

IPA National Programme 2010 – Bosnia and Herzegovina

Fiche 16 "Project Preparation Facility"

1. Basic information

1.1 CRIS Number: 2010/022-259

1.2 Title: Project Preparation Facility

1.3 ELARG Statistical code: 04.72 Supporting programmes/Administrative support

1.4 Location: Bosnia and Herzegovina

Implementing arrangements:

1.5 Contracting Authority: The European Union represented by the Commission of the European Commission for on behalf of the beneficiary country

1.6 Implementing Agency: NA

1.7 Beneficiary:

Directorate for European Integration

Senior Programming Officer: Ms Zara Halilovic, Assistant Director

Trg Bosne i Hercegovine 1, 71000 Sarajevo

Phone: + 387 33 703 179

Email: zara.halilovic@dei.gov.ba

Ministry of Foreign Trade and Economic Relations

Senior Programming Officer: Ms Nermina Skejovic Huric, Advisor

Musala 9, 71000 Sarajevo

Phone: + 387 33 552 365

Email: nerabosnia@yahoo.com

Other beneficiaries: Other institutions will also benefit depending on the content of the assistance delivered and the sector/field targeted.

Financing:

1.8 Overall cost (VAT excluded): EUR 4 978 099

1.9 EU contribution: EUR 4 978 099

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 an improved quality of project proposals submitted to the European Commission for the implementation of European Partnership (EP) and the Stabilisation and Association Agreement (SAA) and an effective support to the implementation.

2.3 Link with AP/NPAA / EP/ SAA

The project will enhance the authorities' ability to prepare projects that help Bosnia and Herzegovina (BiH) meet the full range of its priorities deriving from the European Partnership as well as from the Stabilisation 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 programming exercises of IPA 2007, IPA 2008, IPA 2009 and IPA 2010, 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 project is in line with the MIPD 2009-2011 and it directly contributes to its objectives under Supporting programmes, Political criteria, and Ability to assume the obligations of membership, as follows:

- i) Support the Project Preparation Facility to improve the planning, programming and implementation of the IPA and to support a smooth EU integration process (2.3.1.4 Supporting programmes);
- ii) Supporting capacity building of the public administration and the preparation of the structures for the decentralisation of EC assistance (2.3.1.1. Political Criteria).
- iii) Sectoral Policies - Environment: A country-wide Environment Strategy is adopted and implemented. The BiH Environment Agency is established and operational. The alignment of the sector to the environmental *acquis* is advanced. Tools for prioritisation of environmental infrastructure investments and determination of measures for environmental protection are operational. Generation of co-financing mechanisms for environmental infrastructure are advanced. Enhanced investments in environmental infrastructure. (2.3.1.3. Ability to assume the obligations of membership).

2.5 Link with National Development Plan

Bosnia and Herzegovina has completed drafting of the National Development Strategy 2008 - 2013 and Social Inclusion Strategy that will serve as the basis for the National Development Plan. Both strategies are expected to be adopted at the beginning of 2010.

Given its nature, the Project Preparation Facility is linked to all five strategic goals, and in particular to the strategic goals of Sustainable development and the EU integrations.

2.6 Link with national/ sectoral investment plans

National/Sectoral investment plans should derive from the National Development Plan once it is developed and hence it is not possible to make a link between the PPF and the national/sectoral investment plans. The project will support a variety of sectors as per the identified needs and in line with the existing sectoral strategies. Namely, the support, foreseen to be provided in the field of environment, is in line with the National Environmental Action Plan (NEAP), the BiH Water Protection Plan and the BiH Waste Management Strategy (2000). The BiH Water Protection Plan, the strategic document for the implementation of the EU Urban Waste Water Treatment Directive (91/271/EC), identifies the urban waste water as the main source of pollution of the surface water in BiH, and the National Environmental Action Plan (NEAP) which was adopted by the entity governments of BiH in 2003, outlines the following priorities related to the water resource and wastewater management by 2020: 1) provision of sufficient quantities of high-quality water for water supply & other needs; 2) protection of water resources; 3) protection from flooding.

