



ANNUAL PROGRESS REPORT

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

OF THE PUBLIC ADMINISTRATION REFORM
COORDINATOR'S OFFICE

FOR THE PERIOD JANUARY 1ST – DECEMBER 31ST, 2010

JANUARY 2011



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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
EUD	European Union 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
SPEM	Strengthening Public Expenditure Management in Bosnia and Herzegovina
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 measures from the Action Plan 1 in the period January 1st – December 31st, 2010 is **10.16 per cent**, and **total implementation** is **49.23 per cent**;

The **Draft Revised Action Plan 1 for the period 2011 – 2014** has been prepared based on analysis of the condition in all six reform areas;

PM: Activities continued on development and implementation of key projects for this area;

PF: Established Central Units for Harmonisation for internal audit on all three relevant levels of authority in BiH and established Coordination Board for three central units for harmonisation;

HRM: The Constitutional Court of the FBiH reached the verdict that the provisions of the Law on Civil Service in the FBiH are not harmonised with the Constitution of the FBiH in part related with the Cantons, Municipalities and Cities;

AP: Completed Draft Administrative Decision Making in BiH Quality Improvement Programme;

IC: Central Information Unit in the Brčko District of BiH established and the Council of Ministers of BiH adopted the Communication Strategy;

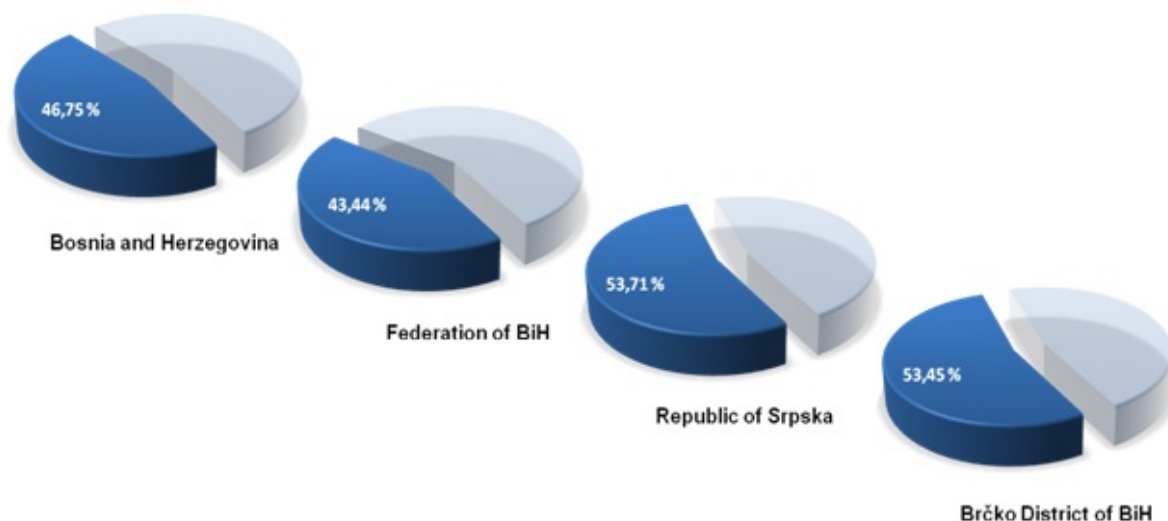
IT: Continued activities on the project Design and Establishment of Interoperability Framework and Standards for Data Exchange;

In total, **since the start of implementation of the AP1 until December 31st, 2010, the biggest progress in implementation has been achieved in the reform area of Institutional Communication (64.57 per cent), and the smallest is in the area of Information Technologies (37.70 per cent).**

The highest degree of implementation of the measures from the AP1 has been achieved in the Republic of Srpska and the Brčko District of BiH, and expressed in percentages, it is more than 53 per cent.

Table below gives the overview of total achieved progress since the start of implementation of the AP1 until December 31st, 2010 for the state level, entity level and the level of the Brčko District of BiH.

Bosnia and Herzegovina	46.75
Federation of BiH	43.44
Republic of Srpska	53.71
Brčko District of BiH	53.45



2 Introduction

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, 2010, for every one of the six reform areas respectively (on the state level, entity level and the level of the Brčko District of BiH). 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.

Sources of Information

In drafting of the Report, two sources of information have been used. The first source are annual progress reports by administrative levels delivered to the PARCO by the entity coordinators and the Coordinator of the Brčko District of BiH, in cooperation with the Supervisory and Implementation Teams. These reports stem from the obligation of monitoring of implementation of the public administration reform, established by the Common Platform on Principles and Manner of Implementation of the Measures from the Action Plan 1 (Common Platform).

The second source of information comes from the scope of work of the PARCO, through regular monitoring of the condition and changes in the reform areas (monitoring of legislation, communication with supervisory teams, questionnaires, media monitoring, etc.). In addition, the PARCO directly contributes to implementation of certain measures through implementation of projects financed by the Public Administration Reform Fund, and thus collects relevant information on progress in implementation of certain measures of the AP1.

Measuring of Progress

For measurement and evaluation of the progress, the PARCO developed a specific system of measuring of fulfilment of individual measures from the AP1. For each individual measure one or more indicators of progress have been developed by whose fulfilment the measure is partially or completely fulfilled. Based on the gathered information and their verification through documentation basis, concrete percentages of progress are calculated using complex mathematical algorithm. Practically, every single measure, according to a preset matrix, contributes to a percentage of fulfilment of set of measures, reform area, and the AP1.

By their nature, there are continuous and “one-off” measures. Specifically, continuous measures relate to establishment of certain practices. In other words, fulfilment of this measure 100 per cent means that certain practice has been established, while its continuous character comes to the fore through continued application of that practice, which is also recorded. These measures contribute to the overall progress through the first mentioned part (establishment of the practice), and regular application of that practice ensures sustainability and justifiability of concrete measure of the AP1. “One-off” measures are more oriented towards building of systems and more complex activities (e.g. legislative and institutional framework). This type of measures directly affects the overall percentage of progress and their achievement of 100 per cent notes that they are fully implemented and that certain changes have been made.

From the aspect of contribution to the progress of the PAR, the difference between the continuous and “one-off” measures is in the fact that continuous measures only partially increase the percentage of the progress, while “one-off” measures completely generate the progress. In other words, continuous measure, which has been 100 per cent fulfilled, continues to be implemented (publications, trainings, media monitoring, etc.), but its recording after those 100 per cent does not generate new progress in percentages, although, realistically, it does represent a progress in the reform. More significant contribution to the progress in percentages is given by the “one-off” measures. They represent significant changes in administration structures and create preconditions for functioning of the system. Therefore, they are more detailed and they carry bigger percentage. Fulfilment of such

measure of 100 per cent means its full fulfilment and does not require further activities in its implementation.

In this year as well, the most significant progress has been achieved through implementation of “one-off” measures, while continuous measures are still being implemented in accordance with the set dynamics.

Concrete results of measuring of the progress for each respective measure are given in the annex to this Report, in the M&E table.

Manner of Implementation of Measures of the AP1

In view of concrete implementation, implementation of the measures of the AP1 is possible from several aspects.

Individual approach (which is the basis of implementation of the PAR) implies activities of individual governments and institutions of all administrative levels. In accordance with the AP1, which identifies bearers for each individual measure, concrete identified institutions implement and fulfil measures and contribute to overall progress in the reform.

Common approach is related to fulfilment of measures through common activities of several governments and institutions of different administrative levels. This approach is reflected primarily through projects in the field of public administration reform. Primarily, fulfilment of measures in this manner is achieved through the Public Administration Reform Fund and projects financed by it, which are based precisely on this common approach and coverage of relevant institutions from all administrative levels as users. These projects are based on concrete measures from the AP1 and the priorities of the reform areas, identified in cooperation with the supervisory teams. Also, there are other donor projects in the field of public administration reform, which are recorded in the report and generate certain progress on one or more administrative levels.

Gathered Information for the Reporting Period

Contributions for this report have been submitted from the Republic of Srpska, the Federation of BiH and the Brčko District of BiH, the Information Service of the Secretariat General of the CoM BiH, the Ministry of Justice of BiH, the Ministry of Finance and Treasury of BiH, the Legislation Office of BiH and the Agency for Identification Documents, Registers and Data Exchange of BiH.

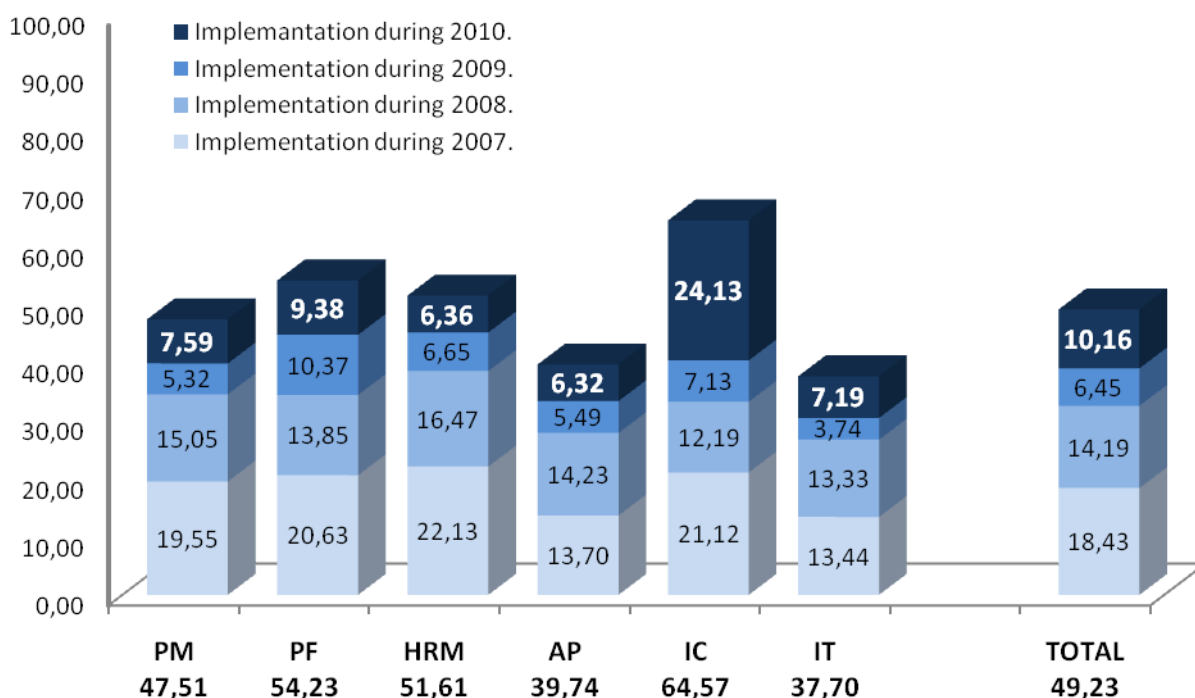
The Secretariat General of the CoM of BiH and the Directorate for European Integration of BiH have not submitted their reports to the PARCO, although they received in a timely manner the Request to Submit the Report and they were given a realistic deadline for its submission.

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, 2010 is **49.23 per cent**, which is in comparison with the same period last year an increase of 10.16 per cent.

Table below, in the columns 1, 2, 3 and 4, shows the progress in implementation of the AP1 by years, and the total progress in implementation, since the start of implementation by December 31st, 2010, is shown in the column 5.

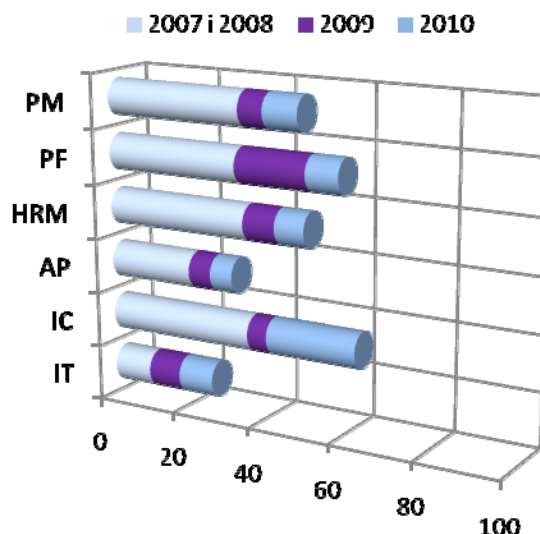
ACTION PLAN 1	2007	2008	2009	2010	TOTAL
	1	2	3	4	5
POLICY MAKING AND COORDINATION CAPACITIES	19.55	15.05	5.32	7.59	47.51
PUBLIC FINANCES	20.63	13.85	10.37	9.38	54.23
HUMAN RESOURCES MANAGEMENT	22.13	16.47	6.65	6.36	51.61
ADMINISTRATIVE PROCEDURE	13.70	14.23	5.49	6.32	39.74
INSTITUTIONAL COMMUNICATIONS	21.12	12.19	7.13	24.13	64.57
INFORMATION TECHNOLOGY	13.44	13.33	3.74	7.19	37.70
TOTAL	18.43	14.19	6.45	10.16	49.23



Comparing the measured progress in implementation of the AP1 by each of the last four years respectively, it is noticeable that in the first 3 years of measurement of implementation of the AP1 there is a trend of slowing of progress in the reform. In the first year, implementation was around 18 per cent; in the next year implementation was around 14 per cent, and in the last year only about 6 per cent. During this year, that trend has changed and the progress was about 10 per cent, indicating a trend of growth in implementation of measures from the AP1.

Tables below show the total implementation in each of the six reform areas of the AP1 by all administrative levels in BiH, and at the same time there is a comparison of implementation in 2009 and 2010.

