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AMENDED ANNEX

1. IPA 2007 NATIONAL PROGRAMME – BOSNIA AND HERZEGOVINA IDENTIFICATION

Beneficiary	Bosnia and Herzegovina
CRIS number	2007/019-352
Year	2007
Cost	€49,736,394
Implementing Authority	European Commission.
Final date for concluding the financing agreements	at the latest by 31 December 2008
Final dates for contracting	2 years following the date of conclusion of the Financing Agreement. These dates apply also to the national co-financing.
Final dates for execution	2 years following the end date for contracting. These dates apply also to the national co-financing.
Sector Codes	11110, 11420, 12110, 14010, 15010, 15020, 15030, 15040, 15050, 15066, 16110, 16310, 21010, 22010, 22030, 23010, 24010, 31110, 32130, 33110, 41010, 43040
Budget line(s) concerned	22.02.02: National programmes (component Transition Assistance and Institution Building) for Potential Candidate countries
Programming Task Manager	DG ELARG C1
Implementation Task Manager	European Commission Delegation to BiH – Operations Section

2. PRIORITY AXES / (MEASURES) / PROJECTS

2. A PRIORITY AXES

The priority axes of EU IPA 2007 assistance to Bosnia and Herzegovina result from the needs assessment to bridge the gaps between the actual situation in reform areas and the progress expected in the framework of the European partnership and the Stabilisation and Association process.

The priorities are in line with Bosnia and Herzegovina's own sectoral reform and development agenda, as well as its main strategies: Mid-Term Development Strategy (MTDS) and EU Integration Strategy. The main strategic objective of the pre-accession assistance to Bosnia

and Herzegovina is to support the country in the transition from a potential candidate country to a candidate country and through to membership of the European Union.

The needs assessment led to a number of priorities which are reflected in the Multi Annual Indicative Programme (MIPD) 2007-2009 for Bosnia and Herzegovina.

The number of projects derives directly from the priorities set in the European Partnership which designates more than 150 actions that should be supported by IPA. It also reflects the country needs as formulated by the beneficiary. The preparation of the IPA 2007 programme has been largely driven by the beneficiary country, and associated a large number of actors (all State ministries and State institutions) It lead to a high level of 'ownership' and sustainability across government.

The main strategic thinking has been to promote administrative capacity building, to address a major pre-requisite for the implementation of the stabilisation and association agreement, and at the same time a main shortcoming in BiH which has still a nascent state administration. Given limited IPA 2007 funding, large investment projects have not been prioritised as they may not have the required development impact. Preparatory activities have been foreseen however, notably in the area of infrastructure and economic and social cohesion.

The priority axes have been outlined in four key areas: Axis 1. Political Requirements, Axis 2. Socio-Economic Requirements, Axis 3. European Standards and Axis 5. Civil society dialogue. (Nota: Community programmes (priority axis 4 under IPA), is covered by CARDS 2006 and no allocation is foreseen under this programme).

2. B DESCRIPTION OF PROJECTS

A list with the titles and the budget of the 46 project under the IPA AP 2007 is attached.

Axis 1 - Addressing the Political Requirements

1.1. PROMOTING SOCIAL INCLUSION AND RETURN

Return

Over one million refugees and displaced persons have repossessed their pre-war homes in Bosnia and Herzegovina. However, real occupation, in particular regarding the so-called "minority return", is substantially less. The number of returnees is decreasing significantly, but there are an estimated half a million people still considering returning, and there are still a considerable number of registered refugees and displaced persons within Bosnia and Herzegovina. . Major return programmes, such as the SUTRA project funded by the European Commission and the Netherlands and implemented by UNDP, have significantly contributed to this achievement. The Return Fund established in 2005 has also contributed to the reconstruction of residential units in 30 municipalities. However, the conditions required to make return sustainable, including access to reconstruction assistance, employment, health care, pensions, utilities and education still need improvement.

The municipality of Srebrenica presents a number of particular problems in this respect, linked notably to the massacre of 8,000 of its Bosniak citizens in 1995. The issue of Srebrenica is still particularly sensitive in BiH. To that extent it is proposed to support a project aimed at identifying many of the victims of this massacre, thereby establishing truth and contributing to some degree to a resolution of the conflict.

De-mining operations continue in Bosnia and Herzegovina and are a key factor in refugee return. It is estimated that there are still 67,000 mines and about 650,000 unexploded

destructive devices affecting 10,000 localities. A new Mine Action Plan to 2009 has been adopted. Implementation will require continued involvement of the international community.

To address these challenges, the following actions will be implemented:

- Mine clearance and technical survey with the objective to reduce the antipersonnel landmine risk and to enhance local and regional impacts of effective mine action over approx. 1.5 million m².
- Reconstruction of dwellings and related technical infrastructure facilities to support sustainable return in the municipality of Kotor Varos. The project will be implemented through a grant following a call for proposals. The criteria for selection and the list of final beneficiaries shall be approved by the Commission.
- Support to the Forensic Science Department of the International Commission for Missing Persons with the aim of identifying victims of the Srebrenica Massacre of 1995 through DNA testing.

Social inclusion

The social security systems have limited funding and are fragmented. This has an adverse impact on many categories of socially vulnerable and disabled persons, given the limited resources available. Nonetheless, one third of the total budget is allocated to war veterans, which constrains even further other vulnerable categories. For example, around 50% of disabled persons do not have health protection and the vast majority are unemployed. Many refugees continue to live in very difficult circumstances and in many parts of the country still do not enjoy basic pension and health provisions despite state-level legislation on the latter subject. Effective policies to support socially vulnerable people remain to be developed.

The Convention on the Rights of the Child is incorporated into the legal system of Bosnia and Herzegovina. And authorities are committed to rights and welfare of children. The Ministry of Human Rights and Refugees has drafted an Action Plan for Children for the period 2002 – 2010 under the auspices of UNICEF but health and social protection of children is not secured, and disabled children lack sufficient medical care and educational opportunities. IPA 2007 foresees a major project with UNICEF co-funded by the EU, DFID and Norway aimed at implementing the action plan.

Projects aimed at addressing these issues are:

- A Social Sector Functional Review, the purpose of which is to support the minority and vulnerable groups as regards public services, legislative matters and socio-economic development. The review will assess all essential functions ranging from policy formulation and strategy, competencies of legislation formulation and enactment, to implementation and enforcement in relation to social services, at all levels of government.
- Enhancing the Social Protection and Inclusion System for Children in BiH, by establishing a governance structure that will define and implement a Social protection and inclusion system for children within the wider context of socio-economic reform and development processes in BiH. The project will be co-funded by Norway and DfID (UK) and implemented by UNICEF through a direct grant agreement.

1.2. RULE OF LAW

Justice and police reform

Despite recent progress and consolidation, the judicial system in BiH still face obstacles to its efficient operation, such as four parallel and separate jurisdictions at State, Republika Srpska, Federation of Bosnia and Herzegovina and Brcko levels, different systems of laws, 14 Ministries of Justice, four different bar exams for lawyers etc. Strong efforts have been made to reduce backlogs of cases, but those remain huge (more than 1.9 million at the end of 2006). Citizens do complain about violation of their rights to efficient legal protection, to free access to court and the long proceedings, and judges are often overloaded with cases. Alternative non-judicial resolution measures such as mediation or arbitration should also be introduced in the justice system.

At the State level the main bodies dealing with justice are:

- the BiH State Ministry of Justice with limited competences and staff,
- the State Court with an international "Registry"
- and the High Judicial and Prosecutorial Council (HJPC) which substantially guides the justice reform but has only limited resources. HJPC, as an independent and autonomous body, continues to play an important role in improving the situation of the judiciary. It has a clear mandate by law to ensure the maintenance of an independent, impartial and professional judiciary.

