



Koninkrijk der Nederlanden



GOVERNANCE ACCOUNTABILITY PROJECT, PHASE II (GAP2)

SEVENTEENTH QUARTERLY PROGRESS REPORT

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GAP2

Excellence in Local Governance

“With dedication and expertise, promoting excellence in local governance now and for the future.”

GOVERNANCE ACCOUNTABILITY PROJECT, PHASE II (GAP2)

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LIST OF ACRONYMS

CDMA	Capacity Development Municipal Association, a Sida-funded project
CDPC	Community Development Planning Committee
CIP	Capital Improvement Plan (or Planning)
CIPS	Citizen Identification Protection System (BiH government body; after Fall 2008 named IDDEEA)
CPF	Capital Projects Fund
COE	Council of Europe
CSC	Citizen Service Center
CSPC	Civil Society Promotion Centre
DfID	UK Department for International Development
EC	European Commission
EKN	Embassy of the Kingdom of the Netherlands in Bosnia and Herzegovina
FBiH	Federation of Bosnia and Herzegovina
GAP2	Governance Accountability Project, Phase II
GIS	Geographic Information System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (the technical assistance agency of the Federal Republic of Germany)
IABS	Integrated Accounting and Budgeting System [Software]
IDDEEA	Agency for Identification Documents, Registry and Data Exchange of BiH (former CIPS)
ILDIP	Integrated Local Development Project, a UNDP/Swiss Development Agency Program
IPA	EU Instrument for Pre-Accession Funding
ISO	International Organization for Standardization
IT	Information Technology
JMC	Joint Management Committee (USAID, Sida, EKN)
KRA	Key Results Area
LAN	Local Area Network
LEAP	Local Environmental Action Plan
LED	Local Economic Development
LI	Local Interventions
LSG	Local Self-Government
MA	Municipal Assembly (in the RS)
MAP	Municipal Action Plan
MC	Municipal Council (in FBiH)
MCI	Municipal Capacity Index
MOF	Ministry of Finance
MOJ	Ministry of Justice
MOLSG	Ministry of Local Self-Governance (RS)
MOU	Memorandum of Understanding
MTS	Municipal Training System Project, a UNDP/Sida project
MZ	Mjesna Zajednica (local community), a subdivision of a municipality
NGO	Non-Governmental Organization
OCR	Optical Character Recognition
OSCE	Organization for Security and Cooperation in Europe
OHR	Office of the High Representative
P-BMP	Performance-Based Monitoring Plan
PCM	EU-standard Project Cycle Management
PERA	Peoples' Empowerment in Rural Areas, a Sida program
PPP	(MS) Power Point Presentation
POI	Public outreach initiative
RS	Republic of Srpska
RSNA	Republic of Srpska National Assembly (parliament)
Sida	Swedish International Development Cooperation Agency
SIPU	Swedish Institute for Public Administration

SNV	Netherlands Development Network
SOW	Scope of Work (or Statement of Work)
SOGRS	Association of Cities and Municipalities of Republika Srpska
STTA	Short-Term Technical Assistance (or Short-Term Technical Advisor)
TA	Technical Assistance
TARA	Tax Administration and Reform Activity, a USAID program
TCN	Third country national
UI	Urban Institute
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
UPC	Urban Permitting Center
UPP	Urban Planning and Permitting
USAID	United States Agency for International Development
VNG	International Cooperation Agency of the Association of Netherlands Municipalities
WG	Working group

EXECUTIVE SUMMARY

GAP2 activities got off to a slow start in 2012, as unusually heavy snowfalls plagued the country in January. Municipal attention was diverted to dealing with the emergency weather conditions, and construction for some CIP projects was impacted. However, to mitigate further delays in the final year, GAP2 successfully redoubled its efforts, accelerating activities in February and March to make up January delays.

Local Interventions

Implementation of MAP activities in Cohorts 3 and 4 continued, with 17 projects successfully completed.

In January, scopes of work (SOWs) were signed with the 10 pilot municipalities in which GAP2 is implementing new activities to improve their spatial and urban planning function. The SOWs describe the details of GAP2's assistance, tasks, timelines, roles, and responsibilities.

In March, GAP2 signed a "Framework of Activities" with UN Women, thereby establishing formal collaboration with an important actor in the gender field. UN Women will assist in the process of introducing gender responsive budgeting and implementing the Law on Gender Equality.

The capital projects team is overseeing the implementation of 18 capital projects in 11 municipalities (10 Cohort 4 municipalities plus Kladanj municipality). Ongoing projects in Cohort 4 municipalities are progressing as planned and will be completed in accordance with the schedules defined in the respective cofinancing agreements or in the municipalities' approved no-cost extensions, if applicable. To ensure that GAP2 does not end having partially funded a capital project that is not completed, the project will be instituting a new co-financing procedure

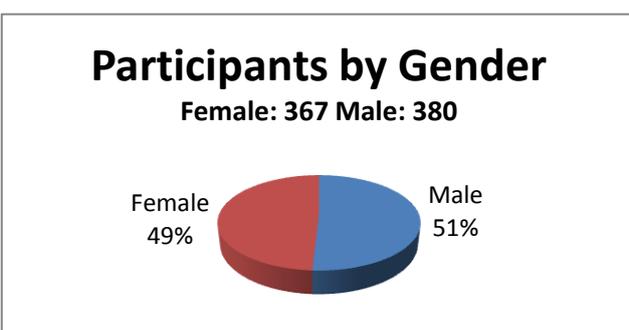


Figure No. 1

In the reporting period, GAP2 hosted 82 workshops and training sessions throughout its partner municipalities. Approximately 745 municipal representatives, including 365 women and many senior officials, participated to the workshops and training sessions which addressed a wide variety of topics within the core, MAP, and new assistance area topics. In addition, GAP2's subcontractors, namely providers of the urban planning, financial, and CSC software packages, delivered 83 training sessions, building the knowledge and skills of 109 municipal participants (of which 72 were women).

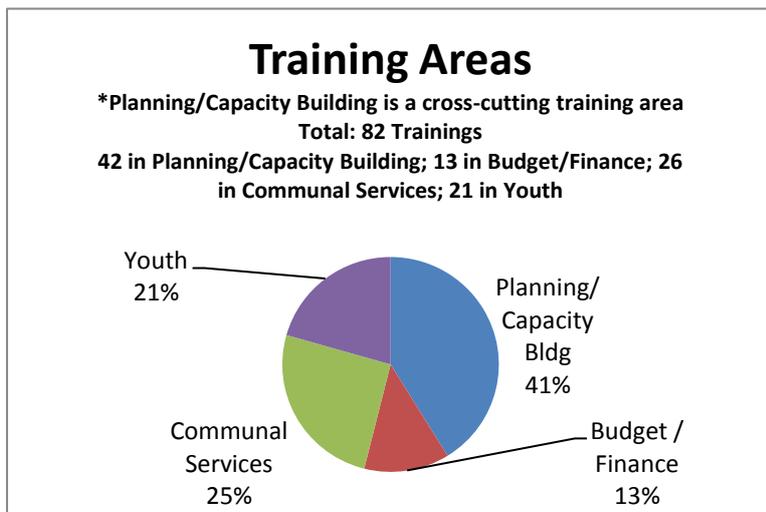


Figure No. 2

Policy Interventions

The policy team supported the FBiH Ministry of Justice (MOJ) to establish a working group to address the implementation of the FBiH Code on Intergovernmental Relations. The MOJ agreed to take the lead in this process, thus ensuring its sustainability, and has sent out the invitations for all working group members.

As detailed in previous reports, all GAP2-supported legislation related to the implementation of the FBiH Law on the Principles of Local Self Governance (LSG)—the Law on Forests, Law on Concessions, Law on Real Rights, and Law on Employees in LSG—are in various stages of Parliamentary procedure, and GAP2 continues to lobby for their adoption. The policy team also continues to advocate for the adoption of the Law on Electronic Documents that will complement the recently adopted Law on Vital Records and will allow citizens to access vital records and other documents from any municipality.

The policy team has supported working groups in both entities to assist with their respective revenue allocation / local government financing legislation. GAP2 participated in the second working group meeting in the FBiH, led by the FBiH Ministry of Finance (MOF). The working group is analyzing and proposing modifications to the existing revenue allocation model and plans to draft a new law on revenue allocation for the entity.

The RS municipal association is taking the lead organizing a working group to discuss changes to their local government financing legislation. On March 12, 2012, the policy team supported the municipal association in the organization of the first meeting of the working group, and GAP2 plans to present draft text for revised comprehensive legislation in the next meeting.

Monitoring and Evaluation

GAP2 continued its efforts on M&E data collection and analysis. The emphasis in this quarter was on the quarterly data collection for P-BMP performance indicators related to municipal services and quarterly capacity indexes rating of municipalities for municipal management of communal services, gender, youth, program budgeting, and expenditure management. The findings from these surveys continue to trend favorably.

Project Operations

During this reporting period, there have been no staffing changes. Four requests for engaging short-term local technical assistance were approved during this reporting period.

The draft disposition plan and detailed list of tasks have been prepared. The operations team is already working in accordance with the agreed tasks and timelines.

Three vehicles that are no longer needed for project's operations have been disposed to approved recipients. Another vehicle has been written off the inventory after being destroyed in a car accident in September 2011 and sold for scrap metal as per the CO's disposition approval.

The IT/procurement specialist and the project administrative assistant conducted a physical inventory check of equipment procured as part of core assistance to Cohort 3 and 4 municipalities. The relevant disposition request was prepared and approved.

The CO provided its approval of GAP2's plan to donate surplus furniture and equipment that resulted from the move of Sarajevo office to the youth council of Goražde municipality.

The project prepared a video story on the capital project "Reconstruction of Srbac municipality" that was featured at Chemonics' Leadership Development Conference in Washington, D.C. The video is available on the GAP2 website.

ABOUT THE PROJECT

The Governance Accountability Project, Phase II (GAP2) is a \$30 million, five-year program co-financed by the U.S. Agency for International Development (USAID), the Swedish International Development Cooperation Agency (Sida), and the Embassy of the Kingdom of the Netherlands (EKN). GAP2 is implemented by Chemonics International and its partners, the Urban Institute, VNG International, SIPU International, and the Civil Society Promotion Centre (CSPC).

The purpose of the program is to provide technical assistance to strengthen democratic local governance in Bosnia and Herzegovina by dramatically and visibly improving the ability of municipalities to serve their citizens and to support a policy and fiscal framework which is conducive to accountable, democratic governance.

To achieve these objectives the project is comprised of two major components: *Local Interventions* and *Policy Interventions*. The Local Interventions component provides direct technical and material assistance to 41 legacy and 31 new partner municipalities to improve municipal service delivery, municipal administration, and budgeting and financial management, and to improve municipal capacity to plan for and administer capital improvement projects. A February 2011 SOW modification added activities in select pilot municipalities for improving municipal management of communal service provision, preparing for the introduction of municipal treasury operations in the FBiH, improving spatial and urban planning, helping implement youth engagement strategies, and ensuring successful implementation of the Law on Gender Equality. The Policy Interventions component works primarily through the two associations of cities and municipalities to provide technical assistance to parliamentary bodies and ministries at the state, entity, and cantonal levels of government. This component works to strengthen intergovernmental communication, promote responsible fiscal and functional decentralization, and improve municipal advocacy. New activities include addressing policy obstacles to improved municipal management of communal service provision, improved spatial/urban planning, and the introduction of municipal treasury operations in the FBiH; ensuring cooperation with the Sida-funded CDMA project; and developing a comprehensive GAP2 exit strategy. A robust, performance-based *Monitoring and Evaluation* system, including periodic surveying of citizen attitudes and rigorous analysis of municipal capacities, ensures that GAP2 is measuring progress towards its objectives.

Underlying this approach are four guiding principles. One, *to maintain the momentum of reform* developed under the first phase of GAP (2004-2007) and during the first and subsequent years of GAP2. During the first phase, GAP achieved exceptional results in creating a climate for reform, results on which the second phase of this program is building upon and expanding. Two, *to build institutional and technical sustainability* by improving the financial base and know-how in partner municipalities, strengthening their collective advocacy through the municipal associations, and laying the seeds for a dynamic local government consulting market. Three, *to foster local ownership of reform* by providing ample opportunity for stakeholder input into municipal decision-making, providing demand-driven assistance to legacy municipalities, and creating working groups and advisory committees with members from the community and civil society to help ensure that municipalities receive the assistance they need and want to achieve their goals. And four, *to facilitate effective communication* as a means of achieving project goals and institutionalizing reforms. This includes internal communication within municipalities, horizontal communication between municipalities, and vertical communication between municipal and higher levels of government.

As GAP2 strengthens the capacity of local governments to better serve their citizens, it is working towards a more rational and accountable system of governance throughout Bosnia and Herzegovina and pushing the country towards greater EU integration. In the following sections, we present GAP2's latest quarterly report, outlining the activities and accomplishments leading toward fulfillment of the project's goals and objectives.

