



Delegation of
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to BiH

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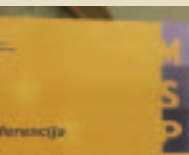
In this issue:

- Donation of 2.3 Million Euro for the Justice Sector
- Closing Ceremony of Joint De-mining Project
- Housing Reconstruction in Srebrenica and Vlasenica
- OVERVIEW
Operations under IPA
- Final Conference of Technical Regulations Project
- Conference on How to Promote and Develop Business
- Training for Security Staff of the Irregular Migrants Centre
- REGIONAL PERSPECTIVES
European Fund for Southeast Europe
- Tourism Development Projects - Bijambare and Water Ciró



Public Administration Reform Fund Established

- Memorandum of Understanding signed by Donors and representatives of the State and Entity-level governments
- Funding will assist the Public Administration Reform Co-ordination Office with the design and implementation of a comprehensive nationwide PAR Strategy
- Memorandum signed in the presence of Mr. Miroslav Lajcak, High Representative and EU Special Representative



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Public Administration Reform Fund Established

On 12 July 2007, a Memorandum of Understanding on the establishment of the Public Administration Reform Fund was signed in Sarajevo by representatives of the State and entity-level governments, and Donors who have committed to provide 4.5 million Euro. This is the first time there is such a joint financing agreement between donors and the government of BiH.

The signatories to the Memorandum were Dr. Nikola Spiric, President of the BiH Council of Ministers; Mr Nedžad Branković, Prime Minister of the Federation of BiH; Mr. Milorad Dodik, Prime Minister of Republika Srpska; Mr. Mirsad Dapo, Mayor of Brčko District and Mr. Dragan Vrankić, BiH Minister of Finance and Treasury. The signatories for the donors were Ambassador Dimitris Kourkoulas, Head of Delegation of the European Commission to BiH; H.E. Matthew Rycroft, UK Ambassador to BiH; H.E. Mr Karel Vosskuhler, Ambassador of the Netherlands to BiH and Mr. Anders Hedlund, on behalf of the Embassy of Sweden.

The Memorandum was signed in the presence of Mr. Miroslav Lajcak, High Representative and EU Special Representative.

Dr. Spiric welcomed the donors for the new financial instrument and said he believes that Public Administration Reform will give good results and that the Strategy will be implemented so as to fulfil the aim of an effective and transparent Administration which is able to resolve the challenges it will meet on the road towards European integration. He added that joint meetings will be held regularly to agree the way forward.

Ambassador Kourkoulas, speaking on behalf of all the donors, expressed his pleasure that the High Representative and EU Special Representative was present to show support for this important reform, adding that they all count on his guidance to bring the process forward. He said that Public Administration reform is a key element in a democratic state and for good governance. This reform will have a direct impact on the life of

all the citizens of BiH and is very important for the country's European future. Without the reform process, he said, it will be impossible to adopt/implement the 100,000 pages of European Union legislation.

The funding will assist the Public Administration Reform Coordination Office with the design and implementation of a comprehensive nation-wide PAR strategy. Unlike most donor funds, these funds will be managed directly by the PAR Coordination Office, which will decide how to prioritise and implement the Strategy that was agreed and adopted at State and entity/district level. This gives the BiH government full ownership of the process and the Memorandum is a sign of the trust the donors have in the government's capacity to move the process forward.

Public Administration Reform – a high priority for BiH's European integration process – aims are:

1. Open government.
2. De-politicisation – separation between politics and administration; no political appointments.
3. Professionalisation of the civil service = ensuring a secure footing and impartiality; training of civil servants – performance orientation for the public sector.
4. Accountability and control – clearly defined administrative procedures and control over public funds.
5. Overall strength of administrative and judiciary systems in applying and enforcing legal arrangements.

The European Union has already committed over 8 Million Euro to Public Administration Reform in BiH, including training of civil servants and strengthening of the PAR Coordinator's Office and the Civil Service Agency.

Donation of 2.3 Million Euro for the Justice Sector



On 14 May 2007, Ambassador Dimitris Koukoulas and Mrs. Biljana Potparić-Lipa, representing the Registrar's Office of the Court of BiH, signed a contract on the donation of 2.3 million Euro worth of support for the BiH Court Registry.

As Ambassador Kourkoulas stressed, "The rule of law is one of the European Union's key priorities in the process of European integration. The establishment of an efficient, unbiased and independent judiciary is a key in the Stabilisation and Association Process of Bosnia and Herzegovina."

