



# ANNUAL REPORT ON WORK

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# 2012

OF THE PUBLIC  
ADMINISTRATION REFORM  
COORDINATOR'S OFFICE

January 2013





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## 1 Summary

- The year was marked by strengthening of cooperation with the state institutions and the donors, and by implementation of the projects and draft of new project ideas.
- The Council of Ministers of BiH supported implementation of 34 measures from the Revised Action Plan 1, which were supposed to be, but were not fulfilled in 2011. The reform is still without a clear support of the body in charge of political coordination of the process.
- Five projects have been successfully implemented in 2012, implementation of one project is ongoing, and five projects are in the phase of preparation of documentation or the public procurement. In January 2013, one more project will be completed.
- So far, a total of ten projects from six reform areas have been completed, financed by the Public Administration Reform Fund.
- Early next year, two projects will be initiated, which will be financed by the IPA programme - Education of Managers of Administrative Procedures and Inspectors, and Modernisation of Human Resources Management System. Preparation of several projects, which will be financed by the PARF is ongoing.
- The role of Supervisory Teams in the reform areas has been strengthened - representatives of all the levels jointly decide on the priorities. In early 2012, a list of 17 new project ideas has been adopted, of which six has been designated as priorities for that year.
- In early 2012, the Annex to the Memorandum of Understanding for Establishment of the PAR Fund has been signed - new investments in the PARF have been agreed, worth around six million Euros. The Swedish Sida invests the money in the public administration reform in BiH again, and the PARF was joined by the Norwegian Foreign Ministry. The PARCO continued talks with the other donors as well.
- Monitoring of the projects has been strengthened: the PARCO prepared monitoring reports for four projects and an evaluation report for one project. In cooperation with the GIZ, the PARCO works on improvement of the system of monitoring of implementation of the Revised Action Plan 1.
- The Programme of Strengthening of Public Institutions has continued: The PARCO received assistance of the GIZ in preparation of the projects, improvement of the system of monitoring and evaluation, organisation, and strategic planning. Thanks to the Programme, the GIZ provided the support also to: the Statistics Agency of BiH, the Central Bank of BiH, the Public Procurement Agency of BiH, the Agency for Pre-School, Elementary and High School Education of BiH, and during the year, the programme was joined by the Civil Service Agency of BiH, the Directorate for European Integration, the Procurement Review Board and the Agency for Development of Higher Education and Quality Assurance in BiH.
- The SIGMA assists the PARCO to fulfil the objectives from the RAP 1, related to the policies of development of human resources management in the structures of public administration in BiH. Support provided in preparation of a special document on evaluation of human resources management in the civil service in BiH and organisation of a conference in the subject field. The PARCO is also involved in coordination of the activities of support the SIGMA provides in drafting regulations on civil service in the Federation of BiH.
- The Republic of Slovenia is interested in assistance to BiH in the area of e-Administration. Signed protocol between the two countries, the PARCO involved together with the competent institutions.



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- The public administration reform coordinators agreed on the approach for draft of the second action plan, but not on the manner of appointment of the structure that would prepare this document.
  - In accordance with the recommendations of the Office for Audit of the Institutions of BiH and the present experiences, internal acts of the PARCO have been improved, being the basis for use of the funds from the Public Administration Reform Fund in the period 2012 - 2014.



## 2 Introduction

The Public Administration Reform Coordinator's Office (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 BiH<sup>1</sup>, reports on its work every six months. This report covers the activities of the PARCO from January 1st, to December 31st, 2012 and it is focused on execution of functions the PARCO executes in accordance with the Decision on establishment, and the Strategy of Public Administration Reform in BiH (hereinafter: the PAR Strategy).

The functions of the PARCO, defined by the PAR Strategy<sup>2</sup>, adopted by the governments of BiH, the Federation of BiH, the Republic of Srpska and the Brčko District of BiH, are coordination, direction of the reform process and monitoring of the results of implementation of the Strategy and its action plans. Competencies of the PARCO have been set also by the Common Platform on the Principles and the Manner of Implementation of the Action Plan 1 of the PAR Strategy<sup>3</sup>. The PARCO leads the overall coordination in implementation of the measures from the Revised Action Plan 1 (RAP1) in six reform areas - **Strategic Planning, Coordination and Policy Making, Public Finance, Institutional Communication, Human Resources Management, Administrative Procedures and Administrative Services** and **e-Administration**. The public administration reform coordinator is in charge of "coordination of activities regarding preparation, enacting and implementation of Strategy of PAR in BiH" and "providing opinion to the chairperson of the Council of Ministers of BiH on the most important matters regarding the reform"<sup>4</sup>.

The focus of activities of the PARCO in 2012 was on implementation of the projects, which were financed by the Public Administration Reform Fund (hereinafter: the PARF), and on preparation of new project proposals and the tender documentation. In this year, five projects have been completed, and in January, a completion of the third one was planned. Details on the implemented, as well as new projects have been given in the chapter 4 of this Report. Because of poor implementation of measures from 2011, the PARCO prepared, and the CoM BiH adopted the Operations Plan for Implementation of Unimplemented Obligations from the RAP 1. By the conclusion, the CoM obligated the institutions to fulfil those measures, and to put the objectives from the RAP 1 for 2012 and 2013 in their work plans for the next year<sup>5</sup>. In accordance with the obligations set through the conclusions of the Council of Ministers of BiH, the PARCO, at the end of the year, prepared a special Report on Execution of the Operations Plan and submitted it to the CoM BiH for adoption. In the reporting period the talks continued also on preparation of the second action plan, but only at the end of the year the agreement was reached on the direction of development of the AP 2, which has been stipulated by the Strategy of Public Administration Reform in BiH. In the reporting period, the PARCO initiated having the session of the Coordination Board for Economic Development and European Integration, but it was not held. On the activities of the PARCO related with implementation of the Revised Action Plan 1, as well as on preparations for draft of the second action plan, more details have been provided in the chapter 4.

Management of the PARF and cooperation with the new donors were important activities in the reporting period. In 2012, further financing of the PARF has been ensured. Details on it were given in the chapter 5.

<sup>1</sup> The Council of Ministers of BiH, at the 120th session of April 29, 2010, put the PARCO in charge of submitting the reports to the Council of Ministers of BiH every six months in the future, instead of quarterly.

<sup>2</sup> 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 the PAR Strategy and the Action Plan 1 in 2006

<sup>3</sup> The Common Platform was signed by the Council of Ministers of BiH, the Government of the RS, the Government of the FBiH and the Government of the RS in 2007

<sup>4</sup> Decision of the Council of Ministers of BiH from 2004

<sup>5</sup> Conclusion of the Council of Ministers of BiH, adopted at the 22nd session, held on October 10, 2012.



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### 3 Coordination

The PARCO coordinates the overall process of public administration reform with the help of the mechanism for implementation of the reform measures, established by the Common Platform on the Principles and the Manner of Implementation of the Action Plan 1 of the Strategy of Public Administration Reform in BiH. The Platform defines the participants in the coordination structure. Political coordination of the reform is the competency of the Coordination Board for Economic Development and European Integration. Overall coordination is maintained by the PARCO, and coordination within each respective level of authority is within the competence of the entity and the Br ko District of BiH coordinators. Supervision over implementation of measures from the Action Plan is implemented by the Supervisory Teams in each reform area, while the practical implementation is within the competence of the Implementation Teams, established for each project separately.

#### *Political Coordination*

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In accordance with the conclusions of the Council of Ministers of BiH from 2009<sup>6</sup> and 2011<sup>7</sup>, which recommended having the sessions of the body in charge of political coordination of the public administration reform process, the PARCO, in the reporting period, initiated convocation of the session of the Coordination Board. The initiative of the PARCO was previously agreed at the meetings of the public administration reform coordinators of BiH, the entities and the Br ko District of BiH. The chairman of the Council of Ministers supported convocation of the session of the Coordination Board, but by the end of the year, it was not held.

#### *Coordination with the Entity Coordinators and the Coordinator of the Br ko District of BiH*

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Cooperation with the entity and the Br ko District of BiH public administration reform coordinators continued in this period as well. The main activities of the public administration reform coordinators were directed to establishment of the priority projects for 2012, to strengthening of the work of the Supervisory Teams in all the reform areas, and to harmonisation of the documents for preparation of the second action plan. The focus of the activities of the coordinators in the reporting year was also the promotion and strengthening of cooperation with the non-governmental sector and media, within the workshops at which the results and plans in the public administration reform process were presented.

The public administration reform coordinators participated in the work of the Joint Management Board of the Public Administration Reform Fund (PARF JMB), and enacting decisions related to implementation of the projects from the six reform areas.

In 2012, in accordance with the established plan, there were six meetings of the coordinators<sup>8</sup>. The coordinators discussed on the initiative for convocation of the session and preparation of the materials for the session of the Coordination Board for Economic Development and European Integration, improvement of the coordination structure at the entity and the cantonal level, planning of theme meetings of the Supervisory Teams with the objective of analysis of the condition in the reform areas, and implementation of the Operations Plan for Implementation of the Unimplemented Obligations from the RAP 1. Important topics were also the documents on the projects financed by the IPA 2011 fund - "Modernisation of the Human Resources Management System in the Structures of the Civil Service in BiH", "Education of Managers of Administrative Procedures and Inspectors"

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<sup>6</sup> 103rd session of the Council of Ministers of BiH, held on November 5, 2009

<sup>7</sup> 153rd session of the Council of Ministers of BiH, held on June 14, 2011

<sup>8</sup> Meetings were held in January, March, May, June, September and October



and "Support in Management and Implementation of Public Administration Reform in Bosnia and Herzegovina".








The coordinators, in the reporting period, discussed also on the document "Guidelines for Monitoring and Reporting on Implementation of the Revised Action Plan 1 of the Strategy of Public Administration Reform in BiH", Information on the Condition of the Project "Establishment of Modern Departments for Human Resources Management in the Bodies of Administration in BiH", the document Bases of Development of the Second Action Plan , and the Information on Design of the Database fa Institutions in BiH and other documents.

Financing of the projects from the Public Administration Reform Fund, preparation of the accompanying documents of the PARF, which would improve the manner of preparation of the projects, tender procedure, as well as implementation of the approved projects - were also the topics of the meetings of public administration reform coordinators in 2012. They also discussed on co-financing of the public administration reform from the budgets.

At the six meetings that were held, a total of 28 items of the agenda were discussed.

### *Coordination of Work of the Supervisory Teams*

In the first half of 2012, the focus of activities was on organisation and coordination of work of the Supervisory Teams in the six reform areas, the activity within the competency of the PARCO expert advisers for the reform areas, continuously cooperate with the members of the Supervisory Teams. The members of the STs, in accordance with the Common Platform have the responsibility for:

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

In cooperation with the PARCO, the Supervisory Teams, in this period, discussed the new project ideas and proposals, related with the measures from the RAP 1. They discussed the list of priority projects for 2012, which was in the first quarter harmonised also by the PAR coordinators and the Joint Management Board of the Public Administration Reform Fund. The list of the projects was amended in May<sup>9</sup> by the project "Widening of the Information System for Human Resources Management by the Software Modules for Personnel Planning and Maintenance of the Internal Labour Market in the Republic Bodies of the Republic of Srpska", which will be implemented only in this entity. This project was proposed by the Civil Administration Agency of the Republic of Srpska.

The table provides the overall list of new projects for support in implementation of the RAP 1, which were identified in cooperation with the Supervisory Teams, which marks the priority projects for 2012 (six of them):

NO.	TITLE OF THE PROJECT	PRIORITY FOR 2012	REFORM AREA
1	<b>Design of Software for Support in Drafting Laws and Other Regulations</b>		<b>Strategic Planning, Coordination and Policy Making</b>

<sup>9</sup> At the 27th session of the Joint Management Board of the Public Administration Reform Fund, held on May 17, 2012.



