



Koninkrijk der Nederlanden



GOVERNANCE ACCOUNTABILITY PROJECT (GAP), PHASE II

TENTH QUARTERLY PROGRESS REPORT

For the period April 2010 through June 2010

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GAP

Excellence in Local Governance

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

GOVERNANCE ACCOUNTABILITY PROJECT (GAP), PHASE II

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LIST OF ACRONYMS

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-Herzegovina
FBiH	Federation of Bosnia and Herzegovina
GAP	Governance Accountability Project
GIS	Geographic Information System
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (a 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)
ILDLP	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
OSCE	Organization for Security and Cooperation in Europe
OHR	Office of the High Representative
PCM	EU-standard Project Cycle Management
PERA	Peoples' Empowerment in Rural Areas, a Sida program
PMP	Performance Monitoring Plan
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
SoW	Scope of Work (or Statement of Work)
SNV	Netherlands Development Network
SPIRA	Streamlining Permits and Inspection Regimes Activities, a USAID program

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 Programme
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UPP	Urban Planning and Permitting
UPC	Urban Permitting Center
USAID	United States Agency for International Development
VNG	International Cooperation Agency of the Association of Netherlands Municipalities
WG	Working group

EXECUTIVE SUMMARY

Several important issues highlighted this reporting period. First, Democracy International completed the project's Mid-Term Evaluation (MTER) and submitted the report to GAP staff and the project's donors. The evaluation findings focused on two main points. General findings were:

*"GAP2 is generally meeting its program output targets thus far, and its municipal clients in particular are very pleased with the assistance they have received from GAP2 staff and the results achieved to date. In this sense, GAP2 can be considered a successful project."*¹

However, the "Overall Status" section of the Report states the following:

*"However, in judging project performance against the higher level key objectives of the project -- to improve the ability of municipalities to better serve and improve the quality of life of citizens, and to support a policy and fiscal framework conducive to democratic governance -- we find that GAP2 is not achieving its full potential and should be reprogrammed to focus on results that will have a greater strategic impact."*¹

In this regard, the JMC and GAP Management held a number of meetings with the aim to address issues highlighted in this Report. At the outcome of these meetings, GAP was asked to review the 2010 Work Plan and to recommend to donors eventual modifications in order to streamline activities as per the MTER. However, more substantial changes to the project course are expected for the last two years of the project. GAP has already undertaken some activities in this regard.

With JMC concurrence, a change in project leadership occurred during this reporting period. Mr. Boris Maslo was appointed as the new Chief of Party and Policy Director. Mr. Maslo began working with the project on May 18, 2010.

Local Interventions

During this reporting period, GAP opened the final three citizen service centers (CSCs) / urban permitting centers (UPCs) in Vareš, Olovo, and Grude. With the completion of these openings, GAP reached one of the most important project implementation milestones: CSCs/UPCs open in all partner municipalities.

During this reporting period, **all 15 of the Cohort 3 municipalities received approval for their capital improvement project proposals.** In total, 29 proposals are now ready for launch, and GAP estimates only 31.5% of their sum value will require project co-financing.

During this reporting period, 22 Municipal Action Plan (MAP) projects were completed in the project's partner legacy municipalities. GAP has completed 87 out of the 175 different MAP projects in the legacy municipalities thus far (approximately 50%).

GAP trained 1,201 municipal employees during this reporting period, of which 480, or 40%, were women. GAP held 35 workshops and training sessions for 365 municipal employees in Cohort 3 and Cohort 4 municipalities², covering topics such as customer orientation, complaints procedure, urban permitting and zoning, and managing under revenue constraints. Additionally, 49 MAP process workshops and training events were held for 245 participants. Topics included project cycle management, public participation and participatory planning, and project monitoring and evaluation. In the course of the

¹ Mid-Term Evaluation of the Governance Accountability Project (GAP), Phase II, Final Report, May 2010

² Cohort 3 municipalities began receiving GAP assistance in early 2008; Cohort 4 began in 2009.

implementation of the MAP projects, 188 staff from legacy municipalities were trained in topics such as LEAP, location marketing, common assessment frameworks, and establishing a municipal department or unit for overseeing economic development projects. Finally, 106 GIS software and spatial database training sessions were held, as well as training in the use of document tracking and budget and finance software for 403 municipal staff throughout GAP partner municipalities.

Policy Interventions

During this reporting period, the policy component was involved in several key tasks. In coordination with the FBiH Municipal Association General Assembly, the policy team was involved with the preparation of the Association Assembly sessions, including presentations of projects of strategic importance (including laws, bylaws, book of rules, etc) as well as the drafting of the official conclusions and decisions passed by the Association. The policy team also worked on the Chart of Accounts (CoA) in both the FBiH and RS, providing assistance in integrating comments and suggestions provided by counterparts as well as organizing informational workshops (RS). Together with the FBiH Association, the policy team intensified its work on the Law on Forests by finalizing the text and supporting its forwarding into parliamentary procedure. Lastly, the policy team worked on the municipal property issue by organizing workshops with entity municipal associations regarding modern management of municipal property.

Monitoring and Evaluation

GAP continues to meet or exceed the expected results defined under the project's SOW. Data measurement shows progress across all GAP municipalities. Each Cohort shows improvement in the Municipal Capacity Index (MCI) and status quo in control municipalities. During this reporting period GAP delivered the first deliverable as referenced in the project SOW under Section A. Component One: Local Interventions, Expected Results/Deliverables, Item 2:

*By the end of the 30th project month, 15 new municipalities will have achieved core service delivery and financial performance targets bringing them to the average level of the legacy GAP municipalities in the Municipal Capacity Index. New municipalities will demonstrate superior service delivery in series of objective measures, including reduced waiting times, efficiency improvements and improved financial management, new municipalities will register on average a 20% composite improvement in Municipal Capacity Index scores by the end of the 30th project month.*³

During this reporting period, Cohort 3 municipalities recorded an increase of nearly 84% in the MCI compared to their last evaluation. Further, Cohort 3 municipalities outperformed legacy municipalities by an average of nine percent. In addition, Cohort 3 municipalities increased efficiency by 30% as measured by Municipal Services Efficiency Index (MSEI). Average waiting times for vital records among these municipalities decreased from 151.2 to 9.4 minutes. The attitudinal survey data from October 2009 showed that citizens' satisfaction with municipal services delivery has increased by more than 11 points compared to baseline data. Figure 1 shows MCI progress among partner municipalities.

³ Contract No. 168-C-00-08-00001-00, Scope of Work

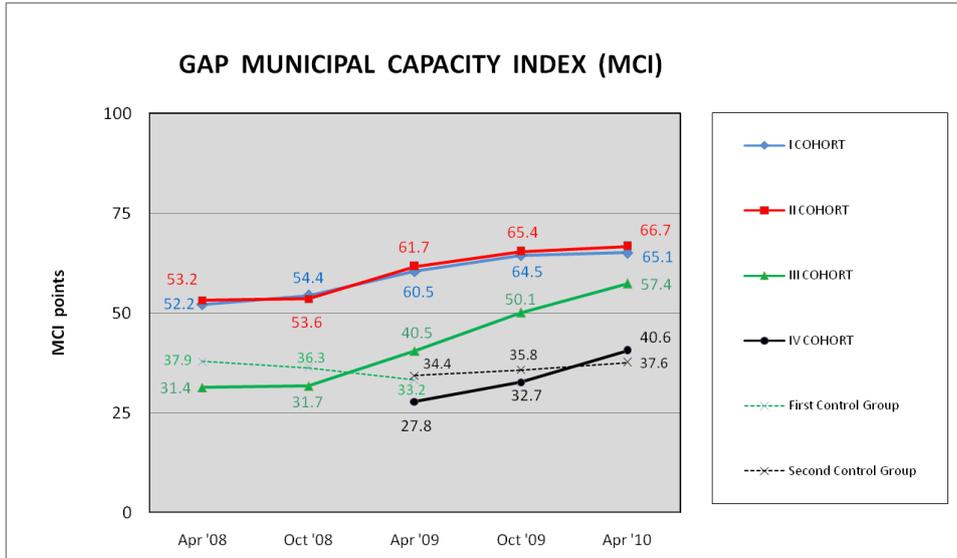


Figure 1

Project Support

Staffing needs were re-evaluated during this reporting period. A total of 11 employees ended their employment with GAP, including the expatriate Chief of Party and the Policy Director. Mr. Boris Maslo replaced both of these key positions.

ABOUT THE PROJECT

The Governance Accountability Project, Phase II (GAP) is a \$30 million, five-year program co-financed by the US Agency for International Development (USAID), the Swedish International Development Agency (Sida), and the Embassy of the Kingdom of the Netherlands (EKN). GAP 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, improve administration, and budgeting and financial management, and to improve municipal capacity to administer capital improvement projects. 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. Supporting these two major components are *Cross-Cutting Initiatives*, including efforts to increase municipal borrowing, develop a consultancy market, and promote gender equity in municipal governance. A robust, performance-based *Monitoring and Evaluation* system, including periodic surveying of citizen attitudes and rigorous analysis of municipal capacities, ensures that GAP 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 GAP's second phase. 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. Third, *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 GAP 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 GAP's latest quarterly report, outlining the activities and accomplishments leading toward fulfillment of the project's goals and objectives.

