



# ANNUAL PROGRESS REPORT

(MONITORING OF IMPLEMENTATION OF THE ACTION PLAN 1  
OF THE STRATEGY OF THE PUBLIC ADMINISTRATION REFORM IN BiH)

OF THE PUBLIC ADMINISTRATION REFORM  
COORDINATOR'S OFFICE

FOR THE PERIOD JANUARY 1<sup>ST</sup> – DECEMBER 31<sup>ST</sup>, 2008

JANUARY, 2009

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## Abbreviations

AP1	Action Plan 1
BD BiH	Brčko District of Bosnia and Herzegovina
BiH	Bosnia and Herzegovina
CSA	Civil Service Agency
DEP	Directorate for Economic Planning
DfID	Department for International Development of the Government of the United Kingdom
DMA	Department for Macroeconomic Analysis
ECD	European Commission Delegation
ECDL	European Computer Driver's Licence
EU	European Union
FBiH	Federation of Bosnia and Herzegovina
HRMIS	project of establishment of Human Resources Management Information System
IPA	Instrument of Pre-Accession Assistance
IMF	International Monetary Fund
NSG (UK)	National School of Government of the United Kingdom
PIFC	Public Internal Financial Control
PAR	Public Administration Reform
RS	Republic of Srpska
SEPARB	project of support to the public administration reform in BiH on the level of state and entities
Sida	Swedish Agency for International Development and Cooperation
SIGMA	Support to development of administration and management
SPPD	Strengthening National Capacities for Strategic Planning and Policy Development
TEMPUS	programme of international cooperation in the area of higher education and regional cooperation
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

# 1 Summary

- **Progress** in implementation of the measures from the Action Plan 1 of the Strategy of the Public Administration Reform by reform areas in relation to the previous report (July – September, 2008.) is bigger by 4.13 per cent and now amounts to **32.62 per cent**. In relation to the Annual Report for 2007, the progress is 14.19 per cent.
- **The biggest progress** in implementation in relation to 2007 is noted in the reform area **Human Resources Management** and amounts to **16.47 per cent**, while the **smallest** is in the area **Institutional Communications**, **12.19 per cent**. In the area Policy Making and Coordination Capacities, the percentage of implementation is bigger by 15.05 per cent; in the area Administrative Procedure 14.23 per cent; in the area Public Finances 13.85 per cent and in the area Information Technologies 13.33 per cent.
- Overall, **since the start of implementation** of the Action Plan 1 of the Strategy of the PAR in BiH until the end of 2008, **the biggest progress** in implementation is achieved in the reform area **Human Resources Management**, **38.60 per cent**, and **the smallest** is in the area **Information Technologies**, **26.77 per cent**.
- Level and quality of cooperation of the PARCO with the representatives of the Government of the Federation of BiH, the Government of the Republic of Srpska and the Government of the Brčko District of BiH, and with the institutions of BiH is improved, but difficulties still exist. The biggest difficulties are in insufficient informing and failure to include the PARCO in the activities of changes of the legal and bylaw acts, which directly influence the fulfilment of the agreed reform measures. Second difficulty is seen in untimely provision of information needed for monitoring and reporting on the reform processes.
- Operative structures for implementation of the reform measures of the Action Plan 1 were in 2008 active, but their efficiency was decreased because of numerous failures of the members of the teams to attend the joint meetings, and because of unsolved matter of remuneration for work in the supervisory and implementation teams.
- Public administration reform coordinators of the Government of the FBiH and the Government of the RS in 2008 as well had that job as an additional engagement, which had a negative influence on their efficiency.
- Political coordination, established by the Common Platform on the Manner and Mechanisms of Implementation of the Action Plan 1 of the PAR Strategy, in 2008 did not happen. The Coordination Board for Economic Development and European Integrations in 2008 did not discuss implementation of the Strategy of PAR in BiH.
- The Public Administration Reform Fund became operational in 2008. The Embassy of the Kingdom of the Netherlands and the Swedish Agency for International Development and Cooperation (Sida) made first payments to the account of the PARF. The United Kingdom Department for International Development (DfID) for realisation of the reform measure Strengthening of Central Capacities of the Council of Ministers of BiH and the Governments approved additional one million Euros for the Fund.
- The Joint Management Board of the Fund in 2008 approved 11 projects for implementation of the reform measures from the Action Plan 1, for which 7.183.112,12 KM in total was reserved, without the value added tax (VAT to this amount is 1.221.129,03 KM). The approved projects include all four administrative levels (the Council of Ministers of BiH, the Government of the FBiH, the Government of the RS and the Government of the Brčko District of BiH). In accordance with the conclusion of the Joint Management Board of the Fund and in agreement with the Ministry of Finances and Treasury of BiH, the PARCO will request from the Indirect Taxation Administration of BiH the return of the paid VAT, in favour of the Public Administration Reform Fund.
- The Report on Progress of Bosnia and Herzegovina for 2008, prepared by the European Commission, noted a certain progress in the public administration reform. At the same time, the Report states that the public administration reform is still in the early phase and that it needs further facilitation.

## 2 Introduction

According to the annual work plan of the Council of Ministers of BiH for 2008, the Public Administration Reform Coordinator's Office (hereinafter: the PARCO) obligated itself to the Council of Ministers of BiH to deliver regular reports on the progress in implementation of the Strategy of the Public Administration Reform (hereinafter: the PAR Strategy) and donor activity, as well as on monitoring and evaluation, quarterly and annually, in accordance with the Strategy of the Public Administration Reform in BiH.

This report shows in detail total degree of implementation of the measures from the Action Plan 1 (hereinafter: AP 1) of the PAR Strategy (in percentages) from January 1<sup>st</sup> to December 31<sup>st</sup>, 2008, for every one of the six reform areas respectively (on the state level, entity level and the level of the Brčko District of BiH), and in the special annex to the report is a detailed presentation of a degree of implementation by respective measures for every one of the six reform areas with relevant comments. Progress in implementation of the reform measures is being monitored by the means of "objectively verifiable indicators" (OVIs), which for this purpose were developed by the PARCO, and which present measurable parameters with the help of which the implementation of concrete measure is followed and evaluated.

The Report covers the most important activities realised during 2008 and it presents development to the previous Annual Report on Progress in Implementation of the AP 1 of the PAR Strategy for 2007, as well as to the periodic (quarterly) reports on progress in 2008. Within annual report for 2008, available information on the achieved progress for fourth quarter of 2008 are also covered, considering that for this period a separate report for progress was not prepared.

Specified are the changes in relation to the condition previously recorded through the previous Quarterly Report on progress of implementation of the AP1, which covered the period July - September 2008. **The progress in implementation of the measures from the AP 1 of the PAR Strategy, by the reform areas, in relation to the previous period (Quarterly Report for the period June – September, 2008) is bigger by 4.13 per cent and now amounts to 32.62 per cent. In relation to the Annual Report for 2007, the progress is 14.19 per cent.**

**The biggest progress** in implementation in relation to 2007 is noted in the reform area **Human Resources Management** and amounts to **16.47 per cent**, while **the smallest** is in the area **Institutional Communications**, **12.19 per cent**.

Table below gives the comparative overview of the total achieved progress in the last two years by reform areas from the AP 1 of the PAR Strategy.

Table 1: Comparative overview of implementation of the AP 1 in 2007 and 2008 by reform areas

REFORM AREA BY THE AP 1 OF THE STRATEGY OF THE PUBLIC ADMINISTRATION REFORM IN BIH	2007 (per cent)	2008 (per cent)	difference in per cent
POLICY MAKING AND COORDINATION CAPACITIES	19.55	34.60	15.05
PUBLIC FINANCES	20.63	34.48	13.85
HUMAN RESOURCES MANAGEMENT	22.13	38.60	16.47
ADMINISTRATIVE PROCEDURE	13.70	27.93	14.23
INSTITUTIONAL COMMUNICATIONS	21.12	33.31	12.19
INFORMATION TECHNOLOGIES	13.44	26.77	13.33

Overall, **since the start of implementation** of the Action Plan 1 of the Strategy of the PAR in BiH until the end of 2008, **the biggest progress** in implementation is achieved in the reform area **Human Resources Management**, **38.60 per cent**, and **the smallest** is in the area **Information Technologies**, **26.77 per cent**.

In preparation of the Annual Progress Report, as well as on the occasion of preparation of the periodic reports, different sources of information available to the PARCO were used, including: data from the progress reports submitted by the entity coordinators and the Public

Administration Reform Coordinator of the Brčko District of BiH as well as by the members of the supervisory teams from the state level, overviews of the adopted regulations significant for the reform area, monitoring of implementation of donor projects and initiatives in which the PARCO is involved, external data from the donors, and information on the activities and projects whose initiator and bearer is the PARCO.

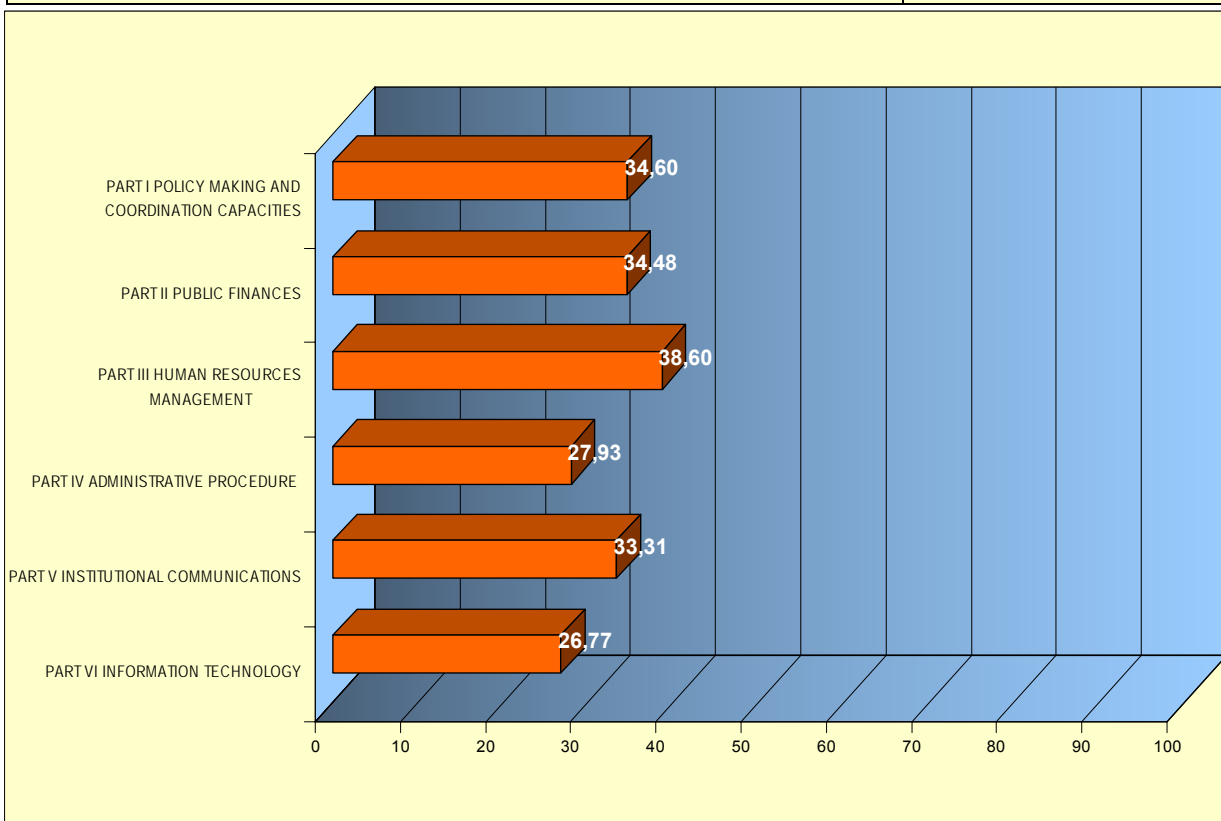
### 3 Overall Overview of Activities During the Reporting Period

Overall implementation of the Action Plan 1 of the Strategy of the Public Administration Reform in BiH, by the end of 2008, amounts to **32.62 per cent**.

Table below shows the overall progress in implementation of the Action Plan 1 of the Strategy of the Public Administration Reform in BiH, for all levels of authority combined (BiH, the FBiH, the RS and the BD BiH).

Table 2: Cumulative implementation of the Action Plan 1 of the PAR Strategy in BiH by reform areas

<b>ACTION PLAN 1 OF THE STRATEGY OF THE PUBLIC ADMINISTRATION REFORM IN BIH</b>	<b>Implemented</b>
<b>PART I POLICY MAKING AND COORDINATION CAPACITIES</b>	<b>34.60</b>
<b>PART II PUBLIC FINANCES</b>	<b>34.48</b>
<b>PART III HUMAN RESOURCES MANAGEMENT</b>	<b>38.60</b>
<b>PART IV ADMINISTRATIVE PROCEDURE</b>	<b>27.93</b>
<b>PART V INSTITUTIONAL COMMUNICATIONS</b>	<b>33.31</b>
<b>PART VI INFORMATION TECHNOLOGY</b>	<b>26.77</b>

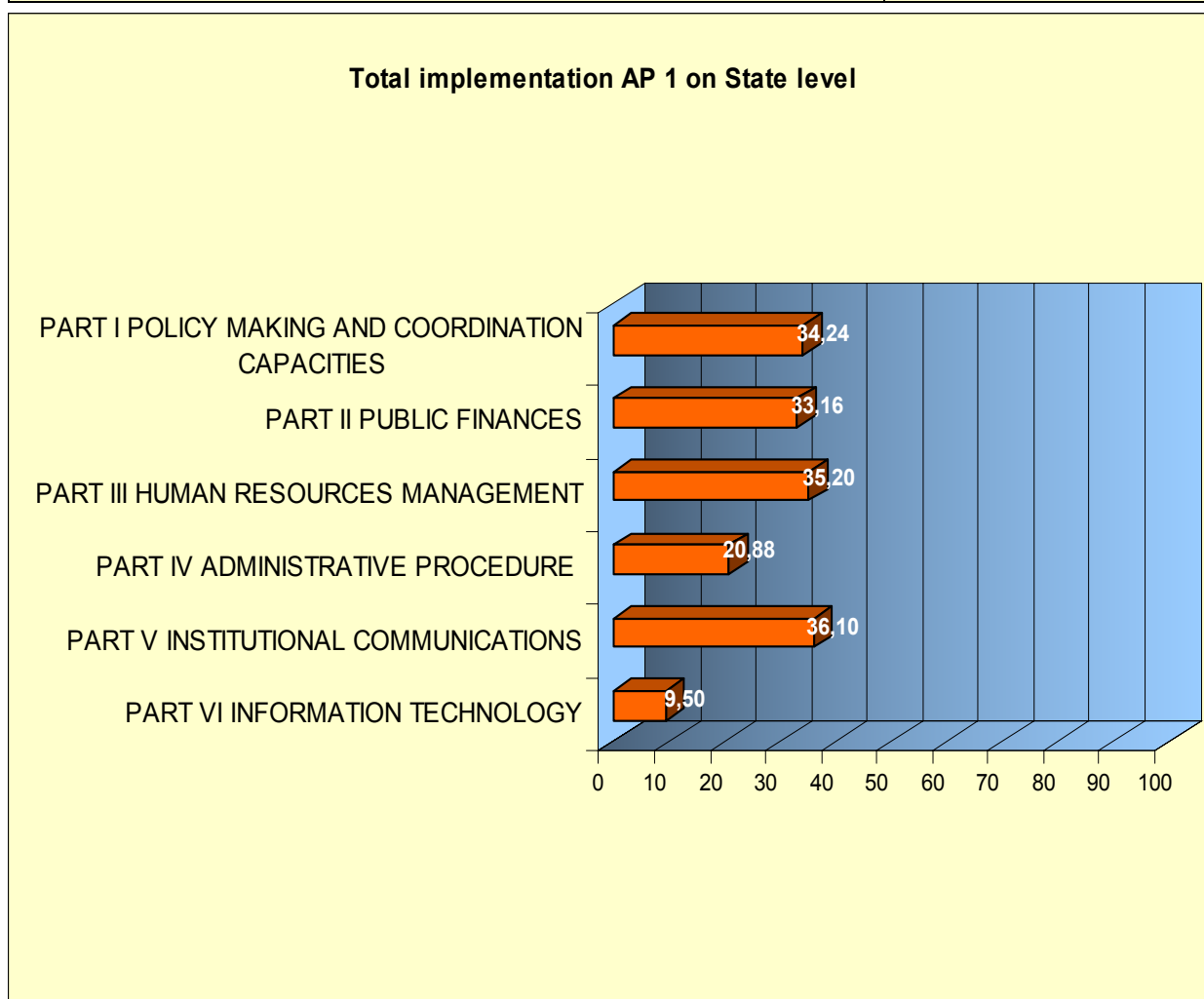


\* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.

