



ANNUAL REPORT ON WORK

OF THE PUBLIC ADMINISTRATION REFORM COORDINATOR'S OFFICE

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

JANUARY 2011





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1 Summary

- The most significant activities of the PARCO in 2010 were related with the action plans for implementation of the Strategy of Public Administration Reform. With the technical assistance “Continued Support to the Public Administration Reform Coordinator’s Office in BiH in Implementation of the Strategy of Public Administration Reform and in Donor Coordination” (EUPAR) and consultations with the coordination structure, the proposal of the revised Action Plan 1 was prepared, and a set of documents required for preparation of the Action Plan 2 of the PAR was drafted.
- The Members of the Supervisory Teams, the entity coordinators and the coordinator of the Brčko District of BiH, as well as representative of the European Union Delegation in BiH were presented with the draft of the revised Action Plan 1¹. By the new measures and activities that the institutions of administration in BiH need to implement by 2014, the public administration in our country will be additionally strengthened and made closer to the citizens and business community.
- Implementation of measures of the Action Plan 1 in almost all areas of the reform is carried out equally at all four administrative levels, which is the objective of the reform. The exception is the reform area of Information Technologies, in which there is a different degree of development of information technologies at different levels of authority, different degree of budgetary investment in the IT and development approach, which violated the principle of coherence of implementation of the reform in this area.
- Measures of the Action Plan 1 are jointly implemented at all levels through projects. Three projects were completed, six are in the implementation phase, three in the procurement procedure and preparation of one terms of reference is ongoing, of the total of 13 projects whose funding is approved by the Joint Management Board of the Public Administration Reform Fund.
- A series of new project ideas in the reform areas was prepared related to implementation of measures from the Action Plan 1. Documentation for new projects is being prepared that should enable the fulfilment of measures from the Action Plan 1.
- Annex II to the Memorandum of Understanding for Establishment of the PAR Fund was signed in autumn 2010, which extended duration of the PAR Fund to 2011, which enabled smooth and unhindered financing of the approved projects. The PARCO sent to the Council of Ministers of BiH the information on the need of allocation of money from the budget for co-financing of the PARF. That proposal was presented also to the representatives of other governments, co-signatories of the Strategy of Public Administration Reform.
- The PARCO was in 2010 engaged in seeking new donors. The Ministry of Foreign Affairs of the Kingdom of Norway has announced that they will in the period 2011 – 2013 support the public administration reform. The Swedish Sida has announced further support to the PARF.
- Monitoring of the projects financed by the PARF has started, which is one of the results of the work of the technical assistance to the PARCO.
- Implementation of the project “Strengthening BiH Capacities for Strategic Planning and Policy Development – SPPD” continued this year as well. The Council of Ministers of BiH adopted the third and fourth semi-annual report on implementation of the project. By signing the Memorandum of Understanding between the UNDP and the project beneficiaries, implementation of the SPPD started in March in three new sectors: agriculture, social protection and small and medium enterprises.

¹ Workshop held on December 15



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- The PARCO has been since March engaged in introducing sector approach in planning of pre-accession assistance to Bosnia and Herzegovina. The sector of public administration has been, together with the sector of justice, based on good experiences so far, selected as a pilot project for introduction of new approach.
 - In order to improve efficiency of work of coordination mechanisms, the PARCO started the analysis of coordination and communication in the structures for implementation of the Action Plan 1, which stem from the Common Platform on the Principles and Manner of Implementation of the Action Plan 1.
 - Experts of the technical assistance team, EUPAR, prepared analysis of position of the PARCO in the system of public administration in BiH, with recommendations for further strengthening of organisation and position.
 - The Council of Ministers of BiH appointed June the new public administration reform coordinator.



2 Introduction

The Public Administration Reform Coordinator's Office in Bosnia and Herzegovina (hereinafter: the PARCO), in accordance with the obligation from the Law on Administration of BiH, the Programme of Work of the Council of Ministers of BiH and the Decision of the Council of Ministers of BiH², reports on its work every six months. This report includes all activities of the PARCO from January 1st to December 31st, 2010, and is focused on executing the functions performed by the PARCO in accordance with the Decision on its establishment and the Strategy of Public Administration Reform (hereinafter: the PAR Strategy).

Functions of the PARCO are defined also by the PAR Strategy³, adopted by the governments of BiH, the Federation of BiH, the Republic of Srpska and the Brčko District of BiH. The principal task of the PARCO is coordination, direction of the reform process and the monitoring of the results of implementation of the PAR Strategy and its Action Plans. Competencies of the PARCO were specified also by the Common Platform on the Principles and Manner of Implementation of the Action Plan 1 of the PAR Strategy⁴, based on which the PARCO leads the overall coordination in implementation of measures from the Action Plan 1 in six reform areas - **Policy Making and Coordination Capacities, Public Finances, Institutional Communication, Human Resources Management, Administrative Procedure and Information Technologies**. The Public Administration Reform Coordinator is responsible for "coordinating activities regarding preparation, adoption and implementation of the Strategy of PAR in BiH" and "providing opinions to the Chairperson of the Council of Ministers of BiH on major issues related to the reform"⁵.

The PARCO, during 2010 was focused on preparing the draft revised Action Plan 1 (AP1), and creating a foundation for development of the Action Plan 2 (AP2), which has been described in the Chapter 3 and 4 of the Report. The revised AP 1 directs the public administration reform to implementation of concrete measures, which will, more than so far, directly benefit the citizens, businesses and society as a whole.

The PARCO, in 2010, worked to encourage implementation of measures from the AP1. Total progress, achieved so far, in implementation of public administration reform in Bosnia and Herzegovina is 48.64 percent, but it is still not at a satisfactory level. We would like to remind that the Delegation of the European Union noted in their report on the progress of BiH on its path towards the European Union "some progress in the field of public administration reform", but they also noted limited ability of the state Office to influence this process, adding that the political will and increase in resources are essential to the future success of the public administration reform.

By the Programme of Work of the Council of Ministers of BiH for 2010, the PARCO fully met 20 of a total of 25 measures. Among the unfulfilled obligations, two are related to the reform measures, and it has been planned to complete them in 2011. The other unfulfilled obligations are not within a direct competency of the PARCO, but their fulfilment was dependant on the activities of other institutions.

Analysis of functioning and strengthening of the mechanisms of coordination, management of the PAR Fund and animating new donors were also important activities during the year. Overview of these activities is given in the Chapters 3 and 5.

² The Council of ministers of BiH, at the 120th session, held on April 29, 2010, put the PARCO in charge of submitting the reports in future to the Council of Ministers every six months instead of quarterly.

³ The Council of Ministers of BiH, the Government of the Federation of BiH, the Government of the Republic of Srpska and the Government of the Brčko District of BiH adopted, in 2006, the PAR Strategy and the Action Plan 1

⁴ Common Platform was signed in 2007 by the Council of Ministers of BiH, the Government of the RS, the Government of the FBiH and the Government of the BD BiH.

⁵ Decision of the Council of Ministers of BiH of 2004



3 Coordination

The Common Platform on the Principles and Manner of Implementation of the Action Plan 1 of the Strategy of Public Administration Reform in BiH established the principles, the manner and the mechanisms of implementation of the measures of the AP1, and the main coordination structures participating in implementation of the reform. Coordination structures defined by the Platform, in addition to the PARCO, are: the Entity Coordinators and the Coordinator of the Brčko District of BiH, and the Supervisory and Implementation teams. The role of political coordination belongs to the Coordination Board for Economic Development and European Integration.

Considering that the “mechanisms of coordination are crucial⁶” for implementation of public administration reform in BiH, at the same time and in the same volume at all four administrative levels, the PARCO, in 2010 as well continued to develop a system of coordination of all levels of government. With the support of the technical assistance project “Continued Support to the Public Administration Reform Coordinator’s Office in BiH in Implementation of Public Administration Reform Strategy and Donor Coordination” (EUPAR), the PARCO began working on an analysis of functioning of mechanisms of coordination and analysis of communication. The objective of this analysis, because of the noted shortcomings, is to improve the coordination mechanisms in 2011.

The purpose of analysis of coordination and communication capacities of implementation structure for implementation of the AP 1 is evaluation of the existing structure, identification of shortcomings in communication and coordination, and giving recommendations and solutions for overcoming the problems and improvement of functioning of these mechanisms.

Political Coordination

Coordination Board for Economic Development and European Integration, which is in charge of political coordination of the process of public administration reform, did not meet in 2010 to discuss the public administration reform. The Council of Ministers of BiH, in November⁷ 2009, adopted the Conclusion recommending having a session of the Coordination Board so implementation of the PAR Strategy could be discussed as well as further support to the started process. The PARCO plans to propose having a session of the Coordination Board in 2011 regarding revision of the AP 1. The PARCO provides operational-technical conditions for work of this body.

Coordination with the Entity Coordinators and the Coordinator of the Brčko District of BiH

In 2010 cooperation of the PARCO with the entity coordinators and the Coordinator of the Brčko District continued. Cooperation took place directly and at an operational level, where significant activities were noted related with organizing and Coordination of the Supervisory Teams in all six reform areas. In accordance with the Common Platform, informing, monitoring and evaluation in implementation of measures of the AP1 continued as well as reporting on the achieved progress. It has been concluded that it is necessary to further strengthen this cooperation and improve the system of reporting on implementation of the measures of the AP1.

The Coordinators participated also in the work of the Joint Management Board of the Public Administration Reform Fund (PARF JMB), participating in adoption of the decisions of the PARF JMB, related primarily with implementation of the projects from the reform areas.

During 2010, four meetings of the coordinators were held, at which:

- Information on work of the Supervisory Teams was discussed,
- Establishment of priorities in all six reform areas was agreed,
- The coordinators took obligation to ensure financial assistance to the PARF from the budgets of the governments in BiH,

⁶ Strategy of PAR in BiH

⁷ 103rd Session of the Council of Ministers of BiH, held on November 5, 2009



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- Strengthening of the PARCO and the position of the entity coordinators was supported,
 - Attracting of new donors was supported,
 - Sector wide approach was discussed,
 - Methodological approach for draft of the AP 2 and the Common Platform was discussed.

In order to address common issues of coordination in implementation of the public administration reform, meetings were held with the Prime Minister of the Federation of BiH and the representatives of federal institutions and with the Minister of Administration and Local Self Governance in the Government of the RS and representatives of the institutions of the Government of the RS.

Coordination of Work of the Supervisory Teams

In 2010, focus of activities was on organisation and coordination of the work of the supervisory teams in the six reform areas, which in accordance with the Common Platform on the Principles and manner of Implementation of the AP 1 are responsible for:

- Supervision over operative implementation of the measures from the AP 1,
- Monthly reporting of the administrative level on implementation of measures from the AP 1,
- Establishment of priorities in the reform area,
- Harmonisation of the progress indicators,
- Initiation and proposal of project proposals,
- Supervision over the work of implementation teams,
- Ensuring timely implementation of measures from the AP1.

