Swiss Cooperation Strategy
Bosnia and Herzegovina
2017 – 2020

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC
State Secretariat for Economic Affairs SECO
To meet the growing demand for skilled labor, e.g. in tourism and gastronomy, Switzerland engages with companies and schools all over Bosnia and Herzegovina to introduce elements of dual education.
Stability and prosperity of the Western Balkan countries constitute a fundamental aim for Swiss foreign and security policy. Switzerland’s engagement in the region was initiated in the 1990s, by providing humanitarian assistance and refuge for many people. Switzerland and the Balkans have developed close ties over the years, best documented by a sizeable diaspora living in Switzerland and an intensive cooperation program. More than 500,000 residents of Switzerland have family ties to the Western Balkans.

Starting with humanitarian assistance in 1996, Switzerland’s Cooperation with Bosnia and Herzegovina has increasingly shifted to supporting transition processes and has developed a trusted partnership based on mutual interests. The new Swiss Cooperation Strategy 2017 - 2020 is rooted in the spirit of the agreements of cooperation between the Governments of Switzerland and Bosnia and Herzegovina. It represents a strong commitment to continue supporting the economic, social and political transition processes in Bosnia and Herzegovina, building on Switzerland’s long-term presence in the country and earlier achievements. Over the years, the Swiss – Bosnian-Herzegovinian Cooperation has grown. Today, Switzerland is Bosnia and Herzegovina’s fifth largest bilateral cooperation partner.

Bosnia and Herzegovina has achieved substantial progress in political and macroeconomic stability. Switzerland is determined to support the country in addressing remaining challenges in line with the priorities defined by its Government in specific sectors.

The overall goal of the Swiss Cooperation Program is to contribute to the progress of Bosnia and Herzegovina on its path towards regional and European integration, fostering a democratic political system, a peaceful and cohesive society, providing inclusive access to essential services, the rule of law and a social market economy. The Cooperation Strategy focuses on three thematic domains, all of which complement each other and are mutually reinforcing. The foreseen financial commitments for the period 2017-2020 amount to 74 million Swiss francs.

This document provides an overview of recent political and economic trends in Bosnia and Herzegovina, and develops the rationale for the Swiss – Bosnian-Herzegovinian Cooperation. On the basis of the achievements and experiences of past interventions, it draws implications for the new Swiss Cooperation Strategy 2017-2020, followed by an outline of the priorities and objectives for the upcoming period. It concludes with information about program management, monitoring and steering.

The Swiss Cooperation Strategy 2017-2020 has been developed by the Swiss Agency for Development and Cooperation (SDC) and the State Secretariat for Economic Affairs (SECO), in close consultation with Bosnian-Herzegovinian government offices and civil society partners. Both institutions, represented by the Swiss Embassy in Bosnia and Herzegovina, closely cooperate and coordinate in the implementation of their respective parts of the Cooperation Strategy.

We are confident that the goals and priorities set out in this strategy are particularly relevant to the sustainable development of Bosnia and Herzegovina and the well-being of its people.

Berne, November 2016
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<tr>
<td>AMC</td>
<td>Association of Municipalities and Cities</td>
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<td>ARI</td>
<td>Aggregated Reference Indicator</td>
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<tr>
<td>BAM</td>
<td>Bosnian Convertible Mark</td>
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<td>BiH</td>
<td>Bosnia and Herzegovina</td>
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<td>CHF</td>
<td>Swiss Franc</td>
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<td>CSO</td>
<td>Civil Society Organization</td>
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<td>CSPM</td>
<td>Conflict Sensitive Program Management</td>
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<td>DDLG</td>
<td>Democratization, Decentralization, and Local Governance</td>
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<td>DRR</td>
<td>Disaster Risk Reduction</td>
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<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
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<td>EI</td>
<td>Entrepreneurial Intention</td>
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<td>EU</td>
<td>European Union</td>
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<td>EUFOR</td>
<td>European Union Force</td>
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<td>Euro</td>
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<td>FBIH</td>
<td>Federation of Bosnia and Herzegovina</td>
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<td>GEM</td>
<td>Global Entrepreneurship Monitoring</td>
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<td>IPA</td>
<td>Instrument for Pre-Accession (to the European Union)</td>
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<td>KfW</td>
<td>Kreditanstalt für Wiederaufbau (German Development Bank)</td>
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<td>Local Governments</td>
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<td>LSG</td>
<td>Local self-government</td>
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<td>MERV</td>
<td>Monitoring of Changes Pertaining to Development</td>
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<td>MFI</td>
<td>Multilateral Financial Institutions</td>
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<td>MiPro</td>
<td>Methodology for Integrated Local Development Planning</td>
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<td>MZ</td>
<td>Mjesna Zajednica (Local Community)</td>
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<tr>
<td>n/a</td>
<td>Not applicable</td>
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<tr>
<td>NPL</td>
<td>Non-performing Loan</td>
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<td>PES</td>
<td>Public Employment Services</td>
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<td>Primary Health Care</td>
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<td>Perceived Opportunities</td>
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<td>Public-Private Development Partnership</td>
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<td>PPP</td>
<td>Public-Private Partnership</td>
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<td>RS</td>
<td>Republika Srpska</td>
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<td>SDG</td>
<td>Sustainable Development Goal</td>
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<td>SECO</td>
<td>Swiss State Secretariat for Economic Affairs</td>
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<td>Swiss State Secretariat for Migration</td>
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<td>SPD</td>
<td>Sector Planning Document</td>
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<td>tbd</td>
<td>To be defined</td>
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<td>TEA</td>
<td>Total Early Stage Entrepreneurship</td>
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<td>VET</td>
<td>Vocational Education and Training</td>
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<td>WB</td>
<td>World Bank</td>
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<td>WBG</td>
<td>World Bank Group</td>
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<td>World Health Organization</td>
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<td>YEP</td>
<td>Youth Employment Project</td>
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Dayton Peace Agreement  The General Framework Agreement for Peace in Bosnia and Herzegovina, also known as the Dayton Peace Agreement, Dayton Accords, Paris Protocol or Dayton-Paris Agreement, is the peace agreement reached at Wright-Patterson Air Force Base near Dayton, Ohio, United States, in November 1995, and formally signed in Paris on 14 December 1995. These accords put an end to the three and a half year-long Bosnian War, one of the armed conflicts in the former Socialist Federative Republic of Yugoslavia. The current Constitution of Bosnia and Herzegovina is in Annex 4 of this agreement.

Democratic Governance  The term “Democratic Governance” refers to democratic values (e.g. highlighting key governance principles such as Participation, Accountability, Equality and Non-Discrimination, Rule of Law, the concept of power sharing), and processes of democracy (e.g. elections, assembly) which are anchored in international treaties.

i-dijsapora  The i-dijsapora association aims to build bridges between people, professions and shared interests of Switzerland and Bosnia and Herzegovina. Its main task is to coordinate, foster and provide initiatives and projects, which will contribute to the development of Bosnia and Herzegovina, with a special focus on economy, culture, science and education.

i-platform  The i-platform (www.i-platform.ch) aims to improve and strengthen the collaboration between interested individuals, associations and organizations from the BiH diaspora in Switzerland based on common interests. The main goal is to give the diaspora of Bosnia and Herzegovina in Switzerland the opportunity to get involved and participate actively in the development process of Bosnia and Herzegovina.

Migration Partnership  As an instrument of Swiss foreign migration policy, Switzerland and the Government of Bosnia and Herzegovina have been developing a Migration Partnership since 2009, with the aim of establishing coherent and effective policies in the areas of migration management. The framework strategy for the Western Balkans’ Migration Partnership (including Bosnia and Herzegovina, Kosovo and Serbia) has been extended for the period 2016-2019.

Office of the High Representative  The Office of the High Representative is an ad hoc international institution responsible for overseeing implementation of civilian aspects of the Peace Agreement ending the war in Bosnia and Herzegovina. The position of High Representative was created under the General Framework Agreement for Peace in Bosnia and Herzegovina, usually referred to as the Dayton Peace Agreement. The High Representative is working with the people and institutions of Bosnia and Herzegovina and the international community to ensure that Bosnia and Herzegovina evolves into a peaceful and viable democracy on course for integration in Euro-Atlantic institutions.

Peace Implementation Council  Following the successful negotiation of the Dayton Peace Agreement in November 1995, a Peace Implementation Conference was held in London on December 8-9, 1995, to mobilise international support for the Agreement. The meeting resulted in the establishment of the Peace Implementation Council. The Peace Implementation Council comprises 55 countries and agencies that support the peace process in many different ways – by assisting financially, providing troops for EUFOR, or directly running operations in Bosnia and Herzegovina.
Background: At the time of writing of this Cooperation Strategy, economic perspectives for Bosnia and Herzegovina are quite promising. In 2016, Bosnia and Herzegovina’s EU membership application was accepted, starting an accession path paved with opportunities for transformative investment in all relevant fields of the state, economy and society. The signing of a stand-by agreement with the International Monetary Fund has just given Bosnia and Herzegovina’s two entities an important financial breather. Together, this constitutes a starting point for Bosnia and Herzegovina to catch up considerably with the rest of Europe in the midterm future.

At the same time, the political will to work towards these perspectives and to seize corresponding opportunities is less manifest than ever before in post-war Bosnia and Herzegovina. Rather, nationalist rhetoric is on the rise again, both in Bosnia and Herzegovina and neighboring countries. In addition, so far the country has not managed to translate economic growth into inclusive development based on more and better jobs. Economic and social disparities are increasing, poverty is on the rise, the urban – rural gap is widening, and young people continue to leave the country. Furthermore, the focus of the international community has shifted to other trouble spots. It is no longer as active as it used to be during the first decade after the war.

Against this background, insecurity and fear are growing amongst the population, and interest in political participation and civic engagement is decreasing. Rather, many citizens prefer seizing opportunities to emigrate, if they can. It is therefore more important than ever to provide support to those actors in Bosnia and Herzegovina who strive for positive change and development under a long-term perspective. Given the contradictory development with the EU perspective on the one hand, and the riving nationalist politics on the other hand, the next four years are particularly crucial. Bosnia and Herzegovina is at risk of missing important opportunities for economic and social development that are not likely to come back anytime soon.

Executive Summary

Tourism and technology have an important economic potential throughout Bosnia and Herzegovina: Adna Žujo-Lakišić works both as a tour guide and for a programing company specialized in creative solutions for the promotion of tourism.
Building on results achieved and previous experiences, Switzerland therefore engages in another four year period of cooperation and partnership with Bosnia and Herzegovina. The Swiss Cooperation Program supports the country’s EU accession path, along which the journey is as important as the destination.

**Main goal of the Cooperation Strategy:** The overall goal of the Swiss Cooperation Program is to reinforce Bosnia and Herzegovina’s democratic political system and its social market economy. Switzerland joins its Bosnian-Herzegovinian partners in their endeavor to strengthen social, economic and political inclusion, based on accountable public and private actors as well as active and empowered citizens. As a result, this provides more and better opportunities for people, and promising perspectives for European integration. The following three domains remain the focus of the Swiss Cooperation Program:

- **Democratic Governance, Municipal Services, and Justice:** The focus of this domain is on improving access to high quality municipal services and justice for all in Bosnia and Herzegovina. To this end, the Swiss Cooperation Program joins its partners in setting up a functional and resilient governance system on the municipal level to adopt more inclusive, accountable and responsive policies. Good governance practices are introduced and applied alongside of targeted infrastructure investments which have a direct impact on people’s lives.

- **Health:** Under the lead of the Ministries of Health of Republika Srpska and the Federation of Bosnia and Herzegovina, the Swiss Cooperation Program contributes to improve access to quality primary health care services for all. More and better quality nursing services, a countrywide community-based mental health care network, and the prevention of cardiovascular diseases are the main focus areas.

