



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 1ST – DECEMBER 31ST, 2009

JANUARY 2010



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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 in relation to the previous annual report is **6.45 per cent**, and total implementation now amounts to **39.07 per cent**.
- Overall, **since the start of implementation** of the Action Plan 1 of the Strategy of the PAR in BiH until December 31st, 2009, **the biggest progress** in implementation is achieved in the reform area **Human Resources Management, 45.25 per cent**, and **the smallest** is in the area **Information Technologies, 30.51 per cent**.
- The Joint Management Board of the Public Administration Reform Fund so far approved 14 projects amounting in total **9,369,131.85 KM** (without the VAT). Implementation of 4 projects is ongoing, and in 2010 start of implementation of the rest of the projects is expected.
- After all the governments adopted the proposed **Annex to the Memorandum of Understanding for Establishment of the Public Administration Reform Fund**, and appointed the signatories thereto, the Annex to the Memorandum was signed in the period from December 14 to 22nd, 2009 by the representatives of local authorities and donors. Due to urgency of extending the period of validity of the Memorandum of Understanding, there was no official signing ceremony. Annex, among other things, continued validity of the Fund to the end of 2010.
- 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 PARCO, in 2009, on several occasions pointed to the need of further strengthening of cooperation with the said institutions, to the need of informing and inclusion of the PARCO in the activities of changes of the legal and bylaw acts, which directly influence fulfilment of certain reform measures, and to untimely delivery of progress reports for implementation of the measures from the Action Plan 1, as well as delivery of incomplete information.
- Public administration reform coordinators of the Government of the FBiH and the Government of the RS still have this job as an additional engagement, which has 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 did not happen. The Coordination Board for Economic Development and European Integrations in 2009 did not discuss implementation of the Strategy of PAR in BiH.
- Nonexistence of the Agency for Information Society at the BiH level, which would be the main carrier of the planned reform activities in the field of IT is a problem with significant impact on dynamics of implementation of the AP1. It is therefore important **to adopt** as soon as possible the **legislation in the field of IT** at the state level (the Law on Agency for Information Society of Bosnia and Herzegovina), and then establish the Agency for Information Society, bearing in mind the time needed to bring the agency in appropriate operational capacity to be able to fulfill its obligations .
- The Report on Progress of Bosnia and Herzegovina for 2009 prepared by the European Commission, noted a certain progress in the area of public administration reform, which is a key priority of the European Partnership. However, it has been stated that the administrative structures of Bosnia and Herzegovina are still bulky, and in some cases, fragmented and prone to duplication and ambiguous division of responsibilities both between the institutions at the same level and vertically between different levels of

government. It is necessary to intensify reform efforts, and required are significant further efforts to create efficient, professional, stable, accountable and transparent civil service at all levels of government.

2 Introduction

According to the annual work plan of the Council of Ministers of BiH for 2009, 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 1st to December 31st, 2009, 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 annex to this report is a detailed presentation of a degree of implementation of all the measures from the AP1, 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.

Implementation of the measures from the AP 1 of the PAR Strategy in relation to the previous period (Quarterly Report for the July - September 2009) is bigger by 1.37 per cent and now amounts to 39.07 per cent. In relation to the same period of 2008, the progress is 6.45 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 2008 and 2009 by reform areas

REFORM AREA BY THE AP 1 OF THE STRATEGY OF THE PUBLIC ADMINISTRATION REFORM IN BIH	2008 (%)	2009 (%)	Difference in %
POLICY MAKING AND COORDINATION CAPACITIES	34.60	39.92	+5.32
PUBLIC FINANCES	34.48	44.85	+10.37
HUMAN RESOURCES MANAGEMENT	38.60	45.25	+6.65
ADMINISTRATIVE PROCEDURE	27.93	33.42	+5.49
INSTITUTIONAL COMMUNICATIONS	33.31	40.44	+7.13
INFORMATION TECHNOLOGIES	26.77	30.51	+3.74

Overall, **since the start of implementation** of the Action Plan 1 until December 31st, 2009 **the biggest progress** in implementation is achieved in the reform area **Human Resources Management: 45.25 per cent**, and **the smallest** is in the area **Information Technologies, 30.51 per cent**.

In preparation of 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.

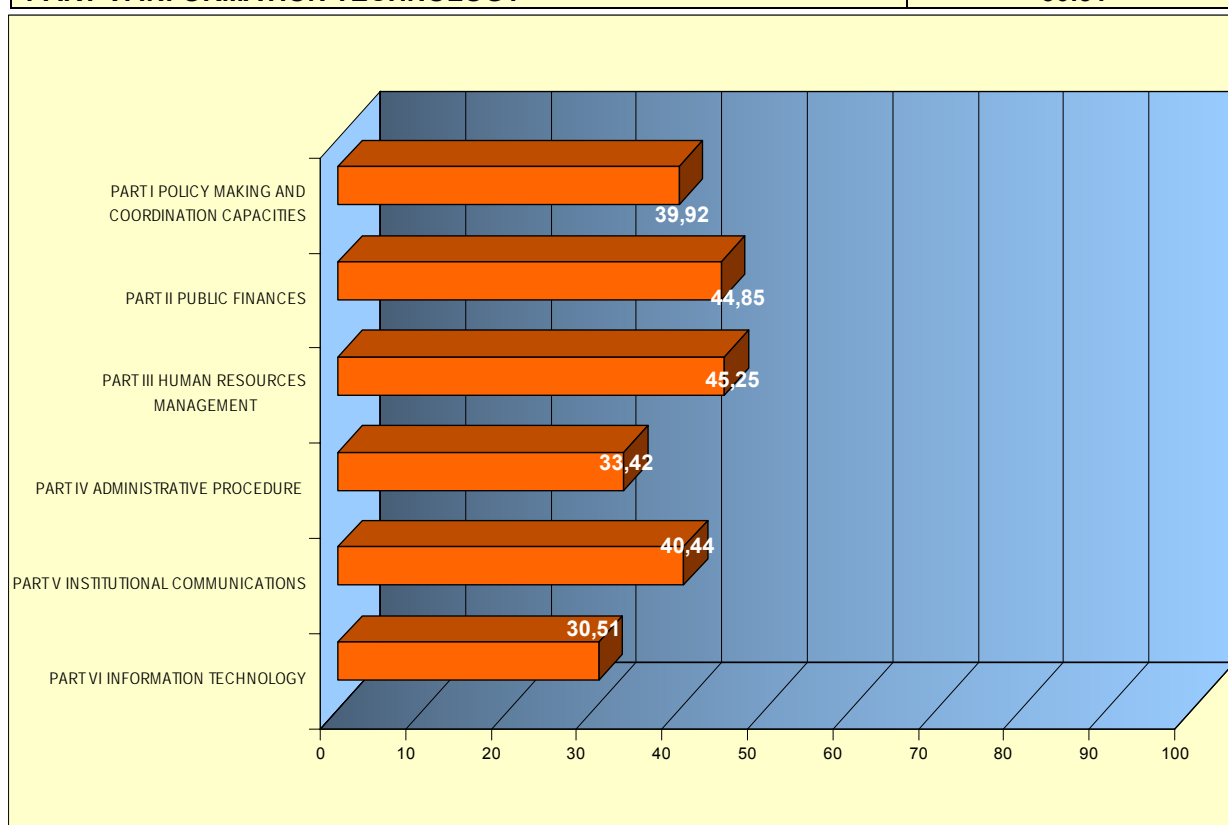
3 Overall Overview of Activities During the Reporting Period

Overall implementation of the Action Plan 1 of the Strategy of the Public Administration Reform in BiH by December 31st, 2009 amounts to **39.07 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

ACTION PLAN 1 OF THE STRATEGY OF THE PUBLIC ADMINISTRATION REFORM IN BIH	Implemented
PART I POLICY MAKING AND COORDINATION CAPACITIES	39.92
PART II PUBLIC FINANCES	44.85
PART III HUMAN RESOURCES MANAGEMENT	45.25
PART IV ADMINISTRATIVE PROCEDURE	33.42
PART V INSTITUTIONAL COMMUNICATIONS	40.44
PART VI INFORMATION TECHNOLOGY	30.51

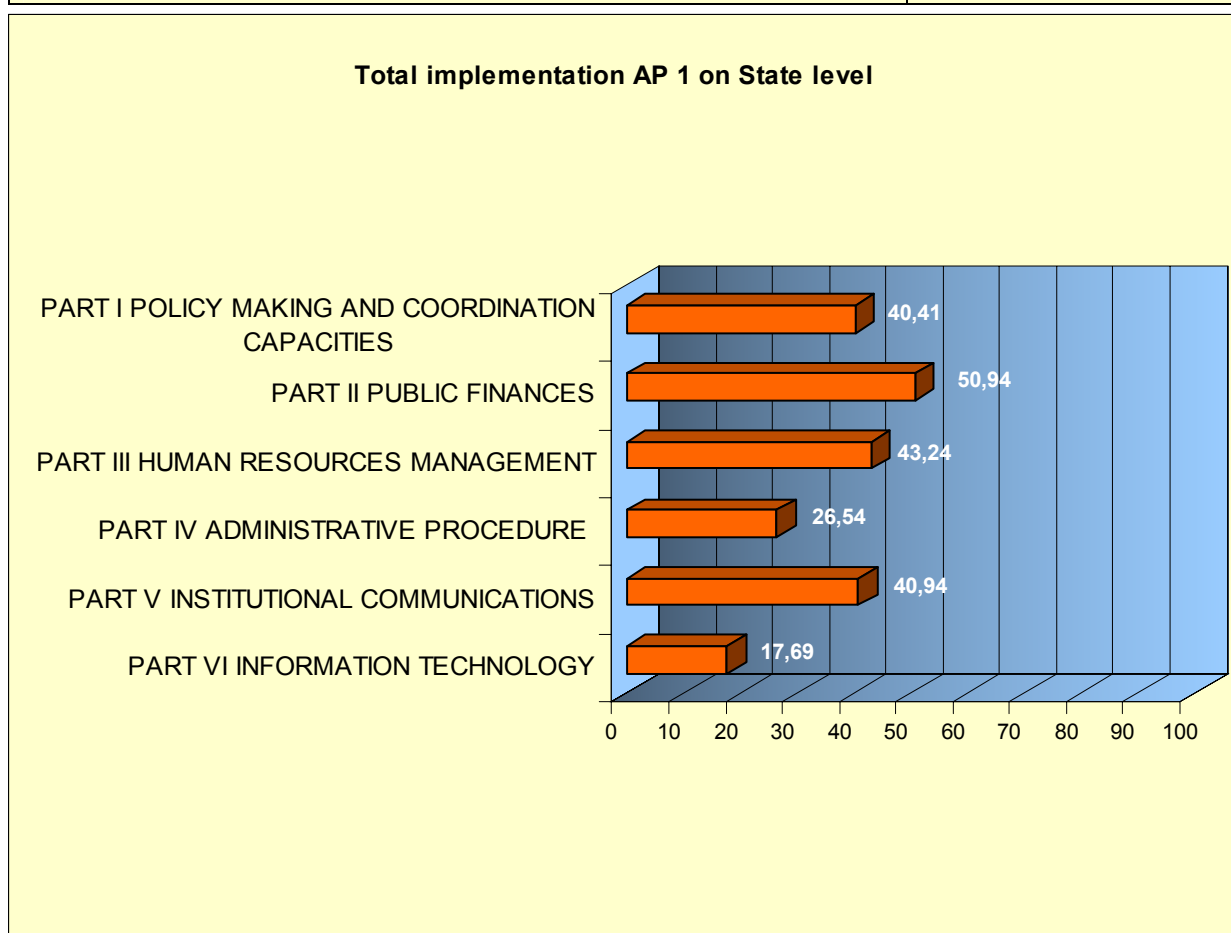


* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.

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 December 31st, 2009.

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

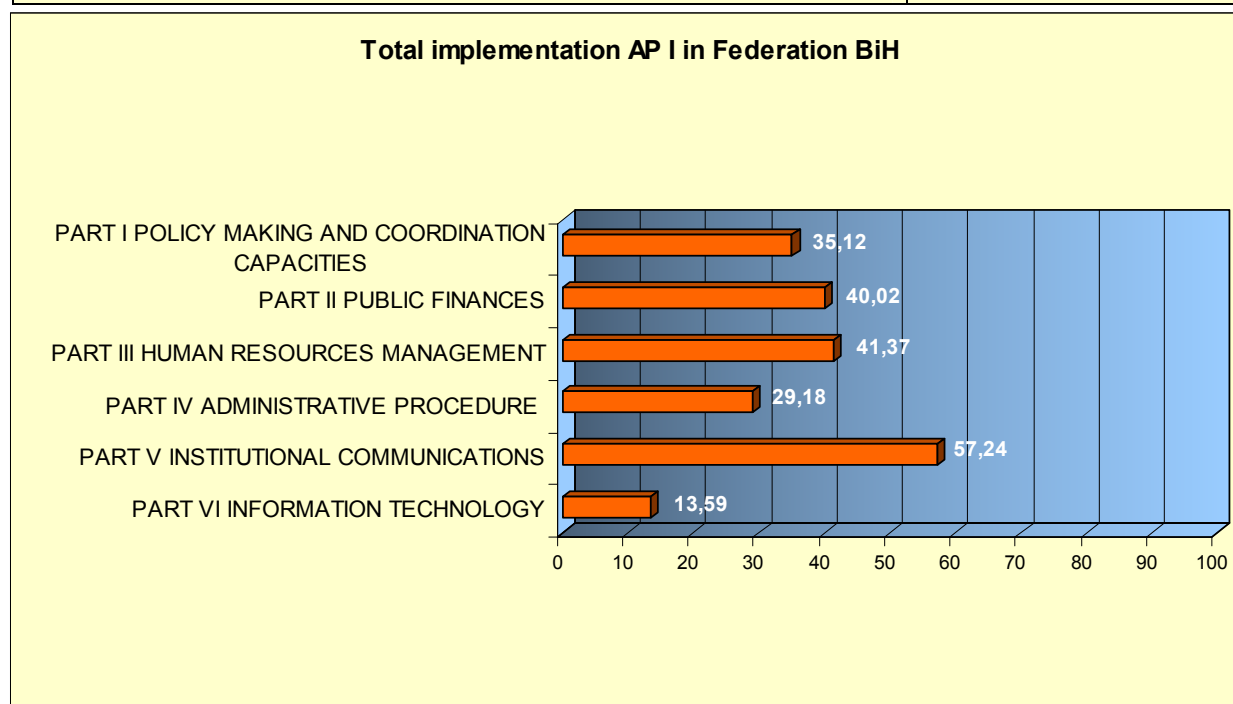
BiH level	Implemented
PART I POLICY MAKING AND COORDINATION CAPACITIES	40.41
PART II PUBLIC FINANCES	50.94
PART III HUMAN RESOURCES MANAGEMENT	43.24
PART IV ADMINISTRATIVE PROCEDURE	26.54
PART V INSTITUTIONAL COMMUNICATIONS	40.94
PART VI INFORMATION TECHNOLOGY	17.69



