

COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL DECISION

on the principles, priorities and conditions contained in the European Partnership with Bosnia and Herzegovina and repealing Decision 2006/55/EC

(presented by the Commission)

EXPLANATORY MEMORANDUM

The Thessaloniki European Council of 19 and 20 June 2003 endorsed the "Thessaloniki Agenda for the Western Balkans", which introduced the partnerships as a means of realising the European perspective of the Western Balkan countries.

On 30 January 2006 the Council adopted the revised European Partnership for Bosnia and Herzegovina, based on the Commission's proposal presented on 9 November 2005. The partnerships contain short–term and medium–term priorities. The countries are expected to fulfil the short–term priorities in one to two years.

Therefore the Commission considers it appropriate to present a proposal for an updated partnership for Bosnia and Herzegovina. This renewed partnership is based on the provisions of Council Regulation (EC) No 533/2004 of 22 March 2004 and takes into account the new developments as described in the 2007 Progress Report. It lists short- and medium-term priorities for the country's preparations for further integration with the European Union.

In order to respond to the European Partnership, the competent authorities in Bosnia and Herzegovina should develop a plan with a timetable and specified measures Bosnia and Herzegovina intends to take to this end. The Commission will monitor progress in implementing the priorities regularly.

The European Partnership priorities form the basis for programming the financial assistance of the Community, which will continue to be provided under relevant financial instruments, in particular Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing the Instrument for Pre-Accession Assistance (IPA).

The proposed Council Decision has no financial implications. In view of the above, the Commission invites the Council to adopt the attached proposal for a Council Decision.

Proposal for a

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 533/2004 of 22 March 2004 on the establishment of partnerships in the framework of the Stabilisation and Association Process[1], as amended, and in particular Article 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

(1) The Thessaloniki European Council of 19 and 20 June 2003 endorsed the introduction of the European Partnerships as a means to materialise the European perspective of the Western Balkan countries.

(2) Regulation (EC) No 533/2004 provides that the Council is to decide on the principles, priorities and conditions to be contained in the partnerships, as well as any subsequent adjustments. It states also that the follow-up to the European Partnerships will be ensured through the mechanisms established under the Stabilisation and Association Process, notably by the annual progress reports.

(3) On 30 January 2006 the Council adopted the second European Partnership with Bosnia and Herzegovina[2].

(4) The Commission's Paper on enlargement strategy and main challenges 2006–2007 indicated that the partnerships would be updated at the end of 2007.

(5) On 12 June 2006 the Council adopted Regulation (EC) No 1085/2006 establishing an Instrument for Pre-accession Assistance (IPA)[3], which renews the framework for financial assistance to pre-accession countries.

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1 OJ L 86, 24.3.2004, p. 1. Regulation as last amended by Regulation (EC) No 269/2006 (OJ L 47, 17.2.2006, p. 7).

2 Council Decision 2006/55/EC of 30 January 2006 on the principles, priorities and conditions contained in the European Partnership with Bosnia and Herzegovina and repealing Decision 2004/515/EC (OJ L 35, 7.2.2006, p. 32).

3 OJ L 210, 31.7.2006, p. 82.

(6) It is therefore appropriate to adopt a revised European Partnership which updates the current partnership in order to identify renewed priorities for further work, on the basis of the findings of the 2007 Progress Report on Bosnia and Herzegovina's preparations for further integration with the European Union.

(7) In order to prepare for further integration with the European Union, the competent authorities in Bosnia and Herzegovina should develop a plan with a timetable and specific measures to address the priorities of this European Partnership.

(8) Decision 2006/55/EC should therefore be repealed,

HAS DECIDED AS FOLLOWS:

Article 1

The principles, priorities and conditions in the European Partnership with Bosnia and Herzegovina are set out in the Annex.

Article 2

The implementation of the European Partnership shall be examined through the mechanisms established under the stabilisation and association process, notably the annual progress reports presented by the Commission.

Article 3

Decision 2006/55/EC shall be repealed.

Article 4

This Decision shall take effect on the third day following its publication in the *Official Journal* of the European Union.