The development in the judiciary has been hindered by the absence of a coordinated strategy for the sector: there is broad consensus that it should be developed under the helm of the BiH Ministry of Justice.

Though the Police Reform Directorate successfully completed its task to produce a report and action plan for police reform, there has been no political consensus to proceed with its implementation so far. It is therefore not possible at this stage to envisage and design projects in support to this process. Technical advice and provision of specialised equipment (telecommunication, forensics etc...) continue with CARDS 2006 financing, as there is consensus among police force to strengthen training, coordination and professional skills. One such area identified is the fight against money laundering and cooperation between enforcement agencies and prosecutors.

Programmes in the field of justice and police will include:

- Support to strategy planning, aid co-ordination and European integration capacities in the BiH State and Entities Ministries of Justice, to help develop concrete work plan for the setting-up and functioning of effective units responsible for these tasks, as well as prepare plans for multi-annual and sector-wide assistance to the Justice.
- Increasing the Efficiency of the Judiciary through the Establishment of a Case Management System (CMS) for Courts and Prosecutors' Offices in 24 courts; developing a new version of CMS for prosecutors' offices, and training ICT staff in courts and HJPC. The funds will be allocated through a direct grant agreement with HJPC.
- Efficient Prison Management: to prepare the necessary preconditions for establishing a country- wide consistent and cost efficient prison management system and capacities for developing administration policy; introduce alternative sanctions and a scheme for the supervision of offenders as well as prepare a new regulatory regime for offenders with mental handicaps.
- Joint training of SIPA, Financial Intelligence Unit and Crime Investigation Unit, Prosecutors, financial regulatory agencies and institutions, to strengthen the capacity of the Financial Intelligence and Criminal Investigation Units' in investigating and

analyzing suspicious transactions, and improve the cooperation with Prosecutors and financial regulatory agencies to combat money laundering and terrorism financing.

1.3. PUBLIC ADMINISTRATION AND CONSTITUTION REFORM

Bosnia and Herzegovina has inefficient administrative structures. A "National Strategy for the Public Administration Reform" had been adopted in summer 2006 but is not implemented yet, though a key European Partnership priority. A common implementation structure (the "PAR-Platform") has been adopted in May 2007 by the governments of the RS, FBiH and the Brcko district and should be endorsed by the Council of Ministers of BiH. A Memorandum of Understanding on a multi-donors Public Administration Fund to implement the strategy has also been approved as a result of the current CARDS support projects. The Public Administration Reform Coordination Office (PARCO) remains weak though and requires further support, with only 6 staff out of 17 positions, and limited budget support.

Policy coordination related to European Integration is much more advanced. The Directorate for European Integration (DEI) managed to establish itself as a reference point for EU integration issues (EU integration strategy, support to SAA negotiations, EU acquis translation, legal approximation, programming of financial assistance). Support needs now to be brought to the next stage, where DEI extends the EU integration knowledge and capacities in all sectors of the EU acquis, in particular those related to the implementation of the SAA agreement, once signed and in force.

Against this background, there is an emerging consensus that the current BiH structures are not appropriate to prepare for European Integration, and that a better and clearer distribution of competencies is needed to absorb and implement the many obligations that an SAA agreement implies. The ultimate objective is to establish efficient structures able to ensure political stability, economic and social development, and prepare for EU membership. A common platform has been prepared by the European Union Special Representative and proposed to the political parties to resume talks for constitutional reform. The platform, once approved, is designed to ensure full 'ownership' of the process by local actors, with a strong support of the international community (EUSR, EC, EU presidency and USA).

The Ombudsman Law has been adopted in March 2006 and foresees the merging of the Entity Ombudsmen Institutions with the State Ombudsman in line with international conventions. The actual merger was expected to take place as of January 2007, but has incurred some delay. Meanwhile, the existing Ombudsmen offices meet regularly and have established good cooperation. Basic communication facilities are required to start operations of the new BiH Ombudsman and its two field offices.

One important constraint to capacity building in the public administration is still the lack of staff given limited budgetary resources. Skills necessary for the tasks required by European integration and reforms in priority sectors are also missing. Work still needs to be done towards a professional civil service with a career system based on experience and merit. Attracting and retaining young and well-qualified staff and adequately skilled senior managers remains a challenge. Human Resources Management system in the public administration as a whole are poorly developed. The Civil Service Agency is however gaining experience and efficiency, and co-ordinates with the Entity Civil Service Agencies as part of an EC-funded training project. Harmonisation of the three Civil Service Laws is also an important task ahead.

One important aspect of the PAR Strategy is the development of a Public Internal Financial Control (PIFC) system in line with international control and audit standards (a.o. the INTOSAI Guidelines for Internal Control in the public sector) and EU best practice. Bosnia

and Herzegovina needs to develop and introduce the modern principles of managerial accountability and functionally independent internal audit, with a focus on assessing internal control systems. Internal Audit Coordinators have been appointed by the State and the Entities and have worked on drafting co-ordinated internal audit laws, but the financial management and control system needs to be further developed and harmonised.

In order to tackle these issues, the following projects are envisaged:

- Capacity building for process of Constitutional Reform: support will be provided to all stakeholders to the constitutional reform process, including the public authorities, political parties, civil society, citizens, and media
- Further Support to the PARCO, to build its capacity coordinate and steer the implementation of the PAR strategy
- Support to the BiH Government for the European Integration process and co-ordination of Community Assistance with a view to further strengthen the capacities the Directorate for European Integration (DEI), to coordinate the European Integration process and to transfer the knowledge of EU acquis to all sector ministries and institutions which have a responsibility to implement Interim Agreement and the SAA, to implement the legal translation strategy to reinforce the NIPAC and SPO's functions across government.
- Strengthening HRM system in the area of civil service training through twinning, to develop common principles and structured training system that supports systematic, quality training implemented in the BiH institutions;
- Support to the Human Rights Ombudsman of BiH, to build the capacity of the newly merged institution to carry out its mandate, by setting up an ICT network for all Ombudsman offices;
- Development and Implementation of a country-wide PIFC Strategy, to strengthen the financial control environment within which the Public administration operates. The project will aim at establishing harmonised legislation, central harmonisation units for internal audit and financial management and control in all relevant levels of government (State and Entities), as well as a coordinating mechanism.

Axis 2 - Addressing the Socio-Economic Requirements

2.1. LABOUR AND ECONOMIC DEVELOPMENT

The economy of BiH is foreseen to continue to expand at a steady pace of 6% in 2007, slightly higher than in 2005 (+5.8%) and 2006 (+5.9%). However, because of the low level of diversification in the economy, growth is fragile and exposed to world market prices developments. Further investment in enterprises is required to make growth sustainable.

The current account deficit shrank from 22.5% GDP in 2005 to 15% GDP in 2006, but this is largely due to a shift of imports from 2006 to end 2005. Current account imbalance remains a major concern, even if exports are expected to increase more quickly than imports. Industrial production and exports are also largely based on low added value production (metal and mining).

SMEs are particularly exposed to risks in the absence of an enabling business environment. The legal and institutional framework for SMEs is fragmented, and there is little capacity for policy design and delivery of services to enterprises at both State and Entity level. The BiH

SME and industrial strategies are still pending in the Council of Ministers and need to be adopted. A State-level implementation capability needs to be created.

Export needs to be encouraged, and the designation of the Foreign Trade Chamber as Export Promotion Agency is a positive development. The Export Promotion Council is now functional and is establishing a set of policy issues to be tackled in its first year of operation and a FDI strategy is being developed by FIPA.