* 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

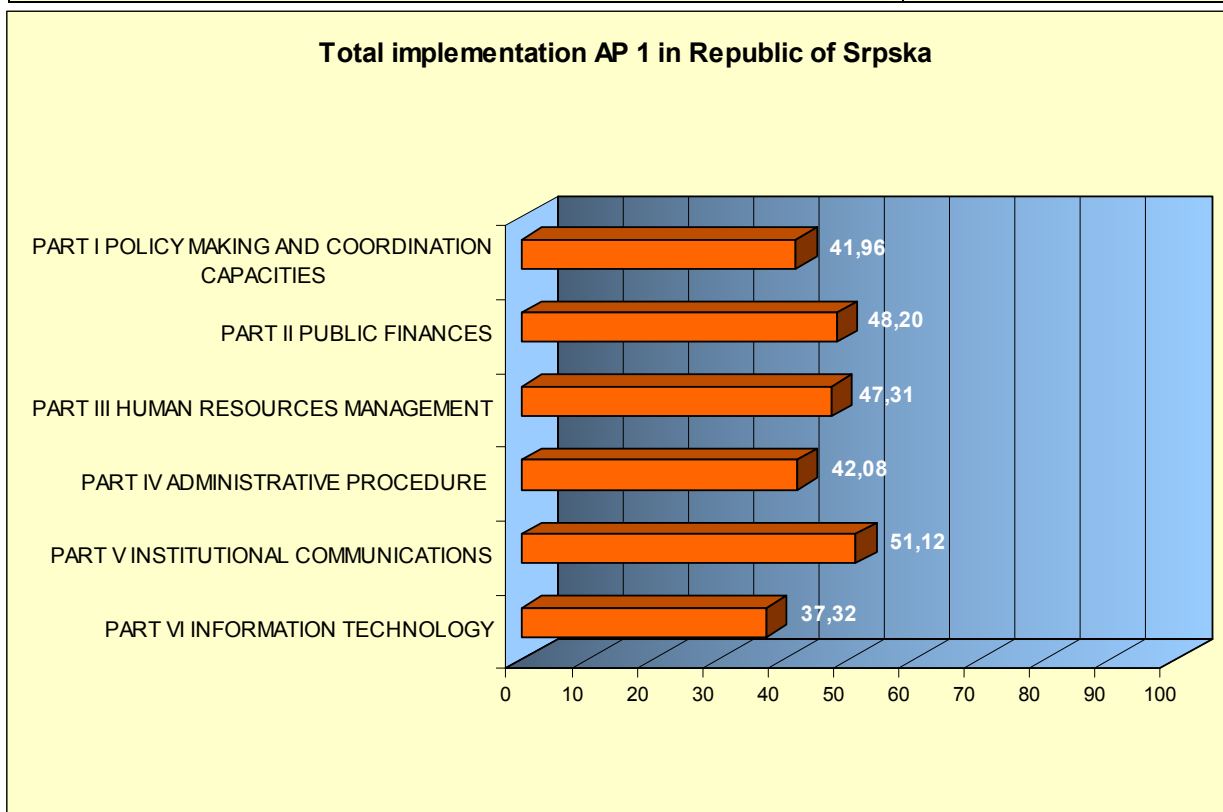
the FBiH level	Implemented
PART I POLICY MAKING AND COORDINATION CAPACITIES	35.12
PART II PUBLIC FINANCE	40.02
PART III HUMAN RESOURCES MANAGEMENT	41.37
PART IV ADMINISTRATIVE PROCEDURE	29.18
PART V INSTITUTIONAL COMMUNICATIONS	57.24
PART VI INFORMATION TECHNOLOGY	13.59



* 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

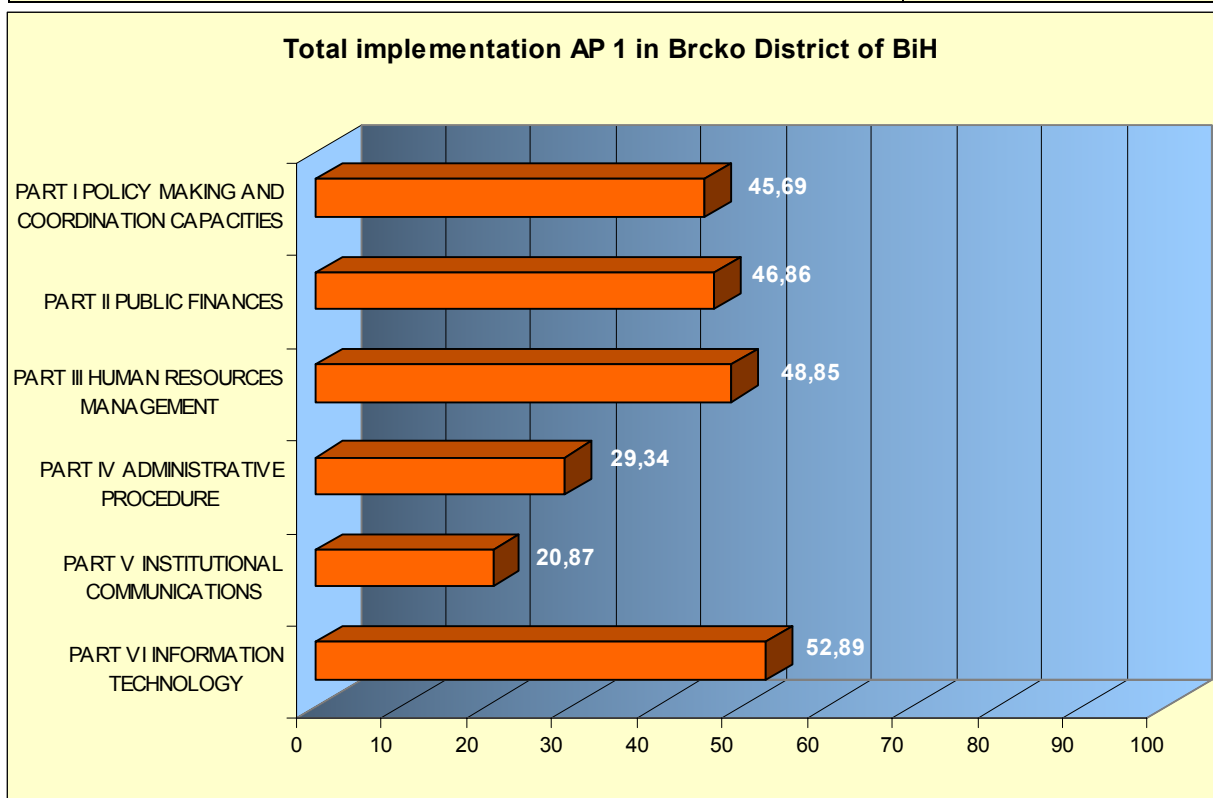
the RS level	Implemented
PART I POLICY MAKING AND COORDINATION CAPACITIES	41.96
PART II PUBLIC FINANCES	48.20
PART III HUMAN RESOURCES MANAGEMENT	47.31
PART IV ADMINISTRATIVE PROCEDURE	42.08
PART V INSTITUTIONAL COMMUNICATIONS	51.12
PART VI INFORMATION TECHNOLOGY	37.32



* 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
PART I POLICY MAKING AND COORDINATION CAPACITIES	45.69
PART II PUBLIC FINANCES	46.86
PART III HUMAN RESOURCES MANAGEMENT	48.85
PART IV ADMINISTRATIVE PROCEDURE	29.34
PART V INSTITUTIONAL COMMUNICATIONS	20.87
PART VI INFORMATION TECHNOLOGY	52.89



* 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 (implementation of the Action Plan 1 of the Strategy of the PAR in BiH)

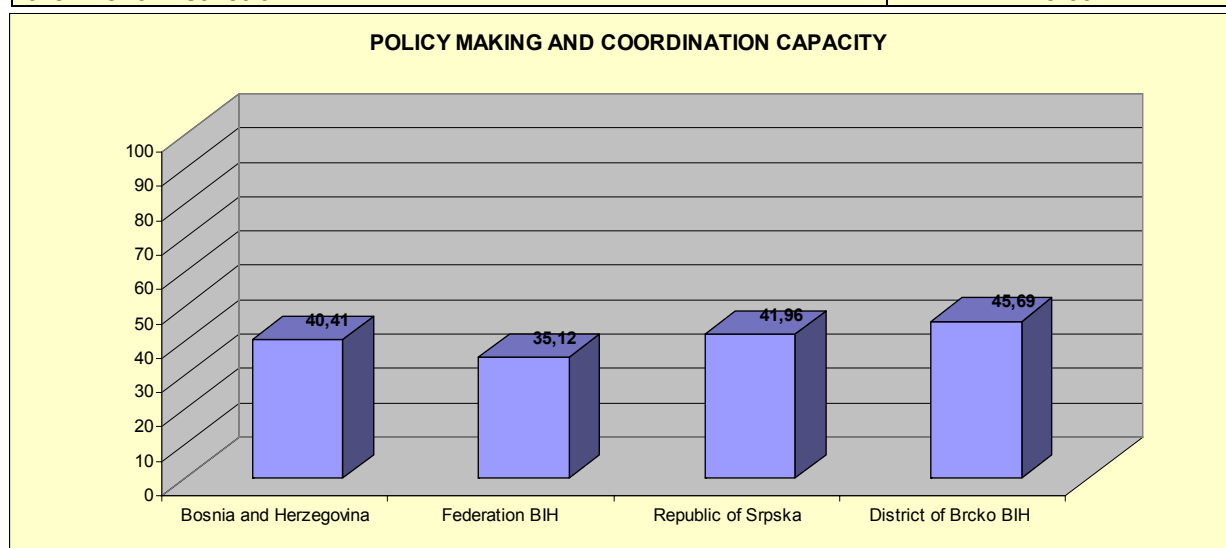
3.1.1 Policy Making and Coordination Capacities

Implementation of the Action Plan 1 in the area Policy Making and Coordination Capacities on the state, entity and the level of the Brčko District of BiH amount to **39.92 per cent**. In relation to the previous quarterly report the increase is **1.16 per cent**, while in relation to the same period last year increase is **5.32 per cent**.

Table 7 shows the total progress in the implementation of the Action Plan 1 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
Bosnia and Herzegovina	40.41
the Federation of BiH	35.12
the Republic of Srpska	41.96
the Brčko District of BiH	45.69



The process of implementation of the Action Plan 1 took place through monitoring work of institutions and monitoring implementation of the initiated projects. During 2009 activities continued in development and implementation of the key projects in this field: "Blueprint of Development of Central Bodies of Governments in Bosnia and Herzegovina - Implementation of Phase I and II", "Strengthening BiH Capacities for Strategic Planning and Policy Development – SPPD", "Improvement of Rules and Procedures for Legal, Other Regulation and General Acts Drafting in BiH", "Legislation Database in BiH" and "Transposing EU Legislation in the Legal System of BiH".

In order to meet the requirements which are on the path of integration of Bosnia and Herzegovina into the European Union placed in front of the bodies of public administration, the PARCO has initiated harmonization of the Memorandum of Mutual Cooperation between the Secretariats of the Council of Ministers of BiH, the entity governments and the Government of the Brcko District, which aims to improve coordination between different levels of executive authority. After consultations and harmonization, signing of the Memorandum of Mutual Cooperation between the Secretariats of the Council of Ministers of BiH, the entity governments and the Government of the Brcko District of BiH was organised, taking place on February 13, 2009. Further obligations of implementation of the Memorandum are on the signatories of the Memorandum, and the PARCO will monitor its implementation.

Terms of Reference "Blueprint of Development of Central Bodies of Governments in BiH – implementation of phase I" was adopted by the Supervisory Team for the area of Building of Capacities for Policy Making and Coordination, and it was adopted also at the 7th session of the PARF JMB, held on February 2nd, 2009. After drafting, deliberation and adoption of the tender documentation, the procedure of public procurement for the project "Blueprint of Development of Central Bodies of Governments in BiH – implementation of phase I" was launched. The Commission for public procurement of consultancy services for this project was established, and appointment of the Implementation Team was initiated, who will be in charge of operational implementation of the project activities. Minutes of the opening of the bids and proposal of the Decision on award of contract will be discussed at the next session of the PARF JMB.

The process of implementation of the project "Strengthening BiH Capacities for Strategic Planning and Policy Development – SPPD" began in January 2009, by establishment of the expert team which has responsibility for implementation of activities planned by this project. At the meeting of the Steering Committee of the SPPD project, held on February 17, 2009, the expert team proposed a plan of activities for the first quarter of 2009. The proposed plan of activities was endorsed by the Steering Committee of the SPPD project and adopted the conclusion by which the SPPD expert team takes responsibility to prepare the a Memorandums of Understanding for signature before the next meeting of the Steering Committee and to give proposals of detailed plans of activities for each ministry, which will be attached to the initial report on implementation of the SPPD project. Official signing of the Memorandum of Understanding between the UNDP and the BiH authorities, representatives of the ministries from the state and entity levels from the sectors of transport, energy, labour and employment, took place on May 19, 2009 in Sarajevo, which formally defined obligations of parties in implementation of the SPPD project. In 2009, the planned activities were implemented in department ministries at the state and entity levels in the sector labour and employment, transport and energy, while in 2010, there is a plan to widen the project activities on three more sectors.

