



**DIRECTORATE-GENERAL FOR EXTERNAL POLICIES**  
**POLICY DEPARTMENT**



**Analysis of the 2009  
annual programme for  
Bosnia-Herzegovina  
under the Pre-accession  
Instrument (IPA) in the  
context of the 2009  
enlargement package**

**AFET**



EUROPEAN PARLIAMENT

DIRECTORATE-GENERAL FOR EXTERNAL POLICIES OF THE UNION

**DIRECTORATE B**

POLICY DEPARTMENT

BRIEFING

**ANALYSIS OF THE 2009 ANNUAL PROGRAMME**

**FOR BOSNIA - HERZEGOVINA**

**UNDER THE INSTRUMENT FOR PRE-ACCESSION**

**ASSISTANCE (IPA)**

**IN THE CONTEXT OF THE 2009 ENLARGEMENT PACKAGE**

**Abstract**

The Briefing Note provides an analysis of the 2009 Annual Programme for Bosnia and Herzegovina under the IPA in the context of the 2009 'enlargement package'. It analyses the coherence of the Annual Programme with the EU overall policy objectives as specified in the pre-accession process in general and for Bosnia and Herzegovina in particular. It provides a thorough analysis of the AP, taking into account the European Commission (EC) communication on the Enlargement Strategy and Main Challenges 2009-2010, the 2009 Progress Report and the latest Multi-annual Indicative Planning Document for Bosnia and Herzegovina 2009-2011. The paper is divided into three main parts focusing on political and economic criteria as well as European standards. Each part provides a short description of the general situation and an analysis of the main problems and then analyses the consistency of the AP with the abovementioned policy framework. The briefing note closes with conclusions and recommendations.

This study was requested by the European Parliament's Committee on Foreign Affairs.

### **AUTHOR(S):**

Peter Brezáni is an analyst at the Research Centre of the Slovak Foreign Policy Association within the programmes Central and South-Eastern Europe and Economic and Development Policy

### **ADMINISTRATOR RESPONSIBLE:**

Ghiatis Georgios  
Directorate-General for External Policies of the Union  
Policy Department  
WIB 06 M 045  
rue Wiertz 60  
B-1047 Brussels

### **LINGUISTIC VERSIONS**

Original: EN

### **ABOUT THE EDITOR**

Manuscript completed on 29 January 2010

© European Parliament, 2010

Printed in Belgium

The study is available on the Internet at <http://www.europarl.europa.eu/activities/committees/studies.do?language=EN>

If you are unable to download the information you require, please request a paper copy by e-mail: [xp-poldep@europarl.europa.eu](mailto:xp-poldep@europarl.europa.eu)

### **DISCLAIMER**

Any opinions expressed in this document are the sole responsibility of the author and do not necessarily represent the official position of the European Parliament.

Reproduction and translation, except for commercial purposes, are authorised, provided the source is acknowledged and provided the publisher is given prior notice and supplied with a copy of the publication.

## EXECUTIVE SUMMARY

The Briefing Note provides an analysis of the 2009 Annual Programme (AP) for Bosnia and Herzegovina (B&H) under the Instrument for Pre-Accession (IPA) in the context of the 2009 'enlargement package'. It analyses the coherence of the AP with the EU overall policy objectives as specified in the pre-accession process in general and for Bosnia and Herzegovina in particular. It provides a thorough analysis of the AP, taking into account the European Commission (EC) communication on the Enlargement Strategy and Main Challenges 2009-2010, the 2009 Progress Report and the latest Multi-annual Indicative Planning Document (MIPD) for Bosnia and Herzegovina 2009-2011. The paper is divided into three main parts focusing on political and economic criteria as well as European standards. Each part provides a short description of the general situation and an analysis of the main problems and then analyses the consistency of the AP with the abovementioned policy framework. The briefing note closes with conclusions and recommendations.

### Main findings:

AP priorities are mostly in line with priorities set in the MIPD 2009-2011 and the Enlargement Strategy as well as adequately responsive to the assessment formulated in the 2009 Progress Report. However, some issues emphasized in these documents did not attract sufficient attention in the AP.

