

Policy Department External Policies

ANALYSIS OF THE 2007 ANNUAL ACTION PROGRAMME FOR BOSNIA AND HERZEGOVINA UNDER THE PRE-ACCESSION INSTRUMENT IN PREPARATION OF THE REVIEW OF THE RELEVANT MULTI-ANNUAL INDICATIVE PROGRAMME

FOREIGN AFFAIRS

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Executive summary

Scope of the briefing: the analysis concentrates on the issues presented as critical points in the 2007 Progress Report on Bosnia and Herzegovina, and evaluates the 2007 Annual Programme for Bosnia and Herzegovina under the Pre-Accession Instrument¹ (IPA) in the light of these elements. The Multi-Annual Planning Document for the years 2007-2009 for Bosnia and Herzegovina² is also taken as a reference point for the evaluation. We first present the main issues and measures regarding the political criteria. After this, we discuss the economic criteria and the measures foreseen in this field. This is followed by a concise description and a critical evaluation of the most important items and measures regarding European standards. Finally, we submit conclusions and recommendations regarding future EU activities in the field.

Political Criteria: Despite certain progress in the transition process, Bosnia and Herzegovina still faces some serious political problems in this regard. The police reform remains the main obstacle to the country's conclusion of the Stabilisation and Association Agreement (SAA) with the EU; the recent adoption of the package of laws regarding the respective issue in the Parliament of Bosnia and Herzegovina (April 2008) represents a positive signal of its initiation. Full co-operation with the International Criminal Tribunal for the former Yugoslavia (ICTY) remains crucial in that sense as well. Constitutional reform, as well as reform of the state administration and judiciary, with special attention to the need to enable the institutions to respond to the challenges of the process of European integration, will be of special importance in the forthcoming period. Recognisable improvement in the fields of return of refugees, relations between the authorities and civil society as well as media reform is still lacking. The community assistance planned in the IPA 2007 Annual Programme generally follows the priorities set in the MIPD. However, as this form of support is conditional to the still missing reliable consent among the relevant political stakeholders in a number of issues listed above, it is difficult to estimate its pertinence for the actual situation on the ground.

Economic Criteria: The issues underlined in the 2007 Progress Report and the MIPD for 2007-2009 are present under Axis 2 of the IPA 2007 Annual Programme for Bosnia and Herzegovina. However, due to the limited amount, the long-term positive effect of the projects is questionable. Due to the limited possibilities, the projects under Axis 2 cannot respond to all challenges identified by the Progress Report 2007. A further question is whether the following IPA Annual Programmes will be able to build on the present one. An overall problem is the amount of financing available and the fragmented use of it.

European Standards: The gradual approximation of legislation and policies to the *acquis communautaire* is a key issue. This is a very challenging process for Bosnia and Herzegovina, a country with a specific and turbulent recent history, institutional arrangement and complex national structure. Because of these issues the EU's assistance, as well as its presence on the ground (EUFOR, EUPM, EUSR, EC Delegation etc.), is of utmost importance, and the IPA is set to help the alignment of the country's legislation and policies with European Standards in areas like justice, freedom and security. Nevertheless, its 2007 Annual Action Programme corresponds to the aforementioned MIPD only to a certain extent in these fields, and there is a space for improvement in this regard.

Conclusions and recommendations: Bosnia and Herzegovina has made recognisable progress in the reform process, but it has to take further steps in developing the responsibility

¹ Further in the text – IPA 2007 Annual Programme.

² Further in the text – MIPD.

for local ownership and political reforms essential for ensuring a functional state apparatus. Support from the EU as well as from the whole international community is crucial for this endeavour.

The IPA 2007 Annual Programme is generally in line with the 2007 Progress Report, follows the mid-term priorities from the MIPD and offers relatively adequate measures for their short-term implementation. However, it is obvious that the necessary progress in Bosnia and Herzegovina's reform process depends first of all on the political consent of the local political stakeholders, especially in the areas of high political importance. With all this in mind, our recommendations can be summarised as follows:

- The amount of financing available and its fragmented use is a general problem. A more concentrated use of IPA could lead to better results: demonstration effects of bigger and more “visible” projects (e.g. in the field of infrastructure) would also be important to help the country coming out from its actual internal political impasse. According to preliminary information on IPA 2008, the practice is expected to be in line with this recommendation – this approach is welcome and to be continued.
- The institutions and systems created by IPA and CARDS support should function in the long run, and this requires a long-term approach: it is important that projects supported reach the critical level necessary to have tangible long-term results. This asks for continuity in defining priorities and measures, both from the side of Bosnia and Herzegovina and the EU.
- The limited amount of IPA support is one of the obstacles to more rapid progress. After the signature of the SAA, a careful revision of development needs and the adjustment (and/or enlargement) of IPA support is necessary.
- Better donor coordination could also lead to better results. The actions promoted currently by some member states are welcome, but more possibilities lie in a well-coordinated approach involving all EU member states (and also other partners from the international community).
- The key issue at the current stage is to launch an overall reform process in Bosnia and Herzegovina in order to ensure its long-term functioning and viability. More pressure from the EU, including a stricter (but clearly rewarding progress and punishing non-compliance) conditionality regarding the Stabilisation and Association Process (SAP) in general, combined with a better use of IPA in particular could make the integration prospects more credible to Bosnia and Herzegovina, and could contribute to the fundamental reforms assuring the long-term functioning and viability of the country.

Contents

- Executive summary ii**
- 1. Introduction 1**
- 2. Political criteria 2**
- 3. Economic criteria 4**
- 4. European Standards 5**
- 5. Conclusions and recommendations 9**
- References: 11**

1. Introduction

The initial request for this Briefing Paper (EP/EXPO/B/AFET/FWC/2006-10/Lot1/19, Annex II) specifies that the Briefing Paper ‘should analyse:

- the coherence of the annual programme with the Union’s overall policy objectives as set for the pre-accession process in general and for the concerned country in particular
- the pertinence of the elements of analysis as put forward in the action programme and their adequacy (or lack of it) to describe the conditions observed/identified on the ground in the country concerned and considering the recent developments in the area
- the way in which results or lack of them (achievements and/or weaknesses) in implementing previous annual programme(s) and analysis of situation could be taken on board with a view to adjusting the Multi-annual Indicative Programme for the country concerned.’

In this vein, the analysis concentrates on the issues presented as critical points in the MIPD 2007–2009 and the 2007 Progress Report on Bosnia and Herzegovina, and evaluates the IPA Annual Programme 2007 in the light of these elements. Following the general structure of the above documents, we first present the main issues and measures regarding the political criteria. Afterwards, we discuss the economic criteria and the measures foreseen in this field. This is followed by a concise description and a critical evaluation of the most important items and measures regarding European standards. Finally, we submit recommendations regarding future EU activities in the field, including reflections on the next IPA Annual Programmes as well as on the actualised MIPD 2008-2010. At this point, we pay special attention to the effectiveness of the EU’s efforts as well as to the country-specific problems of implementation, and formulate recommendations for improving the results of EU support in Bosnia and Herzegovina.

As a potential candidate for EU membership, Bosnia and Herzegovina benefits from the first two (Transition Assistance and Institution Building, Cross-Border Cooperation) of the five IPA components. However, well-founded projects related to the remaining three components (Regional Development, Human Resources Development and Rural Development, Bosnia and Herzegovina) can also be included into the Transition Assistance component. The financial scope of the IPA Annual Programme 2007 for Bosnia and Herzegovina amounts to €49.736.394.³ From this overall amount, €12.886.394 are allocated in priority axis 1 (Political Requirements), € 12.000.000 in priority axis 2 (Socio-Economic Requirements), € 21.550.000 in priority axis 3 (European Approximation of Sectoral Policies), and € 3.300.000 in priority axis 5 (Civil Society Dialogue).⁴

³ The IPA 2007 Annual Programme includes the Transition Assistance component only. The amount earmarked for Bosnia and Herzegovina under the Cross-Border Cooperation component for 2007 (€ 3.966.000) in the MIPD is dealt with in other documents, and therefore it is not included in our analysis of the IPA Annual Programme 2007.

⁴ Axis 4 (Community programmes) is covered by CARDS 2006 and no allocation is foreseen for it under IPA 2007.

2. Political criteria

The importance of the Copenhagen political criteria is widely known, and progress of each aspirant country in efforts to meet them represents one of the crucial preconditions to succeed in the process of EU integration. Bosnia and Herzegovina, with its very characteristic background and administrative structure, undoubtedly faces a very complicated task related to the fulfilment of the aforementioned criteria, and therefore the assessment of this process as well as of Pre-Accession Assistance Programmes requires special attention.