With this donation, the European Union is fulfilling its commitment made at the Donors' Conference held in Brussels in March 2006. To date, the European Union has donated over 3 million Euro to support this sector.

Following the signing ceremony, attendants heard statements by Medžida Kreso, President of the Court of BiH, Marinko Jurčević, the Chief Prosecutor and David Schwendimman, Registrar for the BiH Prosecutors' Office, stressing the importance of this donation.



Closing Ceremony of Joint De-mining Project

On 9 July 2007, Ambassador Dimitris Kourkoulas visited the Entities' Civil Protection Administrations (CPA) joint de-mining centre, to view de-mining equipment, machinery and human and canine teams. The visit was part of the ceremony marking the end of the eighth and final phase of the EU's de-mining programme.

The visit was hosted by Mr. Alija Tihčić, Director of the Federal CPA and Mr. Dragan Tupajić, Director of the RS CPA. Since 1998, the EU has provided around 23 million Euro for the de-mining programme, with funding for physical de-mining, training and equipment. It was implemented by a German NGO in its initial phases, and subsequently by the entity CPAs. The 2003 Exit Strategy agreed between the EC and BiH governments ensured the sustainability of the de-mining capacity built through the EC and other donors, such as Japan and Canada. The Exit Strategy established a sliding scale of co-funding for future phases and is a prime example of the local authorities assuming ownership and working in co-operation.

In this eighth phase, the EU provided grants of 330,000 Euro to the Federal CPA and 170,000 Euro to the RS CPA, with the Federation of BiH government contributing 1,957,656 Euro and the Republika Srpska government 1,100,202 Euro.

At the closing ceremony, Mr. Alija Tihčić presented the concrete results achieved to date by the Federal CPA, with some 3,700,000 m² of land and 1,000 buildings cleared, and over 229,000 unexploded ordonances and some 21,500 assorted mines removed and destroyed. He noted, however, that this task must continue for many years to come.

Mr. Dragan Tupajić noted that for their part, the RS CPA has disposed of around 191,000 unexploded ordonances, clearing 2,305,000 m² and 850 buildings. They have also mobilised for 42 quick response actions to save civilians.

Ambassador Kourkoulas, Head of Delegation of the European Commission to BiH, praised the results achieved by the entity CPAs and in particular the de-miners, who are doing a dangerous but vitally important job. He noted that one third of the citizens of BiH are still living in mine-impacted communities and that mine contamination represents a serious impediment for economic development. He congratulated the authorities and technical experts of BiH for the results achieved so far – notably the Multi-Annual Country De-mining Strategy – and urged all those involved to maximize the effectiveness of resources, which have become more limited.



Housing Reconstruction in Srebrenica and Vlasenica

On 25 July 2007, Mr. Andre Lys, *Chargé d' Affaires* of the Delegation of the European Commission to BiH, travelled to Srebrenica and Vlasenica to attend the signing ceremonies with beneficiaries of the SUTRA Housing Reconstruction Programme in these municipalities.

SUTRA PLOD is a co-funded initiative implemented by UNDP. It is funded by the European Union (4 million Euro), the BiH Return Fund (2 million Euro), Partner municipalities (569,000 Euro), UNHCR (256,000 Euro) and UNDP (200,000 Euro). The municipalities of Srebrenica and Vlasenica have provided

128,000 Euro and 77,000 Euro respectively to support the reconstruction of 27 houses in each municipality. The housing reconstruction will be accompanied by sustainability measures which support the return process.

Other municipalities included in SUTRA PLOD are Gorazde, Drvar, Sipovo, Mostar City, Bosanski Brod, Derventa, Bosansko Grahovo, Zvornik, Dobojo and Travnik. The municipalities themselves will lead the implementation of the reconstruction activities. Refugee return is a sector in which the BiH authorities have successfully assumed ownership of the process.

O V E R V I E W



Operations under IPA

Structure & Tasks

The EC Delegation to BiH has a large Operations section, consisting of 42 staff members, responsible for managing a wide range of programmes which support the political agenda of the EU, its Member States and Bosnia and Herzegovina itself: that it should eventually become a member of the EU.

The EU provides substantial financial assistance to implement this goal. As of 2007, this is channelled through a new financial instrument – IPA, the Instrument for Pre-accession Assistance – which foresees implementation under a decentralised system (by national structures rather than by the EC). However, until such a time as the necessary structures are in place, the EC Delegation remains responsible for identification of needs; identification of priorities; allocation of funding; preparation of programmes; preparation of projects; tendering of projects, contracting and payment.

