



European
Commission
Delegation
to BiH

EU Newsletter



CARDS 2005 Financing Agreement Signed

- 49.4 million Euro to help BiH meet its commitments under the European Partnership
- Additional support for a wide range of sectors and institutions
- Projects prepared in close co-operation with State Institutions



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- EU committed to support the development of police forces in BiH
- Handover of Facial Composite Software and Computers
- Part of 2.5 million Euro worth of assistance for BiH police services



Photo courtesy of EUPM



CARDS 2005 Financing Agreement Signed

On July 22, 2005, Prime Minister Adnan Terzic and Ambassador Michael B. Humphreys, Head of the European Commission Delegation to BiH, signed the Financing Agreement for CARDS 2005 assistance programme, worth 49.4 million Euro.

The funding allocated by the European Union to BiH will support the modernisation and reform process in Bosnia and Herzegovina through the following priorities for 2005:

- strengthening of state institutions, to enable them to function efficiently and act as reliable partners for the international community;

Overview of CARDS 2005 funding

Strengthening of Institutions and Public Administration Reform - € 31.4 million

The reform process in each sector will aim at implementing the conclusions and recommendations of the functional reviews, which will form the basis of a comprehensive BiH government Public Administration Reform Strategy.

Support for the BiH Civil Service Agency; establishment of a scholarship scheme for civil servants; creation of a fiscal policy; assistance for the statistics sector; the establishment of state level customs and indirect taxation; support for the Directorate for European Integration.

Economic and Social Development - € 14.4 million

Support for: single economic space; small & medium enterprises and regional development; BiH Veterinary Agency; cooperation with international financial

institutions in the transport sector; support for the higher education system and supply of equipment for schools.

Democratic Stabilisation - € 3.1 million

Assistance in the reintegration of returnees; support for free and independent media; capacity building of BiH Ministry for Human Rights and Refugees; grants for NGOs supporting reconciliation and combating discrimination against returnees; technical assistance for the PBS system.

Participation in the Community Programmes - € 0.5 million

Participation in the Community programmes is a new step in BiH's European integration process. BiH is expected to make financial contributions to cover the cost of its participation in Community programmes; a part of these costs can be covered from the CARDS budget.

- support to public administration reform and institution building;
- economic and social development;
- democratic stabilisation.

At the signing ceremony, Ambassador Humphreys emphasized the close cooperation with State institutions which resulted in the preparation of projects that meet Bosnia and Herzegovina's political, economic and social priorities. The contribution of all BiH officials, notably from the Directorate for European Integration, was particularly efficient and appreciated.

For next year's assistance programme, CARDS 2006, the European Commission is transferring the lead responsibility in the preparation of the programme to the State of BiH. Ambassador Humphreys added that this is another example of the trust put in these institutions and of the determination to work with BiH as equal partners and support the country's progress towards the EU.

Through the CARDS Programme, the EU has provided 375 million Euro to BiH, while the overall total for all EU assistance programmes for BiH since 1991 is nearly 2.6 billion Euro.

15 Million Euro Grant for BiH

As part of its macro-financial assistance, in July 2005 the EC provided a 15 million Euro grant to BiH. In addition to the grant, a 10 million Euro loan component will be released following the completion of technical procedures.

The grant will help ease external financial constraints, support a sustainable balance-of-payment situation, secure the country's foreign exchange reserve and in general support efforts to maintain political and economic stabilisation.

This type of assistance was established in 2002 to help finance the process of reforms towards closer association with the EU and has a total value of 60 million Euro, of which two thirds as a grant and one third as a loan.

This assistance has enabled BiH to make significant progress in implementing reforms in customs and taxation, public finance and administration, the financial sector, development of the private sector and improvement of the business environment. Progress has also been achieved in economic stabilisation and reform, and BiH has made steps towards a well-functioning market economy.

New State-of-the-art Equipment for SIPA

On July 18, 2005, SIPA received thirty computers, along with a server which enables it to connect with other police services and information systems. A specialised facial composite software, which allows the digital construction of a facial image based on a verbal description given by a witness, was handed over at the same time. In this way, the European Union has once again demonstrated its commitment to support the development of police forces in Bosnia and Herzegovina.

At the handover ceremony, Ambassador Humphreys congratulated Mr Novic for ensuring that SIPA became operational and a functioning police service for the

whole country. He pointed out that fair and impartial policing is a cornerstone of any society and that public confidence in the police and legal system are essential to ensuring public confidence in the state and its government. He therefore urged the authorities to rectify some of the serious systemic deficiencies that undermine policing in Bosnia and Herzegovina today.

In recent years the European Union has provided 2.5 million Euro worth of assistance for BiH police services, including SIPA, for vital computer equipment, specialized training, telecommunications equipment and surveillance equipment.



SECTORAL OVERVIEW

AGRICULTURE

Background

Support for the agricultural sector began in the immediate post-war reconstruction period, with the distribution of livestock, machinery and tools, as part of the PHARE programme. This was followed by more structured support, with initial institutional strengthening efforts aimed at veterinary services, extension services and associations of farmers. The total value of such aid between 1996 and 1998 was €40 million, including €7 million for forestry.

An outstanding success story from this period is still ongoing: the provision of credits and micro-credits through the European Fund for Bosnia and Herzegovina's Rural Loan Programme, which targets agricultural production and related services. The livestock identification programme is another major achievement that dates back to this period.

Overall, the EU has provided €46 million to support this sector. Furthermore, although the CARDS programme does not specifically include support to agriculture, for many years support to the return process has included income-generation agricultural inputs and support to related micro and small enterprises which is not counted in this overall figure.

BiH Agriculture and the EU

In late 2000 the EC's Food and Veterinary Office banned the export of meat and animal products from BiH to the EU, until such a time as necessary conditions were met and clear control systems in place. Although at the time total exports to the



The EC Delegation Team (left to right): **Esmira Kesan**, Secretary, Natural Resources; **Kjartan Bjornsson**, Head of Operations Section Economic Development and Natural Resources; **Vesna Grkovic**, Task Manager, Natural Resources; **Jelena Milos**, Project Officer, Natural Resources

EU were negligible, with BiH's main export markets being neighbouring countries, this issue must be addressed as the trading partners in question will soon apply similar regulations as they harmonise their legislation with that of the EU, as part of their own efforts towards integration.

The State Veterinary Law of 2002 provided the legal framework for the creation of a State Veterinary Office, the administrative body, and in 2003 the Veterinary Agency became operational. With this Law and Agency, BiH was finally in a position to start addressing the ban.

It is unlikely that exports of animal products will be allowed very soon, as more progress needs to be made in this area, but the EC's upcoming assessment of the BiH veterinary services with regard to animal controls and

production conditions in fisheries is expected to initiate the process and note progress in these areas.

Sectoral Priorities

The prime concern is the overdue implementation of the recommendations of the Functional Review of the Agricultural Sector. This Review was carried out between February and September 2004, following the agreement between the BiH Council of Ministers, Entity governments and the EC in 2003 on horizontal and sectoral reviews as part of Public Administration Reform (PAR).

The Review concluded that BiH has agricultural potential compared to other European countries, but much must be done to develop it. Agriculture contributes 12% of the national GDP and 18% of

Functional Review Recommendations

- Creation of a State Ministry of Agriculture and Rural Development (MoARD), to strengthen central coordination and harmonisation and perform key functions at the state level.

- Preparation of a State Law on Agribusiness and Rural Development for better coordination and clarified allocation of competencies, so as to define the institutional capacities on the State, Entity, Canton and Municipal levels needed for future agricultural development and EU harmonisation. The Law will help to accelerate legislative and administrative procedures and avoid duplications.

- Transformation of Entity Ministries of Agriculture (MoAs) from Inspection into Development Ministries, able to actively support agricultural development. The State level administration will rely on

administrative and support functions carried out in the Entities, whose MoAs require strengthening to enable them to properly carry out planning, monitoring, administrative and support functions.

- Strengthening the institutional capacities of Cantons and municipalities for support functions close to the clients. These decentralised structures are of great value for the support and development of the sector and for implementing future decentralised EU support measures for agriculture and rural development. All ten Cantons should develop extension services in accordance with their size.

- Efficient veterinary, plant health and food safety administration, to support the sector and fulfil key EU requirements. The responsibility for veterinary, food safety and plant health administration should be concentrated at the State and Entity/District level, with cantonal and municipal authorities being gradually abolished.

- Professional services from specialised institutes and sector associations.

- Improved support services and instruments for planning, coordination and management.

- Strengthened human resources capacities and improved management. By 2008, MoARD should have 95 staff members, while overall staff employed at all administrative levels should reach 276 by 2010. Expert staff in the Entity MoAs should be substantially increased.

- Increased agricultural budgets and improved budget planning procedures are necessary to implement these recommendations, including: increase of operational costs in agricultural administration; setting up costs for MoARD; implementation of the Entities' legal obligations to spend a defined percentage of budgets on subsidies and support for the agricultural sector. Budget planning procedures must also improve, to link budgeting procedures to policies.

overall employment in BiH; with up to 70% of the population being rural or semi-rural, and with an agricultural trade deficit as high as sixteen times more imports than exports, the sector offers potential for economic and social development. However, the figure for public subsidies and support to the sector ranks lowest amongst the benchmarking countries, at only €16 per hectare. Strengthening of the state administration is urgently needed to address these key issues.

BiH lacks the institutional capacity to develop, coordinate and monitor agricultural policies and legislation; present staff numbers in public administration dealing with agriculture are low considering the size and importance of the sector; budgets for agriculture are limited (2-3% of total public budgets). Overall spending in the public agricultural sector has not increased sufficiently to include the rise in operational costs, which is reflected in the weak capacities of agricultural administration to tackle more development issues, amongst which the preparation for future agricultural Acquis and trade negotiations. In conclusion, development will only be possible with the support of a fully-fledged and efficient agricultural administration while a strengthened State administration is a necessary counterpart for the EU and other international institutions.

The Review made several recommendations, the initial and most pressing of which are:

- The creation of a State Ministry of Agriculture and Rural Development (MoARD), to strengthen central coordination and harmonisation, as

well as to perform key functions at the state level (current State-level Administration is limited to a department within the Ministry of Foreign Trade and Economic Relations).

- The preparation of a State Law on Agribusiness and Rural Development which defines the institutional capacities on the State, Entity, Canton and Municipal levels.

Funding

The sum of €1 million is available for PAR follow-up technical assistance, to help BiH improve its administrative capacity at state level. However, this will not be possible if there is no political agreement to address the recommendations and implement the proposed action plan, which has already suffered significant delays. If BiH wishes to revitalize and develop the agricultural sector and progress towards EU integration, the authorities must tackle administrative reform. The recent experiences of ten new member states demonstrate the difficulties which can be faced in accessing available EU funds in the absence of proper administrative mechanisms. The sooner BiH starts this process by reaching a political consensus on reform, the more assistance would follow, to support the new administration and overall rural development. Failing this, the EC could redirect the financial support to grassroots agricultural organisations in the form of agri-environment grants or other local level activities. This, however, would not eliminate the necessity to implement the PAR recommendations, in light of future Stabilisation and Association negotiations.

100,000 Heads of Cattle Registered

On 10 August 2005, the BiH Veterinary Office Animal Identification Agency, based in Banja Luka, ceremoniously marked the 100,000th bovine to have passed through this vital scheme. In the future, sheep, goats and pigs will also be included.

The EC provided €3 million Euro to establish this two-year-old project which continues to produce results that have important implications for animal and, therefore, human health, as well as for trade.

When livestock is registered, tracked and controlled, it is possible to know where an animal came from and transited, which is crucial in cases of disease, to intervene at the root of the problem and stop it from spreading.

When such a scheme functions properly, consumer confidence increases as meat and dairy products are controlled and thus human health is better protected. At present, live animals and animal products from BiH cannot be exported to the EU and many other countries, whose consumers need to be assured that imported foods originated from countries with reliable veterinary services.

At the marking ceremony, Ambassador Humphreys stressed that BiH must ensure that it has the capacity on the state level to implement and enforce EU standards, and urged that issues which concern the health of the population and economic development be quickly resolved, for the benefit of all citizens. He also pledged a further one million Euro of assistance to the State Veterinary Office, to help it prepare for the process of EU integration.

Proposed 2005-2010 action plan:

- Adoption of a State Law on Agribusiness and Rural Development: 2005
- Establishment and development of a State MoARD: 2005-2008
- Transfer of the State Veterinary Office under the guidance of the MoARD - 2005
- Establishment and development of a State Plant Health Agency and a State Food Safety Agency under the guidance of the MoARD: as of 2005,
- and a State Paying Agency: as of 2006
- Organisational development of the Entity MoAs and Brcko District Department into Development Ministries: FBiH by 2006, RS by 2008, Brcko District by 2007.
- Development of support structures close to the clients: Regional Offices by 2008, Extension Service Agency in RS by 2007, Cantonal extension services in FBiH by 2007.

Benchmarking the BiH Agricultural Sector

	BiH	Slovenia	Austria
Farmers per agri. administration staff	980	81	56
Farmers per extension officer	18,400	189	550
Farmers per inspector	8,198	484	138
Import/export ratio	13.9	1.91	0.88
Subsidies administered per agri. administration staff (€)	30,592	156,283	615,198
Agri. Subsidies per hectare of land (€)	16.4	304.5	472.3
Agricultural subsidies per agricultural GDP (%)	3.78	48.8	60



Photo: Sead Memić

Local Radio Stations as Participative Communication Centres

The Tuzla-based Vesta Association was established in 1998 by a group of citizens wishing to become actively involved in improving their living environment. It was named after the Roman goddess Vesta, whose temple housed the flame which symbolised warmth, gathering around the hearth and hospitality.

Vesta is an NGO for public advocacy, standing for the active participation of citizens and gender equality in decision-making processes, which contribute to the socio-economic strengthening of local communities and improve their environment. Its main objectives are:

- to be a watchdog in the community, establishing mechanisms for the free flow of information;
- to improve life in local communities through initiatives and public advocacy campaigns undertaken by citizens;
- to influence the awareness and perception of local radio stations in other areas throughout the country.

The Association now comprises twelve employees and four volunteers, and has implemented over fifteen projects funded by the EC, UNDP, UNIFEM, NORAD, IRC, CRS, Global Fund for Women, etc. It has successfully established a non-profit, non-governmental - and the first gender-sensitive - community radio called VestaRadio, through which it broadcasts its



programme from its studio in Tuzla.

“Local Radio Stations as Participative Communication Centres” is an on-going project launched in December 2004 and scheduled to end in April 2006. The EC provided over €79,000 of the total budget of €88,000, to enable Vesta to reach its target audiences of local communities, formal and informal citizens' groups, the general public, local radio stations in seven municipalities and other municipalities included in the project for its future replication.

The project included the establishment and opening of the Participative Communication Centre; an evaluation of the needs of marginalised groups and the selection of formal and informal

groups to participate in the trainings; evaluation of the needs of local communities; trainings in strategic planning and proposal writing for representatives of local communities; the production of a weekly radio programme on the activities of project beneficiaries and the Centre itself, as well as the production and distribution of promotional leaflets and posters.

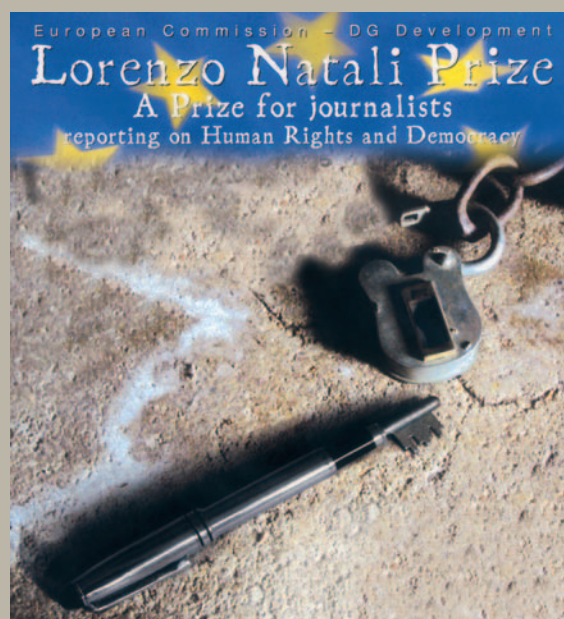
The Centre has already received the recognition of various actors in the municipality as a valuable source of information, assistance and resources for the implementation of public advocacy and information activities.

The 2005 Competition for the Lorenzo Natali Prize for Journalism

The Lorenzo Natali Prize for journalism targets print and on-line journalists reporting on human rights and democracy in developing countries. The Prize emphasizes that the right to information is a prerequisite for freedom of expression and that freedom of information is a prerequisite for democracy and sustainable social and economic development.

Named after the former Vice-President of the European Commission in charge of development co-operation from 1985 to 1989, the Lorenzo Natali Prize was established in 1992 and is awarded annually. It is a token of the EC's belief in good journalist practice as a guardian of human rights and democracy.

In 2005, three prizes ranging from €1,500 to €5,000 will be



awarded for each of five regions: Europe (EU Member States, central and eastern Europe, Mediterranean states); Africa; the Arab world, Iran and Israel; Asia and the Pacific; Latin America and the Caribbean. Furthermore, a Grand Prize worth an additional €5,000 will be awarded for the best article of all.

Prize nominees will be special guests of the EC at the prize-giving ceremony to be held in Brussels in January 2006, and will receive a trophy along with the financial award.

Submissions can be made on-line at www.nataliprize.info, where

additional information and the competition rules are also available. The deadline for submission of articles is October 31, 2005.

Border Crossings - Linking BiH and the World

Most EU-funded infrastructure projects in Bosnia and Herzegovina are investments which are essential for the country's long-term development prospects. This is particularly true of the system of border crossings that have been constructed since 2001. To date, the EU has provided a total of €34.5 million for supervision and construction activities, as well as design preparation for most cases.

