



USAID | BOSNIA-HERZEGOVINA

STREAMLINING PERMITS AND INSPECTIONS REGIMES ACTIVITY

WORK PLAN YEAR FOUR

Scope of Work from September 1, 2008 through August 31, 2009

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**Contract No. AFP-I-00-03-00030-00, Task Order No. 01
Activity Number 24**

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USAID/Bosnia-Herzegovina Economic Restructuring Office**

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INTRODUCTION

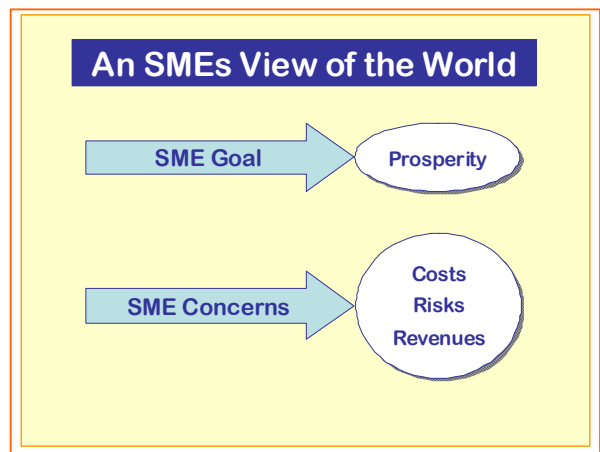
The USAID programs in Bosnia Herzegovina support the United States' foreign policy interest to change this multi-ethnic country from a source of regional instability to a peaceful, viable state on the road to European integration. To that end, USAID provides assistance in the following basic areas:

- Helping to reform the BiH governance system from one designed to make a patchwork country of estranged peoples into one where state and local level institutions operate like a modern democracy.
- Helping to establish the rule of law to ensure fair and transparent judicial processes and the protection of human and property rights.
- Promoting economic growth by improving the environment for private investment in small and medium enterprises, and by increasing incomes, competitiveness, and employment.

Among the many USAID strategic objectives, supporting the last area is Strategic Objective 1.3 (SO 1.3) entitled "Accelerated Private Sector Development".¹ This project, Streamlining Permits and Inspections Regimes Activity (SPIRA), supports SO 1.3.

The UNDP has reported that BiH businesses operate in the most burdensome permit and inspection regime in the region. This unpredictable, high-cost environment penalizes businesses that operate formally, encourages corruption and discourages foreign investment. The purpose of SPIRA is to improve access to the marketplace for Small and Medium Enterprises (SMEs) by reducing administrative barriers to their initiation and operation.

SPIRA seeks to reduce the governments' role, deregulate burdensome regimes, streamline processes and harmonize policies, laws and regulations that govern economic growth. To assure that policies, procedures and directives, once adopted, will be sustained and institutionalized, the project builds the capacity of the individuals and institutions that are required to support the implementation of those reforms, and also ensures compatibility with EU directives. The project staff works directly with a variety of government ministries in developing sustainable change. The roles of each participant are detailed in Memorandae of Understanding between each Entity and USAID.



SPIRA was launched in September 2005 for four years. The project's original budget of \$12.4 million was increased in April 2008 by \$244 thousand when a one year program to provide business development and investment technical assistance to the Srebrenica municipal officials was added. This work plan covers all intended SPIRA activities including those targeted for Srebrenica.

¹ USAID/Bosnia Herzegovina FY 2006 Strategy Statement

EXECUTIVE SUMMARY

This work plan is organized into seven sections: an introduction to USAID and SPIRA; the executive summary, the results framework which establishes the organization of all the work SPIRA performs; the work plan; SPIRA's organization chart; SPIRA's Counterparts and, a List of Acronyms. The Project Monitoring Plan and the Monitoring and Evaluation Standards are submitted as a separate but complementary document.