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. 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 many cases the Bosnia and Herzegovina institutions need support in drafting the appropriate sector strategies to form the framework for effective change initiatives and adopting the EU accession agenda. IPA programming also requires the existence of strategic documents, which additionally emphasises and justifies demand for development of new strategies and investment plans as well as for revision of existing ones.

In addition, Bosnia and Herzegovina state institutions 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. Thus, the PPF will provide support in thorough project preparation process, in particular when specific expertise is required. It will also provide support for preparation of adequate/accompanying cost-benefit analyses, feasibility studies and/or market analyses, which are pre-requisites for the good project preparation.

Additional short-term interventions in Bosnia and Herzegovina are also required in relation 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 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 Bosnia and Herzegovina authorities with hands-on training.

Bosnia and Herzegovina has started comprehensive reconstruction in the environment sector with the help of International Financial Institutions (IFIs). For the needs of the environmental infrastructure development, the IFIs have allocated significant loan assistance as the needs for investments in the sector are extensive. At the same time, Bosnia and Herzegovina has limited expertise in the area of project preparation and investment planning, and therefore faces difficulties in accessing pre-accession and other funds. The Project Preparation Facility will provide specific assistance to the preparation of feasibility studies and other project documentation in water and sanitation sector in BiH. In addition, specific assistance will be provided to the Project Management Unit (PMU) of the FBiH Ministry of Agriculture, Water Management and Forestry with respect to the implementation and management of the already committed water and sanitation municipal projects and EIB loan.

As far as the above mentioned municipal water and sanitation infrastructure investment scheme is concerned, it has been identified that the level of project preparation and financial capacity in most of municipalities in Bosnia and Herzegovina is very low and weak to support those high wastewater collection and treatment investments. Most of the final beneficiaries (municipalities) do not have adequate experts (financial, technical, procurement) in their institutions to carry out implementation of the projects within the municipalities. Also significant problem is lack of necessary Project documentation (project designs, environmental impact assessment studies, etc). Therefore, additional donors to support this scheme and provide adequate grant investment support to the municipalities were sought, including the hereby proposed project implementation support to the municipalities to be provided through the PMU.

Two important tasks are furthermore lined up for the Bosnia and Herzegovina authorities: 1) establishment of the De-centralised Implementation System (DIS) and 2) implementation of the Stabilisation and Association Agreement. Both, preparation for the DIS and implementation of the activities deriving from Stabilisation and Association Agreement (SAA), are labour intensive and demanding processes. Accordingly, it will be compulsory to provide continuous high quality support for building capacities and systems for further decentralisation and for building capacities of co-ordination mechanisms in Bosnia and Herzegovina for implementation of priorities from the EP and SAA.

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 Bosnia and Herzegovina authorities' in the afore mentioned 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 capacities in Bosnia and Herzegovina, 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. This should lead to the enhanced ownership of the Bosnia and Herzegovina's authorities of the EU assistance programmes.

The specific support to interventions in the environment area will have a strong positive environmental and public health impact with an overall benefit to quality of life. The improved collection and treatment of wastewaters will reduce pollution of surface and ground waters.

The operation will contribute to meeting needs of Bosnia and Herzegovina in relation to future compliance with the EU Environmental Legislation, in particular the EU Urban Waste Water Treatment Directive (91/271/EC) and Drinking Water Directive (98/83/EC).

3.3 Results and measurable indicators

This project consists of two main result areas:

- 1) General project preparation
- 2) Specific project preparation assistance to the environment and water and sanitation sector

Result 1:

Upon its completion, the Project Preparation Facility should have resulted in the preparation of well justified and good-quality project proposals, tender documentation and other documents such as analyses, strategies, procedures, etc.

Indicators:

- Number and good quality of the projects prepared and documents produced.

Result 2:

Improved environmental standards application related to water/wastewater management in Bosnia and Herzegovina, as a result of preparation of good quality projects and project documentation for environment and water/wastewater infrastructure projects and the subsequent implementation.

Indicators:

- Number of bankable projects identified and prepared by the end of 2014.
- Number of projects supported for further investment by IFIs or donors by the end of 2014.

Effective implementation and management of the municipal water and sanitation infrastructure investment schemes in support of the EIB loan in the FBiH.

