



**CENTRI CIVILNIH INICIJATIVA  
ЦЕНТРИ ЦИВИЛНИХ ИНИЦИЈАТИВА**

## **Summary Analysis**

**“IPA FUNDS IN BIH - (UN) UTILIZED  
OPPORTUNITIES AND POSSIBILITIES”**



## **INTRODUCTION:**

During the years long monitoring of the executive and legislative authorities' performance in BiH, which the CCI has been implementing since 2007 under projects CAPP and CAPP 2, and now under the CSSP project, the CCI had observed significant problems in functioning of the government institutions. The observed problems negatively affect the results of the institutions, but they also negatively reflect on the situation in the country and on the citizens' quality of life. Preparation of qualitative analyses, which are to shed some light on the problems in functioning of the government from different perspectives in order to provide a foundation to solve the problem through the advocacy campaigns is one of the activities under the CSSP project. On the other hand, the analyses become a special segment of the monitoring, which is a supplement to the regular monitoring of the institutions' performance.

"IPA funds in BiH - (un)utilized opportunities and possibilities" is seventh analyses published within the project.

Until 2014, BiH used only thirty percent of the funds under the European Union Instrument for Pre-accession Assistance (IPA). The reason for this was a failure of BiH politicians to come to an agreement, thereby causing BiH to lose several millions Euros in grants over the course of past years, because the individuals in charge failed to deliver on their promises. The money was intended for development projects. While economic analysts say that BiH economy has been on its knees for many years now, and the state is taking another loan from the International Monetary Fund (IMF) and private banks, EU grants either have been used insufficiently or have not been used at all.

Recently, even some politicians explained the key reason for this. According to them, the problems are not technical in nature and they are not related to expertise; the projects are of sound quality, however, many problems arise in the final stage of their acceptance. Hence, despite being aware of the problem that there was no political agreement on the coordination mechanism, which is the key to utilization of the IPA funds and which led to a withdrawal of the EU funds, reaching an agreement on this tool has taken many years.

Because of the lack of the country's progress in the process of EU integration and lack of national strategies in many sectors, draft Strategic document for IPA II includes BiH only for the period 2014-2017, as opposed to the entire IPA II period, 2014-2020.

Besides the fact that this topic has been the main subject of many analytical documents and reports, it is our intention for this analysis to become a foundation for making BiH citizens more familiar with the potentially available financial aid, (un)utilized opportunities under the available instruments of assistance in the period 2007 until today, projects, how to apply, benefits that BiH could have had and could have in the upcoming period, etc.

The analysis was completed as part of the "Civil Society Sustainability Project in BiH" that is implemented by the Centers for Civic Initiatives and funded by the United States Agency for International development in Bosnia and Herzegovina (USAID).

## **METHODOLOGY:**

The analysis „IPA funds in BiH - (un)utilized opportunities and possibilities" aims to explain and bring closer to BiH citizens the importance of utilizing EU financial instruments through the Instrument for Pre-accession Assistance (IPA) as a mechanism for progress.

After reviewing history and key dates for BiH in the process of EU integration, the analysis explains the basic terms and meaning of the IPA. In order to elaborate on the context and terminology, the document provides some general answers to the questions such as what IPA is, how it works, who is eligible, how to become a beneficiary and many other questions. The document also presents the status of the IPA funds in BiH, firstly the IPA I (components I and II), and the status of BiH in terms of planning and utilizing the funds for the IPA II stage. This section also contains the findings of the BiH Progress report, as part of the Enlargement strategy and key challenges during the past several years in the segment treated in the analysis.

The section of the Analysis that addresses IPA funds in BiH provides information about public perception in BiH, along with some indicators of perception in the countries in the region.

The Analysis also provides basic information and experience of other countries in utilizing the EU IPA funds. It includes examples from Montenegro, Croatia, Albania and Macedonia, where the dynamics of individual stages of the countries' EU integration process had somewhat different character.

In the end, the analysis also provides a set of conclusions and recommendations in order to make the activity more dynamic and to maximize utilization of the available funds in BiH in the upcoming period.

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## **SUMMARY :**

The term "IPA" is an abbreviation for the Instrument for Pre-Accession Assistance. It is a supplement to already allocated public funds intended for reforms; its goal is to reduce the burden of taxpayers' costs and it is an expression of EU citizens' solidarity for the countries aspiring to join EU and share common democratic and social values.

