

Development Cooperation Programme of the Czech Republic with Bosnia and Herzegovina **2024 – 2030**



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1. INTRODUCTION

The Czech Republic and Bosnia (Czechia) and Herzegovina (BiH) enjoy long-standing friendly relations reflecting their geographic proximity and historic ties. The bilateral relationship is excellent, with a potential for further growth especially in the economic area. Czechia supports BiH in its EU integration process and treats it as a country of priority importance in the context of Czech development cooperation (Czech Aid) and transformation cooperation. This position is made clear both in the Development Cooperation Strategy of the Czech Republic 2018–2030 (“Czech DC Strategy”) and in the earlier Human Rights and Transition Promotion Policy Concept. BiH is on the list of six priority countries for the Czech DC Strategy 2018-2030, as approved by the Czech Government in 2017. Moreover, Czech Aid priorities are aligned with selected initiatives under the EU Instrument for Pre-accession Assistance (IPA) III. The bulk of Czech Aid in BiH are bilateral cooperation projects; however, Czechia also participates (through the Czech Development Agency) the implementation of EU delegated cooperation projects financed from pre-accession assistance funds. Czech bilateral cooperation projects have a broad thematic focus, with priorities including namely waste management, water management (water supply and sanitation, wastewater treatment plants), food safety (implementation of the related EU acquis), energy sector (including a prospective move towards circular economy), and social inclusion. Other important parts of Czech Aid are multilateral development cooperation, transformation cooperation programmes, B2B partnerships, security development cooperation programmes, and cyber security projects (CYBERVAC).

2. DEVELOPMENT NEEDS AND PRIORITIES OF BiH

2.1 BiH's main medium-term priorities and their linkage to the implementation of the 2030 Agenda and the Sustainable Development Goals (SDGs)

BiH is a decentralised country consisting of two entities – the Federation of Bosnia and Herzegovina and Republika Srpska – and the self-governing Brčko District. The Federation of Bosnia and Herzegovina is subdivided into ten largely autonomous cantons. The executive power over the entire BiH is in the hands of the Council of Ministers. This distribution of power is reflected in the country's development strategies and priorities.

BiH's core development strategy document is the SDGs Framework¹ formally approved by the Council of Ministers in 2021. The SDGs Framework can be understood as a document setting out the BiH's countrywide development strategy including, among other issues, the identification of the baseline and target values within the appropriate SDGs and the indicators and sources of data for monitoring progress by 2030.

The Federation of Bosnia and Herzegovina has a 2021-2027 development strategy² fully consistent with the SDGs Framework. The other entity, Republika Srpska, is currently working on a strategy that will also be in line with the SDGs Framework. The Brčko District already has a development strategy aligned with the SDGs³.

2.2 Specific targets for development pathways

The SDGs Framework reflects the key development trends, opportunities and obstacles, particularly within BiH's potential accession to the EU.

It identifies three pathways of sustainable development:

- 1) Good governance and public sector management;
- 2) Smart growth;
- 3) Society of equal opportunities.

and two horizontal themes:

- 1) Human capital for the future;
- 2) The “leave no one behind” principle.

Each development pathway has its specific targets, baseline and target values as well as indicators and sources of data for monitoring progress.

¹ Document available at <https://www.undp.org/bosnia-herzegovina/publications/sdgs-framework-bosnia-and-herzegovina> (retrieved 30 April 2024).

² Document available at https://parlamentfbih.gov.ba/v2/userfiles/file/Materijali%20u%20proceduri_2021/Strategija%20razvoja%20FBiH%202021-2027_bos.pdf (retrieved 30 April 2024).

³ Document available at https://skupstinabd.ba/2-registar/ba/Odluke/2021/2290.%20Strategija%20razvoja%20BD%20BiH___bos.pdf (retrieved 30 April 2024).

The Czech Republic's programme for bilateral development cooperation with BiH fully respects the priorities identified in the SDGs Framework and promotes their achievement. In this programme, Czechia sets out to cooperate with, and to assist, BiH on its path towards joining the EU. The programme thus reflects BiH's ambition to achieve EU membership as foreseen in the Stabilisation and Association Agreement, including the need to align the national legislation with the EU acquis.