Political criteria: To a large extent, the list of projects corresponds with priorities emphasized in the 2009 Progress Report, Enlargement Strategy and 2009-2011 MIPD. Nevertheless, some issues would deserve more attention and funding and some are completely lacking in the AP. Current constitutional arrangements do not comply with EU standards and criteria. Constitutional reform is a major issue for the country and it is largely neglected in the AP. The 2009 AP does not sufficiently respond to diversified needs of civil society. The AP also neglects the fields of human and minority rights. In the area of Public Administration reform, special attention should be paid to the development and implementation of B&H State-level strategies for a variety of areas and sectors. Two of the priorities laid down in the Enlargement Strategy – regional cooperation and communication of EU enlargement – are also absent in the AP. Judicial reform is well covered, but the AP neglects the Court of B&H.

Economic criteria: IPA 2009, Part I is in line with the priorities set forth in the Enlargement Strategy regarding the financial assistance for aspiring countries to alleviate the impact of the global economic and financial crisis. IPA 2009, Part II is generally in line with all analysed documents, however, SME support projects for both parts of AP 2009 do not sufficiently address issues which were evaluated negatively in the 2009 Progress Report. Specific attention should be paid to education, including pre-school education and youth education, as well as lifelong learning and vocational training. Additional attention should be paid to requalification of workers in order to improve their ability to respond to the challenges of the labour market. More appropriate and efficient financial support schemes should be created. Application and decision-making timelines should be shortened, while the whole process should remain transparent at all levels.

European standards: The AP is generally in line with all analysed documents. However, agriculture and rural development projects, although well covered, do not tackle major issues such as the lack of necessary legislation to implement the Framework Law on Agriculture, Food and Rural Development, and support for the adoption and implementation of a comprehensive agriculture and rural development strategy. The area of justice, freedom and security, the area of the environment as well as the sector of energy (except for the project Cijevna III) are absent in the AP 2009, although the Progress Report as well as MIPD identify substantial deficiencies in these sectors. The project supporting preparations for the 2011 census is questionable since legislation required to carry out the census has not yet been adopted.

### **Main conclusions and recommendations:**

- Constitutional reform is a major issue for the country and it is largely neglected in the AP. Current constitutional arrangements do not comply with EU standards and criteria, as, for instance, the recent ruling by European Court of Human Rights in the case Sejdić/Finci states. The Progress report also identifies problems which cause partial failure in drafting and implementing EU-related reforms. Among others, it highlights the dysfunctionality of the State, the political abuse of power-sharing mechanisms at the the State-level, and the unclear division of powers and competencies among different institutions and levels of government. As a consequence, constitutional reform should be given the highest priority in all EU documents and in IPA Programmes. A comprehensive strategy and guidelines on EU standards should be drafted jointly between EU institutions and local civil society, experts and institutions.
- Human and minority rights should be given more attention in AP programming. Bosnia and Herzegovina is eligible for European Instrument for Democracy and Human Right (EIDHR), through which projects focused on social inclusion and citizens' participation could be financed. This is, however, not exhaustive to address all insufficiencies detected in the area of human and minority rights, especially concerning the discriminatory elements in B&H Constitution regarding citizens and minorities.
- Civil Society is marginalized in all analysed documents. More specifically, the 2009 AP does not respond to diversified needs of civil society and does not grasp the many potential benefits this crucial actor can offer. Civil society should be given more attention both in EU documents and in IPA programming. Having IPA programming more focused on supporting civil society in drafting EU integration-related outputs could help advance cooperation with the government, strengthen civil society in its role as a 'watchdog', and provide the wider population with expert and comprehensive information on EU integration. In this regard, projects like "Convent on the EU in B&H", which encompasses dialogue between all crucial sectors of society can serve as both an example and a consultative source for subsequent IPA programming.
- Regional cooperation: While identified as a topmost priority in the Enlargement Strategy and otherwise stressed as being of utmost importance in all other EU documents related to the Western Balkans, regional cooperation is absent from the AP. Increased attention should be paid to regional cooperation in IPA programming. A regional dimension should be considered in all areas.
- Judicial reform is well covered, but the AP neglects the Court of B&H. This critical institution is in a rather vulnerable situation owing to budget cuts in 2009 and to the recent decision by the Office of the High Representative (OHR) to renew the mandates of foreign judges and prosecutors for war crimes only. Moreover, an anti-corruption body with clearly defined competencies should be established with IPA support. The fight against corruption will not become more efficient and intensive unless judiciary independence, accountability and efficiency are enhanced.
- Public Administration reform is well covered, however special attention should be paid in IPA programming to the development and implementation of B&H State-level strategies for a variety of areas and sectors. Lack of State-level strategies represents a crippling obstacle in drafting and implementing comprehensive development plans. This will cause serious setbacks in managing EU funds, especially structural funds. Besides the development of the above mentioned State level strategies, additional attention should be paid to increasing efficiency in IPA decentralization (in the sense of taking over the IPA implementation by a local institution). These two processes should be parallel and complementary. Also, better local mechanisms should be organized for the consultative phase in IPA programming. In general, the involvement of national bodies in the EC programming process should be supported in order to increase their ownership.