Coordination and organisation of work of the implementation teams is operatively implemented by the advisors for the reform areas of the PARCO who, by implementing this function, have continuous contacts with the members of the implementation teams, in order for them to execute their competencies. In cooperation with the PARCO, by implementing their basic function of supervision over operative implementation of the measures from the AP1, the supervisory teams continued, in 2010 as well, the activities on establishment of priorities and project ideas in the reform areas. Continued were also activities of supervision over the work of implementation teams, but also on monitoring of the progress, cooperation and reporting on implementation of the projects. The Supervisory Teams reported to the PARCO on implementation of the measures from the AP1.

In order to ensure as efficient as possible coordination of the public administration reform process, the PARCO, in early 2010, prepared the Information on Work of the Supervisory Teams in 2009, which gave a brief overview of activities of each Supervisory Team, notes regarding their work so far, and recommendations for future work. The Information on Work of the Supervisory Teams was presented to the public administration reform coordinators of the Federation of BiH, the Republic of Srpska and the Brčko District of BiH. The PARCO pointed out the need for greater involvement of the Supervisory Teams in this process, as well as greater initiative in proposing project ideas.

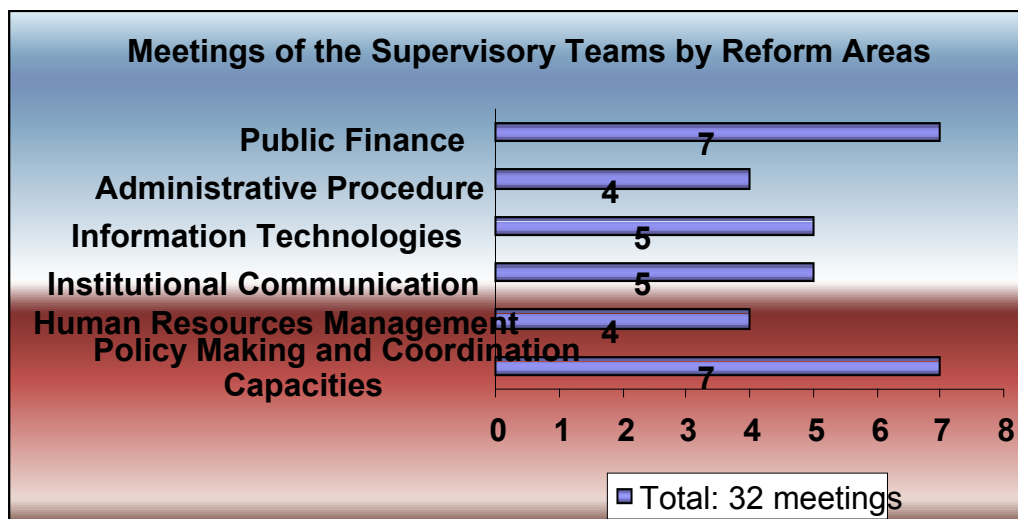
One of the most significant activities of the PARCO and the coordination structure of the Supervisory Teams in this year was preparation of the draft Revised Action Plan 1. Experts of the technical assistance team to the PARCO prepared analyses of the condition in all six reform areas, and held series of meetings with the Supervisory Teams, where expert findings were clarified and there were conversations on new solutions. In December, there was a workshop in Sarajevo where the draft Revised Action Plan 1 was presented to the members of all teams, as well as to the entity coordinators and the coordinator of the Brčko District of BiH, and to the representative of the Delegation of the European Union in BiH⁸. In 2011, the document will be on the agenda of the

⁸ The workshop held on December 15

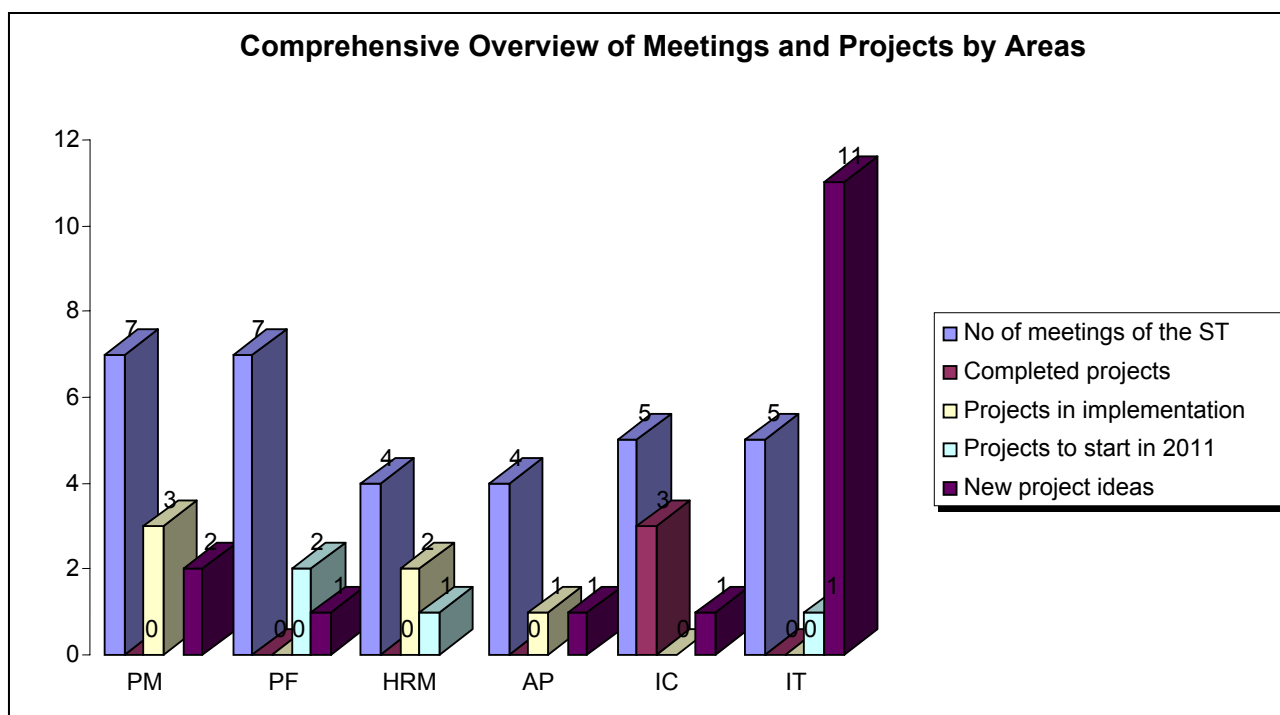


Council of Ministers of BiH, the Government of the RS, the Government of the FBiH and the Government of the Brčko District of BiH.

In 2010, there were a total of 32 meetings of the seven Supervisory Teams. There were also a series of individual meetings with the members of the Supervisory Teams. Overview of the meetings of the Supervisory Teams is given in the graph below:



As shown in the graph, the Supervisory Team from the area of Public Finances had seven meetings, as well as the two Supervisory Teams from the area of Policy Making and Coordination Capacities. Five meetings each were held by the Supervisory Teams from the area of Information Technologies and Institutional Communication, while in the areas of Administrative Procedure and Human Resources Management there were four meetings each. The graph below shows the overview of meetings in relation to the projects (completed, in implementation, whose implementation is yet to start in 2011, and new project ideas which were prepared and discussed by the Supervisory Teams in 2010).





Considering the volume of job and responsibility in work of the Supervisory Teams, the members of these intergovernmental bodies once again stressed the problem of failure to pay their engagement. The PARCO, based on requests of the Supervisory Teams, received the opinions of the Legislation Office and the Ministry of Finance and Treasury of BiH, according to which the matter of remunerations is to be addressed by the governments.

Coordination of Work of the Implementation Teams

During 2010, obligations from the Common Platform on the Principles and Manner of Implementation of the Action Plan 1 of the PAR Strategy were implemented also by the implementation teams, who are involved in the operational implementation of the concrete projects. Competencies of the implementation teams, in addition to operational implementation of the measures from the AP1, are monthly and quarterly reporting on implementation of the projects to the Supervisory Teams, expert preparation and drafting of regulations or their amendments in accordance with the project, submission of final proposals to the Supervisory Teams, and regular reporting to the PARCO on monitoring and evaluation. Affairs of coordination of the PARCO and implementation teams are reflected in regular reporting on progress in project drafting and monitoring and evaluation of the projects. The PARCO regularly ensures that those reports are discussed by the Supervisory Teams. Implementation teams from four reform areas (three from the area of Policy Making and Coordination Capacities, two from the area of Human Resources Management, one from the area of Institutional Communication and one from the area of Administrative Procedure) have regular contacts with project implementers, give suggestions to the reports on implementation of the projects, objections to expert documents, and ensure cooperation between the project implementers and beneficiary institutions.

Participation in Coordination Mechanisms of European Integrations

Representatives of the PARCO, by the Decision of the Council of Ministers of BiH⁹, were appointed in the workgroups for European integrations, whose scope of work is coordination of activities related with the process of European Integrations, coordination and monitoring of fulfilment of contractual obligations from the Interim Agreement on Stabilisation and Association, through work in subcommittees and at the meetings of the RPM, as well as coordination and monitoring of execution of measures from the European Partnership, coordination of the process of harmonisation of the legal system with the *acquis* and other activities. Workgroups are preparing a report for the Delegation of BiH in the Interim Committees of the European Community and BiH.

The PARCO, in 2010 as well, continued cooperation with the Directorate for European Integration and the Directorate for Economic Planning both on the matter of activities on reform of horizontal administrative capacities (AP1) and on preparation of the plan of sector reforms. Representatives of the PARCO participated in the meetings of the structures for implementation of the Stabilisation and Association Agreement, as well as in the meetings of other work bodies concerning the matters of public administration reform.

| <i>Participation in Workgroup / Meeting</i> | <i>Period</i> | <i>Activities of the PARCO</i> | <i>Results</i> |
|---|--|---------------------------------------|---|
| Workgroup for Transport, Energy, Environment and Regional Development | January December | Three meetings of the Workgroup | Workgroup prepared report for the EUD (European Union Delegation) |
| Workgroup for Agriculture, Food Safety and Fisheries | February, March, June, December | Four meetings of the Workgroup | Workgroup prepared report for the EUD |
| Workgroup for Employment, Social Policy, Information Society and Media, Education | June | One meeting of the Workgroup | Workgroup prepared report for the EUD |

⁹ Official Gazette of BiH, No. 47/09



| | | | |
|---|----------|---|---|
| and Research and Public Health | | | |
| Workgroup for Trade, Industries, Customs and Taxes | March | Meeting of the Subcommittee | Workgroup prepared report for the EUD and reported to the EUD |
| Meeting of the Commission for European Integration | December | One meeting (PAR Coordinator) | Discussed documents by the DEI BiH |
| Annual gathering on the topic of planning of development and social-economy policy of the country | December | The meeting was attended by the PAR Coordinator, who presented the activities of the PARCO | Ensured better understanding of work and plans and cooperation of the two institutions |
| Round table of the DEP BiH within discussion on the Strategy of Development of BiH and the Strategy of Social Inclusion | April | Prepared and held presentation on the work of the PARCO | By the presentation "Implementation of Strategies and the Process of Public Administration Reform", the PARCO presented experiences in implementation and preparation of strategy documents |
| Presentation of the results of the workshop on the topic of preparation of the plan of coordination, implementation, monitoring and reporting on implementation of the Development Strategy and the Strategy of Social Inclusion of BiH | December | Organised presentation of the results of the workshop so the representatives of the PARCO would be familiarised with the obligations stemming from the Plan | Representatives of the PARCO got informed on the results of the workshop and the obligations stemming from the said Plan |