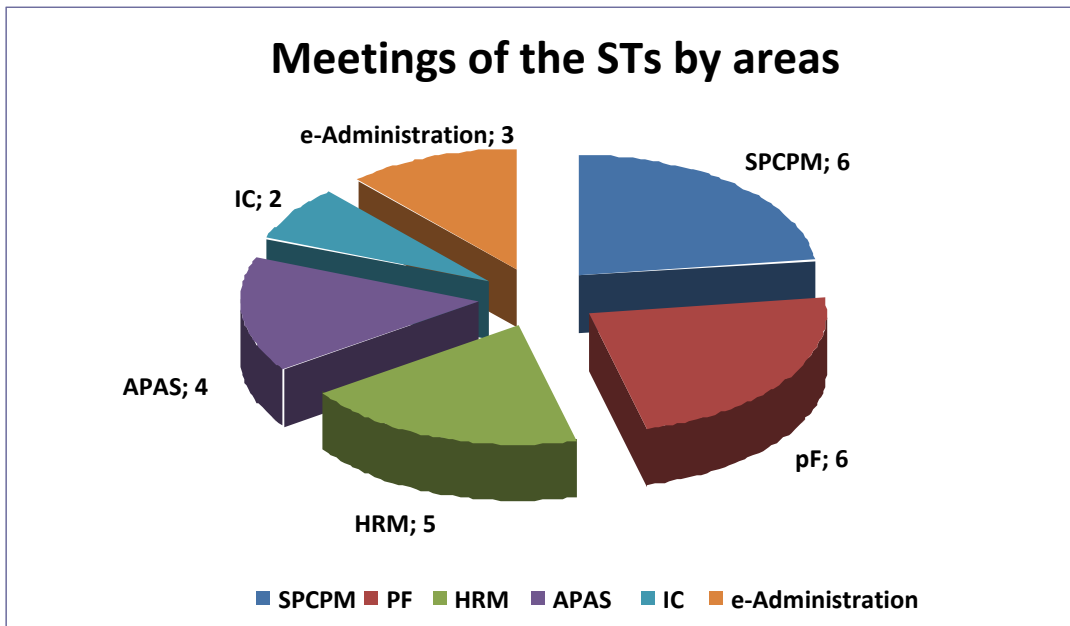
2	<b>Strategic Planning and Public Policy Development II (SPPD II)</b>	X	<b>Strategic Planning, Coordination and Policy Making</b>
3	<b>Public-Private Partnership (PPP)</b>	X	<b>Public Finance</b>
4	<b>Strengthening of Management of Extra-Budgetary Funds</b>		<b>Public Finance</b>
5	<b>Introduction of the Treasury Function in the Municipalities at the Level of BiH</b>		<b>Public Finance</b>
6	<b>Development / Procurement of Software for Public Debt Management</b>		<b>Public Finance</b>
7	<b>Development of Electronic Learning Management Information System in the Structures of Civil Service in BiH (e-LMIS)</b>		<b>Human Resources Management</b>
8	<b>Simplification and Improvement of the Process of Testing of the Candidates for the Job in the Civil Service</b>		<b>Human Resources Management</b>
9	<b>Project of Harmonisation of the Teaching Programmes with the Needs of the Civil Service and Further Development of the Traineeship Programmes</b>		<b>Human Resources Management</b>
10	<b>Widening of the Information System for Human Resources Management by Software Modules for Personnel Planning and Maintenance of the Internal Labour Market in the Republic Bodies of the Republic of Srpska</b>	X	<b>Human Resources Management</b>
11	<b>Establishment and/or Strengthening of Capacities of the Institution/s for Control of Regulations and Establishment of the System of Reduction of Administrative Obstacles</b>	X	<b>Administrative Procedures and Administrative Services</b>
12	<b>Best European Practices of Institutional Communication</b>		<b>Institutional Communication</b>
13	<b>Functional Overview of IC capacities in the Civil Service of BiH</b>		<b>Institutional Communication</b>
14	<b>Strategic Communication – Phase II</b>		<b>Institutional Communication</b>
15	<b>Approximation of Administration to the Citizens – Set of Activities</b>		<b>Institutional Communication</b>
16	<b>Feasibility Study, Analysis and Optimization of Processes and Specifications of Requirements (proposal of change of regulations and specifications of requirements for the needed IT intervention) for Implementation of One of the Basic and Priority Services of e-Government for Work</b>	X	<b>e-Administration</b>
17	<b>Implementation of Common Services for eServices</b>	X	<b>e-Administration</b>

In the reporting period, seven Supervisory Teams held 26 meetings. In the area of Strategic Planning, Coordination and Policy Making six meetings have been held (two Supervisory Teams). In the area of Human Resources Management, there were five meetings, while in the area of e-Administration, three meetings of the ST were held (but also twelve individual meetings with the members of the ST). In the area of Public Finance, six meetings have been held, in the area of Institutional Communication two meetings, and in the area of Administrative Procedures and Administrative Services, there were four meetings.



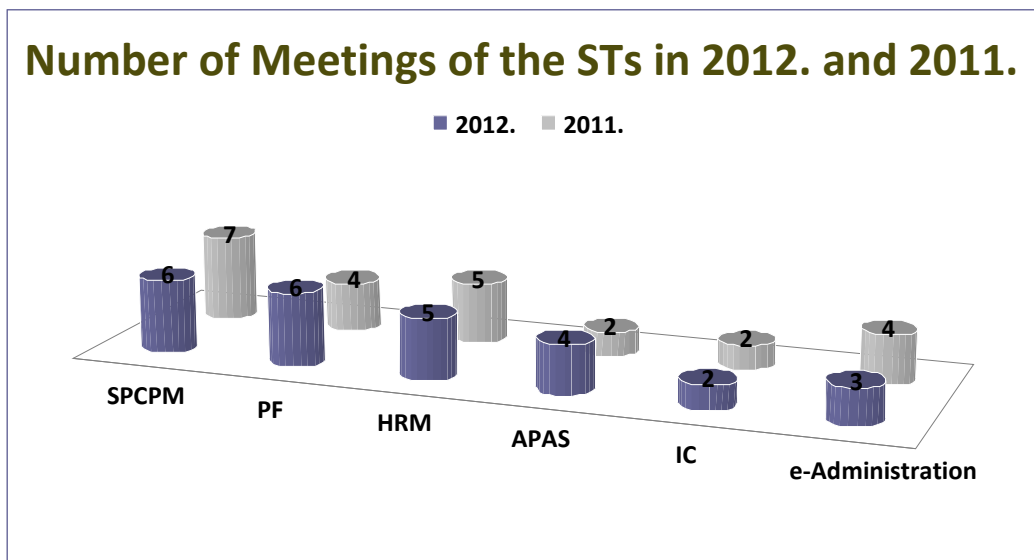


The number of the meetings of the Supervisory Teams by areas is given in the graph 1.



Graph 1: The graph shows the number of the meetings of the Supervisory Teams by areas in relation to the total number of meetings

The number of the meetings of the Supervisory Teams in 2012 is greater than in 2011. The chapter 4 describes the activities of the teams by the reform areas.



Graph 2: Meetings of the Supervisory Teams by the reform Areas in 2012, in relation to 2011.

In late November, regarding implementation of the conclusions of the Council of Ministers and fulfilment of obligations from the Operations Plan, there were individual meetings of the public administration reform coordinator and the representatives of the PARCO with the members and deputy members of the Supervisory Teams from the level of the Institutions of BiH. At the meetings, the obligations from the Operations Plan were analysed, and the activities were discussed the



Supervisory Teams members and the institutions they come from need to undertake regarding their implementation, as well as the role of the Supervisory Teams members regarding responsibilities related to reporting and communication with the competent institutions.

With the objective of more efficient work of the Supervisory Teams, and because of transfer of certain members to new positions in other institutions, new members of the Supervisory Teams have been appointed<sup>10</sup> from the state institutions for the areas of Strategic Planning, Coordination and Policy Making, Administrative Procedures and Administrative Services and e-Administration<sup>11</sup>.

### *Coordination of Work of the Implementation Teams*

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. With the operational implementation of the measures from the AP 1, the competencies of the implementation teams are also 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, as well as regular reporting to the PARCO on monitoring and evaluation of the projects. Implementation teams are in charge of regularly reporting on the progress in implementation of the projects. Implementation Teams from four reform areas (three from the area of Policy Making and Coordination Capacities, one from the area of Human Resources Management, one from the area of Information Technologies and one from the area of Public Finance) had regular contacts with the implementers of the project. In the reporting period, these teams were involved in implementation of the project activities, they participated in preparation of the exit results of the projects and the reports on implementation of the projects, and they provided for coordination between the implementer of the project and the beneficiary institutions. More detailed data on the work of respective implementation teams are given in the chapter 4.1.

### *Participation in Coordination Mechanisms of European Integrations*

During 2012, the PARCO continued cooperation with the Directorate for European Integration (DEI BiH) through preparation of reports, participation in work groups for European integration, and contacts and exchange of documents. In this period, the representatives of the PARCO participated in work of the following groups:

<i>Work group / meeting</i>	<i>Period</i>	<i>Activities of the PARCO</i>	<i>Results</i>
Workgroup for Agriculture and Fisheries	April	Monitoring of activities in the said areas	Workgroup prepared reports
Workgroup for Innovations, Information Society, Social Policy and Public Health	May	Monitoring of activities in the said areas	Workgroup prepared a report
Workgroup for Energy, Transport, Environment and Regional Development	January	Monitoring of activities in the said areas	Workgroup prepared a report on the condition in the field of environment
Sub-Board for Trade, Industry, Customs, Taxation and Cooperation with Other Candidate Countries	March	Monitoring of activities in the said areas	Report prepared, meetings held
Sub-Board for Economic and	April	Monitoring of activities in	Report prepared, meetings held

<sup>10</sup> The Council of Ministers of BiH received the Proposal of the Decision on Amendments to the Decision on Appointment of the Members and Deputy Members of the Supervisory Teams for implementation of the Action Plan 1 of the Strategy of PAR in BiH.

<sup>11</sup> The Council of Ministers of BiH, at the 14th session of July 26, 2012, enacted the Decision on Amendments to the Decision on Appointment of the Members and Deputy Members of the Supervisory Teams for Implementation of the Action Plan 1 of the Strategy of Public Administration Reform in BiH.



Financial Matters and Statistics		the said areas	
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The PARCO continued to fulfil the obligations related to reporting on the progress achieved in the process of European integrations. The Directorate for European Integration received the following reports:

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 second half of 2011	February	Data gathered and overview of fulfilment of measures, related with the priorities in the field of Public Administration Reform, from the European Partnership was drafted	Prepared report on implementation of the measures that were supposed to be implemented in the second half of 2011, as well as on the measures that were supposed to be implemented by the end of 2014. The biggest part of the measures is related to the key priority regarding implementation of the Strategy of Public Administration Reform in BiH.
Contribution of the institutions of BiH for the regular Annual Progress Report of BiH in the Process of European Integration	April	In cooperation with the PAR Coordinators of the entities and the BD BiH, prepared overview of the achieved progress in the field of the public administration reform	Report completed and submitted to the DEI BiH
Report on fulfilment of obligations from the Road Map	March	Prepared report on fulfilment of obligation related to coordination of the PAR process.	Report completed and submitted to the DEI BiH
Amendment to the Contribution of the institutions of BiH for the regular Annual Progress Report of BiH in the Process of European Integration	August	In cooperation with the PAR Coordinators of the entities and the BD BiH, prepared overview of the achieved progress in the field of the public administration reform	Report completed and submitted to the DEI BiH

### *Programming of the IPA 2011*

The amount of the approved money for the sector of Public administration reform from the programme IPA 2011 for BiH is EUR 8,050,000, of which EUR 4,050,000 is for public administration reform and EUR 4,000,000 is for public finance management.

The value of the project proposed by the PARCO, which was approved by the European Commission to be financed by the IPA 2011 is EUR 3.3 million. These are:

- Modernisation of the HRM System in the Structures of Civil Service in BiH (component 1);
- Education of Managers of Administrative Procedures and Administrative Inspectors (component 2);
- Support in Coordination and Implementation of the Strategy of Public Administration Reform in BiH (component 3).

In 2012 The PARCO, together with the partners - representatives of the beneficiary institutions and the coordination structures, actively worked on preparation and harmonisation of the project documentation for these projects. The European Union Delegation in BiH opened competitions for two out of three said projects, and start of implementation of these projects was planned in 2013.



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### *Programming of the IPA 2012 – 2013*

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In the process of programming of the IPA 2012 - 2013, the PARCO was involved in the work of the work group for the field of Building of Capacities Regarding European Integration. The activities of the PARCO were focused on monitoring of the process of programming, in order to ensure continuity of information and in order not to have possible overlapping with the existing and the planned projects in the field of the public administration reform.