2.3 Principal factors of the political, security, economic and other context in BiH relevant to Czech Aid

For a long time now, the situation in BiH has been shaped by its complex political processes and diverging views on the direction the country should take and the way it should organise its internal structures. Public governance, its coordination and efficiency, has been a source of constant challenges and the same may be said, for example, of the judiciary branch, where the situation causes uncertainty about the rule of law in the country. Since Republika Srpska (RS) has adopted legislative acts with potential impacts on BiH's stability, sovereignty and integrity, some countries (the USA and UK) have responded by imposing individual sanctions on selected entity leaders. The EU has not yet taken this step; however, the European Commission moved to increase pressure on RS by suspending the implementation of some important IPA projects in the entity. Germany took similar measures on the national level and suspended its own projects. In 2017, the United States imposed sanctions on Milorad Dodik because of his efforts to undermine the Dayton Peace Agreement. These sanctions have since been extended on several occasions to include individuals and companies close to Dodik. The United Kingdom imposed its own sanctions in April 2022.

BiH remains one of the few European countries that have not yet completely aligned with the sanctions regime against Russia; the main reason is that RS opposes the step. Developments in RS, especially, bear witness to the intensity of Russia's activities and influence. RS has openly declared its intention to separate from BiH.

The other entity, the Federation of Bosnia and Herzegovina (FBiH), consists of ten cantons. Each canton has its own government, which hampers the decision-making processes in this part of BiH. The route to making decisions gets complicated chiefly because of constant political crises



3. INTERNATIONAL COOPERATION IN BiH

3.1 Coordination mechanisms for development and transformation cooperation

BiH's Ministry of Finance and Treasury has formal responsibility for coordinating bilateral development cooperation on the countrywide level. Another important institution with countrywide powers is the Directorate for European Integration (DEI) set up by the BiH's Council of Ministers to serve as the coordinating institution in the process of European integration and implementation of the acquis. In relations with the European Commission, the DEI has operational responsibility for coordinating the IPA pre-accession assistance. It is also responsible for coordinating the development activities of the EU Member States and making sure that these activities are in line with the pre-accession process.

The EU has its own coordination processes – coordination meetings of the EU Member States to review the activities of individual donors and ensure that they are synergic with and/or integrated in EU projects. The UN Resident Coordinator holds irregular coordination meetings of bilateral and multilateral donors to facilitate exchange of information among donors.

A number of thematic coordinating groups meet on an ad hoc basis and Czechia joins them in accordance with its priorities. An example of close cooperation between donors and international financial institutions is the BiH Water Alliance, a coordinating group in the water and sanitation sector. The group shares information on projects, and actively engages and lobbies on the relevant levels of the public administration system to achieve legislative changes promoting sustainable water management.

The other donor coordinating groups, in which Czechia takes part address regional development, cyber security, energy, human rights, and media freedom. Another coordinating group focuses on the unfavourable development of the human rights situation and the rule of law in RS. The group has been meeting regularly since 2023 to discuss donor activities in RS and scenarios in case of the adverse trend continues and the entity keeps moving towards potential secession.

3.2 EU activities and Czechia's involvement in joint programming and other EU cooperation formats

The candidate status achieved by BiH at the end of 2022 is the determining factor in BiH-EU relations and the activities of the European Commission (EU Delegation). However, the granting of candidate status did not entail any major change or reformatting of EU's engagement. IPA pre-accession funding remains open to BiH within the thematic windows defined in the EU's annual action plans. The EU has no joint programme for BiH and does not intend to create any, because BiH already has a clear association agenda and accurately defined acquis chapters to work on. Therefore, the EU's joint programme is the association process. Donors coordinate on a thematic basis according to IPA action plans, and the overarching principle is that the bilateral activities of each EU Member State should contribute to the implementation of the acquis. Non-EU donors (Switzerland, UK, USA) respect the same principle. Czechia committed itself to the principle of assisting BiH on the path to EU membership already in the 2017-2023 programming period.

IPA III works on the basis of competition among the beneficiaries, which means that BiH cannot be sure to get the same amount of financial assistance as in the previous financing periods. BiH is currently preparing its national programme for the adoption of the EU acquis (NPAA). As in the previous periods, EU financial assistance in favour of BiH's association agenda is channelled through the IPA into the following thematic windows:

- 1) Rule of law, fundamental rights and democracy
- 2) Good governance, acquis alignment, good neighbourly relations and strategic communication
- 3) Green agenda and sustainable connectivity
- 4) Competitiveness and inclusive growth
- 5) Territorial and cross-border cooperation

In 2024-2027, BiH has access not only to IPA III but also to funding under the Reform and Growth Facility for the Western Balkans, a financial instrument aiming to incentivise the necessary reforms in the region's countries. The Facility has a total financial envelope of as much as EUR 6 billion for infrastructure projects and budgetary support in the Western Balkans, with payments conditional on compliance with the given conditions. BiH may get almost EUR 1 billion if it meets all the conditions.