In this period, the PARCO prepared contributions for the following documents and delivered them to the Directorate for European Integration and the Directorate for Economic Planning:

| Report | Period | Activities | Results |
|--|------------------|--|---|
| Six month overview of implementation of the activities from the Action Plan for implementation of the priorities from the document European Partnership with BiH for the period July 1st – December 31st, 2009 | January | Gathered data on fulfilment of the measures and delivered to the Directorate for European Integration of BiH | The PARCO reported on fulfilment of a total of 17 measures |
| Contribution of the institutions of BiH for the Annual Progress Report in the Process of European Integration | May September | In cooperation with the PAR Coordinators, in May, prepared report on the flow of the public administration reform, and amended in September. | In the Progress Report, in the part Political Criterion – Public Administration, the EUD concluded that certain progress has been achieved. |
| Six month overview of implementation of the activities from the Action Plan for implementation of the priorities from the document European Partnership with BiH for the period January 1st – June 30, 2010. | July | Gathered data on fulfilment of the measures and delivered to the Directorate for European Integration of BiH | The PARCO reported on a total of 15 measures |
| Draft of contribution for the Economy-Fiscal | December | The PARCO reported on progress of the PAR and | Public administration and public finances are one of the strategic elements of the EFP BiH and there are |



| | | | |
|-----------------------|--|-------------------------------|---|
| Programme of BiH 2011 | | informed on future activities | regular reports on the progress in this area. |
|-----------------------|--|-------------------------------|---|



The State Coordinator for Public Administration Reform in BiH, at the invitation of the European Union Delegation in BiH, attended, in October, the regular meeting of the ambassadors of the European Union, where she spoke about the results so far in the process of public administration reform and the challenges the PARCO faces. Discussion of the ambassadors of the European Union opened the question of financing of the public administration reform in the future and the effects of the reform activities so far.

Sector Wide Approach

Sector wide approach is a novelty in programming pre-accession assistance within the IPA Programme, for which the donors and the representatives of the Directorate General for Enlargement in the European Commission deem to be able to significantly increase efficiency of international assistance in relation to project oriented approach, because it primarily takes into account the needs of the state and strength of its administrative structures. Experiences of the western Balkans countries are similar: they all face insufficient knowledge of the approach, shortcomings of the link, or lack thereof, between the sector strategies and the budget planning, and insufficient capacities for their implementation. Sector wide approach can help more effective usage of the pre-accession assistance.

Since March, the PARCO is engaged in introduction of the sector wide approach in planning of the pre-accession assistance to BiH. Within the three-day workshop, organised by the Ministry of Finance and Treasury of BiH and the European Commission (Directorate General for Enlargement)¹⁰, representatives of the PARCO, within the session: "How to best formulate sector wide approaches?", held two presentations: on the Public Administration Reform Fund and on sector wide approach in institution building using for example the public administration reform in BiH.

The sector of the public administration reform was proposed as a pilot project in sector wide approach, because to a great extent it satisfies the requirements from the set five components related with management and mechanisms of coordination, segments from the part of policies and strategies, matters related with mid-term perspective and sector budget, required institutional capacities and existence of performance monitoring system. Within each of these five components there is a set of questions, based on which it is possible to verify existence and efficiency of the structure required for introduction of the sector wide approach. The Ministry of Finance and Treasury of BiH is preparing the information on the sector wide approach for the Council of Ministers of BiH.

In the sector of public administration reform, within preparation of the Multiannual Indicative Planning Document for the period 2011 – 2013 (MIPD 2011-2013), there were consultations of the BiH authorities, civil society organisations, EU member states and other donors, and international financial institutions on the proposals of strategic objectives and possibility of introduction of sector wide approach.

Representatives of the PARCO participated at the meeting of the Workgroup within Multiuser IPA – Strategic Workgroup for Public Administration and Management, which was organised by the

¹⁰ Workshop held on March 22nd – 24 in Sarajevo



European Commission – Directorate General for Enlargement¹¹. Focus of work was placed on stronger participation of the beneficiary countries, which was not the practice until now. Objective of the meeting was to present the draft three-year plan for the sector Public Administration and Management, which will be, with seven other areas, constituent part of the Multiannual Indicative Programme Document for the period 2011 – 2013 (MIPD 2011-2013), for the multiuser IPA.

4 Implementation of the PAR Strategy

4.1 Implementation of the Action Plan

One of the most significant activities this year was preparation of the draft Revised AP 1.

Four years after adoption of the AP1, there was a need for comprehensive revision of this document, because in late 2010, the last deadlines set in this document expired. It was noted that numerous objectives have already been implemented and some were set too ambitiously or in a manner that does not guarantee to bring added value in the sense of benefit for the citizens, business entities and society as a whole.



The revised AP1 directs the public administration reform to implementation of concrete measures, which will bring direct benefits to the citizens, business entities and the society as a whole. It was planned to introduce e-services, such as e-taxes to the total income of citizens, e-registration of vehicles and electronic certificates on movement. The plan also stipulates establishment of unified database of all laws and bylaws, which would be free to access by the citizens. Measures stipulate also adjustment of office hours to citizens, introduction of regular measurement of satisfaction of the users of administrative services where those services are provided. Revision was preceded by analyses of the condition in all six reform areas. The next part provides overview of activities that were being implemented in implementation of the AP1, being the result of joint implementation of the measures of the AP1 and they are directly linked to implementation of the projects financed by the PAR Fund. The PARCO implements the whole procedure of public procurements.

4.1.1 AREA – POLICY MAKING AND COORDINATION CAPACITIES

➤ Implementation of three projects ongoing

➤ Ideas for two new projects developed

➤ New ministries have obligation of strategic planning

During the year, documentations for three projects were adopted, new project ideas were generated, and the Supervisory Teams supervised and directed implementation of the projects in order to ensure fulfilment of the objectives set by the PAR Strategy. Projects proposed to be financed by the PAR Fund, as well as by the IPA, were selected based on priorities set by the two supervisory teams from this reform area.

The terms of reference “Blueprint of Development of Central Bodies of Governments in BiH – Implementation of the Phase II” was prepared and put on the list of projects from the IPA 2010.

New project ideas for the projects “Better Regulation / Management in the Bodies of Administration in Bosnia and Herzegovina” and “Design of Software for Support in Drafting Laws and Monitoring of

¹¹ The meeting held on March 2nd in Sarajevo



their Implementation” were also developed, which were adopted by the Supervisory Teams. Project ideas were developed by the PARCO.

Overview of the projects ongoing in this reform area is given in the table below:

| No. | Projects | Activities | Comment |
|-----|---|--|--|
| 1. | Blueprint of Development of Central Bodies of Governments in Bosnia and Herzegovina – Implementation of the Phase I | Completed procedure of public procurements – international value grade. Signed contract with the consortium Progeco S.r.L., Euro Partner Group and Eda. | The PARCO received objection of one of the bidders, who after rejection of the objection, appealed to the Procurement Review Board. Appeal was rejected. At the beginning of implementation there were problems with engagement of the key expert 2 and the inception report was late, and contractual obligations were being not fulfilled. Draft inception report was presented to the members of the ST. Inception Report was sent to the PARF JMB. |
| 2. | Improvement of Rules and Procedures for Legal, Other Regulation and General Acts Drafting in BiH | Completed procedure of public procurements – international value grade. Signed contract with the Faculty of Economy Sarajevo. | Implementation of the project started on June 9. Implementation of the project activities is being done in accordance with the signed Contract. |
| 3. | Transposing EU Legislation in the Legal System of BiH | Completed procedure of public procurements. Signed contract with the ZAMM media. | Implementation of the project started on December 8. Deadline for submission of the First inception report is January 8, 2011. |

4.1.2 AREA – PUBLIC FINANCE

➤ Two projects in the procedure

➤ New project idea public-private partnership

In this period, activities were directed to preparation of documentation and implementation of procedures for two projects, and the idea was prepared for new project “Public-Private Partnership”.

Overview of the projects ongoing in this reform area is given in the table below:

| No. | Projects | Activities | Comment |
|-----|---|---|--|
| 1. | Budget Management Information System – BMIS | Adopted project proposal and terms of reference in accordance with the procedures. Ongoing procedure of public procurements – international value grade. Completed phase of prequalification. | Signing of the contract is planned for early 2011. |



| | | | |
|----|---|--|--|
| 2. | Computerisation of the Treasury System of the Brčko District of BiH | Completed project proposal, terms of reference and tender documentation in cooperation with the Directorate for Finance of the Brčko District of BiH. | The PAR Fund will provide BAM 584,894 and the Brčko District will provide BAM 150,000, which is the first case of participation of local institutions in financing the projects from the PAR Fund. Adoption of the project proposal, the terms of reference and the tender documentation is expected in early 2011. |
| 3. | Public-Private Partnership | Objective is establishment of functional system of public-private partnership in accordance with the European legislation and the best European practices. | This project is proposed for Norwegian assistance and IPA. |

Other Activities

The representative of the PARCO, as a member of the workgroup for drafting the Strategy of Development of BiH 2008-2013, in organisation of the Directorate for Economic Planning of BiH, the Austrian Development Agency and the Swiss Development Cooperation Agency, participated, on February 19 in Sarajevo, in work of the workgroup for macroeconomic stability, subgroup of public finance, giving contribution in those parts of the Strategy related with public administration reform and strengthening of the institution of the PARCO.

Representative of the PARCO for the reform area of Public Finance participated in the meeting with the representatives of the SIGMA, related with public procurements as well as in the workshop organised by the SIGMA: "Development of Financial Management and Control under the PIFC concept in BiH: The legislative requirements".

4.1.3 AREA – HUMAN RESOURCES MANAGEMENT

➤ Signed contracts for two projects

➤ Initiated better cooperation of all BiH institutions with the ReSPA

➤ HRMIS established, the PARCO initiates further use of the system

In this area, the focus was on the activities to establish priorities in the reform area, as well as harmonisation of indicators of progress through analysis of the process of implementation of the AP1 and preparation of the revised AP1. New ideas for projects were generated, and the Supervisory Team started the initiative to improve mechanisms of cooperation of the competent institutions from all structures of the civil service in BiH with the ReSPA, with the objective of coordination of common activities.

Because of personnel changes in the institutions, the new deputy member of the Supervisory Team from the Civil Service Agency of the RS was appointed, as well as the member and deputy member from the Sub-department for Human Resources of the Brčko District of BiH. During last year, there were four meetings of the Supervisory Team.