IPA was designed to assist a country to meet the standards and adopt the regulations that will enable it to become an EU member.

Before introducing the IPA, in the period 1990-1999 EU sent assistance to the Balkans through different programs responding to the urgent needs of the countries affected by war and crisis. All these programs had one thing in common - they were created on a case-by-case basis, there was no "strategy or system".

From 2000 to 2006, the backbone of this assistance was the CARDS program (abbreviation for Community Assistance for Reconstruction, Development and Stabilization), which went a step further and set forth the goals such as to stabilize and develop the region. It also introduced a new model for "management of the funds".

The period III begins with the introduction of the IPA program in 2007, which replaces all previous instruments of assistance that the European Union had for Western Balkan countries.

In terms of goals and scope of the IPA program, according to the available sources of relevant institutions<sup>1</sup>, the IPA's intention is to provide target assistance to the countries-candidates or potential candidates for the EU membership.

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<sup>1</sup>[http://europa.ba/?page\\_id=517](http://europa.ba/?page_id=517)

Every year, the European Commission<sup>2</sup> informs the European Parliament and Council of Europe about their intentions regarding distribution of the overall package. An indicative financial framework is set for a period of three years, for every country and component. This financial scheme is revised every year and it is included in the annual enlargement package that the European Commission presents to the Council of Europe and European Parliament every fall.

Assistance under the IPA funds is realized through annual and multi-year programs, in a way regulated by the EC's IPA Implementing Regulation. All programs are drafted in line with a multi-year indicative plan, a three-year strategic document that is made for each country, in which the European Commission presents the policy areas where intervention is most needed, along with the main priorities.

The European Union has more than 100 programs and subprograms (IPA is only one of them), with more than 200 tenders per year.

Over the past years, BiH as a potential candidate has had available two forms of assistance:

1. Assistance for transition and institution building - intended for institutional capacity development;
2. Cross-border cooperation - intended for providing assistance in the area of cross-border cooperation between countries candidates and potential candidates.

The idea and project must be well designed and drafted in line with the EU rules.

The requirements for EU funding are stricter than any other requirements set by local institutions. The project must explain in detail what it is that needs to be achieved, its target groups, results, and how to measure the results. However, on the other hand, this is non-returnable assistance. Of course, only if all requirements are previously met.

For a country to reach maximum of its "absorbing capacity" or to use 100% of the funds intended, it needs to program the funds. Thus, it is important to know that the funds that a country fails to use stay in the EU budget and cannot be transferred to another year; therefore, EU will spend it on something else.

In the countries that are still waiting for a candidate status, including Bosnia and Herzegovina, the funds are intended to be used under the first two components. The project that fall under the remaining three components can be financed through the first component.

BiH has been using the funds intended only for the implementation of projects under the first two components, because, in this phase of accession, the country needs to develop its own "administrative capacities". In other words, the country needs to build the existing capacities, but also to form new institutions, agencies, administration units, which are necessary for a successful enforcement of the laws, norms and EU standards.

The second component focuses on development of relations through joint projects with the neighboring countries, regions, municipalities.

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<sup>2</sup>In addition to the basic information regarding the sources cited, additional information about multi-year indicative financial framework is available at [http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/planning-ipa\\_en.htm](http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/planning-ipa_en.htm)

The biggest and most important IPA beneficiaries are government institutions because they adopt and enforce most of the reform laws and regulations. This means that the authorized applicants are ministries, special organizations and services. Also, a part of the funding is allocated to local self-government and civil society organizations that are also among the most important actors and partners in the process of EU integration. With this in mind, the authorized applicants must ensure coordination and consultations with interested stakeholders in the process of the IPA programming (a so called "partnership principle").

Specificity of the programming is that spending of the funds that will be allocated in one year will begin two years later. In other words, if the programming process begins in 2009, the implementation of the program will start in early 2011. This is how much time can pass from the beginning of the programming, selection of projects, signing of financial agreement between the EU and country applicant, public procurement and signing of contracts for every approved project, until the launch of implementation. This means that it is imperative to carefully plan and assess reforms that will start two years later.