- **Economy & Employment:** Providing more and better economic opportunities and perspectives to all, but especially to young women and men in Bosnia and Herzegovina, is the central focus of this domain. This includes labor-market oriented training and vocational education, the creation of more and decent jobs, as well as high quality intermediation services delivered by professional Public Employment Services. Furthermore, programs to improve overall economic framework conditions, promote entrepreneurship, and to enable businesses to be created and to grow, are all core aspects of this domain.

In addition to this, Switzerland maintains its Migration Partnership with Bosnia and Herzegovina. This partnership concentrates on strengthening the country’s capacities to deal adequately with the challenges and opportunities of migration. In particular, it aims at using the economic and social development potential of migration to the benefit of Bosnia and Herzegovina.

**Actors and modalities:** The Swiss Cooperation Strategy encompasses programs and projects financed by the Swiss Agency for Development and Cooperation, the Swiss State Secretariat for Economic Affairs, and the Swiss State Secretariat for Migration. Implementing agencies are Bosnian-Herzegovinian partners, Swiss and international organizations, development banks as well as multilateral agencies and institutions like the United Nations and the World Bank Group.

All programs and projects are managed based on results-oriented approaches. Pursued objectives and results are in alignment to those of strategies and reform agendas signed up by the different governments of Bosnia and Herzegovina. All interventions are designed to be complementary with EU programs, and in harmony with other bi- and multilateral donor agencies and institutions.

**Resources:** The Swiss Cooperation Program 2017 – 2020 is managed by the Swiss Embassy through its offices in Sarajevo and Banja Luka. The overall amount to be invested in programs and projects within the strategic domains of intervention amounts to 74 million Swiss Francs.
1. Context

1.1 Political developments

Bosnia and Herzegovina’s constitution, a legacy of the 1995 Dayton Peace Agreement, defines a complex institutional structure with two entities – the Federation of Bosnia and Herzegovina which is composed of 10 cantons, and the Republika Srpska – as well as the independent Brčko District. Ethnic quota systems define political representation, which is reserved for the three constituent people: Bosniacs, Croats, and Serbs. Discriminatory election laws prevent members of all other, non-constituent peoples to stand for some executive and representative positions.

The Office of the High Representative is still in place, with its powers to implement the Dayton Peace Agreement. With the growing influence of the European Union, the leading countries of the Peace Implementation Council are divided over the High Representative using his powers boldly. As a consequence, the Office of the High Representative has lost the ability to advance significant reforms.

State institutions, particularly the judiciary, are constantly under pressure. Important decisions of the constitutional court of Bosnia and Herzegovina have not been implemented, and open contestation of the court’s jurisdiction and positions continues on a regular basis. Under the umbrella of a rather weak State, political representatives have, and make use of, a range of possibilities to block democratic processes and ultimately reforms. Counter-pressure from the media is limited as most media outlets tend to be aligned with political parties, and pressure is exerted on journalists who investigate.

Bosnia and Herzegovina is still dealing with the legacy of the 1992-95 conflict. There are more than 98,000 internally displaced and 7,000 missing persons. Some 81,000 remaining landmines and unexploded ordnances hamper socio-economic development, while hundreds of cases of war crimes are still to be processed by the local judiciary. After more than 20 years, ethnic tensions persist and are instrumentalized by politicians and their parties to secure particular interests. Patronage and corruption impede credible perspectives for the people and reduce their interest in political participation and civic engagement. They hinder real reform, and nurture distrust in institutions. In combination with a weak judiciary and fomenting impunity, these factors create an atmosphere of insecurity, disillusion and fear. In February 2014, citizens’ discontent with poor socio-economic conditions led to partially violent demonstrations. Some cantonal governments resigned and engaged citizens stepped up to put forward their demands for changes in the political set-up. However, these movements soon lost their dynamic, with no lasting impact.

Bosnia and Herzegovina has become more fragile over the recent years. Given this unfavourable environment to pursue the path towards a necessary constitutional reform, the European Union has initiated a new approach to Bosnia and Herzegovina, concentrating on socio-economic reform. This has created a positive momentum, resulting in the acceptance of Bosnia and Herzegovina’s membership application by the European Union in September 2016. Before Bosnia and Herzegovina is recognized as a candidate country, the application now has to be further concretized based on a questionnaire with some 6,000 questions. A lot of government resources on different levels will be absorbed in this context well into the new Swiss Cooperation Strategy period. Bosnia and Herzegovina also aspires to join the North Atlantic Treaty Organization. Further steps in this direction lead to tensions among the world’s big powers, with unclear consequences for Bosnia and Herzegovina and the region.

Despite all these problems, there are committed citizens and politicians, institutions and organizations throughout the country, unflinching in their endeavour to push for positive change and development. They strive for this under a long-term perspective which can be shared and supported by the international community in general, and by Switzerland and its Cooperation Program in particular.
1.2 Socio-economic developments

With a Gross National Income per capita of USD 4,800 in 2015, Bosnia and Herzegovina is an upper-middle income country. As a small open economy, it heavily depends on exports, local consumption and transfers of diaspora remittances which account for at least 11% of its Gross Domestic Product. 60,000 persons form the Bosnian-Herzegovinian diaspora in Switzerland, transferring around CHF 75 million per year to their country of origin. Bosnia and Herzegovina still suffers from major structural problems. Growth prospects for the coming four years are promising at around 3%, albeit based on a comparatively low level. Relaunching sound privatization, improving banking regulation, reforming the labour market and containing public expenditure are among the major issues to be addressed. Furthermore, significant imbalances between an oversized public sector, which absorbs about two thirds of the country’s revenues, and a weak private sector with still low investment and employment potential, have to be reduced. Additionally, as a country having the comparative advantage of close proximity to European markets, Bosnia and Herzegovina needs to further develop its infrastructure as an important precondition for stronger economic development.

According to the 2013 census, the population of Bosnia and Herzegovina decreased from 4.3 million to 3.5 million since 1991. The geographic ethnic division has increased considerably. Most areas of the country’s territory can be attributed to one main ethnic group. Even though the Human Development Index for Bosnia and Herzegovina increased by 5.2% between 2005 and 2014, social and economic disparities are increasing, and poverty is on the rise, particularly in rural areas. According to the latest estimates, 15-20% of the population live in poverty and 25% of the population are on the brink of falling into poverty. Up to 50% of the population experience some form of social exclusion, discrimination or stigma. In general, youth and the elderly are most excluded from opportunities and perspectives for a decent, better future. Roma are the largest socially, economically and politically excluded minority group, with Roma women being particularly affected. They are often victims of stereotypes, discriminatory attitudes and disrespect, as are people suffering from mental disorders as well as returnees. Exclusion from opportunities and perspectives creates an environment in which young people, particularly young men, are more susceptible to nationalist and religious extremism.

Gender inequality remains problematic: of all working-age women, only 34% are employed or actively looking for a job. With regard to men, this labour force participation rate stands at 57%. Women’s political representation remains low with only 19% of all those elected in the 2014 national elections, and gender based violence is worrying: every second...
paramedical staff are poorly motivated due to low salaries, corruption, and little opportunity for career advancement.

Unemployment reached 25.4% in 2016 according to the preliminary results of the labour force survey. It is particularly high among youth: 54.3% for the age group of 15 - 24 years. Almost 75% of all unemployed have been out of work for more than two years. As a consequence, large parts of the population are left with few perspectives to build a decent future. The present education system is fragmented and not responsive to labour market needs. This increases outbound migration towards better economic opportunities, with almost 80,000 citizens who left the country between 2013 and 2016. “Brain drain” on this scale is a social time bomb which needs to be reversed before it further impacts the demographic balance of the country.

As a long-term impact of the 1992-95 conflict, around 450,000 people are affected by fully developed post-traumatic stress disorders, and up to 1.4 million people with such symptoms require special care. The health care system is characterized by rather low quality, fragmentation, inequitable access and high prices for medicines. Up to 35% of the population are lacking health insurance, and there is a growing rural-urban gap. Additionally, medical and paramedical staff are poorly motivated due to low salaries, corruption, and little opportunity for career advancement.

Initiated by the European Union and backed by international financial institutions, a “Compact for Growth” initiative has laid the ground for stronger focus on reforms towards economic and social development in 2014. With the Stabilisation and Association Agreement entering into force in June 2015, and the adopted “Reform Agenda” and subsequent Action Plan in July 2015, more commitment was given to reforms regarding a business enabling environment, public financial management, labour market, social protection, rule of law and public administration. The critical financial situation of both entities in Bosnia and Herzegovina has paved the way for the signing of a stand-by agreement with the International Monetary Fund, and the agreement on a Coordination Mechanism to absorb pre-accession funds provided by the European Union. In recent years, real estate investors from Arab and Gulf states have increased their presence in Bosnia and Herzegovina, particularly in and around Sarajevo. While the investment is welcome, questions and concerns have emerged over the sources of such capital, non-transparent property sales procedures, and the impact of stricter Islam brought along towards local communities and society.
1.3 Environment

Torrential rainfalls leading to the largest floods of the last 120 years, followed by thousands of landslides, affected around 1 million people in 45 municipalities in May 2014, mainly in the northern and eastern parts of the country. The recovery and reconstruction phase is projected to last 7 to 8 years. More floods are expected in the future due to climate change and environmental degradation. Contributing to higher resilience through the consequent integration of Disaster Risk Reduction measures into plans, activities and coordination mechanisms at all governmental levels is among the main challenges in Bosnia and Herzegovina.

Reforms to meet European Union standards in the environmental sector remain slow. Basic environmental legislation was developed with the support of the European Union, but their translation into by-laws and regulations is lagging behind. The existing environmental infrastructure is insufficient and often not adequately maintained. In the water and sanitation sector, water losses are rarely below 40%, and even reach 70% in certain cities. Achieving compliance with European Union directives related to drinking water and waste-water all over Bosnia and Herzegovina would cost around EUR 3.7 billion. Scarce financial resources at lower levels of government and unclearly defined responsibilities further contribute to inadequate provision of public services. Other important challenges are the introduction of financial sustainability through cost-recovering tariffs, competencies of staff, the operational efficiency of public utilities, and rural water supply.

Air pollution affects the health of people, especially in winter, due to the use of traditional heating systems and burning coal for industries and electricity production, accompanied by high energy inefficiency. Even though 60% of the population, mainly in urban areas, are covered by organized solid waste collection, solid waste is often simply thrown in rivers or on roadsides. In recent years, regional sanitary waste landfills and recycling facilities have been established, but have not yet reached sufficient critical mass to make a difference.
2. Rationale for cooperation between Switzerland and Bosnia and Herzegovina

Bosnia and Herzegovina and Switzerland have been close partners with excellent bilateral relations ever since the declaration of the country’s independence in 1992. Switzerland’s engagement is based on its tradition of solidarity and its commitment to every person living free of poverty, in dignity and in security. Furthermore, Switzerland’s own prosperity and security depend to a large degree on the international environment in which it operates, particularly when it comes to its closer European neighborhood. Furthermore, cooperation partnerships with Bosnia and Herzegovina create economic opportunities for both countries, and provide alternatives to regular and irregular migration.

2016 marked 20 years of bilateral partnership and cooperation between Switzerland and Bosnia and Herzegovina. During this period, close to BAM 1 billion (CHF 560 million) have been invested. In these two decades, the Swiss Foreign Policy in the Western Balkans has focused on promoting the rule of law and human rights, as well as on supporting the democratic and economic transition process towards European integration. European integration is understood in terms of European values like the rule of law, human rights, and the provision of basic opportunities and services for all.
The Swiss Cooperation Strategy 2017 – 2020 is fully aligned to both the Federal Dispatch on International Cooperation, and the respective strategies, plans and policies of Bosnia and Herzegovina. Together with Bosnian-Herzegovinian and international partners, the Program continues to tackle root causes of fragility such as social, economic and political disparities and exclusion. It contributes to strengthening democratic governance, rule of law and access to quality services. Furthermore, it helps offering more and better opportunities and perspectives for all through programs stimulating economic activities both in urban and rural regions and throughout the territory of the country. The mobilization of Swiss experience and know-how, where available and appropriate, further strengthens relations between the two countries and their citizens. With this approach, Swiss support to Bosnia and Herzegovina in its transition process towards European integration continues. It is based on the country’s strategic orientation and planning, and in complementarity to the European Union, International Financial Organizations, and other bilateral donor countries.

