

Project Fiche – IPA Annual Action Programme 2007 for Bosnia & Herzegovina

Building in the capacity to promote exports and develop the export base in Bosnia and Herzegovina

1. Basic information

1.1 CRIS Number:

1.2 Title:

Building in the capacity to promote exports and develop the export base in Bosnia and Herzegovina

1.3 ELARG Statistical code: 02.20 – Enterprise and Industrial Policy

1.4 Location: Bosnia and Herzegovina (BiH)

Implementing arrangements:

1.5 Contracting Authority: Delegation of the European Commission to BiH

1.6 Implementing Agency: Delegation of the European Commission to BiH

1.7 Beneficiary (including details of project manager):

Details of the project manager are as follows: Mr. Milan Lovrić, Vice-president of FTC BiH, address Sarajevo, Branislava Đurđeva 10, tel. ++387 33 210 339, e-mail: milanl@komorabih.ba,

- The Export Promotion Agency (EPA), established in 2006 within the Foreign Trade Chamber (FTC) of Bosnia and Herzegovina
- Ministry of Foreign Trade and Economic Relations (MoFTER) The Export Council (first meeting January 2007)
- A selected number of economic operators, particularly small and medium sized enterprises (SMEs)

1.8 Overall cost: €1.5m

1.9 EU contribution: €1.5m

1.10 Final date for contracting: N+2

1.11 Final date for execution of contracts: N+4

1.12 Final date for disbursements: N+5

2. Overall Objective and Project Purpose

2.1 Overall Objective:

To improve Bosnia and Herzegovina's balance of trade.

2.2 Project purpose:

2.2.1 Project Purpose 1.

Development of the institutional capacity of BiH to develop export promotion policy.

2.2.2 Project Purpose 2.

Improve the competitiveness of companies, especially SMEs, in foreign markets and particularly EU.

2.2.3 Project Purpose 3.

An improved export promotion policy and environment in BiH.

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

BiH currently imports considerably more than it exports and its companies struggle to compete on EU and other external markets. Building BiH's ability to increase its exports is therefore a key element of the Copenhagen Criteria since it is stated that BiH must demonstrate „the existence of a functional market economy as well as the capacity to cope with competitive pressure and market forces within the Union“;

The European Partnership was adopted in 2004. Among key priorities it is stated that BiH must provide, "assurance of the existence of a real internal market in Bosnia and Herzegovina“. Regarding Economic Requirements BiH is required to continue with policies leading towards stable macro-economic environment and assure continuation of macro-economic stability, improve the business climate, and implement policies which will decrease unemployment.

The Stabilisation and Association Agreement deals with, inter alia, free movement of goods and adjustments and implementation of the rules of competition. The most important result coming after the signing of the Agreement is the creation of the free trade between BiH and the EU relating to mutual abolition of all customs and quality limitations. It will increase competitiveness of BiH companies, investments and employment. As per the Copenhagen Criteria, BiH must have a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. To this end it is essential to ensure BiH companies are able to export and compete on the EU market.

2.4 *Link with MIPD*

In order to have the best chance to export successfully companies should have equal conditions across the whole BiH's territory. Key to achieving this is the establishment of a single market and single trade policy guaranteeing stability and sustainability of the economic environment.

This is reflected in MIPD, under 2.2.2. Socio-economic requirements, under 2.2.2.1. Main areas of intervention, priorities and objectives are” **Developing improved and coordinated economic and fiscal policies** to assist in the stabilisation of the macro-economic environment, to reduce public expenditures, to generate employment and to reduce unemployment and make to labour market more dynamic and responsive to change” and “**Improving Trade Policy** to facilitate the implementation of bilateral Free Trade Agreements and work towards CEFTA, to continue the necessary reforms to comply with WTO rules and obligations, to ensure the existence of a real internal market and to pursue policies to as stable macro-economic environment”.

- Under 2.2.2.2, in relation to expected results, it is stated that “The necessary institutional, policy and legal framework for trade policy formulation, regulation and negotiation, export promotion and FDI will be in place and operational.
- Under section 2.2.2.3, the following programme is to be implemented in pursuit of these objectives:” Capacity building for the development and the implementation of a comprehensive trade policy and regulatory framework and developing capacity for trade negotiations, impact assessment and legal support to harmonise with WTO rules and the EU *acquis*. Institutional support to attract foreign direct investment and to promote export. This includes a Trade Needs Analysis for trade policy and trade promotion.

2.5 *Link with National Development Plan (where applicable)*

The Poverty Reduction Strategy Paper (PRSP) is the only mid-term paper (2004-2007) adopted at the state level aimed at poverty reduction. A key goal of the PRSP is to reduce poverty and to speed up the increase of exports in relation to imports. The PRSP sees increasing exports as a key means of improving economic development, improving the business climate for domestic and foreign investments and supporting development of entrepreneurship. The PRSP was adopted by the Council of Ministers and the entity governments in 2004, and is envisaged to form the basis for a BiH wide Mid-Term Strategy Paper (2007-2012).