A continual training of employees of institutions that propose projects is anticipated for all these processes, because it implies special skills and knowledge. Draft and Logframe Matrix are documents that explain the cause, goals and alignment of the project proposals with the priorities, national strategies, integration plans, etc. Positively assessed projects are sent to the Delegation of the European Union that is in charge of further talks about which projects would be further developed. Then, during the next three months, in continuous consultations with the EU institutions, final drafts of project proposals are made and submitted.

Approval phase starts after that. In the approval phase, the EU Delegation officially receives the final project proposals. Final analyses are completed in the General directorates of the European Commission (these general directorates are something like ministries in government), in the Directorate-General for Enlargement.

Once the country becomes an EU member, it will stop using the IPA funds and will start using the funds through the EU regional policy - structural funds and EU cohesion funds.

The funds are much larger, but their implementation is exclusively based on the DIS principles. The amount of the funds speaks about their importance.

In the period 2007-2013, the amount allocated for the countries using the IPA funds was around 11.5 billion Euros, while the amount allocated to member states through structural funds and EU cohesion fund was around 350 billion Euros.

The experience of others say that in simple terms the country applying for the IPA funding is actually becoming trained for the real thing.

Assistance for Bosnia and Herzegovina was initially realized as part of the CARDS program and since 2007 it has been realized under the IPA. The 2007-2013 IPA was composed of five components. BiH as a potential candidate country was able to use funds only from the first two components: Assistance for transition and institution building (Component I) and Cross-border cooperation (Component II).

The starting point of the Analysis "IPA funds in BiH: (un)utilized opportunities and possibilities" is year 2007, because it is when the IPA funding took effect in both BiH and other countries in the region.

Most of the countries realized the IPA funds in 2009 and 2010, while the projects were prepared well before that.

The total amount for BiH in the period 2007-2013 was around 650 million Euros (state programs, cross-border cooperation, a part of multi-user IPA).

In more specific terms, at that time BiH was eligible for multimillion assistance for transition and institution building and regional and cross-border cooperation, while candidate status would open the door to large financial grants for "regional development", "human resource development" and "rural development".

Specifically, financial injection to Bosnia and Herzegovina in the period 2007-2013 according to the official data of the EU Delegation in BiH is 624,802,360,00 Euros for assistance for transition and institution building, and 33,698,878,00 Euros for development of cross-border cooperation. The funds intended for the countries-candidates are drastically higher than the funds for which BiH is currently eligible.

However, due to its failure to meet the requirements, BiH has only partly used the available funds. As already mentioned, if a country fails to draw the programmed funds because it failed to meet the requirements or for some other reason, EU will redirect the funds for other purposes.

So, for example, the initial IPA 2013 grant was reduced by 45 million Euros, due to the lack of progress.

In respect to preparing the new, seven-year budget of EU for 2014-2020, under the Instrument for external assistance, the European Commission introduced a revision of the previous Instrument for Pre-accession Assistance - IPA II 2014-2020.

As part of the previous IPA, for the period 2007-2013, BiH as a potential candidate country used funds from the first two components: Component I (Assistance for transition and institution building) and Component II (Cross-border Cooperation).

The remaining components of the IPA (Regional development, Human Resources Development and Agricultural and Rural development) were available exclusively to the candidate countries with accredited system for decentralized management of the EU funds (DIS).

The new Regulation on establishment of the IPA II terminates division on the previous five components and introduces policy areas under which many different interventions will be implemented,. Financial assistance will be available to all policy areas, regardless of whether the country is a candidate-country or potential candidate.

The policy areas according to new Regulation include:

- A) Reforms during preparation for EU membership and related institution and capacity building;
- b) Social and economic regional development;
- c) Employment, social policies, education, gender equality promotion, and human potentials development
- d) Agricultural and rural development
- e) Regional and territorial cooperation

Public opinion survey implemented by the Directorate for European Integration show that 78% of BiH citizens support the country's accession to EU. Every year, the Directorate implements this survey on a representative sample, and the percentage of public support in the last five surveys did not have a linear trend - it oscillated between 76 and 88 %, depending on the year.

Compared with the data from a few years ago, (data is presented below), this indicator increased significantly, and as such it obligates all stakeholders in the process in terms of accessing funds under the EU Financial Instruments of Assistance.

In addition, the results of one survey indicate that two thirds of respondents, according to their own assessment, do not have sufficient information about the integration process and its impact on everyday lives.