Return of refugees still remains an issue of concern, as no decisive progress has been achieved on finalising the return process by the end of 2006 (as planned in the Sarajevo Declaration), and the so-called ‘minority return’ is not yet at a satisfactory level. The analysed document seems to follow the priorities set in the MIPD for Bosnia and Herzegovina and offers short-term measures in order to foster their implementation.

However, a careful reading of the actions listed in the IPA 2007 Annual Programme reveals the absence of one of the essential measures for the successful conclusion of the process and insurance of its long-term sustainability foreseen in the MIPD – actions for revitalisation of the economy in areas of return.⁵ Hence, one can see in this segment space for improvement, while the transposition of the section “Social Inclusion” to Axis 2 (Addressing Socio-Economic Requirements) should be considered. Despite the fact that these segments still have a political significance (as it may be visible from the priorities in the MIPD), they should be transposed into the aforementioned sections of both documents and linked with other priorities and measures in order to enable both easier implementation and functionality.

Justice and police reform represent top priorities in the transition process of Bosnia and Herzegovina. Despite the progress achieved in the field of judiciary consolidation, the reform process remains burdened as it reflects the general structure of the country. The system is still divided across the entity lines, while state institutions have relatively limited powers. Its efficiency improvement has been hampered mainly by its own structure: four parallel and separate jurisdictions at State, Republika Srpska, Federation and Brcko District levels; incoherent system of laws, directives issued by fourteen Ministers of Justice; four different bar examinations for lawyers; political interference into the system etc.⁶ The IPA 2007 Annual Programme correctly detects the main challenges to the functionality of the judiciary in Bosnia and Herzegovina and, in line with priorities set in the MIPD, defines adequate short-term measures.

However, the fact that political consent among local stakeholders is needed for their implementation makes it difficult to estimate their efficiency in the forthcoming period. The situation in the field of police reform is even more complicated, as this has been promoted into a top political issue, or even the main condition for Bosnia and Herzegovina’s conclusion of the SAA with the EU. Despite joint efforts of EUPM, EUSR and a number of other EU representatives, policies and initiatives have

⁵ Apart from actions in the field of de-mining, reconstruction of social and technical infrastructure facilities, recovery of economy in the areas of return is an essential element for the completion of the process.

⁶ For details see IPA 2007 National Programme – Bosnia and Herzegovina Identification.

been practically blocked by the lack of political compromise among the local political elites. The recent adoption of the package of laws regarding the police reform in the Parliament of Bosnia and Herzegovina (April 2008) represents a positive sign, but concrete steps of their implementation are still to be taken. The IPA 2007 Annual Programme reflects the complexity of the political stalemate, and, unlike in the MIPD, one cannot find concrete actions planned to support the formation of 'a police service which is operating in a single efficient and sustainable structure, capable of fulfilling its role in the enforcement of the Rule of Law'.⁷ The reason for the lack of concrete measures can probably be found in the awareness of the IPA 2007 Annual Programme's authors that their implementation will not contribute to the improvement on the ground unless the political consent is found.

Public administration and constitutional reform still remains a very serious obstacle for efficient decision-making and therefore hinders the reform process that is conditional for progress towards EU membership. Despite the fact that recognisable progress has been made under the current constitutional framework, the lack of success on the issue of constitutional reform still makes its overall achievements rather questionable. The rejection of a set of proposed constitutional amendments (in 2006) and the fact that there were no other attempts afterwards, combined with nationalistic rhetoric and lack of determination of local political leaders to take the full ownership for the ongoing reforms process, complicates the issue even more. The IPA 2007 Annual Programme generally follows the priorities from the MIPD and offers short-term measures that should ensure the public administration reform and capacity building for the process of constitutional reform.

However, as it is the case in the field of police reform, it is difficult to predict the efficiency of the aforementioned measures since the full implementation and successful conclusion of the process depends on the local political consent that is essential for any progress in that field, but is still non-existent. As a result of that, the reforms that should ensure the functional state apparatus of Bosnia and Herzegovina are still blocked and even the 2006 general elections were conducted under existing provisions that are in violation of European Convention of Human Rights (ECHR), while its highest bodies still continue facing the same problem of being divided across the ethnic/entity lines and hence fail to fulfil their role in the political system and represent the common position of Bosnia and Herzegovina abroad.

