the South-East European Cooperation Process (SEECP), the Regional Cooperation Council (RCC), the Central European Free Trade Agreement (CEFTA), the Western Balkans Six Initiative and the Transport Community of Western Balkans countries.

In mid-2018, Bosnia and Herzegovina assumed the one-year chairmanship over the South-East European Cooperation Process (SEECP), which ended with the SEECP Summit and the meeting of the SEECP member states Foreign Ministers, held on July 8 - 9, 2019 at Jahorina and in Sarajevo. SEECP members support the strengthening of the economic cooperation within the region as well as with the European Union, when joint Declaration on further commitment to the inclusive regional cooperation was signed at the Summit. Also, the members will advocate for better cooperation in the future in combating extremism, terrorism, organized crime and corruption.

As part of the "Berlin Process", the Summit was held between the European Union and the Western Balkans countries in Poznan on July 4 and 5, 2019. The Summit in Poznan was held with the aim to strengthen the regional cooperation between the Western Balkans countries and the region and the European Union as well as to further improve the European integration process of the countries in the region. The Summit also reaffirmed the European Union commitment to strengthen the cooperation with the region through the set of specific measures focused on five key areas: transport, energy, digital economy, security and good neighbourly relations.

One of the key Summit topics was the regional connectivity and the European Union approved the new Connectivity Package, worth EUR 180 m, which will finance eight new regional transport and energy projects through the Western Balkans Investment Framework. These projects will support the modernization of the road, rail and electricity transmission infrastructure and will contribute to the realization of the goals defined by the Western Balkans Connectivity Agenda. It was also agreed at the Summit to increase the cooperation

between all countries in the field of security, particularly in the areas of illegal migration, terrorism and the fight against organized crime.

During the Poznan Summit, two declarations were endorsed, the Declaration on Roma Integration in the Western Balkans and the Declaration on the Recognition of Academic Qualifications in the Western Balkans, which will create the preconditions for greater mobility of qualified workers within the region. At the Summit, the leaders of the Western Balkan countries also signed the Memorandum on the Framework Cooperation on the Establishing of the Institute for Sustainable Technologies of the Southeast Europe.

As part of the Annual Meeting of the Governors of the European Bank for Reconstruction and Development (EBRD), held in Sarajevo in May 2019, the Summit of Western Balkan Leaders was organized to promote the region as a safe place to invest. The investment opportunities of the region were presented at the Summit, while the growth of investments will contribute to achieving stronger economic growth in all Western Balkans countries. Large regional infrastructure projects were also presented at the Summit and special attention was paid to the improvement of the regional trade and the prospects for development of the regional economic space of the Western Balkan countries.

Within the realization of the goals envisaged by the Multi-Annual Action Plan for Establishing of the Regional Economic Space of the Western Balkans Countries, the second Digital Summit of Western European Countries was held in Belgrade on April 4 and 5, 2019. The discussions at the Summit were focused at the following topics: development of the digital skills, regional cooperation in the field of development of identification and security schemes, the processes of digitalization of society, economy, e-government as well as the digital connectivity and cooperation in the Western Balkans and with the European Union.

An Agreement was signed at the Summit on the price reduction of roaming services in public mobile communication networks in the region, which envisages reduction of roaming prices within the region from July 1, 2019. This would positively affect to increase of the level of provided services as well to the opening of the new jobs and faster economic development of the entire region.

The Council of Ministers of BiH, at the 164th session held on January 22, 2019, adopted the Information on the Implementation of the Regional Investment Reform Agenda (RIRA) with the Action Plan containing the package of reform activities that will be implemented by the Bosnia and Herzegovina authorities in 2019 and 2020, in order to achieve the goals defined by this Agenda. The planned investment reforms aim to achieve better consistency of policies of the six Western Balkan economies with the European Union standards and the best international practices defined within the South East Europe 2020 Strategy, the Central European Free Trade Agreement (CEFTA) and within the EU accession commitments.

In 2019, Bosnia and Herzegovina continued to participate in the cross-border cooperation projects, therefore in realization of the projects with the neighbouring countries it contributed to strengthening of cooperation in the border areas, increasing international competitiveness of the border regions, increasing the employment and improving the infrastructure.

The Council of Ministers of BiH, at the 165th session, held on January 30, 2019, adopted the Decision on Amendments to the Decision on determining of the functions, the structures and

the bodies of Bosnia and Herzegovina responsible for the implementation of the territorial cooperation programs under the Instrument for Pre-Accession Assistance (IPA II) 2014-2020. (Official Gazette of BiH, No. 20/19). This Decision sets out the functions, the structures and the bodies in Bosnia and Herzegovina and their competencies in implementation of the territorial cooperation programs.

Under the territorial cooperation programs, in 2019 Bosnia and Herzegovina participated in three bilateral cross-border cooperation programs with Serbia, Croatia and Montenegro as well as in three transnational programs: Danube, Mediterranean (MED) and Adriatic-Ionian (ADRION).

Investments of DCF members in 2019

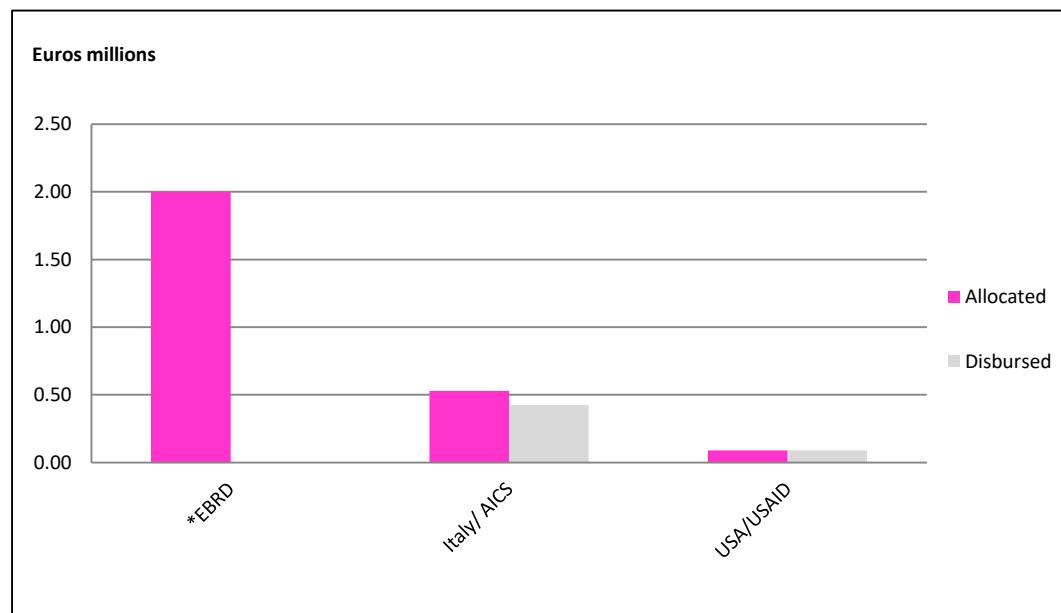
DCF members active in the Regional and territorial cooperation sector in 2019 were EBRD, USA/USAID and Italy / AICS.

Total allocations of DCF members to the Sector in 2019 amounted to € 2.62 million, out of which € 0.62 million in the form of grants and € 2.00 million in the form of loans.

Total disbursements of DCF members to the Sector in 2019 amounted to € 0.51 million in the form of grants.

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

Figure 9.1. Allocated and disbursed grant funds per development partners in 2019



*Note: EBRD loan

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

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

Out of total allocated funds in 2019, 76.4% was allocated to the sub-sector Regional investment support. Sub-sectors that did not have funding are not presented in the chart.

Figure 9.2. Total allocated funds per sub-sectors in 2019

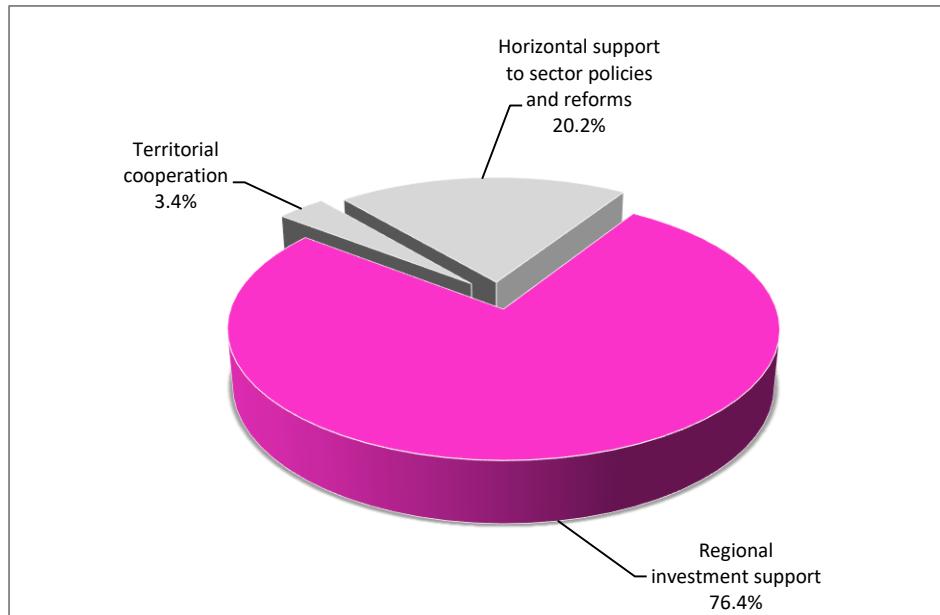
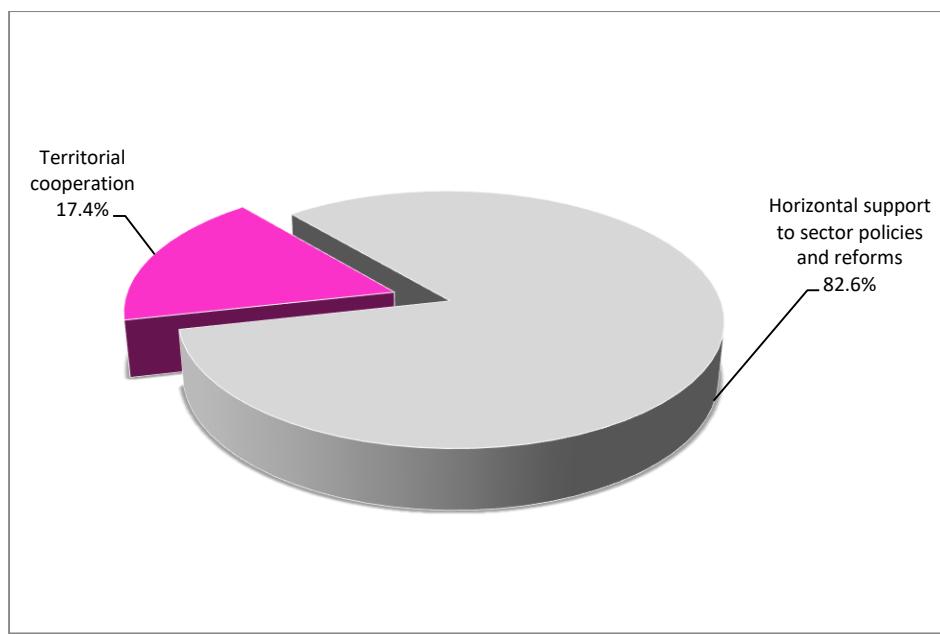


Figure 9.3. presents the structure of total disbursed funds per sub-sectors in 2019.

Total disbursed funds in 2019 are disbursed in two sub-sectors: Horizontal support to sector policies and reforms 82.6% and Territorial cooperation 17.4%. Sub-sectors that did not have funding are not presented in the chart.

Figure 9.3. Total disbursed funds per sub-sectors in 2019



Future activities

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

- continue strengthening regional cooperation and good neighbourly relations;
- continue to implement the activities defined in the Multiannual Action Plan for Establishing of the Western Balkans Regional Economic Area;
- continue activities on harmonization of the legislation with the European Union regulations and drafting strategic documents in the areas of importance for the access to the European Union funds;
- strengthen the administrative capacities in terms of programming, implementation, monitoring and evaluation of the European Union funds.

Cross-cutting sector

| | |
|---|--|
| DCF members active in the sector in 2019 | EIB, The World Bank, Switzerland, EBRD, Germany, UN, Sweden, EU, Norway, France, USA/USAID, Czech Republic, Slovenia, Croatia |
| Total allocation/disbursement to the sector in 2019 by DCF members | Total allocated € 57.12 million – out of which € 9.81 million in a form of grants and € 47.31 million in a form of loans. Total disbursed € 29.92 million – out of which € 9.42 million in a form of grants and € 20.50 million in a form of loans. Out of total ODA in 2019, 8% was allocated and 5% was disbursed in the sector. |
| Legal framework and sector strategies adopted in 2019 | Legal framework and sector strategies adopted in 2019 are presented for each individual sector within this Report. |
| Coordination with and among development partners | Development partners active in the sector and BiH Institutions from all levels of government regularly attended Development Partners Coordination Forum meetings (DCF meetings) hosted by BiH Ministry of Finance and Treasury/Sector for Financial Planning of Development and Coordination of International Economic Aid. |

Investments of DCF members in 2019

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

DCF members active in the Cross-cutting sector in 2019 are EIB, The World Bank, Switzerland, EBRD, Germany, UN, Sweden, EU, Norway, France, USA/USAID, Czech Republic, Slovenia and Croatia.

Total allocations of DCF members to Sector in 2019 amounted to € 57.12 million, out of which € 9.81 million in the form of grants and € 47.31 million in the form of loans.

Total disbursements of DCF members to the Sector in 2019 amounted to € 29.92 million, out of which € 9.42 million in the form of grants and € 20.50 million in the form of loans.

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

Figure 10.1. Allocated and disbursed grant funds per development partners in 2019

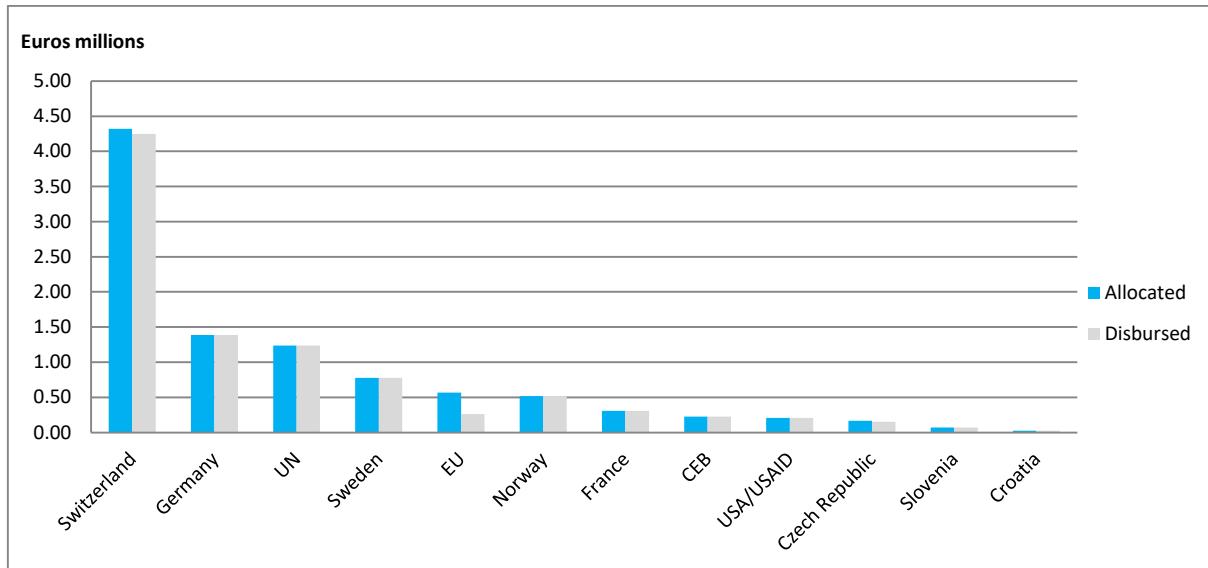
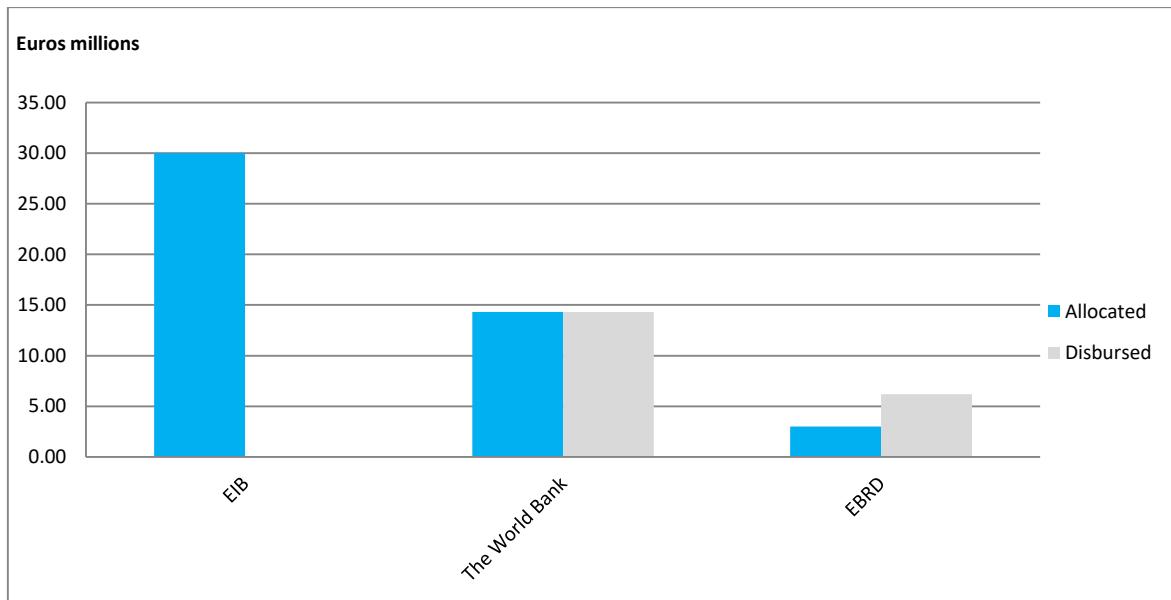


Figure 10.2. presents allocated and disbursed loans in 2019

Figure 10.2. Allocated and disbursed loans per creditors in 2019



Ten major projects in the sector that allocated or disbursed funds in 2019, are listed below:

| PROJECT TITLE | Development partner | Total Project Value (Euros millions) |
|---|---------------------|--------------------------------------|
| ISP BIH LOAN FOR SMES AND PRIORITY PROJECTS III | EIB | 120.00 |
| 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 |
| Flood Recovery Housing Intervention in RS | UN | 6.90 |
| Global Credit Cooperation | Switzerland | 6.00 |
| Strengthening Nursing in BiH | Switzerland | 4.85 |
| Mental Health Project in BiH | Switzerland | 4.69 |
| Western Balkans SME platform: ENEF | EBRD | 4.20 |
| GEFF - Western Balkans - UniCredit Bank Mostar | EBRD | 3.00 |

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

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

[Croatia](#)

[Czech Republic](#)

[France](#)

[Germany](#)

[Hungary](#)

[Italy / Italian Agency for Development Cooperation \(AICS\)](#)

[Japan](#)

