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**COMMISSION IMPLEMENTING DECISION**

**of 13.12.2012**

**adopting a National programme for Bosnia and Herzegovina under the IPA Transition  
and Institution Building Component for the year 2012**

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## COMMISSION IMPLEMENTING DECISION

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### **adopting a National programme for Bosnia and Herzegovina under the IPA Transition and Institution Building Component for the year 2012**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)<sup>1</sup>, and in particular Article 14(2)(a) thereof,

Whereas:

Regulation (EC) No 1085/2006 lays down the objectives and main principles for pre-accession assistance to candidate and potential candidate countries.

In accordance with Article 7 of Regulation (EC) No 1085/2006, the assistance should be provided through multi-annual or annual programmes. These programmes should be drawn up in accordance with the general policy framework referred to in Article 4 of Regulation (EC) No 1085/2006 and the relevant multi-annual indicative planning document referred to in Article 6 of that Regulation.

The Council established an Accession Partnership or a European Partnership for all candidate and potential candidate countries. The Commission has adopted on 4 July 2011 a Multi-annual Indicative Planning Document 2011-2013 for Bosnia and Herzegovina<sup>2</sup> which presents indicative allocations for the main priorities for pre-accession assistance to Bosnia and Herzegovina.

Having regard to the project proposals submitted by the countries concerned, the National Programme for Bosnia and Herzegovina under the IPA Transition Assistance and Institution Building Component for 2012 aims at providing assistance in the sectors public administration reform, justice and home affairs, private sector development, transport, social development as well as acquis related and other actions.

This Decision meets the requirements of Article 90 of Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>3</sup> (hereafter: "Implementing Rules") and constitutes thus a Financing Decision

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<sup>1</sup> OJ L 210, 31.7.2006, p. 82.

<sup>2</sup> C(2011)4657 of 4.7.2011.

<sup>3</sup> OJ L 357, 31.12.2002, p. 1

within the meaning of Article 75 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>4</sup> (hereafter: “Financial Regulation”).

It is appropriate to implement this programme partly by joint management with the United Nations High Commissioner for Refugees (UNHCR) in accordance with Article 53d (1) (a) of the Financial Regulation given the organisation's Annex VII Dayton Peace Agreement mandate, as well as its capacity, experience and ties with the relevant authorities at all levels, including the non-governmental sector. In addition, a part of this programme should be implemented by joint management with the Organization for Security and Cooperation in Europe (OSCE) in accordance with article 53d (1) (a) of the Financial Regulation in view of the organisation's technical competence and high degree of specialisation with regard to war crime cases in Bosnia and Herzegovina. A direct grant agreement with the High Judicial and Prosecutorial Council of Bosnia and Herzegovina (HJPC) would be concluded in accordance with Article 168(1)(f) of the Implementing Rules to the Financial Regulation due to its highly specialised technical competence, high degree of specialisation and sole legal and administrative power with regard to the foreseen activities in the justice sector.

The measures provided for by this Decision are in accordance with the opinion of the IPA Committee,

HAS DECIDED AS FOLLOWS:

*Article 1*

The National programme for Bosnia and Herzegovina under the IPA Transition Assistance and Institution Building Component for the year 2012, as set out in the Annex, is hereby adopted.

This programme shall be implemented by centralised management except for the sector intervention in the justice sector, where a contribution agreement on joint management will be concluded with the Organisation for Security and Co-operation in Europe (OSCE) and for the project on support to durable solutions of the Revised Annex VII Dayton Peace Agreement (DPA), where a contribution agreement on joint management will be concluded with the United Nations High Commissioner for Refugees (UNHCR).

It shall be implemented by means of a Financing Agreement to be concluded between the Commission and the Government of Bosnia and Herzegovina in conformity with the Framework Agreement concluded between the same parties on 30 July 2008.

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<sup>4</sup> OJ L 248, 16.9.2002, p.1

*Article 2*

The maximum amount of European Union contribution shall be **EUR 84 770 995**, to be financed through Article 22.02.02 of the general budget of the European Union for 2012.

Done at Brussels, 13.12.2012

*For the Commission,  
László Andor  
Member of the Commission*

## ANNEX

### NATIONAL PROGRAMME FOR BOSNIA AND HERZEGOVINA UNDER THE IPA TRANSITION ASSISTANCE AND INSTITUTION BUILDING COMPONENT FOR THE YEAR 2012

#### 1 IDENTIFICATION

<b>Beneficiary</b>	Bosnia and Herzegovina
<b>CRIS decision number</b>	2012/23589
<b>Year</b>	2012
<b>EU contribution</b>	EUR 84 770 995
<b>Implementing Authority</b>	European Commission For the Project 9 "Support to durable solutions of Revised Annex VII Dayton Peace Agreement (DPA) Implementation Strategy" the European Commission under joint management with the United Nations High Commissioner for Refugees (UNHCR).
<b>Final date for concluding the Financing Agreement</b>	at the latest by 31 December 2013
<b>Final date for contracting</b>	3 years following the date of conclusion of the Financing Agreement This date applies also to the national co-financing.
<b>Final date for execution</b>	2 years following the end date for contracting This date applies also to the national co-financing.
<b>Budget line(s) concerned</b>	22.02.02: national programmes (component Transition Assistance and Institution Building) for potential candidates
<b>Programming Unit</b>	Unit C1, DG ELARG
<b>Implementation Unit/ EU Delegation</b>	EU Delegation to Bosnia and Herzegovina

#### 2 THE PROGRAMME

##### 2.1 PRIORITIES SELECTED UNDER THIS PROGRAMME

The main priorities for IPA assistance to Bosnia and Herzegovina in the Multi-annual Indicative Planning Document (MIPD) 2011 – 2013 are:

- Improving the capacity and efficiency of the public administration and setting a professional civil service, so to support the country's efforts to improve the functioning of the institutions at all level of governance.