Unemployment remains high at 31% in 2006, and is expected to stay over 30% in the coming two years. So far, economic growth has not been able to generate employment, as enterprises currently aim at productivity improvements. There are a number of problems hampering the functioning of the labour markets, such as unequal social and benefit and tax systems between both Entities, and rigid wage setting systems. A comprehensive agenda to improve mobility and flexibility of the labour market is required. Key to such policy is the need for coordination between all stakeholders, as well as an effective dialogue among social partners.

The 2007 IPA programme will contribute to social and economic development with the following projects:

- Build the institutional capacity of BiH to develop export promotion policy; improve the competitiveness of companies, especially SMEs, in foreign markets; and ameliorate the export promotion policy and environment in BiH.
- Support to Regional Economic and SME Development, with a view to strengthen the institutional and legal framework for regional economic and SME development, create a learning environment for the business sector and develop competencies and capacities on life-long entrepreneurship learning by linking the education system and the economy.
- Improving active labour markets, by developing an active labour market policy, labour market measures, and capacities to implement these.
- Improving dialogue between social partners, providing guidance and coaching on working practices in the field of industrial and labour relations.

2.2. HEALTH AND EDUCATION

Bosnia and Herzegovina's institutional set up in the field of education is particularly complex. Improvements regarding the legal framework have been slow, with key legislation regarding pre-school, vocational training and higher education still pending. As a result, Bosnia and Herzegovina is not fulfilling the requirements set out in the Bologna Process. Implementation of the existing legislation is weak.

The Higher education law is still pending in the State Parliament (as of June 2007) while the RS has adopted its own Higher Education Law in 2006, which is aimed at rationalising private institutions and preparing entity for requirements of Bologna Process as have Sarajevo, Zenica-Doboj and Tuzla Cantons. There is an urgent need for harmonisation, and the adoption of the Higher Education Law and the Law on Education Agency is of particular importance for Bosnia and Herzegovina to meet the requirements of the Bologna Process and the Lisbon Convention.

In the area of health, the Ministry of Civil Affairs has a coordinating role at State level. The primary responsibility for health rests with entity and cantonal ministries, which are at the same time founders of health institutions including laboratories.

The existing health sector strategies for the Entities clearly point at the need for improving public health, planning, and decision-making both as an element in improving equity and equal access to health care services but also to ensure good governance within the health care sector.

There are 18 public health institutes (entity and cantonal) which have varied capacities and competencies (data collection, disease prevention, sanitary control etc...). Reporting lines to competent ministries and data collection on health matters are poorly defined however. There is a definite need of coordination of methods and practice of public health institutes, to help them provide better public health services and support to the provision of data and design of health policies.

In addition, recent developments and outbreaks of easily transmissible diseases such as SARS and Avian Influenza have attracted the attention of WHO and health authorities on the preparedness of countries on early detection and surveillance of such diseases. The health system in BiH is not properly prepared for these situations: laboratories dealing with microbiological materials are staffed with good professionals but equipment is lacking.

Projects proposed to assist BiH addressing these challenges include:

- Strengthening Higher Education in Bosnia and Herzegovina (phase 3): to establish and strengthen state level institutions which effectively coordinate and manage higher education reform, harmonise the higher education system by developing and applying common standards and procedures for quality assurance and qualifications across the country.
- Support to reform of Higher Education in BiH, to enable diploma recognition according to Lisbon Convention, set up the ENIC/NARIC centre for diploma recognition, support institutional development of universities to increase cost and management effectiveness.
- Supply of Equipment to VET Schools, to provide tools for successful implementation of reformed curricula and develop relevant skills of students in 5 occupational families.
- Strengthening of public health institutes, harmonisation of public health functions with EU practices, increase capacity related to disease prevention and health promotion including capacity to fully implement WHO's International Health Regulations (IHR) and the Framework Convention on Tobacco Control (FCTC), and establishment of a health information system for policy planning and decision-making purposes.
- To enhance capacity of health care system to respond on possible threat of easy transmissible communicable diseases by introducing bio-safety cabinets and providing relevant equipment to laboratories dealing with microbiological materials potentially dangerous for their staff and general population.

Interventions in the area of education and training will be closely coordinated with the activities funded under the Tempus programme which supports the reform of higher education in Bosnia and Herzegovina through university cooperation projects.

Axis 3 - European Standards

3.1. SUPPORT TO THE ESTABLISHMENT OF REGULATORY SYSTEMS

Financial sector

Rapid consolidation of the banking sector continues while foreign-owned banks account for 65% of total banking assets. However, no progress has been made in the establishment of a single State level Banking Agency and separate banking legislation and supervision still prevails in both entities. The 46 Micro Credit Organisations (MCOs) are now supervised and licensed by the Entity Banking Agencies, and both banks and MCOs encounter similar problems regarding licensing and supervision as they operate country-wide.

There are 24 insurance companies operating in BiH, the majority of which are locally owned (foreign majority-owned insurance companies control some 47% of the insurance market). The insurance sector assets account for approximately 3.4% of GDP. The State Insurance Agency began its operations in August of 2006 with a still reduced staff: its role is limited and includes harmonisation of Entity legislation, international reporting and coordination and arbitration between the Entity Supervisory Agencies. Licensing and supervision remains, as for banking, under the authority of the Entity Agencies.

Upgrading of the regulatory and supervisory enforcement capacity in the insurance sector is needed in areas such as secondary legislation, financial reports, solvency ratios etc. Improved supervisory enforcement capacity is also required in the banking sector.

Projects envisaged to strengthen the financial sector includes:

- Capacity Building for the Central Bank of Bosnia and Herzegovina, to increase efficiency of the human resource management in the Bank, including training needs assessment and the development of a multi-annual training strategy.
- Capacity Building of the Insurance Agency of Bosnia and Herzegovina and the Federation and Republika Srpska Insurance Supervisory Agencies, to improve institutional set-up and develop staff capacities to conduct their tasks; develop guidelines and procedures for export credits and guidelines for arbitration procedures in the case of cross-Entity litigation in the insurance industry.

Visa, migration and asylum

There is still no National Migration Strategy for the next coming years and the institutions of the sector have an acute shortage of staff to implement the sector. There are many institutions involved: Sector for Migration at the Ministry for Security, Service for Foreigners established in 2006 under the authority of the Ministry of Security, and Reception Centre for Irregular Migrants (currently being organised). All of them are undergoing organisation or re-organisation.

The legal system is being prepared by the Ministry of Security: Law on Movement and Stay of Aliens and Asylum, by-laws of the new services, books of Rules, etc... A Migration Information System, an integrated electronic database of all information relating to foreigners that will be shared between all BiH migration agencies, is to be prepared. Development is becoming urgent, in the light of increasing irregular border crossing interceptions and use of forged documents (doubled between 2005 and 2006).

To support the migration sector, IPA will provide:

- Assistance to the Ministry of Security, Ministry for Foreign Affairs, Ministry for Human Rights and Refugees and other competent authorities in effectively managing migration, with a view to improve the legislative and institutional framework in

migration management and combating trafficking in human beings, and illegal migration in accordance with EU standards, and the creation of an efficient coordination and communication system among all stakeholders.

Quality infrastructure

The development of quality infrastructure is critical to help BiH enterprises developing an export market and support economic growth:

Institute for Standardisation of BiH has been established and operates the standards in line with the EU model of voluntary standardisation of CEN, CENELEC, and ETSI. To date, 7,328 European Standards (EN) had been adopted as BiH standards (BAS), a great majority of them by the declaration method. Out of the total number of adopted ENs, 1,122 are those which confer presumption of conformity to essential requirements of technical regulations. Lack of human resource capacity at the Institute for Standardisation undermines its capacity to perform its tasks effectively.