GAP2 PARTNER MUNICIPALITIES

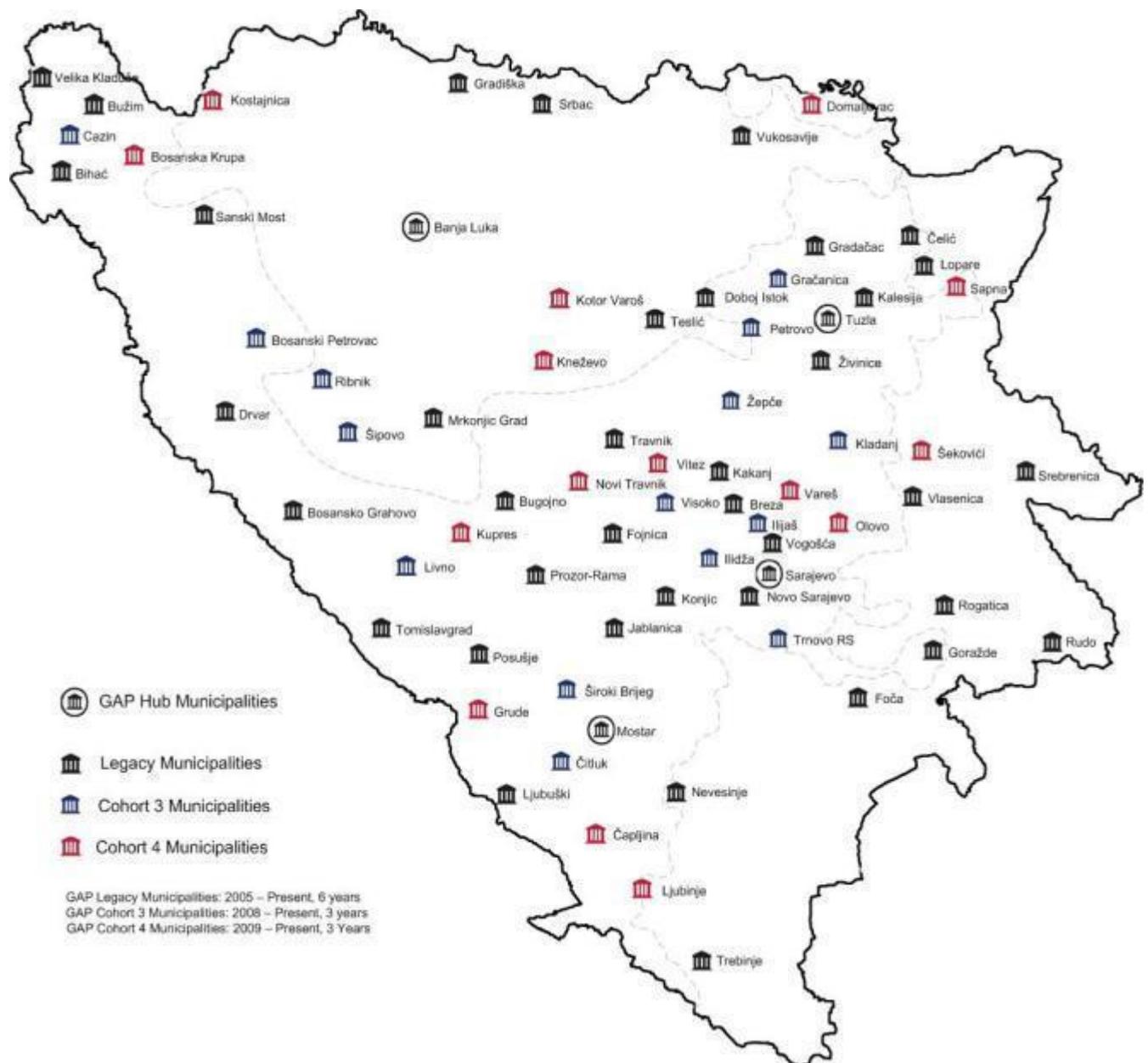


Figure No. 3 – GAP2 Partner Municipalities

SIGNIFICANT EVENTS OF THE QUARTER

LOCAL INTERVENTIONS:

- JANUARY 2012: SOWs SIGNED WITH 10 MUNICIPALITIES FOR IMPLEMENTATION OF URBAN PLANNING ASSISTANCE INTRODUCED IN THE YEAR 4 WORK PLAN;
- JANUARY 30, 2012: PRESENTATION OF THE MAIN PRINCIPLES OF THE TREASURY TO THE MUNICIPAL COUNCIL OF KAKANJ;
- MARCH 2012: YOUTH ACTION PLANS DEVELOPED AND SIGNED BY THE MAYORS IN ALL SELECTED PARTNER MUNICIPALITIES;
- MARCH 19, 2012: LOG FRAME OF ACTIVITIES SIGNED WITH UN WOMEN ON COLLABORATION TO PROVIDE ASSISTANCE TO VOGOŠĆA, LJUBINJE, TESLIĆ, AND BUGOJNO IN THE INTRODUCTION OF PRINCIPLES OF GENDER RESPONSIVE BUDGETING;
- 2ND HALF OF MARCH: THE MUNICIPALITIES OF BIHAĆ, BREZA, MRKONJIĆ GRAD, TESLIĆ, ČAPLJINA, LIVNO, BUGOJNO, NOVI TRAVNIK, GRAČANICA, AND ŽIVINICE PRODUCED ANALYSES OF EXISTING SPATIAL PLANNING DOCUMENTATION AND ACTION PLANS FOR UPDATING AND CREATING NEW SPATIAL PLANNING DOCUMENTATION;
- MARCH 26, 2012: OPENING CEREMONY HELD IN CITY OF MOSTAR FOR “INTERIOR WORKS ON THE MOSTAR CITY HALL” PROJECT.

POLICY INTERVENTIONS:

- SECOND MEETING OF THE WORKING GROUP FOR ANALYSIS OF THE REVENUE ALLOCATION AREA IN FBIH;
- MARCH 12, 2012: FIRST MEETING WAS HELD OF THE WORKING GROUP ON DRAFTING A NEW LAW ON LOCAL GOVERNMENT FINANCING;
- FBIH CODE WORKING GROUP INVITATION FROM FBIH MINISTRY OF JUSTICE;
- LAW ON ELECTRONIC DOCUMENT STATUS;
- CONTINUATION OF IMPLEMENTATION OF THE FBIH LAW ON PLSG;
- GAP2 EXIT STRATEGY COMPLETED;
- JOINT LI /POLICY IN-DEPTH ASSESSMENT OF PROBLEMS IN URBAN PLANNING AREA IS COMPLETED.

MONITORING AND EVALUATION:

- P-BMP QUARTERLY SURVEY ON MUNICIPAL SERVICES PERFORMANCE INDICATORS;
- QUARTERLY MUNICIPAL CAPACITY INDEXES RATING FOR COMMUNAL SERVICES MANAGEMENT, GENDER, YOUTH, AND PROGRAM BUDGETING AND EXPENDITURE MANAGEMENT.

SECTION I – ACTIVITIES AND RESULTS

LOCAL INTERVENTIONS

During this reporting period, the Local Interventions team completed a number of activities related to the implementation of MAP projects. GAP2 continued implementation of the SOWs for the new activities first introduced in Year 4 (municipal management of communal services, implementation of the state Law on Gender Equality, program budgeting, introduction of treasury operations, and addressing of youth issues). GAP2 has achieved the first results in implementation of the 10 SOWs on urban planning, signed this quarter. Highlights of the most important activities are presented below, and details about all activities can be found in the work plan schedule and progress report, included in Annex A. All GAP2 trainings and workshops delivered during this reporting period are listed in Annex B. A status update of MAP projects is included in Annex C.

Municipal Action Plan (MAP) Process

In this reporting period, the following 16 MAP projects were successfully completed in Cohorts 3 and 4 municipalities:

- *Introduction to the Instrument for Pre-Accession Assistance (IPA)* in Petrovo;
- *Applied Public Procurement* in Kupres and Trnovo (RS);
- *Project Cycle Management* in Sapna;
- *Updating Local Development Strategies* in Visoko;
- *Building Capacity for Vital Records Sharing* in Livno;
- *Increasing IT Management Capacity* in Ilijaš and Ljubinje;
- *Document Scanning and Imaging, Development of Electronic Library* in Domaljevac, Žepče, and Sapna;
- *Electronic Urban Permitting* in Ilidža;
- *E-mail Connection between Municipal Employees and Citizens* in Livno and Ilijaš;
- *Improving Permitting for Legalization of Illegal Settlements* in Čitluk;
- *Public Utilities Services Improvement* in Novi Travnik.

Since training and technical assistance was launched in Cohorts 3 and 4 municipalities, 45 of 65 projects have been completed in Cohort 3 municipalities while the remaining 20 are close to completion. In Cohort 4 municipalities, 18 out of 78 projects have been completed to date, with implementation of the remaining projects occurring on schedule and expected to conclude in the next quarter. The following is an overview of the highlights in MAP from the reporting period:



Figure No. 4 - Sapna, February 1, Project Cycle Management

As a result of GAP2 training, representatives of Sapna (*the February 1 workshop with practical exercise pictured to the left*) and Petrovo learned how to develop and write project proposals in accordance with European Union requirements. Trainings were practical in nature and resulted in each municipality having created a draft project proposal, which can be modified to the goals of any future official call for proposals. This practical knowledge is easily utilized

as illustrated by Visoko, which graduated from this type of assistance in Q4 2011; Visoko adapted their draft proposal template in response to a call for proposals, and submitted an application on BiH-Serbia cross-border cooperation.

The municipalities of Ilijaš and Ljubinje now have certified professionals managing the IT systems for these municipalities. Having such specialists in place will, among other things, ensure that GAP2's investment in the municipalities' IT infrastructure is properly maintained and serviced. In addition, the knowledge acquired will also serve in better decision-making for future investments in IT.



Figure No. 5 - In Domaljevac, a client observes a protocol officer scanning his file for further processing

Domaljevac, Žepče, and Sapna established the practice of document scanning and imaging. The municipalities are now able to systematically launch digitalization of the municipal protocol and archives and speed up internal procedures and access archived files. GAP2 will continue to monitor the digitalization process during regular CSC/UPC performance audits.

In January 2012, "Visoko Municipality – Strategy Update Plan" was produced with GAP2 assistance. Resulting from a series of workshops and a considerable amount of assignments for the municipal staff to complete in between the trainings, the

Municipality of Visoko produced sample self-evaluation and evaluation documents to be used for the future evaluation phase in the Local Development Strategy update process. Working together with the Municipal Development Team, members of partner groups including NGOs and leading businesses took ownership of the process, thus helping to ensure the involvement of all participants in implementing the future activities envisioned in the Strategy Update project.

Following delivery of hardware and software and the adoption of new and improved internal procedures by the municipal administration, Livno has significantly increased its capacities for vital records sharing. The municipality converted old registrar data and improved access to these records in order to speed up the procedures for vital records issuing and control. GAP2 will continue to monitor system usage during regular CSC/UPC performance audits.

As further achievement in increasing efficiency and transparency of the service delivery to citizen, and resulting from collaboration with GAP2 under the MAP Project "E-mail connections between municipal employees and citizens", Livno and Ilijaš are now able to provide clients with direct access to their case status by e-mail, the municipal website, or text messaging to mobile phones using a case number and authorization code issued when a case is submitted.

In addition to the completed MAP projects, some of which were highlighted above, GAP2 oversaw delivery of hardware and software and related training as part of its ongoing implementation of the remaining MAP projects with some of the highlights following below:

In Kostajnica, the mayor's economic advisor emphasized that he was: "glad to see that GAP2 recognized the need for the separation of certain departments within the municipality, such as a Department for Spatial Planning and Urban Development since these are most complex jobs at the municipal level. I am satisfied to see that very detailed job descriptions for each projected employee is prepared." This Rulebook is indeed a valuable document for the municipality as GAP2 had taken into consideration current legislation. In addition, GAP2 assisted the municipality in preparing five different Rulebooks that are legal appendices to the Rulebook (e.g., a Rulebook on Internship, Rulebook on Staff Performance and Evaluation, etc.).

- As part of GAP2's efforts to establish a Unit for Integrated Economic Development in Kostajnica, a new Rulebook for Internal Organization was prepared and presented to the municipal management on March 12. Resulting from interviews with all the staff, revision of existing documents, as well as laws and bylaws, one of GAP2's proposals has been to form a Unit for Integrated Development within the Department for Economy, Budget, and Finance, as well as to establish a new Department for Spatial Planning, Environment Protection and Utility Management. The Kostajnica mayor is expected to update GAP2 on municipal plans for this reform during the next quarter.
- In March, with GAP2 assistance, the municipalities of Grude and Čapljina successfully completed SWOT and socio-economic analyses which are prerequisites for the development of the municipalities' Plan for Attracting Investments. Both Grude and Čapljina are currently performing surveys of entrepreneurs and citizens on key investments issues and existing potential (the questionnaires will be completed both at the CSCs and directly with businesses).
- The Čapljina LEAP working group and GAP2 completed environmental snapshot reports for seven key areas (such as waste management) and its socio-economic analysis for environmental protection.
- On March 30, GAP2 held the first of four planned workshops in Ilijaš on the Development Partnerships for Increasing the EU Funds Absorption Capacity. The assistance program is designed as a synergy of various topics related to project management: time, money, procurement procedures and management of contracts. As partnerships are one of the main principles of the EU, it is important to ensure knowledge and relevant skills on the general principles of partnership in the local community, including involvement of the local administration, NGOs, private companies, and entrepreneurs. For instance, GAP2 assistance will help Ilijaš to develop procedures for the implementation of public-private partnerships in compliance with EU standards and methodology,.



Figure No. 6 – GAP2 consultant presents the new Rulebook in Kostajnica

During this reporting period, GAP2 completed procurements for Cohort 3 MAP urbanism related cards. The procurements mainly comprised AutoCAD based GIS software and GPS devices. Procurement of equipment for a multimedia center in Kladanj was also completed, however this project is not yet finalized due to delays in construction. As far as Cohort 4 MAP procurements are concerned, GAP2 has finalized procurement of hardware. GPS and urban software procurements are underway with completion expected early in Q2 2012.