After the PARF JMB at the ninth session, held on April 29, 2009, adopted the Terms of Reference "Improvement of Rules and Procedures for Legal, Other Regulations and General Acts Drafting in BiH", the tender documentation for this project was prepared. After adoption of the tender documentation, the procedure of public procurement of consultancy services was launched, the Commission for Public Procurement was appointed, and appointment of the Implementation team was initiated, who will be responsible for operational implementation of the project activities. The Commission for Public Procurement of Services, at the meeting held on December 3rd, 2009, opened and discussed the received requests to participate in the phase of prequalification, compiled the minutes with recommendations for continuation of the procedure, and delivered it to the members of the PARF JMB for approval.

During 2009, a significant effort was invested in implementation of the project "Legislation Database in BiH" (LDB). The initiative of this project was related with tasks to provide a free public access to the integrated Legislation Database, for whose update competent would be Offices/Secretariats for Legislation of the Council of Ministers of BiH, entity governments and the Government of the Brčko District of BiH. In this sense, the PARCO signed with the UNDP addition to the Memorandum of Understanding concerning the full implementation of the LDB project, by which the PARCO took over the right to transfer the rights to use the LDB software to various institutions that are willing to establish, use and provide access to BiH laws from one Web portal. Also, the PARCO prepared a draft Memorandum of Understanding, under which the software and licenses to use the LDB database were given by the PARCO to the legislation offices at the state, entity and the Brčko District of BiH levels. In order to facilitate implementation of this project, the PARCO organised a workshop "Application of software for the electronic database of legislation" which was held on May 15, 2009 in the premises of the UNDP in Sarajevo. At the meeting of the supervisory team for the area of Improvement of Quality and Procedures of Drafting and Enactment of R, held on June 23rd, 2009 in Banja Luka, the members of the supervisory team conveyed that because of the conclusions of the governments from all four administrative levels on maximum savings, they are unable to

provide any financial investment in the LDB project until the beginning of 2010 and adoption of the new budget, but that they would continue activities on preparation and processing of laws, regulations and other documents in electronic form.

During this reporting period initiated, prepared and approved were the project proposal and the terms of reference "Transposing EU Legislation in the Legal System of BiH". The main goal of this project proposal to assist development of personnel employed in the institutions at the state, entity and the Brcko District of BiH level responsible for transposing EU legislation into the domestic legal system.

Also, the project idea "Better regulation / management in public administration bodies in Bosnia and Herzegovina" was prepared, which aims to improve regulatory environment in Bosnia and Herzegovina through consolidation, codification and simplification of the existing rules of administrative bodies work in their encounter with new economic, social and environmental impacts.

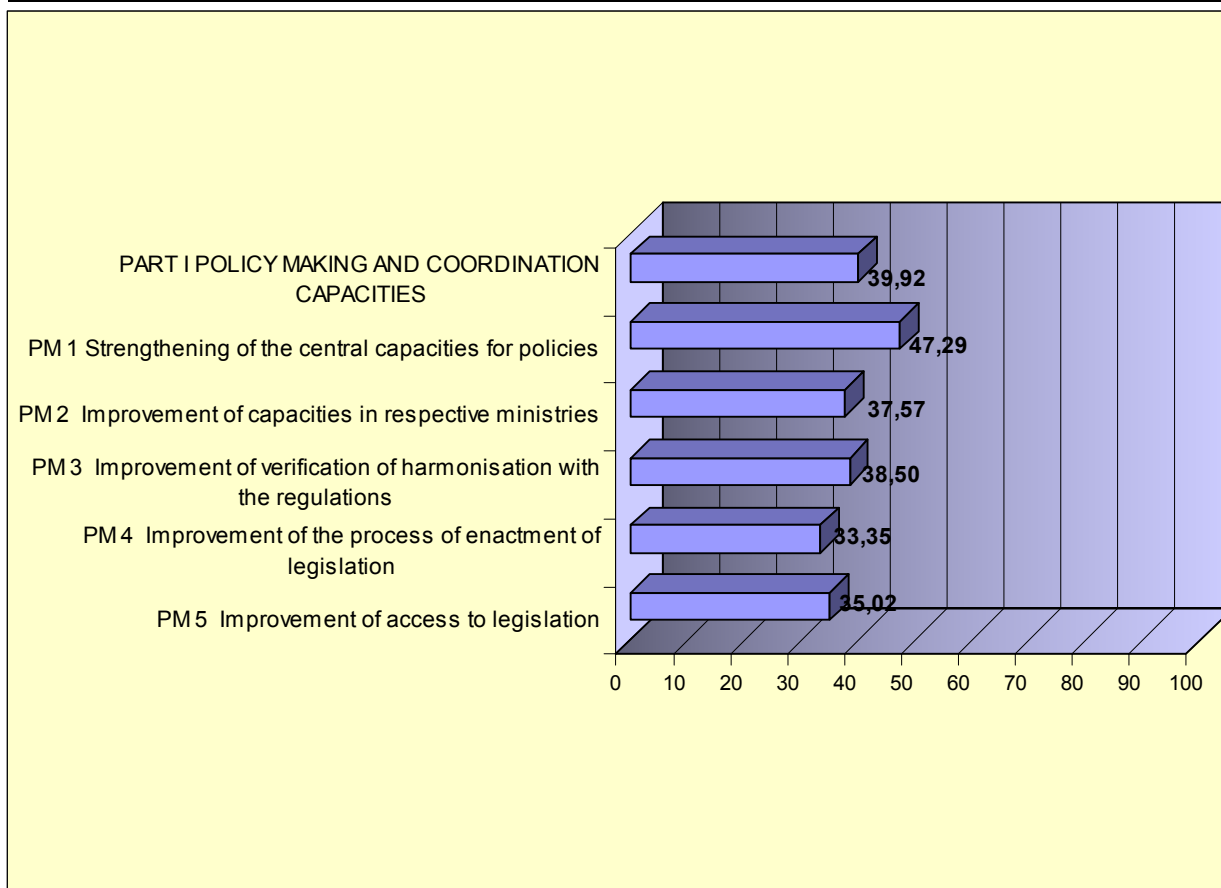
During this reporting period prepared were: the project idea, the logical framework and the project proposal for the project "Blueprint of Development of Central Bodies of Governments in BiH – implementation of Phase II", which was, in accordance with the Guidelines of Annual Programming for 2010, proposed by the PARCO for funding from the IPA 2010 funds. The committee in charge for approval of projects included this project in the list of projects for funding from the IPA 2010 funds.

In addition to implementation and monitoring of the said projects, which are in the implementation phase, and production of tender documentation and implementation of public procurement procedures for the approved projects, there is a plan to continue activities on development of a new project "Better regulation / management in the public administration bodies in Bosnia and Herzegovina", as well as to identify priorities, analyse the condition and need within the reform the area.

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
PART I POLICY MAKING AND COORDINATION CAPACITIES	39.92
PM 1. Strengthening of the central capacities for policies	47.29
PM 2. Improvement of capacities in respective ministries	37.57
PM 3. Improvement of verification of harmonisation with the regulations	38.50
PM 4. Improvement of the process of enactment of legislation	33.35
PM 5. Improvement of access to legislation	35.02



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

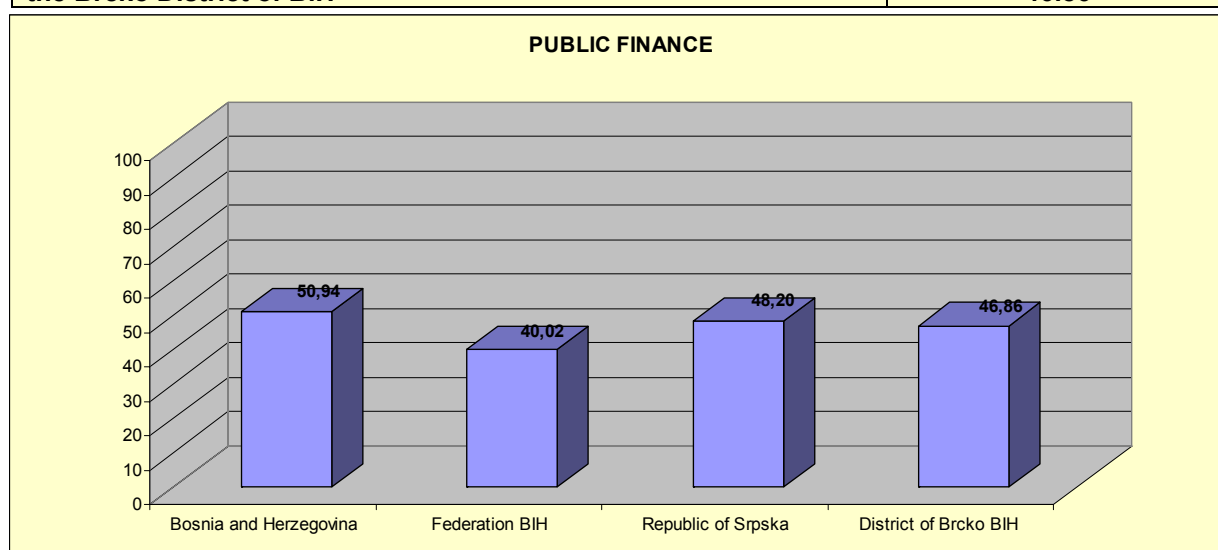
3.1.2 Public Finances

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 **44.85 per cent**. In relation to the previous quarter, the increase is **1.24 per cent**, while in relation to the same period last year the increase was **10.37 per cent**.

Table 9 shows the total progress in implementation of the Action Plan 1 for the reform area of Public Finances.

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

PUBLIC FINANCES	Implemented
Bosnia and Herzegovina	50.94
the Federation of BiH	40.02
the Republic of Srpska	48.20
the Brčko District of BiH	46.86



At the 10th session of the Fiscal Council, held on June 29, 2009, the Global Framework of Fiscal Balance and Policies for BiH for the period from 2010 to 2012 was adopted. The adopted document includes macroeconomic projections prepared by the Directorate for Economic Planning and projections of total revenues from indirect taxes prepared by the Macroeconomic Analysis Department (MAD) at the Indirect Taxation Authority of BiH. These macroeconomic projections and projections of total revenues from indirect taxes are unique for the whole BiH and are agreed with the IMF. It is important to note that the adopted Global framework contains only projections of revenues from indirect taxes, but does not contain a comprehensive fiscal framework, because there are no detailed tables and information about items of income, expenditures, financing and fiscal objectives for BiH in a consolidated manner for each level of government separately.

At the sessions of the Fiscal Council, among other things, there were agreements and negotiations of BiH with the IMF. Within the first review by the IMF under the Stand By Arrangement, the Fiscal Council, agreed in November 2009, with the IMF the macro-fiscal framework for BiH (fiscal framework was agreed for BiH, and by the levels for the institutions of BiH, the Federation of BiH, the Republic of Srpska and the Brčko District of BiH), with the updated framework for assessing performance for 2009 and projections for 2010.

In accordance with the provisions of the Stand By Arrangement, the Fiscal Council of BiH, at the 11th session held on October 19, 2009, established a Group to consolidate the fiscal data within which are the representatives of the Ministries of Finance at all levels of government, and the representatives of the MAD and the Central Bank of BiH. The task of this group is to consolidate fiscal data for the whole of BiH in accordance with the IMF methodology, and to

publish them in a timely manner. Consolidation of government accounts was carried out in 2009 by the Central Bank and the MAD.

Framework budget document (FBD) is being drafted regularly since 2007 on the level of the state, the RS, the FBiH, and from 2008 on the level of the BD BiH. FBDs for the period 2010 – 2012 are drafted on all levels. Consolidated FBD for the whole BiH was not prepared in 2009 as well.

Agreed was harmonization of budget calendars on all levels in BiH, in accordance with which there was preparation of draft Laws on Changes and amendments to the Laws on budgets at entity levels, i.e. the Law on Financing of Institutions of BiH at the state level in 2008. Adoption of the Law on Fiscal Council of BiH created the prerequisites for amendments to these laws. The Law on Amendments to the Law on Financing of Institutions of BiH was adopted on June 18, 2009 (Official Gazette of BiH No. 49/09). The RS has adopted the Law on Amendments to the Law on Budget System of the RS (Official Gazette, No. 92/09). In the Federation of BiH the Law on Amendments to the Law on the budgets in the Federation of Bosnia and Herzegovina, Official Gazette of the Federation of BiH, No. 5 / 09 of January 28, 2009.

On all levels of government in BiH, unified instructions for budget users are used in the process of preparation of the FBD and the budget (three instructions per year). Within these instructions, users, in addition to requested funds for the existing and additional proposals of expenditure, provide also the information on programmes within the budget of the user, together with the operational objectives and measures of the effects for all the programmes individually, as well as strategic goals for the users. FBDs are published on websites of the ministries of finance in July each year.

The third phase of the Project to strengthen public finance management in BiH, which is funded by the DfID began in March 2009. General workshops on all levels within this project were held at the end of 2009, with special emphasis on the principles of programme budgeting. After these general seminars, the Sectors for budget at all levels, with technical assistance of the SPEM project, in the period from December 2009 until April 2010 organize official individual technical assistance to budget users, in order to improve programme budgeting.

Currently, manual entry of budget request takes too much capacities within the Department of Budget of the Ministry of Finance at all levels and thus limits the time available for analytical work. Introduction of IT system for preparation of the budget (which is compatible with the system of the Treasury) would accelerate the course of this process, increase efficiency of the Ministry of Finance, reduce the possibility of errors arising due to manual entry, allow introduction of program budgeting, internal control and audit, and facilitate expanded reporting to the parliaments and the public.