- Agriculture and rural development are well covered with diversified projects under AP 2009. However, the document neglects the most important issues in this sector, i.e. the lack of necessary legislation to implement the Framework Law on Agriculture, Food and Rural Development, and the lack of a comprehensive agricultural and rural development strategy, which are defined as priorities in MIPD 2009-2011.
- Whereas the environment and the energy sectors are two strategic sectors concerning EU priorities, both are absent in the AP. This is alarming especially due to the fact that B&H has not developed a comprehensive energy strategy and does not fulfil the obligations deriving from the Energy Community Treaty. Both sectors should be given increased attention in IPA programming, having in mind the existing deficiencies in both sectors (lack of strategic documents and of a comprehensive legal framework). Possibilities of developing natural gas interconnections between B&H and other countries of the region should be considered.
- Specific attention should be paid to education, including pre-school education and youth education, as well as to lifelong learning and vocational training. Additional attention should be paid to requalification of workers in order to improve their ability to respond to the challenges of the labour market.
- More appropriate and efficient financial support schemes should be created. Application and decision-making timelines should be shortened, while the whole process should remain transparent at all levels.

## **TABLE OF Contents**

<b>EXECUTIVE SUMMARY</b>	<b>III</b>
MAIN FINDINGS:	III
MAIN CONCLUSIONS AND RECOMMENDATIONS:	IV
<b>1 INTRODUCTION</b>	<b>2</b>
<b>2 POLITICAL CRITERIA</b>	<b>2</b>
2.1 ANNUAL PROGRAMME	4
2.2 ASSESSMENT	4
<b>3 ECONOMIC CRITERIA</b>	<b>5</b>
3.1 ANNUAL PROGRAMME	5
3.2 ASSESSMENT	6
<b>4 EUROPEAN STANDARDS</b>	<b>6</b>
4.1 ANNUAL PROGRAMME	7
4.2 ASSESSMENT	7
<b>5 CONCLUSIONS</b>	<b>8</b>
RECOMMENDATIONS	9
<b>BIBLIOGRAPHY</b>	<b>11</b>

## 1 INTRODUCTION

This Briefing note provides an analysis of the 2009 National Programme<sup>1</sup> for Bosnia and Herzegovina under the IPA in the context of the 2009 'enlargement package'. The request specifies that the Briefing note should:

- 1 Analyse the coherence of the AP with the EU overall policy objectives as further specified in the pre-accession process in general and for Bosnia and Herzegovina in particular.
- 2 Assess the pertinence of the elements of analysis included in the AP and their potential to respond to the conditions/needs identified in the country concerned.
- 3 Provide recommendations concerning the adjustments that could be made to planning and implementing future EU activity in the country concerned.

A thorough analysis of the AP was carried out taking into account the European Commission (EC) communication on the Enlargement Strategy and Main Challenges 2009-2010 (2009), 2009 Progress Report (14 October 2009) and the latest Multi-annual Indicative Planning Document for Bosnia and Herzegovina 2009-2011.

The paper is divided into three main parts focusing on political and economic criteria as well as European standards. Each part provides a short description of the general situation and an analysis of the main problems and then analyses the consistency of the AP with the abovementioned policy framework. The briefing note closes with conclusions and recommendations.

## 2 POLITICAL CRITERIA

According to the 2009 Progress Report, B&H made no progress in constitutional reform, which remains a key priority. Current constitutional arrangements do not comply with EU standards and criteria. They cause partial or complete failure in drafting and implementing EU-related reforms. All other criteria set forth by the EU fail to be met owing to the state's internal organization. In addition, the existing constitution is in violation of European Convention on Human Rights and such infringement has been repeatedly emphasized by the EU.

The Parliament's functioning is still ineffective owing to the abuse of entity voting by representatives from Republika Srpska (RS). The performance of Presidency, Council of Ministers and State-level agencies has been poor. A number of institutions have suffered from ethnically and party-based political struggle over appointments.

The fragmentation of the policy-making process between state and local entities remains the main obstacle to an efficient governmental work. Mechanisms established to facilitate coordination in policy-making, drafting of laws and implementation of reforms have been politically obstructed. For instance, the necessary legal framework for the 2011 population census has not yet been adopted.