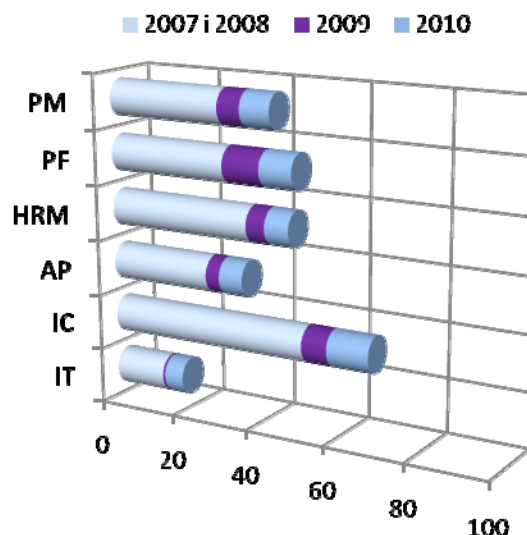
Bosnia and Herzegovina			
	2009	2010	total
PM	6.17	8.68	49.09
PF	17.78	8.07	59.01
HRM	8.04	7.33	50.57
AP	5.66	5.62	32.16
IC	4.84	22.17	63.11
IT	8.19	8.87	26.56



At the level of BiH, significantly larger progress, in relation to 2009, was achieved in the reform area Institutional Communication. Only in the area of Public Finances there was a significantly smaller progress than in the last year, but considering that it was a progress of over 8 per cent, and that in that area the achieved level of implementation is close to 60 per cent, this year's progress in that area is satisfactory.

In relation to other reform areas, significantly smaller overall degree of implementation was noted in the areas of Information Technologies and Administrative Procedure.

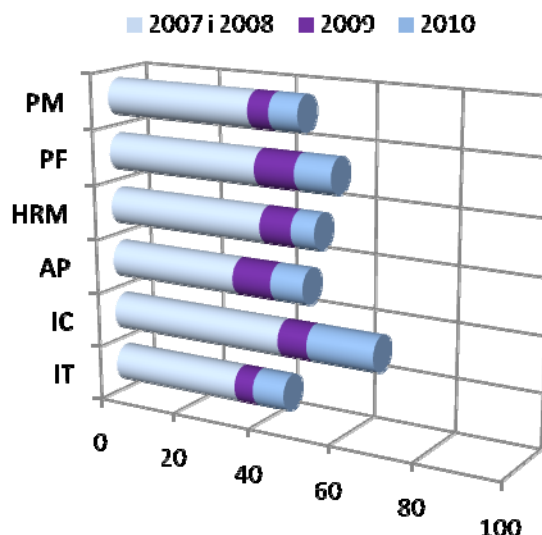
Federation of Bosnia and Herzegovina			
	2009	2010	total
PM	5.89	7.71	42.83
PF	9.68	8.47	48.49
HRM	4.82	6.23	47.60
AP	3.57	6.17	35.35
IC	6.40	10.53	67.77
IT	0.60	4.97	18.56



At the level of the Federation of BiH, more significant progress in relation to 2009 was achieved in the area of Institutional Communication and Information Technologies, and a trend of growth was maintained in other areas as well. Only in the area of Public Finances the progress is slightly lower than in the last year, but compared to the other reform areas, it is satisfactory. The smallest progress in 2010 was recorded in the reform area of Information Technologies, although, compared to the last year, it represents a significant progress.

In relation to other reform areas, significantly smaller overall degree of implementation was noted in the area of Information Technologies, while significantly higher degree of implementation was noted in the reform area of Institutional Communication.

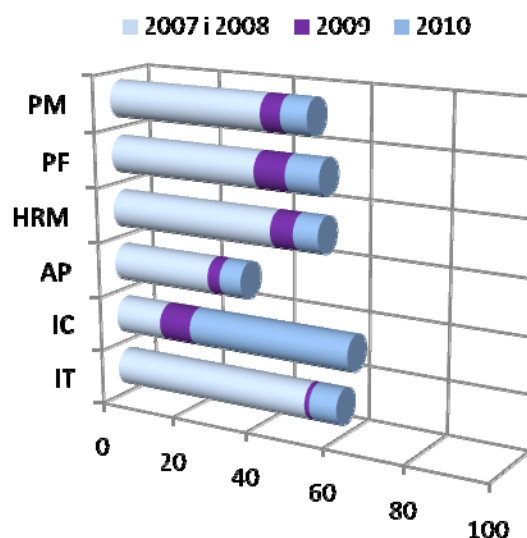
Republic of Srpska			
	2009	2010	total
PM	5.25	7.11	49.07
PF	9.95	8.97	57.17
HRM	7.84	5.79	53.10
AP	9.71	8.12	50.20
IC	7.28	16.32	67.44
IT	4.82	7.93	45.25



In the Republic of Srpska significantly larger progress in relation to 2009 was noted in the reform area of Institutional Communication. Also, slightly larger progress than in the last year was noted in the area of Information technologies as well, while in other reform areas the progress is approximately the same as in the last year.

Significantly larger overall degree of implementation in relation to other reform areas was noted in the area of Institutional Communication.

Brčko District of BiH			
	2009	2010	total
PM	5.11	6.75	52.44
PF	8.05	8.59	55.45
HRM	5.91	6.30	55.15
AP	3.25	5.72	35.06
IC	8.39	41.81	62.68
IT	1.20	7.02	59.91



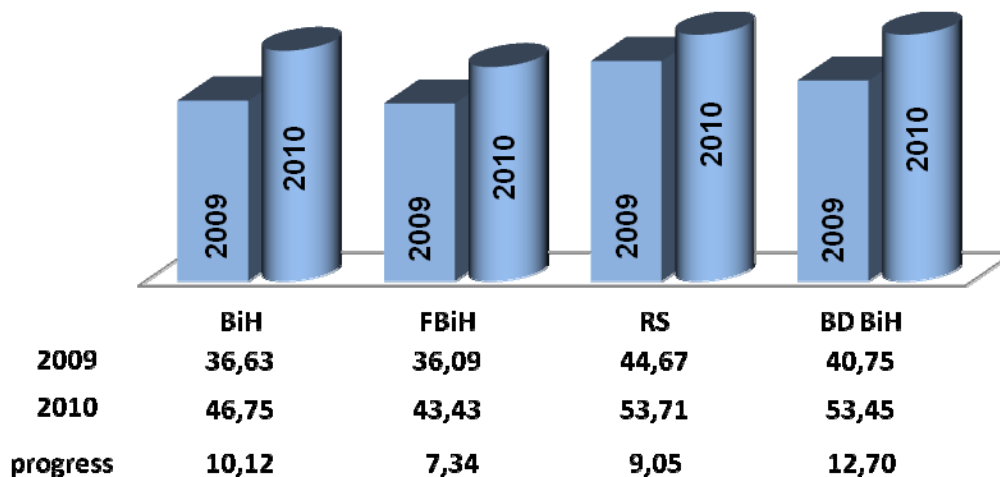
In the Brčko District of BiH, in the reform area of Institutional Communication, the progress was noted of almost 42 per cent during 2010, which is the progress over 5 times larger than in 2009. Also, over 5 times larger progress has been made in the area of Information Technology, but it is primarily due to a low degree of progress in 2009. In addition, there is a trend of growth of measured progress in all other reform areas as well.

Significantly lower overall degree of implementation in relation to other reform areas has been noted in the area of Administrative Procedure.

The image below shows the overall implementation of the AP1 by administration levels. The biggest progress, since the start of implementation of the AP1, has been achieved in the

Republic of Srpska, while in 2010 the biggest progress has been achieved in the Brčko District of BiH.

Values in the tables signify the total progress since the start of implementation until the end of given period (2009 and 2010), and in the part which was marked “progress” is the recorded progress in 2010.



3.1 Overall overview of the activities in the reporting period by reform areas

Revision of the Action Plan 1

In accordance with the obligations of regular updating of measures and establishing priorities in implementation of the AP1 arising from the PAR Strategy and the Common Platform, during 2010 certain activities have been undertaken. Given the deadlines set by the AP1 (2006-2010), there was a need for a revision of the results so far and for aligning the priorities and measures of the AP1 with the current condition in the public administration and its environment.

The PARCO initiated analysis of implementation of measures of the AP1 and the condition in the six reform areas. Analysis was implemented in cooperation with the entity coordinators and the coordinator of the District and the Supervisory Teams with support of the Technical Assistance Team to the PARCO by the EU Delegation.

Results of the analysis have shown that the priorities have been changed in accordance with the present needs. Certain measures have been fully fulfilled. Because of time distance some measures cannot be implemented in the set volume, while for the others, the practice have shown that they are of less priority compared to some new activities or even completely unnecessary. Due to redefined priorities certain measures have proved to be impractical in the set volume, and their efficiency and effectiveness would be better achieved in relation to some other measures.

The analysis set the basis for revision of the AP1, and as the final result of this series of activities the draft of the revised Action Plan 1 for the period 2011-2014 was prepared. Through the document of revised AP1, redefined content has been established, as well as objectives, activities, indicators and changed time framework for implementation of the PAR Strategy in next period. Guided by the results of the said analysis and by expertise of the Supervisory Teams, the draft revised AP1 has been agreed on.

Also, activities have been initiated on improvement of the progress reporting. It has been planned, after adoption of the revised Action Plan 1, to develop a new methodology of monitoring and evaluation.

The PARCO, during December 2010 started analysing coordination and communication capacities of the implementation structure for implementation of the AP1. This research should

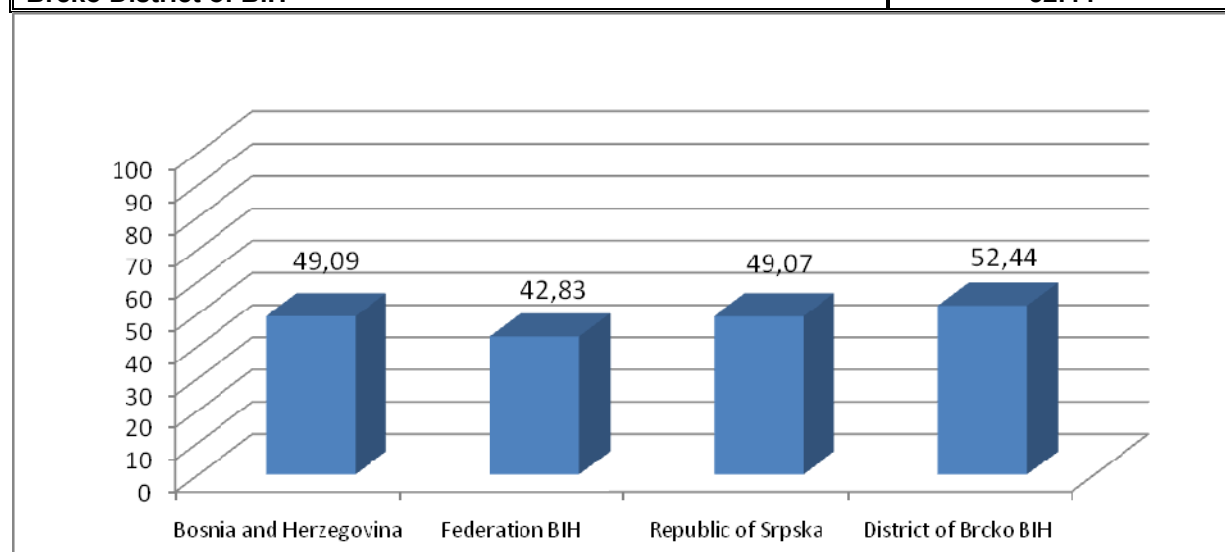
result in detailed analysis and certain recommendations for improvement of efficiency and effectiveness of work on implementation of the measures of the AP1.

3.1.1 Policy Making and Coordination Capacities

Implementation of the Action Plan 1 in the area Policy Making and Coordination Capacities (hereinafter: PM) on the state, entity and the level of the Brčko District of BiH, amounts to **47.51 per cent**, which is an increase of 7.59 per cent in relation to the same period last year.

Table below shows the overall progress in implementation of the AP1 for the reform area of PM.

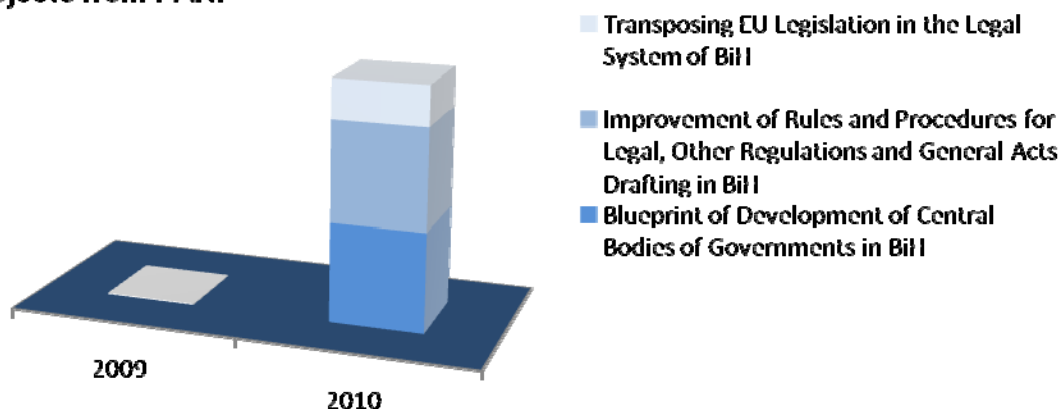
POLICY MAKING AND COORDINATION CAPACITIES	Implemented
Bosnia and Herzegovina	49.09
Federation of BiH	42.83
Republic of Srpska	49.07
Brčko District of BiH	52.44



Common Activities on Implementation of Measures from the AP1

The progress in this reform area was with the greatest part achieved through the common activities of all administrative levels in BiH, i.e. through common projects. During 2010, the progress has been achieved in this segment, considering that in this year 4 projects have been in the phase of implementation, of which 3 projects were financed from the PAR Fund. In 2009, in this reform area there were no projects financed from this Fund. Implementation of the project “Transposing EU Legislation in the Legal System of BiH” started in December 2010, so its measurable effect is expected only in 2011.

Projects from PARF



Contribution of Projects from the PAR Fund to implementation of the AP1 is shown in the following table.

Project:	Contribution to the AP1 in the segment:
Blueprint of Development of Central Bodies of Governments in BiH – Implementation of the Phase I	PM 1. Strengthening Central Capacities for Policies
Improvement of Rules and Procedures for Legal, Other Regulations and General Acts Drafting in BiH	PM 2.2 Establishment of Consistent Policy on Quality of Regulations, PM 3. Improvement of Verification of Harmonisation with Regulations and PM 4. Improvement of Process of Enactment of Regulations
Transposing EU Legislation in the Legal System of BiH	PM 3.4 Improvement of Verification of Harmonisation with the Regulations (EU Acquis)

Also, the PARCO, in 2010, continued activities on development of the projects “Blueprint of Development of Central Bodies of Governments in BiH – Implementation of the Phase II”, “Better Regulation/Management in Bodies of Public Administration in Bosnia and Herzegovina” and “Design of Software for Support in Drafting Laws and Monitoring their Implementation”.