Overview of the projects ongoing in this reform area is given in the table below:

| No. | Projects | Activities | Comment |
|-----|----------|------------|---------|
|-----|----------|------------|---------|



| | | | |
|----|---|---|--|
| 1. | Training of Civil Servants for Application of Information Technologies and Work on Computers | Signed contracts with the consortia Centre for Computer Education Sarajevo, Net Pro Brčko, BHM Zenica, ETC-ECDL Banja Luka and KING ICT Sarajevo, KING ICT Zagreb. | In the process of procurement, one appeal was submitted to the Procurement Review Board, but the appellant withdrew it. The Project stipulates training for 1600 civil servants. |
| 2. | Development of Performance Management System in the Structures of Civil Service in BiH. | Contract signed with the Djikić Consulting Services. Implemented activities on preparation of the documents of analysis of the process of performance management in the civil service by levels of administration, ensured advisory support in drafting and preparation of proposals of changes of the legal and bylaw acts related to the process of evaluation of work of the civil servants. Completed monitoring of the project for the first seven months of implementation. | The PARF JMB adopted the inception report as well as the first six-month interim report. Outputs so far were evaluated by the beneficiaries as very successful. The next report on implementation of the project is planned for February 2011. |
| 3. | Establishment of Modern Departments for Human Resources Management in the Bodies of Administration in BiH | Documentation prepared and the first cycle of public procurement implemented. The PARF JMB adopted the report of the Public Procurement Commission. | Since none of the candidates in the phase of prequalification fulfilled the set conditions, it was planned to initiate new procedure of public procurement. |

Regional International Cooperation

Representatives of the PARCO continued participation in the regional project Community of Practitioners in the Area of Human Resources Management in the Structures of Civil Service in the Western Balkans (Community of Practitioners). This year, the Programme, in addition to the UNDP project of Regional Centre for Public Administration Reform (RCPAR) from Athens, was supported also by the Secretariat of the ReSPA / EIPA (European Institute for Public Administration). Representative of the PARCO participated in November in the work of the fifth annual conference of the Community of Practitioners. Topic of the conference and the study that is being prepared in the form of research project was "Use of Competencies in the System of Public Service in the Countries of West Balkans", which presents also the experiences of the structures of the civil service from BiH in this field. Participants exchanged practical experiences in application of this concept in employment in the civil service, which is being developed in this field by the PARCO.

There were consultations of the responsible institutions in the reform area, i.e. the Civil Service Agency of BiH, the Civil Service Agency of the FBiH, the Civil Service Agency of the RS and the Ministry of Administration and Local Self Governance of the RS, with the representatives of the SIGMA programme, with the objective of identifying the areas in which expert assistance in the field of civil service reform and human resources management could be used.

Appointment of the representative of the PARCO in the Management Board of the ReSPA ensured continuous cooperation with this institution.

Other Activities



In the reporting period, at the level of the institutions of BiH, under the patronage of the CSA BiH, the initiative was started entitled HRM Forum in the State Institutions with the objective of ensuring support to the civil service reform and to development of professional capacities for human resources management in the civil service. Representatives of the PARCO actively participated in this initiative, which organised three workshops, within which there were thematic lectures of international experts on the role and aspects of function of human resources management in public administration.

Representatives of the PARCO participated in the work of the 18th Conference of Network of Schools and Institutes for Public Administration of Central and East Europe (NISPAcee), which was held in May in Warsaw.

4.1.4 AREA – ADMINISTRATIVE PROCEDURE

➤ Prepared Draft Administrative Decision Making in BiH Quality Improvement Programme

➤ Developed new project idea

The work was focused on implementation of project activities, with focus on the project “Draft of Administrative Decision Making in BiH Quality Improvement Programme”, which is supposed to ensure creation of preconditions for changes of the laws, with the objective of more efficient management of administrative procedures.

Logical framework matrix was prepared for the project “Education of Managers of Administrative Procedures and Administrative Inspectors”.

Supervisory team in this area discussed on the matter of personnel solution of the position of expert advisor for this reform area in the PARCO and dynamics of submission of interim reports to the PARF JMB. The recommendation was given to shorten the deadlines for submission of reports as much as possible.

Overview of the projects ongoing in this reform area is given in the table below:

| No. | Projects | Activities | Comment |
|-----|--|---|---|
| 1. | Draft of Administrative Decision making in BiH Quality Improvement Programme | Signed contract with the ZAMM media, for the period of ten months. In September, there was a workshop on the topic “Draft of Administrative Decision making in BiH Quality Improvement Programme”. | All the reports were returned to the consultant several times to be improved. The PARF JMB adopted the inception report and five interim reports. Other reports were submitted to the PARCO and the procedure of their adoption is ongoing. The Contract expired in October 2010, and at the request of the implementer, it was extended by sixty days. |
| 2. | Education of Managers of Administrative Procedures and Administrative Inspectors | Proposal of the proposed logical framework for the project was discussed at the meeting of the ST. | |

Other Activities

Cooperation with the SIGMA – In September, there was a workshop within implementation of the project “Draft of Administrative Decision making in BiH Quality Improvement Programme”. The workshop was attended by all the members of the Supervisory Team, the Implementation Team, the entity public administration reform coordinators, as well as the experts of the SIGMA and the



experts engaged in implementation of the project. The objective of the workshop was to approximate the experiences from the neighbouring countries in public administration reform to the participants and representatives of the beneficiaries of the project, which were presented by the experts of the SIGMA, in order to get better draft administrative decision making quality improvement programme. After the workshop, the experts of the SIGMA delivered comments to the draft programme.

4.1.5 AREA – INSTITUTIONAL COMMUNICATION

➤ Three projects completed

➤ Governments have new or improved communication strategies

In the reporting period, three projects have been completed. A workgroup has been established for evaluation of the project “Training of Public Relations Officers”. The PARCO prepared work document of guidelines for reporting by the measures of the AP1, which is supposed to help in reporting and evaluation of implementation of measures.

Activities have been undertaken to improve reporting on progress, especially regarding information required by respective institutions. The workgroup discussed on the current system of reporting and the possibility of its improvement. Also, cooperation with the public relations officers from institutions of all levels has been established.

Overview of the projects ongoing in this reform area is given in the table below:

| No. | Projects | Activities / Results | Comment |
|-----|---|---|--|
| 1. | Establishment of Network of Info Stands | The project was completed by adoption of the final report in February. Results of the project are: familiarising public relations officers with the concept of info stands and internal communication, research of communication practices in the central units for public relations, procured info stands as means of promotion, distribution and exchange of info materials, prepared and printed two thousand copies of bulletin in each central unit. Start of practice of exchange of info materials between these units. | Information Service of the Council of Ministers of BiH published so far four issues of bulletin “INFO of the Council of Ministers”, which is a direct continuation of activity of the project. In December, the Government of the Brčko District of BiH prepared and printed the second issue of the “Bulletin of the Brčko District of BiH”. |



| | | | |
|----|---------------------------------------|---|---|
| 2. | Strategic Communication | <p>The PARF JMB, on May 5, adopted the final report, which completed the project.</p> <p>Achieved results: implemented research and drafted analysis of communication practices and capacities of the Council of Ministers of BiH, the entity governments and the Government of the Brčko District of BiH; the central units for public relations received data on the capacities for strategic communication and on public opinion.</p> <p>Workgroup drafted communication strategies of the CoM BiH and the Government of the BD BiH and revised / amended strategies of the Government of the RS and the Government of the FBiH with proposals for their change / amendment, prepared were also annual action plans for implementation of the Strategies. Proposals of annual action plans were harmonised with the needs of the central units for public relations and the Action Plan 1.</p> | <p>The Council of Ministers of BiH adopted the Communication Strategy of the Council of Ministers of BiH and the Action Plan for its implementation for the period 2010-2011, which established strategic framework for communication, which is the measure of the Action Plan 1. In the next year, adoption of the revised communication strategies of the governments of the RS and the FBiH is expected, as well as adoption of the strategy of the Government of the Brčko District of BiH.</p> |
| 3. | Training of Public Relations Officers | <p>The Contract on Implementation of the Project was signed on January 15, 2010 with the agency Prime Communication.</p> <p>The training was completed for 70 public relations officers. Study visit to the institutions of the Government of the Republic of Slovenia and the Office for Communication took place in April, and the conference on public relations – “PR Network” took place in May.</p> | <p>The PARF JMB, on July 30, adopted the final report, which completed the project.</p> <p>Prepared Handbook is based on implemented research, and on consultations and communication with the beneficiaries.</p> |

Other Activities

Prepared project “Improvement of the Web Site and Development of the Intranet System of the PARCO”, which will be implemented with support of the technical assistance team to the PARCO. Start of implementation is planned for mid 2011, and the project is supposed to contribute to improvement of internal communication within the PARCO and external communication through the improved website.

4.1.6 AREA – INFORMATION TECHNOLOGIES

- **Developed eleven new project ideas**
- **Prepared guide for interoperability**
- **Violated coherence of the reform in the IT area**



Generating and proposing new project ideas was in focus of work in 2010, which resulted in the list of project ideas which are supposed to be implemented from the assets of the PAR Fund or from other means of financing. The members of the Supervisory Team were presented with nine new project ideas in early 2010, and they supported two – “Establishment of Video-Conference Centres” and “Promotion of Use of Information Technologies in Public Administration”. In the discussion on project ideas, uneven implementation of measures from the AP1 has been noted, where the RS has advanced. Although the Supervisory Team and the PARCO do not have enough information on the projects that are being implemented by the institutions of all levels of authority in the area of Information Technologies, the idea of design of common register of hardware, software, IT officers and IT projects was not approved by the Supervisory Team. The principle of coherence in implementation of the public administration reform is questionable because of unbalanced degree of development of IT and different level of budget investments.

In order to improve the quality of information the Supervisory Team delivers to the PARCO, regarding implementation of measures of the AP1, the most efficient manner of delivery of information on implementation of the AP1 has been presented, and the idea on drafting the annual plan of work of the Supervisory Team has been initiated.

In the second half of the year, new project ideas have been generated: “Study of e-Legislation Regulations” and “Document Management System – DMS in Appropriate Pilot Institutions of the CoM BiH”, which were sent to the Norwegian Embassy and the Directorate for European Integration which started IPA 2011 programming.

The members of the Supervisory Team from the Ministry of Transport and Communication of BiH did not attend the sessions, so the PARCO initiated the procedure for their replacement, in order to enable normal work of this structure.

Overview of the projects ongoing in this reform area is given in the table below:

| No. | Projects | Activities | Comment |
|-----|--|--|--|
| 1. | Design and Establishment of Interoperability Framework and Standards for Data Exchange | Review and evaluation of received bids within tender procedure has been completed – international value grade. | Decision on Award of the Contract will be discussed at the next session of the PARF JMB. |
| 2. | One Stop Shop – services for assistance to citizens (pilot project of the Brčko District of BiH) | Because of objections to the tender documentation, the procedure was suspended and annulled in this phase. | At the request of the originator, the Brčko District of BiH, the project was withdrawn from the list of projects foreseen to be financed by the PAR Fund, and the money was directed to the project “Computerisation of the Treasury System of the Brčko District of BiH”. |

Other Activities

The PARCO drafted the project “Public Administration Reform Monitoring Information System (PARMIS)”. The final version of the PARMIS application was designed (Information System for Monitoring Progress of Implementation of the AP 1).