Improve service delivery in legacy and new municipalities (KRA 1.1)

Municipal teams for development of communal services. Resulting from the GAP2-led training program, Prozor Rama, Foča, Nevesinje, Šipovo,



Figure No. 7 - February 2, 2012, Prozor-Rama: Training for the potential members of the Municipal Team for Communal Services Oversight and Development

Mrkonjić Grad, Bosanska Krupa, and Livno established municipal teams for communal services development as permanent bodies for municipal oversight and improvement of communal services. There are 42 members of these teams (of which 19 are women) – an average of five to seven per municipality. The teams' main tasks are to assess, document, and coordinate all the activities related to improvement of communal services, such as initiation of the communal infrastructure databases, projects for improvement of communal infrastructure, and permanent communication with the citizens. The participating municipalities are now better prepared and organized to systematically and strategically approach further improvements of communal services.

“Less Than 48 Hours Service.” Travnik, Cazin, Foča, Nevesinje, Šipovo, Mrkonjić Grad, Bosanska Krupa, and Livno launched the service “Less Than 48 Hours” as an important step towards increased responsiveness and customer orientation. Through the new service, accessible via CSCs, phone, or online via the municipality’s website, citizens are now able to directly contact their local administration to address any issues related to communal services and be provided a response within 48 hours. Additionally, the frequently asked questions (FAQs) are posted on the website, while the most interesting ones will be printed in municipal publications and discussed during community meetings. Through this mechanism, municipalities achieved permanent, fast, and accurate communication with the community on communal services issues. Citizens’ interest in the new services can be illustrated by the case of Livno, where 25 citizens used the service by phone, three by e-mail, and 20 by direct contact during the first month and all received answers within 24 hours.



Figure No. 8 - Municipal website in Bosanska Krupa with “Service Less Than 48 Hours” online forms

The municipalities of Travnik and Cazin finalized questionnaires to gauge citizens’ satisfaction with communal services. As a result of GAP2’s training, both municipalities will organize the surveys in the next quarter with a sample of 600 citizens. Completion of the surveys, data analysis, and presentation to the public will illustrate these municipalities’ capability to conduct the small-scale surveys on their own or to better articulate their needs when outsourcing public opinion research.

Campaigning for Higher Efficiency of Communal Services. Prozor Rama, Travnik, Cazin, Foča, Nevesinje, Mrkonjić Grad, and Livno launched municipal campaigns to address “Public Attitudes towards Higher Efficiency Communal Services and Use of Resources.” Promotional material has been posted on the municipal websites and efficient use of communal resources is being promoted during community meetings. The campaigns are funded using the municipalities’ own resources.

Development and implementation of municipal projects on communal services. Logical frameworks and concept papers related to internal municipal projects for communal services

improvement were adopted by: Prozor Rama's "Service Less Than 48 Hours" project, Foča's "Plan for Municipal Management of Waste Water", Nevesinje's "Plan for Winter Road Cleaning", Šipovo, Mrkonjić Grad, and Bosanska Krupa's "Plan for Digitalization of Communal Infrastructure", and Livno's "Communication Strategy". These projects will be implemented over the course of Q2 and Q3 2012 with GAP2's guidance and support.

Communal services standards. GAP2 developed and presented the Communal Services Standards to the municipalities of Prozor Rama, Travnik, Cazin, Foča, Nevesinje, Šipovo, Mrkonjić Grad, Bosanska Krupa, and Livno. Based on relevant local and international positive practices and tailored to the specific local circumstances, the standards are aimed at strengthening the municipality's skills and knowledge for contracting and supervision of the delivery of communal services, as well as for better presentation to citizens about the kind of services they may expect. In addition to general standards such as environmental benefits, efficient management, energy efficiency, and the regulatory framework, which were developed for every communal service, further examples of a few specific standards were presented for some of the most common services including: solid waste removal – one bin for every four residential flats or a container for 35 residential flats or 1.1 m³ of container space for 650 m² of residential area; division into zones in the municipality and accuracy of the services provision. The second example is a set of standards for maintenance of green areas, defining the frequency of cleaning (e.g., at least two times per week with speed 2000 m² per hour, grass should be cut four times per year with the speed 500 m² per hour, etc.).

Municipal staff welcomed the standards and expressed a clear need for some guiding principles that will help them better order and monitor implementation of communal services in the future. In the next reporting period municipalities will adopt these internal Communal Services Standards and make them available to the public.

Improve administration, budgeting, and financial management (KRA 1.2)



On March 6, GAP2 trained 15 representatives of various external budget users in Travnik on the basic principles of treasury, requirements for introducing the system, and the methodology for analysis and preparation of the inputs into the budget based on treasury principles. The neighboring municipalities of Novi Travnik and Vitez joined the workshop to acquire some key knowledge to proceed with the treasury introduction in their own communities. Mr. Lovrinović, Head of Finance of Novi Travnik, said that he now realized that *"introduction of the treasury is a long process but not as difficult as it first seemed."*

Integrated Accounting and Budgeting System. GAP2 continues to monitor the use, maintenance, and implementation of IABS which is continuously showing improvement and even expansion of the system (as reported below under "Treasury"). As part of the regular support by GAP2's subcontractor ITINERIS as software provider, the 22 workshops/on-site visits for easier usage of IABS software were held in Cazin, Tuzla, Žepče, Vareš, Visoko, Olovo, Goražde, and Bihać. Trainings dealt with modules of treasury, payroll, cash receipts, accounts receivable, budget planning, and budget allocation.

Treasury introduction. Resulting from extensive GAP2's support in 2011, the municipalities of Cazin, Tuzla, Žepče, and Gračanica launched treasury operations at full capacity on January 1, 2012, including external budget users. The municipalities have established

the Treasury Single Account, the System of General Ledger, and other acts required for the management of budget users' own revenues. Additionally, they have started planning their expenditures on a monthly and quarterly basis. As a vivid illustration of the sustainability of the processes initiated by GAP2, the municipalities of Buzim, Cazin, and Tuzla showed great enthusiasm for extending the IABS system (installed earlier by GAP2's subcontractor ITINERIS of Tuzla) to all budget users, and to that extent purchased several additional IABS licenses, worth over 30,000 KM. Livno, Travnik, and Kakanj, too, have recognized the need to extend IABS software licenses to budget users and to invest in hardware. Subject to the availability of funds in their current budget, the three municipalities will try to invest a total of almost 50,000 KM on this endeavor.

With GAP2's support, the municipality of Gračanica joined Čapljina and Travnik as the three municipalities that have partially established the treasury system. All municipal departments have been integrated into the treasury while the external budget users will be integrated into the unified treasury system in the next budget cycle.

GAP2 continued direct assistance to the municipalities of Travnik, Kakanj, and Gračanica on tailoring the required acts and processes required for treasury introduction, including the mayor's decisions and instructions for the management of budget users' revenue and the Single Treasury Account.

The mayors and working groups for treasury of Bužim, Kakanj, and Livno committed themselves to establishing a General Ledger system while a Single Treasury Account will at the moment include only the municipal departments. In the second phase, later in 2012, they plan to establish a single treasury account for external budget users. In anticipation of these developments, GAP2 and the municipalities prepared all the documents for management of own revenues and the Single Treasury Account, which may be modified as necessary until final implementation commences.

Program budgeting introduction In March 2012, GAP2 delivered workshops on program budgeting and monitoring techniques for the municipal working groups for introduction of program budgeting in Konjic, Jablanica, Trebinje, Goražde, and Ilijaš. Additionally, in order to ensure sustainability of the program budgeting practices introduced earlier with GAP2 assistance, and to possibly identify other sectors of municipal management that can be transferred to program budgeting, GAP2 presented Introduction of Program Budgeting at the Municipal Level to representatives of the wider public in these five municipalities, including selected budget users, grant users, and municipal councilors.



Figure No. 9 - March 19, program budgeting in Konjic

GAP2's program budgeting training and technical assistance has been developed since beginning to work in this area with four trailblazer municipalities in 2009 (Gradačac, Gračanica, Sapna, and Nevesinje), to tweaking the methodology as 10 pilot municipalities introduced program budgeting concepts in their work in 2011. Three of the original four trailblazer municipalities, as well as new municipality Velika Kladuša will continue working on transferring their line-item budgets towards program budgets in 2012. Gradačac, Sapna, Nevesinje, and Velika Kladuša will, as a first step, select two sectors of municipal operation that they will be working on with GAP2's assistance during this year.

Introduce modern planning principles to municipal development (KRA 1.3)

Improving urban planning in select pilot municipalities. In January, as a formal sign of partnership and collaboration between GAP2 and the 10 municipalities to participate in the efforts to improve urban planning (Bihać, Mrkonjić Grad, Livno, Bugojno, Teslić, Čapljina, Novi Travnik, Breza, Živinice, and Gračanica), scopes of work were prepared with each municipality and presented to the JMC for approval. The SOWs define GAP2's and the municipalities' responsibilities and activities leading to improvement of municipal urban planning functions, as well as use of funds allocated to reform enabling material assistance (software, hardware, trainings). As an illustration of the support and the achieved ownership by the municipalities as a result of GAP2-assisted reforms, the municipal cost-share in this investment for the 10 municipalities is estimated at 250,000 KM, or 32 percent of the total investment.

Consequently, some of the key first steps in implementation of the planned activities have been completed in this reporting period, such as the following:

- As a demonstration of their growing ability to assume a key role in urban planning, the municipalities, with GAP assistance, developed (or updated) and adopted internal acts on conducting an in-depth assessment of existing spatial planning documentation and needs analysis for revision and/or creation of spatial planning documentation, together with an action plan to update existing and/or create new documentation;
- Živinice, Livno, and Mrkonjić Grad developed, ahead of the work plan schedule, a proposal for amendments to the Rulebook on Internal Organization regarding the sub-unit for spatial planning, urbanism, and environment;
- Also ahead of schedule, Breza and Novi Travnik have completed creation of the program scope of work ("Programski zadatak") for development of specific planning documents. The municipal councils adopted the relevant decisions as a pre-condition for the tendering procedure and use of municipal funds for development of regulatory plans, earmarked in the 2012 Budget. On March 7 and 16, Breza and Novi Travnik successfully concluded the contracting procedure with qualified vendors who have 60 days as of contract signing to produce the first draft which will be the subject of a month-long public debate. GAP2's technical assistance continues in the review phase thus investing in the municipal capacities to better examine the draft planning documents and expertly oversee the contractors.

Supporting implementation of youth strategies in select pilot municipalities. During the reporting period, Bihać, Čelić, Gradiška, Kostajnica, Mrkonjić Grad, Srbac, Teslić, Gračanica, Gradačac, Kladanj, Žepče, Vareš, Ilijaš, Fojnica, Foča, Nevesinje, Ljubinje, Trebinje, Jablanica, and Bugojno defined, developed, and adopted detailed Youth Action Plans for implementation of revised or existing Youth Strategies and Policies. Each action plan identified a municipality's priority activities including a needs assessment of youth priorities, updating the local youth strategy, organizing roundtables with the municipal mayor and his key staff, establishing a Youth Council, establishing a Youth Advisory Board in the mayor's cabinet, and training in project cycle management skills. Existing strategies are in the process of revision in the municipalities of Žepče and Srbac.

During the workshop held on March 13, Žepče's advisor to the mayor and youth advisor, Mr. Damir Jukić, stated that "*Past collaboration with the GAP2 project has had a tremendously positive impact on our local community, especially in the field of youth policy improvement. Workshops such as the one being held today will help us all to obtain know-how of development of youth action plans, using modern methods in strategic planning.*"

GAP2 developed and distributed an initial list of the mechanisms/actions that will promote better partnerships between youth and local government that are in line with the action plans. The list has been delivered to the municipalities for revision. The final selection of those mechanisms will

take place during preparation of youth advocacy plans in Q2 2012. Some examples for intensifying youth civic participation in the community are the mayor's Youth Advisory Boards or signing the Memoranda of Understanding between the mayor and Youth Council on partnerships between youth and the municipality. Material for trainings in advocacy and development of youth advocacy plans has been completed as well; trainings will take place in the next quarter.

Following the adoption of the above-mentioned Action Plans, implementation has commenced with highlights as follows:

- Čelić Municipality started implementation of its Youth Action Plan (adopted on March 2) with the establishment of the Youth Council. Since the establishment, two meetings were held and the Youth Council is currently in the process of registration. The municipality provided 50 percent of funding for registration while other half will be provided by youth NGO KULT from Sarajevo;
- With GAP2's assistance, Srbac Municipality has already started to update its Youth Policy for their local community. Initial meetings with youth groups and other relevant youth NGOs were completed and a youth analysis was launched with the goal of gaining a better understanding of the priorities and problems that the youth of Srbac is facing. The survey will be performed early in Q2 2012, and will comprise a minimum of 200 youths;
- Jablanica Municipality is moving towards adoption of a new Youth Strategy. Various surveys among youth were conducted and the first draft of the document was submitted by the members of three leading NGOs. It is expected that the adoption of the final Youth Strategy Jablanica 2012-2016 will occur in the next quarter;
- Vareš Municipality completed the first draft of its Youth Strategy and conducted two meetings. This document is expected to be adopted in the next three months. The members of the youth working group worked on defining and drafting this document;
- Following adoption of its youth action plan, Žepče Municipality initiated development of a new strategy for youth and adopted this decision at the Municipal Council on February 14.