Done at Brussels,

For the Council
The President

ANNEX: BOSNIA AND HERZEGOVINA 2007 EUROPEAN PARTNERSHIP

1. INTRODUCTION

The European Council endorsed the introduction of the European Partnerships as a means to realise the European perspective of the Western Balkan countries. The proposed revised partnership updates the second one, on the basis of the findings of the 2007 Commission Progress Report on Bosnia and Herzegovina. It identifies new and remaining priorities for action. The new priorities are adapted to the country's specific needs and stage of preparation and will be updated as necessary. Bosnia and Herzegovina is expected to develop a plan including a timetable and specific measures intended to address the European Partnership priorities. The partnership also provides guidance for financial assistance to the country.

2. PRINCIPLES

The Stabilisation and Association Process remains the framework for the European course of the Western Balkan countries, all the way to their future accession. The priorities identified for Bosnia and Herzegovina relate to its capacity to meet the criteria defined by the Copenhagen European Council of 1993 and the conditions set by the stabilisation and association process, notably the conditions defined by the Council in its conclusions of 29 April 1997 and 21 and 22 June 1999, the final declaration of the Zagreb Summit of 24 November 2000 and the Thessaloniki Agenda.

3. PRIORITIES

The priorities listed in this European Partnership have been selected on the basis that it is realistic to expect that Bosnia and Herzegovina can complete them or take them substantially forward over the next few years. A distinction is made between short-term priorities, which are expected to be accomplished within one to two years, and medium-term priorities, which are expected to be accomplished within three to four years. The priorities concern both legislation and its implementation.

In view of the need to set priorities, clearly there are other tasks for Bosnia and Herzegovina to complete which may become priorities in any future partnership, also taking into account future progress made by Bosnia and Herzegovina.

Among the short-term priorities, the key ones have been identified and grouped together at the beginning of the list. The order of these key priorities does not imply a ranking in their importance.

3.1. Short-term priorities

Key priorities

– Adopt police reform legislation at State and Entity levels in line with the three EU principles and begin to implement the police reform.

– Fully cooperate with the International Criminal Tribunal for the former Yugoslavia (ICTY), including by playing a proactive role in apprehending all ICTY indictees at large.

– Adopt the required public broadcasting legislation at the level of the Federation of Bosnia and Herzegovina. Implement public broadcasting reform.

– Implement the 2006 strategy for public administration reform and ensure that State-level ministries and institutions are adequately financed, operational and properly equipped, especially in terms of premises and staff.

– Strengthen administrative capacity in preparation for implementing Stabilisation and Association Agreement (SAA) and Interim Agreement (IA) commitments.

– Pursue efforts aimed at reconciliation between citizens of the countries in the region and enhance efforts to find definitive solutions to pending bilateral issues, in particular border issues.

– Make substantial progress on creating a single economic space in Bosnia and Herzegovina supporting the free movement of goods, capital, services and persons.

– Reduce structural rigidities that distort the functioning of the labour market, in particular the taxation of labour, levels of social transfers and wage-setting mechanisms in order to increase the participation and employment rates.

– Take measures to achieve more functional and sustainable institutional structures and better respect for human rights and fundamental freedoms, including by agreeing and adopting changes to the constitution of Bosnia and Herzegovina, as necessary.

Political Criteria

Democracy and the rule of law

Constitution/ Governance

– Take further steps to provide Bosnia and Herzegovina's parliamentary assembly with sufficient technical resources and personnel.

– Ensure structured and institutionalised State/Entity coordination by establishing functioning mechanisms for political, legislative and technical coordination between the State and the Entities.

– Ensure due follow-up to the reports issued by Bosnia and Herzegovina's supreme audit institutions and take measures against those responsible for irregularities.

Parliament/ Elections

– Amend electoral legislation regarding members of the Bosnia and Herzegovina Presidency and House of Peoples delegates to ensure full compliance with the European Convention on Human Rights and the Council of Europe post-accession commitments.

Public administration

– Provide the Public Administration Coordinator's Office with the human and material resources necessary to carry out its work.

– Further improve recruitment procedures based on objective and merit-based criteria, ensuring transparency and prompt appointment of sufficiently qualified civil servants.

– Harmonise the civil service laws in order to build an accountable, efficient civil service, based on professional career development criteria.

