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Functional Review of the Education Sector in Bosnia and Herzegovina

EuropeAid/116303/C/SV/BA

Final Report



The project is financed by
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March 2005



International Consulting
Your Partner for Sustainable Results

The project is implemented by the
IBF International Consulting
in association with British Council

Functional Review of Public Administration of Education Sector in Bosnia and Herzegovina

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Project: Reform of General Education in Bosnia and Herzegovina

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Functional Review of Public Administration in the Education Sector
Bosnia and Herzegovina

List of Acronyms

| | |
|---------|--|
| BiH | Bosnia and Herzegovina |
| CA | Curriculum Agency |
| CARDS | Community Assistance for Reconstruction, Development and Stabilisation |
| CBBH | Central Bank of Bosnia and Herzegovina |
| CIRQA | Centre for Information, Recognition and Quality Assessment |
| CoE | Council of Europe |
| CSA | Civil Service Agency |
| BD | Brcko District |
| CoM | Council of Ministers |
| DEI | Directorate for European Integration |
| EC | European Commission |
| EMIS | Education Management Information System |
| EU | European Union |
| EUA | European University Association |
| EU-Educ | EU Reform of General Education BiH |
| FBIH | Federation of Bosnia and Herzegovina |
| FMoES | Federal Ministry of Education and Science |
| FR | Functional Review |
| GDP | Gross Domestic Product |
| GFAP | General Framework Agreement for Peace |
| HECB | Higher Education Coordination Board |
| HR | Human Resources |
| HRM | Human Resources Management |
| IA | Internal Audit |
| IC | International Community |
| IMF | International Monetary Fund |
| ISA | Institute of School Affairs |
| IT | Information Technology |
| LSMS | Living Standard Measurement Study |
| MoCA | Ministry of Civil Affairs |
| MoE | Ministry of Education |
| MoF | Ministry of Finance |
| MoU | Memorandum of Understanding |
| MTEF | Medium Term Expenditure Framework |
| OECD | Organisation for Economic Cooperation and Development |
| OG | Official Gazette |
| OHR | Office of the High Representative |
| OSCE | Organisation for Security and Cooperation in Europe |
| PA | Public Administration |
| PAR | Public Administration Reform |
| PI | Pedagogical Institute |
| PRSP | Poverty Reduction Strategy Paper |
| R&D | Research and Development |
| RS | Republika Srpska |
| SAA | Standards and Assessment Agency |
| SAP | Stabilization and Association Process |
| SoE | Sector for Education |
| ToR | Terms of Reference |
| TPE | Total Public Education |
| VET | Vocational Education and Training |
| WB | World Bank |

EXECUTIVE SUMMARY

This Report covers one component in the two year project "Reform of General Education in Bosnia and Herzegovina" (EC/BIH/03/020), financed by the European Commission and executed by IBF International Consulting and the British Council.

The objective of the component is: The Reform of Public Administration related to the education sector, in particular its rationalisation and the re-organisation of functional competences, is based on a thorough and comprehensive analysis and is in accordance with EU best practice. It respects government expenditure constraints and is appropriately prioritised.

The Functional Review on education is part of a package of Functional Reviews of the public sector in BiH supported by the EU Commission and must be seen in this context. A total of 8 sector Reviews and one System Review have been implemented. The implementation of the Reviews are regulated by the Memorandum of Understanding signed on July 7th 2004 by the Prime Ministers of BiH, the FBiH and the RS on one side and the EC Delegation to BiH on the other.

This Review was conducted in the period June 2004 - February 2005 by a team of international and local experts in public administration in close cooperation with staff employed in Ministries of Education and pedagogical institutes.

An education system can be divided into two main components:

- 1) A component providing education such as compulsory primary education, secondary general and secondary vocational education; tertiary education in the form of post-secondary non-university education and Higher Education. This component involves schools and universities as well as pupils, students, teachers and school managers. It also includes supporting activities such as teacher training, research and development.
- 2) A component regulating, monitoring and administering the education provision at all levels by means of policy development, planning, financing, standards for schools and teachers, and standards and assessment for teaching and learning. This component includes ministries of education and institutions under the ministries dealing with curriculum development, standards and quality assessment.

In general the first component is called 'education providers' and the second 'education administration'. The Functional Review and this Report deals only with education administration and do not provide recommendations with respect to delivery of education, although this has been touched upon particularly concerning the rationalisation of the network of schools and universities as well as the teacher-student ratio. However a discussion of these issues lies outside the brief of this Review.

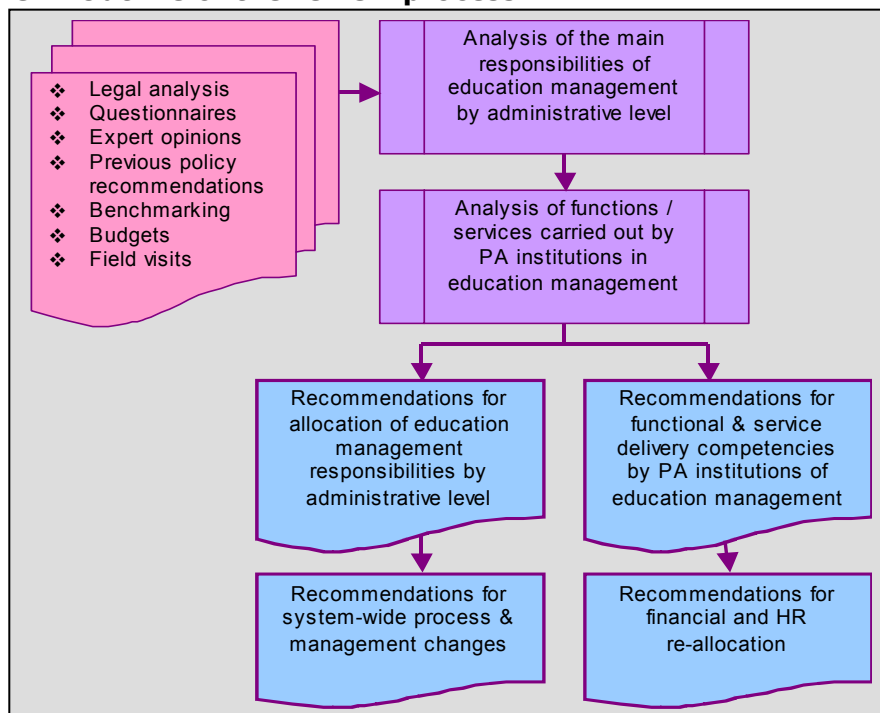
The Project Team didn't review the work of B&H Universities. This activity was conducted by experts of EUA (European Universities Association) during the calendar year 2004 within the project "Modernisation of Universities Governance and Management in Bosnia and Herzegovina" financed by the European Commission and implemented by Council of Europe.

The method of the Functional Review of the education sector is shown in scheme 1.

In total 23 educational institutions have been reviewed including ministries, pedagogical institutes and the Standards and Assessment Agency. They have all been asked to provide the relevant data concerning staffing, budgets, expenditure, functions, legislation and competencies.

Availability and easy access to reliable data has been one of the most difficult problems of work on this Report (see Box 1 in Statistical Annex for demonstration). Therefore, the Review Team used not only official sources of information such as legislation (see Legislative Annex), but also heavily relied on questionnaires, interviews, expert opinions, as well as analyses of reports produced by other projects.

Scheme 1. Outline of the review process



The Review provides a detailed analysis of the public administration functions performed at State, Entity, Canton and District level, including all ministries of education, the pedagogical institutes and the Standards and Assessment Agency. In total 23 institutions were analysed. The findings are presented in this Report together with the annexes on the CD.

The findings and the recommendations provided in this Report are summarized below. It is important to stress that the Report avoids comparison to specific countries or to the EU member countries as such. This is in line with the official policy of the European Union where education systems are regarded as unique to the specific country with its own history and culture as an integral part of the education system.

The overall public administration of the education sector in BiH is characterized by duplication of functions. In addition some key functions necessary for modernisation of the system are missing and some of the existing functions should be rationalized. There is no overall responsibility at the state level for providing an equitable and accessible system all over the country. Without a system for quality assurance and a system of standardisation it is difficult to provide free movement of students from Bosnia and Herzegovina through to the European education system.

The **main findings** across all levels of the analysis are:

- None of the functions required for planning, monitoring and running a sustainable and coherent education system with standardised quality control (evaluation and examination), equal access and equity exist.

- No functions for coordinating, initiating and monitoring the implementation of BiH education sector objectives or for support to the Entities in implementation of more specific education sector strategies and changes exist.
- Functions related to EU integration are not present to an extent that will guaranty a timely and smooth integration. Further, no functions have been identified which can provide a partner-link for EU institutions as well as to commit the entire BiH education sector with respect to EU integration. Further, none of the functions required for EU membership can be identified (e.g. policy coordination, free movement of goods, free movement of persons).
- No function exists that can provide macroeconomic sustainability (establishing, coordinating and monitoring an overall economy framework for the education sector in BiH neither in the short nor in the medium term perspective).
- Functions for coordination between the state level and the Entities are not anchored to any permanent structures and are performed at a magnitude by which they do almost not exist.

Based on the analysis and the numerous findings the following **key recommendations** can be summarised as follows:

1. Establish or strengthen functions at the state level

The State level functions are required to ensure a sustainable, coherent education system with universal coverage, equal access, equity and readiness for EU integration.

The recommendations includes transfer to the State level of functions such as policy and financial planning, monitoring and coordination of the education system, State level legislation, standards, accreditation and planning of the network for Higher Education, standards for primary and secondary education, standards for inspection and commitments towards EU integration.

The recommendations for the State level are:

- Strengthen the Department for Education within the Ministry of Civil Affairs
- Transfer the BiH Standards and Assessment Agency from inter-entity to State level
- Establish a BiH Curriculum Agency
- Establish a BiH Centre for Information, Recognition and Quality Assessment

2. Separate policy and service delivery functions.

Functions related to school inspection are in both entities performed by the ministries via the Pedagogical Institutes and/or by the Ministry itself. Good administration practice stipulates that policy functions and service delivery functions should be separated for the benefit of both. School inspection is a service delivery function and ministries are predominantly concerned with policy formation. Therefore, the school inspection function should be moved to an independent body outside the ministries.

The recommendation is to establish separate independent Inspectorates

3. Transfer/establish the functions of support to school development and support to curriculum delivery to Pedagogical Institutes

Functions related to support of school development, teachers and delivery of curriculum are performed in a fragmented way by the ministries and the pedagogical institutes with no clear standards and no clear division of responsibilities and with very few activities.

The recommendation is to establish Pedagogical Institutes as public independent bodies across the country with the primary function of supporting and advising the schools on how to deliver the curriculum, including in-service teacher training.

4. Strengthen functions related to both vertical and horizontal coordination

Although inter-entity and inter-ministerial coordination has improved over recent years the coordination function is mostly performed on an informal and irregular basis.

In order to improve good governance at State, Entity, Canton and District levels, to support socio-economic development of the country and to establish dialogue between different social partners, the recommendations are to:

- Establish a Primary Education Council
- Establish a Secondary Education Council
- Establish a VET Council
- Establish a Rectors' Conference

The recommendations for the State level have an impact on entity, canton and district level of administration. The Review recommends the following changes:

5. The Federal Ministry of Education should be reorganised and its coordinating and advisory role should be strengthened

The Federal Ministry of Education perform a number of functions overlapping with other institutions in the system with no clear mandate. It is recommended to strengthen the coordination and advisory role of the ministry in order to provide adequate support to Cantons. Other functions that the Ministry is performing should be transferred to other levels and different institutions.

6. The function of medium and long term strategic and financial planning in the Ministry of Education in RS should be strengthened

Key findings suggest that the overall planning function of the education system in RS is insufficient. There is no dedicated unit for policy making, strategic planning, financial planning and capacity planning. The recommendations for the RS Ministry are to strengthen the functions for policy and financial planning and the planning of the school network.

7. Functions related to collection of data, analysis and dissemination of education data and research should be introduced in the Ministry of Education in RS

Functions related to research, collection, analysis and dissemination of education data and elaboration of forecast of labour market demands are being neglected. The

recommendations for the RS Ministry are to introduce the functions related to research and the education information system.

8. The 10 Cantons and District Brcko should introduce/strengthen functions needed for proper functioning of a Ministry

With common Framework Laws and common education strategies developed at the State level each of the Cantonal MoEs and the Department for Education in District Brcko should consider to reorganise in order to cover the necessary functions in a ministry such as policy and financial planning and coordination, curriculum design and the planning of the school network in cooperation with other cantons and regions.

The Review Team has identified variations between Cantons in staffing and in capacity for proper functioning. Some ministries are very small and can not perform their duties as foreseen in the Framework Law and according to good public administration practices.

The Cantonal Ministries should find an adequate model for their functioning either by engaging more staff or by getting support from other institutions (Federal Ministry for Education, SAA, PIs) on demand.

Next steps

The above mentioned recommendations are developed with due consideration to the limited resources for the education sector in BiH. The impact of the recommendations will require re-allocation of staff within the sector for public administration of education rather than an increased number of staff. The Review Team didn't identify overstaffing within public administration in Bosnia and Herzegovina and possible savings in education can not be expected in reduction of number of public employees. The saving can be done on the delivery side (student/teacher ratio, re-mapping of schools).

However, in order to implement the changes external assistance would be desirable and the project has identified a number of areas where donor support would be recommendable.

The next phase in regard to the public administration reform in the education sector will be carried out as part of the EU-funded Project: EU Reform of General Education. In consultation with representatives of ministries and education institutions an Action Plan will be drafted with concrete prioritised steps to be taken towards the reform.

1 INTRODUCTION

This Report covers one component in the two year Project "Reform of General Education in Bosnia and Herzegovina" (EC/BIH/03/020), financed by the European Commission and executed by IBF International Consulting and the British Council.

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Following the discussion of the Functional Review, the findings and recommendations **an Action Plan** will be developed as part of the Project. The draft of the Action Plan will be done in consultation with the key stakeholders in education in BiH.

The aim of the Report is to summarise the analyses, the findings and the recommendations in order to deliver a comprehensive Functional Review of sufficient depth and quality to influence the direction and prioritisation of the public administration reform process in the education sector.

The Executive Summary of the Report is placed just before this introduction for the reader who needs a quick overview. It gives a short overview of the main findings and recommendations. It is recommendable to supplement the reading of the summary with chapter 9 Conclusions and Recommendations. Chapter 9 provides the detailed recommendations for placement of functions across levels and sectors.

Chapter 2 of this Report places the reform of public administration in BiH in its international context. The chapter discusses developments elsewhere in the world caused by globalisation and the need for new qualifications.

Chapter 3 is shortly describing the European Union Education Policy

Chapter 4 gives the overview on constitutional and legal competencies in the education sector. It is produced through an analysis of relevant legislation and book of rules and represents the constitutional structure and legal competencies relating to pre-school, primary, secondary and higher education

Chapter 5 maps the institutions in BiH with responsibility for public administration functions in education.

Chapter 6 provides the analysis of the key public administration functions in the education sector and emphasises some of the main issues that need to be addressed through further public administration reform

Chapter 7 provides an overview of the current financial mechanisms and financial flows in the education sector. The analysis of financial mechanisms includes process of budgeting, allocation of financial resources with focus on efficiency and effectiveness of the financial system and its capability to support equity and equal access to education for all citizens

Chapter 8 analyses human resource allocation issues in the public administration education sector

Chapter 9 summarising the recommendations relevant for the overall functioning of the education system

Chapter 10 discusses the legal impact of the recommendations

The detailed data of the analysis can be found on the accompanying **CD** that includes the following 4 annexes:

Annex 1: Legislative Annex

I. List of Relevant Legislation with a list of laws, books of regulations, statutes, reports and other documents collected and used in the Report

II. Legal Toolbox with a list of primary functions performed in education sector by relevant administrative and educational institutions

III. Basic Legislation with the key legislation

IV. Documents regarding the SAA and the CA related to establishment and functioning of the existing Standards and Assessment Agency and a new Curriculum Agency

Annex 2: Statistical Annex

The Statistical Annex is composed of data which present a comprehensive description of human resources management and financing management of public administration and education delivery of the education sector. The Statistical Annex is one of the main sources of data used in the Functional Review.

Annex 3: Institutional Profiles

The Institutional Profiles with detailed profiles of each of the 23 analysed institutions offers a comprehensive description of institutions in relation to levels of education, human resources functions and characteristics, statistical overview of education delivery, as well as financial description related to expenditure of education delivery and public administration of education sector. The profiles are organised according to the level of public administration institutions (State level, Brčko District, RS, FBiH, Cantons and the Standards and Assessment Agency). Due to the specific role given to the Institute for School Affairs, the Institute is presented in a separate Institutional profile, but at the same time it is covered within the Profiles of Cantons in which the Institute provides support and acts as a supervisory institution for implementation of curriculum

Annex 4: Education Strategies

This annex includes three key strategic documents on education in BiH

I. Education Reform: A Message to the People of Bosnia and Herzegovina, dated 21.11.2002.

II. Shared Modernisation Strategy for Primary and General Secondary Education in Bosnia and Herzegovina (White Paper), dated October 2003. White Paper Executive Summary.

III. Bosnia and Herzegovina: Poverty Reduction Strategy Paper — Mid-Term Development Strategy, dated April 2004. Relevant chapter V.2 «Sectoral Priorities – Education» and relevant part of the Action Plan – Education.

2 INTERNATIONAL TRENDS IN PUBLIC ADMINISTRATION IN THE EDUCATION SECTOR

Globalisation

Globalisation has been boosted by the revolution in the technological infrastructure. The progress made in telecommunication, wireless and mobile technologies, information systems, and computer-based transportation and management has been the key to the development of the global technological environment. The three main pillars upon which globalisation stands are information, knowledge and innovation. Development of human capacities and rearranging teaching and learning in schools to meet the requirements of knowledge societies are becoming a necessary condition for any nation or state that wishes to cope well in a globalised world. Mobility of goods, services, money and intellectual capital has increased and highly skilled workforces are shifting the focus of work from quantities to qualities and from mastery of knowledge to flexibility and continuous renewal of personal capacities.

Flexibility in terms of skills, knowledge, attitudes and values is becoming a key requirement for any successful professional, organisation, or system. It has become obvious that only a few individuals will remain in the same occupation throughout their working lives. Abilities to learn new knowledge and skills, and shift from one profession to another, are new requirements for almost any occupation. On-going reform of education systems in most countries are a consequence of these changes.

Education systems based on command-driven central administration focusing primarily on inputs and quantity rather than outputs and quality change to decentralisation of education management and financing, increase the role of market-driven educational services, develop performance standards for teachers and students, and create new structures to reinforce local accountability and transparency.

Education reforms around the world

There are **three** particular elements that are typical of today's large-scale education reforms around the world. These elements are often used to characterise the essence of globalisation of education and they are:

1. Decentralisation
2. Privatisation
3. Efficiency of teaching and learning.

1. Decentralisation means that local municipalities and schools are given greater autonomy concerning education management, increasing schools' control over financing, administration, curriculum design and teaching arrangements. Decentralisation allows schools to find the optimal ways to respond to local needs and helps them to become more accountable for results.

2. Privatisation in the education area most often means that educational institutions who carry out public education funded by public money are also allowed to generate income on the private market through selling of products and services to other public institutions or to the private market.

3. Efficiency of teaching and learning. One result of decentralisation of education management and increased competition in education delivery is the increased focusing on cost-effectiveness of education. New mechanisms are established in many countries to assess the performance of students, teachers and schools.

Introduction of international test comparisons is one of the strongest pretexts for school reforms in Europe and elsewhere, including most of the transition countries.

Public Administration in the Education Sector

The analysis of the international context shows that the aim of education reforms is to make the state level management of education more adapted to the complex conditions in a globalised world by making it more efficient. As a result of these reforms the state is going to fulfil its functions in a different way than before:

- Assuring the quality of services does not require the maintenance of direct control upon all processes of the system or for the State to have a monopoly on education delivery. The creation of accreditation mechanisms has become one instrument for quality control.
- Assuring the equity of provision is an internal constitutional task and also an international obligation. The state is obliged to assure the equity of treatment of all citizens and to prevent discrimination. This obliges the state not only to keep a certain level of standardisation within the system but also to take concrete compensatory measures.
- Assuring the efficient use of public resources is an unquestionable responsibility of the State. It doesn't mean that educational processes have to be directly supervised by state offices but it can imply the establishment of *mechanisms* which can assure efficiency by themselves in a more or less automatic way.
- Assuring compatibility of the national system with international standards and maintaining the competitiveness of the national labour force is a state responsibility. In the European Union free mobility of workers is a legally binding rule. EU member countries are legally obliged to establish and maintain a system that allows for comparability and recognition of qualifications across the member states
- Support to on-going reform through development and research activities is another responsibility of the State. It entails support to decentralised school based development activities, initiation of research in education and learning issues and well structured public hearing and dissemination mechanisms.

3 EUROPEAN UNION EDUCATION POLICY

The European Union decided «to 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» (European Council, Lisbon, March 2000). To achieve this ambitious goal, Heads of States and Government asked for "not only a radical transformation of the European economy, but also a challenging programme for the modernisation of social welfare and education systems". In 2002, they went on to say that *by 2010, Europe should be the world leader in terms of the quality of its education and training systems*.

Making this happen will mean a fundamental transformation of education and training throughout the whole Europe. This process of change will be carried out in each country independently according to national contexts and traditions and will be driven forward by cooperation between Member States at European level, through the sharing of experiences, working towards common goals and learning from what works best elsewhere (the "*open method of co-ordination*").

This method provides a new cooperation framework for the Member States with a view to convergence of national policies and the attainment of certain objectives shared by everyone. It is based essentially on:

- identifying and defining jointly the objectives to be attained;
- commonly-defined yardsticks (statistics, indicators) enabling Member States to know where they stand and to assess progress towards the objectives set;
- comparative cooperation tools to stimulate innovation, the quality and relevance of teaching and training programmes (dissemination of "best practice", pilot projects, etc).

To ensure their contribution to the Lisbon strategy, Ministers of Education adopted in 2001 a report on the future objectives of education and training systems agreeing for the first time on *shared objectives to be achieved by 2010*. A year later, the Education Council and the Commission endorsed a 10-year work programme to be implemented through the open method of coordination. Approved by the European Council, these agreements constitute the new and coherent Community strategic framework of co-operation in the fields of education and training.

Ministers of education agreed on *three major goals* to be achieved by 2010 for the benefit of the citizens and the EU as a whole:

- to improve the quality and effectiveness of EU education and training systems;
- to ensure that they are accessible to all;
- to open up education and training to the wider world.

To achieve these ambitious but realistic goals, they agreed on *specific objectives* covering the various types and levels of education and training (formal, non-formal and informal) aimed at making a reality of lifelong learning. Systems have to improve in every aspect: teacher training; basic skills; integration of Information and Communication Technologies; efficiency of investments; language learning; lifelong guidance; flexibility of the systems to make learning accessible to all, mobility and citizenship education. Indicators and benchmarks are being developed to monitor the progress. Strategy Paper "*Education and Training 2010*" integrates all actions in the fields of education and training at European level, including vocational education and training (the "*Copenhagen process*"), as well as, the *Bologna process*, initiated in 1999 is crucial in the development of the European Higher Education Area. Both contribute actively to the achievement of the Lisbon objectives and are therefore closely linked to the "Education and Training 2010" work programme.

4 ALLOCATION OF COMPETENCIES

The purpose of this overview is to provide information on constitutional and legal competencies in education sector in Bosnia and Herzegovina. The overview is produced through an analysis of relevant legislation in Bosnia and Herzegovina, and represents the constitutional structure and legal competencies relating to pre-school, primary, secondary and higher education.

State Competencies

In terms of competencies in education, the Constitution of Bosnia and Herzegovina¹ does not contain explicit provisions providing these competencies at the State level. All competencies and functions, which are not expressly assigned to Bosnia and Herzegovina and its institutions, are within the competence of Entities². At the same time, the Constitution of Bosnia and Herzegovina establishes an obligation of the State and both Entities to ensure and protect the right to education³ which is, as one of the internationally recognized human rights, determined by the European Convention on Human Rights and Fundamental Freedoms and its Protocols, directly applicable in Bosnia and Herzegovina and has an explicit priority over any domestic law⁴. Additionally, the Constitution of Bosnia and Herzegovina allows to the State to assume additional responsibilities if this is agreed by the Entities⁵.

In accordance with the competence in ensuring and protecting the right to education, as well as in relation to assumed competence to coordinate the activities and harmonise plans and strategy of Entities authorities in area of education, *the Framework Law on Primary and Secondary Education in Bosnia and Herzegovina*⁶ was passed by the State. The Law defines basic principles and standards for organisation and functioning of pre-school, primary and secondary education, the establishment and functioning of institutions providing educational services in Bosnia and Herzegovina, and allocate the competence of supervising the Law implementation to the State Ministry of Civil Affairs. Within their competencies in managing the education system, the Entities, Cantons and Brcko District harmonised their existing primary and secondary education legislation with the State Framework Law. The providing of the framework legislation relating to higher education in Bosnia in Herzegovina is in process.