The BiH Institute for Accreditation (BATA) is working according to the requirements of standards of EN 45000 and ISO/IEC 17000 series, as well as the recommendations and guidelines of the European co-operation for Accreditation (EA), the International Accreditation Forum (IAF) and the International Laboratory Accreditation Cooperation ILA(C). The BATA has granted 28 accreditations: 11 testing laboratories, 5 calibration laboratories, 2 certification bodies and 10 inspection bodies but it still needs to establish the conditions for future international recognition of BiH tests, calibration results and certification, and to prepare for signing the multilateral agreement with the European co-operation for Accreditation.

The legislation on metrology is not yet harmonised with the EU standards, which require a separation between legal, scientific and industrial metrology as well as the harmonisation of the legislation between state and entities. BiH needs to develop a distributed metrology system according to the models in the EU, and to develop demands for internationally recognised metrology services in BiH. In addition, preparation of the Institute for Metrology of Bosnia and Herzegovina for its future full membership in EUROMET, EUROCHEM, WELMEC, OIML and Meter Convention need to start.

BiH has established the Agency for Market Surveillance that, along with the inspectorates of the entities and customs institutions, will form the system of market surveillance. Further development of the capacity of the market surveillance system based on appropriate product legislation is needed, in order to guarantee the safety and compliance of technical products in accordance with the EU good practice.

Despite the Decision of the Council of Ministers on a "Plan of activity for the realisation of the Programme of the Transposition of Technical Regulations" that defines the division of competencies between BiH institutions responsible for transposition and implementation of technical regulations, most areas of technical regulations are practically not regulated or implemented. In the absence of competent state authorities, regulations at Entity level are often based on different provisions thus creating obstacles to the functioning of the internal market.

The following projects have been proposed to help BiH overcome these difficulties:

- Strengthening of the BiH Accreditation system, establishing the conditions for future international recognition of BiH tests, calibration results, and certification and preparing the BiH Accreditation Institute for signing multilateral agreement with European co-operation for Accreditation (EA).

- Strengthening the BiH Metrology system, development of the distributed metrology system, commence preparation of the Institute for Metrology of Bosnia and Herzegovina for its future full membership in EUROMET, EUROCHEM, WELMEC, OIML and Meter Convention. and improve the legislative framework and national metrology infrastructure in order to meet requirements for harmonization of legislation with EU and with best practice EU laboratories.
- Safety Infrastructure, to develop the capacity for legal drafting and implementation of the technical regulations in line Ministries, to establish the conformity assessment system, and to further develop the capacity of the market surveillance system in BiH.

Energy and telecommunications

The development of efficient network industries is key to economic development in BiH. BiH is a signatory of the Energy Community Treaty. Under the Treaty, BiH committed itself to implement various actions leading to the liberalisation of the energy markets (gas and electricity). Progress has been made in the field of electricity, but the road map related to gas remains to be developed. Many key actions required were not met by the July 2007 deadline and BiH needs to step up efforts to be an active member of the energy community and EC energy bodies such as ETSO, SEETSO and UCTE.

The Communications Regulatory Agency of Bosnia and Herzegovina (CRA) is in charge of the implementation of the legislation and monitoring of the market situation in the area of information society, media and audiovisual policy. It has been active in preparing for effective competition to be introduced in the telecommunications market. With more resources, the CRA will be better positioned to play the necessary active role in promoting competition in the sector.

Projects to support the regulation and liberalisation of network industries include:

- Assistance to meet the requirements of the Energy Community Treaty and other international obligations; a public education campaign regarding the Energy Community Treaty, energy efficiency, renewables and reform in the power and gas sectors. The project will also support the formation of new generation and distribution companies in the power sector and new distribution and transmission companies in the gas sector.
- Capacity building for the Communications Regulatory Agency to enable it to carry out its mandate and meet EU standards in relation to telecommunications; harmonisation of the telecommunications legal framework in BiH with the EU *acquis*; and foster competition and liberalisation of the telecommunications market, particularly through the establishment of a functional number portability system.

Statistics and information systems

The development of policy making is highly dependant on reliable information and information systems. BiH is still building up its statistical capacities and has no reliable country wide land registration system or secure system to handle data on citizens.

Sensitive databases (id documents, car plate registry, etc...) are handled by the Citizens Identity Protection System (CIPS) Directorate. Legislation is still needed in order to transform CIPS into a State-level Agency for Information Society in charge of implementing the Strategy for Information Society. The establishment of the Agency for Information Society is a requirement of BiH own National Action Plan on Organised Crime. Pending legislation and re-organisation, CIPS is taking the necessary steps to secure data and manage access to data.

In the field of statistics, the Agency for Statistics of Bosnia and Herzegovina (BHAS) has a coordinating and guiding role. The country produces a limited amount of economic data, does not have a comprehensive balance of payment statistics or national accounts data. The lack of quality economic statistics, in particular concerning fiscal data, national accounts and external balances, is a serious constraint to economic policy discussion, both within the authorities and with the international community. BHAS has been tasked to prepare a plan of Census preparation activities. While there is no clear decision, all indications point that the Census in BiH is to take place in 2011 at the same time as in the other countries of the region. Several donors in BiH, among which the European Commission and UNDP, have indicated their willingness to support BHAS in the Census preparation activities.

The land administration system in BiH has been adversely affected by the turmoil of the past 15 years. In the aftermath of the war, the land usage pattern has changed considerably: destroyed infrastructure, unused land - due to mine relics, spontaneous construction, after the war, etc. In addition, the land information system (land registries and cadastre) was partly destroyed during the war in war affected areas. The rest of the system, which was saved, has not been updated on timely basis, to reflect the changes. Restoring and updating the land information system is slow due to budget constraints and restrictions in accuracy as the geodetic reference network was also affected by the war.

The inaccurate land information hinders decision making process on the land usage in public administration institutions at all levels (state, entity, canton and municipality). In order to ensure consistent data for all functions (registration and land cadastre), accurate measurements and data on land plots are required. The Ministry of Civil Affairs of BiH, as administrative institution responsible for coordination of all geodetic and geodesy-connected activities on state level, has initiated the development of a Spatial information services for BiH. The project is primarily aiming at creating conditions for a better functioning of courts and local land administration, but also at developing real-estate market and enhancing spatial planning capacities.

Projects to support the development of information systems include:

- Implementation of a Public Key Infrastructure (PKI) in the Citizen Identification Protection System (CIPS) locations responsible for issuing documents, to improve security levels of CIPS information systems.
- Preparation for the Population Census (phase I): The project aims at assisting the BHAS in initiating preparatory activities needed for conducting of the Population & Housing Census, including needs analysis, preparation of an organisational structure, and strengthening the capacity of the BiH statistics, with emphasis on the coordinating role of BHAS;
- Spatial information services for BiH (Phase 1), to establish a network of permanent (referent) GPS stations for the whole territory of BiH, and offer global positioning services to target groups such as: B&H institutions dealing with land registration; B&H institutions, agencies and companies dealing with transport (railway, highway, airport control, etc.); Municipal administrations; Agricultural administration; Agency for Statistics.

3.2. PREPARATION FOR IPA PRE-STRUCTURAL FUNDS

Agriculture, rural development and food safety

In the field of Agriculture, food and rural Development, competencies rest mainly with the Entities, but a State law on Agriculture has been adopted by the Council of Ministers. There is a broad consensus on responsibilities that need to be exercised at state level to prepare for a future rural development strategy country-wide to address development needs (more than 60% of the population lives in rural areas). Collection of agricultural data is key to better understand the issues and develop support programmes, methodologies need to be developed, and cooperation between the agricultural and statistical administrations promoted.