⁷ For details see Commission Decision C(2007) 2255 of 01/06/2007 on a Multi-annual Indicative Planning Document (MIPD) 2007-2009 for Bosnia and Herzegovina, http://ec.europa.eu/enlargement/pdf/mipd_bosnia_herzegovina_2007_2009_en.pdf

3. Economic criteria

Regarding economic development in Bosnia and Herzegovina, the 2007 Progress Report recognises some important elements of improvement. It welcomes stronger growth, increased industrial output and a spectacularly declining current account deficit. Stable monetary policy and the successful introduction of VAT (replacing the earlier sales tax) in 2006 are key elements of recent development. However, the 2007 Progress Report also warns that no clear long-term positive trends can be identified (results for the first eight months of 2007 show a deterioration regarding industrial activity and current account balance) and underlines the existence of important differences within the country (between the Federation and the Republika Srpska). High unemployment is still a key economic problem.

The MIPD for Bosnia and Herzegovina 2007-2009 identifies the above delineated problems as well, and contains guidelines for strategic choices. It underlines the importance of establishing regulatory capacity and enhancing the entrepreneurial know-how. It also foresees support for the SME sector and improvement of trade policies. Education reform and active labour market measures are considered as important tools for fighting unemployment. In addition, the document foresees the contribution of IPA to an effective partnership between social partners and to good governance.

In the IPA Annual Programme for 2007, nine projects are foreseen under Axis 2 (Socio-Economic Requirements). Out of these nine projects, four are related to the sector **Labour and economic development**; the remaining five projects under Axis 2 belong to the sector **Social policies**. Comparing these projects to the challenges identified by the 2007 Progress Report and the MIPD, the links to the latter are more than obvious: practically all issues underlined in the MIPD are present under Axis 2 of the IPA 2007 Annual Programme for Bosnia and Herzegovina. This, in itself, can be a positive thing; however, due to the limited amounts, it is questionable whether all projects will have the critical weight necessary to initiate processes leading to long-term positive effects (especially as in the case of some of the projects where more than one contract is foreseen).

Due to the limited possibilities, the projects under Axis 2 cannot respond to all the challenges identified by the Progress Report 2007. Again, it is not a problem in itself; the big question is whether the following IPA Annual Programmes will be able to build on the present one – as there are no experiences with implementing IPA, there is no clear answer for this question. However, the experience of CARDS, with special regard to successful examples of institution and capacity building, can be encouraging.

The overall problem is the amount of financing available and the fragmented use of it (stemming both from the limited amount and the need of addressing the most of the challenges identified earlier). At the present phase of the development of Bosnia and Herzegovina, a more concentrated use of IPA (in general and with regard to economic criteria in particular) could lead to better results. Demonstration effects of bigger projects would also be important to help the country coming out from its actual internal political impasse which has been blocking over the last two years the potential for development in the relations with the EU, first of all, the signature of the Stabilisation and Association Agreement.

According to preliminary information available, the plans for the IPA Annual Programme for 2008 reflect a move into the above mentioned direction. First, in line with the MIPD, the overall amount will increase. Second, according to the actual stand of a tentative list of projects to be supported, only 20 national projects (in contrast with 46 in the IPA Annual Programme for 2007) are expected to be supported by IPA. This means that the average size of projects can increase from barely EUR 1 mn to over EUR 3 mn. This is a considerable increase, and, although size in itself does not necessarily solve all the problems, this move can contribute substantially to the better visibility of IPA support for the citizens of Bosnia and Herzegovina.

4. European Standards

Projects foreseen in the IPA 2007 Annual Programme for Bosnia and Herzegovina under the part “European Standards” (Axis 3) are grouped into two sectors: support to the establishment of regulatory systems and preparation for IPA pre-structural funds. We will discuss both sectors below, and we also add a brief review and evaluation on projects under Axis 5 (Civil Society Dialogue).

Regarding the part “**Support to the establishment of regulatory systems**”, in the **financial sector**, the 2007 Progress Report welcomes the consolidation of the banking system, and recognises the fact that this process has gone through with the involvement of foreign-owned banks (owning by now 65% of total banking assets). However, it calls the attention to the problem that still no single state level Banking Agency has been established in Bosnia and Herzegovina, and that the entities practice separate banking legislation and supervision. As for insurance companies, their majority is locally owned (foreign-owned companies control 47% of the market). Here, the State Insurance Agency has been functioning since August 2006, but it is still understaffed, and many tasks are still undertaken by the Entity Agencies.