Indicators:

- Number of infrastructure projects successfully implemented

3.4 Activities

The project activities linked to result 1 include for example the following activities:

- Preparation, analysis 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.
- Drafting of (pre-)feasibility and impact studies in relation to Bosnia and Herzegovina's compliance with the *SAA* and carrying out (pre-)investment studies (regulatory impact assessment studies, environmental impact assessment studies, business plans, market studies, economic and cost-benefit analyses, investment appraisals, etc.) for the upcoming investments;

- Preparation of projects for upcoming IPA funding, in particular those requiring specialised expertise, including support to the project preparation process and all necessary project documentation and annexes to programming documents;
- Preparation of project tender and procurement documentation (terms of reference, technical specifications, bills of quantities, guidelines for grant schemes and other supporting documents for tender dossiers);
- Drafting manuals, working procedures, job descriptions, rulebooks and other procedural documentation for the implementation of EP and SAA priorities and in support of EU accession process in Bosnia and Herzegovina
- Provision of training relevant to any of the above-mentioned activities.

The project activities, linked to the result 2, include:

- Drafting and preparing the required documentation for water and sanitation projects in Bosnia and Herzegovina, such as feasibility studies, preliminary and main designs, bills of quantities, environmental impact assessments and tendering documentation.
- Providing technical assistance to the Project Management Unit at the Ministry of Agriculture, Water Management and Forestry of the FBiH¹, including, but not limited to capacity building, financial, technical, procurement expert support, preparation of studies, assessments, designs, etc.

The activities linked to the Result 1 will be implemented through various types of contracts (service/Framework contracts/Twinning/Twinning light), while the activities linked to the Result 2 will be implemented through one TA/service contract.

3.5 Conditionality and sequencing

Conditionality

The undertaken activities in the water and sanitation field have to respect EIB rules for contracts deployment, including that technical documentation is prepared and revised, land acquisition completed, necessary permits and conformities obtained, and co-financing mechanism in place and operational.

Sequencing

Due to the nature of the Project Preparation Facility, it is not possible to foresee the precise timing of contracting and disbursements at the time of writing the project fiche.

3.6 Linked activities

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

¹ The EIB contractually requires the promoter, the Ministry of Agriculture, Forestry, Water Management FBiH, to establish a suitably staffed Project Management Unit (PMU) within its organisation with the two main activities: (1) interface and coordinate with, as well as support the municipalities in the project implementation; (2) interface with the EIB, including reporting. It is assumed that, with the support of the PMU, the municipalities are able to define their investment plans and also to procure works and equipment, with some specific technical assistance – in particular required with complex equipment such as Waste Water Treatment Plants. In consultation with the Ministry of Finance, the PMU would have a coordination function in order to make the funding available in the appropriate manner. The two Water Agencies of FBiH are likely to be called upon by the PMU in order to contribute to the coordination with and support to the municipalities.

Previous projects:

- 1) In the period 2003 – 2008, the EC contracted 6 projects (Framework contracts) to a) facilitate the participation of various stakeholders in Bosnia and Herzegovina in the EC programming and project design activities for CARDS and IPA programmes; b) train representatives of institutions of Bosnia and Herzegovina in PCM and other techniques for the programming; c) train the DEI, as a leading BiH institution in the programming activities of EC assistance, in identifying, planning and organising various trainings and workshops for BiH institutions, involved in programming and implementation of EC assistance.
- 2) 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”, 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.
- 3) In January 2006 the phase II of the Technical Assistance to the DEI started. This project aimed at improving 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 at enhancing, 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, of 31 months duration, end date: 23/08/2008].
- 4) In 2008 and 2009, the EC contracted two projects for IPA 2008 and 2009 programming with the aim to provide assistance to NIPAC, 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.