- Strengthening the rule of law by assisting the country to reform its justice sector and to fight against organised crime and corruption.
- Supporting the social and economic development, in particular assisting the country in its efforts to develop the SME sector, to alleviate unemployment and to reform the education system to help adapting the qualification framework with the requirements of the labour market, and to invest in transport and environment infrastructure.

To achieve the priorities selected for support in the programming period 2011-2013, the Commission will focus its assistance under the IPA 2012 National Programme for Bosnia and Herzegovina primarily on the following sectors:

- Public Administration Reform
- Justice and Home Affairs
- Social Development
- Private Sector Development
- Transport
- *Acquis* related and other actions

The sectors have been selected because of their importance for Bosnia and Herzegovina's approximation in the accession process and because they were identified as priorities in the EU Enlargement Strategy.

Environment infrastructure is not covered in this programme because of the high number of infrastructure projects from previous programmes, which are waiting for implementation.

## **2.2 SECTORS SELECTED UNDER THIS PROGRAMME AND DONOR COORDINATION**

The 2012 allocation for IPA component I is EUR 102.67 million. In addition to the assistance identified in this programme, IPA supports activities in education (Tempus with EUR 2.4 million), the implementation of the revised Annex 7 of the Dayton Peace Agreement on refugee return in Bosnia and Herzegovina (the Regional Housing Programme with EUR 12.0 million) and the Civil Society Facility (EUR 3.5 million). These projects are coordinated and implemented under the relevant Multi-beneficiary programme and will be adopted by separate Commission implementing decisions. Consequently, this Financing Proposal covers the remaining EUR 84.77 million under the global allocation of EUR 102.67 million for Bosnia and Herzegovina.

The programming exercise for IPA 2012 started with a High Level Meeting on IPA coordination on 14 November 2011 and the kick-off meeting on IPA 2012-2013 programming on 17 November 2011, both in Sarajevo. The High Level Meeting was organized in response to the difficult programming exercise of IPA 2011, which

almost failed because the internal Bosnia and Herzegovina coordination process did not work efficiently enough.

In the High Level Meeting, the Commission formulated recommendations for Bosnia and Herzegovina on how to improve the EU coordination process, and in particular the IPA coordination process. On IPA, the Commission proposed to examine the legal feasibility to accelerate the adoption procedure for Financing Agreements with the European Commission, the creation of working groups for the drafting of sector and project fiches, and an improved coordination with the Bosnia and Herzegovina IPA Coordination Board.

In the kick-off meeting of 17 November 2011, the Commission defined the priorities for the IPA programming for the years 2012 and 2013 and asked Bosnia and Herzegovina to prepare corresponding sector and project fiches.

Despite the Commission's thorough preparatory work, the last year's coordination problems recurred. The programming process for IPA 2012 and 2013 has witnessed significant delays due to political difficulties to reach agreement between different levels of government on the identification and formulation of projects. Following long and difficult negotiations, which were facilitated by the European Commission, the formulation phase could only be kicked off on 23 May, with a delay of two months after the end of the identification phase.

The responsibility for donor coordination in Bosnia and Herzegovina is split between the Directorate of European Integration (DEI) (for EU donors) and the Ministry of Finance (for other donors). The Ministry of Justice is in the lead in ensuring donor coordination in support of civil society organisations. In the course of the programming of the IPA 2012 and 2013 National Programmes, the DEI and the European Union Delegation to Bosnia and Herzegovina held a number of donor coordination meetings with EU Member States, other bilateral donors, International Finance Institutions and the UN Family represented in Bosnia and Herzegovina.

Following the assessment of readiness of the identified sectors for sector approach it has been concluded that only the justice sector meets the requirements for sector support. A comprehensive Justice Sector Reform Strategy is in place, other donors are cooperating in the sector and national budget is allocated to the reform. Therefore, the 2012 national programme includes one sector fiche and eleven stand-alone projects. The measures identified in the sector fiche and in the project fiches take into account the results of past assistance and the specific lessons learnt in order to increase impact of EU assistance.

The following sectors have been selected for IPA assistance under this programme:

#### Public Administration Reform

Bosnia and Herzegovina needs to amend its complex constitutional framework to improve the functioning of the institutions and to bring them into a position to adopt, implement and enforce the laws and rules of the EU. The priorities for the EU support over the period 2011 to 2013 are improving the capacity and efficiency of the public administration and setting a professional civil service.

In consideration of the above priorities and of the ongoing support for the public administration reform, IPA will support in the 2012 National Programme the Bosnia and Herzegovina Parliaments at all levels of governance to improve their strategic guidance on the EU accession process, will improve the effectiveness of public procurement and will strengthen the statistical system.

Parliaments have a vital role in promoting and implementing accession related reforms. IPA will support Members of Parliaments and parliament administrations by providing technical assistance for capacity building, process optimisation and IT.

The public procurement project will develop a training system for public procurement and internal audit and will contribute to the strengthening of budget and expenditure control measures. It follows the Strategy for the development of Public Procurement in Bosnia and Herzegovina 2010-2015.