### *Multibeneficiary IPA*

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Within programming of the multibeneficiary IPA for 2013 (programming is maintained from Brussels), the PARCO was involved in the process of consultations in the sector of Public Administration Reform, for which the project idea "Support to Improvement of Governance and Management (SIGMA) in the Area of Western Balkans and Turkey" has been proposed. The objective of the project is to enable sustainability of the public administration reform, and strengthen public administration in the region, which would be in accordance with the European values of democracy, human rights and rule of law, strengthen integrity, foreseeability, accountability, legality and transparency, as well as provide the possibility for quality political results, which would support socio-economic development.

### *Regional and International Cooperation*

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Cooperation with the SIGMA continued in this reporting as well. In January, the PARCO coordinated organisation of meetings between the SIGMA and the institutions in BiH in preparation of the Assessment Report for BiH for 2012 (segments of the report related to the civil service, administrative framework and integrity).

In May, representatives of the PARCO held a meeting with the representatives of the SIGMA regarding the support the SIGMA could provide to implementation of the public administration reform projects, especially in the field of the civil service, as well as in implementation of the measures from the Revised Action Plan 1. A support of the SIGMA has been made concrete through the activities directed to implementation of the objective HRM 1.1. of the RAP 1, related to definition of the policies of development of human resources management in the structures of public administration in BiH. Based on the meetings of the focus groups of June 25 to 28, the representatives of the SIGMA held with coordination of the PARCO, at all administration levels, with the civil servants who work on the jobs of human resources management, the Report on Evaluation of Human Resources Management in the Civil Service in BiH has been prepared. The findings from this document were presented at the international conference entitled "*Development of Policies and Instruments of Human Resources Management in the Structures of Civil Service / Administration in BiH*", held on October 24, 2012 in Sarajevo. The Conference resulted in conclusions regarding continuation of the activities needed for preparation and adoption of the development policies document in this field.

Representatives of the PARCO participated in the meeting of the SIGMA experts with the representatives of the Federal Ministry of Justice, the Civil Service Agency of the FBiH, the OSCE, the representatives of the cantonal Ministries of Justice and the alliance of municipalities and cities of the FBiH, which was held on May 16 in Sarajevo. Topic of the meeting was the new Law on Civil Servants and Employees in the Bodies of the Civil Service of the Federation of Bosnia and Herzegovina. In accordance with the established requests for expert assistance, in June, the representatives of the SIGMA prepared and submitted to the Ministry of Justice of the FBiH the comments to the draft Law on Civil Servants and Employees in the Bodies of the Civil Service of BiH and the draft model cantonal Law on Civil Servants and Employees.

In the reporting period, in cooperation with the representatives of the Ministry of Justice of BiH, which is the signatory of the international agreement on establishment of the Regional School for



Public Administration - ReSPA, the representatives of the PARCO continued cooperation with the ReSPA, through participation in the work of the Management Board of this organisation at the level of senior officers, coordination and participation in individual activities and programmes implemented within the ReSPA. In the reporting period, there was a total of five meetings of the Management Board of the ReSPA at the level of the senior officers, as well as a regular annual meeting of this body at the level of the ministers of the member countries. At the meeting of the Management Board of the ReSPA, at the ministerial level, which was held on December 11 in Sarajevo, among other things, the information on the achieved progress in the period from the previous meeting was discussed, the programme of work and the draft budget for 2013 were adopted, as well as the amount of financial contributions of the member states for the next year, and the business plan of the ReSPA for the next three years has been presented. At the same meeting, a rotation of the chair of the Management Board was implemented, which ended one-year presidency of BiH, and Croatia took presidency of the ReSPA in 2013. Representative of the PARCO participated in the work of the annual conference of the ReSPA "Good Governance through Participatory Democracy and User Oriented Public Administration", which was held in Danilovgrad.

### *Cooperation with the GIZ*

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In the reporting period, a cooperation has been intensified with the German organisation "Deutsche Gesellschaft für Internationale Zusammenarbeit" (German Society for International Cooperation - GIZ), with which the PARCO, in June 2011, signed the agreement on implementation of the Programme of Strengthening of Public Institutions in BiH.

The Council of Ministers of BiH adopted<sup>12</sup> the "Report on the Activities Implemented After Signing of the Implementation Agreement on Implementation between the "Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)" and the Public Administration Reform Coordinator's Office for the Programme of Strengthening of Public Institutions in Bosnia and Herzegovina". In May, in accordance with the Agreement, there was an initial meeting of the Advisory Board of this Programme, which was attended by the representatives of the beneficiary institutions: the Statistics Agency of BiH, the Central Bank of BiH, the Public Procurement Agency of BiH and the Agency for Pre-School, Elementary and High School Education of BiH, as well as the representatives of the PARCO and the GIZ. The guidelines for work of the advisory board have been adopted, the information on the progress of implementation of the Programme up to that point and on further strategy have been presented, and the manner of reporting and the concept of inclusion of new institutions in the Programme have also been agreed. In the second half of the year, the GIZ had conversations with potential new beneficiaries - the Civil Service Agency of BiH, the Directorate for European Integration, the Procurement Review Board and the Agency for Development of Higher Education and Quality Assurance in BiH. It has been agreed to include these institutions in the Programme, with the objective of strengthening their capacities for provision of services, effectiveness, transparency and client orientation, as well as in application of instruments for quality management, and strengthening their cooperation with the appropriate institutions of the entities and the Brčko District of BiH.

In the segment of provision of the GIZ assistance to the PARCO, in the reporting period, the activities related to the Organisation Analysis of the PARCO have been completed, which will be the basis for the GIZ assistance to improvement of the work of the PARCO. In the second half of the year, the engagement has been agreed and initiated of several short term experts for support to development of projects in the reform areas of e-Administration, Public Finance, Administrative Procedure and strengthening of the capacities of the PARCO in the segment of project cycle management. The public procurement expert has been engaged, as well as the expert for improvement of the process of strategic planning, as well as of monitoring and evaluation.

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<sup>12</sup> Report adopted at the 4th session of March 21st, 2012



Workshops have been held with the beneficiaries regarding development of respective projects, as well as workshops for the employees regarding preparation of the projects and project documents.

The Council of Ministers of BiH adopted the *Annual Report on Implementation of the Implementation Agreement on Implementation between the "Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)" and the Public Administration Reform Coordinator's Office for the Programme of Strengthening of Public Institutions in Bosnia and Herzegovina*<sup>13</sup>.

## 4 Implementation of the PAR Strategy

### 4.1 Implementation of the Action Plan

The key activities of the PARCO in the reporting period were preparation of the project ideas for new projects, preparation of tender documentations and implementation of the public procurement processes, as well as maintenance and management of the projects. The projects are one of the instruments for fulfilment of the measures from the Revised Action Plan 1, and because of that, the focus of the activities of the PARCO in 2012, as in previous years, was on implementation of the projects. The PARCO is in charge of control and direction of each respective phase of the project, as well as for preparation of the reports for the Joint Management Board of the Public Administration Reform Fund. One of the key activities of the PARCO was also organisation and management of the work of the Supervisory Teams in the six reform areas.

In 2012, five projects have been completed: "Transposing EU Legislation in the Legal System of BiH", "Improvement of Rules and Procedures for Legal, Other Regulation and General Acts Drafting in BiH", "Training of Civil Servants for Application of Information Technologies and Work on Computers", "Blueprint of Development of Central Bodies of Governments in BiH - implementation of the Phase I" and "Design and Establishment of Interoperability Framework and Standards for Data Exchange". Preparation of new projects continued, based on the list of priorities, which was accepted by the public administration reform coordinators in the first half of the year.

Because of a bottleneck in implementation of the measures from the RAP 1 from the previous year, the PARCO prepared the Operations Plan for implementation of unimplemented obligations from the Revised Action Plan 1 of the Strategy of Public Administration Reform in BiH for 2011, which was submitted to the Council of Ministers of BiH. The Operations Plan contains 34 measures that should have been, but were not implemented in 2011. The document was adopted by the Council of Ministers of BiH, which by a conclusion obligated the institutions to implement the measures from 2011, and to incorporate the measures from the RAP 1 in their work plans for 2013<sup>14</sup>. Thanks to the support of the Council of Ministers of BiH, the PARCO, at the end of the year, made significant progress in establishment of a wider network of officers from the state institutions, which in the next period, would serve as contacts for reporting on implementation of the measures from the RAP 1. In addition to strengthening horizontal coordination of the process of reform, that would also contribute to improvement of the system of monitoring of public administration reform in BiH<sup>15</sup>, which is being implemented by the PARCO in accordance with the obligation from the Public Administration Reform Strategy.

In this period, the PARCO continued consultations with the public administration reform coordinators regarding preparation of the second action plan. The PARCO, late in the year, received agreement of the coordinators for the prepared approach to draft of the AP 2, and in 2013, this and the other documents would be submitted to the governments for adoption.

The next part provides a detailed overview of the activities by the reform areas:

<sup>13</sup> At the 31st session, held on December 11, 2012.

<sup>14</sup> Conclusion of the Council of Ministers of BiH, adopted at the 22nd session, held on October 10, 2012.

<sup>15</sup> Details on implementation of the conclusions of the Council of Ministers of BiH are provided in a special report, which has been submitted to the Council of Ministers on December 31st, 2012.



#### 4.1.1 REFORM AREA - STRATEGIC PLANNING, COORDINATION AND POLICY MAKING

- *Three projects have been successfully completed*
- *New project proposal developed*

"Transposing EU Legislation in the Legal System of BiH", "Improvement of Rules and Procedures for Legal, Other Regulation and General Acts Drafting in BiH" and Blueprint of Development of Central Bodies of Governments in BiH - phase I" - are three projects from this reform area, which have been successfully completed in the reporting period.

Within the project *Blueprint of Development of Central Bodies of Governments in BiH - phase I*, public procurement of equipment has been completed for establishment of the information-communication and computer system, necessary to build an efficient system of communication in the Secretariats General of the Council of Ministers of BiH, the entity governments and the Government of the Brčko District of BiH. The equipment has been delivered and installed, and the training for its use has been implemented. At the same time, the procedure of public procurement has been initiated for the project *Blueprint of Development of Central Bodies of Governments in BiH - Phase II*, which is being implemented by the EU Delegation in BiH, considering that this is the project financed by the IPA 2010 programme. The procedure has been completed, the best bidder has been selected and the contract is expected to be signed, and immediately after that start of implementation of the project in January 2013.

During the year, the PARCO, in cooperation with two Supervisory Teams from this reform area, 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 supervisory teams.

In the reporting period the document of project proposal "Strategic Planning and Public Policies Development - SPPD II" has been prepared, and there was a work on development of the project that is being prepared within the reform area Administrative Procedures and Administrative Services, "Establishment and/or Strengthening of Capacities of the Institution/s for Control of Regulations and Establishment of the System of Reduction of Administrative Barriers". This project covers parts of the process "Better Regulation".