There has been a recent increase in level of government support to the agriculture sector, in particular in the RS. Support measures are diversifying, with approximately 20% of funds being allocated to rural development and some support for capital investment and modernisation in agriculture. The administrative capacity for designing and implementing measures is still weak however, and needs to be connected to current and future trends of the EU common agriculture policy, as well as fit within the future obligations of BiH under the SAA.

The Food Safety Agency of BiH has started to operate according to its mandate although its human resources remain weak. There is a lack of clarity regarding overlapping competencies within the food safety control chain. BiH has approved a State-level Food Safety Law, which now needs to be translated into secondary legislation and needs to be implemented.

Support in the field of agriculture and food include:

- Creation of an Agriculture Information system to address the immediate BiH needs for accurate, up to date and reliable agricultural data for the rural economy and agriculture sectors based on EU standards and harmonised methodology.
- Assistance to strengthening of the BiH administrative structures responsible for agriculture and rural development and for implementation of strategy and programmes at national level by fostering a bottom up participatory approach by the local stakeholders in programming, monitoring and evaluation of rural development programming activities and implementation of pilot rural development actions."
- Support to implementation and enforcement of the BiH Food Legislation, to secure further alignment and implementation of the BiH Food safety legislation to the EU *acquis*, in order to increase consumers' safety and the competitiveness of the BiH agricultural products.

Environment

In the field of environment, Entities have adopted water laws, but there is a need for developing a number of implementing regulations. The establishment of Water Agencies is a priority for the management, at river basin level, to take effect. Insufficient waste water treatment remains a key environment challenge: the European Commission has financed tools for identifying and prioritising water distribution and waste water management projects, based on objective criteria. It is envisaged to support one of the top priority projects identified as a tool to promote cooperation between local communities, state authorities and donor agencies. BiH is also considering the introduction of pollution prevention and control principles based on the *EU acquis*. This would include a revised system for issuance, monitoring and the implementation of integrated environmental permits.

In order to assist BiH in this area, the IPA 2007 programme will provide:

- Support to BiH Water Policy, to further support the development and implementation of Entity Water Laws, in accordance with the principles of the European Union's

Water Framework Directive and other water sector related EU directives, including support to broader public participation practices.

- Support to Implementation of the "Integrated Pollution Prevention and Control" Directive, to ensure the transposition and implementation of legislation provide guidance to BiH institutions to establish pollution prevention and control and monitoring systems and to issue effective integrated permits for economic operators, and development of a Pollutant Release and Transfer Registry in BiH.
- Construction of the Sewage Collectors to manage the discharge of urban waste water in Živinice. The construction of four sewage collectors will cover a population of 47,500 inhabitants and help protect the environment and groundwater in the municipality.

Transport

In the **road sector**, preliminary designs and feasibility studies for the Pan-European Corridor V-c motorway have been presented to potential concessionaries and international financing institutions. Distribution of responsibilities and coordination between the State and the Entities need to be improved if BiH is to make progress in implementing a road and motorway system that meets the requirements of user and industries efficiently. Progress has to be made first in road maintenance, and road safety. The institutional capacity of the Ministry of Communication and Transport needs to be increased so that it can prioritise investments according to sound economic principles, given limited budgetary resources and donor funds.

In the field of railways, the BiH Railway Regulatory Body has become operational and also acts as the National Safety Authority. The separation of the existing Entity railway companies on railway undertaking and infrastructure management functions has progressed, but remains to be completed. The Entity railway laws have not been brought in line with the *acquis*. BiH has completed the reconstruction of 60 km of railway track on the South East Europe Core Regional Transport Network, and established the preconditions (design and financing) for the reconstruction of additional 210 km of railway track. Key issues remain to be tackled, are among others the nomination of infrastructure manager(s) and the implementation of the EU safety directives.

Support in this area will include:

- Technical assistance to the Ministry of Communications and Transport of Bosnia and Herzegovina to prepare the structures able to implement projects under the Instrument for Pre-accession Assistance, and improve its capacity to apply project cycle management principles for project selection and preparation.
- Technical assistance to railway authorities in Bosnia and Herzegovina in harmonising regulations for maintenance of railway infrastructure and rolling stock with the EU Directives, to foster interoperability and safety of railways.

Axis 5 - Civil Society and media

Participation of civil society as a beneficiary of European Commission bilateral assistance programmes as well as their consultation at programming, mid-term review and final review stages of the process is obligatory under the Council and Commission "Guidelines on Principles and Good Practices for the Participation of Non-State Actors in the development dialogues and consultations". The Commission has been involved in financing initiatives of non-state actors in BiH since 1998 under both EIDHR and CARDS programmes. Much

progress has been made during that time both in terms of increased-capacity and coherence of civil society and of government's willingness to take account of the sector in establishing its priorities.

The SUTRA projects financed by European Commission and implemented by UNDP and the "GAP" (Governance Accountability Programme) financed by SIDA and USAID have resulted in many local authorities undertaking serious policy dialogues with local civil society organisations and moving towards establishing objective criteria for financing them. On 7th May 2007 the Council of Ministers signed a Memorandum of Understanding with civil society organisations on consultation and co-operation.

There is now a need to move towards a more strategic approach in assisting non-state actors to play the role foreseen for them in the MIPD and Joint Council/Commission Guidelines to the full. To that end it is envisaged to undertake actions which will enable a more structured dialogue to take place and to contribute significantly to the reinforcement of democracy and human rights in BiH.

In the area of media, the European Commission has been the major donor to the Communications Regulatory Authority and the Public Broadcasting Service of BiH (PBS) for a number of years and was instrumental in the establishment of BHT1 as the country's only state-wide broadcaster in 2004. The CRA has established itself as a regional leader in terms of broadcasting regulation since taking over this responsibility from SFOR. It has now achieved financial sustainability through collection of fees and future assistance should therefore concentrate on provision of quality support which will help it to keep abreast of developments in the regulatory sector in the EU and in particular to prepare for the inception of digital television.

Projects proposed to assist BiH to meet these challenges are:

- Build the capacity of the Civil Society to engage in policy dialogue and prepare the legal and policy framework for the civil society development through partnership with the State.
- Reinforcement of local democracy to encourage partnership and permanent dialogue between civil society organisations and local authorities to increase the participation of local Civil Society Organisations (CSOs) and citizens in local development processes and improve service delivery by local authorities. The project will include a small grants component and be implemented under a direct agreement with UNDP.
- EU support to the independence and empowerment of the Communications Regulatory Agency (CRA) of Bosnia and Herzegovina, by strengthening the CRA broadcast division, preparing a national strategy for introduction of Digital terrestrial television (DTT) in BiH and training CRA staff for the successful implementation of the European Convention on trans-frontier television and EC "Television Without Frontiers" Directive.

2. C OVERVIEW OF PAST AND ON GOING ASSISTANCE (EU / IFI / BILATERAL AND NATIONAL ASSISTANCE) INCLUDING LESSONS LEARNED AND DONOR COORDINATION

Programme / Year	Allocated * (Mio €)	Contracted * (Mio €)	Contracted (%)
CARDS 2004 BiH NP	62.10	61.91	99.69%
CARDS 2005 BiH NP	44.00	38.77	88.10%
CARDS 2006 BiH NP	43.80	23.65	53.99%
CARDS 2004 Regional	0.67	0.67	100.00%
CARDS 2005 Regional	0.49	0.49	100.00%
CARDS 2006 Regional	0.25	0.25	100.00%
EIDHR/MAP 2004	4.15	4.12	99.50%
EIDHR/MAP 2005	3.98	3.96	99.42%
EIDHR/MAP 2006	4.59	2.67	58.28%

* at 30th May 2007; OHR, Tempus and Cafao allocations not included.

