Policy Study:

Improving Delivery of

Basic Public Services to Citizens in

Bosnia and Herzegovina

By: Lejla Huskić

Sarajevo, April 2007

TABLE OF CONTENTS

TABLES

FIGURES

1. EXECUTIVE SUMMARY

One of the pledges made by Bosnia and Herzegovina (B&H) to advance its SAA negotiations with the EU is to ensure quality-driven and citizen-friendly public services in accordance with EU Best Practices. The government has adopted several policies, strategies and action plans in order to meet the requirements for EU membership and reform its public administration sector.

The study at hand focuses on one aspect of PAR: basic public services to citizens. Comparing EU and B&H cases, it explores how back office reorganization combined with ICT can improve the delivery of basic public services to citizens. The study supports the claim that applying ICT to existing organizations will not, on its own, modernize government. The focus, instead, should be on how ICT can be used to improve government structures and processes and on how the culture of public administrations can be renewed in order to make the most of these changes (OECD e-Government Studies, 2003).

Within the scope of the study a research has been carried out with the aim to gather and analyze data needed to answer the research question – *what needs to change in the back office in order for public administration institutions, which offer basic public services to citizens, to work in accordance with EU Best Practices?* The overall objective of the research was to identify measures that could be introduced in public administration to the aim of improving basic public services to citizens and assuring its operability in accordance with EU Best Practices. Key obstacles that are preventing basic public services in B&H to be available on-line were identified in a case study of four basic

public services offered to citizens – birth and marriage certificates, citizen car registration, application for building permission and change of residence.

The policy study proposes a model that would help improve the delivery of basic public services to citizens in B&H. The model takes into consideration the specific situation in B&H and combines several strategies proposed and implemented at European level in line with EU Best Practice cases. The model is based on centralizing back office functions, where possible, and introducing a clearing house as a means of assuring high quality services and enabling interoperability by overcoming problems caused by existing back office arrangements, which are complex, difficult to change and not integrated. The model proposes decentralizing the front office as an effective way of ensuring services in local communities accommodated to local needs. Auxiliary and support services, such as digital signature and online payment services, should be outsourced but developed as an integral part of the overall system. Finally, the model proposes that the paper based and online options both be offered as options to the citizens, since studies in B&H and practice in the EU show that many people still prefer and utilize the paper based service more.

In conclusion the study introduces a "4 P&P" strategy as an instrument for government leaders to provide a favorable environment for implementing the necessary changes in order to increase efficiency and improve the delivery of basic public services to citizens. The "4 P&P" strategy consists of four steps: 1. Pool and Place – signaling that as a first step it will be necessary to gather all stakeholders and assign responsibility and leadership of the process. 2. Prioritize and Plan – Since the process has been approached from many different angles by many different stakeholders a comprehensive plan that

includes all aspects should be agreed upon. 3. Persuade and Promote – This step targets both decision makers that need to provide favorable conditions for implementation of the plan as well as the wider public that will be affected by the changes. 4. Provide and Perform – The last step is the provision of the service. It should include a very advanced system of tracking and control. The policy study targets policy specialists and decision makers in the municipalities, ministries and other public institutions in B&H as citizen service-providers.

2. INTRODUCTION

At the meeting of the Peace Implementation Council (PIC) held on March 28, 2003 in Brussels, the Government of Bosnia and Herzegovina (B&H) pledged to ensure quality-driven and citizen-friendly public services in accordance with EU Best Practices. An Inter-Ministerial Working Group for Public Administration Reform (PAR) was established in order to monitor and coordinate PAR activities, with a special mission to work out a detailed strategy of PAR in all of B&H and to adopt an action plan for its implementation (PRSP 2005). The development of this strategy is one of the sixteen requests for B&H in the advancement of its Stabilization and Association Agreement (SAA) negotiations with the European Union (EU) (Office of the PAR Coordinator, 2005). The implementation of this strategy will be required of B&H for its EU accession and integration. The reform of public administration is "a precondition for the integration of B&H into the EU, which considers sufficient administrative capacity and the ability to

adopt and implement the core of EU law (the *acquis communautaire*), a key requirement for EU membership" (Office of the PAR Coordinator, 2006).

The overall vision of the PAR Strategy, recently published, is to: "*create a public administration that is more effective, efficient, and accountable; that will serve the citizens better for less money; and that will operate with transparent and open procedures, while meeting all conditions set by European Integration, and thereby truly become a facilitator for continuous and sustainable social and economic development*" (Office of the PAR Coordinator, 2006). The purpose of the Policy Study is to identify and present measures that could be introduced in public administration institutions in B&H in order to improve their delivery of basic public services to citizens and enable their functioning in accordance with EU Best Practices.

The main question is - *how should the back offices of public administration institutions in B&H be reorganized in order to deliver quality-driven and citizen-friendly public services to citizens in accordance with EU Best Practices? Can e-government, a government based on information and communication technologies (ICT) decrease costs, enable government and public services to satisfy the needs of citizens and business systems and increase the efficiency and quality of services rendered by the government as stated in the Policy for Development of Information Society (IS) in B&H* (UNDP, 2004)?

In order to understand what needs to change in the back offices and to check if changing the procedures in the back offices and introducing ICT will help public administration institutions that offer basic public services to citizens work in accordance with EU Best Practice, a comparative study and research has been conducted using Best Practice Cases in Europe and selected cases in B&H. The research was focused on four

basic public services to citizens that have been identified as priorities for online placement in the Action Plan for Development of IS of B&H (UNDP, 2004). The four services are: citizen car registration, change of residence, birth and marriage certification, and application for building permission;

The research of all four services was conducted in a similar manner. The first step was the selection of Best Practice Cases. EU reports of institutions that have already done best practice case selections have been analyzed and those most comparable to the B&H cases have been selected. The basis for this segment of the research were the report of the Danish Technological Institute (DTI) and Institute for Information Management from Bremen (IIMB) "Reorganization of Government Back Offices for Better Electronic Public Services" and the joint "Study on the Effective use of ICT in the public sector in Europe - in search for European Exemplary Public Services – EUREXEMP" published by Capgemini Netherlands and TNO.

For B&H, a long-list was made of all BH public administration institutions offering the selected basic public services to citizens and then the largest, busiest offices in each of these services were short-listed. Finally, the most advanced public administration institutions were selected. This segment of the research was conducted through desk research using official gazettes, web search, phone inquiries to various institutions and organizations and report analysis of organizations that have already done best practice case selections such as Open Society Institute (OSI) and OSCE. After the best practice cases for the selected services in B&H had been selected and identified, in-depth interviews were conducted. The interviews resulted in mapping of the procedures and the steps of the process for service. As a final point, a comparative analysis of the

findings was conducted for both the B&H and EU cases in order to identify the differences, inefficiencies and obstacles in online delivery of the services in B&H.