Programme Focus

The National Programme consists of three major areas which mirror the accession criteria:

- 1) **Political** – supports the rule of law; justice and police; human rights and the development of civil society, which must become a real interlocutor for the government in policy-making.
- 2) **Economic** – promotes economic development along with social development, creating a single economic space and a market economy which can withstand competition.
- 3) **Administrative** – creates and/or strengthens the necessary institutions and builds up the capacity to implement all 100,000 pages of EU laws (the *Acquis*).

Operations is also involved in steering regional programmes which are not managed in-country, ensuring that they fit the overall objective of European integration, such as nuclear safety, or customs and border issues. At the regional level, it has also contributed to setting up the largest micro-finance fund in the world, EFSE, which will soon reach ½ billion Euro in capital. Its precursor, EFBH, was a multi-donor operation in BiH.

Finally, there are Programmes which foster cross-border co-operation between countries in the region but are managed in BiH. As of 2007, there are specific allocation to help border regions in BiH co-operate with those of its neighbouring countries, as well as to foster co-operation between BiH and the Adriatic region, namely Italy (the Adriatic programme).

The Operations section is sub-divided into three sections, which reflect the programming priorities:

OPERATIONS

Head of Operations: **Andre LYS**

Task Managers for:

- 1 – Donor coordination / Programming / Reporting / Quality control
- 2 – European Integration projects, Monitoring & Evaluation, “Taix” , Community Programmes

Database Manager
Secretariat

OPS I

Justice and Home Affairs

Public Administrative Reform

Head of Section: **Ferdinand KOPP**

Task Managers for:

- 1 Integrated Border Management / Customs
- 2 Judiciary / Land administration
- 3 Home Affairs / Police / Data protection
- 4 Financial services / Competition
- 5 PAR/ Public Finance / DIS
- 6 Asylum / Consumer protection
- 7 Twinning / Civil Service / Ombudsman
- 8 Economic and fiscal policy / Statistics

Secretariat

OPS II

Economic Development & Natural Resources

Head of Section: **Kjartan BJORNSSON**

Task Managers for :

- 1 Energy/ Telecom / Private sector development
- 2 Transport policy
- 3 Rural development / Food safety / Fisheries
- 4 Environment Infrastructure
- 5 Regional policy / Cross Border Cooperation
- 6 Trade / Industrial Policy
- 7 Infrastructure (incl. IBM)
- 8 Region Development Grant schemes
- 9 Environment institution building

Secretariat

OPS III

Democracy and Social Development

Head of Section: **Michael DOCHERTY**

Task Managers for:

- 1 Civil Society – EU Awareness
- 2 Labour and employment
- 3 Health and Education
- 4 Social policy / Refugee return / Demining / EUFOR
- 5 Media / Science and Research
- 6 EIDHR / Gender issues
- 7 EIDHR / Youth and children

Secretariat

In addition, the EC has taken a major role in donor co-ordination, ensuring that bilateral donors are contributing to the same objective of European integration. The European Partnership is also a priority-setting instrument for EU Member States and has led to joint operations such as the Public Administration Reform Fund which was launched on 12 July 2007.

Successes and Challenges

Considerable technical assistance has been provided over recent years to strengthen and build the capacity of State institutions. The experience has been very positive with regard to co-operation, with very good implementation rates. BiH compares very well with other countries in this respect, which demonstrates that the absorption capacity is in place, but the success rate has also been due to the fact that the Delegation has taken many management decisions on behalf of BiH.

One recurring stumbling block has been the reduced impact of projects due to institutions not being properly staffed and/or the rate of staff turnover. BiH has a very small State-level administration which requires much more permanence of public servants in their jobs, to ensure that the knowledge and experience gained through technical assistance and training remains within the institution.

The slow pace of related legislative changes has also hampered project implementation. Where legislative reforms are not following the technical process, the overall impact of a project is affected.

Success stories, or areas judged to have presented the most progress, are those in which the authorities have taken over ownership of the process from the EC, for example, refugee return. This is still a "work in progress", but the State Commission for Refugees now leads the process and the Return Fund is under BiH management.

Another sector in which capacity-building has produced outstanding results is de-mining, where the BH Mine Action Centre and the entity Civil Protection Authorities (CPAs) have taken over management of this area. The entity CPAs have, furthermore, developed joint services and are working in full co-operation.

