

Project Fiche – European Integration Facility

1 IDENTIFICATION

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| Project Title | European Integration Facility |
| CRIS Decision number | 2012/23589 |
| Project no. | 12 |
| MIPD Sector Code | 7 <i>Acquis</i> related and other actions |
| ELARG Statistical code | 40 – Project Preparation Facility/Technical Assistance Facility |
| DAC Sector code | 43010 Multisector aid |
| Total cost | EUR 7 014 495 |
| EU contribution | EUR 6 155 495 |
| Management mode | Centralised |
| EU Delegation in charge | Delegation of the European Union to Bosnia and Herzegovina |
| Implementation management | Delegation of the European Union to Bosnia and Herzegovina |
| Implementing modality | Stand-alone projects |
| Project implementation type | C01 |
| Zone benefiting from the actions | Bosnia and Herzegovina |

2 RATIONALE

2.1 PROJECT CONTEXT: ISSUES TO BE TACKLED AND NEEDS ADDRESSED

EU Integration

For the European integration process in Bosnia and Herzegovina (BiH) it is of critical importance to have effective European integration capacities at all relevant levels of government, in line with their respective competencies, as well as to ensure their effective cooperation and coordination. This in particular relates to the Stabilisation and Association Agreement (SAA) implementation, Programme of Integration (PI) implementation, legal harmonization process i.e. transposition of *Acquis* in unique way in BiH, that remain rather challenging tasks in the BiH context and multi-level administrative set up.

The coordination mechanism including precise procedures and instruments that will enable timely and efficient internal harmonisation as well as approximation of BiH legislation with *Acquis*, is a must if BiH is striving for a smooth and fast integration to the EU. Further improvement of the European integration structures, including Directorate for European Integration (DEI) and line ministries of the Council of Ministers, Federation of BiH (FBiH) coordination capacities and their line ministries, the Republika Srpska (RS) Ministry of Economic Relations and Regional Cooperation and line ministries of RS Government, and Brčko District government, strengthening of their capacities, and enhancing cooperation among these institutions are key priorities.

The process of European integration is a dynamic and evolving process and is confronting the country and its institutions with new challenges that are to be tackled. Complementary to main stream IPA projects, which are programmed with a two years lead time, there is a need for a flexible instrument which can react to short-term developments and provide necessary assistance and capacity building support to the authorities in BiH at various levels by assisting them in Stabilisation and Association Agreement (SAA) implementation, *Acquis* adoption, projects preparation and implementation, as well as reinforcing their institutional capacity for SAA implementation and absorption and management of IPA/pre-accession funds.

This project will directly support sustainability of the implementation of the Road Map for Bosnia and Herzegovina's EU Membership Application agreed in the High Level Dialogue on the Accession Process in Brussels on 27 June 2012, which, among other things, calls for an effective coordination mechanism for engagement with the EU.

Authorities at all levels of government in Bosnia and Herzegovina (BiH) face challenges in relation to IPA project/programme preparation and/or in relation to implementation of projects relating to specific parts of the *Acquis* or SAA requirements. Participants in the preparation of projects and their implementation come from different institutions from different levels of government, and not all of them have sufficient experience in this area and adequate and harmonised level of knowledge. Furthermore, project's readiness depends among other things also on availability of quality tender documents. The authorities do not have sufficient experience in developing such documents and need assistance in this respect; sometimes the nature of technical specifications is also too specific and one needs very specific expertise.

BiH authorities need to prepare for utilisation of the pre-accession assistance/instrument for the EU budgetary period 2014-2020. This includes preparatory activities and capacity building with respect to strategic planning, programming, implementation and strengthening capacity for coordination of these processes, taking into account the constitutional competencies and division of responsibilities among different levels of government in BiH and specific needs of different actors at various levels of government involved in programming, managing and implementation of pre-accession assistance. Currently there is limited support foreseen to do all that preparatory work. Therefore, among others, the activities foreseen in this project in relation to analysing and preparing sector and multi-sector strategies for the use of EU pre-accession funds become crucial.

BiH participation in EU Programmes

From January 2007 the EU Programmes became open for BiH to participate in, based on the *Framework Agreement between the European Community and Bosnia and Herzegovina on the*

general principles for the participation of Bosnia and Herzegovina in Community programmes. In relation to that, the country is to pay the financial contribution which is to be determined by agreement in the form of a Memorandum of Understanding between the Commission, acting on behalf of the Community, and Bosnia and Herzegovina. BiH is planning to use the IPA funds to continue co-financing its participation in the selected programmes.

BiH has become an associated member of the 7th Framework Programme as of January 1st 2009. The country has been participating in the Programme since and paying the entry ticket for each year of participation. Besides the FP7, BiH has also become a member of the COST and has a National Information Point status in EUREKA.

BiH has been participating in the programme Culture as of January 1st 2011 and BiH has been paying the entry ticket for each year of participation.

Bosnia and Herzegovina is in the final phase of entering into the *Europe for Citizens* Programme and as soon as the Memorandum is signed, the potential applicants from BiH will be able to submit project proposals.

Partial participation in the Lifelong Learning Programme (LLP) was offered to BiH by the European Commission – Directorate General for Education and Culture. After internal consultations in the country, the Ministry of Civil Affairs BiH expressed official interest for partial participation (the centralised actions of the Programme) in the Programme starting as of 2014.

Bosnia and Herzegovina is interested in becoming a member of the *Safer Internet* programme from 2014 and has sent a letter of interest to Brussels.

Bosnia and Herzegovina is also interested in becoming a member of the *COSME* programme from 2014, as the Ministry of Foreign Trade and Economic Relations BiH (MoFTER) considers that there is a capacity among the small and medium enterprises in the country to participate in project partnerships with the countries in the EU and in the region.

In the future, BiH will continue to selectively approach other EU Programmes, taking into account its institutional, human and financial capacities and needs.

2.2 LINK WITH MIPD AND NATIONAL SECTOR STRATEGIES

Capacity building for EU integration that would "establish an effective cooperation mechanism between the State-level and Entities and the District of Brcko, including both parliaments and governments, which will positively impact screening and harmonisation of EU-related legislation" was one of the IPA 2012 and 2013 priorities identified in the letter from DG Sannino sent to the Chairman of the BiH Council of Ministers Dr Spiric on 30 November 2011.