The case studies show that there is a link between the back office reorganization and the quality of the delivery of the service at the front office and that changes in the back office, supported by ICT, can improve the quality and delivery of services. The study also shows that each country is unique and therefore, depending on its specific environment, needs to develop customized solutions, which best suit the given conditions and circumstances.

The present study has several limitations. Since the scope of the research was limited to four basic public services, only limited insight could be investigated. More complex issues and services have not been considered; therefore, the recommendations are relevant for limited services and are based on limited results. Moreover, only a general overview of the current situation on the ground was possible which resulted in a very general conclusion. To achieve a more comprehensive and detailed set of recommendations, a much wider research of all twenty basic public services needs to be conducted. It should include a cost/benefit analysis and take into consideration the opinions of the service end-users.

The first part of the policy study focuses on introducing basic public services and the role ICT plays in their delivery. It is followed by definitions of back office reorganization and other terminology used in the study. Four models of back office integration are elaborated then and reasons behind the demand for integration, reorganization and interoperability are discussed to enable better understanding of the obstacles to back office integration and reorganization. The second part of the paper starts by explaining

the state of integration of services in B&H using examples from the case studies. This part is followed by recommendations and experience of EU cases. Finally, it is wrapped up by a proposal for B&H with a selection of policy options and recommendations. The study ends with a conclusion and a set of recommendations for implementing the proposed model and improving the delivery of basic public services to citizens in B&H.

3. DELIVERING BASIC PUBLIC SERVICES

The European Commission and the Member States defined a list of twenty basic public services (Table 3.1) that need to be modernized and available online (Cap Gemini, 2005). They are an integral part of the "e-Europe initiative and Action Plan whose objective is to develop modern public services" (Cap Gemini, 2005). They have also been developed as part of the overall attempt to fulfill the Lisbon 2010 objectives whereby the "European Union should become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion" (Council of EU, 2003).

"In comparison to the *e-Europe 2005* requirements and 20 e-services, B&H is still a long way behind world-wide transactional and cross-organizational services" (Office of the PAR Coordinator, 2006). Nonetheless, major policy documents adopted at the state level have included the 20 basic public services; there is an "encouraging awareness of internet use as a tool for public institutions to disseminate information; and a majority of institutions, regardless of level, have their own web sites" (Office of the PAR Coordinator, 2006). Section 4.6 of the PAR Strategy indicates that B&H aims to

implement the twenty e-services as an aim of e-Europe 2005 (Office of the PAR Coordinator, 2006).

Table 3.1 - e-Europe common list of 20 basic public services (EC, 2000)

	Public Services for Citizens
1.	Income taxes: declaration, notification of assessment
2.	Job search services by labour offices
3.	Social security contributions: a) Unemployment benefits b) Family allowances c) Medical costs (reimbursement or direct settlement) d) Student grants
4.	Personal documents: a) passport b) driver's licence
5.	Car registration (new, used and imported cars)
6.	Application for building permission
7.	Declaration to the police (e.g. in case of theft)
8.	Public libraries (availability of catalogues, search tools)
9.	Certificates, request and delivery: a) birth b) marriage
10.	Enrolment in higher education / university
11.	Announcement of moving (change of address)
12.	Health related services (e.g. interactive advice on the availability of services in different hospitals; appointments for hospitals.)
	Public Services for Businesses
13.	Social contribution for employees
14.	Corporation tax: declaration, notification
15.	VAT: declaration, notification
16.	Registration of a new company
17.	Submission of data to statistical offices
18.	Customs declarations
19.	Environment-related permits (incl. reporting)
20.	Public procurement

Moreover, in the Action Plan for Development of IS of B&H (UNDP, 2004), sixteen out of the twenty basic public services defined by the e-Europe 2005 Action Plan are listed as priority activities of strategic importance and the following four basic public

services that target citizens are to be made available online by the year 2008: Citizen Car registration; Change of residence; Birth and Marriage Certification; and Application for building permission. To fulfill this aim and improve the delivery of basic public services ICT introduction is inevitable.

ROLE OF ICT

Introducing ICT in public administration is a policy priority for many countries around the world because it promises to deliver better, more efficient public services and improve the relationship between citizens and their governments. In section 4.6 of the PAR Strategy, ICT is considered a major element and an instrument for public administration reform, for both enhancing efficiency (doing more with less), and improving government service delivery (Office of the PAR Coordinator, 2006). The Poverty Reduction Strategy Paper (PRSP), the Strategy for the Development of Local self-government in B&H and the Policy, Strategy and Action Plan for the Development of IS in B&H also give a very clear indication that the issue of ICT introduction in the functioning of public administration will certainly be addressed.

In September 2003, the European Commission adopted a communication signaling the importance of "e-government as a means of achieving world-class public administration in Europe" (EC, 2005). According to the European Commission, "e-government is the use of information and communication technologies in public administrations – combined with organizational change and new skills – to improve public services and democratic processes and to strengthen support to public policies"

(EC, 2005). However, "critical to the success of e-government transformation is the understanding that e-government is not just about the automation of existing process and inefficiencies. Rather, it is about the creation of new processes and new relationships" (InfoDev and Centre for Democracy and Technology, 2002).

The benefits of e-government can only be achieved if administrations change the way they operate. "New technologies must be implemented hand in hand with organizational changes and new skills if convenient, service-oriented services are to flow" (EC, 2005). Sole use of new technology is not sufficient. Real impact is only achieved if modern technology implementation is accompanied with the reorganization of processes, and continuous upgrading of skills.

Therefore, in order to be efficient, e-government programs need to carefully consider back office support. Back office refers both to the workflow processes used to deliver a service and to behind-the-scenes technology needed to maintain electronic services. "As with so many other aspects of e-government, back office reform is not only, or even primarily, about technology. It also focuses on the reorganization of work processes (http://egov.sonasi.com/toolkit)." ICT is only a tool and simply adding ICT to government services does not itself produce e-government. "The most effective e-government projects use the introduction of ICT as an opportunity to simplify and reform workflows and processes. In this regard, it is best to view e-government efforts not in isolation but as an integral element of overall government reform efforts (http://egov.sonasi.com/toolkit)."