The following tables show the total achieved level of implementation on the state level, entity level and the Brčko District of BiH level of authority, by the end of 2008.

Table 3: Cumulative implementation of the Action Plan 1 of the PAR Strategy in BiH by reform areas – state level

BiH level	Implemented
<b>PART I POLICY MAKING AND COORDINATION CAPACITIES</b>	<b>34.24</b>
<b>PART II PUBLIC FINANCES</b>	<b>33.16</b>
<b>PART III HUMAN RESOURCES MANAGEMENT</b>	<b>35.20</b>
<b>PART IV ADMINISTRATIVE PROCEDURE</b>	<b>20.88</b>
<b>PART V INSTITUTIONAL COMMUNICATIONS</b>	<b>36.10</b>
<b>PART VI INFORMATION TECHNOLOGY</b>	<b>9.50</b>

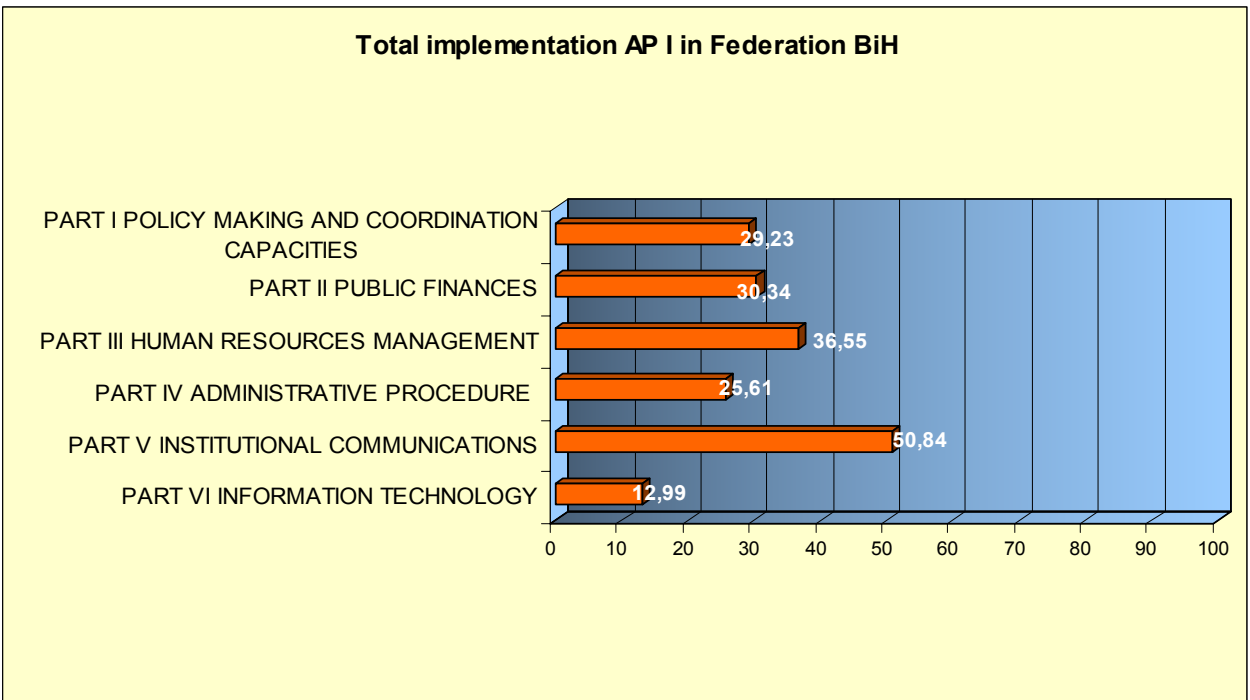


\* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.



Table 4: Cumulative implementation of the AP 1 of the PAR Strategy in BiH by reform areas – the FBiH level

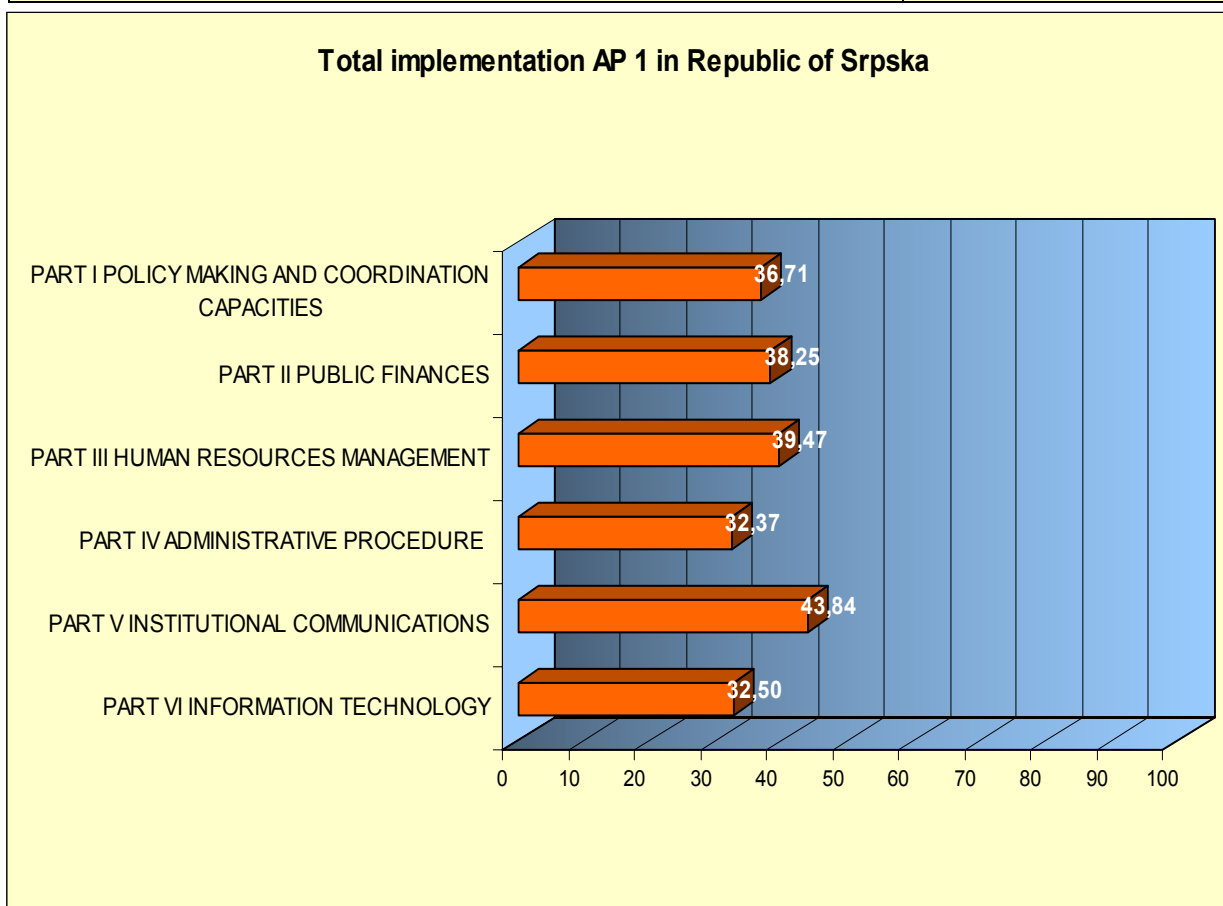
the FBiH level	Implemented
<b>PART I POLICY MAKING AND COORDINATION CAPACITIES</b>	<b>29.23</b>
<b>PART II PUBLIC FINANCE</b>	<b>30.34</b>
<b>PART III HUMAN RESOURCES MANAGEMENT</b>	<b>36.55</b>
<b>PART IV ADMINISTRATIVE PROCEDURE</b>	<b>25.61</b>
<b>PART V INSTITUTIONAL COMMUNICATIONS</b>	<b>50.84</b>
<b>PART VI INFORMATION TECHNOLOGY</b>	<b>12.99</b>



\* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.

Table 5: Cumulative implementation of the AP 1 of the PAR Strategy in BiH by reform areas – the RS level

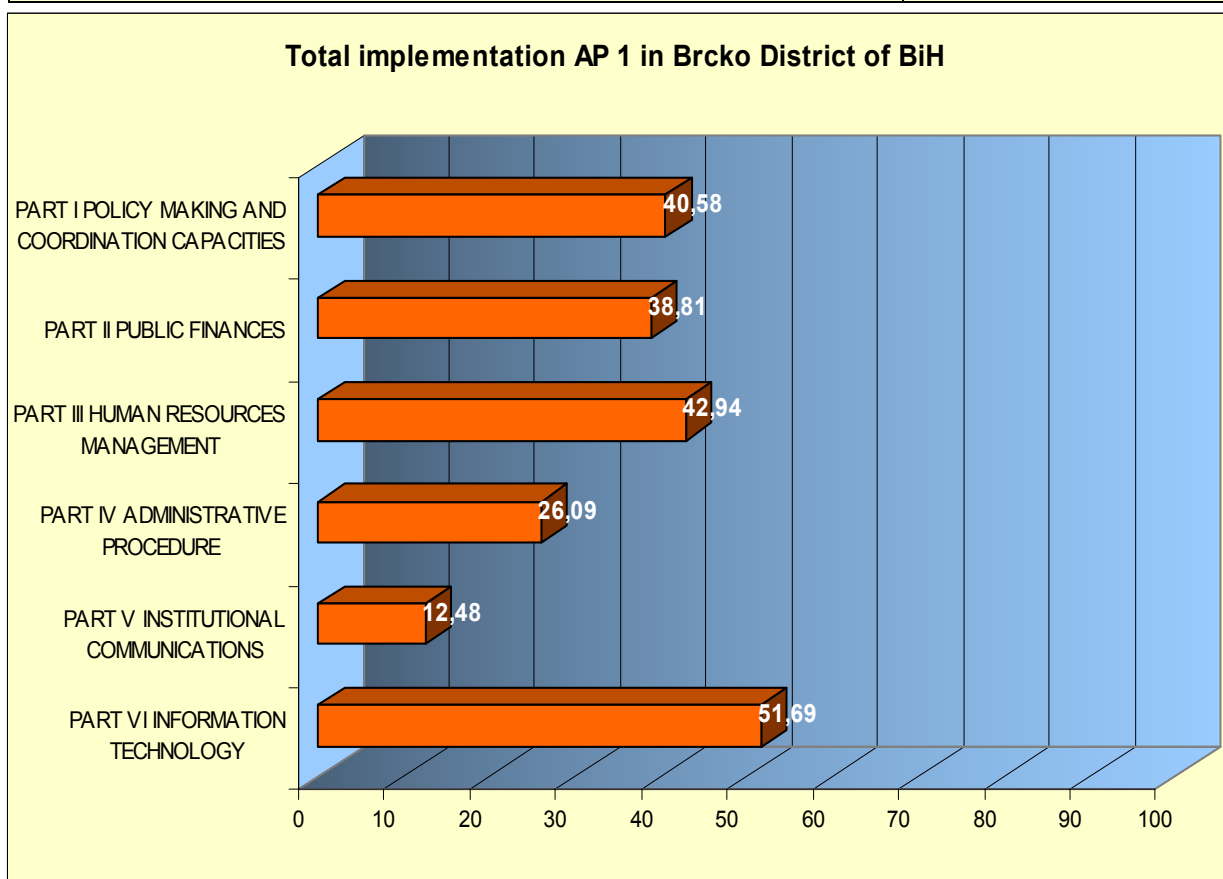
<b>the RS level</b>	<b>Implemented</b>
<b>PART I POLICY MAKING AND COORDINATION CAPACITIES</b>	<b>36.71</b>
<b>PART II PUBLIC FINANCES</b>	<b>38.25</b>
<b>PART III HUMAN RESOURCES MANAGEMENT</b>	<b>39.47</b>
<b>PART IV ADMINISTRATIVE PROCEDURE</b>	<b>32.37</b>
<b>PART V INSTITUTIONAL COMMUNICATIONS</b>	<b>43.84</b>
<b>PART VI INFORMATION TECHNOLOGY</b>	<b>32.50</b>



\* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.

Table 6: Cumulative implementation of the AP 1 of the PAR Strategy in BiH by reform areas – Brčko District of BiH level

the BD BiH level	Implemented
<b>PART I POLICY MAKING AND COORDINATION CAPACITIES</b>	<b>40.58</b>
<b>PART II PUBLIC FINANCES</b>	<b>38.81</b>
<b>PART III HUMAN RESOURCES MANAGEMENT</b>	<b>42.94</b>
<b>PART IV ADMINISTRATIVE PROCEDURE</b>	<b>26.09</b>
<b>PART V INSTITUTIONAL COMMUNICATIONS</b>	<b>12.48</b>
<b>PART VI INFORMATION TECHNOLOGY</b>	<b>51.69</b>



\* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.

### 3.1 Overall overview of the activities in the reporting period by reform areas (realisation of the Action Plan 1 of the Strategy of the PAR in BiH)

#### 3.1.1 Policy Making and Coordination Capacities

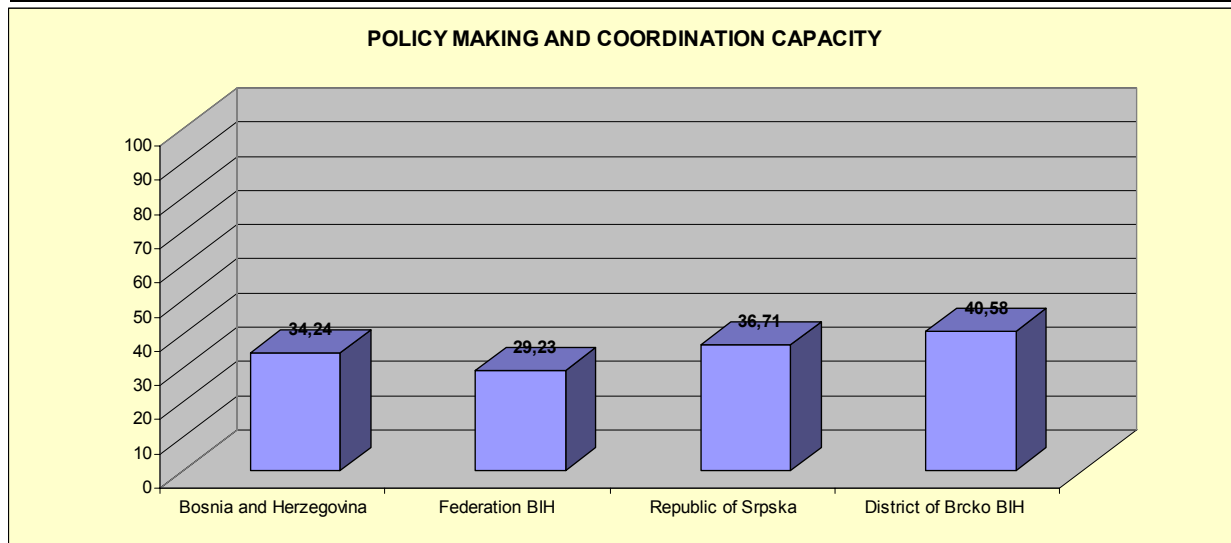
Implementation of the Action Plan 1 in 2008 on the state entity and the level of the Brčko District of BiH amounts to **34.60 per cent**. In relation to the previous quarterly report the increase is **7.72 per cent**, and in relation to 2007, the increase is **15.05 per cent**.

During 2008, activities continued on development and implementation of the key projects for this area: “Blueprint of Development of Central Bodies of Governments in Bosnia and Herzegovina – Implementation of the Phase I”, “Strengthening of BiH Capacities for Strategic Planning and Policy Development - SPPD”, and “Improvement of Rules and Procedures for Legal, Other Regulation and General Documents Drafting in BiH”.

Table below shows the total progress in the implementation of the Action Plan 1 of the Strategy of the Public Administration Reform in BiH for the reform area of Policy Making and Coordination Capacities.

