

Institutional Profile of the **Environment Protection Fund of Republika Srpska**, Bosnia and Herzegovina

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1. Basic information

Country:	Bosnia and Herzegovina (BiH)
Official name or designation of the institution:	Environment Protection Fund of Republika Srpska
Website address of the institution:	Pending (to be created in 2008)
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2. Background and Objectives of the Institution

The Environmental Fund of Republika Srpska (EFRS) was founded by the Government of Republika Srpska. The Fund was established by the Law on Environmental Fund of Republika Srpska, No: 01-626/02 from 25 July 2002 which entered into force 28 August 2002 (see section 12 below).

The Fund was established for the territory of one of the Bosnia and Herzegovina entities i.e. Republika Srpska for the financial dealings – collection and redistribution of financial means for environmental protection and programs whose aim is to improve the state of environment.

The Fund's work supports the policy of optimization and transparent usage of money for funding environmental projects and activities, as stated in the Fund Law, and at the same time it corresponds to the activities drafted through strategic documents (Local Environmental Action Plans – LEAP; National Environmental Action Plan – NEAP).

Significance of the Fund is especially expressed in their role of public financial institutions which are channeling special money for solving environmental issues. That explicitly means funding infrastructure facilities at all levels necessary for future undisturbed development of BiH. At the same time that is the opportunity to approach to the standards required for accession to EU.

Based on the Article 8 point 1 of the Law on Environmental Protection Fund („Official bulletin of Republika Srpska“, No. 51/02) the Management Board of the Fund at its session of 26. December 2006. adopted the Statute of the Fund (see section 12 below).

The Fund is financial organization which has the attributes of a legal entity.

3. Management and Administration

The Director is authorized to spend up to 2'500 EUR per item, and for the larger amounts permission from Management Board is to be asked in advance. There is a direct link to the Ministry of Spatial Planning, Construction and Ecology of the Republika Srpska (RS). Every year, EFRS asks for approval of the Workplan for the current year and sends a relevant report upon request.

At present there are three persons employed by the Fund: two full-time employees (the acting Director and Technical Secretary) and one part time employee (Local Consultant). In addition, there are three members of the Management Board and three members of the Supervisory Board.

The Fund is largely funded via the State budget but it has all administrative predispositions for independent collection of funds from foreign and international sources, e.g. IFI loans or soft loans schemes.

In the Fund Law (Article 3), the activities of the Fund are defined as “collection and distribution of financial means for environmental protection at the area of Republika Srpska, and especially for the following purposes”:

- Support to tasks related to obligations and responsibilities towards international community in the sector of environmental protection;
- Prevention of damage to the environment;
- Costs related to the prevention or removal of damage requiring immediate intervention;
- Support to environmental measures;
- Improvement of economic development structure beneficial for environment.

This is guaranteed also through the work of both Boards (Management and Supervisory Boards) as internal and external controlling bodies. Members of both Boards are selected via a call placed in a public newspaper while selection criteria are prescribed by the Government of Republika Srpska. The Government is selecting the members of the Boards. The Management Board members, in turn, form a Commission for the selection of the Fund Director. The Commission comes with a list ranking candidates and proposes the nominees for the Fund Director position for adoption by the Government of RS. The nominated Director is employing the rest of the staff of the Fund.

Based on the Rule Book on internal organization and systematization of workplaces in the Fund adopted on April 2007, the following positions are created in the Fund:

No	Job title	Number of workers	Professional qualifications	Work experience (years)
1.	Fund Director	1	University degree	5
2.	Higher Expert Associate for general and legal business	1	University degree	3
3.	Higher Expert Associate for review and assessment of proposed projects	1	University degree	3
4.	Higher Expert Associate for monitoring of implementation of projects	1	University degree	3
5.	Higher Expert Associate for finances	1	University degree	3
6.	Technical Secretary	1	Secondary school	1

As regards decision making in the Fund, the President of the Management Board and the Fund Director hold the most prominent positions.