Another round of the trainings was delivered to the municipal Youth Working Groups on strategic planning / action plan development and project cycle management. Trainings were recognized as a key factor in improving the skills of youth to fundraise for youth projects and to have ability to employ strategic planning skills for revision of the action plans/strategies after GAP2 ends. This way, the sustainability of GAP2 activities is ensured. There has been considerable media coverage of these workshops, with articles published in several locally-based newspapers and magazines. In addition, several websites have followed GAP2's work. For additional information on media coverage of these youth activities, please visit following links:

1. http://www.srbac-rs.com/index.php?option=com_content&task=view&id=2207&Itemid=1
2. http://www.domkulture-zepce.com/index.php?option=com_content&view=article&id=1256%3Auskoronova-strategija-za-mlade-opine-epe&catid=34%3Aepe&Itemid=67
3. <http://www.vares.info/node/157>
4. <http://www.anea-mg.com/gap-radionica/>
5. http://www.srbac-rs.com/index.php?option=com_content&task=view&id=2207&Itemid=1

Support implementation of state Law on Gender Equality in select pilot municipalities. During the reporting period, all Gender Action Plans were revised and a list of activities was prepared that will be implemented in the selected municipalities in the next quarter. GAP2 also collected all partner municipalities' documents that are needed for the development of training material for gender advocacy trainings.

On March 19, following a series of preparatory meetings, GAP2 and UN Women officially agreed to cooperate in introducing gender sensitive budgeting in four out of the 10 GAP2 partner municipalities selected for this activity (Teslić, Ljubinje, Vogošća, and Bugojno).

Increase capacity of municipalities to administer capital improvement projects (KRA 1.4)

The majority of CIP projects are on schedule for completion by August 31, 2012. However, a few CIP projects are experiencing delays, some of which are beyond the control of the municipality. For instance, the severe winter weather in Q1 2012 has delayed the start of construction on a few projects. A couple of projects are delayed due to lack of sufficient financial resources on the part of the partner municipality. GAP2 is closely monitoring each of these projects and has communicated to both the JMC and the municipalities themselves what steps should be taken to mitigate further delays. Čapljina's "Sports Hall Upgrade" project has been programmatically completed, but the municipality has no funds to cover their cost share. For this reason, they have requested no-cost extension until the end of July. GAP2 has made no disbursements for this project and will pay it in full only once municipality realizes its required cost share.

Kupres municipality has been experienced difficulties in completing tender documentation in accordance with BiH procurement procedures. GAP2 has worked closely with Kupres to overcome these difficulties, including providing training and technical assistance to the municipality through MAP public procurement assistance.

Vitez Municipality has twice been unable to complete the procurement procedure for its CIP project. A no-cost extension is anticipated, and no funds have yet been disbursed towards this project.

The capital project in Kladanj has been delayed for almost a year. Currently, the GAP2 team is assessing the current situation and will present an analysis to JMC and propose next steps.

Finally, it is our expectation that three capital projects in Vareš Municipality will require a no-cost extension due to the municipality's financial hardship and possible delays in the realization of municipal cost share. GAP2 has made no payments towards these three projects.

POLICY INTERVENTIONS

Throughout the reporting period, the GAP2 Policy Interventions team continued work specified in the Year 5 work plan. The team continued support to the RS and FBiH working groups focused on the code on inter-governmental relations and advocacy for key legislation in the Federation, including: the Law on Electronic Documents, Law on Concessions, Law on Forests, and Law on Employees in Local Self-Government (LSG). The policy team is also supporting the FBiH and RS working groups focused on improving the existing revenue allocation models in each entity.

Strengthen inter-governmental communication and the capacity of municipalities to collectively advocate (KRA 2.1)

RS Code/Agreement on Intergovernmental Relations. GAP2 and the RS municipal association produced the final version of the code, however it has yet to be signed. The municipal association and RS government must first sign an MOU that includes an article pertaining to the code's signature. The MOU was signed last year by the municipal association and submitted to RS government for its signature. During government procedure, the MOF voiced its disagreement with certain text of the MOU and refused to sign its approval, which would have allowed the code to go to the Prime Minister for the signature. Specifically, the MOF asks the municipal association to delete the text referring to the drafting of a new law on financing of LSG. However, the law on financing is a priority of the association, and thus they are not willing to modify the MOU. The municipal association is now awaiting meeting with the Minister of Finance to try to resolve the issue.

FBiH Code on Intergovernmental Relations. The policy team had several organizational meetings with the Ministry of Justice (MOJ) regarding the adoption and implementation of the FBiH code on intergovernmental relations. The Minister of Justice, Mr. Zoran Mikulić, agreed to take the lead in this process. Thus far, the GAP2 policy team has assisted the MOJ to assemble a working group comprised of representatives from The LSG Committee from the FBiH Parliament (House of Representatives), LSG Board from the FBiH Parliament (House of Peoples), FBiH Association of Cities and Municipalities, Council of Europe Delegation, OSCE, and GAP2. The official working group meetings will be held at the FBiH Prime Minister's office, and conclusions from the those meetings will be included in the next quarterly report. The working group is tasked with securing the Code's adoption and planning for its implementation.

GAP2 Exit Strategy. As GAP2 begins to wind down in its final year, the project performed a comprehensive analysis of its sustainability efforts—past, present, and future. This analysis led to the development of an exit strategy that outlines which local entities will assume the responsibility for which GAP2 activities/products, what responsibilities have been transitioned to-date, what responsibilities will be transitioned in the remaining months, and what potential hurdles/obstacles may impede future transfer of responsibilities. The strategy, submitted to the JMC at the end of March, contains a narrative describing the project's general assumptions, keys to successful activity and product transfer, the transfer process, and conclusion. The narrative is followed by a table that details the planned transfer for each of the project's various products or activities. The strategy is a living document that can be updated and/or amended according to circumstances that occur during the remainder of the implementation period.

Improve inter-municipal communication (KRA 2.2)

Law on Electronic Documents. Following the adoption of the Law on Vital Records in December 2011, the policy team continued to advocate for the electronic documents legislation. The Law on Electronic Documents passed the FBiH Government review stage and has been submitted for Parliamentary procedure. Both houses of Parliament adopted the draft legislation during their February session, and following standard Parliamentary procedure, the legislation is now subject to public hearing planned for April/May.

In addition to its advocacy efforts, the policy team will engage a short-term legal advisor for vital records/electronic documents to assist with the production of accompanying rule books. The

information contained in the rule books is critical to the development of brochures for participating institutions that will contain bylaws and implementation guidelines for implementing the legislation. The bylaws, also necessary for the brochure, have already been drafted. The finalization and publication of the brochure happen once the Law on Electronic Documents has been officially adopted.

Conduct policy initiatives to operationalize the Local Self-Governance Development Strategy (KRA 2.3)

Implementation of FBiH Law on Principles of LSG. The GAP2 policy team has continued to strongly lobby for the adoption of key legislation (Laws on Forests, Concessions, Real Rights, and Employees of LSG) related to the implementation of the FBiH Law on Principles of LSG. These laws are at various stages of Parliamentary procedure. Of note, the FBiH Law on Concessions had to be taken off the agenda for the Parliamentary session at the recommendation of GAP2 and the FBiH municipal association. The legislation was missing several crucial articles that were proposed by the municipal association during the public hearing phase but that were not included by the FBiH Government. The law will be back on the agenda soon, and in the meantime, the municipal association will have the opportunity to make its arguments for those articles during its regular parliamentary committee session for LSG to be held on April 11. GAP2 will be a part of the session and will support the stance of the municipal association. As the issue develops further, GAP2 will report accordingly.

FBiH Law on Financing of LSG. As noted in the GAP2 2011 annual report, a working group was established in late 2011 that was tasked with analyzing the effects of the implementation of the 2006 revenue allocation law and proposing changes to the current revenue allocation model to integrate revenues that are currently not addressed adequately by the law and resolve other issues that result from the analysis.

The second meeting of the working group was held on March 19, 2012. For this meeting, almost all members submitted comments on the current FBiH Law on Revenue Allocation, including suggestions for changes. A summary was provided by the MOF representative, followed by open discussion. All working group members had an opportunity to elaborate on their proposals and comment on the other proposals. The main conclusions of the meeting are as follows:

- Cantons have to deliver information for the period 2006 – 2011 about budgetary expenditure structure, participation of indirect taxes in overall revenue, and number of employees;
- The FBiH MOF will prepare several simulations with different proposals for changes in weights;
- The municipal association should deliver their proposal about the horizontal allocation for municipalities;
- The Indirect Tax Authority will be asked to provide data about final consumption (for VAT) for 2011;
- The FBiH Statistics Institute will be asked to provide methodology for calculation of existing and proposed criteria; and
- The next meeting of the working group will be held in April, and the only topic of discussion will be repayment of Internal and External Debt. Information about debt will be compiled by the FBiH MOF.

RS Law on Financing of LSG. Although the RS MOF does not support reform to the financing of LSG, the RS municipal association has made this a priority issue and has appointed a working group for drafting new legislation on local government financing. The first meeting of the working group was held on March 12, 2012. GAP2's RS fiscal and policy advisor led a discussion about the issues with the existing legislation, relevant examples from throughout the region, the

process of drafting new legislation, and the pros and cons of keeping the revenue allocation as is versus proposing more radical changes in allocation. At the end of the meeting, it was agreed that GAP2 would provide a first draft of the law, maintaining the existing allocation model as preferred by the MOF. The draft will be presented at the working group's second meeting scheduled for late April.

Urban Planning/Permitting. The policy and local interventions teams jointly worked on the assessment of problems in modern urban planning. The primary sources of information are urban planning consultants engaged by GAP2 who are implementing local interventions activities related to the establishment of separate spatial planning departments in pilot municipalities. This assessment, completed in March 2012, will form the basis for the final policy document on key policy issues/obstacles impeding modern urban planning with recommendations for improvements in this area.

Support policy reform for introduction of municipal treasury operations (KRA 2.4)

In the first half of 2011, the GAP2 policy team worked closely with the local interventions team to address policy issues related to the introduction of municipal treasury operations and within the activity "Improve administration, budgeting, and financial management in legacy and new municipalities" (KRA 1.2). Although work on these activities is deemed completed, the policy team is at disposal of the local interventions team should new issues arise or ongoing support is necessary.

MONITORING AND EVALUATION

The M&E focus in this reporting period was to rate the participating and control municipalities according to the specially designed capacity indexes for management of communal services, gender, and youth, as well as program budgeting and expenditure management. These capacity indexes were introduced following the contract modification to GAP2's scope of work in February 2011, in which the above mentioned activities were introduced. The indexes have been designed in such a way that the ratings are closely tied to expected outputs from the activities and tasks developed. In this way, GAP2 obtained the measuring instruments to follow progress of the activities specified in SOW Modification.

After the baseline was established in July 2011, GAP2 conducted two regular ratings. The results show a significant increase in the number of points among selected GAP2 partner municipalities in the six-month period from baseline, and a relatively stable situation among the control municipalities with only a modest increase in capacity or no increase at all.

The Municipal Communal Service Management Capacity Index (MCSMCI) shows that selected municipalities more than tripled their rating over last nine months, while the control municipalities recorded only a modest increase in capacity.

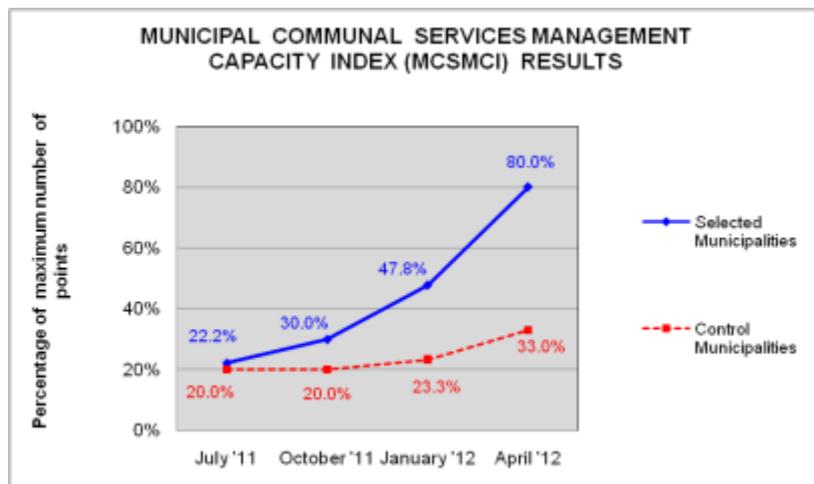


Figure No. 10

The Municipal Gender Capacity Index (MGCI) and Municipal Youth Capacity Index (MYCI) also show that selected municipalities significantly increased their rating by several times.