3.3 Czechia's cooperation with other donors

Czechia closely coordinates its Aid with fellow donors who pursue similar sectoral and thematic priorities. The cooperation should add strength and efficiency to the Czechia's engagement in BiH and maximise the impacts of the projects.

Czechia participates in the Water Alliance, an informal group of donors and international financial institutions in the water management and sanitation sector. The Water Alliance's flagship project is the Municipal Environmental Governance Project (MEG) aiming to improve the efficiency of drinking water services and wastewater management in selected municipalities, including the related regulatory changes.

In the area of energy, Czechia had joint projects with the UNDP. Today, the Czech Development Agency takes part in the implementation of the EU4Energy delegated cooperation project. Czechia is a regular partner of BiH's annual Energy Summit, a conference discussing the current challenges in the sector of energy and renewables. The other partners of the event are the USA, UK, Germany, EU, and the UNDP.

In the area of good governance, Czechia cooperates on a project-by-project basis with the UNDP (EU4AGRI project) and the USA (a project to train and certify people with disabilities in BiH for jobs in the cybersecurity field); it also worked together with Sweden on food safety projects.

Another part of the cooperation are Czechia's contributions to specific projects of international organisations: for example, a UNFPA project removing barriers to women's participation in the workforce, OSCE disarmament projects, or the ITF's landmine clearance operations.

4. CZECHIA'S DEVELOPMENT COOPERATION WITH BiH

4.1 Focus areas and results to date, recommendations and challenges

Initially, Czechia provided humanitarian assistance to BiH and assisted with post-war reconstruction of the country in the wake of the 1992–1995 conflict. The focus has since shifted to promoting stability and development in the context of BiH's EU integration process. The Czech DC Concept for 2010–2017 included BiH on the list of priority countries, and the DC Strategy for 2018–2030 confirmed this policy. The bilateral Development Cooperation Programme for 2018–2023 set the following sectoral priorities: sustainable management of natural resources (water and sanitation), economic growth (energy efficiency, energy generation and supply), and good (democratic) governance. Czech Aid is well received in BiH; on the other hand, the intricacies of the country's political system tend to complicate many of the activities.

In the area of water and sanitation, Czechia's activities to date have focused on supporting the drinking water service and wastewater management systems in municipalities. The projects enable Czechia to efficiently share with local partners its know-how and experience, especially as concerns transformation of municipal water and sewage utilities. In the 2018–2023 programming period, Czechia implemented four comprehensive infrastructural projects – and part and parcel of this work was building up the capacities of water and sewage utilities and improving general clean water and wastewater awareness. Participation in the Water Alliance's MEG project enabled Czechia to share its pre-accession experience.

In BiH, the drinking water service is a social issue, and each municipality has a free hand in calculating its water and sewage rates. The result is that municipalities tend to over-subsidise their water and sewage rates, and then struggle to meet the costs involved in sustainable operation of water infrastructure. The MEG project responds to the problem by developing, among other measures, a Water Service Tariff Setting Methodology for the FBiH and RS. Another challenge is the efficiency of water and sewage utility companies, typically owned by municipalities, inefficiently run in a way that has absolutely nothing to do with market mechanisms. Czechia responds to the problem by sharing its transformation and pre-accession experience.

In comprehensive water management projects, the fundamental challenge is the amount of the funding involved. Czechia does not have the budgetary capacity to finance the projects alone; accordingly, it looks for effective cooperation with other donors, development financing institutions, and BiH institutions. In the past programming period, Czechia cooperated on infrastructure projects, for example, with the FBiH Environmental Protection Fund, the European Bank for Reconstruction and Development (EBRD) or the European Investment Bank (EIB). However, it is up to the project partner (typically the municipality) to bring together the sources of funding, as this cannot be the responsibility of Czechia. As a result, in the water and sanitation sector, Czechia identifies only projects with a potential for co-financing from other sources.