This approach has been recognized in B&H as well and included in government policy. For example, the PAR Strategy for B&H states that the focus of the reforms will

be on "how ICT can be used to improve government structures and processes, and how the culture of B&H public administration can be furthered, to maximize benefit from these changes" (Office of the PAR Coordinator, 2006).

4. ELEMENTS OF BACK OFFICE REORGANIZATION

For the purpose of this study, the term *back office* is defined as an organizational unit, receiving and processing information, which the service end-user provides in order to produce and deliver the desired service. The back office can perform this task manually, fully automated or by a combination of both. The degree of back office process digitization can be evaluated and analyzed depending on the manner in which the back office produces and delivers services:

A. Manually where there is a human interface break in both data input and data output. The interaction between the user and the back office is only partially digitized so that the processes are still mediated by a human agent who reads e-mails or pdf-forms from the user, checks the data, then keys them into the back office application, and where the data response also needs a human interface input.

B. Fully automated where the interaction between the user and the back office is fully digitized and human intervention is only needed in exceptional circumstances, since there is full automatic data input, checking and response.

C. Combination of the two where there is automatic input but human interface break in output response. The interaction between the user and the back office is digitized to a higher degree so that no keying-in by an official is necessary, but checking and response

initiation still need to be undertaken by an employee, so there is no automatic data response but one which requires a human interface break. Additional process digitization can be provided by the integration of secondary services, such as electronic payment or digital signature.

In some cases a service is produced by one back office unit and in other cases several back offices of the same or different organization may be involved, at the same government level or at different levels (Westholm, 2005). Furthermore, for the purpose of harmonizing terminology, the expression *government agency* will be used to define a formal organization with a separate legal standing having one or more formal purposes. The difference between an agency and back office is that the latter does not have a separate legal standing. A back office may be located at the same or a different physical address as other back offices within the agency, and is normally distinguished within the agency from other back offices having one or more formal functions and its own organizational structure and services.

The term *back office reorganization* describes the reengineering of workflows or changes in the structure of one or more agencies involved. It can be done by "automation and reduction of discretion sometimes combined with changed access to workflow on the one hand, and change from a shop window of isolated examples to a second generation characterized by integration, where the quality of service delivered depends on the degree of integration" (Westholm, 2005). The interest in reorganization is based on long experience of applying information technology to government. The greatest benefits do not come from replicating paper based processes directly on a computer but rather from

using the potential of technology to reengineer the process to check whether each step is still necessary or whether some steps might be merged (Westholm, 2005).

Coordination between back offices depends on the kind of agencies involved and their organizational affiliation. It is easier to coordinate two back offices within the same agency than two back offices at two different levels of government, or government agencies and private companies. Therefore, we distinguish between horizontal and vertical relationships. *Horizontal relations* cover interaction between public agencies at the same level of government, whereas *vertical relations* cover interactions between public agencies at two or more levels of government.

5. MODELS OF BACK OFFICE INTEGRATION

In order to understand better the process of service production and delivery, it is necessary to examine the relationship between the back offices. The process of service production and delivery can be viewed from two perspectives, depending on the division of labor and authority between back offices. The two basic dimensions are illustrated in Figure 5.1 (Westholm, 2005). In service production, different stages need to be completed. These stages can be assigned to one or more agencies and back offices and consequently there is a need for coordination between them. We distinguish between one-stage and multi-stage-services. A *stage* is defined as a task performed by the back office that is necessary for producing and delivering a service. In order to increase benefits or convenience to the customer and reduce costs of processing data, two or more services can be integrated. A *service* is defined as the production and delivery of a certificate, a

financial or social benefit for a specific person or organization initiated by request or a rule by a government agency (Westholm, 2005). Services can be delivered separately or they can be integrated into packages. Offering integrated services means that the date input of the user into one service is reused by other services.

Figure 5.1 – Basic dimensions of integration: Services and stages (Westholm, 2005)
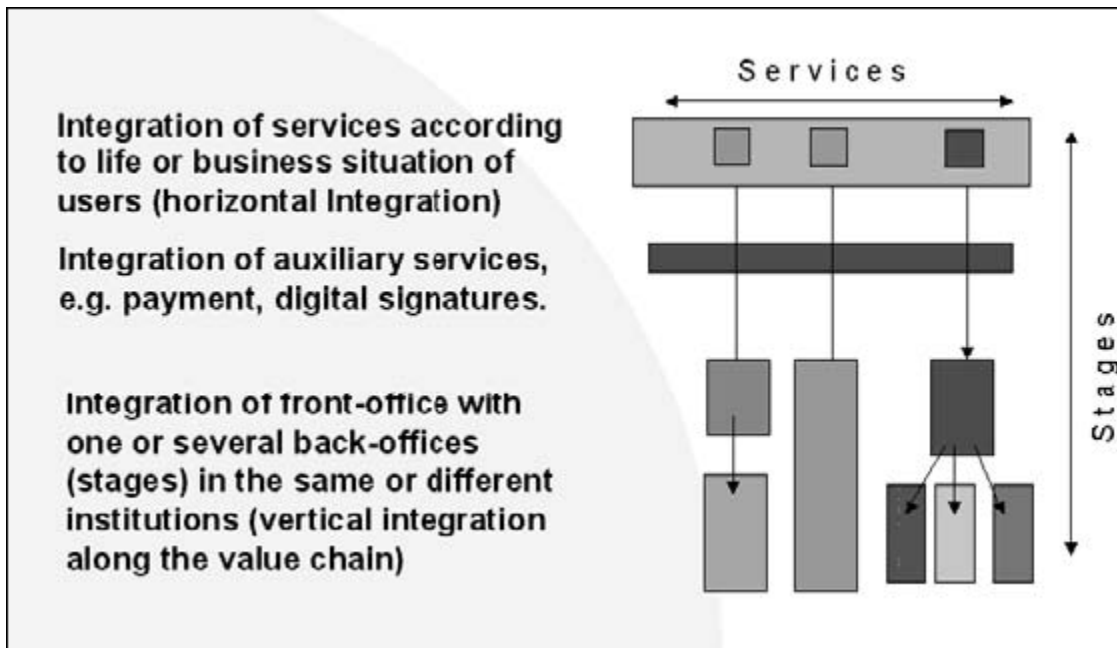
The combination of the two services and two stages result in four models of back office reorganization differentiated according to their degree of digitization (Figure 5.2). These four models of back office integration have widely been used within many studies and are represented in several documents covering this issue including: "Methodology for Analyzing the Relationship between the Reorganization of the Back Office and Better Electronic Public Services" and "Models of Improving e-Governance by Back Office Re-Organization and Integration".