In the Multi-Annual Indicative Planning Document (MIPD) 2011-2013 in the Chapter 3.2. *Public Administration Reform*, the relevant key areas of intervention include (Chapter 3.2.3. *Sector Objectives for EU support over next three years*):

“Support the alignment of the legislative framework with the European *Acquis* in all accession relevant sectors/...”

Indicators:

- Progress in the alignment of the legislative framework with the European Acquis;
- Improved human resource management and training capacities.

The project is in line with the MIPD 2011-2013 and it contributes to all of its strategic priorities.

The MIPD 2011-2013 specifically states (Chapter 3. Main sectors for EU support for 2011 – 2013) that: “IPA may finance actions that fall outside the scope of the specified main 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”.

BiH Strategy of Development of Science and Technology 2010-2015

The Strategy has been adopted in December 2009, with its Action Plan. The aim of the Strategy is to pave the way for the leading role of research and development as one of the main factors for enhanced long-term development of Bosnia and Herzegovina. The implementation of the strategy should also allow for stronger networking and joint researches between universities, research institutes and industry; higher participation of researchers and institutions in the European research network and the European Research Area; development of research infrastructure according to international and EU standards; participation in the activities of the 7th Framework Programme (FP7) of the EU, as well as in other international programmes.

2.3 LINK WITH ACCESSION PARTNERSHIP (AP) / EUROPEAN PARTNERSHIP (EP) / STABILISATION AND ASSOCIATION AGREEMENT (SAA) / ANNUAL PROGRESS REPORT

The project contributes to the following SAA priorities:

Among the BiH commitments under the Interim Agreement and SAA, in Article 111 (*Public Administration Reform*), it is mentioned that "Cooperation will aim to further the development of an efficient and accountable public administration in Bosnia and Herzegovina and will focus on institutional building and strengthening of the policy making process".

Obligation to approximate existing legislation of BiH to the EU *Acquis* is stated in Article 70 of the SAA, Title VI – Approximation of Laws, Law enforcement and Competition Rules.

Link with Progress Report 2011 for BiH:

The Progress Report identifies numerous lacks in coordination of European integration and harmonisation processes:

Chapter 1.2 (*Context*): "The EU accession process requires political will and functional institutions at all levels with an effective coordination mechanism on EU matters."

Chapter 1.3 (*Relations between European Union and BiH*): "The difficulties encountered during the programming exercise demonstrate the need to urgently address the issue of coordination on EU matters within the country's institutions at every level. Strengthening coordination mechanisms on the programming of future EU financial assistance and on other EU matters, is an issue to be addressed as a matter of urgency."

Chapter 2.1 (*Democracy and Rule of Law- Government*):

- "Regarding coordination on EU matters, the Directorate for European Integration (DEI) has increased its staffing levels but remains without the necessary authority to drive the EU integration process forward. Its role in terms of coordination on EU-related matters between all authorities requires further strengthening."
- "The administrative capacity of Republika Srpska to monitor EU-related laws improved. However, an effective coordination mechanism remains to be established with the State-level authorities on EU matters in order to harmonise the transposition of the EU *Acquis* throughout the country."
- "The lack of capacity for coordination of EU-related matters within the Federation government and between the Entities and the State-level remains an issue of concern."
- "An effective coordination mechanism between the State, the Entities and Brcko District remains to be established as a matter of urgency regarding EU matters and the harmonisation of EU related legislation."

As regards the **EUROPE 2020 Strategy** the EU programmes such as COSME, FP7 and LLP would contribute to the areas of employment, research and development and education sector. BiH would contribute to the educational improvement, competitiveness and creation of jobs in those areas by establishing partnerships and participating in the projects of joint interest, together with the partners from the EU and the countries in the region.

The **Annual Progress Report 2011** (chapter 1.3 *Relations between the EU and Bosnia and Herzegovina*) states that "Bosnia and Herzegovina participates as a full member in the 7th Framework Programme for research, technological development and demonstration activities (FP7) and in the COST and the EUREKA networks. Bosnia and Herzegovina became an associate member of the Culture 2007-2013 programme. Bosnia and Herzegovina is preparing for its participation in the Lifelong Learning Programme".

The Report (chapter 4.1. Internal market - 4.1.9 Education and Research) also states that "there was some progress in the area of **culture**. Bosnia and Herzegovina started to participate in the Culture Programme. Focal points were established at State and Entity levels".

As stated in the **Enlargement strategy 2011-2012** (Annex 2 – Bosnia and Herzegovina), „Bosnia and Herzegovina made limited progress in aligning its legislation and policies with European standards." BiH's participation in EU programmes would contribute to the alignment of domestic policies with the EU standards and to the future integration into the EU.

2.4 PROBLEM ANALYSIS

The accession to the European Union is an extremely complex process, involving practically all governmental bodies, requiring continuous and efficient coordination among key players in the process. Some coordination bodies and mechanisms in BiH already exist, but they need to be re-organized and up-graded, and new structures should be established in order to be prepared for candidate status relation with the EU.

A need for improvement of the coordination structures has been identified also in Bosnia and Herzegovina Progress Report for 2011 as referred under chapter 2.3, as well as at meetings of the Interim Committee and interim subcommittees. Currently in BiH there is no appropriate and overall system of European integration activities that would enable achieving “one voice” in communication between BiH and EU. In December 2011 also the EU Council underlined that establishing an effective coordination mechanism for dealing with EU matters, including IPA related issues in BiH, is the key priority. In addition, one of the Joint Conclusions from the High Level Dialogue on the Accession Process of 27 June 2012 was: „To ensure that positions communicated to the EU Institutions, reflect the discussions with all competent Institutions and authorities in Bosnia and Herzegovina, following effective coordination. A functioning coordination mechanism needs therefore to be put in place”. Support will be needed for the Entities and Brčko District to establish the effective coordination mechanisms and strengthen capacities of counterparts to the DEI.

Description of current coordination mechanisms in BiH dealing with EU affairs:

At the state level

At the State level, the Directorate for European Integration is the responsible institution for the coordination of the EU integration and law approximation process.

At the entity levels

Republika Srpska (RS)

In the RS, the Ministry of Economic Relation and Regional Cooperation is the responsible institution for the coordination of the EU integration and law approximation process.