Table 7: Implementation of the AP1 of the Strategy of the PAR in BiH – reform area Policy Making and Coordination Capacities

POLICY MAKING AND COORDINATION CAPACITIES	Implemented
<b>Bosnia and Herzegovina</b>	<b>34.24</b>
<b>the Federation of BiH</b>	<b>29.23</b>
<b>the Republic of Srpska</b>	<b>36.71</b>
<b>the Brčko District of BiH</b>	<b>40.58</b>



The PARCO, during 2008, prepared the project proposal and the terms of reference for implementation of the project “**Blueprint of Development of Central Bodies of Governments in BiH – implementation of the phase I**”. This project was intended to enable the central bodies of the Council of Ministers of BiH, entity governments and the Government of the Brčko District to build the system for policy making and policy management in a coherent and harmonised manner, develop modern structure, capacities and procedures of policy management and to improve intergovernmental cooperation and results of the central bodies of governments. After series of negotiations with representatives of the DfID (the United Kingdom Department for International Development) and the European Commission Delegation in BiH, the agreement has been achieved that the DfID will pay additional one million Euros to the Public Administration Reform Fund for implementation of the first phase of this Project, and that financing of the second phase should be proposed from the assets of the IPA 2009. Members of the Supervisory Team for the area of Development of Capacities for Policy Making and Coordination supported the project proposal “Blueprint of Development of Central Bodies of

Governments in BiH - implementation of the phase I". Terms of reference was supported by the members of the Supervisory Team from the Government of the Republic of Srpska and the Government of the Brčko District of BiH, while the members of the Supervisory Team from the Council of Ministers of BiH and the Government of the Federation of BiH, who did not attend the said meeting, will declare later, during January 2009, on its acceptability.

Project idea "**Blueprint of Development of Central Bodies of Governments in BiH - implementation of the phase II**" was prepared as well, and will be proposed by the PARCO for financing from the assets of the IPA 2009, in accordance with the Guidelines of the Annual Programming for 2009.

**"Strengthening of the BiH Capacities for Strategic Planning and Policy Development – SPPD"**: the UNDP BiH prepared the project document "Strengthening of the BiH Capacities for Strategic Planning and Policy Development – SPPD", ensured donor assets (the Netherlands, Norway, the European Commission, the UNDP) amounting approximately 2.5 million US dollars for its implementation. The PARCO, at the end of June, sent to the Council of Ministers of BiH the proposal of conclusions for approval of implementation of the first phase of the project "Strengthening of the BiH Capacities for Strategic Planning and Policy Development – SPPD", to which the Council of Ministers of BiH gave a formal agreement. The PARCO ensures that this project fully follows and with its solutions corresponds with the objectives of the Strategy of the Public Administration Reform in BiH. By December 31<sup>st</sup>, 2008 all the preparations for start of implementation of the project were completed, consultants were selected, and during January 2009 it is expected that the UNDP will submit the Inception Report on Implementation of the Project.

In first half of 2008, the PARCO prepared the project proposal "**Improvement of Rules and Procedures for Legal, Other Regulations and General Documents Drafting in BiH**". The objective of the project is establishment of the best practice and coherent principles and standards for legal and other regulations drafting in Bosnia and Herzegovina. Project proposal was accepted by the members of the Supervisory Team for the area of Improvement of Quality and Procedures of Drafting and Enactment of Regulations and the PARF JMB. In December was prepared the terms of reference as well. Declaration of the members of the Supervisory Team is expected.

The PARCO initiated harmonisation and signing of the **Memorandum on Mutual Cooperation between the Secretariats of the Council of Ministers of BiH, entity governments and the Government of the Brčko District of BiH**. The objective of this Memorandum is to improve coordination between different levels of executive authority. Signing of the Memorandum is planned for the first quarter of 2009.

The PARCO, in intention to provide to the wider public free access to the integrated Database of Legal Regulations (for whose update will be competent legislation offices/secretariat for legislation of the Council of Ministers of BiH, the entity governments and the Government of the Brčko District of BiH), made an agreement that the UNDP delivers to the PARCO licences for usage of the said database, and that the PARCO will distribute them primarily to the legislation offices on the state, entity and the level of the Brčko District of BiH, as well as to the other interested institutions.

The National Assembly of the Republic of Srpska adopted the laws from the area of administration, namely: the Law on the Government of the Republic of Srpska, the Law on State Administration and the Law on Civil Servants, on the basis of which the changes were made in the Rulebooks on Internal Organisation and Systematisation of Jobs.

The Government of the Republic of Srpska enacted the Order on Changes and Amendments to the Order on the Secretariat of the Government of the Republic of Srpska, the Decision on Giving Agreement to the Rulebook on Internal Organisation and Systematisation of Jobs in the Secretariat General of the Government of the Republic of Srpska, and the Order on Bearer of the Affairs of Certification of Electronic Signatures for the Bodies of State Administration.

Also, in the reporting period, the Government of the Republic of Srpska discussed and adopted the Draft Rules of Procedure of the Government of the Republic of Srpska, the Guidelines for Actions of the Ministries and Other Republic Bodies of Administration on Participation of the Public and Consultations in Legal Drafting, the Information on the Manner of Action of the Ministries on the Occasion of Delivery of the Materials to the Sessions of the National Assembly and the Government of the Republic of Srpska, etc.

Within Implementation of activities from the Blueprint of Development of Central Bodies of Governments in BiH, the Government of the Federation of BiH adopted the change of the Order on the Secretariat of the Government of the Federation of BiH and the Order on the Head Office of the Government of the FBiH. Also, the Government gave the agreement to the Rulebook on Internal Organisation of the Secretariat General of the Government of the FBiH and the Rulebook on Internal Organisation of the Head Office of the Government of the FBiH. On the basis of that, the employees from the previous Head Office of the Government of the FBiH were transferred to the Secretariat General of the Government of the FBiH and they were assigned in accordance with the new Rulebook on Internal Organisation of the Secretariat General of the Government of the FBiH. Vacancy notices were published for employment to the vacant posts in accordance with the newly set organisation.

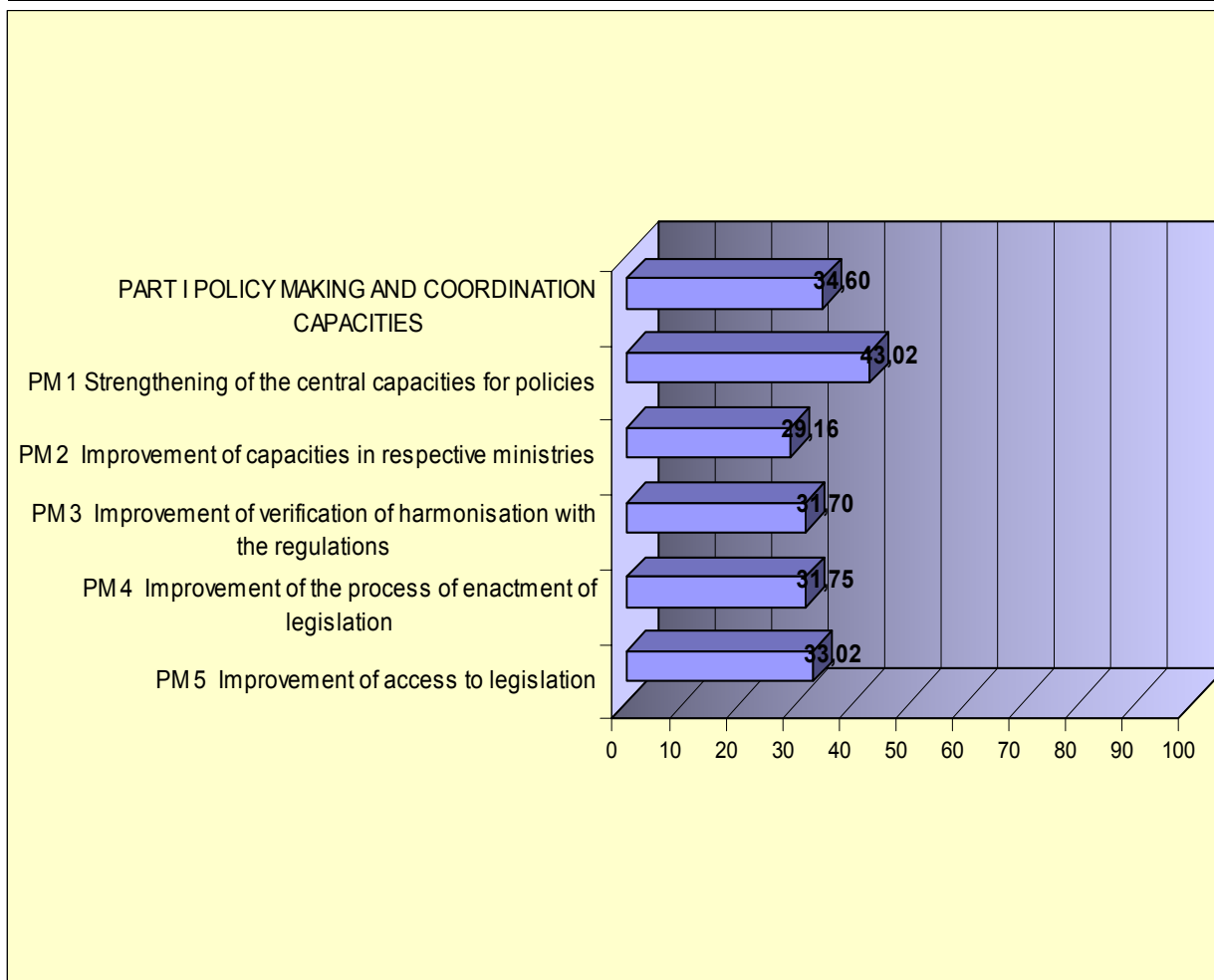
On the state level, besides organisational and human resource strengthening of the Secretariat General of the Council of Ministers of BiH, the Legislation Office, the Directorate for European Integrations and the PARCO, in accordance with the Decision of the Council of Ministers of BiH on establishment of the work groups for harmonisation of the legal regulations of BiH with the *Acquis Communautaire* (Official Gazette of BiH No. 52/05), 8 of 14 work groups stipulated by the Decision have been established. Since these groups are of key importance for implementation of the Stabilisation and Association Agreement, the DEI organised a one-day training for members of all members of the work groups, attended by 102 civil servants. Because of need for changes and amendments to the Decision from 2005, in a sense of establishment of new work groups (e.g. for the area of agriculture, veterinary, food safety, health care, etc.), the DEI was put in charge of establishing an *ad hoc* commission which would draft changes and amendments to the Decision on Establishment of the Work Groups for Harmonisation of Legal Regulations of BiH with the *Acquis Communautaire*. The composition of the Commission should comprise representatives of all institutions on the state and entity level, the representative of the Brčko District of BiH, and representatives of all other institutions relevant for the process of harmonisation of legislation. The process of appointment was ended at the end of December 2008, after which the DEI scheduled the constitutive session of the Commission for January 16, 2009.

When it comes to implementation of the Decision on the Procedures in the Process of Harmonisation of Legislation of BiH with the *Acquis Communautaire* (Official Gazette of BiH No. 44/03), the employees of the DEI Sector for Harmonisation of Legislation have prepared, in 2008, 136 opinions on harmonisation of legal regulations with the *acquis*, 78 at the request of the institutions of the Council of Ministers of BiH and 58 at the request of the Parliamentary Assembly of BiH.

The table below gives the overview by chapters for the reform area Policy Making and Coordination Capacities.

Table 8: Overview of the activities and measures for the reform area of Policy Making and Coordination Capacities

COMPONENT OF THE ACTION PLAN 1	Implemented
<b>PART I POLICY MAKING AND COORDINATION CAPACITIES</b>	<b>34.60</b>
PM 1. Strengthening of the central capacities for policies	43.02
PM 2. Improvement of capacities in respective ministries	29.16
PM 3. Improvement of verification of harmonisation with the regulations	31.70
PM 4. Improvement of the process of enactment of legislation	31.75
PM 5. Improvement of access to legislation	33.02



\* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.

### 3.1.2 Public Finances

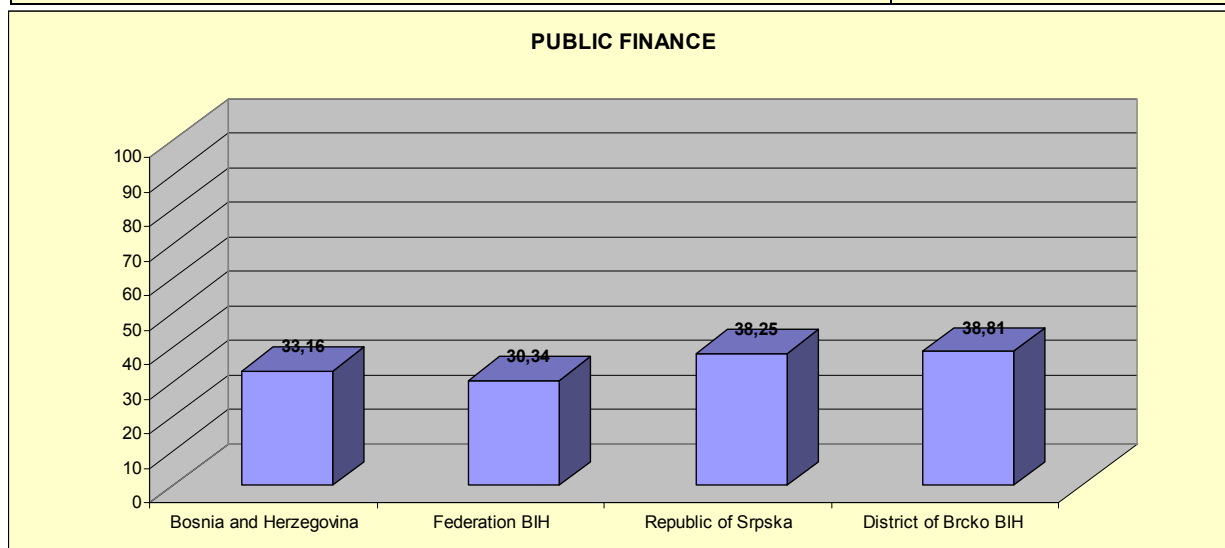
In the reporting period, implementation of the AP 1 in the area of Public Finances on the state, entity and the level of the Brčko District of BiH amounted to **34.48 per cent**. The degree of implementation of the measures of the AP 1 for the area of Public Finances increased in relation to the previous year by **13.85 per cent**, and in relation to the previous quarterly report, the increase is **4.11 per cent**.

In 2008, in the area of systemic solutions of public finances, significant moves have been made. The mechanism for fiscal coordination was strengthened, the Law on Fiscal Council of BiH was finally adopted and it was enacted in August 2008. By the end of the year, three sessions of the Fiscal Council were held at which the Rules of Procedure of the Fiscal Council was adopted (adopted on October 28, 2008) and the conclusion on increase of the budget of the state and entity governments for 2009 was agreed. The Law on Fiscal Council stipulates establishment of the Secretariat of the Fiscal Council of BiH, and the manner of its work is more closely regulated by the Rules of Procedure of the Fiscal Council. The Secretariat will execute expert-administrative and material-financial affairs of support in the work of the Fiscal Council.

Table below shows the total progress in implementation of the Action Plan 1 of the Strategy of the Public Administration Reform in BiH for the reform area of Public Finances.

Table 9: Implementation of the AP1 of the PAR Strategy in BiH – reform area Public Finances

<b>PUBLIC FINANCES</b>	<b>Implemented</b>
<b>Bosnia and Herzegovina</b>	<b>33.16</b>
<b>the Federation of BiH</b>	<b>30.34</b>
<b>the Republic of Srpska</b>	<b>38.25</b>
<b>the Brčko District of BiH</b>	<b>38.81</b>



The PARCO, in 2008, developed the project proposal “**Budget Management Information System – BMIS**” from the area of Public Finances, for whose implementation will be used the assets from the Public Administration Reform Fund. The objective of the project is introduction of the financial information system for preparation of the budget which would be compatible with the treasury system in the ministries of finances. The Project will be implemented on the state, the FBiH, the RS and the BD BiH level. The members of the Supervisory Team for the area of Public Finances adopted the project proposal and the terms of reference, however, the Joint Management Board of the Public Administration Reform Fund returned the terms of reference for improvement, after which the project will be sent to the Supervisory Team for the area of Public Finances for approval. This project would use the assets of the PARF.