In order to show progress in the financial sector, the IPA 2007 Annual Programme foresees two projects, the first one aiming at capacity building for the Central Bank of Bosnia and Herzegovina, the second one contributing to capacity building of the Insurance Agency of Bosnia and Herzegovina, as well as of the Federation and Republika Srpska Insurance Supervisory Agencies. While both projects seem to be well-founded and useful, and – on the basis of positive CARDS experience in capacity building – may have good chances for success in capacity-building, the practical use of the state level capacities remains dependent upon developments in the general internal political arena.

On the issues of **visa, migration and asylum** recognisable progress has been made, as concluded in the 2007 Progress Report. Still, there are problems, such as lack of mature coordination structures and referent strategic documents (National Migration Strategy, Integrated Border Management Strategy, etc.) as well as limited administrative capacity. In line with priorities from the MIPD, the document outlines measures in order to tackle remaining problems in the field of migration (assistance to relevant state administration bodies in order to improve migration management, its legislative and institutional framework and creation of an effective coordination and communication system among all stakeholders). However, despite the fact that improvement in the field of integrated border management, fight against organised crime, money laundering, drugs, corruption and terrorism was marked as necessary in

the 2007 Bosnia and Herzegovina Progress Report and set as a priority in the MIPD, the IPA 2007 Annual Programme does not provide adequate short-term measures for that. Moreover, these problems have not been mentioned in the document at all, so, having in mind their importance, there is a space for improvement in the years to come.

Regarding **quality infrastructure**, in line with the 2007 Progress Report and the MIPD, the IPA 2007 Annual Programme says that “The development of quality infrastructure is critical to help BiH enterprises developing an export market and support economic growth”.⁸ Although some key institutions (Institute for Standardisation of Bosnia and Herzegovina, Bosnia and Herzegovina Institute for Accreditation, Agency for Market Surveillance) are established and functioning, their activity needs further development of capacities in some fields. Despite an existing state level plan (Plan of activity for the realisation of the Programme of the Transposition of Technical Regulations), technical regulations are often different in the different Entities.

In order to help improve this situation, three projects are foreseen in the IPA 2007 Annual Programme for Bosnia and Herzegovina. The first one aims at strengthening the Bosnia and Herzegovina Accreditation system and preparing the Bosnia and Herzegovina Accreditation Institute to sign a multilateral agreement with the European Co-operation for Accreditation. The second one concentrates on strengthening the Bosnia and Herzegovina Metrology system and prepares the Bosnia and Herzegovina Institute for Metrology for becoming full member in EUROMET, EUROCHEM, WELMEC, OIML and the Meter Convention. The third one deals with safety infrastructure, developing capacity for drafting and implementing technical regulations (in state Ministries), establishing the conformity assessment system and developing the capacity of the existing market surveillance system. The above projects are well in line with the priorities established in key documents and their successful implementation – depending again to a great extent on the internal political development in Bosnia and Herzegovina – could considerably enhance the country’s integration into European quality infrastructure regimes.

In the field of **energy and telecommunications**, Bosnia and Herzegovina has made progress in the liberalisation of one important segment of its energy sector (electricity), while progress in the other segments, where the country committed itself for liberalisation (gas) is slower than foreseen. Although Bosnia and Herzegovina is a signatory of the Energy Community Treaty, it needs substantial efforts to be an active member of the energy community and of related EC energy bodies. Regarding telecommunications, the Communications Regulatory Agency for Bosnia and Herzegovina is preparing for the introduction of effective competition in the telecommunications market, but needs more financial resources to play this role more actively.

In line with these needs, two projects are foreseen in this field. The first one (with the biggest single contract amount foreseen among the IPA 2007 projects) is providing assistance in order to meet the requirements of the Energy Community Treaty (including public education) and other international obligations, and supporting the formation of new energy generation (electricity) and distribution (gas and electricity) companies. The second one aims at capacity building for the Communications

⁸ IPA 2007 National Programme – Bosnia and Herzegovina Identification, p.12.

Regulatory Agency in order to make it able to fulfil its mandate (harmonisation of the legal framework, liberalisation of telecommunications market). The projects are in line with the needs identified and – according to the general circumstances – adequate financing (especially in the field of energy) seems to be ensured.