On-going projects:

- 1) Under IPA 2008, Project Preparation Facility support to DEI and other BiH institutions has been provided, starting to be utilised in September 2009. The project will assist the BiH authorities to produce good quality projects that help BiH meet the full range of its priorities deriving from the European Partnership as well as from the Stabilisation and Association Agreement. In parallel, the PPF will strengthen capacities of the BIH authorities. A list of specific project activities to be undertaken under the envelope of PPF has been agreed and some activities have already commenced, namely in the fields of statistics, indirect taxation and rule of law [“Supporting the identification of continued assistance in the area of rule of law”, contract no: 2009/219-573, foreseen end date 18/06/2010; EU Support to BiH Statistical Sector - Phase IV”, contract no: 2009/219-966, foreseen end date 27/07/2010; “Assistance to BiH ITA in Customs and Taxation Matters”, contract no: 2009/216-679, foreseen end date 03/02/2010].
- 2) The project is also linked to the IPA Audit and Evaluation Programme, where audits provide the Commission with the assurance as to the legality and regularity of the assistance and evaluation provides the Commission with judgement of interventions according to their results, impacts and needs they aim to satisfy and contributes to the design of interventions, improve the quality and report on the achievements of the

interventions, both of which the results are used in future programming. In November 2009, the EC contracted, under IPA 2008 Audit and evaluation regional programme, the Financial audit to 5 service contracts, 5 grant agreements and 1 twinning agreement and verification of the grant agreements that had been contracted by EC Delegation ["Financial audit to contracts and agreements and verification of grant agreements", foreseen end date 13/08/2010].

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 2007/8/9 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.

This is the second time Project Preparation Facility is programmed under IPA national programme for BiH. However it is still too early for lessons learned from the first PPF implemented under IPA 2008 given its recent implementation commencement, apart from noting the substantial interest among beneficiary institutions in BiH for utilisation of the facility.

4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA EU 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)
Activity I Project Preparation Facility	x		2 478 099	2 478 099	100							
Multiple contracts over the lifetime of the PPF	x	–	2 478 099	2 478 099	100							
Activity II Environment al Infrastructure		x	2 500 000	2 500 000	100							
Contract 2.1 Service Contract	–	X	2 500 000	2 500 000	100							
TOTAL IB			4 978 099	4 978 099	100							
TOTAL INV					100							
TOTAL PROJECT			4 978 099	4 978 099	100							

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)

Contracts	Start of Tendering	Signature of contract	Project Completion
Multiple contracts over the lifetime of the PPF project (service contracts, Twinning and Twinning Light, framework contracts)	Ongoing from 1 st Q 2011	Ongoing from 1 st Q 2011 Q4 2012 at latest	Q4 2014 at latest
Contract 2.1 Service Contract	Q4/2010	Q3/2011	Q3/2013

NB. Due to the nature of parts of this project it is not possible to accurately predict precise timing of the implementation schedule.

6. Cross cutting issues

The project will ensure that all the cross cutting issues are appropriately incorporated in the sector strategies, analyses, assessments and programmes/projects designed with the assistance of the Project Preparation Facility, and respected during the implementation of all the activities undertaken within the project.

6.1 Equal Opportunity

Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

6.2 Environment

Due attention will be given to environmental issues in the programmes/projects designed and the documents prepared under the Project Preparation Facility. The interventions under the Project Preparation Facility will also support improvements in the environment sector specifically and as such shall be carried out in compliance with the relevant EU environmental legislation.

6.3 Minorities

Minorities in BiH are defined as all groups who are not "constituent peoples" (i.e. Serbs, Croats and Bosniaks). The Roma are the largest minority and are highly vulnerable to discrimination and social exclusion. Due attention to minorities will be given in the programmes/projects designed and the documents prepared under the Project Preparation Facility.

ANNEXES

- I Log frame in Standard Format
- II Amounts contracted and Disbursed per Quarter over the full duration of Programme
- III Description of Institutional Framework
- IV Reference to laws, regulations and strategic documents
- V Details per EU funded contract:

ANNEX I: Logical framework matrix

LOGFRAME PLANNING MATRIX FOR Project Fiche		Programme name: IPA National Programme 2010 Bosnia and Herzegovina, Fiche 17 - "Project Preparation Facility"		
		Contracting period expires: Two years following the date of the conclusion of the Financing Agreement		Disbursement period expires: One year following the end date for the execution of contracts
CRIS Number: 2010/022-259		Total budget : EUR 4 978 099	IPA budget: EUR 4 978 099	
Overall objective	Objectively verifiable indicators	Sources of Verification		
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 programmes/projects Satisfactory contracting and disbursement of the IPA funds Enhanced co-ordination of the EU Integration process	Evaluation reports Progress Reports IPA Monitoring Reports		
Project purpose	Objectively verifiable indicators	Sources of Verification		Assumptions
The purpose of the PPF is an improved quality of project proposals submitted to the European Commission for the implementation of European Partnership (EP) and the Stabilisation and Association Agreement (SAA) and an effective support to the implementation.	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.
Results	Objectively verifiable indicators	Sources of Verification		Assumptions
1) Result in relation to Project Preparation Facility (general)				Identification of priority areas for assistance in a timely

<p>Good quality project proposals, tender documentation and other documents prepared through:</p> <p>The preparation, analysis or assessment of sector or multi-sector strategies;</p> <p>The preparation of projects for IPA funding including support to project preparation process and all necessary project documentation and annexes; preparation of feasibility studies, impact studies, regulatory impact assessment studies, environmental impact assessment studies, business plans, market studies, economic and cost-benefit analyses, investment appraisals, etc.;</p> <p>The preparation and compilation of project tender documentation (terms of reference, technical specifications, bills of quantities, other supporting materials for tender dossiers);</p> <p>The preparation of manuals, working procedures, job descriptions, rulebooks and other procedural documentation for the implementation of EP and SAA priorities.</p> <p>The provision of relevant training.</p> <p>2) Result in relation to assistance in environmental infrastructure</p> <p>Improved environmental standards application related to water/wastewater management in</p>	<p>Analyses of sector strategies prepared and used for the implementation of EP and SAA priorities.</p> <p>Good quality project fiches prepared and submitted for EC approval</p> <p>Documents/studies produced for BiH government in order to support its implementation of EP and SAA priorities as well as to support effective implementation of EC projects in BiH</p> <p>Tender documents prepared in time for opening of tender procedures.</p> <p>Manuals, working procedures, job descriptions, rulebooks and other procedural documentation drafted for the implementation of EP and SAA priorities.</p> <p>Number of bankable projects</p>	<p>Reports and project documentation from individual TA contracts.</p> <p>Monitoring reports within DEI</p> <p>Submitted and approved fiches</p> <p>Tender documentation</p> <p>Documents developed</p>	<p>manner</p>
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<p>BiH, as a result of preparation of good quality projects and project documentation and the subsequent implementation.</p> <p>Effective implementation and management of the municipal water and sanitation infrastructure investment schemes in support of the EIB loan in the F BiH.</p>	<p>identified and prepared by the end of 2014.</p> <p>Projects supported for further investment by IFIs or donors by the end of 2014.</p> <p>Number of infrastructure projects successfully implemented</p>	<p>Project documentation produced.</p> <p>Project progress reports.</p> <p>Provisional and final acceptance of the works by the relevant authorities.</p>	<p>The water utilities are able to fully manage the facilities in the post-implementation phase.</p> <p>All participating IFIs do commit their funds according to the Financing Plans</p> <p>The BiH authorities participate with their co-financing.</p>
Activities	Means	Costs	Assumptions
<p>Activities linked to the Result 1</p> <p>An envelope of as yet unspecified service contracts will be supported under the PPF project.</p> <p>Activities linked to the Result 2 <u>(Technical assistance to water and sanitation projects/schemes)</u></p> <ul style="list-style-type: none"> - Drafting and preparation of the required documentation 	<p>EUR 2 478 099 for specific technical assistance contracts (Twinning/ twinning light, Service/framework contracts)</p> <p>Service contract</p>	<p>Multiple Contracts under Activity 1: EUR 2 478 099</p> <p>Contract 2.1 : EUR 2 500 000</p>	

² The EIB contractually requires the promoter, the Ministry of Agriculture, Forestry, Water Management FBiH, to establish a suitably staffed Project Management Unit (PMU) within its organisation with the two main activities: (1) interface and coordinate with, as well as support the municipalities in the project implementation; (2) interface with the EIB, including reporting. It is assumed that, with the support of the PMU, the municipalities are able to define their investment plans and also to procure works and equipment, with some specific technical assistance – in particular required with complex equipment such as Waste Water Treatment Plants. In consultation with the Ministry of Finance, the PMU would have a coordination function in order to make the funding available in the appropriate manner. The two Water Agencies of FBiH are likely to be called upon by the PMU in order to contribute to the coordination with and support to the municipalities.