As a background for this project, the PARCO uses the reports prepared, at the end of 2007, by the PKF, within the Project of Strengthening the Financial Management in BiH (financed by the

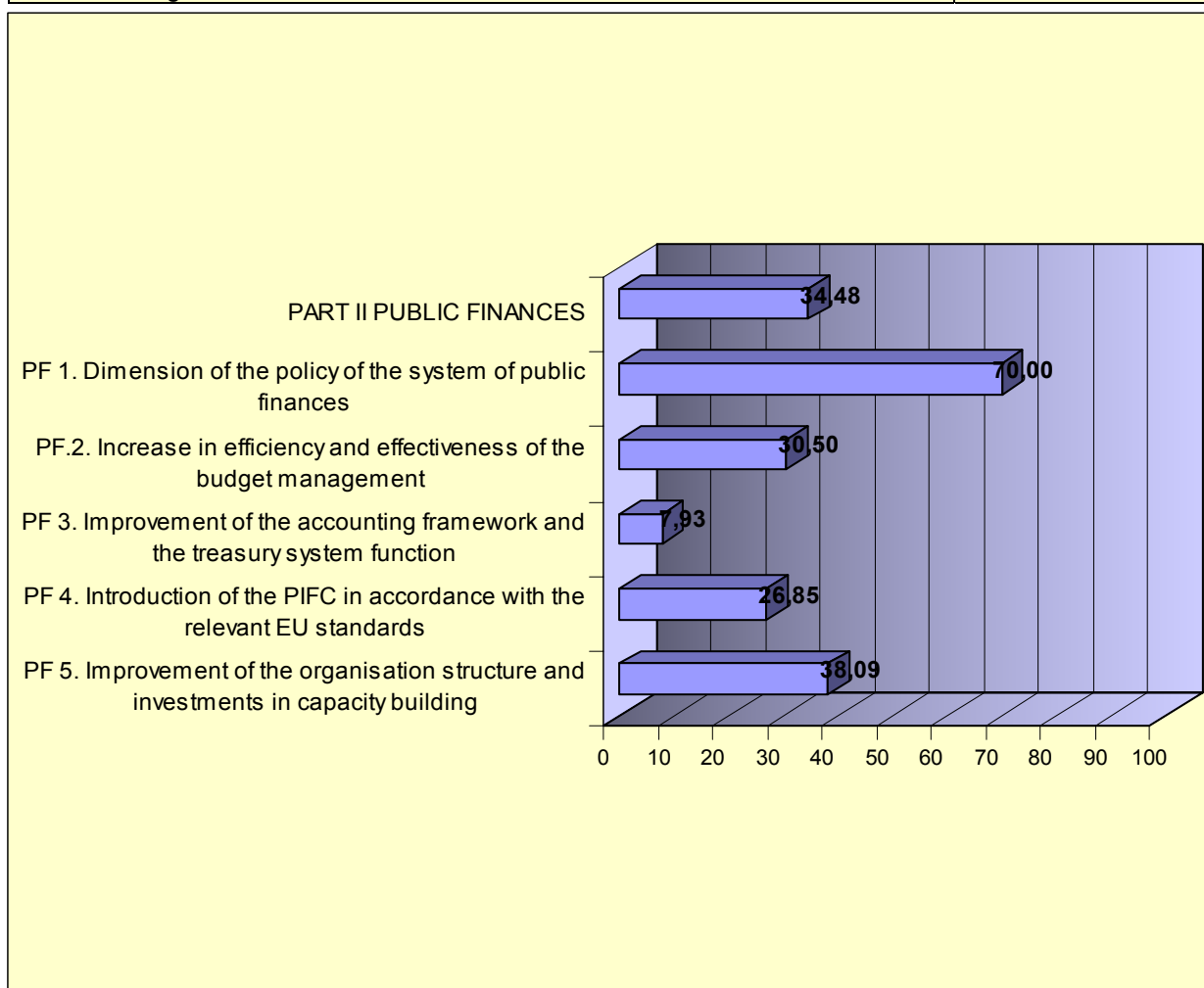


DfID), for the institutions of BiH and for both entities with technical specifications for introduction of improved software solution for the process of budget planning, which would be compatible with the treasury system, harmonised on all levels of authority, and suitable also for programmatic budgeting.

Table below gives the overview by chapters for the reform area of Public Finances.

Table 10: Overview of the activities and measures for the reform area of Public Finances

COMPONENT OF THE ACTION PLAN 1	Implemented
<b>PART II PUBLIC FINANCES</b>	<b>34.48</b>
PF 1. Dimension of the policy of the system of public finances	70.00
PF.2. Increase in efficiency and effectiveness of the budget management	30.50
PF 3. Improvement of the accounting framework and the treasury system Function	7.93
PF 4. Introduction of the PIFC in accordance with the relevant EU Standards	26.85
PF 5. Improvement of the organisation structure and investments in capacity Building	38.09



\* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.

In 2008, the macrofiscal frame for the whole BiH was regularly drafted. The Framework Budget Documents (FBD), for mid term period of three years, are being prepared every year on the level of institutions of BiH, on the level of the FBiH and on the level of the RS, and from 2007, on the level of the Brčko District of BiH as well. In 2006, the Coordination Board for Budget was formed, whose members were main actors in the process of planning and draft of the budget in BiH – assistant ministers for budget within the Ministry of Finances and Treasury of BiH and the entity ministries of finances, the head of the Directorate for Finances of the Brčko District of

BiH, the director of the Directorate for Economic Planning of the Council of Ministers of BiH and head of the Department for Macroeconomic Analysis within the Management Board of the Indirect Taxation Administration of BiH (DMA). Establishment of this Board provides for higher level of harmonisation and coordination in drafting of framework budget documents on all levels of authority in BiH, including also agreement on starting points for draft of the FBDs on all levels of authority, i.e. on mid term macroeconomic projections for BiH which are being prepared by the Directorate for Economic Planning (DEP) and on mid term projections of incomes for distribution from the Common Account of the Indirect Taxation Administration, (CA ITA) which are being prepared by the DMA.

By establishment of the Fiscal Council, it acquired legal competency for adoption of common macroeconomic and fiscal framework for BiH, i.e. document Global Framework of Fiscal Balance and Policies in BiH, which is being adopted every year by May 31<sup>st</sup>, and which will be the basis for FBDs of all levels of authority in BiH. In 2008, the Fiscal Council agreed growth of only budgets of the state and entity governments for 2009, and next year, when for the first time the document Global Framework of Fiscal Balance and Policies in BiH is supposed to be adopted, adoption of the comprehensive macrofiscal framework of consolidated incomes and outflows is expected on all levels of authority in BiH (including cantonal, municipal and fund levels), on the occasion of which it would be necessary to define methodology of calculation of target fiscal balance in relation to the GDP, including procedures of preparation of macroeconomic projections (which should still be prepared by the DEP) and projection of total indirect taxes (which should still be prepared by the DMA).

Consolidated accounts of public sector were made in 2008, although it is not clearly defined whether it is competency of the Central Bank or the DMA. The Central Bank of BiH, since 2002, publishes consolidated data of the budgets of different levels of authority in accordance with the methodology of Statistics of Public Finances 2001. On a yearly basis, consolidated budget level covers budgets of the institutions of BiH (including payments of foreign debt), central governments of both entities and the Brčko District of BiH (including off-budget funds in both entities, cantons in the FBiH, and municipalities in both entities, and excluding directorates for roads and projects of foreign assistance on all levels of authority). Central Bank of BiH publishes consolidated data also on quarterly basis, but excluding municipalities. Department for Macroeconomic Analysis (DMA) within the Management Board of the Indirect Taxation Administration of BiH (ITA), since 2005, publishes consolidated data on execution on monthly level. Data of the DMA include the level of the institutions of BiH, the Government of the FBiH, cantons, municipalities and funds in the FBiH, the Government of the RS, municipalities and funds of the RS, and the budget of the Brčko District of BiH.

In the following period, for the needs of the Fiscal Council, as well as for the needs of reporting on the fiscal trends and plans to the European Commission, it will be needed to establish official competency and procedures of consolidation of data and on fiscal plans of all levels of authority in BiH. It is not known whether it should be done by the CB BiH (which already performs consolidation of the fiscal execution using GFS methodology accepted by the European Commission) or the DMA, which is responsible institution by the European Partnership.

In 2008, for the needs of draft of Economic and Fiscal Programme of BiH for 2008, which is being sent to the European Commission, compilation of data for the period 2008 - 2011 was done by the Central Bank of BiH, on the basis of the Framework Budget Documents (FBD) of the Institutions of BiH, the Federation of BiH, the Republic of Srpska and the Brčko District.

In the area of increase of efficiency and effectiveness of budget management there have also been movements. Within the Coordination Board for Budget, there was an agreement on harmonisation of budget calendars on all levels in BiH, in accordance with which were prepared draft laws on changes and amendments to the laws on budgets on entity levels, and the Law on Financing of Institutions of BiH on the state level in 2008. By adoption of the Law on Fiscal Council of BiH, preconditions were created for changes and amendments to these laws. The Law on Changes and Amendments to the Law on Financing of Institutions of BiH was directed in the procedure of adoption at the end of 2008.

Within the project of Strengthening the Finance Management in BiH (financed by the Great Britain Department for International Development), the Ministry of Finances and Treasury of BiH, as well as the entity ministries of finances held workshops on preparation of the BFDs and programmatic budgeting for finance officers of all beneficiaries. Within the next phase of this project, in 2009, the plan is to have further, more intensive training of budget users, including not only workshops, but also an individual training.

Consolidated BFD for whole BiH is still not prepared. The work is expected on consolidation of the BFDs (or at least basic tables with consolidated fiscal indicators) in 2009, considering that these data should be main inputs for preparation of next documents of Global Framework of Fiscal Balance and Policies, which should be adopted by the Fiscal Council BiH every year for the period of next three years. It is significant to note that in the process of preparation of the BFD and the budget, on all levels of authority of BiH are used unified instructions for budget users (three instructions per year).

On the level of of Institutions of BiH, the RS and the FBiH the Programmes of Public Investments are being prepared every year and include investments financed by the budget, donations and loan assets for a three year period. Additionally, the budget of the Institutions of BiH for 2008 for the first time included also the Multiyear Budget for Capital Investments of the Institutions of BiH.

The Programme of Public Investments of BiH (PPI) should contain comprehensive picture of public investments for the Institutions of BiH, i.e. ongoing projects for whose realisation the sources of financing are ensured, new approved projects for whose financing is probable that the assets will be ensured, and the information on new priority projects for whose financing, at the moment of proposal, were not ensured even probable sources of financing. For the purpose of more efficient programme support and design of the system for management of donations and other sources of financing, ongoing is realisation of the UNDP project "E-Government" whose constituent component is the "Grant Resource Management System" (GRMS). The project is co-financed by the European Commission, and includes also design of the software which would automate the PPI of the Institutions of BiH. In 2008, the competency for preparation of the Programme of Public Investments, on the level of the Institutions of BiH, was integrated in the Ministry of Finances and Treasury (until then it was in the Ministry of Foreign Trade and Economic Relations), i.e. in the newly formed Sector for Coordination of International Economic Assistance.

By establishment of the GRMS and transfer of the Division for Programme of Public Investments from the Ministry of Foreign Trade and Economic Relations in the Ministry of Finances and Treasury, by the Decision of the Council of Ministers of of BiH, the programme of public investments became a part of the system of public finance management and it will be structurally compatible with the budget categories. That way, the PPI of the Institutions of BiH will provide detailed information on the projects from the PPI, flows of external assistance, monitoring of realisation, as well as draft of annual report on usage of the assets for development, with wide analysis of the conditions of implementation, progress and achievements, advantages and weaknesses, trends and development of domestic and foreign investments. However, it is necessary to state that in the following period it would be essential to harmonise the time period for which the PPI is prepared with the period covered by the BFD. Therefore, the Programme of Public Investments the Council of Ministers should every year adopt before sending the BFD to the Council of Ministers (i.e. by the beginning of June, because the MFT BiH submits the BFD to the Council of Ministers by June 15), so the capital investments could be included in the BFD, i.e. the budget. This is the only way to ensure inclusion of all the projects in the budget.

In 2008, the management of the institutions were more involved in drafting of the BFD and the budget, although it was still not enough. Although further improvements are needed in order to ensure desired level of quality (which can be expected considering the volume of the reform, which in other countries lasted for up to ten years), on all levels of authority continuous improvement of quality of the submitted data and greater engagement of managers is notable.

Further on, within the process of preparation of the budget, budgetary consultations are being conducted in August and September every year between the Sector for Budget and managers of budget users. However, although improvements are visible from year to year, still most of the users are represented by the finance officers instead of managers. Within the next phase of the DfID project "Strengthening Public Finance Management in BiH", trainings were planned in 2009 which would be directed to managers of the budget users.

Programmatic planning of the budget in the public administration of BiH is still not introduced. In order to introduce a programmatic budgeting, it is needed to fulfil certain preconditions. By adoption of the Laws on Changes and Amendments of the Laws on Budgets on entity levels and the Law on Financing of the Institutions of BiH, the procedures of programmatic budget will be introduced in legal solutions, bearing in mind that gradual introduction of the programmatic budget is expected as a constituent part of the annual budget adopted by the parliaments on all levels of authority in BiH. Programmatic budgeting will be possible only after implementation of the information system for budget drafting, which will be compatible with the treasury system, in order to ensure possibility of cross control of expenditure by economic categories and programmes. The PARCO works on the project of introduction of this system through already mentioned BMIS project.

Reporting to the Parliament and public exists, but it is not sufficient either by quality or by quantity. The BFDs are published on the web pages of the Ministries of Finances every year in July. Annual reports on execution of the budget of the Institutions are published on the web page of the Ministry of Finances and Treasury of BiH, and in accordance with the planned changes of the Law on Financing of the Institutions of BiH, in the following period, quarterly and semi-annual reports on execution will be published on the web page of the Ministry of Finances and Treasury of BiH.

All audit reports for the Institutions of BiH are published on the web page of the Office for Audit of Institutions of BiH. However, there is still no widened reporting with the analyses of expenditures, explanations of deviations and declarations by recommendations of the audit. That is closely linked with lack of quality employees in the Ministries of Finances who would deal with these matters.

Related with introduction of the Public Internal Financial Control, which is a clear demand of the EU in the area of Public Finances, there was improvement, although document of Strategy is still not adopted. Work group consisting of the representatives of the SIGMA, the Ministries of Finances and the audit from all levels, and the coordinator for public finances was established and held several meetings. First drafts of strategy were made and objections were submitted. In 2009, adoption of the Strategy is expected.

Moves in the area of improvement of accounting framework and function of the treasury system were very modest. There were no moves in introduction of the counting model of accounting, which is currently used in the business community, and which is not introduced even in many European countries. That will require donor assistance.

On all levels of authority the laws on internal audit were adopted, which stipulate obligation of establishment of independent units of internal audit in all bigger budget users. Using the system of functioning of the Supreme Audit Institution as a role model, there is regulation of obligation of establishment of Central Harmonisation Units (state level and entities) and the Coordination Board, consisting of directors of Central Harmonisation Units, which will be responsible for harmonisation of legislation in the area of accounting and internal audit with international standards. That created legal assumptions of development and strengthening of the system of internal financial control.

In 2008, there was improvement of organisation structure and strengthening of capacities within the ministries of finances on all levels. In July 2008, there was adoption of the new Rulebook on Internal Organisation and Systematisation of the Ministry of Finances and Treasury of BiH, which stipulates increase of staff in the Sector for Budget from 13 to 28, of which ten new

positions is foreseen for budget analysts, who would analyse planning and execution of the assigned portfolio of the budget users.

In the end of 2007, the Ministry of Finances and Treasury of BiH had 92 employees, and in 2008 147 employees (including vacancy procedures initiated at the end of 2008). The Rulebook on Internal Organisation and Systematisation of the Ministry of Finances and Treasury of BiH stipulates increase of staff in the Ministry of Finances and Treasury to 234 employees.