The support for the statistical system follows closely the Statistical Programme of Bosnia and Herzegovina in addressing, among other priorities, national accounts, business statistics and the agricultural census.

### Justice and Home Affairs

The development of an independent and effective judiciary in line with European standards, the reform of the penitentiary, as well as improving the law enforcement capacities to continue the fight against corruption and organised crime are important conclusions of the Enlargement Strategy. The priorities for the EU support over the period 2011 to 2013 are to strengthen the independence, to enhance efficiency and effectiveness and to improve the accountability of the judiciary, to improve the situation of vulnerable groups in the penitentiary, to harmonise law enforcement legislation and to improve coordination and cooperation between law enforcement institutions, and to increase the awareness of the rights of citizens and to enhance their confidence in the judiciary and law enforcement institutions.

In the framework of the IPA 2012 National Programme, the European Commission will provide support for the judiciary reform and for the strengthening of law enforcement institutions.

The support for the judiciary sector reform stems from the Structured Dialogue on Justice<sup>5</sup>, which led to an agreement between the EU and Bosnia and Herzegovina to concentrate IPA assistance in 2012 on improving judicial efficiency and accountability, improving the capacity for the execution of criminal sanctions, and achieving a high degree of coordination among all justice sector institutions.

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<sup>5</sup> The Structured Dialogue on Justice is a newly-established mechanism of the European Commission. It aims to advance structured relations on the rule of law with potential candidate countries, even prior to the entry into force of the Stabilisation and Association Agreement (SAA). The Structured Dialogue will assist Bosnia and Herzegovina to consolidate an independent, effective, efficient and professional judicial system. At the same time, the Dialogue helps the country move further along its path towards the EU.



The Justice sub-sector has a comprehensive strategy – Justice Sector Reform Strategy (JSRS), which aims to reform the justice sector institutions at all levels of government in Bosnia and Herzegovina. A further important strategy, on which the IPA support is based, is the National War Crimes Strategy, which aims to establish the preconditions for the processing of war crimes.

The support for law enforcement follows a sequenced support for law enforcement institutions, which started with a law enforcement project under IPA 2010. The aim is to ensure the continuous EU support for the law enforcement institutions after the expiration of the of the European Union Police Mission (EUPM) mandate in June 2012.

### Private Sector Development

To support the private sector development, Bosnia and Herzegovina urgently needs to improve the regulatory framework. The thereof derived priorities for the EU support over the period 2011 to 2013 are to improve capacities at State- and Entity-level, in particular of key institutions such as the Institute for Intellectual Property Rights, the Indirect Taxation Authority, the Competition Council, and, once established, the State aid Authority and the SME Department in the Foreign Investment Agency.

In consideration of the 2011 - 2013 priorities and of the ongoing support for the private sector development, IPA will assist in the 2012 National Programme for the establishment of a functional state aid system. Bosnia and Herzegovina has adopted a State Aid Law. The project will support the implementation of the state aid law, support capacity building of relevant stake holders and will provide IT.

### Transport

Transport is a key element in the EU's cooperation with its neighbouring countries. Bosnia and Herzegovina is a transit country for the trans-European networks, in particular for the Corridor Vc from Budapest to the harbour of Ploče in Croatia. Therefore it is in the EU's best interest to support Bosnia and Herzegovina to comply with the Memorandum of Understanding on the core transport networks and to invest in transport infrastructure.

The priorities for the EU support over the period 2011 to 2013 are to develop a strategic framework for the transport sector, to create a functional institutional and regulatory framework and to improve the transport infrastructure in line with the South East Europe Core Regional Transport Network.

In consideration of the 2011 - 2013 priorities and of the ongoing support in the area of transport, IPA will support in the 2012 National Programme activities to prepare design and tenders for three sections of the Corridor Vc, to prepare preliminary studies and design on sections of the SEETO network routes 2a and 3, and railways, and will provide assistance to the Railway Regulatory Board.

### Social Development

The priorities for the EU support over the period 2011 to 2013 are to support Bosnia and Herzegovina's efforts to comply with minimum social standards, facilitate the access of unemployed people to the labour market and improve the conditions for health and safety at work in compliance with the EU *acquis*, improve the social protection system at all levels of governance and address the specific needs of vulnerable groups, support the reform of the primary and secondary education systems and further support the reform of the higher education system in the framework of the Bologna process, and contribute to a more efficient, effective and better quality VET system and support the implementation of the strategy for adult education in line with the recommendations from the European Training Foundation.

In consideration of the 2011 - 2013 priorities and of the on-going support for the social sector development, IPA will support in the 2012 National Programme activities to further develop a qualification framework including primary and secondary education and vocational education and training, including also qualifications awarded following validation of informal and non-formal learning, and compatible with an extension to higher levels of qualifications.

In addition, to contribute to the Revised Annex VII DPA Implementation Strategy goals, IPA will provide capacity building support for municipality staff and civil society organisations to deliver services to most vulnerable groups and will provide durable housing solutions for 125 families and access to social assets.

Acquis related and other actions

IPA will support in the 2012 National Programme the veterinary sector to implement rabies and brucellosis vaccination campaigns to reduce risks for human and animal health and for the environment, the processing of animal by-products and a feasibility study for rendering plants.

IPA will support in the 2012 National Programme the phytosanitary/food safety sector in implementing a BiH plant health regime, seed and propagating material policy, plant breeders' rights and plant protection products management in line with the EU *acquis* .