Lack of co-ordination can hinder project implementation, even if there is a political consensus on the issue's importance. A particularly disappointing example is environmental protection, which is an issue affecting everyone regardless of administrative and political borders. Although there is political consensus on the issue, the State Environment Agency has yet to be established in order to coordinate on behalf of the whole country.

Handing over to the BiH Authorities

For the past three years, the European Commission's policy has been to handover management of the EU funds to BiH authorities, as was the case during previous EU Enlargements. The main counterpart is the Directorate for European Integration (DEI), which three years ago was a small department with limited staffing and very little capacity, but has today grown into a Directorate with well-trained staff who have a clear understanding of the tasks at hand: co-ordination of European integration matters in government at all levels, from State to municipal.

Furthermore, all State Ministries and Agencies now have designated staff that are familiar with the context and the overall objective, and are able to present their own request for financing.

The speed of this process has been impressive, and demonstrates that – if there were the political will to implement reforms – the structures to deliver the assistance already exist.

Eventually, the whole range of programming activities will be transferred to BiH. This is being done in three stages, with the first one successfully completed:

- ✓ 1 – BiH has taken over the **lead in programming**, identifying the needs and priorities for funding.

Since 2006, the DEI launches a consultation for projects within the BiH government, asking each Ministry to submit proposals for their sector in line with the agreed strategic priorities. State and entity institutions submit joint proposals to DEI, which then forwards the proposals to the EC. A joint revision is carried out by the EC, DEI and the line ministry, to check whether their proposal is compatible with the BiH EU integration strategy, the BiH government policy, and the European Commission Multi-Annual Indicative Programme.

- 2 – BiH must now take the **lead in the implementation** of the projects.

This refers not only to the DEI taking the lead in programming and co-ordination, but also to all ministries assuming responsibility in their own sector, ensuring that the pre-conditions for project implementation are in place. Common conditions include: appropriate staffing; legal framework; any necessary authorisations, etc. This still requires substantial coordination and the EC continues to provide technical assistance for this purpose.

IPA

IPA is an accession-driven instrument, fulfilling all the requirements stemming from the accession process. To simplify and co-ordinate the delivery of external assistance, the major objective when designing the IPA was to streamline all pre-accession assistance into a single framework and to unite under the same instrument both candidate and potential candidate countries, thus facilitating the transfer from one status to another.

IPA components	eligible recipients
<input type="checkbox"/> Transition Assistance and Institution Building	potential candidates & candidate countries
<input type="checkbox"/> Regional and Cross-Border Co-operation	
<input type="checkbox"/> Regional Development	candidate countries only
<input type="checkbox"/> Human Resources Development	
<input type="checkbox"/> Rural Development	

IPA – Indicative Financial Allocations for BiH

(million Euro)

	2007	2008	2009	2010
I. Transition Assistance and Institution Building	58.1	69.9	83.9	100.7
II. Cross Border Co-operation	4.0	4.9	5.2	5.3
Total	62.1	74.8	89.1	106.0

The **Multi-annual Indicative Planning Document (MIPD) 2007–2009** is the key strategic planning document for assistance to BiH under the IPA. It takes into account the Mid-Term Development Strategy and the EU Integration Strategy of BiH and translates the needs and challenges that BiH faces in the Stabilisation and Association Process into strategic priorities and objectives.

The MIPD will soon be revised to cover 2010. Under it, the EC allocates funds for each component of IPA for each country.

The MIPD is available at:

http://ec.europa.eu/enlargement/pdf/countries/ipa_miff_081106_en.pdf

■ 3 – Transfer of the management of funds to BiH

This requires setting up structures to receive and manage the EU funding (a process called decentralisation). The first step will be establishment of a government department to carry out all the procurement activities for contracts and payments. The BiH Ministry of Treasury and Finance has initiated this process, which is still in its early stages.

There is no deadline for transfer of management of EU funds to BiH authorities, but the IPA regulation foresees project implementation under a decentralised system, to prepare for future membership. BiH has set itself a target date to take over the management of EU funds in 2009.

