



European
Commission
Delegation
to BiH

EU Newsletter



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Europe honours the victims of Srebrenica and their families

Commissioner Rehn travelled to Srebrenica on July 11 to honour the Srebrenica victims and their families on the 10th anniversary of the fall of the enclave, and to express Europe's support for peace, reconciliation and democratic development.

Prior to his voyage, Commissioner Rehn addressed the Plenary Session of the European Parliament in Strasbourg, stating that we have a duty to remember, so that there will be no other Srebrenicas and ethnic hatred and destructive nationalism will be definitely buried, in Bosnia and Herzegovina, in the Balkans, and in the whole of Europe.

He added that reconciliation is a very painful process after such a devastating war and violations of the most fundamental rights, but it is a necessary process, of which justice is an essential element. He noted that there can be no reconciliation until war crimes suspects are held accountable and that co-operation with the ICTY has constantly improved, but more needs to be done, as war criminals should have no place in the region - their place is in the Hague.

The European Union, as the greatest reconciliation project ever, can serve as an example of what can be achieved. Commissioner Rehn therefore expressed his satisfaction that the European Council confirmed the Union's commitment to enlargement and the European future of the Western Balkans. He pledged to continue to assist these countries to become stable, democratic and prosperous societies, adding that building a better future in the region is the best way to commemorate the victims of Srebrenica.

Jasenovac Bridge Once Again Open to Traffic

On June 22, 2005, the Jasenovac bridge, spanning the river Sava, was officially opened by Barisa Colak, Minister of Security of Bosnia and Herzegovina and Deputy-chairman of the Council of Ministers; Ivo Sanader, Prime Minister of Croatia and Ambassador Michael B. Humphreys, Head of the European Commission Delegation to BiH.

The reconstruction of Jasenovac bridge was co-funded by the the European Union, on behalf of Bosnia and

Herzegovina, and the Republic of Croatia. Four million Euro were provided for Jasenovac bridge, with an additional one and a half million for the adjoining bridge over the river Una.

The European Union has financed key local and international bridges, which link Bosnia and Herzegovina and neighbouring states. A total of over twenty-one and a half million Euro have supported the reconstruction of these vital communication links.



Reconstruction of road and railway bridges in Bosnia and Herzegovina financed by the European Union

"Know Your Rights" campaign

Refugee Return Service, RRS, implemented a fifteen-month public information campaign in the municipalities of Glamoc, Drvar, Bosansko Grahovo, Bosanski Petrovac and Sanski Most. The aim of the "Know your Rights" campaign was to inform returnees of the necessary administrative procedures to register for health insurance, pensions or in the employment bureau.

The EC provided over € 71,000 with which RRS produced posters, leaflets and other promotional material, as well as organising conferences and other forums for debate. The estimated target audience was 20,000 returnees in Cantons 1 and 10, with an estimated indirect audience of up to 60,000 people, the approximate population of the five target municipalities.

The project's success is most easily measured by the increased number of returnees who have attained the rights which were the subject of this campaign. The greatest increase is seen in the number registered in the employment bureaus, which simultaneously provides the right to health insurance for the head of household and dependants and, in certain cases, to unemployment benefits. The number of returnees who have managed to register to receive their pension in the place of return also increased, although the legal framework regulating such relations between the two entity pension funds is still outstanding.

At the Press Conference marking the end of the project, Ambassador Michael B. Humphreys stressed the importance the EU has placed on supporting return. Although the reconstruction of housing units is the most costly component of such support, initiatives such as the RRS campaign are of vital importance as civil society must itself assume responsibilities to ensure that return is successful. He stated that NGOs can and must pressure the government to deliver the services the people of BiH deserve.



UK takes over the Rotating Presidency

On July 1, 2005, the United Kingdom assumed the rotating Presidency of the Council of the European Union, which it will hold for the next six months. The UK's priorities for the Presidency are economic reform and social justice; security and stability, and Europe's role in the world.

The Presidency of the Council of the European Union has three essential functions:

- Organising and chairing meetings of the Council and its working groups.
- Representing the Council in its work with the other

institutions and bodies of the EU as well as internationally, for example in the United Nations and World Trade Organisation. The Presidency also represents the EU in its relations with countries outside the Union.

- Ensuring that outstanding negotiations from the previous Presidency are taken forward, and if necessary are handed on to the following Presidency.

This is the sixth time the UK has held the Presidency, having last held it in 1998. The UK took over from Luxembourg, and will be handing over to Austria on 1 January 2006.



The UK in BiH

The United Kingdom has been an important bilateral donor in BiH since 1992 through its Department for International Development, DFID.