Figure 5.2 – Models of Back Office Reorganization (Westholm, 2005)

Front-office / Back-office	One service	Several services
One stage	Model A	Model B
Several stages	Model C	Model D

Model A: One service, one stage - Most of today's e-Government applications can be assigned to model A, where only one service is involved and interaction is only between the user and the back office.

Model B: Multi-service, one stage - In model B, two or more services are integrated but interaction occurs only between the user and a single back office. Here integration means more than just a list of links between services but rather the embedding of data, i.e. part of the data entered for one service in the package is used for at least one other service as well. The total number of services integrated can also be taken as a measure of the sophistication of process digitization.

The quality and ease of use of services and the efficiency of administration at this level depend upon the process of data integration, in particular whether there is single filing or redundancy-free data entry, and whether open standards for Electronic Data Interchange (EDI) are applied. These standards refer to the syntax, such as XML as well as to the semantics of different messages such as EDIFACT, HBCI or OSCI and to protocols for secondary services.

Model C: One service, multi-stage - In model C, only one service is involved but there are two or more types of electronic interaction, including those between the user and the back office and between back offices. A variety of back office interactions are possible depending on which agency is involved and whether the interacting back offices are within the same or in different agencies, and on the types and levels of agencies involved. Model C is characterized by increasing degrees or intensity of backend integration with regard to the whole supply chain. In many governmental services, not only one agency is involved, but rather the primary agency needs to forward data to another agency in order to fulfill certain preconditions for the provision of its services. There is no real benefit in the customer submitting an application online to the local government if the second step in the supply chain is still paper based.

Model D: Multi-service, multi-stage - In model D, two or more services are integrated, and there are two or more means of electronic interaction, including those between the user and the back office and between back offices. Integration of data is as in model B and back office interactions are as in model C. This model comes closest to the normal user's interest which does not fragment into separate boxes of services relevant to their life situation.

The four models only partially represent growing levels of integration and complexity since model C is not by rule more advanced than model B: If a case of model B integrates several services, for instance in a life event, in which one is provided by one back office on the municipal level, another one by a private company and a third by an agency on the state level, this is much more complex and normally needs a higher level of integration than one single service delivered by two different stages of government which would be

model C. On the other hand, two services, both delivered by the same agency, – which would be model B – would not be as complex as one single service provided by cooperation of several back offices on different levels of government. Model D covering several services and several stages is the specific challenge of back office integration. The extent and effectiveness of digitally reengineering work processes, and of the back office integration involved, can be demonstrated in:

- The completeness of the service and degree of satisfaction with the service, as experienced by the user;

- The integration of auxiliary services such as payments or identity management by digital signature;

- The degree of integration and technical interoperability within and between government agencies and others;

- The degree of back office integration;

- The application of open standards in the whole service supply chain.

5.1. LEVEL OF INTEGRATION IN B&H

Since the introduction of e-government is directed at making the government more client-oriented by offering a fast, cheap and high quality service using electronic resources and since this is the segment which the EU is prioritizing in the public administrations of its member states, B&H has also chosen to follow this path. Evidence of this can be found in numerous documents and papers adopted and prepared by state institutions and other stakeholders: The PAR Strategy and Action Plan together with

PRSP, the Strategy for the Development of Local self-government in B&H and the Policy, Strategy and Action Plan for the Development of IS in B&H. Additionally, accompanying laws and regulations such as the Law on electronic signatures, Law on Central Registers and Exchange of Data, Law on Protection of Personal Data, etc testify to B&H resignation to abide by these standards.

> *"Following global trends, B&H public administration started introducing ICT into government businesses: either at their own expense, or with the financial support of international donors. There are already a few cutting-edge information systems implemented in B&H, such as the CIPS information systems, treasury information system, and tax administration information system. However, most implemented ICT projects have addressed "burning" issues, and therefore are isolated; these projects are viewed as the solution to a single problem, and not as a tool of overall government reform"* (Office of PAR Coordinator, 2006).

There is a gap between the policies and strategies adopted on paper and the activities taking place on the ground. The strategies, action plans and policies that have been proposed and adopted are not being properly implemented - "Most policy documents produced so far have remained unimplemented" (Office of PAR Coordinator, 2006). For example the strategy for IS in B&H was made for the period covering 2004-2010 with the key term being up to year 2007, but most of the aims have not yet been achieved. The Action Plan for IS contains many projects the implementation of which has not even started although the deadline for their completion has passed.

This situation is a result of several factors. The legal framework which would enable the realization of the adopted policies is not harmonized. There is an inadequate legal

framework and regulatory environment for implementation of the strategies as well as for the utilization of information technologies (IT); "The existing IT legislation remains haphazard and piecemeal, leaving B&H a long way from *acquis* requirements, and the needs of a modern information society" (Office of PAR Coordinator, 2006). The laws and accompanying documents are not adopted on time. Even after their adoption a lot of time passes before the conditions for the implementation of the laws are met. In addition, the creation of follow up documents and legal acts defined by the law also takes too long.

Additional confusion is created by the many levels of government and agencies involved. Networking and cooperation between public institutions and agencies is very limited and mostly occurs via post office. "There is no secure and reliable country-wide public administration infrastructure; which is the groundwork for development and implementation of IT systems, applications and electronic services in all areas of the administration" (Office of PAR Coordinator, 2006). Lastly, there is a delay in the establishment of formal bodies in charge of implementation of the adopted strategies and action plans. For example, the Agency for Information Society (AIS), in charge of e-government coordination and implementation, has not yet been established and is one of the major obstacles to the realization and implementation of the B&H IS Strategy.

In Europe the measuring parameters of success in the use of ICT in administration are concentrated on the percentage of basic public services available online and on the level of public usage of online services. In the Action Plan for the Development of IS in B&H the percentage of basic public services available online is defined as a benchmark and most important indicator of the implementation progress of e-governance (UNDP, 2004). However, if one looks at the state of implementation of these basic public services it is

evident that B&H is "falling very far behind especially considering the capacities of offering online services" (Office of PAR Coordinator, 2005). Why? What are the obstacles preventing online delivery of basic public services? Existing research and available reports have focused on many different aspects of the problem.

The Systematic Review of Public Administration, which was the basis for the development of PAR strategy, has included a review of human resources management in public administration, public finances, legal aspects, institutional communication and the application of ICT in the public sector. While it mentions the need to conduct a comparative analysis on issues such as time and money needed to issue a document on paper and where the paper has been replaced by electronic document it does not indicate that any such comparison has been conducted.