Federation of BiH (FBiH)

The organisational set-up of the European integration process in the FBiH is more complex. Actually a EU integration department, which will be responsible for the European integration coordination process, will be established in the FBiH General Secretariat. In addition, there is a Board for EU Integration, composed of all FBiH ministries and the cantons appointed coordinators for EU integration.

Brčko District of BiH

The Division for European Integration of the Government of Brčko District is responsible for overall coordination between DEI at state level and sectoral government departments at Brčko District level.

The European integration processes in BiH face great challenges due to the administrative set up of the country and division of competences among different levels of government. As described above, the EU coordination mechanism in Bosnia and Herzegovina (BiH) is cumbersome and complex. It lacks coherent coordination/cooperation between state level, entities' and Brčko District of BiH. This affects the entire process of legal harmonization, i.e. transposition of *Acquis* in entire legal system of BiH. Functional coordination and Program of Integration are however both crucial for further process of European integrations, especially for uniform transposition of the EU *Acquis* and consequently implementation of *Acquis* in equal manner in BiH.

The need to respond to unforeseeable emerging needs for support for institutions in BiH in relation to SAA priorities implementation, *Acquis* adoption, pre-accession assistance utilisation and management, has been repeatedly seen. It is important to ensure support the European integration process needs, implementation of the requirements of the SAA, as well as to the effective allocation and utilisation of pre-accession funds in line with the needs of the country. Bosnia and Herzegovina lacks important strategies in accession and *Acquis* related areas that will become even more critical in the context of effective preparation for and utilisation of the new upcoming pre-accession assistance instrument. This instrument requires its own strategic documents at different levels: at the level of the entire pre-accession instrument and/or at the level of specific objectives and priorities.

The different levels of authorities are at the different level of development and facing different challenges as far as European integration. For instance, due to the latest decision by the Office of the High Representative to close its office and suspend the supervisor's functions in Brčko District of BiH, increased assistance will be needed for the District to facilitate Brčko's adoption of reforms required for BiH's European integration. Fulfilling EU requirements and making progress in the Stabilisation and Association Process, calls for developing the current institutional structures and expertise of civil servants to satisfy the requirements of the EU and carry out the associated tasks.

In line with the constitutional set up and the competencies of authorities at different levels of government, there are many and a wide range of stakeholders in the programming process in BiH. Their level of understanding and capacities to participate in the process and prepare proposals is different. This and upcoming greater requirements related to utilisation of future pre-accession assistance, call for further advancement of the coordination process and of the capacities of the stakeholders with respect to defining priorities and preparing projects, in accordance with their constitutional responsibilities and respective roles.

The requirements for the establishment of the Decentralised Implementation System (DIS) are explicitly stressed within the framework on the new pre-accession assistance instrument, and it is necessary to secure further support in this respect, in line with the EU requirements in the period 2014-2020.

In addition to support to IPA planning and programming and development of mature project proposals, specific interventions are required in relation to the implementation of the EU financed projects. In many cases thorough project implementation documentation in the form of tender dossiers, technical specifications or terms of reference need to be drafted in order to initiate the tender procedures for acquiring the services or supplies required. Often the technical know-how required for drafting the project implementation documentation is either too specific for the BiH institutions, or alternatively the drafting process would prove to be unreasonably time consuming for the non-specialists of the field. In those cases the assistance of experts

would allow speedier approach and also provide the authorities in BiH at all levels with hands-on training.

In conclusion, the process is asking for an instrument such as the GTAF/PPF that will provide flexible technical assistance to the respective needs of authorities in BiH at various levels by assisting them in carrying out European Integration process, *Acquis* implementation, project preparation and implementation, as well as reinforcing their institutional capacity for SAA implementation and absorption and management of IPA/pre-accession funds.

The eligible beneficiaries for this component are the line ministries and government institutions/agencies at various levels of government and staff directly involved in the EU accession process.

European integration is a long process that requires the understanding and implementation of the EU policies and the fulfilment of the EU standards on all levels. In relation to that, the EU programmes contribute to improving the knowledge on these issues.

2.5 LINKED ACTIVITIES AND DONOR COORDINATION

EU Integration

Assistance to be provided will build on the previous and on-going/planned EU assistance provided through the following projects:

- BiH National CARDS 2001; the project “Support to the BiH Government for the European Integration Process and Co-ordination of Community Assistance – Phase I” [24 months duration, November 2003-December 2005]; BiH National CARDS 2005; the project “Support to the BiH Government for the European Integration Process and Co-ordination of Community Assistance – Phase II” [31 months duration, January 2006-August 2008]; IPA Programme 2007; the project “Support to the BiH Government for the European Integration process and co-ordination of Community Assistance – Phase III” [27 months duration, January 2010 - April 2012]. The one of the main achievements of above mentioned projects was improvement of capacities of DEI to coordinate number of activities arising from the process of European Integration, for example developing methodology drafting documents such as regular annual Contribution of BiH Institutions to the Regular Annual Report on BiH Progress etc. Relevant for this component is important to mention also that projects helped in establishing for example joint bodies in accordance with the IA. Representatives from BiH institutions were participating in number of project trainings and seminars; core assistance was targeted however to the DEI.
- IPA Programme 2010; the extension of the project “Support to the BiH Government for the European Integration process and co-ordination of Community Assistance – Phase III” has been granted for 12 months and started in July 2012; the extension will provide support to DEI and relevant institutions in BiH with respect to setting up EU Affairs Coordination Structures within BiH, setting up the BiH Programme of Integration, as well as strengthening legal harmonisation process and aid coordination activities and is financed from the 2010 Project Preparation Facility.

- Transposing EU Legislation in the BiH Legal System (project financed by the PAR Fund)
- IPA 2008 Project Preparation Facility support is to assist the BiH authorities to produce good quality projects related to the priorities deriving from the European Partnership and the Stabilisation and Association Agreement, at the same time strengthening capacities of the BiH authorities.
- Similarly, IPA 2010 Project Preparation Facility support is to assist the BiH authorities to produce good quality projects and project implementation documentation in supporting the priorities deriving from the Stabilisation and Association Agreement. Additionally, it should support project preparation and effective implementation of environment and water and sanitation projects, at the same time strengthening capacities of the institutions in BiH.
- Under IPA 2011 the PP/GTAF has also been planned to provide flexible technical support to Bosnia and Herzegovina authorities aimed at addressing specific needs identified in the course of the SAA implementation and the usage of IPA instrument.