DFID is currently helping the BiH government to plan its own strategy for economic and social development and to ensure that it is affordable within the National Budget. DFID also supports civil service reform, the design and introduction of a new business registration system and development of the labour and social policy sectors.

The EC Delegation to BiH expresses its heartfelt condolences to Londoners, and the United Kingdom overall, for the tragic deaths of so many people in the deplorable terrorist bombings of July 7.



Europe Day

This year, the gala concert commemorating Europe Day was held for the first time in the building housing the BiH state institutions. The event was co-hosted by Ambassador Michael B. Humphreys and Mr Adnan Terzic, Chairman of the Council of Ministers of BiH, both of whom addressed the audience and spoke of their hopes that very soon BiH will meet the necessary conditions to sign the Stabilisation and Association Agreement.

“Youth Symphony Orchestra of South Eastern Europe” performed a selection from renowned European composers. Orchestra conductor Sinisa Markovic handed over his baton to Ambassador Humphreys for him to lead the opening, Beethoven's ninth symphony “Ode to Joy”, which is also the European anthem. The event was broadcast live on BHT1.

Interview - Osman Topcagic, Director, Directorate for European Integration



There were great expectations that the 6th CTF meeting last May would result in a positive assessment for BiH to sign a Stabilisation and Association Agreement, but failure to progress on two feasibility study priorities made this impossible. Could you tell us how the CTF meeting developed, and how you see the way forward for BiH on its road to European integration?

O.T. - It is important to stress that the Consultative Task Force meeting on May 19th was also a chance to present the advances that have been made regarding the sixteen feasibility study priorities. We knew we could not expect an SAA because there was no political agreement on police reform and the parliament had not passed the Public Broadcasting System legislation, but it was important to hear how much progress has been made in other fields. The feasibility study represents a major reform package and over forty laws have been enacted to fulfil it and numerous state-level institutions have been established.

This reform process has already led to a new atmosphere in the state institutions and we continue to prepare, while waiting for agreement on the two outstanding priorities, police reform and

reform of the Public Broadcasting System. For example, there have already been excellent results following the reform of the judicial system, where Judges and Prosecutors have been nominated and have received training. As for combating money laundering, in the past there was a lack of coordination but through these reforms, SIPA was set up and then strengthened; now it directly addresses such cases.

As for the mid-term, over 200 Acts or Laws are planned to be adopted through the mid-term priorities of the European Partnership.

What are your expectations with regard to BiH signing the SAA?

O.T. - We hope that for the commemoration of the tenth anniversary of the signing of the Dayton Peace Agreement, circumstances will be such that we can begin the negotiations to sign a Stabilisation and Association Agreement.

People sometimes have the impression that the International Community in BiH decides on interventions unilaterally. Could you explain the process and role of BiH authorities in the identification and selection of projects?

O.T. - The current CARDS Programme in BiH is centralised and deconcentrated, which means that the EC Delegation takes the lead role in project management. The DEI has benefited from a well-defined and high quality technical assistance project, thanks to which it is able to recommend a decentralised system, where BiH institutions would take over the management of EU-funded projects. DEI would assume the role of national coordinating body and monitoring, with the ministry of Finance being responsible for managing the national fund and contracting. DEI is already active in the planning exercise for CARDS 2006, with our Senior Programming Officers currently engaged in preparing the programming. The results have been well received by the EC.

After 2007, the pre-accession IPA programme will be fully decentralised. This means that the programme will be prepared by us and approved by the Council of Ministers. Only then will it be submitted to the EC and Council of Europe.

Which do you believe are the priority sectors for future intervention?

Defining *Acquis Communautaire*

The *Acquis Communautaire*, (French for Community Achievements or Acquisitions) is the entire body of European laws, including treaties, regulations and directives passed by the European institutions as well as judgements laid down by the Court of Justice.

The term is most often used in connection with preparations by candidate and pre-candidate countries to join the Union. They must adopt, implement and enforce all the *Acquis* to be allowed to join the EU. As well as changing national laws, this often involves setting up or changing the necessary administrative or judicial bodies which oversee the legislation. For enlargement negotiations, the *acquis* have been divided into 31 chapters, each of which must be "closed" by the candidate.

O.T. - Infrastructure, agriculture, the environment, rural development and economic development.

What is your opinion of the (economic development) EU RED Project?

O.T. - I understand that the economic regions were formed through the interest of local government. However, they in fact strengthen BiH overall. The regional concept is very important because certain EU funds are only available for regions, not allocated per country. It is important that we prepare, so as to be ready to use such funds. In the past, some countries were unable to use such funds because they did not have the necessary structures and they had to return the unspent money - we must learn from such cases.