In the e-Readiness Assessment Report conducted by UNDP in B&H the survey of government departments and municipalities has been focused on the existing hardware, networks, software and applications, internet connectivity and communication, e-mail and web pages, costs, expenditure and investments, service provision and obstacles to ICT usage and offering services via Internet. While it contains many useful aspects and points it has failed to consider the organizational structures and back office procedures that might influence internet offering of services.

In order to fully understand the current situation in B&H it is necessary first to understand the way things are functioning in practice. The following segment gives a detailed insight and description of the method of the delivery of basic public services supported by examples of the four services included in the research.

In general, the current method of basic public services delivery in B&H can be summarized as presented in Figure 5.3.

Figure 5.3 – Typical process of delivering public services in B&H
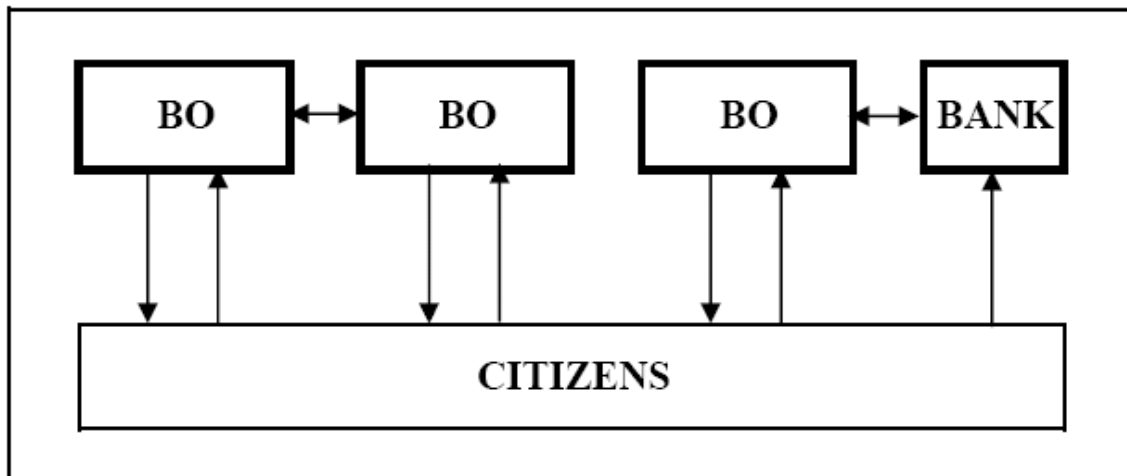
To receive a service the citizen has to visit several government agencies and collect documents personally. In some cases a visit to the bank or post office to pay for the service or buy a tax stamp is also required. In Sarajevo Central Municipality, birth and marriage certificates are issued on request. The standard procedure is for the citizen to come to the Municipality Service Center and request the certificate stating the full name and date of birth or date of marriage depending on the certificate he/she wants to obtain. The government official checks the date on the computer, prints it out, signs and stamps it, and delivers it to the citizen. This procedure takes no more than 7 seconds. Sarajevo Central Municipality has enabled issuing of these certificates in fifteen Local Communities of the Municipality. These documents can also be requested by e-mail or post and the original certificate will be delivered by post. This can be classified as Model A as there is only one service and only one stage is performed by the back office.

However, the issuance of a birth certificate for a new born baby is a little more complicated. It is still one service but has several stages. Currently these stages are not performed by the back office; they are performed by the citizen. The same is true for application for building permission in Bihać Municipality and car registration in one of the organizational units of the Ministry of Internal Affairs of Republica Srpska (MIA of RS). To get a clearer picture, a list of documents required for each of the services is presented in Table 5.1. All of these services can be classified as Model C.

Regarding the degree of back office integration, data exchange between the different back offices, such as municipalities and other government agencies is limited, and if it exists it is executed via post office. For example, if a wedding is performed in Sarajevo Central Municipality the newly weds will receive a marriage certificate on the spot. Where there has been a change in last name(s) of the newlyweds, the Municipality will inform, via post, the municipality where the citizens' birth certificate is registered that this change has taken place. This example also demonstrates that there is at least some re-use of data by the system. The citizen does not have to inform the public administration of the change in last name.

The CIPS system has shown some promising examples in providing citizens with a simpler procedure for registering a change of residence. There are several CIPS locations all over the country, usually located in post offices in different municipalities. The headquarters is in Sarajevo and the issuing and production center is in Banja Luka. In order to register your new address it is necessary for the citizen to visit the CIPS center at the Municipality where he/she is moving to.

Table 5.1 - Documents required for delivering basic public services

| Service	Required documents	Issuing agency
Registering a new car - RS	Request for registry of a new car	MIA of RS
	Proof of ownership - purchase contract	Citizen
	Customs declaration (if imported)	Customs agency
	Proof of technical capabilities	Company for testing cars
	Insurance policy	Insurance company
	Proof of payment of obligatory services	Bank
	Fee for license and registration plates	Bank
	Tax fee stamps	Post office
Extending the registration of a car - RS	Request for extending car registration	MIA of RS
	Car permit	Citizen
	Proof of technical capabilities of car	Company for testing cars
	Insurance policy	Insurance company
	Proof of payment of obligatory services	Bank
	Tax fee stamps	Post office
Application for building permission - Bihac Municipality	Request for building permission	Municipality
	Project plan of the building - technical documentation	Registered project biro
	Building permit	Municipality
	Proof of payment of obligatory services	Bank
	Agreement on conditions and method of payment of fee for land development	Bihac infrastructur fund
	Land book excerpt	Bihać Municipal court
	Certificate of land parcelation	Municipality
	Certificate for meeting sanitary requirements	Municipality
	Certificate permitting transformation of agricultural land into building land	Cantonal ministry for agriculture, water and forestry
	Administrative tax fee	Post office
Issuing birth certificate for the first time - Sarajevo Central Municipality	Request for issuing birth certificate	Municipality
	Application for name of newborn child	Municipality
	Hospital release	Hospital
	Marriage certificate of parents	Municipality of wedding
	ID of both parents	CIPS

The CIPS system demonstrates that integration of workflows is possible. Even though the staff at the CIPS location are not CIPS staff, the system is a good example of centralized back office and decentralized front office system. Moreover, currently CIPS is also working on developing a centralized register of cars which should improve integration and enable data recycling by the system. However, the case studies show that auxiliary services such as payment of fees are not integrated within the system.