Project “Strengthening BiH Capacities for Strategic Planning and Policy Development – SPPD”, also generated progress in this reform area during 2010. More detailed description of impact of the project to the measures of the AP1 is in the monitoring table in the Annex to this Report.

Individual Activities on Implementation of Measures from the AP1

The next part of the report describes individual activities of all four administrative levels in BiH, which took place in the reporting period, and have impact on implementation of the AP1 in this reform area. Activities are grouped by administrative levels.

Level of BiH

✓ Institutionalisation of Regulatory Impact Assessment – RIA at the level of BiH.

📖 With the aim of institutionalising and drafting methodology for the Regulatory Impact

Assessment – RIA at the level of BiH, on December 15, 2010, there was a working-consultation meeting of the representatives of the Directorate for European Integration, the Directorate for Economic Planning, the Public Administration Reform Coordinator's Office, the Secretariat General of the Council of Ministers of BiH, the Ministry of Justice of BiH and the Ministry of Foreign Trade and Economic Relations of BiH in order to define the framework and competencies of the institutions in relation to the system of regulatory impact assessment at the level of institutions of Bosnia and Herzegovina.

Level of the FBiH

- ✓ Strengthening of the Secretariat General of the Government of the FBiH.
 - 📖 Ongoing is creation of normative assumptions for strengthening the role of the Secretariat General and the Federal Ministry of Justice for strengthening human resource capacities and mechanisms which would ensure better cooperation with the nongovernmental sector (Project of the European Commission "CIDI").
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Level of the RS

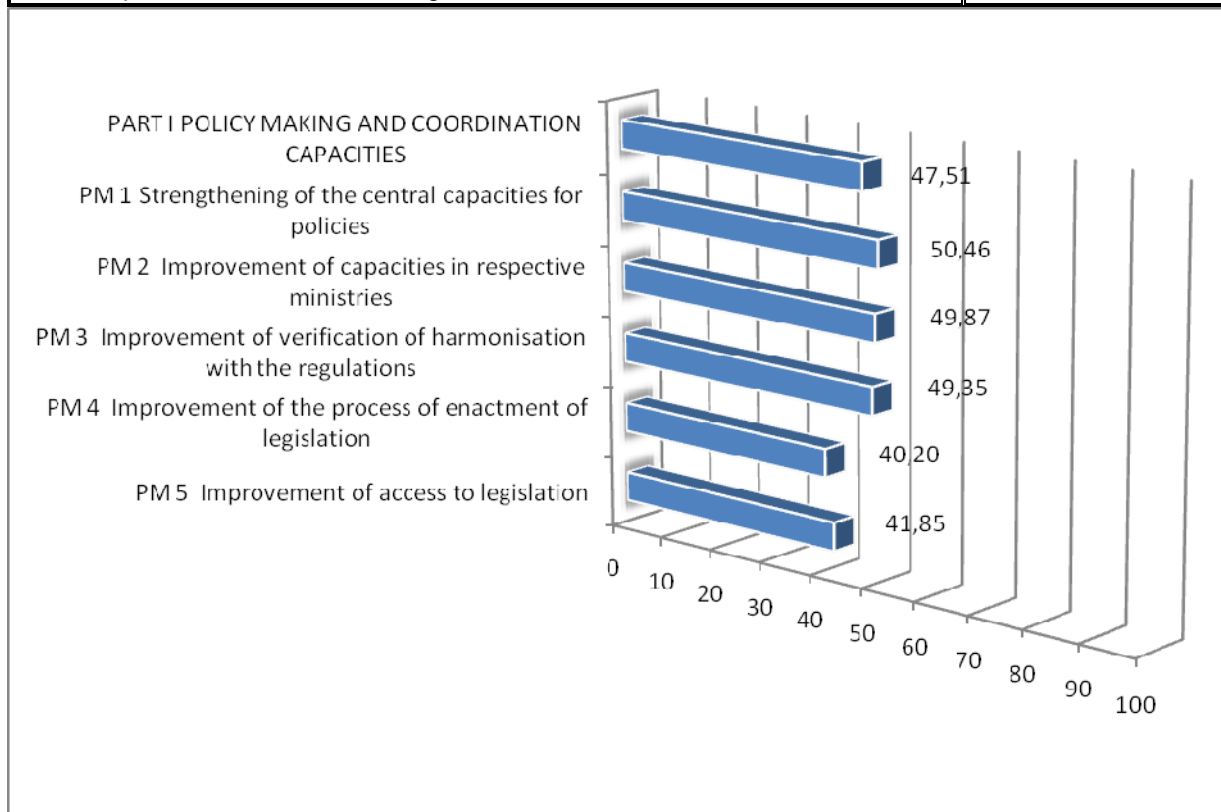
- ✓ Electronic database of regulations of the RS.
 - 📖 Republic secretariat for legislation presented the electronic database of regulations of the RS, which contains all the laws and ordinances enacted in the period 1992 – 2010, having in mind that in the next period there will be work on upgrade of the database of regulations with rulebooks and other bylaws.
-

Level of the BD BiH

- ✓ Strengthening the Secretariat General of the Government of the Brčko District of BiH.
 - 📖 The new organisation plan of the Office of the Mayor of the BD BiH has been adopted, which stipulates organisation of the Secretariat of the Government, which is entirely harmonised with the AP1. The budget for 2011 stipulates filling the vacant seat of the Secretary General of the Government of the BD. This problem should be solved by political agreement regarding filling the vacant seats.
-

The table below gives the overview by chapters for the reform area of PM.

COMPONENT OF THE ACTION PLAN 1	Implemented
PART I POLICY MAKING AND COORDINATION CAPACITIES	47.51
IP 1. Strengthening of the central capacities for policies	50.46
IP 2. Improvement of capacities in respective ministries	49.87
IP 3. Improvement of verification of harmonisation with the regulations	49.35
IP 4. Improvement of the process of enactment of legislation	40.20
IP 5. Improvement of access to legislation	41.58



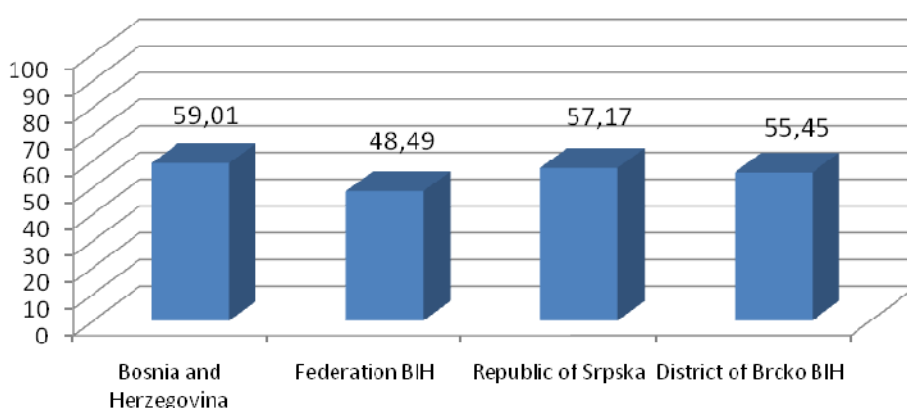
* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.

3.1.2 Public Finances

In the reporting period, implementation of the AP 1 in the area of Public Finances (hereinafter: PF) on the state, entity and the level of the Brčko District of BiH amounted to **54.23 per cent**, which is an increase of 9.38 per cent in relation to the same period last year.

Table below shows the total progress in implementation of the AP1 for the reform area of PF.

PUBLIC FINANCES	Implemented
Bosnia and Herzegovina	59.01
Federation of BiH	48.49
Republic of Srpska	57.17
Brčko District of BiH	55.45



Common Activities on Implementation of Measures from the AP1

During 2010, common activities on implementation of measures from the AP1 were demonstrated through implementation of 2 projects. Those were “Support to Introduction of Public Internal Financial Control (PIFC)”, financed by the EU Delegation, and “Strengthening Public Expenditure Management in BiH – phase 3 (SPEM 3)”, financed by the DfID. During 2010, as well as in 2009, there was no implementation of projects financed by the RAR Fund.

The PARCO, during 2010, prepared the project “Budget Management Information System (BMIS)”, which will be financed by the PAR Fund. The start of implementation of this project is expected in first half of 2011.

Detailed description of impact of the project on the measures of the AP1 is in the monitoring table in the Annex of this Report.

Individual Activities on Implementation of Measures from the AP1

The next part of the report describes individual activities of all four administrative levels in BiH, which took place in the reporting period, and have impact on implementation of the AP1 in this reform area. Activities are grouped by administrative levels.

Level of BiH

- ✓ There have been six sessions of the Fiscal Council of BiH in 2010.
 - 📖 This includes also sessions attended by the representatives of the IMF.
 - ✓ There have been seven sessions of the Advisory Group of the Fiscal Council of BiH in 2010.
-
- ✓ The DEP and the DMA, in accordance with the deadlines in 2010, prepared two projections of macroeconomic indicators and projections of incomes from indirect taxes for the period from 2011 to 2013.
-
- ✓ Fiscal reporting of all levels of authority has been improved (in accordance with the Stand By Arrangement).
 - 📖 The Group for consolidation of fiscal data consolidates fiscal data for the whole BiH in accordance with the IMF methodology and publishes them in a timely manner (at the web site of the Department for Macroeconomic Analyses within the Management Board of the Indirect Taxation Administration), monthly for the central levels of authority, and quarterly consolidated including lower levels of authority.
-
- ✓ Within the Letter of Intention agreed by the Fiscal Council of BiH with the IMF, in the next period there is a plan to further improve the quality of public finances.
 - 📖 This improvement is planned by improving the quality of statistical data in the part of inclusion of transactions related to projects with foreign funding, and introduction of calculation accounting in all governmental institutions (in accordance with EU standards). In an effort directed to resolution of these problems, technical assistance from the IMF's regional adviser is used for a full transition to GFS 2001 reporting standards and further shortening of the delay in reporting.
 - 📖 In the next period, it has been planned to introduce calculation accounting in all government institutions (in accordance with the EU standards). To this end, the Fiscal Council of BiH plans to establish a work group which would offer recommendations and propose guidelines and schedule for application of international accounting standards for the public sector and other international standards of financial reporting, including harmonised form for fiscal reporting, on all levels of government in BiH.
-
- ✓ The Sector for Budget of the Ministry of Finances and Treasury of BiH organised a seminar for budget users of the institutions of BiH, as well as for the staff of the offices of secretaries of the parliamentary commissions for budget and finances in the field of planning of budget and reporting on execution of the budget.
 - 📖 This seminar is continuation of regular annual seminars the MFT BiH organises for budget users, with the objective of even better cooperation, improvement of transparency of spending and improvement of procedures of planning and execution of budget.
-
- ✓ After establishment of new governments, it is expected that the Fiscal Council of BiH will adopt the Global Framework of Fiscal Balance and Policies for the period from 2011 to 2013 and implement further negotiations on next tranches and further flow of Stand By arrangement with the IMF.
 - 📖 The Fiscal Council of BiH, during 2010, on several occasions talked about assumptions, but did not adopt the Global Framework of Fiscal Balance and Policies in BiH for the period from 2011 to 2013. During the last mission of the IMF in 2010 (in November, when the IMF Mission within the fourth review by the Stand By arrangement has shown that all quantitative criteria of execution, which relate to late

September 2010 are fulfilled), the Mission and the governments in the technical mandate have agreed to limit the consolidated fiscal deficit in 2011 to 3 per cent of the GDP. They also identified a series of measures which are necessary to achieve this objective and to close great financial deficits. However, representatives of the governments have not reached an agreement on the Global Fiscal Framework for the period from 2011 to 2013, so adoption of measures which were talked about would ensue after establishment of new governments.

📖 Article 16 of the Letter of Intention on Stand By arrangement includes the following statement: "The Fiscal Council shall adopt the Global Framework of Fiscal Balance and Policies in BiH in accordance with the Stand-By Arrangement in order to ensure that the level of expenses of institutions of BiH in 2011 stays on the level from 2010".

📖 In light of significant fall in financing of the budget by international financial institutions and available resources from the escrow account, which will not be mitigated by sufficient rise in incomes, covering of significant shortfall of assets will require full implementation of expense measures which were talked about within the Stand By arrangement.

✓ Document of framework budget of institutions of BiH for the period from 2011 to 2013 has not been adopted.

📖 That is, failure to adopt the Global Framework by the Fiscal Council directly reflected also on adoption of the DFB of institutions of BiH for the period from 2011 to 2013, which was sent to the CoM BiH in accordance with the Law on Financing of Institutions of BiH, in July 2010, but was not discussed by the CoM BiH.

📖 This year as well the consolidated DFB for all levels of government was not prepared.

Level of the FBiH

✓ In the FBiH, the system of treasury was introduced only in one municipality.

📖 It is the Municipality of Novi Grad Sarajevo. Framework deadline for introduction of treasury system in local administration in the FBiH is May 2011.

✓ The Government of the FBiH adopted the Document of Framework Budget for the central level.

Level of the RS

✓ Local systems of treasury have been established in 37 of 63 municipalities in total.

📖 According to plan, the RS will complete introduction of treasury in the remaining municipalities by the end of February 2011.

✓ The Government of the RS adopted the Document of Framework Budget.