GAP'S LEGACY AND NEW MUNICIPALITIES

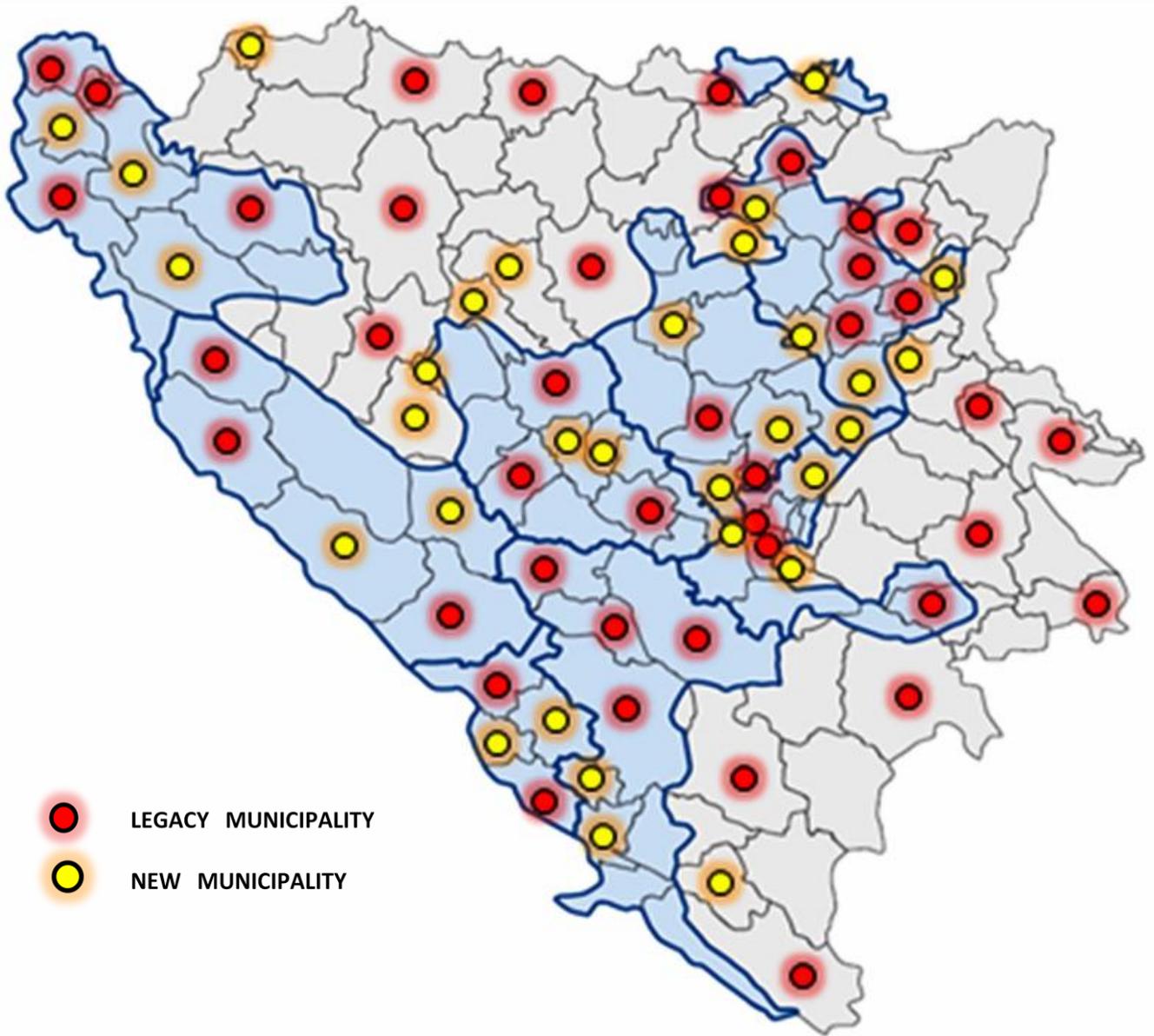


Figure 2

SIGNIFICANT EVENTS OF THE QUARTER

LOCAL INTERVENTIONS:

- APRIL 8, OPENING OF THE CSC/UPC IN VAREŠ;
- APRIL 10, OPENING OF THE CSC/UPC IN OLOVO;
- JUNE 2, OPENING OF THE CSC/UPC IN GRUDE;
- JUNE 8, SEMINAR ON BUDGETING UNDER REVENUE CONSTRAINTS, ILIDŽA;
- JUNE 9, SEMINAR ON BUDGETING UNDER REVENUE CONSTRAINTS, BANJA LUKA;
- JUNE 29 - 30, FINAL SEMINAR-CONFERENCE IN URBAN PERMITTING FOR COHORT 3 IN LUKAVAC;
- 29 CAPITAL PROJECTS APPROVED BY DONORS IN MAY AND JUNE 2010;
- CAPITAL PROJECTS OPENING CEREMONIES IN POSUŠJE, BIHAĆ, V. KLADUŠA, TRAVNIK, GRADAČAC;
- MOSTAR CITY COUNCIL ADOPTED THE DECISION ON ESTABLISHMENT OF THE CDPC COMMITTEE;
- 28 CAPITAL PROJECTS FROM COHORT 1 AND 2 COMPLETED.

POLICY INTERVENTIONS:

- USING FOCUS GROUPS, FINALIZED THE UPDATE ON THE FBH MUNICIPAL ASSOCIATION POLICY AGENDA;
- GAP WAS INVOLVED IN THE FBH ASSOCIATION'S 5TH ASSEMBLY IN NEUM ON MAY 7. THE MAIN TOPIC WAS LOCAL GOVERNMENT FINANCE IN THE FACE OF GLOBAL RECESSION;
- REVIEW OF THE FBH CHART OF ACCOUNTS WAS WELL RECEIVED BY THE FBH MOF. THE MINISTRY ASKED GAP TO PROVIDE ASSISTANCE IN INTEGRATING COMMENTS AND SUGGESTIONS INTO THE COA;
- GAP, TOGETHER WITH BOTH MUNICIPAL ASSOCIATIONS, ORGANIZED A SERIES OF WORKSHOPS (UGLJEVIK, BANJA LUKA, SARAJEVO, JAJCE, BANOVIĆI, FOJNICA, KONJIC) REGARDING MANAGING MUNICIPAL PROPERTY;
- GAP PROVIDED ASSISTANCE TO THE RS MOF AND RS MUNICIPAL ASSOCIATION IN ORGANIZING 5 WORKSHOPS FOR COMMENTING ON THE DRAFT OF THE NEW COA FOR RS PUBLIC SECTOR;
- GAP WORKED ON LAW ON FORESTS TOGETHER WITH FBH ASSOCIATION, BY FINALIZING THE TEXT AND SUPPORTING ITS FORWARDING INTO PARLIAMENTARY PROCEDURE.

MONITORING AND EVALUATION:

- ANNUAL MUNICIPAL BUDGETS PERFORMANCE INDICATORS SURVEY CONDUCTED;
- SEMI-ANNUAL P-BMP AND MCI SURVEY COMPLETED.

SECTION I – ACTIVITIES AND RESULTS

A. Local Interventions

During this reporting period, the Local Interventions team completed a significant number of activities related to various MAP projects in the legacy municipalities, MAP process implementation in Cohort 3 and Cohort 4 municipalities, the final CSC/UPC openings, advancing urban-permitting, as well as improving budget and finance practices in the partner municipalities. Details of these activities are presented below, while a schedule and status of activities specified by the Work Plan are displayed in Annex A.

Municipal Action Plan (MAP) Process

On June 2, a CSC/UPC opened in Grude, constituting the 16th and last such center planned to open under GAP2. The Mayor of Grude stated: *“We are now finally on the right path to transform our municipality into a modern and transparent administration, where the citizens will always come first. We have succeeded, with support of GAP, to ensure we adhere to citizens’ needs and rights in a devoted and efficient manner. None of this would have been possible without high level of understanding of municipal problems by of our donors USAID, Sida and EKN.”*

22 MAP projects in legacy municipalities were completed during the reporting period:

- Common Assessment Framework (CAF) Methodology in Banja Luka;
- Preparation and Implementation of Local Environmental Action Plan (LEAP) in the Goražde, Foča, Rogatica, Travnik and Vlasenica;
- Establishment of the Municipal Unit for Managing Development in Velika Kladuša, Bugojno, Sanski Most, Foča and Ljubuški;
- Location Marketing: Development of a Plan for Attracting Investments in Bihać, Mrkonjić Grad, Kakanj, Srbac, Vukosavlje, Nevesinje, Trebinje, Vogošća;
- Public Utilities Services Improvement in Srbac;
- Networking Citizens and Municipality Project in Foča; and,
- Updating Local Development Strategy in Rudo.

GAP has completed 87 out of the 175 different MAP projects in the legacy municipalities thus far (approximately 50%).

With GAP assistance, **the City of Banja Luka CAF Team submitted a report on the self-assessment process and priority projects for improvements to the Mayor and Department Heads.** On April 13, 2010 the City Management approved the suggested priority areas for improvement, and agreed to support the creation of the Banja Luka Municipal Action Plan. The city concluded that the selected priority projects would be scheduled for 2010 and 2011 on the basis of their scale, the availability of budget funds, and other resources needed for their realization. The City of Banja Luka CAF Team expressed a willingness to establish cooperation with other municipalities in BiH, as well as with municipalities outside the country that have introduced the CAF methodology. Contacts were established with the OSCE, which is also implementing identical projects in a number of municipalities. The City of Banja Luka will also be included in inter-municipal events organized by the OSCE.

Eight months of effort resulted in the successful **completion of LEAP in Goražde, Foča, Rogatica, Vlasenica and Travnik**. GAP faced a steep learning curve during this process, as understanding of environmental issues throughout the municipalities was somewhat limited. However, as environmental issues turn into serious problems for these municipalities, GAP's assistance proved opportune. Following introductory meetings, Advisory Boards were formed in each of the municipalities. Boards averaged 14 members, including participants from the higher levels of government, non-governmental environmental organizations, municipal tourist organizations and the media.



Each municipality ran a six-month media campaign to collect public opinions on environmental issues. In addition to opinion polls, video clips, radio and TV shows, and billboards and posters, each municipality organized a round table for the broader public to identify citizens' environmental action priorities. 871 citizens were interviewed, including 435 women.

As a result of the LEAP training and municipal action, Goražde, Vlasenica, Foča, Rogatica and Travnik now have strategic mechanisms for environmental protection. Special attention was paid to monitoring and evaluation, as well as oversight to ensure environmental action plans were in accordance with EU environmental requirements.

In Rudo, a new initiative evolved from GAP technical assistance. The municipality produced 4 IPA proposals, and is partnering with Bijelo Polje municipality in Montenegro and Priboj municipality in Serbia. Two of these proposals were **APPROVED**: "Ekološki dvogled" worth 285,000 EUR and "Limski Bijatlon" worth 100,000 EUR. Ninoslav Prijović, director of the municipal development agency remarked, *".....it all started at that GAP workshop" ..."....it was just an idea, something we could use for IPA exercise when we were told to split in groups. And look at us now! After several months of brainstorming while working on that strategy of ours, we designed four projects and applied for IPA with partners across the border."*

Throughout this process 23 municipal staff, including 13 women, developed LEAP specific skills, skills now transferable to colleagues in the future.

GAP completed its assistance with **location marketing and municipal planning of investment promotions for Bihać, Mrkonjić Grad, Vukosavlje, Srbac, Vogošća and Kakanj**

along with the presentation of the final plan for Attracting Investments to the Municipalities. The final plan to promote local investment came after months of close collaboration and partnership with the municipalities. Each municipality created an investors profile with specific information aimed to reach potential local and foreign investors and adopted an action plan for attracting investors. Ninety people attended GAP's workshops in these municipalities, including 42 women.

Velika Kladuša, Bugojno, Sanski Most, Foča and Ljubuški adopted a solution for sustainable and effective management of development after receiving GAP training in the Establishment of the Municipal Unit for Managing Development. These municipalities have huge development potential; however their fundraising and project management capacities were limited for years, relying on individual efforts, ad hoc

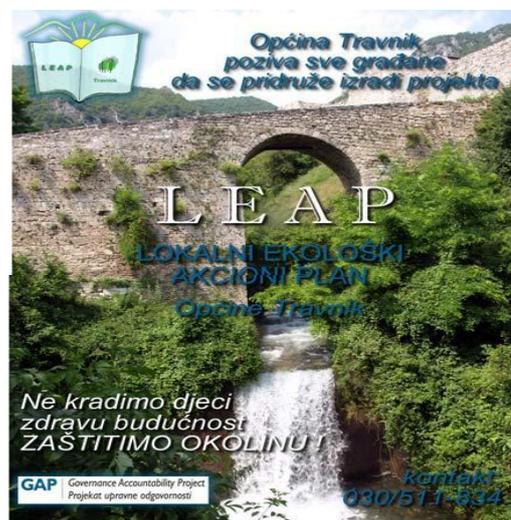


Figure 3 - Example of LEAP Media Campaign: Billboard and Poster from Travnik

committees, and non systematic management. Following a detailed analysis, the municipalities decided to establish professional departments for development. Profiles for the employees of these units have been carefully developed using best practices from municipalities that already have a functional development department. Throughout 2010, institutional framework and hiring procedures will be completed to ensure each development department is incorporated into the systematization document, which is approved by the Municipal Council and operational beginning in January 2011. Including 39 women, a total of 75 participants attended workshops and training sessions. In the case Velika Kladuša and Sanski Most, one of the important benefits of GAP's assistance was the preparation of project proposals to be presented at the cross-border Partnership Forum on June 30th in Plitvice (Croatia). The proposals were also included on the Cross-border program (CBC) between Croatia and Bosnia and Herzegovina Web site for potential partners and funders (www.cbc-cro-bih.net).

As a direct result of GAP's MAP technical assistance, the Municipal Council in Rudo adopted an updated Municipal Development Strategy. The revised version resulted from the implementation of the selected MAP card on May 31.

In addition to the above-mentioned completed MAP projects, implementation continued in the remaining MAP projects in legacy municipalities.

On May 25, the opening of 4 networked satellite offices took place in Velika Kladuša. The Swedish Ambassador H.E. Bosse Hedberg, and the USAID Mission Director, Mr. Allan Reed attended the ceremony. This completes an important part of the MAP project designed to bring the municipal services closer to citizens in remote areas of the municipality.

Implementation of 55 highly complex and lengthy urbanism-related MAP projects in 32 legacy municipalities intensified during the reporting period. The procurement and delivery of spatial databases and GIS software and GPS equipment, all worth more than one million BAM, is well underway. During this reporting period 17 trainings were held (including 14 on-site) on the use of spatial databases and GIS software and 115 municipal staff, including 40 women, attended. Additionally, 31 training sessions covering the use of new highly-sophisticated GPS equipment reached 150 participants, including 51 women. The legacy municipalities are in the process of collecting detailed information on selected "test areas" for piloting the zoning methodology and GIS to enable electronic permitting. This includes the latest geodetic plans with information on the communal infrastructure in use and planned (information collected from external organizations through the UPC advisory board) and digitalized regulatory plans (zoning) of the "test area," which include the zoning codes, linked to the spatial data. All materials will be delivered to GAP to better prepare for on-site coaching by GAP's experts, scheduled for the coming quarter.

As an illustration of the sustainability of GAP assistance in the improvement of municipal services, on June 28 the Mostar City Council adopted a decision to establish the Integral Registry Office for the City of Mostar. In a report documenting their decision, the City Council acknowledged that it is due to GAP's support through "core phase" as well as through MAP that such an office is possible.

In Gradiška, two more satellite offices were networked with the CSC during this reporting period. Thus far, GAP has networked a total of six municipal satellite offices. According to the SOW, only two more satellite offices must be networked.

On June 9 GAP held a workshop on the development of a Plan for Attraction of Investments in Foča and Goražde. A total of 11 persons attended, including six women. The meeting was an opportunity to comment on draft document before a final version was submitted at the end of June. On June 29th, the Plans for Attraction of Investment for Goražde and Foča were submitted to GAP for final review.

Of note is that during this reporting period GAP completed MAP training in most of the legacy municipalities. GAP delivered the final module (Module IV), which deals with monitoring and evaluation of projects and is based on EU methodology. As is the case with the previous three modules of this comprehensive and practical training, skills acquired can be utilized in other assistance programs, as well as to apply for and implement EU-funded projects. A total of 135 MAP working group members participated in this training, including 66 women. As a result of the trainings the municipalities are making progress completing evaluation forms for finished MAP projects.

Upon approval by the JMC, during this reporting period **Cohort 3 mayors signed scopes of work for MAP implementation in their municipalities.** Technical preparations such as developing procurement documentation have commenced, and municipalities have also started internal preparations, including cleaning and adapting the physical premises where MAP projects will be developed.

Following the months of the political problems with forming the municipal council in Cazin, the Council convened on April 14. Among other agenda items, the Council unanimously adopted the MAP. This is the last Cohort 3 municipality to adopt the MAP.

MAP working groups were established during this reporting period to begin the MAP process in the Cohort 4 municipalities. The working groups include a total of 110 municipal representatives, including 30 women. These municipal bodies will play a pivotal role in identifying MAP projects, implementing public information campaigns, and overseeing the final adoption of the MAPs in municipal councils. GAP trained the MAP working groups in the MAP process, going over an introduction to the process, project cycle management, and logical framework methods. The trainings resulted in municipalities completing a list of projects to be offered to citizens for public input. Public outreach will be conducted in the next reporting period as well as the delivery of simplified logical frameworks for all of the initially-listed projects.

Improving Service Delivery in Legacy and New Municipalities



Figure 4—Mr. Allan Reed, USAID Mission Director, Mr. Hando Fatić, Mayor of Vareš, Dutch Ambassador to BiH, Sweder van Voorst Tot Voorst and Swedish Ambassador to BiH Bosse Hedberg, at the opening ceremony of the Vareš' CSC/UPC in April 2010.

During this reporting period, the final three CSCs/UPCs were opened in Cohort 4 municipalities. With these openings, GAP has reached one of its most important project implementation milestones: CSCs/UPCs open in all partner municipalities. CSC/UPCs are the flagship of GAP's Local Interventions assistance and introduce the concept of modern, open, transparent and efficient delivery of municipal administrative services to their citizens.

On April 8, a CSC/UPC opening ceremony was held in Vareš. More than 300 guests attended, including their Excellencies Swedish Ambassador to BiH Bosse Hedberg,

Dutch Ambassador to BiH, Sweder van Voorst Tot Voorst and the USAID Mission Director Mr. Allan Reed. The event was followed by a warm and colorful celebration at the city square.

On April 22, a CSC opening ceremony was held in Olovo. Approximately 150 guests attended the ceremony, including the USAID Mission Director and other donor representatives. During a meeting with the donors prior to the official ceremony, the mayor expressed his great satisfaction with GAP.

On June 2, a CSC/UPC opening ceremony was held in Grude, marking the final CSC/UPC opening ceremony of GAP. Mr. Jonathan Dale, USAID Deputy Administrator Assistant, and USAID Mission Director Mr. Allan Reed delivered remarks on behalf of donor organizations. They expressed very positive impressions of the newly-formed citizen services centers. Mr. Dale expressed his intention to continue the excellent partnerships USAID has established with local partners in BiH in the coming years.

Seven more municipalities (Vareš, Novi Travnik, Olovo, Ljubinje, Čapljina, Grude and Kupres) established CSC advisory boards during this reporting period and **GAP finalized the establishment of CSC advisory boards in all 72 municipalities.** CSC advisory boards in the Cohort 4 municipalities are comprised of 139 municipal staff, 40% of whom are women, and a broad range of stakeholders from the local community such as NGOs, businesses and governmental organizations.

During this reporting period GAP built CSC staff capacities through multiple trainings. Complaint Procedure Training was conducted in 14 municipalities (Šekovići, Sapna, Žepče, Kotor Varoš, Kneževo, Kostajnica, Bosanska Krupa, Kupres, Čapljina, Novi Travnik, Vitez, Vareš and Olovo). A total of 38 municipal staff, including 19 women, participated. Customer Orientation training was conducted in Vareš and Olovo. Participants totaled 19 CSC employees and municipal representatives, including 15 women. GAP also organized a total of 13 on-site CSC-related software trainings for 102 municipal staff, almost half of which were women.

Completion of the “core” or “pre-MAP” assistance in urban permitting to Cohort 3 municipalities in the Tuzla Region was marked by a two-day conference in June. There were 44 representatives, including 18 women, from partner municipalities, the Ministry of Spatial Planning of the Federation of BiH, the Institute of Urbanism from Mostar and Tuzla, the Ministry of Spatial Planning of the Tuzla Canton, public utility and public enterprises from both entities, and representatives of the City of Mostar. At the conference municipalities presented achievements and improvements in their permitting processes that resulted from GAP’s technical assistance. Presentations prepared by representatives of urban institutes in Tuzla and Mostar, the Federal Ministry, and the City of Mostar were also very well received. Representatives from legacy municipalities in the Tuzla region (where urbanism-related MAP projects are being implemented) also attended the conference. Mr. Adem Mostarlić, the assistant mayor for urbanism from the coal-mining town of Banovici, explained the achievements in



Figure 5 - Ms Subhija Ponjavić of the GAP Tuzla Office holds the stone Mr. Mostarlić (also pictured) mentioned the Lukavac Conference in his speech.

permitting that his city made in collaboration with GAP, using a metaphor of the “diabas” stone (the strongest stone in the country). “*We were hard as this stone*” he said, holding the black stone in his hand, “[and] *thought no improvement was possible! But then partnership with GAP opened our eyes. Now we are much more confident and knowledgeable about what to ask of the external partners and how to best manage our spatial planning and permitting.*”

During this reporting period GAP finished the establishment of UPC advisory boards in all 16 Cohort 4 municipalities. Permit process trainings and on-site coaching were ongoing, offering key municipal staff and external stakeholder representatives the opportunity to strengthen their knowledge of zoning and electronic permitting essentials. As well, participants reinforced their commitment to sharing needed information as all work to streamline the permitting process.

- On April 29, the first meeting of the UPC advisory board was held in Ljubinje with 10 members present, including three women. Board members included municipal staff and representatives from utilities and the Directorate for the Roads;
- On April 21 and 22, workshops were held for the UPC advisory board in Kotor Varoš and Kneževo. Twelve of the 19 workshop participants were women. To-date, a Memorandum of Understanding has been signed by representatives of three external organizations, specifically the local utilities company, Telecom, and the Cadastre/Geodetic Unit;
- From April 23 - 26, UPC advisory boards in the Novi Travnik, Olovo, Vareš and Vitez were formed and held their first meetings. The meetings featured a ceremony of the MoU signing between the municipality and the external partners involved in the permitting process. There were 61 participants, including 19 women;
- On June 2 and 3, GAP held workshops on Zoning Development for Test Area in Bosanska Krupa and Kostajnica. Participants at each event, respectively, were 14 persons, including five women, and 16 persons, including six women. As representatives from external organizations were in attendance, GAP took the opportunity to present its concept for municipal working groups;
- From June 7 to 11, on-site urban permitting trainings were held in Novi Travnik, Vareš, Vitez and Olovo. A total of 37 members of the UPC advisory boards, including 11 women, were trained. Between June 22 and 25, the same workshops were conducted in Čapljina, Grude, Ljubinje and Kupres, reaching a total of 35 beneficiaries, including 13 women.

Improving Administration, Budgeting and Financial Management in Legacy and New Municipalities

GAP organized two seminars on **managing under revenue constraints** for its partner municipalities, holding the first in Sarajevo on June 8 and the second in Banja Luka on June 9. Representatives from 48 municipalities and 24 mayors attended the seminars, with 88 participants in total, including 24 women. Although several topics were addressed during the full-day program, one topic notably drew the participants’ attention. The issue was the “legislative framework and rationalization of the work force – challenges and opportunities of human resources management in times of crises”, and the relevant presentation by Mr. Enver Išerić, Director of the Civil Service Agency of FBiH. His presentation initiated a very dynamic discussion among the mayors attending the Sarajevo seminar.

Participants in Banja Luka raised comparable questions to Ms. Milanka Šopin of the RS Ministry of Local Self-Government. As well, presentations covering energy efficiency, EU funding, and program budgeting garnered significant interest from the mayors. A few mayors and municipal representatives asked for additional reading and reference materials covering these subjects. Eight mayors presented their own views and experiences on topics, including distribution and control issues surrounding municipal revenues from natural resources such as forests and mines. They also discussed the unfavorable position municipalities hold when revenue sharing between different layers of government, the lack of legal frameworks surrounding local self-government financing, the undefined system of grants for undeveloped/underdeveloped municipalities in the Federation and lack of control and/or information on collection of taxes from the municipality by the local tax authorities.

Per requests from municipalities of both entities, **the chapter on Program Budgeting was completed** via a round of surveys organized by both municipal associations. GAP plans to release the chapter sometime later, however, after the material is completed with practical experiences learned from ongoing GAP technical assistance in five trailblazer municipalities.

GAP is developing comprehensive training materials for **program budgeting** in the trailblazer municipalities. A third round of visits to the selected municipalities is to commence early next quarter. All key municipal staff, in addition to staff who have already been trained in budget and finance, will be introduced to the concept of program budgeting. The aim is for all to better understand the models and support their use in local government operations.

Data input has commenced for **municipal revenue profiles** based on the budget execution reports for 2009. This complex task will be finalized during the month of July and will provide a foundation for an analysis of municipal revenues in partner municipalities. In accordance with the Work Plan, the results will be presented in the fall of 2010 after the completion of individual municipal revenue profiles.

During this reporting period, GAP organized a total of 25 on-site IABS software trainings, reaching a total of 36 municipal finance and budget staff, including 22 women.

Increasing Capacity of Municipalities to Administer Capital Improvement Projects

Implementation of projects from Cohort 1 and 2 are in the final stages. Twenty eight capital projects were completed during this reporting period. The remaining 24 projects are in their final stages and should be completed during the next quarter, with the exception of Nevesinje, Teslić, and Mostar municipalities. Minor delays were experienced during the implementation of these projects due to weather conditions and modifications to the projects' scopes of work. All projects should all be completed within their extended deadlines.



Figure 6 - Travnik, June 23, 2010
Capital Project Inauguration



Figure 7 - Nevesinje, July 1, 2010
Capital Project Inauguration

During this quarter, capital project opening ceremonies were held in Posušje, Bihać, Velika Kladuša, Travnik, and Gradačac. Representatives from the JMC and GAP were present at the ceremonies to honor the completion of the capital projects.

By the end of this reporting period all Cohort 3 Municipalities adopted CIPs, prepared project proposals for co-financing, and submitted them to GAP for review and donor approval. In total, 15 Cohort 3 municipalities proposed 29 capital projects for co-financing, which were approved by donors. GAP is projected to co-finance approximately 31.5% of the total projects' costs.

Out of fifteen municipalities whose projects were approved, Petrovac, Trnovo, Livno, Šipovo, Ribnik, Cazin and Gračanica municipalities signed a co-financing agreements with GAP while Široki Brijeg, Čitluk, Visoko, Ilijaš, Ilidža, Petrovo, Kladanj and Banovići will sign co-financing agreements at the time of writing this report or soon thereafter.

This quarter GAP achieved progress in our work with the City of Mostar, with whom we were unable to work for the first two years of project implementation due to political and budgetary issues. During this reporting period GAP representatives met with Mostar officials several times in order to launch establishment of a CDPC and select projects to nominate for donor co-financing. As a result of these collaborative efforts, on June 28 the City Council adopted the CDPC decision. Currently the City of Mostar is the only CDPC municipality from Cohort 1, 2, and 3 municipalities. Although it is expected that the City of Mostar will complete their CDPC activities and select projects to be co-financed by GAP in the next two quarters, future work with them will depend on donor willingness to extend these activities beyond 2010.

Lastly, GAP initiated CIP activities with Cohort 4 municipalities during this reporting period. Initial meetings with mayors and municipal staff from all Cohort 4 municipalities took place and future activities agreed upon. Major CIP process activities are to follow during the next two quarters, including institutionalization of the relevant formal municipal CIP procedures and rulebooks; mayors' decisions on the CIP application form, implementation team and CIP coordination teams drafted and passed; training for CIP working groups, etc.

B. Policy Interventions

During this reporting period, the GAP policy team was involved in several key tasks: supporting the FBiH Municipal Association General Assembly, revising and building capacity around the Chart of Accounts in FBiH and the RS, facilitating review of the Law on Forests, and strengthening understanding of municipal property management.

Strengthening Inter-Governmental Communication and the Capacity of Municipalities to Collectively Advocate

On April 21, GAP and Municipal Association staff updated the FBiH Municipal Association policy agenda through a focus group, consisting of the members of relevant association committees who actively discussed current priorities. GAP guided the process of agenda setting. As a result of the discussion, the Association Action Plan was drafted and successfully prepared for adoption on May 7. Through this activity, GAP continued, as outlined in the work plan, to strengthen the capacity of municipalities to collectively advocate on policy priorities.

Policy Initiatives to Operationalize the Local Self-Governance Development Strategy

During this reporting period, GAP assisted the Association of Cities and Municipalities in an analysis of the effect of the current global recession on local government finance. The

findings were presented at the FBiH Association General Assembly on May 7. The analysis revealed that, during the current economic crisis, local governments in FBiH feel the largest impact of declines in public revenues. As a result of their analysis, GAP and the Association also produced a proposal of possible solutions to deal with the crisis. Following the presentation, and with GAP's assistance, the Assembly adopted a number of conclusions containing requests for the FBiH government:

- To address all the issues related to local government funding through one law that would regulate municipal finance;
- To introduce a system of additional grants from the federal level for municipalities that are severely underdeveloped;
- To give a stronger role to local governments in the use and management of natural resources, and to have the right use the revenues from that source to improve their economic condition;
- To address the need for the Code on Intergovernmental Relations in FBiH;
- To speed up the process of adopting key laws, forwarding them to Parliamentary procedure. These key laws are:
 1. Law on Cadastre
 2. Law on Forests
 3. Law on employees in LSG units
 4. Law on Concessions
 5. Law on Construction Land
 6. Law on Real Rights

During earlier reporting periods GAP assisted in the drafting process of most of these legislative, and plans to continue assistance and support in the process of adopting these same laws.

Chart of Accounts

GAP's review of the FBiH Chart of Accounts (CoA), conducted during the previous quarter, was well received by the FBiH MoF. As a result, the Ministry asked GAP to provide assistance in integrating the comments and suggestions of their counterparts into the CoA. In response, throughout the month of May the GAP worked closely with the Ministry on changes to the CoA. The Ministry also committed to sharing its accounting policies with the municipalities (as an internal MoF document, it will serve as a guide for use of the codes). This activity is expected to be finished by the end of July 2010.

GAP, the Association of Cities and Municipalities of the RS, and the Ministry of Finance (MoF) of the RS organized five workshops in the reporting period. The goal was to present the draft of the new Chart of Accounts (CoA) and collect comments and suggestions from local government representatives. The presentations were hosted by the following Ministry of Finance representatives: Dr. Duško Šnjegota, Assistant Minister of Finance; Ms. Gina Grubišić, head of the Department of Accounting; and Ms. Ivan Dimitrijević, head of the Department of Consolidation the Financial Statements.

The workshops were held in Trebinje, East Sarajevo, Bijeljina, Doboj, and Banja Luka. A total of 149 participants attended, including Department of Finance leaders, municipality and city accounting department heads, accountants, budget implementers, and representatives

of the Main Audit Office for the public sector in the RS. After the workshops GAP prepared a report that presented the collected questions and comments on the new CoA and submitted the report to the RS MoF.

Municipal Property

Throughout the month of May GAP worked with both Municipal Associations to organize a series of workshops on municipal property management. The workshops were held in Ugljevik, Banja Luka, Istočno Sarajevo, Jajce, Banovići, Fojnica, and Konjic. This was the follow-on to GAP's analysis of municipal property. GAP used the opportunity to inform municipal representatives about the findings of the analysis as well as to offer possible solutions. Approximately 160 municipal representatives attended.

Draft Law on Forests

The FBiH Association and GAP's Policy team jointly intensified their work on the Law on Forests during this reporting period; they finalized the text of the law and provided assistance placing it into the parliamentary procedure. The Policy team first held a lengthy and successful meeting with representatives of the University Sarajevo Forest Faculty and the Association of Forestry Engineers. The meeting was designed to elicit support from these institutions and acknowledge their inputs. All sides now generally share the same opinions and views for the solutions integrated in the draft law. Following that meeting, GAP along with the Municipal Association, liaised with Parliamentary representatives to officially propose the draft law into the FBiH Parliament. The draft Law was placed on the June 30th parliamentary session agenda. Deliberation on this issue will continue during the next parliamentary session to be held in the next quarter.

C. Cross-Cutting Initiatives

Assistance in creditworthiness and capacity to borrow to Rogatica municipality continued during this reporting period and is nearing its completion. Basic concepts of long term debt, the purpose of borrowing, the legal limitations to borrowing for local governments, and the basic principles of creditworthiness assessments were introduced to the municipal finance staff. The assistance will continue into the next reporting period. The municipality requested this kind of assistance through selection of this specific MAP card.

GAP's assistance in developing a market for local government consulting services is on-track with work plan deadlines. The global economic downturn impacts the market for government consultants however, as already observed by local consultants. GAP is continuing discussions on the idea of holding a municipal fair with two municipal associations. The fair's purpose would be to provide an opportunity for local governments to meet with consulting firms. There is existing skepticism as a result of last year's fair, which did not reach the desired level of impact. Additionally, the database on consultants in local governance issues, which was transferred from GAP to the two Associations' Web sites during the previous quarter, is fully operational. Moreover, the database is experiencing continuous growth. As part of Module IV of the MAP training, GAP is building municipal capacities in designing and contracting consultancy services and implementing ongoing monitoring and evaluation of consultancy performances.

As part of the ongoing one-on-one program budgeting training to five trailblazer municipalities, in the future quarters GAP will build municipal skills by introducing gender-sensitive budgeting.

D. Monitoring and Evaluation

In this reporting period the Regular Semi-Annual P-BMP and MCI Survey and Survey on Municipal Budgets' Performance Indicators were conducted. These surveys have made a cross-section of the project achievements to date and confirmed that GAP satisfies the expectations defined under the project's SOW.

P-BMP and MCI Survey

Every Cohort shows improvement in the municipal capacity index and stagnation in control municipalities.

- Legacy municipalities 26.6 % (versus baseline April '08)
- Cohort 3 municipalities 82.8 % (versus baseline April '08)
- Cohort 4 municipalities 46.5% (versus baseline April '09).

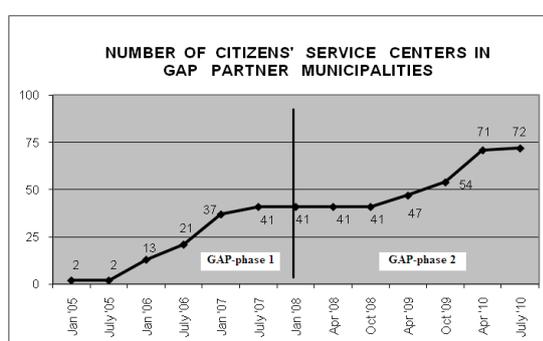


Figure 8



Figure 9

decreased by almost 19% compared to 2008. At the same time, non-tax revenues, which are the only source of income that a municipality can directly collect and control, nominally decreased in 2009. They lowered by just 10% as compared to 2008. Total budget revenues and tax revenues are on the level or below baseline (budgets execution for 2007). However, non-tax revenues are still nominally higher than baseline by 16% and, adjusted for inflation in the last two years, are still

GAP has now opened CSCs in all 72 partner municipalities. The last one was opened in Grude in June 2010. Municipal Citizens Service Centers opened by GAP assistance provide efficient, convenient, professional and pleasant services to 2.3 million citizens throughout BiH.

Figure 8 shows development of CSCs in partner municipalities over time.

Our records also indicate a dramatic drop in processing time for vital records in Cohort 4 municipalities, initially a 115 minute average and now down to 7.6 minutes (see Figure 9).

The economic crisis had a significant impact on municipal budget revenues in BiH, as confirmed by the budget performance indicators survey conducted during this reporting period. Among the all GAP's partner municipalities (excluding Mostar), 2009 municipal budget revenues decreased to 726.3 million BAM, a decrease of 14.4% compared to 2008. Tax revenues

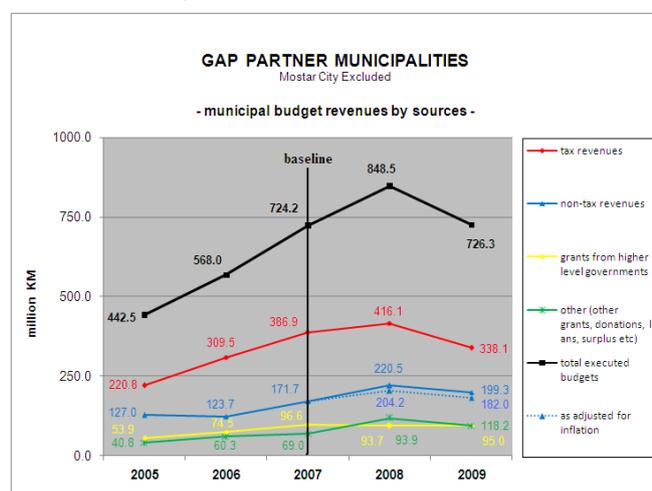


Figure 10

higher by 6%. At the same time, the percentage of the non-tax revenues and municipal own-source revenue generation in total municipal revenues has risen continually since 2006, even during the world economic crises.

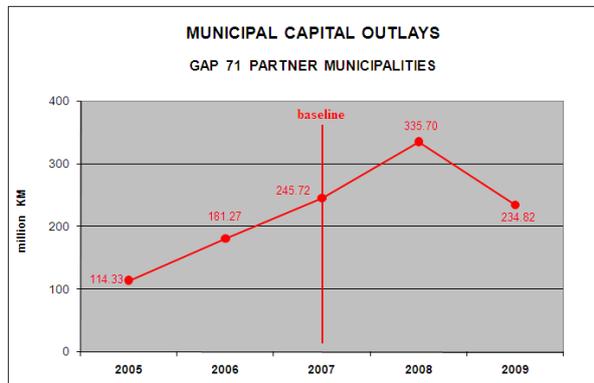


Figure 11

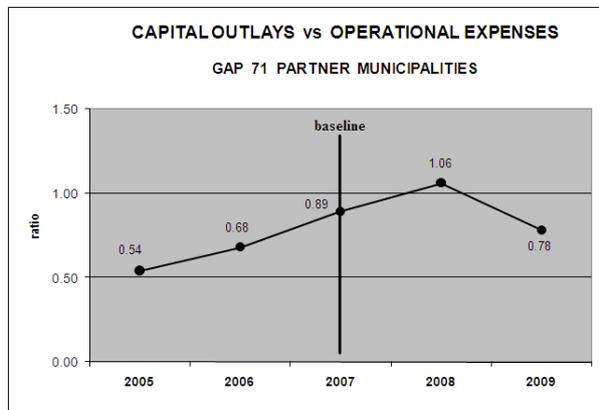


Figure 12

Logically, the crisis had the same effect on expenditures, and the first area to see cuts was capital investments. After a very promising first year of the project, capital investments in 71 GAP partner municipalities dropped to 234.8 million BAM, a decrease of 30% as compared to 2008, 4.5% below even the 2007 baseline (See Figure 11).

In 2009, in 71 partner municipalities the ratio of capital outlays to operating expenses dropped to 0.78 below the baseline record from 2007. Considering the ratio significantly increased from **0.54** in 2005 to **1.06** in 2008, this downward reversal is significant (see Figure 12). The impact of the current world economic crises on municipal budgets was likely similar around the world, although a number of BiH municipalities implemented recovery measures and some in RS benefited by efforts of the entity government. We believe the BiH municipalities will achieve pre-crisis capital investment ratios once more, but it will happen only after a sustained recovery period.

Detailed findings on all P-BMP performance indicators and MCI findings were reported in the special P-BMP and MCI Regular Survey Report submitted to JMC in May 2010.

E. Project Support

The operations team is responsible for the entire range of administrative, logistical, and financial management activities at GAP, ensuring that all assistance is in line with the needs of GAP staff and with internal policies and procedures. In addition, this team provides staff members with personnel services.

Staff Departures: Two long-term professional staff left the project in May: the Policy Director and Chief of Party. Alija Ramović, IT Management Specialist, Subhija Ponjavić and Slavica Rokvić, Regional Coordinators ended their employment at the end of June. In addition, five support staff left the project at the end of June: Jagoda Ljuboja, Interpreter, Fatima Čeligija, Driver, Alen Kadić, Driver/IT Assistant, Stojan Jungić, Driver/Administration Assistant, Nasuf Hidović, Driver. With these departures, the number of GAP staff decreased to 37.

Restructuring: As of July 1, Elma Schuster, Project Administrator in Mostar works part-time. Nikica Lubura, GAP's translator will also be in charge of covering GAP openings, activities and writing success stories.

Recruitment and Hiring: During this reporting period, a new COP was hired. Joshua Leland, a home office employee joined the project for a 6 week assignment to help with a smooth

transition in leadership. The assignments for two STTA candidates were approved (Urbanism/Zoning Expert and Program Budgeting expert).

On-going STTA Assignments: There are currently 12 on-going STTA assignments: a Procurement Expert, Specialist in Program Budgeting, and Zoning Specialist. LEAP consultant, 6 LED consultants, Municipal Creditworthiness Assessment Specialist, and Local Asset Management Researcher.

Trainings & Workshops: The administration team supported 15 different training sessions or workshops organized by GAP throughout BiH with around 577 participants.

Travel: The total mileage for this reporting period was 68,458 kilometers, which comprises a total of 688,197 kilometers from the beginning of this phase of the project.

Procurement: In accordance with MoUs signed with partner municipalities, the operations team continues to provide assistance to the procurement specialist through review and approval of the selection process for all procurements and preparation of temporary custodianship agreements. One staff member is assigned to the procurement team to assist with the heavy work load.

SECTION II - PERFORMANCE PROBLEMS

The GAP policy component experienced numerous obstacles in the last period in regards to unwillingness of FBiH Government to tackle with local-self government issues. Blaming the financial crisis and the issues surrounding that crisis, FBiH Government postponed many of the activities related to LSG and GAP, such as Code, Law on Vital Records and Electronic Document, Law on Forests, Law on Concessions, etc. Due to this problem, GAP, in line with the Municipal Association, was forced to take a different approach, one that has been presented to JMC.

Some performance problems/delays were experienced with the implementation of co-financing project in some Cohort 1 and 2 municipalities. Vogošća, Rogatica, Bosansko Grahovo, Mrkonjić Grad, Velika Kladuša, Bugojno, Nevesinje, Vukosavlje and Srebrenica are the municipalities in which we have experienced delays in implementation of the capital projects co-financed by GAP. The main reasons for being late with implementation are poor weather conditions and slow inflow of funds to the municipal budgets, thus restricting municipalities' abilities to meet their obligations in timely manner. GAP closely monitors all projects and tries to resolve any withholding issues in order to have these projects completed within their extended time lines.

CIP activities in Cohort 4 municipalities were delayed a bit due to lack of time to engage fully in their completion, as per the Work Plan deadlines, but will be intensified in the next quarter and their current delay should not significantly influence outcome/completion of these activities by the end of the year 2010, as planned in Work Plan for 2010.

Lastly, a peer mentoring event was postponed until September (after the vacation season) in order to attract as many beneficiaries as possible.

SECTION III - REPORTS AND DELIVERABLES

Date	REPORTS AND/OR DELIVERABLES	CITATION
June, 2010	SOW, LI, Expected Results/Deliverables, Item 2	Achieved
April, 2010	Common Assessment Framework (CAF) training materials	Work Plan # 2
April, 2010	Self-assessment report by Banja Luka City Administration CAF team	Work Plan # 2
April, 2010	Territorial Marketing training materials	Work Plan # 2
April, 2010	List of priority projects, Banja Luka CAF team	Work Plan # 2
April, 2010	Training material on assessment of municipal creditworthiness capacity as presented in Rogatica	Work Plan # 2
April, 2010	Key indicators of municipal development, Foča	Work Plan # 2
April, 2010	Systematization and organization of the Unit for managing development Foča	Work Plan # 2
May, 2010	Training material on Management of Integrated Development	Work Plan # 2
May, 2010	Systematization and organization of the Unit for managing development defined Srebrenica	Work Plan # 2
May, 2010	Key indicators of municipal development, Srebrenica	Work Plan # 2
May, 2010	Developed updated version of the Municipal Development Strategy in Rudo	Work Plan # 2
June, 2010	Local Environmental Action Plan Rogatica	Work Plan # 2
June, 2010	Local Environmental Action Plan Foča	Work Plan # 2
June, 2010	Local Environmental Action Plan Travnik	Work Plan # 2
June, 2010	Local Environmental Action Plan Goražde	Work Plan # 2
June, 2010	Local Environmental Action Plan Vlasenica	Work Plan # 2
June, 2010	Training material - Development of Program Budgeting - identification of priorities	Work Plan # 2
June, 2010	Action plan for attraction of investments Bihać	Work Plan # 2
June, 2010	Municipal profile for potential investors Bihać	Work Plan # 2
June, 2010	Action plan for attraction of investments Mrkonjić Grad,	Work Plan # 2
June, 2010	Municipal profile for potential investors Mrkonjić Grad	Work Plan # 2
June, 2010	Action plan for attraction of investments Kakanj	Work Plan # 2
June, 2010	Municipal profile for potential investors Kakanj	Work Plan # 2

Date	REPORTS AND/OR DELIVERABLES	CITATION
June, 2010	Action plan for attraction of investments Vogošća	Work Plan # 2
June, 2010	Municipal profile for potential investors Vogošća	Work Plan # 2
June, 2010	Action plan for attraction of investments Vukosavlje	Work Plan # 2
June, 2010	Municipal profile for potential investors Vukosavlje,	Work Plan # 2
June, 2010	Action plan for attraction of investments Srbac	Work Plan # 2
June, 2010	Municipal profile for potential investors Srbac	Work Plan # 2
June, 2010	Municipal revenues analysis for period January- May 2010 vs. 2009 and 2008	Work Plan # 46
June, 2010	Challenges and opportunities in Human resources management in times of crises, presentation	Work Plan # 47
June, 2010	Chapter on Program Budgeting for the Municipal Budget Guide	Work Plan # 33
June, 2010	Municipal Capacity building in EU fund implementation, presentation	Work Plan # 47
June, 2010	Energy efficiency as a way of saving, presentation	Work Plan # 47
June, 2010	Report on Improving municipal capacities to manage development	Work Plan # 2
June, 2010	Two development projects, Sanski Most	Work Plan # 2
June, 2010	Two development projects, Velika Kladuša	Work Plan # 2
June, 2010	28 Capital projects from Cohort 1 and 2 have been completed	Work Plan, LI, Activity C4
June, 2010	Report with an overview of the collected questions and comments of local governments on the new RS CoA. Submitted it to the RS MoF for their needs.	Work Plan, Policy, Activity C2, page 47
June, 2010	Final draft of the Law on Forests	Work Plan, Activity C5, pages 49-51
May, 2010	P-BMP and MCI Regular Survey Report	Work Plan, pages 69-71

Note: All materials are available in the GAP offices.

SECTION IV - MAJOR ACTIVITIES PLANNED FOR NEXT QUARTER

LOCAL INTERVENTIONS

No.	Activity
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- | | |
|----|--|
| 1 | Completion of the initial list of MAP projects and running the public campaign in the Cohort 4 municipalities |
| 2 | Implementation of the MAP SoWs in the legacy and Cohort 3 municipalities |
| 3 | In the legacy (where part of MAP) and in the Cohort 4 municipalities - delivery and installation of GIS software and spatial data-base, trainings and further linking to other institutions involved in the permitting process |
| 4 | Introduction of the new activity in citizen-centered government |
| 5 | Support of IABS users and trainings in improving revenue reports and developing the IABS vendor developing software interfaces enabling data exchange across different software platforms (treasury linkage) |
| 6 | Distribution of new chapters of the Budget Guide, based on municipal the identified municipal needs and interests |
| 7 | Update of the municipal revenue profiles to include 2009 data, analysis and begin transferring the process to the Association |
| 8 | Training in program budgeting and gender budgeting to the trailblazer municipalities |
| 9 | Prepare and sign Co-financing Agreements for Cohort III municipalities |
| 10 | Monitor public procurement processes and beginning of the implementation of projects from Cohort III municipalities |
| 11 | Administratively close all Cohort I and II co-financing projects which have received last payments |
| 12 | Monitor implementation and finalization of the remaining municipalities Cohort I and II co-financing projects |
| 13 | Work with the City of Mostar on CDPC procedures and selection of the projects to be co-financed by GAP |
| 14 | Work intensely with targeted CIP municipalities from Cohort IV on CIP procedures |
| 15 | Organize peer mentoring event |
| 16 | Organize and prepare opening ceremonies |

POLICY INTERVENTIONS

No.	Activity
1	Work with the Ministry of Finance on finalizing the Chart of Accounts changes
2	Work with the Ministry of Finance on implementation of the Data base for reporting
3	Work with the Sarajevo City and Municipalities Work Group on model of financing
4	Work with Association on Code Annexes
5	Together with FBiH municipal Association work on forming the working groups for Code Annexes
6	Together with FBiH municipal Association work on the draft Law on Concessions
7	Together with OSCE organize meeting with the municipal Associations to review istatus of Coordinating Committee and joint activities

CROSS-CUTTING INITIATIVES

No.	Activity
1	Ongoing activities in developing market for local government consulting services including support in use of consultancy data base and handover of the same to the Associations, training in the context of MAP in consultancy contracting and performance evaluation and, and continuing review of funding responsibilities for consulting services.
2	As requested in MAP, continued work with municipalities on creditworthiness and obtaining loans
3	As part of the program budgeting training to trailblazer municipalities, promote the principles and raise skills of the gender-sensitive budgeting

MONITORING AND EVALUATION

No.	Activity
1	Quarterly P-BMP Survey on Municipal Services Performance Indicators
2	Preparation Activities for Attitudinal Survey 2010

ANNEX A

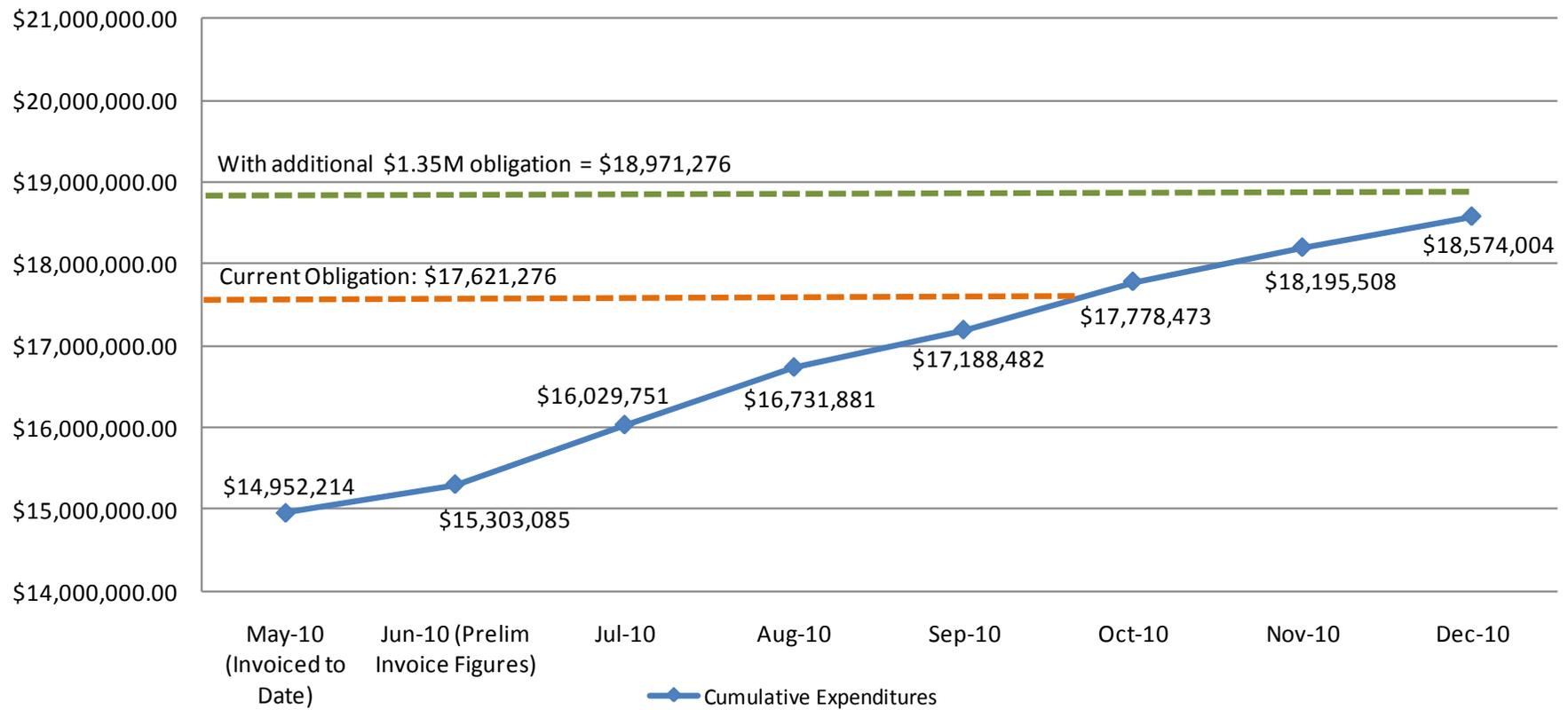
PERFORMANCE IMPLEMENTATION SCHEDULE AND PROGRESS

(please see separate Excel file)

ANNEX B

FINANCIAL REPORTS

Bosnia GAP2 | 2010 Forecasted Expenditures



GAP2 Quarterly Finance Report: Actual Expenditures for April - June 2010*

Amount Obligated (at time of quarterly report)	Amount Invoiced through June 2010*	Percent of Obligation Invoiced*
\$17,621,276	\$15,303,085	87%

Cost Category		Expenditures through Q1 2010	Q2 2010 Expenditures*			Total Accumulated Expenditures	Contract Budget**	Total Funds Remaining in the Contract as of June 2010*
			Apr-10	May-10	Jun-10			
I.	Salaries	\$ 1,614,255	\$ 65,602	\$ 75,646	\$ 70,868	\$ 1,826,370	\$ 1,999,533	\$ 173,163
II.	Fringe Benefits	\$ 859,100	\$ 29,451	\$ 33,826	\$ 31,889	\$ 954,265	\$ 798,762	\$ (155,503)
III.	Overhead	\$ 1,002,990	\$ 39,116	\$ 48,245	\$ 42,912	\$ 1,133,264	\$ 1,366,698	\$ 233,434
IV.	Travel and Transportation	\$ 105,547	\$ 2,080	\$ 4,215	\$ 7,592	\$ 119,434	\$ 251,264	\$ 131,830
V.	Allowances	\$ 310,174	\$ 7,829	\$ 6,409	\$ 11,282	\$ 335,694	\$ 208,783	\$ (126,911)
VI.	Other Direct Costs	\$ 778,865	\$ 18,748	\$ 10,310	\$ 20,847	\$ 828,769	\$ 442,941	\$ (385,828)
VII.	Equipment, Vehicles and Freight	\$ 75,965	\$ (1,207)	\$ -	\$ -	\$ 74,759	\$ 105,290	\$ 30,531
VIII.	Training	\$ 109,147	\$ 509	\$ 1,003	\$ 6,129	\$ 116,788	\$ 114,570	\$ (2,218)
IX.	Subcontractors	\$ 3,516,695	\$ 57,269	\$ 89,539	\$ 108,656	\$ 3,772,159	\$ 7,376,876	\$ 3,604,717
X.	Material Assistance to Municipalities	\$ 4,518,731	\$ 324,856	\$ 215,450	\$ 26,097	\$ 5,085,134	\$ 8,460,000	\$ 3,374,866
XI.	General and Administrative	\$ 580,117	\$ 24,491	\$ 21,809	\$ 14,682	\$ 641,099	\$ 920,205	\$ 279,106
XII.	Fixed Fee	\$ 355,859	\$ 13,668	\$ 12,942	\$ 9,917	\$ 392,386	\$ 554,161	\$ 161,775
XIII.	NICRA Adjustments	\$ 22,962	\$ -	\$ -	\$ -	\$ 22,962	\$ -	\$ (22,962)
Total		\$ 13,850,408	\$ 582,412	\$ 519,394	\$ 350,871	\$ 15,303,085	\$ 22,599,083	\$ 7,295,998

*June 2010 expenditures are based on preliminary invoice figures.

**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 December 2010

Cost Category	Accumulated Expenditures										Projected Expenditures	
	Jan-Mar, 2008	Apr-Jun, 2008	Jul-Sep, 2008	Oct-Dec, 2008	Jan-Mar, 2009	Apr-Jun, 2009	Jul-Sep, 2009	Oct-Dec, 2009	Jan-Mar, 2010	Apr-Jun*, 2010	Jul-Sep, 2010	Oct-Dec, 2010
Total Salaries	\$173,445	\$166,366	\$174,006	\$175,847	\$162,463.90	\$174,821	\$196,071	\$195,425	\$195,810	\$212,116	\$163,537	\$168,280
Long Term Expatriates	\$23,093	\$37,390	\$37,390	\$37,390	\$51,609	\$61,060	\$66,779	\$64,633	\$65,384	\$53,410	\$26,643	\$26,643
Short Term Expatriates	\$12,650	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Home Office Professionals	\$27,349	\$0	\$26	\$448	\$1,264	\$5,821	\$0	\$40	\$38	\$12,625	\$0	\$0
Long Term Local Professionals**	\$64,215	\$74,302	\$82,337	\$72,296	\$59,419	\$54,106	\$56,704	\$60,829	\$62,804	\$68,323	\$71,030	\$72,151
Long Term Local Support**	\$46,139	\$54,673	\$54,253	\$48,060	\$47,854	\$49,663	\$52,652	\$55,648	\$56,984	\$55,993	\$37,151	\$39,204
Short Term Local Professionals**	\$0	\$0	\$0	\$17,653	\$2,318	\$4,171	\$19,936	\$14,275	\$10,599	\$21,764	\$28,713	\$30,282
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	\$1,101,167	\$1,143,052	\$1,579,011	\$1,124,071
Fringe Benefits (Direct and Indirect)	\$96,731	\$81,298	\$84,348	\$85,551	\$106,729	\$89,041	\$95,088	\$115,604	\$104,710	\$95,166	\$95,500	\$95,883
Overhead	\$117,800	\$97,307	\$103,938	\$103,745	\$105,944	\$105,624	\$118,906	\$126,536	\$123,190	\$130,274	\$118,359	\$119,560
Travel and Transportation	\$34,284	\$8,489	\$24,555	\$3,924	\$694	\$10,665	\$4,097	\$11,793	\$7,047	\$13,887	\$44,036	\$10,954
Allowances	\$42,369	\$34,242	\$30,529	\$32,364	\$32,522	\$34,557	\$32,018	\$44,150	\$27,424	\$25,520	\$15,000	\$15,000
Other Direct Costs	\$95,270	\$77,155	\$74,442	\$82,264	\$74,769	\$48,088	\$103,230	\$132,336	\$91,311	\$49,905	\$48,423	\$50,513
Equipment, Vehicles, and Freight	\$30,925	\$10,266	\$1,365	\$11,102	\$13,663	\$4,931	\$157	\$1,297	\$2,259	-\$1,207	\$0	\$0
Training	\$15,221	\$7,414	\$10,078	\$4,872	\$16,588	\$14,858	\$16,480	\$21,217	\$2,420	\$7,641	\$11,682	\$12,746
Materials Assistance to Municipalities	\$0	\$0	\$0	\$576,469	\$567,210	\$461,448	\$1,245,150	\$1,295,850	\$372,604	\$566,403	\$885,909	\$540,493
Subcontractors	\$94,305	\$294,359	\$678,323	\$366,795	\$409,990	\$404,253	\$413,427	\$485,040	\$370,203	\$255,464	\$360,102	\$278,922
<i>Urban Institute</i>	\$0	\$0	\$354,606	\$127,175	\$148,837	\$144,749	\$144,695	\$209,095	\$92,699	\$44,476	\$188,937	\$108,594
<i>VNG International</i>	\$0	\$170,713	\$99,503	\$84,018	\$99,384	\$100,663	\$106,284	\$110,027	\$104,438	\$57,774	\$52,131	\$55,039
<i>SIPU International</i>	\$0	\$0	\$0	\$5,833	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>CSPC</i>	\$94,305	\$123,646	\$224,214	\$149,768	\$161,769	\$158,841	\$162,447	\$165,918	\$173,067	\$153,214	\$119,034	\$115,289
<i>BiH Partners Fund</i>	\$0	\$0	\$0	\$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	\$58,364	\$60,983	\$78,415	\$58,156
Fixed Fee	\$21,956	\$24,356	\$36,733	\$39,101	\$40,672	\$37,320	\$56,604	\$62,433	\$36,686	\$36,527	\$45,605	\$35,015
NICRA Adjustments				-\$14,639			\$37,601				\$18,830	
TOTAL	\$753,823	\$836,212	\$1,271,489	\$1,532,326	\$1,598,320	\$1,446,279	\$2,418,937	\$2,600,997	\$1,392,026	\$1,452,677	\$1,885,398	\$1,385,522

*June 2010 expenditures are based on preliminary invoice figures.

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

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