The PARCO, in accordance with the charges of the workgroup for draft of documents defined in the Policy of Software in the Institutions of BiH, prepared the document “Interoperability Framework in the Institutions of BiH – Guide for Preparation” with proposal of measures, which were delivered to the Ministry of Transport and Communication of BiH.



4.1.7. PARTICIPATION IN OTHER PROJECTS

| Projects | Activities | Comment |
|--|---|--|
| UNDP project: "Strengthening BiH Capacities for Strategic Planning and Policy Development – SPPD" | Representative of the PARCO is a member of the Steering Committee of the project. Third and Fourth Six-Month Reports sent to the Council of Ministers of BiH. Signing of the Memorandum of Understanding between the UNDP and the beneficiaries of the Project initiated implementation of project activities in three new sectors: agriculture, social protection and small and medium enterprises | Role of the representative of the PARCO in the SC of the project is to ensure that the SPPD completely corresponds with the objectives of the Strategy of PAR in BiH and to report on it regularly to the Council of Ministers of BiH. The reports were adopted by the Council of Ministers of BiH. By this, the SPPD project entered the second phase. The Council of Ministers of BiH, by the Conclusion, charged the ministries involved in the project implementation with enacting internal acts regulating application of methodology for strategic planning and development of policies. |
| Strategy of Public Internal Financial Controls (PIFC) | There were three meetings of the Steering Committee of the Project, as well as bilateral meetings with the consultants working on introduction of the project. | Representative of the PARCO is a member of the Steering Committee of the project. |
| Assistance in the Process of Socio-Economic Planning in BiH | There were two meetings of the SC. | Representative of the PARCO is a member of the Steering Committee of the project. |
| Development of Human Resource Management Information System in the Public Administration of Bosnia and Herzegovina – BH HRMIS. The Project was financed by the EU Delegation in BiH. | Prepared final report of the project. The PARCO, in December, organised a joint meeting with the representatives of the key institutions of BiH, the Brčko District of BiH and the Federation of BiH in order to ensure continuation of implementation of the HRMIS. | Representative of the PARCO is a member of the Steering Committee of the project. The Project HRMIS was completed in July after 27 months of implementation, and there were additional activities in August and September. The PARCO initiated further use of the HRMIS in the institutions. In order for the established HRMIS to function, there should be money provided for its maintenance, and upgrade. At the meeting with the institutions, organised by the PARCO, it has been agreed to discuss, in addition to the said problems, also the proposals for preparation of a separate project, which should be directed to further capacity building and training for use of the HRMIS. |
| Project "Support to EU Policy of Small and Medium Enterprises and Development of Institutional Capacities of BiH" | There were four meetings | Representative of the PARCO is a member of the Steering Committee of the project. |

4.2 Development of the Action Plan 2

In 2010, with the support of the technical assistance team EUPAR, the preparations for sector reforms have started. In January, the expert engaged by the EUPAR, after series of conversations, prepared the draft Methodological Approach to the AP 2.



Proposal stipulated development of the plan of sector reforms starting from the recommendations contained in the document of the European Commission "Guide in the Main Administrative Structures Recommended for Implementation of the Acquis".

In accordance with the proposed approach to sector reforms, there were series of meetings during the year, where the documents of the EUPAR experts were presented to the representatives of the DEI and the DEP, and to the representatives of the entity governments and the Government of the Brčko District of BiH.

At the suggestion of the entity public administration reform coordinators, the PARCO, in late May, decided to draft the common platform for drafting the AP 2, the document that would be presented to the governments for adoption. The EUPAR proposed a pilot project in drafting the AP2 in priority chapters. In the middle of the year the final proposal of the Methodological Approach and mechanisms of coordination was prepared, as well as the Proposal of the joint committee for monitoring of the reforms, which was delivered to the DEI BiH.

The draft platform was delivered in July to the entity PAR coordinators and the Brčko District of BiH PAR Coordinator. The representatives of Republic of Srpska submitted objections to the proposed document in August, while the representatives of the the FBiH and the BDBiH submitted their objections in November.

In June, the EUPAR held a workshop on the results so far and future steps in preparation of the plan of sector reforms, where the activities to that date were presented to the new public administration reform coordinator. At the same time, the EUPAR hired additional expert who was in charge of reviewing the database of EU regulations and updating Guide to the main administrative structures recommended for implementation of the Acquis from 2005. The expert submitted in November the Guide with all the chapters updated.

For verification of the methodological approach and assistance in preparation of the plan of sector reforms, the PARCO got additional SIGMA expert, whose engagement started in July. The expert proposed a set of steps for preparation of the AP 2, starting from draft of priority objectives.

Within the technical assistance project, in September, together with the representatives of the DEI BiH, the representatives of the PARCO were in study visit to Serbia, while the study visit to Slovenia and Croatia took place in November.

On the basis of the Decision to Draft the Plan of Integration of BiH into the EU and after a meeting with the representatives of the DEI BiH, the EUPAR experts proposed in November and December a new approach to implementation of obligations from the PAR Strategy. They suggested new steps, which include: determining the condition of the structure of public administration (including preparation of the Catalogue of Institutions), a compilation of requests for efficient and professional public administration and requests arising from the Acquis (including preparation of the reference guide for assessing and strengthening administrative capacities of institutions), and analytical review of the current state of affairs regarding requirements and standards (gaps analysis). The proposal was forwarded to the entity coordinators and the coordinator of the BD BiH for declaration.

5 Management of the Public Administration Reform Fund

The PARCO, by the Memorandum of Understanding for Establishment of the Public Administration Reform Fund, is in charge of: presiding the PARF JMB, submitting the agenda, preparation of draft harmonised minutes, active identification, discussion, creation and draft of project specifications, and monitoring and evaluation of the projects. The PARCO also executes all activities regarding the public procurements for the projects, and delivers the tender documentation to the PARF JMB for decision making. The PARCO informs the PARF JMB on the matters relevant for implementation of the PAR Strategy and the projects, and prepares comprehensive reports, which give overview of activities of the PAR Fund, as well as information on money flow.



Projects Approved by the PARF JMB

The Joint Management Board of the Public Administration Reform Fund (the PARF JMB) approved so far a total of 13 projects, related to all four administrative levels. Of those, three projects are completed, six are in the phase of implementation, three are in the procedure of public procurement, while for one the terms of reference is being prepared (see the table below).

At the request of the originator, the Brčko District of BiH, the project One Stop Shop – Services for Assistance to Citizens was withdrawn from the list of projects foreseen to be financed by the PAR Fund. The PARF JMB adopted the Decision on Annulment of the Decision on Accepting the Terms of Reference “One Stop Shop – Services for Assistance to Citizens”, which directed the previously reserved money for this project, to the project of the Brčko District of BiH “Treasury Information System of the Brčko District of BiH”. Project documentation for this project will be discussed at the next session of the PARF JMB, in early 2011.

The money from the PAR Fund is dedicated exclusively for financing of the projects.

The table below gives overview of all the approved projects:

| Implemented Projects | | | | | |
|---|---|--|---|--|--|
| Projects Approved by the PARF JMB | Contracted Budget in BAM, VAT included | Implemented Budget in BAM, VAT included | Implemented VAT return (for payments made) | Date of signing of the Contract | Date of Completion of Activities |
| Establishment of Network of Info Stands (IC) | 155,610.00 | 148,395.21 | 21,561.69 | March 4, 2009 | December 4, 2009 |
| Strategic Communication (IC) | 149,526.00 | 145,579.32 | 21,152.55 | August 24, 2009 | February 24, 2010 |
| Training of Public Relations Officers (IC) | 128,285.88 | 128,198.10 | 18,627.09 | January 15, 2010 | June 29, 2010 |
| Total for Implemented Projects | 433,421.88 | 422,172.63 | 61,341.33 | | |
| Projects in the Phase of Implementation | | | | | |
| Projects Approved by the PARF JMB | Contracted Budget in BAM, VAT included | Implemented Payments in BAM, VAT included | Implemented VAT return (for payments made) | Date of signing of the Contract | Duration of the Project in Months |
| Draft of Administrative Decision Making in BiH Quality Improvement Programme (AP) | 444,600.00 | 309,085.59 | 44,909.88 | December 21 st , 2009 | 12 |



| | | | | | |
|--|--|---------------------|------------------|--|--|
| Development of Performance Management System in the Structures of Civil Service in BiH (HRM) | 760,383.00 | 359,085.52 | 52,174.82 | January 4, 2010 | 18 |
| Improvement of Rules and Procedures for Legal, Other Regulations and General Acts Drafting in BiH (PM) | 786,041.57 | 157,208.31 | 0.00 | June 9, 2010 | 18 |
| Blueprint of Development of Central Bodies of Governments in BiH – implementation of phase I – procurement of services (PM) | 1,610,978.05 | 322,195.61 | 0.00 | July 20, 2010 | 24 |
| Transposing EU Legislation in the Legal System of BiH (PM) | 395,752.50 | 0.00 | 0.00 | December 8, 2010 | 10 |
| Training of Civil Servants for Application of Information Technologies and Work on Computers (HRM) | 819,737.50 | 0.00 | 0.00 | December 28, 2010 | 14 |
| Total for the Projects in Implementation | 4,817,462.62 | 1,147,575.03 | 97,084.70 | | |
| Projects in the Procedure | | | | | |
| Projects Approved by the PARF JMB | Framework Budget in BAM, VAT included | | | Planned Start of Implementation | Duration of the Project in Months |
| Blueprint of Development of Central Bodies of Governments in BiH – implementation of phase I – procurement of equipment (PM) | 200,000.00 | | | II quarter of 2011 | |
| Budget Management Information System (PF) | 1,830,656.88 | | | I quarter of 2011 | 18 |



| | | | | | |
|--|---------------------|--|--|--------------------|----|
| Establishment of Modern Departments for Human Resources Management in the Bodies of Administration in BiH (HRM) | 1,594,710.00 | | | II quarter of 2011 | 18 |
| Publication of Information Materials of the Council of Ministers of BiH, the Government of the FBiH, the Government of the RS and the Government of the Brčko District of BiH (IC) | 274,000.00 | | | II quarter of 2011 | 5 |
| Design and Establishment of Interoperability Framework and Standards for Data Exchange (IT) | 1,029,744.50 | | | I quarter of 2011 | 12 |
| Total for the Projects in the Procedure: | 4,929,111.38 | | | | |

* Deciding on the request of the implementer of the project for extension of the Contract, having in mind the importance of the Project and ensuring implementation of the contracted obligations which have not yet been implemented, the PARCO decided to approve extension of the Contract by 60 days, by December 22nd, 2010 (details are in the chapter 5.1.4. of this Report).