Level of the BD BiH

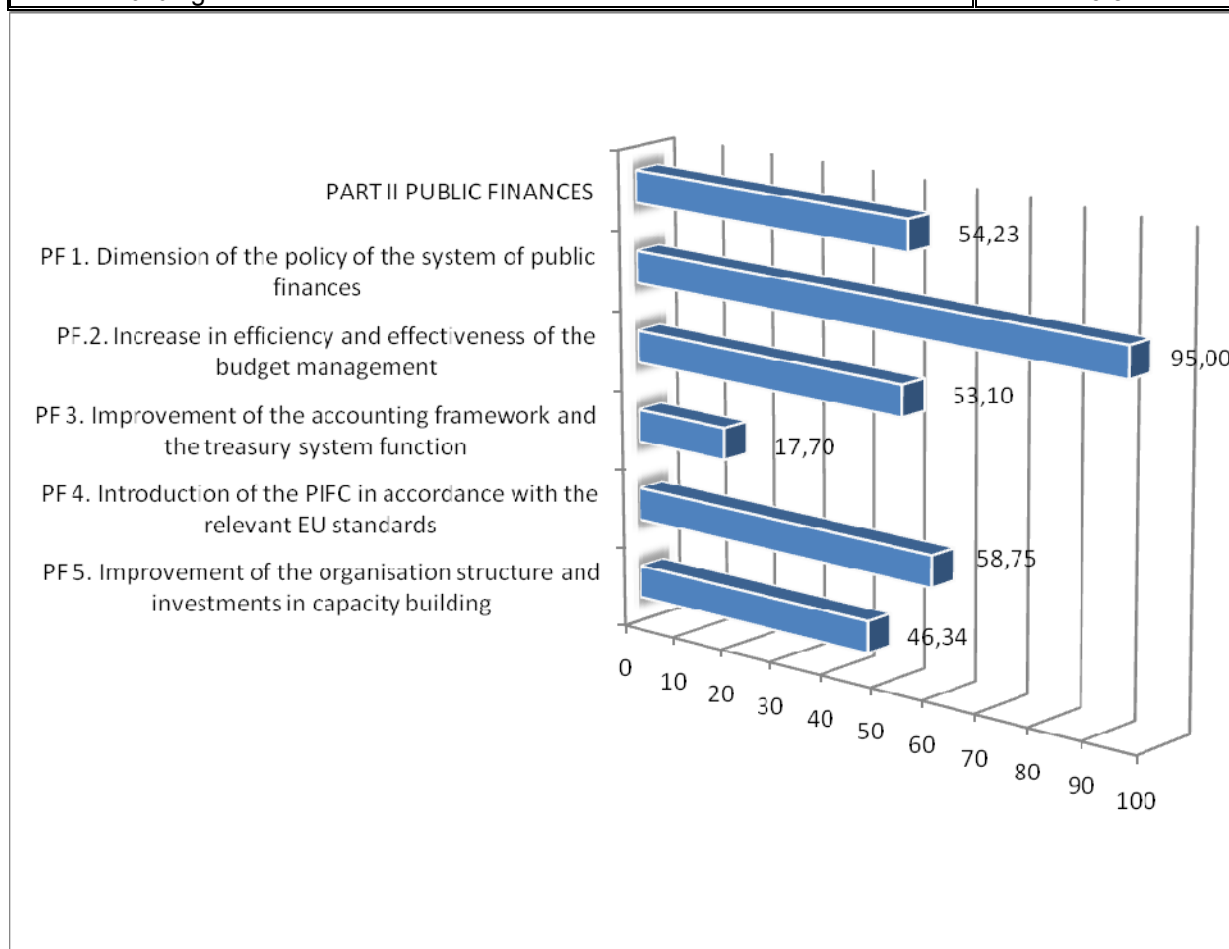
✓ The Government of the BD BiH adopted the Document of Framework Budget.

In addition to the aforementioned, in 2010, a progress has been achieved in the area of public internal financial controls (PIFC) in BiH. Managers of Central Units for Harmonisation at all

levels have been appointed and filling of remaining vacancies has started. The Coordination Board of the Central Units for Harmonisation has been established and the first meeting was held in November. The European Commission awarded in March, from the IPA funds, the contract for support to introduction of public internal financial control in BiH, to the consortium whose leader is the consultancy company PKF. The Project prepared the training needs analysis and the plan of training. The first basic training for internal auditors was held for the total of 66 internal auditors and staff of the Central Harmonisation Units from the state level and the level of entities.

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

COMPONENT OF THE ACTION PLAN 1	Implemented
PART II PUBLIC FINANCES	54.23
PF 1. Dimension of the policy of the system of public finances	95.00
PF.2. Increase in efficiency and effectiveness of the budget management	53.10
PF 3. Improvement of the accounting framework and the treasury system Function	17.70
PF 4. Introduction of the PIFC in accordance with the relevant EU Standards	58.75
PF 5. Improvement of the organisation structure and investments in capacity Building	46.34



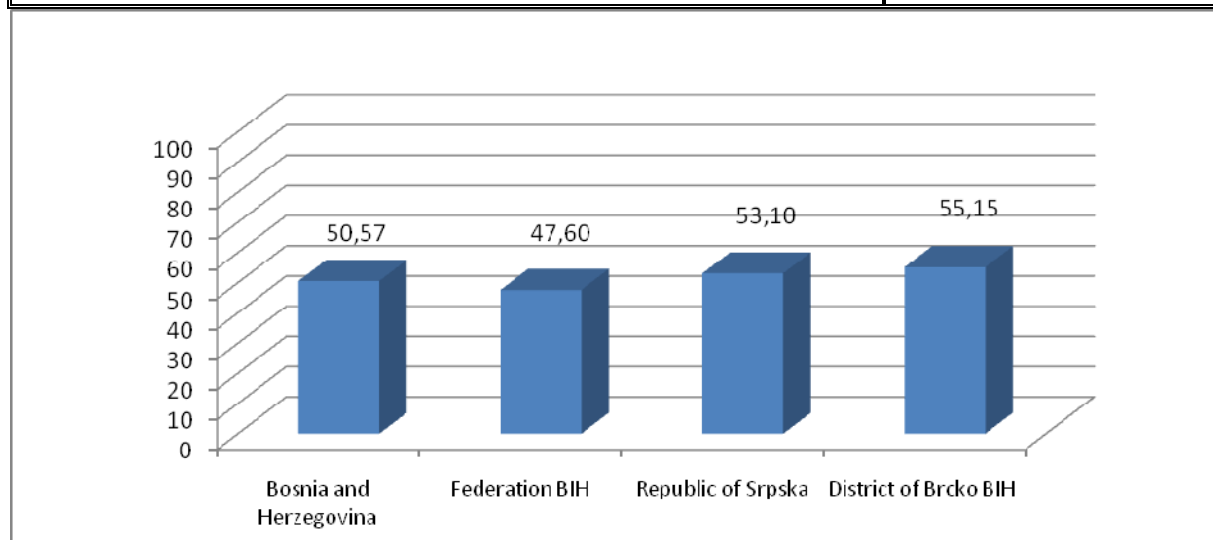
* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.

3.1.3 Human Resources Management

In the reporting period, implementation of the AP 1 in the area of Human Resources Management (hereinafter: HRM) at the state, the entity and the Brčko District of BiH level is **51.61 per cent**, which is an increase of 6.36 per cent in relation to the same period last year.

Table below shows the overall progress in implementation of the AP 1 for the reform area of HRM.

HUMAN RESOURCES MANAGEMENT	Implemented
Bosnia and Herzegovina	50.57
Federation of BiH	47.60
Republic of Srpska	53.10
Brčko District of BiH	55.15

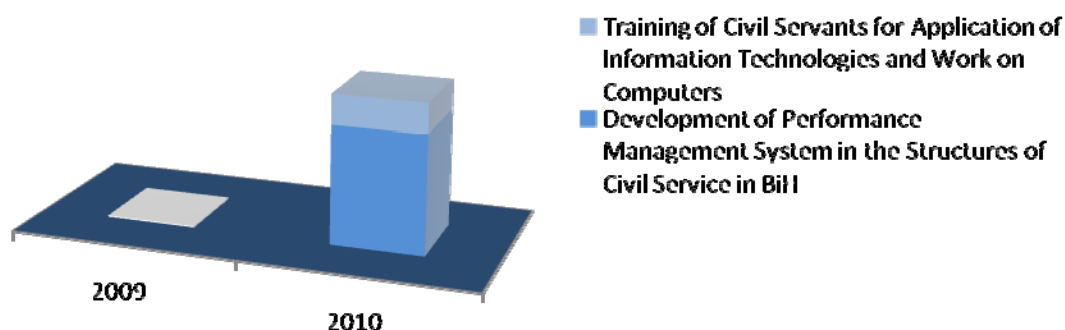


Progress in the reform in this area has been achieved through implementation of common projects, but also through individual activities of the institutions who are bearers of the reform in the area of Human Resources Management.

Common Activities on Implementation of Measures from the AP1

In this reform area as well a significant progress in this segment has been achieved, considering that in this year 5 projects have been in the phase of implementation, of which 2 projects have been financed by the PARF. In 2009, in this reform area there were no projects financed from this Fund.

Projects from PARF



Implementation of the project “Training of Civil Servants for Application of Information Technologies and Work on Computers” started in late December 2010, so its contribution to implementation of the AP1 is expected in 2011.

Contribution of Projects from the PAR Fund to implementation of the AP1 is shown in the following table.

Project:	Contribution to the AP1 in the segment:
Development of Performance Management System in the Structures of Civil Service in BiH	HRM 6.1 Performance Management and HRM 6.2 Probation Work and Introduction in Duties
Training of Civil Servants for Application of Information Technologies and Work on Computers	HRM 7.3 Special Requirements for Technical or Expert Training

In addition to the projects which are in the phase of implementation, the PARCO prepared also the project “Establishment of Modern Departments for HRM in the Bodies of Administration in BiH”, whose start of implementation is expected in the first half of 2011.

During the reporting period, in addition to the said 2 projects, in the phase of implementation were also 3 other projects, which were financed by the funds of other donors. Those projects are:

- Introduction of the Human Resources Management Information System – HRMIS
- Capacity Building in the Area of Training Management in the Institutions of BiH
- Development of Information System for Electronic Notices in Vacancy Procedures (system MojKonkurs) at the Level of Institutions of BiH

These projects also generated certain progress in this reform area.

Details on contribution of projects to respective measures of the AP1 can be found in the monitoring table attached to this report.

Individual Activities on Implementation of Measures from the AP1

The next part of the report describes individual activities of all four administrative levels in BiH, which took place in the reporting period, and have impact on implementation of the AP1 in this reform area. Activities are grouped by administrative levels.

Level of BiH

- ✓ Adopted Law on Amendments to the Law on Work in the Institutions of BiH (Official Gazette of BiH, No. 60/10).
 - 📖 In addition to improving the existing legal solutions with the aim of more consistent application of laws and solutions on the matter of ban of discrimination, from the aspect of horizontal harmonisation of regulation in the reform area, significant are also harmonisations of this Law with the solutions from the Law on Salaries and Allowances in the Institutions of BiH and the Law on Civil Service in the Institutions of BiH, and new solutions which introduce the legal obligation to evaluate the employees.
- ✓ At the proposal of the Ministry of Finance and Treasury of BiH, the CoM BiH adopted the Methodology for Division of Jobs of High School Education in pay grades established by

the Law on Salaries and Allowances in the Institutions of Bosnia and Herzegovina.

- ✓ At the proposal of the CSA BiH, the CoM BiH adopted the Decision on Amendments to the Decision on the Manner of Taking the Public and Expert Exam (“Official Gazette of BiH” No. 43/10),

- 📖 This decision, among other things, introduced changes related to the procedure of notification to the candidates on the selection process and various instruments of electronic notification have been ensured, and preconditions have been created for electronic application of candidates through the module of human resources management system.

- ✓ The CoM BiH, at the 134th session, adopted the Rulebook on Amendments to the Rulebook on Disciplinary Responsibility of Civil Servants in the Institutions of BiH (Official Gazette of BiH, No. 94/10).

- 📖 This Rulebook, among other things, improved the existing solutions, and introduced more precise and efficient sanctions for various violations of official duties, including the possibility of demotion of an officer to a lower position.

- ✓ The CSA BiH enacted the Rulebook on the Conditions and Manner of Publication of Internal Vacancy Notices, Internal and External Transfers of Civil Servants in the Institutions of BiH (Official Gazette of BiH, No. 962/10)

- 📖 This put the previous instruction which used to set this area out of force. There is now a definition of the procedures of transfer, internal vacancy procedures, external transfers and redundancy, which additionally set the matter of horizontal mobility of civil servants within this administrative level.

- ✓ Under the patronage of the CSA BiH, an initiative has been started to form a Forum of civil servants who deal with the affairs of human resources management (HRM Forum) in the institutions of BiH.

- 📖 This activity is significant from the aspect of overall support to the reform in the area of civil service reform and implementation of set of measures from the AP1 HRM 2. Organisational setting – role of peripheral units and strengthening capacities for HRM at the level of individual institutions.

The Civil Service Agency of BiH – other activities:

- ✓ Training was held entitled “Electronic Administration: Change Management, Project Management and Reengineering Business Processes in Administration”.

- 📖 The training covered technical, managerial and social skills needed for management and implementation of e-Government projects.

- ✓ In 2010, held new cycles of mandatory managerial trainings for managing civil servants.
- ✓ Held cycle of horizontal trainings “Development of Social Skills in Work Environment” (Soft skills) for non-managing civil servants.
- ✓ Held trainings for newly employed in Sarajevo, Banja Luka and Mostar.
- ✓ Held new cycle of trainings in foreign languages (courses of English language and workshops for French language).

Also, the CSA BiH provided regular information on the activities of training within the programme of the Regional School for Public Administration (ReSPA) during the reporting period and also coordinated the process of application of interested civil servants (total of 45 attendees for various courses on annual basis).

Level of the FBiH

- ✓ The Constitutional Court of the FBiH, deciding on the request for determining the constitutionality of the Law on Civil Service in the FBiH, at the session held on April 20, 2010, reached a verdict establishing that the provision of this Law, insofar as it relates to the status of civil servants at the level of cantons, municipalities and cities was not in accordance with the Constitution of the Federation of BiH (“Official Gazette of the Federation of BiH”, No. 34/10).
 - 📖 The verdict could have significant implications for the entire civil service system at the level of the Federation of BiH, the reform process and in particular the jurisdiction of the CSA FBiH. Given that the PAR Strategy dictates the need of harmonized approach to modern HRM practices and avoidance of introduction of different systems or access at individual levels of administration, possible creation of new structures of civil service at the level of individual cantons, among other things, carry the risk of different organizational and procedural decisions, complexity of implementation structure with challenges and difficulties in coordination of reforms, financial implications and lack of resources to create sustainable structures of civil service at lower levels.
 - 📖 In light of this verdict there has been a two-day conference, “Functioning of the Administration System and Status of Employees in Administration Bodies in the Federation - Normative Framework”, which was held in early December in Sarajevo, organized by the Federal Ministry of Justice and the Civil Service Agency of the FBiH, with support of the OSCE Mission to BiH. At the conference, among other things, there has been a discussion on two draft laws that were developed by the work groups, the Law on Civil Servants and Employees in the Civil Service Bodies in the FBiH and the Law on Employees in the Units of Local Self Governance in the FBiH. The main conclusions of the conference were to continue work on preparation of these laws in the coming period, with the proviso not to depart from the basic principles and standards achieved in the public administration reform, that it is needed to determine a comprehensive solution for the Civil Service in the Federation of BiH, and that it is necessary to organize another meeting in the coming period in relation to this issue. The proposal to send the Strategy of Training of Employees in the Units of Local Self Governance to the Government of the FBiH for adoption has also been established.
 - 📖 Previously, the FBiH Government, in October 2010, proposed to the Parliament of the Federation of BiH 13 laws, among other things, also the draft Law on Amendments to the Law on Civil Service and the Law on Amendments to the Law on Organization of Administration Bodies in the Federation of BiH, which introduce the mandates to the directors of federal administrations and independent administration organizations, as well as amendments to the Law on Tax Administration. On the occasion of these changes, there was a reaction of the representatives of the OHR, the EU Delegation and the World Bank, who, at the meeting with the leaders of the Federal Parliament, expressed their concern about the implications of politicisation of the civil service and slowing of the process of European integration.