The case studies also show that the four services offered to customers are advanced, given the circumstances. The service providers – the agencies, have gone a long way from issuing hand written certificates through providing printed certificates and creating electronic databases to creating user-friendly web sites with useful information to citizens. Bihać Municipality is the first municipality in B&H to start implementing the GIS project which should result in providing the city/regional ground plans online. Sarajevo Central Municipality and MIA of RS have created web sites containing information about required support documents necessary for the delivery of some certificates and services they provide. The CIPS web site has a link for tracking and checking status of document flow which should start functioning soon. According to the CIPS director and staff in the municipalities, all their services could be offered online. There are no technical barriers, only legal.

These case studies are typical example of how introduction of ICT to existing workflows does not have an effect on the overall improvement of delivery of services. Even if all of the mentioned services could be requested online, the burden of collecting data already in government databases will be still on the citizen. What is really needed, and can be achieved using ICT is the redesign and reengineering of processes and

workflows. Instead of citizens being obliged to collect different certificates from public

bodies in order to apply for a service, the public bodies themselves should be obliged to

collect the data for the citizen – to use the data which are already kept in different official

registers. The burden on the citizen should be limited to documents and information that

is not available in government databases and registers. This is the key to back office

reorganization and integration and the way towards improving the delivery of basic

public services. In this way the process of delivery of public services would shift from the

one presented in Figure 5.3 to resemble more the one presented in Figure 5.4. The citizen

approaches one agency or front office and the rest of the procedure and collection of data

takes place electronically among and between the different back offices and database

registers.

Figure 5.3 – Improved process of delivering public services
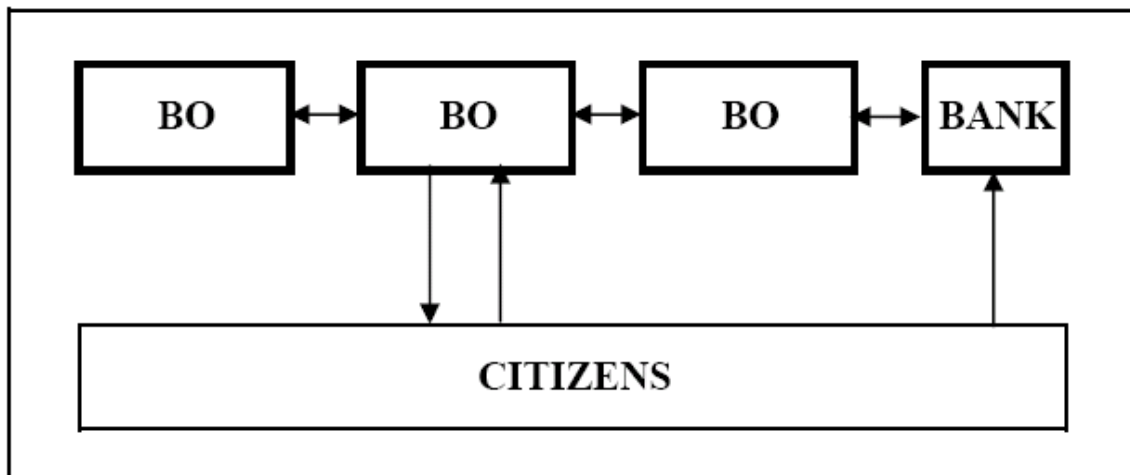
It is important to point out that this is not a simple transformation, but one that is

challenging to everyone involved. Much needs to be done if the quality of the service is

to be raised to European level. Various actors in B&H have recognized this and are

attempting to provide feasible solutions and recommendations for improving the

production and delivery of basic public services. Nevertheless, before we move on to analyzing these solutions, let us first examine the EU experience and recommended options.

6. CHANGES IN THE BACK OFFICE

EU Best Practice has shown that there is a connection between back office reorganization and the quality of the service delivery. The development of online public services is based on the reorganization of the back-office (Office of PAR Coordinator, 2005). In order to increase efficiency and deliver higher quality services to citizens, changes need to be made to the back office. *What changes can be made to reduce costs and increase quality and speed of services? How should the back offices of public administration institutions in B&H be reorganized in order to deliver quality driven and citizen friendly public services to citizens in accordance with EU Best Practices?* These questions need to be addressed urgently otherwise the wrong legal framework might be adopted, unnecessary staff training could take place and inadequate technical standards might be selected.

EU EXPERIENCE AND POLICY OPTIONS

This part presents the major strategy options currently being pursued within the most advanced European e-government initiatives. Several different studies and surveys present different models and options to be considered.

DTI and IIMB Strategy Options

The Danish Technological Institute (DTI) and Institute for Information Management from Bremen prepared a report sponsored by the European Commission in order to consider how the administration, its different departments and back offices should adjust and reorganize in order to face the challenges and make use of the opportunities offered by ICT (Millard, J., Kubicek, H., 2004). The report presents 29 in-depth case studies on 16 clusters of service. In their report they have presented eight major strategy options for using ICT to improve services and/or reorganize back offices:

Option 1: Digitization of largely unchanged back offices

Option 2: Deep reorganization of back offices

Option 3: Centralization of back office and decentralization of front office functions

Option 4: Back office clearing house

Option 5: Generic types of interaction between user and agency

Option 6: Portals

Option 7: Pro-active services

Option 8: Greater user responsibility and control – user 'self-service'

IIMB Options

The Institute for Information Management Bremen published an independent report. In a comparative study of back offices in public administrations in 17 European

States, three innovative strategies or 'models' were explored which lead to improved integration of back offices jointly involved in the production of a specific service. Their approach took into consideration that different countries need different solutions and that governance structures cannot be copied. They encourage political actors to look for the strategy that best fits their specific socio-political environment.

According to this report the first strategic decision is whether existing coordination and integration between offices and agencies involved in producing a service can be improved without structural changes. In some cases structural reorganization is not necessary. If, however, structural changes are necessary the following three basic strategies or models have been identified for improving coordination and integration between different back offices (Westholm, 2005):

Model 1: Centralization of back offices and pooling of data sources

Model 2: Introduction of a back office clearinghouse

Model 3: Deep reorganization of back offices with deep change in applied technology and workflows.

EUREXEMP Options

Under the authority of the Dutch Ministry of the Interior and Kingdom Relations a research has been carried out into the effective use of ICT in the public sector in Europe. The objective of the study was to investigate if it is worth investing in e-government initiatives, and to identify the back office required changes. The study was made by collecting information on a number of "European exemplary public services −

EUREXEMP" with significant changes in the back office of the public organizations involved.