In order to enable unhindered and secure financing of the approved projects in 2011 as well, the PARCO started in May the procedure to amend the Memorandum of Understanding for Establishment of the PAR Fund (Memorandum) in the form of Annex II to the Memorandum. In addition to extension, the Annex II stipulates that the obligations of the United Kingdom Department for International Development (DfID), taken over by the Memorandum, will be transferred to the Foreign and Commonwealth Office of Great Britain for the period January 1st – December 31st, 2011, because the DfID, in early 2011 will end its mission in BiH.

Annex II to the Memorandum was signed in autumn 2010, which extended the PAR Fund to 2011 and enabled unhindered and secure financing of the approved projects.

Finances of the PAR Fund

Finances of the Public Administration Reform Fund are managed by the PARCO. By the latest statements of the Central Bank of BiH, the condition in the accounts of the PAR Fund is as follows:

- EUR 2,184,663.26 in the EUR PAR Fund subaccount (statement of December 20, 2010)
- BAM 2,956,430.64 in the BAM PAR Fund subaccount (statement of December 6, 2010)

In this reporting period all the payments for the completed projects have been made, in the total amount of BAM 1,569,747.66.

Total contracted funds for nine projects (including contracted amounts for three completed projects) amount to BAM 5,250,914.50. Unspent funds of the completed projects, together with the VAT return, in the amount of BAM 95,398.95, were directed to implementation of the project "Blueprint of Development of Central Bodies of Governments in BiH – Implementation of the phase I".



For payments the PARCO made in 2010, the VAT return was requested. The VAT returned, based on the Specific Decisions of the Indirect Taxation Administration, amounted to BAM 158,426.03.

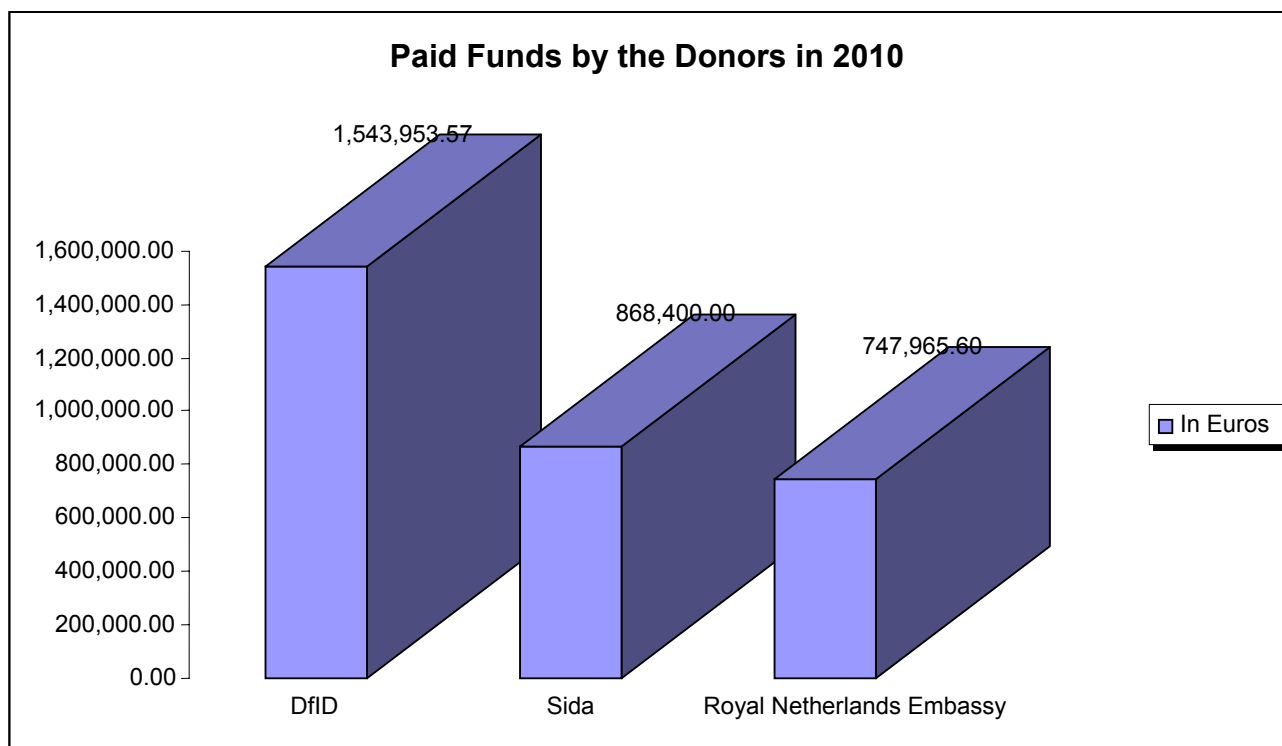
In order to prevent the loss of donor funds, the amendments to the Procedures of Finance Management of the PAR Fund were adopted. According to them, the PARCO, immediately after the PARF JMB approves the Terms of Reference for the new project, sends the request to the donors to pay the entire amount of the estimated value of the project, and the donors will pay the money to the PAR Fund account within 30 days of receipt of the request. The past practice of payment of money was aggravating for donors. On the basis of the adopted amendments, the PARCO sent to the donors the requests for payment of money for projects, for which the PARF JMB approved the decisions on accepting the terms of reference.

Since the DfID will end its mission in BiH by the end of 2010, they paid all the remaining funds in the PAR Fund, which were directed to concrete projects. In addition to the previous payment by the DfID in the amount of EUR 858,123.57, there was also a payment in the amount of EUR 685,800.00.

The Sida made the first payment in 2010 to the foreign exchange account of the PAR Fund in the amount of EUR 368,400.00, and in December, there was a payment of EUR 500,000. All the paid funds were directed to concrete projects.

The Royal Netherlands Embassy made the first payment in 2010 to the PAR Fund in the amount of BAM 396,705.00, while the second payment in 2010 amounted to BAM 1,066,188.55.

The graph below gives the overview of the paid funds by donors in 2010.



Cooperation with the Donors of the PAR Fund

The PARCO, in the reporting period, held two meetings with the existing donors of the PAR Fund, on January 29 and April 26, 2010, where it has been stressed that the available funds of the PAR Fund have been almost depleted, and that focus should be on discussing the possibilities of new investments in the PAR Fund, whether by the existing or by new donors. The representatives of the DfID and the Royal Netherlands Embassy declared that they would not additionally invest in the PAR Fund, while the representatives of the Sida intend to financially support the work of the PAR Fund in the future as well. The Donors proposed to discuss the possibility of providing the money



from the Budget of the institutions in the PAR Fund, even in the symbolic amount, which would be incentive for present and future donors that they invest additional money as well.

The PARCO prepared Information on the Need of Allocation of Budget Funds for the Public Administration Reform with Proposal of Conclusions, as well as proposal of the Decision on Allocation of Funds for co-financing of the "Public Administration Reform Fund" from the Budget of the Institutions of BiH and the International Obligations of BiH for 2011, 2012 and 2013, which proposed to allocate 0.01 per cent from the total budget for financing of the public administration reform. This proposal was presented to the other governments as well.

The PARCO, having in mind the planned volume of work and the need for additional funds in the PAR Fund, contacted embassies of several countries in BiH, in order to ensure additional funds for continuation of implementation of the public administration reform and functioning of the PAR Fund.

The Representatives of the Sida expressed readiness to further support the public administration reform process through cooperation with the PARCO.

The PARCO, in late 2010, was informed that the Norwegian Foreign Ministry, in the period 2011 – 2013, intends to provide annual support to the public administration reform in BiH.

Through a Special Agreement between Bosnia and Herzegovina and the Kingdom of Sweden, the Sida provided financial support to the PARCO for procurement of equipment and IT experts. After completion of all the activities foreseen by the Agreement, they were independently audited, and the audit gave a positive opinion.

Other Donors

The PARCO, during the year, held two meetings with the German Society for Technical Cooperation – Deutscher Gesellschaft für Technische Zusammenarbeit GmbH und Inwent Internationale Weiterbildung (GTZ) and one workshop regarding definition of future role of the PARCO as a political coordinator for implementation of the projects of technical assistance of Germany to Bosnia and Herzegovina.

The GTZ, based on agreement between the two countries, prepared the project "Capacity Building and Improvement of Structure and Quality of Management". This Project was evaluated as very significant from the standpoint of public administration. After two-day workshop, continuation of cooperation was agreed.

Representatives of the PARCO held two meetings with the representatives of the Swiss Development Agency, where the activities of the PARCO were presented as well as new projects for which it is necessary to secure the funds. The representatives of the Swiss Development Agency expressed interest in financing the public administration reform only through sector support (health care), and stressed the importance of the PARCO as the central body of coordination of the reform activities and supported the principle of development at all levels. It was agreed to establish contacts with the Ministries of Health.

In the reporting period there were three meetings of the Donor Coordination Forum (DCF)¹². The meetings were organised by the Sector for Coordination of International Economic Assistance (SCIA) of the Ministry of Finance and Treasury of BiH. The PARCO, at these meetings, invited the donors to invest in the PAR Fund, through direct financial support, or through financial or technical support to certain projects. Also, at the DCF, the achievements of the pilot project on sector approach were presented as well as the preparations to establish sector groups within the Donor Coordination Forum.

Information on the projects of the donors, currently at disposal of the PARCO are available at the website of the PARCO (www.parco.gov.ba).

¹² The meetings held on February 16, 2010, on June 7, 2010 and on October 14, 2010



6 Reporting and Monitoring

The PARCO, in 2010, continued reporting to the Council of Ministers of BiH on implementation of the PAR strategy. The PAR Strategy obligated the PARCO to monitor the reform process and to regularly report on the flow of the reform. The Council of Ministers of BiH adopted in August¹³ the Semi-Annual¹⁴ Progress Report (monitoring implementation of the AP 1 of the Strategy of Public Administration Reform in BiH) for the period January 1st – June 30, with the Semi Annual Report on Work of the PARCO for the period January 1st – June 30, 2010. The Council of Ministers adopted in February the Quarterly Reports on Work and Progress for the period January 1st – March 31st, 2010¹⁵, and Annual Reports on Work and Progress for 2009¹⁶.

The PARCO prepared for the Joint Commission for European Integration of the Parliamentary Assembly of BiH¹⁷ the Annual Progress Report (monitoring implementation of the AP 1 of the Strategy of Public Administration Reform in BiH) for 2009, in order to inform this body on the progress achieved in the PAR process.

With the technical assistance of the EUPAR, the PARCO prepared the Guidelines for Monitoring and Evaluation of the Projects Financed by the PAR Fund. Although it earlier developed the system of monitoring of implementation of measures from the AP 1 of the public administration reform, the PARCO so far did not have established monitoring of the projects. The PARCO will in 2011, with the reports on progress in implementation of the AP 1, prepare also the reports on monitoring of the projects.

The reports of the PARCO are publicly available at its website (www.parco.gov.ba).

7 Organisation and Budget

Capacity Building of the PARCO

The PARCO, at the end of 2010, together with the public administration reform coordinator, had 38 employees.