- ✓ In the mid reporting period, the Law on Salaries and Allowances in the Bodies of Administration of the Federation of BiH was adopted.
 - 📖 Enactment of this Law sets distribution of salaries and allowances of employees in the FBiH authorities (elected officials, bearers of executive functions and their advisors, civil servants and employees) in a uniform and equal manner. Nevertheless, the Law has failed to establish solutions concerning definition of internal pay grades, which is significant from the aspect of measures related to the possibility of horizontal advancement officers, which has been provided for in the laws on wages at other

levels.

📖 The FBiH Government, at the 157th session, established the draft Law on Amendments to the Law on Salaries, which allows the governments of cantons and municipal and city mayors, in agreement with the union, to establish a lower base than that agreed at the federal level (10 per cent for the level the cantons and 20% for the level of the cities and municipalities), in accordance with their financial capabilities. Coefficients at lower levels are set by the cantonal laws on salaries and allowances and by the decisions of the city and municipal councils, with the proviso that same coefficients are set for the same jobs or the same or similar jobs within the same pay grades.

📖 Next, the Government of the FBiH enacted a special Ordinance on Remunerations which do not have a Character of Salary (Official Gazette of the FBiH, No., 63/10), which completes the area of regulations related with salaries.

✓ The Rulebook on Amendments to the Rulebook on Evaluation of Work of Civil Servants in the Bodies of Civil Service in the FBiH has been adopted (Official gazette of the FBiH, No. 08/10).

📖 Amendments to the Rulebook have been enacted with the objective of removing the problems noted when evaluating managing civil servants appointed by the Government of the FBiH.

✓ The Rulebook on Amendments to the Rulebook on Common Criteria, Rules and Procedure of Nomination and Appointment of Civil Servants in the Bodies of Civil Service in the Federation of Bosnia and Herzegovina has been adopted (Official Gazette of the FBiH, No. 75/10).

📖 The CSA FBiH, after improvements implemented through changes in February, in November again changed this implementation act, which returned the previous solutions that the manager of the body appoints the candidate from the list of successful ones at the competition by own estimate (and not by achieved results)

The Civil Service Agency of the FBiH – other activities:

✓ Introduced new practices in the recruitment procedures, where for the existing civil servants, on whom there are records maintained in the Register of Civil Servants, it is provided that when they are applying for vacancies, they do not have to attach to their application documentation that serves to confirm the general and special conditions.

✓ Prepared proposal of the Strategy of Training of Civil Servants in the FBiH for the period 2011 – 2015, based on training needs analysis in the bodies of civil service.

✓ Organised training of civil servants in the following areas: skills of conducting interviews, effective meetings, mediation – a way of settling disputes amicably, communication and time management, seminars related to implementation of regulations in various fields and English language trainings. Through various forms of education, a total of 1408 civil servants have been trained in the reporting period.

Level of the RS

✓ The Government of the RS adopted the Human Resources Plan for 2010 (Decision on Adoption, Official Gazette of the RS No. 53/10) which was prepared by the CSA RS.

📖 Near the end of the reporting period, activities have started on development of the Human Resources Plan of the Republic Bodies of Administration and the Government of the RS for 2011.

-
- ✓ The CSA RS prepared the proposal of the new midterm Strategy of Training of Employees in the Republic Bodies of Administration for the period 2011 – 2014, which was sent in the procedure of adoption.

📖 In this manner, continuity was ensured in preparation of planning documents for training in civil service.

- ✓ The Government of the RS, at the session of October 1st, 2010, adopted the Strategy of Training for Employees of the Units of Local Self Governance in the RS for the period 2011 – 2015.

📖 This strategy provides for continuous improvement of knowledge and expertise of administration officers and elected officials in the institutions at the local level.

- ✓ Completed vacancy procedure for selection of vacancy commissions' members from among the experts and Decision on Appointment of Members of Vacancy Commissions for Selection of Civil Servants in the Republic Bodies of Administration was enacted (Official Gazette of the RS, No. 19/10).
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- ✓ The National Assembly of the RS, at the session held on December 23rd, 2010, adopted amendments to the Law on Salaries of the Employees of the Bodies of Administration of the RS.

📖 These changes provide that decrease in wages that was applicable in the current year, in the range of 10 per cent for non-managing civil servants to 25 per cent for appointed carriers of functions, is in force also during 2011, due to austerity measures.

- ✓ Adopted Ordinance on Amendments to the Ordinance on the Categories and Titles of Civil Servants (Official Gazette of the RS, No. 131/10).

📖 These amendments introduced changes related to the special condition regarding the length of working experience required for managing positions of civil servants (in the rank of Secretary in the Ministry, Assistant Minister, Head of Republic Administration / Administrative Organization and their deputies). Required work experience in the field was reduced from five to three years, which has been done without the previous job analysis and evaluation of requirements of the job.

Civil Service Agency of the RS – other activities:

- ✓ Adopted new Programme of Taking the Expert Exam for Work in Administration of the RS (Official Gazette of the RS, No. 11/10), which replaced the previous programme of taking the expert exam from 2003.
 - ✓ Completed specific IT training programmes regarding the topics of “Web services, security of web applications and web services of the PKI” and “Linux and FOSS”, English language courses and training program for newly employed and trainees, which was implemented in the last quarter.
-

Level of the BD BiH

- ✓ Prepared draft Law on Civil Service in Bodies of Administration of the Brčko District and draft Law on Salaries.

📖 Completed procedure of preparation of draft Law on Civil Service in Bodies of Administration of the Brčko District, and next, it should be sent in the assembly procedure.

📖 Similar happened with the Law on Salaries, where all the prescribed activities have

been completed at the level of the originator of the Law and it was sent in further procedure.

- ✓ The Plan of Expert Improvement and Education of Civil Servants and Employees for 2010, in accordance with the provided financial assets, has been drafted and adopted.

- 📖 Training of Civil Servants and Employees is being implemented in accordance with the strategy of the training and adopted plan. Significant problem was decrease of funds in the budget for training in the current year so implementation of the Plan is very modest. Installation of the HRMIS and input of data on all the employees has been completed, so there was a training of the employees of the Subdivision for Human Resources and the members of the Board for Employment.

- ✓ Prepared Decision on Implementation of the Plan of Employment, which is being implemented continuously.

- 📖 Based on the Plan of Needs for Human Resources for 2010, the Decision has been prepared on implementation of the Plan of Employment, which is continuously implemented during the reporting period.

- 📖 Within the policy of rejuvenation of human resources, the Government of the BD enacted the programme of employment of approximately 500 trainees in 2010.

- ✓ Completed regular cycle of evaluation of work of civil and public servants and employees in the bodies of the Brčko District.

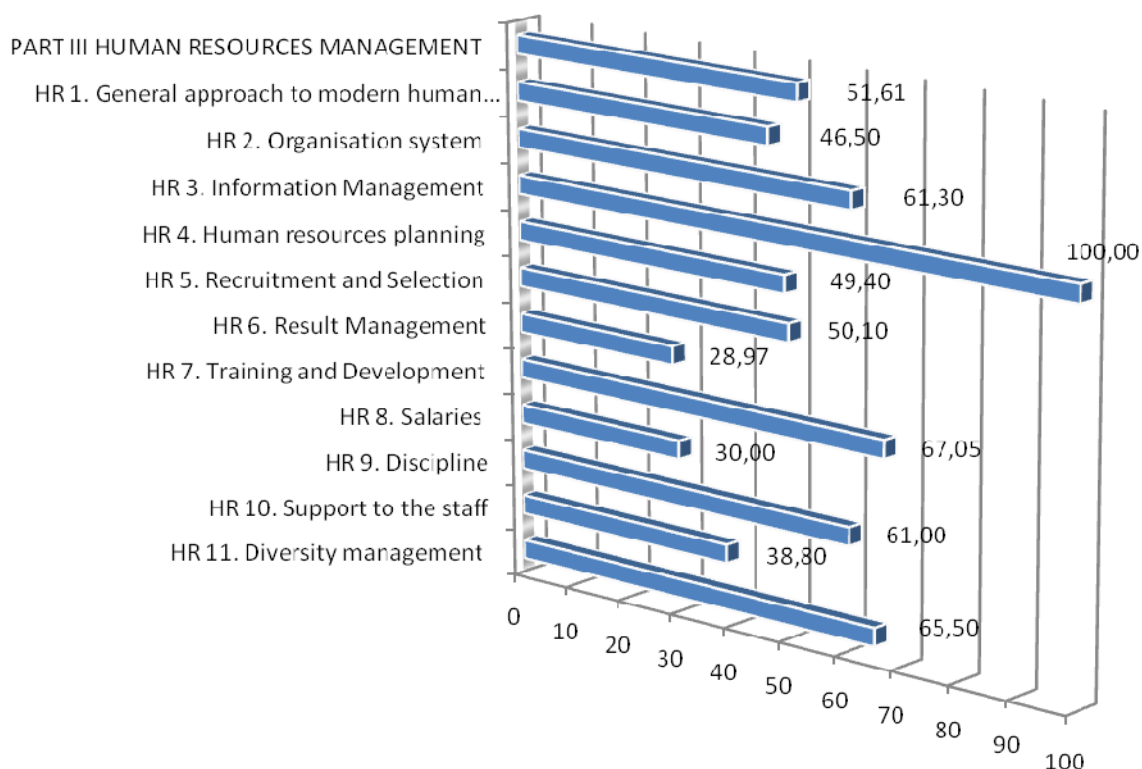
- 📖 This procedure was implemented for a total of 1553 officers. At the end of the reporting period, analysis of data and information for the Government will be prepared.

- ✓ In June 2010, the National School for Public Administration (BNSPA) was officially opened.

- 📖 The school was opened as a joint project between the Government of the BD BiH and the European Public Law Organization (EPLO). It is foreseen that the School operates as an institution of higher education aimed at training and improvement of public servants and employees, elected officials from the local level, and judges with administrative competencies.

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

COMPONENT OF THE ACTION PLAN 1	Implemented
PART III HUMAN RESOURCES MANAGEMENT	51.61
HRM 1. General approach to modern human resources management policies	46.50
HRM 2. Organisation system	61.30
HRM 3. Information management	100.00
HRM 4. Human resources planning	49.40
HRM 5. Recruitment and selection	50.10
HRM 6. Result management	28.97
HRM 7. Training and development	67.05
HRM 8. Salaries	30.00
HRM 9. Discipline	61.00
HRM 10. Support to the staff	38.80
HRM 11. Diversity management	65.50



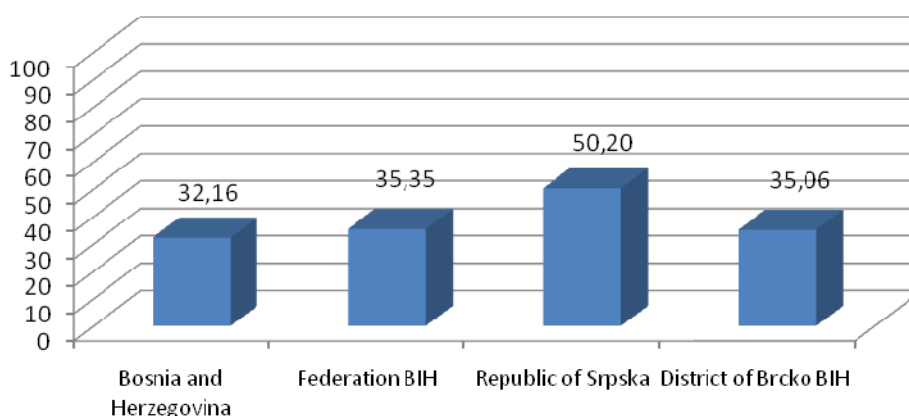
* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.

3.1.4 Administrative Procedure

In the reporting period, implementation of the AP 1, in the area of Administrative Procedure (hereinafter: AP), at the state, entity and the Brčko District of BiH level is **39.74 per cent**, which is an increase of 6.32 per cent in relation to the same period last year.

Table below shows the overall progress in implementation of the AP 1 for the reform area of AP.

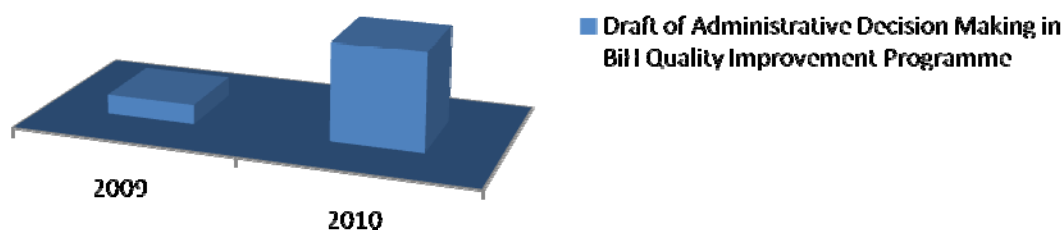
ADMINISTRATIVE PROCEDURE	Implemented
Bosnia and Herzegovina	32.16
Federation of BiH	35.35
Republic of Srpska	50.20
Brčko District of BiH	35.06



Common Activities on Implementation of Measures from the AP1

In this reform area as well a significant progress has been made in relation to 2009 in the segment of common implementation of the measures of the AP1. That is, during 2010, the project “Draft of Administrative Decision Making in BiH Quality Improvement Programme” has been implemented. Considering that implementation of the project started in late December 2009, the real progress has been achieved and recorded in 2010.