With respect to the utilization of the IPA funds, the Directorate for European Integration note that BiH is in the centralized, direct system for managing the pre-accession assistance.

Before a country becomes an EU member, in addition to meeting all requirements, it is necessary to inform its citizens about the EU family and what life is like in EU.

The neighboring Croatia went through this process at times when there were no social networks, and it spent lots of time and money on the projects that are not relevant for BiH today.

Given that virtual world is growing, and given the growing reach of social networks, this could mean less difficulties for BiH. The Delegation of EU in BiH is already working on informing BiH public about the European Union.

The utilization of the EU funds, besides their unquestionable important financial moment, has many other development implications. First, it will have an impact on changing the philosophy of managing development, because drawing of EU funds implies a completely new work methodology. In this way, strategic planning with clearly specified objectives and financial framework will become an inevitable part of this new approach to managing development.

Considering all of the above, the conclusion is that BiH is facing a great challenge: to build responsible and sustainable administration and institutions that will be capable of managing the EU funds.

In terms of utilization of the IPA funds during the period 2007-2013, most successful countries were Montenegro and Serbia, then Bosnia and Herzegovina that leads in front of Croatia, Albania and Macedonia.

However, what is concerning is the fact that the percentage of utilization of the IPA funds in BiH decreased over years, as a consequence of the country's failure to meet the requirements i.e. the lack of key reforms. This includes not only meeting the political and economic criteria required for acquiring a candidate status but also strengthening administrative and technical capacities, without which IPA funds cannot be fully utilized.

It is especially important for BiH citizens that the country is successful in the integration process and that it becomes an EU member.

Drawing the IPA funds should be regarded as public interest of the country, and every partner in this process, whether it is government institution, profit or nonprofit organization, etc, should ensure maximum efforts in creating synergy effect.

Because of all this, it is critical to make sure that there are all required assumptions in BiH to maximize utilization of the funds through the IPA II (2014-2017), using the models of best practices from the neighboring countries.

This primarily means the implementation of public information campaign that will include all potential stakeholders in the process, so that general public gain better understanding of all opportunities available under the process.

As one precondition for opening the IPA world to a wider public, it is important to make information available to BiH public through a web platform - it would contain indicators, guidelines, projects realized through the IPA I, and continual entering of data concerning the IPA II. The main goal of the web platform



is to inform citizens about what IPA is, about the projects and how to apply, how much money is at stake for BiH, how much money has been drawn already and for what projects, etc.

## **CONCLUSIONS AND RECOMMENDATIONS:**

It is especially important for BiH citizens that the country is successful in the integration process and that it becomes an EU member. Since this has been a rather long process, many are losing their hope that they will feel any benefits of living in the European community any time soon. At the same time, there is often no answer to the question such as what it is like to live in EU. Moreover, even if they want to learn about EU, they want to be informed mostly about the topics related to the EU funds.

Bosnia and Herzegovina used half of the funds available through the IPA I (the period 2007-2013). The dynamics of the realization initially had a growing trend and from the initial percentage of 30% it went up to around 50%, which over the same period represented a relatively solid parameter in relation to the indicators for the neighboring countries.

Nominal GDP that represents the sum of all produced final goods times their current prices in the period after 2007 registered a growth until 2015, when the country registered a series decline.

If we take into account movements of other fundamental economic indicators, BiH registered a decline from 4% in 2009 to 0.7 % in 2010, then a slight increase in 2011, as a consequence of a positive increase in the neighborhood, and then another decline in economic activity in 2012, when BiH registered a negative GDP of -1.1%. Again, there was a growth in BiH in 2013 and 2014 in terms of this indicator. In addition, forecasts of the world key institutions indicate that this trend will continue.

Drawing the IPA funds should be regarded as public interest of the country, and every partner in this process, whether it is government institution, profit or nonprofit organization, etc, should ensure maximum efforts in creating synergy effect.

BiH entrepreneurs proved their lack of knowledge and skills to develop and write investment projects, and we believe it is important to pay more attention to this issue in the upcoming period.

Simply, when talking about the accession and pre-accession funds, we must know that there is no fixed amount of funds waiting for us somewhere out there. First, it is necessary to have solid, quality projects after which it is decided how much money would go to such projects.

However, it is important to note that IPA is a nonreturnable grant, which means that received and successfully spent money does not have to be returned and no interest rate has to be paid.