The integrated approach (see Chapter 4.5.) has been successful in the water and sanitation sector. The following are examples of the Czechia's comprehensive response to the issue:

OBJECTIVE: Sustainable and efficient water supply and wastewater services help to improve the quality of life for BiH's people				
Intervention/Project	Tool	Actor	Financing	Thematic priority
Construction and enlargement of a drinking water treatment plant in Teslić	Bilateral development cooperation project	Czech Development Agency; EIB; Teslić municipality	Czech Aid; EIB loan; municipal budget	Water and sanitation
Reconstruction of a wastewater treatment plant in Gradačac	Bilateral development cooperation project	Czech Development Agency; EBRD; Gradačac municipality	Czech Aid; EBRD loan; municipal budget; FBiH Environmental Protection Fund; cantonal government budget	Water and sanitation
MEG project	Contribution to a multilateral organisation	UNDP; FBiH Ministry of Agriculture, Water Management and Forestry; RS Ministry of Agriculture, Forestry and Water Management	Czech Aid; Switzerland, Sweden, European Commission	Good governance, support for central administration and local governments
Coalition for the Rivers: Strengthening the Local Communities of BiH	Transformation cooperation project	Arnika NGO; local civic associations in BiH	Transformation cooperation programme of the Czech Ministry of Foreign Affairs; Global Greengrants Fund; Central European Initiative	Human rights promotion; water and sanitation
Energy efficiency at the Bosanska Krupa water reservoirs	Local small-scale project	Municipal utility company in Bosanska Krupa	Czech Aid; municipal budget	Renewables; water and sanitation
Improving the efficiency of clean water management through trenchless pipe rehabilitation	B2B project	Municipal utility company in Banja Luka (Vodovod A.D.); Wombat s.r.o.	Czech Aid; private capital (Wombat s.r.o.)	Water and sanitation; good governance

Over the past period, Czechia implemented seven comprehensive projects in the area of economic growth, including renewable energy sources, where it supported the use of renewables for heating public buildings, including preparation of feasibility studies or project documentation. Czech infrastructure projects promoted the use of woody biomass, solar and geothermal energy. Czechia harnessed the experience and know-how of Czech companies to deploy modern heating technologies in public and residential buildings. BiH's heat generation systems are fossil fuel dependent. Municipal heating networks were damaged in the 1992-1995 conflict and, as a rule, never restored. The heating systems in many public buildings (hospitals, schools, kindergartens) use light heating oils, coal or mazut. Supply of natural gas is non-existent, except in parts of the capital city of Sarajevo. BiH has a potential for geothermal energy, especially in the northern part of Bosnia; nevertheless, this would involve significant upfront investments and a considerable degree of risk. The coastal climate in the southern part, Herzegovina, would be good for solar energy generation. An idea widely shared in BiH in the past few years was that the best heating solution would be the woody biomass produced by the local well-developed timber industry.

This has turned out to be only partially true: the biomass (typically, wood pellet) market is unstable, and the prices fluctuate unpredictably. Quite often, newly installed woody biomass systems did not prove to be more cost-effective than the fossil fuel ones. As a result, biomass heating has lately been giving way to heat pumps. Compared to the water and sanitation sector, development projects promoting renewables have a far greater chance to work as investment projects, that is, to generate a guaranteed return. The challenge for Czechia is to find a workable blending mechanism (a combination of grants and advantageous loans, whether in cooperation with international financial institutions or through a national instrument). Moreover, the question of renewables needs to be looked at in the broader context of circular economy: energy sources, waste management, SME inclusion, and increasing the efficiency of supply and demand chains.

Good governance is one of the areas most affected by the complexities of BiH's political system. In the past period, Czechia pursued two lines of action: 1. increasing the capacity of public administration institutions; 2. supporting civil society.

Under the first line of action, Czechia implemented eight projects aiming to increase BiH's institutional capacities in the areas of food safety, metrology and testing, and geology; to promote cooperation between civil protection services within the framework of security development cooperation; and to improve the functioning of mountain rescue services. The common denominator was the sharing of Czech know-how and experience and introduction of EU-compliant standards and procedures. The lesson learned from working with public administration institutions is that there are two sides to this coin. On the expert side, it is indeed possible to forge links among institutions across entity boundaries, to successfully share Czech experience and introduce standards and procedures consistent with the practices common in the EU. The challenge is on the legislative side, where the newly acquired procedures and standards are transformed into national legislation consistent with the *acquis*. Here, the BiH's fragmented political system and disunited political leadership come into play as a reflection of the country's ethnic structure. Despite this, the projects did achieve, though with much effort, some partial changes such as the introduction of bylaws or amendments to existing legislation. Apparently, the best way to go forward when implementing projects in the area of public administration would be to concentrate on working with people on the expert level and share with them know-how and experience, and rely on them to take their own action and call for legislative change and/or perform their functions in ways consistent with the *acquis* already before the legislation is fully aligned.