– Complete the merger of the State and Entity ombudsmen and ensure that the State -level office has the resources necessary to function properly.

Judicial system

– Reinforce the independence and accountability of the judicial system and improve its effectiveness, including by reducing the backlog of cases.

– Adopt and start implementing a strategy for development of the judicial sector.

– Ensure adequate training of the judiciary, in particular as regards human rights legislation and issues related to implementation of the Stabilisation and Association Agreement.

Anti-corruption policy

– Adopt and implement a detailed action plan against corruption, based on the national anti-corruption strategy.

– Implement the recommendations made by the Group of States against Corruption (GRECO) and the obligations resulting from international conventions on corruption.

– Prosecute corruption vigorously and adopt a zero-tolerance policy towards corruption.

– Ensure proper implementation of the law on conflict of interests.

Human rights and protection of minorities

– Remove provisions on the death penalty from the Republika Srpska constitution.

– Improve implementation of the international conventions ratified by Bosnia and Herzegovina, including reporting requirements.

– Agree on a comprehensive penitentiary reform and ensure construction of a State level prison.

– Further improve the legal framework on minorities so that it fully meets the requirements of the Council of Europe Framework Convention on National Minorities and ensure implementation throughout Bosnia and Herzegovina.

– Ensure proper operation of the Council of National Minorities of Bosnia and Herzegovina and the corresponding bodies at Entity level.

– Develop and implement all the sectoral action plans under the national strategy for Roma as part of a comprehensive strategy on poverty alleviation and social inclusion.

– Continue de-institutionalisation, community-based services and aid to dependent persons, including in the field of mental health.

Regional issues and international obligations

– Contribute to strengthening regional cooperation, reconciliation and good neighbourly relations, including by promoting the transition from the Stability Pact to a more regionally owned cooperation framework and effective implementation of the Central European Free Trade Agreement (CEFTA).

– Enhance cooperation with neighbouring countries, notably on cross-border cooperation, the fight against organised crime, trafficking and smuggling, judicial cooperation and border management.

– Contribute to solution of the outstanding border issues with neighbouring countries.

– Ensure that the refugee return fund is properly funded and fully operational; contribute to full implementation of the Sarajevo Declaration; complete the process of refugee return and achieve significant progress towards their economic and social integration.

Economic criteria

– Strengthen macroeconomic stability by ensuring a sustainable fiscal stance and using prudential policy instruments to preserve financial stability in the light of rapid development in financial intermediation.

– Accelerate the privatisation process, with the objective of transferring 5-10% of the publicly owned capital to the private sector, with the Federation targeting the upper limit.

– Develop fiscal surveillance mechanisms based on fiscal rules and institutional cooperation that promote fiscal discipline within Entities and between Entities and State institutions; ensure the adequate environment for institutional cooperation within the framework of a properly functioning National Fiscal Council.

– Finalise the reconciliation of domestic claims in line with the repayment capacity of the budget and put public debt on a sustainable and declining trend.

– Improve corporate governance by achieving substantial progress with the restructuring and liquidation of loss-making publicly owned enterprises.

– Ensure that the commercial courts function properly and, in particular, enhance the capacity of courts to process corporate bankruptcy/liquidation procedures more efficiently.

European standards

Internal market

Free movement of goods

– Improve and implement the legal framework for standardisation, metrology, accreditation and certification of products to bring it into line with EU standards and best practice; further approximate technical regulations with those of the *acquis*; enhance the capacity of the quality infrastructure and institutions, and create the legal basis for conformity assessment procedures.

– Ensure continuing progress in adopting European standards (ENs).

– Establish an internal consultation and notification mechanism for new technical regulations prior to adoption of measures with an impact on trade.

– Ensure that the market surveillance agency is fully functioning and continue to take steps to establish a market surveillance structure responding to the requirements of the *acquis* on free movement of goods.

– Adopt the State law on pharmaceutical and medical devices and establish the State Pharmaceutical Agency.

Movement of persons, services and right of establishment

– Bring banking supervision to State level (together with the ancillary supervision activities) and ensure that this supervisory authority functions effectively, in line with the Basel core principles for effective banking supervision.