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

NO.	PROJECTS	ACTIVITIES	COMMENT
1.	<b>Blueprint of Development of Central Bodies of Governments in Bosnia and Herzegovina – Implementation of the Phase I</b>	<ul style="list-style-type: none"> <li>- In the period covered by the fourth interim report, the following documents have been drafted: analysis of the training needs, plan of trainings, draft protocol on implementation of the memorandum on mutual cooperation, list of proposals for change of regulations related to the secretariats general as beneficiaries of the project at all the levels of authority and the report on preparatory activities for organisation of the study visit.</li> <li>- Finalised public procurement procedure and the contract signed for procurement of information communication equipment necessary for establishment of the</li> </ul>	<p>Fourth Interim Report adopted on January 30, 2012.</p> <p>Contract for procurement of IT equipment signed on May 24, 2012 with the company Lanaco from Banja Luka. Report on</p>



		<p>information system, necessary to build an efficient system of communication in the Secretariats General of the Council of Ministers of BiH, the entity governments and the Government of the BD BiH. Equipment delivered, installed, training of beneficiaries has been completed and report has been submitted.</p> <ul style="list-style-type: none"> <li>- Harmonised legal framework regulating the work of the Secretariats General of the CoM BiH, the entity governments and the Government of the BD BiH, and submitted to the beneficiaries in order to initiate the adoption procedure.</li> <li>- Submitted fifth interim report. - In the period covered by the fifth interim report, implemented seminar of the CAF methodology, evaluation of the training, submitted information on implementation of the trainings, list of agreed models, vertical coordination, conclusion from the meeting of the vertical coordination, contribution to the regulations of BiH, the FBiH, the RS and the BD, presentation of the project in the Government of the RS, functional and technical specification and report of the IT expert.</li> <li>- Submitted two monitoring reports of the independent expert.</li> <li>- Submitted Sixth interim report. In the Sixth interim report, the plan for redivision of staff for work in the new organisation units of the central bodies of governments at all the levels has been drafted and harmonised, additional consultations have been achieved, as well as presentations of the project to the beneficiaries, with the objective of support to adoption of the proposed legal framework; there were trainings in accordance with the Plan of Training, and a software was designed, which would enable more efficient communication between the central bodies of governments.</li> <li>- Signed annex to the Contract, which extended implementation of the project by November 20, 2012. The Annex to the Contract has been signed with the objective of full implementation of the project activities and without additional funds.</li> <li>- Held three meetings of the members of the ST for the area of Development of Capacities for Policy Making and Coordination</li> <li>- Study visit to Hungary has been organised for the beneficiaries of the project</li> </ul>	<p>Implementation of the Contract has been adopted - October 9, 2012.</p> <p>Legal Framework has been submitted to the Secretariats General of the CoM BiH, the entity governments and the Government of the BD BiH for adoption</p> <p>Fifth Interim Report adopted on May 16, 2012</p> <p>Monitoring reports submitted on April 3rd, 2012 and December 19, 2012.</p> <p>Sixth Interim Report adopted on September 25, 2012.</p> <p>Annex to the contract signed on July 20, 2012.</p> <p>The meetings of the ST for the area of Development of Capacities for Policy Making and Coordination held on: March 27, 2012, June 22nd, 2012 and December 18, 2012.</p> <p>Study visit organised in the period July 24 - 27, 2012</p>
2.	Improvement of Rules and Procedures for	- New nomotechnical rules for legal and	New Common Rules and Procedures for Legal





	<p>Legal, Other Regulation and General Acts Drafting in BiH</p>	<p>other regulations drafting have been harmonised and submitted to the beneficiaries in order to initiate the procedure of adoption</p> <ul style="list-style-type: none"> <li>- The handbook for use of nomotechnical rules for application of common rules and procedures for legal and other regulation drafting has been harmonised and submitted to all the levels (beneficiaries of the project)</li> <li>- Part of the planned trainings has been implemented (trainings conditioned by adoption of the new nomotechnical rules have not been implemented)</li> <li>- Submitted third six-month monitoring report of the independent expert</li> <li>- Held three meetings of the ST members for the area of Improvement of Quality and Procedures of Drafting and Enacting Regulations. Within the project, there were six meetings with the members of the Supervisory and Implementation Teams, one workshop in Vlačići, and a study trip.</li> <li>- Final conference held</li> <li>- Final report submitted</li> </ul>	<p>and Other Regulations Drafting of the BD BiH adopted on January 18, 2012</p> <p>RS: Proposal of new nomotechnical rules has been incorporated in the programme of work of the Assembly of the RS, and their adoption is pending</p> <p>At the state level, the Ministry of Justice of BiH initiated the procedure of adoption of amendments to the common rules</p> <p>The Government of the FBiH adopted the new nomotechnical rules and submitted them to the Parliament of the FBiH for confirmation</p> <p>During the reporting period, there were 9 workshops, where trainings have been implemented with the beneficiaries of the project: five workshops in the BD, two workshops in Banja Luka and two workshops for the representatives of the institutions of BiH.</p> <p>Monitoring report submitted to the PARCO on May 22nd, 2012.</p> <p>The meetings of the members of the ST for the reform area of Improvement of Quality and Procedures of Drafting and Enacting Regulations held on April 2nd, June 29, 2012 and December 14, 2012.</p> <p>Final conference was organised on April 2nd, 2012, which officially completed the project implementation.</p> <p>Final report submitted on May 22nd, 2012, and adopted by the PARF JMB on October 3rd, 2012.</p>
3.	<p><b>Transposing EU Legislation in the Legal System of BiH</b></p>	<ul style="list-style-type: none"> <li>- Submitted Fourth Interim Report with the Collection of Lectures from Trainings</li> <li>- In the period covered by the fourth interim report, activities have been implemented related with implementation of classes within the set terms by the levels of administration as well as testing of the acquired knowledge and preparation of the certificates for the attendees.</li> <li>- Final conference held</li> <li>- Monitoring report submitted</li> </ul>	<p>Report adopted on January 26, 2012</p> <p>Classes were divided in three modules, 10 classes each, total of 30 classes Modules were held in the previous year.</p> <p>Final conference was held on February 29, 2012 At the conference, the Collection of Materials from the trainings was presented, which was distributed to the participants.</p> <p>Monitoring report submitted on May 9, 2012, covering the period July 30, 2011 - February 7, 2012.</p>



		<p>- Final report submitted</p> <p>- Study visit to Slovenia implemented for the beneficiaries of the project</p>	<p>On May 17, 2012, the Final Report was adopted by the PARF JMB, which formally marked the completion of the project.</p> <p>In accordance with the Inception Report, a study trip was organised for the beneficiaries, with the objective of transferring Slovenian experiences in the process of adjusting legal system of Slovenia with the EU legislation</p>
4.	Blueprint of Development of Central Bodies of Governments in BiH – Implementation of the Phase II	Completed procedure of public procurement for the project "Blueprint of Development of Central Bodies of Governments in BiH - Phase II", which is being implemented by the EU Delegation in BiH, considering that this is the project financed by the IPA 2010 programme.	The procedure has been completed, the best bidder has been selected and the contract is expected to be signed, and immediately after that start of implementation of the project - January 2013.

### *Other Activities*

The project proposal for the project "Strategic Planning and Public Policies Development - SPPD II" has been sent to the members of the ST so they would comment it, with the objective of improvement and finalisation of the document. The project proposal "Design of Software for Support in Legal and Other Regulations Drafting" has also been prepared, which after consultations with the EU Delegation was withdrawn, in order to avoid overlapping, considering that implementation of a similar project is being planned through the IPA 2012 programme, but significantly larger in volume.

#### **4.1.2 AREA – PUBLIC FINANCE**

➤ *Successful implementation of the project "Budget Management Information System", beneficiaries agreed to discuss implementation of the project in the cantons and municipalities as well*

➤ *Four priorities agreed - projects for municipalities, public debt and extra-budgetary funds*

In this period, activities were directed to implementation of the project "Budget Management Information System - BMIS", and they were unfolding in accordance with the foreseen time dynamics. Within the BMIS project, the equipment was procured, as well as the system licences for functioning of the BMIS project. The equipment and licences were transferred in property of the competent ministries of finance. At the proposal of the beneficiaries, the PARF JMB adopted widening of the BMIS project by additional licences and the module for automatic salary planning.

The Supervisory Team for Public Finance reached an agreement to lower the BMIS project on the cantons and municipalities. The project proposal "Budget Management Information System at the Level of the Cantons in the FBiH" is planned to be discussed at the session of the Supervisory Team early in the next reporting period.

Revised tender documentation for the project "Treasury Information System of the Brčko District of BiH" has been prepared and approved by the PARF JMB. The tender is expected to be published in January 2013.

Revised version of the project proposal "Public Private Partnership" has been prepared based on a wider circle of consultations with the beneficiaries of the project. Within this process, there was a workshop on the PPP, on November 22nd, 2012 in Sarajevo, which was attended by all the key actors for this project. Adoption of the project proposal is planned for the beginning of the next reporting period.



The Supervisory Team held six meetings (April 6 in Banja Luka, April 19 in Sarajevo, July 10 in Sarajevo, September 20 in Br ko, October 18 in Sarajevo and December 6 in Sarajevo). At the meetings, there was a discussion on: implementation of the BMIS project, lowering of the BMIS project on the cantons, the project "Treasury Information System of the Br ko District of BiH", the project Public Private Partnership, and on planning of implementation of the activities from the RAP 1 in the area of Public Finance for 2011 – 2012, as well as on proposal of new project ideas. The meeting of the Supervisory Team of April 6, was thematic, and the Supervisory Team discussed on the condition in the reform area of Public Finance. There were also five meetings of the Implementation Team for the BMIS project (April 19 in Sarajevo, July 10 in Sarajevo, September 20 in Br ko, October 18 in Sarajevo and December 6 in Sarajevo).

The Supervisory Team drafted the list of priority projects: Introduction of the Budget Management Information System in the Municipalities in the whole BiH; Development / Procurement of Public Debt Management Software; Strengthening of Extra-Budgetary Funds Management; Introduction of Treasury Function in the Municipalities at the Level of the FBiH.

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

No.	PROJECTS	ACTIVITIES	COMMENT
1.	<b>Budget Management Information System – BMIS</b>	<ul style="list-style-type: none"> <li>- Activity 1 has been completed: Overview of the Current Condition and Draft of the Proposal of the Plan of Implementation.</li> <li>- Inception report adopted</li> <li>- Activity 2 has been completed: Additional Analysis and Draft of the Document Functional Specification and System Design.</li> <li>- First Interim Report adopted</li> <li>- Successful completion of testing of the system by the pilot units at all four locations in accordance with the plan of activities.</li> <li>- Second Interim Report adopted</li> <li>- Hardware and system software have been procured and installed.</li> <li>- Training of the beneficiaries is ongoing</li> </ul>	<p>PARF JMB adopted the Inception Report on March 28, 2012.</p> <p>The PARF JMB adopted the First Interim Report on May 18, 2012.</p> <p>The PARF JMB adopted the Second Interim Report on November 28, 2012.</p> <p>Procurement and installation of the hardware equipment and the system software at all four levels have been implemented.</p> <p>User training has been completed at the level of the RS and the FBiH. There is ongoing training at the state level and the level of the Br ko District.</p>
2.	Treasury Information System of the Br ko District of BiH	<ul style="list-style-type: none"> <li>- The PARCO in co-operation with the Directorate for Finance of the Br ko District of BiH, the IT expert and the public procurement experts revised the tender documentation. The PARF JMB adopted the tender documentation. The tender is expected to be published in January 2013.</li> </ul>	<p>The PAR Fund will provide BAM 584,894 and the Br ko District of BiH will provide BAM 150,000 for financing of the project, which is the first case of participation of local institutions in financing the projects from the PAR Fund.</p>
3.	<b>Public-Private Partnership</b>	<ul style="list-style-type: none"> <li>The project proposal "Public Private Partnership" has been prepared. Preparation of the project budget is ongoing, after which the document would be discussed by the Supervisory Team.</li> </ul>	



### 4.1.3 AREA – HUMAN RESOURCES MANAGEMENT

- *The project “Training of Civil Servants for Application of Information Technologies and Work on Computers” has been completed*
- *Modernisation of the System of Human Resources Management from the IPA 2011*
- *The PARF JMB supported the individual project from the Republic of Srpska*

In the reporting period, the project "Training of Civil Servants for Application of Information Technologies and Work on Computers" has been completed in the first half of 2012. For the project "Building of Capacities for Combat Against Corruption in the Structures of the Civil Service of BiH", which will be financed by the PARF, the tender procedure is ongoing, while the PARF JMB adopted the terms of reference "Widening of the Information System for Human Resources Management by the Software Modules for Personnel Planning and Maintenance of the Internal Labour Market in the Republic Bodies of the Republic of Srpska" and draft of the tender documentation is ongoing. In this reform area, in the same period, the terms of reference "Modernisation of the Human Resources Management System in the Structures of the Civil Service of BiH" has been prepared, which will be financed by the IPA 2011.

Three project proposals from the reform area Human Resources Management have been put on the list of priority projects, adopted by the PARF JMB, but they were not recognised as priority for financing in 2012, and development of the project documentation is planned in the next reporting period.

In 2012, there were five meetings of the Supervisory Team. In the same period, the members and deputy members of the Supervisory Team from the Civil Service Agency of the FBiH and the Ministry of Justice of the FBiH have been appointed, while appointment of the new deputy member from the Civil Service Agency of BiH is in the procedure.