Projects from PARF



More detailed description of impact of the project on the measures of the AP1 is in the monitoring table in the Annex of this Report. Contribution of the project to implementation of the AP1 is shown in the following table.

Project:	Contribution to the AP1 in the segment:
Draft of Administrative Decision Making in BiH Quality Improvement Programme	UP 1.1 Simplification Strategy of Administrative Procedure for the whole Country

The PARCO, during 2010, was developing the project idea “Education of Leaders of Administrative Procedures and Administrative Inspectors”. Activities are ongoing on preparation of the project proposal and the logical framework for this project idea.

Individual Activities on Implementation of Measures from the AP1

The next part of the report describes individual activities of all four administrative levels in BiH, which took place in the reporting period, and have impact on implementation of the AP1 in this reform area. Activities are grouped by administrative levels.

Level of BiH

- ✓ The CoM BiH, at the 109th session, held in December 2010, adopted the Decision on Electronic Operations and e-Government in the Council of Ministers of BiH (“Official Gazette of BiH” No. 07/10).

📖 This Decision regulates electronic operations, which includes work with clients, use of equipment, handling the documentation material, communications with clients and other public entities and performing clerical tasks, and the basics of work of e-Government in the Council of Ministers of BiH.

- ✓ The CoM BiH, at the 134th session, held on October 5, 2010, formulated a draft Law on Amendments to the Law on Registration of Legal Persons Established by the BiH institutions and it was sent in the parliamentary procedure.

📖 Amendments to the Law stipulate a change, defining competencies in the procedure of decision making on the request for registration, changes and/or amendment of registration and removal from the register in order to overcome the inconsistencies given in the existing provisions of the Law, which have been identified in the procedure of application, providing consistent implementation of the provisions of principles prescribed by the basic procedural law, the Law on Administrative Procedure.

Level of the FBiH

- ✓ The Government of the FBiH and the International Financial Corporation (IFC) entered together in the Project of Regulatory Reform at the level of the Federation of BiH.

📖 At the 139th session, held in April 2010, the Government of the FBiH actualised conclusions of the 133rd session from February 2010, on the occasion of enactment of the Decision on Adoption of the Report on Implementation of the First Phase of the Regulatory Reform at the level of the FBiH. The Federal Ministries and other Federal bodies of administration were put in charge of delivering to the FBiH Government amendments to the laws in accordance with a package of recommendations submitted by the Federal Administration for Inspection Affairs, in order for the Government of the

FBiH to discuss them and send them in the form of proposals in the parliamentary procedure.

📖 Ongoing is implementation of the second phase of the project which implies comprehensive analysis, simplification and improvement of administrative procedures at the level of the FBiH. Phase II covers wider aspect aiming at harmonisation of regulation regarding simplification of administrative procedures (permits, agreements, licences, certificates etc.) in the segment of business sector.

✓ The Government of the FBiH, at the 157th session, held in September 2010, established the Proposal of the Law on Registrar Books in the FBiH.

📖 New provisions are expression of necessity of adaptation to new technologies and possibilities they offer, with the aim of more quality service to citizens. This law creates assumptions for far greater degree of security and protection of personal data, which is one of the obligations of BiH on the path towards the European integration. By adoption of this Law, the citizens in the FBiH will have simpler, better and cheaper service when it comes to documents related to personal status of citizens.

Level of the RS

✓ The National Assembly of the Republic of Srpska, at the 37th session, held in May 2010, adopted the Law on Amendments to the Law on General Administrative Procedure ("Official Gazette of the RS", 50/10).

📖 This Law prescribes that the manager of the body may authorize other officer to conduct an administrative procedure and make decisions or to conduct administrative procedure, and it stipulates obligation of the second instance authority on the occasion of decision making on the appeal to decide based on the merits. Also, there is a possibility of electronic communication of authorities and parties, and there are prescribed requirements to be fulfilled by a person authorized to decide on and conduct an administrative procedure.

✓ The Republic bodies of administration delivered to the Government of the RS the report on the condition of administrative decision making and the plan of solving unsolved cases from the earlier period.

✓ The Government of the RS, at the 189th regular session, established the Draft Law on Amendments to the Law on Foreign Investments.

📖 Reasons for adoption of this law are contained in the need to harmonize the existing Law with other laws, primarily with the Law on Amendments to Law on Policy of Direct Foreign Investments in BiH in the part which further liberalises certain restrictive sectors, but with special approval of the Government of the RS. The aim is to increase the interest of potential foreign buyers of the state capital in the field of defence industry.

📖 The Established Draft Law on Amendments to Law on Foreign Investments simplifies the procedure of registration of foreign investments eliminating one step in registration, and it shortens deadlines, with the aim of improving the business environment.

✓ The Government of the RS, at the 198th regular session, adopted the Information on Implementation of the Project Electronic Legislation (e-Legislation).

📖 Electronic legislation includes creation of an electronic database of all regulations in the RS, which can be accessed through an integrated Internet portal. Electronic database of regulations contains all laws and ordinances that have been adopted since 1992, or

about 400 laws and 130 ordinances.

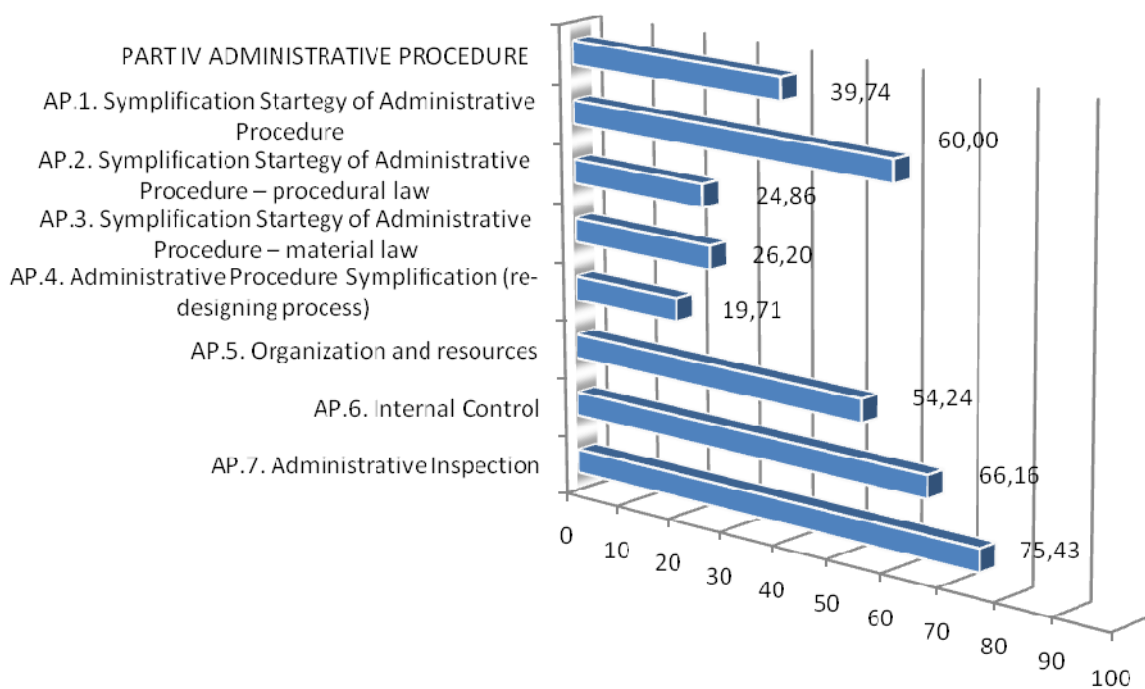
- ✓ The Instruction of the Ministry of Administration and Local Self Governance on Amendments to the Instruction for Implementation of the Law on Certification of Signatures, Handwritings and Copies was published in the Official Gazette of the RS No. 97/10.
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Level of the BD BiH

- ✓ The Assembly of the Brčko District, at the 27th session, held in June 2010, adopted in the second reading the Draft Law on Electronic Document and the Draft Law on Electronic Signature.
 - 📖 The Law on Electronic Document sets the right of administration bodies of the Brčko District of Bosnia and Herzegovina, legal entities, individual entrepreneurs and private persons to use electronic documents in business operations and activities, and in proceedings pending before the competent authorities in which the electronic equipment and programmes can be applied in preparation, transmission, receipt and storage of information in electronic form, legal validity of electronic documents, and use and circulation of electronic documents.
 - 📖 The Law on Electronic Signature regulates the use of electronic signature in legal transactions, administrative, judicial and other procedures, as well as rights, duties and responsibilities of legal entities, individual entrepreneurs and private persons regarding electronic certificates in the territory of the BD BiH.
 - 📖 The Draft Law on Amendments to the Law on Electronic Signature and the Draft Law on Amendments to the Law on Electronic Document of the Brčko District have been approved by the Cabinet members at the 81st regular session. Amendment concerns, in both legal regulations, the date of their application, which means that instead of from January 1st they will be applied from July 1st 2011 due to technical reasons.
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Table below gives the overview by chapters for the reform area of AP.

COMPONENT OF THE ACTION PLAN 1	Implemented
PART IV ADMINISTRATIVE PROCEDURE	39.74
AP.1. Simplification Strategy of Administrative Procedure	60.00
AP.2. Simplification Strategy of Administrative Procedure - procedural law	24.86
AP.3. Simplification Strategy of Administrative Procedure - material law	26.20
AP.4. Administrative Procedure Simplification (redesigning process)	19.71
AP.5. Organisation and Resources	54.24
AP.6. Internal Control	66.16
AP.7. Administrative Inspection	75.43



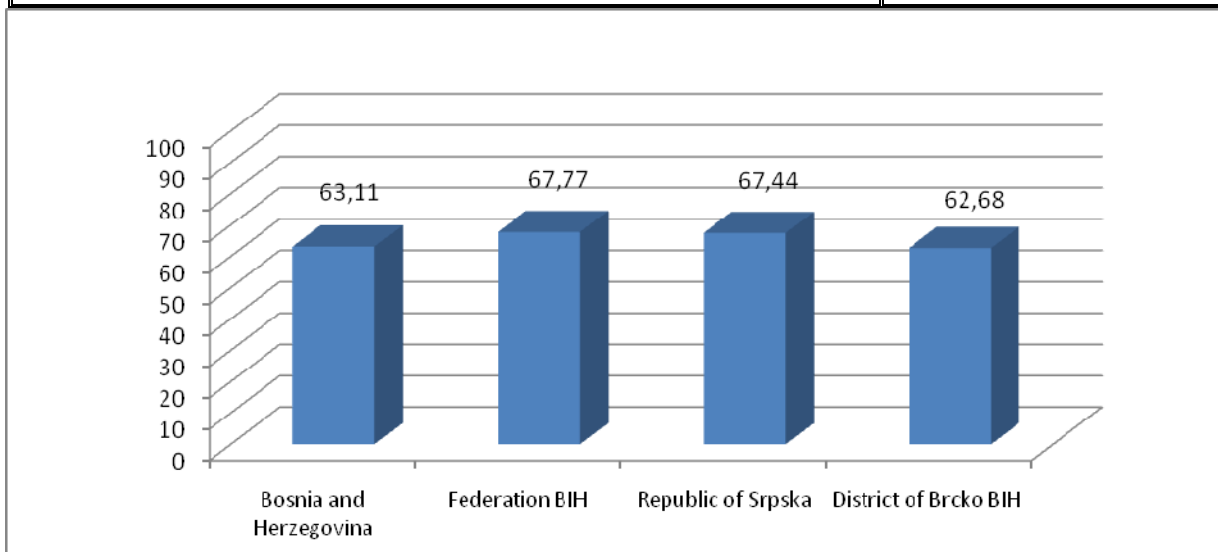
* Detailed description of the implemented measures with comments is in the monitoring table in the Annex of this Report.

3.1.5 Institutional Communications

In the reporting period, implementation of the AP 1, in the area of Institutional Communications (hereinafter: IC) at the state, entity and the Brčko District of BiH level is **64.57 per cent**, which is an increase of 24.13 per cent in relation to the same period last year.

Table below shows the overall progress in implementation of the AP 1 for the reform area of IC.

INSTITUTIONAL COMMUNICATIONS	Implemented
Bosnia and Herzegovina	63.11
Federation of BiH	67.77
Republic of Srpska	67.44
Brčko District of BiH	62.68

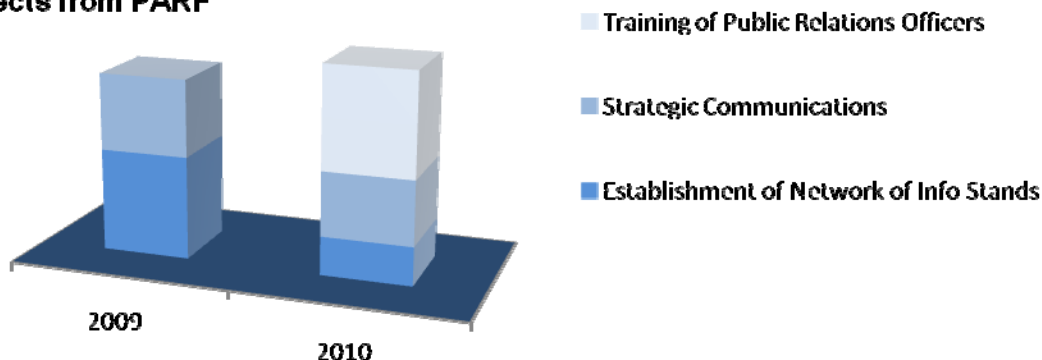


Recorded progress is the result of three successfully implemented common projects, financed by the PAR Fund and individual activities of institutions from all four administrative levels, which are the bearers of activities in this part of the AP1.

Common Activities on Implementation of Measures from the AP1

In 2010, implementation of 3 common projects funded by the PAR Fund has finished. Implementation of two of the said three projects started in 2009. However, part of the progress was recorded only after their implementation. In other words, the said projects generated certain progress in implementation of measures of the AP1 in 2010.

Projects from PARF



More detailed description of impact of the projects on the measures of the AP1 is in the monitoring table in the Annex of this Report. Contribution of the said projects to implementation of the AP1 is shown in the following table.