The EU Integration Strategy for BiH states that a priority interest is, “economic advancement and growth based on a free market...” Besides the political requirements, regarding economic considerations, BiH is required to “further develop reliable statistics as the basis for economic planning, combating unemployment and poverty”. In this regard, it is necessary to have updated statistics and data base on export companies within the Export Promotion Agency (EPA).

The third requirement is successful implementation of the Stability and Association Process with particular emphasis on items such as: developing a single economic space, and consistent trade policy...”

Thus the establishment of a single economic space and comprehensive trade policy are preconditions to improving of the business environment. The EPA and MoFTER in coordination of Export Council, have a clear and important role to play in contributing to this goal. In addition to supporting these institutions in building their capacity, this project also proposes to develop export strategies for selected potential sectors, impacting upon economic planning.

2.6 *Link with national/ sectoral investment plans (where applicable)*

Not applicable.

3 Description of project

3.1 *Background and justification:*

3.1.1 The institutional framework and current export situation

Bosnia and Herzegovina's Export Promotion Agency (EPA), was established in spring 2006. It was established according to a proposal submitted by MoFTER, and approved by the Council of Ministers. The Foreign Trade Chamber of Bosnia and Herzegovina (FTC BiH) has

been designated as the acting EPA. The EPA is the only body at state level responsible for the promotion of BiH export, for development of promotion policy with MOFTER and Export Council and for improvement of potential export sectors in cooperation with other existing Agencies (i.e. Regional Development Agencies (RDA), the Foreign Investment Promotion Agency (FIPA), regional chambers of commerce). EPA is responsible for export promotion and together with the Export Council, which is a public-private body, gives suggestions and proposals to MoFTER which develops BiH's export promotion policy and strategy and takes actions in order to improve the business environment.

The key responsibilities of the EPA/FTCBiH are to implement export policies and strategies, support BiH companies in exporting their goods and services from BiH and promote BiH's export opportunities so as to improve exports and reduce trade deficit. BiH currently has a considerable balance of payment deficit. Its export capacity is underdeveloped both in terms of the institutions and enterprises involved. It is necessary to thoroughly select potential export sectors in Bosnia and Herzegovina and to develop them. SMEs are least able to promote their products for export since they generally lack knowledge, experienced staff, know-how, information and funds to perform promotion by themselves.

On the other hand, key institutional structures in export promotion and development, namely MoFTER/EPA/FTCBiH and the Export Council, now largely in place and this institutional structure has begun to operate.

Regarding the current operational situation, EPA possesses its own premises, crucial staff and necessary equipment. MoFTER also has premises and staff and essential equipment. The Council is currently supported by MoFTER and an ongoing technical assistance project (EU EXPRO).

The Export Council that was set up in later 2006 under the EU EXPRO Project¹, is a public-private partnership which for the first time has established official cooperation and relations between MoFTER, Ministry of Foreign Affairs, EPA/FTC BiH, FIPA and representatives from the private sector. Given the role and the task of the Export Council in supervising, monitoring, reviewing and evaluating information supplied by EPA, it should be supported in the future especially regarding corrective measures that it may give to the EPA/FTC BiH in order to be more effective and responsive to the needs of export companies and promotion of exports. This project may support the activities of the Export Council in terms of providing logistical and assisting in the preparation of position papers that will be designed to influence the business environment and especially that affecting exports. To be fully operational, both EPA and Export Council require continuation of the EC assistance that was initiated in 2006, in order to support them as new structures and to develop newly introduced promotional activities. This project will enable realisation of synergy between improvement of EPA/FTC capacities, companies' potentials, the Export Council as the intermediary, and MoFTER in creating and developing export policy. Combined, this should lead towards improvement in exports.

By realising this Project EPA/FTCBiH will be recognised and accepted by its local partners/companies/foreign partners as an expert service institution capable of giving prompt, relevant and accurate consultancy and promotional services to its members.

3.1.2 EC involvement: EU EXPRO and future plans for the EPA and export environment

¹ The EU Project "Building Export Promotion Capacity in BiH" (EU EXPRO)

The EU Project “Building Export Promotion Capacity in BiH” (EU EXPRO) began in February 2006 and will run until November 2007. The Overall Objective is to build BiH’s capacity to promote exports. The Project Purposes are: (1) provide capacity building support for MoFTER and the Foreign Trade Chamber, in order to secure an effective institutional framework that can implement BiH export promotion strategy; (2) assist the Foreign Trade Chamber in developing international competitiveness and capacity to export in specific sectors; and (3) improve access to trade and market information and increase awareness of BiH’s export potential among BiH intermediaries and the business community in BiH and internationally.