The PARCO developed the project proposal and the terms of reference for the project Budget Management Information System (BMIS). The PARF JMB, on March 12, 2009 adopted the revised Terms of Reference, after which the PARCO prepared the tender documentation which was adopted by the PARF JMB. The PARCO then initiated the open procedure of public procurement of service. Nine consortia applied to the tender and the Commission for Public Procurement concluded that none of the received bids is acceptable and gave proposal to the PARF JMB for annulment, which was adopted at the session of PARF JMB on December 15, 2009.

In 2009, there has been a greater engagement of institutions managers in development of FBDs and budgets. The FBDs, instructions 1, 2, 3 of the Ministry of Finance emphasize that the Framework budget document and the budget itself essentially represent the estimate of funds that will be needed to achieve strategic and operational objectives of the budget users, and that for quality drafting of budget instructions it is necessary to have active participation of all managers in the institution. Although further improvements are necessary to achieve the desired level of quality (which is expected given the extensiveness of the reform, which in other countries lasted up to ten years), at all levels there is noticeable continuous improvement of the quality of the submitted data and greater engagement of managers. Within budget

preparation process, there are budget consultations between the Sector for budget and managers of budget users in August and September each year. However, although improvements are evident from year to year, still most users are represented by the finance officers, instead of institution managers. Sectors for budget hold seminars and individual technical assistance on programme budgeting to which managers of institutions are explicitly invited.

In 2009 there has been further strengthening of the Sectors for budget and hiring of new employees, including budget analysts on all levels. Also there have been new employments in the Sector for treasury and the PIFC.

Laws on salaries have been passed at all levels, except for the FBiH. The Government of the Federation of BiH at the 128th session, held on December 14, 2009, determined the Draft Law on Salaries and Fees in the bodies of the Government of the FBiH, which was sent by the Prime Minister to the Parliament of the FBiH. The problem is that laws on salaries are not harmonized. According to the Action Plan, it was envisaged to establish working group consisting of representatives from all levels of government who would agree on the approach to reform of salaries at all levels. Establishment of such working group had never occurred, so the laws on salaries at different levels in BiH are different.

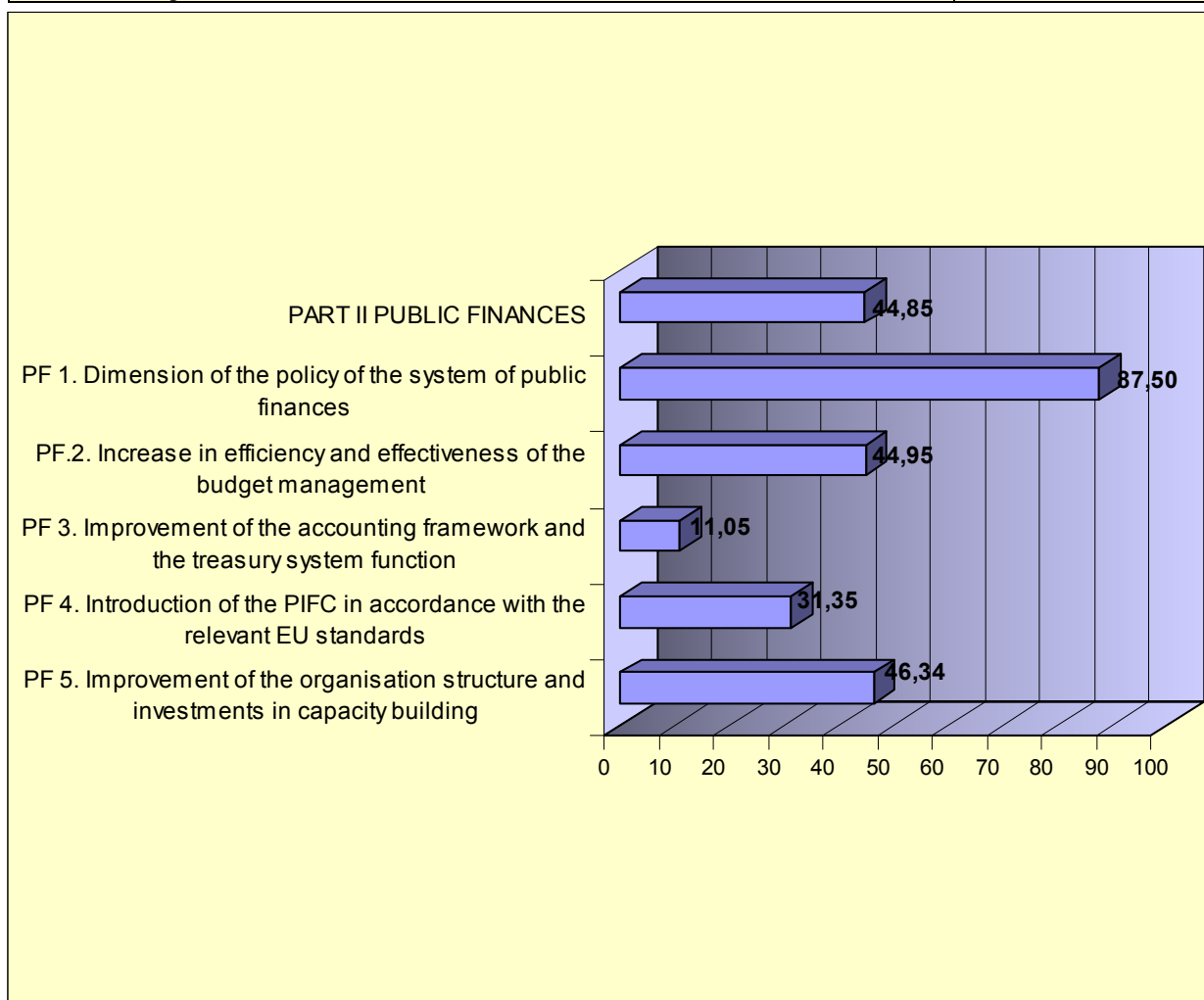
Work group for draft of PIFC Strategy completed their work in 2009.

At the 110 session of the Council of Ministers of BiH, held on December 30, 2009, the Strategy for implementation of public internal financial control in the institutions of Bosnia and Herzegovina was adopted, which fulfilled yet another obligation established by the Stabilization and Association Agreement.

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
PART II PUBLIC FINANCES	44.85
PF 1. Dimension of the policy of the system of public finances	87.50
PF.2. Increase in efficiency and effectiveness of the budget management	44.95
PF 3. Improvement of the accounting framework and the treasury system Function	11.05
PF 4. Introduction of the PIFC in accordance with the relevant EU Standards	31.35
PF 5. Improvement of the organisation structure and investments in capacity Building	46.34



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

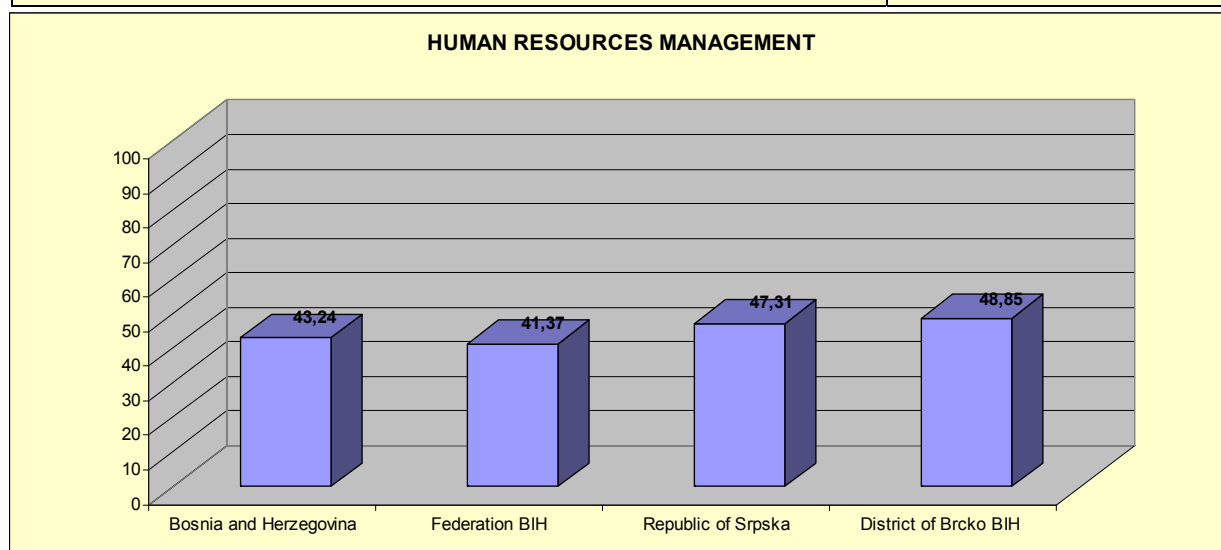
3.1.3 Human Resources Management

In this reporting period, the AP 1 implementation in the area of Human Resources Management at the state, entity and Brčko District of BiH level is **45.25 per cent**. In regard to the previous quarter, the increase is **1.71 per cent**, while compared to the same period last year an increase of **6.65 per cent** was recorded.

Table 11 shows the overall progress in implementation of the Action Plan 1 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

HUMAN RESOURCES MANAGEMENT	Implemented
Bosnia and Herzegovina	43.24
the Federation of BiH	41.37
the Republic of Srpska	47.31
the Brčko District of BiH	48.85



During the reporting period, a number of project materials and documents (proposals, initiatives and terms of reference) were considered at the Supervisory team level, regarding the following projects:

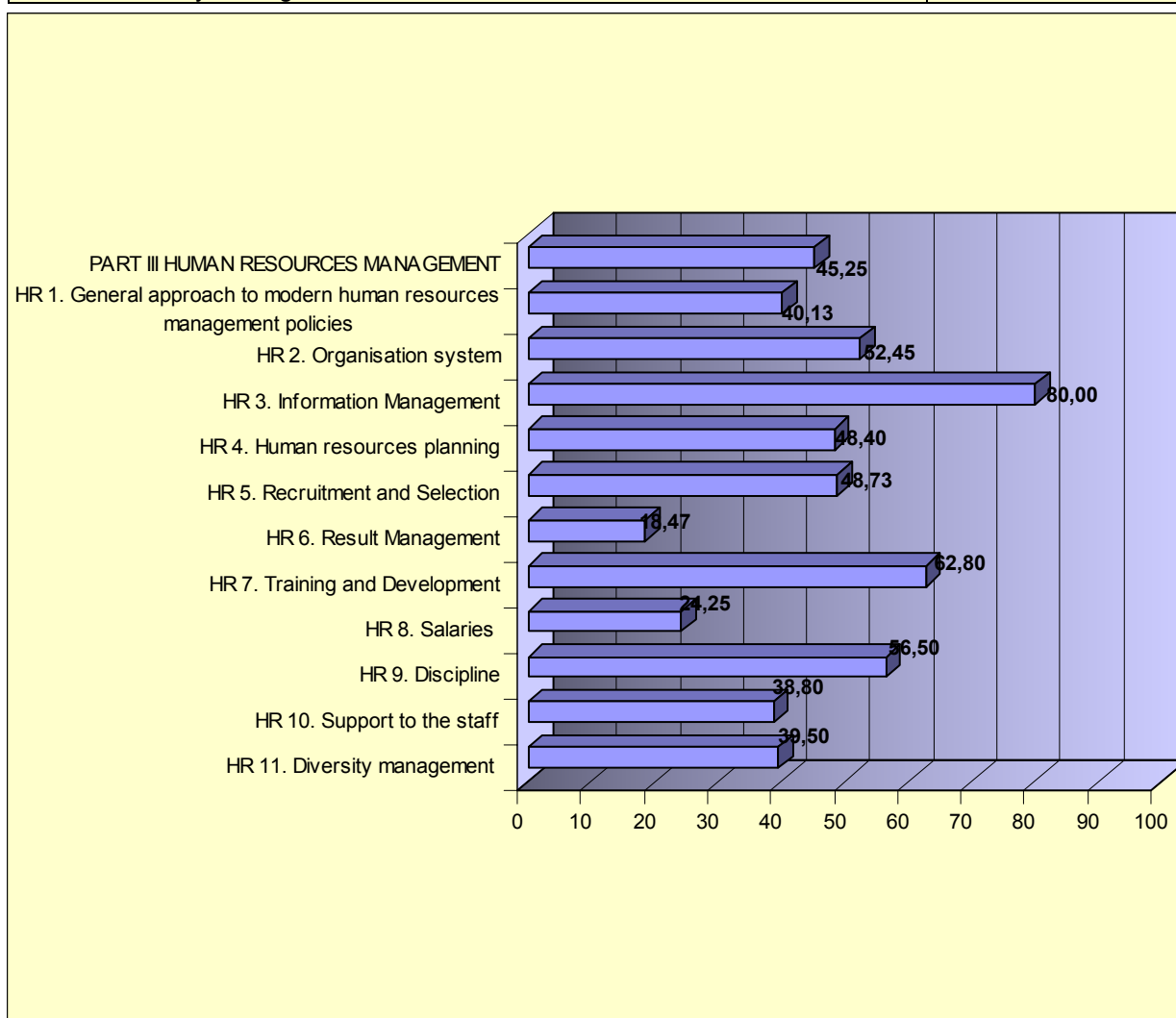
- “Improvement of recruitment process and selection of staff in civil service” (pilot project completed, final report adopted),
- “Training of Civil Servants for Application of Information Technologies and Work on Computers” (public procurement procedure conducted, the Office for Appeals annulled the public procurement procedure and Decision on Award of contract),
- “Development of Performance Management System in the Structures of Civil Service in BiH” (successfully completed the public procurement procedure for selection of technical assistance, signed contract and the implementation starts on January 4, 2010),
- “Establishment of Modern Units for Human Resources Management in the Administration Bodies in BiH” (the terms of reference was discussed at the Supervisory team session on December 21, 2009, the declaration on the technical structure of documents is in progress, the PARF JMB previously approved the funding of the project),
- The project proposal “Training of Civil Servants on the Problem of Domestic Violence” which was nominated by the Gender Center of the Federation of BiH (supported at the Supervisory team level, but the PARF JMB did not approve the funding),

- The project idea “E-learning Management Information System e-LMIS” proposition of the Civil Service Agency of BiH (initiative in the phase of considering possibilities for ensuring funds through the PARF JMB).