Project:	Contribution to the AP1 in the segment:
Establishment of Network of Info Stands	IC 14. Direct Communication with Citizens
Strategic Communications	IC 1. Key Regulations
Training of Public Relations Officers	IC 8. Trainings

In addition to the said projects, the PARCO develops the project “Publication of Information Materials of the CoM BiH, the Government of the FBiH, the Government of the RS and the Government of the BD BiH”. Activities are ongoing on preparation of the terms of reference for this project.

Individual Activities on Implementation of Measures from the AP1

The next part of the report describes individual activities of all four administrative levels in BiH, which took place in the reporting period, and have impact on implementation of the AP1 in this reform area. Activities are grouped by administrative levels.

Level of BiH

- ✓ The Council of Ministers of BiH at the 138th session, held on November 29th, 2010, adopted the Communication Strategy and the accompanying Action Plan.

- ✓ The Project “eGovernment in the CoM BiH” improved the web pages and online communication in general, and linked the institutions of the CoM BiH in a unified intranet system.

- ✓ Progress has been recorded also through the regular activities of the Information Service of the Secretariat General of the CoM, which were fully implemented and continuous (publishing the bulletin, procurement of equipment, media monitoring, organising meetings with PRs of the Ministries, acting in accordance with the FOIA, etc.).

- ✓ Development of practice of public relations and communication of institutions of the CoM BiH:
 - 📖 Ministry of Defence of BiH: annual information on the work of the MoD (Nov. 28); open doors days (Sarajevo, Banja Luka); publications (Bulletin); document Policy of Public Relations of the MoD BiH (January 2010).
 - 📖 Ministry of Security of BiH: information campaign “Travel Without Visas” (November 2010).
 - 📖 DEI BiH: EU Brunch, celebrating the Day of Europe; workshop for journalists “How to report on EU”, seminars on EU; memorandum of understanding with 9 NGOs.
 - 📖 Other institutions of the CoM BiH in 2010 were implementing communication activities as well (open doors days, public campaigns, communication strategies and plans, regular meetings of the PRs of the Ministries).

Level of the FBiH

- ✓ Recorded progress is based on activities of the Public Relations Service of the Government of the FBiH and by development of practice of public relations and communication in the institutions of the Government of the FBiH.

- ✓ Increased quality and volume of information submitted to the PARCO.
 - 📖 This is especially related to web presentation of the institutions, relations with media, and communication with citizens.
 - 📖 Web page of the Government of the FBiH during 2010: over 250 releases, 917.000 visits and over 20 million downloaded files;

- ✓ Continuous measures from the AP1, which are fulfilled completely, are implemented in accordance with the dynamics and with foreseen intensity.

Level of the RS

- ✓ Publishing brochures, communication with media, etc.
 - 📖 These are continuous activities of the Information Bureau of the Government of the RS within the measures which have been implemented fully.

- ✓ Completed book of graphical standards of the RS.
 - 📖 This prescribes standards for web presentations of the institutions, as well as use of logo, memorandum etc. (IC 13.1.3 and 13.2.1.)

- ✓ Established web portal of the Government of the RS.
 - 📖 Portal offers simplified access to information and bylaws regulating communication and information.
 - 📖 Contains over 200 pages and 600 pages of services. All ministries are presented through the portal, with info section for each ministry which contains contacts, index registers of information, handbooks for access to information etc.

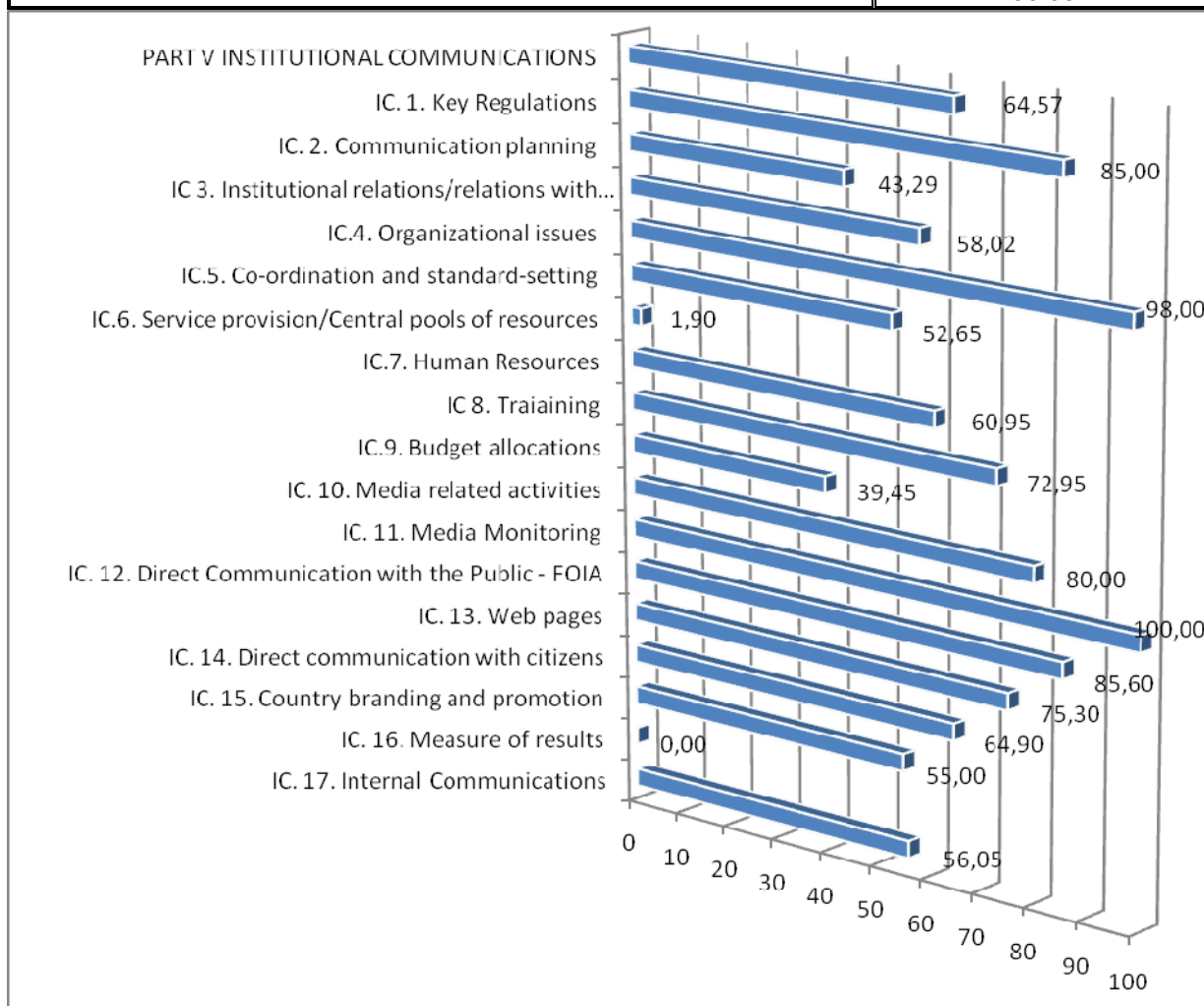
- ✓ Engaged PR officers in some institutions, organised public discussions, campaigns, etc.

Level of the BD BiH

- ✓ Established Central Unit for Information (Organisational Plan of the Government of the BD BiH 01.1-05-042708/09 of December 31st, 2009).
 - 📖 This, with implementation of the projects of the PAR Fund, is the most significant generator of progress in the reporting period.

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

COMPONENT OF THE ACTION PLAN 1	Implemented
PART V INSTITUTIONAL COMMUNICATION	64.57
IC 1. Key Regulations	85.00
IC 2. Communication Planning	43.29
IC 3. Institutional Relation/Relations with Management	58.02
IC 4. Matters of Organisation	98.00
IC 5. Coordination and Standard Setting	52.65
IC 6. Service Provision/Central Pools of Resources	1.90
IC 7. Human resources	60.95
IC 8. Training	72.95
IC 9. Budget Allocation	39.45
IC 10. Media Related Activities	80.00
IC 11. Media Monitoring	100.00
IC 12. Direct Communication with the public - FOIA	85.60
IC 13. Web Pages	75.30
IC 14. Direct Communication with Citizens	64.90
IC 15. Country Branding and Promotion	55.00
IC 16. Measuring Results	0.00
IC 17. Internal Communications	56.05



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

Generally, the biggest progress in implementation of the measures of the AP1 has been noted in the parts concerning establishment and functioning of the system of communication and public relations. Most of the institutions on all levels have employed PRs, they have lists of media and NGOs, they prepare press conferences and releases and they process and decide on the requests based on the Freedom of Information Act. Web pages are mostly regularly updated, they contain instructions on access to information and index registers of information, there are certain bylaws which regulate information and communication. Position of the PR is established within the civil service and is separated from the political communication. Certain number of trainings was available to civil servants on all levels.

Significant progress registered in this reporting period stems also from improvement of the work of the Supervisory Team as mechanism for gathering of information. Certain activities were fulfilled through programmes of work of institutions, but only after receiving documented information, they could be registered as a progress. On the other side, the PARCO comprehensively analysed the current condition and intensified cooperation with individual institutions by questionnaire on fulfilment of measures, distributed during November 2010. Although turnout of institutions was low, certain valuable information were gathered, which contribute to the percentage of recorded progress in 2010.

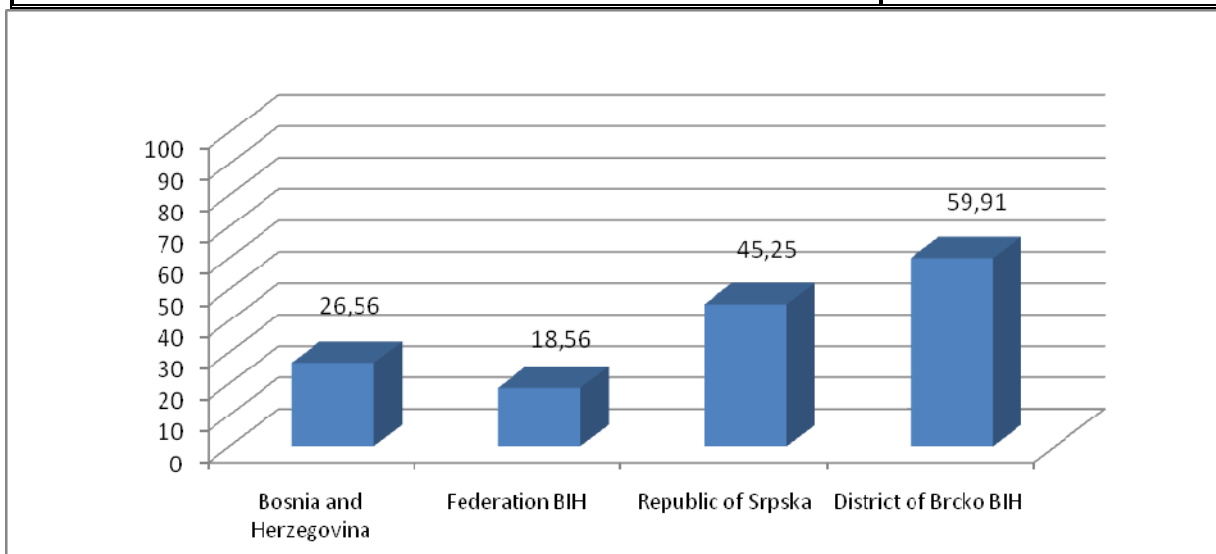
Unfulfilled measures are mostly those directly linked with fulfilment of other measures, such as monitoring and evaluation of strategic communication, which is only in inception. In addition, measures treating narrower management of institutions (such as trainings, seminars, relations with management etc.) are realistically impossible to implement without the support and interest of the management of institutions. Measures treating the budget also depend on other institutions and decisions of the government, as well as the measures concerning vacancies and new employment.

3.1.6 Information Technologies

In the reporting period, implementation of the AP 1, in the area of Information Technologies (hereinafter: IT) at the state, entity and the Brčko District of BiH level is **37.10 per cent**, which is an increase of 7.19 per cent in relation to the same period last year.

Table below shows the overall progress in implementation of the AP 1 for the reform area of IT.

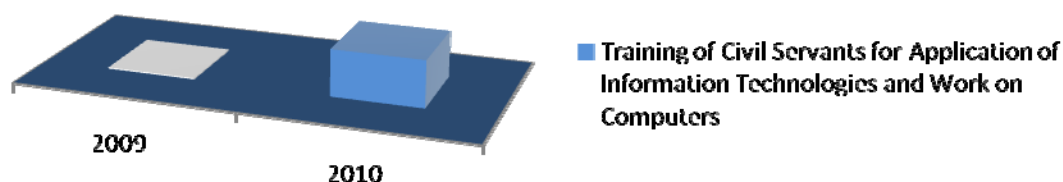
INFORMATION TECHNOLOGIES	Implemented
Bosnia and Herzegovina	26.56
Federation of BiH	18.56
Republic of Srpska	45.25
Brčko District of BiH	59.91



Common Activities on Implementation of Measures from the AP1

In late December 2010, implementation of the project “Training of Civil Servants for Application of Information Technologies and Work on Computers” has started. The Project is financed by the PAR Fund. Its contribution to implementation of measures from the AP1 in the area of Information Technologies is expected in 2011.

Projects from PARF



The Project will contribute to the AP1 in the segment described in the table below.

Project:	Contribution to the AP1 in the segment:
Training of Civil Servants for Application of Information Technologies and Work on Computers	IT 2.8 Increase Computer Literacy of civil servants

During 2010, it was planned to start with implementation of the project “Design and Establishment of Interoperability Framework and Standards for Data Exchange”, which was also prepared by the PARCO. Because of repeated procedure of public procurement, the start of implementation of the project was postponed and the start is expected in early 2011. The Project will contribute to implementation of the AP1 in the segments IT 4.1 Develop standards for system architecture and development of applications, IT 4.2 Establish framework of interoperability of e-Government and IT 4.3 Develop strategy of public registers and develop them.

Individual Activities on Implementation of Measures from the AP1

The next part of the report describes individual activities of all four administrative levels in BiH, which took place in the reporting period, and have impact on implementation of the AP1 in this reform area. Activities are grouped by administrative levels.

Level of BiH

- ✓ Adopted, by the Council of Ministers, Strategy of Development of the Agency for Identification Documents, Records and Exchange of Data for the period 2010-2015.
 - 📖 This Strategy should be followed by changes of the existing legal regulations related with identification documents.