By the time that the EU EXPRO Project finishes, FTC/EPA should be in the process of establishing itself as an efficient, highly professional Agency ready to give prompt consultancy services to companies within specified sectors in BiH, with know-how regarding the presentation of the BH export potentials abroad and capable of being a partner to foreign business partners.

In 2005, FTCSBiH signed the Contract with EC on establishing EURO INFO CORRESPONDENCE CENTER. For establishing and subsequent operations, including technical support, the EC granted the amount of: € 598,804. The Project started in 2005 and is will run until 2009. The primary goal is to give support to companies, mainly SME-s, regarding information on the EU, European Directives and legislation, consultancy services and education, European funds.

PARTNERS Programme as an EUROCHAMBRES initiative supported by the EC under the 2003 Regional CARDS programme regarding capacity building for chambers of commerce and other organisations in the area of intra-regional trade and international trade services. The project was launched in January 2004 and lasted 24 months, with total budget of € 2,15 m out of which FTC BiH got 56 thousand euros for seminars, Eurochambres Academies in order to strengthen Chamber organisation in promoting local development and attracting investments. A competitiveness survey of the companies was carried out along with introducing new chamber software to provide follow up to FTC BiH members regarding their participation in the Chamber’s activities.

3.1.3 Other donor involvement includes:

Two projects were realised on the basis of the Italian law '84. The first contract was signed in May 2004 between FTC BiH and Camera di Commercio of Commerce, Industry and agriculture of Trieste, Italy concerning the foundation and development of Centers for SME-s support in order to introduce them into international business flows and events. Total value was 421.281,10 euros out of which FTC BiH got 18.024 euros. The second contract was signed in September 2004 with Region Lazio regarding the realisation of the Project RESET D- connection of SMEs from BiH and industrial clusters from Italy. Total amount of the project 75.705 euros.

Continuous cooperation with GTZ (German Technical Aid) concerning the realisation of large number of smaller projects (representations at fairs, catalogues publishing) in the total amount of 38.000 euros.

Project ABC-DIHK supported and financed by Federal Chamber of Germany regarding purchasing of computer equipment, seminars, publishing of catalogues in the total amount of 15.000 euros.

FTC BiH and FIATA (Federation of International Forwarding Association) signed the Agreement concerning the creation and running of an Internet-based, blended learning course for freight forwarders in 2004 (the budget was €7,500).

CBI – Centre for promotion of imports into EU from developing countries started in 2005 a long term Technical Assistance Programme whose main beneficiaries are five RDAs. On June, 2006 an MoU with RDA Zenica and FTC was signed giving FTC a coordination role. The main goals of the CBI Programme are: diversification of exports; support to the organisational and institutional framework; export marketing and management; and support to develop market information systems. The Project will last five years with a possibility of a five year extension. Increased of diversification of export products is a expected result.

Terms of reference for the future IPA 2007 programme will be ready prior to the signing of the Financing Agreement.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

- The main impact should be to improve the capacity of BiH to export, and related to this to harmonise and improve the internal market,
- Catalytic effect is recognised in acceleration of internal market reforms, new promotion tools and activities. By supporting the export promotion institutional infrastructure, of which the EPA and Export Council are new additions, in addition to policy, this project should contribute to an acceleration in export capacity in BiH by enabling latent market forces to act. This should lead to a virtuous cycle whereby the export promotion institutional infrastructure, including policy making and implementation, is further supported in its work by an improved operating environment and thus further development of export capacity is engendered.
- Sustainability of the Project is realized through close cooperation between EPA, MoFTER and Export Council, in addition the catalytic effect noted above.

3.3 Results and measurable indicators:

3.3.1 Result 1

EPA and MoFTER staff have improved knowledge and skill base necessary to implement the services to be provided.

OVI – All key EPA and MoFTER staff possess certificate qualifying them to implement new services by project end.

OVI – New promotional tools used by the EPA staff with positive feedback from exporters by project end.

3.3.2 Result 2

Export sectors to be targeted by EPA are identified and support documents, including policy papers, strategies and profiles per sector, are prepared.

OVI – Increased positive feedback from exporters on recommendations based on export sector analysis between initial and later baseline surveys.

3.3.3 Result 3

Services provided by EPA to BiH exporters are improved and targeted, and delivered in a cost effective manner.

OVI – EPA provides a 10% increase in consultancy services, and a 10% increase in promotions in targeted markets by project end.

OVI – Independent reports assessment of EPA promotion activities is improves between initial and later surveys.

OVI – Exporters report positively on the improved capacity of their staff following EPA intervention, between initial and later surveys.

3.3.4 Result 4

Selected companies (10) from target sectors improve their export capacity, and companies across BiH benefit from their experience.

OVI – At least 10 companies report new markets for their products over project life time.