This transfer will be vital for BiH to start using the substantial EU pre-accession funds once it becomes a candidate country and has complete access to the other three components of IPA (see table). These funds will have to be managed by BiH through new structures, such as a Rural Development Authority, capable of preparing projects and spending money for rural development (similar to the SAPARD Agencies set up in former candidate countries). The EU transfers the funds to the government budget to implement cohesion policies such as agriculture under their own responsibility, however, the European Commission retains the oversight and control mechanisms in order to ensure that the EU money is spent in accordance with regulations and is not misused.

It will take several years to set up the administrative structures which then need to be accredited by the European Commission to ensure they are capable of managing the funds according to very strict EU regulations in this sector.



IPA 2007 Project List (tentative) TOTAL VALUE – 49.7 MILLION EURO

	Sector	Project
Political requirements	Return	Mine Clearance and Technical Survey
		Reconstruction of small infrastructure in support to sustainable return
		Support to the forensic department of ICMP (International Commission for Missing Persons)
	Social inclusion	Social Sector review
		Enhancing the Social Protection and Inclusion System for Children in BiH
	Rule of law	Support to strategy planning, aid co-ordination and European integration capacities in the Ministry of Justice of BiH
		Increasing the Efficiency of the Judiciary through the Establishment of a Case Management System (CMS) for Courts and Prosecutors of Officers
		Efficient Prison Management
		Joint training of the SIPA Financial Intelligence Unit and Crime Investigation Unit, Prosecutors, financial regulatory agencies and institutions
	Constitutional reform	Capacity building for process of Constitutional Reform
Public administration	Further Support to the PARCO–Capacity building of the PARCO in support of the Public Administration Reform Strategy implementation & donor co-ordination	
	Support to the BiH Government for the European Integration process and Co-ordination of Community Assistance – Phase III	
	Strengthening HRM system in the area of civil service training	
	Support to the Human Rights Ombudsmen of BiH	
		Development and implementation of an integral BiH wide PIFC strategy
Socio-economic requirements	Economic development	Support to regional economic development and development of small and medium size companies and enterprises
		Building the Capacity to promote exports and develop the export base in Bosnia and Herzegovina
	Employment	Improving active labour markets in Bosnia and Herzegovina
		Improving the development and capacity of Social Dialogue and Social Partners project
	Education	Strengthening Higher Education in Bosnia and Herzegovina III
Support to Reform of Higher Education		
Health	Supply of equipment to VET schools	
	Strengthening of Public Health Institutes in BiH	
European Standards	Financial sector	Capacity Building in the field of Human Resource Management of the Central Bank of Bosnia and Herzegovina
		Sustainable Capacity Building of the Insurance Agencies of Bosnia and Herzegovina
	Migration	Assistance to the Ministry of Security, Ministry for Foreign Affairs, Ministry for Human Rights and Refugees and other competent authorities in effectively managing migration
		Strengthening of the Accreditation System
	Quality infrastructure	Strengthening of the Metrology system
		Safety infrastructure
	Energy	Support to meet the requirements of the Energy Community Treaty for South East Europe
	Communications	Support to build capacity of the Communications Regulatory Authority in telecommunications
		Public key infrastructure (PKI) implementation in Citizen Identification Protection System (CIPS)
	Statistics	Preparation for the Population Census – Phase I
	Land registries	Spatial Information services for BiH phase I – Establishing of Network of referent GPS stations
		Strengthening and harmonisation of the BiH agriculture and rural sectors Information System
	Food and agriculture	Pilot support to the Rural development Programming
		Support to implementation and enforcement of BiH Food Legislation
Preparation for Pre-structural funds	Support to water policy	
Environment	Support to implementation of the "Integrated Pollution Prevention and Control" Directive	
	Construction of the Sewage Network System in Zivinice	
Transport	Assistance to the Ministry of Communications and Transport to implement IPA	
	Technical assistance to update security and interoperability regulations of the railway system	
Civil Society Dialogue	Civil society	Capacity building of Civil Society to take part in policy dialogue
		Reinforcement of local democracy
	Media	Support to the independence of the Communications Regulatory Agency

Final Conference of Technical Regulations Project

On 24 July 2007, the Final Conference of the EU ITR Project – Technical Assistance for the Transposition and Implementation of Technical Regulations – was held in Sarajevo. The EU invested 1.2 million Euro in this 18-month project.