Are there any other EU-funded projects which you believe had a particularly high impact?

O.T. - The Single Economic Space project produced very good results, as the laws and institutions it helped create are very important.

The Directorate for European Integration was created by the Council of Ministers in 2002. Could you tell us more about its role, its internal organisation and the team working under you?

O.T. - The Directorate currently numbers around fifty staff, some thirty-five of which were inherited from the former Ministry of European Integration. The Directorate comprises three divisions: one for Integration Strategy, one for Harmonisation of the Legal System and one for the Co-ordination of Assistance. It also includes a unit which is responsible for translating the *Acquis Communautaire*.

I never tire of praising the quality of my team. They are highly trained, many holding Masters' degrees, and all speak at least one, if not several, foreign languages. It is a young team; motivated, knowledgeable and with a wide network of contacts, which is important for the proper development of our tasks.

It is expected that an additional thirtyfive positions will open in the Directorate as it is understaffed for the scope of the task ahead of us, and it is certainly much smaller than its counterparts in neighbouring countries.

What are your thoughts on the European Constitution?

Support to the BiH Government in the European Integration Process

Since November 2003, a two-year project worth 1.4 million Euro has provided technical assistance to the Directorate of European Integration, to assist in the establishment of a functioning institutional framework for the management and co-ordination of the overall EU integration and legal approximation process. Among other tasks, the project resulted in an Integration Strategy and Programme for the management and monitoring of the European Partnership and Association Agreement and has helped ensure that EC assistance is used effectively to implement the aforesaid Strategy and Programme.

The project provides expertise, advice and

assistance to the DEI team in their daily activities and has resulted in the development of individual training plans for all DEI staff members, who have also benefited from study trips to Brussels, Denmark, Lithuania and Croatia. Sixteen recently-graduated Junior Professionals were selected to receive grants to work in all the divisions of DEI up till the end of the project, thus gaining valuable professional experience. In addition, 450 civil servants have attended eighteen targeted seminars organised in the framework of the project.

A team of over thirty experts, mainly from new EU member states, has been mobilised by the consortium implementing the project.

O.T. - Like everybody else in BiH, I followed the ratification process in France and the Netherlands closely. For us, the question is what consequences this may have for BiH and the Western Balkans? It should not have any effect because the policy has already been established, but still, the EU must look closely at its own functioning. The greatest fear is that this could be used as an argument by Euro-sceptics, who could blame the outcome on the recent expansion and seek to halt further enlargement. I am convinced that all of the Western Balkans should be Members before the process can be completed and the EU must encourage that the doors remain open.

What observations have you made on the new Member States?

O.T. - The enlargement had a very positive

economic impact on the new Member States, but it also provided new opportunities for the long-term members, notably the access to new markets. Hence, new members also have something to offer when they join the Union.

What do you think BiH could offer the EU?

O.T. - First of all, BiH's geographical position means it is in on a line between existing Member States and those which are due to accede in 2007, i.e. Romania and Bulgaria. As such, membership in the Union would facilitate travel and the transport of goods, simplifying communications throughout the wider region. Furthermore, BiH offers a qualified workforce and a chance to invest in a new market. Finally, BiH presents a rich heritage and cultural life, notably burgeoning film talents, which we can be truly proud of.



SECTORAL OVERVIEW

Economic Development

Background

The first funds earmarked for economic regeneration date back to 1997, when the EC made its first contribution to the European Fund for Bosnia and Herzegovina (EFBH), a multi-donor revolving refinancing fund which enables local banks to extend long-term credits to citizens and entrepreneurs. Since then, a total of € 66 million have been made available for such financial instruments, which also serve to strengthen the banking sector.

For the past five years support for economic development projects has followed a strategic approach for specific themes and programmes, such as privatisation and enterprise restructuring, or the creation of a single economic space. Economic development includes a very wide spectrum of activities, including reforms to public procurement, job creation initiatives, reforming public services such as energy, etc. The total value of all projects funded to date is over € 118 million, with all contracts signed and managed directly by the EC Delegation to BiH.



Following a consultative process with local governments to determine the broad outlines of five sound economic regions which should ultimately correspond to the European Union's own classification of regions, three new Regional Development Agencies were established and two existing ones expanded. They receive operational support and technical assistance from the EC, but also benefit from the active support of the municipalities in their region, including co-financing support from many municipalities and cantons.