Overview of the present projects and project proposals in this reform area is given in the table below:

No.	PROJECTS	ACTIVITIES	COMMENT
1.	<b>Training of Civil Servants for Application of Information Technologies and Work on Computers</b>	<ul style="list-style-type: none"> <li>- Signed Annex to the Contract, extending the training to additional 800 attendees from all four administration levels.</li> <li>- Second and Third Interim Reports, as well as the Final Report have been prepared.</li> <li>- Press conference has been prepared</li> </ul>	<p>The second monitoring of the project has been implemented.</p> <p>The PARF JMB adopted the Second Interim Report on March 22nd, 2012.</p> <p>The Third Interim Report of the PARF JMB was</p>



		<p>and held in the Br ko District of BiH. (April 17, 2012)</p> <p>- Award of the certificates for the civil servants from the BiH level has been prepared and implemented (April 27, 2012).</p> <p>The Final conference of the Project has been prepared and held. (May 28, 2012)</p>	<p>adopted on August 8, 2012.</p> <p>The Final Report was adopted by the PARF JMB on September 14, 2012.</p> <p>The Implementers submitted the results of testing of the candidates by September 30, 2012 at all the levels, which were delivered to the Civil Service / Administration Agencies and the Sub-Division for Human Resources of the Br ko District of BiH.</p>
2.	Establishment of Modern Departments for Human Resources Management in the Bodies of Administration in BiH	<p>- The PARCO had consultations on the procurement procedure with the Public Procurement Agency of BiH and the Office for Audit of the Institutions of BiH, and prepared the information for the PARF JMB, which was discussed at the session of March 28, 2012.</p> <p>- Proposal of the Decision on Annulment of the public procurement procedure has been prepared, which was discussed at the PARF JMB session of May 17, 2012.</p>	<p>At the PARF JMB session, the agreement of all the members on the Proposal of the Decision on annulment of the procurement procedure was not reached. It has been concluded that the PARCO is to submit the information on this to the CoM BiH for declaration and decision making.</p>
3.	<b>Building of Capacities for Combat against Corruption in the Structures of Civil Service in BiH</b>	<p>- Tender documentation has been prepared.</p>	<p>The PARF JMB adopted the tender documentation on October 23rd, 2012.</p> <p>The first phase of public procurement for procurement of services for implementation of the project has been implemented.</p> <p>The procedure completed, the report on the work of the commission is being drafted, as well as evaluation of the qualification conditions.</p>
4.	Modernisation of the Human Resources Management System in the Structures of Civil Service in BiH	<p>- First circle of consultations with the members of the ST for HRM on the draft terms of reference has been implemented.</p> <p>- Consultations with the SIGMA experts have been implemented</p> <p>- The Second circle of consultations with the members of the ST for HRM on the draft terms of reference has been implemented, as well as harmonisation of the document with the EU Delegation</p>	<p>The Supervisory Team, at the session of September 6, 2012, gave agreement to the terms of reference.</p> <p>Preparation of publication for the public procurement procedure, which is being implemented by the EU Delegation, is ongoing.</p>
5.	<b>Widening of the Information System for Human Resources Management by Software Modules for Personnel Planning and Maintenance of the Internal Labour Market in the Republic Bodies of the Republic of</b>	<p>- The Supervisory Team, at the meeting of March 21st, 2012, supported the individual project proposal, proposed by the Civil Administration Agency of the RS. Terms of reference has been developed, which has been submitted to the PARCO on August 15, 2012.</p> <p>- The Supervisory Team, at the session of September 6, 2012, adopted the terms of reference.</p>	<p>The PARF JMB adopted the project proposal at the session of May 17, 2012. The project proposal has been put on the list of priority projects for financing by the PARF in 2012.</p> <p>The PARF JMB adopted the terms of reference at the session of December 20, 2012.</p> <p>In the next period, the PARCO would prepare the tender documentation.</p>



Srpska		
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### *Other Activities*

On June 12, the representatives of the PARCO participated in the work of the Anti-Corruption Forum organised by the Centre for Research Journalism from Sarajevo, in cooperation with the Centre for Democratic Studies from Bulgaria. The topic of the forum was - "Suppression of Corruption in Bosnia and Herzegovina".

In the reporting period, the PARCO assisted the competent institutions in implementation of the objective from the RAP 1, related with defining the policy of development of human resources management in the structures of public administration in BiH, with the assistance of the SIGMA experts. The PARCO coordinated organisation of meetings of focus groups that were held from June 25 to 28 at all the administration levels. The participants were the civil servants who work on the jobs of human resources management and the members of the Supervisory Team for this reform area. The experts of the SIGMA, after the focus groups, drafted the report "Evaluation of Human Resources Management in the Civil Service in BiH", which they presented in Sarajevo on October 24, 2012 at the international conference "Development of Policies and Instruments of Human Resources Management in the Structures of the Civil Service / Administration in BiH".

#### **4.1.4 AREA - ADMINISTRATIVE PROCEDURES AND ADMINISTRATIVE SERVICES**

➤ *"Education of Managers of Administrative Procedures and Inspectors" from the IPA 2011*

➤ *Project "Establishment and/or Strengthening of Capacities of the Institution/s for Control of Regulations and Establishment of the System of Reduction of Administrative Obstacles" is in preparation*

In this reporting period, the Supervisory Team for the reform area of Administrative Procedures and Administrative Services harmonised the document of the terms of reference for the project "Education of Managers of Administrative Procedures and Inspectors", which will be financed by the programme IPA 2011 for BiH. Initiated procedure of public procurement, which is being implemented by the European Commission Delegation in Sarajevo.

There is ongoing harmonisation of the project proposal and draft of the terms of reference for the project "Establishment and/or Strengthening of Capacities of the Institution/s for Control of Regulations and Establishment of the System of Reduction of Administrative Barriers", which is intended to be financed by the funds of the PARF.

There were four meetings of the Supervisory Team for this reform area: March 23rd, April 23rd, October 22nd and December 21st, 2012, where, among other things, there was a discussion on the terms of reference for the project "Education of Managers of Administrative Procedures and Inspectors", there was an analysis of the condition in the reform area, work and functioning of the structures for coordination, supervision and implementation of the PAR, unimplemented objectives from the Operations Plan for implementation of unimplemented obligations from the Revised Action Plan 1 of the Strategy of Public Administration Reform in BiH for 2011, the list of priority projects for 2013 was being established and submission of information for preparation of the annual report on progress in implementation of the RAP 1 for 2012. There was also one meeting of the Supervisory Team with the representatives of the state level on November 27, 2012, which was attended also by the state public administration reform coordinator. The topic of the meeting was - implementation of the conclusions of the Council of Ministers of BiH - monitoring of implementation of the RAP 1 of the Public Administration Reform Strategy.



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

No.	PROJECTS	ACTIVITIES	COMMENT
1.	<b>Education of Managers of Administrative Procedures and Inspectors</b>	Supervisory Team adopted the terms of reference.	Initiated procedure of public procurement, which is being implemented by the European Commission Delegation in Sarajevo. Representative of the PARCO participates in the work of the public procurement commission.
2.	Establishment and/or Strengthening of Capacities of the Institution/s for Control of Regulations and Establishment of the System of Reduction of Administrative Obstacles	Ongoing harmonisation of the project proposal and draft of the terms of reference.	Common project with the reform area of Strategic Planning, Coordination and Policy Making.

### *Other Activities*

Within implementation of the "Programme of Strengthening of Public Institutions in BiH, whose financier is the German Government, the implementer of the programme - the GIZ provided the technical assistance in development of the priority projects for financing by the Public Administration Fund. The PARCO, in cooperation with the GIZ, ensured an expert assistance also in development of the project proposal and the terms of reference for the project "Establishment and/or Strengthening of Capacities of the Institution/s for Control of Regulations and Establishment of the System of Reduction of Administrative Barriers". Initial workshop for development of the project "Establishment and/or Strengthening of Capacities of the Institution/s for Control of Regulations and Establishment of the System of Reduction of Administrative Barriers" was held on October 9.

#### **4.1.5 AREA – INSTITUTIONAL COMMUNICATION**

➤ *Public procurement for the project "Training of Public Relations Officers – Phase II" is ongoing*

➤ *Implementation of the Project "Building of Capacities for Combat Against Corruption in the Civil Service of BiH" is soon to begin*

In 2012, there were two meetings of the Supervisory Team (on March 30 and June 29), of which the first was a thematic meeting. The focus of the thematic meeting was on analysis of the condition in the reform area - implementation of the measures from the RAP 1, as well as work and functioning of the structures for coordination, monitoring and implementation of the PAR. Because of inability to have a meeting of the Supervisory Team, planned for the end of the year, the members and deputy members of the Supervisory Team received a request for a written declaration by the items of the agenda planned for the December meeting, including also establishment of the list of priority projects for 2013, and analysis of the condition in the reform area Institutional Communication and submission of information for preparation of the annual report on progress in implementation of the RAP 1 for 2012.

In May, there was a meeting with the representative of the Civil Service Agency of BiH and the Information Service of the Secretariat General of the Council of Ministers of BiH. The topic of the



meeting was preparation and organisation of trainings for the public relations officers through the Civil Service Agency of BiH. This meeting resulted in gathering of adequate number of topics relevant for work and improvement of the public relations officers through the system of trainings that would be in the future organised by the Civil Service Agency of BiH.

Representatives of this reform area attended the meeting of the public relations officers employed in the institutions of BiH, where they presented the measures from the Revised Action Plan 1, related to institutional communication, information necessary to be submitted to the PARCO for the purpose of more quality reporting on the progress in this area, as well as the measures from the RAP 1 the institutions are obligated to incorporate in their programmes of work for 2013. A direct communication with the information / public relations officers from the institutions of the Council of Ministers of BiH has been established, which should result in their bigger participation in the process of implementation of PAR in this area, and the quality of reporting on the progress.

In addition to the two existing representatives in the ST (member and deputy member from each administration level), the Government of the FBiH appointed the third representative in the ST for IC.

Although the project "Establishment of Network of Info Stands" was completed, the PARCO registered that in this year the Information Service of the Council of Ministers of BiH published the ninth, tenth, eleventh and twelfth issue of the bulletin "INFO of the Council of Ministers of BiH", which was a direct continuation of the activities of the project and pointing to its sustainability.

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

NO.	PROJECTS	ACTIVITIES / RESULTS	COMMENT
1.	<b>Training of Information / Public Relations Officers – Phase II</b>	- Prepared tender documentation for the project and the tender procedure initiated.	The project proposal and the terms of reference were previously adopted by the PARF JMB.
2.	Building of Capacities for Combat against Corruption in the Structures of Civil Service in BiH	- Tender documentation prepared. - Tender procedure initiated.	Common project with the reform area Human Resources Management. The project proposal and the terms of reference were previously adopted by the PARF JMB

#### 4.1.6 AREA - e-ADMINISTRATION

➤ *Project “Design and Establishment of Interoperability Framework and Standards for Data Exchange” completed*

➤ *Two new project proposals are being drafted*

In the reporting period, the activities on implementation of the project “Design and Establishment of Interoperability Framework and Standards for Data Exchange” have been completed. On May 17, 2012, the PARF JMB adopted the Inception Report of the Project. The PARF JMB adopted the First Interim Report with the accompanying project deliverables. In late December, the Second Interim Report was sent for adoption to the PARF JMB, while the Final Report, together with the accompanying deliverables, is in the phase of discussion at the level of the Supervisory Team.

In the reform area of e-Administration, two project ideas have been identified as priorities for 2012. The first project idea is "Feasibility Study, Analysis and Optimization of Processes and Specification of Requirements (proposal of amendments to the regulations and specification of requirements for the needed IT intervention) for Implementation of One of the Basic and Priority Services of e-Government for Business" - transaction public e-service for establishment and work of the business





entities, covering all the levels of authority, including: court registration, registration with the tax administration, registration with the agency / institute for statistics, registration with the employment institutions, retirement and health insurance. Analysis should provide the necessary information, which would be the basis for establishment of the system "one stop shop". The project would also cover a part of the objective 1.4. from the reform area of Administrative Procedure.

The second project idea "Implementation of the Common Services for e-Services: Authentication and Identification, Payment of Services, Integration with the Base Registers" is directed to the activities related with the electronic payment of services. At the meeting of the Supervisory Team, held on December 14, 2012, the members from the Republic of Srpska informed that a part of the activities that were proposed in the project idea "Feasibility Study for Implementation of the System One Stop Shop for Registration of Business Entities" has been completed through individual projects, and that it would be necessary to redefine the activities, taking into account the condition at that level.