BiH participation in EU Programmes

- The payment of the entry tickets for FP7 programme was financed from IPA 2008, IPA 2009, IPA 2010 and IPA 2011.
- The EC funded project CARDS 2006 “Capacity building and Institutional Strengthening of Science and Research in Bosnia and Herzegovina” (September 2009 – August 2010), assisted the Ministry of Civil Affairs BiH (MoCA BiH) in strengthening its capacity in the science sector.
- Through the Austrian Development Cooperation (ADC) funded project in the period 2004-2008, a National Contact Point (NCP) System was established in BiH for the implementation of EU Framework Programmes that was positioned within the MoCA BiH. The ADC support was also ensured to the BiH NCP System and its Focal Points System for 2010-2012.
- In 2008 and 2010 Ministry of Civil Affairs BiH allocated funds in amount of EUR 250 000 for researchers and research institutions in BiH that participate in the FP7, EUREKA and COST projects.

Contributions from IPA 2008-2011:

| EU programme | IPA 2008 | IPA 2009 | IPA 2010 | IPA 2011 |
|---------------------|-----------------|-----------------|-----------------|-----------------|
| FP7 | 990 000 | 1 520 100 | *860 000 | 2 102 400 |
| Culture | | 180 000 | | |

* The entry ticket for FP 7 for 2011 is estimated to be EUR 2 011 000. Due to the savings of funds, allocated for Community programmes under IPA 2009, one half of the entry ticket for 2011 was co-financed from IPA 2009 in amount of 1 000 175 EUR, while the other half (indicatively EUR 860,000) was co-financed from IPA 2010 programme.

2.6 Lessons learned

EU Integration

As referred above the European integration processes in BiH faces a great challenge due to the administrative set up of the country and division of competences among different levels of government. This has been seen during the SAA negotiations, the work of the Interim Committee and Interim Sub-Committees, *Acquis* adoption, IPA programming, and other European integration processes. The need to strengthen capacities of all institutions required to undertake European integration related work at various levels of government in their respective sectors has been recognised. Particular effort is required to develop and maintain effective coordination among different levels of government for the European integration process purposes.

The need for strengthening capacities of DEI and line ministries of the BiH Council of Ministers, the RS Ministry of Economic Relations and Regional Cooperation and line ministries of RS Government, Brčko District and EU Integration Department of the General Secretariat of FBiH Government, as well as FBiH and cantonal line ministries, has been in particular recognised as far as EU policies, legal approximation, EU affairs coordination are concerned. The earlier technical assistance (TA) showed that development of capacity, models and mechanisms requires work with a wider range of recipient institutions and civil servants. More time for development of models and capacities due to higher number of players is needed, and the real needs need to be addressed in a flexible manner. As the previous and current TA projects have been more focused on the support of the DEI than its partners, the future assistance needs to give special attention also to the DEI partners which are Ministry of Economic Relations and Regional Cooperation of RS, Office of the Mayor of BD, and EU Integration Department of the General Secretariat of FBiH Government, as well as and FBiH and cantonal their line ministries.

This European Integration Facility has been developed in light of the ongoing assessment of the EU integration related capacities and needs of BiH authorities. Continuous, timely and flexible support to institutions in BiH in relation to the European integration process is needed. Given the administrative structure in BiH and the corresponding division of competencies, it has been in particular recognised that support is required to institutions at all levels of government.

The lessons learned from IPA 2008 and IPA 2010 Project Preparation Facilities, are proven to be very useful and needed and substantial interest among beneficiary institutions in BiH for utilisation of the facility has been noted. The experience shows that the demand for this type of assistance has always been very high and this type of assistance has been particularly useful to respond quickly to urgent and evolving needs.

BiH participation in EU Programmes

First of the programmes that BiH entered into was the 7th *Framework Programme*. Prior to its entering, as the non-associated country, BiH succeeded to get EUR 2.7 million in the grants for the projects approved. Some 241 applications were submitted and further EUR 2.7 million received for 30 approved projects under FP7 until the June of 2012. There is therefore a

“critical mass” research community in BiH that will continue actively participating in FP7 and using funds from the EU RTD Programmes and thus continue strengthening its research and innovation activities.

From January 2011, when BiH became a member of *Culture* programme, nine projects with the participation of BiH stakeholders were approved.

As regards other programmes for which it has expressed a formal interest and has yet to become their member, BiH has no experience in projects submission. However, in cooperation with bilateral donors, the EU funded projects and the relevant ministries, DEI has co-organised info days and seminars on various programmes for different stakeholders (for potential applicants and for government institutions at various levels), which showed that there is a great interest among stakeholders for respective programmes. A pool of potential applicants has shown great need for networking, mobility, mutual exchange of best practices and experiences.

3 DESCRIPTION

3.1 OVERALL OBJECTIVE OF THE PROJECT

Contributing to Bosnia and Herzegovina’s overall progress in fulfilling its obligations for accessing the European Union.

3.2 SPECIFIC OBJECTIVE(S) OF THE PROJECT

Flexible support to institutions in BiH at various levels, aimed at addressing specific needs identified in the course of European integration process and EU funds and programmes utilisation.

3.3 RESULTS

Flexible and effective technical assistance and other support to the pre-accession process, SAA priorities implementation, *Acquis* related requirements, pre-accession assistance instrument utilisation, and to the emerged unforeseen European Integration needs provided, and institutional capacities in BiH at various levels in this respect strengthened, enabling BiH to pursue its EU integration path.

Relevant BiH institutions/organisations have access to activities and opportunities that arise from the memberships under the respective EU programmes.

