

**IPA National Programme 2008 Part I – Bosnia and Herzegovina**

**Project Fiche 4: Project Preparation Facility**

**1. Basic information**

- 1.1. CRIS Number:** 2008/20-111  
**1.2. Title:** Project Preparation Facility  
**1.3. ELARG Statistical code:** 01.34 Political criteria / Institutions  
**1.4. Location:** Bosnia and Herzegovina

**Implementing arrangements:**

- 1.5. Contracting Authority:** European Commission  
**1.6. Implementing Agency:** European Commission  
**1.7. Beneficiary:**

Directorate of European Integrations

Trg Bosne i Hercegovine 1

71000 Sarajevo

Project manager: Zara Halilovic, Acting Assistant Director (TBC)

**Financing:**

- 1.8. Overall cost (VAT excluded):** EUR 1 500 000  
**1.9. EU contribution:** EUR 1 500 000  
**1.10. Final date for contracting:** Two years following the date of the conclusion of the Financing Agreement  
**1.11. Final date for execution of contracts:** Two years following the end date of contracting  
**1.12. Final date for disbursements:** One year following the end date for the execution of contracts

## **2. Overall Objective and Project Purpose**

### **2.1. Overall Objective:**

The overall objective of the **Project Preparation Facility (PPF)** is to improve the planning, programming and implementation of the Instrument for Pre-Accession Assistance (IPA) and to support mechanisms for an integrated EU accession process in Bosnia and Herzegovina.

### **2.2. Project purpose:**

The purpose of the PPF is to ensure that the BiH authorities submit good quality project proposals to the European Commission for the implementation of European Partnership (EP) and the Stabilisation and Association Agreement (SAA) and to support effective implementation of these projects in BiH.

### **2.3. Link with AP/NPAA / EP/ SAA**

The project will enhance the authorities' ability to prepare projects that help BiH meet the full range of its priorities deriving from the European Partnership and Multi-annual Indicative Planning Document, as well as from the Stabilization and Association Agreement. The Project Preparation Facility has been designed in a flexible manner to support also the initiatives contributing to such projects. The Directorate of European Integration has a pipeline of project ideas and summary project fiches that have been identified during the early programming exercises of IPA 2007 and IPA 2008, which can serve as a source for future projects and as an indication on kinds of initiatives required for their preparation.

### **2.4. Link with MIPD**

The MIPD 2007-2009, indicates the support to the public administration in increasing its capacities of leading Bosnia and Herzegovina through the Stabilisation and Association Process as one of the main strategic objectives (Section 2.2.1). Support to the BiH government to develop and implement sectoral and EU integration strategies, as well as in the preparation of the relevant services for the decentralisation of community assistance is also in line with the MIPD 2007-2009 (Section 2.2.1.3).

### **2.5. Link with National Development Plan**

National Development Plan and National Development Strategy are under preparation; therefore, it is not possible to make an explicit link between the Project Preparation Facility and the NDP at the moment.

### **2.6. Link with national/sectoral investment plans**

National/Sectoral investment plan should derive from the National Development Plan once it is developed. Here too is not possible to make a link between the PPF and the national/sectoral investment plan.

### **3. Description of project**

#### **3.1. Background and justification:**

The Project Preparation Facility (PPF) scheme introduced by the European Commission for the former candidate countries has been used for fast and flexible interventions to support the adoption of the *acquis communautaire* and for the preparation of projects to be funded under the pre-accession programmes.

The PPF projects under the previous Phare and CARDS programmes have been considered successful in terms of delivering short-term assistance in:

- Designing effective strategic plans in different sector areas, often followed by the more detailed investment strategies;
- Supporting planning and programming the EU funded projects by assisting in stakeholder consultations, drafting the Project Fiches and their annexes; and
- Drafting the tender documentation for the implementation of the EU funded projects.
- In addition, the IPA also foresees support being provided for preparing and building the necessary capacities and systems for further decentralisation, as well as for building capacities of BiH co-ordination mechanisms for implementation of priorities from the EP and SAA.

It is proposed therefore that, based on the lessons learned from the former candidate countries, the similar needs of the BiH state administration should be supported. In doing so, it is necessary to take into consideration that in many cases the BiH institutions need support in drafting the appropriate sector strategies to form the framework for effective change initiatives. As the BiH Government has resolved to substantially reform the public administration and to adopt the agenda of EU accession, many existing strategies need thorough revision and updating; and, in many cases, support for this will be required in the form of technical assistance. Furthermore, IPA programming also requires the existence of strategic documents, which additionally emphasizes and justifies demand for development of new strategies and investment plans as well as for revision of existing ones.