Lack of legislation harmonization of legislation among the different layers of governance remains an important impediment to an effective functioning of B&H as a state. Both entities have local self-government legislation mostly in line with the European Charter for Local Self-Government. However, State-level authorities have no powers over local self-government, which complicates compliance with B&H's international obligations in this area.

---

<sup>1</sup> Referred to as the National Programme, Annual Programme or AP hereinafter.

There has been some progress in public administration reform. However, the implementation rate of the Strategy<sup>2</sup> and the Action Plan reached only 36% as of July 2009. Civil service remains under strong political influence.

New State Ombudsmen have been appointed, but Republika Srpska's (RS) refusal to close down its Ombudsman's Office hampers the implementation of the B&H 2006 Ombudsman Law.

Judicial system reform has been limited, the major identified causes being the complex structure of the judiciary, and the lack of a single budget. A crucial identified problem is the absence of a B&H Supreme Court which could foster harmonization among the four internal jurisdictions. Additional problems are political interference in the judicial system, and constant challenges to the jurisdiction and the competences of the state-level judicial agencies by the RS government.

Performance of the B&H court was evaluated as satisfactory. Concerns were however expressed over the resistance by political leadership, primarily from the RS, to extend the mandate of foreign judges and prosecutors involved in both areas after 31 December 2009.

Progress in fighting corruption has been marginal, with a new Strategy for the fight against corruption 2009-2014 adopted together with a related Action Plan.

Concerning civil society organizations, very limited progress has been made in implementing the Agreement on cooperation between the civil society sector and the Council of Ministers of B&H. As a consequence, the role of the Civil Society Board has been limited. Projects like "Convent on the EU in B&H", currently implemented in B&H, can be used as a consultative source in programming AP. This project has established a platform for expert-based debate, exchange and cooperation between key actors (civil society representatives, institutions and private sector, experts, and media) on major issues related to EU integration.

Improvement in human rights and protection of minorities has been limited, owing to shortcomings in the implementation of the legal framework.

B&H has ratified the Council of Europe Framework Convention on National Minorities. Like in many other areas, problems stem from an implementation gap rather than from a lack of legal framework. Due to the delay in constitutional reform, national minorities are excluded from the State-level House of Peoples and Presidency. In relation to this, the European Court of Human Rights ruled in December 2009 the B&H Constitution to be in breach of the European Convention on the Protection of Human Rights and requires it to be changed accordingly in foreseeable future. In the Sejdić/Finci case Mr. Sejdić, declared Roma, and Mr. Finci, declared Jew, complained against the constitutional impossibility for representatives of minorities to compete for a seat in B&H Presidency and to have seats allocated in the House of Peoples on the State-level.

Concerning the freedom of expression, it has been observed that media and journalists are under alarmingly increasing pressure from the political sphere and criminal groups.

Though regional cooperation is considered to be one of the prerequisites of B&H integration to the EU, only limited progress has been achieved in this field. There is also a need for better communication on EU integration towards B&H citizens.

---

<sup>2</sup> Available at: <http://parco.gov.ba/eng/?page=110>.

## 2.1 Annual Programme

Projects to be funded by IPA 2009 which fall under political criteria are the following:

- Judiciary with EUR 4,000,000;
- Constitutional reform with EUR 1,000,000;
- Preparation for IPA components III and IV with 1,000,000;
- Civil Society with EUR 3,000,000;
- Cultural heritage with EUR 4,000,000;
- Anti-corruption with EUR 500,000;
- National Planning Process and Presidency with EUR 2,000,000.

## 2.2 Assessment

To a large extent, the list of projects for the first axis corresponds with priorities emphasized in the Progress Report and other mentioned documents. However, some projects are not given the funding they deserve. More importantly, some significant areas and issues, also mentioned in analysed documents are completely lacking in the AP.

The 2009 Progress Report identifies as major challenges the structural organization of the country and the lack of cooperation between entities and State, which point to one direction – constitutional reform. Constitutional reform should be identified as a top priority. Against that background, an allocation of 1,000,000 under a single service contract is not sufficient.

The Progress Report for 2009 emphasizes concern over the local resistance to renew the mandate of foreign judges and prosecutors involved in cases of war crimes, organized crime and corruption in the Court of B&H. The OHR imposed the decision to renew mandates of judges and prosecutors working on war crimes cases, while those dealing with organized crime and corruption cases are to remain only in the capacity of advisors. This is evaluated as posing a serious threat to the satisfactory work of the Court of B&H and to the rest of the judiciary for various reasons, including interruption in case flow, setbacks in current high-level investigations (such as the investigation on Milorad Dodik), increased vulnerability to political pressure and interference. These challenges are not addressed by the AP 2009.