The Programme will include a European Integration Facility, which will provide short-term technical assistance, a project preparation facility and will support Bosnia and Herzegovina in its participation in EU programmes.

**2.3 DESCRIPTION**

Sectors	IPA support (EUR million)	Project Description
Public Administration Reform	8.19	
1. Enhancing capacity of parliaments in BiH in the context of EU	4.69	<b>Project objective:</b> Improved role of the Parliaments in BiH in the strategic guidance of the EU accession process.

accession		<p><b>Indicative implementation modalities (2012 part):</b> One twinning (EUR 3 500 000) to be launched in Q1/2013. Furthermore, one supply contract to be launched in Q2/2013 (EUR 1 190 000).</p> <p><b>The project contributes to the following MIPD priority:</b> "Support the alignment of the legislative framework with the European acquis in all accession relevant sectors, including, if appropriate, domestic efforts to amend the constitutional framework, and help creating an efficient, professional, merit-based, accountable and transparent civil service."</p>
<b>2. Strengthening Public Procurement system in BiH</b>	<b>1.50</b>	<p><b>Project objective:</b> Increased effectiveness of public procurement system in BiH.</p> <p><b>Indicative implementation modalities:</b> The project will be implemented through one service contract to be launched in Q3/2013 (EUR 1 500 000).</p> <p><b>The project contributes to the following MIPD priority:</b> "Adopt and implement the legal framework for public procurement and public financial management and control in compliance with EU standards."</p>
<b>3. Support to the State and Entity Statistical Institutions, phase VI</b>	<b>2.0</b>	<p><b>Project objective:</b> Strengthening the BiH statistical system by improving and developing institutional capacities in the areas of National accounts, Business statistics, Financial Accounts, Agriculture statistics and Social statistics.</p> <p><b>Indicative implementation modalities:</b> The project shall be implemented through one twinning (EUR 1 000 000) and one service contract to be launched in Q3/2013 (EUR 1 000 000).</p> <p><b>The project contributes to the following MIPD priority:</b> "Enable the statistical system to produce and disseminate reliable statistical data in line with international and European standards in particular for national accounts and statistics in all accession-relevant areas."</p>
<b>Justice and Home Affairs</b>	<b>28.35</b>	
<b>4. Sub-sector fiche Justice</b>	<b>21.25</b>	<p>The <b>specific sub-sector support objectives</b> are based on the MIPD 2011-2013 objectives for the justice sector:</p> <ol style="list-style-type: none"> <li>1. Strengthen the independence of the judiciary, enhance efficiency and effectiveness and improve the accountability of the judiciary</li> <li>2. Improve the situation of vulnerable groups in the penitentiary, ensure proper treatment of all prisoners in accordance with EU standards and reduce overcrowding in prisons</li> <li>3. Improve Sector capacity for coordination and implementation of sector programmes.</li> </ol> <p><b>Indicative implementation modalities (2012 part):</b> <b>Measure 1: Conduct construction, renovation and reparation of courts and prosecutors' offices</b></p>

	<p>This measure shall be implemented through one works contract and one service contract to be tendered in Q3/2013.</p> <p><b>Measure 2: Establish adequate system for efficient processing of war crime cases in all relevant judicial institutions in BiH</b></p> <p>This measure shall be implemented through targeted budgetary support (EUR 7 438 000) to competent institutions of the State. A Memorandum of Understanding shall tentatively be signed in Q3/2013 followed by the disbursement of 40% of the funds as soon as the preconditions are met. Further two tranches of 40% and 20% shall be paid in Q2/2014 and Q4/2014 if the relevant conditions are met.</p> <p>Furthermore, there shall be three supply contracts to be tendered in Q4/2013 and a grant contract with the OSCE (EUR 500 000) for providing assistance in the monitoring of implementation of the budget support with the OSCE having an advisory, capacity building and the coordinating role.</p> <p>This grant contract shall be signed in Q4/2013 in accordance with article 190 (1)(f) RAP in view of the organisation's technical competence and high degree of specialisation with regard to war crime cases in BiH.</p> <p>Selection criteria: The AOSD has assessed the capacity of the selected beneficiary to implement the action using selection criteria relevant to the action.</p> <p>Award criteria:</p> <ul style="list-style-type: none"> <li>- Relevance of the action</li> <li>- Effectiveness and feasibility of the action</li> <li>- Sustainability of the action</li> <li>- Cost-effectiveness of the action</li> </ul> <p>EU financing: 100%</p> <p><b>Measure 3: Consolidation and further development of the Judicial Communication and Information System</b></p> <p>This measure shall be implemented through one supply contract to be tendered in Q4/2013 and one direct award of a grant to the High Judicial and Prosecutorial Council (HJPC) (EUR 1 815 000) to be signed in Q1/2014. The direct grant agreement with HJPC will be concluded in accordance with Article 168(1)(f) of the Implementing Rules to the Financial Regulation due to its highly specialised technical competence, high degree of specialisation and sole legal and administrative power in this area.</p> <p>(Measure 4 foreseen for 2013.)</p> <p><b>Measure 5: Improve capacities of justice sector institutions for developing institutional strategic plans and policies</b></p> <p>This measure shall be implemented through one service contract, tendering shall start in Q4/2013.</p> <p>The targeted budget supports amounts to EUR 7 438 000, the grant contracts add up to EUR 2 315 000. The overall financial envelope for the procurement contracts</p>
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		is EUR 11 500 000. <b>The sector support contributes to the following MIPD priority:</b> see specific sector support objectives.
<b>5. Support to the Area of Law Enforcement</b>	<b>7.1</b>	<b>Project Objective:</b> The cooperation and coordination and efficiency of the law enforcement agencies in the area of fighting organised crime, terrorism and corruption is strengthened and police services are working in line with EU professional best practises. <b>Indicative implementation modalities:</b> It is foreseen to implement this project with a twinning (EUR 4 500 000) to be launched in Q4/2013, two supply contracts and one service contract to be tendered in Q4/2013 (EUR 2 595 000). <b>The project contributes to the following MIPD priority:</b> "Support the harmonisation of law enforcement legislation between the different levels of governance and with EU standards and enhanced cooperation and coordination among the law enforcement institutions, including with the judiciary and international counterparts."
<b>Private Sector Development</b>	<b>2.5</b>	
<b>6. Establishment of the State Aid System</b>	<b>2.5</b>	<b>Project Objective:</b> To ensure a competitive and transparent economic space, greater control of public spending and fulfilment of obligations deriving from international treaties containing provisions on the state aid. <b>Indicative implementation modalities:</b> One service contract and one supply contract to be tendered in Q3/2013 (EUR 2 500 000). <b>The project contributes to the following MIPD priority:</b> "Improving of the institutional and legal framework as well as the coordination and harmonisation of SME related public policies and support Bosnia and Herzegovina to adhere to its obligations under the IA/SAA."
<b>Transport</b>	<b>21.0</b>	
<b>7. Support to Bosnia and Herzegovina in implementation of the commitments in Transport Sector under the Stabilisation and Association Agreement</b>	<b>21.0</b>	<b>Project Objective:</b> Acceleration of activities on the implementation of the Corridor Vc and SEETO Comprehensive Network and alignment of BH transport legislation with EU. <b>Indicative implementation modalities:</b> This project will be implemented through 8 service contracts and one works/supply contract to be tendered Q3/2013 (EUR 21 000 000). <b>The project contributes to the following MIPD priority:</b> "Develop a strategic framework for the transport sector at State- and Entity-level and support the creation of a functioning institutional and regulatory framework for