Table below gives the overview by chapters for the reform area 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
PART III HUMAN RESOURCES MANAGEMENT	45,25
HR 1. General approach to modern human resources management policies	40,13
HR 2. Organisation system	52,45
HR 3. Information management	80,00
HR 4. Human resources planning	48,40
HR 5. Recruitment and selection	48,73
HR 6. Result management	18,47
HR 7. Training and development	62,80
HR 8. Salaries	24,25
HR 9. Discipline	56,50
HR 10. Support to the staff	38,80
HR 11. Diversity management	39,50



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

In implementation of the project „BH HRMIS - Development of Human Resources Management Information System”, activities were completed on the system installation, data migration and training of system beneficiaries (operators) at the level of Brčko District of BiH, institutions of BiH and Republic of Srpska, in accordance with the implementation plan of the project, respectively, in this order. At the Federation of BiH level, there were certain delays due to problems with the space to place equipment for the installation of the system, which was solved in the last quarter, and the training of beneficiaries started on October 20, 2009 and the same was implemented at 4 locations: Sarajevo, Mostar, Zenica and Tuzla. The meeting of the Management Board members of the BH-HRMIS project was held on June 11, 2009 and the second interim/transitional progress report for the period September 2008 until April 2009 was adopted.

In the last quarter of the reporting period, at the level of institutions in BiH, in coordination with the CSA BiH, a „twinning” project „Capacity building in the area of management training in institutions of BiH” was started, which will be implemented by the Institute for Public Administration HAUS from Finland, and for whose implementation the Delegation of the European Union ensured the funds through the IPA program.

The Law on changes and amendments to the Law on Civil Service in Institutions of BiH, which entered into force on June 10, 2009, introduced certain legal improvements that are significant from the aspect of reform implementation. In the last quarter of 2009, the CSA BiH passed the Rulebook on similar workplaces for the need of direct take overs of civil servants from the entity bodies into the institutions of BiH which further regulate legal solutions previously defined through the last changes of the Law on Civil Service regarding the creation of preconditions for a greater mobility of civil servants between administrative levels.

In the reporting period the Law on Prohibition of Discrimination was adopted which establishes a framework for the achievement of equal rights and opportunities to all people in Bosnia and Herzegovina and regulates the system of protection against discrimination.

The Parliamentary Assembly of BiH, at the session of the House of Representatives on December 7, 2009, in the second reading adopted the Law on Changes and Amendments to the Law on Ministries and other Administrative Bodies in BiH and the Law on Changes and Amendments to the Law on Administration. The House of the Peoples on December 15, 2009 adopted in the second reading the Proposition on Changes and Amendments to the Law on Administration (Official Gazette of BiH No:102/09), by which it was harmonized with the Law on Ministries and other Administrative Bodies in BiH, the Law on Civil Service in Institutions of BiH, and the Law on Work in Institution of BiH, which is important from the aspect of horizontal harmonization of regulations in this reform area. The Agreed version of the Law on Changes and Amendments to the Law on Ministries and other Administrative Bodies in BiH was adopted at the session of the Houses of the Parliamentary Assembly of BiH on December 30, 2009 (published in the Official Gazette of BiH No: 103/09).

At the 56th session of the House of Representatives of the BiH Parliamentary Assembly held on June 24, 2009, the Report on the performance audit on “The recruitment process of civil servants in institutions of BiH” was adopted, which was prepared by the Audit Office of Institutions of BiH. At the same session relevant conclusions were adopted which obligated the Council of Ministers of BiH, the Agency for Civil Service of BiH, the Ministry of Finance and Treasury of BiH, and the institutions of BiH to take appropriate measures in terms of audit findings.

The Council of Ministers of BiH, at the session held on June 2, 2009, appointed the members of the Commission for salaries and fees in the institutions of BiH, in accordance with the Law on Salaries and Fees in the Institutions of BiH. The task of the Commission is that in addition to the preparation of the document „Salary policy in institutions of BiH” for the next period, develop criteria and procedures for evaluating jobs and determining internal salary grades.

The Government of the Federation of BiH during the year worked on the preparation of the proposal of the Law on amendments to the Law on Civil Service in FBiH, and on changes and

amendments to the Law on Employees. The Government of the Federation of BiH, at the 96th session held on March 25, 2009, determined the Proposal of the Law on amendments to the Law on Civil Service, which has resolved the status of employees who work to acquire the VII level of qualifications or the first cycle of studies in accordance with the regulations of the Framework Law on Higher Education in BiH. With the amendments it was proposed that the persons with the completed first cycle of studies by the Bologna process can be placed only at the position of an expert associate in the civil service. By the end of the reporting period, the Parliament of the Federation of BiH did not harmonize and accept the changes and amendments to the Law on Civil Service in FBiH.

The Government of the Federation of BiH, at the 94th session held on March 13, 2009, considered the Report of the Agency for Civil Service of FBiH on the state of the staff in civil service bodies in FBiH for 2008, which states that an audit of work places from 2005 until 2008 was performed in 461 civil service bodies (98,7% of the total number). On this occasion, the Government has entrusted the General Secretariat of the Government of the Federation of BiH and the Agency for Civil Service of the Federation of BiH, in order to secure national proportional representation, to prepare the initiative for the adoption of the Law on securing ethnical proportional representation in administrative bodies and local self-governance in BiH, which was in the following period prepared and delivered to the Council of Ministers of BiH.

On the 108th session held on June 8, 2009, the Government of the Federation of BiH determined the measures to limit the admission of new employees in the federal bodies of civil services. With the objective of preparation of the proposal of measures and activities on the rationalization of work of the federal bodies of the civil service, the Ministry of Justice of FBiH is responsible to prepare a consolidated information on the conducted analysis of Rules of Procedures on internal organization of administrative bodies, and in cooperation with the Agency for Civil Service of the Federation of BiH urgently deliver to the Federation of FBiH a draft of the new Law on Civil Service in FBiH. The Federal Ministry of Justice was also in charge to prepare within 30 days and submit to the Government for consideration the Law on Changes and Amendments to the Law on Ministries and other Administrative Federal Bodies, with the objective of rationalization of work places and improvement of organizational structure. At the end of the reporting period, the Government of the FBiH on the proposal of the Ministry of Justice of FBiH enacted a Regulation on changes and amendments to the Regulations on the rules of disciplinary procedure for the disciplinary responsibility of civil servants in civil service bodies in FBiH (Official Gazette of the Federation of BiH, no: 75/09). In accordance with the Decision on accepting the debit toward the International Monetary Fund upon signing the stand by agreement, the Parliament of the Federation of BiH passed the Law on the manner to achieve savings in the Federation of BiH (Official Gazette of the Federation of BiH, no: 50/09), and the Government of the Federation of BiH in accordance with the taken commitments enacted following decisions: Decision on Amendments to the Decision on determining the salary grades and coefficients for wages of executive and other civil servants in the federal bodies of civil service and the Decision on Amendments to the Decision on determining the salary grades and coefficients for salaries of employees in the civil service bodies in the civil service federal bodies (both published in the Official Gazette of Federation BiH, No. 75/09 from December 2, 2009). The Government of the Federation of BiH, at the 128th session held on December 14, 2009, determined and in the parliamentary procedure sent a Draft of the Law on Salaries and Fees in the government bodies of FBiH that has resulted from the need to define this area in a unique and equal way, which was at the Federation of BiH level regulated with several laws and bylaws. Salary grades and coefficients for the categories of executive function holders, elected officials and advisors, civil servants and employees, as well as police officers are prescribed by this law, and the establishment of the unique basis in agreement of the Government of FBiH and unions is foreseen.

At the level of Republic of Srpska, implementing regulations needed for the full implementation of the Law on Civil Servants of RS are adopted, the law being adopted and came into effect in the previous reporting period.

Significant change from the aspect of implementation of reform measures represents the institute „personnel plan“ within the planning of recruitment of civil servants, where in the last quarter of the reporting period the drafting began of the personnel plan of the republic administrative bodies and Government of RS for 2010.

In addition to the named acts, on the 139th session, the Government of RS determined the Proposal of the Codex on the amendments to the Codex on behavior of civil servants of RS with the aim of applying the GRECO recommendations (Group of States against corruption) from the Report on the assessment of the situation in BiH, as well as recommendations of the Council of Europe to all the European Union member states and candidates for EU membership.

At the level of Brčko District of BiH, the organizational plan of the Brčko District of BiH administration was established in the first quarter, and the Decision was enacted on the implementation of the Plan for Employment, which according to the data from the PAR Coordinator of the Brčko District of BiH was implemented in the amount of 90%. The Assembly of the Brčko District, at the session held on August 26, 2009, adopted the Law on Changes and Amendments to the Law on Civil Service (Official Gazette of the BD BiH, 25/09), which determined the changes that include internal transfer of civil servants within the public administrative bodies, trial work, disciplinary proceedings, overabundance and conditions for retirement. At the end of the reporting period, a working group was formed for drafting of the new law on civil service.

Of the implementation acts, the new Rules of Procedures on Employment of servants and employees in the administrative bodies of the Brčko District of BiH (Official Gazette of BD BiH, 2/09) were adopted, which introduced the new system of personnel selection through a prequalification procedure in the form of a written test. A special Rules of Procedures on vocational education and specialization (not entered into force) was prepared. Data submitted in the last quarter indicate that there was a significant reduction of funds planned for the training of servants and employees in the Government of the Brčko District of BiH in the budget proposal for 2010.

Agency for Civil Service of BiH in cooperation with the Organization for Cooperation of Northern Ireland (Ni Co) and UNDP BiH completed the program of specialist training program for human resources management in institutions of BiH. In the reporting period, the CSA BiH started the implementation of a management training cycle, which is mandatory for civil servants from the position of head of department to the position of secretary/director.

The agency for Civil Service of the Federation of BiH, during the reporting period, organized education of civil servants in the following areas: teamwork, job analysis and job description, training new employed civil servants, organizational development of CSA FBiH, needs analysis for training of civil servants, skills of conducting an interview, effective meeting, mediation – solving a dispute peacefully. A total of 744 civil servants were included in the mentioned forms of education.

Civil Service Agency of Republic of Srpska implemented training programs of trainees and newly employed civil servants and employees, and the thematic training “Corruption and the fight against corruption” and “The term and basic concept of electronic administration”.

With the support of experts from the technical assistance Team to the PARCO – the project „The continuous support to the Public Administration Reform Coordinator's Office of BiH „Capacity Building for the Implementation of the Public Administration Reform Strategy and Donor Coordination“, the joint work is planned for the next reporting period with the representatives of implementation structures on the improvement of the implementation process of measures from the AP 1 in the area of Human Resources Management. The analysis of the overall progress in the reform area, the identification of problems and disputed agendas from the content of AP 1, defining of modalities for overcoming the delays and mechanisms for continued monitoring and the evaluation of reform activities are foreseen within this process.

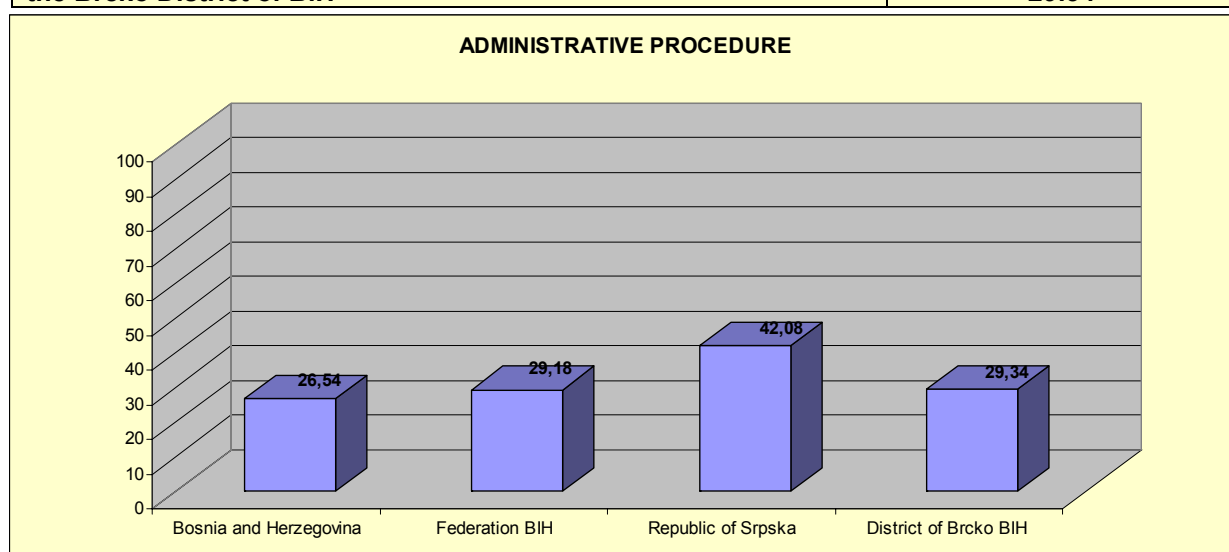
3.1.4 Administrative Procedure

In this reporting period, the AP 1 implementation in the area of Administrative Procedure at the state, entity and Brčko District of BiH level is **33.42 per cent**. In regard to the previous quarter, the increase is **1.46 per cent**, while compared to the same period last year an increase of **5.49 per cent** was recorded.