In the case of civil society, EUR 3,000,000 are to be allocated to CSOs in two areas: encouragement of dialogue between the Government of B&H and civil society on the reform agenda, and increased readiness of civil society to fight against corruption in B&H. The first area should primarily cover the ongoing project of the Civil Society Board, which was criticized in the Progress Report for poor performance in 2009. It may, however, seem to be more important to assist NGOs, including think tanks, in producing or co-producing jointly with the government expert-based products which will serve as concrete grounds for advancing cooperation with the government and enhancing CSOs role in the policy process. Overall, there is a little attention paid in the AP to the diverse needs of civil society and the diverse benefits to society which may come from this crucial social actor.

One of the important areas neglected by the AP are human and minority rights. True, B&H is still eligible for European Instrument for Democracy and Human Rights (EIDHR) funds, and EUR 1,200,000 are allocated within the Country based support scheme for 2009. Yet, the absence of projects dealing with human and minority rights in IPA 2009 is not satisfactory

Two of the priorities laid down in the Enlargement Strategy and Main Challenges 2009-2010, namely regional cooperation and communication of EU enlargement are also absent in the AP.

### **3 ECONOMIC CRITERIA**

The 2009 Progress Report stresses the negative impact of the global crisis on the B&H economy, reflected in significant slowdown of the economy and unemployment remaining at a very high level (approximately 40%).

In 2008, real GDP growth fell to 5.4% as compared to 6.8% recorded in the previous year. The current account deficit increased to 14.7% of GDP in 2008 as compared to 12.7% in 2007. The annual inflation rate became negative in May 2009 and reached -1.2% in July as compared to nearly 10% a year earlier. Fiscal and monetary stability was preserved due to the timely and appropriate reaction of the Central Bank to international financial crises. The monetary policy of the Central Bank continued to be under currency board agreement, with Euro as the anchor currency. Budget revenues weakened in 2008, but expenditures rose sharply, mainly due to an increase in wages and social benefits. Therefore, the quality of public finances deteriorated further, characterized mainly by a dramatic increase in current expenditure.

B&H negotiated a 1.15 billion loan for a three-year period with the IMF. While there was some progress in the coordination of economic policy, commitment to structural reforms remained uneven. The private sector's share in GDP remained stable at around 60% in 2008. The privatization process in general did not advance.

There have been limited reforms in improving the business environment. Aside from bureaucratic obstacles, business continues to suffer from political instability, a high tax burden, and slow contract enforcement.

Concerning the financial sector development, despite global financial crises, the B&H financial sector remained sound and well-capitalized, without serious liquidity problems. However, stock markets experienced significant losses.

Market economy still does not function properly, owing to excessive state intervention and lack of competition. Additionally, there has been only limited progress towards creation of a single economic space within the country. There were no major changes in the sectoral structure of the economy in 2008, with services accounting for 54% of GDP, industry for 23% and agriculture for 7%. Small and medium enterprises (SME) continued to contribute to employment and economic growth. The first countrywide SME strategy has been adopted by the Council of Ministers. State intervention in the economy is still high.

Overall, the economy suffers from the complex internal arrangement of state. However, the overall evaluation is that the level of integration of trade and investment with the EU remained fairly high in 2009.

The Enlargement Strategy and Main Challenges 2009-2010 identifies economic crises as a primary challenge, and stresses the need to provide financial assistance to aspiring countries. The IPA crisis fund has been created at a value of 200 million to be allocated in the form of grants, which will leverage investments for at least 1 billion, co-financed by IFI. This fund is to be channelled into the banking sector, infrastructure projects, SMEs and job creation.

#### **3.1 Annual Programme**

*IPA 2009 – Part II* regarding economic criteria is generally in line with priorities and requirements set forth in all analysed documents. However, priorities have been narrowed down based on several economic indicators reflecting the impact of global economic and financial crises on B&H.

Projects to be funded by IPA 2009 – Part II which fall under economic criteria are the following:

- SME support with 3,500,000
- Labour and education with 5,000,000

*IPA 2009 – Part I* regards the measures to alleviate the impact of the financial and economic crises as proposed in the European Economic Recovery Plan announced by the Commission on November 27<sup>th</sup> 2008.