3.3.5 Result 5

The Export Council addresses key issues in the BiH export environment.

OVI - The Export Council develops recommendations for proposals to MoFTER on the basis of EPA/ export companies' experience by project end.

OVI - The Export Council provides input to other relevant responsible agencies designed to improve the export environment by project end.

OVI - Cooperation between EPA/Companies/MoFTER is improved, thus contributing to a stronger export environment by project end.

3.3.6 Result 6

A BiH export promotion strategy is developed and presented for adoption.

OVI- A BiH export promotion strategy is developed and presented for adoption by the Council of Ministers by the project end.

3.4 Activities:

3.4.1 Related to Result 1

- a) Training of the EPA staff regarding new promotion strategies, policies, tools.
- b) Provision of current best practice information in EPAs.

3.4.2 Related to Result 2

- a) Identification of export sectors (particularly related to the following sectors: metal, wood, tourism, agricultural products (specifically berries and fish), internationally traded services, and ICT), companies, companies profiles
- b) Elaboration of sector policies and strategies
- c) Research on potential export markets in order to identify potential partners

3.4.3 Related to Result 3

- a) Raising awareness of EPA services through, inter alia, media presentations, website.
- b) Establishing a network of export promotion related agencies (i.e. inter alia, RDAs, chambers of commerce) developed in BiH and in target markets.
- c) Elaborating Promotional Programmes and organising Export promotion for targeted markets by EPA staff

3.4.4 Result 4

- a) Training and coaching of selected companies.
- b) EPA staff organizes participation of identified companies to corresponding international fairs, exhibitions, business forum, mach-making.
- c) Study tours / in–market missions by companies accompanied by sector coach.
- d) Preparation and provision of necessary equipment and promotional materials.

3.4.5 Related to Result 5

- a) MoFTER is assisted in supporting the Export Council.
- b) The Export Council is supported in developing policy papers.
- c) The Export Council is supported in disseminating findings.
- d) MoFTER is supported in developing its capacity to fulfil its mandate, particularly with regard to export promotion strategy for BiH.

3.6 Conditionality and sequencing:

The Export Council that was established under the EU EXPRO Project², is a public-private partnership which for the first time makes official cooperation and relations between MoFTER, MoFA, EPA/FTC BiH, FIPA and representatives from the private sector. Given the role and the task of the Export Council in supervising, monitoring, reviewing and evaluating information supplied by EPA, it should be supported in the future especially regarding corrective measures that it may give to the EPA/FTC BiH in order to be more effective and responding to the needs of the export companies and promotion of exports. This Project may support the activities of the Export Council especially in the sense of influencing export surrounding or global economic goals (which is the continuation of the EU EXPRO Projects which puts the accent on the Exporters with a potential to export).

² The EU Project “Building Export Promotion Capacity in BiH” (EU EXPRO)

To be fully operational, both EPA and Export Council, will need continued EC assistance in order to support them as new structures and to develop newly introduced promotional activities. MoFTER will likewise require support to develop capacity in this area.

3.7 *Linked activities*

The proposed project builds squarely on the foundations to be laid by the ongoing EU funded “Building Export Promotion Capacity in BiH” (EU EXPRO) project. This project began in February 2006 and will run until December 2007. The EU EXPRO project should provide capacity building to MoFTER and the EPA/FTC BiH, in order to establish the institutional framework necessary to export promotion and begin developing international competitiveness and capacity to export in specific sectors. The EU EXPRO project will also assist the EPA in improving access to trade and market information and increase awareness of BiH’s export potential among BiH intermediaries and the business community in BiH and internationally. Target sectors will be identified and strategies developed by the proposed project, based on the findings of EU EXPRO, and building on the experience of the EU Capacity Building Initiative for trade Development (EUTDI) which ran from 2004-2006. The sectors are expected to comprise the following, of which three to four will be selected for further analysis by EU EXPRO: metal, wood, tourism, agricultural products (specifically berries and fish), internationally traded services, and ICT.

By the time that the EU EXPRO Project finishes, FTC/EPA should be in the process of establishing itself as an efficient, highly professional Agency ready to give prompt consultancy services to companies within specified sectors in BiH, with know-how regarding the presentation of the BH export potentials abroad and capable of being a partner to foreign business partners.

The proposed project will therefore provide continuation of EU support to this newly established institutional structure through the initial period of operation, and provide a deepening of assistance that will enable the sound establishment of BiH institutions responsible for exports.

3.8 *Lessons learned*

Ensuring a clear institutional home for private sector concerns, in this case export promotion, is imperative in order to adequately and consistently develop and implement the policies and to create the environment that the private sector needs in order to develop. This institutional home also requires sufficient resources to carry out its mandate.