Under the other line of action -- supporting civil society, Czechia focused on the integration of people with disabilities in the labour market and, as part of the transformation cooperation, also on the support of organisations promoting human rights in the contexts of the environment, media freedom and civic participation. Here, the challenge are the unfavourable trends especially in RS, where civil society and media freedom are systematically ostracised.

4.2 Thematic and geographical focus of future cooperation

The thematic areas listed below will be the priority. The areas reflect BiH's development needs and SDGs as well as the perspective of the EU membership. In terms of geographic focus, Czechia will strike a balance among the two entities and the Brčko District. Technical cooperation will be more important than before. In all areas of cooperation, Czechia will concentrate on transferring its experience relating to introduction of smart and innovative solutions.

WATER AND SANITATION (SDGs 6, 16, 4, 13)

- Support for local governments and municipal utility companies

Czechia will concentrate on transferring its experience and knowledge relating to the operation of water infrastructure, and on building the expertise of local governments and municipal utility companies. It will assist with the preparation of project documents and feasibility studies for loan-eligible projects.

- Technological innovation for municipal water infrastructures

Czechia will continue with its supplies of water management equipment, including complete plant equipment. The equipment will go to municipalities involved in the MEG or similar projects, which increases the chances that the intervention will be sustainable. Czechia will look for development financing mechanisms to fund these projects, whether in cooperation with international financial institutions or through national instruments.

CIRCULAR ECONOMY (SDGs 7, 8, 11, 12, 13, 16)

- Support for local governments and municipal utility companies

Czechia will concentrate on building the local capacities for renewable energy and efficient waste management through transfers of experience, training, and technical assistance (preparation of feasibility studies, project documents and energy audits). The focus will be on systemic solutions.

- Introducing sustainable measures at SMEs and local governments

Czechia will concentrate on micro, small and medium-sized enterprises and, where appropriate, on farms and food producers, to promote sustainable energy and waste management in their production processes, including digitisation and smart solutions; the aim will be to prepare them for the EU carbon tax. The proposed solutions will work with the principles of circular economy and value chains.

PUBLIC ADMINISTRATION AND CIVIL SOCIETY (SDGs 16, 1, 4, 8, 10, 11)

- Strengthening the capacities of BiH institutions

Czechia will continue to support the development of the central administration system's expert capacities necessary to align BiH's processes and legislation with the EU acquis, promote the institutions of the rule of law, and fight against corruption and money laundering. Among other areas, Czechia will remain active in the food safety area where it has an established position as a stable donor. The support of the central administration system's capacities will include technical cooperation and transfer of Czech experience in areas such as digital transition and strengthening of cybersecurity.

- Inclusion of marginalised groups of the population

Czechia will continue to promote socio-economic inclusion of marginalised groups of the population; it will also work to eradicate domestic violence. Czechia will promote employment and social inclusion of the people affected.

- Civil society, media freedom

Czechia will continue to support civil society activities and the promotion of human rights, media independence and the fight against disinformation.

- Resilience building

Czechia will concentrate on strengthening BiH's resilience through cooperation with civil protection and emergency services, support for migration management and coping with migration, as well as through cybersecurity and disaster risk reduction activities.

CROSS-CUTTING PRINCIPLES (SDGs 1, 4, 5, 8, 10, 13, 16, among other)

The Czech DC Strategy for 2018–2030 identifies the cross-cutting principles to be mainstreamed into the implementation of each of the objectives outlined above. The cross-cutting principles include good (democratic) governance; environment and climate friendly approach, respect for fundamental human, economic, social, and labour rights of the project beneficiaries, including gender equality. They will be considered in terms of their direct as well as indirect impacts and mainstreamed into all development interventions (including those that do not directly address the areas to which a given principles refers). The mainstreaming will take place in all phases of the intervention, from preparation and implementation to monitoring and evaluation. None of the interventions should worsen the situation of the target group or escalate any problem addressed under the given cross-cutting topic.





4.3 Relevant Aid formats and instruments

The core format for working towards the objectives and results of the programme will be coordinated action of all Aid instruments, including namely the bilateral development projects falling within the remit of the Czech Development Agency, EU delegated cooperation projects, B2B projects, security development cooperation projects, cyber security projects, and transformation cooperation projects. Czechia will share its technical expertise with BiH's public administration system and promote academic cooperation. Participation in multilateral development projects and cooperation with other donors will continue to play a significant role.

The core activities will be complemented by a government development scholarship programme and projects building the capacities of BiH's public universities. Czechia will seek to interlink development and humanitarian instruments where necessary. Beside coordinating the work done the ground in BiH, it is also crucial to take advantage of the existing mechanisms of the Czech Aid Council and its working groups to coordinate the institutions and organisations responsible for individual programmes.