By the obligations for implementation of the objective of the reform area, related with establishment of the BiH portal organised around every-day-life events for the citizens, the representative of the PARCO and the Secretariat General of the CoM BiH - Department for Maintenance and Development of Electronic Business and e-Government held a meeting on implementation of this activity. According to the submitted information, through the project "Redesign of the Web Portal of the CoM BiH", the Secretariat General of the CoM BiH - Department for Maintenance and Development of Electronic Business and e-Government ensured the funds for technical implementation of the project (design of the portal and equipment), and further activities have been agreed regarding definition of the structure and the scope of the data that would be available on the portal.

In the reporting period, there were three meetings of the Supervisory Team (April 17, July 17 and December 14), as well as 12 bilateral meetings with the members of the Supervisory Team and the representatives of the relevant institutions, in order to make an overview of the condition in the area and set the priorities and future directions of actions for the purpose of quickening the reform processes. There were also six workshops of the Implementation Team, and a series of bilateral meetings within implementation of the project "Design and Establishment of Interoperability Framework and Standards for Data Exchange".

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

No.	PROJECTS	ACTIVITIES	COMMENT
1.	<b>Design and Establishment of Interoperability Framework and Standards for Data Exchange</b>	<ul style="list-style-type: none"> <li>- At the PARF JMB session of May 17, 2012 the new harmonised Inception Report of the project has been adopted.</li> <li>- The Annex to the Contract on Provision of Consultancy Services has been signed, with the new deadline for completion of implementation - October 31st, 2012. After obtaining the opinion of the Attorney General's Office of BiH, the Implementer was notified on continuation of the activities.</li> <li>- The First Interim Report, together with the accompanying project deliverables has been adopted on December 7, 2012.</li> </ul>	<p>Duration of implementation of the project – extended by additional 5 months.</p> <p>Representatives of the PARCO supervise the work of the Implementer by presence at the meetings and workshops with the representatives of the beneficiaries and coordinate and intervene in order to improve the quality of the process of implementation and achievement of the project</p>



		<p>- The PARF JMB received the Second Interim Report with the accompanying project deliverables for a written declaration, deadline for declaration - January 7, 2013.</p> <p>- Final report with the accompanying project deliverables submitted to the Supervisory Team members for declaration. Deadline for submission of comments is January 10, 2013.</p>	results.
2.	Feasibility Study, Analysis and Optimization of Processes and Specifications of Requirements (proposal of change of regulations and specifications of requirements for the needed IT intervention) for Implementation of One of the Basic and Priority Services of e-Government for Work	<p>After the ST accepted the project idea, input information have been gathered, within several individual meetings with the members of the Supervisory Team and other relevant interlocutors, which would serve as the framework for draft of the project proposal.</p> <p>At the meeting of the ST of December 14, 2012, the members from the RS, in accordance with the current condition of the analysis of the situation regarding registration of the business subjects, requested redefining of the proposed project activities.</p> <p>Harmonisation of the project proposal and draft of the terms of reference is ongoing.</p>	<p>This project would cover also a part of the objective 1.4. from the reform area of Administrative Procedure, starting business by the system "one stop shop".</p> <p>After delivery of the draft project proposal and the comments at the meeting of the ST, it is necessary to redefine, through bilateral consultations, the activities in accordance with the new situation at respective administration levels.</p>
3.	<p><b>Implementation of Common Services for eServices:</b></p> <ul style="list-style-type: none"> <li>• authentication and identification</li> <li>• payment of services</li> <li>• integration with the base registers</li> </ul>	<p>After the ST accepted the project ideas, input information have been gathered, within several individual meetings with the members of the Supervisory Team and with the other relevant interlocutors, which are related primarily with the scope of the project and harmonisation of the project with the needs and the existing activities at individual administration levels and in institutions.</p>	<p>E-registration of enterprises is a project that was positively evaluated by the representatives of all four levels of authority in the Supervisory Team, and as such is very important. Common Services for E-services is a project that would be a foundation for all future electronic services.</p> <p>Activities initiated regarding draft of the project proposal for electronic payment of services, which have been set by the members of the ST as a priority, choosing between three offered blocks.</p>
4.	Establish a BiH portal, which would be organised around every-day-life events covering the services from the competency of the state bodies and make a link to the portals of the entities and the BD BiH.	<p>Consultations continued with the representatives of the Secretariat General of the CoM BiH - Department for Maintenance and Development of Electronic Business and e-Government regarding implementation of this project. Through the project "Redesign of the Web Portal of the CoM BiH", funds provided for technical implementation (design of the portal and equipment).</p>	<p>At the meeting of the representatives of the PARCO and the Secretariat General of the CoM BiH - Department for Maintenance and Development of Electronic Business and e-Government, further activities have been agreed regarding definition of the structure and the scope of data that would be available on the portal.</p>

### Other Activities



Within implementation of the project "Programme of Strengthening of Public Institutions in BiH, whose implementer is the GIZ, a technical assistance has been provided in development of the priority projects for financing by the Public Administration Fund. In that sense, for the reform area of e-Administration, an expert assistance has been ensured in development of the project proposal and the terms of reference for the project "Feasibility Study for Implementation of the System One stop Shop for Registration of Business Subjects".

In December, the representative of the PARCO participated in the second session of the Joint Commission for Economy Cooperation between BiH and the Republic of Slovenia, when the text of the Protocol of the two countries has been harmonised and signed. The Protocol defined cooperation and assistance of the Slovenian side in the field of e-Administration. The members of the Supervisory Team submitted the comments to the draft text of the Protocol, which have been incorporated in the final text.

## 4.2 Development of the Action Plan 2

During 2012, the PARCO continued consultations on preparation of the second action plan within the structure for implementation of the Strategy of Public Administration Reform in BiH, but by the end of the year the final agreement of all the levels for start of the draft of the AP 2 has not been reached. In cooperation with the technical assistance project, the PARCO, in late 2011, developed a set of documents - methodological approach to draft of the second action plan, as well as the analyses of organisation of administrations at each respective level, with recommendations that could ensure improvement of micro and macro organisation of administration, which is one of the basic objectives of the second action plan. Although these documents were developed in cooperation with the representatives of all the levels of authority, because of numerous comments, above all else by the representatives of the Republic of Srpska to the road map for draft of the AP 2, the document was not harmonised during duration of the technical assistance project.

In early 2012, in accordance with the conclusion of the meeting of the public administration reform coordinators of BiH, the entities and the BD BiH, the PARCO prepared the following documents: Bases of Development of the Second Action Plan ("Second Action Plan – Creating Bases for Sustainable Development of Capacities of Administration by Sectors"), Decision on Establishment of the Intergovernmental Workgroup for Draft of the AP 2 of the Public Administration Reform Strategy, Information on Preparatory Activities for Draft of the Second Action Plan. Since the documents were not harmonised in the first quarter, at the meeting of the public administration reform coordinators, held in March, the coordinators reached a conclusion that it would be necessary that the PARCO initiates the session of the Coordination Board for Economic Development and European Integration, where, among other things, the documents on preparation of the second action plan would be presented.

The PARCO started the initiative for the session of the Coordination Board to take place, and prepared the material on draft of the second action plan, as well as the material related to implementation and the problems in implementation of the Revised Action Plan 1 of the Strategy of Public Administration Reform in BiH, and submitted the initiative to the Office of the Chairperson of the Council of Ministers of BiH. Since the meeting of the Coordination Board was not held, the PARCO continued the consultations with the public administration reform coordinators of the entities and the Brčko District on preparation of the second action plan, in accordance with the obligation from the Public Administration Reform Strategy.

After the meeting of the public administration reform coordinators, held in October, the objections of the PARCO coordinators of the entities and the Brčko District of BiH have been incorporated in the document bases of Development of the Second Action Plan, as well as in other documents, and it has been agreed that after the changes have been incorporated, the documents would be sent to the Council of Ministers / the Governments for discussion. The PARCO, in the meantime, requested and received from the competent institutions a positive opinion for the documents - the Ministry of



Justice of BiH, the Ministry of Finance and Treasury and the Legislation Office of BiH. The Legislation Office, in the opinion from August 2012, declared that it would be necessary that the PARCO obtains "opinion of the competent bodies of the entities and the Br ko District of BiH" regarding the document Bases of Development of the Second Action Plan. The Coordinators agreed, because of the standpoint of the Legislation Office, that the documents on preparation of the AP2 would first be sent to the entity governments and the Government of the Br ko District, and then to the Council of Ministers of BiH.

Although the roadmap for draft of the AP 2 was harmonised, the manner of appointment and the structure for preparation of this document have not been agreed by the end of the year.

The PARCO in the reporting year, continued preparing the database on the Institutions of BiH, which includes the institutions of BiH, the entities, the Br ko District of BiH, the cantons, as well as of the units of local self-governance. In the previous period, the data for the BiH level have been verified, and the PARCO, in 2012, presented to the public administration reform coordinators the completed and ready for verification databases, but at the meeting, held in the second half of the year, the verification has been temporarily postponed, until the work group for draft of the second action plan is established.

During the year, cooperation with other institutions and organisations continued. Early in the year, a meeting was held with the representatives of the Directorate for European Integration. Representatives of the PARCO participated in the round table "Necessary Administrative Capacities for Implementation of the EU Legislation", which was organised by the Centre for Policies and Management (CPM). Material on the capacities stemming from the acquis, in relation to the current capacities of BiH, has been presented. In October, representative of the PARCO participated at the conference where the start of the project "Support to Agriculture Policy and the Structures Harmonised with the IPARD" - SAPIC was presented. During the year, cooperation with the Ministry of Foreign Trade and Economic Relations of BiH and with the technical assistance to this institution has been ensured through participation in the management structure and the work groups established within the project "Strengthening of the Institutions for Protection of Environment of BiH and Preparation for Use of Pre-Accession Funds" (EnVIS BiH).

## **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: chairing the Joint Management Board of the Public Administration Reform Fund, preparation of documents for the sessions, identification, discussion, creation and draft of project specifications, and monitoring and evaluation of the projects financed by the PARF. The PARCO implements all the activities related to public procurements for the projects, informs the PARF JMB on the matters relevant for implementation of the PAR Strategy and the projects, prepares comprehensive reports giving overview of the activities of the PARF, overview of the condition of the projects, and the condition of the PARF finances. The money from the PARF is dedicated only for financing of the projects.

### ***Activities of the Joint Management Board of the Public Administration Reform Fund***

The PARF JMB approved, so far, 16 projects, of which 14 are related to all four administration levels. The project "Treasury Information System of the Br ko District" is an individual project and related only to the Br ko District of BiH, while the project "Widening of the Human Resources Management Information System with the Software Modules for Human Resources Planning and Internal Labour Market Management in the Republic Bodies of the Republic of Srpska", was proposed by the Civil Administration Agency of the Republic of Srpska for that level. Of 16 projects approved so far, ten has been completed, one is in the phase of implementation, four are in the procedure of public procurement, and for one project the terms of reference has been approved, and



is in the phase of preparation of the tender documentation. In 2012, five projects have been completed.

During the year, there were eight sessions of the PARF JMB, where the matters regarding the current and planned projects financed by the PARF were discussed and decided on. The PARF JMB implemented sixteen procedures of written harmonisation and enacted sixteen decisions (ten decisions were related to adoption of interim reports for the ongoing projects, four decisions were related to giving agreement to the tender documentation, one decision was related to extension of the contract on consultancy services for a project and one decision was related to the report of a vendor on implementation of the contract on sales).

The PARCO, with the objective of improvement of preparation and implementation of the projects, prepared the proposals for improvement of internal acts of the PARF (Guidelines for Use of the Funds of the PARF, General Conditions of the Contracts for the Projects Financed by the PAR Fund), in accordance with the recommendations of the Office for Audit of the Institutions of BiH and based on the present experiences in preparation and implementation of the projects. These documents are basis for use of the donor (and local) funds foreseen for the second phase of the PARF in the period 2012 - 2014.