EU ITR was devised to help BiH fulfil the conditions for export into the EU and CEFTA countries, and later on into World Trade Organisation (WTO) member states, which are related to proving the safety of products. It concerns the protection of lives and the health of citizens, domestic animals and the environment, and the protection of consumers from unsafe products. This is regulated by some 2,000 Acts in the EU. Apart from the transposition of regulations, the project provided capacity building for technical infrastructure for conformity – assessment of products with the regulations, as well as the building of official food and feed control systems. Until this task is completed, BiH will not be able to make use of the EU extraordinary trade measures, according to which it can export into the EU almost any product without tariff or quantitative restrictions, providing it can prove conformity with EU product safety regulations.

Mr. Kjartan Björnsson, Head of Section for Economic Development and Natural Resources of the Delegation of the European Commission to BiH, explained that technical regulations are of fundamental importance both to improve BiH's trade and also to protect the health of consumers and the environment. A legislative framework is essential for the single market to function. BiH must develop quality infrastructure and its policy must be to transpose and enforce relevant EU legislation. The Technical Assistance Project ending today played a very important role in supporting the

transposition and harmonisation of legislation, which fulfils the Stabilisation and Association Agreement requirements and which is an approximation of the EU *Acquis* (EU laws) and WTO regulations.

The project was composed of three different components, each working with different partners/beneficiaries: MoFTER, which established the Market Surveillance Agency; the Food Safety Agency, which the project help establish; and the BiH Institute for Standardisation, which it helped strengthen. The excellent co-operation led to considerable improvements, notably with 2 Directives transposed into Draft BiH Ordinances and the transposition of 31 + 24 food safety Technical Regulations, but there is still a lot to be done and deficiencies in many sectors which must be addressed. Mr. Björnsson added that the importance attached to these tasks, and the proven capacity of the institutions to co-operate, have led to IPA 2007 funds being earmarked to further develop quality infrastructure.

Mr. Nenad Pandurevic, Assistant Minister of Foreign Trade and Economic Relations (MoFTER), stressed that it is vital to implement EU standards, so that BiH companies can export to the EU and other markets. Only thus can local companies take advantage of the trade preferences offered by the EU and improve the current trade deficit. He added that a technical framework which protects consumers is an important step towards the EU. The key institutions to do the job have been established, but the challenge for BiH is to implement all the regulations. This will be a long process and – despite the encouraging results so far, which prove that there is a degree of capacity – the overall capacity of BiH institutions must advance further.



Conference on How to Promote and Develop Business

On 26 June, 2007, Mr. Kjartan Bjornsson, Head of Economic Development and Natural Resources Section in the Delegation of the European Commission to Bosnia and Herzegovina, opened the Conference on "Small and Medium-Sized Enterprises in Bosnia and Herzegovina on the Road to the European Union – Ways to Promote and Develop Business".

The Conference brought together representatives of State, entity and local government, Employer's Associations and Development Agencies, as well as commercial companies and certain NGOs.

Mr. Bjornsson pointed out that In the European Union, 23 million Small and Medium sized Enterprises (SMEs) account for some 80 % of the total employment and provide 75 million jobs. 99 % of all enterprises in Europe are SMEs and they play a key role in job creation and tax generation. Development of the SME sector in BiH is of vital importance for the future prosperity of the country, especially in view of the high unemployment rate, and requires the establishment of professional and capable support institutions on all levels. BiH has made little progress in meeting the European Union Charter for Small Enterprises recommendations. He pointed out that, among others, there is a lot to be done on the necessary legal and institutional framework: the BiH-level strategy for SMEs still remains un-adopted, there is no framework law at State level for SME development and promotion and there is also an urgent need for a Council for Development and Entrepreneurship.

Mr. Peter Milford, Consultant to the Organization for Economic Cooperation and Development for the European Charter for SME research, presented highlights from the report on the status of implementation of the SME Charter in the countries of the Western Balkans. The European Charter for Small Enterprises responds to the goals set out in Lisbon: to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth, more and better jobs, and greater social cohesion. The Ministry of Foreign Trade and Economic Relations is in charge of reporting annually to the European Commission on the status of Implementation of the Charter in BiH. Overall, in terms of implementation of the EU Charter, BiH scores are low, just above Kosovo.

The conference featured speakers from the business sector throughout the country, presenting concrete experience in a range of fields: Dr. Elvir Causevic, Director of the Tuzla Company "Inspire", spoke about "Experiences in building a fast growing company in BiH"; Slavko Simic, Director of the Banja Luka Company "Bross Trade", spoke about "Overcoming challenges in the establishment of a company in BiH"; Zeljko Bozic, from the Mostar company "Alfaterm", spoke about "Investment in education of SME human resources – a key to success" while Natasa Pucar, Director of the Brčko Company "Bimal", spoke about "Successful food processing". Their significant knowledge of the realities in the business environment was valuable to draw conclusions on lessons learned.