		all transport areas, and in particular opening of the railway transport market and improvement of the railway safety, demining and rehabilitating the River Sava waterway, transposition and implementation of the single European sky legislation."
<b>Social Development</b>	<b>10.5</b>	
<b>8. Development of a Qualification Framework for all forms of Education</b>	<b>3.5</b>	<p><b>Project Objective:</b> The Qualification Framework is further developed in BiH and implemented in all education and training institutions.</p> <p><b>Indicative implementation modalities:</b> The project shall be implemented through two service contracts, tenders to be launched in Q3/2013 (EUR 3 500 000).</p> <p><b>The project contributes to the following MIPD priority:</b> "Support the reform of the primary and secondary education systems and further support the reform of the higher education system in the framework of the Bologna process"</p>
<b>9. Support to durable solutions of Revised Annex VII DPA Implementation Strategy</b>	<b>7.0</b>	<p><b>Project Objective:</b> To enhance the local capacities of municipal staff and civil society organisations to deliver services to most vulnerable groups in conformity with UNHCR vulnerability criteria in an inclusive, comprehensive manner.</p> <p>To provide durable housing solutions for at least 125 families with most vulnerable individuals and to ensure access to rights to enable sustainability of return/reintegration or local integration of targeted groups (not limited to the housing project beneficiaries).</p> <p><b>Indicative implementation modalities:</b> The project is to be implemented by joint management with the UNHCR in accordance with Article 53d (1) (a) of the Financial Regulation. The Contribution Agreement (EUR 7 000 000) is to be signed in Q3/2014. The UNHCR is entrusted with this task given its Annex VII DPA mandate, as well as its capacity, experience and ties with the relevant authorities at all levels, including the non-governmental sector. Annex VII clearly recognises "the leading humanitarian role of UNHCR [...] with the role of coordinating among all agencies assisting with the repatriation and relief of refugees and displaced persons" (p. 2). The revised Annex VII Strategy was initiated by the UNHCR and the BiH Ministry of Human Rights and Refugees and tasked the UNCHR with a specific role as the only international organisation in BiH in the area of the right to the adequate compensation (p. 53 of the Strategy).</p> <p>As concerns operational aspects, the UNHCR has a major role in the Regional Housing Programme (RHP). It is mandatory that the RHP and this national project are implemented in very close co-operation. This national</p>