The table below shows the options for the use of appropriate instruments within the selected thematic priorities:

	WATER AND SANITATION		RENEWABLES – CIRCULAR ECONOMY		PUBLIC ADMINISTRATION AND CIVIL SOCIETY			
	Support for local governments and municipal utility companies	Technological innovation for municipal water infrastructures	Support for local governments and municipal utility companies	Introducing sustainable measures at SMEs and local governments	Strengthening the capacity of BiH institutions	Inclusion of marginalised groups of the population	Human rights, civil society, and media freedom	Strengthening resilience
Bilateral development projects of the Czech Development Agency, including EU delegated cooperation projects	x	x	x	x	x	x	x	x
Small local projects	x	x	x	x	x	x		x
B2B projects		x		x				
Trilateral projects	x	x	x	x	x	x	x	x
Projects in cooperation with multilateral organisations	x	x	x	x	x		x	x
Czech Republic --UNDP Trust Fund projects		x		x	x	x	x	
Building the capacities of public universities		x		x	x			
Transformation cooperation projects, local transformation projects, and media projects					x	x	x	
Government development scholarships					x			
Humanitarian assistance								x
CYBERVAC								x
Aid for Trade		x		x	x			
Security development cooperation					x			x
On-site assistance								x
MEDEVAC					x			x

Czech humanitarian assistance in BiH, complementarity with Czech Aid

The core of Czech activities in BiH is development and transformation cooperation. However, resilience building activities may involve identification of humanitarian needs when the task at hand is to respond to an existing crisis or to a more complicated problem. BiH is located on a busy migration route heading to the EU. The country needs to look for effective ways to meet the humanitarian needs of migrants. Czechia will support BiH through specific programmes focusing on the development and humanitarian needs of migrants and building the capacity of local authorities to organise voluntary and forced returns.

Czechia will continue to interlink development and humanitarian activities within the context of disaster risk reduction. Due to its topography, climate, and seismologically active zones, BiH regularly faces the risks of forest fires, floods, earthquakes and related landslides or other extreme events. Czechia will focus on interlinking development and humanitarian needs in the areas of early warning systems, civil protection capacity building and municipal emergency planning.

The MEDEVAC health and humanitarian programme may be used where necessary to increase the capacity of local medical personnel and provide specialist medical care to vulnerable groups of the population in regions affected by a humanitarian crisis or natural disaster.

Options for an integrated approach under selected thematic priorities

Czech DC's integrated solutions are an innovative way to solve development problems using a holistic approach. **Integrated solutions bring together comprehensively defined, logically interlinked and interdependent interventions to achieve synergic effects and maximise development benefits. They use Czech Aid instruments, existing as well as new.**

Czechia will seek to offer solutions integrated in terms of the actors involved, funding sources, selected tools and thematic priorities. Integrating and looking for synergies among instruments, actors and funding sources is necessary in order to maximise the effects of development interventions and achieve as many objectives as possible. An integrated approach on the programme level is the groundwork for successful implementation and visibility of the programme and well as for raising Czechia's profile in the partner country. There will be an additional emphasis will be on the need to interlink the country's humanitarian and development needs.

One example may be a comprehensive intervention to promote the inclusion of marginalised communities, where the Czech Aid can work through its own bilateral projects, projects under the transition cooperation programme, university cooperation or contributions to multilateral organisations.



5. TECHNICAL CONDITIONS FOR THE COOPERATION

5.1 Terms and conditions for the implementation of Czech Aid

The basic document for Czech Aid in BiH is the Memorandum of Understanding (MoU) signed between the two Ministries of Foreign Affairs and published in BiH's Official Gazette in 2007. The Memorandum is a sufficient legal basis for the implementation of projects in the current format. In the future, should Czechia consider using its own Czech Aid loan instrument, the MoU would need to be transformed into an inter-governmental agreement, as the guarantee for development loans in BiH is normally provided by the state through the BiH Ministry of Finance and Treasury.