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

Table 13: Implementation of the AP1 of the PAR Strategy in BiH – reform area of Administrative Procedure

ADMINISTRATIVE PROCEDURE	Implemented
Bosnia and Herzegovina	26.54
the Federation of BiH	29.18
the Republic of Srpska	42.08
the Brčko District of BiH	29.34



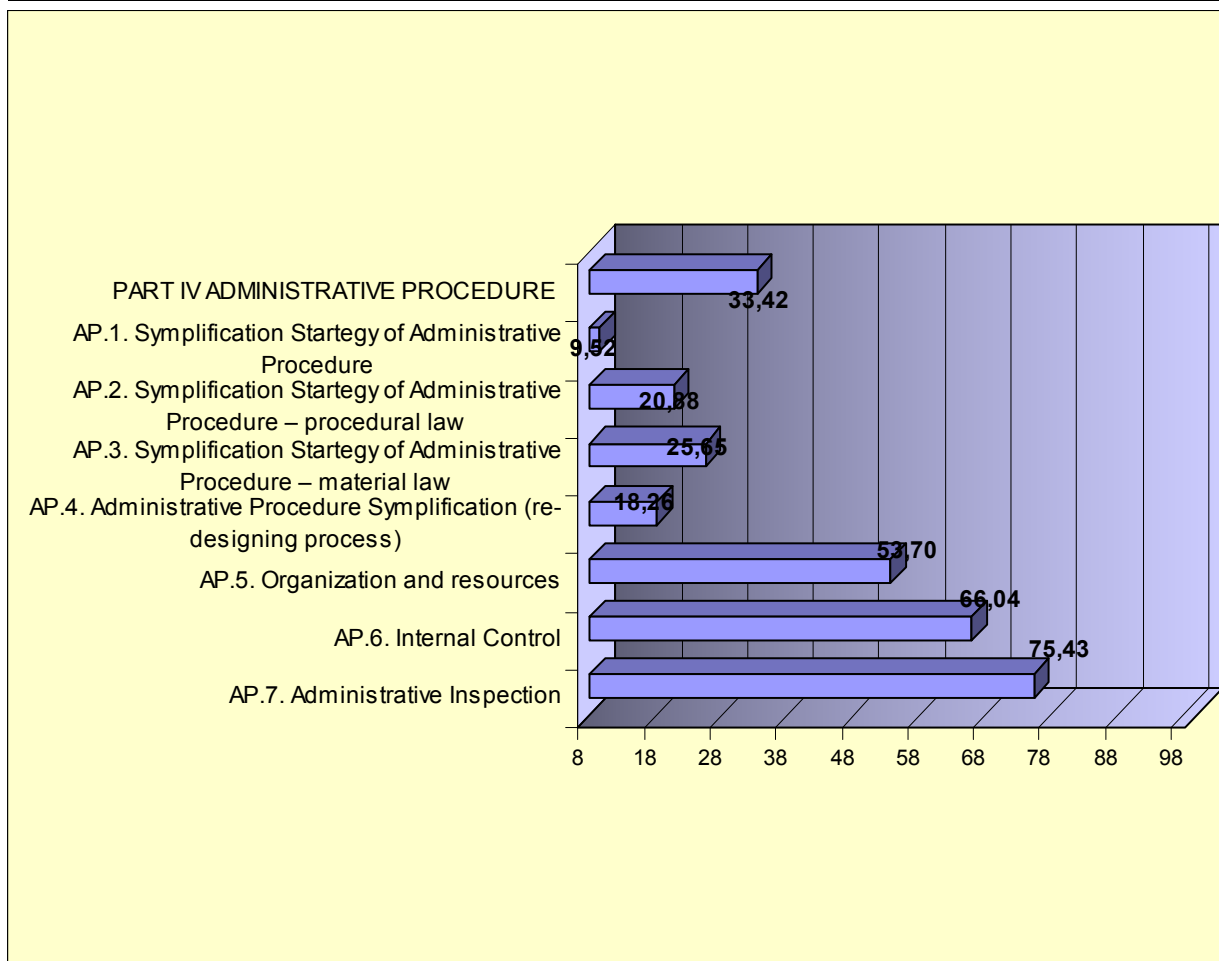
For the purpose of implementation of the project “Draft of Administrative decision making in BiH Quality Improvement Programme” two procedures of public procurement of consulting services were conducted. The first procedure ended with the Decision on Annulment of the procedure because only one out of six candidates who took the tender documentation submitted the Request for participation in the stated procedure. The Commission responsible for the implementation of the procurement procedure has found that the submitted Request for participation does not fulfill the conditions from the tender documentation regarding the years of work experience gained in public administration. After the repeated procedure of public procurement, at the 13th session of the PARF JMB on November 9, 2009, the Report on evaluation of public procurement of services for the implementation of the Project with the proposed measures was adopted, and the proposal of the Decision on Award of Contract for the procurement of services for the implementation of this project. The contract of consulting services with the selected best bidder was signed on December 21, 2009. All the members of the Implementation team for the stated project are appointed.

Activities regarding the preparation of the project proposal and logical framework for the project “Education of Leaders of Administrative Procedures and of Administrative Inspectors” is in progress.

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

Tabela 14: Pregled aktivnosti i mjera za reformsku oblast Upravni postupak

COMPONENT OF THE ACTION PLAN 1	Implemented
PART IV ADMINISTRATIVE PROCEDURE	33.42
AP.1. Simplification Strategy of Administrative Procedure	9.52
AP.2. Simplification Strategy of Administrative Procedure - procedural law	20.88
AP.3. Simplification Strategy of Administrative Procedure - material law	25.65
AP.4. Administrative Procedure Simplification (redesigning process)	18.26
AP.5. Organisation and Resources	53.70
AP.6. Internal Control	66.04
AP.7. Administrative Inspection	75.43



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

At the **state level** the Law on changes and amendments to the Law on Administrative Procedure (Official Gazette of BiH No: 93/09) was adopted. Changes and amendments to the Law on Administrative Procedure were made in order to implement the legal solutions prescribed by the Law on Electronic Signature and Law on Electronic Legal and Business Operations. With these changes and amendments, among other things, the electronic submission of written statements is enabled as well as other possibilities related to conducting administrative procedures the electronic way. Using the electronic method of submitting written statements contributes to a more effective, faster and efficient work of administrative bodies and provides faster and better communication.

The Law on changes and amendments to the Law on Administration was adopted (Official Gazette of BiH No: 102/09). With the provisions of the Law on changes and amendments of the Law on Administration, provision of the law were harmonized with other regulations whose use

is binding, certain provision were explained in order to enable easier, faster, and simpler use of regulations, and existing solutions were specified in relation to other binding regulations.

Also, the Law on changes and amendments to the Law on Ministries and other Administrative Bodies of BiH was adopted (Official Gazette of BiH No:103/09). With this law, provisions of this Law were harmonized with the laws which established new administrative organizations or changes and amendments were made to laws in the part of organization and authorities of already established administrative bodies, administrative organizations and other institutions of BiH.

The phase I of the project „e-Government in the Council of Ministers“ was completed, and a set of regulations and legal documents were made for the normal functioning of the stated project.

The Instruction on creating and maintaining Internet websites of BiH institutions was adopted, which ensures the development of the web page by enriching its content with official information that matches the global audience in terms of easier access.

Secretariats of the governments at all levels of governments signed the Memorandum on joint cooperation – with the objective of establishing full responsibility of local authorities for the preparation and development of policies at all levels of government and improvement of mutual communication.

Both houses of the Parliamentary Assembly of BiH ratified the Agreement on establishing the Regional School for Public Administration (ReSPA). The Regional School for Public Administration will be established by the Agreement, with the objective of improvement of cooperation in the area of public administration reform between its members and strengthening the exchange of information with the EU member states and European Economic Area.

At the web site of the PARCO (www.parco.gov.ba) the application „Interactive map of administration“ was posted, which gives information to Internet users which institutions provide services and how they provide them to citizens and business community.

At the level of **Republic of Srpska** the Law on changes of the Law on republic administration was adopted („Official Gazette RS“, No:11/09). With these changes, the compliance of this law with the Law on General Administrative Procedure is achieved in terms of prescribing opportunities for appeal against first instance administrative acts of ministries and independent administrative organizations, and more efficient and rational work in second instance administrative procedure and the avoidance of obscurities in conducting procedures.

The Law on Administrative Inspection („Official Gazette of RS“, No: 01/09) is adopted. With this law, fines are prescribed for responsible persons in administrative bodies in case of violation of regulations of the stated law, and the jurisdiction of the administrative inspector is determined. The work program of the Administrative Inspection for 2009 is adopted.

Rulebook on content and manner of keeping records of carried out inspection controls of administrative inspectors is adopted as well as the Rules on the form, layout, content and the manner of issuing official legitimation of the administrative inspector.

The Regulation on the principles for internal organization and systematization of work places in the republic administrative bodies of the Republic of Srpska is adopted, from which arises the obligation of all republic administrative bodies to harmonize their rules and procedures with this Regulation and thus establish appropriate structures and staff.

The National Assembly of the RS, on the 31st session held on June 11, 2009, adopted the Law on Electronic Business of RS („Official Gazette of RS“, No: 59/09). Enactment of this law enabled the public, smooth and legally established use and exchange of electronic documents with creating public confidence in the work of electronic document institutions, which created room for a more intensive act of electronic business mechanism, and development of electronic administration, as well as the legal basis for equalization of safe electronic forms of business with the use of information and telecommunication equipment with the classical form of paper business.

With the Law on Electronic Signature, the following bylaw acts were enacted („Official Gazette of RS“, No: 88/09): Rules of Procedures on technical rules for securing the connection between records of issued and recalled certificates of certification bodies in RS, the Rules and Procedures of the content and manner of running a register of certification bodies for the issuing of qualification electronic certificates, the Rules of Procedures on protection measures of the electronic signature and the qualifications electronic signature, the lowest amount of compulsory insurance and the application of organizational and technical measures of certificate protection, and the Rules and Procedures on certification bodies records.

The National Assembly of the RS, at the 33rd session, held on September 23rd, 2009 adopted the Law on Registrar Books of the RS („Official Gazette of RS“, No:111/09).

The National Assembly of the RS, at the 35th session, will consider the Draft of the Law on changes and amendmends to the Law on General Administrative Procedure, which stipulates that the executive authority may authorize another official person to conduct the administrative procedure and enact decisions or to conduct the administrative procedure, and when it is prescribed by a special law, to consider the request of a party as adopted if the authority does not enact a decision upon a request in the legally prescribed deadline. Also foreseen is the obligation of the second instance authority, that it will be decide on the new decisions of the appeal based on the merits, as well as the possibility of electronic communications of authorities and parties, and conditions are prescribed that the person should meet authorized to solve and conduct the administrative procedure.

With the conclusion of the RS Government No 04/1-012-2-2428/09, from December 10, 2009, all republic administrative bodies are in charge to develop a report on the state of the administrative decision making and a plan of resolving pending cases from the previous period and deliver the same to the Government of RS.

The Regulation on Disciplinary and Material responsibility in republic administrative bodies of Republic of Srpska was adopted („Official Gazette of Republic of Srpska“ No 104/09).

The Memorandum of Understanding was signed which relates to the implementation of the GAP project of administrative responsibilities. The GAP will appoint a mixed Working Group for negotiations with the central authorities, as well as the changes and amendmets to the existing LAPs.

The project Simplification of activities of issuing licences and inspection regimes was adopted.

The Strategy of e-Government of the RS (2009 – 2012) was adopted.

The National Assembly of the RS adopted the Proposal of the Strategy for the Development of Local Self Governance of the RS for the period 2009 – 2015 that should direct, facilitate and accelerate the local transformation in the RS. The e-participation program will be established with the Strategy, which will develop platforms of e-participation of citizens in the decision-making processes and enable the administration and citizens to use the e-participation mechanism.

The Internet portal of Public Administration of the RS www.esrpska.com was established. The portal eSrpska represents a longterm project of the RS Government and the Agency for Information Society and is conceived as a place were beneficiaries of public administration services could find accurate and reliable information using the Internet as a way of communication. In the first phase, you can get brief information on the portal about the state and public administration services. It is foreseen to obtain specific services on the eSrpska portal in the next phases. Namely, the eSrpska portal will monitor the progress of electronic services, so by logging on to the portal, one would be able to order birth certificates, pay taxes, submit a request for registration of a vehicle.

The Government of the **Federation of BiH**, at the 100th session held on April 29, 2009, enacted a Decision on giving consent to the Agreement of cooperation of the Government of FBiH and International Financial Corporation (V. No: 358/2009). The objectives of the projects

are: a comprehensive simplification and quality improvement of laws related to inspection, as well as administrative procedures at the FBiH level, and provided technical support in creating regulatory review and the guillotining process.

The project Simplification of activities of issuing licences and inspection regimes was adopted.

The Federal Ministry of Health in cooperation with the Association for Research and Policy of Social Security (GVG) from Germany organized the First eHealth Conference for Southeast Europe. The term eHealth includes introduction of information and communication technologies in the healthcare system (electronic medical record, telemedicine, electronic health care).

The Assembly of **the Brčko District of BiH** adopted the Law on changes and amendments to the Law on Administrative Procedure of the Brčko District of BiH (Official Gazette of BD BiH 36/09). These changes and amendments, among other things, enable electronic submission of written statements as well as other possibilities related to conducting the administrative procedure electronically.

The Government of the Brčko District of BiH signed a protocol on electronic exchange of documents titled – Faster to urban and building permits in Brčko, which significantly shortens the time required for obtaining urban permissions.