		<p>project is intended to be used inter alia for the provision of supportive measures in the area of employment, education, health, etc. for beneficiaries of RHP. Joint management with the UNHCR is a tool to achieve this close cooperation and synergies.</p> <p>Consequently, the UNHCR is de facto, based on its capacities located throughout the country and its role in RHP, and de iure, based on its Annex VII mandate, the only organisation in the country in the position to implement this project.</p> <p><b>The project contributes to the following MIPD priority:</b> "Improve the social protection system at all levels of governance and address the specific needs of vulnerable groups."</p>
<b>Acquis Related and other actions</b>	<b>14.23</b>	
<b>10. Improvement of animal health and animal by-products control in BiH</b>	<b>6.58</b>	<p><b>Project Objective:</b> Reduction of the risks to human and animal health, the environment, as well as increased economic potential of BiH. This project will also improve the ability of BiH to provide accurate statistical data on wildlife, as required by the EU.</p> <p>Harmonised approach to the management of animal by-products across Bosnia and Herzegovina with feasibility study for rendering plant.</p> <p><b>Indicative implementation modalities:</b> This project is to be implemented through two service contracts and two supply contracts, tendering shall start in Q3/2013 (EUR 6 577 500).</p> <p><b>The project contributes to the following MIPD priority:</b> "Improve the environmental infrastructure, in particular for waste management and water and waste water treatment and enhance environmental protection." "In addition, IPA may finance actions [...] such as: [...] ii) acquis related actions."</p>
<b>11. Further strengthening of the capacities of phytosanitary sector in the fields of plant protection products, plant health and seeds and seedlings</b>	<b>1.50</b>	<p><b>Project Objective:</b> To enable phytosanitary services to create and implement BiH plant health regime, seed and propagating material policy, plant breeders' rights and plant protection products management in line with acquis harmonised legislation and international obligations and standards in this area.</p> <p><b>Indicative implementation modalities:</b> The project shall be implemented through one twinning (EUR 1 500 000) to be launched in Q3/2013.</p> <p><b>The project contributes to the following MIPD priority:</b> "In addition, IPA may finance actions [...] such as: [...] ii) acquis related actions."</p>
<b>12. European Integration Facility</b>	<b>6.15</b>	<p><b>Project Objective:</b> The EUIF aims to strengthen capacities of Bosnia and</p>

<p>(incl. participation in EU programmes)</p>		<p>Herzegovina governments at all levels in fulfilling their respective roles and obligations concerning the integration into the European Union. It will support needs covered by all MIPD sectors, in particular the agriculture, environment, energy and private sector development areas. The political situation in BiH and its EU integration process require rapid responses of the Commission to non-programmable events. The duration of the procedure to amend this Decision would frustrate the purpose of such response.</p> <p>Furthermore, this projects aims at supporting the participation of BiH in EU programmes by co-financing the costs of the "entry-ticket" of the FP7.</p> <p><b>Indicative implementation modalities (2012 part):</b>  The Facility (EUR 3 485 495 out of which ~EUR 3 000 000 for procurement and ~EUR 485 495 for twinning light) will be implemented through, indicatively, 10-15 technical assistance (TA) contracts, 1-2 supplies procedures and 2-3 twinning light (TWL) contracts. The Facility will mainly cover small interventions amounting from EUR 50 000 to EUR 250 000 per contract. The indicative time frame for the launching of the procedures of these contracts is as follows:  2013: 2-3 TA  2014: 1 supply, 5-6 TA, 1 TWL  2015: 1 supply, 5-6 TA, 1 -2 TWL.</p> <p>As far as participation in EU programmes is concerned, the activity will be implemented as a reimbursement of a part (80%, EUR 2 670 000) of the payment for the entry ticket after the entry ticket has been paid, on the basis of a specific agreement with the EU.</p> <p><b>The project contributes to the following MIPD priority:</b>  "Support the alignment of the legislative framework with the European Acquis in all accession relevant sectors"  "In addition, IPA may finance actions that fall outside the scope of these sectors such as, but not limited to: i) project/sector programme identification and preparation; ii) acquis related actions that need to be adopted/implemented according to an established timetable (e.g. negotiating framework, NPAA, adapting the policy and institutional framework for the preparation of EU pre-accession assistance to agriculture and rural development, electronic communication or information society); iii) participation in EU Programmes to which the country becomes eligible unless they are included in one of the sectors chosen above; iv) support measures for the implementation, monitoring and audit of IPA programmes; v) as well as measures to support confidence building and reconciliation."</p>
<p><b>TOTAL</b></p>	<p><b>84.77</b></p>	



## **2.4 CROSS-CUTTING ISSUES**

Equal opportunity for participation of men and women and the minority representation will be assured in all aspects of programme implementation. Participation in project activities will be guaranteed on the basis of equal access regardless of racial or ethnic origin, religion or belief, disability, sex or sexual orientation.

The respect for and protection of minorities and vulnerable groups will be further fostered by this programme, inter alia through the project aiming at durable solutions for refugees, internally displaced people and returnees.

The programming process included consultations with civil society and the donor community in BiH through two consultation meetings and exchange of relevant information on the process and individual proposals. All relevant institutions from various levels of government in BiH participated in the preparation of the project fiches.

This programme will provide support in the area of public administration reform and strengthening of the judiciary. These measures will have a positive impact on the achievement of good governance.

## **2.5 ASSUMPTIONS AND PRE-CONDITIONS**

The programme includes the following conditionalities:

- The Government formally endorses the projects described in the fiches, including the identified parallel co-financing commitments, by exchange of letter between the European Commission and the Bosnia and Herzegovina Government.
- The Government will ensure that beneficiary institutions have adequate financial, material and human resources in that EU financial support is used in the most effective and sustainable manner possible.
- Beneficiary institutions shall participate in the formulation of the design and tender documents, including terms of reference and shall formally endorse tender documents, including terms of reference, before tendering.
- The Government shall ensure the availability of land, free of ownership claims or disputes, for the construction of planned works. The Government shall ensure long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.
- Beneficiary institutions organise, select and appoint members (including gender and ethnic balance) of working groups, steering and coordination committees, and seminars as required by the project activities.