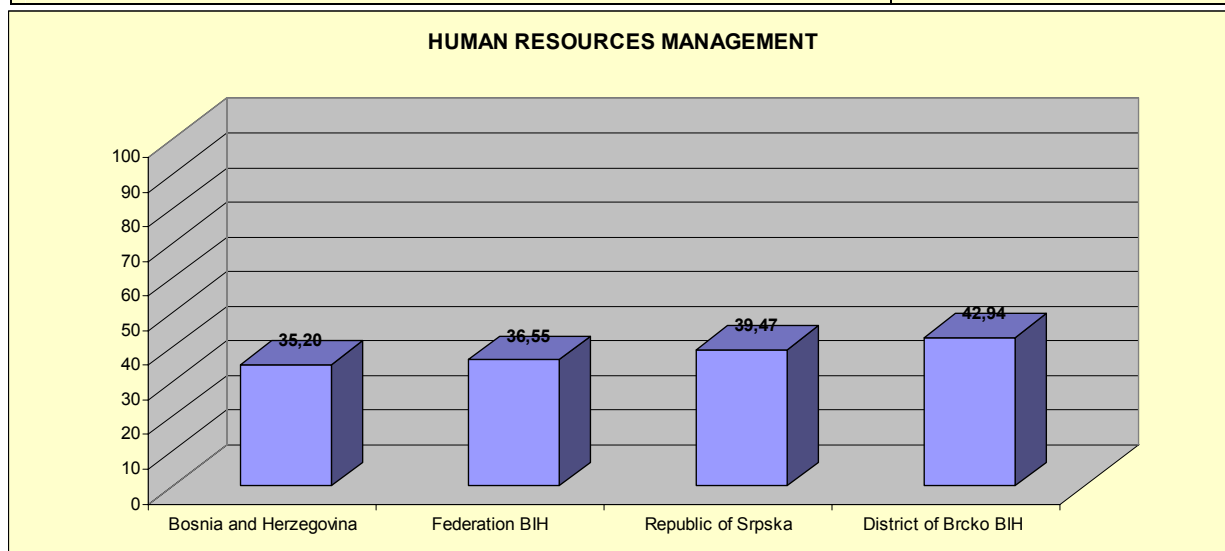
### 3.1.3 Human Resources Management

Total degree of implementation of the Action Plan 1 of the Public Administration Reform Strategy in the area of Human Resources Management on the level of institutions of BiH, the entity level and the level of the Brčko District of BiH by the end of the reporting period amounted **38.60 per cent**, which presents an increase of **3.45 per cent** in relation to the previous reporting period (3<sup>rd</sup> quarter of 2008), and increase of **16.47 per cent** in relation to the annual report for 2007.

Table 11 shows the overall progress in implementation of the Action Plan 1 of the Public Administration Reform Strategy in BiH for the reform Area of Human Resources Management (HRM).

Table 11: Implementation of the AP1 of the PAR Strategy in BiH – reform area Human Resources Management

<b>HUMAN RESOURCES MANAGEMENT</b>	<b>Implemented</b>
<b>Bosnia and Herzegovina</b>	<b>35.20</b>
<b>the Federation of BiH</b>	<b>36.55</b>
<b>the Republic of Srpska</b>	<b>39.47</b>
<b>the Brčko District of BiH</b>	<b>42.94</b>



The most important activities in the reporting period are related with the following:

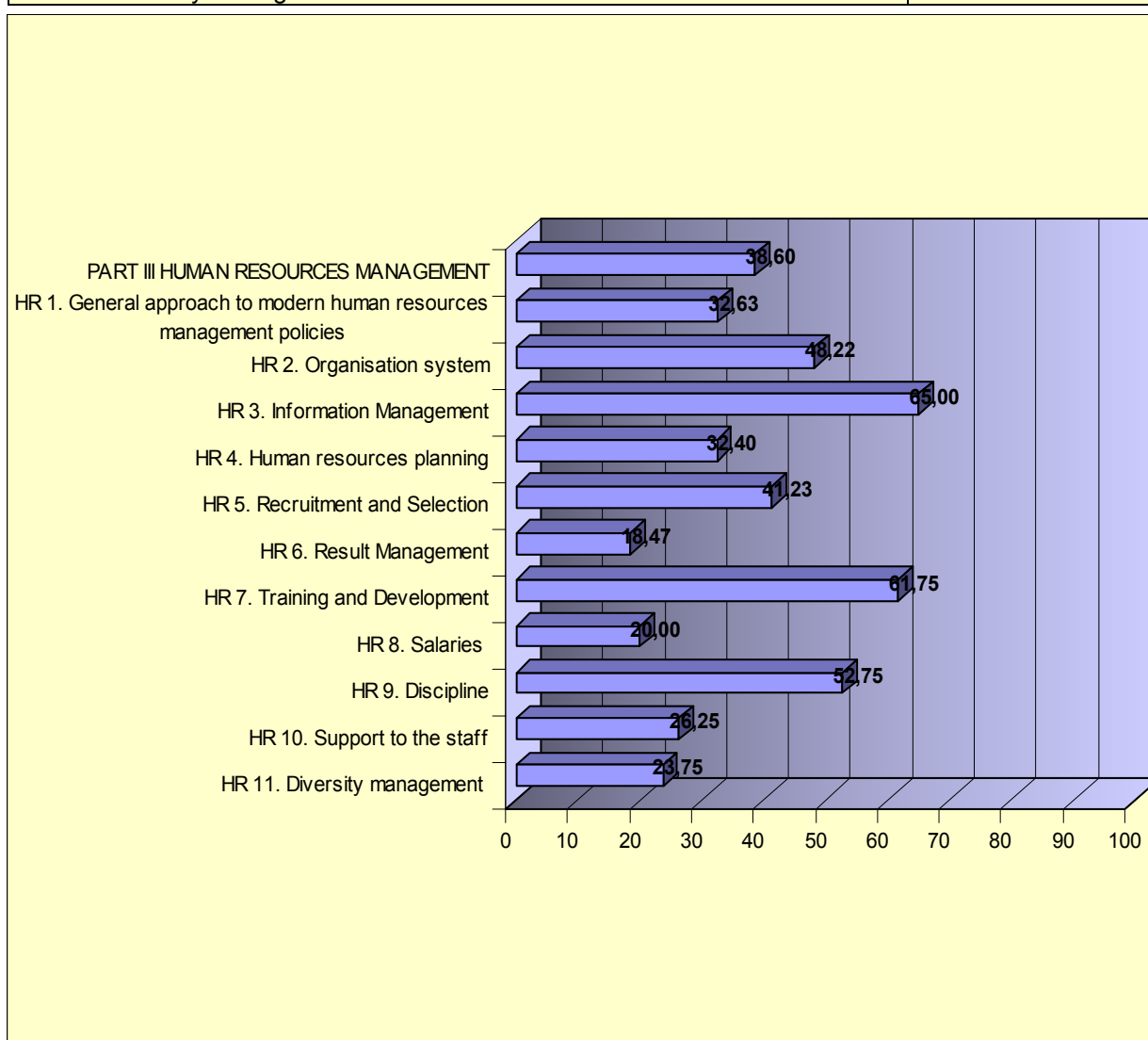
- Implementation of the project of introduction of the Human Resources Management Information System (BH HRMIS), started in March 2008, is being successfully implemented.
- The work of the joint implementation structures for implementation of the Public Administration Reform, established by the “Common Platform on the Principles and Manner of implementation of the AP1”, has been made operational. The Supervisory Team for the area of Human Resources Management, after appointment of the missing representatives from the Ministry of Justice of the FBiH, in the second trimester of 200, adopted the Rules of Procedure and started to work in full capacity.
- The National Assembly of the Republic of Srpska, at the end of November 2008, adopted the group of laws from the area of public administration: the Law on the Government of the RS, the Law on Civil Servants and the Law on the Republic Administration (laws published in the Official Gazette of the RS, No.: 118/08).
- Parliamentary Assembly of Bosnia and Herzegovina adopted the Law on Salaries and Remunerations in the Institutions of BiH (published in the Official Gazette of BiH, No. 50/08).

- The Government of the Federation of BiH, at its 58<sup>th</sup> session (June 2008), discussed and adopted the “Strategy for Training and Improvement of the Civil Servants in the Federation of BiH 2008 – 2010”.
- The Government of the Federation of BiH, at the 70<sup>th</sup> session (September 2008), established an interdepartmental work group for preparation of changes and amendments to the Law on Civil Service in the Federation of BiH.
- The Council of Ministers of BiH, at its 69<sup>th</sup> session (December 2008), established the proposal of the Law on Changes and Amendments to the Law on Civil Service in the Institutions of BiH, which now should be delivered for deliberation to the Parliamentary Assembly of BiH.
- On the level of the Federation of BiH, in December, within the Economic-Social Council for the Area of the FBiH, the Government of the Federation of BiH, the Society of Employers of the FBiH and the Alliance of Independent Unions of BiH concluded the Social Agreement for the Period 2009-2010.
- On all levels, training programmes for civil servants are being implemented by previously established annual plans of trainings and strategic documents for this area.
- Successfully implemented project of training of civil servants from the level of institutions of BiH, the entities and the Brčko District of BiH from the area of European Integrations.
- On the level of the entities, with support of donors, continued special programmes of training for development of capacities of internal trainers in the civil service.
- On the level of the Brčko District of BiH, implemented the second regular cycle of annual evaluation of work of civil servants and employees.

Table below gives the overview by chapters for the reform area of Human Resources Management.

Table 12: Overview of the activities and measures for the reform area of Human Resources Management

COMPONENT OF THE ACTION PLAN 1	Implemented
<b>PART III HUMAN RESOURCES MANAGEMENT</b>	<b>38.60</b>
HR 1. General approach to modern human resources management policies	32.63
HR 2. Organisation system	48.22
HR 3. Information management	65.00
HR 4. Human resources planning	32.40
HR 5. Recruitment and selection	41.23
HR 6. Result management	18.47
HR 7. Training and development	61.75
HR 8. Salaries	20.00
HR 9. Discipline	52.75
HR 10. Support to the staff	26.25
HR 11. Diversity management	23.75



\* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.



The remainder gives the overall overview of the most important activities and the achieved progress within the reform area in 2008.

On the level of the institutions of BiH, the Council of Ministers of BiH established the Proposal of the Law on Changes and Amendments to the Law on Civil Service in Institutions of BiH (December 18, 2008), by the draft which was previously prepared by the work group of the Ministry of Justice of BiH and the CSA BiH. The Draft Law was not previously officially submitted to the PARCO, neither the representatives of the PARCO were involved in the work on preparation of this document. Proposal of the law stipulates changes related with development of careers of the civil servants, in relation to keeping the interns, improvement of the civil servants by the means of internal competitions and creation of preconditions for bigger mobility and transfer of civil servants between the levels of authority in accordance with the valid definitions of civil servants. The Law stipulates novelty also in respect of adoption of the Code of Civil Servants in Institutions of BiH, considering that on this level, until now there was no such kind of document.

After the proposal of the draft of the new Law on Civil Servants in Bodies of Civil Service in the FBiH was withdrawn from the parliamentary procedure, the Government of the Federation, by the Conclusion from the 60<sup>th</sup> session (June 25, 2008), put the Ministry of Justice of the FBiH to analyse, in cooperation with the CSA FBiH, the solutions contained in the draft, and to propose the principles for change of certain solutions in respect with harmonisation with the reform priorities of the PAR Strategy and the Action Plan 1, as well as harmonisation with the drafts of changes and amendments to the laws on civil service with other levels of authority. The CSA FBiH, previously submitted to the PARCO, the draft of this Law, together with the request for comments related with the proposed solutions and deviations from the contents of the reform measures, to which the PARCO gave its comments. Following that, the Government of the FBiH, at the 70<sup>th</sup> session (September 24<sup>th</sup>, 2008), established an interdepartmental work group within the Ministry of Justice of the FBiH, which includes also the representatives of the CSA FBiH and representatives of the Ministry of Education and Science of the FBiH, with the task to propose changes and amendments to the Law on Civil Service in the FBiH, which would ensure that university qualifications of the first and second degree by Bologna System of education, are recognised in the procedures of employment in the bodies of administration in the FBiH. Besides the aforementioned initiatives for change of regulations, on the level of the FBiH was enacted the Law on Changes and Amendments to the Law on Rights of Elected Officials, Bearers of Executive Functions and Advisers in the Institutions of Government in the FBiH (Official Gazette of the FBiH, No. 84/08).

The National Assembly of the Republic of Srpska adopted the new Law on Civil Servants (November 25, 2008), which was published in the Official Gazette of the RS No. 118/08. This law established certain changes, which have as an objective to establish more efficient public administration on this level of authority. The most important provisions are related with areas of planning of employment of civil servants and draft of human resources plans, maintenance of central human resources records and records of internal labour market, improvement of the vacancy procedure, new provisions on evaluation of work of civil servants, establishment of assumptions for establishment of units for maintenance of human resources policy on the level of respective bodies of administration and establishment of mandatory trainings. There was also adoption of the new Law on the Government of the Republic of Srpska and the Law on Administration, which were also enacted in 2008. The draft of this law and other two laws in the area of administration (the Law on Administration and the Law on the Government of the RS) were previously submitted to the PARCO, as an information, by the RS public administration reform coordinator. On the level of the RS, in the last quarter of 2008, enacted was the Law on Administrative Inspection (according to the submitted information it is in the procedure of publishing), which constituted progress in relation to the reform measures relating with establishment, draft and harmonisation of relevant regulations in the reform area within this level of authority.

In the reporting period the Government of the Federation of BiH adopted the "Strategy for Training and Improvement of the Civil Servants in the Federation of Bosnia and Herzegovina 2008 – 2010" (June 4, 2008), which was during the previous reporting period developed by the CSA FBiH with technical assistance of the National School of Government from Great Britain (NSG) within the project "Support to State and Entity Public Administration Reform (SEPARB)". The Document, together with the accompanying Action Plan, presents an important step forward in defining areas of policies and frameworks for development of modern function of human resources management on the level of the FBiH. Similar document has been developed, with support of the NSG, in 2007 for the needs of the civil service of the Republic of Srpska.

In the last quarter of 2008, within the Economic-Social Council for the territory of the FBiH, the social partners, the Government of the FBiH, the Society of Employers of the FBiH and the Alliance of Independent Unions of BiH, concluded the Social Agreement for the Period 2009 – 2010. Within this document, determinations were pointed out for public administration reform, comprehensive analysis of efficiency of administration on all levels of authority, rationalisation of the existing organisation and systematisation of all budget users and establishment of programmes of social care for the established surpluses of work force. The Government of the FBiH, at the 83<sup>rd</sup> session (December 22<sup>nd</sup>, 2008), adopted a conclusion that this agreement, together with the document for its implementation – Programme of Measures for Mitigating Consequences of the Global Economic Crisis and Improvement of Business Ambience, is to be submitted to the Parliament of the Federation of BiH.

The Supervisory Team for the reform area Human Resources Management, after appointment of the missing member and deputy member of the Supervisory Team in front of the Ministry of Justice of the FBiH, during the reporting period held two sessions in which they discussed several project proposals and project materials.

During the reporting period, implementation of the project of development of the Human Resources Management Information System – BH HRMIS has started. Project, which is financed by the European Commission, officially started on March 10, 2008 and will last for 27 months in total and will be implemented on all levels of authority – BiH, the Brčko District of BiH, the Republic of Srpska and the Federation of BiH. For implementer of the project, the company Technologica LTD. Sofia from Bulgaria was selected (first interim report of the project was adopted in October 2008). It is significant to mention that a system of regular reporting to the beneficiaries was established, specification was established for integration of the web page of the CSA BiH and the BH HRMIS portal, user documentation was developed in official languages in BiH and installation of the system on the level of the institutions of BiH has started. After completion of the process of procurement of computer equipment for the needs of installation of the system on the level of the institutions of BiH (data centre BH HRMIS and centre for testing of the candidates), its installation was initiated. Within realisation of the project on the level of BiH, identification of beneficiaries from respective institutions was initiated (system operators) whose training was planned for the period January – February 2009, after which putting the system to work was foreseen. Within development of the BH HRMIS system, developed were also the components related with introduction of the on-line application of candidates for vacant posts in the civil service, IT support to the process of selection of the candidates and e-mail/SMS communication with the candidates. Releasing this component into function would lead to fulfilment of the the group of reform measures HRM 5.2 of the Action Plan 1, related to organisation of more time efficient and economically more acceptable process of application.

In implementation of the project "Improvement of the Process of Recruitment and Selection of Employees in the Civil Service", directed to support to implementation of the measures from the chapter HRM 4. Planning and HRM 5. Recruitment and Selection of the Action Plan 1, several operative activities have been realised. The purpose of the project is directed to improvement of the existing job descriptions in the bodies of civil service and procedures of selection of candidates by using the results of job analysis and competency frameworks. Implementers of the project – the UNDP BiH and the National School of Government from Great Britain (NSG), who ensure a technical assistance, in cooperation with the PARCO realised the programme of

training for the staff of the institutions (from different levels of authority) included in the pilot project. In total, 11 institutions delivered results of the implemented job analysis, on the basis of which new job descriptions were made. Within the project, in second half of 2008, workshops were organised in which drafts of competencies frameworks were established for managing and non-managing civil servants. In the activities preceding this project, on the level of the Federation of BiH, the CSA FBiH, with technical assistance of the UNDP BiH, realised the project of analysis of work places for the bodies of administration of the FBiH. Out of 52 bodies in total which were covered by the project and activities of training, 25 bodies of administration delivered reports on the implemented activities, and 9 of them implemented improvements of the existing work places and adopted appropriate changes and amendments to the rulebooks on internal organisation.