The Ministry of Environment is the main correspondent Ministry in the Government and it has close working relation with the Fund. The Fund premises are situated outside the Government building but it uses the Ministry as the body for coordination of its work with the Government and to easily follow the strategy at the entity and state level including establishment of relations with IFIs. The Ministry for Environmental Protection of RS proposes projects and programs to the Ministry of Foreign Trade and Economic Relations of BiH. These are agglomerated proposals for the EU IPA and similar institutions (GEF, World Bank UNDP etc.).

4. Revenues

Unspent money which remains at the end of the year remains available for the Fund in the following year.

Starting 2008, Fund revenues are secured through:

- Fees for users of natural resources and influence on the environment;
- Budget of the RS;
- Fees paid by polluters;
- Grants and other voluntary giving;
- Other sources of income for the Institution in accordance to the Law.

Since the money is allocated to EFRS from water fees (15% of total revenues is allocated to EFRS), the Ministry of Water Management, Forestry and Agriculture requires from the EFRS to dedicate those funds to water protection activities. Revenues are collected via treasury on a daily basis according to the agreed percentage.

It is foreseen that until the end of 2008, approximately 500'000 EUR shall be paid into the EFRS account

5. Spending Strategies

The EFRS does not yet have a long-term (more than one year) spending strategy, also not an annual spending plan.

The official basis for EFRS' spending *priorities* are established by the Management Board and they follow relevant governmental strategies (NEAP and other strategies in the field of environment). Top priorities should be described in the Plan for 2008 which currently is awaiting governmental approval.

6. Expenditures

Starting 2008, the EFRS has undertaken a set of activities aimed at intensifying cooperation with IFIs. Results are visible in the form of establishing working relation with the main contributors to the environmental activities in BiH. No final arrangements have been made yet.

7. Funding Cycle

A project cycle management policy has not been adopted yet, due to the above mentioned reasons (Fund Director has not been appointed by the Government yet and consequently the rest of the foreseen Fund staff has not been hired yet). So far, no project proposals were submitted to the EFRS yet.

8. Evaluation, Reporting and Public Information

The reporting shall be conducted towards the relevant Ministry and all non-sensitive information shall be placed at the EFRS' website.

9. Major Achievements

As the EFRS has not entered concrete support agreements yet, no major achievements can be stated yet.

10. Challenges and Future Prospects

Currently, the main challenges are:

1. To establish the organizational structure foreseen in the scheme and to have it approved at the same time.
2. To reach the level of readiness of the EFRS team to cope with, firstly, small size, and later on, larger scope of projects (external training will be necessary).
3. Upon completion of these, more or less internal tasks, external relations of the Fund should be based on the selected stock of "ready to fund" project proposals with which the EFRS could approach IFIs and acquire money for them.
4. In one word – we are at the very beginning of the Fund's life, but it is a promising outlook.

11. Statistical data

	2003	2004	2005	2006	2007
Start of year balance					185.000,00
Total annual revenues					239,00
Total disposable resources					185 239,00
Total environmental expenditures					-
Overhead/administration expenditures					272.271,00
Total expenditures					272.271,00
End of year balance					- 87.032,00

Table 2: Total annual revenues (BAM; actual values for the given year)	
	2007
Budget allocation (State / regional, <i>please specify</i>)	Entity budget
Water use charges	
Revenue from financial operations and interest on bank deposits	239,00
TOTAL	239,00

Note: Since beginning of 2008, revenue from water use charges has been be paid into EFRS' account and it is estimated that EFRS will receive approx. 1 million BAM from this revenue sources by the end of 2008.

12. Additional information on the EFRS

- View the EFRS Law in English and local languages on the [dedicated eco-finance.org webpage](http://www.eco-finance.org)
- View the EFRS Statutes in English and local languages on the [dedicated eco-finance.org webpage](http://www.eco-finance.org)

Annex: Abbreviations used in this profile

BAM	Bosnian Mark (currency)	GEF	Global Environment Facility
BiH	Bosnia and Herzegovina	IFI	International financing institution
EFRS	Environmental Fund of Republika Srpska	IPA	Instrument for Pre-Accession Assistance
EU	European Union	NEAP	National Environmental Action Program
EUR	Euro (currency)	RS	Republika Srpska