With regard to its alignment to the Sustainable Development Goals defined in the United Nations Agenda 2013, there are many direct references to goals and objectives, as for example Objective 1.4 (equal right to economic resources and basic services for all), Objective 4.4 (provision of relevant skills for employment, decent jobs and entrepreneurship), Objective 10.2 (social, economic and political inclusion of all), and Objective 16.3 (rule of law and equal access to justice for all), to mention just a few.

Through its focused domains of intervention, the Swiss Cooperation Program addresses the broad population of Bosnia and Herzegovina. At the same time, particular attention is paid to social groups experiencing some kind of exclusion, including young and elderly people, children, women, people with disabilities, and Roma. In all its undertakings, Switzerland promotes the potential of some of its core strengths: democratic, transparent and decentralized structures, based on proactive citizens and cohabitation across languages, cultures, ethnicities and religions. In meeting these aims, a whole-of-government approach is applied by all the engaged Swiss State actors in Bosnia and Herzegovina, namely the Swiss Agency for Development and Cooperation, the State Secretariat for Economic Affairs, and the State Secretariat for Migration through its Migration Partnership.

Overall, official development assistance to Bosnia and Herzegovina has been declining in the past decade, with a gradual phasing out of bilateral donors. Switzerland ranks as the fifth largest grant-giving donor, with the European Union as the largest, followed by the United States, Sweden and Germany. Activities in joint areas, particularly employment and justice, are coordinated and adjusted as far as possible to assure mutual reinforcement. Grant aid covers areas of public administration reform, justice, environment and climate change, public sector development, employment, education and health. The largest loan-giving actors are the European Investment Bank, Germany, the World Bank Group and the European Bank for Reconstruction and Development. Loans are primarily oriented towards the environment and climate change mitigation, transport and energy infrastructure, and private sector development. There is increasing interest among donors to support economic links with the Bosnian-Herzegovinian diaspora.

The overall donor coordination in Bosnia and Herzegovina is managed by the Ministry of Finance and Treasury; Switzerland is an active member of the respective forum. Often, Swiss expertise is requested in aspects of managing and monitoring the effectiveness of donors’ activities in the country. Switzerland has also taken the lead in coordinating thematic donors’ groups in local governance, health, and labor market development; and it has initiated the establishment of a coordination group between donors and governmental partners for Migration and Development. Switzerland maintains close and successful cooperation with like-minded agencies, and international development actors. Co-financing partnerships have been established with Sweden (local governance and justice), Norway (justice), Germany (infrastructure investment), the World Bank Group (economic development and health) and the World Health Organization (health). Multilateral partners such as the United Nations Development Program, the World Bank Group and the World Health Organization bring along the necessary capacities to accompany government institutions in their reform endeavours towards European integration.
3. Results of Swiss Contributions in Bosnia and Herzegovina 2013 – 2016

Over the period 2013 – 2016, the Swiss Cooperation Program focused on three strategic domains and selected additional fields of support, namely migration and justice. Furthermore, the Human Security Division of the Federal Department of Foreign Affairs worked on humanitarian demining, transitional justice and dealing with the past processes. The following main results have been achieved:

3.1 Local Governance and Municipal Services

By 2016, almost half of the 145 municipalities in Bosnia and Herzegovina and 9 out of 10 cantons in the Federation of Bosnia and Herzegovina consult citizens in the planning of municipal investments and the allocation of resources. Swiss programs have significantly contributed to the increase in these numbers from the 2012 level, when only 20% of all municipalities and none of the cantons applied integrated strategic planning methods in a systematic way. Citizens feel that their concerns are better heard and trust in local government has been increasing in these municipalities. Municipal authorities which successfully implement local development planning are open for inter-municipal and inter-entity cooperation; their projects are likely to succeed and become sustainable, without need for further donor support. A legal framework defining the overall development management system has been adopted by the Parliament of the Federation of Bosnia and Herzegovina. Improved municipal governance and utility management, combined with some infrastructure investments, have triggered a multiple of additional investments within the same sectors. 23 municipalities are far advanced in developing the Business Friendly Certification process which will attract urgently needed investments from the private sector to create jobs and to generate public revenues. Over 200,000 citizens have benefited from revitalised public service delivery disrupted by the 2014 floods. New interventions including Disaster Risk Reduction measures have been prepared for the improvement of water supply and sanitation systems in two cities with a population of over 200,000 people. Gender Equality Mainstreaming has become an underlying principle in the new Law on Strategic Planning of the Federation of Bosnia and Herzegovina: in certain fields, over 60% of direct beneficiaries are now women.

Occupational therapy helps persons with mental disorders doing their day-to-day tasks and enables them to integrate in their community.
3.2 Health

Swiss support has contributed to quality improvement in primary health care and to increased and more equal access to these services, particularly in the area of mental health and nursing, in direct cooperation with the Ministries of Health of both Entities. Since 2012, the geographical coverage of community-based mental health services has increased from 50% to 90% of the territory of Bosnia and Herzegovina. Care coordination in this sector has been introduced throughout the country, and over 1,800 persons with severe mental health disorders have benefited from better services. They have demonstrated significant recovery and improved quality of life. Referral rates to hospitals of persons with such disorders have decreased by 28% in 30 communities, contributing to significant savings for the health system of up to CHF 0.5 million annually per concerned municipality. Know-how provided by the Swiss Cantons of Geneva, Jura, Fribourg and Bern has significantly contributed to achieving these results. A community nursing model has been successfully introduced in a pilot region and can now be rolled out to other parts of the country. The safety and quality of nursing care has improved in 21% of health care facilities covering over 1 million patients through the introduction of standards for nursing practices. Recognizing patients and health care users’ groups as partners of the health care system contributes to more responsive and patient-centred services, and thus to an improvement of the system’s effectiveness. Furthermore, a law on tobacco control has been drafted in the framework of Switzerland’s support to promoting healthy lifestyles in Bosnia and Herzegovina.

3.3 Economy and Employment

Swiss engagement has contributed to the development of new laws dealing with insolvency, corporate governance and taxation. The first ever Public Expenditure and Financial Accountability assessment was elaborated. Exports from Bosnia and Herzegovina to European markets have been enhanced, resulting in increased revenues and a higher number of employees, mainly in the furniture and metal sectors. 30 municipalities have established free-of-charge...
counselling services to over-indebted citizens. This work has been complemented with activities on corporate responsibility and the certification of microfinance institutions. Despite an underperforming labor market in Bosnia and Herzegovina, more than 3,000 young people have found employment over the last 3 years as a direct result of Swiss supported initiatives. The introduction of public counselling services for young job seekers has been part of a broader reform successfully implemented with Public Employment Services. A stronger commitment of the private sector in providing decent job opportunities along with offering spaces for the development of relevant skills has been unlocked, and over 80 employers have participated in the elaboration of curricula for non-formal trainings in different industrial fields. More and more employers are connecting to schools and are willing to offer hands-on trainings or internships for young people in their companies. The introduction of job-market oriented skills in vocational training, combined with mentorship and job mediation, has created a fertile ground for successful start-ups in promising branches like Information Technology and tourism. Furthermore, the development of social enterprises – for example to offer job options to persons with disabilities – has been tested with promising results. All these tangible results have led to new opportunities for policy dialogue with the ministries in charge, resulting in important changes to the legal and regulatory framework.

3.4 Judiciary Reform

The Swiss engagement has contributed to proven performance improvement in the prosecutorial system. The number of unresolved investigations has decreased by 21% in prosecutorial offices since 2012. The average investigation time in criminal proceedings has decreased by 100 days (from 295 to 195 days), and the number of unresolved old prosecutorial investigations has decreased by 25%. These efficiency gains are a result of improved coordination between prosecutorial offices and the police in criminal investigations. Important organizational reforms have resulted from a peer learning process between the prosecutor’s office of the Canton of Zurich and the High Judiciary & Prosecutorial Council of Bosnia and Herzegovina. The management culture within the system has started to change through strategic planning tools, now introduced in 90% of prosecutorial offices. In the Juvenile Justice system, European standards for alternative children-sensitive treatment of minors in judiciary processes have been introduced. The legislative framework for Juvenile Justice is now in line with international standards, as foreseen in the Justice Sector Reform Strategy for Bosnia and Herzegovina 2014-2018.
3.5 Human Security

In the field of dealing with the past and transitional justice, Swiss support has contributed to substantive progress in the field of war crimes processing, where additional judicial staff has been hired and specifically trained. The process of the search for missing persons has been supported, notably through the discovery of new mass grave sites and the review of physical remains. Human security has improved due to demining actions. From a total of 154 km², more than 3 km² of contaminated land have been cleared through activities financed by Switzerland. Many of these activities are complementary to projects in other domains, for example in democratic governance and justice, where expertise has been built up for respective synergies in the future.

3.6 Migration Partnership

Ever since 2009, Switzerland and Bosnia and Herzegovina have maintained a migration partnership. In the context of this partnership, under the lead of the Ministry of Human Rights and Refugees and the Ministry of Security, the management of regular and irregular migration in Bosnia and Herzegovina has significantly improved. Bosnia and Herzegovina’s migration policy is being aligned and implemented according to standing European Union regulations. Operational and administrative structures for the effective readmission of returnees have been established, pre-admission and readmission processes are effective, and the relevant state agencies have been trained on topics relevant to immigration and asylum, safe return/deportation, escorting different migrant categories, and the proper treatment of migrants. Inter-ministerial cooperation has been strengthened, and promising models of Roma inclusion through education and employment have been piloted. The Migration Partnership has been extended to cover a period up to the end of 2019.

The quality of the prosecutorial system depends on professional prosecutors. Switzerland supports their training.
4. Implications for the Cooperation Strategy 2017 – 2020

Over the past 20 years, the Swiss Cooperation Program in Bosnia and Herzegovina has achieved measurable and cost beneficial results. Nevertheless, from an overall perspective, the country is still stalling in its reform process, and citizens have lost trust in both public institutions and politicians, particularly at higher levels of government. They continue to disengage rather than to actively claim their rights and demand accountability. The new Swiss Cooperation Strategy takes these fragility driving factors into account, including measures to facilitate access to justice for every citizen and to strengthen social, economic and political inclusion. This also requires an overall environment which is conducive to economic activities including investment from both domestic and foreign sources. The Swiss Cooperation Program contains significant contributions to this end in terms of improved municipal services, stronger local governments, a better functioning labor market, a more efficient and equitable health system, and better economic framework conditions. A stronger focus is also set on the oversight function of the legislative, and on the prevention of corruption.

All three domains in which Switzerland has been active so far remain priorities of the different governments in Bosnia and Herzegovina. Therefore, capitalizing on past results and experiences, Switzerland continues working in the current thematic fields for which relevance and potential have been repeatedly confirmed. More attention is now given to policy dialogue within the selected strategic domains. Thereby, reforms can be driven towards establishing supportive normative frameworks at all institutional levels. The Migration Partnership between Switzerland and Bosnia and Herzegovina also continues on the basis of close coordination among the concerned institutions in both countries.