BiH state institutions also lack experience in programming, co-ordinating and developing mature project proposals under tight programming deadlines. In line with the IPA programming guidelines, support would therefore be provided to the National IPA Coordinator (NIPAC) in planning and programming the IPA-funded projects by assisting in stakeholder consultations, and advising on the drafting of the Project Fiches and their annexes. It is particularly important that financed projects target well the specific needs and that the funds are used in the most efficient manner possible. Thus, the PPF will provide support in thorough project preparation process, as well as in preparation of adequate/accompanying cost-benefit analyses, feasibility studies and/or market analyses, which are pre-requisites for the good project preparation.

The third area where additional short-term interventions in BiH are required is related to the implementation of the EU financed projects. In many cases thorough project implementation documentation in the form of tender dossiers, technical specifications or terms of reference need to be drafted in order to initiate the tender procedures for acquiring the services or supplies required. Often the technical know-how required for drafting for the project implementation documentation is either too specific for the BiH institutions, or alternatively the drafting process would prove to be unreasonably time consuming for the non-specialists of the field. In those

cases the assistance of experts would allow speedier approach and also provide the BiH authorities with hands-on training.

Lastly, two important tasks are lined up for the BH authorities: 1) establishment of the Decentralized Implementation System and 2) signature of the Stabilization and Association Agreement. Both, preparation for the DIS and implementation of the activities deriving from Stabilization and Association Agreement, are labour intensive and demanding processes. Accordingly, it will be compulsory to provide continuous high quality support for building capacities and systems for further decentralization and for building capacities of BiH co-ordination mechanisms for implementation of priorities from the EP and SAA. In order to assure that capacity building programmes meet the high quality standards and justly respond to the needs of the beneficiary, the Project Preparation Facility will provide support in drawing up analysis of current situations, conducting needs assessment and providing recommendations for further improvements of the a/m capacities, systems and mechanisms. Hereafter, the PPF will also provide short-term interventions such as drafting manuals, working procedures, job descriptions, rulebooks and other procedural documentation in order to help streamlining the necessary systems and co-ordination mechanisms.

The Project Preparation Facility consists of unallocated sum of funds which should cover the financing of the small technical assistance and twinning light projects, amounting to between 50 000 - 200 000 EUR per single project.

### **3.2. Assessment of project impact, catalytic effect, sustainability and cross border impact**

Primarily, the Project Preparation Facility will contribute to the quality of processes and documents required for planning, programming and implementing of the Instrument for Pre-accession Assistance. In parallel, the PPF will strengthen capacities of the BiH authorities' in a/m IPA process by enabling learning-by-doing or other forms of trainings in planning, programming and implementing of IPA.

Furthermore, the PPF will enhance capacity building programmes by providing more genuine reflection on state-of-play of BiH capacities, systems and co-ordination mechanisms for transition to DIS and for implementation of EP and SAA priorities. Accurate analyses, needs assessment and recommendations will directly lead and contribute to the quality in defining and designing of the capacity building programs.

Longer-term impact will be well targeted projects and efficient use of IPA funds.

### **3.3. Results and measurable indicators:**

Upon its completion, the Project Preparation Facility should have resulted in the preparation of well justified and good-quality project proposals and tender documentation through:

- The preparation of sector strategies or investment strategies;
- The facilitation of stakeholder consultations throughout the project preparation phase;
- The preparation of project fiches for IPA funding including following prospect annexes to the project fiches: logframes, feasibility studies/market studies/cost-benefit analyses for investment components in the projects, technical designs and bills of quantity;
- The preparation and compilation of project tender documentation (terms of reference, technical specifications, other supporting materials for tender dossiers);

- The preparation and compilation of analyses of capacities, systems and working procedures necessary for the decentralization process, as well as for the BiH co-ordination mechanisms for implementation of the EP and SAA priorities, supported with adequate recommendations for their improvement and streamlining.