[The Embassy of the Kingdom of the Netherlands](#)

[The Royal Norwegian Ministry of Foreign Affairs](#)

[Slovenia](#)

[Sweden](#)

[Switzerland](#)

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

[United Kingdom](#)

[European Bank for Reconstruction and Development \(EBRD\)](#)

[European Union \(EU\)](#)

[European Investment Bank \(EIB\)](#)

[United Nations \(UN\)](#)

[The World Bank](#)

[International Finance Corporation in Bosnia and Herzegovina \(IFC\)](#)



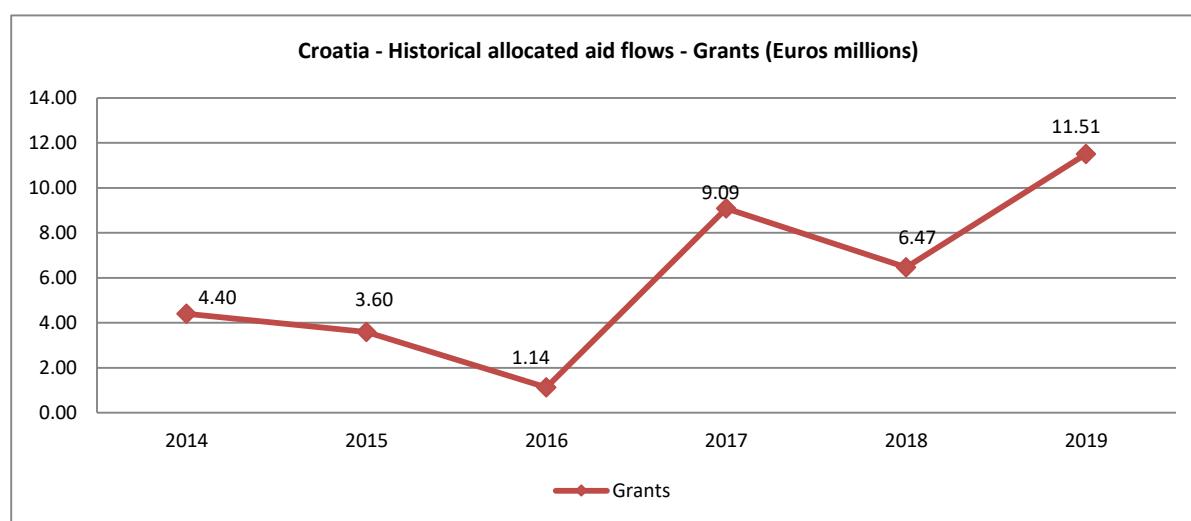
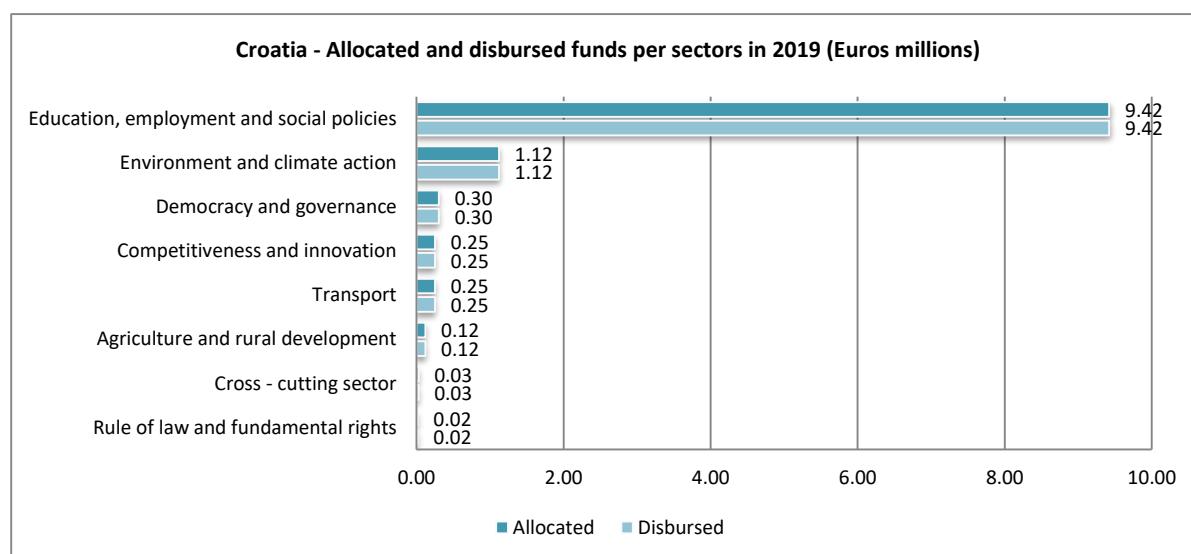
Croatia

Policy approach

Croatia's development cooperation and humanitarian aid policy, explained in detail in the National Strategy for development cooperation of the Republic of Croatia for the period 2017-2021, will be endorsed by continuous work on a projects and activities related to our programme country – Bosnia and Herzegovina. Over the years, Croatia continuously invests mainly in the field of education, employment and social policies, health, transport and environment. According to that, Croatia will continue to streamline its development assistance in Bosnia and Herzegovina.

Key activities in 2019

The Government of Croatia **allocated € 11.51 million and disbursed € 11.51 million in 2019 in the form of grant** to the following sectors: Education, employment and social policies, Environment and climate action, Democracy and governance, Competitiveness and innovation, Transport, Agriculture and rural development, Cross - cutting sector and Rule of law and fundamental rights.





Medium and long-term approach

In the National Strategy for Development Cooperation of the Republic of Croatia, Bosnia and Herzegovina is a priority country in the South East Europe. Croatia intends to continue financing efforts in the field of education, employment and social policies, health, culture, infrastructure and post-conflict reconstruction and relief, in particular in the field of housing and veterans' DRR. Development cooperation with Bosnia and Herzegovina will be focused on projects contributing to institution building and democratization, improving active citizenship and protection of human rights as well as establishing links with the business sector, in order to achieve better inclusiveness and sustainability of projects. Croatia will also continue with activities such as providing experience and expertise in the field of democratic transition and EU and NATO accession process through the Centre of Excellence of the Ministry of Foreign and European Affairs of the Republic of Croatia with the state and entity institutions of Bosnia and Herzegovina.

Development partners coordination efforts

N/A

Contact information:

Embassy of the Republic of Croatia in Bosnia Herzegovina

Address: Ulica Marsala Tita 28

71000 Sarajevo, BiH

Phone: + 387 33 277 111

Fax: + 387 33 472 434

E-mail: croemb.sarajevo@mvep.hr

Web-address: <http://ba.mvep.hr/hr/>

Czech Republic

Policy approach

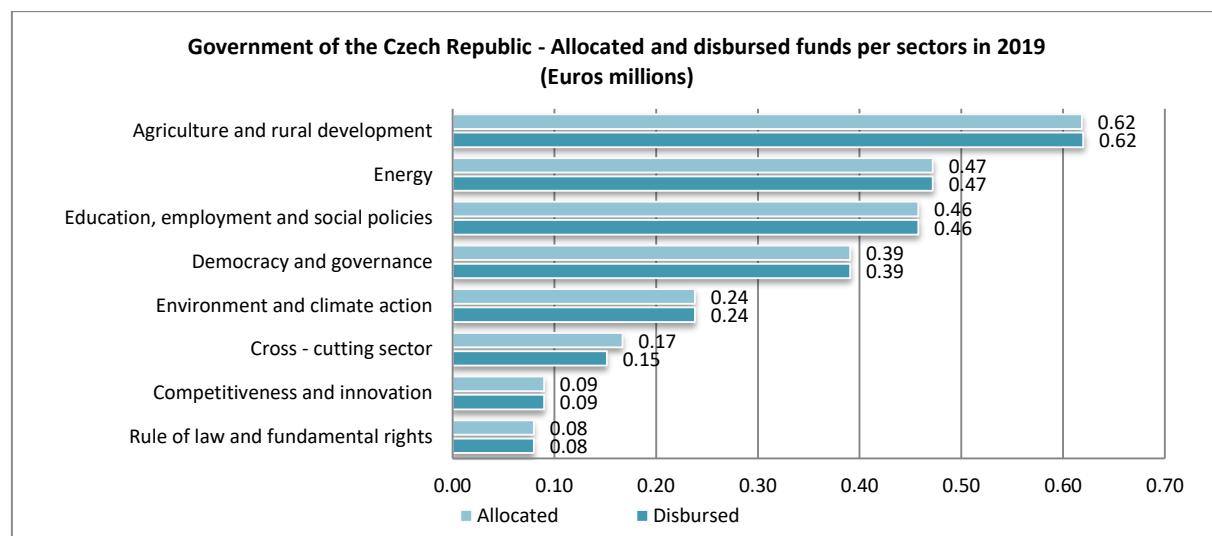
Bosnia and Herzegovina has been among the long-term priorities of the Czech Republic and as such, has been included within the Development Cooperation Strategy of the Czech Republic 2006 – 2010, 2011-2017 among programme priority countries for development cooperation. Current Development Cooperation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

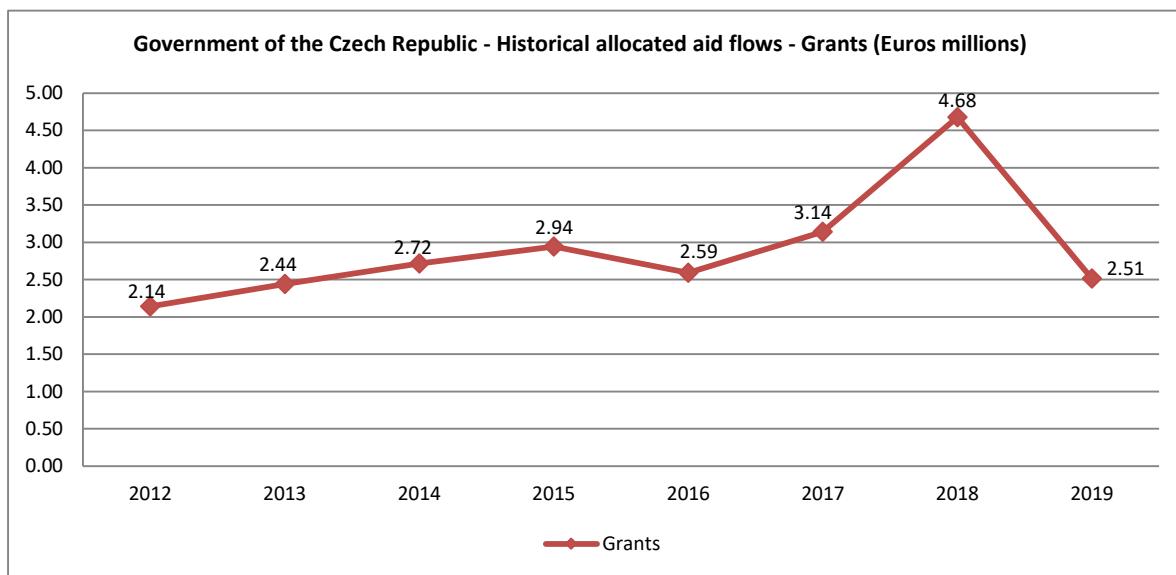
- I. Economic growth with focus on increasing the share of renewable energy generation in areas with optimum conditions
- II. Sustainable management of natural resources, with focus on improving the protection, use and development of water sources, water quality and access to quality drinking water,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

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

Key activities in 2019

The Government of the Czech Republic **allocated € 2.51 million and disbursed € 2.50 million in 2019 in the form of grant** to the following sectors: Agriculture and rural development, Energy, Education, employment and social policies, Democracy and governance, Environment and climate action, Cross - cutting sector, Competitiveness and innovation and Rule of law and fundamental rights.





Medium and long-term approach

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

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

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

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

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

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

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

Other instruments: Temporary Expert Assignment; program B2B (Programme for the Private Sector); Placement of Czech Teachers for Development Countries; Trilateral Development cooperation, Program on Security Cooperation of the Ministry of the Interior, Aid For Trade of Czech Ministry of Industry and Trade, Humanitarian aid, Support of the Czech Rep. in the field of demining through ITF, UNDP TF/Czech-UNDP Partnership for SDGs (CUP).

Development partners coordination efforts

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

Contact information:

The Embassy of the Czech Republic

Address: Franjevačka 13
71000 Sarajevo, BiH
Phone: +387 33 587 050
Fax: +387 33 587 060
E-mail: Sarajevo@embassy.mzv.cz
Web address: <https://www.mzv.cz/sarajevo/en/index.html>

France

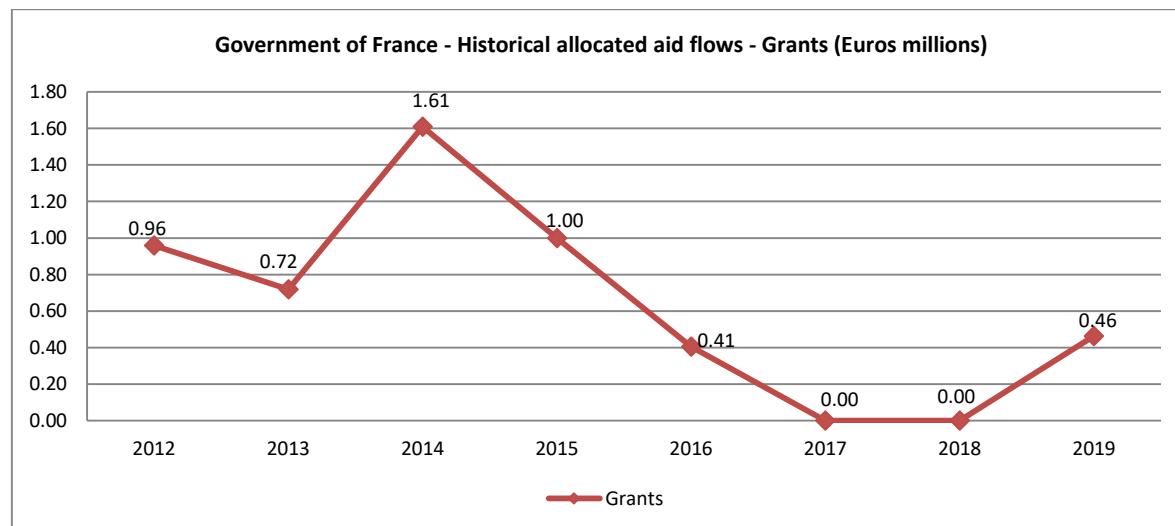
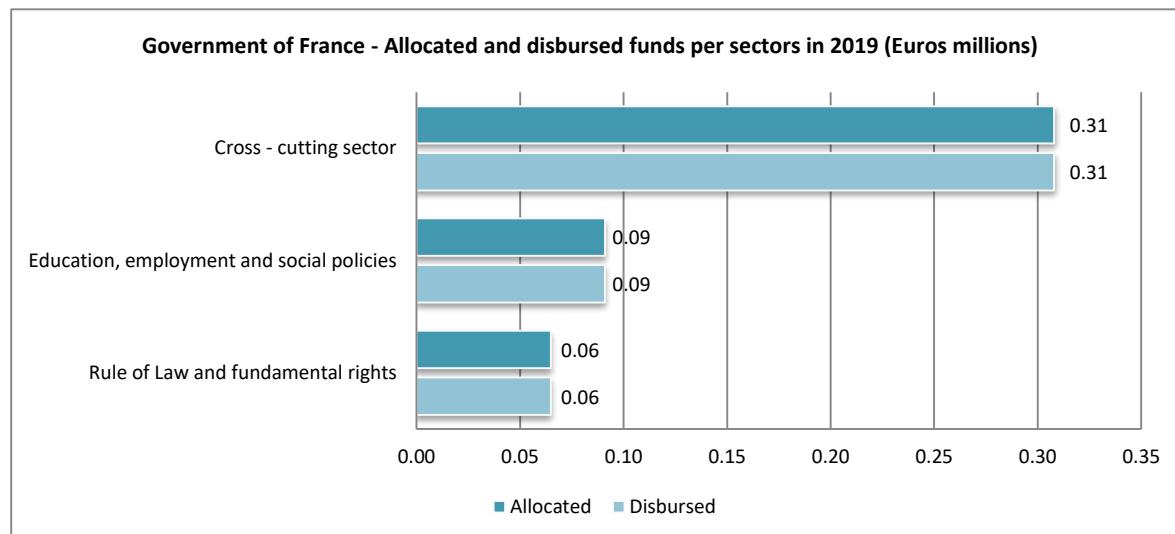
Policy approach

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

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

Key activities in 2019

The Government of France **allocated € 0.46 million and disbursed € 0.46 million in 2019 in the form of grant** to the following sectors: Cross - cutting sector, Rule of law and fundamental rights and Education, employment and social policies.



Medium and long-term approach

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

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

Development partners coordination efforts

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

Contact information:

Cooperation and Culture Office, French Embassy

Address: Mehmed-bega Kapetanovica Ljubusaka 16
71000 Sarajevo, BiH

Phone: +387 33 282 700

Fax: +387 33 282 711

E-mail: Sylvain.rigollet@diplomatie.gouv.fr

Web-address: www.ambafrance-ba.org

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 BiH 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 BiH development into a functioning market economy with private investments and a stable macro-economic outlook, efficient administrative and governmental structures, the alignment of its related legal system with the EU acquis and the overcoming of the aftermath of war.

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

Socio-Economic Priorities – Private Sector Development

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

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

Focus Sector Energy

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

In the area of renewable energy, activities have focused on German governmental support for the rehabilitation of existing and construction of new hydro-electric power plants and the introduction of new renewable energy technologies (wind energy). Various large-size projects of KfW Development Bank in RS and the Federation BiH with a total financing volume of up to € 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 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.

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

municipal, cantonal and entity level and in close coordination with MoFTER. KfW Development Bank signed in 2018 a loan agreement for EUR 15 million with Raiffeisenbank BiH for the promotion of energy efficiency in residential buildings. In addition, KfW is currently preparing an energy efficiency program for public buildings.

Environment

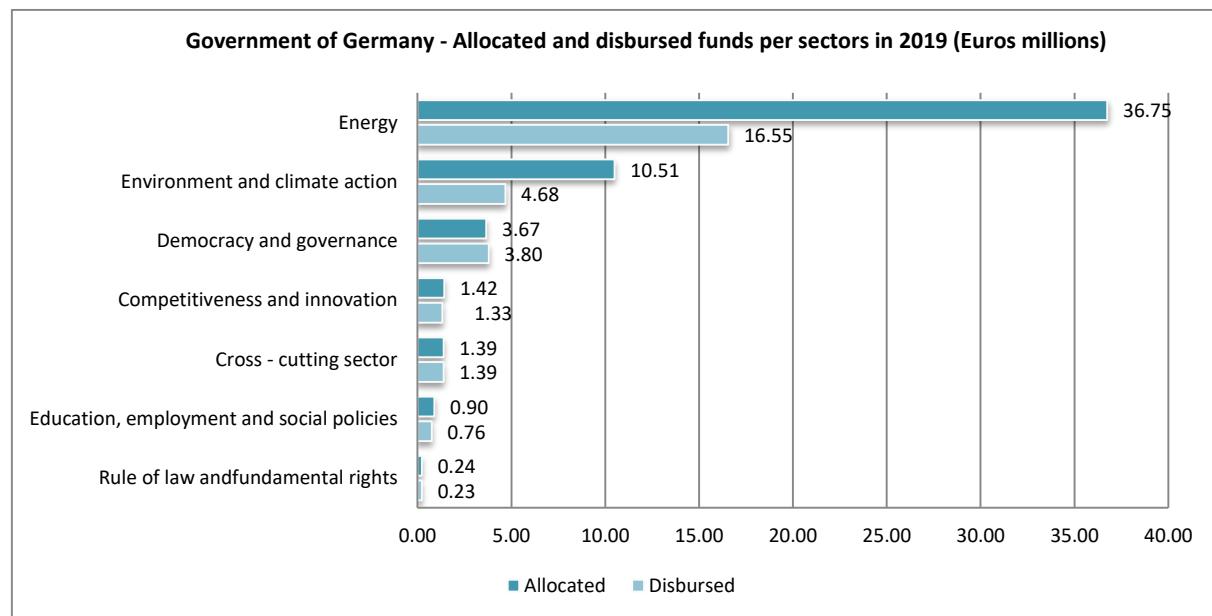
KfW Development Bank has an ongoing portfolio in this sector with grant-financed programmes to improve water supply and wastewater disposal in the cities of Zenica and Tuzla. In 2017, a grant agreement amounting to EUR 13.5 million was signed for the construction of a new wastewater treatment plant in Zenica. A further project for the construction of a wastewater treatment plant in Gradiška is under preparation.