The Swiss Cooperation Strategy 2017 - 2020 in Bosnia and Herzegovina is based on a whole-of-government approach which includes the Swiss Agency for Development and Cooperation, the State Secretariat for Economic Affairs, and the State Secretariat for Migration. The Human Security Division of the Federal Department of Foreign Affairs has decided to discontinue its programs in Bosnia and Herzegovina by mid-2017. Even though the Migration Partnership is on an organizational level operating in its own framework called the Migration Partnership Strategy for the Western Balkans 2016-2019, it is a de facto part of the overall Swiss strategic umbrella in Bosnia and Herzegovina. Close coordination and cooperation between different Swiss institutions has a particularly high potential to create additional value in domains where more than one institution are involved.
5. Strategic orientation and priorities of the Cooperation Strategy 2017 – 2020

5.1 Overall Goal

The overall goal of the Swiss Cooperation Strategy 2017 - 2020 in Bosnia and Herzegovina is as follows: “Switzerland contributes to strengthening social, economic and political inclusion in Bosnia and Herzegovina. It reinforces the further development of a democratic political system and a social market economy, based on accountable public and private actors as well as active and empowered citizens, with the longer-term perspective of European integration.”

Good Governance and Gender Equality remain transversal themes of the whole program, while Disaster Risk Reduction along with Migration & Development continue to be main complementary concepts. Additional focus across domains is set on activating civil society and on strengthening citizens’ engagement to make sure they are heard and participate in political decision-making processes. Conflict Sensitive Program Management is applied as a response to elements of fragility in Bosnia and Herzegovina. Besides its focus on young people and women, the Swiss Cooperation Program is set to address groups most excluded from economic, social and political opportunities. To this end, detailed analysis is carried out to identify how the Swiss Cooperation Program can reduce poverty and foster social inclusion. Furthermore, it is of key importance to actively identify and utilize complementarities and synergies within and across domains. To achieve its overall strategic goal, the Swiss Cooperation Strategy focuses on three thematic domains, and the Migration Partnership:

5.2 Domain A: Democratic Governance, Municipal Services, and Justice (SDC, SECO)

Domain goal: Public authorities at all levels adopt and implement more inclusive, accountable and responsive policies which constitute the base of a resilient governance system. They provide efficient high quality services - particularly in infrastructure - for all, and improve access to justice, thereby restoring citizens’ trust towards institutions and within the society.

Switzerland maintains its focus on the local level, where mechanisms of checks and balances between local governments and local assemblies are explored. To address the low level of participation in general, the empowerment of all citizens is envisaged. This requires a better understanding of the main root causes of exclusion. Using participatory approaches, a voice can be given to the needs of excluded groups. In this context, particular focus is on improving the democratic capacities of young women and men, to provide them with more and better opportunities and perspectives.

Budget support based on good governance performance can be used for municipal investments. Mayors who take the political risk of often unattractive public sector reforms can thus be rewarded. In this way, accountability between public institutions and citizens is enhanced. Municipal councils receive more space to play their role as oversight bodies, and service delivery becomes more people-oriented. This contributes to increasing trust between citizens and institutions, and the prevention of corruption. Investment in infrastructure for drinking water and waste water treatment, in parallel with institutional strengthening of public utilities, remains a focus. Furthermore, targeted interventions with the aim to lower emissions and foster climate resilience are envisaged. Learning from the 2014 floods, Disaster Risk Reduction measures in vulnerable municipalities further increase their resilience.

Cooperation between different State levels for political, administrative and fiscal decentralization shall become more effective, driven by the Associations of Municipalities and Cities and professional expert networks. Focused activities support the setting up
of functional cooperation mechanisms between lo-
local, regional and national levels of governance. Har-
monization of development planning across different
government levels allows for easier access to external
resources including EU pre-accession funds. Thus, ca-
pacities at all relevant institutional levels are strength-
ened. Switzerland invests into tailor-made support
for consensus-oriented citizen deliberation and civic
e engagement. It provides its political weight and net-
works to facilitate match-making between commit-
ted civic movements and parliamentary committees.
Eventually, Switzerland enables citizens to be heard
and politicians to pursue reforms in the interest of
the majority of people.

The reduction of the prosecution backlog demon-
strates improved and more efficient management
of the judiciary. Furthermore, Switzerland contrib-
utes to increasing accountability of the judiciary, and
to increased access to justice for all citizens. These
interventions facilitate building trust between com-
munities and governmental institutions, as a pre-
requisite for resilient and inclusive socio-economic
development.

5.3 Domain B: Health (SDC)

Domain goal: The population has equitable access
to more efficient and responsive quality primary
health care services, and has increased its health
literacy.

Switzerland continues to support authorities in Bos-
ia and Herzegovina in implementing their health
sector reforms and improving primary health care
services. Interventions target the country’s health sys-
tem, focusing on its governance and accountability,
as well as on the quality and accessibility of primary
health care services. The domain portfolio primarily
works on three aspects: nursing services, communi-
ty-based mental health care, and the prevention of
cardiovascular diseases. Special focus is put on multi-
sectoral collaboration for the prevention and control
of major non-communicable diseases, which is a high
priority of the government. The role of local commu-
nities and civil society organizations in health promo-
tion and disease prevention is strengthened. A spe-
cial target group for health promotion interventions
are young people, with the aim of creating healthier
future generations. Further efforts are invested to
strengthen the role and position of nurses in order
to raise the health system's performance and cost-
effectiveness. A successfully developed community
nursing model and mental health outreach services
are rolled out to cover the whole country, targeting
socially excluded and the poor in particular. Synergies
with the Economy and Employment Domain towards
the development of social entrepreneurship models
for persons with mental health disorders contribute
to an increased quality of life for this population
group. With this approach, the health care system
becomes more oriented towards disease prevention
and health promotion. Equitable access to primary
health care services is fostered for excluded and
poor populations through outreach activities. As a
consequence, the population increases their health
literacy as a precondition for healthier behaviors.
Furthermore, framework conditions for reducing the
financial and socio-economic burden of non-com-

A woman and a man guard the entrance to the Central Bank of Bosnia and Herzegovina. They symbolize the importance
of fair economic framework conditions for equality and equity within society.
municable diseases are improved. Better framework conditions, services and accountability mechanisms in the health system also contribute to strengthening trust between citizens and the government.

5.4 Domain C: Economy and Employment (SECO, SDC)

Domain goal: A well performing labour market and better economic framework conditions for private sector development improve the investment climate, and increase employment and business opportunities for all.

The Swiss Cooperation Program engages with public and private sector actors to create a favorable economic environment for businesses and to foster new and better employment opportunities. Start-ups as well as small and medium-sized enterprises are supported by improving their access to finance. The microfinance sector is addressed by supporting banking agencies and Ministries of Finance to improve legislation. Transparency and accountability are promoted among microfinance providers through certification. Counselling services provided by municipalities to over-indebted citizens are scaled up, thus increasing financial literacy and reducing private debt.

On a regional level, Switzerland continues to work through International Financial Institutions in creating better regulatory frameworks for private sector growth and better export opportunities. Strengthening of the financial sector, together with the introduction of more transparent and efficient public financial management schemes, contributes to increase macroeconomic stability and transparency as well as to prevent and reduce corruption.

The multidimensional approach towards the complex problem of youth unemployment in Bosnia and Herzegovina has proven to be successful. Therefore, the Youth Employment Portfolio continues to work on three major aspects around the labor market: young people are given the opportunity to improve their job-market relevant skills, either through formal or non-formal education and training. In addition, they are supported through an improved intermediation system offered by Public Employment Services. Options to include particularly discriminated groups in these programs are explored through additional measures. New opportunities on the labor market, especially jobs for women, are promoted through projects on economic development in high potential value chains. These interventions are reinforced by targeted support to the development of a stronger entrepreneurship ecosystem that promotes the creation of more and decent jobs.

Policy dialogue, as an important part of most interventions, contributes to systemic changes. This relates in particular to the reform of Public Employment Services, vocational education and training reform, the regulation of adult education, as well as the legal framework for the involvement of the diaspora.

A favorable environment for people of the Bosnian-Herzegovinian diaspora who are willing to actively support the country's development is established. This is done mainly through improved institutional frameworks, reduced bureaucracy, private sector involvement, as well as in cooperation with diaspora initiatives like, for example, the i-platform.

5.5 Migration Partnership (SEM)

If well managed, migration has considerable potential to contribute to economic development in Bosnia and Herzegovina. Therefore, the Migration Partnership under the lead of the State Secretariat for Migration continues to partner with relevant institutions in Bosnia and Herzegovina, mainly the Ministry of Human Rights and Refugees and the Ministry of Security. The main focus is on strengthening their capacities to deal adequately with the challenges of migration and to use the economic and social development potential of migration to the benefit of Bosnia and Herzegovina. Particular attention is given to asylum and border management, as well as to return and reintegration support for returnees and internally displaced persons. Furthermore, opportunities linked to the Global Program for Migration and Development are used to tap into the potential of migration on a regional level, for example in terms of investments, skills, know-how and networks.

In 2015 and 2016, the Western Balkans region was confronted with a massive migration movement, mainly due to conflicts in the Middle East. More than 700,000 migrants passed the Balkan route on their way from Turkey and Greece to Western Europe. Whereas migrants have bypassed Bosnia and Herzegovina in the past, the situation might change quickly, depending on decisions taken by transit and destination countries. It is therefore important for Bosnia and Herzegovina and the concerned institutions to be well prepared.
Education is a critical success factor to improve people's opportunities on the labor market. The diaspora can contribute to economic development through transfer of skills and know-how, and by investing in businesses in Bosnia and Herzegovina.

Drinking water for Zenica is extracted from Babina river and treated in this plant. The water supply system of the city is under rehabilitation in a joint project by Bosnia and Herzegovina, Germany and Switzerland.
The Swiss Cooperation Program continues to strive for sustainable, systemic change at the level of Bosnia and Herzegovina's normative framework. At the same time, interventions must lead to behavioral change, be tangible and directly reach the population. To respond to existing elements of fragility in Bosnia and Herzegovina, a context-sensitive, results-oriented and more inclusion-positioned approach to partnership and cooperation is required. Therefore, a Conflict Sensitive Program Management approach is applied within all domains and activities. This also includes working across both Entities in order to foster constructive cooperation in all key sectors relevant for the development of a stable country. This allows for significant contributions to reduce social, economic and political disparities in all strategic domains.

Elements of fragility are addressed by working on trust issues to mobilize citizens, and to reactivate civil society particularly at the municipal level. Intensified policy dialogue and working with credible media is used as an instrument to address root causes of distrust. This particularly includes increased pressure on authorities at all levels to implement the social inclusion dimension of policies, laws and regulations. The guiding principles of gender equality and good governance, including active participation of citizens, accountability and transparency, are integral parts of all interventions throughout the Swiss Cooperation Program.

Throughout domains and programs, particular attention is placed on economic, social and political inclusion in order to facilitate ways out of poverty. One percent of the overall budget can be allocated to accompanying measures designed to specifically reach poor and excluded groups.

From the available range of implementation modalities, those most promising for the respective interventions are used, and new approaches are piloted where appropriate. Co-financing schemes developed in recent years with like-minded national and international partners and institutions continue and can be expanded depending on respective experiences. Switzerland continues to play an active role in sustaining and further developing coordination among donors and governmental partners. Focused cooperation is developed with private and public Swiss actors that provide relevant expertise in selected projects, such as the canton of Zürich in Bosnia and Herzegovina’s prosecutorial system, the cantons of Bern, Geneva, Jura and Fribourg in the project on improving mental health services, as well as the i-diaspora association for the i-platform. Cooperation schemes with the private sector resulting in public-private development partnerships are actively pursued, and the potential of more intensively engaging with civil society organization and credible media is explored.

Swiss foreign policy objectives and interests are considered in the implementation of the Swiss Cooperation Program, and opportunities to mutually reinforce cooperation and foreign policy goals are proactively identified and used. In addition, the network of companies and nongovernmental Swiss organizations with activities in Bosnia and Herzegovina serves as a basis to further increase the overall impact and image of “one Switzerland” in Bosnia and Herzegovina.
7. Program monitoring, risk management and strategic steering

The Swiss Cooperation team at the Swiss Embassy in Bosnia and Herzegovina assumes the responsibility for the implementation, monitoring and steering of the Swiss Cooperation Strategy 2017 - 2020. It assures compliance of all interventions with the applicable Bosnian-Herzegovinian development plans and the present Cooperation Strategy. Furthermore, it coordinates strategies and interventions with Bosnian-Herzegovinian, international and other Swiss actors and institutions, to push for coherence, joint actions, complementarity and thus improved overall results.