3.4 MAIN ACTIVITIES

EU Integration

The following list is indicative of the types of activities that may be implemented under this intervention but is not exhaustive:

- Developing coordination mechanism in BiH, including all levels of government, that is relevant for BiH accession to EU;

- Developing methodology for compiling, monitoring and revising the Programme of Integration of BiH to the EU (PI) according to relevant best practices;
- Developing software and providing training for the users to apply an IT system for monitoring of PI;
- Training relevant staff in all governmental bodies at all levels in strategic planning, policy development processes, in the screening and accession negotiation process, in necessary general and specific *Acquis* related knowledge related to negotiation process;
- Developing needed capacities for legal harmonisation process and implementation;
- Assessing the existing level of harmonisation of legislation with EU *Acquis*;
- Developing relevant software for the databases of the harmonisation of legislation;
- Designing and conducting relevant trainings for using databases for the harmonisation of legislation;
- Providing assistance to other emerging needs as appropriate in the EU integration process.
- Provision of technical advice and preparation of required documents and analysis to support SAA implementation, *Acquis* adoption and implementation, and the EU accession process in BiH;
- Supporting urgent or unforeseen emerging priority tasks to support EU integration and SAA implementation priorities, through technical assistance and other interventions (including software and IT equipment);
- Drafting manuals, working procedures, job descriptions, rulebooks and other procedural documentation for the implementation of SAA priorities, utilisation of pre-accession instruments, DIS establishment, and in support of EU accession process in BiH;
- Analysing, assessment and preparation of sector strategies, multi-sector strategies and strategic programming documents, for the harmonisation of national legislation, SAA implementation, and the current and future use of EU pre-accession funds;
- Drafting of (pre-)feasibility and impact studies in relation to Bosnia and Herzegovina's compliance with the SAA and carrying out (pre-investment studies, regulatory impact assessment studies, environmental impact assessment studies, business plans, market studies, economic and cost-benefit analyses, investment appraisals, etc.) for the upcoming investments;
- Preparing projects for upcoming IPA/pre-accession funding, in particular those requiring specialised expertise, including support to the project preparation process and all necessary project documentation and annexes to programming documents;
- Preparing of project tender and procurement documentation (terms of reference, technical specifications, bills of quantities, guidelines for grant schemes and other supporting documents for tender dossiers);

- Provision of institution building activities and training relevant to any of the above-mentioned activities and the European integration process;
- Participating in European integration related meetings, workshops, study visits;
- Provision of information activities and material regarding EU integration.
- The line ministries and government institutions/agencies at various levels who are involved in the EU accession process will be assisted through these above mentioned activities.

The activities linked to the above results will be implemented through various types of contracts (Service/Framework contracts/Twinning/Twinning light/Works/Supply).

BiH participation in EU Programmes:

Payment of the entry ticket for 7th Framework Programme for the participation of BiH in the year 2013;

3.5 ASSESSMENT OF PROJECT IMPACT, CATALYTIC EFFECT AND CROSS BORDER IMPACT

EU Integration

Strengthening of coordination on European Affairs will enable competent institutions at all levels of government to fulfil their obligations arising from European Integration Process in a timely manner and coordinated way, contributing thus to the overall progress of BiH towards EU membership.

The Facility will enable to respond to the Bosnia and Herzegovina's European integration priorities and needs, at the same time reinforcing its institutional capacities at various levels of government.

The assistance provided will facilitate effective SAA implementation and strengthen capacities of Bosnia and Herzegovina authorities in this respect, through provision of required technical assistance and advice. The assistance will include support to smaller scale interventions that could not qualify as discrete IPA projects and/or could not be foreseen at the stage of IPA programming. As such BiH authorities will be enabled to respond to emerging priority EU accession tasks in a more flexible and immediate way.

The Facility will contribute to the quality of processes and documents required for planning, programming and implementing of the Instrument for Pre-accession Assistance (IPA) and the new 2014-2020 pre-accession instrument. In parallel, it will strengthen capacities of the Bosnia and Herzegovina authorities' for absorption and management of pre-accession funds by enabling learning-by-doing or other forms of trainings in planning, programming and implementing of IPA/pre-accession assistance. Longer-term impact will be well targeted projects and efficient use of IPA/pre-accession funds.

BiH participation in EU Programmes

The Programme would support the research activities and capacities of institutions, universities, as well as the SMEs and public companies in their development. Of crucial importance are further international cooperation and the mobility of BiH researchers in the EU countries.

3.6 SUSTAINABILITY

After completion of this project specific knowledge and skills in the field of EI, software and improved system of coordination of European affairs and harmonisation of legislation in the country will be available to beneficiaries of the project.

The Facility will strengthen capacities of institutions in Bosnia and Herzegovina at all levels with respect to IPA projects preparation and implementation, SAA implementation, *Acquis* application and effective implementation of the EU integration process, thus ensuring sustainability of the intervention and results. Furthermore, the facility will enable timely delivery of well-targeted priority interventions of critical importance for the EU integration process in Bosnia and Herzegovina thus enabling unhindered progress of the EU integration process and fulfilment of its requirements.

Participation of BiH in the 7th Framework programme and cooperation with the potential partners from the region and from the EU member states in the projects of common interest would prove to be sustainable in the long run, as stakeholders in BiH would thus build-up and strengthen their institutional, organisational and human capacities. Additionally, the potential applicants would become introduced to the internal policies of European Union, thus contributing to BiH efforts to implement the EU standards on its way towards the European integration and to prepare itself for the EU membership in the future.

3.7 ASSUMPTIONS AND PRE-CONDITIONS

EU Integration

Commitment of BiH governments towards EU accession.

Readiness of the state, entity, canton and district authorities to further support the EU Integration process through a proactive participation.

Continued commitment to the implementation of the Interim Agreement and SAA.

Adequate and timely identification of priority areas for assistance and availability of satisfactory quality expertise are important preconditions for the success of the project. Furthermore it is necessary that the beneficiary institutions commit staff and other resources for an effective implementation of the project and in order to ensure institutional capacity building.

BiH participation in EU Programmes

The risk associated with the successful participation of BiH in the EU programmes is if sufficient number of good quality project proposals is submitted. Risks would be mitigated through the contact points or programme coordinators established in BiH, who would promote a particular programme through info days, seminars, workshops, programme materials all over the country and would guide applicants in preparing good quality project proposals. The preconditions are related to the interest of relevant authorities in BiH to initiate procedures for the participation of BiH in the respective and future EU programmes.