<p>for water and sanitation projects, such as feasibility studies, preliminary and main designs, BoQ, EIA and tendering documentation.</p> <ul style="list-style-type: none"> - Provision of technical assistance to the Project Management Unit at the Ministry of Agriculture, Water Management and Forestry of the FBIH², including but not limited to capacity building, financial, technical, procurement expert support, preparation of studies, assessments, designs, etc. 			
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ANNEX II: Amounts (in EUR) Contracted and disbursed by quarter for the project

Contracted	Q1/2011	Q2/2011	Q3/2011	Q4/2011	Q1/2012	Q2/2012	Q3/2012	Q4/2012	Q1/2013	Q2/2013	Q3/2013
Contracts (multiple contracts over the lifetime of the PPF project: service contracts, Twinning and Twinning Light, framework contracts)*	350 000	400 000	500 000	428 099	400 000	400 000					
Service Contract – TA Water and sanitation			2 500 000								
Cumulated	350 000	750 000	3 750 000	4 178 099	4 578 099	4 978 099-					
Disbursed											
Contracts (multiple contracts over the lifetime of the PPF: service contracts, Twinning and Twinning Light, framework contracts)	140 000	160 000	325 000	371 240	495 000	414 049	200 000	292 810	40 000	40 000	
Service Contract – TA Water and sanitation			750 000			750 000			750 000		250 000
Cumulated	140 000	300 000	1 375 000	1 746 240	2 241 240	3 405 289	3 605 289	3 898 099	4 688 099	4 728 099	4 978 099

NB. Due to the nature of the Project Preparation Facility it is not possible to accurately predict the precise timing of contracting and disbursement, and the number and value of contracts for all its components.

* Due to the flexible nature of PPF, indicative number of contracts and their timing for contracting/disbursement has been provided in the above table

III Description of Institutional Framework

The Directorate for European Integration of Bosnia and Herzegovina is a permanent body of the Council of Ministers in charge of coordination of the process of integration of Bosnia and Herzegovina to the European Union. The functions of the Directorate for European Integration (DEI) include promotion of the integration process and horizontal coordination of implementation of the BiH Strategy for European Integration, including activities of legal harmonisation and coordination of EC assistance. The Directorate comprises the following divisions/units: Office of the Director, Division for Strategy and Integration Policies, Division for Harmonisation of the BiH Legal system with the *acquis communautaire*, Division for EU Assistance Coordination, Division for Translation in the field of European Integration, European Integration Promotion Unit, General Affairs Division. The Division for EU Assistance Coordination coordinates planning, allocation, implementation and monitoring of EU assistance to Bosnia and Herzegovina,

Under the Dayton Agreement, environment is in the domain of the Entities' authority. As a result, there is no explicit competence on State level for legislation or regulation of the environment.

The State level coordination role is assigned to the Ministry of Foreign Trade and Economic Relations and its Sector for Environment, Energy and Natural Resources. The role of the State in the sector has been increasing in BiH over the past years, in view of the growing international obligations of BiH and the need for an improved coordination at state level and ensuring more efficient use of scarce resources available to the sector.

The organisation and responsibilities of environment-related ministries in the two entities are similar and are prescribed by Law on Federal Ministries and Other Administrative Bodies in the FBiH (Official Gazette FBiH 19/03) and Law on Ministries in RS (Official Gazette RS 70/02, 33/04).

The principal Entity Ministries mandated with environmental responsibilities are the FBiH Ministry of Environment and Tourism in the Federation, and the RS Ministry for Spatial Planning, Civil Engineering and Ecology in Republika Srpska. The institutions that are competent for environmental issues are responsible for the preparation of the environmental policy and strategy-related documents, quality standards for air, water, and soil, environmental monitoring as well as supervision of relevant institutions from the environment sector.