The Regional Economic Development Strategies were created through a bottom-up, participatory process which involved over 500 meetings throughout the five regions, bringing together a wide range of stakeholders including municipalities, Chambers of Commerce, NGOs, representatives of the private sector, academics, local development agencies, etc., who continue to be key partners in the development process. As such, the Strategies and their ensuing project pipelines have grassroots ownership and provide a valuable tool to ensure that funding addresses needs

identified at the local and regional level. Indeed, since their inception in December 2004, the Regional Strategies are the basis for providing grants from the RED Fund, thus ensuring effectively targeted assistance.

The main institutional counterpart for the one outstanding task - the institutional framework for RED - is the Ministry of Foreign Trade and Economic Relations (MoFTER). Future plans include the establishment of an Entrepreneurship and Development Council which will bring together all major stakeholders in a forum which can provide input to the government on policy priorities. MoFTER will also receive technical assistance to strengthen its internal department on entrepreneurship and development.

The creation of economic regions has no administrative impact, although voices of dissent have erroneously linked them with a hidden political agenda. Economic regions foster geographically balanced development, as opposed to the creation of pockets of prosperity in an economic desert. They

Sectoral Priorities

An internal Economic Development Strategy for 2007 onwards is currently being defined within the EC Delegation.

Regional Economic Development

The EC has actively supported local and regional economic development projects since 1999, first with pilot projects in Tuzla and Mostar, followed by the Quick Impact Facility in 2000, which supported job creation schemes and fostered the first local or sub-regional development initiatives.

Regional policy is a cornerstone of the Acquis Communautaire, hence EU RED, (EC support for Regional Economic Development in Bosnia and Herzegovina) has been a key project since March 2003. It comprises four major tasks: a framework for regional development; the establishment and institution building of Regional Development Agencies (RDAs); the creation of Regional Economic Development Strategies and a Project Fund that provides co-financing grants.

Ongoing RED funding

€ 3,200,000	Technical Assistance Project
€ 2,400,000	Grants for 28 SME and Tourism Development projects
€ 460,000	Operational Funding for RDAs and supply of equipment for Management Information System
€ 6,060,000	

Upcoming RED funding

€ 3,000,000	Grants for SME and Tourism Development projects. <i>Currently under evaluation.</i>
€ 1,500,000	Grant programme for Entrepreneurship and Management Training and Human Resources Development. <i>Call for proposals forthcoming.</i>
€ 2,500,000	Follow-on technical assistance project
€ 500,000	Continuation of Operational funding for RDAs
€ 7,500,000	



are also crucial for accessing and managing European funds - some new EU member states discovered that a lack of suitable structures, trained personnel, mechanisms, project pipelines or sufficient absorption capacity led to them having to return funds which they had been unable to handle. Such a predicament can be avoided, and to this effect the EC recently published a call for expressions of interest to implement a follow-on technical assistance project for the period 2005-2007, addressing SME development and Regional Economic Development in BiH.

The EC Delegation team (left to right): **Amra Becirspahic**, Senior Secretary to Head of Operations Sections I and II; **Kjartan Bjornsson**, Head of Operations Section II; **Dijana Sikima**, Secretary; **Sanja Spaic**, Project Officer; **Nadja Ohranovic**, Task Manager

Single Economic Space Project Successfully Completed

The second Single Economic Space project (SES) has successfully fulfilled its tasks over the past two years and is now drawing to a close. Both SES projects were implemented in line with the 1999 Council of Ministers' Decision on Accession to the EU and the World Trade Organisation, which provided a framework to harmonise BiH legislation with the *Acquis Communautaire* and create a single economic space in the country. To this end, the project provided support in the establishment of new institutions and legislative frameworks addressing:

- Competition
- Consumer protection
- Free movement and safety of industrial products

A new draft law on Competition was developed in co-operation with state and entity-level authorities and is currently under discussion in the BiH parliament. A Council of Competition and Offices of Competition and Consumer Protection are already operational, enabling appropriate implementation of competition law and policy. All relevant legislation is available on the Council's website (www.bihkonk.gov.ba).

A new Consumer Protection Act, which will empower consumers by providing for a range of consumer rights, must also be adopted by the Parliament. A Consumer Ombudsman system should also be established, to co-ordinate the key control and advisory bodies in the field of consumer protection and assist consumers and traders to achieve a high level of consumer protection and fair trade.

Consumer protection includes ensuring that only products which are safe are put on the market. To this end, four



framework laws have already entered into force, providing fundamental guarantees on the safety of both domestic and imported industrial products and food: "Technical Requirements for Products and Conformity Assessment", "Market Surveillance", "General Product Safety" and "Food Safety".