The Annual Report of the Swiss Cooperation Program, including a management response provided by the Swiss Agency for Development and Cooperation and the State Secretariat for Economic Affairs, is the main strategic steering instrument. It reports on achieved results, measured and evaluated against targets defined in the overall Results Framework of the Cooperation Strategy (Annex 2). Furthermore, it analyzes the contribution of the Swiss program to country development results, as well as the implications and planning priorities for the subsequent year.

The Annual Report is based on the Cooperation Strategy Monitoring Tool, consisting of a set of sophisticated instruments which are used at different moments in time. They serve to analyze the relevant context and its changes; to steer, manage and monitor programs in a results-oriented way; to assess the risks of engaging with implementation partners prior to financial commitments; to assure administrative and financial compliance and transparency of all involved; and to analyze the cost-benefit and cost-effectiveness of interventions as part of the project appraisal work.

Finally, a zero-tolerance approach continues to be applied when it comes to fraud, corruption, collusion and nepotism. A more detailed description of the overall monitoring system is provided in Annex 3.
Displaced during the war, Hasiba and Ahmet Musić have returned to their destroyed home in Foča in 2011. Their house was reconstructed in 2016 by the Regional Housing Program, a joint initiative of Bosnia and Herzegovina, Croatia, Montenegro and Serbia.

Almedina Osmanović (l.) and Amera Babić (r.) are seventh-grade students. They have been close friends ever since Almedina has joined school in the context of a project to integrate Roma children in regular school classes.
## Synopsis of the Swiss Cooperation Strategy for Bosnia and Herzegovina 2017 - 2020

**Overall goal:** Switzerland contributes to strengthening social, economic and political inclusion in Bosnia and Herzegovina. It reinforces the further development of a democratic political system and a social market economy, based on accountable public and private actors as well as active and empowered citizens, with the longer-term perspective of European integration.

### Domains of intervention: Objectives and Outcomes

<table>
<thead>
<tr>
<th>A – Democratic Governance, Municipal Services, and Justice (SDC and SECO, committed budget: CHF 41m)</th>
<th>B – Health (SDC, committed budget: CHF 14m)</th>
<th>C – Economy and Employment (SECO and SDC, committed budget: CHF 17.2m)</th>
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<tbody>
<tr>
<td><strong>Objective:</strong> Public authorities at all levels adopt and implement more inclusive, accountable and responsive policies which constitute the base of a resilient governance system. They provide efficient high quality services - particularly in infrastructure - for all, and improve access to justice, thereby restoring citizens' trust towards institutions and within the society.</td>
<td><strong>Objective:</strong> The population has equitable access to more efficient and responsive quality primary health care services, and has increased its health literacy.</td>
<td><strong>Objective:</strong> A well performing labour market and better economic framework conditions for private sector development improve the investment climate, and increase employment and business opportunities for all.</td>
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<tr>
<td><strong>Outcome 1:</strong> Local Governments provide inclusive efficient quality services and improve their performance management within the public policy cycle.</td>
<td><strong>Outcome 1:</strong> Primary Health Care institutions deliver evidence-informed and better quality services that are gender sensitive, affordable and accessible to all, particularly to socially excluded and/or poor populations, and oriented towards health promotion and prevention of non-communicable diseases.</td>
<td><strong>Outcome 1:</strong> Women and men have employment and access to entrepreneurship opportunities facilitated by business service providers and effectively intermediated by public employment services.</td>
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<td><strong>Outcome 2:</strong> Government actors on all levels harmonize their development planning and successfully participate in funding schemes including the EU pre-accession funds.</td>
<td><strong>Outcome 2:</strong> Population has improved their health literacy, enjoys improved conditions for healthier lifestyles, and increased its demand for accountability in the health system.</td>
<td><strong>Outcome 2:</strong> Employers (incl. diaspora) and training providers contribute to increased market-oriented skills development and improved VET system, thereby enhancing young people's employability.</td>
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<td><strong>Outcome 3:</strong> Citizens forge alliances with political representatives and civil servants, demand for reforms and engage in initiatives to improve living conditions.</td>
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<td><strong>Outcome 4:</strong> The judiciary becomes more efficient and effective, thus combating impunity and better serving the needs of juveniles who are in touch with the justice system as victims or perpetrators.</td>
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**Transversal themes:** Gender Equality and Good Governance
Public authorities at all levels adopt and implement more inclusive, accountable and responsive policies which constitute the base of a resilient governance promoting wider inclusion, stronger accountability and better access to justice, civic engagement essential to amplify the pace and quality of reform will be nurtured, and fragility will be reduced.

**Outcome 1:**

Local Governments (LG) provide inclusive, accountable and responsive public services.

**Indicators**

- Municipalities adopt action plans to integrate DRR measures within their development strategies.
- Infrastructural investments and reform measures are undertaken in target municipalities.
- Local authorities take specific measures for vulnerable and excluded groups.

**Risks**

- Lack of resources and capacity within local authorities.
- Difficulties to get new legislation adopted, particularly in municipalities.

**Baseline SECO:**

- 50% of LGs in RS (2013) and 37% of LGs in FBiH provide inclusive, accountable, and responsive public services.

**Target:**

- Increased % of LGs providing inclusive, accountable, and responsive public services.
- Increased % of LGs in RS and FBiH participating in DRR measures.
- Increased % of LGs benefiting from increased budget resources.

**Outcome 2:**

Government actors on all levels harmonize governance and support inclusive and stable inclusive governance frameworks.

**Indicators**

- Support for development projects, based on a good regulatory environment.
- Infrastructural investments and reform measures are undertaken in target municipalities.
- Local authorities take specific measures for vulnerable and excluded groups.

**Risks**

- Lack of citizens' interest to productively engage in local decision making.
- Party politicisation concerns a large number of political parties.

**Baseline SDC:**

- Status of LGs improved through enhanced governance principles in the work of municipal administrations and councils to enhance accountability (to citizens).

**Target:**

- Increased % of LGs in RS and FBiH providing inclusive, accountable, and responsive public services.
- Increased % of LGs participating in DRR measures.
- Increased % of LGs benefiting from increased budget resources.

**Outcome 3:**

Representatives and civil servants, demand for reforms and engagement in initiatives to improve living conditions.

**Indicators**

- Proportion of operation and maintenance costs recovered through charges.
- Changing allocation of competences and finances within and among governance levels will affect implementation.
- Status of LGs improved through enhanced governance principles in the work of municipal administrations and councils to enhance accountability (to citizens).

**Risks**

- Lack of citizens' interest to productively engage in local decision making.
- Party politicisation concerns a large number of political parties.

**Baseline SDC:**

- 50% of LGs and 70% cantons.

**Target:**

- Increased % of LGs providing inclusive, accountable, and responsive public services.
- Increased % of LGs participating in DRR measures.
- Increased % of LGs benefiting from increased budget resources.

**Conclusion:**

The Swiss Cooperation engages in well-coordinated policy dialogue with the aim to set a conducive regulatory environment.

**Conclusion:**

The Swiss interventions will enhance harmonization of governance frameworks between municipalities and higher governmental structures.
Outcomes:

**Outcome 1:** Low levels of trust among communities and citizens towards their institutions is a key driving factor of fragility. By promoting wider governance accountability and better access to justice, civic engagement essential to amplify the pace and quality of reform will be nurtured, and fragility will be reduced.

**Outcome 2:** Based on an accomplished decentralisation process, a harmonized development of LGs leads to a constant improvement of quality of life for citizens.

**Outcome 3:** Citizens forge alliances with political representatives and civil servants, demand for reforms and engage in initiatives to improve living conditions.

**Fields of Observation and Indicators**

- Effective cross-governmental (vertical) interaction and regulatory environment on local governance and decentralization
- Level of successful realisation of AMC Strategies in RS and FBiH
- Risks: Difficulties to get new legislation adopted, particularly when challenging the existing balance of power between government levels.

**Indicators**

- % of local and cantonal governments with harmonised development planning and management frameworks
  
  **Baseline:** 28% of LGs and 10% of cantons in 2016
  
  **Target:** 50% of LGs and 70% cantons.

- Number of supported local governments which have benefitted from increased budget resources including EU pre-accession funds.

  **Baseline:** 22 local governments
  
  **Target:** 50% of targeted local governments.

- % of citizens in target municipalities engaging in the definition, development and realization of the "MZ vision" and other community relevant processes.

  **Baseline:** Citizens’ participation in public endeavours is low; the process of MZs’ revitalization is at an early stage.

  **Target:** 15% of citizens in target municipalities engage in the definition, development and realization of a “MZ vision” and other community relevant processes.

- Citizens articulate common demands for reforms in an organized way.

  **Baseline:** Civic activation and interaction with institutions happens on an occasional base.

  **Target:** TBD in 2017.

1. LGs include all public functions in a municipality: executive and legislative function, local administration and public utilities.
2. (i) AMCs advocate in the best interest of the LGs (their members) and provide services to them; (ii) Improve the work and functioning of local self-government; (iii) Advocate for fiscal decentralization and clear regulation of financing of LGs; (iv) Develop and strengthen capacities for the implementation of regulations aligned with the EU acquis; (v) Support LGs in implementing strategic planning measures. (Strategy of the AMC RS 2015-2019; Strategy of the AMC FBiH 2015-2022 - paraphrased)
**Outcome 4:** The judiciary becomes more efficient and effective, thus combating impunity and better serving the needs of juveniles who are in touch with the justice system as victims or perpetrators.

**Indicators**
- Number of open pre-investigations and unresolved old (two years and more) cases.
  - Baseline: 15,593 open pre-investigations and 3,477 unresolved old cases in 2015.
  - Target: No cases older than 2 years. Number of pre-investigations reduced by 10%.
- Increase of measures in the area of justice for children in accordance with international standards.
  - Baseline: In 2016, 57% increase in use of diversion measures as compared to 2012.
  - Target: Continued increase in application of diversion measures at country and local level.

Swiss interventions will contribute to increased performance of the judicial-prosecutorial system and efficient processing of cases, thus improving management and coordination within the judicial-prosecutorial system and relevant legislative and policy frameworks.

Through a specific focus on increased interaction between civil society and the judiciary, the Swiss program will contribute to a justice system that is more accountable and responsive to the needs of its end users.

**Risks**
- Lack of political will, financial resources and commitment to continue coordinated and harmonized efforts in implementing reforms in the justice sector.
- Political elite capture and pressure on the independence of the judiciary.
- Judicial reform processes in fragile contexts require comprehensive long-term approaches.

**Fields of observation and Indicators**
- Independence, accountability, efficiency, professionalism and harmonization of the BiH judicial system is further strengthened and maintained.
  - Baseline: no backlog of cases in BiH judicial institutions is around 2 million, mostly related to small claims enforcement cases. Effectiveness and efficiency of judicial institutions need improvement.
  - Target: a) reduction of backlog will increase the possibility of BiH judicial institutions to resolve other cases, besides enforcement procedure cases; b) increased efficiency of BiH judicial institutions through continuation of reconstruction and computerization, as well as greater consistency in management; c) increased efficiency contributing to citizens’ better perception of BiH judicial institutions.