Level of the FBiH

The Government of the FBiH, at the 149th session, held in July 2010, gave agreement to conclude:

- ✓ Strategic Partnership Agreement with the company “Microsoft BiH” d.o.o. Sarajevo.
 - 📖 It is a general contract agreeing cooperation in the area of IT and protection of copyrights in the FBiH.
 - ✓ Enterprise Agreement with the company “Microsoft BiH” d.o.o. Sarajevo.
 - 📖 This contract enables purchase of Microsoft products with transfer of rights in the sense of acquiring ownership over the subject licences after the contract has expired and it provides D level of prices, which are lower than market ones.
 - ✓ Microsoft Premier Support Agreement.
 - 📖 This Contract is a development component, providing the federal bodies with the best and full technical support in work with Microsoft technologies.
 - ✓ Contract on purchase of Software Assurance
 - 📖 This achieved the right to improve software, maintain investments and other benefits of Software Assurance during duration of the Contract.
-
- ✓ Enacted Ordinance on the Secretariat General of the Government of the FBiH (“Official Gazette of the FBiH”, No. 2/96, 44/07, 22/08 and 52/08).
 - 📖 The Ordinance defined that for implementation of the Contract on Strategic Partnership with the Microsoft and preparation of future contractual relations, competent will be the Secretariat General of the Government of the FBiH.
 - 📖 All the budget users were requested to notify the Secretariat General on all the planned procurements involving Microsoft products, and on contracts on maintenance of IT

system, and to deliver the list of software they plan to procure.

- 📖 The Secretariat General will check the possibility of procurement through the Enterprise Agreement, provide the exact titles, codes and prices of licences, and deliver the procedure in order to use the Contracts in the best possible manner.
 - 📖 This way conditions will be provided for optimal usage of the Contract, benefits of the contract would be used and additional expenses prevented, which would incur by purchase of Microsoft products outside of agreement.
-

Level of the RS

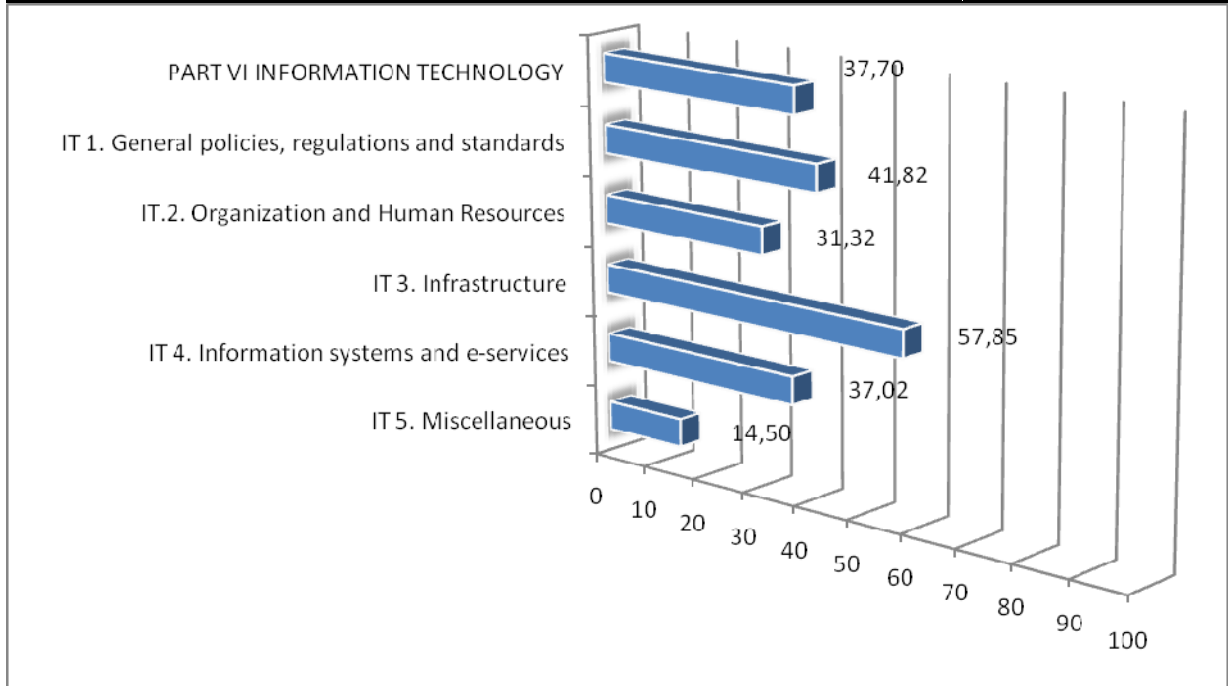
- ✓ Initiated procedure of initiation of the system of certification for issuance of digital certificates to the bodies of civil service.
-
- ✓ Prepared draft Law on Information Security.
-
- ✓ Ongoing activities on coordination of implementation of the Strategy of Development of eHealth and the project of electronic maintenance of registrar and land registry books.
-

Level of the BD BiH

- ✓ Adopted Law on Electronic Signature of the Brčko District of BiH No.: 01-02 -245/10 of June 2nd, 2010.
-
- ✓ Adopted Law on Electronic Document of the Brčko District of BiH No.: 01-02 -246/10 of June 2nd, 2010.
-
- ✓ Adopted the IT Strategy of the Brčko District of BiH 2009 – 2012.
-
- ✓ Adopted the Action Plan 2009 – 2012 of the Brčko District for the area of information technologies.
-

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

COMPONENT OF THE ACTION PLAN 1	Implemented
PART VI INFORMATION TECHNOLOGIES	37.70
IT 1. General policies, regulations and standards	41.82
IT.2. Organisation and human resources	31.32
IT 3. Infrastructure	57.85
IT 4. Information systems and e-services	37.02
IT 5. Miscellaneous	14.50



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

4 Recommendations

General Recommendations

Monitoring of implementation of the AP1 in 2010 identified certain factors that restrict and slow down the progress in implementation of measures of the AP1. General problems are primarily reflected in insufficient recognition of importance that reform activities have from the part of governments and institutions of all administrative levels. In addition, certain problems arise due to time limits identified in the AP1, where the deadlines for fulfilment of most of the measures have expired. The system of progress monitoring, because of its complexity, also generates some problems, primarily from the aspect of gathering and providing information to the PARCO by the partners in the institutions (Implementation Structure). All these factors affect the progress of the public administration reform. Inadequate and untimely implementation of measures creates a stalemate in implementation of the AP1, and lack of quality and verifiable information leads to recording a lower percentage of the progress than the real one.

In order to overcome the said problems, it is necessary that:

1. The Governments and the institutions defined by the Action Plan 1 as carriers of specific activities formalise implementation of measures through inclusion of appropriate activities or measures of the AP1 in their annual work plans. In this way, it will provide the continuity, commitment and timely implementation of reform objectives. Institutions in this way will take the real responsibility for implementation of public administration reform as envisaged by the PAR Strategy.
2. In respect of outdated deadlines and the current condition in the public administration, it is necessary to revise the Action Plan 1 and bring it into line with the current condition in administration. The PARCO, during 2010, prepared the draft revised AP1, harmonised with all the Supervisory Teams. The revised AP1 brings new objectives, activities, indicators and changed time frame for implementation of the objectives of the PAR Strategy. In order for this activity to have a full sense, the revised AP1 is necessary to be operational, i.e., it is essential that all the Governments adopt the document in the first half of 2011.
3. Because of the said difficulties in the existing system of monitoring and reporting on the progress, it is necessary to improve that system. Given the revised structure of the AP1 (the revised AP1) the monitoring system as well should be revised for the purpose of obtaining more realistic and better information. It is therefore necessary to develop new and improved system of reporting, monitoring and evaluation of the revised AP1. This activity directly depends on adoption it will constitute the basis for more quality reporting on the progress. Although the main carrier of this activity will be the PARCO, more significant involvement of the members of the implementation structure is necessary in terms of quality, timeliness and verifiability of information.
4. Given the established need for greater involvement of members of the implementation structure, it is necessary for the governments to systematically solve the problem of function of members of the Supervisory Teams and the Coordinators, who have it as an extra work and which goes beyond the description of regular activities. That fact prevents more significant involvement of members of the implementation structure in implementation of public administration reform in BiH. Therefore it is necessary either to provide an adequate compensation for the additional engagement or establish certain functions as separate positions with duties that correspond to the obligations of the members of the implementation structure for implementation of the public administration reform.

Individual Problems and Recommendations

In the reporting period, certain problems in the reform areas and individual measures have been identified, and represent priority to overcome in 2011.

The next part of the report states the problems and recommendations.

Problems in Implementation		Proposals of Measures to Overcome the Problems
All areas	Inadequate quality of information on progress provided by the administration bodies responsible for implementation of reform measures, in terms of verifiability and the fulfilment of the essence defined by the methodology of monitoring of progress of implementation of the AP1 measures.	Improve information flow and exchange of information among all the representatives of implementation structures for implementation of the reform, particularly the members of the supervisory team from different levels of government (and within the same level of government), Entity Coordinators and the Coordinator of the BD BiH, and communication towards the PARCO.
All areas	Members of the Supervisory Teams think that jobs related to the public administration reform are additional jobs and that for that they have to be additionally paid.	It is necessary that centres of executive authority, who appointed representatives in the supervisory teams, stimulate the work of civil servants in these interdepartmental bodies.
All areas	Insufficient representation of measures from the AP1 of the PAR Strategy in annual operational work plans of governments.	Put in the work plans of all institutions at the state, entity and the Brčko District of BiH level for 2011 the measures from the AP1, applicable to them. Ensure planning of financial assets for implementation of reform measures and projects in the budgets of the governments and individual institutions.
IT	Lack of laws from the area of IT at the level of BiH and the Agency for Information Society of BiH severely slows further development of IT in the Brčko District of BiH.	Accelerate activities on enactment of laws from the area of IT at the level of BiH and the Agency for Information Society of BiH. Establish the Agency for Information Society of BiH.
IT	Lack of budget funds for implementation of measures in the area of IT which imply procurement of IT equipment.	Provide budget funds for procurements of foreseen equipment.
IC	Measure IC 2.1.: Introduction of the principles of strategic planning and communication in the work of governments, the main precondition is adoption of strategies and communication plans (based on the same methodology and approach).	Governments of the RS, the FBiH and the BD BiH should adopt Communication Strategies.
IC	In order to achieve the strategic planning and implementation of communication and increase transparency, publicity and openness, it is necessary to ensure that each institution has at least one official for public relations, who is a direct link between the institution and the environment. This need is particularly evident in application of the FOIA, where it is essential to have officers who have it as their primary task (Measures IC 7.1.1 and IC 12.1.1).	It is necessary to ensure to fill the jobs of public relations officers at all levels, especially in the ministries and major institutions. It is also necessary to define and fill the missing positions of officers for dealings on the FOIA.
IC	In order for central units for public relations to be fully operational and efficient, and assume the role of initiators of the communication	It is necessary to employ personnel in the central units for PR, especially at the level of the BD BiH, where it is necessary to

	activities of the governments and institutions, it is necessary to fill them in accordance with the Rulebooks.	appoint the Head of the Information Sector and fill other vacancies.
IC	Communication activities need to be planned also from the financial aspect. In terms of independence and impartiality in work of the PRs or PR departments, it is necessary to provide independent budgets for larger institutions and/or separate budget lines for these activities (measure IC 9).	It is necessary to introduce communication planning in all major institutions and provide budgetary resources to carry out communication activities.
IC	Although most of the institutions have official websites that are updated fairly regularly, it is necessary to improve the interactivity and use the websites as a dynamic, not static communication channel.	In accordance with the possibilities, introduce modern technological solutions (intranet, interactive categories on web sites, electronic bulletins, e-newsletter, etc.).
IC	Lack of practice of research of public during preparation of significant actions or policies of governments or institutions; this fact directly reduces transparency, accountability and openness in work.	Conduct regular surveys of public attitudes as a basis for designing specific policies.
All areas	Delays in project implementation due to lengthy appeal procedures in implementation of public procurement procedures for project implementation.	Amendments to the Law on Public Procurements of BiH.
HRM	Problems in operability of the HRMIS system - commitment for use of the system at the level of individual structures of the civil service, lack of funds in the budgets for maintenance of the system and insufficient human resources for work on introducing the system at the level of central staffing units.	Provide funding in the budgets needed for long-term maintenance of the HRMIS system, ensure legal assumptions for use of the HRMIS and intensify activities on operative introduction of the system and training of users.
HRM	Rigorous reduction in planned funding for expert education and improvement of civil servants and employees in the budget of the BD Government for 2010, due to unimplemented budget for trainings in the previous year (slow implementation of tenders for trainings due to procedures of the Law on Public Procurements).	In carrying out tender procedures for the services of training reduce/adjust criteria for bidders. Activate "internal trainers" and provide funding for their education and work on the Brčko District level.
HRM	Decision of the Government of the BD BiH made impossible to the employees to be transferred in the higher pay grade based on the results of evaluation.	In the Law on Civil Service in the Bodies of Administration of the Brčko District, input provisions that will allow progress of officers in a career in accordance with the annual performance appraisal. Further improve procedures for annual performance appraisal.
HRM	Possibility of different approaches and solutions regarding organization of the civil service at lower levels in the FBiH because of the verdict of the Constitutional Court of the FBiH on unconstitutionality of the provisions of the Law on Civil Service of the FBiH, relating to application of the Law at the level of cantons, cities and municipalities.	Continue activities of the work group for draft of the text of the Law on Civil Servants and Employees in the FBiH and the Law on Employees of the Bodies of the Units of Local Self Governance in the FBiH in order to align the solutions with the objectives of the reform in the area of civil service and EU requirements.
HRM	Failure to implement several conclusions of the Government of the FBiH related to the field of civil service reform and HRM.	Implement earlier conclusions of the Government of the FBiH related to the area of HRM.
HRM	Undefined status in respect of admission to the civil service in the FBiH for the persons who completed the studies in accordance with the	At the level of the FBiH change the implementing regulations, aiming at improving and advancing certain solutions

	Bologna process. The need to improve the procedures of assessment of work of officers.	(in the areas of performance appraisal and recruitment procedures).
HRM	Lack of harmonization of legislation related with academic and professional titles and degrees of education at the level of the cantons/the FBiH.	In the FBiH, start the initiative towards the cantonal ministries of education to legislate on academic and professional titles and levels of education.

5 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)