Brcko District Competencies

The competencies in education of Brcko District of Bosnia and Herzegovina, as a special administrative unit of Bosnia and Herzegovina, are determined by the *Statute of Brcko District of Bosnia and Herzegovina*⁷, the *Law on Executive Authority*⁸ and the *Law on Education in Primary and Secondary Schools of Brcko District of Bosnia and Herzegovina*⁹. The education competencies in District are allocated to the Education Department of Brcko District Government which is responsible for implementation of Bosnia and Herzegovina

¹ Constitution of Bosnia and Herzegovina (BH) was adopted as Annex 4 of the General Framework Agreement for Peace in BH (GFAP) signed on 14 December, 1995. According to the Constitution, BH shall consist of the two Entities, the Federation of BH (FBH) and Republika Srpska (RS)

² Article III.3.a The Constitution of BH

³ Article II.3. The Constitution of BH

⁴ Article II.2. The Constitution of BH

⁵ Article III.5.a The Constitution of BH

⁶ Framework Law on Primary and Secondary Education in BH (OG BH, No.18/03) was passed by the Parliamentary Assembly of BH and came into effect on 1 July 2003

⁹ Statute of Brcko District (OG BH, No, 9/00, 23/00)

¹⁰ Law on Executive Authority (OG BH, No. 2/00, 5/01, 9/01, 12/01, 16/01, 17/02, 8/03, 14/03)

¹¹ Law on Education in Primary and Secondary Schools of Brcko District of BH (OG BD, No. 9/01,28/03)

and Brcko District education laws and regulations, curriculum development proposed by the Pedagogic Council, inspection activities performed by educational inspectors and providing of financial, technical and personnel support to District's educational institutions. The Pedagogic Council, which is a constituent part of the Education Department, performs the professional pedagogic supervision of teaching process, realisation of curriculum and results of work of teachers, pupils and school directors.

Primary and secondary schools in Brcko District, which include general and vocational secondary schools, are established according to education plan and needs of District, defined by the Brcko District Government and Assembly. The schools may be founded by local or foreign physical persons and legal Entities upon fulfilment of requirements relating to number of pupils, funds, premises, teaching staff, and other specific issues regulated by educational standards and normative. The schools founded by the District have the status of public institutions, and are financed from the District budget.

The management competencies in school are allocated to the School Board and school director. The members of School Board are appointed by founder, and those founded by the District are appointed by the Mayor with approval of the Assembly. The main duties of the School Board relate to adoption of annual school plan and rules of the school, deciding on school business and providing of annual report, determining of candidates for school director and teachers, and controlling the work of school director. A school director is responsible for managing the school, ensuring the realisation of curriculum and schoolwork plan, allocation of school working staff and presentation of work reports to the School Board. A director is selected on the basis of public job advertisement, or appointed by the Mayor upon the School Board proposal, and may be released by the Mayor before expiration of the mandate, at the proposal of the School Board or Education Department. Teachers and professional associates are employed by the school on the basis of the competition, and their qualifications and experience.

Administrative supervision, supervision over lawful operation of schools and application of the education laws and regulations are performed by school inspectors and other authorised Education Department employees. Professional pedagogic supervision is performed by the Pedagogic Council, whose composition, organisation, method of work and function is determined through a separate decision of Brcko District Assembly. The Pedagogic Council is in charge for monitoring of teaching and other forms of educational activities and their improvement, implementation of curriculum, determination of teachers and students work results and monitoring of work of school director.

Republika Srpska Competencies

In accordance with the Constitution of Republika Srpska, the competencies in education are centralised at the level of the Entity¹⁰ and performed by Republika's¹¹ and municipalities¹² bodies. The main administrative and professional functions in pre-school, primary, secondary, high and higher education are exercised by the Ministry of Education and Culture and Republika's Pedagogical Institute, which is a constituent part of the Ministry and authorised for pre-school, primary and secondary education. The municipalities are instructed to "take care of meeting specific needs of citizens in the areas of ... education", which mostly relate to financing of pupils transport, food and accommodation.

¹² Article 68.12 The Constitution of RS

¹³ Article 67. The Constitution of RS

¹⁴ Article 102.5 The Constitution of RS

The competencies and functions in education system are defined by the *Law on Primary School*¹³, the *Law on Secondary School*¹⁴ and the *Law on University*¹⁵.

A competence for establishing of primary schools in Republika Srpska is allocated to the Government, but school may be established also by the local or foreign physical person and legal Entity with approval of the Government. The secondary schools, which include general and vocational schools, may be founded as public or private, where public school may be established by the Government, city or municipality. A number and location of schools are determined by the Government, and procedure of establishing the school requires fulfilment of conditions relating to number of pupils, funds, space and equipment, teaching staff, approval for use of curriculum, and other specific issues determined by Minister of Education. The schools established by the Government have the status of public institutions, and are financed from the budget of Republika Srpska, city or municipality, as well as other sources. A competence for establishment of university and higher education institutions is allocated to Republika Srpska, as well as to the local or foreign physical persons and legal Entities with approval of the Government. The higher education institutions are financed from the budget of Republika Srpska, as well as from other sources.

The management competencies in school are allocated to the school director who is responsible for organising and improvement of work of the school, ensuring the realisation of decisions of the Ministry, organising of the pedagogical supervision of teaching, deciding on working posts and employment of teachers and professional associates, etc. A director is selected on the basis of public job advertisement and appointed by the School Board, and may be released by the School Board or Minister before expiration of the mandate. A work of the university and higher education institution is managed by rector and dean who are appointed and released by the university and school professional body.

For the purpose of professional school activities relating to execution of curriculum and assessment and improvement of teachers and pupils/students results, the teachers and school bodies are formed and are functioning within the school in accordance with rules passed by the Minister.

The governing competence in school is allocated to the School Board. Members of the School Board of public school are appointed by the Republika Srpska Government, on the basis of criteria and procedure regulated by the Minister of education. The main competencies of the School Board relate to adoption of annual school work plan and its realisation, deciding on school finance and their use, advertising of post for school director and deciding on his/her appointment and release, adopting of statute and other school internal acts, executing of the Ministry's decisions and requests, etc. The governing bodies of university and higher education institution are Councils, appointed directly by the university or school, and their founders.

Administrative and professional pedagogic supervision of work of school are performed by education inspectors and school supervisors of the Republika's Education Inspection¹⁶ and Republika's Pedagogical Institute that are administrative organisations within the Ministry of Education, and perform their activities on the manner regulated by the Minister¹⁷. The functions of education inspectors relate to application of laws and other regulations relating to pre-school, primary, secondary, high and higher education, curriculum, pupils and students standard, requirements for work of the schools, use of textbooks and

¹⁵ Law on Primary School (OG RS, No. 38/04)

¹⁶ Law on Secondary School (OG RS, No. 38/04)

¹⁷ Law on University (OG RS, No. 12/93)

¹⁸ Law on Education Inspection (OG RS, No. 26/93)

¹⁹ Book of Rules on School Supervision (OG RS, No. 4/04)

teaching aids, and execution of the Ministry's decisions. School supervisors are responsible for an immediate insight in application and realisation of curriculum, as well as the insight in work of school institutions and its governing bodies, directors, teachers and professional associates. The administrative inspection of work of the university or higher education institution is performed by the Ministry of Education.

Federation of Bosnia and Herzegovina Competencies

According to the Constitution of the Federation of Bosnia and Herzegovina, the competencies for education in the Federation are allocated to the Cantons¹⁸, and Cantons are authorised to transfer it to the city or municipality within its territory, or to the Federation¹⁹.

The competencies of the Federation of Bosnia and Herzegovina are determined by its responsibility in protecting of education as a human right, and limited to the role of co-ordination of Cantons²⁰ in the education sector. The co-ordination role in pre-school, primary, secondary and higher education is performed by the Federation Ministry of Education and Science, and mostly relates to its participation of in education reform process in Bosnia and Herzegovina, and co-operation between the State, Brčko District, Entities²¹ and Cantons²² in this process. The main competencies of the Ministry, which is a part of the Coordination Body for Education Reform in Bosnia and Herzegovina, are represented through its engagement in activities relating to creation of the legal framework for primary, secondary and higher education, professional activities in creation of Common Core Curriculum, revision of textbooks in Bosnia and Herzegovina, as well as other tasks. Additional functions of the Ministry relate mostly to providing the Federation's financial support for construction, reconstruction and equipping of education institutions, as well as support for talented pupils, and pupils and students standards and assessment. Through its Inspectorate, the Ministry performs control and legalization of diplomas and certificates, and independently, or in co-operation with Cantonal inspectors, performs the inspection of educational institutions within the Federation when requested.

Canton Competencies

In accordance with their constitutional competencies in developing of education policy, passing the legislation related to education and ensuring of education within the Cantons, the relevant Cantonal laws determine the pre-school²³, primary²⁴, secondary²⁵, high and higher²⁶ education.

In relation to primary and secondary education, all ten Cantons apply their laws amended and passed in accordance with the State Framework Law. The Ministries of Education and Pedagogical Institutes / Institute for Schools Affairs exercise the administrative and professional competencies, and in most of the cases, the Pedagogical Institute represents a constituent part of the Ministry. In those Cantons where separate pedagogic institutions are not established, or the existing ones do not have an appropriate capacity, the professional functions are performed by one of the existing Pedagogical Institutes, or by the Federation Ministry of Education. In relation to higher education, the administrative

²⁰ Article III.4.b The Constitution of FBH; Constitutions of Cantons in the FBH

²¹ Article V.2 The Constitution of FBH

²² Article III.3 The Constitution of FBH

²³ Decision on Establishment of the Standard and Assessment Agency for the FBH and RS (OG FBH No. 28/00, OG RS No. 42/01)

²⁴ Agreement on Common Core Curriculum (OG FBH No. 42/03)

²⁵ Cantonal Laws on Pre-school Up-bringing and Education

²⁶ Cantonal Laws on Primary School / Primary Education

²⁷ Cantonal Laws on Secondary School / Secondary Education

²⁸ Cantonal Laws on University / Higher Education

competencies are performed by the relevant Canton Governments and Ministries of Education.

A competence for establishing of primary schools is allocated to the Canton, or municipality with approval of the Ministry of Education, but school may be established also by local or foreign physical person and legal Entity with approval of the Government or Ministry. The secondary schools, which include general and vocational schools, may be founded as public or private, where public school may be established by the Canton with the Government approval. Number of schools and their location are determined by the Government, and procedure of establishing the school requires fulfilment of conditions relating to number of pupils, funds, space and equipment, teaching staff, approval for use of curriculum, and other specific issues determined by Minister of Education. The primary and secondary schools established as public institutions are financed from the Canton, city or municipality budget, as well as other sources. A competence for establishment of university and independent higher education institutions is allocated to Cantons and their Governments, as well as to the local or foreign physical persons and legal Entities with approval of the Canton Government. The higher education institutions are financed from the founder's budget, as well as from its own sources (self-financing).

The management competencies in school are allocated to the school director who is responsible for organising and improvement of work of the school, ensuring the realisation of decisions of the Ministry, organising of the pedagogical supervision of teaching, deciding on working posts and employment of teachers and professional associates, etc. A director is selected on the basis of public job advertisement and appointed by the School Board, and may be released by the School Board or Ministry before expiration of the mandate. A work of the university and higher education institution is managed by rector and dean who are appointed and released by the university and school steering body.

For the purpose of professional school activities relating to execution of curriculum and assessment and improvement of teachers and pupils results, the teachers and class school bodies are formed and are functioning within the school in accordance with rules passed by the Minister. Professional activities at the university and higher education institutions relating to adoption of curriculum and improvement of teaching process are performed by Senate and Teachers Council.

The governing competence in school is allocated to the School Board. Depending whether the school founder is the Canton or municipality, the members of the School Board of public school are appointed by the Canton Government or municipality mayor, on the basis of criteria and procedure regulated by the Minister of Education. The main competencies of the School Board relate to adoption of annual school work plan and its realisation, deciding on school finance and their use, advertising of post for school director and deciding on his/her appointment and release, adopting of statute and other school internal acts, executing of the Ministry's decisions and requests, etc. A competence of control of school business in some Cantons is allocated to the Supervisory Board appointed by the Canton Government. The governing competencies at the university and higher education institutions are performed by the Steering Boards, while Supervisory Boards are authorised for control of the institution business. The members of Steering Board and Supervisory Board are appointed and released by Canton authorities²⁷.

Administrative and professional pedagogic supervision of work of schools are performed by education inspectors of the Ministries of Education and Pedagogical Institutes / Institute for School Affairs. The functions of education inspectors²⁸ relate to control of application of laws and other regulations relating to pre-school, primary, secondary, high and higher

²⁹ Cantonal Laws on Institutions

³⁰ Cantonal Laws on Education Inspection

institutions, curriculum, pupils and students standard, work of the schools, use of textbooks and teaching aids, and execution of the Ministry's decisions. Professional supervisors are responsible for monitoring the implementation of the curriculum, the work of teachers, staff associates and directors, and assisting in the planning and organisation of educational work, and evaluation and promotion of pupils. The administrative inspection of the university or higher education institution is performed by the Ministry of Education.

Municipality Competencies

According to their authorities in meeting the public needs of citizens, the main competencies of municipalities in education sector relate to development, governing and financing of pre-school up-bringing and education. In relation to the primary and secondary schools, the competencies of municipalities are mostly presented through appointment of their representatives in school governing bodies, and ensuring of pupils' transport, food and accommodation, as well as in providing of financial support for school facilities, competitions and curriculum and extra-curriculum activities. In general, the competencies of municipalities in education sector differ in relation to Entities, Cantons and Brčko District.

5 INSTITUTIONAL STRUCTURE

This section of the Report describes the present organisation of institutional structures of education management sector in BiH.

In BiH, the responsibility for education function is located within the two Entities – the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS), and Brčko District. In FBiH, this responsibility is further devolved to ten autonomous Cantons. Altogether, it is represented by a rather fragmented education system consisting of several education management subsystems (RS, the ten Cantons of FBiH, the level of FBiH, Brčko District, inter-Entity level and state or BiH level). Institutionally these subsystems are managed by the total of 23 organisations. This number includes the Agency for Standards and Assessment (SAA), created at the inter-Entity level, and 14 ministries and eight Pedagogical Institutes both at the Entity and Cantonal level.

State Level

At the state level, the responsibility for education is located within **the Department for Education, Science, Culture and Sport of the Ministry of Civil Affairs (MoCA)**. Besides education, this Ministry also covers welfare, health, de-mining and employment. The overall competency, functions or services as well as capacity of this Department in education area are very limited. One of its key functions is to ensure supervision over implementation of the Framework Law on Primary and Secondary Education in BiH. However, implementation of this law is a prerogative of the Entities and in the case of FBiH – Cantonal ministries of education, as well as inter-Entity level institutions, such as the Standards and Assessment Agency. The Department has the equivalent of 1,5 fulltime employee in a position of assistant to the Minister. It is a civil service position appointed on the basis of public job advertisement by the state Civil Service Agency.

Inter-Entity Level

At the inter-Entity level there is **the Standards and Assessment Agency (SAA) for the FBiH and RS**. This Agency was established in 2000 by the governments of FBiH and RS and is located in Sarajevo²⁹. Its creation came as a part of the component of the Education Development Project in BiH financed by the World Bank and the European Commission. Although the SAA has been formally established by the two Entities, it also provides services to Brčko District³⁰. The SAA was established with the purpose to become politically independent and professional body for defining, monitoring and certifying educational standards. It was the international community that largely directed its creation and subsequent funding. From 2005 and onwards, the funding of the SAA has become a joint responsibility of the two Entities.

The Agency has no jurisdiction, in terms of enforcement, over Entity, Cantonal or municipal institutions. The SAA does not report to the state level (Sector for Education within MoCA), but has the Steering Board of nine members coming from education management and delivery institutions of FBiH and RS. FBiH Prime Minister, FBiH Vice Prime Minister and the RS Prime Minister nominate them. The Steering Board appoints the Director of the SAA. However, the appointment requires approval from the Prime Ministers of the two Entities and the Vice Prime Minister of FBiH. Twice a year the Steering Board reports to the two Prime Ministers and the Vice Prime Minister.

²⁹ Republika Srpska Official Gazette No: 42 from August 31, 2001 and Federation BiH Official Gazette No: 28 from July 31 2000.

³⁰ The Constitution, laws and decisions of BiH institutions are directly applicable in Brčko district in accordance with the Statute of Brčko District of BiH, Brčko District Official Gazette, No.9/00.

There are plans for establishing several other bodies at inter-Entity and/or the state level. The Framework Law on Primary and Secondary Education in BiH foresees establishment of **the Curriculum Agency (CA)**, while the Draft Law on Higher Education in BiH foresees the establishment of a **Centre for Information, Recognition and Quality Assessment (CIRQA)**, a body responsible for higher education and a body for recognition of academic qualifications³¹.

Brčko District

Compared to the both FBiH and RS, Brčko District has the smallest and the most concentrated model of public administration in education sector. The responsibility for education is allocated to its **Department for Education** within the District Government. The Department includes Education Council, and all of the education sector public administration functions are carried out directly by the Department itself. On certain functions the Department collaborates with the Standards and Assessment Agency.

The Department for Education of Brčko District is responsible for 16 primary and 4 secondary schools.

The Federation of BiH

In FBiH, the responsibility for education is allocated to each of the ten Cantons that can decide to delegate certain functions to the Federal Ministry. In this set-up, the **Federal Ministry of Education and Science (FMoES)** is responsible for coordination among the Cantons and for those education functions delegated to it by the Cantons. As such, scope of functions of this Ministry is rather limited.

At the Cantonal level of FBiH, ministries of education together with their Pedagogical Institutes are responsible for education function. Altogether there are **ten ministries of education** (many of them have responsibility for education, science, culture and sport) and **seven Pedagogical Institutes**. Pedagogical Institutes with the exception of the Institute for School Affairs in Mostar, Cantonal Pedagogical Institute Mostar and Pedagogical Institute Bihać, are not independent legal Entities and are parts of ministries. Their size and capacity to perform functions differ from Canton to Canton.

It is a general procedure that directors of Pedagogical Institutes are selected as civil servants on the basis of public job advertisement. The exceptions are the Pedagogical Institute Bihać (Una-Sana Canton), the Institute for School Affairs in Mostar and the Cantonal Pedagogical Institute Mostar in Herzegovina-Neretva Canton. In these Cantons, the government appoints the director of the Pedagogical Institute. The budgets of the Pedagogical Institutes that are constituent parts of ministries are provided from the ministry budget.

Altogether, ministries and Pedagogical Institutes in FBiH are responsible for 381 primary schools and 201 secondary schools. At the higher education level, there are six universities that the Cantonal ministries of education are responsible for. This number can be further broken down into 65 faculties as legally independent Entities within the six universities of FBiH. It is common that all the universities in FBiH, as well as in RS, except for the University of Tuzla, consist of legally independent faculties.

Several Cantons share services provided by the Institute for School Affairs in Mostar (Herzegovina Neretva Canton), and this Canton has two Pedagogical Institutes. Institute for School Affairs works with schools in Cantons Posavina, Central Bosnia, Herzegovina Neretva, West Herzegovina and Canton 10.

³¹ At the time of writing of this Report, the issue of location of these bodies was discussed, and there was no final formal decision taken.

Republika Srpska

Compared to FBiH, the public administration system of education sector RS presents with more centralised and coherent model. At the Entity level of RS, the responsibility for education is allocated to its **Ministry of Education and Culture** and **Republika's Pedagogical Institute**. The Pedagogical Institute is not an independent legal Entity, but is a part of the Ministry. However, the Director of the Pedagogical Institute is directly appointed by the RS Government.

The Ministry is responsible for overall education policy in RS and is involved in implementation of all key public administration functions of education sector. The primary focus of the Pedagogical Institute is on pedagogical inspections of schools, as major part of its staff is working on this function. However, the Ministry is also involved in carrying out inspection function.

There are seven regions in RS – Istočno Sarajevo, Banja Luka, Dobož, Bijeljina, Foča, Vlasenica and Trebinje and 64 municipalities. However, as opposed to the FBiH regions, i.e. Cantons, the regions in RS have limited role in education. The Republika's Pedagogical Institute has four regional offices located in Dobož, Bijeljina, Prijedor and Foča.

In RS, the Ministry and its Pedagogical Institute are responsible for 202 primary schools and 86 secondary schools. At the higher education level, there are two universities that the Ministry is responsible for – one in Banja Luka and the other one in Pale. Similarly to FBiH, this number can be further broken down to 39 faculties as independent legal Entities.

Municipality

The competencies of municipalities in public administration of education mostly relate to the needs of citizens in a particular territory, for example, the need for a school, ensuring and financing of pupils and students transport, food and accommodation, school renovation etc. In the cases where a municipality is the founder of the school, the functions of the municipality relate also to providing financing to the school and participating in the management of schools through school boards.

Majority of municipalities have dedicated staff to ensure implementation of these functions. For example, in Sarajevo Canton, there are 9 municipalities, which together have approximately 9 staff members who are responsible for education matters either on part-time or full-time basis.

Management of schools at primary and secondary levels of education

The Framework Law on Primary and Secondary Education in BiH regulates the general school management arrangements at primary and secondary levels of education³². In addition to the regulation set by this Law, Entities, Cantons and Brčko District have the right to regulate school management in greater detail, including relations between schools and public administration. The Framework Law provides only the requirements for the main school management bodies, which are – school board, headmaster, parents' council, students' council, and expert school bodies such as teachers' council, class council, teachers' team. In relation to the school board and the headmaster or director, the Law provides the following regulations:

- All schools are required to have a school board;

³² Framework Law on Primary and Secondary Education in Bosnia and Herzegovina, Official Gazette, No. 18/03.

- The school board is an elected body composed of representatives of school staff, school founder, local community and parents. The number of the school board members is determined by the principle of equal representation of above-mentioned groups. Equally, the composition of the school board must reflect the ethnic structure of students and parents, school staff and local community according to the census of BiH population from 1991. The membership in the school board is voluntary and without any compensation;
- The school board appoints the headmaster or director who is responsible for day-to-day management of the school and its pedagogic activities;
- The appointment procedure of the headmaster is not regulated by the Framework Law, but by education laws of the Entities, Cantons and Brčko District. In majority of cases, it is done by the school board on the basis of public job advertisement, and providing the report about it to the Ministry;
- The headmaster reports to the school board that can discharge the headmaster. Under certain circumstances the minister too can discharge the headmaster.

6 ANALYSIS OF FUNCTIONS

This section of the Report provides the analysis of the key public administration functions in education sector of BiH and emphasises some of the main issues that need to be addressed through further public administration reform.

The main public administration functions in education

In BiH, roles and functions of institutions involved in public administration of education are derived from the state level education framework laws³³, education laws of the Entities, Brčko District and Cantons, including legislation on inspections, but more importantly from Entity and Cantonal laws on ministries and other administrative bodies, as well as decisions establishing specific bodies of public administration. Additional information on roles and functions of institutions can also be found in *books of rules* regulating internal structure and division of task within each institution. However, listing of functions in various legal acts does not tell the full story about if and how those functions are carried out in practice.

The definition of function used in this Report provides clear distinction between three concepts that characterise organisations, i.e. competency, role and function.

The competency is about area of responsibility for an organisation. Most often it is defined by some legal act. For example, an organisation can have responsibility for primary education or even more specifically - for curriculum development for primary schools.

The role is about the purpose of that organisation – why it exists. For example, its role can be to ensure that all children in a particular area can access quality education irrespective of their gender, social status or nationality and that general education attainment standards are raised.

Finally, *the function* describes what that organisation does in practice in order to fulfil its role and competencies. Often, the notion of “service” is used for better description of functions. To use the same example, an organisation can provide the service of curriculum development. But not all of the competencies will have a specific function or service attached to them. For example, the competency for opening or closing of schools does not require specific service, but rather, is part of another function or service, i.e. policy development.

In order to identify what functions the public administration institutions of education sector in BiH perform, the Review Team created the list of functions or services. This list presents a set of functions or services that one expects to find in every modern system of public administration of education. These functions can be carried out at different levels or simultaneously at all levels of administration depending on allocation of competencies across various levels of administration. The list is presented in below.

- Policy development and coordination
- Curricula design
- Assessment and Evaluation
- Accreditation and Certification
- In-service teacher training
- Macroeconomic sustainability
- Inter-Entity and inter-section coordination

³³ At the time of writing of this Report, January 2005, there was only one framework law in place, i.e. the Framework Law on Primary and Secondary Education. The framework laws for VET and higher education were under preparation.

- Financing of Education Institutions
- Planning of the Network of Institutions
- Inter-Entity and Inter-sector coordination
- International relations and Coordination
- EU Integration
- Inspection
- Education Information System

Functions performed by various public administration institutions

RS, Brčko District and ten Cantons of FBiH form the first group of institutions with the prime responsibility for education. As described in the chapter on allocation of competencies, the constitutional setting of BiH places responsibility for education in the two Entities. In the case of FBiH, this responsibility is further devolved to ten autonomous Cantons. Together that makes 12 core systems of education and public administration of education³⁴. Most of the 12 have rather similar institutional structure consisting of ministry and it's Pedagogical Institute.

In order to identify which functions are carried out with what resources, each of the ministries and Pedagogical Institutes were asked in form of the questionnaire to allocate every member of their permanent education specialist staff to one of the eight key education management functions (one to which they allocate most of their time and have primary responsibility for). Such methodology was chosen by the Review Team in order to identify not so much whether the function is envisaged by some legal act, but where it is fully carried out in reality, i.e. whether human resources have been allocated to it or not.

It is one of the overall conclusions of the Review Team that, in the majority of cases, each staff member is involved in performance of either several or even, in many cases, all functions. For example, staff involved in curricula design can be also involved in functions such as teacher training, standard setting and policy development. Therefore, the Review Team also asked the institutions of public administration to identify the total number of staff engaged in performing each function. In most of the cases there were significant differences between the two data obtained, as will be demonstrated in the sections below.

After analysis of functions and human resource allocation to these functions across the 12 ministries and eight Pedagogical Institutes the Review Team chose to emphasise the following issues.

Accountability for the use of public resources is not ensured under the present system

Accountability is the concept that involves many dimensions that have developed over the years of democratic governance across the world. It is a general trend in many modern democratic governance systems of today that the emphasis is put on accountability for the use of public resources in terms of the results achieved. In terms of education system, it means that there should be accountability not only for the proper (legally correct) use of inputs, but also for the results that are achieved by the education system, i.e. skills and knowledge levels of graduates, their competitiveness nationally and internationally.