– Adopt the State level laws on obligations.

– Ensure that the insurance agency of Bosnia and Herzegovina functions properly and guarantees the existence of a single internal insurance market.

– Create a consistent legislative and regulatory framework for the capital markets to ensure the existence of a single economic area and create an adequate institutional setting for coordination of capital markets policies and legislation.

Free movement of capital

– Make further progress on the elimination of restrictions on outward transfers of capital.

Customs and taxation

– Further approximate customs and tax legislation and procedures with the *acquis* and ensure that the Bosnia and Herzegovina tariff is timely updated on the basis of the most recent Combined Nomenclature.

– Ensure that the legal framework for free zones is compatible with EU standards and guarantees adequate supervision of free zones.

– Ensure proper implementation of rules of origin, including diagonal cumulation.

– Implement customs valuation rules in accordance with international standards and practices.

– Dismantle taxes with an effect equivalent to a customs duty (customs fees for the processing of customs declarations).

– Further improve the administrative capacity to implement customs and tax legislation and to fight against corruption, cross-border crime and fiscal evasion.

– Agree on a permanent formula for allocation of indirect tax revenue between the State, Entities and Brčko district.

– Commit to the principles of the Code of Conduct for business taxation and ensure that new tax measures are in compliance with these principles.

Competition

– Improve existing anti-trust legislation in line with the requirements of the Stabilisation and Association Agreement and strengthen the administrative capacity of the Competition Council.

– Accelerate preparations in the field of state aid, notably by adopting the necessary legislation, by establishing an operationally independent public state aid monitoring authority and by ensuring the transparency of all aid granted in Bosnia and Herzegovina.

Public procurement

– Ensure that the single public procurement system functions properly and implement public procurement legislation and procedures. Continue developing administrative capacity.

Intellectual property law

– Make the Institute for Intellectual Property fully operational so that it can carry out its tasks effectively and implement and enforce the current legal framework.

– Prepare an action plan for building the necessary capacity to implement and enforce intellectual property laws, with particular focus on the need to provide specialised training for law enforcement bodies, judges, prosecutors and customs officials.

– Improve cooperation among law enforcement bodies and between all relevant stakeholders with the aim of strengthening enforcement and start developing public awareness campaigns.

Employment and social policies

– Further develop social inclusion and social protection policies.

– Develop mechanisms for a social dialogue.

– Make further efforts improve the situation of persons with disabilities.

– Develop adequate administrative structures and capacity in the field of consumer and health protection.

Education and research

– Implement the State level Law on higher education, paving the way for implementation of the main components of the Bologna process and the Lisbon Recognition Convention.

– Resolve fragmentation of the educational system and the overlap of functions between different levels of organisation. Strengthen policy development and strategic planning to improve the quality of education

– Take measures to prevent segregation of children along ethnic lines at school.

– Sign and ratify the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions.

– Start designing an integrated research policy.

WTO issues

– Continue the reforms necessary to comply with WTO rules and obligations and continue the work towards achieving WTO accession.

Sectoral policies

Industry and SMEs

– Create a coherent legal and institutional framework for SMEs in order to implement the SME Charter properly.

– Adopt the proposed country-wide strategy on SME's and set in place the required minimal capabilities at the State level to ensure a coherent and coordinated SME policy in the whole country, including a national SME Agency and a forum for dialogue and consultation with SMEs.

– Develop a comprehensive industrial policy.

Agriculture and fisheries

– Adopt the Law on Agriculture, Food and Rural Development and ensure an adequate legal framework for harmonised implementation of agricultural, food and rural development policies. Develop a comprehensive agricultural strategy at State level.

– Strengthen administrative capacity at State level as regards agriculture, food and rural development in order effectively to coordinate implementation of market and rural development policies throughout the whole country. Work towards the establishment of a State level Ministry of Agriculture, Food and Rural Development with sufficient resources to implement its tasks.

– Ensure adoption of legislation compliant with the European standards in the food safety, veterinary and phytosanitary sectors and start to implement it.

– Enhance laboratory and inspection capacity in the food safety, veterinary and phytosanitary sectors, establish reference laboratories and develop sampling procedures in compliance with EU requirements.