Training for Security Staff of the Irregular Migrants Centre

On 26 July 2007, thirty-seven newly-recruited staff received certificates on having successfully completed an intensive three week basic training course for security staff at the Centre for Irregular Migrants.

The training was provided in the framework of the EU-funded project "Support to Migration Management Capacities" implemented by the International Organisation for Migration (IOM). The training course was held in the Vraca Police Academy and the Centre itself, located in Lukavica.

Mr. Mijo Kresic, BiH Deputy Minister of Security, stated that the training has strengthened the capacities of the Service for Foreigners, which will operate the EU-funded Centre for Irregular Migrants established by IOM, and that the trainers from the Dutch Ministry of Justice had introduced the new staff to European and international best practice.

Mr. Izet Nizam, Deputy-Director of the Service for Foreigners, congratulated the new recruits on their successful completion of the training course and urged them to maintain the highest professional standards in their work.

Mr. Ferdinand Kopp, Head of Section for Justice and Home Affairs of the Delegation of the European Commission to BiH, congratulated the new staff and stressed that their tasks require understanding of the individuals as well as knowledge on how to react in different situations, as the supervision of irregular migrants must be effective but sensitive. He praised the Ministry of Security and the Service for Foreigners for their understanding and their readiness to take the necessary steps, stating that the EU will continue to support them with necessary training so as to ensure that the country is able to meet European and international standards.



Mrs. Regina Boucault, Head of Mission of IOM, pointed out that the training is only part of the CARDS 2005 support, which has included advisory services, training and equipment. She stated that proper management of migration flows is essential for BiH itself, its neighbouring countries and the EU. The reception centre is necessary to house certain categories, but it must be both lawful and practical.

The distribution of certificates to the newly-trained staff was followed by a short demonstration of the skills acquired to receive and process an irregular migrant, check his/her belongings with a discrete metal-detecting glove and provide him/her with basic hygiene products.



European Fund for Southeast Europe

The European Fund for Southeast Europe (EFSE) aims to foster economic development and prosperity in Southeast Europe through the sustainable provision of additional development finance, notably to micro and small enterprises (MSEs) and to private households, via qualified financial institutions.

EFSE is the successor of various revolving finance funds that were set up in Bosnia and Herzegovina (EFBH), Kosovo, Montenegro and Serbia since 1998. Similar lending programmes were also implemented in Bulgaria and Romania. These revolving finance funds were established by a group of bilateral and multilateral donors: the European Union, Germany, Austria and Switzerland.

These revolving finance funds provided long-term funding to local partner lending institutions for granting sub-loans to micro and small enterprises, both urban and agricultural, as well as to private households for housing reconstruction or purchase.

During 2005/2006, EFSE inherited a total investment portfolio of more than 130 million Euro among more than 30 partner lending institutions from the preceding funds. In addition to

loans, the preceding revolving finance funds also provided technical assistance and training to partner lending institutions to strengthen their institutional capacities.

EFSE operates as an umbrella fund with different national/regional sub-funds. These sub-funds pool their assets to invest in different national pools dedicated to a specific country.

The target Financial Institutions are local commercial banks, microfinance institutions and non-bank financial institutions, as well as investment companies or investment funds operating at a regional level that either finance or are committed to finance the target group.

The loans that Partner lending Institutions (PLIs) provide to the final borrowers are sub-loans. PLIs bear the full risk associated with these sub-loans and, in principle, are free to set the final terms and conditions. However, the Fund's instruments bear some minimum conditions to ensure target group orientation: the maximum loan amount of the sub-loans is 100,000 Euro and EFSE requires PLIs to comply with minimum environmental and social standards that represent international best practices throughout the credit cycle.



Tourism Development Projects – Bijambare and Water Ciro

The EU continues to fund tourism development projects in the framework of the Red Fund, which supports Regional Economic Development.

On 4 July 2007 the expanded services for visitors to the

Bjambare cave complex were presented, while in May a promotional tour of the "Water Ciro" project was organized.

Additional photographs of these and other projects are available in the Photo Archives : www.europa.ba .



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European Union home page: www.europa.eu

The EU's actions in BiH web page: http://ec.europa.eu/comm/enlargement/bosnia_herzegovina/index.htm

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