Projects to be funded by IPA 2009 – Part I are the following:

- Support to SME and Deposit Insurance Agency in B&H with EUR 3,000,000
- Improvement of the regional transport infrastructure core network in B&H with EUR 14,000,000
- Construction of a small hydro power plant Cijevna III with EUR 5,500,000
- Rehabilitation and construction of the water supply and sewerage collection infrastructure in B&H with EUR 16,500,000

### **3.2 Assessment**

IPA 2009 – Part I is in line with priorities set forth in the Enlargement Strategy and Main Challenges 2009-2010 regarding the financial assistance for aspiring countries to alleviate the impact of the global economic and financial crisis.

IPA 2009 – Part II is generally in line with all analysed documents.

However, SME support projects do not address adequately the issues evaluated negatively in the Progress Report 2009. Progress in implementing the European Charter for Small Enterprises continued but was slow on State-level. In April 2009, the countrywide strategy for SMEs was adopted, which includes the establishment of the Council of Entrepreneurship, but it does not include State-level SME Agency and fund. Instead, functions of SME Agency are to be incorporated within a sector in the Ministry of Foreign Trade and Economic Relations. The main criticism in the Progress Report 2009 concerns the lack of a plan to implement such a mechanism; furthermore it targets the fact that the same body will, at the same time, develop and implement SME policies. Projects proposed in 2009 AP, however, do not address sufficiently any of the mentioned issues but focus on the introduction of Quality Management Systems (QMS) and the improvement of business infrastructure.

The Cijevna III project is the first hydro-power project carried out in B&H with EC, IFI or bilateral funds. The proposed project is therefore considered to be a pilot project. What has to be kept in mind for future reference is the lack of B&H State energy strategy, which should be one of the top priorities among the European Standards areas.

## **4 EUROPEAN STANDARDS**

In the majority of areas under European Standards, B&H made only limited progress. There has been limited progress in the area of social policies, employment and public health policy. Almost no progress has been made in approximating labour law, entirely lacking at State level. However, there has been some progress in the field of education, culture and research, including the fact that B&H has now begun to participate in the 7<sup>th</sup> Framework Programme for Research and Development.

In the area of agriculture and fisheries, some progress has been made. However, the Framework Law on Agriculture, Food and Rural Development (2008) has not been implemented, due to the lack of necessary

implementing legislation. In general, the 2009 Progress Report emphasizes the necessity to strengthen State level capacities in the field of agriculture and rural development.

In the field of energy, progress was very limited. B&H is not yet fulfilling the obligations deriving from the Energy Community Treaty. Progress was only limited in the area of energy efficiency and renewable energy. Even though critically important, an energy strategy has not yet been drafted. Concerning the environment, progress was in all sub-areas limited, with B&H lacking capacity to cover the sector. Environmental protection agencies at State level need to be strengthened.

In the area of the police force, progress was limited. The police force remains fragmented and there is a significant lack of cooperation and of exchange of information. The first phase of police reform has been delayed, while a second phase is pending due to the delay in constitutional reform. On the other hand, notable progress has been made in the area of justice, freedom and security due to the pressure exercised by the requirements to be met for obtaining visa liberalization.

Concerning the fight against organized crime, some progress has been made, but institutional fragmentation of police forces, lack of common threat assessments and lack of joint strategic planning among different police bodies remain a major obstacle to the fight against organized crime.

#### **4.1 Annual Programme**

Projects to be funded by IPA 2009 which fall under European standards criteria are the following:

- Economic and Fiscal Policy with EUR 2,000,000
- Single Market Integration with EUR 3,900,000
- Statistics – Census with EUR 2,000,000
- Agriculture and Rural Development with EUR 3,400,000
- Veterinary and Phytosanitary Support with EUR 3,200,000

#### **4.2 Assessment**

Projects under agriculture and rural development do not tackle major issues evaluated negatively in the Progress Report 2009. These include the lack of necessary legislation to implement the Framework Law on Agriculture, Food and Rural Development, and the provision of support for the adoption and implementation of a comprehensive agriculture and rural development strategy, which are set forth as one of the priorities in Multi-annual Indicative Planning Document 2009-2011.

The sector of environment is absent in IPA 2009, even though it is one of the priorities set in MIPD 2009-2011 and despite the fact that the Progress Report 2009 identified basic institutional and legal deficiencies in this sector.