Focus on building effective and efficient State Institutions. In all sectors the need to build sustainable State Institutions remains strong, as part of a wider reform agenda of finding the right balance between competencies on State and Entity level. Though horizontal (state level) coordination has significantly improved, much needs to be done with respect to vertical (State-Entities-Cantons) coordination. The latter depends on the willingness to the lower level of government to embark on reforms required for European integration. This is important not only to build a more effective BiH, but also to enhance its capacities to negotiate with EU and to move forward in the EU integration process.

Involvement of domestic institutions in programming. The European Commission Delegation together with the Directorate of European Integration has taken an approach of promoting ownership of programming of assistance by the BiH authorities. A network of Senior Programming Officers (SPO's) has been nominated in all State ministries and agencies. Consultation with stakeholders and donors has been pursued at all levels. As a result, relevance of project proposed to BiH and EU integration policies has increased significantly over the past 2 years. Needs expressed by the BiH authorities exceeded by a factor of 3 the IPA funds available, showing a high level of initiative.

Participation of civil society. Involvement of the civil society has improved in the recent past: the Directorate of European Integration has established more systematic contacts based on the results of a Non-State Actors mapping study, and the Council of Ministers has signed a Memorandum of Understanding for the cooperation with the civil society. However, given the lack of umbrella organisations of civil society, and the limited communication tools of the government, coordination remains primarily that of one way information. More structured coordination mechanisms are required to accommodate the actual needs or inputs of the civil society in programmes.

Donor coordination. Donor coordination has significantly increased through the set up of a Donor Coordination forum (with rotating chairmanship), which comprises of the European Commission Delegation, the EBRD, the IMF, UNDP/UNRC and the World Bank, as well as the major bilateral donors. The European Commission Delegation provided to the Forum and to the EU Member States regular updates on the IPA MIPD 2007-2009 and the IPA 2007 programming process. All participants contributed to a Donor Mapping study that enhances the coordination of financial support further. The European Commission Delegation also cooperates with the Directorate of European Integration, the Directorate for Economic Policies and the Ministry of Finance and Treasury for the set up of an Aid Coordination committee (with the support of DfID and the Embassy of the Netherlands). While the World Bank has focused on structural reforms, the European Commission is the main actor in institution building at State level. Bilateral assistance primarily focuses on support to sector policies at local or municipal level. Close coordination is also maintained with the EBRD, EIB and KfW in the field of transport and environmental infrastructure, where the European Commission finances studies or technical assistance that creates the conditions for investment by the IFIs.

2. D HORIZONTAL ISSUES

Systematically addressing horizontal issues has been a critical starting point in the programme design. This is essential if gender equality, minorities' inclusion and environmental sustainability are to be properly mainstreamed within this programme. Local actors/bodies in charge of these issues as well as civil society shall be systematically consulted to specifically assist BiH institutions/organisations to effectively mainstream in line with European standards and appropriate practices. A portion of the projects' budget may be allocated for this purpose. Each project fiche explains how cross-cutting issues shall be mainstreamed.

– Equal opportunities and non-discrimination

Evidence shows that societies discriminating by gender (and/or ethnicity – see below) hinder their ability to develop and to reduce poverty. In contrast, the active participation of all (whether in education, employment, or governance etc.) contributes consistently to more effective development. Taking full account of the BiH framework (civil service, gender equality and anti-discrimination laws), projects will be based on a consultative process with the Gender Equality Agency (under the auspices of the Ministry of Human Rights and Refugees). Specific attention will be given to ensure that women's needs and interests are addressed throughout projects' development and that activities are organised so as to encourage/facilitate women's participation (e.g. training). Assistance will also be provided to BiH institutions and civil society to ensure that gender equality is adequately mainstreamed within the development of legislation, government strategies and policies.

– Support to Minorities and Vulnerable Groups

Mainstreaming minority issues in projects is essential to deliver assistance that is able to trigger economic growth and the reduce poverty. Specific attention will be given to ensure that minority specific needs and interests are addressed throughout project development and that activities are organised so as to encourage/facilitate their participation, in particular:

- Achieving adequate minority representation in training and coaching activities;
- Favouring adequate minority recruitment and representation in the civil service and in all aspects of central and local administration (as stipulated under

relevant regulations), particularly in the institutions supported under this programme;

- Addressing the particular requirements of minority issues in strategic, tactical and operational police matters.
- Meeting the specific needs of Roma communities.
- Environmental protection

Projects will systematically examine the opportunities to enhance the protection of the environment in BiH (and across the region). In particular, the programme’s infrastructure reconstruction and rehabilitation activities will be consistent with environmental implications.

- Good governance

Projects in all sectors will contribute to strengthen the administrative and governing capacities of BiH institutions as well as of the Civil Society actors and will thus promote good governance and will support BiH in the fight against corruption.

2. E CONDITIONS

The programme includes the following conditionalities:

- The projects fiches are formally approved by exchange of letter between the Commission and the government of BiH.
- The government will ensure that the beneficiary institutions have adequate financial, material and human resources in order that that European Commission financial support is used in the most effective and sustainable manner possible.
- Beneficiary institutions will formally endorse the design and tender documents, including terms of reference.
- The government shall ensure the availability of land, free of ownership claims or disputes, provision of all necessary building permits and authorisations for the construction of the planned works. The Government shall ensure long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.
- Beneficiary institutions organise, select and appoint members (including gender and ethnic balance) of working groups, steering and coordination committees, and seminars as required by the project activities.
- All investment shall be carried out in compliance with relevant Community Environmental Legislation (see point 4.4).

Additional project specific conditions are described in the project fiches. In the event that these conditions are not met, suspension or cancellation of the project or specific activities will be considered.

2. F BENCHMARKS

	N	N+1 (cumulative)	N+2 (cumulative)

	EU	NF*	EU	NF*	EU	NF*
Number of tenders launched	0		50		55	
Number of calls for proposals launched	0		2		2	
Contracting Rate (%)	0		75		100	

* In case of parallel national co-financing

2. G ROADMAP FOR THE DECENTRALISATION OF THE MANAGEMENT OF EU FUNDS WITHOUT EX ANTE CONTROLS BY THE COMMISSION

The Council of Ministers of BiH has adopted a Strategy for the Implementation of the Decentralised Implementation System in BiH. Some necessary steps have been determined and followed by a time schedule for implementation of the strategy. This strategy needs to be updated with the new IPA requirements on DIS, followed by a clear and detailed work and action plan. A DIS working group under the chairmanship of the NIPAC/NAO is planned to be set up and will include representatives of the relevant BiH bodies involved in the DIS in order to implement the DIS Strategy. The Council of Minister has decided to set up a National Fund and a Central Financial and Contracting Unit (CFCU) in the Ministry of Finance and Treasury. Recruitment of initial staff should be completed by end September 2007 and technical assistance is being provided by the EC. The target date for decentralised implementation has not been decided yet and is not likely before 2009.