Thus, it is critical to make sure that there are all required assumptions in BiH to maximize utilization of the funds through the IPA II (2014-2017), using the models of best practices from the neighboring countries. This primarily means the implementation of public information campaign that will include all potential stakeholders in the process, so that general public gain better understanding of all opportunities available under the process.

As one precondition for opening the IPA world to a wider public, it is important to make information available to BiH public through a web platform - it would contain indicators, guidelines, projects realized through the IPA I, and continual entering of data concerning the IPA II. The main goal of the web platform is to inform citizens about what IPA is, about the projects and how to apply, how much money is at stake for BiH, how much money has been drawn already and for what projects, etc.



A good example is a web platform created in Macedonia - IPA monitoring IPADATA available at [http://www.epi.org.mk/projects.php?prog\\_id=5](http://www.epi.org.mk/projects.php?prog_id=5)), which is explained in more detail in the analysis "IPA - why, how much and for what?"

As part of this project, a web-based tool for monitoring IPA funds also includes data visualization. The project in Macedonia raised public awareness. The data base provides information at both local and state levels. The platform also facilitates independent research on the EU funds.

Ipadata allows download of all data in an open format, making this variety of information available to public. It is an innovative platform for analysis of the EU funds, including several levels of parameters that could be applied in research. Besides, the economic indicators provide a clearer picture of the financial construction of the overall budget of the project. The projects relate to different priorities and appropriate policies, as defined by every operational program for all five IPA components that provide accurate information about target areas.

Before the launch of the web platform, the analysis of the EU funds focused mostly on the level of absorption; however, with ipadata, all interested stakeholders can examine the information and learn about the contents of the financed projects, harmonization with the state reforms and EU priorities, conduct horizontal qualitative and quantitative analysis of the utilization of the funds.

Public opinion surveys have shown that BiH citizens are not fully aware of what IPA is, its fundamentals, opportunities and elements of this financial instrument, its impact on GDP, competitiveness and attracting of foreign investments. On the other hand, it is known that the more funds the country draws and the more successful the projects are, it is easier for a country to open the road for new investors.

As part of this public information campaign, it would be important to mobilize interested NGOs and other stakeholders, in addition to state structures (like in Croatia); to launch as soon as possible the activities to educate and train as many public service employees as possible on how to prepare EU projects. This will solve the problem of "excess" number of public employees, and at the same time, it would create educated teams for writing of project proposals, which, in the end, would lead to an increase in efficiency of public administration.

The analysis showed that besides informing a wider public, it would be necessary to examine perception among the IPA beneficiaries - it is necessary to get answers about whether the beneficiaries would develop projects and apply for funds again. It is important to find a modus to implement a comprehensive research effort to learn whether there is knowledge, will and desire among all expected potential applicants to utilize the funds.

Like in Macedonia, web portal in BiH should also contain a map with information showing the areas of the country that use most of the funds - so called the most successful areas (using the data for the period of projects under the IPA I) - to promote a so called competitive spirit, with eventual additional incentive from the state for the best examples.

It would also be critical to receive feedback from the beneficiaries, which would serve to create a hodogram of further steps and plans.

It is critical to create a so called "synergy effect" among all stakeholders, because it is questionable whether a successive approach will deliver the results. (It is not enough to pass a legislation or regulation; it needs to have impact on real life. IPA helps in creating such a system).

BiH submitted its application for EU membership on February 15, 2016. Practices of the regional countries show that the process of getting a candidate status takes about two years. It is very good that BiH politicians announced their optimism that our country could get a candidate status already in 2017. Now they need to convince the public that they will do everything to deliver on their promises.

Everybody should take part of responsibility and activity in the process. Hence, an accent of importance of providing the possibility to utilize EU pre-accession funds should be viewed as public interest of any country, with a focus on every citizen.

Based on the experience from the previous six years of using IPA funds, we need to see what should be improved in order to maximize the utilization, and to see how parliaments control spending of that money.

That is why we highlight once more the importance of the recommendation to launch IPA data portal, as a necessary mechanism in BiH that will help create assumptions for increasing the responsibility of those in charge, and for increasing pressure from the informed public.