– Improve the system for identification of bovines and registration of their movements and start identification of pigs, sheep and goats and registration of their movements.

Environment

– Adopt a State environmental law to create the framework for nationwide harmonised environmental protection.

– Further implement legislation on environmental impact assessment.

– Ratify and start implementing relevant international conventions, including the Aarhus and Espoo Conventions.

– Establish and ensure proper functioning of the State Environment Agency.

– Further strengthen the administrative capacity of the environment-related institutions, in particular at State level, and improve communication and coordination between those institutions.

Energy

– Fulfil the obligations arising from the Energy Community Treaty since 1st July 2007 as regards the full implementation of the *acquis* on the internal gas and electricity market and on cross-border exchanges in electricity.

– Develop and adopt a comprehensive energy strategy.

Transport policy

– Continue the implementation of the requirements of the Memorandum of Understanding on the Development of the South East Europe Core Regional Transport Network, including the Addendum on a SEE Rail Transport Area Coordinate and consolidate at State and Entities level the transport infrastructure planning in view of a consistent prioritisation of transport projects along the South East Europe Core Regional Transport Network.

– Approximate to the road transport *acquis* (technical and safety standards, social rules and access to the market).

– Fully implement the State Law on Railways. Prepare railway network statement for open access to infrastructure use.

– Implement commitments taken under the first transitional phase of the European Common Aviation Area Agreement, including the implementation of the relevant aviation legislation.

Information society and media

– Adopt the Law on the Information Society Agency and establish the Agency.

– Implement and enforce the regulations on telecommunications/electronic communications aiming at a fully liberalised and competitive market. Introduce the necessary competitive safeguards in the market.

– Maintain the independent position of the Communications Regulatory Authority. Strengthen its administrative capacity.

Financial control

– Develop and adopt a public internal financial control strategy.

– Adopt and implement legislation on public-sector internal control and audit.

Statistics

– Implement the agreement between the Entities in the statistical system on improvement of the work of the Central Statistical Agency in Bosnia and Herzegovina and improve the range and quality of statistics, in particular at State level.

– Improve the collection and processing of agriculture statistics in line with EU standards and methodology.

– Improve the quality and coverage of statistics on consolidated government accounts.

– Establish the legislative framework necessary for carrying out the population census. Agree on a target date for the census and start preparations for implementing it.

Justice, freedom and security

Visa, border control, asylum and migration

– Provide adequate staffing for the migration section within the Ministry of Security and adequate facilities, equipment, staffing and training for the Department for Foreigners Affairs.

– Adopt a State level migration strategy and the new Law on movements and stays of aliens.

– Implement the EC/Bosnia and Herzegovina readmission agreement and negotiate readmission agreements with the countries of origin of transiting migrants.

– Ensure that reception centres meet international standards and assume full ownership of their financing and management.

– Adopt and implement the revised national strategy on integrated border management (IBM), based on the IBM guidelines for the Western Balkans, plus the corresponding national action plan.

– Further improve border crossing points.

Money laundering

– Fully staff the Financial Intelligence Unit.

– Further improve legislation against money-laundering, including implementation and enforcement.

Drugs

– Develop a State level drugs policy in compliance with European standards.

– Ensure full functioning of a Statelevel office for narcotics.

Police

– Further strengthen the State Investigation and Protection Agency, notably by completing recruitment of its staff.

Fighting organised crime and terrorism

– Prepare and implement all the action plans provided for by the national strategy to combat organised crime.

– Update and implement the national action plan for combating trafficking of human beings.

– Ratify the Council of Europe Convention on action against trafficking in human beings.

– Reinforce the fight against organised crime and international cooperation with law enforcement agencies.

– Take additional measures to protect victims of trafficking and ensure adequate implementation of the witness protection legislation.

– Enhance the capacity of the State Investigation and Protection Agency in the fight against terrorism and reinforce international cooperation in this area, including by means of proper implementation of international conventions.

Protection of personal data

– Establish an independent supervisory authority (data protection agency) with sufficient powers and sufficient financial and human resources.