3. BUDGET (AMOUNTS IN €)

3.1. INDICATIVE BUDGET TABLE

	EU – IPA assistance				Total co-financing (indicative)*		Total (IPA plus Co-financing)	
	Institution Building	Investment	Total in €	Total in %	€	(%)	€	(%)
Axis 1 – Political requirements	12,136,394	750,000	12,886,394	98.8	156,000	1.2	13,042,394	26.09
1.1. Social inclusion and return	4,300,000	500,000	4,800,000	96.85	156,000	3.15	4,956,000	
1.2. Rule of law	2,636,394		2,636,394	100			2,636,394	
1.3. Public administration	5,200,000	250,000	5,450,000	100			5,450,000	
Axis 2 – Socio-economic requirements	10,230,000	1,770 000	12,000,000	99.17	100,000	0.83	12,100,000	24.2
2.1. Labour and economic development	7,200,000		7,200,000	100			7,200,000	
2.2. Social policies	3,030,000	1,770,000	4,800,000	97.96	100,000	2.04	4,900,000	
Axis 3 – European standards	17,406,000	4,144,000	21,550,000	100			21,550,000	43.11
3.1. Regulatory bodies	10,006,000	2,344,000	12,350,000	100			12,350,000	
3.2. Preparation for pre - structural funds	7,400,000	1,800,000	9,200,000	100			9,200,000	
Axis 5 - Civil society dialogue	3,000,000	300,000	3,300,000	100			3,300,000	6.6
5. Civil society and Media	3,000,000	300,000	3,300,000	100			3,300,000	
TOTAL	42,772,394	6,964,000	49,736,394	99.49	256,000	0.51	49,992,394	100

* public and private national and/or international contributions

3.2. PRINCIPLE OF CO-FINANCING APPLYING TO THE PROJECTS FUNDED UNDER THE PROGRAMME

The Community contribution has been calculated in relation to the total eligible expenditure. The rate of the Community contribution amounts to 99.49% of the budget of this programme, in accordance with Article 67, paragraph 3, of the IPA Implementing Regulation.

Individual grant agreements implementing the projects described in point 2.B above will be financed in full by the Commission, in accordance with article 253 (1) (d) of the Implementing Rules to the Financial Regulation with the exception of projects 2, 3 and 20 for which the grant beneficiary shall contribute co-financing.

Co-financing should be sought under future IPA Component I programmes for any follow-up to the project n° 40 – "Construction of the Sewage Network System in Živinice".

4. IMPLEMENTATION ARRANGEMENTS

4.1. METHOD OF IMPLEMENTATION

The programme will be implemented on a centralized basis by the European Commission, European Commission Delegation to Bosnia and Herzegovina, in accordance with Article 53a of the Financial Regulation¹ and the corresponding provisions of the Implementing Rules².

4.2. GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 may 2007 C(2007)2034).

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website³ at the date of the initiation of the procurement or grant award procedure.

Direct grant agreements will be entered into with UNICEF (Social protection and inclusion of children), the High Judicial and Prosecutorial Office (Establishment of a Case Management System), UNDP (Reinforcement of local democracy), the International Commission for Missing Persons (Srebrenica identification project) and the Council of Europe (Strengthening Higher Education phase III and Efficient prison management). The Commission may also conclude a direct grant agreement with the BiH national body that will be set up to implement the support project for constitutional reform. Direct grants will be duly justified in light of article 168 (1) (c) and (f) of the Implementing Rules to the Financial Regulation in the award decisions.

4.3. IMPLEMENTATION PRINCIPLES FOR TWINNING PROJECTS

Twinning projects shall be set up in the form of a grant agreement, whereby the selected Member State administrations agree to provide the requested public sector expertise against the reimbursement of the expenses thus incurred.

¹ OJ L 248, 16.9.2002, p.1.

² OJ L 357, 31.12.2002, p. 1.

³ Current address: http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm

The contract may in particular provide for the long-term secondment of an official assigned to provide full-time advice to the administration of the beneficiary country as resident twinning advisor.

The twinning grant agreement shall be established in accordance with relevant provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The twinning manual is available on the web site of the Directorate General for Enlargement of the European Commission at the following address:

http://ec.europa.eu/enlargement/financial_assistance/institution_building/twinning_en.htm

4.4. ENVIRONMENTAL IMPACT ASSESSMENT AND NATURE CONSERVATION

All investments shall be carried out in compliance with the relevant Community environmental legislation. As a consequence, for the projects which fall within the scope of annex 1 or annex 2 of the EIA-Directive (Construction of the Sewage Network System in Zivinice)⁴, an environmental impact assessment shall be made for each project⁵, equivalent to that provided for by the EIA-Directive.

For the projects which are likely to affect sites of nature conservation importance, an appropriate nature conservation assessment shall be made for each project⁶, equivalent to that provided for in Art. 6 of the Habitats Directive⁷.

5. MONITORING AND EVALUATION

5.1. MONITORING

The Commission may undertake any actions it deems necessary to monitor the programmes concerned

5.2. EVALUATION

Programmes shall be subject to ex ante evaluations, as well as interim and, where relevant, ex post evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation, with the aim of improving the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programmes.

The results of ex ante and interim evaluation shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

⁴ Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175 5.7.1985, p. 40). Directive as last amended by Directive 2003/35/EC (OJ L 156, 25.6.2003, p. 17)

⁵ Cf. Annex EIA to the corresponding investment project fiche, equivalent to that provided for by the EIA-directive

⁶ Cf. Annex Nature Conservation to the corresponding investment project fiche

⁷ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L206, 22.7.1992). Directive as last amended by Regulation (EC) No 1882/2003 (OJ L 284, 31.10.2003, p. 1)

6. AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the Delegation in the Beneficiary Country.

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96⁸.

The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received Community funds.

7. LIMITED CHANGES

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature⁹, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

⁸ OJ L 292; 15.11.1996; p. 2

⁹ These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts and the indicative time frame for launching the procurement procedures.

Bosnia and Herzegovina - IPA 2007 Project List

Sector	Nr	Project	Amount paid by the EU (EUR)	IB	Investment	Type & number of contract (services, supplies, works, twinning or grant)	Cofinancing - EU part	Timetable (launching of the procurement or the call for proposals)
Axis 1 - Political requirements								
Social inclusion and return	1	Mine clearance and Technical Survey	1,500,000	1,500,000		1 contract – grant*	100%	Q1/2008
Social inclusion and return	2	Reconstruction of dwellings and related technical infrastructure in Kotor Varos to support to sustainable return	500,000		500,000	1 grant following one call for proposals**	90% (€ 56,000 co-financing from grant beneficiary)	Q1/2009
Social inclusion and return	3	Science in Service of Truth and Justice: support to the International Commission on Missing Persons' (ICMP) Forensic Sciences Department (FSD)	1,000,000	1,000,000		Grant to ICMP	100% (overall cost - € 1,100,000 - the ICMP provides € 100,000)	Q1/2008 Q1/2008
Social inclusion and return	4	Social Sector review	500,000	500,000		1 contract - service	100%	Q1/2008
Social inclusion and return	5	Enhancing the Social Protection and Inclusion System for Children in Bosnia and Herzegovina	1,300,000	1,300,000		Grant to UNICEF*	100% (+ parallel co-financing from UK and NOR envisaged)	Q1/2008
Rule of law	6	Support to strategy planning, aid co-ordination and European integration capacities in the Ministry of Justice of BiH	800,000	800,000		1 contract - service	100%	Q1/2008
Rule of law	7	Increasing the Efficiency of the Judiciary through the Establishment of a Case Management System (CMS) for Courts and Prosecutors of Officers	836,394	836,394		–Grant to HJPC*	100%	Q1/2008
Rule of law	8	Efficient Prison Management	600,000	600,000		–Grant to Council of Europe*	100%	Q1/2008