On the other hand Entity Ministries of Agriculture, Water Management and Forestry (MoAWF of FBiH and MoAWF of RS) are responsible for water strategy and policy, issuing water agreements and permits, setting up standards and regulations, and maintaining compliance with laws and regulations through licensing and inspections. Responsibilities of the Water Agencies (located in Bijeljina, Trebinje, Sarajevo and Mostar and under the authority of the Entity Ministries of Water) comprise, *inter alia*, data collection and monitoring, preparation of plans, reporting and projects, disaster management and prevention, issuance of licences and permits, reporting, research and development and awareness rising.

Coordination at the level of Entities is done through the Inter-Entity Environment Body, under the responsibility of the Governments of RS and FBiH. The members of the Inter-Entity Environment Body are representatives of the Ministry of Environment (FBiH and RS) and Water (RS representatives) in the Entities.

The inspection authorities in the RS, FBiH and District Brcko maintain the compliance with laws through inspection. Previous to 2006, inspectors reported to their respective ministries at Entity, cantonal level (FBiH) or to municipalities in local administrative units within the RS. In 2006, FBiH and RS Inspectorates were established. Within the RS, the Inspectorate has its head office in Banja Luka, with a management team and legal support, as well as six regional centres (Banja luka, Prijedor, Doboj, Modrica, East Sarajevo and Trebinje). In the FBiH, the Entity Inspectorate is seated in Sarajevo and there are cantonal inspectorates in process of establishment in each canton.

Other Entity-level ministries for industry, transport, mining, health and energy also have environmental functions.

An environmental data reporting structure that is in accordance with the EIONET methodology was established through a Memorandum of Understanding between the BiH institutions, however this system is not implemented to date.

In the Federation, the Entity government and the ten cantons have shared responsibilities for environmental matters, and a number of cantons have introduced environmental legislation and have their own institutional set-ups with environmental authorities and responsibilities.

The cantonal environmental authorities are the respective ministries of civil engineering, physical planning and environmental protection and the ministries of agriculture, water management and forestry.

Municipalities, in accordance with the law, are responsible for communal activities. In addition, local governments at municipal level, particularly in the larger municipalities, have their own authorities for environmental permitting and inspection.

IV Reference to laws, regulations and strategic documents

Key documents of relevance for the EU accession of Bosnia and Herzegovina include:

- Council Decision of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Bosnia and Herzegovina and repealing Decision 2006/55/EC (2008/211/EC);
- IPA Multi-annual Indicative Planning Document (MIPD) 2009-2011.

An environmental State-policy does not exist in BiH, rather there is a number of sectoral strategies at the Entity/Brcsko District level constituting the existing policy experience in terms of guiding principles, values, visions and Entity/Brcsko District overall objectives. For these documents there is strong ownership. This non-exhaustive list of said strategies and strategic documents, constituting the basis for the State-level environmental policy is:

- National Environmental Action Plan (2003)
- BiH Solid Waste Management Strategy (2000)
- BiH Water Protection Plan (2007)
- FBiH Environmental Protection Strategy 2008-2018 (2009)
- 2006 RS Water Plan (2006).

With regard to environmental funding, the situation is constrained. The RS Fund is operational. In 2008 the Fund has, in fact, granted assistance to re-afforest some river banks to avoid a river to pass through a mine. The FBiH Environmental Fund is operational since November 2009.

As regards water management, the water sector reform resulted in the establishment of a legal and institutional framework for water management on Entity level in BiH based on the Water Laws (Official Gazette of RS 50/06, Official Gazette of FBiH 70/06) and the establishment of Water Agencies. With the adoption of this set of entity legislation, the country has expressed its readiness to apply European standards, instruments and measures aimed to reduce environmental pollution and promote the sustainable use of natural resources. Within the Entity Water Laws the accent is given to the implementation of the Water Framework Directive (WFD). The key elements of the WFD were transposed into the legislation: purposes, definitions, river basin district formation principles, administration and water protection issues and the need for establishment of Water Agencies at river basin district level in BiH.

V Details per EU funded contract:

For TA contracts:

- 1) Multiple contracts over the lifetime of the PPF project (service contracts, Twinning and Twinning Light, framework contracts) in the total amount of EUR 2 478 099
- 2) Service contract EUR 2 500 000.