Accountability for results pre-supposes not only measuring the results achieved by a school or university, but also comparing those results on local, regional, national and often international (particularly in the case of higher education) level. Comparisons are of fundamental importance as they allow the taxpayers in different parts of the country to

³⁴ Although in Brčko District there is no separate Ministry for Education and education functions are performed by Education Department, for the purposes of this analysis the Department for Education is considered to be in the same group with other 11 ministries in RS and FBiH.

see whether the quality of public services received by them is of the same or similar quality as experienced by people living in other parts of the country. They also allow policy makers to take well-informed policy decisions.

The implication of this is twofold: first, there should be a nation wide and internationally comparative criteria or standards in place according to which performance of schools and universities could be compared, and, second, all of those involved in measuring performance should use the same measurement methodology. There needs to be a systematic and over time data collection process. There also should be a body or bodies entrusted with the task to collect such information and to make it available to policy makers and to the public at large.

In principle, accountability for results could also be achieved under the current institutional set-up, if the same rules were applied to all of the 12 key systems of education, i.e. if their competencies and working practices in this regards were coordinated. However, given the fact that there are 13 different rather than one integrated education administration system or space, such practice has not been the case so far, and it prevents the people living in the BiH to be well informed about the effectiveness of use of public resources in different parts of the country. Even more, in each of the 13 different systems of education administration, perhaps with the exception of Tuzla, there is neither sufficient capacity nor practice of systematic collection and publishing of data on education outcomes. The establishment of the SAA is a step forward in this regard. But there is an urgent need to extend this practice to all levels of education in a systematic and coordinated way.

There is an overlap of functions between the ministries and Pedagogical Institutes. There is a need to separate executive or policy functions, support and development functions, and control and evaluation functions

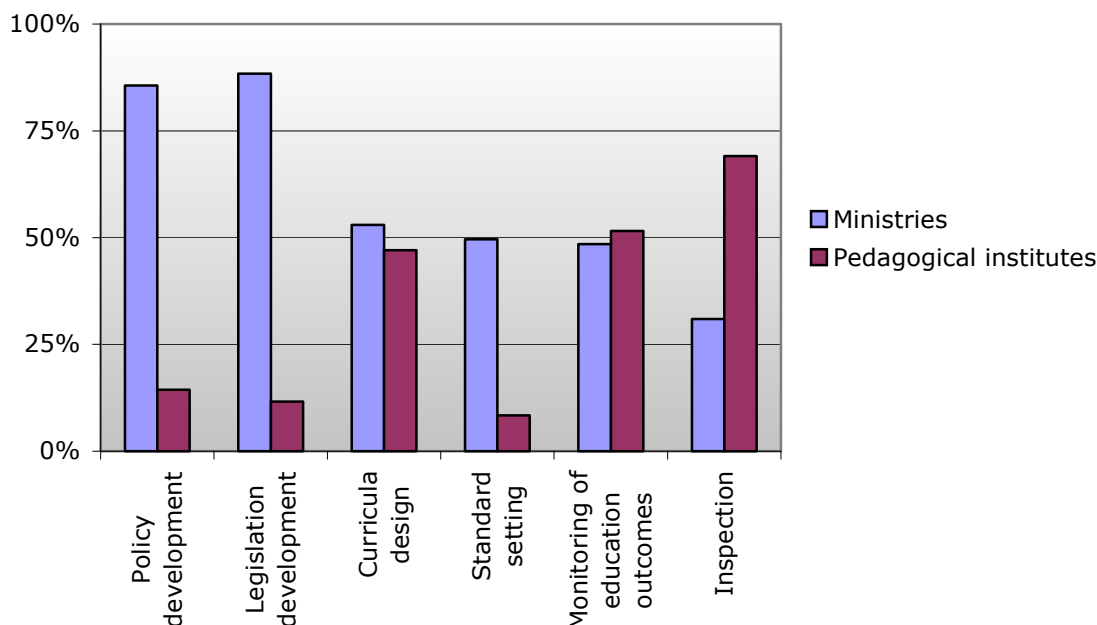
It is a general trend across the public administrations of EU Member States that, in order to improve accountability for policy implementation, there is an institutional or structural separation among the three key public administration functions – executive or overall policy, policy implementation in terms of support and development, and last but not least – control and evaluation. In this model, ministries act as the principals and focus on strategy, policy and regulation. Policy implementation bodies are their agents that, on one hand, act within the parameters set by the policy (the principal) but, on the other hand, they provide policy makers with information of what is needed for deciding on policy changes. It is important that the control and support functions are separated in order to avoid the potential conflict of interest (i.e. when a controller is also an advisor, it tends to generate work for itself and thus leads to more inefficient use of resources). However, it is also important that both functions “communicate effectively” with each other. Ensuring of that is the role of ministry or the principal. In that way it is possible to ensure that lessons learned during control and evaluation are taken into account when deciding on policy and appropriate support and development actions.

Functions performed by the ministries of education and Pedagogical Institutes do not differ much from Canton to Canton or RS compared to each of the Cantons of FBiH. If all 12 ministries are compared with eight Pedagogical Institutes, generally, none of the eight key education administration functions is performed only either by ministries or Pedagogical Institutes³⁵. This suggests that there is an issue of overlap of functions that needs to be addressed by providing each of the two types of institutions with clear role or mandate and functional competence. The exception to this is RS where the Pedagogical Institute has a clear focus on inspection with more than 95 per cent of its staff involved in

³⁵ In this case, both ministries and Pedagogical Institutes were asked to allocate each member of their staff to the function they have the prime responsibility for.

performance of inspection function (see Statistical Annex Table 9). However, even there the Ministry has staff working on inspection function.

Chart 5. Comparison of allocation of human resources to functions in ministries of education and Pedagogical Institutes



Approximately 40% of staff working for the standard setting function are from the SAA and therefore are not included in this chart.

Data in Chart 5 suggest that there are two functions where ministries have the majority of education specialist staff allocated to performance of them, i.e. policy development and legislation development. More than 85 % of education specialist staff working on these two functions comes from the ministries. This, no doubt, is a welcomed trend. On the other hand, in relation to other functions, such as curricula design, monitoring of education outcomes, the human resources are shared between the two types of organisations in approximately equal proportions. It is expected that, in the future, standard setting function will be done by the SAA, which currently has 42% out of total BiH staff performing this function.

As analysis of allocation of functions for the ministries and for the Pedagogical Institutes shows, at the moment, **there is no clear-cut separation among the three key education management functions**, i.e. executive or policy, support and development, and control and evaluation. Both the ministries and Pedagogical Institutes are involved in performing all three key management functions at the same time. It is only the SAA who has a clear role of support and development.

Another issue that requires attention is allocation of staff resources across institutions and functions. As was concluded from the above analysis of human resource allocation to public administration levels and institutions, the total number of staff in public administration of education sector in BiH broadly matches to what one would expect to find in countries of the similar size. However, compared to those countries it seems that, in BiH, **there is no match between the roles of organisations and their size.** For example, Pedagogical Institutes across the BiH, in principle, have similar functions but their size and consequent ability to achieve coverage of efficient number of education

delivery institutions varies significantly from Canton to Canton. Thus, for example, Institute of School Affairs in Mostar has 8 education specialist staff; Sarajevo Canton has 25 education specialist staff, while Bosnian-Podrinje Canton has one education specialist staff who at the same time is the Director of the Pedagogical Institute. No doubt, such variations are inefficient. In addition to that, **Pedagogical Institutes in the current organisational and structural set-up lack incentives for mutual collaboration, sharing of experiences and collective learning and development.**

The overlap of functions between ministries and Pedagogical Institutes as well as inefficient fragmentation of overall institutional structures are results of a lack of shared agreement on the roles of ministries and Pedagogical Institutes, and how these roles should complement rather than overlap with each other. **Only by clarifying roles of both types of institutions it will be possible to take the decision on whether each ministry of education should have its Pedagogical Institute and whether Pedagogical Institute(s) should be placed at Entity, Cantonal level or at the level of state.**

Working of some of the Pedagogical Institutes suggests that sharing of services across the boundaries of public administrations is possible

There are several Cantons that do not have Pedagogical Institute, i.e. Posavina, Central Bosnia, West Herzegovina and Canton 10. These Cantons are working with the Institute for School Affairs in Herzegovina Neretva Canton. Table 13 below shows the current area of responsibility of Pedagogical Institutes in BiH.

It would seem more rational and efficient from the perspective of efficient use of very limited staff resources that Herzegovina Neretva Canton had only one Pedagogical Institute. If necessary, the Ministry or its schools could then "buy" additional services from Pedagogical Institute in another Canton.

Table 13. Areas of responsibility of Pedagogical Institutes 36

| Pedagogical Institute | Entity/Cantons it serves | No. of schools* | No. of teachers* | No. of pupils* |
|-------------------------------------|--------------------------|-----------------|------------------|----------------|
| Banja Luka | RS | 288 | 11 142 | 172 836 |
| Bihać | Una-Sana | 68 | 2 373 | 45 231 |
| Tuzla | Tuzla | 130 | 5 199 | 83 632 |
| Zenica | Zenica - Doboј | 96 | 4 036 | 67 459 |
| Goražde | Bosnia-Podrinje | 9 | 263 | 4 258 |
| Mostar | Herzegovina-Neretva | 34 | 1 170 | 14 453 |
| Institute for School Affairs Mostar | Herzegovina-Neretva | 39 | 1 289 | 19 266 |
| | West- Herzegovina | 21 | 878 | 9 674 |
| | Posavina | 10 | 348 | 5978 |
| | Central Bosnia | 32 | 1 032 | 16 542 |
| | Canton 10 | 17 | 703 | 9 359 |
| Total | | 119 | 2 961 | 60 819 |
| Sarajevo | Sarajevo | 107 | 4 192 | 59 885 |

**together primary and secondary schools*

Almost half of education specialist staff is involved in inspection and supervision functions. The concept of inspection needs to be reconsidered and institutional responsibility for inspection clarified

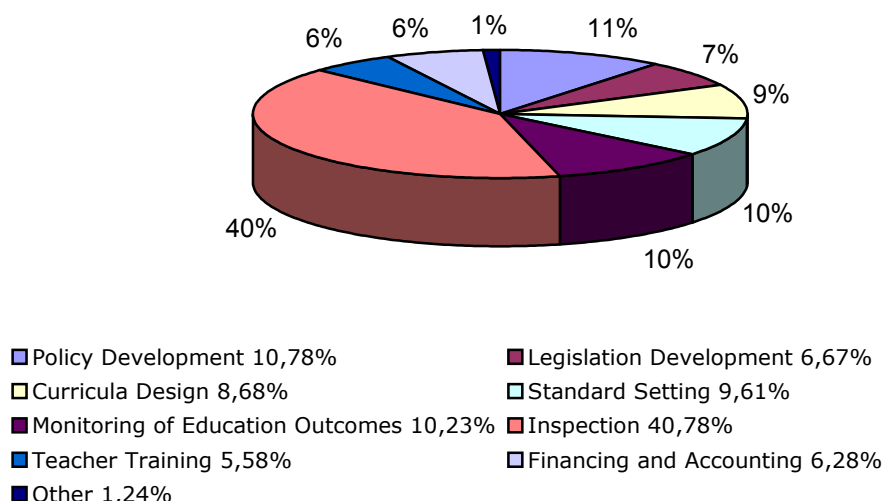
In BiH, there are two kinds of inspection – administrative and educational. The first is about ensuring that technical and working conditions in schools, as well as the administrative practices are in line with regulations. As a result of this inspection, penalties can be imposed and remedial action can be ordered. These inspections are performed either by relevant ministry of education and its inspection unit, or by the administrative inspection of the relevant Entity/Canton ministry of justice. The second type of inspection is school supervision which relates to control of teachers work practices, their skills and development needs. Mostly, the Pedagogical Institutes, and sometimes ministries, perform those supervisions.

³⁶ Data provided by each Pedagogical Institute and relate to their current areas of responsibilities

Considering allocation of human resources of ministries and Pedagogical Institutes to key education public administration functions, it can be concluded that large proportion of resources are devoted to performance of the inspection and supervision function. The total percentage of education specialist staff who perform the inspection/supervision functions in public administration of education is 41% (see Chart 6 below).

In practice, this number could be even higher, as it does not include those who work on service contracts with ministries or Pedagogical Institutes and therefore cannot be considered as permanent staff. For example, the Institute for School Affairs in Mostar on top of its eight permanent education specialists in 2004 contracted on non-permanent basis additional 29 staff to work on curriculum development, standard setting, monitoring, inspection, training functions and other functions.

Chart 6. Distribution of education specialist staff by function of public administration 2004



Out of the total number of inspectors /supervisors, approximately 60% are employed in the Ministry and Pedagogical Institute of RS, and 40% in FBiH (see Statistical Annex Table 9). Within the FBiH, half of the inspectors are working for Sarajevo Canton – total 23 inspectors out of which 20 supervisors work within the Pedagogical Institute of Sarajevo Canton. There are no inspectors in the Department for Education of Brčko District, as other government department perform inspections (administrative). In Posavina Canton, the Federal Ministry performs this function. There are three inspector staff members in the Federal Ministry.

Table 14. Number of primary and secondary schools per one inspector by level of public administration

| Level of public administration | No. of inspectors | No. of schools | No. of schools per one inspector |
|-------------------------------------|-------------------|----------------|----------------------------------|
| Brčko District | 0 | 20 | 0 |
| Republika of Srpska | 59 | 288 | 5 |
| FBiH Ministry | 3 | 0 | 0 |
| Una-Sana | 3 | 66 | 22 |
| Posavina | 0 | 9 | 0 |
| Tuzla | 2 | 122 | 61 |
| Zenica-Doboj | 8 | 102 | 13 |
| Bosnia-Podrinje | 1 | 9 | 9 |
| Central Bosnia | 2 | 79 | 40 |
| Herzegovina – Neretva* | 6 | 70 | 12 |
| West Herzegovina | 1 | 21 | 21 |
| Sarajevo | 23 | 107 | 5 |
| Canton 10 | 1 | 17 | 17 |
| FBiH sub-total | 51 | 602 | 12 |
| Bosnia and Herzegovina Total | 109 | 910 | 8 |

* Supervisors from the Pedagogical Institute of one Canton perform school supervision also in other Cantons. For example, supervisors from the Institute of School Affairs work with schools in other Cantons.

The schools per number of inspector and supervisors ratios are somewhat striking. Table 14 above shows the number of inspecting staff and primary and secondary schools by level of public administration. Thus, for example, in Canton Sarajevo there are 107 primary and secondary schools while there are 23 inspectors thus having in average 5 schools per inspector. On the other extreme, in Canton Tuzla, there are two inspectors and 122 primary and secondary schools thus having in average 61 schools per inspector. In practice, these numbers are slightly different, as some of the Pedagogical Institutes, like the Institute for School Affairs in Mostar, carry out inspection (teaching supervision) also in other Cantons (see Table 14 above). Even if these variations are taken into account, the differences between various levels of public administration suggest that the system of inspections requires significant reconsideration.

In addition to that, this analysis of numbers does not suggest much about the contents of inspection functions. It is not the number of inspectors that matters most but the way in which inspection is carried out. Although almost half of education specialist staff of BiH works on inspection functions, the performance of this function remains somewhat distant from international best practice. Unfortunately, it is not yet a common practice in BiH to have assessment teams composed of experienced education specialists attending schools with prior notice and providing them with holistic assessment of the school as a whole (including teaching in class and often assessing self-assessment carried out by a school itself) and no so much inspecting individual teaching or premises.

It is equally important to clarify whether it will be the ministries or Pedagogical Institutes or even some other independent inspecting body that will have the prime responsibility for inspecting schools, and what will be the philosophy behind these inspections. At the moment this function is divided between ministries and Pedagogical Institutes. The ministries employ approximately 30% of inspectors while the Pedagogical Institutes employ 70%. If the core functions of ministries are policy development, legislation

development and financial planning, for example, then implementation of the inspection function should be located clearly outside ministries of education. It is also important to separate control (inspection) functions from support and development functions. In this respect it should be clarified whether the Pedagogical Institutes should focus on the former or the later.

Policy development function is fragmented and weak, it requires significant strengthening and concentration

Policy-making is about collecting and analysing information (data) and taking informed decisions based on this analysis. Modern systems of policy-making separate between politics, policy analysis and formulation, and policy implementation and delivery. For example, if ministries are responsible for policy development (developing policy papers and legislation), then their implementation institutions or agencies ensure that this policy is detailed and applied in practice, for example, standards for conditions of school premises are set and then schools are inspected to check whether those standards are met. **Policy delivery**, instead, is about "on the ground" work of public sector employees – teachers in schools. Politics is prerogative of politicians, but is influenced by policy analysis done by civil servants. In an ideal world, this policy analysis should be politics-neutral.

There are many forms how policy formulation can take place. Many countries in EU and in OECD countries use so-called policy papers. This practice in BiH is only at very early development. It is equally important that, as part of the policy analysis, the major attention is paid to systematic and over time production and collection of data relevant for education, such as demographic data, educational outcome data, financial data etc. Data production, collection and improved policy analysis across all levels of education management is a significant issue that requires attention.

One of the observations of the Review Team is that the notion of policy needs to be explained and expanded. At the moment, many actors in the system do not have shared concept of policy function. Most often, everything is considered to be policy. This is strongly demonstrated by the following fact – according to questionnaire that asked ministries and Pedagogical Institutes to identify how many people work on policy development function, often, the total number of those staff was equal to total staff number of the organisation. In the BiH as a whole, it was claimed that more than 200 staff (approximately 80% of total education specialist staff in ministries and Pedagogical Institutes) are involved in policy development. After clarification of function policy development the result of second phase questionnaire was reduced to 28 staff.

It will remain very difficult to develop a common or shared understanding of the policy concept for as long as there will be the hole in the centre, i.e. no capacity to coordinate and influence policy development at the state level. Such coordination and influence are required, as building up policy analysis capacity will take time but also methodological guidance and procedures.

In BiH, all ministries of education perform the policy development function. Most of the Pedagogical Institutes claim to perform this function, too. In relation to other functions of public administration of education sector the policy development staff makes 11% in total of education specialist staff from both MoEs and PIs.

However, most of the staff involved in policy development cover other functions as well which makes the percentage of full time staff involved in policy development lower than 11%. How much lower is difficult to say since the staff does not count how much time they spend on the different functions. All together it makes the total number of policy staff rather small. To some extent, the limited number of staff in this functional area is compensated by engaging various other experts and practitioners from schools. No doubt, such system of "expert commissions" brings in additional expertise required. In modern

education management system expert commissions or working groups are widely used, however, their primary role is to bring in additional expertise and to provide a forum for policy consultation.

Out of all staff working on policy development, more than 85% are from ministries and 15% from Pedagogical Institutes. Such situation is broadly in line with international best practice where the ministries of education are responsible for policy development, but other institutions, such as Pedagogical Institutes – for policy advice and implementation.

There is a need to move from voluntary coordination to pro-active coordination and policy leadership

In the light of the requirement to strengthen policy development function it is important to emphasise the need for more effective policy coordination. The issue of coordination is of particular importance for several reasons. **First**, there is a need for single education policy or development strategy for the whole of BiH, if the country as a whole wants to move in the same direction and to approach education policy problems (those of equity, efficiency, effectiveness, for example) in a holistic rather than fragmented way. **Second**, coordination is vital if one speaks of the need for BiH to speak with “one voice” internationally. This will be of a double importance, as BiH will embrace on the EU integration agenda. Most of the experience in the new Member States of the EU suggests that in order for the country to be successful in its integration related reforms there needs to be a capable and recognised body at the centre of the state level that has all the necessary powers to steer reforms. That applies to both government as a whole and each sector separately.

The current system of public administration of education sector is based on voluntary coordination. In the BiH education sector as a whole, no one carries out the coordination function in a proper manner. The state level Department for Education is too small to be able to perform this function effectively. It neither has a clear mandate to do so. There is no way of enforcing the policies or sanctioning governments at lower levels that do not adopt or who diverge from the policies.

The Federal Ministry of Education and Science perform the coordination function in FBiH through meetings of the Cantons. There is no mechanism for enforcement of policy, at the Federal level. Such coordination powers are again limited to voluntary coordination. This type of voluntary coordination is adequate in well-established systems of public administration where coordination is an integral element in culture of civil service. In less developed systems the emphasis needs to be on leadership in coordination by body who has a clear mandate for it. If coordination will not be based on solid and permanent institutional capacity, such coordination will remain limited to broad political agreements.

The system and capacity for coordinating EU integration efforts is still to be developed

The possibility and desirability of EU integration is a major factor that will be a powerful agent for change in the education system. It will directly affect the awarding of diplomas³⁷ through the mutual recognition of professional qualifications directives³⁸ which is a consequence of the free movement of workers and the free movement of services principles (two of the basic principles of the single market), which give all workers of the

³⁷ For example, the joint Council of Europe and UNESCO Convention on the Recognition of Qualifications concerning Higher Education in the European Region (the Lisbon Convention)

³⁸ Directive 89/48 - general system for the recognition of higher-education diplomas, and Directive 92/51 - general system for the recognition of professional education and training.

EU the right to work and to freely establish themselves in any of the Member States. These free movement rights have to be accompanied by the ability of any Member State to recognise educational and professional qualifications from any other Member State. The prerequisites for such ability are the transparency of the curricula and educational standards in education. There will be other influences on public administration stemming from the EU integration efforts, particularly, as they will progress. For example, access to different funding opportunities will require appropriate institutions and checks and balances to ensure both the capacity to absorb funds and ability to ensure accountability for their use.

Legislation development is under-resourced. Potential economies of scale need to be explored in order to improve resource allocation to this function

All of the ministries of education claim to perform legislation development function. The total number of staff involved in it is about 17. In relation to other functions of public administration in education, the total number of staff working on legislation development is approximately 7%. In reality this number is larger, as in many cases external consultants and school professionals are involved in it. Equally, education specialist staff working on other functions is involved in legislation development, too. If those staff members are taken into account, then the total number of staff working on legislation development reaches approximately 24%.

Similarly to policy development function, the total number of staff engaged in legislation development is not too small, however, as it is scattered across all the ministries, the overall capacity of legislation development can be seen as inadequate. In addition to that, it should be taken into account that legislation development or legal drafting is rather specific skill that requires over time capacity building and institutional memory as well as appropriate knowledge. These are crucial factors if appropriate quality and efficiency should be attained. However, in BiH, it is often the case that the staff engaged in legislation development performs also other functions such as curricula development or monitoring and assessment.

The ministries of education do most of the legislation development work. Only in some cases Pedagogical Institutes have staff designated for this function. As it is with the function of policy development, this practice is in line with international best practice where both functions are prerogative of ministries.

Given the structural fragmentation of education management sector in BiH and considering the potential of the BiH to enter into EU integration process where large emphasis will be put on harmonisation of BiH legislation with that of the EU (in education sector this harmonisation is smaller in scope than in other sectors) and on technical and other cooperation between the BiH and the EU institutions, there is an urgent need to consider options for increasing capacity of legal drafting and harmonisation across the whole education system.

Responsibility for curriculum design needs to be reconsidered taking into account establishment of the Curriculum Agency. There is a potential for staff re-allocation to the new Agency

Since the war and until the academic year 2003/04, there have been several curricula³⁹ in place in BiH: in FBiH the curriculum approved by the former Ministry of Education,

³⁹ *Curriculum* – the key document that regulates and determines all those activities required to organise learning at all education levels, i.e. teaching plan. It comprises all the documents approved by relevant education authorities that determine the subjects for particular education level and that determine the objectives, activities and outcomes of learning for those levels.

Science, Culture and Sports in the Government of Republic of Bosnia and Herzegovina, and second one was approved by the Ministry of Education of the former independent administration of the Croat Republic Herzeg-Bosnia and one curriculum in RS. Both institutions in FBiH were no longer valid since the Dayton Peace Accords. In practice, this system meant that Bosniak and Croat Cantons used their own curricula. The situation was somewhat more complex in so called "mixed Cantons" (Central Bosnia and Herzegovina Neretva), where two curricula co-existed at the same time. As a result of this parallel system, each ethnic group in minority in those Cantons that applied either curricula in the primary and secondary schools could use the curriculum according to their own choice, provided that at least 20 students could form a class of its own.

This situation changed with the adoption of the Framework Law on Primary and Secondary Education in BiH, which introduced BiH Common Core Curriculum. Its implementation accelerated in the 2003/04 academic year. The Common Core Curriculum provided an opportunity to end any form of segregation in education and paved the way for more integrated education across BiH. By the time of writing this Report most of the schools had adopted the new Common Core Curriculum.

However, the new Framework Law did not remove the authority from the Entity and Cantonal level ministries of education, and Brčko District. It remains consensus based and non-steered system of public administration. In this system, there is no permanent coordination or harmonisation of curricula development at the BiH level – it is the responsibility of the two Entities, Brčko District and Cantonal ministries of education who agreed on the new Common Core Curriculum. Equally, the process of curriculum design is somewhat different in the two Entities. In RS the Ministry of Education undertakes it while in FBiH the curriculum design is undertaken by Cantonal Pedagogical Institutes together with schools and then approved by the Cantonal ministries of education.

All institutions – ministries and Pedagogical Institutes are legally mandated to work on curriculum design. The total number of staff working on this function is slightly above 20, which makes approximately 8% from the total of permanently employed education specialists across the BiH. However, like in the case of other functions, in practice, this number is higher, as ministries and Pedagogical Institutes involve in curriculum design also other permanently employed staff as well as external experts and practitioners. In this way more than 50% of the total permanently employed education specialist staff in ministries and Pedagogical Institutes is involved in this function. If Pedagogical Institutes do not have relevant experts, they engage external associates to design curricula.

Out of all staff involved in curricula design approximately 50% are in ministries and other 50% in Pedagogical Institutes. However, it is ministries who formally adopt the curricula. The responsibility for actual design of curricula varies from place to place and is somewhat unclear. Some ministries just supervise the work of Pedagogical Institutes and external expert commissions. Others just give an outline and overall targets to be met, but some are not involved in curricula design at all, for example the Ministry in Una-Sana Canton.