The table below provides an overview of all the approved projects, phases those projects are in, and the dates of start and completion of the 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 the payments made)	Date of Signing of the Contract	Date of Completion of the 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
Draft of Administrative Decision making in BiH Quality Improvement Programme (AP)	444,600.00	404,580.84	58,785.26	December 21st, 2009	December 10, 2010
Development of Performance Management System in the Structures of Civil Service in BiH (HRM)	760,383.00	744,150.82	108,124.49	January 4, 2010	October 31st, 2011
Transposing EU Legislation in the Legal System of BiH (PM)	395,752.50	394,201.08	57,277.08	December 8, 2010	February 29, 2012
Improvement of Rules and Procedures for Legal, Other Regulation and General Acts Drafting in BiH (PM)	786,041.57	674,979.88	98,073.99	June 9, 2010	April 9, 2012



Training of Civil Servants for Application of Information Technologies and Work on Computers (HRM)	1,213,424.95	1,207,751.11	158,678.61	December 28, 2010	May 28, 2012
Blueprint of Development of Central Bodies of Governments in BiH – Implementation of the Phase I – procurement of services (PM)	1,610,978.05	1,259,338.51	182,980.80	July 20, 2010	November 20, 2012
Procurement of Equipment within the Project Blueprint of Development of Central Bodies of Governments in BiH – Implementation of the Phase I (PM)	191,951.78	191,951.78	27,890.43	May 24, 2012	July 10, 2012
*Design and Establishment of Interoperability Framework and Standards for Data Exchange (IT) <sup>16</sup>	191,571.12	105,129.82	0.00	May 23rd, 2011	October 31st, 2012
<b>Total for Implemented Projects</b>	<b>6,028,124.85</b>	<b>5,404,256.47</b>	<b>753,151.99</b>		
<b>PROJECTS IN THE PHASE OF IMPLEMENTATION</b>					
<b>Projects approved by the PARF JMB</b>	<b>Contracted Budget in BAM, VAT included</b>	<b>Payments Made in BAM, VAT included</b>	<b>Implemented VAT Return (for the payments made)</b>	<b>Date of Signing of the Contract</b>	<b>Duration of the Project in months</b>
Budget Management Information System - procurement of consultancy services (PF)	748,500.78	569,298.69	67,971.42	July 27, 2011	18
Procurement of Equipment within the Project Budget Management Information System (PF)	339,428.41	0.00	0.00	September 27, 2012	
<b>Total for the Projects in Implementation</b>	<b>1,087,929.19</b>	<b>569,298.69</b>	<b>67,971.42</b>		
<b>PROJECTS IN THE PROCEDURE OF PROCUREMENT / PREPARATION OF THE PROJECT DOCUMENTATION</b>					
<b>Projects approved by the PARF JMB</b>	<b>Framework Budget in BAM, VAT included</b>			<b>Planned Start of Implementation</b>	<b>Duration of the Project in months</b>

<sup>16</sup> At the 27th session of the PARF JMB, held on May 17, 2012, the PARF JMB gave agreement to conclude the Annex to the Contract on Consultancy Services, extending the deadline to complete the project activities for the period May 23rd, 2012 to October 31st, 2012.



## JAVNE UPRAVE

Establishment of Modern Departments for Human Resources Management in the Bodies of Administration in BiH (HRM)	1,594,710.00				18
Treasury Information System of the Brčko District (PF)	582,894.00			II quarter of 2013	24
Building of Capacities for Combat against Corruption in the Structures of Civil Service in BiH (HRM and IC)	500,000.00			II quarter of 2013	12
Training of Public Relations Officers – Phase II (IC)	120,000.00			II quarter of 2013	8
Widening of the Information System for Human Resources Management by Software Modules for Personnel Planning and Maintenance of the Labour Market in the Republic Bodies of the Republic of Srpska (HRM)	58,383.00			IV quarter of 2013	6
<b>Total for the Projects in the Procedure</b>	<b>2,855,987.00</b>				

### *Finances of the PAR Fund*

For general management of the accounts of the PARF and supervision over spending of the PARF, the PARCO and the Ministry of Finance and Treasury of BiH are responsible, as defined by the Memorandum of Understanding for Establishment of the PARF.

By the Procedures for Finance Management of the PARF, the PARCO manages the money of the PARF, which implies: preparing budget structure of the projects and monitoring of their implementation, preparing payment requests or orders for transfer of funds, preparation of reports on the activities of the PARF, ensuring financial information for update of the database of the projects and establishment of the system of financial monitoring of the projects through the Financial Management Information System of the Treasury of BiH (ISFU). The Ministry of Finance and Treasury of BiH maintains financial records of support in accordance with the international accounting standards.

In accordance with the MoU, at the request of the PARCO, the Ministry of Finance and Treasury of BiH opened in its name, in the Central Bank of BiH (CB BiH), the dedicated subaccounts within the budget funds (in EUR and in BAM) to which the donors pay the funds by the established procedures.

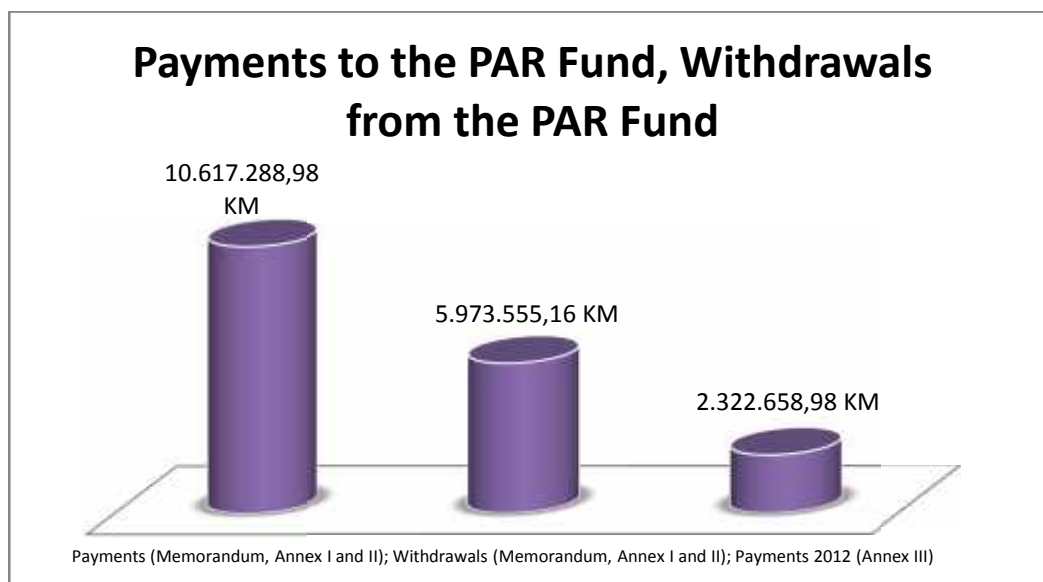
By signing the Annex III to the Memorandum of Understanding for Establishment of the Public Administration Reform Fund in 2012, the Norwegian Foreign Ministry obligated itself to make an investment in the total amount of NOK 24 million (approximately EUR 3 million, by the exchange rate on the day of transfer) on an annual basis. That is NOK 8 million for 2011, 2012 and 2013 respectively. The donor Sida obligated it self to invest EUR 3 million on an annual basis, i.e. EUR 1 million for 2012, 2013 and 2014 respectively.



In addition to the PARF donors, by signing the Annex III to the MoU, the Council of Ministers of BiH, the Government of the FBiH, the Government of the RS and the Government of the BD BiH obligated themselves to annually allocate from their budgets the money for financing of the PARF.

From establishment of the PARF in 2007 until December 31st, 2011 (period covered by the Memorandum, the Annex I and the Annex II) the Public Administration Reform Fund received BAM 10,617,288.98, of which, for implementation of 15 projects, by the end of 2012, a total of BAM 5,973,555.16, VAT included, has been withdrawn (of which, in this reporting period BAM 2,512,994.76, VAT included, has been withdrawn).

After signing the Annex III to the MoU, in 2012, the new PARF donor - the Norwegian Foreign Ministry paid BAM 2,132,658.98 to the PARF account in the Central Bank of BiH, which is the first payment of the new donor in the PARF, based on which they officially received the right to vote and a full right to make decisions, together with the other members of the PARF JMB. When it comes to participation of the local authorities, the Council of Ministers of BiH paid BAM 150,000, and the government of the Br ko District of BiH paid BAM 40,000. The Government of the Federation of BiH enacted the decision on allocation of BAM 170,000 for co-financing of the Public Administration Reform in BiH, but by the end of the year, that money was not paid to the account of the PARF.



Graph 2: Payments by the end of 2011 and withdrawals by the end of 2012 (Memorandum, Annexes I and II) and payments in 2012 (Annex III)

Total VAT return from the completed projects, by the end of 2012, amounts to BAM 559,087.30. For the withdrawals the PARCO made in this reporting period, the VAT return, based on the specific decisions of the Indirect Taxation Administration from 2012, amounted BAM 382,639.26.

### *Cooperation with the PAR Fund Donors*

The PARCO maintained regular contacts with the PARF Donors, and one of the key questions in 2012 was an agreement on further investments in the PARF. Result of those agreements was signing of the Annex III to the Memorandum of Understanding for Establishment of the PARF, according to which in the three-year period the Norwegian Foreign Ministry and the Sida would invest EUR 3 million each in the PARF in the next three years.

The Swedish Sida invested the money in the PARF based on the Special Agreement for the Projects / Programmes between the Council of Ministers of BiH and Sweden, which was adopted by the Council of Ministers of BiH<sup>17</sup>, and signed by the chairman of the Council of Ministers.

<sup>17</sup> At the 19th session, held on September 13, 2012.





Cooperation with the Ministry of Foreign Affairs of Denmark was established, which is interested in investment in the public administration reform in BiH. Related with that, the PARCO had several meetings with the representatives of the Ministry, where among other things, the Danish side expressed the wish to join the PARF as a new donor for the next three-year period. On the possibilities and the modalities of achievement of this intention, the talks would take place in early 2013.

### *Other Donors*

On March 13, the Donor Coordination Forum, in organisation of the Ministry of Finance and Treasury of BiH / the Sector for Coordination of International Assistance (SCIA), held the first meeting this year, which was presided by the German Embassy in BiH and the German agencies Gesellschaft für Internationale Zusammenarbeit (GIZ) and Kreditanstalt für Wiederaufbau (KfW). Representatives of the German Embassy in BiH, the GIZ and the KfW presented their activities and manners of cooperation with BiH. The GIZ presented the German technical cooperation, as well as regional cooperation with BiH, while the KfW presented the German financial cooperation with BiH. The new head of the mission of the World Bank presented the report "BiH - Overview of Public Spending and the Institutions". Also, the USAID presented at the round table the new "Development Cooperation Strategy for BiH 2012 - 2016".

The second meeting of the Donor Coordination Forum (DCF) was held on July 5, as a theme session entitled "Regional Economic Report for the South East Europe - BH Perspective". The said report was prepared by the Office of the World Bank in Sarajevo.

The third meeting of the Donor Coordination Forum (DCF) was held on October 16, and there was a theme session - "Challenges with Export of Food from BiH - Support of the Republic of Slovenia to BiH in the Light of Accession of the Republic of Croatia to the EU". The session was prepared by the Embassy of the Republic of Slovenia in BiH.

The meeting with the representatives of the World Bank was held on November 15 within the "inception phase" of the project "Building of Capacities for Monitoring and Evaluation in the Countries of the West Balkans and Turkey". The project achieved a strategic cooperation between the World Bank and the European Commission. The meeting answered the prepared questions from the questionnaire of the World Bank, related to strategic planning and the system of monitoring and evaluation of public administration in BiH.

**The information on the donor projects is available at the website [www.parco.gov.ba](http://www.parco.gov.ba).**

## **6 Reporting and Monitoring**

The PARCO, in 2012, continued reporting to the Council of Ministers of BiH on implementation of the PAR Strategy, which is one of the obligations from the PAR Strategy. In April<sup>18</sup>, the Council of Ministers adopted the Annual<sup>19</sup> Progress Report (monitoring of implementation of the Revised Action Plan 1 of the Strategy of Public Administration Reform in BiH) for the period January 1st - December 31st, 2011, and in October<sup>20</sup>, the adopted the Semi-Annual Progress Report (monitoring of implementation of the Revised Action Plan 1 of the Strategy of Public Administration Reform in BiH) for the period January 1st - June 30, 2012, and the Operations Plan for implementation of the unimplemented obligations from the Revised Action Plan 1 of the Strategy of Public Administration Reform in BiH for 2011. The PARCO is in charge of drafting the Report on Execution of the Operations Plan, which was prepared and on December 31st submitted to the Council of Ministers

<sup>18</sup> At the 5th session, held on April 18, 2012.