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

## **2.6 ROADMAP FOR THE DECENTRALISATION OF THE MANAGEMENT OF EU FUNDS**

The Decentralised Implementation System (DIS) Strategy of Bosnia and Herzegovina was adopted in July 2008. In April 2010, the Council of Ministers of Bosnia and

Herzegovina adopted decisions to nominate the Competent Accrediting Officer (CAO), the National Authorising Officer (NAO), and the National IPA Coordinator (NIPAC). The CFCU (Central Finance and Contracts Unit) and National Fund (NF) were established within the Ministry of Finance and Treasury and are functional although not yet fully staffed.

Regarding IPA Component II – CBC – some progress can be reported: The Council of Ministers adopted the Decision on the Establishment of the Operating Structure for IPA component II in September 2011, and the formal notification of this decision by the NAO was made in December. The personal appointment to the function of the Head of Operating Structure is pending. Also, the decision on the establishment of the Audit Authority has not been taken yet. As regards the other components no progress was made due to a lack of political agreement.

### 3 BUDGET

#### 3.1 INDICATIVE BUDGET TABLE (DIRECT CENTRALISED AND JOINT MANAGEMENT)

	Institution Building (IB)					Investment (INV)					Total (IB + INV)	Total IPA EU contribution	
	Total expenditure	IPA EU contribution		National contribution*		Total expenditure	IPA EU contribution		National contribution*				
	EUR (a)=(b)+(c)	EUR (b)	% (1)	EUR (c)	% (1)	EUR (d)=(e)+(f)	EUR (e)	% (1)	EUR (f)	% (1)	EUR (g)=(a)+(d)	EUR (h)=(b)+(e)	% (2)
<b>Public Administration Reform</b>	7,100,000	7,000,000	99	100,000	1	1,555,000	1,190,000	77	365,000	23	8,655,000	8,190,000	10
<i>1. Enhancing capacity of parliaments in BiH in the context of EU accession</i>	3,500,000	3,500,000	100	0	0	1,400,000	1,190,000	85	210,000	15	4,900,000	4,690,000	6
<i>2. Strengthening Public Procurement system in BiH</i>	1,500,000	1,500,000	100	0	0	155,000	0	0	155,000	100	1,655,000	1,500,000	2
<i>3. Support to the State and Entity Statistical Institutions, phase VI</i>	2,100,000	2,000,000	95	100,000	5	0	0	0	0	0	2,100,000	2,000,000	2
<b>Justice and Home Affairs</b>	19,023,000	17,253,000	91	1,770,000	9	12,688,750	11,095,000	87	1,593,750	13	31,711,750	28,348,000	33
<i>4. Sub-sector fiche Justice</i>	12,853,000	11,253,000	88	1,600,000	12	11,400,000	10,000,000	88	1,400,000	12	24,253,000	21,253,000	25

<i>5. Support to area of law enforcement</i>	6,170,000	6,000,000	97	170,000	3	1,288,750	1,095,000	85	193,750	15	7,458,750	7,095,000	8
<b>Private Sector Development</b>	1,944,444	1,750,000	90	194,444	10	882,353	750,000	85	132,353	15	2,826,797	2,500,000	3
<i>6. Establishment of the State Aid System</i>	1,944,444	1,750,000	90	194,444	10	882,353	750,000	85	132,353	15	2,826,797	2,500,000	3
<b>Transport</b>	0	0	0	0	0	25,000,000	21,000,000	84	4,000,000	16	25,000,000	21,000,000	25
<i>7. Support to BiH in implementation of the commitments in Transport Sector under the SAA</i>	0	0	0	0	0	25,000,000	21,000,000	84	4,000,000	16	25,000,000	21,000,000	25
<b>Social Development</b>	3,888,888	3,500,000	90	388,888	10	8,107,500	7,000,000	86	1,107,500	14	11,996,388	10,500,000	12
<i>8. Development of Qualification Framework in all forms of Education</i>	3,888,888	3,500,000	90	388,888	10	0	0	0	0	0	3,888,888	3,500,000	4
<i>9. Support to durable solutions of Revised Annex VII DPA Implementation Strategy</i>	0	0	0	0	0	8,107,500	7,000,000	86	1,107,500	14	8,107,500	7,000,000	8
<b>Acquis Related and other actions</b>	11,193,442	10,255,495	92	937,947	8	6,077,500	3,977,500	65	2,100,000	35	17,270,942	14,232,995	17
<i>10. Improvement of animal health and animal by-</i>	2,600,000	2,600,000	100		0	6,077,500	3,977,500	65	2,100,000	35	8,677,500	6,577,500	8

<i>products control in BiH</i>													
<i>11. Further strengthening of the capacities of phytosanitary sector</i>	1,578,947	1,500,000	95	78,947	5	0	0	0	0	0	1,578,947	1,500,000	2
<i>12. European Integration Facility</i>	7,014,495	6,155,495	88	859,000	12	0	0	0	0	0	7,014,495	6,155,495	7
<b>TOTAL</b>	<b>43,149,774</b>	<b>39,758,495</b>	<b>92</b>	<b>3,391,279</b>	<b>8</b>	<b>54,311,103</b>	<b>45,012,500</b>	<b>83</b>	<b>9,298,603</b>	<b>17</b>	<b>97,460,887</b>	<b>84,770,995</b>	<b>100</b>

Amounts net of VAT

\* Contribution (public and private national and/or international contribution) provided by national counterparts

(1) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

(2) Sector or Project rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the Sector or the (stand alone) Project with reference to the total IPA EU contribution of the entire FP.