The BiH Framework Law on Primary and Secondary Education foresees establishment of the new Curriculum Agency, which will take responsibility for implementing and improving the Common Core Curriculum at all levels of education. As this Agency develops its capability, there should be gradual transition of curriculum development function/staff to it in order to avoid any overlap of functions. In such a model, which would correspond to the best European practice, the core curriculum developed by the Agency would have a certain degree of in-built flexibility to be used by schools to adapt to local circumstances.

Sufficient capacity for ensuring equity in access to quality education is lacking. Achieving equity in the present system will remain difficult

Standard setting or norm setting in terms of deciding on the appropriate amount and mix of education process **inputs**⁴⁰ is important as one of the mechanisms through which quality and, even more importantly, equity in education is enabled. Currently, there are substantial variations across BiH in terms of education inputs. Tables 15 and 16 below provide a snapshot of this variety across the primary and secondary education (for more detailed overview see Statistical Annex Tables 16 and 17).

Table 15. Variations in education inputs across BiH (primary education)

| Indicator | Lowest | Highest | BiH average |
|----------------------------|--------|---------|-------------|
| Pupil / school ratio | 113 | 796 | 372 |
| Pupil / teacher ratio | 15 | 20 | 16 |
| Expenditure per pupil (KM) | 817 | 1881 | 974 |

Table 16. Variations in education inputs across BiH (secondary education)

| Indicator | Lowest | Highest | BiH average |
|----------------------------|--------|---------|-------------|
| Pupil / school ratio | 334 | 956 | 693 |
| Pupil / teacher ratio | 12 | 18 | 16 |
| Expenditure per pupil (KM) | 673 | 2334 | 1118 |

Across Europe and within each of the EU Member States there are regional or territorial variations in terms of education inputs, too. However, in one country imbalances are not too high, and usually there are mechanisms for resource reallocation at regional or national level in order to **ensure equity in terms of access to quality education**.

As data presented in Tables 15 and 16 suggested above, in BiH, some of the variations in terms of education inputs are striking and put in question whether the current public administration of BiH education sector is in a position to be able to ensure attainment of the equity objective of the education policy. For example, Brčko District spends approximately 50% more per pupil in primary education than Zenica – Doboje Canton.

Such disparities are created by wide variety of the local economic environments, and more importantly, by the fragmented system of education public administration consisting of 12 rather autonomous education sub-systems which are not balanced by adequate re-allocation mechanisms to ensure equity at the regional and national level.

At the FBiH, the Federal Ministry attempts to harmonise input standards. However, harmonisation of input standards is very strongly linked with the issue of allocation of resources (and mechanisms for re-allocation of resources) and therefore achieving greater harmonisation will require reconsidering of financing system of education (for analysis of the current financing system of education see Chapter 7 below).

In total, there are approximately 23 staff members working on aspects of the standard setting function across the BiH. That makes almost 10% of the total permanent education specialist staff. Almost half of them work for the Standards and Assessment Agency (SAA).

⁴⁰ Input standards include such aspects of schooling as space, equipment, textbooks and other teaching materials to be used in schools, educational process, educational and professional competencies of staff, workload norms etc.

However, in practice, there are more people working on this function, as other staff of ministries and Pedagogical Institutes as well as external experts and associates are involved when necessary. In this way more than 50% of the total permanently employed education specialist staff in ministries and Pedagogical Institutes is involved in performance of this function.

The setting of education standards is currently not coordinated or harmonised at the BiH level. It is undertaken at the Entity level in RS and at the Cantonal level in the FBiH. All ministries are legally mandated to adopt standards. Most often they do it on the basis of advice and input from their Pedagogical Institutes or, in some cases, from Pedagogical Institutes in other Cantons.

If and when the equity will become an explicit objective of BiH education policy, there will be a need consider the possibility for allocating education standard setting function to BiH level together with creating the mechanism for resource re-allocation that allows all pupils in BiH to get access to the same minimum standard of quality education.

Educational standards are crucially important for quality of education, for transition to higher education, for job qualifications, for transferability of qualifications, for entry to employment, and for mobility of labour. In order to achieve that, there needs to be harmonisation of education standards at all levels of education and at all levels of administration. Currently, the SAA (inter-Entity level institution) develops standards only for Mother Tongue and Mathematics in 4th and final grade in primary schools. Over time it is expected that the Agency will perform standard setting for additional subjects and its role is expected to increase in the future. This is only a welcomed trend and is accordance to the needs of a modern market economy. For more discussion on functions and role of the SAA see section below.

While it is not the case, the standard setting function will remain to be performed by the 13 systems of education (ministries of the two Entities and their Pedagogical Institutes). However, in order to strengthen the SAA, the possibility for transferring existing staff positions for setting of education standards to the SAA needs to be agreed.

Monitoring of education outcomes is not sufficiently systemized and harmonised for well-informed policy making to take place. The SAA could be a potential BiH "resource centre" for information on education outcomes

Monitoring function similarly to the standard setting involves two aspects, i.e. first, assessment of educational attainment of individual pupils, and second, evaluating overall attainment of education output standards across the country. Both of these aspects are undertaken by Entity and Cantonal institutions of public administration of education sector as well as by the Standards and Assessment Agency (SAA).

The role of the SAA is limited only to two learning subjects - Mother Tongue and mathematics in 4th and final grade in primary schools, but it is expected that the SAA will soon expand its coverage of subjects. If so, it would be natural that the current capability in terms of human resources allocated to this function would move to the SAA, which in this way over time would become the "resource centre" for the whole of BiH in terms of information on education outcomes.

Until the SAA acquires this role, the monitoring function is done by Pedagogical Institutes and in several cases directly by ministries. Slightly more than 26 staff is involved in performing this function (if the SAA staff are excluded). Ministries employ approximately half of the total staff and Pedagogical Institutes the other half. In total that makes approximately 10% of total permanently employed education specialist staff. However, in practice, there are more people working on the function of education outcome monitoring,

as other staff of ministries and Pedagogical Institutes as well as external experts and associates are involved when necessary. In this way more than 50% of the total permanently employed education specialist staff in ministries and Pedagogical Institutes is involved in this function.

This function, like the number of other functions discussed above, will require significant investment and focusing, if the effectiveness of the overall education system is to be improved. Policy making function as well as the function of allocation of resources is much less effective if not supported by qualitative, standardized, timely and regular data collection process in the whole country. Politicians and civil service policy analysts cannot take well-informed decisions if there is no reliable and comparable data available. This requires that there is one place or source in the system that provides with the framework for data collection as well as is the receiver of data from all over the country.

Teacher in-service training capacity is not sufficient

The function of teacher training is of particular importance to Bosnia and Herzegovina, as the disruption to the teaching profession as a result of war has resulted in serious capacity gaps. For example, almost half a decade after the war (1999) there were up to 25% of teachers in some areas of teaching without appropriate qualifications for teaching in grades that they were teaching⁴¹.

Approximately 15 staff is involved in providing training to teachers thus making it approximately 6% of total permanently employed education specialist staff. Most of the resources for this function are located within the Pedagogical Institutes that are natural places for this function. In practice, somewhat more than that staff involved in providing training to teachers – both staff working on other functions in education administration as well as external specialists. However, the total number of staff from Pedagogical Institutes involved in teacher training is inadequate and will have to be increased to ensure effectiveness and quality of teacher in-service training.

It is possible that the issue of increasing teacher in-service training capacity could be achieved not only by increasing the total number of staff for this function, but also by re-defining the concept of Pedagogical Institutes. One possibility is for the Pedagogical Institutes to achieve specialization in some areas and offer these specialized services to schools in several Cantons or even in the whole of BiH. However, for this model to work effectively and to avoid potential duplication of services offered by Pedagogical Institutes, some degree of BiH level coordination will be required.

Research into teaching and learning practices is another aspect of teacher training function that is not properly covered now. This sub-function best belongs to bodies outside public administration, for example – universities.

The strategic role of financing function is not well understood, and central responsibility for overall financial and strategic management of the education sector is lacking.

Currently, there is approximately 15 staff involved in performance of this function, mostly at the ministry level. In total that makes 6% of total education specialist staff employed by government institutions in BiH. However, most of the current staff working with finances is focusing on technical aspects of the job, which essentially needs to be a strategic one.

⁴¹ Council of Europe, World Bank: "Education in Bosnia and Herzegovina. Governance, Finance and Administration", Strasbourg 1999, p.44.

This is a fundamental activity for effective functioning of education management sector. It is not a technical function in the narrow sense of accounting. It is a strategic function and significant part of strategic policy making. Only through appropriate performance of this function it is possible to make policy decisions on such aspects as efficiency of the system and equity as well as fiscal sustainability of education sector. All of these are macro scale issues that need to be addressed at regional level but more importantly at the national level.

One of the key observations of the Review Team is that there is an urgent need to strengthen central capacity for overall fiscal management of education function in the whole of BiH. Equally, and as part of strategic role of financing function, attention needs to be paid to the issue of strategic planning in institutions and for the whole of BiH education sector. At the moment, the practice of strategic planning is not well developed. Most of the institutions do not have strategic development plans that show the main services delivered by them and their performance indicators as well as development directions and needs of those institutions. In the future, as information and strategic management in education sector develops further, one of the directions of reform should be towards creating management documents, like strategic plans, at the level of institutions allowing for better accountability of each institution, better comparison among all of the institutions as well as for more informed decision making within budgeting and policy process.

Assessment of functions of institutions with secondary responsibility for education

Given the rather complex nature of organisational structure of public administration, there are several institutions with some responsibility for coordination either at the level of the whole of BiH or at the Entity level. The two institutions with an obvious mandate for coordination are the Department for Education in the State Ministry of Civil Affairs and the Federal Ministry of Education and Science (FBiH).

The third organisation within this group is the Standards and Assessment Agency (SAA), which does not have an explicit coordinating role but works with Entities, Brčko District and Cantons. In addition to the SAA, it is also intended that the Curriculum Agency (CA) will be set up. After analysis of functions carried out by these institutions the Review Team chose to highlight the following observations.

The Department for Education of Ministry of Civil Affairs is too small and has too limited powers to steer the education system of BiH

The current system is a result of settlement reached during the Dayton peace talks. Since then, several important changes have taken place in public administration of education – introduction of the Framework Law on Primary and Secondary education, introduction of core curriculum, establishment of the SAA, preparing of the Framework Law on Higher Education, to name the few. All these changes can be seen as filling in the gaps of Dayton, which primarily was the peace agreement. These and other changes will be of double importance, as the BiH will accelerate already started efforts of integration into the EU. Therefore it is important that the system of public administration of BiH is brought in line with the common standards of the EU member countries.

There are many recipes across the EU and no single system of public administration in education can be seen as the best role model for others. However, most of the systems found in the EU have certain common features. One of such features is that the centre at national level is responsible for formulating overall policy in order to ensure equal and sustainable development of all parts of the country. The lower levels of administration are responsible for defining and implementing policies, too, but within the overall policy constraints agreed at the higher level. Such system does not exclude lower levels of public

administration to take active part in policy formulation at the national level either through policy coordination or even joint decision-making.

In such system, the state level ministry should be equipped both in terms of competencies and capability through policy formulation and legislation to ensure that the education system in the whole of country is efficient, effective and equitable and functions within the fiscal constraints that are sustainable in the longer term. The same issues need to be addressed also at the lower levels of public administration, however, within the constraints of overall policy.

The definition of efficiency, effectiveness, equity, accountability and fiscal sustainability requires some explanation.

In practice, one would expect to find the following functions entrusted to the state level:

- Development of education strategy for the whole of BiH;
- Development of education policies to implement education strategy and to respond to changing situation in society, economy and in education⁴²;
- Monitoring of education system, collecting, analysing and publishing data on education inputs, outputs and outcomes across the country;
- Preparation of legislation to implement policies accepted by the Government;
- Financial analysis of education system and setting norms and standards for education delivery institutions (schools etc.). This function also includes responsibility for developing and overseeing implementation and functioning of the overall financing (including reallocation) mechanism of education in order to ensure equity of access to quality education by all parts of the country;
- Providing policy guidance to the state level policy implementation bodies such as the SAA or the CA or other potential bodies under its subordination. This function also includes ensuring that proper accountability mechanisms are in place for these policy implementation bodies; and last but not least
- International representation of the whole of country including representation in the EU. Regarding the later, this function should include powers to coordinate and direct activities of lower levels in order to meet international commitments;
- Coordination of international aid and assistance.

Given the constitutional allocation of competencies to the Entities, Brčko District and Cantons, the functions of the Sector for Education in the state Ministry of Civil Affairs are nowhere near these benchmarks. According to Law on Ministries and Other Bodies of Administration of Bosnia and Herzegovina, the Ministry of Civil Affairs in relation to education has limited responsibility for coordination of activities, harmonization of plans and defining a strategy at the international level in the field of education. In practice it has almost no powers without consent from the two Entities, Brčko District and Cantons. In addition to that, there is only one staff fulfilling this function.

If the BiH is to become equal partner in European education policy community and to achieve the EU integration objective some time in the future, but, even more importantly, to provide equal access to quality education to all of its citizens regardless of their belonging to a certain nationality or territory, the role, competencies and functions of the Department of Education in the state Ministry of Civil Affairs will have to be gradually increased. The current structure of the Ministry of Civil Affairs covering several important and complex areas of government such as health, education, welfare and others will remain workable as long as the state level is not entrusted with greater competencies.

⁴² The first two functions do not mean that the Ministry is accepting strategies and policies. It is preparing them. It is the Council of Ministers or even Parliament who has the responsibility for accepting those documents before they become obligatory.

Standards and Assessment Agency is a good start that requires continuous investment in its capacity building. The Curriculum Agency needs to be established

The SAA was established in 2000 by the two Entities – RS and FBiH with the purpose to define standards of learning achievements in specific subjects at different levels of education (primary and secondary schools) and to assess their degree of achievement. It does not have coordination as its primary focus of activity. However, in practice, one of its purposes is to promote harmonization of the assessment practices across BiH. Its research, counselling and promotion work is geared to that purpose. This work is of particular importance, given the structural difficulties of organisation of public administration.

As part of fulfilling this role, the SAA designs educational attainment standards and tests to assess them; it collects, processes and publishes the data on educational attainment. At the moment, the SAA does this only for certain school subjects at specific levels of education, i.e. for Mother Tongue and, mathematics in 4th and final grade in primary schools. Besides that, the SAA is also undertaking research and providing seminars, courses and workshops, and other kinds of assistance (services) to teachers at schools and the staff in education management institutions who focus on development of assessment practices.

During its initial years of existence, the work of the SAA has not been focused so much on individual student assessment, but rather on developing internal capability and procedures in test development, test administration and obtaining recognition from education ministries and Pedagogical Institutes and schools across the country. So far this approach has been justified and the Agency has continued to acquire professional recognition and acceptance from ministries of education, Pedagogical Institutes and schools across BiH. Already in 2004, the Agency was able to carry out full-scale assessment of individual attainment of students for Mother Tongue and, mathematics in 4th and 8th/9th grade in primary schools. As the capability of the SAA will develop further, it will cover more and more subjects at both primary and secondary levels of education including also VET.

In many ways, the Agency has been the example of incremental but important success story within the overall education reform in BiH. Needless to say, the efforts to strengthen the capability of this Agency need to continue. At present state, these efforts should be directed at resolving the three following issues – financing, setting up of the Curriculum Agency, and location of the Agency at the most appropriate level of public administration.

First, since the day of establishment of the SAA, the World Bank has financed most of its cost. The two Entities provided part of funding, too, and this part has been increasing year by year. Since 2005, the contribution from the World Bank has come to the end and the funding of the SAA will be sole responsibility of the two Entities. However, by the beginning of the financial year 2005 (time of writing this Report) this issue was not resolved, although there were no political disagreements about the need to ensure continuation in funding from the two Entities. As this issue resolves, it will be important that future funding of the SAA is aligned to the need to continue its capacity building. It is planned that the total number of staff of the SAA has to double reaching 32. The Agency is also considering the possibility of opening of regional offices. As it takes responsibility for more subjects and levels, the staff engaged in ministries and Pedagogical Institutes involved in setting education output standards ought to decrease.

Second, the Framework Law on Primary and Secondary Education in BiH (in force since July 2003) regulates which bodies are involved in standard setting in BiH⁴³. Besides the SAA, and ministries and pedagogical institutes of Entities, Brčko District and Cantons it is also Curriculum Agency (CA) that has responsibility for this task. Creation of the CA has significance in relation to curricula in BiH. However, it is of double significance that the SAA should be successful in fulfilling its mission, as standard setting and curricula design are the two functions of support and development that go hand in hand.

The role of the CA, according to the Framework Law on Primary and Secondary Education, is to implement and improve common core curriculum at all levels of education⁴⁴. Traditionally, the practice of teaching and assessment in BiH has been focused not so much on learning outcome, i.e. abilities and skills but rather on short-term memorizing of facts. Now it has to be a joint effort by the SAA and the CA to change that.

The organisation, competency, financing and location of the CA are to be regulated by agreement between Entities, Brčko District and Cantons but the Ministry of Civil Affairs of BiH has an overall responsibility for initiating conclusion of this agreement. Although the Framework Law has been in force since some time, such an agreement was not reached and the CA was not established by 2005. One of the reasons for that is the continuing debate on whether the new CA should be separate body or part of the SAA. This issue needs to be resolved as quickly as possible, as it impacts on capability and development of the SAA.

At the moment of writing this Report, it was foreseen that the new Curriculum Agency will be a separate body from the SAA and located at the state level. Its capacity should reach 20 staff. The potential functions of the new Agency would be:

- Monitoring the implementation of Common Core Curriculum in BiH;
- Evaluating of the Common Core Curricula and giving recommendations for its improvement;
- Developing and revising curriculum standards, including framework curriculum and templates / models of syllabuses;
- Rationalizing the families of occupations and modernizing education curriculum;
- Advising education authorities and schools how to implement new programme contents (syllabuses), for example local or school-based curriculum;
- In cooperation with the SAA, training teachers and other education experts on implementation of new curriculum;
- Publishing of supplementary curriculum materials for teachers.

Third, the current location of the SAA is at the inter-Entity level. It is accountable to the Governing Board nominated by the Prime Ministers of both Entities and the Vice Prime Minister of FBiH. It has no relationship to the state level Department for Education within the Ministry of Civil Affairs. Its current status has been a result of the current constitutional set-up where primary responsibility for education is at the level of Entities (in the case of FBiH – Cantons) and Brčko District.

However, the weakness of this status is that the Agency, which by nature is policy implementation institution, has no policy ministry with an overall responsibility for directing this agency and keeping it accountable for the results achieved. The current Governing Board, in principle, is designed to fulfil this role. However, the Board model lacks one of the key attributes of modern public administration – i.e. it has no permanent civil service policy staff that can analyse the work of the Agency and advise the minister of

⁴³ Article 46 of the Framework Law on Primary and Secondary Education in Bosnia and Herzegovina (Official Gazette of BiH, No. 18/03).

⁴⁴ Application of the common core curriculum is defined by the Agreement on common core curriculum signed by entities, Cantons and Head of Department of Education, Brčko District of BiH on August 2003 (FBiH Official gazette, No 42/03).

education on appropriate policy choices. The Board members can be changed at any time, they report to Prime Ministers of Entities rather than Education Minister(s), and the Board has no command beyond the SAA.

If the SAA is to become effective policy implementation body, it will require a principal body that can both effectively use its services (gathering and analysis of information, for example) for developing BiH wide policy of education and provide the SAA with policy direction and approval. In most of the EU countries, national level education ministries carry out these functions.

Until the state level of public administration in education sector is not entrusted with greater competencies in education, the oversight of the SAA can be ensured within the current Board model. However, in the future, the SAA should be placed under a permanent policy ministry with competency to set and monitor education policy at level of whole BiH. It would then be the Ministry who would be responsible for ensuring that there is agreement on specific policies from both Entities.

There are legal and institutional constraints to effective administration of higher education

There is still no coherent legal framework for higher education across BiH and therefore performance of functions related to higher education remains regulated by rather incoherent legislation at Entity and Cantonal level. As concluded by EUA institutional evaluations of seven Universities in BiH, in RS and in most of the Cantons of FBiH except Tuzla (there are eight universities in BiH); the various laws in force are variations of the old Yugoslav system, which as a model is incompatible with modern development practice of universities⁴⁵.

Under present legislation in RS and Cantons of FBiH, except of Canton Tuzla, universities are associations of legally independent faculties. This, by no question, is outside the usual practice of organising higher education in most of the EU countries. But most importantly, such system has negative impact on homogeneity of academic standards and performance assessment of individual universities. This structure ties students to faculties, prohibits university-wide planning and consequently impacts on duplication of services and inefficient allocation of resources.

Second, planning of development of higher education is responsibility of Entities and, in the case of FBiH, – Cantons. The state level Ministry of Civil Affairs has no functions in this regard. Therefore rational planning of scarce resources available to higher education cannot be carried out at the level of the state. Equally, accreditation of universities is a matter of RS, Cantons, and technically, even Brčko District. It has also no functions that could ensure mobility of students and staff across BiH, as well as no appropriate mechanisms for academic and professional recognition. There is also no body responsible for standard setting for higher education like there is the SAA for primary, secondary and VET levels of education.

At the time of writing this report, the draft Framework Law on Higher Education in Bosnia and Herzegovina was discussed. In relation to functional deficiencies outlined above the new draft law foresees abolishing the current practice of legally independent faculties within universities. It also foresees allocation of a number of competencies to the Ministry of Civil Affairs at the state level as well as setting up of two new bodies in the system of public administration of higher education – body for coordination and body for recognition of academic qualifications. Although allocation of concrete functions to the three bodies remains to be discussed, their competencies in relation to higher education could be the following.

⁴⁵ Council of Europe: EUA institutional evaluations of seven Universities of Bosnia and Herzegovina.

The Ministry of Civil Affairs would be responsible for such matters as planning the overall development of higher education in BiH in consultation with all other ministries of education, accreditation of higher education institutions, authorising the content and format of diplomas, promoting mobility of students and establishing arrangements for academic and professional recognition. The funding of universities will remain prerogative of Entities and Cantons. The HECB/Rectors' Conference would be an advisory body responsible for formulating procedures for accreditation of public and private education institutions in BiH. Finally, CIRQA would be body placed under the Ministry of Civil Affairs at the state level with responsibility for certification of higher education institutions and recognition of qualifications from other states.

No doubt, these developments can be only welcomed from the perspective of creating effective public administration system in relation to higher education. It is of utmost importance that the new law is passed as soon as possible and that implementation of its provisions is taken without any delay.

The Federal Ministry of Education and Science has no real powers to steer education system in FBiH. Its future depends on the role competencies and functions of the State

The role, competencies and functions of the Federal Ministry, could be similar to those suggested for the state level Department for Education with the difference that the Federal Ministry would perform those functions only in relation to FBiH and within the constraints set at the state level.

In practice, the role of Federal Ministry in education has been reduced to minimum already since Dayton when it was decided that in FBiH education would be financed through Canton level tax revenue. In this system the Federal Ministry has the power to execute Canton education responsibilities in areas where Canton authority has not yet been implemented. Thus the functions of the Ministry are very minimal. The Law on Federation Ministries and Other Bodies of the Federation Administration defines the following functions as responsibilities of the Federal Ministry of Education and Science:

- Setting pedagogical standards and norms related to space, equipment and teaching aids for pre-primary, primary and secondary education;
- Nostrification and validation of foreign school certificates and diplomas;
- Organising professional education and in-service training of teachers;
- Approval of textbooks for primary and secondary schools;
- Undertaking scientific and research work on improvement of educational work;
- Setting standards and norms for higher education, pupils and students standards;
- Monitoring of innovations, development and improvement of technologies.

For the reasons mentioned above, over the years of its existence the Ministry has not developed strong policy (monitoring, research, evaluation) and coordination role. The future functions of the Federal Ministry depend on the role, competencies and functions assigned to the state level Education Department within the Ministry of Civil Affairs. If MoCAs role in education is strengthened according to the requirements of EU integration and development of a modern education public administration system, then the roles and functions of Entity ministries of education as well as ministries of education of Cantons will have to be significantly revised. If the competencies of state level remain unchanged, then it is vital that the Federal Ministry is granted the necessary authority to be an effective policy ministry.

The following table shows the current division of functions between institutions.

Table: Current distribution of functions across levels

| Major function: Organising the provision of education and improving the quality and equal access to education | | | | |
|--|---|---|--|---|
| Function groups | Functions with respect to levels | | | |
| | State | RS/Brcko | Federation | Canton |
| Policy development and policy coordination | Drafting framework laws for primary, secondary and higher education and monitoring implementation | Drafting laws for primary and secondary education in accordance with the framework law Drafting laws and strategies for higher education | Coordination of the drafting of laws for primary, secondary and higher education | Drafting laws for primary and secondary education in accordance with the framework law Drafting laws and strategies for higher education |
| Curriculum design | Drafting common core curriculum | Drafting school curriculum in accordance with the core curriculum | Coordination of the drafting of school curriculum | Drafting school curriculum in accordance with the core curriculum |
| Assessment and Evaluation | Inter-Entity: Setting standards and tests for selected subjects in primary education | Setting standards and tests for primary and secondary education | | Setting standards and tests for primary and secondary education |
| Accreditation and Certification | | Primary, secondary and higher education | Higher Education | Primary and secondary education |
| In-service teacher training | | Primary and secondary education | | Primary and secondary education |
| Macroeconomic sustainability | Drafting budget for State level | Drafting budget for Entity/District level | Drafting budget for Federal level | Drafting budget for Canton level |
| Financing of education institutions | | Primary, secondary and higher education | | Primary, secondary and higher education |
| Planning of the network of institutions | | Primary, secondary and higher education | | Primary, secondary and higher education |
| Inter Entity and inter sector coordination | Inter Entity coordination | | Inter Cantonal coordination | |
| International relations and coordination | Cooperate with international organisations and taking commitments obligating BiH | Bilateral cooperation | Bilateral cooperation | Bilateral cooperation |
| EU integration | | | | |
| Inspection | | Primary and secondary schools | Inspection upon request from schools or Cantons | Primary and secondary schools |
| Education information system | | Primary, secondary and higher education | | Primary, secondary and higher education |

7 FINANCIAL SITUATION

This section provides an overview of the current financial mechanisms and financial flows in the education sector in BiH. The starting point of the financial analysis is the overview of the GDP trend and GDP per capita over the last several years in BiH. In relation to this total public expenditure in education according to different levels of education is analysed.