In relation to the other activities on adoption of new and change of the existing implementation regulations in the area of employment and selection of the candidates for work places in the civil service, in the reporting period the following has been recorded:

- On the level of the institutions of BiH, the CSA BiH adopted a new Rulebook on the Procedures of Advertising, Selection of Candidates, Transfer and Appointment of Civil Servants in Case of Transfer or Taking Over the Competencies by the Institutions of BiH (Official Gazette of BiH, No. 27/08). The Rulebook established certain improvements in relation to the previous regulation which regulated this area and performed harmonisation with the new Decision on the Manner of Taking Public and Expert Exam (Official Gazette of BiH, No. 96/06).
- The Government of the FBiH adopted, at the 71<sup>st</sup> session (September 24, 2008) the Order on Changes and Amendments to to Order on Conditions, Manner and Programme of Taking the Exam of General knowledge for the candidates for the Civil Service in the FBiH, which simplifies the procedure of selection and ensures higher level of expertise in the structure of the commissions for selection of candidates for the civil service. Also in the FBiH was adopted the Rulebook on Changes and Amendments to the Rulebook on Unified Criteria and Procedure of Selection and Employment of Interns with University Degree in the Bodies of Civil Service in the Federation of BiH (Official Gazette of the FBiH, No. 59/08 ). Within the Ministry of Justice of the FBiH, in the last quarter were initiated the activities on preparation of changes and amendments to the Law on Employees in the FBiH, the Order on Mediator of the Civil Service and the Order on the Rules of Disciplinary Procedure for Disciplinary Responsibility of the Civil Servants in the Bodies of Civil Service of the FBiH.
- On the level of the Republic of Srpska, after adoption and enactment of the new Law on Civil Servants, in the last quarter of 2008, were initiated the activities on preparation of several different bylaws, whose adoption stems from the provisions of the Law.

Parliamentary Assembly of BiH adopted the Law on Salaries and Remunerations in Institutions of BiH, which is being applied since July 1<sup>st</sup>, 2008. After that, the MFT BiH worked on preparation of the bylaws for implementation of this Law. On the level of the FBiH, the Government of the FBiH, by the Conclusion from the 60<sup>th</sup> session (June 2008) obligated the Ministry of Justice of the FBiH, the Ministry of Finances of the FBiH and the Ministry of Work and Social Policy of the FBiH to form an interdepartmental work group with a task of establishing the draft Law on Salaries of the Civil Servants in the Federation of BiH. The House of Peoples of the Parliament of the FBiH, at the session held on December 29, 2008, obligated the Government of the FBiH to prepare within 60 days proposal of the law on salaries and remunerations of all budget users in the FBiH and for all levels of authority in the FBiH.

Related with the activities of promotion of the civil service, reform and support to the employees, the CSA FBiH and the CAA RS, during the reporting period, redesigned their official web pages and that was ensured more functional contents on their activities, vacancy procedures and other relevant information for the employees in administration and of interest to wider public. The CAA RS, on March 4, 2008, promoted the first issue of the magazine for administrative–legal theory and practice “Modern Administration”. The CSA FBiH publishes the publication “Information on the Results of Work of the Civil Service Agency of the FBiH in a

domain of the public administration reform” for the period 2005-2007, with an intention of achieving easier and simpler access to information on public administration reform and acquainting the public and employees on the currents of public administration reform in the FBiH.

On all levels of authority, central personal units were implementing the activities of establishment of the needs for training for the next period and at the same time actively worked on realisation of the earlier established plans and programmes of trainings for the ongoing year. The Government of the Federation of BiH, on June 4, 2008, discussed and adopted the “Strategy for Training and Improvement of the Civil Servants in the FBiH 2008 – 2010” with the accompanying Action Plan for the same period, prepared by the CSA FBiH.

With support of the SEPARB project, implemented by the NSG from Great Britain, on the level of the FBiH and the RS trainings were completed for the internal instructors for training from the rank of civil servants, who in the following period are supposed to be engaged for implementation of various kinds of horizontal trainings in the bodies of administration. Through the same project modules of training “Shaping the Future” were realised for the managing civil servants on the level of BiH, the FBiH and the RS. The Civil Administration Agency of the RS also implemented a cycle of training for 63 interns and newly employed in the Civil Service of the RS in the first half of 2008. On the level of institutions of BiH, the CSA BiH implements the new cycle of trainings for managing civil servants with 8 different modules of training and a period of realisation from October 2008 to February 2009 in several different terms. On the level of the Brčko district of BiH, activities of annual evaluation of work of civil servants and employees in the bodies of administration of the BD BiH have ended, within which the Subdivision for Human Resources of the BD BiH implemented the training of persons who implement evaluation of the results of work. “Project of Training of Civil Servants of Institutions of BiH, the Entities and the BD BiH from the area of European Integrations” was realised successfully, which was, in 38 three day terms, attended by 1152 civil servants from different levels of authority in BiH. The Project was financed by the assets of the European Commission and implemented with participation of local experts and consultancy firms.

The PARCO prepared the joint project “Training of Civil Servants for Application of Information Technologies by the ECDL Standard”, whose realisation should ensure training for 1600 civil servants from different levels of authority. The PARF JMB approved the assets for financing of this training programme, and it will be implemented in the following two year period, after the PARCO implements the tender procedure for procurement of services of training.

In the following period there is a plan to implement the project “Development of the Result Management System in the Structures of Civil Service in BiH”, which was prepared by the PARCO and includes all levels of authority. The project is related with introduction of a modern system of result management and improvement of the existing system of evaluation of the employees in the civil service, by the reform measures from the chapter HRM 6. AP 1. PARF JMB gave agreement to the project proposal and upon approval of the final terms of reference and allocation of the financial assets, the PARCO plans to initiate the procedure of public procurement of consultancy services for its implementation.

For the following period, in the reform area the following projects were planned as well:

- “Development of the Electronic Learning Information System (eLMIS)” - project proposal prepared by the CSA BiH,
- “Establishment of Modern Departments for Human Resources Management in the ministries and the institutions of the Federation of BiH” - project proposal prepared by the CSA FBiH and for which there is a plan to be widened on other levels.

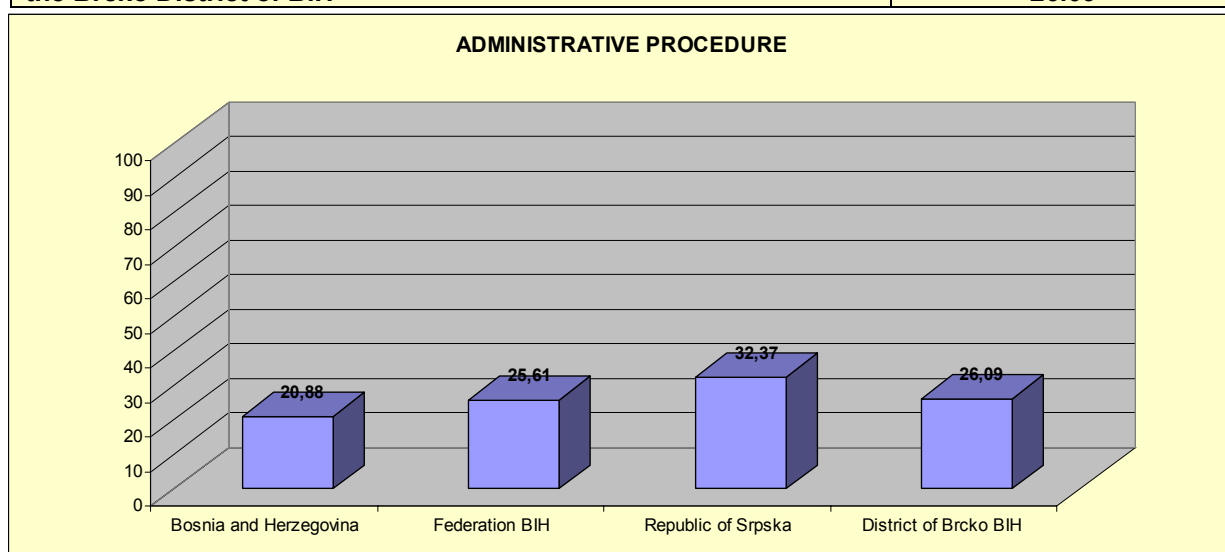
### 3.1.4 Administrative Procedure

The achieved progress in implementation of the measures and activities from the Action Plan 1 of the Strategy of the Public Administration Reform in the area of Administrative Procedure, on all levels of authority in BiH, by December 31<sup>st</sup>, 2008 amounts to **27.93 per cent**, which presents an increase by **5.76 per cent** in relation to the previous reporting period, and in relation to 2007, the increase is **14.23 per cent**.

Table 13 gives the overall overview of implementation of the Action Plan 1 of the Public Administration Reform Strategy in BiH for the reform area of Administrative Procedure.

Table 12: Implementation of the AP1 of the PAR Strategy in BiH – reform area of Administrative Procedure

<b>ADMINISTRATIVE PROCEDURE</b>	<b>Implemented</b>
<b>Bosnia and Herzegovina</b>	<b>20.88</b>
<b>the Federation of BiH</b>	<b>25.61</b>
<b>the Republic of Srpska</b>	<b>32.37</b>
<b>the Brčko District of BiH</b>	<b>26.09</b>



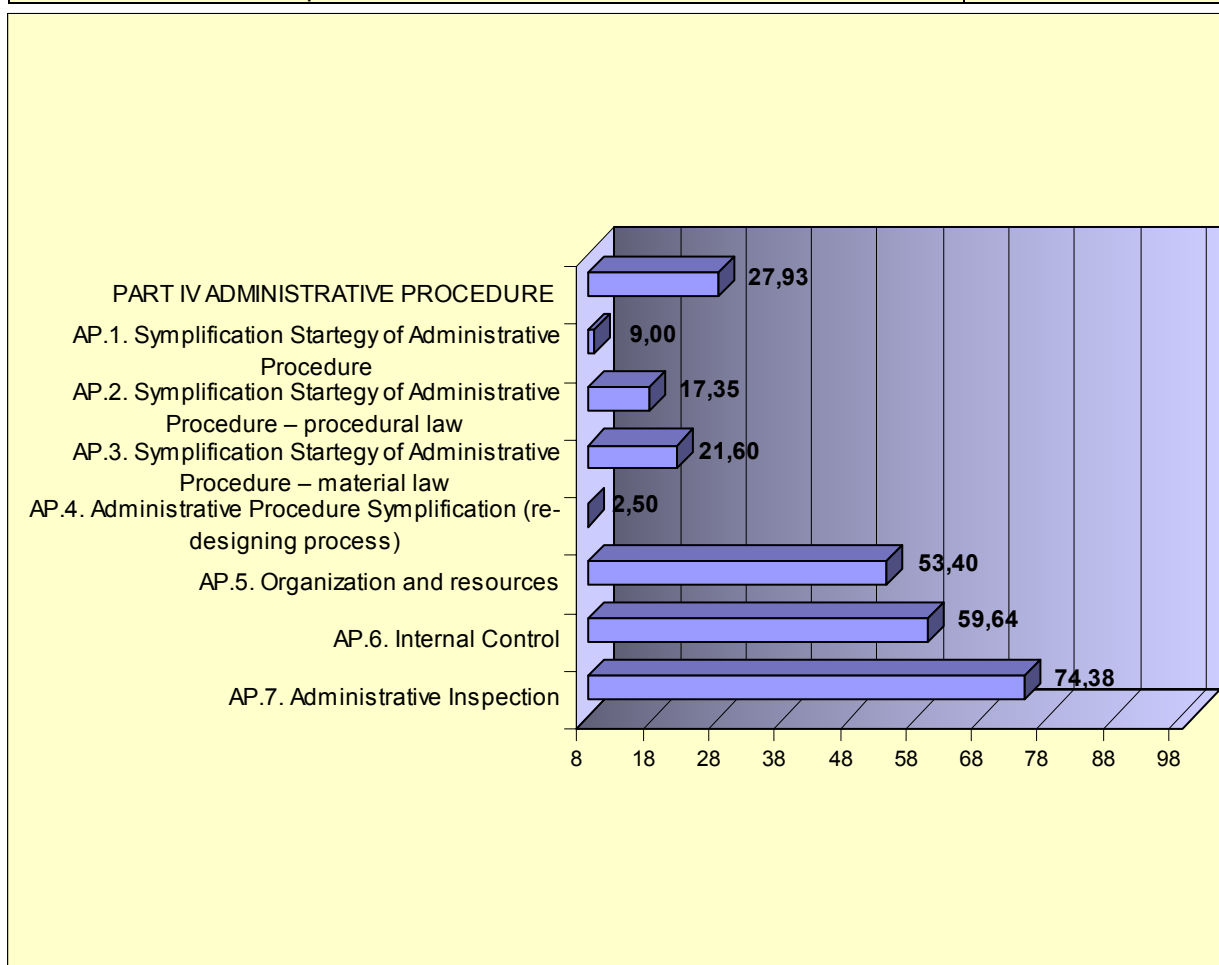
The project proposal and the terms of reference “**Draft of Administrative Decision Making in BiH Quality Improvement Programme**”, which will implement the activities stated by the Action Plan 1 in the chapter AP.1.1. Simplification Strategy of Administrative Procedure for the Whole State, the Joint Management Board of the PAR Fund approved at its fourth session held on July 23<sup>rd</sup>, 2008. Realisation of the aforementioned Project will have as a result ordered Administrative Decision Making in Bosnia and Herzegovina Quality Improvement Programme, in accordance with the modern European standards of administrative decision making, which will contain legislation, organisation, IT measures and measures for capacity strengthening. Its implementation will contribute to quality improvement of administrative decision making on all the levels of authority in Bosnia and Herzegovina in accordance with modern European standards on all the levels of authority in BiH, and oriented to beneficiaries of services. The PARF JMB approved the tender documentation for procurement of consultancy services for realisation of the said project. The Commission has been established for implementation of the procedure of public procurement of consultancy service of the project. The tender procedure is ongoing. Also ongoing is drafting of the Rules of Procedure of the Implementation Team for realisation of the said project.

Also, ongoing are activities related with preparation of project fiches and logical frameworks for harmonisation and improvement of the existing laws on administrative procedure on all administrative levels in Bosnia and Herzegovina, and education of administrative procedure leaders and administrative inspectors.

Table below gives the overview by chapters for the reform area of Administrative Procedure.

Table 14: Overview of the activities and measures for the reform area of Administrative Procedure

COMPONENT OF THE ACTION PLAN 1	Implemented
<b>PART IV ADMINISTRATIVE PROCEDURE</b>	<b>27.93</b>
AP.1. Simplification Strategy of Administrative Procedure	9.00
AP.2. Simplification Strategy of Administrative Procedure - procedural law	17.35
AP.3. Simplification Strategy of Administrative Procedure - material law	21.60
AP.4. Administrative Procedure Simplification (redesigning process)	2.50
AP.5. Organisation and Resources	53.40
AP.6. Internal Control	59.64
AP.7. Administrative Inspection	74.38



\* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.

In the Federation of Bosnia and Herzegovina in cooperation with the World Bank, on July 30, 2008 in Sarajevo was organised the Conference on Regulatory Reform “Guillotine of Regulations of the Federation of BiH”. This project implies abolishment and change of regulations which aggravate work in certain areas of business, whether it is about issuing personal documents to citizens, starting a small business, establishment and start of work of firms, issuing construction and other permits, different agreements, as well as about matters of wider development of trade and economy.

The Government of the Federation of BiH, at the session held on August 14, 2008, adopted the Information on initiation of the project “Regulatory Reform Guillotine of Regulations of the Federation of BiH”, and adopted a series of conclusions and put certain administrative bodies of administration in the FBiH in charge of realisation of the aforementioned project. Also, the

Government of the FBiH, at the 77<sup>th</sup> session (November 13, 2008) adopted a Decision on giving agreement to the Memorandum of Understanding between the Government of the FBiH and the International Financial Corporation (IFC), by which it obligated it self to ensure comprehensive simplification and improvement of legislation and administrative procedures for the purpose of establishment of conditions for improvement of business in BiH through decrease of expenses and risks of business. After this activity, the following will be giving of agreement by the Government of the FBiH to the Contract with the IFC, and establishment of the body for monitoring of implementation, as well as appointment of the Technical Unit for Implementation. In the FBiH was completed appointment of the chief federal administrative inspector.