According to this study, major structural organizational changes in the back office are not necessary. What is necessary is to redesign workflows and ways of interaction between agencies and change the distribution of information and control between organizations. The study claims that short term returns and quick wins can be achieved by digitizing workflows, by putting information and services such as forms and databases online and by small organizational changes. Fundamental reorganization is not needed; quick wins can be gained relatively easily by investing in, for instance (Cap Gemini and TNO, 2004):

- Inter-organisational co-operation (the recycling of data and processes);

- The use of pro-active services (for instance by pre-filling forms);

- The application of private sector solutions (e.g. transaction platforms or authentication methods);

- Digitizing processes (for instance for risk analysis and information management);

- Multi-channeling (increasing the number of channels, including more advanced technologies that have a widespread use among customers, such as SMS).

It can be concluded from the EU studies that there are no universal solutions and models. Each country should develop its own model according to its own specific socio-political environment. Furthermore, when considering options, it is necessary to regard several aspects. First of all the legal framework needs to be analyzed in order to determine if there is a legal basis for the recommendation or if a new legal basis needs to be set; It is also necessary to analyze the amount of funding and investments, the time it

will take, the preparatory activities and trainings of staff, the capacity of the agencies that will be needed to implement the changes, as well as the resistance to change and the benefits that will arise both to the customers/users and the government.

6.2. POLICY OPTIONS AND PROPOSAL FOR B&H

Several interesting conclusions can be drawn from the research results and case studies. First of all it is clear that during the past decade the B&H cases have digitized existing workflows of back offices. This was the first step. While it has improved customer satisfaction and in some cases speed of service delivery, it has not addressed any of the points that show the extent and effectiveness of digitally reengineering work processes, and of the back office integration involved.

Comparing B&H and EU cases and considering the recommendation based on EU Best Practice, a proposal as presented in Figure 6.1 was developed. In order to improve the quality of the services and to produce and deliver them in accordance with EU Best Practice, it would be most appropriate for B&H to centralize the back office and decentralize the front office functions and create clearing houses where appropriate and necessary. Given the current situation of public service delivery and the many different ways and agencies involved, it would be very difficult to select any one strategic option identified and recommended by the EU reports. The reports themselves emphasize that the strategies are usually combined depending on the country and context. Therefore, the model presented in this study is a combination of solutions and proposals from several proposed strategic options. It has been developed taking into consideration the situation

on the ground as well as the proposed strategic documents developed and adopted at both central and local government levels.

Figure 6.1 – Proposed model for delivering public services in B&H
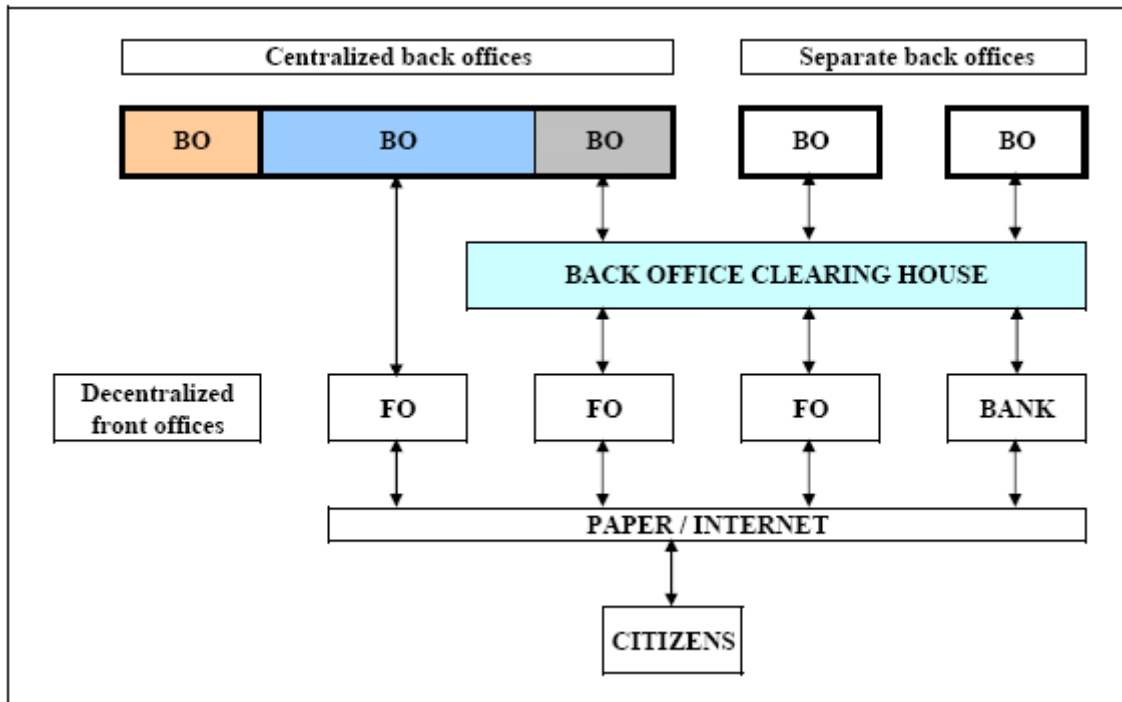
The centralization of the back office and decentralization of the front office functions model represents a rationalization of back offices and their functions (e.g. data-storing and management) in order to increase efficiency and make savings, whilst recognizing that users require local contact or adaptation. It reduces errors and time delays, exploits economies of scale, saves costs and provides improved services. According to the e-Readiness Report neither the citizens nor public administrations are fully prepared to utilize e-services. Therefore, decentralized offices in municipalities will be essential in B&H for a long time. However, online options should gradually be introduced and made

available. Even in some of the EU case studies, electronic options are not fully utilized. In Bremen for example, citizens rarely use e-signature even though it is available.

The clearing house is a useful strategy where existing back office arrangements are relatively complex, often not integrated and difficult to change, since a separate data exchange mechanism is established for use both between agencies and with users thus ensuring high quality online services. For some services in B&H it is possible to create central registers and databases but for others it is not. Moreover, some government agencies have already invested a lot of funds in developing their individual registers and databases that might not be compatible with others but will need to exchange information and communicate. Therefore, instead of investing more funds into already developed registers it is more cost effective to create a clearing house to deal with such issues. The clearing house will enable data exchange and data interoperability where this does not exist, allowing individual agencies to continue using their own technology, data and processing systems.