The analysis of financial mechanisms includes process of budgeting, allocation of financial resources with focus on efficiency and effectiveness of the financial system and its capability to support equity and equal access to education for all citizens in BiH.

The next issue is the analysis of the current financial mechanisms and schemes in order to provide sustainability of the sector. What are the potentials for rationalisation and improvement of reallocation of existing funds that could support sustainability?

In addition, the analysis includes financial resources needed for performing the public administration functions within the education sector (e.g. the ministries, the Pedagogical Institutes).

The analysis of the financial framework in education includes the following:

- Background information on structure, competences⁴⁶ and financial mechanisms
- Sources of funding and financial flows (across the different authority levels – municipalities, Cantons, Entities, State)
- Public education expenditure, i.e. cost of the delivery of education (total, structure, as % of GDP, as % of total expenditure)
- Public administration in education expenditure, i.e. the cost of administration of the education system (total, structure, as % of GDP, as % of total expenditure)
- Structure of spending according to the level of education (primary, secondary, higher)
- Analysis of key features of education financing in BiH:
 - Budgeting cycle
 - Equity
 - Efficiency
 - Effectiveness
 - Sustainability (short-term and long-term)
- Recommendations

The recommendations related to financial issues (e.g. process of budgeting, allocation of financial resources, financial resources needed for performing the public administration functions, etc.) are focusing on efficiency and effectiveness of the financial system in order to support sustainability, through rationalisation of expenditures and reallocation of existing funds.

The aim of the analysis and the given recommendations is to ensure transparent, equitable, efficient, effective and financially sustainable use of public resources by:

- Improving the cost-effectiveness of spending and the efficiency of budget allocations within the education system;

⁴⁶ Legally provisioned financial duties and responsibilities of certain authority.

- Improving the management of public expenditure throughout the budgetary cycle and improvement of existing financial mechanisms;

The political system and territorial structure of the BiH makes the administration in BiH very complex. Besides the state level, there are two Entities (FBiH and RS), 10 Cantons in FBiH, 148 municipalities (84 in FBiH, 64 in RS) and Brcko District.⁴⁷

The complexity of the structure produces many difficulties in respect to collection, reliability and accuracy of financial data (see examples in the Box 1 in the Statistical Annex).

An additional problem is related to (un)availability of aggregated data on the state BiH level. It is difficult to do an accurate and reliable calculation of the overall education expenditure in BiH for several reasons:

- Records and data on private expenditure in education could not be obtained;
- There are no new data on the total households' expenditure in education. LSMS (Living Standard Measurement Study) provides the overview of the households expenditure on education only for 2001;
- It is not possible to obtain accurate data on the total amount transferred from the budgets of the municipalities. Those financial flows should be more transparent in order to avoid overlapping of expenditure between municipalities and MoEs;
- Information exchange between the MoE and the educational institutions are not transparent and coordinated;
- Lack of integrated electronic database and decision support information system that should be source for these and any other kind of data;
- There is a mixture of functions within the MoE due to their responsibility for culture, sport, religious, and informative issues (e.g. TV, radio, etc.).

Sources of funding and financial flows

The political and territorial division predominantly defines organisation and structure of the education sector in BiH. Such a division has caused differences across the country, whether we talked about the State level, the Entities, the Cantons or Brcko District. Therefore, some differences have been observed in respect to collection of funds, distribution mechanisms, budgeting procedures, and to the final extent to development of specific financial schemes throughout BiH (Table 35 – see Statistical Annex).

The education sector is regularly funded from the budgets of various authority levels (the State, the Entities, the Cantons, Brcko District, and municipalities). These levels contribute in different proportions. Consequently, administrative and financial obligations are not under auspice of a single level of authority that is taking full responsibility and accountability for the education sector, except in Brcko District.

Significant disparities in per student spending at all levels have been identified across all jurisdictions responsible for education in BiH, with the highest spending areas spending more than twice per student at all levels than the lowest spending areas. This disparity is predominantly, but not exclusively explained by differences in revenue collection per capita.

The Cantons allocate more money to education than to any other sector. On average, the Cantons allocated between 25 and 48 percent of their budgets on education in 2004. In

⁴⁷ Agency for statistics BiH, January 2005.

the RS and BD the percentage is much smaller at only 16,3% and 12% in 2004 respectively (Table 22 – see Statistical Annex).

Private sources of funding are becoming more and more significant, but the flow of private funds is not transparent. In addition, there is no continuous monitoring of the households' spending on education.

A) State level

The only body that deals with some issues related to the education sector at the state level is the Ministry of Civil Affairs. Therefore, there are no significant funds assigned to support sector of education at the State level.

According to the State Law on Primary and Secondary Education, certain financial resources may be assigned out of the state budget for salaries and allowances of teaching staff in BiH extraterritorial schools that operate abroad.

B) Federation of BiH

There are 10 Cantons within the FBiH. Every Canton has established Ministry of Education that is responsible for overall education sector and related issues on the territory of the specific Canton. This includes drafting the budget proposal and allocation of financial resources, which is a subject of an agreement with Cantonal Ministry of Finance.

In addition, according to the Law financing of the sector is even further decentralised to the level of municipalities. The municipalities however make relatively minor contributions to education costs but there is no common pattern. In some Cantons, the legislation requires municipalities to finance material, transport or some other costs in primary schools.

C) Republika Srpska

Very similar financial mechanisms are in place in RS. The education sector in RS is under authority of a single Ministry of Education, with a clear organisational structure and centralistic attitude towards handling the matters in the sector.

According to the legal provisions, financing of the schools in RS (primary and secondary) is out of the Entity budget, municipality budget or other sources. In the RS, almost overall primary school costs are the responsibility of the Entity, but municipalities are responsible for the material, transport and some other costs of secondary schools. Many municipalities also contribute voluntarily to some lesser education costs. As in the FBiH, there is no regular pattern.

D) Brcko District

Main authority in education sector in BD is the Department for Education, which is responsible for overall pre-school, primary and secondary level of education. Higher educational institutions on the territory of BD are under responsibility of MoE RS.

Financial flows are highly centralised and they are under supervision of the Department for Budget and Finance. The Department for Budget and Finance must approve budget proposal and allocation of financial resources in education with additional consent of the BD Mayor.

E) Municipalities

a) Municipalities in RS

In general, municipalities in the RS have more legal responsibility for education than their counterparts in the Federation because they are responsible for the material costs in secondary schools and these can be considerable.

In total, municipalities spent KM 21.26 millions on education in 2003; this represented 7.93% of their total budgets. It was planned to spend 24.5 million KM for 2004, or around 7.47% of their total expenditure.⁴⁸

Several municipalities spent over 10% of their budgets on education whilst many of the very small municipalities spent nothing at all. Milici, at 13.33% was the highest education spender in 2003 with Banja Luka (10.23%), Berkovici (11.37%), Gradiska (10.25%), Laktasi (10.75%), Mrkonjic Grad (11.04%), Trebinje (10.26%) and Vlasenica (12.24%) the others do not spend more than 10% of their budgets on education.⁴⁹

Some of the municipalities' costs however relate to transportation rather than teaching process although the split is not always clear in the accounts. This should be borne in mind when considering the above figures.

b) Municipalities in FBiH

In some of the Cantons, according to the Law, it is the responsibility of municipalities to fund the material costs in primary schools. West-Herzegovina Canton and Canton 10 are two Cantons where this is the case. In West-Herzegovina Canton (the figure in 2003) the municipalities contributed 9.8% and in Canton 10, it was 7.82% out of total public education expenditure.

In Zenica-Doboj Canton where there is no legal requirement for municipalities to fund primary schools, the municipalities collectively spent 3,6%. The lowest percentage spenders were Bosnia-Podrinje Canton whose municipalities spent only 2,2%, and Una-Sana Canton with 1.3%.

Public education expenditure

The education sector in BiH is mainly financed from public sources (out of the budget of authorities) and in minor proportion from private sources (households and other sources). In order to have comparable and accurate analysis, the calculation is not going to include data for private education expenditure since those data are not available for most of the Cantons, Brcko District, and for RS.

Public expenditure on education would be analysed in relation with the GDP trend and GDP per capita over the last several years (Table 1). The trend shows that after 1999 when was recorded the growth of 10%, there has been a continuous average growth of GDP around 4% in the period 2000-2004.

⁴⁸ OSCE report, 2004.

⁴⁹ Ibidem.

Table 1. Gross domestic product of Bosnia and Herzegovina

| Gross domestic product | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 ⁵⁰ |
|------------------------------|-------|--------|--------|--------|--------|--------------------|
| Nominal GDP (in millions KM) | 8.990 | 10.050 | 10.960 | 11.650 | 12.170 | 12.779 |
| GDP per capita (in KM) | 2.413 | 2.658 | 2.886 | 3.043 | 3.151 | 3.280 |
| Real GDP (growth rate in %) | 10,0 | 5,5 | 4,5 | 5,5 | 3,5 | 5,0 |
| Population (in thousands) | 3.725 | 3.781 | 3.798 | 3.828 | 3.862 | 3.896 |

Source: Central Bank of Bosnia and Herzegovina, International Monetary Fund

Note: Gross Domestic Product is CBBH estimate. Population is estimate of the BiH Agency for Statistics, except for 2003, which is the IMF estimate.

The total public education expenditure includes public education expenditures of the municipalities, the Cantons, BD, the Entities, and the State level (Table 2).

Table 2. Total public expenditure on education in BiH (in KM)⁵¹

| Authority | 2002 | 2003 | 2004 ⁵² |
|---|--------------------|--------------------|--------------------|
| State level | | | |
| Ministry of Civil Affairs ⁵³ | 66.539 | 59.125 | 76.833 |
| Inter Entity level | | | |
| SAA of FBiH and RS | 671.531 | 681.438 | 1.744.600 |
| Entity level and DB | | | |
| Brcko District ⁵⁴ | 20.365.580 | 21.898.368 | 24.250.198 |
| FBiH ⁵⁵ | 13.299.100 | 8.030.400 | 6.288.750 |
| RS | 150.554.178 | 152.160.000 | 168.836.020 |
| Cantonal level | | | |
| Una-Sana | 43.179.000 | 48.013.905 | 56.739.763 |
| Posavina | 6.992.200 | 7.281.100 | 8.128.540 |
| Tuzla | 78.697.519 | 94.740.300 | 109.514.700 |
| Zenica-Doboj | 62.383.724 | 64.686.600 | 66.436.222 |
| Bosnian-Podrinje | 4.752.177 | 5.200.658 | 5.199.344 |
| Central Bosnia | 39.411.440 | 36.744.046 | 44.758.333 |
| Herzegovina Neretva | 37.277.523 | 46.357.846 | 49.787.420 |
| West Herzegovina | 19.451.800 | 21.480.100 | 21.572.600 |
| Sarajevo | 120.469.000 | 134.380.000 | 147.520.978 |
| Canton 10 | 10.248.212 | 11.767.800 | 12.618.196 |
| Municipalities⁵⁶ | 31.791.688 | 36.620.000 | 42.181.604 |
| Total for BiH: | 639.611.211 | 690.101.686 | 765.654.101 |

Source: Official Gazette (FBiH, RS, Cantonal, DB), MoF, MoE, OSCE, MoCA BiH

The trend of education expenditure shows nominal increase over the last three years 2002-2004 (Chart 1). Nominal increase of education expenditure of 7,8% was recorded in 2003, and 11% in 2004 in comparison to the previous year respectively.

⁵⁰ IMF estimate, World Economic Outlook, September 2004.

⁵¹ Private sector expenditure, culture and sport not included.

⁵² The most of the data are referring to planned budgets.

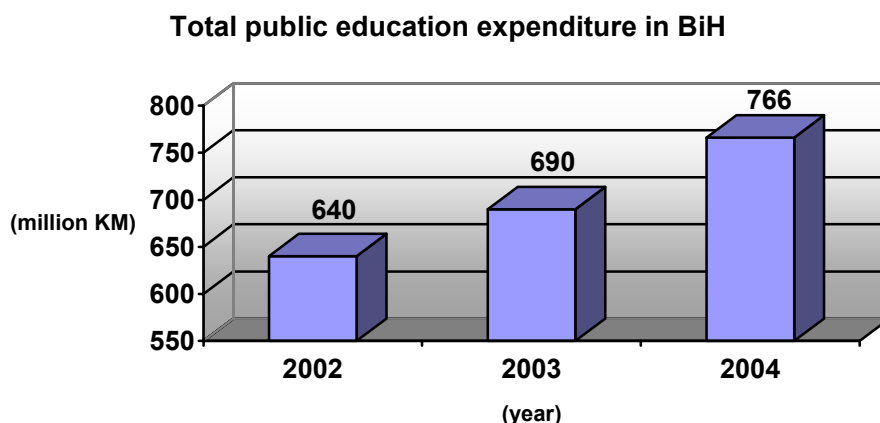
⁵³ Calculated for 1,5 employees that perform functions related to the sector of education.

⁵⁴ Incl. amount devoted for capital investments, separate budget line in the Governments' budget.

⁵⁵ Only for expenditures recorded on federal level - excluding Cantonal expenditures.

⁵⁶ All municipalities in FBiH and RS.

Chart 1.



Total public education expenditure in 2002 was 5,5 % and 2003 was around 5,7% of GDP, while in 2004 it was around 6,0 % of GDP (Table 3).

Table 3. Total public education expenditure/GDP ratio (in millions KM)

| | 2002 | 2003 | 2004 |
|---|--------|--------|--------|
| GDP | 11.650 | 12.170 | 12.779 |
| Total public education expenditure | 640 | 690 | 766 |
| Total public education expenditure/GDP ratio (%) | 5,5 | 5,7 | 6,0 |

Source I: Central Bank of Bosnia and Herzegovina, International Monetary Fund

Source II: Official Gazette (FBIH, RS, Cantonal, DB), MoF, MoE, Agency for Statistics BiH, MoCA BiH

If we look at the share of the total public expenditure on education in the GDP, we observe that there has been increase of 0,2% if we compare 2002 and 2003, while the increase of 0,3% has been recorded in 2004 in comparison to 2003.

On the basis of the previous observation one may conclude that despite nominal growth of total public expenditures, real growth as a share of GDP is rather low. However, the data on total public education expenditure/GDP ratio does not give the full picture on financial flows within the sector, and it is the main cause why the data are titled as **total public education expenditure**. The structure of total public education expenditure is presented in the table below (Table 4).

Table 4. Structure of total public expenditure in education (in mill. KM)

| Year | 2002 | | 2003 | | 2004 | |
|---|-------|--------|-------|--------|-------|--------|
| Public administration ⁵⁷ | 21,0 | 3,3% | 22,3 | 3,2% | 29,0 | 3,9% |
| Educational institutions ⁵⁸ | 619,0 | 96,7% | 667,7 | 96,8% | 737,0 | 96,1% |
| Total expenditure | 640,0 | 100,0% | 690,0 | 100,0% | 766,0 | 100,0% |

Source: Official Gazette (FBIH, RS, Cantonal, DB), MoF, MoE

⁵⁷ MoCA, MoE, PI, ISA, SAA

⁵⁸ Primary, secondary, higher education including grants for all levels of education.

One of the reasons for such trend could be recent rapid development of private education sector, which is not a part of public financial system or a subject of financial monitoring. Therefore, there are no reliable, if any, data on spending in this sector.

Secondly, due to lack of transparency and undeveloped system of financial monitoring, we must keep in mind that the numbers are not fully accurate for material costs and capital investments that are partly financed by the municipalities, and from other sources (donations, grants, etc.).

Private education expenditure

The only source of information regarding private spending on education is LSMS. It provides data about households' spending on education for 2001. According to the LSMS survey average total household expenditure in 2001 was 11.571 KM. The biggest shares are food with 37% and accommodation with 36%. The education share was 2,1% or 241 KM per household.⁵⁹

The survey presented data on average household spending on education in 2001 per student/pupil – out of total number of enrolled students in the relevant age group (Table 20 – see Statistical Annex). Having in mind that about 72% of respondents in the relevant age group in FBiH and 66% in RS have not reported any spending on education those figures should be considered not fully accurate. More reliable data would be one reflecting average household spending on education in 2001 per consumer - that is a student with non-zero spending reported (Table 21 - see Statistical Annex).

The data show significant difference in education spending between the Entities only for higher education. In RS it is 1322 KM and in FBiH 897 KM, that is around 32% less in FBiH than in RS. Much bigger difference exists among different levels of education. In FBiH for primary 257 KM, secondary 381 KM and higher 897 KM, and in RS 257 KM, 379 KM and 1322 KM, respectively. LSMS shows, that the households that are above poverty line (in tables called "non-poor") tend to spend on education, in average, over 1/3 more than the households under poverty line (in tables "poor").

What needs to be emphasized here is the inequality in access to secondary and especially higher education for pupils/students in regions where such institutions do not exist. Those differences are results of budget abilities, level of economic development achieved by the Entities and Cantons, or different share of education in the total spending. In addition, such differences in education expenditure in the Entities could be result of differences in terms of age structure of the population, economic development, network of education institutions, etc. However, the existence of these differences may have serious consequences on access of children to education in different parts of BiH and become a significant source of future inequalities.

⁵⁹ LSMS data set, 2001.

Public administration expenditure in education

Public administration expenditure is related to the costs of MoE, PI, Institute of School Affairs, MoCA, SAA and Department for Education in BD (Table 5). Total PA expenditures in education present very small portion in GDP (around 0,2%), but it is significant to record the constant increase in the period 2002-2004 from 0,18% to 0,23% respectively (Table 25 – see Statistical Annex).

Table 5. Public administration expenditure in education (in KM)

| Ministries of Education and Pedagogical Institutes | 2002 | 2003 | 2004 ⁶⁰ |
|--|-------------------|-------------------|--------------------|
| State level | | | |
| Ministry of Civil Affairs | 66.539 | 59.125 | 76.833 |
| Inter Entity level | | | |
| Standards and Assessment Agency of FBiH and RS | 671.531 | 681.438 | 1.744.600 |
| Entity level ministries and DB | | | |
| Brcko District | 819.377 | 841.966 | 863.218 |
| FBiH ⁶¹ | 1.685.438 | 1.049.682 | 2.019.149 |
| RS | 7.212.109 | 10.359.501 | 12.075.531 |
| Sub total: | 9.716.924 | 12.251.149 | 14.957.898 |
| Cantonal ministries | | | |
| Una-Sana | 2.124.450 | 1.504.090 | 772.242 |
| Posavina | 150.900 | 138.900 | 167.300 |
| Tuzla | 554.382 | 644.700 | 744.000 |
| Zenica-Doboj | 2.235.147 | 406.400 | 593.500 |
| Bosnian-Podrinje | 175.476 | 149.511 | 242.000 |
| Central Bosnia | 74.438 | 319.866 | 498.596 |
| Herzegovina Neretva | 610.140 | 1.763.200 | 2.438.800 |
| West Herzegovina | 739.300 | 460.800 | 526.000 |
| Sarajevo ⁶² | 1.809.000 | 1.723.741 | 3.473.368 |
| Canton 10 | 154.391 | 217.400 | 249.799 |
| Sub total: | 8.627.624 | 7.328.608 | 9.705.605 |
| PI and ISA | | | |
| Republika Srpska | 1.042.015 | 1.052.576 | 1.142.650 |
| Una-Sana | 135.100 | 192.365 | 244.488 |
| Tuzla | 326.435 | 256.117 | 284.200 |
| Zenica-Doboj | 267.021 | 268.000 | 255.588 |
| Bosnian-Podrinje | 12.203 | 12.223 | 3.064 |
| Herzegovina-Neretva | 150.000 | 203.040 | 202.800 |
| Institute of School Affairs ⁶³ | 0 | 0 | 375.486 |
| Sub total: | 1.932.774 | 1.984.321 | 2.508.276 |
| Grand total: | 21.015.392 | 22.304.641 | 28.993.212 |

Source: Official Gazette (FBiH, RS, Cantonal, DB), Pedagogical Institutes, MoCA BiH

⁶⁰ The most of the data are referring to planned budget.

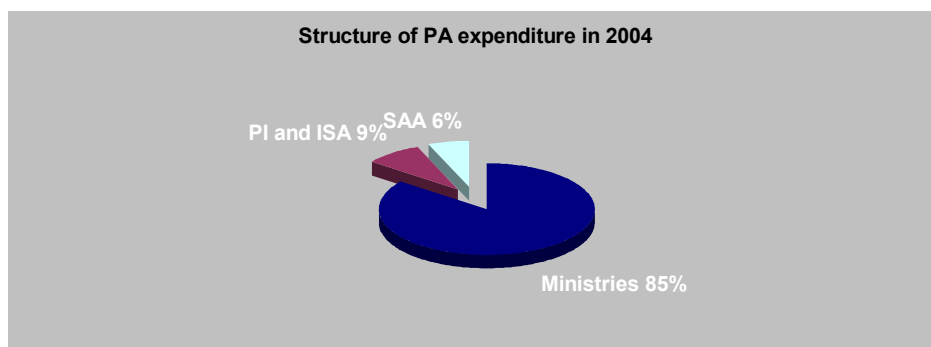
⁶¹ Only for expenditures recorded on federal level - excluding Cantonal expenditures.

⁶² Including Pedagogical Institute

⁶³ Officially established in 2004.

Major portion of these costs is related to the ministries and Department for Education in BD (around 85%), the second biggest part is related to PI (around 9%) and the third one to SAA (around 6%) in 2004 (Chart 2).

Chart 2.



Source: Official Gazette (FBiH, RS, Cantonal, DB), Pedagogical Institutes, MoCA BiH

The overall public expenditure of the education sector in BiH was increasing over the last three years from 640 million KM in 2002 to 766 million KM in 2004 (aggregated for FBiH, RS, Cantons and Brcko District without sport and culture expenditures – see Table 2). Out of this sum, the Functional Review has identified the public administration expenditure part around 21 million KM in 2002 to 29 million KM in 2004 (Table 6).

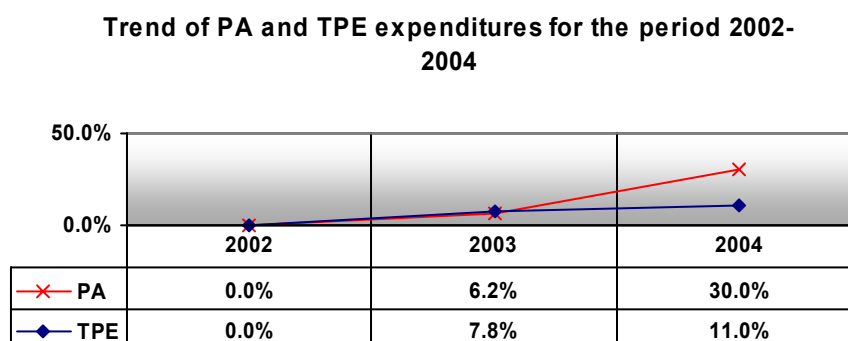
Table 6. Public administration and total expenditure ratio (in million KM)

| | 2002 | 2003 | 2004 |
|--|------|------|------|
| Total education expenditure | 640 | 690 | 766 |
| Total public administration education expenditure | 21,0 | 22,3 | 29,0 |
| Public administration/total expenditure ratio | 3,3% | 3,2% | 3,8% |

Source: Official Gazette (FBiH, RS, Cantonal, DB), MoF, MoE, MoCA BiH, PI

If we compare the average annual increase of public administration (PA) expenditure with average annual increase of total public education (TPE) expenditure in the same period we can observe that after almost proportional increase in 2003 - 6,2% and 7,8% respectively - the PA expenditure recorded significant growth in 2004 in respect to TPE expenditure - 30% and 11% respectively (Chart 3).

Chart 3



Source: Official Gazette (FBiH, RS, Cantonal, DB), MoF, MoE, MoCA BiH, PI

Despite the relatively low ratio of PA expenditure in GDP and TPE expenditure, due to constant and very significant growth in 2004, certain steps in terms of rationalisation of public administration expenditures could be undertaken, but the focus should be on rationalisation within educational institutions (schools, universities, etc.). These measures could be the following:

- To adapt number of non-teaching staff according to the actual needs
- To merge related secondary schools, located under the same roof (what would lead to significant reduction in number of non-teaching staff and related material expenditures)

An analysis undertaken in Tuzla Canton showed that only in a year, this would lead to savings of 2 million KM, what makes 2,5% of the funds currently allocated for education in 2002.⁶⁴

Structure of spending according to the level of education

Collection and distribution schemes for different levels of education are quite similar in the both Entities, and BD, but there are significant differences in financing and the share of private and public funds in respect to various levels of education. In addition, there are mutual funds for pre-primary and primary education in Brcko District, and in some Cantons that further complicates the calculation and division of sources assigned for different levels of education. Therefore, the data on spending of different levels of education are going to be presented only for primary, secondary and higher education (Table 7).