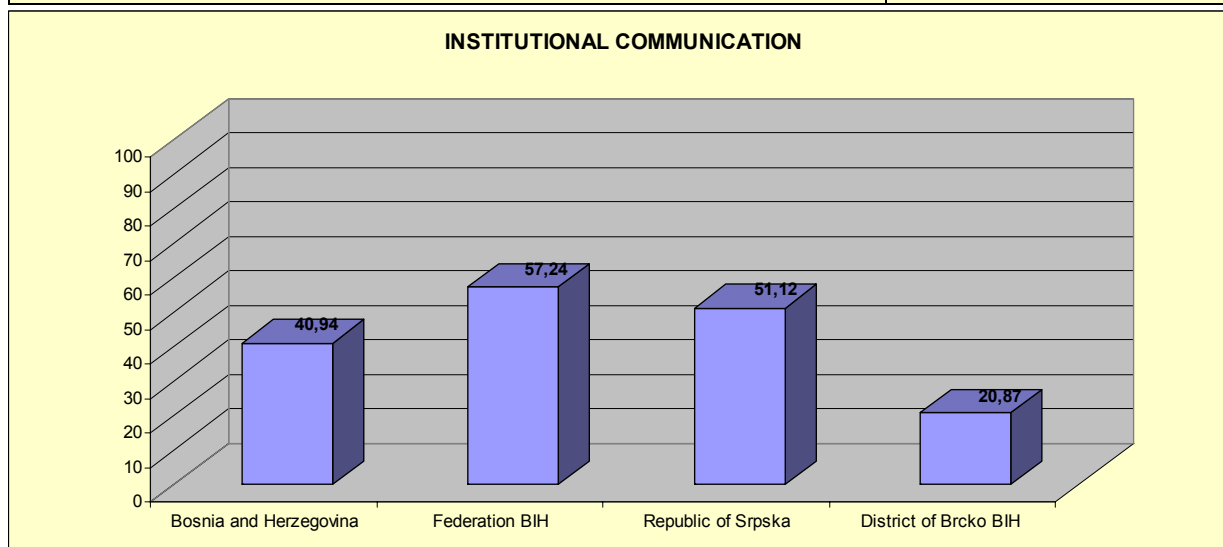
3.1.5 Institutional Communications

In this reporting period, the AP 1 implementation in the area of Institutional Communications at the state, entity and Brčko District of BiH level is **40.44 per cent**. In regard to the previous quarter, the increase is **0,89 per cent**, while compared to the same period last year an increase of **7,13 per cent** was recorded.

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

INSTITUTIONAL COMMUNICATIONS	Implemented
Bosnia and Herzegovina	40.94
the Federation of BiH	57.24
the Republic of Srpska	51.12
the Brčko District of BiH	20.87



In this reporting period **two projects were funded from the Public Administration Reform Fund**, while the public procurement procedure was successfully conducted for the third project.

The project “Establishment of Network of Info Stands” is in the final phase. 4 out of 5 phases have been implemented, and the activities: analysis of internal communication at all levels; training of employees in the units for informing on institutional communication; procurement and setup of info stands and the preparation of newsletters on government work on all 4 levels contributed to the fulfillment of measures from the area IC 8, IC 14 and IC 17.

The shortening from 9 to 6 months was approved for the project „Strategic Communication“, so most of the activities were implemented in this reporting period. A research was conducted within the project on public perception on governments in BiH and their communication activities, and analysis of compliance of existing communication strategies (RS i FBiH) with the AP 1 of public administration reform and the drafts of communication strategies were prepared (BiH and BD BiH). All these activities directly contributed to the fulfillment of the measures in the area IC 2.

The signing of the contract for the project „Training of Public Relations Officers” is scheduled for January 2010. The project will contribute to the implementation of measures from the area IC 1 and IC 8.

In 2009 there was a change on the position of expert advisor for public administration – area Institutional Communication in the PARCO. 6 joint and 1 bilateral meeting of the Supervisory team members was held.

The PARCO, during the preparation of the III Quarterly Report in 2009, prepared and sent a questionnaire with whose analysis they obtained information on progress in the implementation of measures in the reform area. Also, progress was recorded on all levels as a result of implementation of activities within the implementation of the projects "Establishment of Network of Info Stands" and "Strategic Communication", especially in the IV Quarterly Report of 2009. Certain activities were undertaken towards the implementation of measures foreseen by the Action plan 1, but considering it is a continuous measure, previously completed, those activities are not directly presented as progress but as a contribution to the implementation of continuous activities in the reform area.

At the BiH level, ending with this reporting period, the level of implementation of the Action Plan 1 is 40,94%, and progress is recorded in chapters IC 1 – Key Regulations, IC 2 – Communication Planning, IC 3 – Institutional Relations, IC 5 – Coordination and Standard Setting, IC 8 – Training, IC 13 – Web Pages, IC 14 – Direct Communication with Citizens and IC 17 – Internal Communications. The Council of Ministers of BiH adopted the Instruction on creating and maintaining Internet websites of BiH institutions and started a new web site redesigned within the project „e-Government“. Changes and amendments to the Rules on internal organization of the General Secretariat of Council of Ministers of BiH regarding the Service Information were adopted. The PARCO completed a number of measures from the AP 1 (public lectures – providing information to citizens without intermediaries, setup of a box for suggestions from citizens, meeting with the representatives of the NGO sector). Within the project „Establishment of Network of Info Stands“ and Strategic Communication“ an analysis of internal communication was made, trainings were held, the bulletin „Information on Council of Ministers“ was prepared, a public research was conducted and a draft of communication strategy was prepared.

At the level of the Republic of Srpska, the AP 1 is implemented 51.12 % The progress was achieved in the chapters AP 1 IC 1 – Key Regulations, IC 2 – Communication Planning, IC 3 – Institutional Relation/Relations with Management, IC 6 – Service Provision/Central Pools of Resources, IC 8 – Training, IC 9 – Budget Allocation, IC 12 – Direct Communication with the public, IC 13 – Web Pages, IK 12 – Freedom of Information Act, IC 14 – Direct Communication with Citizens and IC 17 – Internal Communications. Also, the continuous activities are continued on the previously fulfilled measures in the area IC 2.1., IC.8 and IC 14.

At the level of the FBiH, the AP 1 is implemented 57,24%. The progress was achieved in the chapters AP 1 IC 1 – Key Regulations; IC 2 – Communication Planning; IC 3 – Institutional Relation/Relations with Management; IC 5 – Coordination and Standard Setting; IC 6 – Service Provision/Central Pools of Resources; IC 7 – Human Resources; IC 8 – Training; IC 9 – Budget Allocation; IC 12 – Direct Communication with the public; IC 13 – Web Pages; IC 14 – Direct Communication with Citizens and IC 17 – Internal Communications.

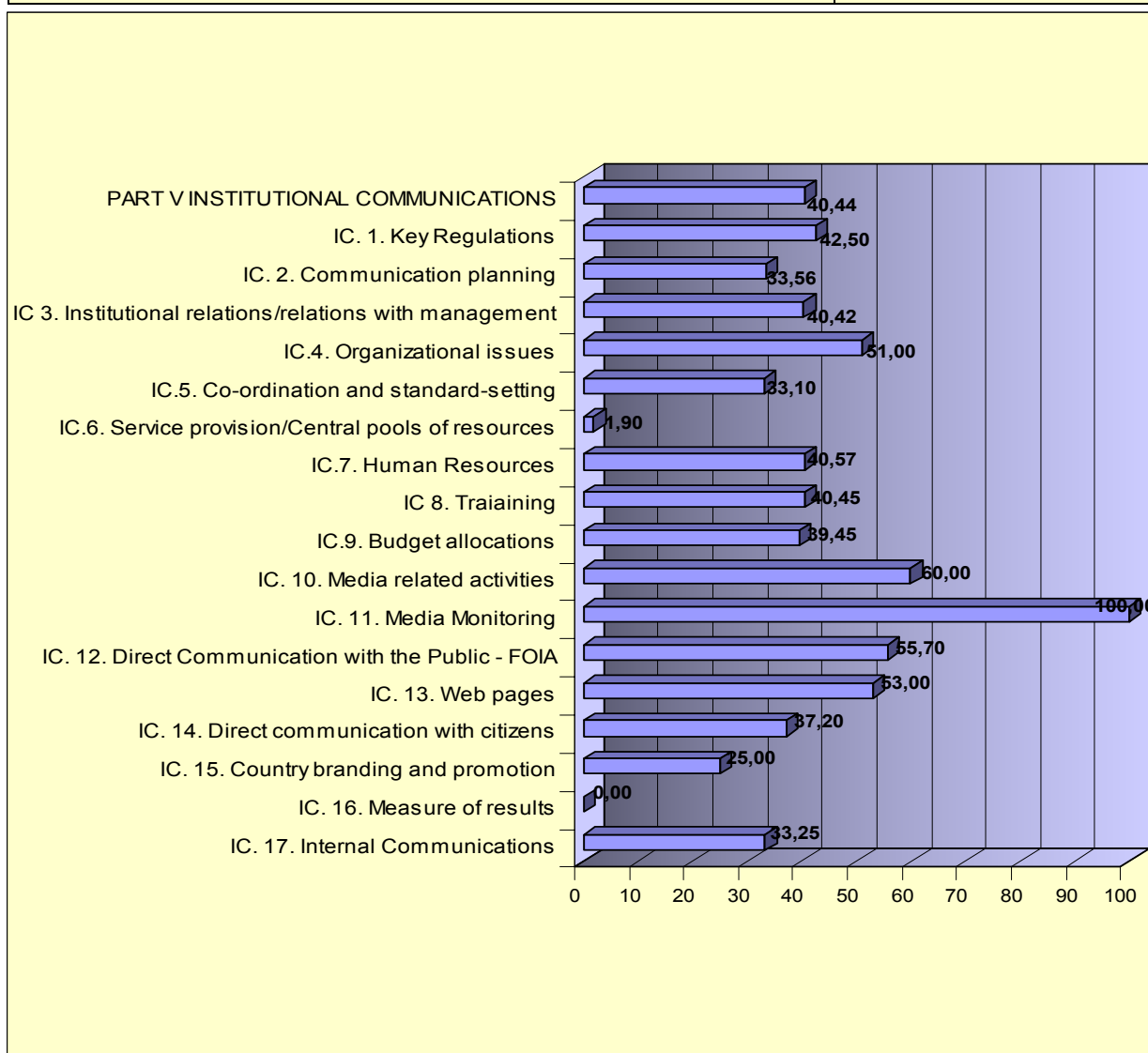
The implementation of the AP 1 measures in the subject area in the Brčko District of BiH is 20,87%, with progress in the area AP 1 IC 1 – Key Regulations; IC 4 – Organizational Issues; IC 8 – Training and IC 13 – Web Pages.

In the next period the start of the implementation of the project "Training of Public Relations Officers" is expected, and activities on the finalization of projects „Establishment of Network of Info Stands“ and „Strategic Communication“ are planned. Also the development of the terms of reference and other project documentation for the project "Publication of Information Materials of 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", whose project proposal was adopted at the 12th session of the PARF JMB is one of the activities planned for the following period.

Table below gives the overview by chapters for the reform area of Institutional Communication.

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

COMPONENT OF THE ACTION PLAN 1	Implemented
PART V INSTITUTIONAL COMMUNICATION	40.44
IC 1. Key Regulations	42.50
IC 2. Communication Planning	33.56
IC 3. Institutional Relation/Relations with Management	40.42
IC 4. Organisational issues	51.00
IC 5. Coordination and Standard Setting	33.10
IC 6. Service Provision/Central Pools of Resources	1.90
IC 7. Human resources	40.57
IC 8. Training	40.45
IC 9. Budget Allocation	39.45
IC 10. Media Related Activities	60.00
IC 11. Media Monitoring	100.00
IC 12. Direct Communication with the public - FOIA	55.70
IC 13. Web Pages	53.00
IC 14. Direct Communication with Citizens	37.20
IC 15. Country Branding and Promotion	25.00
IC 16. Measure of Results	0.00
IC 17. Internal Communications	33.25



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

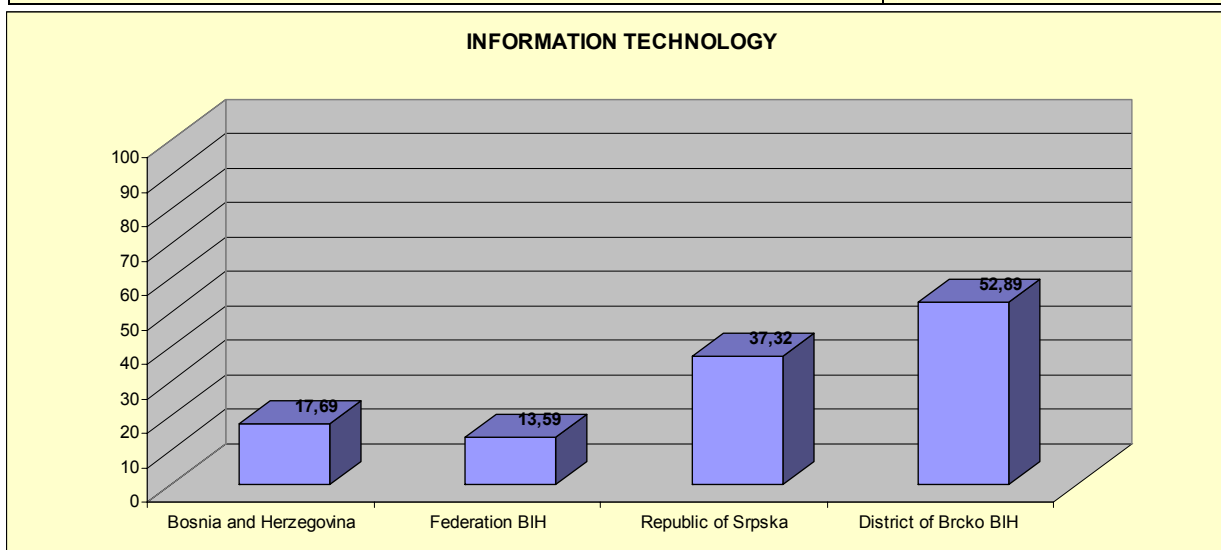
3.1.6 Information Technologies

In this reporting period, the AP 1 implementation in the area of Information Technologies at the state, entity and Brčko District of BiH level is **30.51per cent**. In regard to the previous quarter, the increase is **1.79 per cent**, while compared to the same period last year an increase of **3.74per cent** was recorded.

Table 17 shows the overall progress in implementation of the Action Plan 1 of the Strategy of the Public Administration Reform in BiH for the reform area of Information Technologies.