Rule of law	9	Joint training of the SIPA Financial Intelligence Unit and Crime Investigation Unit, Prosecutors, financial regulatory agencies and institutions	400,000	400,000		1 contract - twinning	100%	Q1/2008
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Public administration	10	Capacity building for process of Constitutional Reform	1,000,000	1,000,000		1 contract – service or grant*	100%	Q1/2008
Public administration	11	Further Support to the PARCO- Capacity building of the PARCO in support of the PAR Strategy implementation & donor coordination	1,500,000	1,500,000		1 contract - service	100%	Q1/2008
Public administration	12	Support to the BiH Government for the European Integration process and Co-ordination of Community Assistance - Phase III	1,700,000	1,700,000		1 contract - service	100%	Q1/2008
Public administration	13	Strengthening HRM system in the area of civil service training	500,000	500,000		1 contract – twinning	100%	January 2008
Public administration	14	Support to the Human Rights Ombudsmen of BiH	250,000		250,000	1 contract - supply	100%	January 2008
Public administration	15	Development and implementation of an integral BiH wide PIFC strategy	500,000	500,000		1 contract - service	100%	Q1/2008
	S/T		12,886,394	12,136,394	750,000			

		Axis 2 - Socio-economic requirements						
Labour and economic development	16	Support to regional economic development and development of small and medium size companies and enterprises	4,000,000	4,000,000		3 contracts - service 1 – Mio €2.5 2 – Mio €1.0 3 – Mio €0.5	100% 100% 100%	Q1/2008 Q1/2008 Q1/2008
Labour and economic development	17	Building in the Capacity to promote exports and develop the export base in Bosnia and Herzegovina	1,500,000	1,500,000		1 contract - service	100%	Q1/2008
Labour and economic development	18	Improving active labour markets in Bosnia and Herzegovina	1,200,000	1,200,000		1 contract - service	100%	Q1/2008

Labour and economic development	19	Improving the development and capacity of Social Dialogue and Social Partners	500,000	500,000		1 contract - service	100%	Q1/2008
Social policies	20	Strengthening Higher Education in Bosnia and Herzegovina III	400,000	400,000		Grant to Council of Europe	80% (+20% from the CoE) - overall cost: € 500,000	Q1/2008
Social policies	21	Support to Reform of Higher Education	1,100,000	1,100,000		1 contract - service	100%	Q1/2008
Social policies	22	Supply of equipment to VET schools	1,300,000		1,300,000	1 contract - supply	100%	Q1/2008
Social policies	23	Strengthening of Public Health Institutes in BiH	1,500,000	1,500,000		1 contract - service	100%	Q1/2008
Social policies	24	Supply of equipment for Microbiology Laboratories in BiH	500,000	30,000	470,000	1 contract - supply - € 470,000 1 contract - service - € 30,000	100% 100%	Q1/2008 Q2/2008
		S/T	12,000,000	10,230,000	1,770,000			

		Axis 3 - European Standards						
Regulatory bodies	25	Capacity Building in the field of Human Resource Management of the Central Bank of Bosnia and Herzegovina	250,000	250,000		1 contract – Twinning Light	100%	Q1/2008
Regulatory bodies	26	Sustainable Capacity Building of the Insurance Agencies of Bosnia and Herzegovina	800,000	800,000		1 contract - Twinning	100%	Q1/2008

Regulatory bodies	27	Assistance to the Ministry of Security, Ministry for Foreign Affairs, Ministry for Human Rights and Refugees and other competent authorities in effectively managing migration	1,500,000	1,020,000	480,000	1 contract - twinning € 750,000 1 contract - service € 270,000 1 contract - supply € 480,000	100% 100% 100%	Q2/2008 Q2/2008 Q4/2008
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Regulatory bodies	28	Strengthening of the Accreditation System	1,000,000	1,000,000		1 contract - service	100%	Q1/2008
Regulatory bodies	29	Strengthening of the Metrology system	1,700,000	1,000,000	700,000	1 contract - supply € 700,000 1 contract - service € 1,000,000	100%	Q1/2008
Regulatory bodies	30	Safety infrastructure	1,700,000	1,700,000		1 contract - service	100%	Q1/2008
Regulatory bodies	31	Support to meet the requirements of the Energy Community Treaty for South East Europe	2,500,000	2,500,000		1 contract - service	100%	Q1/2008
Regulatory bodies	32	Support to build capacity of the Communications Regulatory Authority in telecommunications	1,000,000	1,000,000		1 contract - service	100%	Q1/2008
Regulatory bodies	33	Public key infrastructure (PKI) implementation in Citizen Identification Protection System (CIPS)	400,000	236,000	164,000	1 contract - service - € 236,000 1 contract - supply - € 164,000	100% 100%	Q1/2008 Q1/2008
Regulatory bodies	34	Preparation for the Population Census - Phase I	500,000	500,000		1 contract - service	100%	Q4/2007
Regulatory bodies	35	Spatial Information services for BiH phase I Establishing of Network of referent GPS stations	1,000,000		1,000,000	1 contract - service	100%	Q1/2008
Preparation for Pre-structural funds	36	Strengthening and harmonisation of the BiH agriculture and rural sectors Information System	1,500,000	1,300,000	200,000	1 contract - service - € 1,300,000 3 contracts - supply - € 130,000 € 20,000 € 50,000	100% 100% 100%	Q1/2008 Q2/2008 Q2/2008 Q2/2008

Preparation for Pre-structural funds	37	Strengthening of the BiH Rural Development programming capacities	1,000,000	1,000,000		1 contract - service	100%	Q1/2008
Preparation for Pre-structural funds	38	Support to implementation and enforcement of BiH Food Legislation	1,000,000	1,000,000		1 contract - service	100%	Q1/2008
Preparation for Pre-structural funds	39	Support to water policy	1,000,000	1,000,000		1 contract - service	100%	Q1/2008

Preparation for Pre-structural funds	40	Support to implementation of the "Integrated Pollution Prevention and Control" Directive	1,500,000	1,200,000	300,000	1 contract - service - €1,200,000 1 contract - supply - €300,000	100% 100%	Q1/2008 Q1/2008
Preparation for Pre-structural funds	41	Construction of the Sewage Network System in Zivinice	1,500,000	200,000	1,300,000	1 contract - works - €1,300,000 1 contract - service €200,000	100% 100%	Q2/2008 Q1/2008
Preparation for Pre-structural funds	42	Assistance to the Ministry of Communications and Transport to implement IPA	700,000	700,000		1 contract - twinning	100%	Q1/2008
Preparation for Pre-structural funds	43	Technical assistance to update security and interoperability regulations of the railway system	1,000,000	1,000,000		1 contract - service	100%	Q1/2008
		S/T	21,550,000	17,406,000	4,144,000			

Axis 5 - Civil Society Dialogue								
Civil society and media	44	Capacity building of Civil Society to take part in policy dialogue	1,500,000	1,250,000	250,000	1 contract - service - €1,250,000 1 contract - supply - €250,000	100% 100%	January 2008 January 2008

Civil society and media	45	Reinforcement of local democracy	1,500,000	1,500,000		1 contract – grant to UNDP*	100% (parallel contribution from participating municipalities is expected)	January 2008
Civil society and media	46	Support to the independence of the Communications Regulatory Agency	300,000	250,000	50,000	1 contract - Twinning Light - €250,000 1 contract - supply - €50,000	100% 100%	Q1/2008 Q1/2008

		S/T	3,300,000	3,000,000	300,000		
TOTAL			49,736,394	42,772,394	6,964,000		

* The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. No co-financing is foreseen, in accordance with article 253 (1) (d) of the Implementing Rules of the Financial Regulation, which allows the derogation from the co-financing requirement in connection with grants for "actions resulting from the implementation of financing agreements with third countries or actions with international organisations within the meaning of Article 43."

** The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions.