



European  
Commission  
Delegation  
to BiH

# EU Newsletter

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## Europe Day Celebration

Once again, the May 9 celebration of Europe Day will be co-hosted by the European Commission and by the government of Bosnia and Herzegovina. The event will be held in the BiH Institutions building and will consist of a gala concert and a reception. Ambassador Michael B. Humphreys and Mr. Adnan Terzic, Chairman of the Council of Ministers of Bosnia and Herzegovina, will address the audience: over 400 guests are expected, including representatives of government from all levels, intellectuals, artists and the International Community.

In honour of the 250th anniversary of the birth of Wolfgang Amadeus Mozart, "Youth Symphony Orchestra South Eastern Europe" will perform a selection of his compositions. The ensemble gathers young musicians who play in symphony orchestras throughout the region and artists from the region who are now playing in London, Paris, Vienna and Düsseldorf.





## SAA Negotiations - First Technical Round

The first round of SAA technical negotiations, related to free trade, was held on March 17, in Sarajevo. The focus was on the free trade aspects of industrial, agricultural and fisheries products. This first round was the occasion to present the positions of both sides and gauge their differences.

Mr. Dirk Lange, head of the Department for Western Balkans in the Directorate-General for Enlargement, stressed BiH's obligation to fulfil existing free trade agreements with neighbouring countries. Obligations vis-à-vis the World Trade Organisation were also discussed.

At the press conference, Mr. Igor Davidovic, Chief Negotiator for

BiH, emphasized that free trade is one of the crucial - if not the most crucial - aspect of the Agreement.

The next round of negotiations is scheduled for May 12 - it will continue to address this topic, focusing on the agriculture sector - while the next round of political negotiations will be held on June 15.

Progress in the Stabilisation and Association Process will also be determined by the outcome of Reforms Process Monitoring (RPM) meetings, which replaced the Consultative Task Force. The second RPM meeting was held a day before and reviewed the progress of reforms in the sectors in question: trade, industry, agriculture and fishing.

## Informal Meeting on the Western Balkans

On March 10 and 11, Salzburg hosted an informal meeting on the Western Balkans. Ministers of Foreign Affairs of EU Member States met with their counterparts from potential candidate countries included in the Stabilisation and Association Process. The High Representative/EU Special Representative for BiH, the SRSG for Kosovo, and the Special Co-ordinator of the Stability Pact for South Eastern Europe were also present.

The participants reaffirmed their full support for the agenda set out at the 2003 Thessaloniki summit, as well as for the Stabilisation and Association Process, which will remain the framework for the European path of Western Balkan countries. In this respect, the EU confirms that the future of the Western Balkans lies in the European Union - a debate on the enlargement strategy is due in 2006.

The participants agreed that each country's progress towards the EU continues to depend on individual merit in meeting the conditions and requirements set forth in the Copenhagen criteria and in the Stabilisation and Association Process, including full co-operation with the International Criminal Tribunal for the Former Yugoslavia.

The Western Balkan countries have achieved considerable progress in the areas of stability, democracy and economic recovery. In the past year, all have made significant steps along their road towards the EU; they must now increasingly focus on adopting and implementing European standards and in fostering conditions for sustainable stability and prosperity throughout the

region. The countries of the region committed themselves to continue and accelerate reforms that further these objectives. All agreed on the importance of good neighbourly relations and on the need to find mutually acceptable solutions to outstanding issues with neighbouring countries.

Preserving peace, and enhancing stability and security in the Western Balkans, remains a common European interest. The participants agreed that every effort should be made to achieve a negotiated settlement of the status of Kosovo, which is mutually acceptable to the parties concerned.

The participants welcomed the Commission's Communication 'The Western Balkans on the road to the EU: consolidating stability and raising prosperity', and expressed their intentions to take forward its implementation. The EU will continue assisting these countries through practical measures to make the European perspective more tangible. In this context, the participants encourage regional co-operation, including a free trade area building on CEFTA, and look forward to the Commission's proposals on people to people contacts, including visa facilitation in line with the common approach, as well as on adequate financial assistance. In order to master the challenges that the region faces in 2006 and beyond, the EU is determined to fully implement the commitments established in the Thessaloniki agenda.





## New EICC Open for Business

The new Euro Info Correspondence Centre (EICC) - established within the Foreign Trade Chamber of BiH - was officially opened on 21 March. With this Centre, the business community and other interested parties now have an important information link with entrepreneurs in the EU.

EICCs play a key role in the relationship between Small and Medium Enterprises (SMEs), the EU and third countries. Although their status is different from an EIC's (which exist only within the EU),

EICCs carry out the same tasks: they distribute information to businesses and reply to general, legal, administrative and statistical questions about the EU. They are also of value to SMEs within the Union who want to extend their activities into newly opened markets. They collect and distribute information on regulations and markets outside the Union which could be useful to European companies. They play an active role in promoting exchanges between enterprises and in the search for

commercial, strategic or financial partners.

Around 40% of the guests at the opening ceremony were businessmen or representatives of business support services interested in hearing how the new EICC can help them with information on EU regulations, standards and funding opportunities, or European tenders and programmes. The Centre has direct access to the European database on EU regulations, which provides basic information on legal acts in force and other useful data. This can contribute considerably to the development of businesses and bring local SMEs closer to the rules of the EU internal market.

Ambassador Humphreys noted that the establishment of this Centre is a significant point in BiH's economic relations with the EU and highlighted the fact that with the Stabilization and Association Agreement negotiations, BiH has also started an ambitious agenda to achieve European standards in its economy.

Mr. Osman Topcagic, Director of DEI, welcomed the opening of the Centre and stressed that it is particularly relevant in light of the on-going SAA negotiations on free trade, as it is important that businessmen are aware of the opportunities available following the agreement. Producers will face much greater competition and only those that are competitive will survive and gain access to a vast market. SMEs must strive to be competitive, including with regard to environmental protection.

### The EIC network

The Euro Info Centre (EIC) network is managed by the Directorate-General for Enterprise and Industry, which co-finances the network and defines its strategy and operation.

The EIC network is active in 46 countries and comprises:

- 269 Euro Info Centres in the EU and candidate countries;
- 14 Euro Info Correspondence Centres in third countries;
- 337 relay points which increase the geographical reach of the network;
- 26 associate members.

EICs inform, advise, and assist businesses on Community issues. They also provide feedback to the EC about community matters affecting SMEs.

The first EICC opened in the Czech Republic in 1991 and they quickly developed throughout Eastern Europe. Many of these subsequently became EICs.

The recent opening of EICCs in Chile and New-York has further extended the geographical reach of the EIC network.



## Going Further to Protect the Environment

FONDEKO was the first ecological foundation in BiH, established in Sarajevo in 1994 and registered as an NGO in 1999. Its volunteers promote responsible behaviour with regard to nature, including the rational use of resources while at the same time protecting the environment. FONDEKO has experience in eco-education, including the production of educational radio programmes, and publishes a quarterly magazine "FONDEKO Svijet" (FONDEKO World).

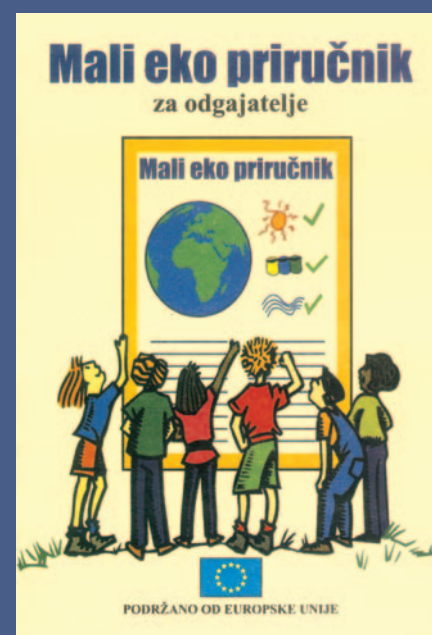
FONDEKO received an EC-funded civil society grant in 2004 which resulted in an "Ecology Guide" for young people and, since September 2005, is implementing a one-year project called "Mi idemo dalje" (We are going further) through the grant scheme for "Support to Civil Society Active in the Field of Environment". FONDEKO is co-funding 10% of the € 96,000 budget.

The project aims to provide education on ecology and the environment for primary schools and kindergartens in Sarajevo and Tuzla Cantons, as well as

Vitez and Zvornik. In keeping with its environmental concerns, FONDEKO printed a colouring book "Let's Colour Nature" on recycled paper.

The project provides training for teachers on how to provide ecological and sustainable development education, and produced a dedicated handbook for kindergarten and grades I-III teachers. Experience has demonstrated that children are key to establishing and promoting environmental good practice in their society, yet the project's initial survey indicated an inadequate education on ecology and sustainable development in BiH. Over 60% of respondents thought that the education acquired in schools is insufficient to create life-long environmental awareness.

An example of this is the "eco-sections" extracurricular activities in elementary schools: in FBiH, only two primary schools do not have such extracurricular groups, but their activities are mostly of the "not in my own backyard" type, such as cleaning school yards or planting flowers. This is a start, but the educational message would



be much stronger if students learned that pollution should be prevented, rather than cleaned up after the fact.

FONDEKO is working closely with other projects funded under the CARDS scheme, to provide solutions and find a common approach to environmental education in BiH.

[www.fondeko.freehomepage.com](http://www.fondeko.freehomepage.com)



## The National Laboratory for Avian Influenza

On March 9, Ambassador Michael Humphreys visited the National Laboratory for Avian Influenza (commonly known as bird flu), which is located in the Veterinary Faculty in Sarajevo. Dr Abdulah Gagic, acting Dean of the Veterinary Faculty and Head of the Laboratory, briefed him on their work and on preventive measures which have been taken in BiH.

The EU has supported the veterinary sector by providing diagnostic equipment worth €600,000 for five laboratories throughout the country, including this one. Other support for

this sector has included assistance during the preparation of the State Veterinary Law - which resulted in the establishment of the State Veterinary Office - and funding for the animal identification scheme.

Further assistance worth €1 million is forthcoming, to support the introduction of quality control standards which are currently lacking, and to improve the functioning of State-level administration in the areas of animal and public health, hygiene standards and other measures to improve consumer protection.





## Improving the Efficiency of the High Judicial and Prosecutorial Council

The High Judicial and Prosecutorial Council of BiH (HJPC) hosted a round table for media on March 10, to review the institution's co-operation with the EC. Ambassador Michael B. Humphreys explained why an independent and efficient judicial system, which delivers quality services to citizens, is a key requirement in a democracy, and therefore also a key requirement for accession to the EU.

For several years, the EC has provided financial and political support for judicial reform: first to the Independent Judicial Commission and then to the HJPC, which replaced it. Indeed, the establishment of this single HJPC was the first Feasibility Study priority which BiH fulfilled. This was an important first step in establishing an independent judiciary, but much remains to be done to improve efficiency.

The European Partnership document for this year outlines that BiH must ensure full responsibility for the State Court, the Prosecutor's Office and the HJPC in

terms of finance, administration and staff, so as to ensure their proper functioning. It also requires progress in dealing with the backlog of cases before the courts, as well as financial resources to guarantee that all courts have the necessary technical equipment and means to impart justice efficiently.

To help BiH fulfil this last point, the EU has already invested, or is planning to invest, around € 5.6 million in Information Communication Technology (ICT) programmes. The HJPC is in charge of a centrally-managed ICT system for planning, purchasing and distribution, which enables it to deliver cost-effective, compatible and efficient ICT solutions. EU support has included the provision of a wide array of state-of-the-art equipment now in use in all courts and prosecutors' offices throughout the country. This has been complemented by training based on the European Computer Drivers License (ECDL) curriculum for over 2,000 members of their staff.

Additional equipment and training is forthcoming but, ultimately, overall success will depend on BiH's ability to overcome obstacles to an efficient judiciary system: notably, the highly fragmented financing of the system. Budgets are currently adopted at 14 levels (State, entity/district and cantonal), which creates significant differences in the financing of courts at various levels and makes it almost impossible to implement any national, long-term, strategy.

Moving the financing of the entire judicial system to the state level would ensure equal financing for all judicial institutions and, therefore, equal access to justice for all citizens. Such a move would further the independence of the judiciary and allow for strategic planning and modernisation; it would also improve budget transparency and accountability. This is a major issue which cannot be achieved overnight but which must be done.

## Documentary Series on Judicial Reform in BiH



As a part of the EU-funded public information campaign entitled "Independent and Efficient Judiciary for BiH", HJPC produced a series of ten-minute documentary features on all aspects of judicial reform in the country, to bring citizens closer to the process, its beginnings, achievements and goals.

Stakeholders gave interviews on issues such as: the current situation in the judiciary; European standards; financing the

judiciary from a single budget; the appointment process; the Office of Disciplinary Counsel and its modus operandi; minor offense courts reform; computerization of courts and prosecutors' offices; code of ethics; training of judges and prosecutors and cooperation with local and international partners.

All twelve features will be broadcasted by BHT1 - the first one aired on April 24, 2006.

## SECTION OVERVIEW

## Contracts and Finance

## Background - External Aid Funding Dynamics

Money for External Aid is determined by a Commission Decision, which allocates funding for programmes, and subsequently by a Financing Agreement signed with the beneficiary country, which details how the funds will be distributed.

There are two types of management for EC-funded external aid. In a centralised system, the Contracting Authority is the European Commission, while in a decentralised system the recipient country is the Contracting Authority, with the EC fulfilling a supervisory role, endorsing their decisions.

As a contracting authority, the EC originally implemented a concentrated system, by which contracts were administered in the headquarters in Brussels. With the advent of the deconcentrated system, contracts are administered locally in the EC Delegation, making the process easier, and allowing for direct dialogue in the field. It has also allowed for faster operation and a focus on implementation.

## Funding Dynamics in BiH

The regulations allow for a delay of one year between the Commission Decision and the signing of the Financing Agreement. There is prior consensus between the EC and BiH on the allocation of funds, with projects now prepared in close co-operation with State Institutions.

The EC Delegation to BiH was one of the first to be deconcentrated, in 1998, and it is currently one of the largest in the world. The size of a Delegation, and its Contract and Finance section, is determined by the size of the Aid programme destined to the host country - the 2005 Financing Agreement with BiH totalled 49.4 Million Euro to help BiH meet its commitments under the European Partnership. The Contracts and Finance (C&F) section is therefore a key pillar in the EC Delegation to BiH, employing over one fifth of the total staff.

## The Role of C&F

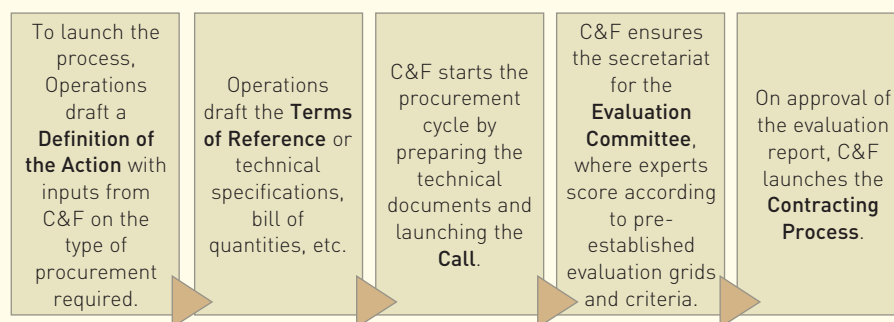
Contracts and Finance is not a public-oriented service, even though it does have contacts with the numerous contractors for services, supplies or works and grant recipients. It has an advisory role to the Operations section on contracting issues, with Operations developing the public contacts with stakeholders.

## The Operations - C&F Tandem

One of the guiding principles in the current Financial Regulation and Implementing Rules is the segregation of duties, with the Operations section in charge of implementation and C&F in charge of financial and contractual matters.

C&F organizes the tender procedure leading up to a contract until it is awarded. During this process, Operations is involved in the technical preparation and assessment, while C&F verifies that procedures are correctly followed.

## Roles in the procurement cycle:



Following the approval of the Evaluation Committee's report, the process of contract preparation begins. There is no specific deadline for this process, which varies according to different factors, including the speed of response of the contractor; it must be completed while the bid is still valid. Endorsement from Operations and C&F are required before the contract can be presented to the Head of Delegation for signature and then forwarded to the Contractor.

In recent years, changes to EC and internal Delegation procedures, as well as to legislation, have had a highly positive impact on the speed at which this complex process is carried out.

## Dealing with difficulties

It is rare that allocated funding remains unspent, as there is a deadline of three year from the Commission Decision to contract the funds: in cases of changes to planned actions or of tender failure, funds can be reassigned to new actions.

If complications are encountered once a contract has been signed, an amicable settlement is always the preferred option, followed by arbitration. In certain cases a suspension of payments may be declared, pending clarifications by the contractor, a review of expenditure and an agreement on the way forward. In severe cases, where it is determined that the contractor is not performing to satisfaction, a contract can be terminated.

## Future Role

Once the BiH administration is certified, it will be entrusted with the role of Contracting Authority for External Aid and pre-accession funds. This is foreseen to take place in 2007 and will necessitate a system of checks and balances, in which the Delegation team will retain a role of ex ante control.



## THE TEAM

### Working Dynamics

The team comprises twenty-one people, with an internal separation of functions for the stages of contracting and payment:

- The Contract section verifies the administrative compliance of documentation and makes sure that the process has been done according to the rules. It also deals with contract amendments.
- The Finance section handles payments and is involved in independent checking. It verifies that invoicing is done in accordance with the terms of the contract, establishes the eligibility of payments and is involved in the closure of balances at the end of contracts or in issuing recovery orders.

Contract officers are not allocated individual files, whereas financial officers deal with assigned files, to ensure continuity of financial oversight throughout the life of a contract.

With a workload of some 500 active files per year worth an average 200 million Euro (€ 70-80 million corresponding to the yearly financing agreement, plus the value of on-going contracts from prior years), the C&F section is entrusted with a massive task which pervades all other Delegation activities. Throughout its work, the C&F team adheres strictly to the guiding principles of transparency, equality and accountability. Transparency in terms of ensuring that all applicable rules and regulations are strictly followed; equality in terms of guaranteeing that potential contractors have equal access to the same opportunities; accountability in terms of clearly defined roles and separation of functions.

#### Overview of contract load in BiH

	Quantity	Value (€)
<b>Active contracts in 2005</b>	<b>472</b>	<b>249,916,798</b>
Of which: <b>Grants</b>	<b>208</b>	<b>116,224,509</b>
<b>Services</b>	<b>140</b>	<b>71,889,556</b>
<b>Works</b>	<b>14</b>	<b>32,581,335</b>
<b>Supplies</b>	<b>110</b>	<b>29,221,398</b>

**Marc Vanbrabant**, Head of Section

**Ignacio Aguirre Aramburu**, Head of Contracts Sector (outgoing)

**Dagmar Schobesberger**, Head of Contracts Sector (incoming)

**Steffen Hudolin**, Head of Finance and Payments Sector

**Zinaida Zaimovic -Balta**, Senior Secretary  
**Amra Celebic**, Secretary

**Jelena Gajevic**, Senior Financial Officer & Deputy USM

**Alma Ivanisevic**, Senior Financial Officer

**Jasmina Sabic**, Financial Officer

**Azra Lazic**, Financial Officer

**Dijana Kuzman**, Financial Officer

**Elmir Babovic**, Data Base Officer

**Admir Bajraktarevic**, Data Base Officer

**Lejla Sultanovic**, Contracts Officer

**Marko Zita**, Contracts Officer

**Halina Sowinska**, Senior Procurement Officer

**Sabahudin Bisevac**, Senior Procurement Officer

**Andreja Jurcevic**, Procurement Officer

**Sanja Cvijanovic**, Procurement Officer

**Nerma O'Hara**, Procurement Officer

**Aida Pasalic**, Archivist

**Aida Mulaomerovic**, Secretary

**Mirza Redzic**, Clerk



## REGIONAL PERSPECTIVES

## TAIEX - a Tailored Approach to Western Balkan Beneficiaries

TAIEX is the Technical Assistance and Information Exchange instrument of the Directorate-General for Enlargement's Institution Building unit. It provides short-term technical assistance and advice in the field of approximation, application and enforcement of the *Acquis Communautaire* into the national legislation of beneficiary countries. TAIEX organises individual or multilateral (involving more than one administration) seminars and workshops, while study visits allow officials to understand how Member States deal with practical issues related to the implementation of the *Acquis*.

In 2005 TAIEX offered demand-driven assistance to over 5,000 officials from Western Balkan countries and organised more than 200 events. In 2006 - which marks the 10th anniversary of TAIEX as an instrument - the usual forms of assistance will remain available, with special attention to events in the beneficiary countries, so to reach a wider audience.

Agriculture is, so far, the most active field of on-going co-operation. Since January 2005, over 50 events have been organised, such as seminars on veterinary and phytosanitary legislation, on rural development, on veterinary medical products and many others. A series of 21 assessment missions in the phytosanitary, veterinary and agriculture sectors was launched in May 2005, to assess legislation and administrative capacity in these three sectors and establish a structured plan for future technical assistance.

Transport, Energy and the Environment sector assistance grew steadily throughout 2005. Over 50 events were organized, dealing with diverse subjects such as maritime and aviation safety and security management issues, as well as integrated energy data management. Assistance was also offered on a number of actions regarding the Energy Community Treaty for South-Eastern Europe (signed in Athens on October 25, 2005) and on supporting the high level Working Group established by the EC to reach agreement on fully integrating the region into the European Civil Aviation Area, as well as the initiative on extending the Single European Sky to South-Eastern Europe.

On Internal market legislation such as customs, public procurement, state aid and chemicals, the main target group came from central administrations. One theme discussed particularly intensively in 2005 was social policy. Furthermore, the parliamentary administrations in some Western Balkan countries were trained in the field of EU integration processes, while the others will receive this assistance in the course of 2006.

Freedom, Liberty & Security is a regional priority area for the European Union. In 2005, TAIEX organised a series of general introductions to many different aspects of EU legislation and measures in each of the countries of the Western Balkans. Sessions were held on organised crime and related issues, including fraud, corruption, money-laundering, drug trafficking and human trafficking.

## EUROPE AND TECHNOLOGY

## Consumer Website on the Costs of Mobile Roaming

In October 2005, the EC launched a new website which shows the roaming tariffs of operators in all EU Member States, to give consumers the knowledge with which to make an informed choice, to enhance competition in the industry and to encourage fairer and clearer pricing. The website intends to give EU consumers a concrete idea of the tariffs they are likely to face, as well as guidance and tips on how to manage their international roaming bills. "Only a well-informed consumer is a well-armed consumer," said Information Society and Media Commissioner Viviane Reding.

International roaming is the ability of mobile phone subscribers to use their phones whilst abroad. For this, a mobile network operator needs to conclude international roaming agreements with operators in other countries. The prices vary greatly in the EU, starting from 58 eurocent per minute (from Cyprus to Finland with a Finnish subscription) to €5.01 per minute (from Malta to Poland with a Polish subscription).

## Europe - a World Leader in ICT

Advanced information and communications technologies (ICT) are vital for Europe's economy. They increase productivity and create new consumer services and jobs. Mobile communications are an essential part of this, and the EC has played a vital role in turning Europe into a world leader in the field.

More than one billion people in over 130 countries use mobile phones based on the GSM standard, propelling several European companies to the top of this highly dynamic market. The technical

Six months after the launch, Commissioner Reding is not satisfied with the progress made by the industry, as consumers continue to pay unreasonably high prices for roaming. She noted that tariffs for roaming customers remain complicated, even though transparency on some operators' websites improved since the new site was launched.

The 25 National Telecom Regulators co-operate closely with the EC on the matter of roaming prices and have recently announced additional action on tariff transparency for international roaming, under the auspices of the European Regulators Group (ERG), which is tasked with ensuring consistency of regulation across Europe. The Commission expects the combined effect of these European and national measures to encourage operators to offer better and fairer prices to their customers.

For further information, please see:

[http://europa.eu.int/information\\_society/roaming](http://europa.eu.int/information_society/roaming)

standard itself was developed in the framework of EU research, which was complemented by a European regulation, thus ensuring a Europe-wide market for GSM telephony. Suppliers could, and did, develop products for a 'home market' of hundreds of millions of people.

The resulting competition drove further development, driving hardware prices down. EU-wide deregulation of mobile telecommunications stimulated competition and drove costs down further. The same approach was followed for 'third generation' mobile communications with the "UMTS Decision".