In June, the Council of Ministers of BiH appointed the new public administration reform coordinator, after that duty was executed by the deputy coordinator, who in September took office of the ReSPA director. Early this year, the PARCO employed new associates. Senior expert associate for legal affairs and expert associate for information and communication were employed. After the engagement of five trainees expired, the PARCO employed five expert associates for public administration reform and one expert associate for information technologies. By employment of new employees, the Operation Unit of the PARCO received long-term support.

Overview of human resources at the end of 2010, and comparison with the condition at the end of 2009 is given in the chart below:

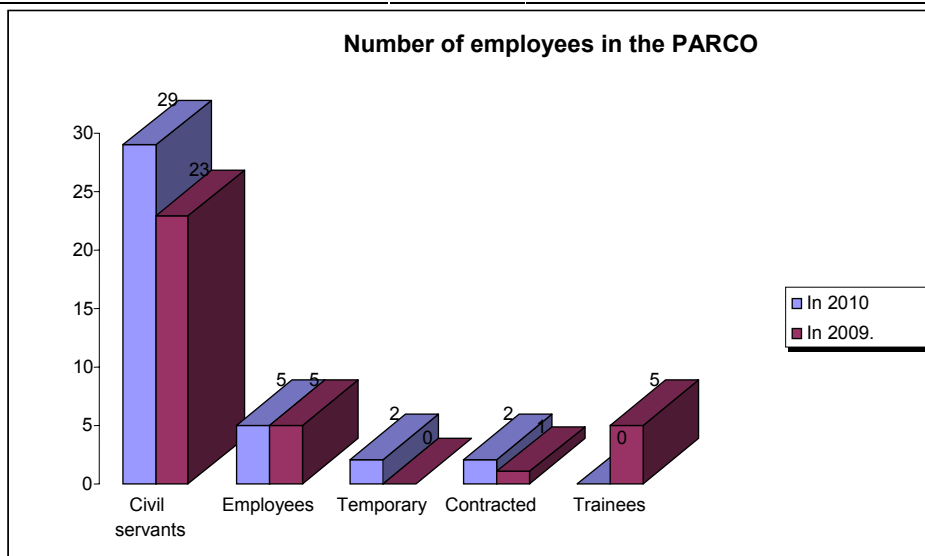
¹³ At the 130th session, held on August 19, 2010

¹⁴ The Council of Ministers of BiH, at the 120th session, held on April 29, 2010, put the PARCO in charge of submitting in future semi-annual instead of quarterly reports on work and progress (monitoring implementation of the Action Plan 1 of the Strategy of Public Administration Reform in BiH)

¹⁵ At the 120th session of the Council of Ministers of BiH, held on April 29

¹⁶ At the 118th session of the Council of Ministers of BiH, held on April 8

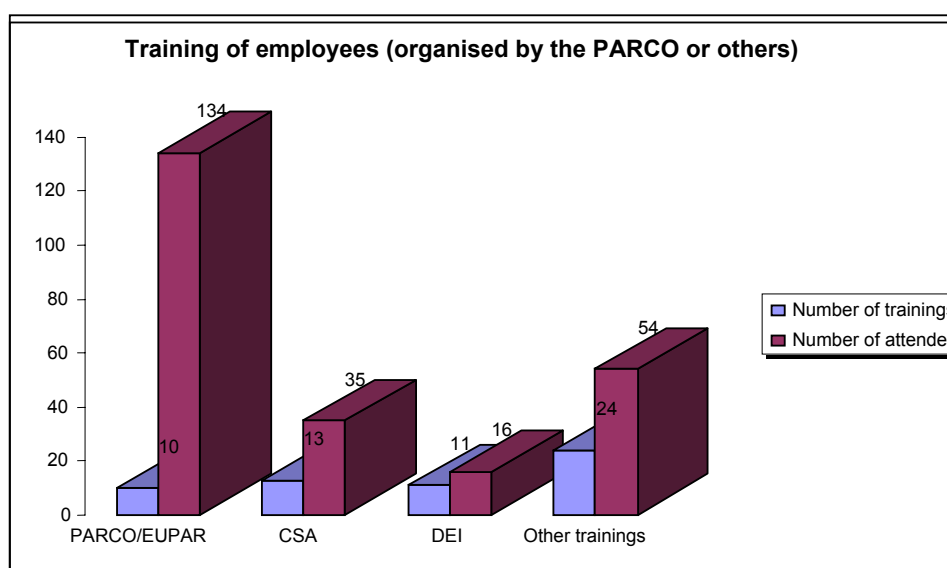
¹⁷ Session held on March 9, 2010



The technical assistance of the European Union Delegation financed during the year employment of six junior professionals through the Junior Professionals Programme. The Programme was intended for development of professional skills of youth and their preparation for possible future work in the civil service.

Parallel with employment of new civil servants, the PARCO was strengthening capacities by training the employees. Training took place through the course of the whole year, by attending the trainings organised by the technical assistance to the PARCO, the EUPAR, the Civil Service Agency (CSA) of BiH, the Directorate for European Integration (DEI) and the Regional Centre for Public Administration Reform (RCPAR).

The CSA BiH organised, among others, courses of English language and computers, specialist trainings in the field of law, media relations, human resources management and information technologies. Overview of trainings and number of attendees was given in the chart:



Internal Documents

In 2010, the following documents were adopted:

- The Rulebook of Trainings of the PARCO,



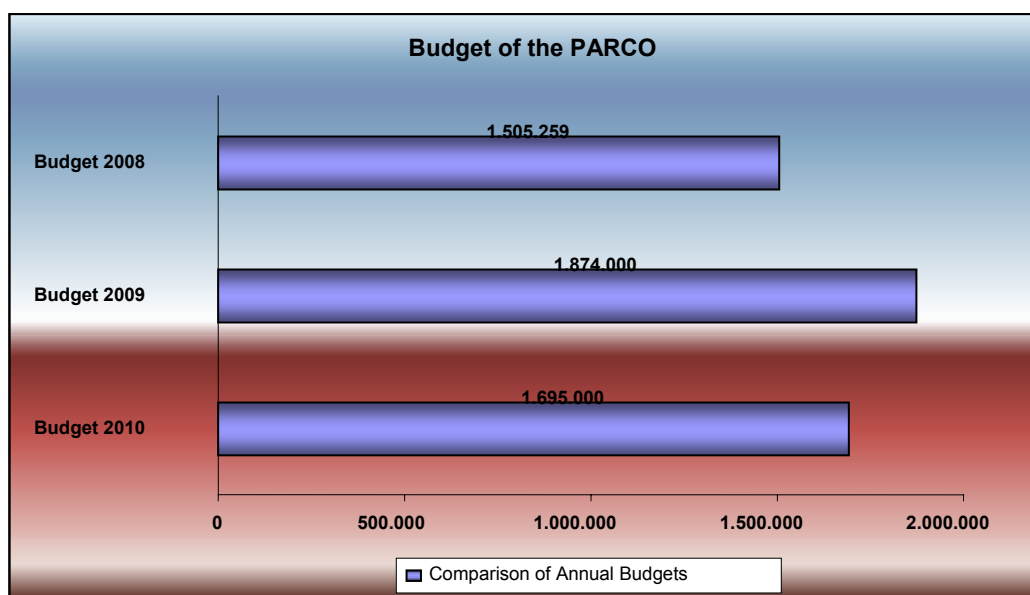
- Internal Procedures on the Process of Budget Drafting,
- Rulebook on the Criteria, the Measures of Performance and the Procedure of Awarding the Financial Award – Stimulation in the PARCO.

Budget

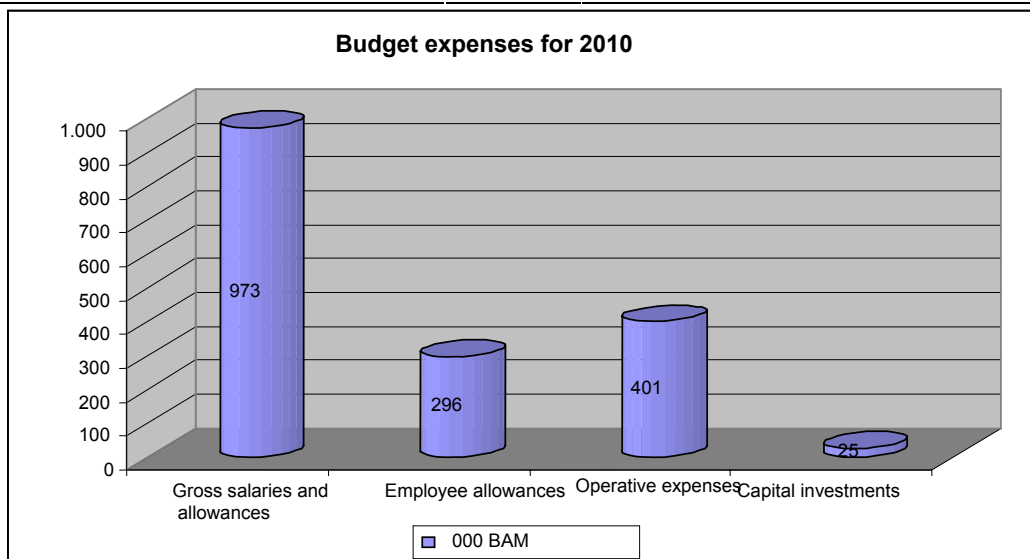
The Law on the Budget of the Institutions of BiH and International Obligations of BiH approved to the PARCO, for 2010, the budget of BAM 1,695,000. The PARCO prepared and submitted within the legal deadline to the Ministry of Finance and Treasury of BiH the following documents: the Report on Execution of the Budget of the PARCO for 2010, the Operative Plan for Execution of the Budget of the PARCO for 2010 by Months, as well as Dedication Structure of Capital Expenditures for 2010 and the Overview of Priorities for Draft of Framework Budget Document of the Institutions of BiH for the Period 2011 – 2013.

In the reporting period, the Audit Office of the Institutions of BiH gave a positive audit opinion to the financial reports and financial operations of the PARCO for 2009.