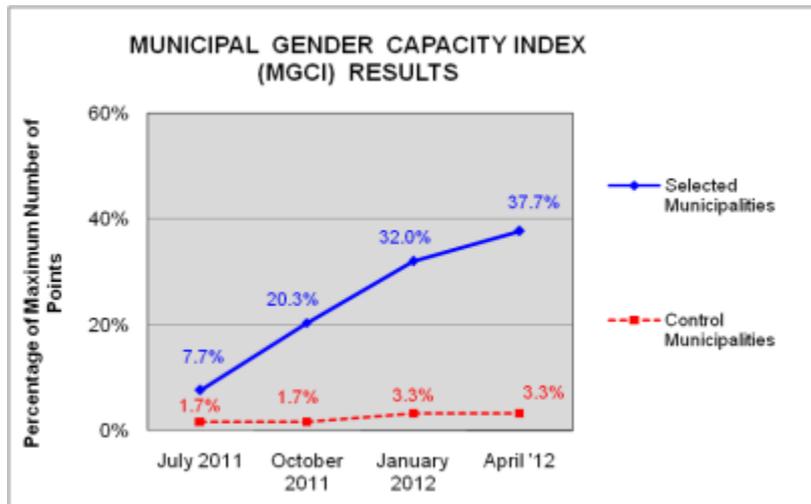


Figure No. 11

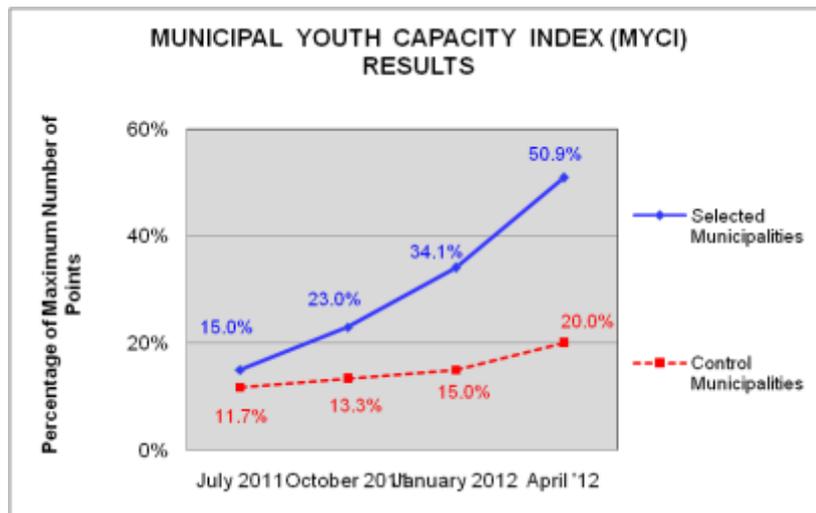


Figure No. 12

The Municipal Program Budgeting and Expenditure Management Capacity Index (MPBEMCI) shows selected GAP2 municipalities increasing their capacity by two and half times, while the control municipalities recorded no increase in their capacity for program budgeting and expenditure management, which has remained at a very low level since the baseline was established, showing that these non-GAP2 municipalities lack even basic knowledge in this field.

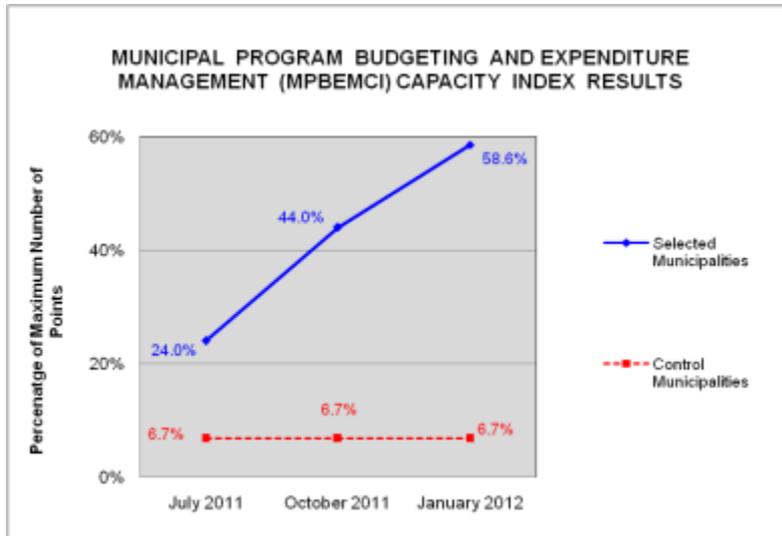


Figure No. 13

Results from the capacity indexes show that the targets established for each of these project activities should be achieved by the end of project without any significant difficulty.

PROJECT OPERATIONS

Human Resources. In this reporting period, there were no staffing changes relevant to hiring of new long-term staff, staff resignations, or promotions.

The number of GAP2 long-term staff at the end of March is 29 (24 professional staff and 5 support staff).

Four new STTA positions were approved during this quarter: a communal services standards expert, a program budgeting specialist, a mid-term budgeting and expenditure management specialist, and a procurement expert.

Currently, GAP2 has seven active STTA assignments: four urban planning experts, a communal services standards expert, a program budgeting specialist, a mid-term budgeting and expenditure management specialist, and a procurement expert.

Procurement. All procurement procedures related to Cohort 3 MAP activities have been completed in compliance with relevant procedures. Implementation is closely monitored by the GAP2 IT/Procurement specialist. As far as Cohort 4 MAP procurements are concerned, GAP2 has finalized the procurement of hardware. GPS and urban software procurements are in progress with completion expected in the next reporting period.

The GAP2 IT/Specialist and the administrative assistant completed a physical inventory check of all items procured under the project's core assistance packages. All items are accounted for and properly used for activities as agreed under relevant scopes of work. The request for disposition of this equipment was prepared and approved.

Communications Activities. In the last quarter, the responses collected from our survey of mayors in Cohorts 1, 2, and 3 were translated into English. The survey of Cohort 4 mayors was disseminated, as well as a questionnaire aimed at gauging the level and type of "peer mentoring" between GAP2 partner and other municipalities.

A few success stories were posted on the project website during the reporting period (http://www.bihgap.ba/v2/en/price_ustpjeh/index.asp), with several more in the preparatory phase (treasury, youth, and policy). We have contacted GAP2 coordinators from our partner municipalities and started preparing stories on cooperation with them.

There were two CIP openings (Mostar and Kostajnica), attended by GAP2 and JMC representatives.

SECTION II – PERFORMANCE CHALLENGES

As communicated to the donors at the February session of the GAP2 Joint Management Committee, there are several Cohort 3 MAP projects which, due to objective reasons, cannot be completed as initially planned by end of the reporting quarter. For example, in order to fit into the most adequate time of the municipal budget calendar, MAP assistance to Cohort 3 municipalities in mid-term budgeting will be implemented together with Cohort 4 municipalities in Q2 2012, rather than in Q1 2012. Extraordinarily difficult road conditions due to the large snowfall in February caused delays of several weeks in the training cycle for the MAP activity “Increasing IT Management Capacity”. In the case of Petrovo, the training only began late in the reporting quarter as GAP2 experienced some difficulties with the launch of the IT training which were subsequently resolved with the subcontractor. In a few municipalities, despite the fact that GAP2 completed the assistance, the projects themselves cannot be concluded until the municipal partners complete their share of works. For example, a municipality experienced a two-month delay in completing their project: connecting satellite offices with their main CSC, as their procurement of wireless service was challenged at the State Board for Complaints in Public Procurement. The complaint was overruled.

The municipality of Gračanica, although one of the original four trailblazer municipalities introducing program budgeting at the local level, unfortunately decided not to take this activity any further. Their main concern is that their budget and finance staff has insufficient time for training, in addition to the fact that a related activity was launched with a Tuzla-based NGO (“Vesta”). In addition, GAP2 and Gračanica are working on several other project initiatives, and the municipality decided to maximize the training time available to administration staff, which meant that the program budgeting training was discontinued. GAP2 nevertheless considers that its work with Gračanica has been of significant value, as the municipality’s inputs and ideas were crucial for the development of a more practical and applicable approach that GAP2 is now using. GAP2 will work in this area with Velika Kladuša Municipality instead. Velika Kladuša has expressed its interest in the methodology and is willing to invest significant effort in this activity. GAP2 is preparing a Scope of Work to guide GAP2 and Velika Kladuša’s work on the introduction of program budgeting.

SECTION III – REPORTS AND DELIVERABLES

Date	REPORTS AND/OR DELIVERABLES	CITATION
January 2012	Permanent municipal teams for development and municipal oversight of the communal services provision formed in Prozor Rama, Nevesinje, Livno, Bosanska Krupa, Foča, Šipovo, and Mrkonjić Grad	Work Plan, Annex A, PIS task 21
January 2012	Municipalities of Cazin, Tuzla, Žepče, and Gračanica started with treasury, Single Treasury Account established	Work Plan, Annex A, PIS # 41
January 2012	Program scope of work (“Programski zadatak”) for development of specific planning documents in Novi Travnik and Breza	Work Plan, Annex A, PIS # 57
January 2012	Instruction on internal transaction between budget users, Instruction on cash receipts adopted in Cazin	Work Plan, Annex A, PIS # 37
February 2012	Gračanica has signed a contract with the bank on the establishment of Single Treasury Account, completed the tender documents for the selection of software solutions and announced a public invitation	Work Plan, Annex A, PIS # 41
February 2012	Presentation Merging of Communal infrastructure in Šipovo, Mrkonjić Grad, and Bosanska Krupa	Work Plan, Annex A, PIS task 25
February 2012	Presentation Regionalization of Communal Infrastructure produced and delivered in Foča	Work Plan, Annex A, PIS task 25
February 2012	Presentation and training materials on Municipal Public Opinion Research on communal services satisfaction	Work Plan, Annex A, PIS task 27
February 2012	Assessment Report of Optimum service standards for communal services	Work Plan, Annex A, PIS task 24
February 2012	“Service Less than 48 Hours” launched in eight participating municipalities (Travnik, Cazin, Nevesinje, Livno, Bosanska Krupa, Foča, Šipovo and Mrkonjić Grad)	Work Plan, Annex A, PIS task 30
March 2012	Internal projects aimed at improving municipal oversight of communal services provision developed in Bosanska Krupa, Šipovo, Mrkonjić Grad, Foča, Livno, Nevesinje and Prozor Rama	Work Plan, Annex A, PIS task 22
March 2012	Optimum service standards for communal services	Work Plan, Annex A, PIS task 24
March 2012	Youth Action Plans developed in 20 the participating municipalities	Work Plan, Annex A, PIS # 64
March 2012	New Rulebook on Internal Organization and Systematization in Kostajnica	Work Plan, Annex A, PIS # 7
March 2012	Survey questionnaire for LEAP in Čapljina	Work Plan, Annex A, PIS # 7
March 2012	Survey questionnaire for Location Marketing and Promotion in Čapljina and Grude	Work Plan, Annex A, PIS # 7
March 2012	SWOT and SEA (Socio-Economic Analysis) for Location Marketing in Grude and Čapljina	Work Plan, Annex A, PIS # 7

March 2012	Livno adopted several documents: Rulebooks on: Single Treasury Account, own revenues of budget users, procedure of refunding; Instruction on payment of public revenue	Work Plan, Annex A, PIS # 37
March 2012	Cazin, Tuzla and Žepče started with recoding transactions into system of General Ledger	Work Plan, Annex A, PIS # 41
March 2012	Presentation and Training Materials on Program Budgeting Monitoring and Evaluation Techniques and Corrective Measures	Work plan, Annex A, PIS task 45
March 2012	Presentation and Training Materials on Program Budgeting Concept	Work plan Annex A, PIS task 46, 47
March 2012	Report of Improvement of Urban Planning Functions in Bihać	Work Plan, Annex A, PIS # 51
March 2012	Report on Existing Spatial Planning Documentation with Program of Activities in 2012 in Teslić	Work Plan, Annex A, PIS # 51
March 2012	Mrkonjić Grad - Analysis of Existing Spatial Planning Documentation with Program of Activities	Work Plan, Annex A, PIS # 51
March 2012	Proposal for Amendments to the Rulebook on internal organization regarding the sub-unit for spatial planning, urbanism and environment in all three municipalities in Mrkonjić Grad.	Work Plan, Annex A, PIS # 51
March 2012	Report on existing planning documentation including list of relevant legislation, review of Cantonal documentation, analyses of current spatial plans, their implementation; Action plan for updating or development of new spatial documentation in Breza	Work Plan, Annex A, PIS # 51
March 2012	Novi Travnik- Report on existing planning documentation incl. list of relevant legislation, review of Cantonal documentation, analyses of current spatial plans, and action plan for updating or development of new spatial documentation in Novi Travnik	Work Plan, Annex A, PIS # 51
March 2012	Report on existing planning documentation together with plans for future spatial planning documentation in Čapljina	Work Plan, Annex A, PIS # 51
March 2012	Report on existing planning documentation together with plans for future spatial planning documentation in Livno	Work Plan, Annex A, PIS # 51
March 2012	Report on existing planning documentation together with plans for future spatial planning documentation in Bugojno	Work Plan, Annex A, PIS # 51
March 2012	Analysis of Existing Spatial Planning Documentation with Program of Activities in Gračanica	Work Plan, Annex A, PIS # 51
March 2012	New systematization /Staffing plan of the Livno Municipality (in relevance to the Urban planning unit)	Work Plan, Annex A, PIS # 51
March 2012	Analysis of Existing Spatial Planning Documentation with Program of Priority Next Activities in Živinice	Work Plan, Annex A, PIS # 51
March 2012	Proposal for Amendments to the Rulebook on internal organization regarding the sub-unit for spatial planning, urbanism and environment in Gračanica and Živinice has completed.	Work Plan, Annex A, PIS # 51
March 2012	GAP2 Exit Strategy	Work Plan, Annex A, PIS #96
March 2012	Mostar City Hall Capital Project Completed	Work Plan, LI, Subcomponent D

Note: All materials are available in the GAP2 offices.

SECTION IV – MAJOR ACTIVITIES PLANNED FOR NEXT QUARTER

LOCAL INTERVENTIONS

No.	Activity
1	Conclude material and technical assistance for the MAP projects in Cohort 3 and Cohort 4 municipalities;
2	Implement the action plans for improving municipal management of communal services;
3	Monitoring reports regarding the “Service 48 Hours” in each participating municipality;
4	Adjust framework documentation on the introduction of municipal treasury operations to the needs of the selected partner municipalities;
5	Intensive on-site coaching of participating municipalities regarding preparation of the 2013 budgets by application of the principles of program budgeting and gender-sensitive budgeting;
6	Implement the SOWs on urban planning;
7	Assist and closely monitor implementation of the youth action plan and youth advocacy plans;
8	Develop gender advocacy plans and implement gender action plans.