Public Administration Reform and Rule of Law Affairs

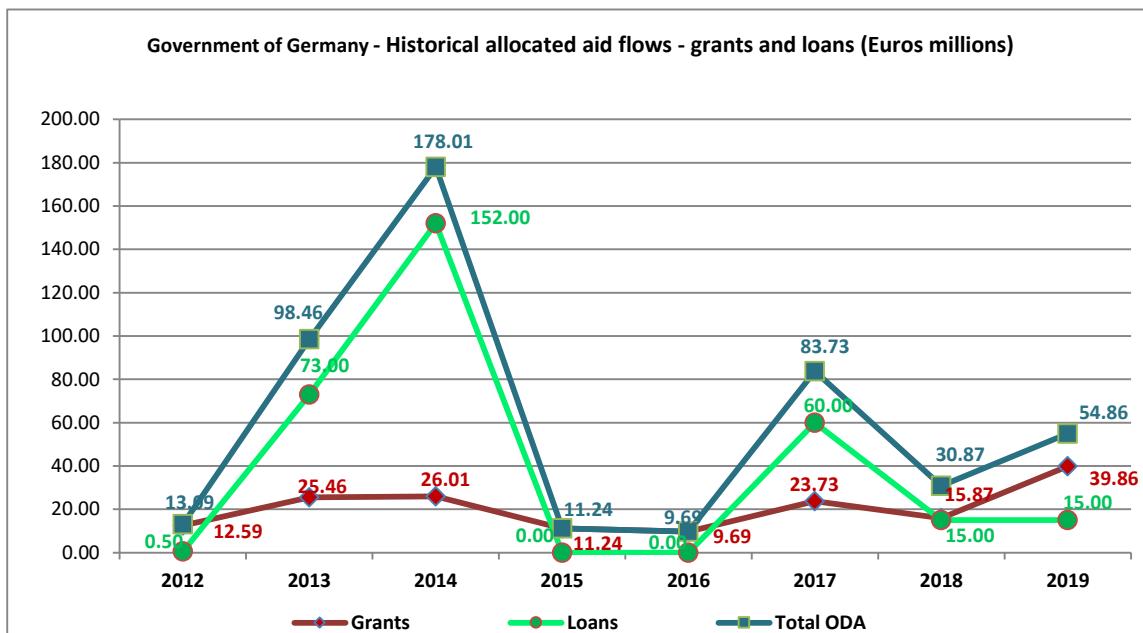
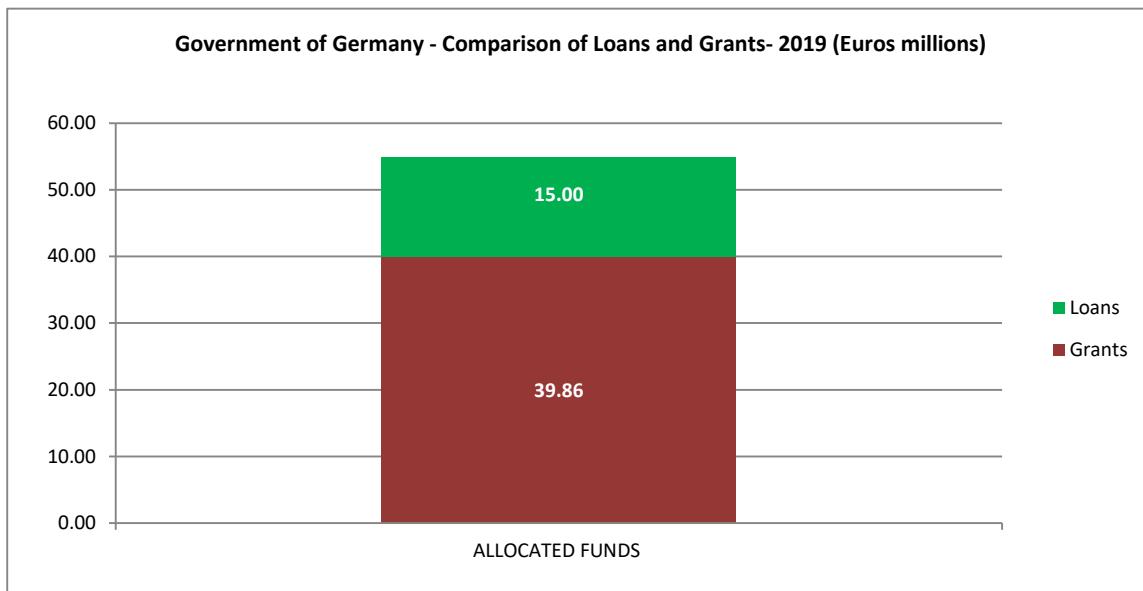
The German engagement with Bosnia and Herzegovina in Public Administration Reform tackles the pertinent issue of improving service delivery of public administration, also needed to allow for investment and growth of the private sector.

Key activities in 2019

The Government of Germany **€ 54.86¹ million and disbursed € 28.73 million in 2019 in the form of grant and loan** to the following sectors: Energy, Environment and climate action, Democracy and Governance, Competitiveness and innovation, Cross - cutting Sector, Education, employment and social policies and Rule of Law and Fundamental Rights.



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



Medium and long-term approach

Germany is seeking to finance Initiatives regarding Energy Efficiency, Democracy and Good Governance, Education and Employment.

In the context of the Berlin Process and Bosnia and Herzegovina's EU perspective, Germany will continue its path from a traditional donor to a stronger facilitator of investments and rely on enhancing Bosnia and Herzegovina's 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 BiH 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.

Development partners coordination efforts

Coordination among development partners and investors is overseen by the German Embassy and eventually assigned to specialized agencies such as GIZ and KfW Development Bank. Aside regular participation in the Development Partners 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 development partners agencies. GIZ participates in several sector coordination groups with those development partners 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 with PARCO).

Contact information:

Embassy of the Federal Republic of Germany in Bosnia and Herzegovina

Address: Skenderija 3
71000 Sarajevo, BiH
Phone: +387 33 565 300
Fax: +387 33 212 400
E-mail: info@sarajewo.diplo.de
Web address: www.sarajewo.diplo.de

GIZ Office Bosnia and Herzegovina

Address: Zmaja od Bosne 7-7a, Importanne Centar O3/IV
71 000 Sarajevo, BiH
Phone: +387 33 957 500
Fax: +387 33 957 501
E-mail: brigitte.heuel-rolf@giz.de
Web address: www.giz.de

KfW-Office Bosnia and Herzegovina

Address: Zmaja od Bosne 7-7a, Importanne Centar O3/V
71 000 Sarajevo, BiH
Phone: +387 33 592 415/416
Fax: +387 33 592 517
E-mail: kfw.sarajewo@kfw.de
Web address: www.kfw.de



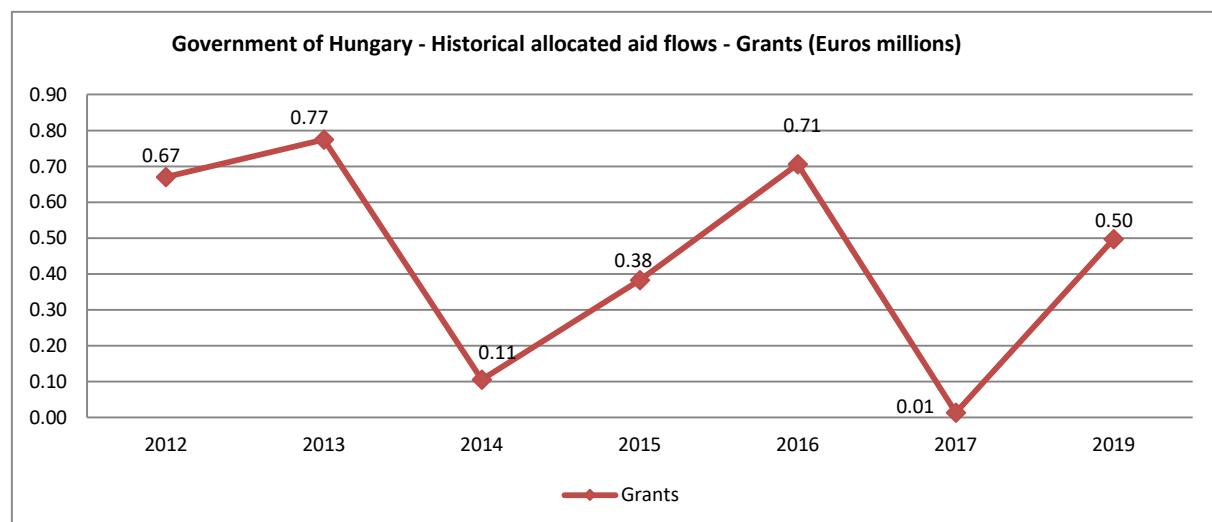
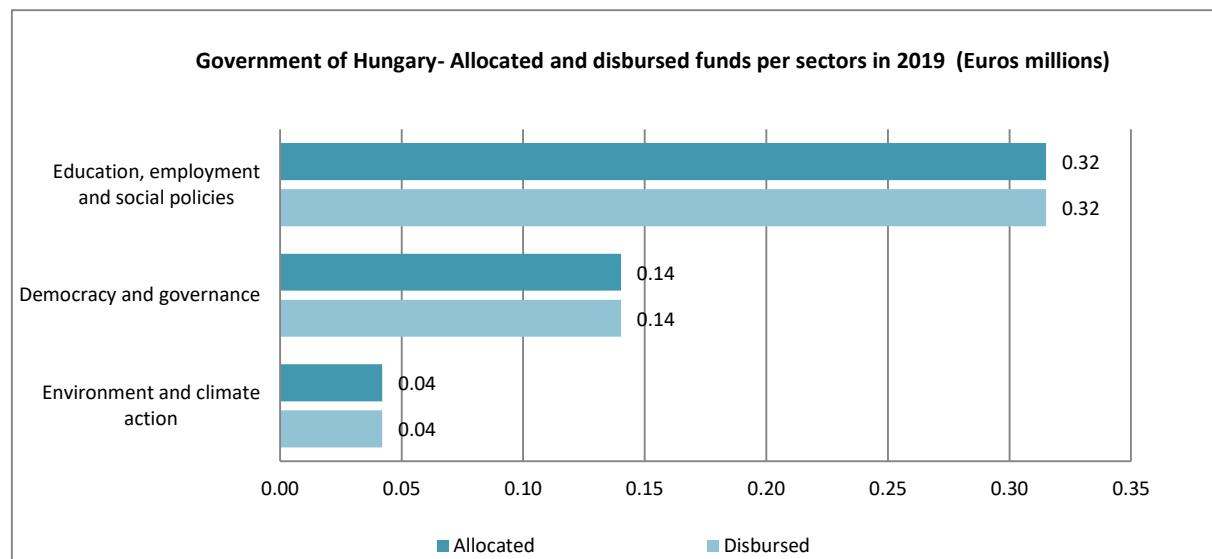
Hungary

Policy approach

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

Key activities in 2019

The Government of Hungary **allocated € 0.50 million and disbursed € 0.50 million in 2019 in the form of grant** to the following sectors: Education, employment and social policies, Democracy and governance and Environment and climate action.





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 Herzegovina constitute a region of outstanding importance and of strategic partnership.
- Hungary would like to seek to finance initiatives, which supports the stability, the reconciliation and the peaceful co-existence in Bosnia and Herzegovina.

Development partners coordination efforts

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

Contact information:

The Embassy of Hungary

Address: Splitska 2,

71000 Sarajevo

Phone: +387 33 205 302

Fax: +387 33 268 930

E-mail: mission.sjj@mfa.gov.hu

Web address: <https://sarajevo.mfa.gov.hu/>

Italy / Italian Agency for Development Cooperation (AICS)

Policy approach

The Italian Agency for Development Cooperation, AICS Tirana, is the regional headquarter of the Italian Agency for Development Cooperation in the Western Balkans, which oversees Albania, Kosovo and Bosnia and Herzegovina for the management of development cooperation initiatives. AICS Tirana currently manages 60 projects: 46 initiatives in Albania for a total of more than EUR 307 million (of which about EUR 34 million as grant, EUR 233 million soft loan and EUR 40 million through the swap debt agreement), 12 in Bosnia and Herzegovina for a total of about EUR 8.9 million (grant) and 2 in Kosovo for a total of EUR 4 million (grant).

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

The work carried out in 2019 in Bosnia and Herzegovina has helped to consolidate what started in 2017, and continued in 2018. In line with the programmatic directions from AICS headquarters, AICS Sub-Office in Sarajevo activated a path to apply its three main principles: characterization, recognition and impact, positioning Italy in key areas, involving institutions of excellence and of renowned value.

In 2019 the role of the Italian Agency for Development Cooperation in B&H has been focused in the sectors of "*Good governance and rule of law*" and "*Environment and nature*". Currently, there are twelve initiatives implemented, ongoing, or deliberated and in process of being launched, carried out in bilateral, multilateral, direct management and promoted by civil society organizations.

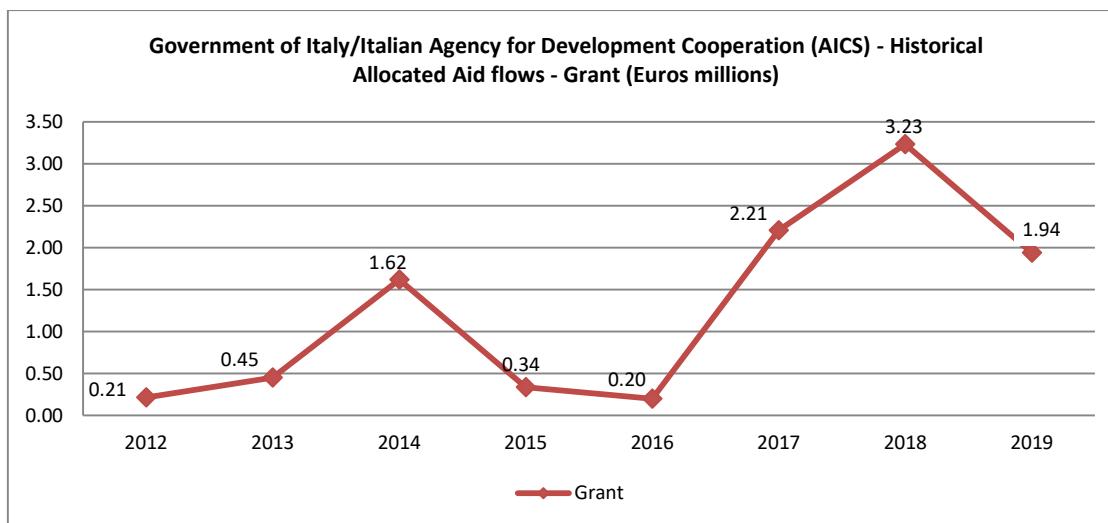
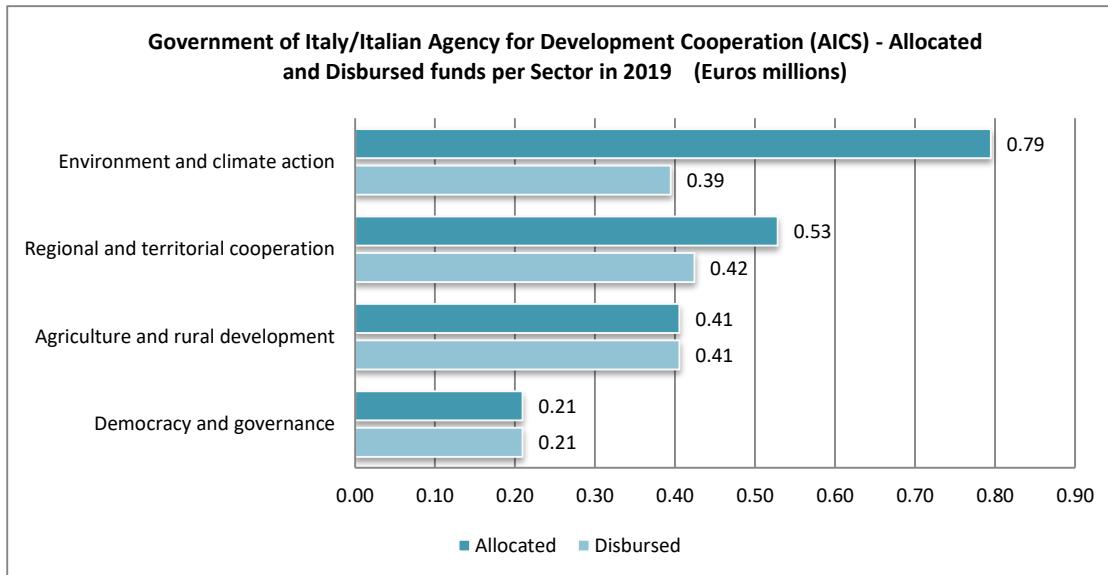
In the area of Environment and nature, in 2019 AICS has been funding the initiative "New actions to support the Phytosanitary sector in Bosnia and Herzegovina for the harmonization with EU standards" with the goal to take a leading role in order to align with the European Union's *acquis* to ensure that the country makes verifiable and tangible sectoral progress and can fully benefit from access to the EU market, as envisaged in the Stabilization and Association Agreement (ASA) between the EU and Bosnia and Herzegovina.

A first result of this renewed Italian leadership in the field, was the awarding to Italian Ministry of Agriculture, Food and Forestry Policy of the twinning: "EU support to capacity building and gradual EU *acquis* alignment in phytosanitary sector in BiH"; this award was followed by the twinning "EU support to capacity building and gradual EU *acquis* in Food safety sector in Bosnia and Herzegovina" gave to the consortium Lithuania and Hungary, where the Italian Ministry of Health is junior partner.

In the areas of Good governance and Rule of law, AICS has been drafting a project document together with the High Judicial Prosecutorial Council (HJPC) and the Italian *Consiglio Superiore della Magistratura* (CSM) concerning the adaptation and training of a specialized legal software to be used by the High Courts in BiH. This affirms the formal availability of the CSM to cooperate with its B&H counterpart, thus becoming the executor of a bilateral initiative funded by the Italian Cooperation.