There should be permanent public opinion surveys about how much citizens know about IPA funds, opportunities, whether they want to know more (with leaflet containing information about the campaign and web portal). In addition to all this, there are still many unknowns in BiH, such as who is auditing EU funds in BiH and whether there is a plan to transfer powers from EU to BiH state institutions; whether there is a communication strategy related to EU in BiH.

Too much information can sometimes create a certain threat in the process; however, it should not be regarded as an obstacle. Such survey showed that for example in Slovenia, this raised public awareness at one moment led to a decline in citizens' interest for EU, but the campaign continued.

It is not enough to leave the public awareness campaign only to EU institutions; a new member should also take part in this process. Some indicators from the Analysis give hope that young people have a pronounced interest in EU and relations with BiH - this interest should be directed from their interest to leave the country to the campaign and utilization of young people in the training process and placing more emphasis on their potential and users of social networks, which can be regarded as important tools in the process of sharing information, and use them as an opportunity for online training on writing of project proposals.

Before launching public information campaign, as a precondition for web IPA data portal, the recommendation is to conduct a survey with only a few questions, such as 1) Do you know what IPA funds are - yes/no/somewhat; 2) Are you aware of opportunities that IPA funds provide: a) only name, b) content c) applied before, d) already a beneficiary; 3) Do you wish to have more information on IPA funds (available funds, who is eligible and how to apply)? 4) Do you believe that information about IPA funds in BiH should be available to all citizens?

Here, it is important to refer to the fact that faster EU integration could have secured more funds for BiH, which could have reduced the need for taking of new loans. This would establish the grounds for securing new investments, GDP growth, and increase in net salary and positive movements in the area of employment.

The main intention is to bring closer this IPA world to the public and make it interested in further research on this topic.

## **REVIEW:**

Prof. dr. sc Milos Solaja, Faculty of Political Science Banja Luka  
**„IPA funds in BiH – (un)utilized opportunities and possibilities“**

### **Review**

The Analysis completed by NGO Centers for Civic Initiatives entitled "**IPA funds in BiH – (un)utilized opportunities and possibilities**" has 86 pages, including tables, graphs, legislations and other appendices.

**Structure:** Text is divided into Introduction, which contains hypothesis - a starting point in proving the issue listed in the title; chapters that analyze the topic and that relate to the essence and process of accessing the IPA funds; legislative and other procedures in realizing IPA funds, effects of IPA funds, institutional framework under which the process is done, and in the end Conclusion with appropriate Recommendations.

**Hypothesis:** The Analysis addresses a wide variety of opportunities that BiH has through IPA funds. It lists qualitative and quantitative indicators that show how inefficient and poor utilization of IPA funds does not only mean financial and material disadvantage for BiH, including a much lower GDP than it could have been, but it shows that the reform processes and transformation to adjust to the European values and standards have been intolerably slow, due to which BiH is unjustifiably lagging behind in the process of accession to EU. Even the countries that were much slower, by taking advantage of the opportunities provided through pre-accession fund, especially IPA, went far much further in the accession process.

**Methodology:** The applied methodology refers to the process of accession to EU. First, qualitative analysis was used; it addresses the essence of the IPA funds allocated to five areas, the EU attitude toward using IPA funds as pre-accession instruments, which is reflected through a special attitude toward BiH, which is not a candidate yet, but has available certain opportunities. A special quality of the analysis refers to the assessment of the causes behind politically motivated, weak and inefficient utilization of the funds, that is, unclear methodology for planning of projects, defining of policies that are part of the EU requirement for reforms and transformations, and whose program and financial tools are "Instrument for pre-accession assistance funds.

The quality of the analysis is in the fact that it provides a clear overview of the issue areas, projects and programs that are the substance of the necessary changes the result of which would be an appropriate eligibility factor of BiH for membership. The analysis particularly emphasized the fact that changing IPA I into IPA II brought additional opportunities for BiH to participate in the EU funding.

Another important part is the quantitative analysis. It does not only show how much money was spent, but it shows a level of efficiency of the projects and programs and how much could have been used, but was not used because of lack of BiH's preparedness. This primarily refers to the analysis of financial sources from the IPA I and IPA II projects and EU's emphasizing that an exception was made in case of BiH in seeking to allow the access to funds in more areas concerning the reforms, which should also be one of the key turning points in EU policy.