The Government of the **Republic of Srpska**, at the 82<sup>nd</sup> session held on July 3<sup>rd</sup>, 2008, established a set of laws from the area of administration, which were prepared by the interdepartmental group: Draft Law on the Government of the Republic of Srpska, Draft Law on Civil Administration and Draft Law on Civil Servants. The National Assembly of the Republic of Srpska adopted these laws at the 22<sup>nd</sup> session held on July 18, 2008, which would contribute to establishment of more efficient public administration in the Republic of Srpska.

The Law on the Government of the Republic of Srpska stipulates that organisational units are being established, within the Cabinet of the Prime Minister of the Republic of Srpska, for the affairs of: planning and monitoring, European integrations, public administration reform, relations with citizens and protocol affairs. The objective of establishing these organisational units is to assist the Prime Minister in achieving the objectives and to assist the efficient work of the Government and to coordinate the work of the Ministries related with adoption and implementation of strategic objectives from the annual plans, and to monitor application of policy of European integrations and public administration reform.

Additionally, in the RS was adopted the new Law on Administrative Inspection of the Republic of Srpska. The administrative inspection in the Republic of Srpska is established on the principle of territorial division of inspectors and in the RS all systematised work places of administrative inspectors are filled. All inspectors have official cars, computer and other necessary equipment.

Also, in the Republic of Srpska was adopted the Law on Electronic Signature and the Law on Electronic Document, and ongoing are activities on draft of the Law on Electronic Business of the RS, draft of the Strategy of Development of Information Society of the Republic of Srpska 2009-2012, draft of bylaws for electronic signature, and the process of legalisation of software in the bodies of local administration in the RS, as well as design of the e-Map of the Republic of Srpska. Next to the aforementioned, the following documents were drafted and adopted as well: Policy of Security of Information System of the Government of the Republic of Srpska, Strategy of e-Government of the Republic of Srpska 2009-2012, Law on Electronic Document of the Republic of Srpska, Order on the Bearer of the Jobs of Electronic Certification in the Republic Bodies of Administration. In 2008, the Agency for Information Society of the RS employed maximum human resources and is operational.

**On the State level**, in 2008, elements were identified which would be starting basis for change of the Law on Administrative Procedure for the purpose of facilitation of the procedures of decision making by the requests of the parties as well as for the purpose of enabling the usage of new technologies which facilitate the existing procedures of leading the administrative procedure. Plan of Work of the Ministry of Justice of BiH for 2009 stipulates draft of the Law on Administrative Procedure.

Next to the aforementioned, related with all four administrative levels in BiH, it is necessary to point out the following:

- Certain progress has been achieved in the area of internal control, periodic and annual reports on work are being drafted, which are being submitted to the institutions in charge, but there is still no adequate system of monitoring established. Every prepared act, before its enactment, is being several times controlled by the immediate supervisor, head of the section and head of the sector. There is a standard structure of report, which is being

followed on the occasion of drafting the report, and there is a good practice of reporting. There is still no agreement on equal standards of reporting for each level.

- The Law on Administrative Procedure of BiH, the Law on Administrative Procedure of the FBiH and the Law on Administrative Procedure of the BD BiH stipulate financial fines for violation of provisions of the LAPs, both for institutions and for official persons on the level of BiH, the FBiH and the BD BiH. On the level of BiH, the matter of disciplinary responsibility is regulated by the Law on Civil Service in Institutions of BiH and by the Rulebook on Disciplinary Responsibility of Civil Servants in Institutions of BiH, and on the level of the FBiH, by the Law on Civil Service of the FBiH and by the Order on Rules of Disciplinary Procedure for Disciplinary Responsibility of Civil Servants in Bodies of Civil Service in the FBiH. In the RS, the system of disciplinary responsibility is also strengthened, which is regulated by the Law on Administrative Service in Administration of the RS and by the Rulebook on Disciplinary and Material Responsibility of Civil Servants.
- Identified are necessary training needs which are related with leading an administrative procedure, both for newly employed and civil servants with work experience. In cooperation with the Civil Service Agency of BiH, the Civil Service Agency of the FBiH, the Civil Administration Agency of the RS and the Civil Service of the BD BiH, depending on the administrative level of authority, plan and programme of the training is regularly harmonised. Some forms of training of civil servants are completed, while organisations of new forms of training are ongoing. Implemented trainings cover part of the identified needs. System of certification for key roles in administrative decision making has been partially established.
- In the area of administrative supervision, significant progress has also been achieved on all administrative levels. The role and activities of administrative inspection are prescribed by the law, and the inspectors in their regular activities verify application of the LAPs, but still the actions should be directed to ensuring more quality services to citizens and verification of all aspects of procedures including standard counter practices. In the Republic of Srpska, in the reporting period, new Law on Administrative Inspection was adopted, and in the Federation of BiH the chief federal administrative inspector was appointed. On the level of BiH, the Rulebook on Changes and Amendments to the Rulebook on Internal Organisation of the Ministry of Justice was adopted, which systematised five work places of administrative inspectors. In the RS and the BD BiH all work places of administrative inspectors are filled. Procurement of computer equipment improved technical conditions of work on the state level. In the RS, the needed equipment for work of the administrative inspection was procured. All inspectors have official cars, computers and other necessary equipment, and in the reporting period, laptops were ensured for certain number of administrative inspectors. In the BD BiH, all the necessary equipment for work of the administrative inspection was ensured.



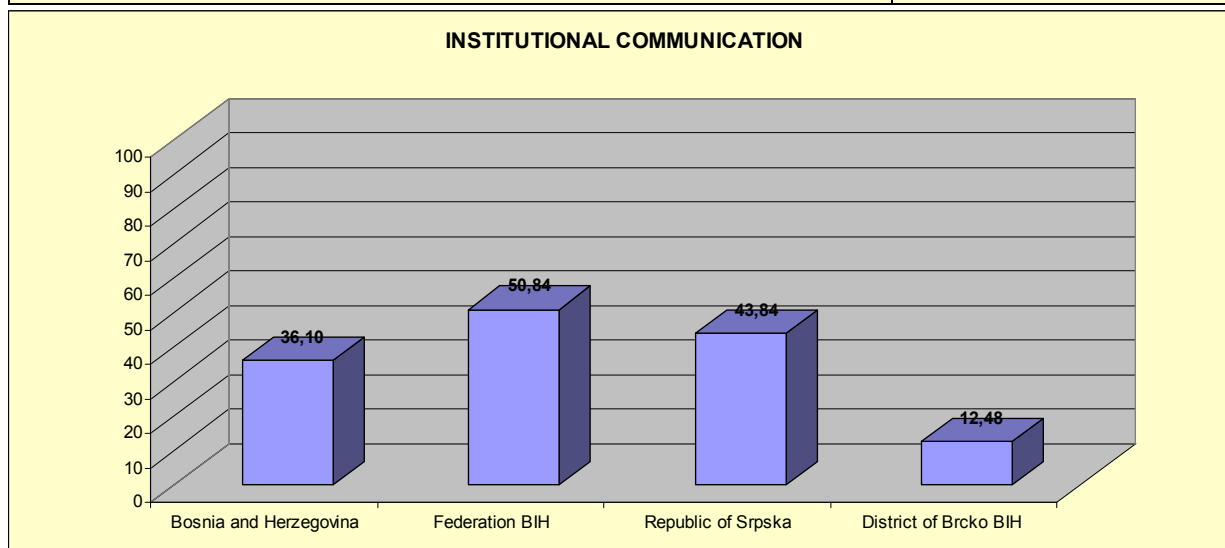
### 3.1.5 Institutional Communications

Overall implementation of the AP 1 in the area of Institutional Communications, on the state, entity and the level of the Brčko District of BiH, by the end of 2008 amounts to **33.31 per cent**, which is an increase of **1.86 per cent** in relation to the III quarter of 2008 and **12.19 per cent** in relation to the Annual Report for 2007.

Table 15 gives the overall progress in implementation of the Action Plan 1 of the Public Administration Reform Strategy in BiH for the reform area of Institutional Communications.

Table 15: Implementation of the AP1 of the PAR Strategy in BiH – reform area Institutional Communications

<b>INSTITUTIONAL COMMUNICATIONS</b>	<b>Implemented</b>
<b>Bosnia and Herzegovina</b>	<b>36.10</b>
<b>the Federation of BiH</b>	<b>50.84</b>
<b>the Republic of Srpska</b>	<b>43.84</b>
<b>the Brčko District of BiH</b>	<b>12.48</b>



From the Public Administration Reform Fund, financing for three projects from this area was approved, for the purpose of fulfilment of the activities AP 1 IC 1, IC 8 and IC 14. The procedure of procurement of consultancy services for the project “Training of Information Officers” was annulled after the phase of prequalification because of failure to fulfil the conditions from the tender documentation. For the project “Strategic Communication”, the tender documentation for procurement of consultancy services was prepared, publishing of public call is expected in the first quarter of 2009. Realisation of the project “Establishment of Network of Info Stands” starts in January 2009.

Supervisory team for the area Institutional Communication adopted the Rules of Procedure. Two joint and 7 bilateral meetings of the members of the Supervisory Team were held.

On the level of BiH, by the end of this reporting period, the degree of implementation of the Action Plan 1 amounts to 36.10 per cent, and the progress is noted in the chapters of the Action Plan 1 which treat organisational matters within the information units; setting standards in work of the information officers and coordination of the information officers in the ministries. Filling of posts of public relations officers was continues, so 7 of 9 ministries of the Council of Ministers of BiH has this position filled. There is a unique design of the web pages of the institutions on the level of BiH (activity IC 13) within the II phase of the project of e-Government and successive initiation of the redesigned web pages is ongoing.

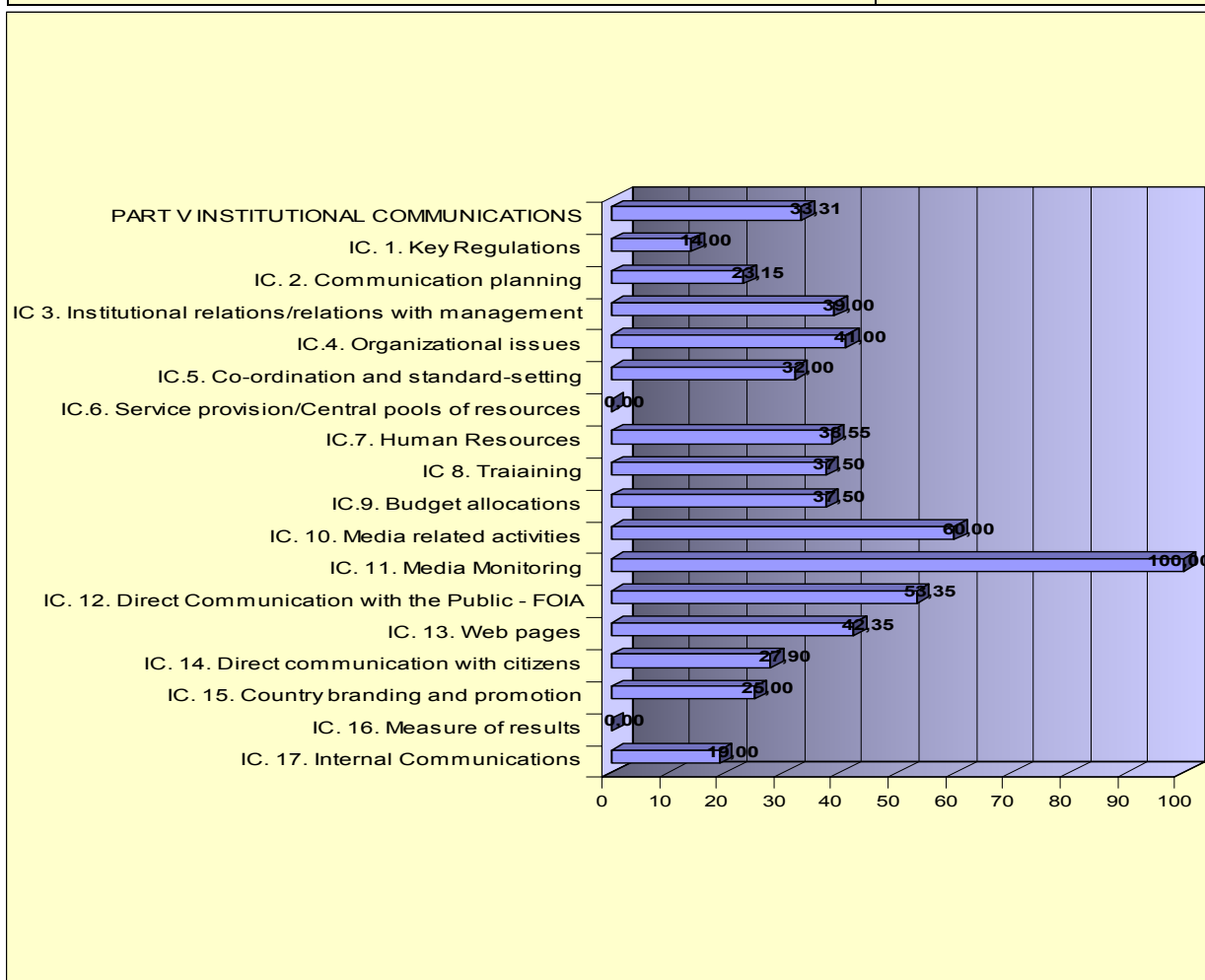
On the Level of the Republic Srpska, implementation of the AP 1 amounts to 43.84 per cent. Progress has been achieved in the chapters AP 1 IC 2 - Communication Planning; IC 5 - Coordination and Standard Setting; IC 7 - Human Resources; IC 10 - Media Related Activities and IC 13 - Web Pages.

In the Federation of BiH, the degree of implementation amounts to 50.84 per cent. The progress is noted in the chapters AP 1 IC 7 - Human Resources; IC 10 - Media Related Activities and IC 13 - Web Pages.

The Brčko District of BiH has 12.48 per cent of implementation of the measures of the AP1 in the subject area.

Table 16: overview of the activities and measures for the reform area of Institutional Communications

COMPONENT OF THE ACTION PLAN 1	Implemented
<b>PART V INSTITUTIONAL COMMUNICATION</b>	<b>33.31</b>
IC 1. Key Regulations	14.00
IC 2. Communication Planning	23.15
IC 3. Institutional Relation/Relations with Management	39.00
IC 4. Organisational issues	41.00
IC 5. Coordination and Standard Setting	32.00
IC 6. Service Provision/Central Pools of Resources	0.00
IC 7. Human resources	38.55
IC 8. Training	37.50
IC 9. Budget Allocation	37.50
IC 10. Media Related Activities	60.00
IC 11. Media Monitoring	100.00
IC 12. Direct Communication with the public - FOIA	53.35
IC 13. Web Pages	42.35
IC 14. Direct Communication with Citizens	27.90
IC 15. Country Branding and Promotion	25.00
IC 16. Measure of Results	0.00
IC 17. Internal Communications	19.00



\* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.

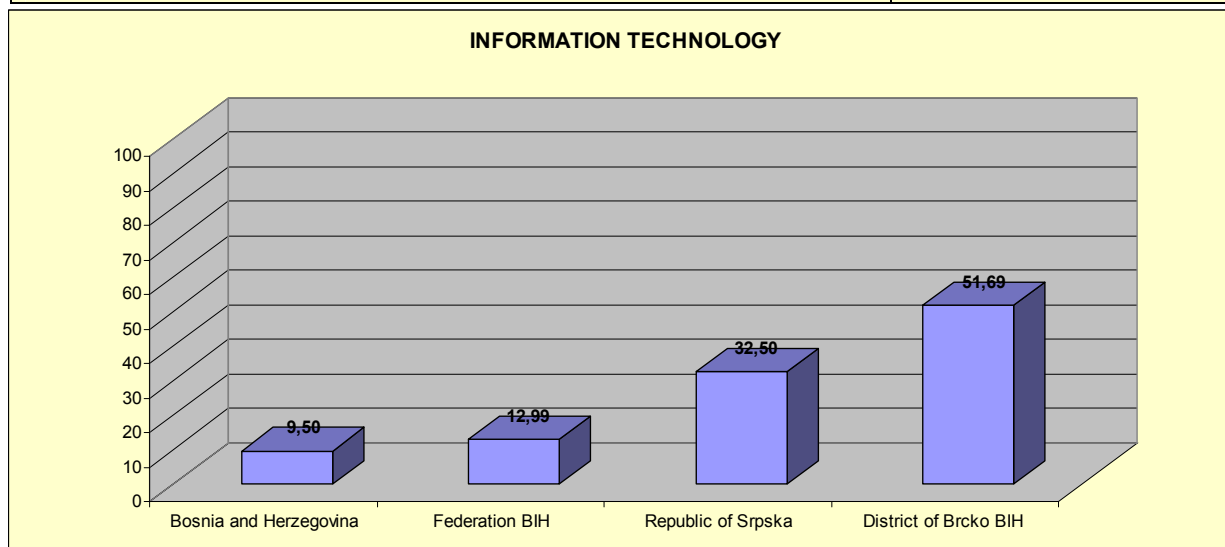
### 3.1.6 Information Technologies

In the previous reporting period a progress has been achieved in implementation of the measures and activities from the Action Plan 1 of the Public Administration Reform Strategy in the area of Information Technologies on all levels of authority in BiH, which now amounts to **26.77 per cent** in relation to the Plan, not counting the time frame for implementation of the activities given in the Action Plan 1 of the Strategy of the Public Administration Reform in BiH. This amount presents an increase by **1.83 per cent in relation to the previous reporting period**, and increase by **13.33 per cent** in relation to 2007.