**Fields of intervention (Swiss Program)**
- Improving regulatory framework conditions for effective DDLG processes and development of local economy in both entities as well as on the level of the central state; policy dialogue and up-scaling of validated experiences from a bottom-up perspective for the integration of best practices into relevant legislations.
- Enhancing effective capacity building, networking and interplay between key actors at all governmental tiers to achieve a functional and effective vertical integration of DDLG in BiH. This mainly aims at the vertical anchoring of financial/fiscal results-oriented policies.
- Further strengthening of capacities of municipal organs to enhance their performance management systems, delivery of services, public resources management, environmental and economic management, piloting and providing models of municipal budget support to selected municipalities.
- Co-financing municipal investments in increasing the quality and availability of municipal services and infrastructure, with focus on environmental and economic sectors.
- Strengthening the institutional and professional capacities of local communities (MZs), municipal councils, selected civil society organisations and community based organisations, to reinforce their role as key drivers of DDLG processes. This will reinforce their role as modulators in the vertical dimension of DDLG development and elimination of constraints in the regulatory framework for municipal service delivery.
- Promoting the inclusive participation and more responsible role of citizens in decision-making processes within their communities and in playing a proactive (responsive) role in local development ventures as well as in inter-municipal/inter-entity cooperation.
- Enhancing capacities of the judicial-prosecutorial system for improved performance and efficiency (incl. reduction of backlog of cases and case processing).
- Enhancing the judicial and juvenile justice legal and policy environment, as well as coordination and the strategic management system.
- Strengthening the institutional and professional capacities of the prosecutorial offices in BiH in line with the Justice Sector Reform Strategy.
- Strengthening capacities of civil society and enhancing access and service provision (incl. juvenile justice alternative measures) to citizens/juveniles in the area of juvenile justice.

Regional SECO programs focus on the following areas:
- Advisory services to governments in view of the preparation, tendering, contracting and implementation of public-private partnerships in infrastructure.
- Fostering access to finance for municipal infrastructure projects through commercial banks.

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- Advisory services to governments in view of the preparation, tendering, contracting and implementation of public-private partnerships in infrastructure.
- Fostering access to finance for municipal infrastructure projects through commercial banks.
Outcome 4:
An efficient, effective, coordinated justice system, accountable to all BiH citizens, fully meets the needs of juveniles who are in touch with the justice system.

Indicators
Through a specific focus on increased interaction between civil society and the judiciary, the Swiss program will contribute to a justice system that is more accountable and responsive to the needs of victims.

Baseline:
15,593 open pre-investigations and 3,477 investigations reduced by 10%.

Lack of political will, financial resources and coordination in implementing reforms in the justice sector strongly affects the effectiveness of judicial reform processes in fragile contexts requiring comprehensive, long-term approaches. Policy dialogue and up-scaling of validated experiences from a bottom-up perspective for the integration of best practices into relevant legislations.

• Co-financing municipal investments in increasing the quality and availability of municipal services and infrastructure, with focus on environmental and economic sectors in the vertical dimension of DDLG development and elimination of constraints in the regulatory framework for municipal service delivery.

• Advisory services to governments in view of the preparation, tendering, contracting and implementation of public-private partnerships in infrastructure.

Municipalities and local communities (MZ) are the main partners and owners of the DDLG processes which are enhanced through Swiss contributions. AMCs and demand and supply side of local governance processes. Switzerland applies a countrywide approach in supporting DDLG in BiH, taking into account the specificities of different levels of governance and cooperation between the federal, state, county, city and local levels. The program is closely aligned with relevant government strategies and facilitates their effective implementation. In this area strategic and co-financing of the projects.

Outcome 1:
PHC institutions deliver evidence-based, responsive quality primary health care (PHC) services, and has increased its health literacy.

Swiss interventions are provided at the public health sector. 2014 estimated: 40% of services provided at PHC level which are preventive and curative care alone.

Baseline:
33% of services provided at PHC level which are preventive and curative care alone.

Services not available: 26% (2014)

• Population has equitable access to more efficient and responsive quality primary health care (PHC) services, and has increased its health literacy.

Under the leadership of the health authorities, the focus of PHC service delivery will be on disease prevention and health promotion, and health promotion will be strengthened and becomes more evidence-based.

PHC Development of FBiH, 2006 – paraphrased)
• Risks
• Protective factors
• Behavorial risk factors of the population:

• Spectrum of interventions:

• % of PHC facilities providing gender-sensitive services for women, including evidence-based standards of care for non-communicable diseases, for nursing care, midwifery care, chronic diseases care, and mental health services.

Baseline: 0% of PHC facilities applying standards of care and 21% for nurses care alone.

Baseline: 30% of PHC facilities applying standards of care for cardiovascular diseases.

Baseline: hospitals related to cardio-vascular diseases and mental health disorders.

Baseline: reduction of 10% for cardiovascular diseases and 10% for mental health disorders.
Outcome 2: Population has improved their health literacy, enjoys improved conditions for healthier lifestyles, and increased its demand for accountability in the health system.

Indicators

- % of general population and % of youth are aware of behaviour-related health risks.
  
  Baseline: 25.9% of population (8.1% youth)
  
  Target: 40% general population and 25% youth

- Existence of regulatory framework (for tobacco and alcohol control, salt, sugar and trans-fats intake regulation, physical activity) for reducing the health risk factors with a multi-sectoral approach, and its implementation.
  
  Baseline: Regulatory framework is not in place
  
  Target: Regulatory framework is set and implemented

- Level of patients' involvement in development of their treatment plans in targeted PHC facilities and a demand for quality of health care.
  
  Baseline: Patients' participation in treatment planning introduced only in mental health services; lack of mechanisms for demanding accountability
  
  Target: Patients are actively involved and increase their demand for quality of care

Risks

- Potential lack of resources for enforcement of the multi-sectoral policies.
- The change of population's behaviour requires a long-term perspective.
- Preventing non-communicable diseases among mid-age population is particularly challenging as this group is already heavily affected by these diseases.

Outcome 2: Health system empowers patients to make informed decisions about their health and perform self-care, and promote health literacy. Multi-sectoral activities and policies are implemented by addressing social determinants of health, promoting healthy choices through formulating and designing products, regulating marketing, excise duties and taxes and educating consumers, promoting active living and healthy nutrition, safe physical and social environment, with an aim to protect and promote health and well-being and prevent disease and disability.

Indicators

- Prohibition of smoking in public places and excise taxes on tobacco and alcohol
  
  Baseline: Smoking is not prohibited; taxes are low
  
  Target: Smoking is prohibited and excise taxes are raised

- Behavioural risk factors of the population:
  - Exposure to tobacco smoke: (Baseline: 35%)
  - Smoking rate (Baseline: M 28.4%, F 25.4%)
  - Physical inactivity rate (Baseline: M 32%, F 39%)
  - Overweight (Baseline: M 46.5%, F 25.5%)
  
  Target: All risk factors are reduced

(Sources: WB surveys, WHO statistics)
Domain of intervention B: Health (SDC)

Under the leadership of the health authorities, the focus of PHC services towards disease prevention and health promotion will be strengthened, and civil society will foster health promoting environments. All these interventions will

1. Swiss portfolio outcomes
2. Contribution of Swiss Program
3. Country development outcomes

Outcome 1:
System governance, development of human resources individuals, families and communities.

- Concerning the role and position of nurses in the system, [Sources: The PHC Strategy of RS, 2006, and Strategy of Indicators
- Important cost-effective benefits are also created by
- Pre- and post-cardio-vascular diseases and mental health problems
- of care in team-based delivery of care and 21% for
- % of healthcare funding
- Funds which goes for PHC care: for team-delivered and for nurses’ care.
- Baseline
- Target: 35%
- of health inequalities in the country. Roll-out and scal-
- Referral rate to hospitals related to cardio-vascular
diseases and mental health disorders.
- Target:
- Reduction of rates 10% for cardio-vascular [20% (2014)
- : <20% (2014)
- : 28.4% (2013)
- • Number of people reached through health educa-
- Communicable diseases (ARI 34, SDG 3).
- Baseline:
- Target:
- 0
- Risk factors with a multi
- Existence of regulatory framework (for tobacco and
- • Behavioural risk factors of the population:
- • Level of patients’ involvement in development of
- • Number of new enterprises (1)
- Target:
- 57 enterprises (30 enterprises + 27
- • Additional 570 people employed
- • Start-up and/or created.
- • Supported of start-up and/or businesses
- • Target SDC: 57 enterprises 83 enterprises + 27
- • Target SECO: 84 (35% women)

Outcome 2:
The Swiss program supports the enhancement of pop-
- Form self-care, and promote health literacy. Multi-
- The promoted core value is about the health effective care and improved health.
- Various sectors on population’s health. Impr
- • A demand for quality of health care.
- • Risk factors (mainly smoking and physical inactivity)
- • A demand for quality of health care.
- • Risk factors (mainly smoking and physical inactivity)
- • Target:
- 35%)
- • Target: 0
- • Target: Methodology approved and adopted by
- • Start-up and/or created.
- • Supported of start-up and/or businesses
- • Target SDC: 57 enterprises 83 enterprises + 27
- • Target SECO: 84 (35% women)

Outcome 3: Country development outcomes
**Outcome 2:** Employers (incl. diaspora) and training providers contribute to increased market-oriented skills development and improved VET system, thereby enhancing young people’s employability.

**Indicators**

- Number of new jobs created in the supported and/or created enterprises.  
  *Baseline SECO: n/a*  
  *Target SECO: 400 new jobs created*
- Number of people employed through social enterprises and PES intermediation.  
  *Baseline SDC: 140 people employed in social enterprises; 2,865 intermediated by PES*  
  *Target SDC (disaggregated by gender, youth and excluded groups): additional 570 people employed in social enterprises; additional 3,900 intermediated by PES (40% women, at least 60% youth and 10% excluded persons)*
- Amount of mobilized private investment (including diaspora) in start-up/growth of enterprises.  
  *Baseline SDC: n/a*  
  *Target SDC: At least BAM 7,000,000 private investment (Angel investment and diaspora)*  
  *Baseline SECO: n/a*  
  *Target SECO: At least CHF 1,200,000 private investment*
- **Program activities.** Promotion of female start-ups at early stages and entrepreneurship education will enhance women participation.
- Private sector in BiH and diaspora interact effectively through knowledge and skills transfer, networking and investments, thus leveraging job creation and economic growth.

**Risks**

- Private investors and diaspora reluctant to engage in politically unstable environment.
- Changing business environment with unclear regulations for business registration.

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**Outcome 2:** Reform of education in the service of employment.

*(Sources: Sector Planning Documents - SPDs; IPA II programming document)*

Mobilizing Human Resources, know-how and skills of diaspora for the country’s development. *(BiH Strategy on Cooperation with diaspora 2017 – 2021)*

**Indicator**

- **Youth unemployment rate**  
  *Baseline: 62 % (2015)*  
  *Target: 40% (by 2020)*

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6 These groups include young and elderly people, children, women, people with disabilities, Roma, etc.

7 The ‘PES Reform Package’ consists of the following activities: (I) defining the institutional goals and measurements indicators; (II) new internal task division; (III) triage of unemployed people; (IV) focusing mediation services on the ‘most active’ job seekers; (V) re-engineering of the processes and procedures to support an efficient job mediation service; (VI) introduction of counseling services; (VII) introduction of the Performance Management System (PMS); (VIII) refurbishment of offices to ensure that the premises also support the efficient delivery of the services in accordance with the YEP proposal.
• Number of young people gainfully employed six months after training or graduation from school.
  Baseline: 750 young people
  Target: 7,500 young people (50% women)

• Number of new jobs created as a result of diaspora's contribution and business to business exchange.
  Baseline: n/a
  Target: At least 320 new jobs (30% women)

**4. Lines of intervention (Swiss Program)**

• Financial system: support municipalities to establish services for debt counselling and financial literacy of population. Promotion of sustainable standards for microfinance institutions.
• Private sector development: support entrepreneurship development by strengthening ecosystem’s services and developing new investment opportunities.
• Contributing to an effective intermediations system within the public employment services.
• Improving the employability of VET students and young unemployed people through the reform of practical education in schools and labour-market oriented trainings offered by different training centres.
• Creation of new employment opportunities for young people on the labour market.
• Establishment of a favourable environment for the diaspora willing to contribute to economic development: development of M&D policies and institutional framework, providing supportive structures and approaches, and promoting interaction with the diaspora, with regard to investments and knowledge transfer.