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

INFORMATION TEHNOLOGY	Implemented
Bosnia and Herzegovina	17.69
the Federation of BiH	13.59
the Republic of Srpska	37.32
the Brčko District of BiH	52.89



The project „**One Stop Shop - Services for Assistance to Citizens**” was approved by the PARF JMB, after it was sent to the PARF JMB for approval with the changes made by the proponent. Thereby, the requirements were acquired to start with the procedure of public procurement after the preparation of tender documentation

The project “**Design and Establishment of Interoperability Framework and Standards for Data Exchange**” is currently in the phase of selection of bidders for the implementation of consulting services. The prequalification phase in the restricted procedure ended, followed by the selection of the bidder for the implementation of the planned project.

The project „**e-Government phase I**” is formally completed, even though certain deviation were observed during the implementation of this project. The intended implementation of the phase II of e-Government has been stopped because the Decision on the implementation of e-Government phase II was not included in the agenda of the Council of Ministers, even though it was forwarded to the General Secretariat of the Council of Ministers of BiH at the beginning of the year.

The PARCO is directly involved in the phase I of the Project e-Government which is implemented by UNDP. Also the PARCO was involved in other bodies established to follow this project – the Management Board of the project e-Government and the Working Group which is made of IT experts from institutions that are involved in the project. Through the activities in these bodies, the representatives of the PARCO tried to influence the increased dynamics of implementation of phase I of this project as well as the quality of performed tasks, since the PARCO is also a planned user of the e-Government web portal and on that occasion, a number of shortcomings were observed which were to a certain extent removed with intense communication through a number of meetings with the representatives of implementers and

performers. However, during the work on publishing the new page of the PARCO within the phase I of e-Government, the transfer and publication of the web page was prolonged due to the expiry of the engagement of the implementer and the lack of technical support which would ensure all the necessary services required for the smooth functioning of the web portal.

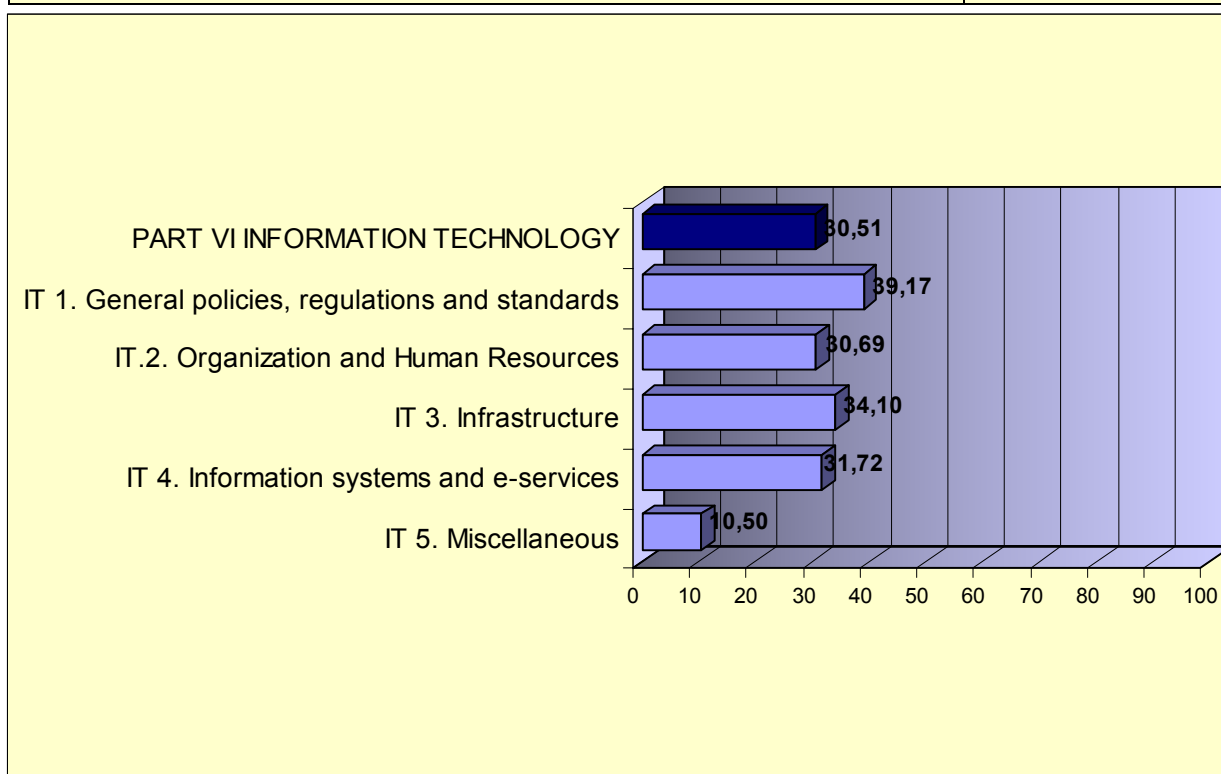
On the occasion of holding the sixth meeting of the “e-Government in the Council of Ministers of BiH – Phase II” Management Board, the PARCO sent a letter expressing their opinion that the phase I was not finished, and that the Ministry of Communication and Transport of BiH did not submit to the Council of Ministers of BiH the Report on Work and Financial Report for phase I of the project e-Government, as well as the project plan for phase II for its approval, and therefore this Management Board has no legal basis or legitimacy to adopt the “Conceptual Design” for Phase II.

All the activities on the entry, updating and establishing the total functionality and the operation of the LDB database (Legal Data Base) were finished and completed early this year, which made it available to end users in full scale.

Table below shows 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
PART VI INFORMATION TEHNOLOGIES	30.51
IT 1. General policies, regulations and standards	39.17
IT.2. Organisation and human resources	30.69
IT 3. Infrastructure	34.10
IT 4. Information systems and e-services	31.72
IT 5. Miscellaneous	10.50



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

The Council of Ministers of BiH conducted the following activities at the BiH level: the Decision on basis of using of electronic signature BiH was adopted, and Instruction on creating and maintaining Internet websites of BiH institutions: the House of Representatives of the Parliamentary Assembly of BiH adopted the Law on Agency for Development of Information Society of BiH; within the e-Government a number of activities were conducted including e-sessions of Council of Ministers of BiH sessions.

At the RS level a number of acts and documents were adopted which include the theme of electronic signature. Also, eSrpska portal was launched at the RS level, as well as the Forum AIDRS, while the eMap RS is in production.

Activities were conducted on all levels on legalization of software through the renewal and signing of contracts on licensed software.

The realization of services procurement for the projects "Design and Establishment of Interoperability Framework and Standards for Data Exchange" and „One Stop Shop“ is planned for the following period. Draft of the codebook of jobs for IT in RS (AP1 IT 2.5) was also planned and the establishment of permanent risk analysis process (AP1 IT 1.5), as well as the analysis of IT jobs and defining accurate conditions for executing tasks and completing LANs in individual institutions of FBiH.

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.

Public Administration Reform Fund:

The PAR Fund approved 14 project so far related to all four administrative levels (Council of Ministers of BiH, Government of Federation of BiH, Government of Republic of Srpska and Government of the Brčko District of BiH) and they covered all six reform areas from the AP 1. The implementation of 4 projects is in progress, and the start of implementation of all other projects is expected in 2010.

The total amount of the Fund for the approved projects without the VAT is 9.369.131,85 BAM. The calculated VAT for this amount is 1.592.752,41 BAM, so the **total amount of the Fund for the approved projects with the VAT included is 10.961.884,26 BAM.**

The PARCO still continuously works on preparation of new project proposals, which are directly related with fulfilment of the measures from the AP1.

After obtaining opinions of the competent institutions, the PARCO sent to the Council of Ministers of BiH, entity governments and the Government of the Brčko District of BiH the Annex to the Memorandum of Understanding for Establishment of the Public Administration Reform Fund (hereinafter: the Annex to the Memorandum of Understanding), which continued validity of the Fund to the end of 2010. The Council of Ministers in early September established Proposal of the Basis for the Negotiations and Signing of the Annex, which was then submitted to the Presidency of BiH. The Presidency, in early October adopted the Decision on initiation of the procedure for conducting negotiations for conclusion of the Annex to the Memorandum of Understanding for the establishment of the PAR Fund. The Government of the RS in August adopted by a conclusion the Information on activities on draft of the Annex to the Memorandum of Understanding for establishment of the PAR Fund, the Government of the BD BiH in October adopted a Decision on adoption of the Annex, and the Government of the FBiH, also in October, adopted a Decision on approval of the Annex. The Council of Ministers of BiH determined the Proposal of the Annex to the Memorandum of Understanding on the 106th session held on December 3, 2009, and the Presidency of BiH enacted a Decision on acceptance of the Annex to the Memorandum of Understanding on the 65th session held on December 10, 2009.

After the governments adopted the proposed Annex to the Memorandum of Understanding and appointed the signatories of the same, the Annex to the Memorandum was signed by the representatives of the local authorities and donors in the period of December 14 – 22, 2009. Due to the urgency of extending the period of validity of the Memorandum of Understanding, an official signing ceremony was not organized.

Problems During Implementation / Deviations from the Action Plan 1

Although 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.

The PARCO still notes delays in reporting by the institutions on the progress in six reform areas of the AP 1. The Annual report for 2009, was provided on time by the PAR coordinators from the Republic of Srpska, the report from the Federation of BiH was delivered with delays, while the Brčko District of BiH delivered an incomplete report. From the BiH level four reports were submitted within the given deadline (Information Service of the Concil of Ministers of BiH, the Office for Legislation of BiH, Ministry of Justice of BiH, Ministry of Communication and

Transport of BiH), while the report of the Ministry of Finance and Treasury of BiH was delivered with a delay.

The Members of the Supervisory Teams at meetings still stress the need of finding the ways to pay compensation for their work. Failure to pay compensation partially affects their motivation to work in the Supervisory Teams and represents a serious obstacle in implementation of the projects. Also, the lack of compensation for their work after working hours will not motivate the quality staff in the administration for the work in implementation teams.

The problems are present in the implementation of the reform measures from the Action Plan 1 for which the responsible institutions were not specified and/or the measures were not clearly defined, then the measures whose implementation requires adequate „political verification and support“, as well as the measures that are implemented independently at individual levels of government, even though their implementation was planned in a coordinated and harmonized way (through the joint work of intergovernmental bodies/work groups etc.).

In the Progress report of Bosnia and Herzegovina for 2009, the European Commission stated that some progress in the public administration reform was stated, as the key priority of the European Partnership. The European Commission highlights the need to intensify efforts in the public administration reform field, addressing the following items in the area of Human Resources Management and civil service reform:

- Insufficient harmonization of the legislation at different levels, to enable better mobility of civil servants, ie the transition from one to another level of administration.
- Insufficient consultations between the responsible in the preparation process of changes and amendments of legislation.
- The continuous presence of civil service politicization and the need for professionalism, transparency and efficiency in recruitment procedures and in particular, the need for a modern way to prosper in service.
- Small progress in preventing political interference and limiting the role of the national identity and party affiliation in public administration.

The PARCO expects that this year's saving measures, introduced by the governments at all four administrative levels, will affect the implementation of activities from the Action Plan 1 of the Public Administration Reform.

The lack of the central unit for public relations in the Government of Brčko District of BiH, endangers the participation of the District in public administration reform projects and prevents the implementation of AP 1 measures in the area Institutional Communication at this administrative level.

Also, the problem is inadequate quality of information on progress submitted by the administrative bodies responsible for implementation of reform measures, from the viewpoint of verifiability and fulfillment of the essence defined by the methodology of progress monitoring of the implementation of the measures from the Action Plan 1 of the Strategy of the Public Administration Reform.

The staff deficits of IT relevant disciplines in a number of public administration institutions is a serious problem and threatens to jeopardize the sustainability of existing and ongoing projects in the implementation phase, and in addition is a barrier for the start of implementation of other projects whose implementation is planned and should already be initiated.

The lack of Agency for Information Society at the level of BiH which would be the main bearer of planned activities in the reform area IT is a problem with significant impact on the dynamics of the implementation of the AP 1. The Agency should be the bearer of large number of activities foreseen by the AP 1, and in addition would be the institution that would have the role of an owner of certain projects from the IT area, monitoring and directing their proper

implementation and its sustainability after the implementation.

Proposals of Measures for Overcoming the Problems

- For further successful implementation of the Action Plan 1 of the PAR Strategy it is necessary that institutions covered by the reform processes, include in their work plans concrete activities from the AP 1 for which they are in charge.
- Improve flow and exchange of information and ensure continuous exchange of data on planned activities of bodies of administration and donors, related with implementation of the reform and implementation of the measures from the Action Plan 1. Ensure timely information, presence and participation of the representatives of the PARCO in the initiatives and activities on changes of the laws and bylaws which are relevant for certain reform areas covered by the PAR Strategy.
- Ensure better quality of information delivered by the institutions to the PARCO for the progress reports on implementation of the reform, and their timely submission. Repeated presentation of the monitoring system for the AP1 is recommended for the PAR Coordinators from the FBiH, the RS and the Brčko District of BiH.
- Ensure more functional and more efficient work of interdepartmental and intergovernmental bodies for oversight and implementation of reform measures from the Action Plan 1 of the PAR Strategy (Supervisory Team and implementation teams / working groups at the technical level). Provide for regular and continuous participation of members of the supervisory teams at the meetings. Improve information exchange and mutual communication between members of the Supervisory Team from different levels of government (and within the same government level).
- In the coming period resolve the question of compensation for work in implementation structures, ie compensation for work for the supervisory and implementation teams in reform areas, ie that the centers of executive authorities that appointed representatives to the supervisory or implementation team stimulate the work of the servants in these interdepartmental bodies and ensure their continuous and responsible attitude towards the public administration reform.
- Harmonize areas in the field of Human Resources Management that require a common approach and agreement of all levels of government, to ensure equalized development, and ensure a systematic and planned work on future changes to regulations.
- Establish/fill the central unit for public relations of the Government of the Brčko District of BiH.
- At the level of BiH it is necessary to pass legislation from the IT area and the state level (the Law on Agency for Information Society of BiH) and establish the Agency for Information Society bearing in mind the time needed to bring the agency to an adequate operational capacity so that they could fulfill their obligations.

4 ANNEX – M&E table of implementation of the measures from the AP1 of the PAR Strategy

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