Overview of the budget of the PARCO for the last three years is given in the chart below:

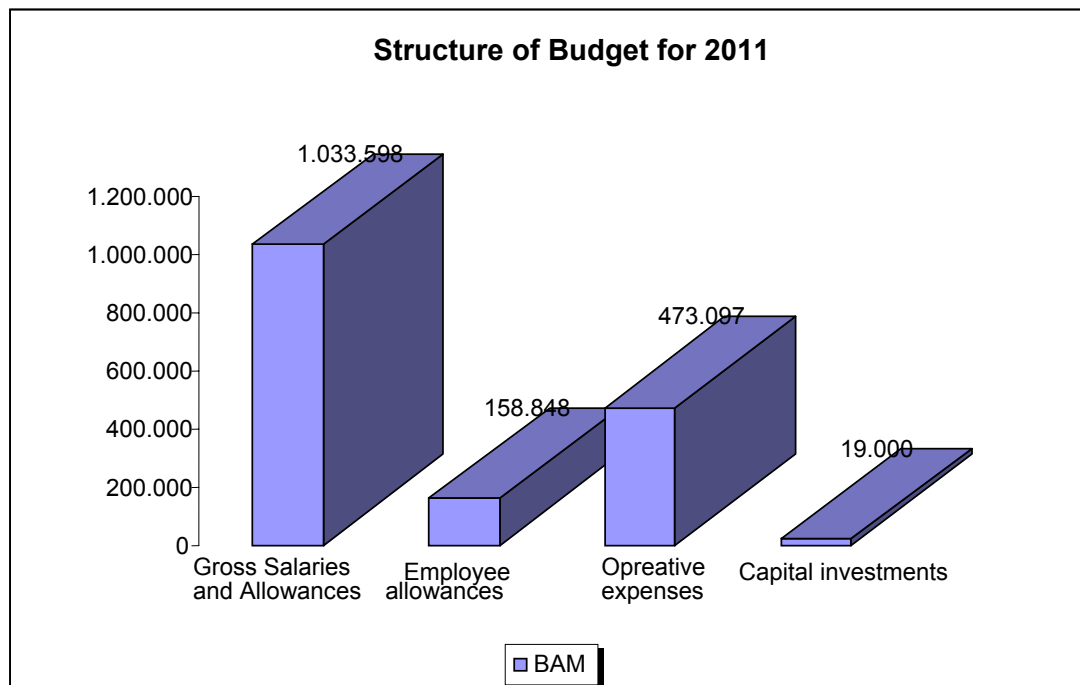


The chart below shows the structure of the budget for 2010.



In accordance with the Instruction of the Ministry of Finance and Treasury of BiH, the Request for Award of the Budget Funds for 2011 was prepared within the set deadline. The Budget Request of the PARCO amounts to BAM 1,684,543 and is lesser than the budget from 2010, and currently it is in the procedure of adoption.

The chart below shows the structure of the budget for 2011.



Status of the PARCO

Experts of the technical assistance team, EUPAR, prepared analysis of the position of the PARCO in the system of public administration in BiH, with recommendations for further strengthening of organisation and position.

Based on the requirement of the European Partnership for further strengthening of organisation and material capacities of the PARCO, in late 2007, the activity was started to change the status of the



PARCO from organisation unit within the Office of the Chairperson of the Council of Ministers in the permanent expert body of the CoM BiH, but the activity have not yet been implemented.

In the meantime, the PARCO dealt with internal organisation, so it prepared the proposal of the Rulebook on Changes and Amendments to the Rulebook on Internal Organisation and Systematisation of the Office of the Chairperson of the Council of Ministers of BiH, whose objective was harmonisation with the decision of the Council of Ministers¹⁸ on Establishment of the PARCO, as well as with improvement of internal management and organisation structure.

Public Relations

During 2010, there were four press conferences, organised on the occasion of signing of the contracts for the projects financed by the PAR Fund and after the session of the PARF JMB.

The PARCO continued with the practice of sending the electronic newsletter twice a month to the target groups with the most significant news from the field of public administration reform. Cooperation with the spokespersons from the level of BiH continued through participation in the meetings organised by the Information Service of the Council of Ministers of BiH. Additionally, through writing texts on the public administration reform a contribution was provided to the bulletin "Info of the Council of Ministers of BiH". In cooperation with the Technical Assistance Team to the PARCO, the EUPAR, a leaflet was printed for the Interactive Map, application the PARCO quarterly updates. With the support of the EUPAR, the PARCO is preparing a brochure on the projects financed by the PAR Fund.

This year also, the PARCO participated in the project "Volontiraj – kreditiraj", organised by the Nongovernmental Organisation Info house. Among others, the high school students visited also the Information Service of the Council of Ministers of BiH.

In accordance with the Freedom of Information Act of BiH, the PARCO received three requests for access to information, sent by a regular mail. All requests were answered within the legal deadline.

| Type of Contact with the Public | Number of Contacts |
|--|--------------------|
| Public releases | 19 |
| Press conferences | 4 |
| Statements given by telephone | - |
| Written inquiries, statements, reactions, interviews | 8 |
| Implementation of the FoIA | 3 |
| Answers to citizens, by e-mail | - |

Contents of the website of the PARCO are available in the official languages of BiH and in English language (www.parco.gov.ba). The Interactive Map, placed on the website of the PARCO, which contains more than 300 web pages and offers to the visitors in one place the possibility of informing oneself on the manner and type of services offered by the administration institutions in BiH, the PARCO updates quarterly. Statistics of visits to the website show that the smallest number of visits was in January – 3,462, and the biggest in March 2010 – 11,212.

8 Technical Assistance to the PARCO – EUPAR

¹⁸ 133rd session of the Council of Ministers of BiH, held on September 14, 2010



Technical Assistance to the PARCO – EUPAR, financed by the EU Delegation in BiH, which started on September 1st, 2009, was extended to November 30, 2011.



From the Study Visit to Croatia and Slovenia

Component 1 (institutional support to the PARCO):

Strategic document “Draft Report of EUPAR Study on the Status of the PARCO” was drafted. Draft recommendations on the future status and development of the structure for implementation of public administration reforms in BiH were presented to representatives of all administrative levels.

In mid year the analysis of training needs was drafted and the programme of capacity building was prepared, whose implementation is ongoing. Within this programme, several seminars and workshops have been implemented, as well as five-day study visit to Croatia and Slovenia, in November 2010.

In October and November, there were preparations for two publications: “Interactive Map of Administration – Your On-Line Guide through Public Administration” and the “PAR Fund”. Leaflet Interactive Map of Administration was printed in December.

Component 2 (capacity building for the AP 1): According to the established methodology, all six areas of the AP 1 have been analysed. The EUPAR je organised a two-day workshop on the topic of updating the AP 1, where the plan of activities for revision of the contents of the AP 1 was defined. At the level of the PARCO and the EUPAR project, workgroups have been established for all reform areas from the AP 1, based on which the draft revised AP 1 was prepared, which was presented to the members of the Supervisory Teams. Based on consultations and gathered comments, the second draft revised AP 1 was prepared, which was presented in Sarajevo, on December 16, at the plenary meeting of the members of the supervisory teams of all six reform areas and the PAR coordinators from the entities and Brčko District of BiH.

Component 3 (capacity building for the AP 2): The focus of the activity was put on preparation of a methodological approach for development of a plan of sector reforms and mechanisms of coordination for preparation of the AP 2. The proposal of the methodology, the Draft Methodological Approach for the AP 2, was drafted in January, and after series of discussions and drafting of documents, in mid-year the document “Methodological Approach and Coordination Mechanisms” was offered. The proposed coordination mechanisms included in both cases cooperation with the Directorate for European Integration and the Directorate for Economic Planning, as well with a number of institutions of four administrative levels, consistent with the PAR Strategy. In late 2010, the EUPAR proposed a new set of steps, which is significantly different from the original methodology.

Also, the document on estimation of capacities of the PARCO was prepared. The experts completed updating of the “Guide in the Main Administrative Structures Recommended for Implementation of the Acquis” (document of the European Commission from 2005). Experts of the EUPAR held a series of presentations to the representatives of the four governments, as well as numerous meetings, where they gave additional explanations for the chosen approach.

During the year, there was a workshop for the employees of the PARCO, dedicated to the sector reforms, and there were two study visits, of which one was together with the technical assistance team to the DEI (visit to Serbia). Within the activity of strengthening capacities of the employees of the PARCO, there were trainings on European integration and preparation of national programmes of integration (one was organised by the EUPAR and the other one by the technical assistance team to the DEI BiH). For this Component, the technical assistance team engaged a total of four experts so far.



Component 4 (management of the PAR Fund and donor coordination): The EUPAR drafted the analysis of the existing and potential donors, with the conclusion that it would be impossible to prepare a short list / list of possible new donors to the PAR Fund due to lack of interest or money. It was recommended that the PARCO establishes contacts with the embassies of Turkey, the Czech Republic, Slovakia, the USA and the Italian Cooperation Office. The EUPAR developed a proposal of methodology and guidelines for monitoring and evaluation of projects financed from the PAR Fund, based on which monitoring reports for three projects (pilot phase) would be prepared. The final version of the Monitoring Methodology will be submitted to the PARF JMB. There was one-day training on Project Cycle Management (PCM).

9 Recommendations for Future Work and Improvement of Coordination

Although in 2010 as well certain progress has been achieved in public administration reform, the PARCO still faces obstacles in coordination of the public administration reform process in BiH.

Political coordination still does not function and definition of the status of entity public administration reform coordinators as a **separate job** (which since 2007 has been requested by the PARCO from the entity governments) still remains unsolved.

Recommendations and suggestions by the PARCO for future work and improvement of coordination are:

- Ensure assumptions for organisational and institutional strengthening of the position of the PARCO through the change of the existing status and competencies related to coordination of the process of the public administration reform.
- Ensure new funds for the PAR Fund and financing of project proposals and ideas, which were identified based on harmonised priorities in the six reform areas of the AP 1. It is recommended to the Council of Ministers of BiH, the Governments of the FBiH, the RS and the Brčko District of BiH to provide the money for the PAR Fund for implementation of the PAR Strategy and the AP1 from the budget funds.
- Further work on capacity building and training of representatives of the implementation and supervisory structures for implementation of the public administration reform in the area of development and preparation of the projects (PCM – project cycle management), monitoring and evaluation.
- Make the proposal of the revised AP 1 operative for adoption in accordance with the deadlines from the programme of work and prepare and introduce in practical application, with the support of the EUPAR project, the improved methodology for monitoring and evaluation of progress in implementation of the AP 1, based on the contents of the AP 1 for the period 2011 – 2014.
- It is recommended to the Secretariats General of the governments in BiH to ensure implementation of the Memorandum on Mutual Cooperation of the Secretariats of the Council of Ministers of BiH, the Entity Governments and the Government of the Brčko District of BiH, in order to improve implementation of the AP 1 in the reform area of Policy Making and Coordination Capacities.
- Ensure more direct approach to coordination by intensifying bilateral cooperation of the PARCO and respective institutions of public administration and ministries at all levels. That would ensure better flow of information, as well as being informed on the condition in the field, which would lead to greater degree of adjustment of the planned projects to the real needs and give better results.
- Intensify cooperation and communication between the entity PAR coordinators and the PAR coordinator of the Brčko District of BiH with the supervisory teams in order to quicken the flow of



information and shorten the deadlines, especially in the procedures of approving project proposals and tender documentations, in the manner previously proposed in earlier reports on work of the PARCO.

- Strengthen mechanisms of coordination between the PAR coordinators at all four administrative levels and ensure that the position of entity coordinators is independent.
- Ensure operative-technical basis for work of the Coordination Board for Economic Development and European Integrations for discussion of the revised AP 1.
- It is recommended to the institutions of the FBiH, the RS, the Brčko District and BiH to ensure the conditions for work of the members of the supervisory and implementation teams, in order to be able to fulfil the obligations from the Common Platform.
- It is recommended to the Ministry of Justice of BiH and to the civil service agencies at all levels of authority to improve communication and mechanisms of cooperation with the ReSPA, which would lead to quicker fulfilment of the measures from the AP 1 of the PAR Strategy.