The Project also provided advice to Universities on developing new curricula which incorporate the concepts of a market economy and selected companies received specific in-company training and development programmes on conformity assessment procedures for their products, so that a CE-mark can be legally affixed, thus facilitating exports to the European Union.

At the SES 3rd High-Level Conference, which brought together BiH decision-makers, representatives of the international community and local and international experts, Ambassador Michael B. Humphreys urged all those concerned with promoting the protection of consumers in BiH to do all in their power to bring all the new legislation and institutions into force as soon as possible.

Competition in the European Union

The EC and national competition authorities aim to ensure that there is free and fair competition throughout the European Union by:

- Taking action against business practices which restrict competition
- Examining mergers to see if they reduce competition
- Opening up competition in areas previously controlled by state-run monopolies

- Vetting the financial support given to companies by EU national governments
- Cooperating with other competition authorities around the world

Neelie Kroes is the Commissioner responsible for Competition while Philip Lowe heads the Directorate-General for Competition.

The European Audiovisual Policy and Reform of the Broadcasting Sector in the Western Balkans



In 2003 the European Commission and the Council of Europe jointly launched an initiative to raise the level of information on European audiovisual standards in the region and to support related policy reforms. A first seminar was held in Belgrade in March 2004, to exchange information on the status quo of media policy in each country, while a second seminar in Skopje, in November of the same year, focused on the role of the broadcasting regulatory authorities within a stable and effective regulatory system.

The third regional seminar on the European audiovisual policy and reform of the broadcasting sector in the Western Balkans was held in Sarajevo on June 16-17, 2005. It brought together over sixty participants representing Public Service Broadcasters (PBS) and EC Delegations from throughout the region, as well as representatives of the EC Directorates General for Enlargement and for Information Society and Media, the Council of Europe and other relevant international organisations.

The central subjects under discussion were how to transform state television stations into genuine Public Service

Broadcasters (including how to ensure their independence from political pressure and competitiveness vis-à-vis commercial broadcasters) and how to reform the broadcasting sector with a view to European integration, notably the development of content in light of the European objective to promote cultural diversity in the audiovisual media.

Mr. Tim Cartwright, Special Representative of the Secretary General of the Council of Europe in BiH, noted that the third Summit of the Council of Europe, held recently in Poland, reiterated the commitment “to guarantee and promote freedom of expression and information and freedom of the media as a core element of our democracies”.

Ambassador Michael B. Humphreys said that the EU recognises that the system of public broadcasting in Member States is directly related to the democratic, social and cultural needs of each society, and to the need to preserve pluralism in the media. Development of a PBS in a multiethnic environment such as BiH is therefore of huge importance and the EC has provided substantial technical

assistance and state-of-the-art equipment to this effect. He noted the success story achieved with the BiH Communications Regulatory Authority, which has now taken over full control of the regulatory framework of the broadcasting media and telecommunications. However, the BiH parliament has failed to adopt the Public Broadcasting System and Service Laws for a number of years, a matter which requires urgent action.

Mr. Kemal Huseinovic, Director General of the Communications Regulatory Authority stated that broadcasting is one of the most important components of a modern society and applauded the recent signing of a twinning agreement with the Italian Regulatory Agency (a seventeen-month project, worth almost half a million Euro, signed by the EC Delegation to BiH on June 14).

At the end of the two-day seminar, the Directors of PBS of BiH, Montenegro, Macedonia and Albania signed a protocol on cooperation. They intend to act as a region vis-à-vis EU and Council of Europe funds, integrate their creative and technical capacities and participate jointly in RTV gatherings.

Regional Media Co-operation in the Western Balkans

A regional media seminar held in Tirana in May 2005 brought together journalists and EC Delegation staff from throughout the region. Three journalists from each country were invited by each Delegation, with the aim to strengthen the information capacity of all parties, to allow the journalists to analyse their role in the

communication process and to increase the awareness of EC participants on the journalists' views, as the main conveyors of EU information in their countries.

The journalists concluded that they should establish better cooperation among themselves, to better cover the regional

integration process and avoid living the new reality which is being created in an isolated way.

Sead Numanovic of *Dnevni Avaz*, Drazan Simic of *Banka* and Mirza Cubro of *Nezavisne Novine* were the representatives of BiH media chosen to attend this event.

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European Union home page: www.europa.eu.int

The EU's actions in BiH web page: www.europa.eu.int/comm/external_relations/see/bosnie_herze/index.htm

European Commission Delegation to BiH: www.delbih.cec.eu.int

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