Regional SECO programs focus on the following areas:
• Support to the BiH financial sector (banks and MFIs) in developing capacities to implement best practices in risk and NPL management, as well as more transparent and cost effective transfer of remittances.
• Improving the macroeconomic framework, in particular public revenue collection and development of internal rules and procedures by strengthening capacities of tax administrations, the Central Bank, the Ministries of Finance, and statistical offices.
• Support to private sector development through assistance in finding buyers in European markets for products and services in targeted sectors, and through more effective debt resolution and insolvency procedures.
• Promote climate-resilience through private sector based catastrophe risk insurance.

**5. Resources, partnerships (Swiss Program)**

• Financial resources: the planned budget for the domain is CHF 17.2 m.
• Human Resources: the domain will be managed by three National Program Officers with support provided by the Director of Cooperation and the Deputy Director of Cooperation.
• The main implementing partners in economic development are: the WB Group including IFC, Swisscontact, European Bank for Reconstruction and Development, International Monetary Fund (IMF), the Graduate Institute of International and Development Studies, Geneva.
• The main national counterparts are: Ministries of Finance (state and entity level), Ministry of Human Rights and Refugees (diaspora department), Ministries of Education (entity and cantonal level), public employment services (cantonal and entity level), VET schools, local municipalities, business incubators, financial institutions and business support organizations.
• Synergies across domains and coordination with other donors will be ensured.
### Management Performance Results: (valid for all domains)

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>Indicators</th>
</tr>
</thead>
</table>
| The Swiss Cooperation Program strives for inclusiveness, builds bridges | • Reform processes are designed in an inclusive way wherever Switzerland is engaged at the policy level.  
• An information and exchange platform (i-platform) and network for the BiH diaspora in Switzerland is facilitated.  
• Minority, social inclusion and human rights aspects are systematically addressed.  
• Legislative bodies at state, entity, cantonal and municipal levels are increasingly informed and involved in programs and projects.  
• Aspects of good governance, gender equality, inclusion, rule of law and corruption are more systematically addressed by national and international partners. |
| to overcome boundaries, and fosters connections both in BiH and beyond.   |                                                                                                                                                                                                           |
| Partners (both national and international ones) adopt values and         | • Increased cost-effectiveness thanks to synergies on project and portfolio level.  
• Commonly agreed donor positions taken up by local authorities on all levels.  
• A national tool for the monitoring of the Paris Declaration matters, managed by the DCF (Ministry of Finance) is established and functioning through substantial support by the Swiss Cooperation in BiH.  
• Swiss positions are regularly presented and discussed in the EU’s coordination platform for cooperation among its member states agencies, active in BiH.  
• A more institutional dialogue with Arab donor countries is established. |
| approaches promoted by Switzerland, and space for corrupt practices is    |                                                                                                                                                                                                           |
| reduced.                                                                |                                                                                                                                                                                                           |
| Switzerland promotes donor coordination, domain-wise and at the country  | • Partners’ days are proactively used to disseminate not only rules but also values, to gather plurality of views, to connect projects across domains and to allow for mutual learning. Representatives of target groups / beneficiaries are included in these discussions whenever possible.  
• Learning events such as “Brown Bag Lunches” are proactively used to disseminate knowledge within the Swiss Embassy Team and to embrace external views, criticism and encouragement in areas of the Swiss Cooperation Program’s interest. |
| level, to strengthen cooperation results.                               |                                                                                                                                                                                                           |
| The Swiss Cooperation Program is managed in a conflict sensitive manner  |                                                                                                                                                                                                           |
| by Swiss Embassy staff and key personnel in partner organizations.      |                                                                                                                                                                                                           |

### Lines of intervention

- Capacity building through targeted training on CSPM for the staff of the Swiss Embassy, and for key personnel of implementation partners.
- Conflict sensitive context analysis carried out for all domains of intervention, participatory elaboration of MERV.
- Partners’ days held at least twice a year.
- Learning events organized at least once per 3 months.
- Beneficiary assessments within projects.

### Resources, partnerships

- All outcomes will be achieved with the available human and financial resources.
Annex 3
Monitoring System

Purpose of the Cooperation Strategy Monitoring Tool
The Swiss Cooperation Program is committed to strengthen the effectiveness of its interventions, based on results-oriented management of projects implemented in the frame of the Cooperation Strategy 2017 - 2020. The main purpose of the Cooperation Strategy Monitoring Tool is to steer the Swiss Cooperation Program in a coherent way in relation to the set strategic objectives.

Objectives of Cooperation Strategy Monitoring
Cooperation Strategy Monitoring is an integral task of the Swiss Cooperation management scheme. The Cooperation Strategy Monitoring Tool serves three main monitoring purposes:

1) **Steering** – to ensure that the Swiss Cooperation Program is and remains relevant, efficient, effective, results-oriented and produces sustainable effects.

2) **Reporting** – to maintain a high level of accountability and transparency of Swiss interventions in Bosnia and Herzegovina based on systematised results at different levels of observation (primarily outcomes). Facts and figures are regularly collected and analysed for reporting to different target groups; mainly to Swiss decision makers, national partners, the Swiss and Bosnian-Herzegovinian public, cooperation agencies and other interested parties.

3) **Learning** – to contribute to a structured exchange and joint learning based on validated experiences and best practices within the Swiss Cooperation Program, with partners and members of technical networks. Furthermore, it delivers references for policy dialogue and advocacy in selected domains of intervention.

Levels and Instruments of Cooperation Strategy Monitoring

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Purpose</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Report</td>
<td>Results-based, cumulative reporting as a basis for the steering and planning of the subsequent year.</td>
<td>Once a year (October)</td>
</tr>
<tr>
<td>Midyear Review</td>
<td>Stock taking and identification of necessary short term adaptations of the annual program.</td>
<td>Once a year (June)</td>
</tr>
<tr>
<td>Midterm Review</td>
<td>Review of results achieved under the Cooperation Strategy, confirmation of the strategy’s relevance based on sector and actor analysis, identification of possible adaptations to the strategy.</td>
<td>February 2019</td>
</tr>
<tr>
<td>Operational</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External Project Reviews</td>
<td>Evaluation of projects for reporting, steering and definition of subsequent project phases.</td>
<td>Once in two project phases</td>
</tr>
<tr>
<td>Steering Committee Meetings</td>
<td>Steering and/or advisory bodies providing strategic assistance on project level.</td>
<td>At least once per year in each project</td>
</tr>
<tr>
<td>End of phase / end of project reports</td>
<td>Internal review with main conclusions regarding achieved results, and recommendations in view of subsequent project phases.</td>
<td>As required</td>
</tr>
<tr>
<td>Internal Project Committee</td>
<td>Discussion of new entry and credit proposals in operational committees.</td>
<td>As required</td>
</tr>
<tr>
<td>Internal Control System</td>
<td>Periodic financial and procedural audit done by the Embassy’s Finance and Administration team</td>
<td>3-5 projects per year</td>
</tr>
<tr>
<td>Embassy Management Team Meetings</td>
<td>Permanent context monitoring and discussion.</td>
<td>Weekly</td>
</tr>
<tr>
<td>MERV</td>
<td>Context development analysis to identify changes relevant to the Cooperation Program.</td>
<td>Once a year (September)</td>
</tr>
</tbody>
</table>

In the 2017 – 2020 period the Cooperation Strategy Monitoring Tool and instruments will be further elaborated enabling clear focus on domain results. This has implications on all monitoring instruments and levels, including implementing partners. As a consequence, awareness for sector development objectives increases and translates into program and project design working towards stronger impact on policies.
### Annex 4

<table>
<thead>
<tr>
<th>Negative trend:</th>
<th>Status quo – base scenario</th>
<th>Positive trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>(reform setback, increased polarization, serious social unrest)</td>
<td>(slow progress with reforms and promises, polarization continues, stable but fragile balance)</td>
<td>(meaningful socio-economic reforms start to be implemented, polarizations decreases)</td>
</tr>
</tbody>
</table>

#### Likelihood: medium

**Political situation incl. governance and reform processes (framework conditions):**

- Further referenda or lawsuits on state judiciary and/or secession are announced and/or take place in RS, and lead to increasing and open political unrest.
- Politics decides over rule of law, leading to growing citizen dissatisfaction.
- Political and economic elite controls governing institutions and political processes for their own benefit.

- Referenda and secessionist rhetoric increasingly polarize political atmosphere, thus hampering reform processes and EU accession progress.
- Rule of law not guaranteed for everyone due to political interference in judiciary, limited access to justice, and impunity.
- Governing institutions remain rather weak at all levels and political processes are often biased and non-inclusive as well as driven by clientelists' networks. Citizens may be motivated to engage in political processes; however citizens' organizations are not strong enough, have weak structures, are not gathered around a common goal and are easily intimidated.

#### Likelihood: medium-low

**Security situation:**

- Growing distrust leading to increasing ethnic tensions, increasing number and scale of security threats, and isolated violent incidents.
- Increasing ethnic divisions and poor socio-economic prospects lead to further risk of radicalization, especially among youth.
- Weakening state security situation, weaker judiciary and decreasing rule of law, providing fertile ground for corruption and organized crime.

- Still present legacy of war, including reinforced ethnic divisions, causes fear and feeling of insecurity.
- Security threats appear from time to time.
- Continuing progress in increasing counterterrorism capacities and combating violent radicalization. The problem of overlapping law enforcement jurisdictions persists; general threat from isolated terrorist incidents prevails.

#### Likelihood: high

**Security situation:**

- Formal “Dealing with the Past” processes contribute to reconciliation.
- Security situation is fully under control.
- Improved economic perspectives, access to education and radicalization awareness efforts contribute to turn vulnerable groups away from radicalism and violence.

**Social situation:**

- An increasing number of citizens have limited or no access to basic services and quality of services decreases.
- Further emigration contributes to a demographic imbalance towards an increasing elderly and poor population.

- Biased and non-transparent budget allocation, in combination with wide-spread corruption and mismanagement – especially with regard to public procurement – maintains non-inclusive and low-quality public service delivery to citizens. As a consequence, citizens are not willing to advocate and pay for basic service delivery.

- Citizens and their organizations demand more transparent budget allocation processes and good quality services for all. With increasing access and quality, their willingness to pay for public services increases.
### Economic situation

- Reform Agenda fails and the path towards European / EU integration comes to a halt.
- Growing unemployment (including in public sector) and socio-economic disparities lead to social unrest and increased brain-drain.
- Business environment further deteriorates.
- State bankruptcy and financial collapse due to inability of public sector refinancing.