Key activities in 2019

The Government of Italy **allocated € 1.94 million and disbursed € 1.43 million in 2019 in the form of grant** to the following sectors: Environment and climate action, Regional and territorial cooperation, Agriculture and rural development and Democracy and governance.



Medium and long-term approach

AICS will keep on focusing and expanding its activities in the field of environment and sustainable development by supporting ongoing initiatives as well developing new ones aiming at enhancing the preservation and management of national parks and protected areas of B&H. AICS will also keep an important focus on social inclusion, reconciliation and human rights, while engaging more vigorously in the Phytosanitary and food safety sectors.

In 2020 the following new initiatives are envisaged to be implemented: '*ARS AEVI Final Architectural Project Design of the New Contemporary Art Museum of Sarajevo*' - AID 12005 and '*NaturBosnia: Protected Areas and Sustainable Development in Bosnia and Herzegovina*' - AID 12003.

In addition AICS Sub office in Sarajevo is in process of formulating two project proposals and expected to start in the 2nd or 3rd quarter of 2020 (depending the current sanitary emergency situation related to the pandemic Covid-19); those are: *Interlinking Disaster Risk Management II (second phase)* to be executed by the Italian Department for Civil Protection and, *Sustainable economic development and environmental protection in areas subject to natural constraints (ANC)* to be executed by CIHEAM-Bari.

The following initiatives started in 2018/19 will continue throughout the current year:

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

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

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

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

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

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

Development partners coordination efforts

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

Contact information

Italian Agency for Development Cooperation (AICS)

Address: Čekaluša 51

71000 Sarajevo, BiH

Phone: +387 33 560 170

Fax: +387 33 667 227

E-mail: segreteria.sarajevo@aics.gov.it

Web address: <http://aicstirana.org/>



Japan

Policy approach

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

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

(1) Peace Consolidation and Ethnic Reconciliation

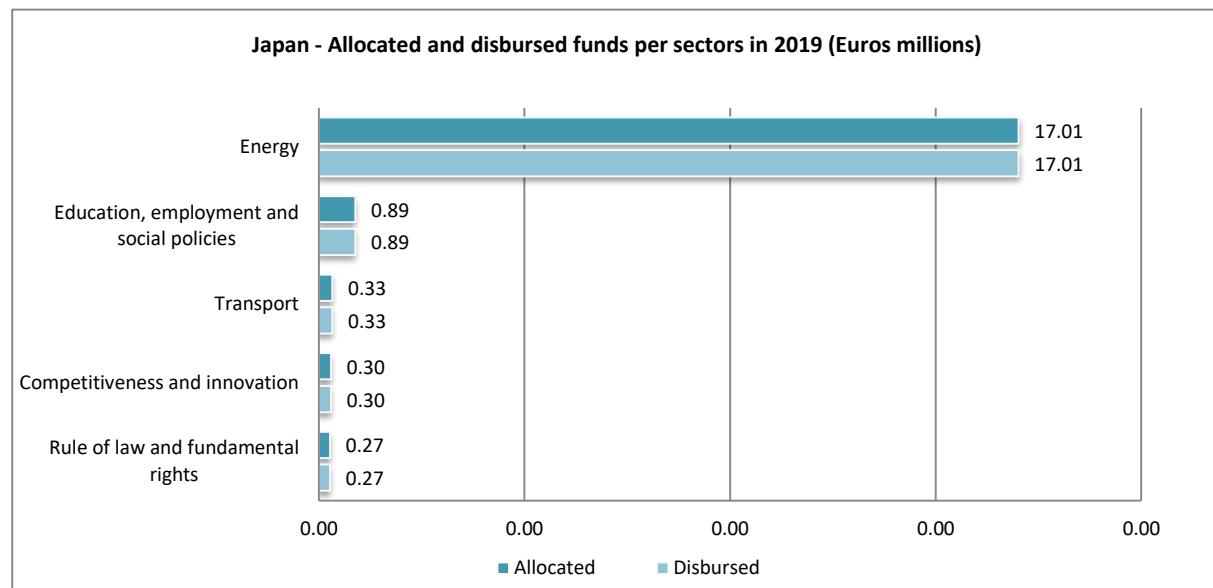
Japan provides support in the fields such as ethnic reconciliation, improvement of health, sanitation and educational services, removal of land mines and unexploded ordnances, in order to contribute to the consolidation of peace.

(2) Environmentally Friendly and Sustainable Economic Development

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

Key activities in 2019

The Government of Japan **allocated € 18.80 million and disbursed € 18.80 million in 2019 in the form of grant and loan** to the following sectors: Energy, Education, Employment and social policies, Transport, Competitiveness and innovation and Rule of law and fundamental rights.

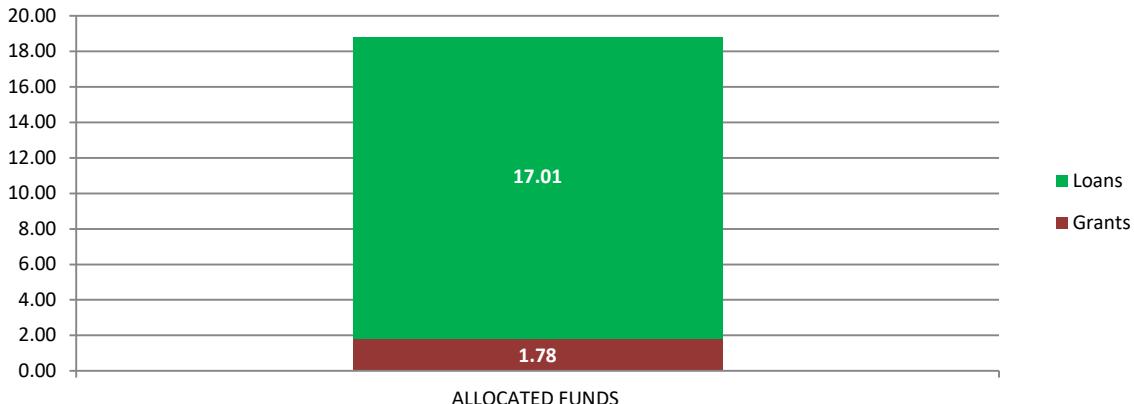




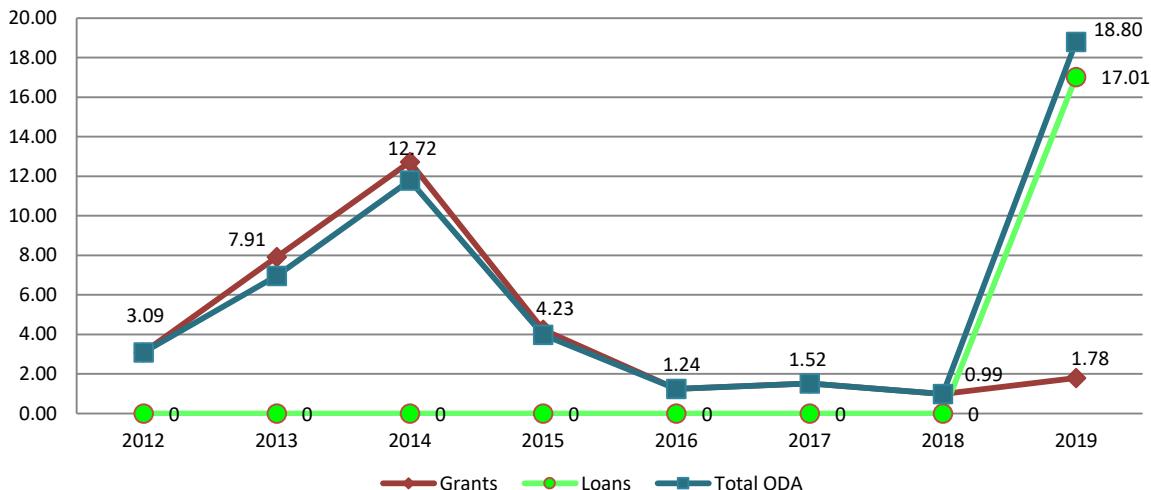
From
the People of Japan

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Government of Japan - Comparison of Loans and Grants- 2019 (Euros millions)



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



Medium and long-term approach

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

Education

From 1997 to 2019, the Government of Japan granted EUR 28,974,861 in total under four types of schemes; General Grant Aid, Grant Assistance for Grassroots Human Security Projects (GAGP), Grant Assistance for Cultural Grassroots Projects (GACGP) and Technical Cooperation. Under General Grant Aid, GAGP and GACGP projects, altogether 97 primary schools and other institutions have been supported for constructing, reconstructing and rehabilitating their school buildings, classrooms, sports halls and laboratories, equipping school furniture and providing heating systems.

Health

From 1997 to 2019, the Government of Japan granted EUR 82,954,295 in total under three types of schemes; General Grant Aid, Grant Assistance for Grassroots Human Security Projects (GAGP) and Non-Project Grant Aid. Altogether 168 Hospitals and Health Care Centres have been supported for reconstructing of buildings, providing medical equipment, ambulance vehicles and improving medical services.

Demining

From 1997 to 2019, the Government of Japan granted at least EUR 9,577,122 in total for demining under three types of schemes; General Grant Aid, Grant Assistance for Grassroots Human Security Projects (GAGP) and Technical Cooperation. Under these schemes, altogether 26 demining projects have been supported for provision of demining equipment, demining work, raising mine awareness and mine risk education, for 31 recipients, including cantons, municipalities & cities and demining organizations.

Environment

In May 2017, construction of the flue gas desulphurization (FGD) plant started at Ugljevik Thermal Power Plant. This project is funded by Japanese ODA loan (E/N was signed in 2009) amounting up to YEN 12 billion (approx. KM 200.00 m). The construction will be completed by the end of 2022. The FGD is expected to reduce drastically sulphur dioxide that pollute the air and will also contribute to the protection of environment in BiH and improving the health condition of nearby residents.

Consolidation of Peace/Ethnic Reconciliation

In November 2016, JICA (Japan International Cooperation Agency) 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 (APOSO) 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 BIH, Serbia, Montenegro and North Macedonia.

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

Disaster Risk Reduction/Disaster Management

JICA has been offering and implementing training courses in Japan for BiH officials. In 2016, JICA started “Disaster Management and Response Training” for 4 years term. This program aims to enhance the capacity on disaster risk management focusing on activities for preparedness and response stages in the disaster risk reduction management cycle based on lessons and learnings to be obtained in Japan.



Development partners coordination efforts

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

Informal group for coordination of development partners

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

Group for coordination of development partners in Education

Group for coordination of development partners in Health

UN Program - Disaster Risk Reduction Group

Contact information:

Embassy of Japan, Economic and Development Cooperation Section

Address: Bistrik 9

71000 Sarajevo, BiH

Phone: +387 33 277 500

Fax: +387 33 209 583

E-mail: japanbih@sx.mofa.go.jp

Web-address: http://www.bosnia.emb-japan.go.jp/itprtop_en/index.html

Japan International Cooperation Agency (JICA) Sarajevo Office, c/o Embassy of Japan

Address: Bistrik 9

71000 Sarajevo, BiH

Phone: +387 33 220 190

Fax: +387 33 220 192

E-mail: jica_bh@bih.net.ba ; bk_oso_rep@jica.go.jp

Web-addresses: <https://www.jica.go.jp/bosnia/english/index.html>

www.jica.go.jp/balkan/english/office/about/index.html

The Embassy of the Kingdom of the Netherlands

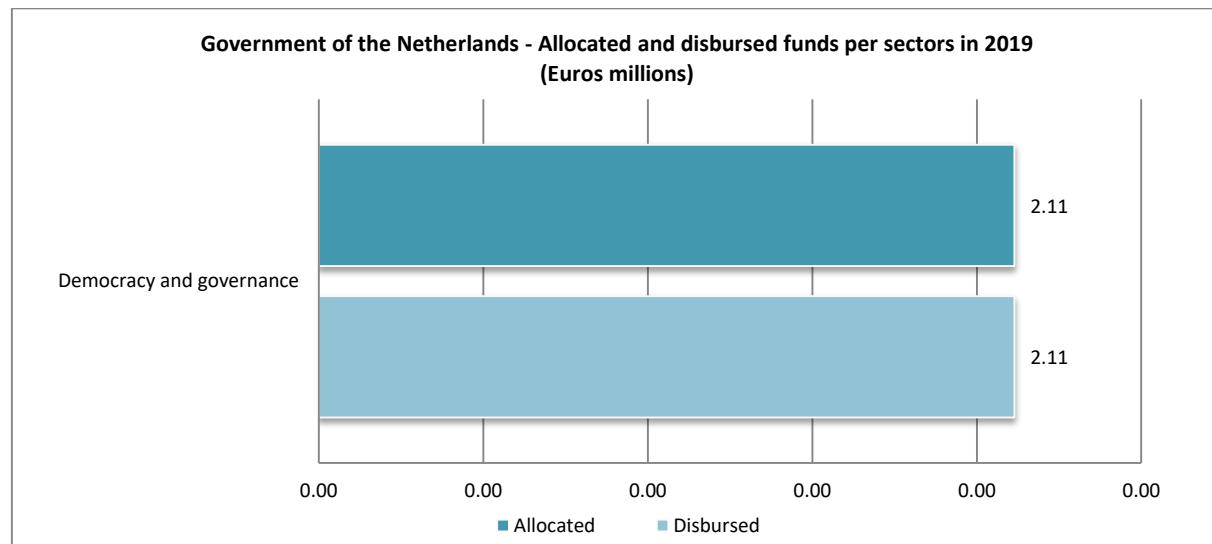
Policy approach

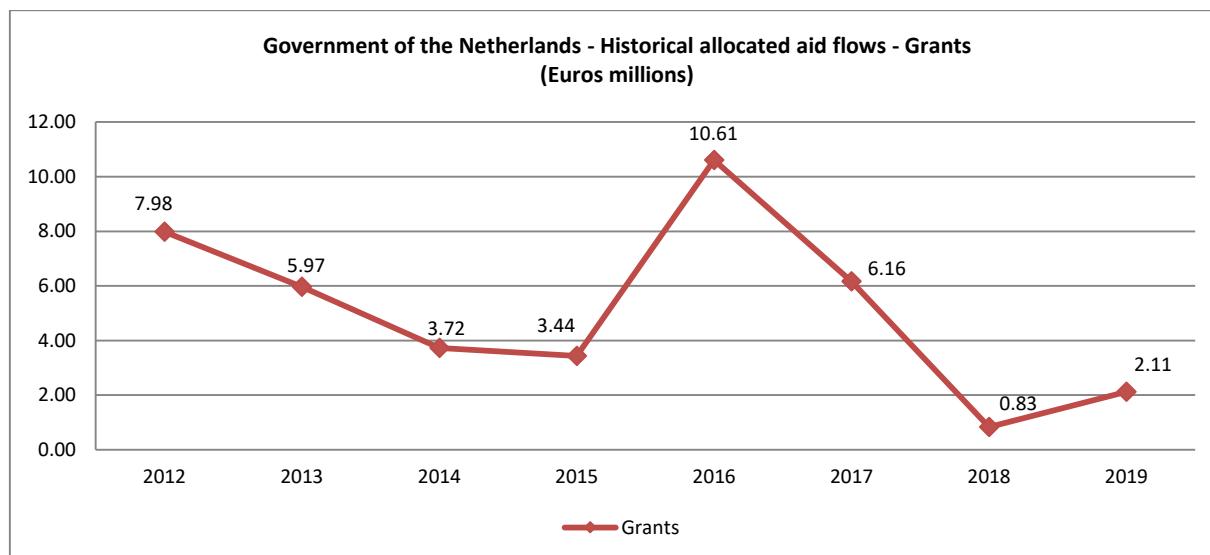
Bosnia and Herzegovina was one of the 36 partner countries worldwide that the Netherlands had a substantive bilateral development cooperation programme with.

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

Key activities in 2019

The Government of the Netherlands **allocated € 2.11 and disbursed € 2.11 in 2019 in the form of grants** to the sector Democracy and governance.





Medium and long-term approach

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

Development partners coordination efforts

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

Contact information:

The Embassy of the Kingdom of the Netherlands

Address: Grbavička 4

71000 Sarajevo, BiH

Phone: +387 33 562 600

Fax: +387 33 223 413

E-mail: sar@minbuza.nl

Web-addresses: www.minbuza.nl; www.mfa.nl/sar

The Royal Norwegian Ministry of Foreign Affairs

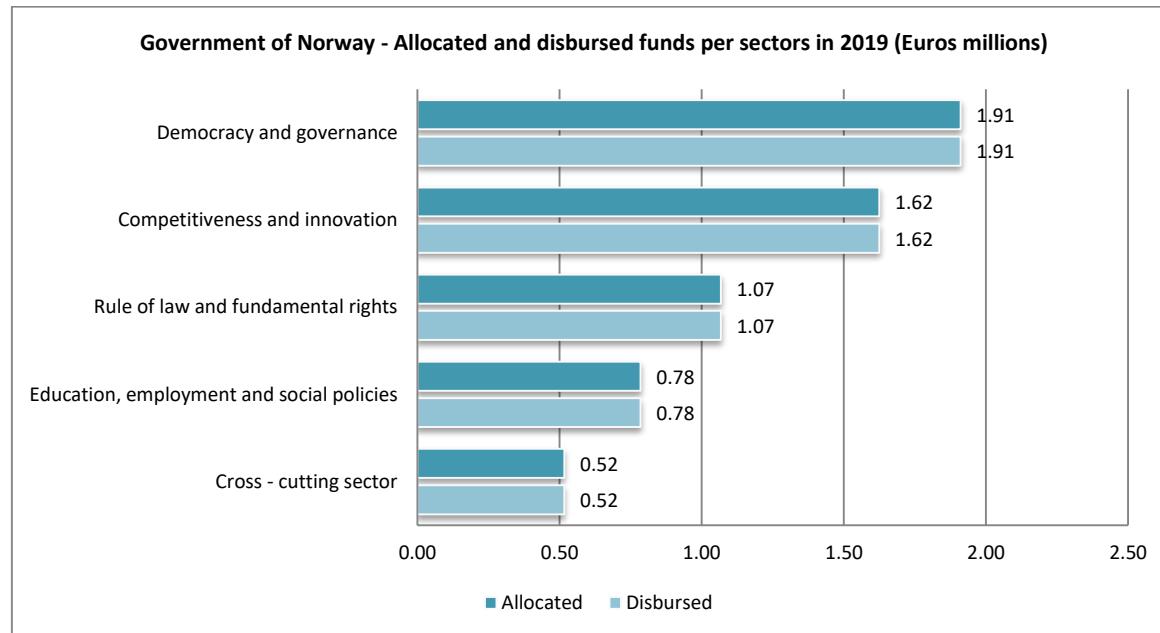
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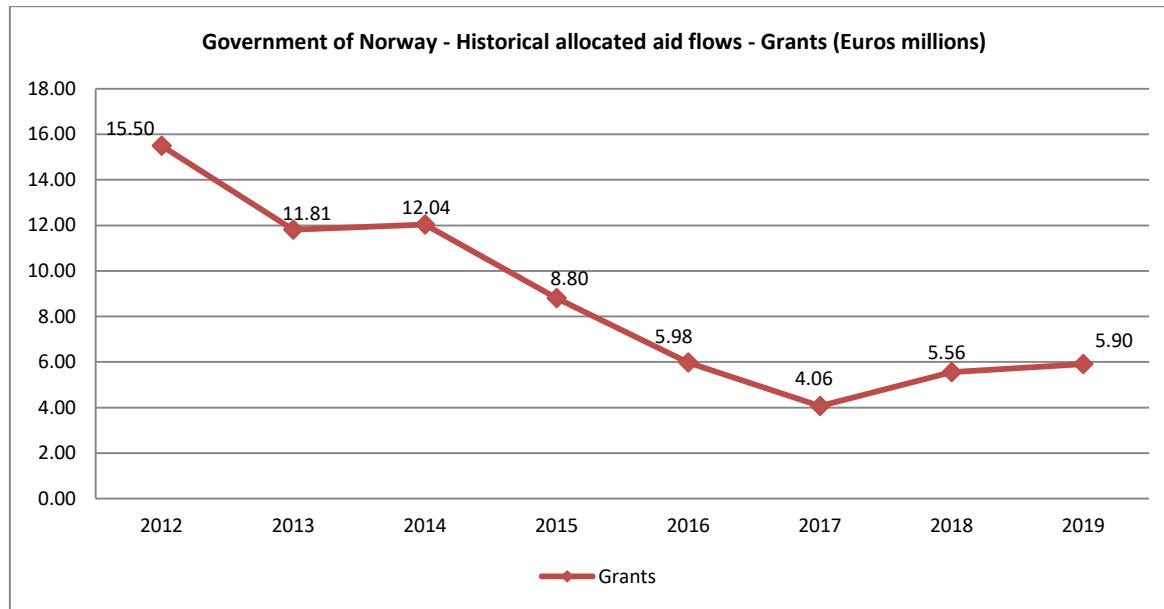
Much of Norwegian development cooperation internationally involves long-term assistance in the form of grants. Norwegian long-term development cooperation in general emphasizes both bilateral assistance, channelled directly to the governments of partner countries, and multilateral assistance, which is 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 2019

The Government of Norway **allocated € 5.90 million and disbursed € 5.90 million in 2019 in the form of grant** to the following sectors: : Democracy and governance, Competitiveness and innovation, Rule of law and fundamental rights, Education, employment and social policies and Cross - cutting sector.