Table 7. Total public expenditure according to level of education

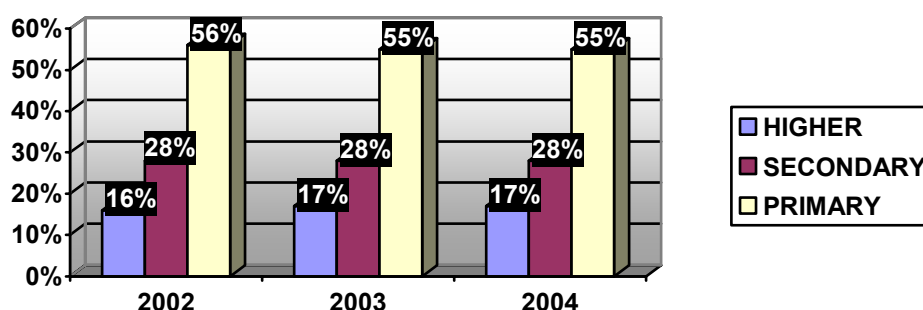
| | 2002 | 2003 | 2004 |
|------------------|--------------------|--------------------|--------------------|
| Primary | 306.448.354 | 329.528.215 | 371.953.268 |
| Secondary | 155.076.854 | 172.084.045 | 190.932.492 |
| Higher | 85.046.007 | 100.358.349 | 115.171.011 |
| Total: | 546.571.215 | 601.970.609 | 678.056.771 |

Source: Official Gazette (FBiH, RS, Cantonal, DB), MoF, MoE

Pre-primary education and certain portion of higher education costs are financed from private sources, while the primary and secondary educations are mostly financed from public sources. The structure of public expenditure in teaching process is almost identical for all three referent years (Chart 4).

Chart 4.

Structure of public expenditure in teaching process



Source: Official Gazette (FBiH, RS, Cantonal, DB), MoF, MoE

⁶⁴ WB report, 2003.

a) Pre-school education in BiH is not compulsory; therefore, the presence of private institutions is the highest in pre-school education. This education level exists almost exclusively in urban areas. Main role of those institutions, in the mind of the broad public, is social daily care rather than some kind of education. According to LSMS in 2001, only some 4,4% of children age 0-6 years old in BiH were enrolled in pre-school education.

In the both Entities, financing of pre-school education is predominantly at the municipal level, except in Una-Sana Canton, Sarajevo Canton and Brcko District (Table 35 - see Statistical Annex). The public funds cover a very small portion of the expenditures of those institutions – 12.8% in Sarajevo Canton, 33% in Tuzla Canton, or 48% of total costs of pre-school education in Banja Luka.⁶⁵ The rest of the costs are financed, in the largest part, by parents, and partly from the revenues of the institutions or by donated funds.

b) Primary education is compulsory throughout the whole territory of BiH. Recently it was extended to nine years instead of previous eight-year education system, which had an impact on increase of overall expenditure for this educational level, and the portion of primary education expenditure in the overall expenditure (Table 8).

Table 8. Total public expenditure for primary education (in KM)⁶⁶

| Authority | 2002 | 2003 | 2004 |
|--------------------------|--------------------|--------------------|--------------------|
| Brcko District | 10.945.029 | 11.335.480 | 14.362.448 |
| FBiH⁶⁷ | 150.000 | 201.000 | 250.000 |
| RS | 82.577.000 | 85.375.075 | 102.694.726 |
| Cantons | | | |
| Una-Sana | 22.503.950 | 24.795.950 | 29.797.837 |
| Posavina | 4.247.700 | 4.621.800 | 5.207.740 |
| Tuzla | 44.779.694 | 48.795.800 | 52.503.200 |
| Zenica-Doboj | 34.420.331 | 35.847.558 | 36.688.333 |
| Bosnian-Podrinje | 2.803.494 | 2.997.148 | 3.048.380 |
| Central Bosnia | 21.196.852 | 21.987.310 | 25.745.790 |
| Herzegovina Neretva | 19.799.413 | 23.599.579 | 25.333.000 |
| West Herzegovina | 11.610.000 | 12.643.473 | 13.009.900 |
| Sarajevo | 44.975.000 | 50.101.542 | 55.594.003 |
| Canton 10 | 6.439.891 | 7.226.500 | 7.717.911 |
| Total: | 306.448.354 | 329.528.215 | 371.953.268 |

Source: Official Gazette (FBiH, RS, Cantonal, DB), MoF, MoE

Financing of primary education is centralised in Republika Srpska, and BD, while it is predominantly financed from the Cantonal budget in FBiH. An exception is financing of material expenditures, travel costs and some other costs (e.g. competitions, scholarships, etc.) for some schools in RS and in some schools in FBiH, which is partly responsibility of the municipalities.

c) Secondary education

Financing of secondary education is also centralised in Republika Srpska, and DB, but it is responsibility of the Cantons in FBiH. One exception is financing of material expenditures in secondary schools in RS, which is a responsibility of the municipalities. Total expenditure on secondary education is increasing on average 11% a year over the last three years (2002-2004) (Table 9).

⁶⁵ WB report, 2003.

⁶⁶ Funds from municipalities not included due to lack of consistent aggregated database.

⁶⁷ Only for expenditures recorded on federal level - excluding Cantonal expenditures.

Table 9. Total public expenditure for secondary education (in KM)⁶⁸

| Authority | 2002 | 2003 | 2004 ⁶⁹ |
|--------------------------|--------------------|--------------------|--------------------|
| Brcko District | 7.539.557 | 7.329.213 | 8.929.532 |
| FBiH⁷⁰ | 350.000 | 247.000 | 326.550 |
| RS | 29.365.000 | 30.211.535 | 35.124.580 |
| Cantons | | | |
| Una-Sana | 12.155.100 | 13.821.400 | 15.710.424 |
| Posavina | 2.023.600 | 2.040.400 | 2.218.500 |
| Tuzla | 20.667.094 | 23.505.800 | 27.807.000 |
| Zenica-Doboj | 17.458.757 | 19.335.015 | 20.527.906 |
| Bosnian-Podrinje | 1.597.242 | 1.676.776 | 1.625.900 |
| Central Bosnia | 11.690.960 | 12.226.870 | 12.788.275 |
| Herzegovina Neretva | 11.746.040 | 14.088.467 | 14.523.620 |
| West Herzegovina | 4.190.900 | 5.482.800 | 5.641.700 |
| Sarajevo | 32.943.000 | 38.355.169 | 41.828.007 |
| Canton 10 | 3.349.604 | 3.763.600 | 3.880.498 |
| Total: | 155.076.854 | 172.084.045 | 190.932.492 |

Source: Official Gazette (FBiH, RS, Cantonal, DB), MoF, MoE

d) Higher education

The main feature of the existing model of higher education financing is non-transparency. The ministries cover the full expenditure of salaries and allowances (Tuzla and Banja Luka Universities), or the larger part of it (Sarajevo University) and a part of material expenditures. In total revenues of the universities, the public revenues make 48% (Mostar University), 59% (Sarajevo University), and 72% (Tuzla University).⁷¹ Total public expenditure for higher education in BiH is increasing over the above mentioned 2002-2004 period (Table 10).

Table 10. Total public expenditure for higher education (in KM)

| Authority | 2002 | 2003 | 2004 ⁷² |
|--------------------------|-------------------|--------------------|--------------------|
| Brcko District | 0 | 0 | 0 |
| FBiH⁷³ | 1.000.000 | 1.038.000 | 927.000 |
| RS | 21.048.000 | 22.565.722 | 26.364.520 |
| Cantons | | | |
| Una-Sana | 4.647.200 | 5.720.500 | 6.596.696 |
| Posavina | 400.000 | 300.000 | 350.000 |
| Tuzla | 12.193.415 | 20.697.900 | 27.685.700 |
| Zenica-Doboj | 2.148.462 | 2.577.627 | 3.567.095 |
| Bosnian-Podrinje | 0 | 0 | 0 |
| Central Bosnia | 2.000.000 | 2.000.000 | 2.800.000 |
| Herzegovina Neretva | 5.121.930 | 6.906.600 | 6.580.000 |
| West Herzegovina | 1.800.000 | 1.800.000 | 1.800.000 |
| Sarajevo | 34.242.000 | 36.252.000 | 37.900.000 |
| Canton 10 | 445.000 | 500.000 | 600.000 |
| Total: | 85.046.007 | 100.358.349 | 115.171.011 |

Source: Official Gazette (FBiH, RS, Cantonal, DB), MoF, MoE

⁶⁸ Funds from municipalities not included due to lack of consistent aggregated database.

⁶⁹ The most of the data are referring to planned budget.

⁷⁰ Only for expenditures recorded on federal level - excluding Cantonal expenditures.

⁷¹ WB report, 2003.

⁷² The most of the data are referring to planned budget.

⁷³ Only for expenditures recorded on federal level - excluding Cantonal expenditures.

The universities receive significant amounts of funds from private sources. Such private funds make up around 26% of the total funds available to the Tuzla University, to around 47% of the funds of the Mostar University.⁷⁴ Those sources are:

- full-time students fees
- part-time students fees
- fees for students of parallel studies – studies entailing the same right as regular studies, but where the students finance their own education themselves
- fees paid by the foreign students
- post-graduate studies fees
- exam fees
- revenues from scientific and research work.

Universities in FBiH receive funds from other Cantons only in case the teaching is provided in those particular Cantons, otherwise not. This causes huge difficulties, particularly for the Sarajevo University, where approximately 40% of students are coming from other Cantons. Another problem with public revenues stems from the fact that the calculation of funds is made on the basis of the number of first time enrolled students for specific school year, while the percentage of those who repeat their years of studies in Sarajevo University (which is the only one that has supplied us with this kind of data) is 34%. This changes a lot the amount of actual unit costs per student of higher education.

Material expenditures are almost fully financed from the revenue of the institutions. Having in mind that each faculty/academy is a separate legal Entity, information about these expenditures is not available to the MoE, or to the University.

Key features of education financing in BiH

The following section would provide the analysis of key features of public education financing in BiH with particular focus on budgeting, efficiency, effectiveness and sustainability.

Budgeting

The Entities, the Cantons and Brcko District have full authority over the education sector, so we can state that there are 13 educational sub-sectors in BiH. Therefore, in terms of funding and allocation of financial resources there are 13 separate budgets for education in BiH - two at the Entity level, one for DB, and 10 at the Cantonal level. The amount of money assigned from the state budget is almost irrelevant, because it was less than 80.000 KM for 2004 that are exclusively assigned for public administration in education.

All MoE have activity planning based on a one-year period. **There is no systematic strategic budgeting, which would take into account mid-term and long-term goals that would require mid-term and long-term financial planning (macro-economics).** The related activities are not detailed in terms of required human and material resources. This in turn prevents adequate costing of the activities due to lack of reliable basis for expenditure planning. In addition, there is a lack of coherent documentation which would enable decision makers to trace how are costs developed and enable them to draw important lessons and take corrective actions, if needed. This ultimately leads to the conclusion that the budgets are prepared using the previous year's

⁷⁴ WB report, 2003.

budget with the inclusion of new line items and/or the increase of existing line items by some percentage.

The budget planning process should comply with directives from the MoFs, which are of a general nature, such as:

- Particular deadlines within MoE should submit/review the plan of needed budgetary resources
- General restrictions in respect to proposed amounts of individual budget items (for instance gross salaries should remain at the previous-year's level, material expenditures should not be increased more than certain percentage, etc.)
- Very basic instructions on the formulation of analytical budgeting techniques and constraints which were not promulgated to the end users explaining the rationale behind such limitations

Having the above stated in mind one could conclude that the MoE estimates the required budgetary resources for a one-year period based on the instructions received from MoF, with very limited input from operational managers, failing to rely or only slightly relying on the activity plans, with no prior expert analysis of expenditures made. The result of budgeting process by using such criteria only produces a weak budget with minimal financial justification when being reviewed by the MoF. The practice of preparing devolved budgets, clearly identifying current processes/activities, which are collated into the total MoE budget, is not evident.

The old system, based on the number of teachers and classes, is still in use. The formula used for determining the school budgets in both Entities is based on pedagogical standards. The pedagogical standards define the number of students, number and size of classes, number and structure of teaching staff, average number of working hours, administrative and support staff, size of schools and individual classrooms. This formula does not recognise the results achieved, nor it gives to the school management the possibility of managing the expenditures, what might increase the efficiency. The salaries are defined by a base wage, which ranges between 85 and 130 KM, depending on the Canton in FBiH⁷⁵, and 82 KM in the RS, with the coefficient that depends on the profession and the teacher's education level. In addition to the average working hours, level of education and base wage, the salary also depends on the years of service, while the results achieved by the teachers have no influence at all. Besides salaries, the Cantons in FBiH and government in RS also finance the allowances to the employees that include the warm meal and commuting costs. Those allowances are calculated differently in each Canton and in RS.

The largest differences between the Cantons/Entities are in financing of material expenditures. The problem here is how to identify the authority level that is responsible for financing, since the schools are founded by the municipality, while the Canton/government of RS is responsible for hiring and firing of staff. Part of the material expenditures of secondary schools in RS and primary schools in some Cantons are financed by municipalities.

In some Cantons, material expenditures are financed on the basis of invoices or forecasted amount, based on historical data. In most Cantons, the funds for financing material expenditures are defined as a specific percentage of the amounts allocated for gross salaries. Regardless of which mechanism for financing of material expenditures is used, in

⁷⁵ The basis in a Canton is subject to changes, depending on the budget funds available.

the whole of BiH those amounts are very small, and in reality, depend on the budget funds available.

The depreciation costs are not financed at all. Procurement of equipment is, however, most frequently financed by institutions out of their income. In Sarajevo Canton, the revenues make up only 5,6% of the total funds in the primary, and 11,6% of the total funds in secondary schools.⁷⁶

The capital investments are in the biggest part financed by foreign donations; however, the inability to finance the depreciation jeopardises all the investments made so far, diminishing the effects of the foreign assistance. A decrease in the amount of such assistance is to be expected in the future, what means that this will also have to be included in the budget.

Budgeting in modern administrations shifts from traditional input-oriented to the categories of costs/revenues/outputs. Budgeting is both a strategic tool, expressing strategies and activities into numbers and a motivational tool by linking resources to goals that should be achieved.

The process of budgeting should introduce the common principles of the best budgeting practice:

- Budgeting is continuous financial resources planning cycle
- Budgeting shifts from traditional input-oriented thinking to the categories of costs/revenues/outputs.
- Allocation of resources is clearly linked to outputs/activities and targets
- Budgeting is consultative process where trade-off between conflicting goals are negotiated
- Budgeting is used as a tool for mid-term and long-term planning
- The principles of effectiveness, efficiency and financial balance should be continuously observed

Efficiency and effectiveness

Common standards applicable to all levels of the education system in BiH is the main cause of inefficient spending.

a) Primary education

There are some differences between the Entities in terms of the average size of primary school. While a school in RS has 157 pupils in the average, the comparable number in the Federation is 221.⁷⁷

There are also differences among the Cantons within the Federation. The Sarajevo Canton on average has 454 students per school, while the Canton 10 has only 113 students per a school. The average size of a class is also small, with 25 students in RS, and 24 in FBiH. In Sarajevo Canton, the average number of students is 36, while in the Bosnian-Podrinje Canton; the average number of students in a class is 20.

⁷⁶ WB report, 2003.

⁷⁷ An average size of mother school in FBiH is 584, and in RS 578 pupils.

The biggest problems are the schools in rural areas, where the teaching is organised in multi-grade classes with average number of 17 students in a class. This small average size of schools and classes in primary education is important, particularly from aspect of unit costs, which gives sufficient room for rationalisation of expenditures.

For an example, in the Bosnian-Podrinje Canton, where the rural areas prevail, an average class has only 20 pupils, and there are schools where this number is only 12 students per class, while an average school has 173 students. As a result of this fragmentation, the unit cost in primary education in this Canton is 1,248 KM. On the other hand, in Tuzla Canton, where the average school size is 255 students, with the average class of 25 students, the unit cost of primary education is 774 KM.

b) Secondary education

There are over 80 different profiles of secondary education which leading towards future profession in Sarajevo Canton itself.⁷⁸ Those profiles are not created in accordance with the demands of the economy, and do not match with the demand of local labour market. Therefore, it would be necessary to rationalise and restructure the educational profiles in accordance with the needs of the new economic reality.

As opposed to primary schools, an average secondary school has 597 students in RS and 568 students in FBiH. However, the average size of the class in FBiH is 28 students, what is a bit more than in the primary education.

c) Higher education.

There are 8 universities in BiH, 6 in the Federation and 2 in RS. The average size of a faculty is 763 students in FBiH and 667 students in RS. Exceptions are the faculties within the Sarajevo University, which is the largest one in BiH, where the average size of a faculty is 1032 students. The average size of faculties in the Banja Luka University is 844 and Istocno Sarajevo University 500 students.⁷⁹

So many universities in the country, and so many faculties within universities, leads to the small average size of faculty, which have resulted in irrational organisation of higher education. From this problem many other follow, such as: unsatisfactory quality of studies, difficulties with financial sustainability of the universities, etc.

The average size of a faculty is in relation to administrative and support staff, which could increase the costs and threaten the overall efficiency. A small average student group increases the number of teaching staff, what has the same effects on the total spending in the sector as the above. In this respect it is not possible to use the benefits of economy of scale.

Sustainability

The current financial mechanisms to fund the education system are unsustainable in long run. It is focused on financing of salaries and allowances, neglecting other costs of the schools, which diminishes and brings into question the quality of education. The reasons could be the following:

- The depreciation costs are not financed at all, while the small amount of funds is assigned for capital investments. Inability to finance the depreciation jeopardises all the investments made so far, diminishing the effects of the foreign assistance.

⁷⁸ Directed education includes four-year technical and three-year vocational education.

⁷⁹ WB report, 2003.

- Procurement of equipment, if there is any, is most frequently financed out of income of the educational institutions.
- Funds for capital investments were mostly provided by international donations. In a situation of constant shortage of financial resources, priority has been given to the payment of salaries and allowances.
- Materials costs have been paid from what has been left and frequently this amount is not sufficient to meet the operational and maintenance requirements of educational institutions. As international donations are declining, repair and maintenance costs will fall more heavily on the local authorities, especially as insufficient maintenance has been conducted and no provision has been made for depreciation.
- The costs of salaries and allowances are the biggest budget item within the education expenditure no matter what level of education we are talking about (Table 12). The table contains data only for some authority levels (RS, Sarajevo Canton, Zenica-Doboj Canton), that are financing all three levels of education.

Table 12. Budget structure of educational institutions in 2003 (%)

| Republika Srpska | | | |
|---|----------------|------------------|---------------|
| | Primary | Secondary | Higher |
| Salaries and allowances⁸⁰ | 90,2 | 94,7 | 57,1 |
| Capital investments | 0,01 | 0,03 | 5,3 |
| Other expenditures⁸¹ | 9,79 | 5,27 | 37,6 |
| Total: | 100 | 100 | 100 |
| Sarajevo Canton | | | |
| | Primary | Secondary | Higher |
| Salaries and allowances | 80,0 | 74,7 | 77,2 |
| Capital investments | 1,9 | 3,3 | 0 |
| Other expenditures | 18,1 | 22,0 | 22,8 |
| Total: | 100 | 100 | 100 |
| Zenica-Doboj Canton | | | |
| | Primary | Secondary | Higher |
| Salaries and allowances | 90,6 | 86,3 | 59,5 |
| Capital investments | 0 | 0 | 0 |
| Other expenditures | 9,4 | 15,7 | 40,5 |
| Total: | 100 | 100 | 100 |

Source: Official Gazette (FBiH, RS, Cantonal, DB), MoF, MoE

If we compare the data for different levels of education presented in the table, we can observe that capital investments in Zenica-Doboj Canton are not financed from the budget at all, while the very small amount of funds has been assigned in RS and Sarajevo Canton for some of the educational levels. The main explanation received from representatives of educational institutions for this is lack of funds, thus they are forced to make trade-off. The responsible governments may assign only modest amounts for these expenditures, what has significant consequences for the quality of education. The salaries and allowances are the biggest portion of the budget 57-77% for higher education, 75-95% for secondary and 80-91% for primary education.

If we talk about long-term sustainability, we should have in mind recent introduction of nine-year primary education and current education reform that will require significant additional funds for new equipment and professional training. Since the tax revenues

⁸⁰ Including employer's contributions.

⁸¹ Goods, services and grants.

would not rise significantly but gradually, there is a little prospect for additional funds. The conclusion would be that only through rationalisation of the present system and adequate redistribution some savings could be made in order to support the changes. As it has been outlined already, some 80-90% of total budget is at present spent on teaching staff, support staff and administration. Very few funds remain for other budget expenditures.

Since the improvement of quality of education is the one of the aims of the Education Reform Strategy, the reform will require both properly paid and professionally trained teachers as well as modern equipment. It is clear that additional funds would be needed to establish this new balance. In order to make such funds available, the current equilibrium will have to be adjusted by reducing the relative amounts spent on salaries.

Summary of main findings concerning finances

1. The political system and territorial structure of the BiH makes the administration in BiH very complex. The complexity of the structure produces many difficulties in respect to collection, reliability and accuracy of financial data.
2. The education sector is regularly funded from the budgets of various authority levels (the State, the Entities, the Cantons, Brcko District, and municipalities). These levels contribute in different proportions. Consequently, administrative and financial obligations are not under auspice of a single level of authority that is taking full responsibility and accountability for the education sector, except in Brcko District.
3. Significant disparities in per student spending at all levels have been identified across all jurisdictions responsible for education in BiH, with the highest spending areas spending more than twice per student at all levels than the lowest spending areas. This disparity is predominantly, but not exclusively explained by differences in revenue collection per capita. The differences jeopardises the principle of equal access to quality education for all.
4. The Cantons allocate more money to education than to any other sector. On average, the Cantons allocated between 25 and 48 percent of their budgets on education in 2004. In the RS and BD the percentage is much smaller at only 16,3% and 12% in 2004 respectively.
5. The municipalities in both Entities make relatively minor contributions to education costs but there is no common pattern.
6. In Brcko financial flows are highly centralised and under supervision of the Department for Budget and Finance.
7. The trend of education expenditure shows nominal increase over the last three years 2002-2004 (Chart 1). Nominal increase of education expenditure of 7,8% was recorded in 2003, and 11% in 2004 in comparison to the previous year respectively
8. For Higher Education the main feature of the existing model of higher education financing is non-transparency. The universities receive significant amounts of funds from private sources. Universities in FBiH receive funds from other Cantons only in case the teaching is provided in those particular Cantons. This causes huge difficulties, particularly for the Sarajevo University, where approximately 40% of students are coming from other Cantons.
9. Despite the relatively low ratio of PA expenditure in GDP and TPE expenditure, due to constant and very significant growth in 2004, certain steps in terms of rationalisation of public administration expenditures could be undertaken, but the focus should be on rationalisation within educational institutions (schools, universities, etc.). These measures could be the following:
 - To adapt number of non-teaching staff according to the actual needs
 - To merge related secondary schools, located under the same roof (what would lead to significant reduction in number of non-teaching staff and related material expenditures
 - To consider re-mapping of schools

Conclusions

The process of budgeting should introduce the common principles of the best budgeting practice:

- Budgeting is continuous financial resources planning cycle
- Budgeting shifts from traditional input-oriented thinking to the categories of costs/revenues/outputs.
- Allocation of resources is clearly linked to outputs/activities and targets
- Budgeting is consultative process where trade-off between conflicting goals are negotiated
- Budgeting is used as a tool for mid-term and long-term planning
- The principles of effectiveness, efficiency and financial balance should be continuously observed

8 HUMAN RESOURCES

This section of the Report provides description and analysis of human resource allocation issues in the public administration of BiH education sector.

Analysis of current human resources per constitutional levels

In BiH, it is often the case that the ministries responsible for education are also responsible for other government areas, such as science, culture and sports. This trend is common across Europe. In order to identify the number of staff involved only in education area, ministries were in form of a questionnaire asked to identify only those members of staff that could be directly related to the education administration function. Therefore, the figures representing the staff of the ministries of education presented in this section, as well as in the other sections of the Report, relate only to education administration function and often are slightly smaller than the total number of staff employed by each ministry.

The Review Team chose to highlight the following issues after undertaking the analysis of human resource allocation to institutions and functions.

Overstaffing is not an issue in public administration of BiH education sector. The total staff numbers are comparable to the EU member countries of similar size

The Functional Review of public administration of education sector in BiH identified that 372 employees are engaged in performing functions related to public administration of this area of government. In total, this number amounts to 1% of the total education sector staff. If the number of support staff is excluded from the total number of staff employed in public administration institutions, then the total number is even smaller and amounts to 259 staff. Thus, approximately 70% of the total public administration staff are education specialists and remaining 30% - support staff. These numbers suggest that overstaffing is not an issue in public administration of education sector.

Equally, the total number of staff involved in public administration of education sector cannot be regarded as too high or too low compared to the EU member countries of approximately similar size. The comparison in the Table 17 below shows that even smaller countries with much more centralised systems of public administration in education, like Latvia, have higher number of staff/population ratio.

Table 17. Number of staff per 10.000 population in selected EU member states

| | Latvia ⁸² | Lithuania ⁸³ | BiH |
|-------------------------|----------------------|-------------------------|-----------|
| Total number of staff * | 296 | 198 ⁸⁴ | 372 |
| Population | 2,439,445 | 3,432,100 | 3,863,735 |
| Staff per 10.000 pop. | 1.2 | 0,6 | 1.0 |

**In ministry of education and its subordinated bodies*

In practice, however, the total number of staff involved in performance of public administration functions in education sector in BiH is higher, as ministries and Pedagogical Institutes also use the so called service-contracts for employing short and long-term experts. The precise numbers are difficult to obtain because of the lack of systematic statistics in this regard. In addition to the service contract staff, many ministries of

⁸² 1999 / 2000 data as presented in "Examens des Politiques Nationales D'Education Lettonie", OECD, www.SourceOECD.org

⁸³ www.smm.lt

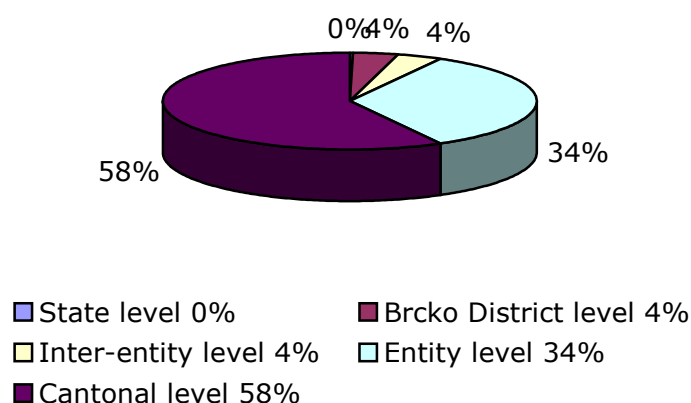
⁸⁴ This number excludes those who work on education administration in regional authorities.

education and Pedagogical Institutes on voluntary basis involve teachers and other specialists from outside of public administration to take part in different public administration activities.