<sup>19</sup> The Council of Ministers of BiH, at the 120th session, held on April 29, 2010, put the PARCO in charge of submitting in the future six-month reports on work and progress (monitoring of implementation of the Action Plan 1 of the Strategy of Public Administration Reform in BiH) instead of quarterly.

<sup>20</sup> At the 22nd session, held on October 10, 2012.



of BiH for discussion and adoption. The PARCO prepared and submitted to the Council of Ministers of BiH the Annual Report on Work of the PARCO for the period January 1st - December 31st, 2011, and the Semi-Annual Report on Work of the PARCO for the Period January 1st - June 30, 2012.

In the reporting period, monitoring of four projects has been completed, while evaluation of one project was initiated. In April, the second monitoring report of the project "Training of Civil Servants for Application of Information Technologies and Work on Computers" was prepared, in May, the monitoring report for the project "Budget Management Information System", and in October, the second monitoring report for the project "Design and Establishment of Interoperability Framework and Standards for Data Exchange". In July, the report on evaluation of the project "Draft of Administrative Decision Making in BiH Quality Improvement Programme" was prepared, while in December, most of the activities have been completed on evaluation of the project "Transposing EU Legislation in the Legal System of BiH" and on the second monitoring of the project "Budget Management Information System".

In addition to the said activities of monitoring of the projects, which were directly implemented by the PARCO, external monitoring of two more projects financed by the PARF has been ensured, as a contractual obligation of the implementers of the projects, which has been incorporated in the contract. This way, the monitoring report of the project "Blueprint of Development of Central Bodies of Governments in BiH - Phase I" has been prepared in April, and in May, the monitoring report of the project "Improvement of Rules and Procedures for Legal, Other Regulation and General Acts Drafting in BiH".

The PARCO in late 2012, in cooperation with the GIZ, started working on improvement of monitoring and evaluation of the Revised Action Plan 1 and the projects financed by the PARF. For this activity, the GIZ engaged the expert for monitoring and evaluation, who in the period October 15 - 19, evaluated the jobs of monitoring and evaluation of the PARCO. The purpose of evaluation was to identify functionality of the system of monitoring and evaluation in the PARCO, and to establish how the system would develop in the future. In the period November 19 - 23rd, the expert had meetings with the reform area coordinators, staff of the PARCO who work on monitoring and evaluation, entity coordinators and the coordinator of the BD BiH, the members of the Supervisory Teams and the representatives of the PARF Donors.

**Reports of the PARCO on work and monitoring of the public administration reform are available at [www.parco.gov.ba](http://www.parco.gov.ba).**

## **7 Organisation and Budget**

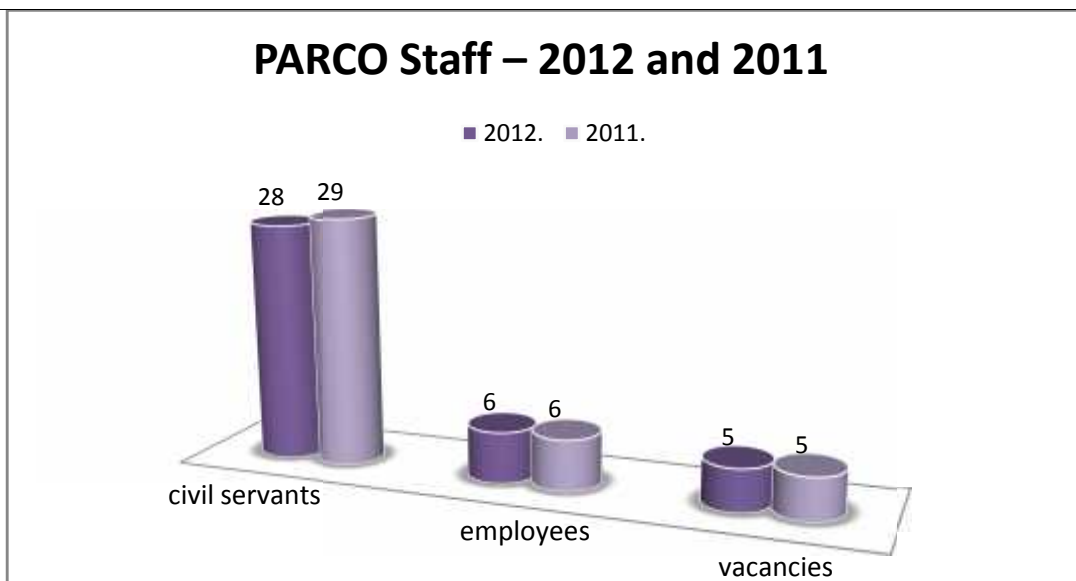
### *Strengthening of the Capacities of the PARCO*

**The Rulebook on Internal Organisation and Systematisation of Jobs systematised a total of 40 positions in the PARCO.**

The PARCO has a total of 35 employees. In addition to the public administration reform coordinator, there are 28 civil servants and six employees. Positions of deputy coordinator, expert advisor for sector reforms, senior expert associate for legal affairs, expert associate for public administration reform and expert associate for donor coordination, finance, monitoring and evaluation remain vacant.

The PARCO was strengthening the capacities of the employees through improvement, trainings, workshops and conferences. Improvement lasted throughout the reporting period by attendance at the trainings organised primarily by the Civil Service Agency (CSA) of BiH.

Structure of employees in the PARCO in 2012, in relation to the previous year, 2011, is presented by the following graph:



Graph 3: Structure of employees in the PARCO in 2012, in relation to 2011.

### *Budget*

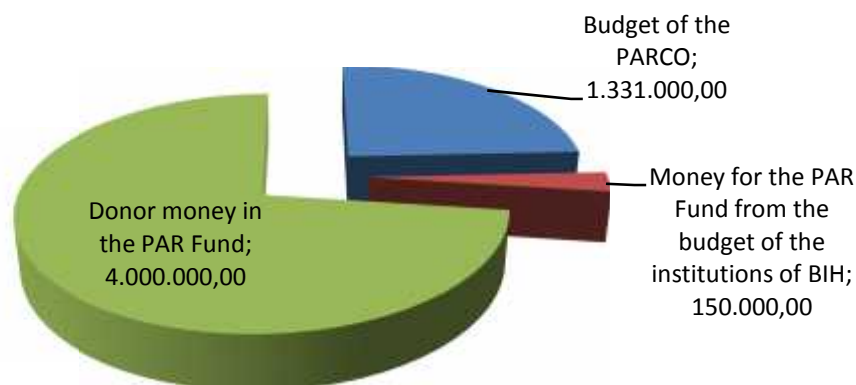
In the reporting period, in accordance with the Decisions on Temporary Funding of the Institutions of BiH, the operative budgets of the PARCO were prepared for the first and the second quarter and the operative budget for 2012. Total approved operative budget of the PARCO for the period January 1st - December 31st, 2012 amounts to BAM 5,481,000. Structure of the approved budget is as follows:

- BAM 1,331,000 for direct spending - budget of the PARCO;
- BAM 4,000,000 of donor funds from the PARF, intended for financing of the programmes of special purpose in the field of public administration reform, i.e. for implementation of the measures and activities defined by the Public Administration Strategy;
- BAM 150,000 from the Council of Ministers, which is intended as a support of the local levels of authority to the PARF for implementation of the PAR Strategy.

Structure of the approved budget is shown on the following graph:



## Budget of the PARCO with the budget for the process of public administration reform



Graph 4: Structure of the budget of the PARCO, with the budget for the process of public administration reform

In the reporting period, the reports on execution of the budget of the PARCO for 2011, the Report on Execution of the Budget for the First Quarter, the Semi-Annual Report and the Report on Execution of the Budget for the Third Quarter of 2012 were prepared and submitted within the legal deadline.

In May, the Office for Audit of the Institutions of BiH implemented the final audit of operations of the PARCO for 2011, and gave a positive opinion to the financial reports and the financial operations of the PARCO for 2011.

### *Public Relations*

In accordance with the Action Communication Plan of the PARCO, during July, in October and December, there were four work shops (two for each) for the representatives of the non-governmental sector and media in BiH, on the topic "Public Administration Reform in BiH - where we are today?". Objective of the workshops was to inform the representatives of the NGO sector in BiH on the public administration reform in BiH process so far, the activities the PARCO maintains, and the modalities of the joint cooperation. Co-organised and financier of the workshop was the German Society for International Cooperation (GIZ). Although greater interest of the media and the NGOs in the topic of the public administration reform was expected, it did not happen.

In 2012, there were five press conferences on the occasions of completion of the projects financed by the Public Administration Reform, and on December 27, there was a new-year's press conference where the activities of the PARCO from that year were presented. The PARCO was sending public releases in cases when there were meetings of the PAR coordinators of BiH, the Federation of BiH, the Republic of Srpska and the Brčko District of BiH, the sessions of the Joint Management Board of the Public Administration Reform Fund, meetings of the Supervisory Teams and the Implementation Teams, and on the occasion of signing of the contracts for implementation of the projects financed by the PARF, and on the occasion of completion of the projects. News on these events are posted on the website of the PARCO ([www.parco.gov.ba](http://www.parco.gov.ba)).

With the objective of public administration reform promotion, the interviews were given for the Dutch newspapers Trouw, Euroimpuls magazine of the Television of BiH, the Morning Programme of the Federal Television, and the Poslovne novine. The representatives of the PARCO held a lecture on the process of public administration reform in BiH for the students of the Faculty for Public Administration in Sarajevo, and of the department of Political Science at the Faculty of Political Sciences in Sarajevo. The public administration reform process was presented also at the scientific



gathering "Aspects of Public Administration Reform in Bosnia and Herzegovina", organised by the Law Faculty in Kiseljak in late January 2012. The participants tried to give an answer to the condition of the public administration in BiH, and exposes were given by the experts from the faculties from Rijeka, Skopje, Osijek, Novi Sad, Sarajevo, Zenica, and the guests from the state institutions of BiH.

The PARCO continued cooperation with the spokespersons in the Council of Ministers of BiH, and the activities were promoted also through the Info bulletin of the Council of Ministers of BiH. Representative of the PARCO participated at the February POINT conference on new technologies, political accountability, and use of the ICT in the work of the public institutions and organisations of the civil society, organised by the association of citizens "Zašto ne", CRTA from Serbia and the Foundation Metamorphosis from Macedonia. In June, at the invitation of the members of the Management Board of the NGO Council (NGO network), the representative of the PARCO held the presentation on the process of the public administration reform in BiH.









This year as well, for the fifth time, the PARCO supported the action "Volunteer - Credit" of the NGO "Infohouse", and hired three high-school students for one day.

All these activities are a part of the Action Communication Plan of the PARCO.

## 8 Recommendations for Future Work and Improvement of Coordination

In this period, cooperation has been established with all the state institutions, which should improve the results of implementation of the reform, and enable the PARCO to have a more quality monitoring of the processes.

The PARCO, because of improvement of work and more efficient coordination of processes of public administration reform, will direct its activities in the next reporting period to the following:

-  **Improvement of coordination mechanisms** for public administration reform implement through support of the technical assistance project from the IPA 2011 "Support in Management and Implementation of Public Administration Reform in Bosnia and Herzegovina", whose start is expected in the first trimester of 2013.
-  Intensify promotion of public administration reform at all the levels, especially within implementation of respective projects.
-  Continue work on improvement of the system of public procurements for the needs of implementation of the technical assistance projects.
-  Continue cooperation with the SIGMA, with identification of the reform areas, the activities and the projects for which the expert assistance of this project is necessary.
-  Continue strengthening of the capacities for **development and implementation of the priority projects**, based on the objectives and the measures from the RAP 1, with greater involvement of the implementation structures and the representatives of the beneficiaries.
-  Undertake the activities for preparation of introduction of the model of total quality management in public administration.
-  Start drafting the second action plan and define the measures for improvement of organisation of administrations at all the levels.
-  Improve the system for monitoring and evaluation of the projects financed by the Public Administration Reform Fund, and monitoring and evaluation of the Revised Action Plan 1.