One of the important values of the methodological approach is a comparison with other ex-Yugoslavia countries in different degrees of their relationship with EU, for example with Montenegro and Croatia (which is already a member), but also with Macedonia that sought to compensate for the problems posed by EU with several original solutions, and especially Greece, as EU member, as well as a certain level of political confusion that engulfed the country and moved it away from democratic standards required in preparing for the EU membership. Given the situation in BiH, all of these experiences are precious both because of the need to get maximum out of given political environment and to make sure that the process of accession to EU has impacts on policies that will lead to stability of economic and political situation, as one of the top EU requirements for acceleration of the processes.

A special quality of the analysis lies in the fact that utilization of the funds was set in relation against the reasons for the adoption of several consecutive negative reports on BiH's progress, which are drafted by EU every year. Methodologically well-set analysis of the contents of those documents precisely examines the problems that BiH has faced on the road to EU and that have been transferred from one year to another. IPA funds are emphasized as the way that allow reducing a rift among the required standards, starting position and efforts invested in transformations. It is important that a reference point of the analysis include the criteria from Copenhagen in 1993, which was for all post-socialist countries a framework of the reform processes and value goal that needed to be accomplished.

A fact that public opinion is given a special analytical framework indicates a proper approach by the author, because accession to EU does not depend only on regulations, political elites and institutions, but

it relates to all citizens and public support to the accession process. In the end, citizens confirm their approval in a referendum, and therefore it is important that efficient public opinion, as part of the overall democratic process, is continuously informed, and that it imposes itself as an active participant in democratic process that will direct it and correct it over the course of the accession process in line with their beliefs. Among the findings, there are facts that citizens are poorly informed and even more poorly motivated to occupy themselves with IPA funds, and that the utilization of IPA funds, even though they represent nonreturnable funds, is nowhere near a satisfactory level.

**Conclusions** point to inefficiency and lack of knowledge of the procedure, essence and purpose of IPA funds, reasons and motives why EU directs nonreturnable funds to BiH through IPA. The conclusion indicates that inefficient use of the funds directly affects the low level of GDP. However, it is clearly stated that BiH was not prepared to enter the process in terms of submitting projects and defining program goals and policies. The examples show that projects are insufficiently studied, which leads to frequent disapprovals and lack of real effects of their implementation. The advantage of this analysis is in the comparison with similar situations in the neighboring countries and similar transition experiences, which points to directions of development of project management in order to define real needs and projects, as a step further in realization of the pre-accession policies. Emphasis is on the lack of knowledge, inactivity, sloppiness, shallowness and formalism and too big a focus on money, rather than on finances as a means for realization of some projects that should fully be in line with the social commitments based on the process of joining EU - from defining of social projects, initiative and drafting of thesis and analytical documents, to submission of application, its implementation and measurement of its effects.

Criticism relates to inactivity of democratic environment and poor knowledge of participation in distribution of money from the funds based on activity and clear fulfillment of the defined criteria, i.e. public interested in efficient use of IPA funds as a means for faster adjustments to the European values. The analysis is also directed toward defining public policies, quality education and knowledge of the application process, knowledge of the EU procedures and taking advantage of experiences.

**Assessment:** Publication of this Analysis is a significant contribution to development of efficient public policies to utilize the opportunities provided through the IPA funds. It is a contribution to development of democratic awareness of the role and importance of IPA funds, as financial instruments, and even more of the importance of EU policies defined for the aspiring countries or candidates. Social environment in BiH has been inactive and rather backward in terms of liberal values and studying life in line with the European and other integrations. The moment in which this analysis has appeared is of great importance, because the accession to EU implies stronger and faster acceptance and more essential use of the IPA funds.

The Analysis, like some previous ones, show a "deficit" of political culture, which implies acceptance of the European policies that do not only mean giving money through the IPA funds but they call for responsible realization of the approved projects both as individual experience and as part of wider pre-accession policies. It is not only about lacking mechanisms, processes and habits implying that projects serve to secure money. The essence is in understanding the goals, public policies, personal, collective and social responsibility that cannot be separated from a variety of the European policies defined in the Copenhagen criteria, good neighbor policies and cooperation, enlargement policies and the Accession and Stabilization Agreement, because IPA and other funds are only the financial infrastructure that EU provides to those that are in the near future seen as EU members.

Review completed on May 12, 2016

Prof. dr. Milos Solaja