Degree of realisation of the Action Plan 1 of the PAR Strategy by levels of authority in BiH is given in the table below.

Table 17: Implementation of the AP1 of the PAR Strategy in BiH – reform area Information Technologies

<b>INFORMATION TEHNOLOGY</b>	<b>Implemented</b>
<b>Bosnia and Herzegovina</b>	<b>9.50</b>
<b>the Federation of BiH</b>	<b>12.99</b>
<b>the Republic of Srpska</b>	<b>32.50</b>
<b>the Brčko District of BiH</b>	<b>51.69</b>



During 2008, project proposal and the terms of reference “Design and Establishment of Interoperability Framework and Standards for Data Exchange” were prepared and supported by the Supervisory Team. The public procurement of consultancy services by a restricted procedure was initiated. In the phase of prequalification there were no timely submitted requests for participation. The first phase – prequalification for procurement of consultancy services was ended.

After the Government of the Brčko District BiH proposed the project **One Stop Shop**, the work started on draft of logical framework, project proposal and terms of reference. The members of the Supervisory Team declared on the terms of reference, but the PARF JMB did not approve the project. Necessary changes were made in the project proposal and the terms of reference and the title of the project was changed into **One Stop Shop – Services for Assistance to Citizens** (instead of the title until then One Stop Shop). The Project, in its changed form, was approved at the following session of the Supervisory Team, and then at the last session of the PARF JMB held in December. The representatives of the European Commission Delegation did not attend the session, but they sent their comments on this project afterwards, after which they were sent to the PAR Coordinator of the Brčko District of BiH in order to make the necessary changes and amendments to the terms of reference in accordance with the recommendations of the representatives of the European Commission Delegation.

**On the level of BiH**, in the Ministry of Traffic and Communications, the following activities took place:

- tender for equipment of the project of e-Government was successfully ended,
- establishment of the Commission for Draft of Legal Regulations for the Project e-Government in the Council of Ministers of BiH,
- after establishment of the Commission for Draft of the Law on the Agency for Information Society, the proposal of this law was sent in the parliamentary procedure,
- signed Agreement on Strategic Partnership between the CoM BiH and the Microsoft,
- established group of projects from the domain of information technologies for the purpose of raising general level of these technologies in BiH. Originator of these projects is the Ministry of Traffic and Communications of BiH, and it is expected that the Council of Ministers of BiH will approve realisation of the projects.

**On the level of the Republic of Srpska**, the following activities took place:

- after preparatory and organisation activities for establishment of the Agency for Information Society were completed, the Government of the Republic of Srpska adopted the Decision on Establishment and the Agency was Established,
- the Law in Electronic Signature and the Law on Electronic Document were adopted,
- the Decision on the Bearer of the Jobs of Electronic Certification in the Republic bodies of Administration was adopted,
- the following documents were drafted: Policy of Security of Information System of the Government of the Republic of Srpska and the Strategy of e-Government of the Republic of Srpska 2008-2011/2009-2012,
- design of internal portal of the Government of the Republic of Srpska e-Legislation,
- implemented decentralised administration and update of the Web portal of the Government of the Republic of Srpska,
- quality implementation of e-Board, system for electronic sessions of the Government of the Republic of Srpska.

**On the level of the Federation of BiH** the following activities are being implemented:

- implemented complete project of Sessions without Paper. First session of the Government with this information solution was held on January 31<sup>st</sup>, 2008,
- Within contract with the Microsoft, initiated project Electronic Reception Office in the Secretariat General of the Government of the Federation of BiH. Presentation of the idea of the project was held on September 19, 2008,
- at the 47<sup>th</sup> session, the Government adopted the opinion on the Draft Law on Agency for Information Society, as proposed by the Federal Ministry of Traffic and Communications.

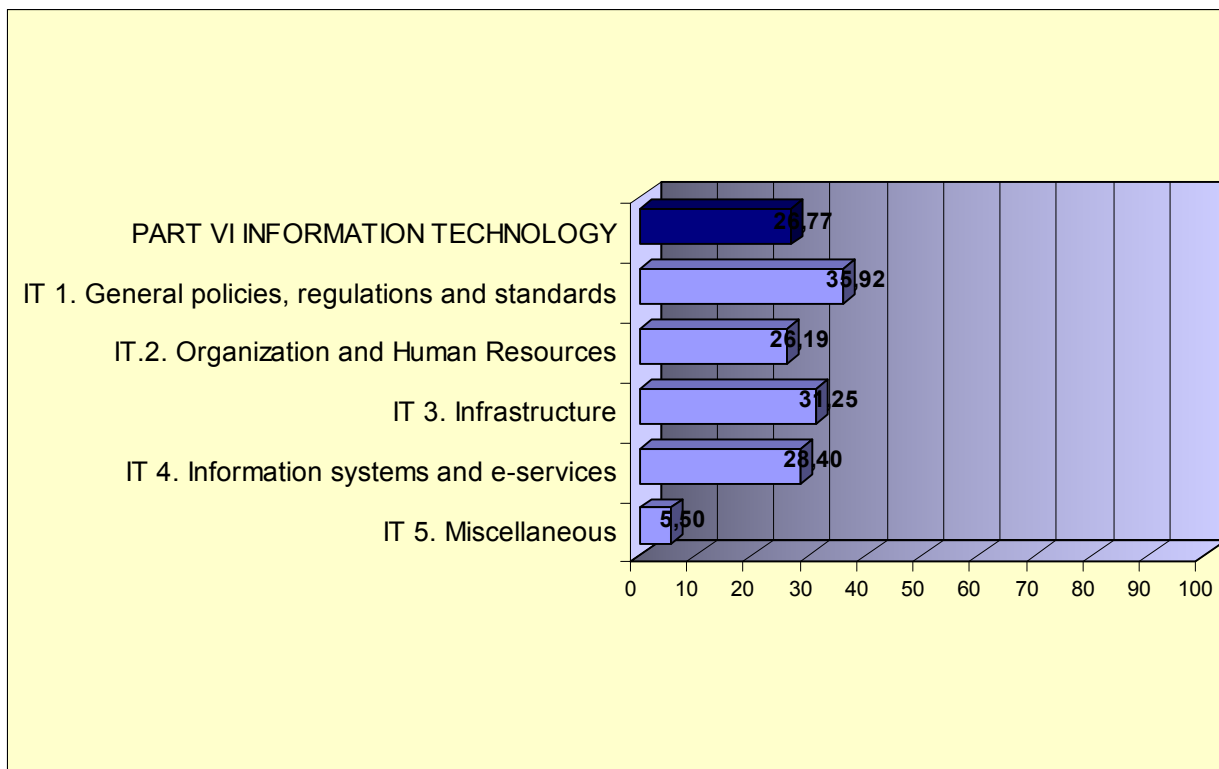
**On the level of the BD BiH**, strategic documents were adopted related with development of information society:

- Internal policy of development of information society of the BD BiH, No. 01.1-02003290/08-1,
- Strategy of Development of Information Society of the BD BiH No. 01.1-02-003294/08-1,
- Action Plan of development of e-Administration of the BD BiH No. 01.1-02-003296/08-1.

Table below gives the overview by chapters for the reform area of Information Technologies.

Table 18: overview of activities and measures for the reform area of Information Technologies

COMPONENT OF THE ACTION PLAN 1	Implemented
<b>PART VI INFORMATION TEHNOLOGIES</b>	<b>26.77</b>
IT 1. General policies, regulations and standards	35.92
IT.2. Organisation and human resources	26.19
IT 3. Infrastructure	31.25
IT 4. Information systems and e-services	28.40
IT 5. Miscellaneous	5.50



\* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.

### 3.2 Implementation of the Action Plan 1

The PARCO continuously develops the system of coordination of all the levels of authority in BiH, donors and others involved in the process of reform, monitoring of implementation as well as evaluation.

#### **Fond za reformu javne uprave:**

In 2008, the PAR Fund became operational. The Embassy of the Kingdom of the Netherlands and the Swedish Agency for International Development and Cooperation (Sida) made first payments to the account of the Fund. **The United Kingdom Department for International Development (DfID), for realisation of the reform measure Strengthening Central Capacities of the Council of Ministers of BiH and the Governments approved additional million Euros for the Fund.**

The PARCO, in 2008, continuously worked on preparation of the project proposals and terms of reference which are directly related with fulfilment of certain measures from the AP1, as well as on preparation of the tender documentation and implementation of tender procedures for selection of implementers of the approved projects. This process will continue also in 2009.

**The Joint Management Board of the Fund, in 2008, approved 11 projects** for implementation of the reform measures from the AP 1, for which **7.183.112,12 KM** has been reserved in total, without the value added tax (VAT for this amount is 1.221.129,03 KM). The approved projects include all four administrative levels (the Council of Ministers of BiH, the Government of the FBiH, the Government of the RS and the Government of the Brčko District of BiH). In accordance with the conclusion of the Joint Management Board of the Fund and in agreement with the Ministry of Finances and Treasury of BiH, the PARCO will request from the Indirect Taxation Administration of BiH the return of the paid VAT in favour of the Public Administration Reform Fund.

#### **Problems during Implementation/deviations from the Action Plan 1**

Although certain progress has been achieved, difficulties noted with every element of implementation structure, related with mechanisms of implementation of the AP1, are still present (political coordination, supervisory function). There is still no solution to the matter of defining the **entity public administration reform coordinator as an independent work place** (which is being requested by the PARCO from the entity governments since 2007).

**Although in 2008 there was a significant improvement of communication between the PARCO and all the levels of authority in BiH, it is necessary to work on further improvement of communication, so the PARCO could be provided with the necessary assistance of all the levels of authority in regular reporting. That way, the PARCO, which provides a technical assistance to the process of public administration reform in BiH, could in time prepare reports which would be submitted to the Council of Ministers of BiH and the Governments of the FBiH, the RS and the BD BiH.**

**In every reporting period in 2008 being late has been noted in submitting reports, which created and still creates to the PARCO additional difficulties related with meeting deadlines for submission of reports to the Council of Ministers of BiH and to the other Governments for adoption.**

Generally, time and content deviations in relation to the measures and activities established by the Action Plan 1 are still present, which has been recorded in the previous progress reports. This especially relates to certain reform measures from the AP 1, which have been realised independently on respective levels of authority, although their implementation was planned to be in a coordinated and harmonised manner. In these cases, according to the methodology of monitoring and evaluation of the degree of the progress, the progress is either shown to be partial or it is not shown at all. Same approach of estimation of the degree of the progress was

applied also in the cases where no appropriate documentation basis was ensured with the data submitted by the entity PAR coordinators and the PAR coordinator of the Brčko District of BiH, and the members of the Supervisory Teams from the level of the Institutions of BiH. That means that without appropriate documentation basis, as confirmation of fulfilment of the appropriate reform measures, the progress could not be verified in this progress report (as well as in all the previous ones).

Quality of data on progress, submitted by the bodies of administration in charge of implementation of the reform measures, from the aspect of verifiability and fulfilment of the essence defined by the methodology of monitoring of progress of realisation of the measures from the AP 1 of the Strategy of RJU in BiH, according to the experience so far, based on the so far submitted data, is unsatisfactory.

The most quality human resources for work in the implementation teams are human resources who work on direct application of regulations in administrative decision making. Because these officers are overburdened by their regular activities at work, it is hard to find enough room for their quality work also as members of the implementation teams for certain reform areas. Also, inability to pay remunerations for their work outside of working hours will not be in favour of them deciding to work in the implementation teams.

Specific problems in certain reform areas, noted so far are:

- In the area of Public Finances, in several measures of the AP1 it has been foreseen to establish a work group for draft of harmonised laws or harmonised methodology on all four levels (capital investments, law on salaries, internal control and audit). However, these work groups have never been established, and every level drafted laws for them selves.
- Area Human Resources Management: After objections to the draft of the new Law on Civil Servants in Bodies of Civil Service in the Federation of BiH, sent to the representatives of the Government and the Parliament by the European Commission Delegation in BiH and the Special Representative of the EU for BiH, it has been withdrawn from the parliamentary procedure. The objections stressed deviations of certain legal solutions in relation to the reform objectives and the contents of the PAR Strategy. For the level of the Republic of Srpska, the Office of the Special Representative of the EU for BiH, at the end of October 2008, also submitted certain objections to the Government of the RS to the draft Law on Civil Service, which was previously adopted by the National Assembly of the Republic of Srpska at its 22<sup>nd</sup> session.
- Draft revised Feasibility Study for Establishment of the Institute for Public Administration, which was prepared by the technical assistance of the UNDP BiH, was not accepted at the session of the Supervisory Team for the area of Human Resources Management, since it was not possible to reach an agreement on the proposed modalities and solutions for fulfilment of this reform measure of the AP 1.
- Extremely difficult is the work of the Supervisory Team for implementation of the measures of the AP 1 of the PAR Strategy in the area of Institutional Communications because of frequent changes of composition of the Supervisory Team (4 times) and inability of scheduling the meetings of the ST because of obligations from the basic job descriptions of the civil servants in the Supervisory Team.
- Non-existence of the central unit for public relations in the Government of the Brčko District of BiH, endangers participation of the District in the projects of the public administration reform and aggravates implementation of the measures of the AP 1 in the area of Institutional Communications on this administrative level. Implementation of the AP 1 in the Brčko District of BiH in this area was increased by only 0,7 per cent in relation to 2007.

## **Proposals of Measures for Overcoming the Problems**

- For successful implementation of the Action Plan 1 of the PAR Strategy it is necessary that respective institutions include in their work plans concrete activities from the AP 1 for which they are in charge.
- Improve flow and exchange of information between all representatives of the implementation structures for implementation of the reform. This is especially related to mutual communication between the members of the Supervisory Team from different levels of authority (but also within the same level of authority), entity coordinators and the Coordinator of the Brčko District of BiH, and communication towards the PARCO. Intensify previous initiatives and practices for holding regular periodic meetings of the PAR coordinators from all levels.
- Ensure better quality of materials and timely delivery of data and Information – by domestic institutions, but also by the donors. Activities of donor coordination need to be also intensified and strengthen the position of the PARCO as a reliable partner and “information node” from the domain of public administration reform.
- Ensure functioning and achieve full operability of interdepartmental and intergovernmental bodies for monitoring and implementation of the reform measures from the AP 1 of the PAR Strategy (Supervisory Team and Implementation Teams/work groups on technical level). It is needed that centres of executive power, which appointed the representatives in the Supervisory Teams, stimulate the work of the civil servants in these interdepartmental bodies and ensure their continuous and responsible relation towards public administration reform. Also, formulate and make proposals for stimulation and motivation of civil servants involved in the work of of implementation teams within the projects.
- Ensure timely information, presence and participation of the representatives of the PARCO in the initiatives and activities on changes of the laws, bylaws and other regulations which are relevant for certain reform areas from the AP 1. (E.g. in the area of Human Resources Management this especially relates to regulations regulating areas of civil service and civil servants, and to laws on administration and laws on salaries. Also, harmonise areas in this reform area which require common approach and agreement of all levels of authority in order to ensure equalised development.) Practice so far of delivery of adopted or final draft laws and other regulations, does not provide the possibility of monitoring of harmonisation of legal solutions with the reform objectives, measures and recommendations.
- Establish/fill the central unit for public relations of the Government of the Brčko District of BiH.



# **4 ANNEX – M&E table of realisation of the measures from the AP1 of the PAR Strategy**

(TABLES OF REALISATION OF THE MEASURES FROM THE AP 1 OF THE PAR STRATEGY  
ARE ON THE CD ATTACHED TO THIS REPORT)