There is a lack of both human resources and sufficient capability at the level of the state. Distribution of staff among Cantons of FBiH is unbalanced

The information collected during the review process puts in question the efficiency of the current staff distribution between various levels of public administration in BiH education system. Chart 7 shows the allocation of human resources according to the level of public administration.

Chart 7. Distribution of staff according to the level of public administration (2004)



The state level employs only one full time employee at the central ministry level (Department of Education, Ministry of Civil Affairs). Even without more detailed functional analysis this suggests that the system has a gap in its core. That gap prevents better policy planning and coordination at the whole state level. No doubt, this gap will have to be filled if and when Bosnia and Herzegovina starts the EU integration process.

At the inter-Entity level, there are 15 staff members employed by the Standards and Assessment Agency (SAA) that is policy implementation body. In total, the SAA staff makes approximately 4% of the total staff of public administration of BiH education sector. A more detailed breakdown of distribution of staff among levels and institutions of public administration of BiH education sector is provided in the Statistical Annex – Table 5.

140 or 38% of total staff works at the Entity and Brčko District level. The Federal Ministry of Education and Science employs 35 of them, which is almost 10% of the total staff of public administration of education sector in BiH. Compared to the very limited range of its functions (see analysis in the sections below), this number seems to be rather high. The total number for RS, i.e. 91 or 24% of total staff, includes both the Ministry and its Pedagogical Institute.

The ministries and Pedagogical Institutes at Cantonal level of FBiH employ the remaining 216 or 58% of total staff. However, the total number of staff at the level of Cantons should be treated with some caution, as there are 10 Cantons, i.e. education systems, all of which, according to their education legislation in force, have to perform similar functions. The size of public administration in Cantons varies significantly from Canton to Canton, as can be seen from the Statistical Annex Table 5. For example, Posavina Canton

has 2 staff members employed by its Ministry of Education, whereas Sarajevo Canton has 48 staff members employed by both the Ministry and Pedagogical Institute.

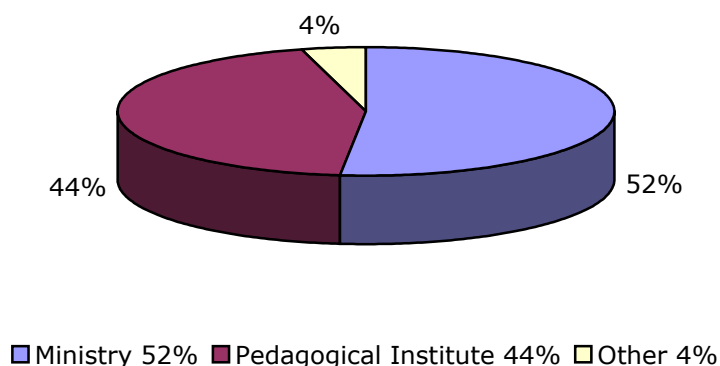
One can argue that such uneven distribution of staff among Cantons reflects their different size in terms of population, number of schools, teachers etc. However, as the analysis of functions of ministries and Pedagogical Institutes suggests (see section below), most of the Cantons are required to perform similar functions irrespective of their population size or number of schools, for example – policy and legislation development, curricula development, standards setting, monitoring and financial planning. The consequence of uneven distribution of staff, in this case, is that smaller Cantons cannot afford the same amount and quality of work.

Analysis of current human resources per institution

Distribution of staff between ministries and Pedagogical Institutes reflects the confusion about roles, competencies and functions of the two types of bodies.

The Review Team focused on assessment of distribution of human resources between ministries and Pedagogical Institutes from the perspective of a model in which ministries need to focus on strategy, policy and regulation leaving policy implementation to either institutions under their subordination or to other appropriate bodies. In such a model, ministries tend to be small institutions performing policy analysis, research and monitoring. Majority of human resources is then concentrated in policy implementation bodies.

Chart 8. Distribution of staff among ministries, Pedagogical Institutes and other bodies (2004)



In BiH, ministries of education employ 191 or 51% of total staff and 165 or 44% of total staff are working in Pedagogical Institutes. The remaining 15 or 4% of total staff are employed by the Standards and Assessment Agency. One of the reasons for having more than half of staff employed by the ministries of education is that there are 13 ministries of education in BiH. Another explanation for that is that often ministries are involved in carrying out also policy implementation and enforcement functions, for example, inspection functions (see section on overlap of functions).

The situation is somewhat different in RS where the Ministry employs 25 or 27% out of its 91 total staff, but its Pedagogical Institute employs the remaining 66 staff or 73%. However, also in RS, the Ministry is involved in some of the policy implementation functions such as inspection.

In Cantons, distribution of staff between ministries and Pedagogical Institutes is different from Canton to Canton. Sarajevo Canton has similar model to that one in RS. Its Ministry has 14 or 29% of its total 48 staff whereas it's Pedagogical Institute – 34 or 71%. The two examples of RS and Sarajevo Canton suggest that separating policy from implementation and resource allocation for these two functions has more potential in administration of larger size.

At the same time, the two examples are in sharp contrast to some of the other Cantons, like Bosnian-Podrinje Canton, where its Ministry employs 7 staff members but its Institute consists of only one staff member – the Director who has to take care of all functions of this Pedagogical Institute. It would be more rational and efficient for Bosnian-Podrinje Canton to enter in service agreement with some other Pedagogical Institute. Another example is Posavina Canton, which has no Pedagogical Institute of its own and therefore relies heavily on Federal Ministry and on the Institute of School Affairs. This would not be a problem unless the capability of the Ministry was not limited only to two staff members.

There is a correlation between the size and efficiency of public administration

The Review Team also considered the size of public administration of the two Entities and Brčko District in relation to the size of Entities in terms of both population and education delivery sector (schools, pupils and teachers). The data obtained during the review process is presented in Table 18.

Table 18. Size of education public administration in relation to size of education delivery sector

| | RS | FBiH | Brčko | Inter-Entity | State | Total |
|-----------------------------------|------------------|------------------|---------------|--------------|-----------|------------------|
| No of employees | 91 | 251 | 14 | 15 | 1 | 372 |
| % of total employees of PA | 24% | 68% | 4% | 4% | 0% | 100% |
| No of population | 1.463.465 | 2.324.712 | 74.960 | 0 | 0 | 3.863.137 |
| % of total population | 38% | 60% | 2% | 0% | 0% | 100% |
| No of schools* | 874 | 1.321 | 20 | 0 | 0 | 2.215 |
| % of total no of schools | 39% | 60% | 1% | 0% | 0% | 100% |
| No of teachers* | 10.582 | 21.625 | 684 | 0 | 0 | 32.891 |
| % of total no of teachers | 32% | 66% | 2% | 0% | 0% | 100% |

* This number includes primary and secondary schools

The overall conclusion is that in RS the system of public administration has been somewhat more efficient. Its part in the total size of public administration of BiH education sector is only 23% which ensures coverage of almost 40% of BiH schools and more than 30% of teachers at primary and secondary levels of education. In contrast, FBiH has a total share of almost 70% of the total public administration staff of education sector, which covers around 60% of total number of BiH primary and secondary schools and 66% of teachers at the same levels of education. Of course, these numbers do not suggest anything about the quality of performance of public administration institutions either in RS or in FBiH.

The current fragmented organisational structure of public administration is neither fiscally sustainable nor affordable

The Review Team in form of a questionnaire asked the ministries and Pedagogical Institutes across BiH as well as the SAA to identify the number of additionally required staff members to perform education public administration functions more efficiently. The results of the questionnaire are presented in Table 19 below.

Table 19. Requirements for additional staff by function identified by institutions of public administration (2004)*

| Function | Total number of addition staff required |
|----------------------------------|---|
| Policy development | 116 |
| Legislation development | 5 |
| Curricula development | 61 |
| Standard setting | 59 |
| Monitoring of education outcomes | 109 |
| Inspection | 60 |
| Teacher training | 34 |
| Total: | 444 |

* Excluding the state level and RS

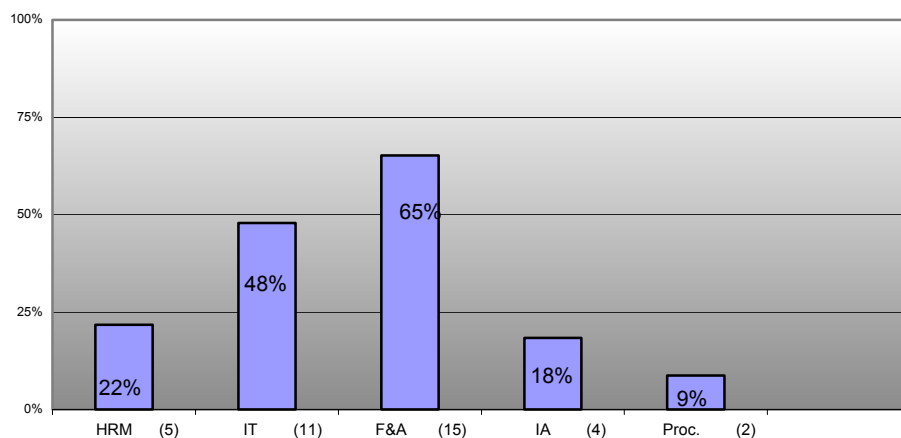
The figures from Table 19 above suggest that the system that currently employs 372 staff or 259 education specialist staff, requires additional 444 education specialists, which is an increase of 172% for education specialists only. This, no doubt, is unaffordable. It is equally unsustainable from the fiscal point of view. And these figures could be even more striking if the implications of European integration were taken into account.

At the same time, the Review Team treated these figures with great caution for several reasons. First, having a pre-defined number of staff for performing certain functions, i.e. optimal number of staff required according to *book of rules*, is a concept that has an in-built assumption that there is an ideal way of performing the task that excludes potential efficiencies. In real life, there is no such ideal way of carrying out the tasks. Most of the new EU Member States have been able to ensure approximation of their legislation to the *Acquis* and implementation of this legislation with numbers of staff well below those required in an "ideal world". Second, and most importantly, at this stage of development of public administration of BiH education system, it is more important to focus on both the philosophy behind each function and task, for example policy development or inspection, and on the right allocation of existing staff to the key education administration functions. For debate of each of the key public administration functions in the education sector see the next section of the Report.

In the current system, there are significant resource constraints to ensure proper management of public administration institutions

Part of the analysis carried out by the Review Team was also focused on identifying whether the 23 organisations involved in public administration of BiH education sector had in place structures, systems and procedures that ensure efficient functioning of organisation. As part of this Review, ministries and Pedagogical Institutes in form of a questionnaire were also asked to identify whether they had a structure (department or unit) or a post that was responsible for the following key organisational management functions – human resource management (HRM), information technology and support (IT), finances and accounting (F&A), internal audit (IA), and procurement (Proc.).

Chart 9. Presence of the key organisational management functions in the institutions of public administration of BiH education sector

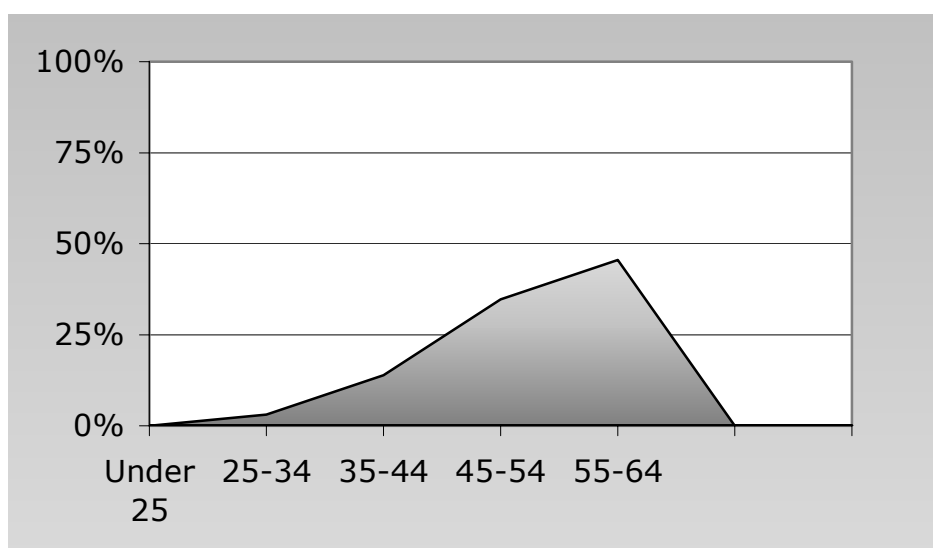


The data presented in Chart 9 above suggests that some of the essential internal functions of public administration institutions are not sufficiently covered by the human resources. Thus, for example, only 18% or 4 out of 23 public administration institutions of education sector have post of internal auditor, which is essential function for ensuring the appropriate use of resources inside an organisation. Equally, only 9% or 2 out of 23 organisations have the post responsible for procurement. However, the most striking finding of the Review in relation to these functions is that only 22% or 5 out of 23 organisations have a post for human resource management.

There is a need for forward looking human resource development policy in public administration of BiH education sector

The analysis of human resources reveals that there is an urgent need to develop and implement long term human resource policy for public administration of education sector. Majority of education specialist staff, i.e. 83%, are in the age group from 45 to 65 and more years of age, with 48% of education specialist staff being in the age group of 55 and more (see Chart 10).

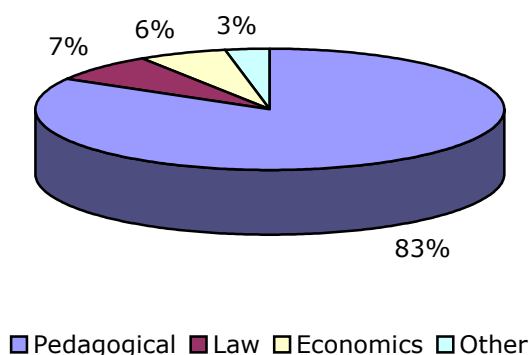
Chart 10. Age structure of education specialist staff in public administration of BH education sector 2004



The data presented in Chart 10 above suggests that, as large group of current senior civil servants will retire, there will be the need for attracting new professionals. This needs to be anticipated and recognised well in advance, so that there is enough time to prepare for attracting new talent. In order to do this, there needs to be a further in depth analysis of requirements and conditions under which the public administration can meet this challenge.

In addition to that, the appropriate policy needs to be developed and systems put in place for ensuring that civil servants, not only in education authorities, but in the whole BiH public administration master foreign languages necessary for EU integration. It is also important to assess what specialists the BiH public administration of education sector requires in order to meet the current challenges faced by the education system. Chart 11 below shows academic background of the current education specialist staff.

Chart 11. Education background of education specialist staff in public administration of BiH education sector 2004



As can be seen from Chart 11 above, most of the current education specialist staff employed in public administration institutions of BiH education sector are with pedagogical background. Although there are slight variations between the ministries and Pedagogical Institutes, this trend is common to both (for details see Statistical Annex, Table 11).

Staff in ministries require somewhat different skills and knowledge than the staff in Pedagogical Institutes. If the primary focus of the Pedagogical Institutes should be on collaborating with teachers and thus, require thorough knowledge of both teaching and learning processes. The staff in ministries requires different skills, i.e. policy analysis, legal drafting, statistics, finances, etc. The future human resource development strategy should take this into account.

9 CONCLUSIONS AND RECOMMENDATIONS

The Functional Review has identified a need for restructuring, rationalising, abolishing, strengthening and introducing new functions.

This section aims at summarising the recommendations relevant for the overall functioning of the education system and to ensure that functions are present within the public administration to provide for:

- Well functioning education system and realisation of its overall visions.
- Implementation of BiH, Entity, Cantonal or District strategies and policies
- Good governance
- EU integration
- Macroeconomic sustainability

The analysis of the existing functions and subsequently the recommendation for changes are based on a number of general principles deriving from good public administration and management practice. Those are:

- Functions of the same type should be grouped together
- Policy and service delivery functions should be separated
- Support functions should be separated from other functions
- No duplication or overlap of functions
- Clear and short reporting lines
- Viable sizes of departments
- Optimum spans of command for managers
- Equitable workload
- Responsibilities of senior staff should be equalised
- Decision making should be delegated to the lowest suitable level
- Gradual approach to restructuring

As the Functional Review deals with identifying functions actually performed by a given organisation and estimation of their magnitude, measured in terms of staff and financial resources, the recommendations can also be measured by those parameters as follows:

- Qualitative aspects of a function measuring the recommendations in terms of whether a function should be strengthened, reduced, rationalised, abolished, outsourced, transferred to other bodies, or whether there is a need for introduction of new functions or the existing functions should remain unchanged.
- Quantitative aspects of the recommendations measuring the changes in terms of resources (staff and budget).

Further, it is important to be aware of the limitation of the methodology. The Functional Review deals only with assessment of the functions and does not provide analysis of the activities or projects performed by an organisation. Hence, the Functional Review can not provide recommendations with respect to delivery of education.

It is important to note that the recommendations presented in this chapter do not represent an ideal pathway for resolving all problems within the education sector or even those of the public administration part. Firstly, the recommendations are only addressing problems identified within the public administration part of the education sector and secondly they are assumed to be realistically implemented before the end of 2010.

Based on the above mentioned, the recommendations detailed in this chapter can be summarised under 4 major headings as follows:

1. Establish or strengthen functions at the state level required to ensure a sustainable, coherent education system with universal coverage, equal access, equity and readiness for EU integration – this includes recommendations for establishing a separate department for education within Ministry of Civil Affairs
2. Rationalise functions at Entity/Canton/local level that are outdated or not performed rationally and separate policy and service delivery functions. This includes the recommendations for establishment of Inspectorates at both state and Entity level.
3. Strengthen all functions at state/Entity/Cantonal levels related to policy formation; evidence based planning, performance monitoring as well as functions related to elaboration and implementation of strategies and those functions required for a successful EU integration.
4. Strengthen all functions related to good governance including strategic management, HRM and a uniform education information system.

It is also concluded that the function for change management does not have a magnitude sufficient to insure implementation of the above mentioned recommendations. Therefore, it is further proposed that donors provide support for establishment of the required capacity at all levels.

The proposed recommendations have both consequences with respect to distribution of functions between levels and between sectors within the levels as well as for the human and financial resources provided to perform them. To this end, it is important to note that the recommendations constitute one complete public administration package where none of the single components can stand alone. Having this in mind, the recommendations will make a more efficient public administration of the education sector and can be implemented without increase in the financial and human resources. Actually the recommendations would enable a streamlining simultaneous with a better and more effective public administration.

With respect to distribution of the functions across levels, the recommendations encompass the formation of a number of state functions, establishment of a number of functions required to ensure consistency and cohesiveness within the system and recommendations aimed at avoiding duplications of functions. Hence, the recommendations would have an impact on the distribution of functions across levels and among institutions which can be summarised as follows:

- The state would undertake the functions of drafting framework laws, RS and Brcko and Cantons would draft laws (within the boundaries of the framework laws). The state would perform the functions for setting minimum standards /framework norms for the entire education system in BiH.
- With respect to the functions for establishing, planning, financing and monitoring of the higher education sector, the state would have the responsibility while the RS and Cantons would have responsibility for primary and secondary education.
- The state level will perform the functions for education planning, design of framework curriculum and coordination of school curriculum development for the entire BiH.
- The state level will perform the functions related to the Standards and Assessment Agency, the Curriculum Agency and the CIRQA
- The state level will undertake the functions related to plan for and committing BiH with respect to EU integration and the Entities to enact the integration requirements.
- The state level takes care of establishing the function for international comparison and recognition of qualifications

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Table: Recommended distribution of functions across levels

| Major function: Organising the provision of education and improving the quality and equal access to education | | | | |
|--|--|---|--|---|
| Function groups | Recommendations with respect to levels | | | |
| | State | RS/Brcko District* | Federation | Canton |
| Policy development and policy coordination | Drafting framework laws for primary and secondary education. Drafting laws and strategies for higher education | Drafting laws for primary and secondary education within the framework of the BiH laws and strategies | Coordinating the draft of laws for primary and secondary education | Drafting laws for primary and secondary education within the framework of the BiH laws and strategies |
| Curriculum design | Drafting core and framework curriculum and standards for syllabus development | Drafting school curriculum in accordance with the Framework | Coordinating the draft of the school curriculum | Drafting school curriculum in accordance with the Framework |
| Assessment, Evaluation and Accreditation | Primary and secondary education. Higher Education | Support to assessment and evaluation (examination) | Coordination of assessment in the Federation | Support to assessment and evaluation (examination) |
| Accreditation and Certification | Primary, secondary and higher education | | | |
| In-service teacher training and support to school development projects | Setting framework and standards for public independent institutions in education | For primary and secondary schools | | For primary and secondary schools |
| Macroeconomic sustainability | Drafting budget for state level and Higher Education institutions. Consolidating the DB/Entity/Canton MTEFs | Drafting budget for primary and secondary education DB/Entity MTEF | | Drafting budget for primary and secondary education. Canton MTEF |
| Financing of education institutions | Higher Education | Primary and secondary education | | Primary and secondary education |
| Planning of the network of institutions | Higher education | Primary and secondary education | Coordination of the planning of the network in the Federation | Primary and secondary education |
| Inter Entity and inter sector coordination | Primary Education Council Secondary Education Council VET Council Permanent Rectors' Conference | Participate in the primary, secondary and VET education councils | Coordinate participation in the Councils from the Federation | Participate in the primary, secondary and VET education councils |
| International relations and coordination | Cooperate with international organisations and taking commitments of BiH | Bilateral cooperation, data collection and taking commitments obligating single institutions | Coordination and data collection of bilateral projects in Cantons | Bilateral cooperation and taking commitments obligating single institutions |
| EU integration | Strategies and participation in EU integration obligating BiH | Implementing and participating in EU integration | | Implementing and participating in EU integration |
| Inspection | Setting standards for inspection of schools. Handle complaints about inspection | School inspection in accordance with the standards | School inspection in accordance with the standards | |
| Education information system | Information system for all levels and sectors in BiH | Collect data on primary and secondary education | Collect and process data from Cantons | Collect data on primary and secondary education |

* RS and Brcko District are in the same column because they perform the same functions

Recommendation 1: Strengthen functions at BiH level

This section presents recommendations to strengthen or establish functions required to ensure a sustainable, coherent education system with standardised quality control (evaluation and examination), equal access and equity.

With 1,5 employees dealing with the public administration at **state level** the findings can be summarised as follows:

- None of the functions required for planning, monitoring and running a sustainable and coherent education system with standardised quality control (evaluation and examination is being piloted by SAA), equal access and equity exist.
- No functions for coordinating, initiating and monitoring the implementation of BiH education sector objectives or for support to the Entities in implementation of more specific education sector strategies and changes exist.
- Functions related to EU integration are not present to an extent that will guaranty a timely and smooth integration. Further, no functions have been identified which can provide a partner-link for EU institutions as well as to commit the entire BiH education sector with respect to EU integration. Further, none of the functions required for EU membership can be identified (e.g. policy coordination, free movement of goods, free movement of persons).
- No function exists that can provide macroeconomic sustainability (establishing, coordinating and monitoring an overall economy framework for the education sector in BiH neither in the short nor in the medium term perspective).
- Functions for coordination between the state level and the Entities are not anchored to any permanent structures and are performed at a magnitude by which they do almost not exist.

In order to place these functions within an institutional context it is proposed to strengthen or establish the following organisational structures:

- Department for Education within MoCA.
- BiH Standards and Assessment Agency.
- BiH Curriculum Agency.
- BiH Certification of Institutions and Recognition of Qualifications Agency

Recommendation 1.1: Establish a Separate Department for Education within MoCA

The following functions are recommended to be undertaken by the Department for Education:

- Policy planning, monitoring and coordination across levels
- Drafting laws and framework laws for education
- Drafting laws and regulations for state education institutions
- Monitor the rationalisation of the education network for Higher Education
- Establishing standards for primary, secondary and higher education
- Monitor the performance of the education sector, including institutions
- EU integration, donor prioritisation and coordination.
- Concluding international agreements and cooperation within the education sector (including recognition of qualifications obtained abroad).
- Establishing standards for accreditation of universities
- Defining standards for teacher training
- Defining standards and methods for inspection of schools and handling complaints

For each of the above mentioned functions the Project team has estimated the required number of staff

Table: Proposed change in staffing for Department of Education

| Department of Education | Change in staff | Total number of staff |
|--|-----------------|-----------------------|
| Assistant Minister's office | +2,5 | 4 |
| Unit for legislation* | + 2 | 2 |
| Unit for Primary and secondary education with coordination, setting of standards | +6 | 6 |
| Unit for Higher Education with coordination and setting of standards, including monitoring and recognition of qualifications | +12 | 12 |
| Unit for EU Integration and International Cooperation | 2 | 2 |
| Unit for inspection | +3 | 3 |
| Unit for Informatics and Education Information System | +6 | 6 |
| TOTAL | +33,5 | 35 |

*) Not applicable if MoCA has one central unit for legislation

Given the fragmented nature of the education system(s) in BiH and the associated large amount of institutions, the Department of Education will need to have a bigger coordination capacity than what is found in ministries in other countries in the region.