Reliable general and specific state level **statistics and information systems** are still missing in Bosnia and Herzegovina. Some fundamental elements necessary for the normal functioning of the state – such as a state level land registration system or a reliable and securely functioning state level database on citizens – still do not exist. Reliable population data are not available, only different estimations exist, and the next census is expected to take place in 2011. This situation is a consequence of the war in the first half of the 1990s, of the different practices by the Entities and the lack of a strong central state authority.

In order to change this situation, the IPA 2007 Annual Programme foresees three projects. The first one is aimed at implementing a Public Key Infrastructure (PKI) in the Citizen Identification Protection System (CIPS) locations, in order to improve the security of the CIPS information systems. The second one is aimed at serving the preparation (phase 1) for the Population Census in 2011. The third one deals with the establishment of a network of permanent referent GPS stations in the country, and using them for institutions, municipalities, agencies and companies dealing with land registration or transport-related issues. The projects foreseen are logical responses to the acute problems of the Bosnia and Herzegovina statistics and information systems. The low level of initial (actual) development in the field in the country, as well as the limited size of funding makes the continuation of the projects necessary (as it is foreseen in the case of the preparation of the Population Census), and may require a longer time period for producing tangible results.

Under the part “**Preparation for IPA pre-structural funds**” of Axis 3, in line with the general objectives of EU structural operations, three areas are addressed. In the field of **agriculture, rural development and food safety**, some key institutions have been established and some fundamental regulations have been adopted at state level, and support measures for agriculture have recently increased. However, there is much need for progress regarding the conditions for the efficient functioning of the institutions and the implementation of the regulations. All steps in this field should be done in line with the future obligations of Bosnia and Herzegovina under the SAA, and with regard to trends in the EU Common Agricultural Policy. The three projects under the IPA 2007 Annual Programme in this field aim at creating a state level Agriculture Information System, strengthening the state level administrative structures in the field of agriculture and rural development and supporting the implementation and enforcement of state level Food Legislation, in line with the progress towards the EU acquis and in the interest of consumers.

Environment projects (three under IPA 2007), in line with the actual needs (first of all due to insufficient waste water management, and the unresolved problem of pollution), concentrate on the following issues: support to national Water Policy, and, at the same time, to the implementation of Entity Water Laws, in line with EU law in force; support to the implementation of the Directive on Integrated Pollution Prevention and Control; the construction of sewage collectors for the urban waste water management in Živinice.

Transport projects (two under IPA 2007) concern the road and railway sectors. In the road sector, the establishment of a functioning road and motorway system is the key

objective; the first things to do are the amelioration of the state and safety of existing roads. Regarding railways, the national Railway Regulatory Body (acting also as safety authority) is operational; the separation of the existing Entity railway companies has not been completed yet and Entity laws are not yet in line with the acquis. Although there has been progress in reconstruction, some key issues (among them the implementation of EU safety directives) remain unresolved. Both projects under IPA 2007 provide technical assistance, the first one to the Ministry of Communications and Transport to implement IPA, the second one to update security and interoperability regulations of the railway system.

In all three fields, projects aim at reaching progress in key issues, therefore their inclusion under IPA 2007 is welcome. However, due to the limited financing available, they can only be conceived as parts of a long-term process. For any tangible long-term result, the efforts should be continued, and – of course, according to future challenges and priorities – supported by more substantial resources.

Under Axis 5 of the IPA 2007 Annual Programme for Bosnia and Herzegovina, projects related to **Civil Society Dialogue** are foreseen. Generally, very limited progress has been made in the field of support of the civil society development that remains relatively weak. Therefore, the IPA 2007 Annual Programme has introduced measures that should, in line with priorities defined in the MIPD, help achieving progress in that field.

The media still remain ethnically divided. There is a lack of co-operation between the authorities and of effectiveness of self-regulating instruments. In line with the priorities from the MIPD and the 2007 Progress Report, the document provides measures in order to tackle the problems in this field, including assistance to capacity building of the civil society to engage in policy dialogue, preparing the legal and policy framework for the civil society development through partnership with the State; reinforcing the local democracy to encourage partnership and permanent dialogue between civil society organisations (CSO's) and local authorities to increase the participation of local CSO's and citizens in local development processes and improve service delivery by local authorities and EU support to the independence and empowerment of the Communications Regulatory Agency (CRA) of Bosnia and Herzegovina, by strengthening the CRA broadcast division, preparing a national strategy for introduction of Digital Terrestrial Television (DTT) in Bosnia and Herzegovina and training CRA staff for the successful implementation of the European Convention on trans-frontier television and the EC "Television Without Frontiers" Directive.