3.2. Medium-term priorities

Political criteria

Democracy and the rule of law

Constitution/ Governance

– Continue the process to agree on and adopt changes to the constitution of Bosnia and Herzegovina that will contribute to creating more functional and fiscally sustainable institutional structures, improving respect for human and fundamental rights and supporting the process of European integration.

– Ensure continued progress with taking full national responsibility for policy formulation and decision-making.

Public administration

– Implement the public administration reform and ensure its sustainability. Increase the capacity for progressive legal harmonisation and implementation of the *acquis*.

Judicial system

– Implement the strategy for development of the justice sector, consolidate an independent, reliable and efficient judiciary that guarantees the rule of law and equal access of citizens to justice and guarantee that courts have the technical equipment and financial means necessary to impart justice efficiently and properly.

Human rights and protection of minorities

– Ensure that the national legislation is fully compatible with the European Convention for Human Rights.

– Ensure protection of minorities in accordance with EU and international standards; fully implement the national strategy for Roma and its sectoral action plans; develop data that can serve as sound basis to foster further developments of social inclusion strategies, action plans and their evaluation.

Regional issues and international obligations

– Further promote regional dialogue, stability, good neighbourliness and cooperation.

– Bring the agreement concluded with the USA regarding the conditions of surrender of people to the International Criminal Court into line with the EU guiding principles adopted by the European Council in September 2002.

Economic criteria

– Improve the quality of public finances by reducing public expenditure relative to GDP, restructuring spending towards growth-enhancing categories and strengthening the economic policy planning capacity.

– Complete the privatisation process and liquidate the remaining loss-making publicly owned enterprises that cannot be sold.

– Improve participation in the formal economy by reducing social contribution rates and reforming the pension system and facilitate the mobility of labour across the country.

– Step up the unbundling of network industries in order to open up the electricity, gas and telecommunications markets to additional suppliers with a view to increasing competition and efficient allocation of resources.

– Continue reforms in the areas of registration of property, enforcement of contracts, bankruptcy procedures, registration, taxation and licensing of businesses in order to improve the business environment and promote entrepreneurship. Eliminate overlapping regulations imposed by different levels of government and inter-entity double taxation for companies.

European standards

Internal market

Free movement of goods

– Continue with the establishment of the quality infrastructure, with the approximation of the legislation in the areas of standards, certification, metrology, accreditation and conformity assessment to the *acquis*, and with the transposition of new and global approach and old approach directives.

– Make further progress in adopting European standards and speed up efforts to become a full member of the European Committee for Standardisation, of the European Committee for Electro-technical Standardisation and the European Telecommunications Standards Institute.

– Establish a market surveillance system compliant with European standards.

Customs and taxation

– Ensure continued approximation of customs and taxation legislation to the *acquis* and further increase administrative capacity to implement this legislation and to fight corruption, cross-border crime and fiscal evasion.

– Improve the transparency and exchange of information within the region and with the EU in order to facilitate enforcement of measures preventing avoidance or evasion of taxes.

Competition

– Implement state aid legislation and ensure that the state aid monitoring authority functions effectively.

– Produce a comprehensive state aid inventory.

Public procurement

– Ensure that the legal framework for public procurement is compatible with the *acquis* and that public procurement procedures are implemented properly.

Employment and social policies

– In the area of mental health, develop community-based services as an alternative to institutionalisation, taking into account allocation of sufficient financial resources for mental health care.

Education and research

– Take measures to improve the education system, including primary education, and to create a modern vocational education and training system.

– Promote the regional cooperation in the field of higher education.

Statistics

– Develop reliable economic statistics and build up institutional capacity to produce and publish basic statistical data harmonised with European standards, in particular in the areas of national accounts, agricultural, macro-economic and business statistics, and social statistics, including education, labour and health statistics.

– Carry out the population census.

Sectoral policies

Industry and SMEs

– Ensure implementation of the SME Charter.

– Ensure implementation of the industrial policy.

Agriculture and fisheries

– Implement the comprehensive State level agricultural strategy throughout the whole country.

– Further strengthen the State level capacity for coordination and harmonisation of agricultural, food and rural development policy, reinforce implementation mechanisms and further approximate with the *acquis*.

– Continue adoption of compliant legislation in the food safety, veterinary and phytosanitary sectors and develop an effective system of controls.