POLICY INTERVENTIONS

No.	Activity
1	GAP2 will continue providing assistance to the FBiH MoF and the FBiH ACM in preparing for the meeting of the working group (WG). In the next quarter the WG is expected to hold two meetings, the first on the topic of debt repayment.
2	GAP2 will continue to work with RS ACM on drafting the Law and seeking for the better local governments financing system.
3	Meeting of the WG for FBiH Code adoption and implementation.
4	Continuation of advocating for the Law on Electronic Document.
5	Engage STTA (vital records/electronic document legal advisor) and produce brochure for distribution.
6	Possibly organize cross-entity mayors meeting.
7	Continue to advocate for legislation in PA procedure.

MONITORING AND EVALUATION

No.	Activity
1	P-BMP and MCI Regular Semi-Annual Survey – April 2012;
2	Preparation of the Attitudinal Survey related to citizens' satisfaction with administrative and communal services delivery;
3	Preparation of the annual P-BMP municipal budget performance indicators survey.

PROJECT OPERATIONS

No.	Activity
1	Complete transfer agreements for core assistance, C3 and C4 municipalities;
2	Conduct annual inventory review of legacy municipalities;
3	Seek donor approval for disposition of equipment from the GAP2 Mostar office as it closes down;
4	Monitor performance of STTA, seek donor approval for new STTA;
5	Assist home-office team in preparing and filming a video on GAP2 success;
6	Regularly update the project website;
7	Monitor procurement process for compliance;
8	Continue to successfully support all technical components of the project.

ANNEX A

PROJECT IMPLEMENTATION STATUS (Separate Attachment)

ANNEX B

LIST OF TRAININGS CONDUCTED BY GAP2

IN Q1 2012

LIST OF TRAININGS CONDUCTED BY GAP2 FROM JANUARY 1 TO MARCH 31, 2012

#	Title of training	Subject area	Focus (a)	Focus (b)	Date of training	City of training	Entity	# of participants	M	F	Component	PIS activity #	Trainer's name
1	Updating Municipal Development Strategy	MAP		Planning/Capacity Building	12-Jan	Visoko	FBiH	14	9	5	LI	2	Aleksandar Remetic
2	Updating Municipal Development Strategy	MAP		Planning/Capacity Building	20-Jan	Visoko	FBiH	17	8	9	LI	2	Aleksandar Remetic
3	Development of Youth action Plan and Youth Activism	Core Modified Activities	Youth	Planning/Capacity Building	23-Jan	Ljbinje	RS	4	2	2	LI	63+65	Admir Vranić
4	Development of Youth action Plan and Youth Activism	Core Modified Activities	Youth	Planning/Capacity Building	24-Jan	Trebinje	RS	4	4	0	LI	63+65	Admir Vranić
5	Development of Youth action Plan and Youth Activism	Core Modified Activities	Youth	Planning/Capacity Building	25-Jan	Bugojno	FBiH	14	3	11	LI	63+65	Admir Vranić
6	Development of Youth action Plan and Youth Activism	Core Modified Activities	Youth	Planning/Capacity Building	26-Jan	Foča	FBiH	3	2	1	LI	63+65	Admir Vranić
7	Updating Municipal Development Strategy	MAP		Planning/Capacity Building	26-Jan	Visoko	FBiH	16	8	8	LI	2	Aleksandar Remetic
8	Development of Location Marketing Plan	MAP		Planning/Capacity Building	24/25-Jan	Čapljina	FBiH	4	1	3	LI	7	Zlatan Musić
9	Development of Location Marketing Plan	MAP		Planning/Capacity Building	26-Jan	Grude	FBiH	7	4	3	LI	7	Zlatan Musić
10	Development of Local Environmental Action Plan	MAP		Planning/Capacity Building	27-Jan	Čapljina	FBiH	4	1	3	LI	7	Zlatan Musić
11	Development of Youth action Plan and Youth Activism	Core Modified Activities	Youth	Planning/Capacity Building	27-Jan	Jablanica	FBiH	9	5	4	LI	63+65	Admir Vranić
12	Development of Youth action Plan and Youth Activism	Core Modified Activities	Youth	Planning/Capacity Building	28-Jan	Fojnica	FBiH	7	4	3	LI	63+65	Admir Vranić
13	Workshop on Project Cycle Management and Finalization of the Youth Action Plan	Core Modified Activities	Youth	Planning/Capacity Building	31-Jan	Mrkonjić Grad	RS	9	2	7	Li	63+65	Zlatan Musić

14	Workshop on Project Cycle Management and Finalization of the Youth Action Plan	Core Modified Activities	Youth	Planning/Capacity Building	1-Feb	Bihać	FBiH	27	9	16	LI	63+65	Zlatan Musić
15	Project Cycle Management	MAP	Planning/Capacity Building		01/02-Feb	Sapna	FBiH	9	4	5	LI	7	Merdža Handalić Plahonjić
16	Third Workshop for Municipal teams for Communal Services Development	Core Modified Activities	Communal Services		1-Feb	Nevesinje	RS	9	7	2	LI	22	Ahmed Sijercic
17	Development of Youth action Plan and Youth Activism	Core Modified Activities	Youth	Planning/Capacity Building	1-Feb	Nevesinje	RS	8	5	3	LI	63+65	Admir Vranić
18	Third Workshop for Municipal teams for Communal Services Development	Core Modified Activities	Communal Services		2-Feb	Prozor Rama	RS	9	7	2	LI	22	Ahmed Sijercic
19	Workshop on Project Cycle Management and Finalization of the Youth Action Plan	Core Modified Activities	Youth	Planning/Capacity Building	2-Feb	Kostajnica	RS	6	1	5	LI	63+65	Zlatan Musić
20	Project Cycle Management	MAP	Planning/Capacity Building		15/16-Feb	Sapna	FBiH	10	4	6	LI	7	Merdža Handalić Plahonjić
21	Third Workshop on public opinion research	Core Modified Activities	Communal Services	Planning/Capacity Building	16-Cazin	Cazin	FBIH	7	4	3	LI	27	Ahmed Sijercic
22	Presentation of Communal Services Standards	Core Modified Activities	Communal Services		16-Cazin	Cazin	FBIH	7	4	3	LI	24	Esad Smajlovic, Ahmed Sijercic
23	Third Workshop for Municipal teams for Communal Services Development	Core Modified Activities	Communal Services	Planning/Capacity Building	17-Feb	Bosanska Krupa	FBIH	6	2	4	LI	22	Ahmed Sijercic
24	Merging Communal Infrastructure	Core Modified Activities	Communal Services		17-Feb	Bosanska Krupa	FBIH	6	2	4	LI	23	Esad Smajlovic, Ahmed Sijercic
25	Third Workshop for public opinion research	Core Modified Activities	Communal Services		21-Feb	Travnik	FBIH	14	6	8	LI	27	Ahmed Sijercic
26	Presentation of Communal Services Standards	Core Modified Activities	Communal Services		21-Feb	Travnik	FBIH	14	6	8	LI	24	Esad Smajlovic, Ahmed Sijercic
27	Finalization of the Youth Action Plan	Core Modified Activities	Youth		21-Feb	Ilijaš	FBIH	6	2	4	LI		Admir Vranić
28	Finalization of the Youth Action Plan	Core Modified Activities	Youth		21-Feb	Vareš	FBIH	7	7	0	LI		Admir Vranić
29	Finalization of the Youth Action Plan	Core Modified Activities	Youth		22-Feb	Fojnica	FBIH	4	2	2	LI		Admir Vranić
30	Workshop on Project Cycle Management and Finalization of the Youth Action	Core Modified Activities	Youth	Planning/Capacity Building	21-Feb	Gračanica	FBIH	22	6	16	LI	63+65	Zlatan Musić

Plan													
31	Workshop on Project Cycle Management and Finalization of the Youth Action Plan	Core Modified Activities	Youth	Planning/Capacity Building	22-Feb	Čelić	FBIH	5	1	4	LI	63+65	Zlatan Musić
32	Third Workshop for Municipal teams for Communal Services Development	Core Modified Activities	Communal Services		22-Feb	Livno	FBIH	8	3	5	LI	22	Ahmed Sijercic
33	Merging Communal Infrastructure	Core Modified Activities	Communal Services		22-Feb	Livno	FBIH	8	3	5	LI	23	Esad Smajlovic, Ahmed Sijercic
34	Workshop on Project Cycle Management and Finalization of the Youth Action Plan	Core Modified Activities	Youth	Planning/Capacity Building	23-Feb	Gradačac	FBIH	9	6	3	LI	63+65	Zlatan Musić
35	Third Workshop for Municipal teams for Communal Services Development	Core Modified Activities	Communal Services		23-Feb	Mrkonjić Grad	FBIH	15	6	9	LI	22	Ahmed Sijercic
36	Presentation of Communal Services Standards	Core Modified Activities	Communal Services		23-Feb	Mrkonjić Grad	FBIH	15	6	9	LI	24	Esad Smajlovic, Ahmed Sijercic
37	Third Workshop for Municipal teams for Communal Services Development	Core Modified Activities	Communal Services		24-Feb	Šipovo	FBIH	6	2	4	LI	22	Ahmed Sijercic
38	Merging Communal Infrastructure	Core Modified Activities	Communal Services		24-Feb	Šipovo	FBIH	6	2	4	LI	27	Esad Smajlovic, Ahmed Sijercic
39	Third Workshop for Municipal teams for Communal Services Development	Core Modified Activities	Communal Services		27-Feb	Foča	FBIH	9	5	4	LI	22	Ahmed Sijercic
40	Workshop on Project Cycle Management and Finalization of the Youth Action Plan	Core Modified Activities	Youth	Planning/Capacity Building	27-Feb	Teslić	RS	26	6	20	LI	63+65	Zlatan Musić
41	Regionalization of Communal Services	Core Modified Activities	Communal Services		27-Feb	Foča	FBIH	9	5	4	LI	27	Esad Smajlovic, Ahmed Sijercic
42	Presentation of Communal Services Standards	Core Modified Activities	Communal Services		28-Feb	Nevesinje	FBIH	6	6	0	LI	24	Esad Smajlovic, Ahmed Sijercic
43	Development partnership for increasing the EU funds absorption capacity	MAP	Planning/Capacity Building		28-Feb	Visoko	FBIH	6	1	5	LI	7	Merdža Handalić Plahonjić
44	Workshop on Project Cycle Management and Finalization of the Youth Action Plan	Core Modified Activities	Youth	Planning/Capacity Building	28-Feb	Ilijaš/Vareš	FBIH	18	8	10	LI	63+65	Zlatan Musić/Admir Vranić
45	Presentation of Communal Services Standards	Core Modified Activities	Communal Services		29-Feb	Prozor Rama	FBIH	7	7	0	LI	24	Esad Smajlovic, Ahmed Sijercic
46	Presentation of Communal Services Standards	Core Modified Activities	Communal Services		2-Mar	Srbac	RS	8	5	3	LI	63	Zlatan Musić
47	Workshop on Project Cycle Management and Finalization of the Youth Action Plan	Core Modified Activities	Youth	Planning/Capacity Building	5-Mar	Gradiska	RS	30	16	14	LI	63+65	Zlatan Musić

48	Workshop on Project Cycle Management and Finalization of the Youth Action Plan	Core Modified Activities	Youth	Planning/Capacity Building	6-Mar	Kostajnica	RS	15	5	10	LI	63+65	Zlatan Musić
49	Presentation of Communal Services Standards	Core Modified Activities	Communal Services		7-Mar	Kladanj	FBIH	5	3	2	LI	63+65	Zlatan Musić
50	Introduction to the Instrument for Pre-Accession Assistance IPA	MAP	Planning/Capacity Building		7-Mar	Petrovo	RS	7	5	2	LI	2	Tatjana Muhić
51	Presentation of Communal Services Standards	Core Modified Activities	Communal Services		8-Mar	B Krupa	FBIH	5	1	4	LI	24	Esad Smajlovic
52	Location Marketing Workshop	MAP	Planning/Capacity Building		13-Mar	Novi Travnik	FBIH	8	7	1	LI	10	Siniša Petrović
53	Location Marketing Workshop	MAP	Planning/Capacity Building		13-Mar	Vitez	FBIH	9	4	5	LI	10	Siniša Petrović
54	Presentation of Communal Services Standards	Core Modified Activities	Communal Services		13-Mar	Žepče	FBIH	25	10	15	LI	63+65	Zlatan Musić
55	Third workshop on Development of Location Marketing Plan-Problem Definition and Completion of Socio-Economic Analysis	MAP	Planning/Capacity Building		14-Mar	Grude	FBIH	6	3	3	LI	7	Zlatan Musić
56	Second workshop on Development of Location Marketing Plan- SWOT Analysis and Development of SME Survey	MAP	Planning/Capacity Building		15-Mar	Čapljina	FBIH	4	1	3	LI	7	Zlatan Musić
57	Location Marketing Workshop	MAP	Planning/Capacity Building		14-Mar	Olovo	FBIH	7	5	2	LI	10	Siniša Petrović
58	Location Marketing Workshop	MAP	Planning/Capacity Building		14-Mar	Vareš	FBIH	8	7	1	LI	10	Siniša Petrović
59	Presentation of Communal Services Standards	Core Modified Activities	Communal Services		15-Mar	Foca	RS	6	6	0	LI	24	Esad Smajlovic
60	Second workshop on LEAP Development - Survey Definition, SWOT and Vision Development	MAP	Planning/Capacity Building		16-Jan	Čapljina	FBIH	4	3	1	LI	7	Zlatan Musić
61	Presentation of Communal Services Standards	Core Modified Activities	Communal Services		19-Mar	Livno	FBIH	6	1	5	LI	24	Esad Smajlovic, Ahmed Sijercic
62	Presentation of Communal Services Standards	Core Modified Activities	Communal Services		20-Mar	Sipovo	RS	6	2	4	LI	24	Esad Smajlovic, Ahmed Sijercic
63	Training in public procurement	MAP	Planning/Capacity Building		20-Mar	Sarajevo		5	3	2	LI	7	Hajrudin Buza
64	Presentation on defining communal services pricing system (tariff system)	Core Modified Activities	Communal Services		22-Mar	Cazin	FBIH	6	5	1	LI	27	Halko Basaric, Ahmed Sijercic