In relation to export promotion, on the basis of experience acquired from previous projects and the ongoing project supporting and establishing (Export Council and EPA) the export promotion institutional infrastructure there must be connection between MoFTER, EPA and Export Council in order to develop promotional services and activities. In this way there will be three levels of capacity building in institutional development and policy formulation and implementation: the first is the capacity of EPA (organisational design of EPA regarding staff, new services, tools, etc); the second is the capacity of MoFTER and Export Council and their connection to EPA; the third is related to the capacity of companies and services.

A further lesson learned is the importance of ensuring that the institutional infrastructure is not developed in isolation from that of the companies which should be assisted, so as to ensure both of these key elements in developing BiH’s export capacity move forward at a similar pace.

4. Indicative Budget (amounts in €)

Activities	TOTAL COST	SOURCES OF FUNDING										
		EU CONTRIBUTION				NATIONAL PUBLIC CONTRIBUTION					PRIVATE	
		Total	% *	IB	INV	Total	% *	Central	Regional	IFIs	Total	% *
Activity 1												
Contract 1.1	1.5 m	1.5 m	100%	1.5 m	0	0	0					
TOTAL	1.5 m	1.5 m	100%	1.5 m	0	0	0					

* expressed in % of the Total Cost

This is envisaged to be a Service contract.

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

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1 (Building in the capacity to promote exports and develop the export base in Bosnia and Herzegovina)	Q1 2008	Q2 2008	Q1 2010

All projects should in principle be ready for tendering in the 1st Quarter following the signature of the FA

6. Cross cutting issues (where applicable)

6.1 Equal Opportunity

This project will follow the laws and practices in place in BiH.

6.2 Environment

This project will follow the laws and practices in place in BiH.

6.3 Minorities

This project will follow the laws and practices in place in BiH.

ANNEXES

ANNEX I: Log frame in Standard Format

LOGFRAME PLANNING MATRIX FOR <i>Export promotion Fiche</i>	Programme name = Export promotion	
	Programme number = <i>TO BE PROVIDED</i>	
Building in the capacity to promote exports and develop the export base in Bosnia and Herzegovina	Contracting period) expires - Final date for contracting: 31 st December 2009 Final date for execution of contracts: 31 st December 2011	Disbursement period expires: 31 st December 2013
	Total budget: €1.5m	IPA budget: €1.5m

Intervention Logic	Objectively verifiable indicators	Sources of verification	Assumptions
Overall Objective			
Improve Bosnia and Herzegovina's balance of trade	Balance of trade improved by increased exports.	Statistics on foreign trade balance	FTC confirmed as the EPA (ongoing at the time of writing of this fiche).
Project Purpose			
1. Development of the institutional capacity of BiH to develop export promotion policy, through MOFTER, and export promotion services, through EPA/FTC BiH, to promote BiH exports and support BiH companies in exporting, particularly to EU markets	1.1 Institutional capacity built including close cooperation between MoFTER developing policy and EPA implementing policy. 2.1 Selected companies have new expanded	Number of contacts, meetings, issued papers and recommendations Analysis of the companies results in exports Analysis of the business	MoFTER/EPA/Export Council have complementary tasks regarding improvement of balance of trade Strong connection between MoFTER/EPA/Export Council

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<p>2. Improve the competitiveness of companies, especially SMEs in foreign markets and particularly EU.</p> <p>3. An improved export promotion policy and environment in BiH</p>	<p>presence at export market, especially the EU</p> <p>3.1 Connection between MoFTER / EPA / Export Council installed in which Export Council resolves key issues for improvement of business environment</p> <p>3.2 Issues addressed in the beginning of the Project have been improved</p>	<p>environment improvements</p> <p>Project Reports</p> <p>Monitoring Reports</p> <p>Regular Reports</p>	<p>EPA staff recruitment and development programme operational</p> <p>Commitment of Export Council members.</p> <p>MoFTER resource levels are maintained or increased.</p>
Results			
<p>1. EPA and MoFTER staff has improved knowledge and skill base necessary to implement the services to be provided.</p> <p>2. Export sectors to be targeted by EPA are identified and support documents, including policy papers, strategies and profiles per sector, are prepared.</p> <p>3. Services provided by EPA to BiH exporters are improved and targeted, and delivered in a cost effective manner.</p> <p>4. Selected companies (10) from target sectors improve their export capacity, and companies across BiH benefit from their experience.</p> <p>5. The Export Council addresses key issues in the BiH export environment</p> <p>6. A BiH export promotion strategy is developed and presented for adoption.</p>	<p>1.1 All key EPA and MoFTER staff possess certificate qualifying them to implement new services by project end.</p> <p>1.2 New promotional tools used by the EPA staff with positive feedback from exporters by project end.</p> <p>2.1 Increased positive feedback from exporters on recommendations based on export sector analysis between initial and later baseline surveys.</p> <p>3.1 EPA provides a 10% increase in consultancy services, and a 10% increase in promotions in targeted markets by project end.</p> <p>3.2 Independent reports assessment of EPA promotion activities is improves between initial and later surveys.</p> <p>3.3 Exporters report positively on the improved capacity of their staff following EPA intervention, between initial and later surveys.</p> <p>4.1 At least 10 companies report new markets for their products over project life time.</p> <p>5.1 The Export Council develops</p>	<p>Staff skills surveys conducted by project</p> <p>Project Reports</p> <p>EPA Reports</p> <p>Export Council minutes</p> <p>Company surveys</p> <p>Benchmarking against comparative EPAs</p>	<p>The EPA staff accepted new services and tools in export promotion</p> <p>Suitable companies that are prepared to participate are found.</p>