– Assess the compliance of agri-food establishments with EU requirements and prepare and start a programme for upgrading those establishments.

Environment

– Continue work on progressive transposition of the *acquis,* with particular emphasis on waste management, water quality, air quality, nature protection and integrated pollution prevention and control.

– Implement strategic plans, including investment strategies, and increase investments in environmental infrastructure, with particular emphasis on waste water collection and treatment, drinking water supply and solid waste management.

– Ensure integration of environmental protection requirements into definition and implementation of other sectoral policies.

Transport policy

– Create the conditions for competition on the railway track, including rail regulatory and safety institutions.

– Ensure further approximation of legislation to the transport *acquis*, notably as regards technical and safety standards (including the implementation of the digital tachograph), social standards and market liberalisation.

– Implement commitments taken under the second transitional phase of the European Common Aviation Area Agreement.

Energy

– Accelerate the reform of energy utilities, in particular in the power and gas sectors, implement the Entities' action plans for restructuring the power sector, develop and implement concomitant plans regarding reform of the coal sector, establish a transmission system operator and distribution system operators in the gas sector and develop the internal gas market.

– Ensure a consolidated system of regulation of power and gas, ready to include other energy sectors, in line with the Energy Community Treaty and, in parallel, ensure that issues related to socially vulnerable customers are addressed.

Information society and media

– Fully implement public broadcasting legislation and complete the structural reform of the public broadcasting sector.

– Align legislation with the EU regulatory framework for electronic communication networks and services and ensure implementation and enforcement.

– Align with the European Convention on Trans-frontier Television and the Television without Frontiers directive.

Financial control

– Implement the public internal financial control policy paper and action plan.

– Strengthen the operational and functional capacity and financial independence of the supreme audit institutions.

– Develop procedures and administrative capacity to ensure effective protection of the EU's financial interests.

Justice, freedom and security

Visa, border control, asylum and migration

– Implement visa, asylum and migration policies in compliance with EU standards.

– Further improve border management, with special emphasis on border infrastructure and surveillance of the green border.

Money laundering

– Ensure continued improvement of the enforcement record regarding money laundering.

Drugs

– Ensure that law enforcement bodies are properly equipped to fight drug trafficking. Achieve satisfactory inter-agency and international cooperation, leading to considerably improved results in this area.

Police

– Fully implement police reform.

Fighting organised crime and terrorism

– Achieve significant results against organised crime, all types of trafficking and terrorism and ensure proper prosecution.

Protection of personal data

– Implement the national law on personal data protection in line with the *acquis* and ensure efficient monitoring and enforcement.

4. PROGRAMMING

Community assistance under the stabilisation and association process to the Western Balkan countries will be provided under the existing financial instruments, in particular by Council Regulation (EC) No 1085/2006 (IPA), and for programmes adopted before 2007, Council Regulation No 2666/2000 of 5 December 2000 (CARDS regulation)[4] The financing agreements serve as legal basis for the implementation of the concrete programmes. Accordingly, this Decision will have no financial implications. Bosnia and Herzegovina can have access to funding from multi-country and horizontal programmes.

5. CONDITIONALITY

Assistance to the Western Balkan countries is conditional on progress on satisfying the Copenhagen criteria and on meeting the specific priorities of this European Partnership. Failure to respect these conditions could lead the Council to take appropriate measures on the basis of Article 21 of Council Regulation (EC) No 1085/2006 or, in the case of pre-2007 programmes, on the basis of Article 5 of Regulation (EC) No 2666/2000. The assistance is also subject to the conditions defined by the Council in its conclusions of 29 April 1997, in particular as regards the recipients' undertaking to carry out democratic, economic and institutional reforms. Specific conditions are also included in individual annual programmes. The financing decisions will be followed by a financing agreement signed with Bosnia and Herzegovina.

6. MONITORING

Implementation of the European Partnership will be examined by the mechanisms established under the Stabilisation and Association Process, notably the annual reports presented by the Commission.

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[4] OJ L 306, 7.12.2000, p. 1. Regulation as last amended by Regulation (EC) No 2112/2005 (OJ L 344, 27.12.2005, p. 23).