65	Location Marketing Workshop II	MAP	Planning/Capacity Building	21-Mar	Kotor Varoš	RS	11	6	5	LI	10	Siniša Petrović
66	Location Marketing Workshop III	MAP	Planning/Capacity Building	29-Mar	Kotor Varoš	RS	8	3	5	LI	10	Siniša Petrović
67	Training in public procurement	MAP	Planning/Capacity Building	30-Mar	Trnovo	RS	7	2	5	LI	7	Hajrudin Buza
68	Development partnership for increasing the EU funds absorption capacity	MAP	Planning/Capacity Building	30-Mar	Ilijaš	FBiH	7	4	3	LI	7	Merdža Handalić Plahonjić
69	Program budgeting implementation and monitoring techniques	Core Modified Activities	Budget/Finance	19-Mar	Konjic	FBiH	7	4	3	LI	45	Haris Čatić
70	Program budgeting Introduction for wider public (all municipal departments, municipal councillors, budget user etc)	Core Modified Activities	Budget/Finance	19-Mar	Konjic	FBiH	5	3	2	LI	46, 47	Haris Čatić
71	Program budgeting implementation and monitoring techniques	Core Modified Activities	Budget/Finance	20-Mar	Jablanica	FBiH	5	3	2	LI	45	Haris Čatić
72	Program budgeting Introduction for wider public (all municipal departments, municipal councillors, budget user etc)	Core Modified Activities	Budget/Finance	20-Mar	Jablanica	FBiH	13	10	3	LI	46, 47	Haris Čatić
73	Program budgeting implementation and monitoring techniques	Core Modified Activities	Budget/Finance	21-Mar	Trebinje	RS	7	7	0	LI	45	Haris Čatić
74	Program budgeting Introduction for wider public (all municipal departments, municipal councillors, budget user etc)	Core Modified Activities	Budget/Finance	21-Mar	Trebinje	RS	4	3	1	LI	46, 47	Haris Čatić
75	Program budgeting implementation and monitoring techniques	Core Modified Activities	Budget/Finance	23-Mar	Goražde	FBiH	16	9	7	LI	45	Haris Čatić
76	Program budgeting Introduction for wider public (all municipal departments, municipal councillors, budget user etc)	Core Modified Activities	Budget/Finance	23-Mar	Goražde	FBiH	5	1	4	LI	46, 47	Haris Čatić
77	Program budgeting implementation and monitoring techniques	Core Modified Activities	Budget/Finance	22-Mar	Ilijaš	FBiH	6	4	2	LI	45	Haris Čatić
78	Program budgeting Introduction for wider public (all municipal departments, municipal councillors, budget user etc)	Core Modified Activities	Budget/Finance	22-Mar	Ilijaš	FBiH	19	14	5	LI	46, 47	Haris Čatić
79	Introduction to program budgeting	Core Modified Activities	Budget/Finance	27-Mar	Nevesinje	RS	6	4	2	LI	45	Haris Čatić
80	Introduction to program budgeting	Core Modified Activities	Budget/Finance	28-Mar	Gradacac	FBiH	9	6	3	LI	45	Haris Čatić

81	Introduction to program budgeting	Core Modified Activities	Budget/Finance		29-Mar	Sapna	FBiH	4	3	1	LI	45	Haris Ćatić
82	Project Cycle Management	Core Modified Activities	Youth	Planning/Capacity Building	30-Mar	Trebinje	RS	4	4	0	LI	65	Admir Vranić

ANNEX C
MAP PROJECT STATUS

MAP PROJECT STATUS AS OF Q1 2012

No.	MAP Card #	MAP Project catalogue title	Municipality	Cohort	Project's status
1	1	Introduction to the Instrument for Pre-Accession Assistance (IPA)	Banovići	3	Completed
2	1	Introduction to the Instrument for Pre-Accession Assistance (IPA)	Petrovo	3	Completed
3	1	Introduction to the Instrument for Pre-Accession Assistance (IPA)	Iliđža	3	Completed
4	1	Introduction to the Instrument for Pre-Accession Assistance (IPA)	Kladanj	3	Completed
5	8	International Standards in Project Proposal Development	Ilijaš	3	Completed
6	8	International Standards in Project Proposal Development	Trnovo	3	Completed
7	16	Preparation and Implementation of Local Environmental Action Plan (LEAP)	Široki Brijeg	3	Completed
8	17	Improving Internal Communication	Bosanski Petrovac	3	Completed
9	19	Developing Partnership for Increasing the EU Funds Absorption Capacity	Visoko	3	Completed
10	21	Location Marketing – Development of a Plan for Attracting Investments	Ribnik	3	Completed
11	23	Updating local development strategies	Visoko	3	Completed
12	25	Building capacity for vital records sharing	Livno	3	Completed
13	26	Increasing IT Management Capacity	Ilijaš	3	Completed
14	26	Increasing IT Management Capacity	Trnovo	3	Completed
15	26	Increasing IT Management Capacity	Cazin	3	Completed
16	26	Increasing IT Management Capacity	Čitluk	3	Completed
17	26	Increasing IT Management Capacity	Livno	3	Completed
18	27	Document Scanning and Imaging, Development of Electronic Library	Bosanski Petrovac	3	Completed
19	27	Document Scanning and Imaging, Development of Electronic Library	Čitluk	3	Completed
20	27	Document Scanning and Imaging, Development of Electronic Library	Gračanica	3	Completed
21	27	Document Scanning and Imaging, Development of Electronic Library	Iliđža	3	Completed
22	27	Document Scanning and Imaging, Development of Electronic Library	Livno	3	Completed

23	27	Document Scanning and Imaging, Development of Electronic Library	Ribnik	3	Completed
24	27	Document Scanning and Imaging, Development of Electronic Library	Šipovo	3	Completed
25	27	Document Scanning and Imaging, Development of Electronic Library	Široki Brijeg	3	Completed
26	27	Document Scanning and Imaging, Development of Electronic Library	Trnovo	3	Completed
27	27	Document Scanning and Imaging, Development of Electronic Library	Visoko	3	Completed
28	29	Electronic Urban Permitting - Complexity Level 2	Livno	3	Completed
29	30	Electronic Urban Permitting - Complexity Level 3	Ilidža	3	Completed
30	31	E-mail connection between municipal employees and citizens	Livno	3	Completed
31	31	E-mail connection between municipal employees and citizens	Ilijaš	3	Completed
32	32	Improving Permitting for Legalization of Illegal Settlements	Čitluk	3	Completed
33	33	Improve Planning and Permitting Functions by Department Reorganization	Livno	3	Completed
34	34	Software Licensing Program	Banovići	3	Completed
35	34	Software Licensing Program	Bosanski Petrovac	3	Completed
36	34	Software Licensing Program	Gračanica	3	Completed
37	35	Public Utilities Services Improvement	Ribnik	3	Completed
38	35	Public utilities services improvement	Široki Brijeg	3	Completed
39	36	Networking Satellite Offices with Citizen Service Center	Cazin	3	Completed
40	36	Networking Satellite Offices with Citizen Service Center	Ribnik	3	Completed
41	36	Networking Satellite Offices with Citizen Service Center	Šipovo	3	Completed
42	36	Networking Satellite Offices with Citizen Service Center	Gračanica	3	Completed
43	36	Networking Satellite Offices with Citizen Service Center	Petrovo	3	Completed
44	39	Computer-based Employee Education Center	Petrovo	3	Completed
45	6	Applied Public Procurement	Trnovo	3	Completed
46	19	Developing Partnership for Increasing the EU Funds Absorption Capacity	Ilijaš	3	In progress
47	4	Advanced Zoning and Planning Methodology	Čitluk	3	In progress

48	14	Medium Term Budget Development	Bos.Petrovac	3	In progress
49	14	Medium Term Budget Development	Šipovo	3	In progress
50	26	Increasing IT Management Capacity	Bosanski Petrovac	3	In progress
51	26	Increasing IT Management Capacity	Gračanica	3	In progress
52	26	Increasing IT Management Capacity	Petrovo	3	In progress
53	26	Increasing IT Management Capacity	Šipovo	3	In progress
54	26	Increasing IT Management Capacity	Široki Brijeg	3	In progress
55	26	Increasing IT Management Capacity	Banovići	3	In progress
56	26	Increasing IT Management Capacity	Kladanj	3	In progress
57	27	Document Scanning and Imaging, Development of Electronic Library	Kladanj	3	In progress
58	29	Electronic Urban Permitting - Complexity Level 2	Šipovo	3	In progress
59	29	Electronic Urban Permitting - Complexity Level 2	Banovići	3	In progress
60	29	Electronic Urban Permitting - Complexity Level 2	Petrovo	3	In progress
61	32	Improving Permitting for Legalization of Illegal Settlements	Kladanj	3	In progress
62	36	Networking Satellite Offices with Citizen Service Center	Visoko	3	In progress
63	38	Improvement of the Work of the Department for Property Legal Affairs, Geodetic and Cadastre Issues	Cazin	3	In progress
64	39	Computer-based Employee Education Center	Široki Brijeg	3	In progress
65	39	Computer-based Employee Education Center	Kladanj	3	In progress
66	6	Applied Public Procurement	Kupres	4	Completed
67	9	Project Cycle Management	Sapna	4	Completed
68	16	Preparation and Implementation of Local Environmental Action Plan (LEAP)	Olovo	4	Completed
69	16	Preparation and Implementation of Local Environmental Action Plan (LEAP)	Šekovići	4	Completed
70	19	Developing Partnership for Increasing the EU Funds Absorption Capacity	Kostajnica	4	Completed
71	26	Increasing IT Management Capacity	Domaljevac	4	Completed
72	26	Increasing IT Management Capacity	Ljubinje	4	Completed
73	26	Increasing IT Management Capacity	Sapna	4	Completed
74	27	Document Scanning and Imaging, Development of Electronic Library	Domaljevac	4	Completed

75	27	Document Scanning and Imaging, Development of Electronic Library	Grude	4	Completed
76	27	Document Scanning and Imaging, Development of Electronic Library	Kupres	4	Completed
77	27	Document Scanning and Imaging, Development of Electronic Library	Ljubinje	4	Completed
78	27	Document Scanning and Imaging, Development of Electronic Library	Sapna	4	Completed
79	27	Document Scanning and Imaging, Development of Electronic Library	Žepče	4	Completed
80	30	Electronic Urban Permitting - Complexity Level 3	Čapljina	4	Completed
81	33	Improve Planning and Permitting Functions by Department Reorganization	Grude	4	Completed
82	34	Software licensing program	Ljubinje	4	Completed
83	35	Public utilities services improvement	Novi Travnik	4	Completed
84	1	Introduction to the Instrument for Pre-Accession Assistance (IPA)	Čapljina	4	In progress
85	1	Introduction to the Instrument for Pre-Accession Assistance (IPA)	Grude	4	In progress
86	1	Introduction to the Instrument for Pre-Accession Assistance (IPA)	Kupres	4	In progress
87	1	Introduction to the Instrument for Pre-Accession Assistance (IPA)	Ljubinje	4	In progress
88	1	Introduction to the Instrument for Pre-Accession Assistance (IPA)	Olovo	4	In progress
89	4	Advanced Zoning and Planning Methodology	Kupres	4	In progress
90	8	International Standards in Project Proposal Development	Domaljevac	4	In progress
91	8	International Standards in Project Proposal Development	Novi Travnik	4	In progress
92	8	International Standards in Project Proposal Development	Vareš	4	In progress
93	8	International Standards in Project Proposal Development	Vitez	4	In progress
94	9	Project cycle management	Ljubinje	4	In progress
95	9	Project Cycle Management	Domaljevac	4	In progress
96	14	Medium Term Budget Development	Bosanska Krupa	4	In progress
97	14	Medium Term Budget Development	Kneževo	4	In progress
98	16	Preparation and Implementation of Local Environmental Action Plan (LEAP)	Čapljina	4	In progress

99	20	Establishing and Equipping Municipal Unit for Managing Development	Kneževo	4	In progress
100	20	Establishing and Equipping Municipal Unit for Managing Development	Kostajnica	4	In progress
101	20	Establishing and Equipping Municipal Unit for Managing Development	Kotor Varoš	4	In progress
102	21	Location marketing – Development of a Plan for Attracting Investments	Čapljina	4	In progress
103	21	Location marketing – Development of a Plan for Attracting Investments	Grude	4	In progress
104	21	Location Marketing – Development of a Plan for Attracting Investments	Kotor Varoš	4	In progress
105	21	Location marketing – Development of a Plan for Attracting Investments	Novi Travnik	4	In progress
106	21	Location marketing – Development of a Plan for Attracting Investments	Olovo	4	In progress
107	21	Location marketing – Development of a Plan for Attracting Investments	Šekovići	4	In progress
108	21	Location marketing – Development of a Plan for Attracting Investments	Vareš	4	In progress
109	21	Location marketing – Development of a Plan for Attracting Investments	Vitez	4	In progress
110	26	Increasing IT Management Capacity	Žepče	4	In progress
111	26	Increasing IT Management Capacity	Grude	4	In progress
112	26	Increasing IT Management Capacity	Vareš	4	In progress
113	26	Increasing IT Management Capacity	Vitez	4	In progress
114	26	Increasing IT Management Capacity	Bosanska Krupa	4	In progress
115	26	Increasing IT Management Capacity	Kneževo	4	In progress
116	26	Increasing IT Management Capacity	Kostajnica	4	In progress
117	26	Increasing IT Management Capacity	Kotor Varoš	4	In progress
118	26	Increasing IT Management Capacity	Šekovići	4	In progress
119	27	Document Scanning and Imaging, Development of Electronic Library	Kneževo	4	In progress
120	27	Document Scanning and Imaging, Development of Electronic Library	Kostajnica	4	In progress
121	27	Document Scanning and Imaging, Development of Electronic Library	Kotor Varoš	4	In progress
122	27	Document Scanning and Imaging, Development of Electronic Library	Novi Travnik	4	In progress
123	27	Document Scanning and Imaging, Development of Electronic Library	Olovo	4	In progress

124	27	Document Scanning and Imaging, Development of Electronic Library	Šekovići	4	In progress
125	27	Document Scanning and Imaging, Development of Electronic Library	Vareš	4	In progress
126	27	Document Scanning and Imaging, Development of Electronic Library	Vitez	4	In progress
127	29	Electronic Urban Permitting - Complexity Level 2	Domaljevac	4	In progress
128	29	Electronic Urban Permitting - Complexity Level 2	Kupres	4	In progress
129	29	Electronic Urban Permitting - Complexity Level 2	Žepče	4	In progress
130	29	Electronic Urban Permitting - Complexity Level 2	Kostajnica	4	In progress
131	30	Electronic Urban Permitting - Complexity Level 3	Olovo	4	In progress
132	30	Electronic Urban Permitting - Complexity Level 3	Vareš	4	In progress
133	31	E-mail connection between municipal employees and citizens	Šekovići	4	In progress
134	31	E-mail connection between municipal employees and citizens	Žepče	4	In progress
135	32	Improving Permitting for Legalization of Illegal Settlements	Bosanska Krupa	4	In progress
136	32	Improving Permitting for Legalization of Illegal Settlements	Kneževo	4	In progress
137	32	Improving Permitting for Legalization of Illegal Settlements	Novi Travnik	4	In progress
138	32	Improving Permitting for Legalization of Illegal Settlements	Vitez	4	In progress
139	34	Software Licensing Program	Bosanska Krupa	4	In progress
140	34	Software Licensing Program	Sapna	4	In progress
141	36	Networking Satellite Offices with Citizen Service Center	Kotor Varoš	4	In progress
142	36	Networking Satellite Offices with Citizen Service Center	Bosanska Krupa	4	In progress
143	39	Computer-based Employee Education Center	Čapljina	4	In progress

ANNEX D
FINANCIAL REPORTS

GAP2 Quarterly Finance Report

Submitted April 15, 2012

Current obligation: \$24,357,355.06
 Amount invoiced to date: \$22,228,340.76
 Percent of obligation invoiced: 91%

2012 Q1 Expenditure Report

Cost Category	Actual Expenditures thru Q4 2011	Q1 2012 Expenditures*			Total Estimated Expenditures	Contract Budget**	Total Funds Remaining in the Contract as of March 31, 2012*
		January (Actuals)	February (Actuals)	March (Projections)			
I. Salaries	\$2,762,468	\$50,792	\$54,298	\$56,872	\$2,924,431		
II. Fringe Benefits	\$1,377,203	\$25,739	\$25,674	\$25,576	\$1,454,192		
III. Overhead	\$1,773,087	\$37,841	\$39,954	41,550.67	\$1,892,433		
IV. Travel and Transportation	\$179,521	\$136	\$485	\$326	\$180,468		
V. Allowances	\$391,679	\$201	\$1,455	\$2,850	\$396,185		
VI. Other Direct Costs	\$1,103,583	\$11,335	\$13,429	\$15,936	\$1,144,283		
VII. Equipment, Vehicles and Freight	\$77,026	\$1,740	\$0	\$0	\$78,766		
VIII. Training	\$133,720	\$0	\$285	\$789	\$134,794		
IX. Subcontractors	\$5,430,445	\$61,285	\$60,014	\$54,592	\$5,606,336		
X. Material Assistance to Municipalities	\$6,970,372	\$59,383	\$52,278	\$112,231	\$7,194,265	\$8,460,000	\$1,265,735
XI. General and Administrative	\$908,960	\$11,180	\$11,154	\$13,983	\$945,277		
XII. Fixed Fee	\$558,831	\$7,168	\$7,224	\$8,568	\$581,792	\$619,683	\$37,891
XIII. NICRA Adjustments	\$28,393	\$0	\$0	\$0	\$28,393		
Total	\$21,695,288	\$266,801	\$266,252	\$333,273	\$22,561,614	\$24,858,984	\$2,297,370

* March expenditures are based on preliminary invoice figures, and are thus not included in the amount invoiced to date figure above the table.

**The prime contract only provides ceiling amounts for Material Assistance to Municipalities, Fixed Fee, and the total contract value.

GAP2 Quarterly Expenditures and Forecast through March 2012

Cost Category	Jan-Mar, 2008	Apr-Jun, 2008	Jul-Sep, 2008	Oct-Dec, 2008	Jan-Mar, 2009	Apr-Jun, 2009	Jul-Sep, 2009	Oct-Dec, 2009	Jul-Sep, 2010
Total Salaries	\$173,445	\$166,366	\$174,006	\$175,847	\$162,463.90	\$174,821	\$196,071	\$195,425	\$181,701
Long Term Expatriates	\$23,093	\$37,390	\$37,390	\$37,390	\$51,609	\$61,060	\$66,779	\$64,633	\$27,292
Short Term Expatriates	\$12,650	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Home Office Professionals	\$27,349	\$0	\$26	\$448	\$1,264	\$5,821	\$0	\$40	\$0
Long Term Local Professionals**	\$64,215	\$74,302	\$82,337	\$72,296	\$59,419	\$54,106	\$56,704	\$60,829	\$89,026
Long Term Local Support**	\$46,139	\$54,673	\$54,253	\$48,060	\$47,854	\$49,663	\$52,652	\$55,648	\$48,747
Short Term Local Professionals**	\$0	\$0	\$0	\$17,653	\$2,318	\$4,171	\$19,936	\$14,275	\$16,636
Total Other Costs	\$526,906	\$610,530	\$1,007,578	\$1,267,085	\$1,328,108	\$1,173,464	\$2,028,553	\$2,233,822	\$1,033,898
Fringe Benefits (Direct and Indirect)	\$96,731	\$81,298	\$84,348	\$85,551	\$106,729	\$89,041	\$95,088	\$115,604	\$38,340
Overhead	\$117,800	\$97,307	\$103,938	\$103,745	\$105,944	\$105,624	\$118,906	\$126,536	\$96,026
Travel and Transportation	\$34,284	\$8,489	\$24,555	\$3,924	\$694	\$10,665	\$4,097	\$11,793	\$9,693
Allowances	\$42,369	\$34,242	\$30,529	\$32,364	\$32,522	\$34,557	\$32,018	\$44,150	\$9,182
Other Direct Costs	\$95,270	\$77,155	\$74,442	\$82,264	\$74,769	\$48,088	\$103,230	\$132,336	\$55,419
Equipment, Vehicles, and Freight	\$30,925	\$10,266	\$1,365	\$11,102	\$13,663	\$4,931	\$157	\$1,297	\$0
Training	\$15,221	\$7,414	\$10,078	\$4,872	\$16,588	\$14,858	\$16,480	\$21,217	\$3,785
Material Assistance to Municipalities	\$0	\$0	\$0	\$576,469	\$567,210	\$461,448	\$1,245,150	\$1,295,850	\$529,771
Subcontractors	\$94,305	\$294,359	\$678,323	\$366,795	\$409,990	\$404,253	\$413,427	\$485,040	\$291,682
<i>Urban Institute</i>	\$0	\$0	\$354,606	\$127,175	\$148,837	\$144,749	\$144,695	\$209,095	\$121,374
<i>VNG International</i>	\$0	\$170,713	\$99,503	\$84,018	\$99,384	\$100,663	\$106,284	\$110,027	\$41,192
<i>SIPU International</i>	\$0	\$0	\$0	\$5,833	\$0	\$0	\$0	\$0	\$0
<i>CSPC</i>	\$94,305	\$123,646	\$224,214	\$149,768	\$161,769	\$158,841	\$162,447	\$165,918	\$129,116
<i>BiH Partners Fund</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General and Administrative	\$31,516	\$34,960	\$53,171	\$64,932	\$67,076	\$60,673	\$100,108	\$109,316	\$54,702
Fixed Fee	\$21,956	\$24,356	\$36,733	\$39,101	\$40,672	\$37,320	\$56,604	\$62,433	\$32,467
NICRA Adjustments				-\$14,639			\$37,601		
TOTAL	\$753,823	\$836,212	\$1,271,489	\$1,532,326	\$1,598,320	\$1,446,279	\$2,418,937	\$2,600,997	\$1,302,768

March 2012 expenditures are based on preliminary invoice figures.

**Projected salary expenditures for local staff are based on conservative exchange rate estimates from BAM to USD.

GAP2 Quarterly Expenditures and Forecast through March 2012

Cost Category	Accumulated Expenditures						Projected Expenditures	
	Oct-Dec, 2010	Jan-Mar, 2011	Apr-Jun, 2011	Jul-Sep, 2011	Oct-Dec, 2011	Jan-Mar* 2012	Apr-Jun 2012	Jul-Sep 2012
Total Salaries	\$134,676	\$128,841	\$133,568	\$164,203	\$193,110	\$161,962	\$162,267	\$108,141
Long Term Expatriates	\$26,643	\$26,895	\$28,511	\$27,975	\$27,975	\$13,587	\$9,041	\$0
Short Term Expatriates	\$0	\$0	\$0	\$0	\$0	\$0	\$7,629	\$0
Home Office Professionals	\$0	\$4,155	\$7	\$1,288	\$5,514	\$113	\$0	\$0
Long Term Local Professionals**	\$71,310	\$71,533	\$77,037	\$108,181	\$127,585	\$119,628	\$113,307	\$97,556
Long Term Local Support**	\$30,860	\$25,553	\$28,145	\$26,760	\$23,709	\$23,048	\$25,600	\$6,125
Short Term Local Professionals**	\$5,863	\$705	-\$132	\$0	\$8,326	\$5,586	\$6,690	\$4,460
Total Other Costs	\$948,028	\$729,344	\$646,849	\$860,153	\$798,099	\$645,085	\$850,881	\$528,610
Fringe Benefits (Direct and Indirect)	\$61,367	\$72,684	\$65,917	\$90,922	\$93,708	\$76,989	\$100,465	\$91,472
Overhead	\$87,709	\$93,251	\$91,727	\$124,390	\$146,720	\$119,346	\$128,603	\$106,757
Travel and Transportation Allowances	\$36,369	\$2,378	\$944	\$6,732	\$3,971	\$947	\$2,500	\$3,920
Other Direct Costs	\$6,965	\$4,724	\$7,600	\$9,608	\$17,906	\$4,506	\$10,500	\$8,500
Equipment, Vehicles, and Freight	\$37,570	\$49,446	\$45,519	\$42,222	\$44,640	\$40,700	\$39,205	\$35,342
Training	\$350	\$34	\$34	\$79	\$1,770	\$1,740	\$0	\$0
Material Assistance to Municipalities	\$1,095	\$3,100	\$388	\$863	\$7,700	\$1,074	\$8,073	\$6,727
Subcontractors	\$404,619	\$238,002	\$138,620	\$321,109	\$253,118	\$223,893	\$378,407	\$137,347
<i>Urban Institute</i>	\$311,985	\$265,725	\$296,100	\$264,229	\$228,565	\$175,890	\$183,128	\$138,545
<i>VNG International</i>	\$120,898	\$87,912	\$93,654	\$93,697	\$14,133	\$0	\$0	\$0
<i>SIPU International</i>	\$74,084	\$57,927	\$76,190	\$92,524	\$89,710	\$81,786	\$101,496	\$66,054
<i>SIPU International</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>CSPC</i>	\$117,002	\$119,886	\$126,256	\$78,008	\$124,722	\$94,104	\$81,632	\$72,491
<i>BiH Partners Fund</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General and Administrative	\$48,722	\$38,618	\$35,118	\$46,096	\$44,604	\$36,317	\$45,592	\$28,654
Fixed Fee	\$29,609	\$24,340	\$22,936	\$28,676	\$28,417	\$22,961	\$27,978	\$12,338
NICRA Adjustments			\$5,431	\$0	\$0	\$0	\$0	\$0
TOTAL	\$1,161,035	\$921,143	\$843,902	\$1,099,129	\$1,064,230	\$866,325	\$1,086,718	\$677,743

March 2012 expenditures are based on preliminary invoice figures.

**Projected salary expenditures for local staff are based on conservative exchange rate estimates from BAM to USD.

GAP2 OFFICES

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