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	<p>recommendations for proposals to MoFTER on the basis of EPA/ export companies' experience by project end.</p> <p>5.2 The Export Council provides input to other relevant responsible agencies designed to improve the export environment by project end.</p> <p>5.3 Cooperation between EPA/Companies/MoFTER is improved, thus contributing to a stronger export environment by project end.</p> <p>6.1 A BiH export promotion strategy is developed and presented for adoption by the Council of Ministers by the project end.</p>		
Activities	Means	Cost	Pre-conditions
<p>1.1 Training of the EPA staff regarding new promotion strategies, policies, tools.</p> <p>1.2 Provision of current best practice information in EPAs.</p> <p>2.1 Identification of export sectors (particularly related to the following sectors: metal, wood, tourism, agricultural products (specifically berries and fish), internationally traded services, and ICT), companies, companies profiles</p> <p>2.2 Elaboration of sector policies and strategies</p> <p>2.3 Research on potential export markets in order to identify potential partners</p> <p>3.1 Raising awareness of EPA services through, inter alia, media presentations, website.</p> <p>3.2 Establishing a network of export promotion related agencies (i.e. inter alia, RDAs, chambers of commerce) developed in BiH and</p>	<p>Technical Assistance Contract</p>	<p>€1.5m over two years</p>	<p>Devoted management</p>

<p>in target markets.</p> <p>3.3 Elaborating Promotional Programmes and organising Export promotion for targeted markets by EPA staff</p> <p>4.1 EPA staff organizes participation of identified companies to corresponding international fairs, exhibitions, business forum, mach-making.</p> <p>4.2 Study tours / in-market missions by companies accompanied by sector coach.</p> <p>4.3 Preparation and provision of necessary equipment and promotional materials.</p> <p>5.1 MoFTER is assisted in supporting the Export Council.</p> <p>5.2 The Export Council is supported in developing policy papers.</p> <p>5.3 The Export Council is supported in disseminating findings.</p> <p>5.4 MoFTER is supported in developing its capacity to fulfil its mandate, particularly with regard to export promotion strategy for BiH.</p>			
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ANNEX II: amounts (in €) Contracted and disbursed by quarter for the project

Contracted	Q2 2008	Q3	Q4	Q1 2009	Q2	Q3	Q4	Q1 2010	Q2
Contract 1.1	1.5m								
Total	1.5m								
Cumulated	1.5m								
Disbursed		36%		18%		18%		18%	10%
Contract 1.1		0.54m		0.27m		0.27m		0.27m	0.15m
Total		0.54m		0.27m		0.27m		0.27m	0.15m
Cumulated		0.54m		0.81m		1.08m		1.35m	1.5m

ANNEX III

Reference list of relevant laws and regulations:

- The Law on the Policy of Foreign Direct Investments of Bosnia and Herzegovina (Official Gazette of BiH, 17/98, 13/03) ensures national treatment of foreign investors
- Law on Foreign Trade Policy (Official Gazette of BiH, 7/98, 35/04)
- Law on the Establishing Export-credit Agency BiH (Official Gazette of BiH, 62/04)
- Law on Foreign Trade Chamber of Bosnia and Herzegovina adopted by Parliamentary Assembly BiH in November 2001(Official Gazette BiH, 30/01)

Reference to AP/NPAA/ European Partnership/SAA

In relation to the Copenhagen Criteria, BiH must ensure "the existence of a functional market economy as well as the capacity to cope with competitive pressure and market forces within the Union".

The European Partnership was adopted in 2004. Among key priorities it is stated that BiH must provide, "assurance of the existence of a real internal market in Bosnia and Herzegovina". Regarding Economic Requirements BiH is required to continue with policies leading towards stable macro-economic environment and assure continuation of macro-economic stability, improve the business climate, and implement policies which will decrease unemployment.

The Stabilisation and Association Agreement deals with, inter alia, free movement of goods and adjustments and implementation of the rules of competition. The most important result coming after the signing of the Agreement is the creation of the free trade between BiH and the EU relating to mutual abolition of all customs and quality limitations. It will increase competitiveness of our companies, investments and employment. As per the Copenhagen Criteria, BiH must have a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. To this end it is essential to ensure BiH companies are able to export and compete on the EU market.