Complementary and auxiliary services, such as digital signatures and online payment, also need to be considered and perhaps outsourced to private companies and banks. This would enable utilization of existing systems that, for example banks have developed as part of e-Banking systems, and would save costs of creating a new system. But as was the case with basic services and for the same reasons, the paper based and face-to-face options should still remain in use.

The proposed model would provide a gradual but comprehensive move towards providing improved services in accordance with EU best practice. It is an option that is compatible with policy options, strategies and action plans developed at both central and

local government levels. The added value of the model is that it presents the final outcome that the reforms and implementation of the action plans aim at. All the strategies and action plans were created with the same goal – to improve quality of the services, make them citizen-friendly and in accordance with EU Best Practice. However, sometimes different stakeholders have different interpretations of what it means to provide quality-driven and citizen-friendly services. This can be seen in practice where different stakeholders, with the support of donors or their own initiative and investment, had the same aim – EU standard but ended up with developing completely opposite solutions. What is missing is a unique and much clearer picture of the final outcome of the reforms. The ultimate goal should be clearly visible, understandable and acceptable to most of the actors involved in the process. This will enable an improved attitude towards the reforms, easier understanding of the direction of the reforms, common acceptance, ownership, trust and easier promotion of the process that would ultimately decrease resistance towards change. Simply stating that the services will be in accordance with EU standards does not mean much to the average citizen or public servant. More often than not, due to the excessive utilization of this term and aim by politicians that have different understanding of the ultimate goal in other sectors, has caused this to became a negative or unclear term. It is too general and the public is fed up with this foggy talk and empty promises. Therefore, I strongly believe that presenting a clear and understandable model which would be accepted and understood both by the citizens and government agencies is a strong tool for promoting and pushing forward reforms in this sector.

7. CONCLUSION AND RECOMMENDATIONS

Back office reorganization represents a new wave of change that simply must be mastered. It requires coordination among multiple independent agencies. It requires preparation and commitment from people at many levels, not just those in charge at the top. Leaders need to assess the interests and motivate all participants in the process – local and regional, public and private, opponents as well as supporters of change. Preparations must include strategic assessment as problems are analyzed and projects given direction. Commitment must include sustained tenacity through implementations that become life-changing events for many of the employees involved. Once the commitment has been made, implementation has the best chance if it is speedy and forceful.

Therefore the government leaders in B&H must take control and coordination of the process. They must clarify and identify roles and responsibilities of all actors involved. They must include all major stakeholders in the process including government practitioners of all levels, technology vendors and researchers. Finally they must provide support until the process is fully completed.

All of this can be achieved using the "*4 P&P Strategy*" developed as a means to facilitate the process of implementing reforms of public service delivery.

- **Pool and Place:** Gather all stakeholders to discuss ideas and proposals, similarities and differences in approach and other issues. This can be achieved through working groups, panels, forums etc. At this stage it is important to clearly define and assign responsibilities and ensure competent leadership of the process.

- **Prioritize and Plan:** After all the ideas have been discussed and presented the stakeholders need to prioritize and develop a framework and an overall implementation plan, which includes all aspects and segments of the issue that have already been considered. It is very important to take into account what has been achieved and implemented so far.

- **Persuade and Promote:** The next step is to persuade the decision makers to adopt the necessary laws and enable basic requirement for implementation of the developed plan. At this stage also it is necessary to promote the plan and proposal to the wider public to gain support and early accommodation and acceptance to change and to the new system.

- **Provide and Perform**: Fully and completely implement the plan and provide and deliver basic public services accordingly. Ensure control mechanisms are in place and functioning efficiently.

Back office reorganization will not be easy, but things this valuable rarely are. Hopefully the recommendations presented here will help stakeholders successfully manage the next wave of ICT enabled change.

8. BIBLIOGRAPHY

1. Cap Gemini and TNO. (2004). *Does e-government pay off?* Study on the effective use of ICT in the public sector in Europe, in search for European Exemplary public services – EUREXEMPs, Final report.

2. Cap Gemini. (2005). *Online Availability of Public Services: How is Europe Progressing?* European Commission Directorate General for Information Society and Media.

3. Council of the EU. (2003). *Council resolution on the implementation of the eEurope 2005 Action Plan, no.* 5197/03. Brussels.

4. EDA, OSF B&H and DEZA. (2005). *Strategic Plan for the Development of Local* self*governmetn in B&H*. Sarajevo, Bosnia and Herzegovina. EDA, OSF B&H and DEZA.

5. European Commission. (2000). *eEurope -- an information society for all*. Lisbon. http://europa.eu.int/comm/information_society/eeuropa/pdf/com081299_en.pdf.

6. European Commission. (2005). Communication from the European Commission. http://europa.eu.int/information_society/eeurope/2005/all_about/egovernment/communication/index_en.htm

7. InfoDev and Centre for Democracy and Technology. (2002). *The E-governmet Handbook forDeveloping Countries.*

8. Maurer, D. (2003). *E-Readiness Assessment Report – Preliminary Study*, Sarajevo, Bosnia and Herzegovina. UNDP.

9. Millard, J., Kubicek, H. (2004). *Reorganization of Government Back-offices for Better Electronic Public Services*, Final report to the European Commission, Volume 1 – Main Report. Danish Technological Institute & Institut für Informationsmanagement Bremenm.

10. OECD e-Government Studies. (2003). *The e-Government Imperative.* Retrieved from: http://webdomino1.oecd.org/COMNET/PUM/egovproweb.nsf

11. Office of the PAR Coordinator (2006). *Strategy for the Reform of Public Administration* Sarajevo, Bosnia and Herzegovina.

12. Office of the PAR Coordinator. (2005). *Systematic Review of Public Administration in B&H – Final Report*, Book 5. Sarajevo, Bosnia and Herzegovina.

13. PRSP. (2005). *Poverty Reduction Strategy Paper*, Section III.7. Public Administration Reform. Sarajevo, Bosnia and Herzegovina.

14. UNDP. (2004). *Action Plan for Development of Information Society of B&H*. Sarajevo, Bosnia and Herzegovina: Council of Ministers of Bosnia and Herzegovina.

15. UNDP. (2004). *Policy for Development of Information Society of B&H*. Sarajevo, Bosnia and Herzegovina: Council of Ministers of Bosnia and Herzegovina.

16. UNDP. (2004). *Strategy for Development of Information Society of B&H*. Sarajevo, Bosnia and Herzegovina: Council of Ministers of Bosnia and Herzegovina.

17. Westholm, H. (2005). *Models of Improving e-Governance by Back Office Re-Organisation and Integration.* Cambridge, UK: Cambridge University Press.