### **3.2 PRINCIPLE OF CO-FINANCING APPLYING TO THE PROGRAMME**

The IPA EU contribution, which represents 87% of the total budget allocated to this programme, has been calculated in relation to the **eligible expenditure**, which in the case of centralised management and joint management is based on the **total expenditure**. Parallel co-financing will be used.

10-15% of co-financing is not assured for all sectors due to the difficult economic and political situation in BiH. However, 13% of co-financing is foreseen for the entire programme.

Co-financing is foreseen per sector as follows:

- Public Administration reform: 5%
- Justice and Home affairs: 11%
- Private Sector Development: 12%
- Transport: 16%
- Social Development: 12%
- *Acquis*-related and other actions: 18%

In the case of grants, the EU maximum funding rate for grant beneficiaries is 90 %..

## **4 IMPLEMENTATION**

### **4.1 MANAGEMENT MODES AND IMPLEMENTATION MODALITIES**

The programme will be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation<sup>6</sup> and the corresponding provisions of the Implementing Rules<sup>7</sup>.

The Project "Support to durable solutions of Revised Annex VII Dayton Peace Agreement (DPA) Implementation Strategy" will be implemented by the European Commission by joint management with the UNHCR following Article 53d (1) (a) of the Financial Regulation and the corresponding provisions of the Implementing Rules. The UNHCR is entrusted with this task given its Annex VII DPA mandate, as well as its capacity, experience and ties with the relevant authorities at all levels, including the non-governmental sector.

### **4.2 GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES**

Procurement shall follow the provisions of Part Two, Title IV of the Financial Regulation and Part Two, Title III, Chapter 3 of its Implementing Rules as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European

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<sup>6</sup> Regulation 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p.1).

<sup>7</sup> Regulation 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 357, 31.12.2002, p. 1).

Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C (2007)2034).

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

The essential selection for the award of grants are the financial capacity to sustain its activity for the duration of the action, with the exception of natural persons receiving scholarships, public bodies and international organisations and the operational capacity consisting in professional competencies and qualifications required to complete the proposed action.

The essential award criteria for the award of grants are the quality of the action proposed in the application as regards its relevance to the set of objectives and priorities set out in the calls for proposals, its effectiveness and feasibility, its sustainability and budget cost-effectiveness.

The detailed selection and award criteria as indicated in the evaluation grids will be laid down in the Calls for proposals – Guidelines for applicants.

For projects implemented under joint management, the general rules for procurement and grant award procedures shall be defined in the Contribution Agreement between the Commission and the international organisation implementing such programme/activity.

#### **4.3 IMPLEMENTATION PRINCIPLES FOR TWINNING PROJECTS**

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

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

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

Essential selection criteria for twinning grant agreements are the financial capacity to sustain its activity for the duration of the action, with the exception of natural persons receiving scholarships, public bodies and international organisations and the operational capacity consisting in professional competencies and qualifications required to complete the proposed action.

Essential award criteria for twinning grant agreements are the relevance of the proposal in relation to the objectives set out in the twinning project fiche, the methodology of the activities developed in the proposal, and the overall sustainability of the proposal.

The Commission shall also use the procedural guidelines and standard templates and models provided in the twinning manual which is available on the website of DG ELARG.

#### **4.4 ENVIRONMENTAL IMPACT ASSESSMENT, NATURE CONSERVATION AND DISASTER RESILIENCE**

All investments shall be carried out in compliance with the relevant EU environmental legislation.

As a consequence, since the documentation with regard to Corridor Vc and the SEETO Comprehensive Network Routes under the project Support to Bosnia and Herzegovina in implementation of the commitments in Transport Sector under the Stabilisation and Association Agreement" correspond to projects which fall within the scope of annex 1 of the EIA Directive<sup>8</sup>, an environmental impact assessment shall be made for each project<sup>9</sup>, equivalent to that provided for by the EIA Directive.

Disaster resilience and risk prevention and management should be also integrated in the planning, preparation and implementation of projects.

## **5 MONITORING AND EVALUATION**

### **5.1 MONITORING**

The Commission may undertake any actions it deems necessary to monitor the programmes concerned. These actions may be carried out jointly with the international organisations concerned.

### **5.2 EVALUATION**

Programmes shall be subject to ex ante evaluations, as well as interim and/or, ex post evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation<sup>10</sup>, with the aim of improving the quality, effectiveness and consistency of the assistance from EU funds and the strategy and implementation of the programmes.

The results of evaluations shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

## **6 AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES**

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

In order to ensure the efficient protection of the financial interests of the European Union, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out

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<sup>8</sup> Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175 5.7.1985, p. 40).

<sup>9</sup> Cf. Annex EIA to the corresponding investment project fiche.

<sup>10</sup> Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA) (OJ L 170,29.6.2007, p.1).



by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities<sup>11</sup>.

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

## **7 NON SUBSTANTIAL REALLOCATION OF FUNDS**

The authorising officer by delegation (AOD), or the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him/her by the AOD, in accordance with the principles of sound financial management, may undertake non substantial reallocations of funds without an amending financing decision being necessary. In this context, cumulative reallocations not exceeding 20% of the total amount allocated for the programme, subject to a limit of EUR 4 million, shall not be considered substantial, provided that they do not affect the nature and objectives of the programme. The IPA Committee shall be informed of the above reallocation of funds.

## **8 LIMITED CHANGES**

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature<sup>12</sup>, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

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<sup>11</sup> OJ L 292, 15.11.1996, p. 2.

<sup>12</sup> These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.