<table>
<thead>
<tr>
<th>Economic situation</th>
<th>Environmental situation</th>
<th>Migration situation</th>
<th>Room for maneuver of the international community, Swiss role</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Incomplete and opportunistic implementation of Reform Agenda with generally slow progress towards European / EU integration.</td>
<td>• Following the 2014 disasters, institutions and population are more aware of and initiate important disaster Risk Management measures. Improved organization and coordination across all levels of government, and upgraded infrastructure lead to better preparedness for future disasters.</td>
<td>• Migrants on the Balkan route seeking new options travel in much higher number via BiH towards Serbia and Croatia. BiH authorities are not able to follow up with registration and adequate supply and care. Tensions with neighboring countries arise and xenophobia creates social unrest.</td>
<td>• The international community focuses on “observe and comment”, investments from International Financial Institutions dry out given the overly high political and financial risks involved, and IMF financing freezes. The EU’s attention moves to more promising candidate countries.</td>
</tr>
<tr>
<td>• Wide-spread unemployment, particularly among youth, and difficult economic framework conditions entail a lack of perspectives among citizens, causing further emigration.</td>
<td>• Sector strategy development on the national level is on hold or progressing slowly; investment in environmental infrastructure increases slowly, with positive impact on environmental conditions.</td>
<td>• Despite the ongoing migration through neighboring countries, the competent national authority of BiH (Ministry of Security) keeps control over the limited influx of rather wealthy Muslim migrants into BiH territory and is well informed about trafficking activities in the region.</td>
<td>• The international community remains in the business-as-usual mode. International Financial Institutions continue to invest in transport, water supply and waste-water infrastructure. The EU continues its support to the areas of Rule of Law and Anti-Corruption.</td>
</tr>
<tr>
<td>• Weak private sector and a public sector which absorbs a disproportionate share of human and economic resources.</td>
<td>• Environmental awareness among citizens gradually increases.</td>
<td>• The migrant situation stabilizes on a lower level (as compared to 2015 and 2016). BiH remains outside of the main routes and continues receiving only small numbers of financially independent, mainly Muslim migrants.</td>
<td>• Switzerland is regarded as a reliable partner without a hidden agenda, well positioned in its strategic domains. Sustainability, results-orientation, long-term commitment and a strong engagement in donor coordination remain key parameters. Partner Risk Assessments are an important instrument to respond to corruption.</td>
</tr>
<tr>
<td>• Meaningful progress in implementing the Reform Agenda, European / EU accession process gains track.</td>
<td>• Institutions and population are taking the necessary Disaster Risk Management measures. Coordinated efforts in the Western Balkans region contribute to better preparedness, even for extraordinary catastrophic events.</td>
<td>• International Financial Institutions invest important financial means in infrastructure (also in public transport, energy and solid waste), based on increased transparency and government willingness to introduce state of the art corporate governance in utilities.</td>
<td>• Switzerland supports public and corporate governance on all levels, in public and private sectors, increasingly working with partnerships involving public, private, academia and civil society.</td>
</tr>
</tbody>
</table>

### Environmental situation

- Missing coordination hinders effective organization and implementation of risk management measures. BiH remains highly vulnerable to natural catastrophes.
- The environmental sector remains without clear strategic vision. It is neglected on all levels of government; and EU financing is on hold. Environmental assets suffer, with corresponding consequences for population and economy, e.g. through negative impact on tourism potential.

### Migration situation

- Migrants on the Balkan route seeking new options travel in much higher number via BiH towards Serbia and Croatia. BiH authorities are not able to follow up with registration and adequate supply and care. Tensions with neighboring countries arise and xenophobia creates social unrest.

### Room for maneuver of the international community, Swiss role

- The international community focuses on “observe and comment”, investments from International Financial Institutions dry out given the overly high political and financial risks involved, and IMF financing freezes. The EU’s attention moves to more promising candidate countries.
- Based on its long-term commitment and approach, Switzerland remains engaged, focusing activities even more on local communities and municipalities.
### Annex 5

#### Pessimistic scenario
(reform setback, increased polarization, serious social unrest)

<table>
<thead>
<tr>
<th>Domain 1: Democratic Governance, Municipal Services and Justice</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome 1:</strong> Local Governments provide inclusive efficient quality services and improve their performance management within the public policy cycle.</td>
</tr>
<tr>
<td><strong>Outcome 2:</strong> Government actors on all levels harmonize their development planning and successfully participate in funding schemes including the EU pre-accession funds.</td>
</tr>
<tr>
<td><strong>Outcome 3:</strong> Citizens forge alliances with political representatives and civil servants, demand for reforms and engage in initiatives to improve living conditions.</td>
</tr>
<tr>
<td><strong>Outcome 4:</strong> The judiciary becomes more efficient and effective, thus combating impunity and better serving the needs of juveniles who are in touch with the justice system as victims or perpetrators.</td>
</tr>
</tbody>
</table>

#### Optimistic scenario
(meaningful socio-economic reforms start to be implemented, polarizations decreases)

<table>
<thead>
<tr>
<th>Overall Swiss Cooperation Program</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall goal of the Swiss Cooperation Strategy:</strong> Switzerland contributes to strengthening social, economic and political inclusion in BiH. It reinforces the further development of a democratic political system and a social market economy, based on accountable public and private actors as well as active and empowered citizens, with the longer-term perspective of European integration.</td>
</tr>
</tbody>
</table>

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</tr>
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</table>

#### Key Features
- Less influence on policies, especially on national and entity levels.
- More frequent consultations with partners (including donor community) to adapt interventions to changing context.
- Development of rapid response mechanisms (including stand-alone actions) to deal with sector specific, local or regional crisis.

#### Domain 1: Democratic Governance, Municipal Services and Justice

- **Domain 1: Democratic Governance, Municipal Services and Justice**
  - **Outcome 1:** Local Governments provide inclusive efficient quality services and improve their performance management within the public policy cycle.
  - **Outcome 2:** Government actors on all levels harmonize their development planning and successfully participate in funding schemes including the EU pre-accession funds.
  - **Outcome 3:** Citizens forge alliances with political representatives and civil servants, demand for reforms and engage in initiatives to improve living conditions.
  - **Outcome 4:** The judiciary becomes more efficient and effective, thus combating impunity and better serving the needs of juveniles who are in touch with the justice system as victims or perpetrators.

#### Key Features
- Stronger focus and influence on policies in domain areas.
- Consequent connection of good practice experiences to respective institutions, particularly municipalities, throughout the country.
- Higher requirements regarding in-kind and/or cash contributions of beneficiaries.
- More consequent alignment and support to EU accession process.

#### Program adaptation per scenario

- **Pessimistic scenario**
  - Less influence on policies, especially on national and entity levels.
  - More frequent consultations with partners (including donor community) to adapt interventions to changing context.
  - Development of rapid response mechanisms (including stand-alone actions) to deal with sector specific, local or regional crisis.

- **Optimistic scenario**
  - Stronger focus and influence on policies in domain areas.
  - Consequent connection of good practice experiences to respective institutions, particularly municipalities, throughout the country.
  - Higher requirements regarding in-kind and/or cash contributions of beneficiaries.
  - More consequent alignment and support to EU accession process.
### Domain 1: Democratic Governance, Municipal Services and Justice

<table>
<thead>
<tr>
<th><strong>Outcome 1:</strong> Local Governments provide inclusive efficient services.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>•</strong> Sustain the achieved level of health service provision for as many as possible.</td>
</tr>
<tr>
<td><strong>•</strong> Consider supporting social protection mechanisms.</td>
</tr>
<tr>
<td><strong>•</strong> Reconsider &quot;humanitarian aid style&quot; interventions.</td>
</tr>
<tr>
<td><strong>•</strong> Reconsider support to civil society organizations that provide healthcare services the public sector is not able to provide on a satisfactory level.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Outcome 2:</strong> The judiciary becomes more efficient and effective.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>•</strong> Even stronger focus on support to local governments.</td>
</tr>
<tr>
<td><strong>•</strong> Increased support to growth markets and their obstacles in the reform process.</td>
</tr>
<tr>
<td><strong>•</strong> Shift from grant schemes to credit and guarantee mechanisms to promote entrepreneurship.</td>
</tr>
</tbody>
</table>

### Domain 2: Health

<table>
<thead>
<tr>
<th><strong>Outcome 1:</strong> PHC institutions deliver evidence-informed and better quality services that are gender sensitive, affordable and accessible to all, particularly to socially excluded and/or poor population groups, and oriented towards health promotion and prevention of non-communicable diseases.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>•</strong> Sustain the achieved level of health service provision for as many as possible.</td>
</tr>
<tr>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Outcome 2:</strong> Population has improved their health literacy, enjoys improved conditions for healthier lifestyles, and increased its demand for accountability in the health system.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>•</strong> Stronger focus on health promotion and disease prevention at primary health care level.</td>
</tr>
<tr>
<td><strong>•</strong> Focus on further improving access to quality health services for all.</td>
</tr>
<tr>
<td><strong>•</strong> Supporting the creation of additional revenues for the health system reform through fiscal reform.</td>
</tr>
</tbody>
</table>

### Domain 3: Economy and Employment

<table>
<thead>
<tr>
<th><strong>Outcome 1:</strong> Women and men have employment and access to entrepreneurship opportunities, facilitated by business service providers and effectively intermediated by public employment services.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>•</strong> Even stronger cooperation with International Financial Institutions, using their leverage to address obstacles in the reform process.</td>
</tr>
<tr>
<td><strong>•</strong> Stronger focus on self-employment, particularly in rural areas.</td>
</tr>
<tr>
<td><strong>•</strong> Stronger focus on informal adult education, training and retraining.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Outcome 2:</strong> Employers (incl. diaspora) and training providers contribute to increased market-oriented skills development and improved VET system, thereby enhancing young people’s employability.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>•</strong> Stronger focus on entrepreneurship and self-employment across B&amp;H.</td>
</tr>
<tr>
<td><strong>•</strong> Increased support to growth markets and their value chains.</td>
</tr>
<tr>
<td><strong>•</strong> Explore other opportunities to support governments in their reform process.</td>
</tr>
</tbody>
</table>
## Annex 6
### Strategic Budget Allocation

### Cooperation Strategy Bosnia and Herzegovina 2017-2020

#### Disbursements planned 2017 - 2020

<table>
<thead>
<tr>
<th>Domain</th>
<th>SDC m CHF</th>
<th>in % of total</th>
<th>SECO m CHF</th>
<th>in % of total</th>
<th>Total SDC &amp; SECO m CHF</th>
<th>Total SDC &amp; SECO in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>A - Democratic Governance, Municipal Services and Justice</td>
<td>28.0</td>
<td>41%</td>
<td>10.0</td>
<td>14%</td>
<td>38.0</td>
<td>55%</td>
</tr>
<tr>
<td>B - Health</td>
<td>12.5</td>
<td>18%</td>
<td>-</td>
<td>-</td>
<td>12.5</td>
<td>18%</td>
</tr>
<tr>
<td>C - Economy and Employment</td>
<td>12.7</td>
<td>18%</td>
<td>4.0</td>
<td>6%</td>
<td>16.7</td>
<td>24%</td>
</tr>
<tr>
<td>*Other Interventions</td>
<td>1.8</td>
<td>3%</td>
<td>0.0</td>
<td>-</td>
<td>1.8</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total budget allocation 2017-2020</strong></td>
<td><strong>55.0</strong></td>
<td><strong>80%</strong></td>
<td><strong>14.0</strong></td>
<td><strong>20%</strong></td>
<td><strong>69.0</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

* Including small actions / Global Credit but without office management costs.

### Cooperation Strategy Bosnia and Herzegovina 2017-2020

#### Commitments planned 2017 - 2020

<table>
<thead>
<tr>
<th>Domain</th>
<th>SDC m CHF</th>
<th>in % of total</th>
<th>SECO m CHF</th>
<th>in % of total</th>
<th>Total SDC &amp; SECO m CHF</th>
<th>Total SDC &amp; SECO in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>A - Democratic Governance, Municipal Services and Justice</td>
<td>29.0</td>
<td>39.5%</td>
<td>12.0</td>
<td>16%</td>
<td>41.0</td>
<td>55.5%</td>
</tr>
<tr>
<td>B - Health</td>
<td>14.0</td>
<td>19%</td>
<td>-</td>
<td>-</td>
<td>14.0</td>
<td>19%</td>
</tr>
<tr>
<td>C - Economy and Employment</td>
<td>13.2</td>
<td>18%</td>
<td>4.0</td>
<td>5%</td>
<td>17.2</td>
<td>23%</td>
</tr>
<tr>
<td>*Other Interventions</td>
<td>1.8</td>
<td>2.5%</td>
<td>-</td>
<td>-</td>
<td>1.8</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Total budget allocation 2017-2020</strong></td>
<td><strong>58.0</strong></td>
<td><strong>79%</strong></td>
<td><strong>16.0</strong></td>
<td><strong>21%</strong></td>
<td><strong>74.0</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

* Including small actions / Global Credit but without office management costs.
Annex 7
Map of Bosnia and Herzegovina