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

Development partners coordination efforts

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

Contact information:

The Embassy of the Kingdom of the Norway

Address: Ferhadija 20
 71000 Sarajevo, BiH
 Tel: +387 33 25 40 00
 Fax: +387 33 66 65 05
 E-mail: emb.sarajevo@mfa.no
 Web-address: www.norveska.ba

Slovenia

Policy approach

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

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

Areas of activity:

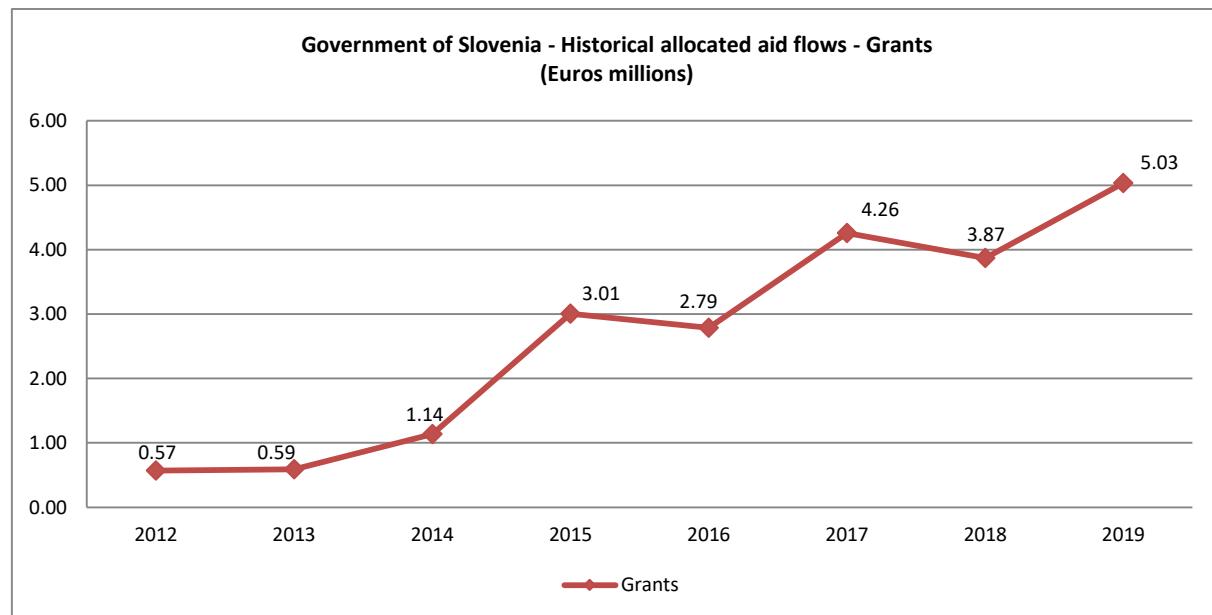
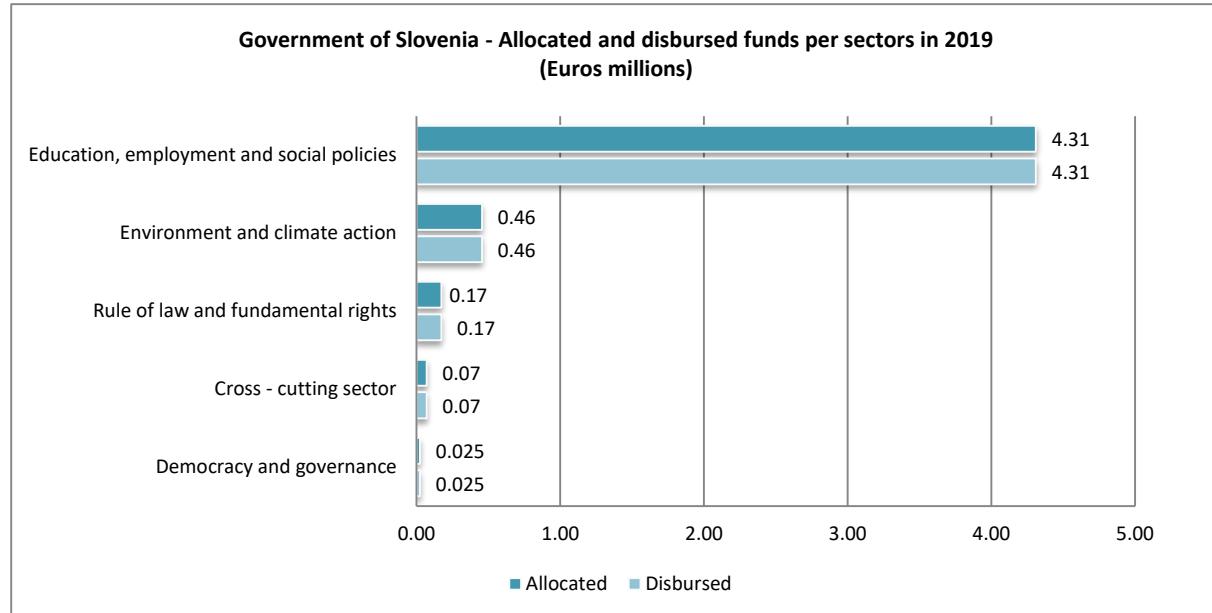
- good governance: support for the EU accession process in the countries of the region, i.e. adjusting the standards and legislation to the European *acquis*, strengthening administrative capacity and institution building and assistance in the EU negotiations; development of good governance, the rule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

Forms of cooperation and implementing partners:

- technical assistance provided either directly between state authorities or through Centre for European Perspective and Center of Excellence in Finance or other implementing partners; attention is devoted to attracting new stakeholders from the public and private sectors;
- building public infrastructure to improve the conditions for development, ensure prosperity for all population groups and promote environmental protection;
- tuition fee waivers and scholarships for secondary and vocational education, graduate and post-graduate studies, thereby contributing to higher levels of education of young people in partner countries and improved employability, as well as to the sustainable development of partner countries;
- enhancing civil society with NGO projects, especially in women's empowerment, strengthened prospects for young people in the region and the raising of awareness of users of new public infrastructure.

Key activities in 2019

The Government of Slovenia **allocated € 5.03 million and disbursed € 5.03 million in 2019 in the form of grant** to the following sectors: Education, employment and social policies, Environment and climate action, Rule of law and fundamental rights, Cross - cutting sector and Democracy and governance.



Medium and long-term approach

In the medium term, Slovenia will continue to offer its support to Bosnia and Herzegovina in more or less the same sectors as in the previous period, where Slovenia has a comparative advantage. Based on updated legal and strategic documents on development cooperation, Slovenia will focus on strengthening the rule of law and good governance, particularly in the context of EU integration,

employment and decent work agenda, especially for women, and on environmental protection, with an emphasis on sustainable water management, as well as on mitigation and adaptation to climate change.

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

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

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

Development partners coordination efforts

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

Contact information:

Embassy of the Republic of Slovenia

Address: Maglajska 4

71000 Sarajevo, BiH

Phone: (+) 387 33 251 770

Fax: (+) 387 33 251 773

E-mail: sloembassy.sarajevo@gov.si

Web address: www.sarajevo.veleposlanstvo.si/

The Government of Sweden

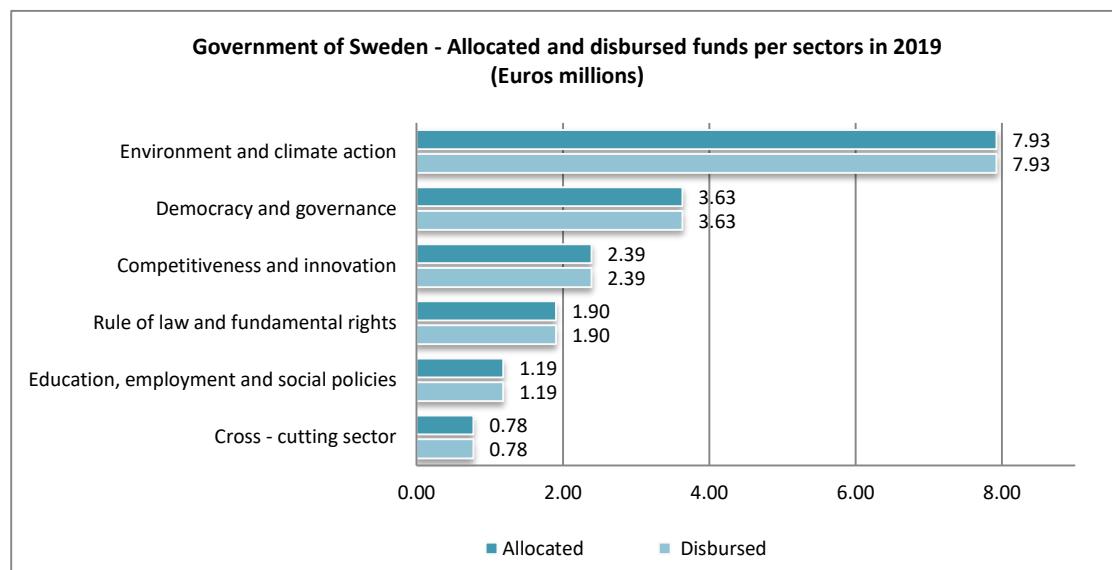
Policy approach

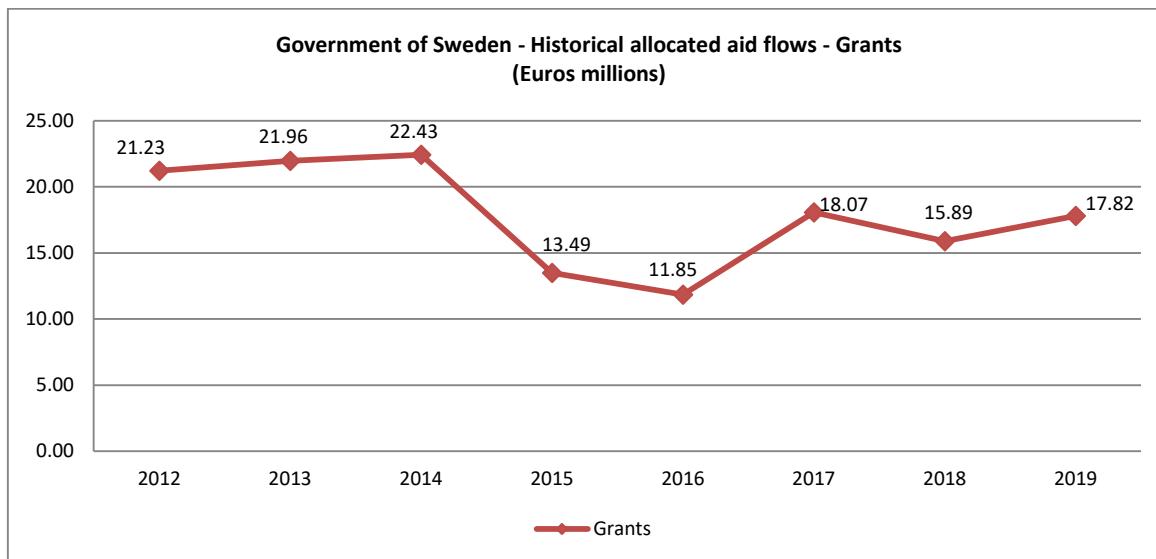
The Swedish Development Cooperation with Bosnia and Herzegovina is guided by a result strategy for Swedens reform cooperation with the Western Balkans – Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia. The strategy covers 2014-2020. (<https://www.swedenabroad.se/en/about-sweden-non-swedish-citizens/bosnia-and-herzegovina/development-and-aid/>)

As in previous year, Sweden is committed to a long-term responsibility for development of this country into a free and democratic market economy. The Swedish support focuses on enabling sustainable democratic development and focus on the public administration and judicial reforms, democracy, human rights, civil society, economic integration, environment and energy. This support is to be carried out in cooperation with, or as an addition to, the efforts made by the EU within the frame of the European Neighborhood Instrument (ENI) and the Instrument for Pre-Accession Assistance (IPA). The basis of the Swedish fund distribution is the EU's reports of the partner countries individual, EU, accession progress as well as the embassies evaluation.

Key activities in 2019

The Government of Sweden allocated **€ 17.82 million and disbursed € 17.82 million in 2019 in the form of grant** to the following sectors: Environment and climate action, Democracy and Governance, Competitiveness and innovation, Rule of law and fundamental rights, Education, employment and social policies and Cross-cutting sector.





Medium and long-term approach

In the aforementioned result strategy, it is stated that engagements in the Western Balkans are expected to contribute to three main areas.

The first area contributes to increased economic integration with the EU and economic development. This includes strengthening the administrative capacity of institutions and the competitiveness of small and medium-sized enterprises.

The second area focuses upon the strengthening of democracy including increased respect for human rights and a more developed judiciary system. In this area there are several integral parts e.g. initiatives that strengthen the local government and bring decisions closer to the people, supporting actions that increase the capacity and sustainability of the civil society, the prosecution of war crimes, and the contribution towards transparent and democratic institutions. Another important aspect is contributing to the strengthening of the rights, recognition and respect for minorities, vulnerable children and LGBT persons. Another important task for the Swedish support is to contribute towards raising awareness of, and strengthening gender equality.

The third, and final, area where support in the Western Balkans is expected to make a contribution is that of environmental improvement and decreased climate impact. This area is also expected to contribute to a stronger resistance against environmental impacts and climate change. Here the support can contribute to innovative and cost-efficient initiatives to integrate environmental issues into the overall policy. The actions for sustainable social services can, and should, be complemented by actions that promote increased economic, social and ecologically sustainable management of natural resources.

It is to be underlined that progress towards the strategy objectives is moving very slowly due to a complicated political situation and the complex administrative structure of the country. The Swedish portfolio is, however, assessed to be relevant to the country's challenges and to the objectives of Sweden's strategy. Also, the contributions are overall producing important results.

Development partners coordination efforts

The Government of Sweden participates in most of the development partners coordination initiatives i.e. Agriculture, Local Governance Development Partners Coordination Forum, Anti-corruption Development Partners Coordination Forum, Rule of Law Development Partners Coordination forum, PAR Development Partners Coordination Forum, EU Councilors coordination forum and other relevant sector meetings. The Government of Sweden fully supports all initiatives to coordinate development partners interventions and prevent overlapping activities.

In general, Sweden has an important position in BiH, known for its strong support to EU accession, actively participating in development partners (donors) and policy coordination in several sectors.

The balance between results areas is assessed as relevant. Based on an assessment of the urgency for BiH to deliver on the Reform Agenda and progress in terms of approximation, the Embassy's ambition for the upcoming period will be to search contributions with a high turnout with regard to BiH's need to deliver on the EU opinion priorities. The continued focus on the Democracy Drive can be achieved in all results areas.

Contact information:

Embassy of Sweden

Address: Embassy of Sweden, Ferhadija 20

71000 Sarajevo, BiH

Phone: +387 33 276 030

Fax: +387 33 267 060

E-mail: ambassaden.sarajevo@gov.se

Web-addresses: www.sida.se; www.swedenabroad.se

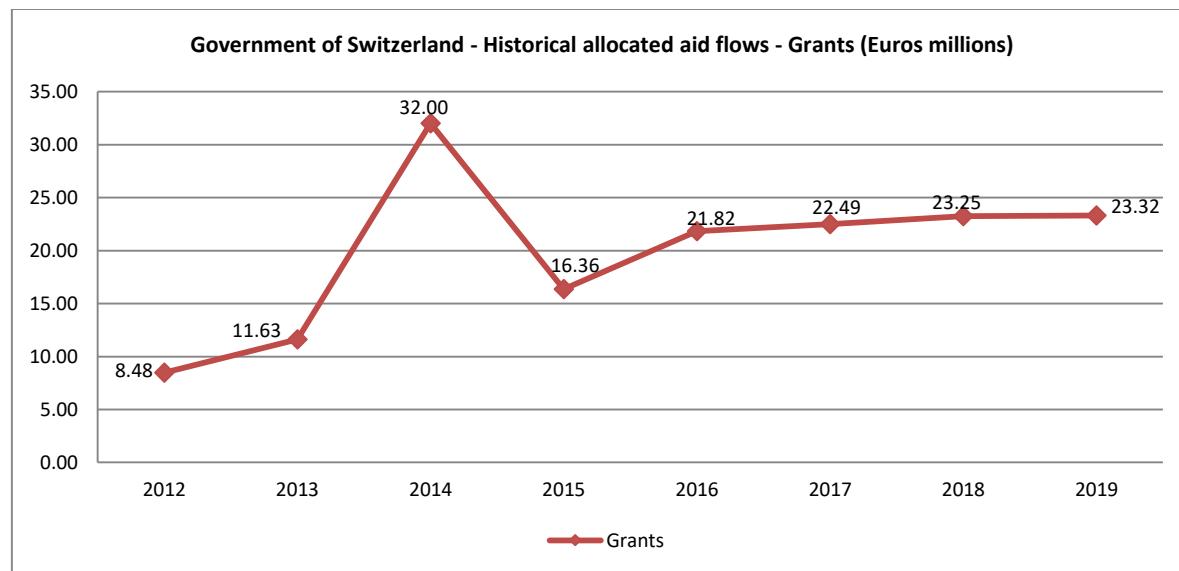
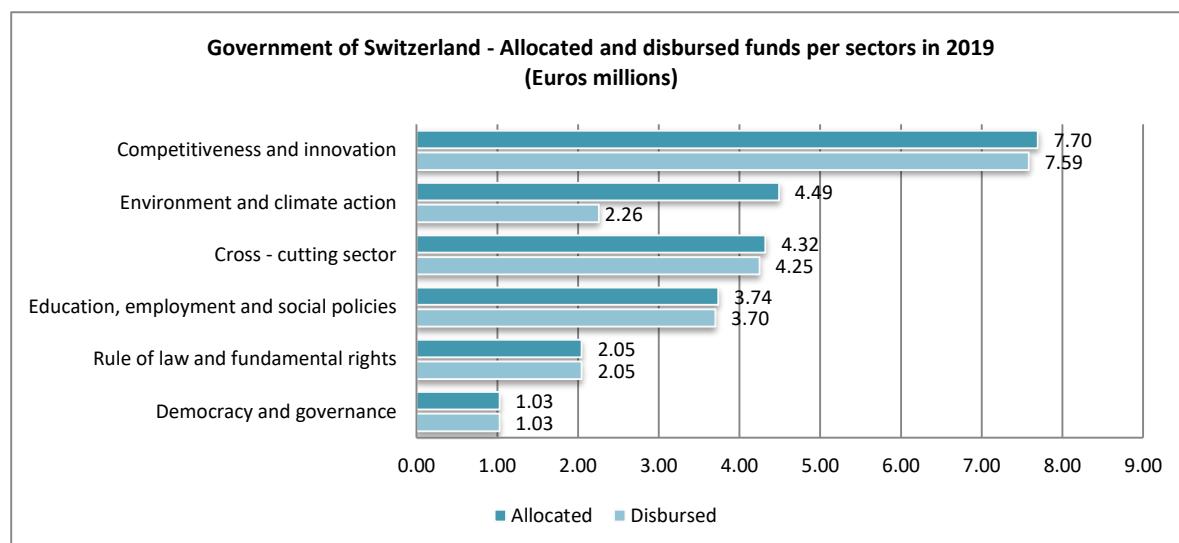
Switzerland

Policy approach

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

Key activities in 2019

The Government of Switzerland **allocated € 23.32 million and disbursed € 20.87 million in 2019 in the form of grant** to the following sectors: Competitiveness and innovation, Environment and climate action, Cross - cutting sector, Education, employment and social policies, Rule of law and fundamental rights and Democracy and governance.