### **3.4. Activities:**

The activities of the project include some or all of the following activities, but should not be strictly limited to the following list:

- Drafting or assessment of sector strategies or multi-sector strategies for the harmonisation of national legislation with the SAA, and its implementation, or for the future use of EU pre-accession funds. The special focus of the strategies should identify “gaps” in compliance with the SAA and to assess institutional readiness for its full implementation;
- Drafting of (pre-)feasibility and impact studies in relation to BiH compliance with the SAA and carrying out (pre-)investment studies (environmental impact assessments, business plans, market studies, economic and cost-benefit analysis, investment appraisals etc) for the upcoming investments;
- Carrying out or facilitating workshops for the stakeholder consultations for project preparation;
- Preparation of project fiches, logframes and all relevant annexes to programming documents;
- Preparation of procurement documents (terms of reference, technical specifications, bills of quantities, guidelines for grant schemes and other supporting documents for tender dossiers);
- Providing training relevant to any of the above-mentioned activities;
- Drawing up analyses, conducting needs assessment and providing recommendations for further enhancement of capacities, systems and co-ordination mechanisms for establishment of DIS and for implementation of EP and SAA priorities;
- Drafting manuals, working procedures, job descriptions, rulebooks and other procedural documentation for necessary systems and co-ordination mechanisms for establishment of DIS and implementation of EP and SAA priorities.

### **3.5. Conditionality and sequencing:**

Conditionality required for the Project Preparation Facility is that BiH will sufficiently staff the EU integration services and provide for adequate accommodation.

### **3.6. Linked activities**

The project is linked to the following previous, on-going and planned activities, none of which would be overlapped.

#### Previous projects:

- 1) In 2003, the EC contracted a project to facilitate the participation of the various BiH stakeholders in the EC’s programming of the CARDS 2004 assistance budget. This project provided the following elements: a) training of local facilitators, b) training of potential

programming participants in PCM in preparation for their involvement, c) organisation of programming workshops and facilitation of the same. The project/contract ended in October 2003. [“Programming Skills Capacity Building in BiH”, contract nr.: RE/BiH/08/37/00].

2) In December 2003, the EC contracted further services of a similar nature to the above to assist with the programming and project design activities taking place in 2004 and/or related CARDS 2005. A key difference in the two projects however related to the increased involvement of the Directorate of European Integration in the planning and organisation of the programming workshops. The project/contract ended in December 2004. [“Facilitation Support to EC Assistance programming workshops in BiH”, contract no.: 2003/75385].

3) In November 2004, the EC contracted further services of a similar nature to the above to assist with the programming and project design activities taking place in 2005 and/or related to CARDS 2006. A key difference between the above and this project relates to the significantly increased involvement of the DEI in 2005 (i.e. taking over from the Delegation a leading role in the programming activities) in the planning and organisation of the programming workshops as well as in the identification of specific trainings for Beneficiary institutions that are related to the programming activities. The project/contract ended in mid-November 2005. [“Facilitation of EC Assistance in BiH 2005 to enhance Stakeholder involvement”, contract no.: 2004/89315]

4) In August 2005, the EC contracted further services of a similar nature to the above to assist with the project design and implementation activities taking place in 2006 and/or related to CARDS 2006 as well as to assist BiH authorities through the DEI with the initial programming activities related to the Instrument for Pre-Accession (IPA) 2007-2013. The DEI together with the Facilitation project, organised the consultation process workshops with BiH institutions (namely SPO's) on the strategic planning of IPA 2007-2009 in order to provide the input of BiH for the finalisation of the MIPD 2007-2009. A key difference between the above and this project relates to further progress of the DEI in its involvement, not only in the planning and organisation of the programming workshops, but also in the identification, planning and organisation of specific trainings for the Beneficiary institutions' relevant representatives (SPOs) that are related to the programming and implementation activities (e.g. PCM, ToR drafting, Presentation skills, Organisation development, Stakeholder Participation and Communication in Planning processes, SWAp, etc.). The project/contract ended in mid-November 2006. [“Facilitation of EC Assistance in BiH 2006 to further enhance Stakeholder involvement”, contract no. 2005/104-912]

5) In November 2006, the EC contracted further services of a similar nature to the above to support strengthening the leading role of the DEI, specifically its involvement of in the identification, planning and organisation of specific trainings, related to the programming and implementation activities (e.g. PCM, ToR drafting, Presentation skills, Organisation development, Stakeholder Participation and Communication in Planning processes, SWAp, etc.), for the relevant representatives (SPOs) of the Beneficiary institutions. The project/contract ended in mid-November 2007. [“Facilitation of EC Assistance in BiH 2006 to further enhance Stakeholder involvement”, contract no.: 2006/128-055]

6) In November 2003 a project providing Technical Assistance to the DEI started. This project [“Support to the BiH Government for the European Integration Process and Co-ordination of Community Assistance”, contract no: , of 24 months duration, end date:

31/12/2005] included technical assistance to the DEI for establishing capacities and capabilities of the BiH, through the DEI, to promote and pursue the integration of BiH with the EU.