Reference to MIPD

As stated by MIPD, under 2.2.2. Socio-economic requirements, under 2.2.2.1. Main areas of intervention, priorities and objectives are” **Developing improved and coordinated economic and fiscal policies** to assist in the stabilisation of the macro-economic environment, to reduce public expenditures, to generate employment and to reduce unemployment and make to labour market more dynamic and responsive to change” and “**Improving Trade Policy** to facilitate the implementation of bilateral Free Trade Agreements and work towards CEFTA, to continue the necessary reforms to comply with WTO rules and obligations, to ensure the existence of a real internal market and to pursue policies to as stable macro-economic environment”.

Under 2.2.2.2, in relation to expected results, it is stated that “The necessary institutional, policy and legal framework for trade policy formulation, regulation and negotiation, export promotion and FDI will be in place and operational.

Under section 2.2.2.3, the following programme is to be implemented in pursuit of these objectives:” Capacity building for the development and the implementation of a comprehensive trade policy and regulatory framework and developing capacity for trade negotiations, impact assessment and legal support to harmonise with WTO rules and the EU *acquis*. Institutional support to attract foreign direct investment and to promote export. This includes a Trade Needs Analysis for trade policy and trade promotion.

Reference to National Development Plan

The Poverty Reduction Strategy Paper (PRSP) is the only mid-term paper (2004-2007) adopted at the state level aimed at poverty reduction. A key goal of the PRSP is to reduce poverty and to speed up the increase of exports in relation to imports. The PRSP sees increasing exports as a key means of improving economic development, improving the business climate for domestic and foreign investments and supporting development of entrepreneurship. The PRSP was adopted by the Council of Ministers and the entity governments in 2004, and is envisaged to form the basis for a BiH wide Mid-Term Strategy Paper (2007-2012).

The EU Integration Strategy for BiH states that a priority interest is, “economic advancement and growth based on a free market...” Besides the political requirements, regarding economic considerations, BiH is required to “further develop reliable statistics as the basis for economic planning, combating unemployment and poverty”. In this regard, it is necessary to have updated statistics and data base on export companies within EPA.

The third requirement is successful implementation of the Stability and Association Process with particular emphasis on items such as: developing a single economic space, and consistent trade policy...”

Single economic space is a precondition to improvement of business environment (connection EPA and MoFTER in coordination of Export Council). MiPD priority is also related to “strong internal market”. Economic planning, including export strategies of potentially export sectors are a part of this Project activities. In order to export the companies should have equal conditions on the whole BH territory which could be realized by a single internal market and by unique trade policy guaranteeing stability and sustainability of the economic environment.

Reference to national/sectoral investment plan

None.

ANNEX IV:

PERSONNEL/INPUT REQUIREMENTS. DETAILS PER EU FUNDED CONTRACT

This is envisaged to be a Service contract.

For *TA contracts*: account of tasks expected from the contractor

It is expected that this project will be executed by a team provided by an international consultancy company / consortium, and that the team will have previous experience of similar work in emerging markets, preferably in the South East Europe. In terms of expertise the consultants will need to demonstrate the ability to work in a complex international environment and have professional experience in developing and implementing export / trade promotion strategies, working for export promotion organisations, and building capacity, *inter alia*, providing on the job training and designing and implementing training programmes. Experience in key sectors would be advantage, as would local language ability.

The work will be carried out in Bosnia and Herzegovina, not in the consultant's home office. It is expected that a small team will operate in BiH on a full time basis assisted by international and local experts as the work requires.

The Experts should have extensive practical experience in developing the capacities of economic policy making bodies and their staff.

Key Expert 1: Institutions and policy development

Key Expert 2: Private sector and companies

Team Leader

The team leader will be responsible for drawing up and implementing the programme of assistance and will have management responsibility for building institutional capacity for the promotion of exports. The team leader will manage the experts involved in developing the national institution with responsibility for promoting exports and the trade and market Information library and resource centre.

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The Team Leader will be selected by the Contractor from one of the Key Experts, and justification provided.

Key Expert 1 and Key Expert 2 will work in a closely collaborative manner to build capacity within the export promotion infrastructure of BiH, in the EPA/Foreign Trade Chamber and MoFTER, and through MoFTER and the EPA, the Export Council. Their joint responsibilities will include:

- Assistance in establishment of the appropriate export institutional framework of support;
- Assistance in building capacity on export promotion skills within the Foreign Trade Chamber and MoFTER;
- Provision of support to sectoral development programmes;
- Supervision of export training programmes;

- Implementation of awareness programmes for exporters;
- Advising export promotion bodies/agencies such as the MoFTER, the Foreign Trade Chamber of Commerce, FIPA, the Export Council, and industry representative bodies on trade policy initiatives, as appropriate, in order to stimulate growth in FDI and growth in exports.