Actors and communication, monitoring and coordination mechanisms

	Tool	Purpose	Frequency	Competence
Programme level	Mid-term evaluation of the programme	Review and readjustment of the programme, evaluation of progress on indicators, redefinition of indicators where appropriate	1x per programming period	Ministry of Foreign Affairs (Development Cooperation Department)
	Final evaluation of the programme	Comprehensive evaluation of the programme, stocktaking of results achieved to date (to be used as a starting point for planning the next cooperation programme if appropriate)	2030	Ministry of Foreign Affairs (Development Cooperation Department)
Project level	Project preparation			
	Project implementation			
	Project monitoring	Monitoring of results, inspections to monitor implementation on site	As needed, but at least 1x per year	Czech authority responsible for the project + Embassy + local partners
	Evaluation	Evaluation according to OECD evaluation criteria	As needed (ongoing or upon completion of the project)	MFA (Development Cooperation Department) + local partners
	Audit		As needed	Czech authority responsible for the project
	Internal control mechanism (interim, annual and final reports)	Comprehensive report on the implementation and results of the project	At least 2x per year according to the type of report	Czech authority responsible for the project + Embassy
	Decision board - for comprehensive projects	Decision making on the direction the project is to take, modification of the logical framework	At least 4 x per year	Czech Development Agency (for bilateral projects)
	Advisory board - for comprehensive projects	Reporting on the current development of the project	At least 1 x per year	Czech Development Agency (for bilateral projects) + Embassy

Assessment of the risks and opportunities arising from the political, security and economic situation in BiH

BiH is a fragile state. Its foundations, including its constitutional structure, are grounded in the 1995 Dayton Peace Agreement, an instrument subject to supervision by international actors who oversee its implementation and observance. Disputes over the distribution of powers and internal structuring of the country regularly test the resilience of BiH's constitutional structures. The country's stability, in both political and security terms, and its cohesion, at least within its current boundaries, are essential for successful implementation of any programme. The biggest risk, as seen by Czechia and the whole EU, is a development that would cause the country to fall apart and move away from the path to EU membership. Russia's adverse influence is very apparent in the country. Türkiye, China and other Middle Eastern actors also have their interests in BiH.

BiH's biggest environmental problem is the air pollution troubling mainly the capital city of Sarajevo and industrial centres such as Zenica and Tuzla. There are occasional earthquakes (BiH is located in a seismically active zone). Floods and resulting landslides, as well as forest fires in the summer months, are a regular threat.

In terms of economic risks, the country is heavily dependent on the international community and financial support from abroad. Public debt amounts to almost 29 per cent of GDP. BiH has problems financing its mandatory expenditure, due to a combination of factors including, on one hand, massive public administration system, high pension expenditure (including war veterans' pensions), education, social and health service costs and, on the other hand, a weak market and private sector but rampant grey economy.

BiH faces a workforce drain. There are no official statistics on its outbound labour migration, but international and non-governmental organisations report that many tens of thousands of working-age people leave the country each year.



6. RESULTS MATRIX

This programme of development cooperation between Czechia and BiH will be in force for the 2024-2030 period. Its implementation will be evaluated regularly in accordance with the Development Cooperation Strategy of the Czech Republic 2018-2030 and with annual monitoring and evaluation plans. Where necessary and appropriate, the programme will be adjusted with reference to the results of its evaluation. A comprehensive evaluation will be carried out by 2030 to decide on further cooperation.

The objectives and targets under each thematic priority reflect BiH's development priorities in the context of potential EU accession and BiH's SDGs Framework. Each target has its indicators for monitoring progress. Where possible, the indicators, baselines and targets are set according to the SDGs Framework⁴ and the 2023 Voluntary Review: Implementation of Agenda 2030 and the Sustainable Development Goals in BiH⁵.

In cases where the SDGs Framework does not include the relevant values, the indicators were chosen on the basis of other international comparisons (e.g. World Bank statistics). Indicators will be verified on the basis of the data presented in the SDGs Framework; where this is not possible, there are references to other international comparisons.

⁴ <https://www.undp.org/bosnia-herzegovina/publications/sdgs-framework-bosnia-and-herzegovina>

⁵ <https://hlpf.un.org/sites/default/files/vnrs/2023/VNR%202023%20Bosnia%20and%20Herzegovina%20Report.pdf>