4 IMPLEMENTATION ISSUES

EU Integration

The assistance will be implemented in the centralised management mode, in accordance with the PRAG rules and through multiple contracts of various types (Service, Framework, Twinning, Twinning light, Works, Supply). The Delegation of the EU will inform its partners in regular intervals of its intention to commit funds from the Facility. Requests for utilisation of Facility funds will be submitted to the EU Delegation via NIPAC. The preparation of Terms of Reference will be done in consultations with entities and Brcko District BiH in cases it directly concerns them. Implementation will be done in close coordination with the beneficiary institution(s) for the specific contract.

Transparency will be ensured with respect to the implementation of the Facility, through regular reporting on the utilisation of the funds.

BiH participation in EU Programmes

No specific implementation issues apply as the application includes payment of entry ticket to EU by BiH. It is however critical that BiH institutions make timely payment so to avoid penalties.

4.1 INDICATIVE BUDGET

Overall budget of the Facility:

Total expenditure EUR 7 014 495, IPA contribution EUR 6 155 495
(7th Framework Programme 2013 – Total expenditure EUR 3 336 000, IPA contribution EUR 2 670 000 (80%))

Indicative Project budget (amounts in EUR)¹

| PROJECT TITLE – European Integration Facility | | | SOURCES OF FUNDING | | | | | | | | | |
|---|--------|---------|------------------------|------------|-----------------------|---------------------------------|----------|-----------------------|----------------------------------|--------------------|------------|----------------------|
| | | | TOTAL EXPENDITURE | | IPA CONTRIBUTION 2012 | | | NATIONAL CONTRIBUTION | | | | PRIVATE CONTRIBUTION |
| | IB (1) | INV (1) | EUR (a)=(b)+(c)+(d) | EUR (b) | % (2) | Total EUR (c)=(x)+(y)+(z) | % (2) | Central EUR (x) | Regional/Loc al EUR (y) | IFIs EUR (z) | EUR (d) | % (2) |
| Activity 1 EU Integration Facility | | | | | | | | | | | | |
| Multiple contracts over the lifetime of the Facility | X | X | 3 678 495 | 3 485 495 | 95 | 193 000 | 5 | 193 000 | | | | |
| Activity 2 EU Programmes | | | | | | | | | | | | |
| contract 3.1 IPA Contribution for the entry ticket for FP7 | X | – | 3 336 000 | 2 670 000 | 80 | 666 000 | 20 | 666 000 | | | | – |
| TOTAL IB | | | 7 014 495 | 6 155 495 | 88 | 859 000 | 12 | 859 000 | 12 | | | |
| TOTAL INV | | | | | | | | | | | | |
| TOTAL PROJECT | | | 7 014 495 | 6 155 495 | 88 | 859 000 | 12 | 859 000 | 12 | | | |

¹ Under centralised mode of implementation of IPA assistance the co-financing is implemented as parallel co-financing.

4.2 INDICATIVE IMPLEMENTATION SCHEDULE (PERIODS BROKEN DOWN BY QUARTER)

| Contracts | Start of Tendering/ Call for proposals | Signature of contract | Project Completion |
|--|---|---|--------------------|
| Contracts1* Multiple contracts over the lifetime of the Facility (Service/Framework contracts/Twinning/Twinning light/Works/Supply) | Ongoing from Q2 2013 | Ongoing from Q3 2013, Q3 2016 at latest | Q3 2018 at latest |
| Contract 2 EU contribution to the entry ticket for the 7th Framework Programme for 2013 (IPA 2012) | N/A | 1Q/2Q/2013 | 3Q/2014 |

*NB. Due to the nature of the Facility it is not possible to accurately predict precise timing of the implementation schedule.

4.3 CROSS CUTTING ISSUES

4.3.1 *Equal Opportunities and non discrimination*

Equal opportunity principles and practices in ensuring equitable gender participation and non-discrimination within the project will be guaranteed.

4.3.2 *Environment and climate change*

The projects will not lead to any negative environmental effects.

4.3.3 *Minorities and vulnerable groups*

Participation in the 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.

4.3.4 *Civil Society/Stakeholders involvement*

IPA programming process included consultations with Civil Society and Donor Community in BiH, through two consultation meetings and exchange of relevant information on the process and individual proposals.

The involvement and participation of civil society in the European Integration process is very important and cooperation between governmental and non-governmental sectors crucial. As an integral part of the European Union accession process, opportunities for dialogue and cooperation among civil society actors and public sector actors will be further developed through various initiatives under the proposed Facility.

ANNEXES

- 1. Log frame**
- 2. Description of Institutional Framework**
- 3. Reference list of relevant laws and regulations only where relevant**
- 4. Details per EU funded contract**
- 5. Project visibility activities**

ANNEX 1: Logical framework matrix in standard format

| | | | | | |
|--|--|--|---------------|--|---|
| LOGFRAME PLANNING MATRIX FOR Project Fiche | | Project title and number: | | 12 European Integration Facility | |
| | | Contracting period expires: Three years following the date of the conclusion of Financing Agreement | | Execution period expires: Two years following the end date for contracting | |
| | | Total budget | EUR 7 014 495 | | |
| | | IPA budget: | EUR 6 155 495 | | |
| Overall objective | Objectively verifiable indicators (OVI) | Sources of Verification | | | |
| Contributing to Bosnia and Herzegovina's overall progress in fulfilling its obligations for accessing the European Union. | Faster progress of BiH towards meeting the requirements of the SAA and the <i>Acquis</i> , and in participating in EU programmes. Effective and timely response to emerged EU integration priorities | EC Annual Progress Reports IPA Monitoring Reports | | | |
| Specific objective | Objectively verifiable indicators (OVI) | Sources of Verification | | | Assumptions |
| Flexible support to institutions BiH at various levels, aimed at addressing specific needs identified in the course of European integration process and EU funds and programmes utilisation. | Planning, contracting and disbursement of IPA/pre-accession assistance in line with programming timetable Project fiches submitted to EC in line with programming timetable, and subsequently approved Number of institutions/organisations fully benefitting under respective EU programmes | Project reports IPA/pre-accession programme documents IPA monitoring reports Different EC DG's, managing respective European Union Programmes | | | There is political support for BiH institutions to participate in the EU <u>integration processes</u> |