Two border crossing facilities for freight and passenger traffic have been completed so far, while another four are on-going. Contracts for an additional three new sites are currently in the pipeline, while the design of a further two is under preparation.

Typically, the border crossing facilities include traffic areas; handling areas; parking areas for passengers, heavy vehicles and staff; pedestrian areas; access lanes; signalisation; illumination; buildings for customs, police and inspection services; secondary control of vehicles and passengers and forwarding services. Modern video surveillance equipment and furniture are also supplied, to ensure that the border crossings can operate to the highest contemporary standards.

The EU has equally provided assistance to block illegal border crossings, a key step in BiH's fight against organised crime.



Twinning - the State Border Service Unit for Criminal Investigation

A fourteen-month twinning project entitled "Support to the BiH police forces - State Border Service Unit for Criminal Investigation" brought together the BiH State Border Service and the German Ministry of the Interior.

The EU provided €450,000 for this twinning project aimed at improving BiH's capacity in the field of criminal investigation and intelligence, in order to prevent and combat organised and international crime. The project's aims were:

- organisational and procedural strengthening of the Crime Investigation Office of the BiH State Border Service;
- improvements to the legal framework;
- related training.

The twinning project ended in July 2005 but other assistance for this essential State organisation is planned.



Commissioner Rehn and the Balkans Link Up to Chat

On 13 July 2005, Commissioner for Enlargement Olli Rehn held an internet chat on the theme "The European integration of the Western Balkan countries". Participants in countries throughout the region had the opportunity to ask questions in seven languages, including Albanian, Bosnian, Croatian, Serbian and Macedonian. A team of interpreters was on hand to translate and a webcam allowed members to follow the multilingual chat live. Contributors to the chat included young people from throughout the Western Balkans as well as Greece and Bulgaria, and from as far afield as Russia.

An informal, direct and open dialogue was established, to discuss the European Union and the opportunities and challenges facing the countries of the Western Balkans on their road towards European integration. The questions put to the Commissioner covered such topics as corruption in Macedonia, the human rights of Serbs in Kosovo, the implications of a change in Bulgaria's accession date and his availability to participate in a similar chat on a Romanian web portal which informs about EU accession.

A good deal of humour went into many of the comments and exchanges, and there was extremely positive feedback on the chance to communicate in this way. The chat was an inclusive



exchange of ideas: when one participant asked Rehn whether he thought that the public in the Western Balkans is sufficiently informed about the nature of the EU and what integration really means, another replied by suggesting that she start a grassroots campaign to inform people as objectively and fairly as possible.

When questioned about accusations concerning the EU's lack of democratic legitimacy and what the European Commission plans to do to address them, Rehn replied "by communicating better with our citizens, e.g. by having chat rooms more often."

The European Commission is committed to fostering dialogue; the next such web chat will be on the subject of "The EU at the UN Summit on the Millennium Development Goals" with Commissioner Louis Michel, on September 12, 2005. Further information on both these chats is available on www.europa.eu.int/comm/chat.

Profile - Olli Rehn



Olli Rehn was born on 31 March 1962 in Mikkeli, Finland. He did undergraduate studies in the USA before receiving his Master's degree from the University of Helsinki in 1989. He received his PhD in international political economy from the University of Oxford in 1996.

From 1987 to 1993 he was active in Finnish political life and the Centre Party. As a Member of the European Parliament from 1995 to 1996, he was Vice-President of the EP's Liberal Group. From 1991 to 1995 he was Chairman of the Finnish Delegation to the Council of Europe and from 1996 to 1998 was Vice-President of the European Movement of Finland. He then took up his first post, Head of Cabinet, in the European Commission.

He returned to Finland to become Professor and Director of Research in the University of Helsinki's Department of Political Science & Centre for European Studies, as well as being Economic Policy Adviser to the Prime Minister. He returned to the EC in 2004 and is the Commissioner responsible for Enlargement.

Fostering eGovernment

The eEurope 2005 Action Plan was launched at the Seville European Council in June 2002. It aims to develop modern public services and a dynamic environment for e-business.

i2010 - European Information society in 2010 - is an initiative which will provide an integrated approach to information society and audio-visual policies in the EU. Its objective will be to ensure that Europe's citizens, businesses and governments make the best use of information and communication technologies, in order

to improve industrial competitiveness, support growth and the creation of jobs, and to help address key societal challenges.

In BiH, the EC is backing a project aimed at creating e-government for the Council of Ministers of Bosnia and Herzegovina and its general secretariat, in order to increase the efficiency of its daily work as well as to improve communication within and between state institutions and the general public, through an e-portal.

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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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