However, the inability to adopt the public broadcasting law still remains an obstacle to a successful completion of the legal framework for broadcasting reform which is one of the main conditions for the conclusion of the SAA. As in a number of other cases in Bosnia and Herzegovina, the lack of political consent on the issue, as well as of the clear probability to reach it, makes it very difficult to estimate the adequacy or potential efficiency of existing measures.

Horizontal issues are also tackled under Axis 5. The importance of horizontal issues was emphasized in the analysed document and in line with that, some measures were offered (improving equal opportunities and non-discrimination, supporting minorities and vulnerable groups, addressing particular requirements of minority issues in strategic, tactical and operational police matters, meeting the specific needs of Roma

communities). However, these measures are in direct connection with requirements from the section ‘Political Requirements’ of the MIPD document, so their transfer to Axis 1 (Political Requirements) may be an issue of debate.

5. Conclusions and recommendations

Bosnia and Herzegovina has made a recognisable progress in its reform process. However, in order to be able to continue with a solid pace in its European integration process, it has to take further steps in assuming responsibility for local ownership and political reforms essential for ensuring a functional state apparatus. Support from the EU, as well as from the whole international community, for this endeavour is crucial and therefore the EU’s presence on the ground and various policies that it conducts are still of utmost importance. Accordingly, its Pre-Accession Assistance has an immeasurable significance. In the context of the analysis of the IPA 2007 Annual Programme one may conclude that it is generally in line with the 2007 Progress Report, follows the mid-term priorities from the MIPD and offers relatively adequate measures for their short-term implementation, except for some examples that are highlighted in the text above.

Nevertheless, it is obvious that the necessary progress in Bosnia and Herzegovina’s reform process that is conditional for the continuation of the European integration process depends on the political consent of the local political stakeholders, especially in the areas of high political importance. Therefore, while correction in the new IPA documents according to the following recommendations can improve the efficiency of the whole programme on the technical and operational level, it is very difficult to imagine any significant progress in general without a broad political consensus in the country. To achieve this, some other EU tools should be combined with IPA, and additional efforts should be taken into consideration to move the whole integration process of Bosnia and Herzegovina ahead. Having all this in mind, our recommendations are the following:

- The amount of financing available and the fragmented use of it is a general problem. A more concentrated use of IPA could lead to better results. Demonstration effects of bigger and more “visible” projects (e.g. in the field of infrastructure) would also be important to help the country coming out from its actual internal political impasse which has been blocking over the last two years the potential for development (first of all, the signature of the Stabilisation and Association Agreement) in the relations with the EU. According to preliminary information on IPA 2008, it is in line with this recommendation – this approach is welcome and to be continued.
- An important fact confirming the above recommendation is the nature of most projects under IPA 2007 (and also a number of projects under CARDS), which aim at creating fundamental institutions and basic regulatory systems. Of course, these institutions and systems should function in the long run, and the measures ensuring it (not only on paper, but also in real life) require a long-term approach: it is important that projects supported reach the critical level necessary to have tangible long-term results. This asks for continuity in

defining priorities and measures, both from the side of the country and of the EU.

- The limited amount of IPA support is, and despite the increasing trend in the years to come, will remain one of the obstacles to more rapid progress. After the signature of the SAA, a careful revision of development needs and, if possible, adjustment (enlargement) of IPA support to these needs is necessary – such a step is much more a function of a political than an economic decision.
- Another issue to be tackled (having much less difficult political implications) is better donor coordination, especially coordination between the EU's and its member states' activities in the country. The actions promoted currently by some member states in Sarajevo are welcome, but more possibilities lie in a well-coordinated approach involving all EU member states (and also other partners from the international community).
- Although support could be increased and made more efficient, the key issue at the current stage is to make the state of Bosnia and Herzegovina able to function independently and to be able to overcome the actual political impasse, where the (real or perceived) differences between Entity interests block most state-level development steps. It is obvious that this requires an overall reform process in Bosnia and Herzegovina. As the years since the Dayton-Paris Agreement proved, this is a very difficult issue. More pressure from the EU, a stricter (but clearly rewarding progress and punishing non-compliance) conditionality regarding the SAP in general, combined with a better use of IPA in particular could make the integration prospects (the approach of the EU) more credible in Bosnia and Herzegovina, and could contribute to the fundamental reforms assuring the long-term functioning and viability of the country.

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