| Results | Objectively verifiable indicators (OVI) | Sources of Verification | Assumptions |
|--|---|--|---|
| <p>Flexible and effective technical assistance and other support to the pre-accession process, SAA priorities implementation, <i>Acquis</i> related requirements, pre-accession assistance instrument utilisation, and to the emerged unforeseen European Integration needs provided, and institutional capacities in BiH at various levels in this respect strengthened, enabling BiH to pursue its EU integration path.</p> <p>Relevant BiH institutions/organisations have access to all activities and opportunities that arise from the memberships under the respective EU programmes.</p> | <ul style="list-style-type: none"> - 15-20 quality technical assistance and other projects/interventions implemented and documents prepared, at latest by Q3 2018 - At least 100 civil servants directly involved in EU integration processes trained and successfully performing their obligations and responsibilities in this respect at various government levels in BiH at latest by Q3 2018 - A number of applications and approved projects under respective EU programmes in the first year of the participation and 30% increase of those each year after the first year of participation - In terms of co-financing of projects, BiH receives per year an equal or greater amount than the one paid for the entry ticket. | <p>Component I</p> <p>Minutes of the relevant meetings Project Reports</p> <p>DEI reports, EC Annual Progress Report</p> <p>Database reports</p> <p>Reports and project documentation from individual TA and other contracts Monitoring reports within DEI Submitted and approved fiches Tender documentation Documents developed Training records</p> <p>Project Reports Respective EC DGs</p> | <p>Identification of priority areas for assistance in a timely manner.</p> <p>Good cooperation with all relevant stakeholders established.</p> <p>The responsible ministries on state level continuously facilitate the support to the applicants' participation in the relevant EU programmes.</p> |

| Activities to achieve results | Means / contracts | Costs | Assumptions |
|---|--|---|---|
| <p>Sample activities:</p> <p>Developing coordination mechanism in BiH, including all levels of government, that is relevant for BiH accession to EU;</p> <p>Developing methodology for compiling, monitoring and revising the Programme of Integration of BiH to the EU (PI) according to relevant best practices;</p> <p>Training relevant staff in all governmental bodies at all levels in strategic planning, policy development processes, in the screening and accession negotiation process, in necessary general and specific <i>Acquis</i> related knowledge related to negotiation process;</p> <p>Developing needed capacities for legal harmonisation process and implementation;</p> <p>Provision of technical advice and preparation of required documents and analysis to support SAA implementation, <i>Acquis</i> adoption and implementation, and the EU accession process in BiH;</p> <p>Supporting urgent or unforeseen emerging priority tasks to support EU integration and SAA implementation priorities, through technical assistance and other interventions (including software and IT equipment);</p> | <p>Various contracts for specific technical assistance and other support contracts (Service, Framework, Twinning, Twinning light, Works, Supply)</p> | <p>IPA contribution: EUR 3 485 495 Co-financing EUR 193 000</p> | <p>Availability of quality expertise.</p> |

| | | | |
|---|--|---|---|
| <p>Analysing, assessment and preparation of sector strategies, multi-sector strategies and strategic programming documents, for the harmonisation of national legislation, SAA implementation, and the current and future use of EU pre-accession funds;</p> <p>Drafting of (pre-)feasibility and impact studies in relation to Bosnia and Herzegovina's compliance with the SAA and carrying out (pre-investment studies, regulatory impact assessment studies, environmental impact assessment studies, business plans, market studies, economic and cost-benefit analyses, investment appraisals, etc.) for the upcoming investments;</p> <p>.</p> <p>- payment of the entry ticket for 7th Framework Programme for the participation of BiH in the year 2013 (IPA 2012);</p> | <p>- IPA contributions to the entry ticket for the 7th Framework Programme for the participation of BiH in the year 2013;</p> | <p>IPA contribution: EUR 2 670 000 Co-financing EUR 666 000</p> | <p>Good cooperation with all relevant stakeholders established.</p> <p>There are sufficient good quality applications by the potential beneficiaries.</p> |
|---|--|---|---|

ANNEX 2 Description of Institutional Framework

- The role of Directorate for European Integration is defined in accordance with the Article 23 of the Law on the Council of Ministers of BiH (Official Gazette of BiH, No. 38/2002, of December 18, 2002), as well as in accordance with the Article 18 of the Law on Ministries and Other Administration Bodies of BiH (“Official Journal of BiH” 5/03, 42/03, 26/04, 42/04, 45/06, 88/07, 35/09, 59/09 i 103/09). On the basis of these two laws, the Decision on the Directorate for European Integration (Official Gazette of BiH, No. 41/03) was also passed.

Among other things, DEI is competent for the following: co-ordination of activities on harmonisation of the BiH legal system with the EU accession standards (*Acquis*); verification of the coherence of all draft laws and regulations submitted to the BiH Council of Ministers; harmonisation of the activities of the authorities and institutions of BiH in the field of the EU integration; coordination of implementation of decisions passed by relevant authorities and institutions of BiH, Entities and of the Brčko District of BiH in regard to all activities necessary in the field of the EU integration.

- Based on FBIH Government Decision from February 2012, the General Secretariat of FBIH will include EU integration department which will be responsible for overall horizontal and vertical coordination of all EU integration related matters. The role of EU integration department within the General secretariat is to support and monitor effective participation of all federal line ministries in all aspects of EU integration processes, as well as to establish and support effective participation and coordination of cantonal governments in this regard.

Line ministries - Board of EU Integration within respective ministries on FBIH level is chaired by the EU coordinator and comprise all representatives of the line ministry who take part in the work of joint working groups and committees set up for the purposes of EU integration (monitoring of the implementation of the Stabilisation and Association Agreement, IPA programming, etc). The chairman of a ministry-level Board of EU Integration reports to the EU integration department within the Secretariat for EU matters on all activities in the area of EU integration on a monthly basis.

Cantonal governments -All cantonal government have appointed a coordinator for EU matters. The process of defining coordination mechanisms between cantonal and federal level of governance will be launched shortly.

- The role of the Ministry of Economic Relations and Regional Cooperation of RS is defined in accordance with the Article 31 of Law on Republic Administration. The Ministry of Economic Relations and Regional Cooperation of RS is within the RS responsible for coordination of EU integration related activities and, above all, for monitoring of implementation of the SAA through coordination and monitoring of actions of the representatives of the Republika Srpska in the joint bodies of BiH and EU based on the SAA, for coordination of harmonization of legislation of the Republika Srpska with the regulations of the EU and for development of cooperation with the National Assembly of the Republic of Srpska in the legislative process

concerning harmonization of draft and proposal laws with the regulations of the European Union.