Result	Indicator	Verification source
Thematic priority 1. WATER AND SANITATION (SDGs 6, 16, 4, 13)		
1.1 Support for local governments and municipal utility companies	Local governments and municipal utility companies are able to manage water resources sustainably (SDG 6.5 and SDG 16.6) Number of municipalities with effective water management procedures in place Baseline: 31/142 (2023), Target: 60/142 (2030) Extent of implementation of integrated water management systems (0-100) Baseline 60.88 (2020); Target: 70 (2023) (VNR 6.5.1)	Monitoring and evaluation of the MEG project, Voluntary National Review (VNR), statistical data from the BiH Ministry of Foreign Trade and Economic Relations (MoFTER) and entity ministries
1.2 Technological innovation for municipal water infrastructures	Sustainable and efficient water supply services (SDG 6.1) Reduced discharge of untreated wastewater (SDG 6.3) Proportion of population using safely managed drinking water services Baseline: 75 % (2019); Target: 90 % (2030) (VNR 6.1.1) Number of people connected to municipal wastewater treatment facilities Baseline: 21.7 % (2017); Target: 50 % (2030) (VNR 6.3.1)	
Thematic priority 2. RENEWABLE ENERGY RESOURCES – CIRCULAR ECONOMY (SDGs 7, 8, 11, 12, 13, 16)		
2.1 Support for local governments and municipal utility companies	More efficient use of renewable energy in public buildings and municipal utility companies (SDG 7.2, SDGs 16.6 and 11.6) Share of renewable energy in total final energy consumption Baseline: 39.84 % (2019); Target: 45 % (2030) (VNR 7.2.1) Proportion of municipal waste recycled Baseline: 0.03 % (2020); Target 30 % (2030) (VNR 11.6.1b)	VNR, statistical data from the MoFTER, BiH Agency for Statistics
2.2 Introducing sustainable measures at SMEs and local governments	Greater resource efficiency in production and consumption; economic growth without negative impact on the environment (SDG 7.2 and SDG 8.4) Share of renewable energy in total final energy consumption Baseline: 39.84 % (2019); Target: 45 % (2030) (VNR 7.2.1) Domestic raw material consumption (in kilos per 1 USD of GDP) Baseline: 2.0 (2015); Target: 1.6 (2030) (VNR 8.4.2a)	VNR, statistical data from the MoFTER, BiH Agency for Statistics
Thematic priority 3. PUBLIC ADMINISTRATION AND CIVIL SOCIETY (SDGs 16, 1, 4, 8, 10, 11)		
3.1 Strengthening the capacity of BiH institutions	Greater efficiency, accountability and transparency of institutions at all levels (SDG 16.6) Indicator alternative to SDGs: World Bank Government Effectiveness Index Baseline: 12.74/100 (2022); Target: 58/100 (2030) (SDG 16.6)	Worldwide governance indicators, World Bank
3.2 Inclusion of marginalised groups of the population	Strengthened social, economic and political inclusion of all population groups regardless of age, gender, disability, race, ethnicity, origin, and religious, economic or other status (SDG 10.2) Proportion of people living below 50 per cent of median income, by sex, age and persons with disabilities Baseline: 11.8 (2011); Target: N/A (https://data.worldbank.org/country/BA)	Data not yet measured
3.3 Human rights, civil society, and media freedom	Improved approach to human rights, free access to information, media freedom, public participation, and non-discrimination (SDGs 4.7, 10.3 and 16.10) Indicator alternative to SDGs: Rule of law index Baseline: 0.51 (2023); global average: 0.55; Target N/A	World Justice Project Rule of Law Index
3.4 Strengthening resilience	Strengthened efficiency of civil protection, civil security institutions and the rescue system (SDGs 11.5 and 1.5) Number of deaths, missing persons and persons directly affected by disasters per 100,000 population Baseline: N/A; Target: Reduction by 50 % (2030) (VNR 11.5)	VNR

Impact: BiH's stability and development in the context of the EU integration process

Thematic priorities and objectives:

1. Water and sanitation

Sustainable and efficient water supply and wastewater management services

1.1 Local governments and municipal utility companies are able to manage water resources sustainably

1.2 Sustainable and efficient water supply, wastewater collection and treatment services

2. Renewable energy resources – circular economy

Sustainable energy systems and economic growth

2.1 Efficient use of renewable energy in public buildings and municipal utility companies

2.2 Greater resource efficiency in production and consumption; economic growth without negative impact on the environment

3. Public administration and civil society

Social, economic and political cohesion, resilience of the country

3.1 Greater efficiency, accountability and transparency of institutions at all levels

3.2 Strengthened social, economic and political inclusion of all population groups regardless of status

3.3 Fulfilment of human rights, free access to information, media freedom, public participation, and non-discrimination

3.4 Strengthened efficiency of civil protection, civil security institutions and the rescue system

Anticipated results of interventions:

Capacities of local governments and municipal utility companies
Technological innovation for municipal water infrastructures

Capacities of local governments and municipal utility companies
Energy efficiency measures at SMEs and local governments

Capacity of BiH institutions
Inclusion of marginalised groups
Engagement of civil society and the media
Capacities and equipment of the rescue system