In summary, the impact of the recommendation is that a total of 35 fulltime employees is needed (before 2010) including the 1,5 already engaged.

Recommendation 1.2: Establish a BiH Standards and Assessment Agency.

The following functions are recommended to be undertaken by the State Standards and Assessment Agency:

- collects, processes and publishes the data on the quality and quantity of learning in primary and secondary schools (general gymnasium)
- undertakes external assessment at the end of the second and third triad of primary education;
- undertakes external assessment at the end of the final grade of secondary education
- undertakes researches with the aim to measure and assess the achievements of pupils;
- establishes standards of pupil's achievements and of assessment of the achieved outcomes,
- publishes research results;
- delivers in-service training for all SAA employees, teachers, professional associates and working groups;
- Sets standards and examination for Matura
- provides advises to the relevant education authorities regarding the issues of prescribed standards and their implementation,
- establishes contacts with the bodies that have similar functions in other countries,
- provides assistance in validation of domestic certificates and diplomas in other countries.

Table: Proposed change in staffing for the Standards and Assessment Agency

| Standards and Assessment Agency | Change in staff | Total number of staff |
|--|-----------------|-----------------------|
| Director of SAA, office | 0 | 2 |
| Unit for assessment, standards and examination for primary and secondary education | +12 | 15 |
| Technical Unit | -3 | 5 |
| Administrative-financial Unit | +3 | 5 |
| VET Unit | +5 | 5 |
| TOTAL | +17 | 32 |

To perform these functions a total of 32 fulltime employees is required. Supporting functions such as budgeting, treasury and HRM should be left with the MoCA.

Recommendation 1.3: Establish a BiH Curriculum Agency.

The following functions are recommended to be undertaken by the State Curriculum Agency:

- monitors the implementation of common core curriculum at the territory of Bosnia and Herzegovina, using the additional staff: ad hoc/permanent working groups, in cooperation with SAA
- conducts evaluation of the current curricula and gives recommendations for amendments and improvement of common core curriculum
- develops and revises curriculum standards, including framework curriculum and templates/models of syllabuses
- cooperates with pedagogical institutes/institute for school affairs and other institutions that provide support to modernization and development of education
- rationalizes the family of occupations and modernizes vocational education curriculum
- advises education authorities and schools how to develop and implement new programme contents (syllabi), for example local or school-based curriculum
- trains teachers and other education experts on implementation of new curriculum, in cooperation with SAA
- publishing of supplementary curriculum materials, for teachers, that will be used in teaching process.
- evaluation and review of curriculum, in cooperation with SAA and working groups,
- approves curriculum in accordance with the framework curriculum and other curriculum standards
- develops common core curriculum for B&H in cooperation with SAA and working groups

Table: Proposed staffing for the Curriculum Agency

| Curriculum Agency | Total number of staff |
|---|-----------------------|
| Director of CA, office | 2 |
| Unit for framework and common core curriculum development | 5 |
| VET Unit | 5 |
| Technical Unit | 4 |
| Administrative-financial Unit | 4 |
| TOTAL | 20 |

To perform these functions a total of 20 fulltime employees is required. Supporting functions such as budgeting, treasury and HRM should be left with the MoCA.

Recommendation 1.4: Establish a BiH Centre for Information, Recognition and Quality Assessment.

The following functions are recommended to be undertaken by the State Centre for Information, Recognition and Quality Assessment:

- performs certification / licensing of higher education institutions which meet generally accepted standards for obtaining the higher education;
- performs the recognition of diplomas and academic qualifications from other countries;
- undertakes a quality assessment of higher education and higher education institutions;
- establishes contacts with the bodies that have similar functions in other countries;
- collects, processes and publishes the relevant information and data on higher education.

Table: Proposed staffing for the Centre for Information, Recognition and Quality Assessment.

| Centre for Information, Recognition and Quality Assessment | Total number of staff |
|---|------------------------------|
| Director of CIRQA, office | 2 |
| Unit for information, recognition and quality assessment | 6 |
| Technical Unit | 1 |
| Administrative-financial Unit | 1 |
| TOTAL | 10 |

To perform these functions a total of 10 fulltime employees is required. Supporting functions such as budgeting, treasury and HRM should be left with the MoCA.

Recommendation 2: Rationalise functions that are outdated or not performed rationally

This section presents recommendations for rationalisation of functions within the Entities and Cantons that are outdated or not performed rationally, and how to separate policy functions and service delivery functions

Recommendation 2.1: Transfer the functions related to school inspection to Entities and Brcko District Inspectorates

Functions related to school inspection are in both Entities performed by the ministries via the Pedagogical Institutions and/or by the Ministry itself. In the Federation the Federal MoE also employs inspectors.

Good administration practice stipulates that policy functions and service delivery functions should be separated for the benefit of both. School inspection is a service delivery function and ministries are predominantly concerned with policy formation. Therefore, the school inspection function should be moved to an independent body outside the ministries.

School inspection provides the guarantee to the population that standards and norms established by the Ministries are fulfilled by private/public providers. It is not good public administration practice to have the same body for establishing the rules and for judging whether they are obeyed.

Good governance means that all citizens are equal for the law or that the same laws apply to all. Therefore, good governance with respect to inspection means that school inspection should be performed according to the same rules and regulations no matter if it is done in Brcko, Banja Luka or in Mostar.

Therefore, it is recommended to transfer the school inspection function to three new inspectorates at Entity and Brcko level. They will conduct the inspection based on rules and standards drafted by Unit for Inspection in the Department of Education in the Ministry of Civil Affairs and approved by the BiH Parliament.

The three Inspectorates will perform the following functions in relation to primary and secondary schools:

- Check primary and secondary school premises
- Audit school expenditure
- Check health and safety requirements (particularly VET)
- Advise on improvements

Table: Proposed staffing of Inspectorates

| Inspectorates | Total number of staff |
|----------------------|------------------------------|
| RS | 10 |
| Federation | 20 |
| Brcko | 2 |
| TOTAL | 32 |

To perform these functions a total of 32 fulltime employees is required. Supporting functions such as budgeting, treasury and HRM should be left with the MoCA.

Recommendation 2.2: Transfer/establish the functions of support to school development and curriculum delivery to Pedagogical Institutions and organise the PIs as public independent bodies

Functions related to support of school development (teaching and learning, cooperation with parents, democratic school management, extra-curricular activities, conflict-handling), teachers (guidance and in-service teacher training), development of teaching materials and research and development are performed in a fragmented way by the ministries and the pedagogical institutions with no clear standards and no clear division of responsibilities and with very few activities. Some of these functions (school development and guidance to teachers) need to be close to the local schools while others need to be coordinated across the country (teaching materials and research).

Establishment of regional/Cantonal pedagogical institutions in all Cantons, in Brcko and in RS with further field offices in RS will provide the schools easy access to support in the transition period from input based to output based curricula.

A mechanism for coordination and cooperation concerning research and development, new teaching materials and to a certain extent in-service teacher training need to be established to ensure rational use of resources and a high degree of information flow.

The PIs will also function as cooperation partner for the SAA in regard to organisation of assessment and examination of primary and secondary school students.

The PIs should be established as public independent bodies with tasks performed partly for the governments and partly for the market. The activities performed for governments will be based on contracts, specifying the TOR and the budget for the task.

A substantial part of in-service teacher training courses can be organised as customer paid courses which will generate competition and development of quality courses as well as generate an income for the successful institutions.

In principle the following institutions should be established: 10 Cantonal PIs, 1 Brcko PI, 5 RS PIs. However the establishment should be an option for each region and not a requirement. A system of autonomy for schools accompanied by a system of block funding to each school to cover school development and teacher training would give the opportunity for schools to buy into the services from any one of the PIs. Also the ministries (particularly in small Cantons) would have the opportunity to link to one of the bigger PIs rather than establish a PI themselves.

The same principle applies to the functions of teaching material development where the schools with own funds would buy teaching material on the market and the PIs would develop teaching material for the market.

For research and development a certain amount has to be earmarked for this function in each of the ministries. The PIs suggest to all ministries to undertake certain research and development projects and the ministries decide separately which project they will support.

Future prospect for the Pedagogical Institutions would be to enter into activities connected to the EU structural funds for regional development. Also the market for consultancy in training and education within countries and abroad are expanding and would on the one hand add new experience to the PIs plus provide them with new types of income.

Table: Proposed change in staffing for the Pedagogical Institutions

| Pedagogical Institutions | Change in staff | Total number of staff |
|---------------------------------|------------------------|------------------------------|
| RS, 5 PIs | -37 | 29 |
| Brčko District | +2 | 2 |
| Una-Sana | 0 | 7 |
| Posavina | +1 | 1 |
| Tuzla | -4 | 12 |
| Zenica-Doboj | -8 | 10 |
| Bosnia-Podrinje | 0 | 1 |
| Central-Bosnia | +8 | 8 |
| Herzegovina - Neretva | -16 | 7 |
| West-Herzegovina | +2 | 2 |
| Sarajevo | -23 | 11 |
| Canton 10 | +2 | 2 |
| Total | -73 | 92 |

Note: The calculation of staff is done according to a ratio of 10 schools (primary and secondary) per 1 PI staff, excluding support staff.

Recommendation 3: Strengthen all functions related to policy formation and EU integration

This section includes recommendations concerning strengthening of all functions related to policy formation; evidence based planning; performance monitoring; functions related to strategic issues as well as functions needed for successful EU integration.

Recommendation 3.1: Strengthen functions necessary to establish a coherent system of evidence based planning and decision making.

The prerequisite for a sustainable, effective education system providing high quality services, matching the need of the population is decision making and good planning based on reliable data and prognoses.

It is the finding of the Review Team that MoEs do not perform the function of elaboration of prognoses for the future demand for education provision. MoEs do not perform the function of capacity and speciality planning. And MoEs do not have any overall guidelines or data that can facilitate the closing or opening of schools or the closing, revision or establishing of different types of educational courses. This, together with the finding that no function for need assessment of the labour market or international trends (IT, globalisation) exists, leaves decision makers with no evidence based background for making decisions.

Therefore, it is proposed to strengthen the functions necessary to establish a coherent system of evidence based planning and decision making by introduction of a planning cycle. This should include a process where the MoEs elaborate reports on the existing and the future demand for education provision, based on which MoEs elaborate capacity and education qualification plans. Further, the proposed planning cycle should be used also for other planning functions such as: workforce planning, education planning, elaboration of strategies and policies. The MoCA should be responsible for inter-sectoral coordination.

It is also recommended, to introduce the function for providing regular feedback from labour market institutions and unemployment services about labour force requests and educational background of unemployed people in their regions..

Recommendation 3.2: Strengthen/establish all functions required for EU integration

The requirement for establishing a sustainable, coherent and transparent education system throughout BiH necessitate a consistent approach to from all educational authorities, including State, Entities, District and Cantons.

The main functions to support a successful EU integration in regard to education are the following:

- A well-functioning education information system at State level with accurate data collected from Cantons and Entities
- A well-defined, transparent and comparable system of educational and learning standards for all levels of education
- A unified system for accreditation and certification at State level
- Well-defined policies and strategies for the education system across the country

Recommendation 4: Strengthen all functions needed for improving good governance at Entity/Canton/local level

This section includes recommendations required to strengthen all functions at Entity and Cantonal level for improving good governance.

Recommendation 4.1: Strengthen functions related to both vertical and horizontal coordination

Although, it is the impression, based on field interviews, that inter-Entity and inter-ministerial coordination has improved over recent years it is also the finding that the coordination function is mostly performed on an informal and irregular basis.

Therefore, in order to strengthen the coordination function, it is recommended to establish the following Education Councils:

- Primary Education Council
- Secondary Education Council
- VET Council
- Rectors' Conference

Explanation Box - The Education Councils.

As the Councils are the first and only regularly debate forum for education policy development at state level, the Councils should be composed of representatives of the main stakeholders in the education system:

- Professional bodies (such as Pedagogical Institutions)
- Representatives of municipal primary education authorities
- Representatives of schools
- Representatives of Teacher Trade Unions
- For primary education: Ministries of Education
- For secondary education: Entity Ministries of Education
- For Higher Education: Rectors
- For primary and secondary: Parents' Associations
- Others

The chair of the Council should be independent. The Council should be consulted on all relevant issues related to education policy, for instance:

- New legislation
- The Framework Curriculum
- New Standards for education
- Human Resources Management
- Standards for pedagogical institutions

The Council should meet on a regular, pre-scheduled basis (for instance 8 times per year) and work on the basis of an annual work programme that has to be approved by the Head of the Education Department in MoCA

This programme should be strict in the sense that continuity of activities would be ensured, and flexible enough to be adapted to newly emerging issues. The work programme should identify a number of issues on which the Council has been asked to advise the Education Department of the MoCA. The Council can also decide to provide advice without being asked.

The Council works under a legal framework that ensures its independent advisory role to the Education Department and has its own regulations with regards to decision making procedures, reporting etc. Secretarial support to the activities of the Councils should be provided by MoCA, with the following as the main tasks:

- Preparation of the agenda and the minutes of the meetings
- Preparation of the annual work programme and report
- Special activities (such as research) required to support the advisory role of the Council

Recommendation 4.2: Strengthen/introduce all functions related to human resources management, work force planning, continuous training of staff and education planning

Only few of the organisations have a separate organisational unit performing the HRM function. Only few of the organisations have a separate budget for training and education of their staff and none of the included organisations is conducting workforce planning and training needs assessments as well as education planning for education professionals.

Therefore, it is proposed to strengthen/introduce all functions related to human resources management (internal in the institutions as well as for the entire education network) encompassing work force planning, continuous education/training of staff, education planning and coordination of curriculum development for pre-service and in-service teacher training

Recommendation 4.3: Establish the functions needed for a uniform education information system in BiH

Good planning and evidence based decision-making depends on the availability of electronic, accurate, well defined and comparable data for the education system. Further, electronic data transfer between the schools and the public administration would enable rationalisation and a higher degree of accuracy. Hence, it is worrying that the functions for establishment of an education information system for BiH, is either absent or performed at a magnitude not expected to lead to the intended results.

Therefore, it is recommended to strengthen the functions for developing an education information system at Entity and state level able to ensure electronic transfer of data and provision of information on the education system. This should include definition of system architecture, nomenclature, protocols for data exchange, data definitions, data ownership and data protection.

Recommendations 5. The Federation

The present situation:

In accordance to the FBiH Constitution, education is considered the jurisdiction between of Cantonal authorities. Education is organized at Cantonal level but coordinated at the Federal level. The Federal Ministry of Education can not prescribe orders to Cantonal ministries, but can provide support on request in defined areas such as inspection, curriculum development and legislation.

Key findings for MoEs:

In accordance with political-administrative organization of the FBiH, functions in the field of education system management are performed by the 10 Cantonal ministries of education. The overall staff of 10 Cantonal ministries amounts to 117 (without PI staff) in comparison to 35 (excluding the Science Department) in the Federal MoE. All Cantons have passed their own laws on education.

General remarks:

- In general, the function for informed decision-making process in the ministries is very weak and not supported appropriately by the professional educationalists.
- It is common almost for each institution to have missing or insufficient the following functions: public relations, human resources management and strategic planning.
- There are no appropriate functions to support planning, monitoring and approval of capital investments, as well as cutting of capacities, if necessary.
- No common architecture, nomenclature, protocol, exists for enabling electronic data exchange within FBiH and within BiH
- In-service teacher training is almost non-existent apart from external donor projects
- Coordination and cooperation between the ministries are weak
- Coordination and cooperation between the Pedagogical Institutions are weak

Recommendations 5.1 related to functions in the Federal Ministry of Education

The Federal Ministry of Education perform a number of functions overlapping with other institutions in the system and with no clear mandate. It is recommended to focus on the coordination and advisory role of the ministry and therefore to **transfer functions not related to the coordination and advisory role listed below to other levels.**

Maintain the coordination and advisory role of the FMoE and establish the following functions in the ministry:

1. Policy development and policy coordination: Coordinating/advising on the draft of laws for primary and secondary education
2. Curriculum design: Coordinating/advising on the draft of the school curriculum
3. Assessment, Evaluation and Accreditation: Coordination of assessment in the Federation
4. Planning of the network of institutions: Coordination of the planning of the network in the Federation
5. Inter Entity and inter sector coordination: Coordinate participation in the Councils from the Federation
6. International relations and coordination: Coordination and data collection of bilateral projects in Cantons
7. Education information system: Collect and process data from Cantons

Table: Proposed staff of the Federal Ministry of Education

| Federal Ministry of Education | Change in staff | Total number of staff |
|--|------------------------|------------------------------|
| Minister | | 1 |
| Unit for Legislation | | 1 |
| Unit for primary and secondary education, curriculum and assessment, planning of network | | 6 |
| Inter-Entity, inter-sector coordination and international relations coordination | | 1 |
| Education information system | | 3 |
| Support staff, technical, administrative | | 3 |
| TOTAL | -20 | 15 |

To perform these functions a total of 15 fulltime employees is required

Recommendations 5.2 related to functions in the Cantonal MoEs

With common Framework Laws and common education strategies developed at the State level each of the Cantonal MoEs should perform the following functions:

1. Policy development and policy coordination: Drafting laws for primary and secondary education within the framework of the BiH laws and strategies
2. Curriculum design: Drafting school curriculum in accordance with the Framework
3. Assessment, Evaluation and Accreditation: Support to assessment and evaluation (examination)
4. Macroeconomic sustainability: Drafting budget for primary and secondary education; Draft Canton MTEF
5. Financing of education institutions: Primary and secondary education
6. Planning of the network of institutions: Primary and secondary education
7. Inter Entity and inter sector coordination: Participate in the primary, secondary and VET education councils
8. International relations and coordination: Bilateral cooperation and taking commitments obligating single institutions
9. EU integration: Implementing and participating in EU integration
10. Education information system: Collect data on primary and secondary education

Proposals for staff in the Cantonal MoEs need to be defined later. Each ministry needs to have a minimum of staff in order to be able to function as a ministry. Many of the current Cantonal MoEs are understaffed but a closer cooperation and coordination between the Cantonal ministries and with the Federal Ministry will reduce the need to provide staff for each function in each ministry.

Recommendations 5.3 related to functions in the Cantonal PIs

See Recommendation 2.1 and 2.2

Recommendations 6. Republika Srpska

The present situation:

The Republika Srpska (RS) consists of 64 municipalities and four regions: Banja Luka, Doboj-Bijeljina, Sarajevo-Zvornik and Trebinje-Foca.

The education system is rather centralised with the main power concentrated within the Ministry of Education (MOE, RS),

The number of staff in the Ministry of Education amounts to 25 (excluding the staff employed by the Pedagogical Institute).

Key findings for MOE:

- The overall planning function is insufficient. There is no dedicated unit for policy making, strategic planning, financial planning and capacity planning.
- There is no function for performance monitoring of the education system.
- There is no human resources management (HRM) function at MoE level and within overall education sector.
- Coordination with the Labour Market and the unemployment service in respect to planning of qualifications and man power is not at a satisfactory level.
- There is no motivational mechanisms/system of incentives for career development.
- Functions related to research, collection, analysis and dissemination of education data and elaboration of forecast of labour market demands are being neglected

Recommendations 6.1 related to functions in the MoE, RS

With common Framework Laws and common education strategies developed at the State level the RS MoE should perform the following functions:

1. Policy development and policy coordination: Drafting laws for primary and secondary education within the framework of the BiH laws and strategies
2. Curriculum design: Drafting school curriculum in accordance with the Framework
3. Assessment, Evaluation and Accreditation: Support to assessment and evaluation (examination)
4. Macroeconomic sustainability: Drafting budget for primary and secondary education; Draft Entity MTEF
5. Financing of education institutions: Primary and secondary education
6. Planning of the network of institutions: Primary and secondary education
7. Inter Entity and inter sector coordination: Participate in the primary, secondary and VET education councils
8. International relations and coordination: Bilateral cooperation, data collection and taking commitments obligating single institutions
9. EU integration: Implementing and participating in EU integration
10. Education information system: Collect data on primary and secondary education

Table: Proposed staff for the Ministry of Education, RS

| Ministry of Education RS | Change in staff | Total number of staff |
|--|------------------------|------------------------------|
| Minister | | 1 |
| Unit for Policy and Legislation | | 5 |
| Primary and secondary, curriculum Design, assessment | | 6 |
| Macro-economics, financing of schools, planning of network | | 5 |
| Inter-Entity and inter-sector coordination | | 4 |
| International relations, EU-Integration | | 2 |
| Education Information system | | 4 |
| Support staff, technical, administrative | | 5 |
| TOTAL | +7 | 32 |

To perform these functions a total of 32 fulltime employees is required

Recommendations 6.2 related to the Pedagogical Institute, RS

See Recommendation 2.1 and 2.2

Recommendations 7. Brcko District

The present situation:

The education system in Brcko District has a specific organisational structure. The Department for Education employs 14 staff.

Key findings for Department for Education:

- There is no explicit education ministerial structure, but there is the Department for education that is accountable for delivery of education in Brcko District.
- There is not enough capacity for planning, drafting laws and regulation, policymaking, and coordination functions within the Department.
- Lack of capacity for strategic planning and absolute lack of MTEF.
- There is no HRM function.
- There is no motivational mechanisms/system of incentives for career development

Recommendations 7.1 related to functions in the DoE, Brcko District

With common Framework Laws and common education strategies developed at the State level the DoE, Brcko should perform the following functions:

1. Policy development and policy coordination: Drafting laws for primary and secondary education within the framework of the BiH laws and strategies
2. Curriculum design: Drafting school curriculum in accordance with the Framework
3. Assessment, Evaluation and Accreditation: Support to assessment and evaluation (examination)
4. Macroeconomic sustainability: Drafting budget for primary and secondary education; Draft District MTEF
5. Financing of education institutions: Primary and secondary education
6. Planning of the network of institutions: Primary and secondary education
7. Inter Entity and inter sector coordination: Participate in the primary, secondary and VET education councils
8. International relations and coordination: Bilateral cooperation, data collection and taking commitments obligating single institutions
9. EU integration: Implementing and participating in EU integration
10. Education information system: Collect data on primary and secondary education

Recommendation 8. Staffing and budget consequences in the public administration of education sector

The reallocation of staff and budget for different levels of public administration should be considered as part of the development of an Action Plan for implementation of the recommendations (see below)

Recommendation 9. Further donor support is a prerequisite for the successful implementation of the recommendations

Changes do not implement themselves. Therefore, in order to lift the recommendations for change from thoughts and ideas on paper to tangible improvements to be experienced by the population, change management capacity is required. Capacity that can transform the recommendations into decision-making, legal changes, institutional changes which will impact the way functions are performed on day-to-day basis. Although, the recommendations provided in the previous sections are detailed and give a good background for further discussions they would remain as ideas if sufficient change management is not established.

In the second phase of the public administration in education component as part of the two-year EU-funded Project: Reform of General Education an Action Plan will be developed. The Action Plan will be based on the recommendations in this report and will involve the educational authorities in a discussion on concrete steps to be taken to reform the system of public administration in education.

10 LEGAL ASPECTS

Although, the above mentioned recommendations include a separate recommendation related to EU integration, it is important to underline that all recommendations, directly or indirectly will provide for progress towards EU integration.

The methodology of the Functional Review deals only with functions and not with competences that are a legal term stipulating the rights and obligations of different public bodies as stipulated in the law. Hence, the legal impact of recommendations related to e.g. moving a function from one organisation to another is to a certain extent outside the scope of the Functional Review. The Functional Review does not provide any explicit guidelines of whether the implementation of a recommendation would require change of regulations, of a law, of the constitution or could be implemented by a memorandum of understanding. However, the Project team has during the process of establishing the recommendations considered the legal implication.

It is evident that the recommendations detailed in this Report would result in changes of competences, introduction of new and abolishing of old ones.

It is important to note that the Constitution stipulates (article III 3a) that "All governmental functions and powers not explicitly assigned in this Constitution to the institutions of Bosnia and Herzegovina shall be those of the Entities." Further Article III, 1 assigns the following responsibilities to the institutions of BiH: Foreign policy, foreign trade policy, customs policy, monetary policy, finance of institutions and for international obligations, policy/regulation related to immigration/refugee/asylum, international and inter-Entity criminal law issues, communication, transportation and air control.

Although education issues are not explicitly mentioned as a BiH responsibility it is clear that those functions within the education sector that relate to EU integration (international obligations – see also III,2b) are largely under the responsibility of BiH.

The rest of the functions allocated to the BiH level, related to this report and within the education sector, are to be transferred by agreement between the Entities (article III, 5a) and District of Brcko or through formal amendment of the Constitution.

The proposed state institutions can then be established and relevant laws and regulations be adopted.

Overview of the CD

The attached CD contains the Final Report plus all annexes. The documents are produced in 4 languages and each language has its own folder. The name and content of the folders are as follows:

1. Bosnian Language

The Final Report. Functional Review of Public Administration of Education Sector in Bosnia and Herzegovina
Annex 1: Legislative Annex
Annex 2: Statistical Annex
Annex 3: Institutional Profiles
Annex 4: Education Strategies

2. Serbian Language

The Final Report. Functional Review of Public Administration of Education Sector in Bosnia and Herzegovina
Annex 1: Legislative Annex
Annex 2: Statistical Annex
Annex 3: Institutional Profiles
Annex 4: Education Strategies

3. Croatian Language

The Final Report. Functional Review of Public Administration of Education Sector in Bosnia and Herzegovina
Annex 1: Legislative Annex
Annex 2: Statistical Annex
Annex 3: Institutional Profiles
Annex 4: Education Strategies

4. English Language

The Final Report. Functional Review of Public Administration of Education Sector in Bosnia and Herzegovina
Annex 1: Legislative Annex
Annex 2: Statistical Annex
Annex 3: Institutional Profiles
Annex 4: Education Strategies