- Competences of the Brčko District of BiH are determined by the Statute of BD providing that Brčko District of BiH is authorized to create its own legal framework. By the Supervisory Order Abolishing Entity Legislation within Brčko District and Declaring the Inter-Entity Boundary Line to Be of No Further Legal Significance within the District (dated August 4, 2006), the Entities laws have no legal effect on the territory of Brčko District of BiH.

The Division for European Integration of the Government of Brčko District is responsible for overall coordination between DEI at state level and sectoral government departments at Brčko District level. The Division coordinates with the Legislative Office at Brčko District level in terms of legislations harmonisation. The role of this Office is to provide technical assistance to the Government of Brčko District in the process of harmonisation of legislation.

FP7 programme

The MoCA of BiH is the state authority responsible for science and culture at the state level. The Department for Science and Culture of the ministry at the state level is responsible in the field of science and culture for the coordination of activities and harmonisation of plans of entity authorities (in FBiH and in RS) and the definition of the international level strategies.

The Ministry of Science and Technology of the Republika Srpska and the Ministry of Education and Science of Federation of BiH are responsible for science development at the entity level. All cantons in the Federation of BiH have their own ministries that are dealing with these topics.

The NCP FP BiH system is part of the Sector for Science and Culture of the MoCA of BiH. There are also 8 focal points at all public universities in BiH and 6 FP7 Thematic NCPs, as well as the country representatives to the Programme Committees.

The Ministry of Education and Culture of Republika Srpska and the Ministry of Culture and Sports of the Federation of BiH are responsible institutions for culture at the entity level. All cantons in the Federation of BiH have their own ministries that are dealing with these topics.

ANNEX 3 Reference list of relevant laws and regulations only where relevant

Component I

State level

- Law on the Council of Ministers of BiH (Official Gazette of BiH, No. 38/2002, of December 18, 2002);
- Law on Ministries and Other Administration Bodies of BiH (“Official Gazette of BiH” 5/03, 42/03, 26/04, 42/04, 45/06, 88/07, 35/09, 59/09 i 103/09);
- Decision on the Directorate for European Integration (Official Gazette of BiH, No. 41/03);
- Decision on Implementation of Coordination in the Process of the BiH Accession to the EU” (Official Gazette of BiH, No. 44/03);

- Decision on Instruments of Harmonization of Bosnia and Herzegovina Legislation with *Acquis* (“Official Gazette of BiH”, No. 23/11);
- Decision on the Establishment of Organisational Units for European Integration in Administrative Bodies of BiH (“Official Gazette of BiH”, No. 66/08);
- Decision on the Establishment of Working Groups for European Integration (“Official Gazette of BiH”, 47/09; 65/10);
- Decision on the establishment of Commission for EI within the Interim Committee (“Official Gazette of BiH”, 92/08; 25/12).
- Interim Agreement on Trade and Trade-Related Matters between European Community of the one part, and the Bosnia and Herzegovina, of the other part (“Official Gazette of BiH – International Agreements”, 5/08).

Entity level

Republika Srpska

- Law on Republic Administration (“Official Gazette of the Republika Srpska” No 118/08, 11/09, 74/10, 86/10 & 24/12);
- Decision on the harmonization of RS legal system with the EU *Acquis* and legal acts of the Council of Europe (“Official Gazette of the Republika Srpska” No 46/11),
- Methodology of harmonization of RS legal system with the EU *Acquis* (“Official Gazette of the Republika Srpska” No 46/11),
- Instruction for making the ToC with EU law (“Official Gazette of the Republika Srpska” No 68/11),
- Instruction for making the SoC with EU law (“Official Gazette of the Republika Srpska” No 68/11).

Federation BiH

Brčko District BiH

- Decision on the procedures in the process of harmonization of the Brcko District of Bosnia and Herzegovina legislation with the *Acquis communautaire* (Official Gazette of the Brcko District of B&H, No. 25/09)

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

- EU Integration Strategy of Bosnia and Herzegovina (2006)
- Interim Agreement on Trade and Trade-Related Matters between European Community and Bosnia and Herzegovina (Official Gazette of BiH – International Agreements, 5/08)
- Framework agreement between BiH and Commission of the European Communities on the rules for cooperation to implement EC financial assistance to BiH under the Instrument for Pre-Accession Assistance (IPA)
- IPA Multi-annual Indicative Planning Document (MIPD) 2011-2013
- Decision on the way of appointment, relieving, rights and obligations of IPA National Coordinator, of the Council of Ministers of BiH (Official Gazette of BiH, 92/8)

- Decision on the appointment of IPA National Coordinator, of the Council of Ministers of BiH (Official Gazette of BiH, 62/10)
- Decision on the establishment of the Senior Programme Officer function in the Ministries and other administrative bodies of Bosnia and Herzegovina, on the establishment of competencies and the necessary institutional support, of the Council of Ministers of BiH (Official Gazette of BiH, 05/09)
- Decision on the appointment of members of the IPA Coordination Board (Official Gazette of BiH, 92/8)
- Strategy for introduction of Decentralized Implementation System (DIS) for management of European Community assistance programmes in BiH (2008)
- Decision on the appointment of the *National Authorising Officer* (Official Gazette of BiH, 62/10)
- Decision on the appointment of *Competent Accrediting Officer* (Official Gazette of BiH, 44/12)

FP7 programme

- Framework Law on Scientific and Research Operations and Coordination of the Interentity and International Scientific and Technical Cooperation
- Science Strategy of BiH and Action plan 2010-2015

ANNEX 4 Details per EU funded contract

Due to the nature of the Facility it is not possible to detail elements of prospective individual contracts but multiple contracts over the lifetime of the Facility (Service contracts, Twinning and Twinning Light, Framework contracts, Works contracts, Supply contracts) will be deployed in accordance with the PRAG rules. For the FP7, part of the entry ticket for 2013 will be paid.

ANNEX 5 Project visibility activities

The Project visibility activities will be undertaken according to the specific project activities implemented, in line with the EU visibility and communication rules and requirements.

The EU programmes component will be made visible through coordinators and contact points for respective EU programmes.