The sector of energy is almost absent in IPA 2009, except for the project Cijevna III financed under IPA 2009 – Part I. Progress Report 2009 identifies substantial deficiencies in this sector, including the lack of state energy strategy and failure of B&H to fulfil the obligations deriving from the Energy Community Treaty. At the same time, all analysed documents consider the energy sector as a priority. Such importance should be reflected in future IPA programming.

The area of justice, freedom and security is also absent from IPA 2009, although it is a priority in all analysed documents and represents an important segment in meeting requirements for visa liberalization.

The project supporting preparations for the 2011 census is questionable since legislation required to carry out the census has not yet been adopted.

Otherwise, IPA 2009 is generally in line with analysed documents.

## 5 CONCLUSIONS

IPA implementation in B&H has been significantly delayed, with IPA 2007 allocation of funding under way and implementation of IPA 2008 being in a preparatory phase. One of the reasons for such delay was the introduction of VAT and the status of IPA within the VAT framework. Other important causes of delay are the complex institutional and political environment in the country, significant delays in ratifying the 2007 and 2008 IPA Financing Agreements, as well as political difficulties in appointing a National IPA Coordinator. Such delay also entails questioning the adequacy of projects to respond to the needs identified at the time when priorities were set. However, B&H progress in EU integration in the past two years has been limited but not to the point where it could be assumed that the vast majority of projects are outdated.

IPA is still implemented by the Delegation of the European Commission in Sarajevo. However, there have been steps undertaken leading to decentralization. The National Fund and the Central Financial and Contracting Unit (CFCU) in the Ministry of Finance and Treasury have been established to that purpose, but little progress has been made during 2009 with respect to the capacity of these institutions.

For the past three years B&H has performed only marginal progress in the process of EU integration. Major reasons are:

- Constitutional arrangements of B&H, which are complex, inherently contradictory and favour political struggles; Political crises generated primarily by RS leadership;
- Weak response to political crises by the EU and the international community. The EU lacks a comprehensive strategy towards B&H and often negotiates EU standards and criteria when confronted with political crises.

AP priorities are mostly in line with priorities set in MIPD 2009-2011 and the Enlargement Strategy as well as adequately responsive to the assessment formulated in the 2009 Progress Report. However, some issues did not attract sufficient attention:

- Constitutional reform is a major issue for the country and it is largely neglected in the AP. Current constitutional arrangements do not comply with EU standards and criteria, as, for instance, the recent ruling by the European Court of Human Rights in the Sejdić/Finci case. The Progress report also identifies problems which cause partial failure in drafting and implementing EU-related reforms. Among others, it highlights dysfunctionality of the State, the political abuse of power-sharing mechanisms at State-level, and the unclear division of powers and competencies among different institutions and levels of government.
- Human and minority rights: Bosnia and Herzegovina is eligible for European Instrument for Democracy and Human Right (EIDHR) funds, through which projects focused on social inclusion and citizens' participation could be financed. This is, however, not exhaustive to address all insufficiencies detected in the area of human and minority rights, especially concerning the discriminatory elements in the B&H Constitution regarding citizens and minorities.
- Civil Society is marginalized in all analysed documents. More specifically, the 2009 AP does not respond to diversified needs of civil society and does not grasp the many potential benefits this crucial actor can offer.

- Regional cooperation: While identified as a topmost priority in the Enlargement Strategy and otherwise stressed as being of utmost importance in all other EU documents related to the Western Balkans, regional cooperation is absent from the AP.
- Judicial reform is well covered, but the AP neglects the Court of B&H. This critical institution with a satisfactory track record in other EU priorities (e.g. war crimes, and the fight against organized crime and corruption) is in a rather vulnerable situation owing to budget cuts in 2009 and to the recent decision by the OHR to renew the mandates of foreign judges and prosecutors for war crimes only. Moreover, an anti-corruption body with clearly defined competencies should be established with IPA support.
- Public Administration reform is well covered; however special attention should be paid in IPA programming to the development and implementation of B&H State-level strategies for a variety of areas and sectors. Lack of such strategies represents a crippling obstacle in drafting and implementing comprehensive development plans. This will cause serious setbacks in managing EU funds, especially structural funds.
- Agriculture and rural development are well covered with diversified projects under AP 2009. However, the document neglects the most important issues in this sector, i.e. the lack of necessary legislation to implement the Framework Law on Agriculture, Food and Rural Development, and the lack of a comprehensive agricultural and rural development strategy, which are defined as priorities in MIPD 2009-2011.
- Whereas the environment and the energy sectors are two strategic sectors concerning EU priorities, both are absent in the AP. This is alarming especially due to the fact that B&H has not developed a comprehensive energy strategy and does not fulfil the obligations deriving from the Energy Community Treaty.