7) In 2005, a twinning light between the Danish School of Public Administration and the BiH Ministry of Finance and Treasury helped start the preparations for the introduction of the DIS system. ["Assistance to the Ministry of Finance and Treasury BiH in preparing for European Integration (Multi-annual budgeting and EC assistance decentralisation), contract no.: 2005/103-980, of 8 months duration, end date: 15/02/2006]

#### On-going projects:

1) In January 2006 the phase II of the Technical Assistance to the DEI started. This project is aiming to improve capacities and capabilities of the Directorate of European Integration as a main co-ordinator and a leading institution for carrying out activities within the EU integration process, and to enhance, through the DEI the capacities and capabilities of the relevant BH institutions using mechanisms of horizontal and vertical co-ordination. ["Support to the BiH Government for the European Integration Process and Co-ordination of Community Assistance"- phase II, contract no.: 2005/115-135, of 31 months duration, foreseen end date: 23/08/2008]

2) In November 2007, the EC contracted further facilitation support project that is a continuation of the previous projects, and is linked to and will be supportive of the changes taking place in the institutional relationships of the EC delegation with local stakeholders, and local stakeholders amongst each other, notably: the DEI and state level ministries. The purpose of the project is to support BiH Stakeholders to contribute effectively to the programming and implementation of EC Assistance to BiH. ["Facilitation Support Project in 2008", contract no: 2007/143-134, foreseen end date 15/11/2008]

3) In December 2007, the EC contracted project for 2008 programming with the aim to provide assistance to DEI and the relevant line ministries and other relevant institutions, as well as to the EC Delegation to BiH for improving the design of projects to be submitted for EC financing. ["Support for 2008 programming", contract no: 2007/145-238, duration of 4 months]

4) In February 2007 a larger-scale technical assistance project started to work with the Ministry of Finance and Treasury and its newly-established CFCU and NF units on increasing their capacity and preparing them for the submission of an accreditation package to the EC by February 2009. A gap assessment will be carried out in this period. ["Capacity Building of the Ministry of Finance and Treasury in Decentralisation Implementation System at Bosnia and Herzegovina", contract no.: 2006/129-133, of 24 months duration]

#### Future Projects:

1) Under IPA 2007, Support to the BiH Government for the European Integration Process and Co-ordination of Community Assistance"- phase III is envisaged.

2) Further support to the DIS process is envisioned through IPA 2008.

### **3.7. Lessons learned**

The Project Preparation Facility has been developed in light of the ongoing assessment of the project preparation capacities and needs of BiH authorities. In particular in the context of the programming of CARDS 2006 and IPA 2007, it has become clear that beneficiaries require assistance in developing projects and that in particular it is necessary to provide a facility to enable limited support to be targeted specifically at the design-preparation phase before larger scale funds are committed to less-well defined and relatively high-risk projects.



#### 4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
PPF facility	X		1,500,000	1,500,000	100							
TOTAL IB			1,500,000	1,500,000	100							
TOTAL INV												
<b>TOTAL PROJECT</b>			1,500,000	1,500,000	<b>100</b>							

Amounts net of VAT

- (1) In the Activity row use "X" to identify whether IB or INV
- (2) Expressed in % of the **Total** Expenditure (column (a))

## 5. Indicative Implementation Schedule (periods broken down per quarter)

<b>Contracts</b>	<b>Start of Tendering</b>	<b>Signature of contracts</b>	<b>Project Completion</b>
Multiple contracts over the lifetime of the project (about 7-8 Framework Contracts or Twinning lights in an average value of 200,000 E	1 <sup>st</sup> Q after signing of Financing Agreement and ongoing thereafter	Ongoing from 1 <sup>st</sup> Q after signing of Financing Agreement	Contracting completed by Q 6 and projects completed by Q 8

NB. Due to demand-based nature of the PPF it is not possible to accurately predict precise timing of the implementation schedule.

## 6. Cross cutting issues

### 6.1 Equal Opportunity

The project will ensure that all the cross cutting issues are appropriately incorporated in the sector strategies and programme/projects designed with the assistance of the Project Preparation Facility. In addition, specific training activities can be organized in order to raise the awareness of the importance and individual specificity of these project aspects and train the BiH stakeholders on how to integrate them at the strategy and programme/project level.

## ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3- Description of Institutional Framework
- 4 - Reference to laws, regulations and strategic documents:
- 5- Details per EU funded contract

## ANNEX I. Logical framework matrix in standard format

<b>LOGFRAME PLANNING MATRIX for Project Fiche</b>	<b>Programme name and number:</b>		
Project Preparation Facility	<b>Contracting period expires N+2</b>		<b>Disbursement period expires N+5</b>
	<b>Total budget : €1,500,000</b>		<b>IPA budget: €1,500,000</b>
<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	
The overall objective of the Project Preparation Facility (PPF) is to improve the planning, programming and implementation of the Instrument for Pre-Accession Assistance (IPA) and support mechanisms for an integrated EU accession process in Bosnia and Herzegovina.	Satisfactory ex-post evaluations of projects Satisfactory contracting and disbursement of the IPA funds Enhanced co-ordination of the EU Integration process	Evaluation reports Progress Reports IPA Monitoring Reports	
<b>Project purpose</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
The purpose of the PPF is to ensure that the BiH authorities submit good quality project proposals to the EC for the implementation of European Partnerships and the Stabilisation and Association Agreement and to support effective implementation of these projects in BiH.	Project fiches submitted to EC in line with programming timetable, and subsequently approved. Contracting and disbursement in line with programming timetable	IPA programme documents  IPA Monitoring Reports	Availability of satisfactory quality expertise.
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<ul style="list-style-type: none"> <li>The preparation of sector strategies or investment strategies;</li> <li>The facilitation and co-ordination of stakeholder consultations throughout the project preparation phase;</li> <li>The preparation of project fiches for IPA funding including logframes and feasibility studies/market studies/cost-benefit analyses for investment</li> </ul>	Strategies prepared  Consultations and co-ordination support undertaken where appropriate and relevant  Project fiches prepared and submitted for EC approval	Reports and project documentation from individual TA contracts.  Monitoring reports within DEI	Identification of priority areas for assistance in a timely manner

<p>components in the projects and technical designs and bills of quantity prepared and provided as annexes to the fiches;</p> <ul style="list-style-type: none"> <li>• The preparation and compilation of project tender documentation (terms of reference, technical specifications, other supporting materials for tender dossiers) prepared; and</li> <li>• The preparation and compilation of analyses of capacities, systems and working procedures necessary for the decentralization process, as well as for the BiH co-ordination mechanisms for implementation of priorities of the EP and SAA, supported with adequate recommendations for their improvement and streamlining.</li> </ul>	<p>Tender documents prepared in time for opening of tender procedures.</p> <p>Analyses compiled and needs assessments conducted on the current status of capacities of BH authorities, end recommendations for further capacity building programs and for further improvement of working process of DIS systems and SAA co-ordination mechanisms.</p> <p>Manuals, working procedures, job descriptions, rulebooks and other procedural documentation drafted for necessary systems and co-ordination mechanisms for DIS accreditation and implementation of EP and SAA priorities</p>		
<b>Activities</b>	<b>Means</b>	<b>Costs</b>	<b>Assumptions</b>
Short duration framework technical assistance contracts	€1,500,000 for technical assistance contracts (framework)		
			<b>Pre-conditions</b>

## **ANNEX II. Amounts (in EUR) Contracted and disbursed by quarter for the project**

	Q1 / 2009	Q2/2009	Q3/2009	Q4/2009	Q1 /2010	Q2/2010	Q3/2010
<b>Contracted</b>	250,000	250,000	250,000	250,000	250,000	250,000	
<b>Cumulated</b>	250,000	500,000	750,000	1,000,000	1,250,000	1,500,000	
<b>Disbursed</b>		250,000	250,000	250,000	250,000	250,000	250,000
<b>Cumulated</b>		250,000	500,000	750,000	1,00,000	1,250,000	1,500,000

NB. Due to demand-based nature of the PPF it is not possible to accurately predict precise timing of the implementation schedule.

## **ANNEX III. Description of Institutional Framework**

### **ANNEX IV. Reference to laws, regulations and strategic documents:**

Reference list of relevant laws and regulations

Reference to AP /NPAA / EP / SAA

Reference to MIPD

Reference to National Development Plan

Reference to national / sectoral investment plans

### **ANNEX V. Details per EU funded contract**

For TA contracts: account of tasks expected from the contractor

For twinning covenants: account of tasks expected from the team leader, resident twinning advisor and short term experts

For grants schemes: account of components of the schemes

For investment contracts: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (\*\*)

For works contracts: reference list of feasibility study for the constructing works part of the contract as well as a section on investment criteria (\*\*); account of services to be carried out for the service part of the contract

(\*) non standard aspects (in case of derogation to PRAG) also to be specified

(\*\*) section on investment criteria (applicable to all infrastructure contracts and constructing works):

Rate of return

Co financing

Compliance with state aids provisions

Ownership of assets (current and after project completion)