Medium and long-term approach

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

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

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

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

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

In the *Cross-cutting sector*, support is provided to the health sector reforms and strengthening of primary healthcare. Focus is placed on health promotion, changing the population's health-related behaviour, and on cost-containments of the health system. The role of local communities in creating a health-promoting environment is being strengthened. Successfully developed community nursing models are rolled out to other parts of the country. Support to improved community-based mental health services is continued as well as to improved education of nurses and services provided by



nurses. Support is also provided to the strengthening of the national mine action capacities and to demining in nine communities. Small-scale grants are provided for initiatives of the civil society, public and private organisations, including the institutional capacity building, addressing needs of vulnerable groups (specific focus on youth and children, the elderly, Roma, people with disabilities), and promoting gender equality.

In the medium term the focus and domains of intervention of the Swiss Cooperation Programme in BiH will remain the same: local governance and municipal services, economic development and employment, and health. Switzerland will work with committed citizens, activists, entrepreneurs, officials and politicians who strive to work against general apathy, while advocating for citizens' interests, demanding a responsive government, and promoting change throughout the country. Changing social norms towards gender equality, social inclusion and citizen participation will become an integral part of the programme. Furthermore, the potential of digital transformation in all interventions will be systematically seized upon. Switzerland will continue its assistance in meeting the humanitarian needs of migrants stranded in the country.

Development partners coordination efforts

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

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

Contact information:

Embassy of Switzerland in Bosnia and Herzegovina

Address: Zmaja od Bosne 11 (RBBH, Building B),
71000 Sarajevo, BiH

Phone: +387 33 275 850

Fax: +387 33 570 120

E-mail: sarajevo@eda.admin.ch

Web address: www.eda.admin.ch/sarajevo

The Government of the United Kingdom

Policy approach

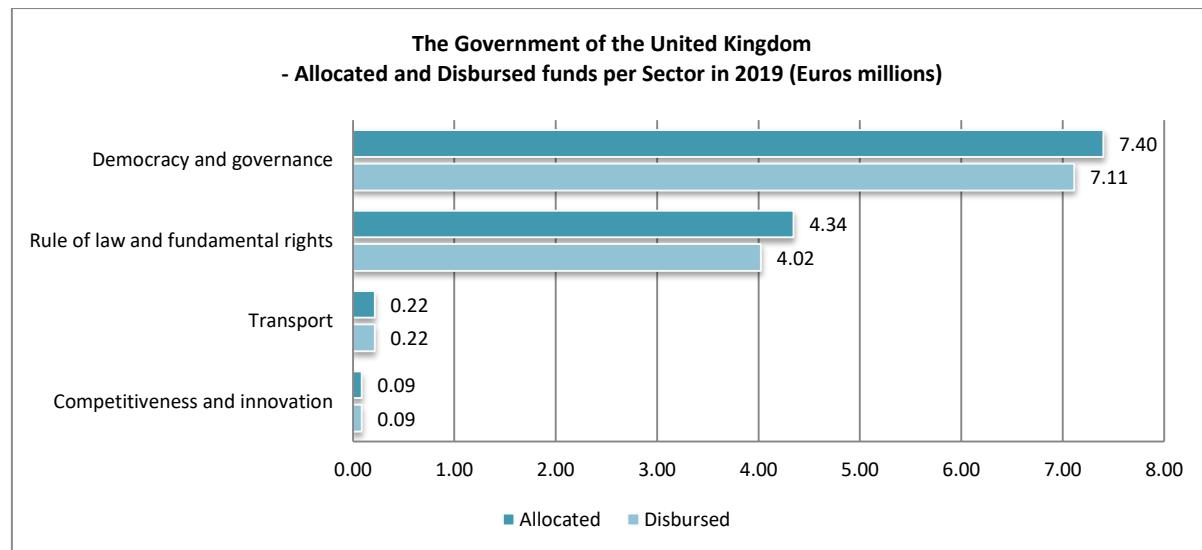
The UK is committed to Bosnia and Herzegovina's success on its Euro Atlantic path as a single, sovereign, secure and peaceful country, and promotes a range of socioeconomic and political reforms through its assistance.

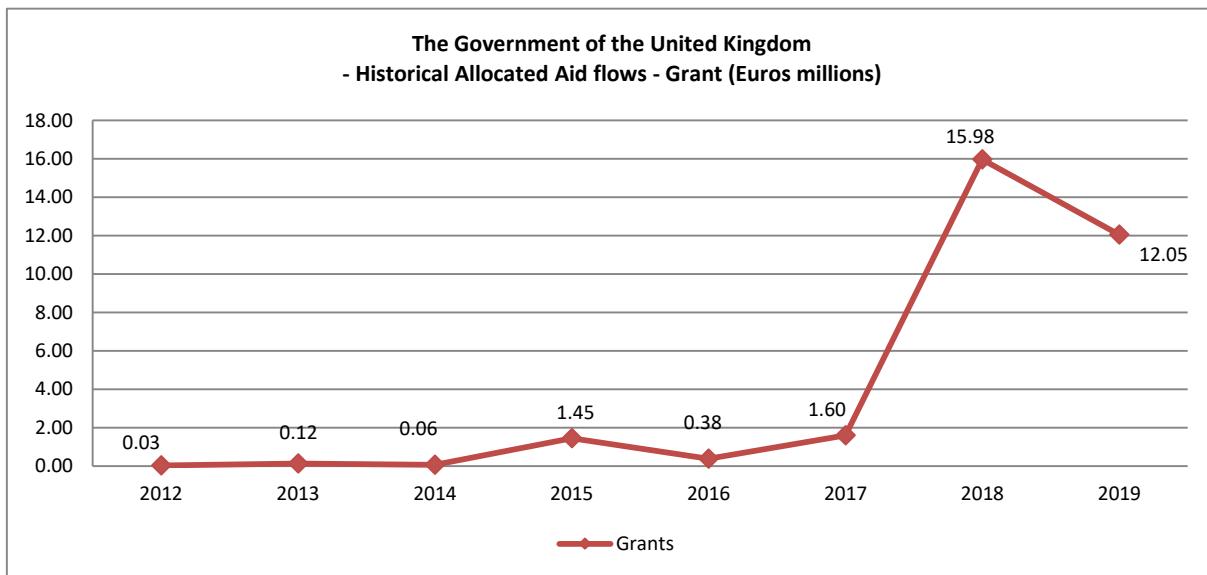
Our programming work covers a range of issues, including:

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

Key activities in 2019

The Government of the United Kingdom **allocated € 12.05 million and disbursed € 11.44 million in 2019 in the form of grant** to the following sectors: Democracy and governance, Rule of law and fundamental rights, Transport and Competitiveness and innovation.





Medium and long-term approach

UK financial support for activities in BiH is largely delivered through the Western Balkans Conflict, Stability and Security Fund (CSSF) and within this, through the Good Governance Fund (GGF). At the Western Balkans Summit in 2018 the UK announced an increase in funding for the Western Balkans region from £41m in 2018-19 to £80m in 2020-21. Despite the impact of COVID-19 on overall allocations for overseas development assistance, the UK commitment to stability and prosperity in the region and BiH stands, and we expect to deliver the vast majority of planned programming and spend this year. Priorities for the Western Balkans and BiH continue to include support for governance and economic development, rule of law, peace building and reconciliation, democracy, media freedom and combatting serious and organized crime.

Development partners coordination efforts

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

Contact information:

British Embassy Sarajevo

Address: Hamdije Čemerlića 39a

71000 Sarajevo

Phone: +387 33 282 200

Fax: +387 33 282 203

Web-address: <http://ukinbih.fco.gov.uk/>

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

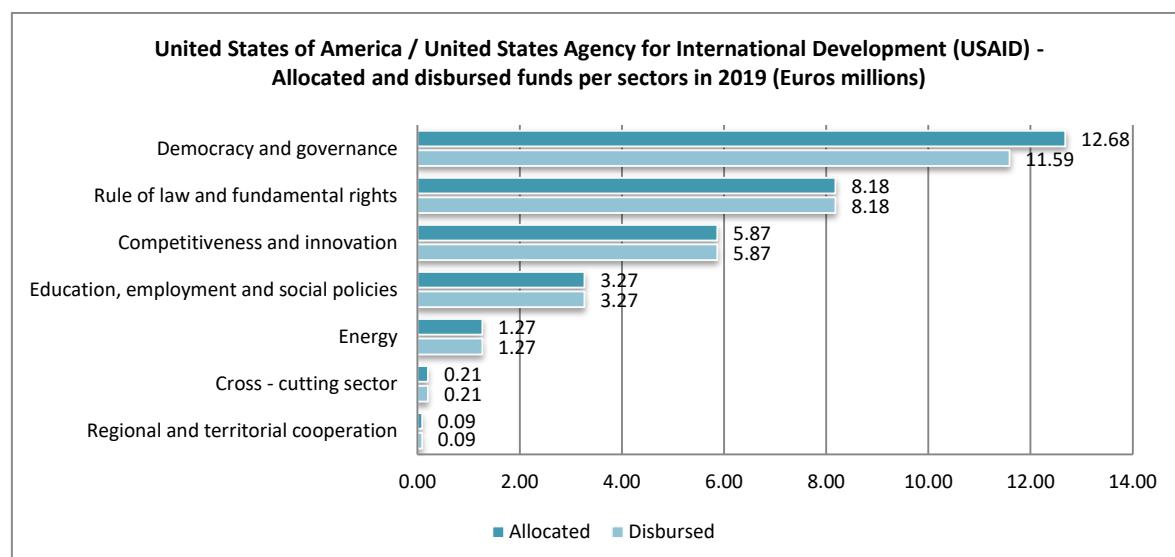
Policy approach

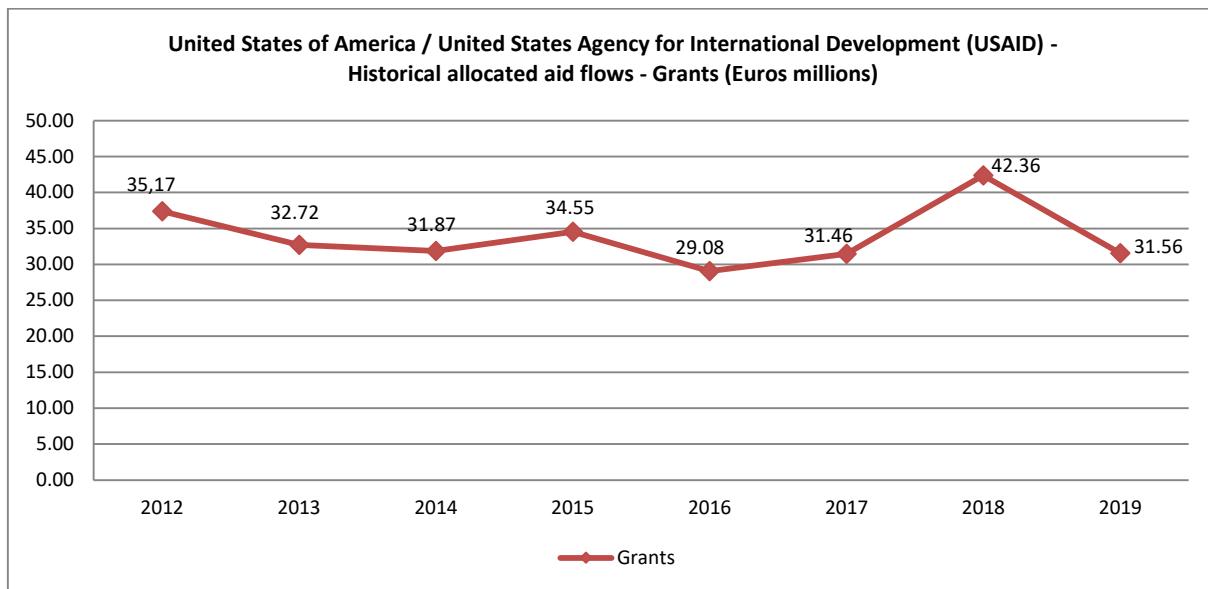
USA/USAID will increase independence, accountability, and effectiveness of the justice sector by strengthening the capacity of justice sector institutions to fight corruption and organized crime. Assistance will help improve prosecutors' and judges' performance in dealing with cases involving corruption and economic crime, and improve their efficiency in processing cases and quality of draft indictments and verdicts. Strategic coordination of USAID's civil society, media, judicial strengthening, and political process activities will be implemented in order to ensure that every activity is working in a concerted manner on countering corruption. USAID's programs will also improve BiH's response to victims of trafficking and promote human rights of the most marginalized persons in BiH society.

USA/USAID will work to expand access to finance, including raising the awareness of local businesses of alternative forms of financing, to unlock liquidity in banks within BiH. This will attract new investments and assist the private sector in playing a robust role in advancing BiH along the path to self-reliance. USAID/USA assistance will enable BiH to strengthen its energy security and further integrate its energy sector with regional and European markets, consistent with Energy Community requirements. USAID/USA education programs will train teachers on the implementation of and compliance with a common core curriculum (CCC) to increase students' learning outcomes. The changes in the CCC will assist in harmonizing BiH's standards with those of the EU and build a more common approach to education.

Key activities in 2019

United States of America/United States Agency for International Development (USA/USAID) **allocated €31.56 million and disbursed €30.47 million in 2019 in the form of grant** to the following sectors: Democracy and governance, Rule of law and fundamental rights, Competitiveness and innovation, Education, employment and social policies, Energy, Cross - cutting sector, Regional and territorial cooperation.





Medium and long-term approach

Projects will continue to evolve and respond to BiH's changing needs and will promote initiatives to leverage other development partners resources. The United States and the United States Agency for International Development (USAID) will carry out assistance programs that help the country progress toward an improved business enabling environment, improved rule of law, effective and transparent government institutions with a strong civil society, and a tolerant multi-ethnic society.

Development partners coordination efforts

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

Contact information

U.S. Embassy

Address: Robert C. Frasure 1
 71000 Sarajevo, BiH
 Phone: +387 33 704 000
 Fax: +387 33 659 722
 E-mail: CamusE@state.gov
 Web-address: <http://sarajevo.usembassy.gov>

U.S. Agency for International Development

(USAID)
 Address: Robert C. Frasure 1
 71000 Sarajevo, BiH
 Phone: +387 33 704 000
 Fax: +387 33 219 298
 E-mail: klarson@usaid.gov
 Web-addresses: www.usaid.gov; www.usaid.ba

European Bank for Reconstruction and Development (EBRD)

Policy approach

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

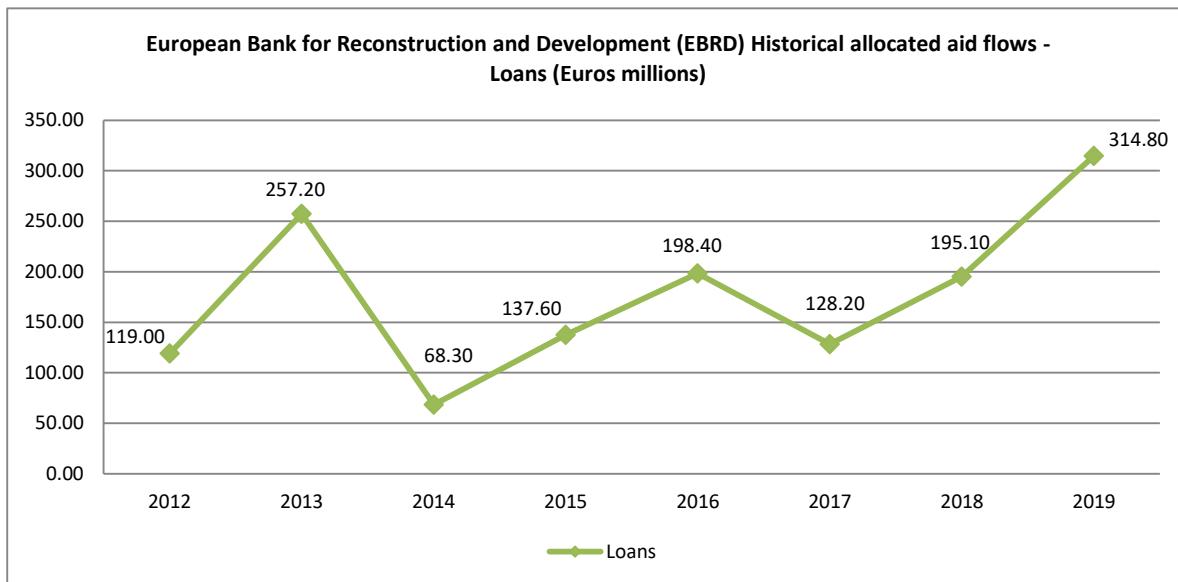
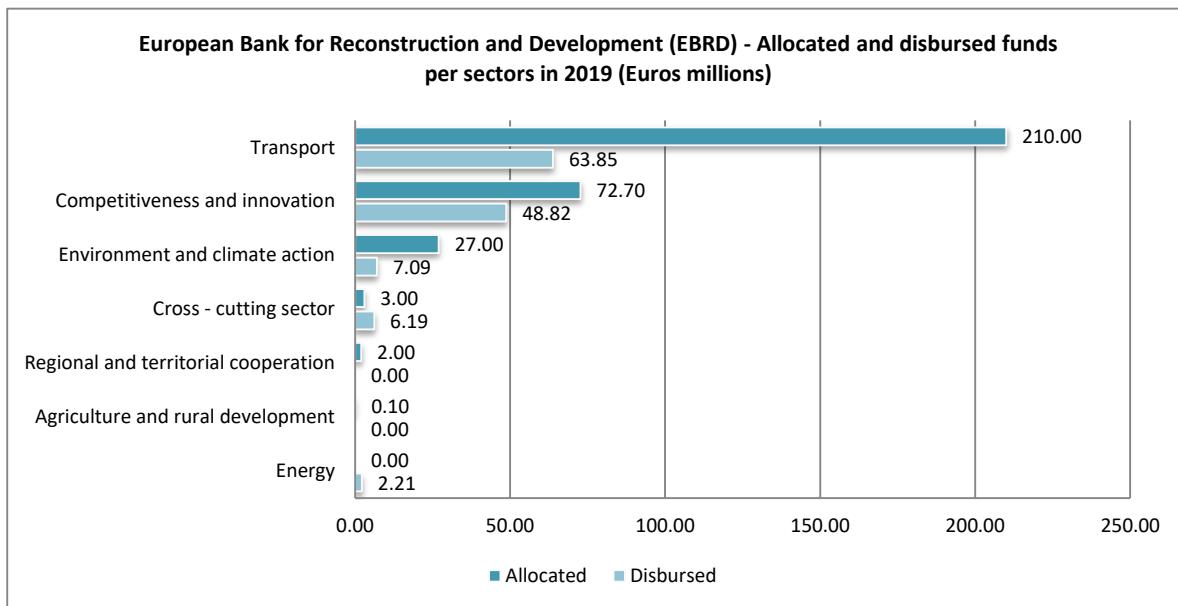
In particular, the EBRD promotes transition to a competitive, well-governed, green, inclusive, resilient and integrated market economies by investing mainly in the private sector, to mobilize significant foreign direct investment, to support Small and Medium Enterprises and to investment in better business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

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

Key activities in 2019

European Bank for Reconstruction and Development (EBRD) **allocated € 314.8 million and disbursed € 128.2 million in 2019 in the form of loan** to the following sectors: Transport, Competitiveness and innovation, Environment and climate action, Cross - cutting sector, Regional and territorial cooperation, Agriculture and rural development and Energy. EBRD also committed funds from its Special Shareholder Fund to technical assistance for various projects and channeled and blended other donor's financing with its own loans.

This significant amount of financing was possible due to further investments in Corridor Vc (Doboj Bypass) alongside grant co-financing from the EU's Western Balkans Investment Framework, contributing to better connectivity and integration of Bosnia and Herzegovina into local, regional and European markets. Other key investments included a € 18.0 million private investment for the modernization of an existing industrial combined heat power plant, substituting the use of coal and providing reliable district heating supply to the adjacent city. EBRD also extended a total of €32.5 million of credit lines to local commercial banks for financing SME competitiveness, energy efficiency measures and mortgages. By the end of 2019 three BiH cities had joined the EBRD Green Cities Initiative: Zenica, Sarajevo Canton and Banja Luka. With EBRD they are preparing multi-year Green Cities Action Plans with significant investments in more sustainable urban infrastructure and services. To date, the EBRD cumulative business volume in Bosnia and Herzegovina amounts to €2,620 million with 177 projects and cumulative disbursements of €1,854 million, positioning the EBRD at the first place of institutional investors in Bosnia and Herzegovina.



Medium and long-term approach

On 5 July 2017 the EBRD Board of Directors adopted the Country strategy 2017-2022 for Bosnia and Herzegovina. It focusses on supporting restructuring and expansion of the local private sector, forging closer linkages with regional markets and promoting a more efficient and sustainable use of resources whilst continuing to coordinate the EBRD's activities with the EU and IFI partners.

In particular, the Strategy sets out the following strategic priorities:

- 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

Development partners coordination efforts

EBRD seeks to align its operation with the priorities of local authorities and closely cooperates with other International Financial Institutions and development partners both by co-financing selected projects and by coordinating policy dialogue initiatives. In 2019, a joint visibility event on Corridor Vc progress was organized with the EU Delegation, WBIF, EIB and EBRD.

The EBRD's twenty-eighth Annual Meeting and Business Forum was held in Bosnia and Herzegovina in May 2019. The event under the title "The Power of Diversity" focussed on ways to connect economies for stronger growth and impact, both in the Western Balkans and beyond. It attracted over 2000 guests from BiH and EBRD shareholder countries, including senior government officials, leading financial and corporate executives, environmental specialists and entrepreneurs large and small – as well as representatives of civil society organisations and the international and regional media.

Contact information:

European Bank for Reconstruction and Development

Address: Fra Andjela Zvizdovića 1, B/15
71000 Sarajevo, BiH
Phone: +387 33 257 900
Fax: +387 33 667 950
E-mail: hardagas@ebrd.com
Web-address: <http://www.ebrd.com>



European Union (EU)

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 to 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 (EC) in September to provide its Opinion on the application. The Opinion was not provided by EC in 2017, as the additional set of questions was handed over to BiH authorities by EC in June 2018. BiH delivered the replies to the additional set of questions to the EC in February 2019 that made possible for the European Commission to provide in May 2019 its Opinion to the EU Council and EU Parliament on the membership application of BiH. The Opinion identified 14 key priorities for the country to fulfil in order to be recommended for opening of EU accession negotiation.

Key findings of the **Opinion on Bosnia and Herzegovina's EU membership application and analytical report** can be consulted on the EU Delegation to BiH's web page: <http://europa.ba/?p=63808>

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 organized 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 EU *acquis*. To assist the country in complying with the EU *acquis*-related requirements of the SAP, IPA supports the development and the implementation of strategies and policies to approximate to the EU *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 finalised all the projects from the first two components of the IPA 2017-2013 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 amounted € 165.8 million (annual allocation amounted € 40 million on average).

It supported 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 policies

Such a limited annual allocation of IPA II 2014-2017 funds for BiH derived 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 were earmarked to be allocated under IPA II.

However, due to the adoption of Framework Transport Strategy of BiH 2016-2030 in July 2016, the EC swiftly revised the ISP 2014-2017 for BiH in November 2017 and allocated additional €20 million to the IPA 2017 national annual programme that amounted €60.3 million in total.

Following the adoption of countrywide strategies in BiH in sectors of **environment, agriculture and rural development and energy** during 2017-2018, it made possible the EC to revise the ISP II 2014-2020 for BiH, enabling support to all the sectors, foreseen by IPA II. To that end, the ISP 2014-2020 for BiH was revised and adopted by the EC on 3 August 2018.

The revised ISP 2014-2020 for BiH supports the following sectors, clustered in the revised manner:

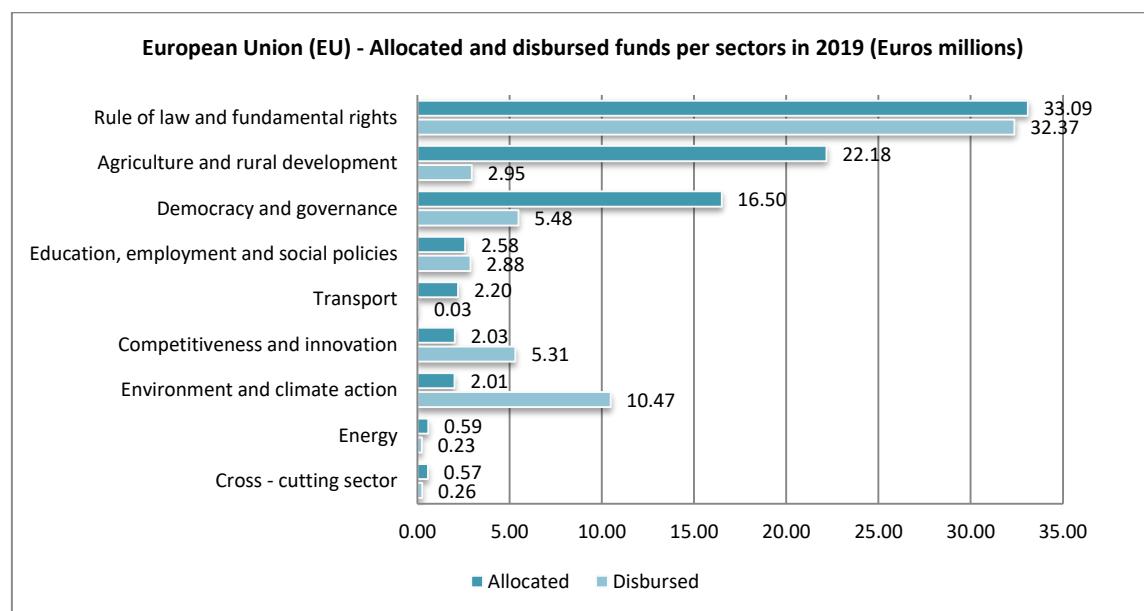
1. Democracy and governance
2. Rule of law and fundamental rights
3. Environment, climate action and energy
4. Transport
5. Competitiveness and innovation and Agriculture and rural development
6. Education, employment and social policies

It is worth to be noted that the inclusion of new sectors allowed the EC to increase the annual allocation for the remaining three years of IPA II (2018-2020) for more than a double amount of previous annual allocation, i.e. allocating more than €100 million for each remaining year (total allocation for IPA 2018-2020 amounts €314.9 million).

The revised ISP II 2014-2020 for BiH is available on DG NEAR web page: <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20180817-revised-indicative-strategy-paper-2014-2020-for-bosnia-and-herzegovina.pdf>

Key activities in 2019

The European Union (EU) **allocated € 81.75 million and disbursed € 60.00 million in 2019 in the form of grant** to the following sectors: Rule of law and fundamental rights, Agriculture and rural development, Democracy and governance, Education, employment and social policies, Transport Competitiveness and innovation, Environment and climate action, Energy and Cross - cutting sector.



As per the above graph, it is to be noted that in 2019 the EU provided most of assistance in three sectors: Rule of Law and fundamental rights, Agriculture and rural development and Democracy and governance. The assistance included the continued support to relevant BiH institutions in processing and monitoring of war crimes, reconstruction of prisons building throughout BiH as well as provision of video surveillance equipment for border crossings in BiH and continued support to improve the quality exchange of information among law enforcement agencies in BiH. Due to the migrants' flows that hit BiH in second half of 2018, the EC, by swiftly adopting the *Special Measure I* to support the response to the Refugee and Migrant Situation in BiH, provided significant funds to address the migration crisis in BiH already in summer 2018. This support was further enhanced – tripled in 2019, by adopting *Special Measure II*, as the migrant's flows continued throughout 2019. Strengthening capacities of Parliaments in BiH in fulfilling their EU Integration relates tasks as well as of relevant BiH institutions in public internal financial control and public administration reform was also provided in the course of the reporting year. Finally, the significant assistance was provided to modernization of the agricultural and food sector in BiH after the long period of the absence of EU support in this sector.

The EU also provided support to strengthening capacities of BiH institutions in other areas, such as: human resource management, civil society, transparency of the election process as well as the support to BiH to participate in the increased number of EU Programmes.

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

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

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

IPA II Multi-country programmes (MCP) 2014-2020 is the new generation of IPA Multi-beneficiary programmes 2007-2013. It continues to support the regional structures and projects that were initiated and established under the IPA I MBP 2007-2013, but it also includes the substantial support for infrastructures projects in transport, environment and energy sectors under the Western Balkan Investment Framework (WBIF) instrument. The WBIF mainly focuses on co-financing mature energy and transport infrastructure projects together with loans from the international financial institutions, as part of the Connectivity Agenda/Berlin Process for WB region. The ultimate goal of the Connectivity agenda is to improve connectivity within the Western Balkans, as well as between Western Balkans and the European Union, and hence will serve as a driver for economic growth, jobs, and new investments in the region.

In the last quarter of 2018, the EC together with BiH authorities, launched the programming exercise of the remaining two years of IPA II national annual programmes, i.e. IPA 2019 and 2020 programmes for BiH, amounting in total nearly €200 million. The programming process was finalised mid-2019 and both IPA programmes were ready for adoption by the EC end 2019 / early 2020.

Medium and long-term approach

The EU will keep supporting BiH's efforts for reform and towards compliance with EU law in order that it may become fully prepared to take on the obligations of membership to the European Union.

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

It is to be noted that the EU has mobilised a package of over EUR 3.3 billion to the Western Balkan partners in tackling COVID-19 crisis. The package includes reallocations from the Instrument for Pre-accession Assistance of EUR 882 million for the entire region, out of which EUR 80.5 million for Bosnia and Herzegovina; a EUR 1.7 billion package of assistance from the European Investment Bank and EUR 750 million of Macro-Financial Assistance, out of which 250 million for Bosnia and Herzegovina.

Apart from the EU Response to COVID-19 outbreak in BiH, the EU assistance will further support the public administration reform, including robust statistics, greater accountability in public administration and ability to provide e-services in line with EU standards. It will also support further building capacities for accession negotiation as well as participation of BiH in various EU Programmes under the scope of Democracy and governance sector. It will support the effective justice, by strengthening the independence, transparency, efficiency, accountability and ultimately public trust in justice system of BiH and by enhancing cooperation between law enforcement and prosecution services; As far as the Environment and climate action and Energy sectors are concerned, the EU assistance will further support alignment of the regulations and policies with EU environmental *acquis* and development of priority environmental infrastructure; it will also assist in reforming the energy sector and improve its energy and climate policies, implementation of energy efficiency measures as well as in supporting pilot green investments in local communities; Under the sectors of Competitiveness and innovation and Agriculture and rural development, the EU assistance will focus on continued support to improve BiH competitiveness in foreign trade, by increasing international and regional volume trade volume of BiH. The EU assistance will also focus on increasing the competitiveness of agricultural production and rural jobs and services as well as to support EU *acquis* alignment and implementation of policy measures in the area of food safety, veterinary and phytosanitary standards.

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

In long-term period, the EU will continue to provide support to all Six IPA II sectors, however in the architecture of the new IPA instrument - IPA III that will be valid for the period 2021-2027. The IPA II sectors will be merged and translated to Five IPA III Windows, each having its Thematic priorities. The

main criteria for funding a particular sector will be policy relevance and technical maturity of Action proposals.

Development partners coordination efforts

To increase effectiveness and efficiency in the delivery of assistance through coordination of development partners, the European Commission and EU Member States ensure coordination of their respective assistance programmes. This coordination is extended also to the IFIs and other non-EU development partners. At the state-level, coordination meetings with IFIs as well as with EU and non-EU development partners 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 EU finances designs, studies, works and technically assists in helping to meet the conditions for investment by the IFIs. Moreover, the EU and the IFIs cooperate within the framework of the Western Balkans Investment Framework (WBIF).

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

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

Contact information:

The EU Delegation to Bosnia and Herzegovina

Address: Skenderija 3a

71000 Sarajevo, BiH

Phone: +387 33 254 700

Fax: +387 33 666 037

E-mail: delegation-bih@eeas.europa.eu

Web-address: <http://www.europa.ba/>

European Investment Bank (EIB)

Policy approach

The European Investment Bank is the bank of the European Union. This is the largest investor in the world. It provides finance to support the European Union's enlargement policy and strategy in the Western Balkans, boosting the standing of the EU in a strategic region where many other international actors are present. Between 2008 and 2019, the EIB invested more than EUR 8 billion in the Western Balkans, and is ready to scale up support for the region.

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

As regards the current COVID-19 crisis, the EIB is contributing EUR 1.7 billion to the EC EUR 3.3 billion COVID-19 support package for the Western Balkans. This package was announced by the European Commission at the end of April 2020 and is part of the *Team Europe* initiative.

Specifically, the EIB will accelerate approvals, signatures and disbursements to provide EUR 1.7 billion in the region between now and 2021. These projects will be focused on climate and environment, healthcare, digital transformation, SMEs and the European Union's Connectivity Agenda.

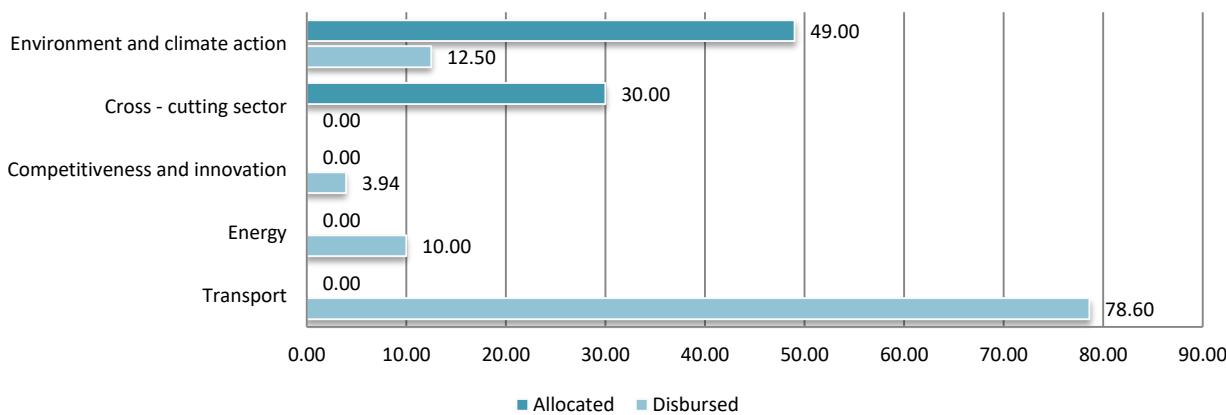
National healthcare sectors and small and medium-sized enterprises in the region will be the immediate beneficiaries of the EU's support package, which is also designed to strengthen the national banking sectors and provide technical assistance to realize development projects and stimulate much needed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

As far as Bosnia and Herzegovina is concerned, there are already a large number of strategically important projects under approval phase and in 2020, investments will target mainly the fields of health, energy, road and water infrastructure, as well as SMEs.

In 2019 only, EIB disbursed an amount of EUR 105 million to Bosnia and Herzegovina, and approved an additional total amount of EUR 79 million for new projects both in the private and in the public sectors.

Key activities in 2019

The European Investment Bank (EIB) **allocated € 79.00 million and disbursed € 105.04 million in 2019 in the form of loan** to the following sectors: Environment and climate action, Cross - cutting sector, Transport, Energy and Competitiveness and innovation.

European Investment Bank (EIB) - Allocated and disbursed funds per sectors in 2019 (Euros millions)

European Investment Bank (EIB) Historical allocated aid flows - Loans (Euros millions)


Development partners coordination efforts

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

Contact information:

European Investment Bank

Address: 98-100, boulevard Konrad Adenauer,
L-2950 Luxembourg
Phone: (+352) 43 79 1
Fax: (+352) 43 77 04
Web-address: www.eib.org



United Nations (UN)

UNITED NATIONS
Bosnia and Herzegovina

Policy approach

The work of the UNCT in BiH is guided through the 2015-2020 UNDAF endorsed by the BiH Council of Ministers on 14 May 2015 and officially signed on 15 June 2015. Thirteen outcomes have been agreed within the 2015-2020 UNDAF, in four strategic focus areas that respond to country needs and make use of the UN's comparative advantages: *Rule of Law and Human Security, Sustainable and Equitable Development and Employment, Social Inclusion (education, social protection, child protection, child protection and health), and Empowerment of Women*. In line with the UNDAF provisions, the UNDAF outcomes are further operationalized through preparation of biennial Joint UN Work Plans, one for each of the four UNDAF Focus Areas, which also define specific partnership and collaboration with the government partners.

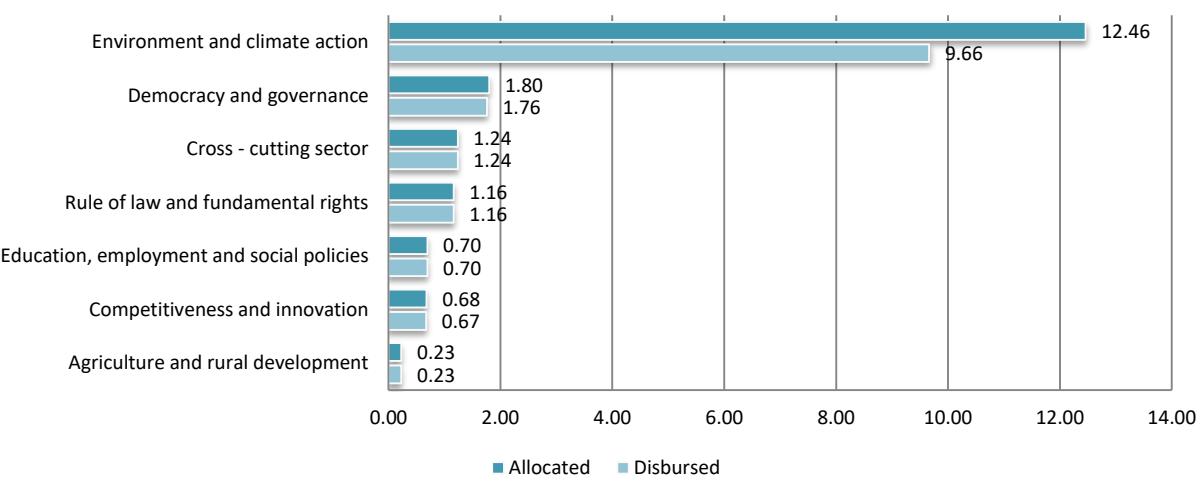
The overall UN policy approach in BiH continues to be embedded in ensuring a full, country-wide ownership of the UN activities as well as inclusive and Harmonized engagement of the relevant authorities in BiH. It attempts to overcome the gap in the absence of a country-wide strategic planning processes and defined development priorities by advocating for localization of the 2030 Agenda and the Sustainable Development Goals as the globally agreed sustainable development framework. Where available, the reference and alignment to the existing sector strategies in the country is utilized, ensuring provision of technical support to the identified needs and priorities. 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.

For the more detailed overview of the UN activities and results in 2019 in the targeted sectors, please refer to the upcoming [2019 UN Country Results Report](#)

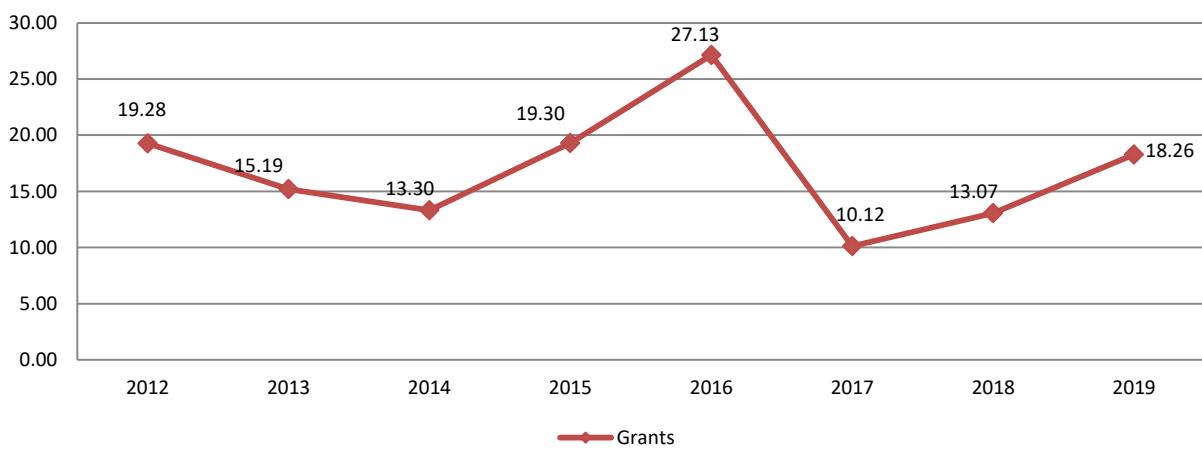
Key activities in 2019

United Nations (UN) **allocated € 18.26 million and disbursed € 15.42 million in 2019 in the form of grant** to the following sectors: Environment and climate action, Democracy and governance, Cross - cutting sector, Rule of law and fundamental rights, Education, employment and social policies, Competitiveness and innovation and Agriculture and rural development. In this regard, it is important to note that United Nations in Bosnia and Herzegovina **implemented total amount of € 67.76 million in 2019**.

United Nations (UN) - Allocated and disbursed funds per sectors in 2019 (Euros millions)



United Nations (UN) - Historical allocated aid flows - Grants (Euros millions)



Medium and long term approach

The UN is in the last phase of preparation of the next mid-term partnership framework between the UN and BiH, the 2021-2025 UN Cooperation Framework, currently pending the formal endorsement of the BiH Council of Ministers. Within the overall efforts of advancing the 2030 Agenda, including the 17 Sustainable Development Goals, in BiH, the EU integration process as well as the Socio-Economic Reform efforts in BiH, the next UN Cooperation framework will focus on the following priority areas:

- Sustainable, resilient and inclusive growth;
- Quality, accessible and inclusive education, health and social protection;
- People centered governance and rule of law;
- Citizen and community engagement for social cohesion

Following the formal approval, the UN will continue with operationalization of the next UN Cooperation Framework before its launch as of 2021 which will include preparation of the Funding Framework for 2021-

2025, establishment of the next Joint Steering Committee for the oversight of the Cooperation Framework's implementation and preparation of the first biennial Joint Work Plan for the Cooperation Framework covering the period 2021-2022.

As the world faces the global COVID-19 pandemic, the United Nations development system has switched to emergency mode across the world by providing urgent socio-economic support to countries and societies with the goal of saving lives, building back better and restoring livelihoods. Whilst the socio-economic impacts of the pandemic are unprecedented in today's world, it also presents an opportunity to focus on recovery and restoration where people, societies and economies emerge stronger, more inclusive, fairer, sustainable and greener.

Within this context, the UN in BiH has prepared a socio-economic package of support that includes ongoing and planned support measures in four priority areas of the socio-economic response and recovery, that the UN in BiH will provide together with its partners within the next 12 to 18 months. The support measures in the initial value of USD 37 Mil. are organized around the following four pillars, which are connected by a strong environmental sustainability and gender equality imperative:

- Protecting health services and systems during the crisis;
- Social protection and basic services;
- Protecting jobs, micro, small and medium-sized enterprises, and the most vulnerable productive actors;
- Social cohesion and community resilience

Development partners coordination efforts

In line with the UNDAF provisions, the United Nations co-chairs and participates in the Joint Steering Committee (JSC), which coordinates and oversees the implementation of the current UNDAF for BiH (2015-2020). In addition to this, the United Nations is also represented and participate in a list of development partners coordination efforts, together with other participating organizations, which includes among others:

- Group on Socio-Economic Response to COVID-19;
- Advisory Board to Group on Socio-Economic Response to Covid-19;
- COVID-19 International Partners Coordination Group;
- Local Governance and Local Development Donor Coordination Group;
- Education Donor Coordination Group;
- Conference of Ministers of Education;
- Gender Equality and Women Empowerment Coordination Group;
- Refugee/Migrant Coordination Group;
- Mine Action Board of Donors;
- Small Arms and Light Weapons Coordination Board;
- Countering Violent Extremism (CVE) Donors Coordination Meeting;
- Educational Sector Coordination Group;
- Health Donor Coordination Group;
- Health/Ministerial Conference;
- IPA Steering Committee for "Special Measures to Support Response to the Refugee and Migration Situation in Bosnia and Herzegovina".

Contact information:

United Nations (UN)

Address: Zmaja od Bosne b.b.

71000 Sarajevo, BiH

Phone: +387 33 293 400

Fax: +387 33 552 330

E-mail: rco.ba@un.org

Web address: <https://bosniahirzegovina.un.org/en>



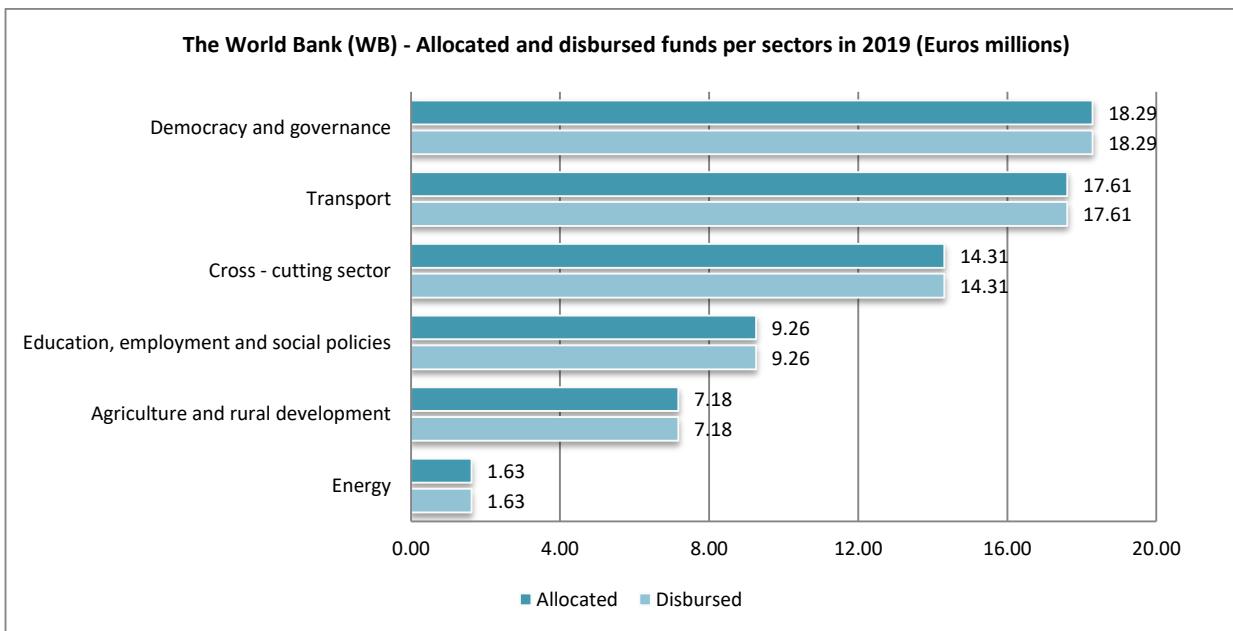
The World Bank

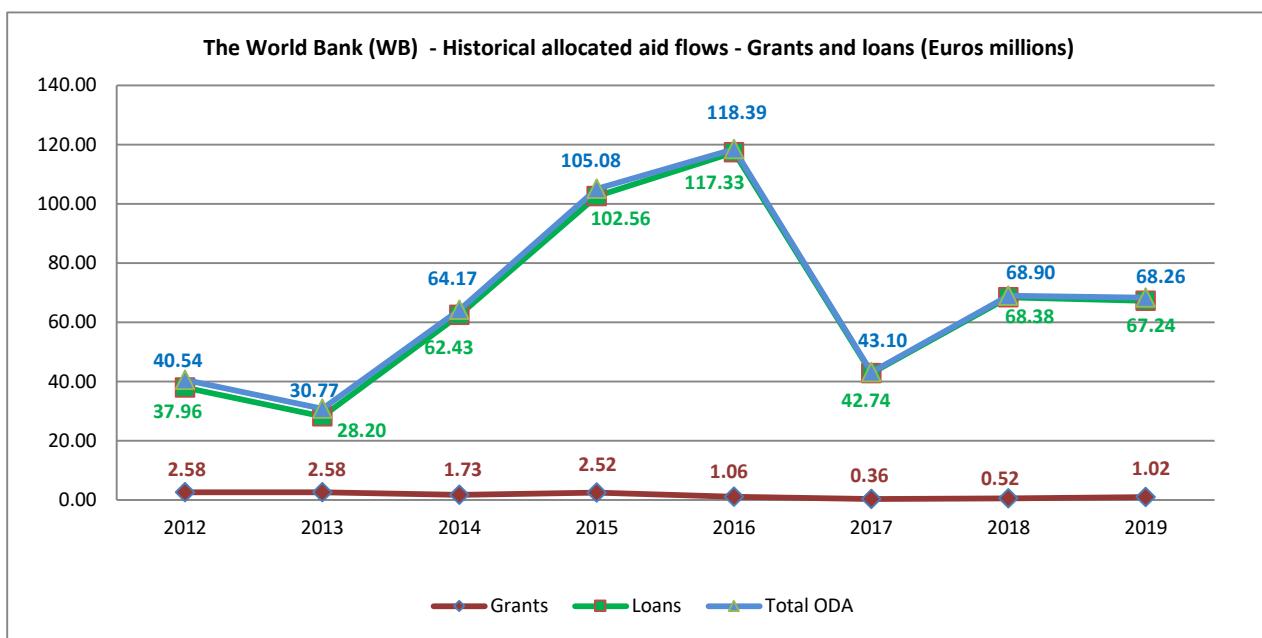
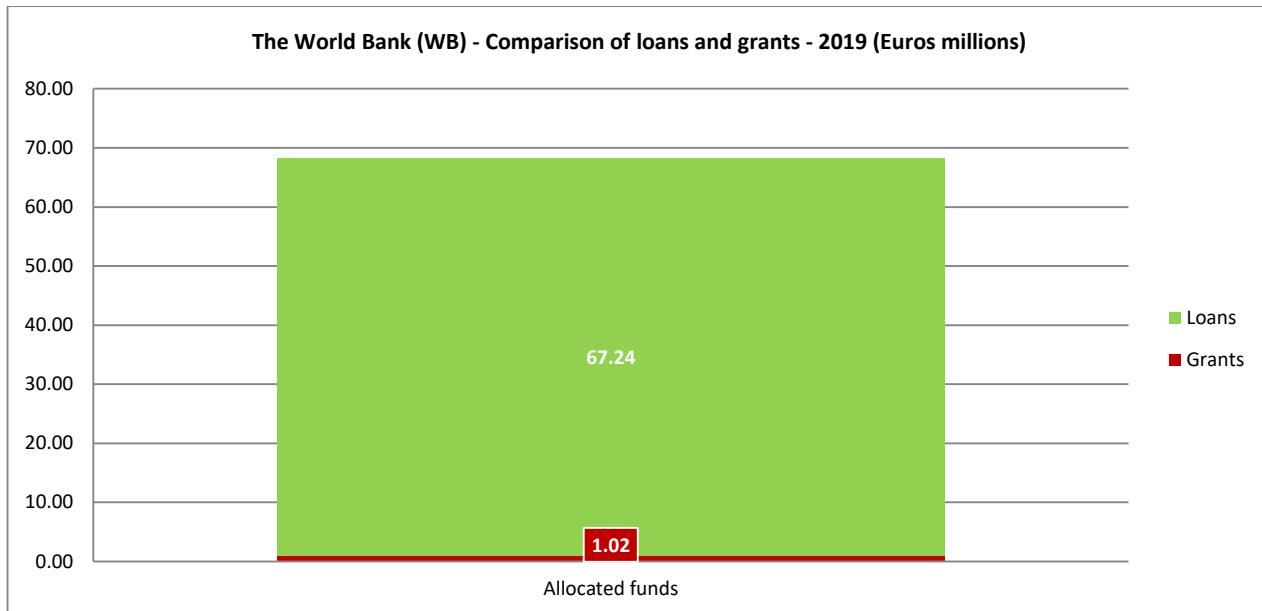
Policy approach

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 2019

The World Bank allocated **€68.26 million** and disbursed **€68.26 million** in 2019 in the form of grants and loans to the following sectors: Democracy and governance, Transport, Cross - cutting sector, Education, employment and social policies, Agriculture and rural development and Energy.





Medium and long-term approach

During 2020, The World Bank main activities will focus on implementation support to the ongoing operations and assisting the implementing entities with reaching the development objectives. Main areas covered are flood protection, real estate registration, energy efficiency, banking sector, employment and labor market, roads infrastructure in FBiH, and railways restructuring in RS.

As mentioned above, the Bank also plans to finalize the Systematic Country Update and start preparation of the new Country Partnership Framework. Apart from these activities, the Bank will be working with the relevant counterparts on preparation of the activities in the area of health, agriculture and business environment strengthening. In the Water Sector, the Bank prepared Regional Sava and Drina Rivers



Corridors Integrated Development Project that should be negotiated during 2020, and water sector services modernization program should be developed.

Apart from this, the main advisory activities will cover the following areas: functional review of education service delivery; functional review of health system performance; horizontal functional reviews of central government, Growth and Jobs analysis, SOE sector modernization; commercial justice; improving governance and business model of development banks; deepening and diversification of the financial sector; public sector employment and labor markets. Besides from the planned activities and due to the COVID-19 crisis, The World Bank will work with the authorities to help with mitigating the impact of the crisis.

Development partners coordination efforts

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

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

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

Contact information:

The World Bank

Address: Fra Andela Zvizdovića 1, B-17

71000 Sarajevo, BiH

Phone: +387 33 251 500

Fax: +387 33 226 945

E-mail: mail_to_bosnia@worldbank.org

Web-address: www.worldbank.ba

International Finance Corporation (IFC) in Bosnia and Herzegovina

Policy approach

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

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

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

Bosnia and Herzegovina became a shareholder and member of IFC in 1996. Since then, IFC's long term finance investment in Bosnia and Herzegovina totaled \$375 million, including \$23 million mobilized from IFC partners. IFC committed investment portfolio in Bosnia and Herzegovina as of 31 December 2019, is \$27.33 million.

Medium and long-term approach

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

IFC will explore opportunities to provide support through direct investments in real sector, general manufacturing, agribusiness, services, economic infrastructure, and distressed assets. Advisory work will support reform efforts of BH governments geared towards increased private sector activity and participation in country's economic activity. Primary focus of IFC advisory work will be on better business environment, cutting the red tape for businesses, unlocking viable assets by instituting modern insolvency regimes, reducing administrative burden, strengthening investment policy and promotion, introducing advanced trade facilitation regimes, further consolidating microfinance sector, supporting development of quality infrastructure to encourage exports and help companies.

Development partners coordination efforts

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

Contact information:

International Finance Corporation

Address: Zmaja od Bosne bb, Raiffeisen building (B building):

71000 Sarajevo, BiH

Phone: +387 33 251 555

Fax: +387 33 217 762

E-mail: ivujevic@ifc.org

Web-address: <http://www.ifc.org>

1. Economic Reform Program of BiH 2019-2021;
2. Medium-Term Work Program of the Council of Ministers of BiH 2020-2022;
3. Communication Strategy of Bosnia and Herzegovina Institutions on the process of BiH accession to the European Union - from the candidate status to the membership;
4. World Economic Forum, Global Competitiveness Report 2019;
5. WB Group –Western Balkans Regular Economic Report no. 16 – Rising uncertainty;
6. www.vijeceministara.gov.ba
7. www.vladars.net
8. www.fbihvlada.gov.ba