Key Expert 1 - Institutions and policy development

The following is a description of the key expert that is required to facilitate the process of trade regulation and export promotion. He/She will be supported on specific technical aspects of the project by short term experts.

Qualifications

- A university degree (preferably in a related field, such as economics).
- Demonstrated analytical skills;
- Well developed interpersonal skills as well as skills in mediation;
- Excellent communication skills and ability to lead a team in multi-cultural environment and ensure good client communication;

Skills

- Relevant professional experience in the fields covered by the project scope;
- Excellent strategic planning, project management and report writing skills;
- Supervising and co-ordinating all technical aspects of a contract;
- Organising and overseeing administrative and logistical support;
- Fluency in both written and spoken English. Knowledge of one or more of the local languages would be an advantage;

General professional experience

- Minimum of ten years of professional experience, particularly related to the component in which s/he will act as a long term international expert, at least four of which should have been gained in transitional economies;
- Experience in countries of the former Yugoslavia would be an advantage;

Specific professional experience

- Experience of working in transition economies to implement export promotion strategies;
- Experience of working for export promotion organisations;
- Experience of formulation of export development and trade promotion strategy or policy would be beneficial;
- Experience of building capacity, *inter alia*, providing on the job training and designing and implementing training programmes.

Key Expert 2- Private sector and companies

The following is a description of the key expert that is required to build capacity among companies and interface with the private sector, and generally facilitate the process of trade regulation and export promotion. He/She will be supported on specific technical aspects of the project by short term experts.

Qualifications and skills

- A university degree (preferably in a related field, such as economics);
- An excellent knowledge of best practice national export promotion agencies and their operations and advisory services;
- Fluency in written and spoken English;
- Effective presentation and reporting skills, and excellent communication and negotiation skills;

General professional experience

- More than 10 years of working experience in export promotion activities and likely to have worked with an export promotion agency, particularly experience related to the component in which s/he will act as a long term international expert, at least four of which should have been gained in transitional economies;
- Experience in countries of the former Yugoslavia would be an advantage.

Specific professional experience

- Experience of working in transition economies to implement export promotion strategies;
- Experience of working in an advisory role to different sectors would be beneficial;
- Experience of building capacity, *inter alia*, providing on the job training and designing and implementing training programmes.

Non-Key Experts

Each Key Expert will work alongside a ***Long Term Expert*** who is has previous experience of working in the trade infrastructure of BiH and is fluent in one of the languages of BiH.

Pool of Short Term Experts

Long Term National Experts (2)

Qualifications and skills

- A university degree (preferably in a related field, such as economics).
- Good command of English language.
- Fluent in one of the languages of BiH.

General professional experience

- At least 5 years of working experience in the economic institutions, and particularly trade infrastructure, of BiH.
- Experience of working in exports and export promotion would be a strong advantage.
- Minimum of 5 years of professional working experience, 3 of which shall be in work explicitly related to the task for which they will be deployed.
- Experience of providing technical assistance and training;
- Well developed analytical skills;
- Previous experience of working with EC funded projects would be an advantage.

Pool of Short Term Experts:

- All senior and junior non-key experts shall have University degree (preferably relevant to the field in hand);
- All senior non-key experts shall have a minimum of 7 years professional working experience, 5 of which shall be in work explicitly related to the task for which they will be deployed. Experience in countries of the former Yugoslavia would be an advantage;
- Demonstrable knowledge, experience and training capacities on the subjects related to the component on which they will work preferably in countries that are currently in or have already fulfilled the EU ascension process.
- All senior non-key experts shall have good command of English language, both written and spoken.

Incidental budget

An incidental budget is envisaged for expenses related to training, awareness raising and elements of the running costs of the Export Council.

Compliance with state aids provisions

In the implementation of the project, full attention will be given to ensure that the project operates in full compliance with the relevant state aids provisions, including inter alia compliance with the Treaty Provisions (Article 87 EC Treaty), and relevant Regulations such as 659/1999/EC laying down detailed rules for the application of Article 87 of the EC Treaty, Regulation 1998/2006/EC (de-minimis), Regulation 70/2001/EC (SMEs), and other Regulations addressing specific aspects of state aid.

More specifically, in the development of a publicly-funded service framework to promote the participation of BiH companies in the EU Single Market, attention will be given to the design of interventions that are compatible with the Treaty Provisions and the Regulatory Framework. The Technical Assistance to be provided in the project will be required to advise BiH authorities on their responsibilities and obligations in this regard. In particular, any direct support within the project that may be provided to individual undertakings (e.g. in the pilot support for target sector) will be provided in full compliance with state aids provisions.