## **Recommendations**

- Constitutional reform should be given the highest priority in all EU documents and in IPA Programmes. A comprehensive strategy and guidelines on EU standards should be drafted jointly between EU institutions and local civil society, experts and institutions.
- Human and minority rights should be given more attention in AP programming.
- Civil society should be given more attention in both EU documents and in IPA programming. IPA programming should be focused on supporting civil society in drafting EU integration-related outputs which will advance cooperation with the government, strengthen the role of civil society as a 'watchdog', and provide the wider population with expert and comprehensive information on EU integration. In this regard, projects like 'Convent on the EU in B&H', which encompasses dialogue between all crucial sectors of society can serve as both an example and a consultative source for subsequent IPA programming.
- Increased attention should be paid to regional cooperation in IPA programming. A regional dimension should be considered in all areas, e.g. civil society, transport and energy.
- An anti-corruption body with clearly defined competencies should be established. The fight against corruption will not become more efficient and intensive unless the judiciary's independence, accountability and efficiency are enhanced.
- Special attention should be paid to IPA programming to the development and implementation of B&H state level strategies for a variety of sectors.

- Besides developing of the above mentioned state level strategies, additional attention should be paid to increasing efficiency in IPA decentralization (in sense of taking over of IPA implementation by a local institution). These two processes should be parallel and complementary. Also, better local mechanisms should be organized for the consultative phase in IPA programming. In general, the involvement of national bodies in the EC programming process should be supported in order to increase their ownership.
- In the agriculture and rural development sector, support should be provided for improving strategic documents and the legal framework.
- Energy and environment should be given increased attention in IPA programming, having in mind the existing deficiencies in both sectors (lack of strategic documents and of a comprehensive legal framework). Possibilities of developing natural gas interconnections between B&H and other countries of the region should be considered.
- Specific attention should be paid to education, including pre-school education and youth education, as well as lifelong learning and vocational training. Additional attention should be paid to requalification of workers in order to improve their ability to respond to the challenges of the labour market.
- More appropriate and efficient financial support schemes should be created. Application and decision-making timelines should be shortened, while the whole process should remain transparent at all levels.

**Peter Brezáni** is an analyst at the Research Centre of the Slovak Foreign Policy Association within the programmes Central and South-Eastern Europe and Economic and Development Policy.

## **BIBLIOGRAPHY**

COMMISSION OF THE EUROPEAN COMMUNITIES (2009a): Bosnia and Herzegovina 2009 Progress Report (SEC(2009) 1338), Brussels.

[http://ec.europa.eu/enlargement/pdf/key\\_documents/2009/ba\\_rapport\\_2009\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2009/ba_rapport_2009_en.pdf).

COMMISSION OF THE EUROPEAN COMMUNITIES (2009b): Enlargement Strategy and Main Challenges 2009-2010 (COM(2009) 533), Brussels.

[http://ec.europa.eu/enlargement/pdf/key\\_documents/2009/strategy\\_paper\\_2009\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2009/strategy_paper_2009_en.pdf).

COMMISSION DECISION C(2009)6272 of 11/08/2009 on adopting a National Programme for Bosnia and Herzegovina under the IPA – Transition Assistance and Institution Building Component for the year 2009 – Part I;

Annex IPA 2009 – National Programme – Bosnia and Herzegovina Part I

COMMISSION DECISION C(2009)8407 of 29/10/2009 on adopting a National Programme for Bosnia and Herzegovina under the IPA – Transition Assistance and Institution Building Component for the year 2009 – Part II;

Annex IPA 2009 – National Programme – Bosnia and Herzegovina Part II

INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA), Multi-annual Indicative Planning Document (MIPD) 2009-2011. Bosnia and Herzegovina (2009),

<http://www.delbih.ec.europa.eu/files/docs/en/ipa/BiHMIPD2009-2011AnnexMainEN.pdf>.

## DIRECTORATE-GENERAL FOR EXTERNAL POLICIES

# POLICY DEPARTMENT

## Role

Policy departments are research units that provide specialised advice to committees, inter-parliamentary delegations and other parliamentary bodies.

## Policy Areas

Foreign Affairs  
Human Rights  
Security and Defence  
Development  
International Trade

## Documents

Visit the European Parliament website: <http://www.europarl.europa.eu/studies>