To date, SPIRA has had some significant achievements in all areas of the project:

Business registration in the RS is reforming. A new Law on Companies, which has provisions to streamline the process consistent with the SPIRA pilots which reduced registration time by 76%, is in the legislative adoption process. The same techniques are being piloted in the Federation (FBiH) where the Ministry of Crafts introduced a law with registration streamlining provisions to the legislative adoption process. With SPIRA's leadership ministries in the RS reviewed all legislation removing duplicate, contentious and outdated laws—almost 50%. This effort in the Federation is planned by the Foreign Investment Advisory Service (FIAS). They will be working with the over 150 ministries in the entity and cantons.

Construction permitting is reforming on two fronts: **the law**—a new RS law on spatial planning and construction is being readied for the second reading of the government. A similar law was adopted by the FBiH government and is pending adoption by parliament. These laws combine 2 of the 3 construction/renovation related permits² into one thereby reducing time and cost to the business community. And **the process**—working groups in Banja Luka and Tuzla have streamlined the permitting process and developed automation criteria that support the legislation. As soon as we receive USAID approval, SPIRA will work with a local software designer to make construction permitting faster, more efficient, and more transparent.

Inspections are also being reformed on two fronts: **the law**—a working group is in the process of developing a new RS Law on Inspections. A new FBiH law has been drafted to overcome the constitutional issues and is pending the first reading by government. And **the process**—it is being streamlined and automated. The process is changing its orientation from annual confrontation to looking for, assessing and managing risk to the public. 1,300 inspectors have been trained to date. The process will be automated by the Inspection Management System which will capture inspection visit data, highlight businesses at risk, highlight inspectors' performance, and assist planning. The business person will be able to access a portion of the system and understand what inspectors will look at during their visits. The software vendor has been selected approved and will begin programming this month.

Government Information exchange in the form of a construction permitting document exchange system, including a re-engineered manual process coupled with automation, has been designed with significant participation of two pilot city working groups: Banja Luka and Tuzla. The working groups included municipal officials and representatives from all of the participating infrastructure companies: gas, electricity, roads, sewers, etc. Technical specifications for hardware and software have been developed, reviewed with GAP colleagues, an implementation budget prepared, put out for bid, and the vendor selected. The whole package is pending USAID approval.

² See Page 14 for a detailed review of the three permits.

Public Awareness -- SPIRA project activities and achievements were featured in more than 233 articles and 270 minutes of broadcast airtime as a result of promotional activities by the SPIRA project in the media. The project website www.usaidspira.ba reached 500,000 hits in May 2008 and remains a significant information dissemination tool for the project.

Assumptions for year four include that an increase in obligated funds will be received which is currently restricting pursuit of some project activities; and that Contract tasks 2.3 and 3.2 will be modified as proposed:

- *Task 2.3 Assist counterparts in enacting the amended legislation fully incorporating EU construction codes.*

EU construction codes exist as a set of standards for defining the mechanical properties of construction materials and design methods for structures and construction works. Accordingly, the codes belong to the design phase of construction works life cycle. The new law of spatial planning and construction refers to these standards via appropriate bylaws and directives but not within the Law itself. As a result this task in the contract should be deleted.

- *Task 3.2 Draft amended legislation to the Law on Administrative Procedures to allow electronic exchange of data and create a law regulating protection of data confidentiality.*

The Ministers responsible have drafted the necessary laws to allow electronic data exchange. The laws however have not been implemented. We have met with all concerned parties and are not able to get a commitment earlier than 2011 for operability. Therefore completing this task by the end of August 2009 is extremely remote. As a result the task in the contract should be deleted.

SPIRA RESULTS FRAMEWORK

The USAID SPIRA Results Framework is a planning, communications, and management tool. It conveys the development hypothesis implicit in a project's strategy and the cause-effect relationships between key result areas (KRA), project intermediate results (PIR), and the project's objectives. Hence, the results framework provides a foundation for work-planning and performance monitoring. By complementing the basic structure of USAID/BiH's strategic objectives (SO) for Bosnia Herzegovina, the results framework ensures that project activities are designed within USAID/BiH's strategic interests and contribute to mission results.

SPIRA is designed to assist USAID/BiH in achieving *Strategic Objective 1.3, Accelerated Private Sector Development* and, more specifically to achieve *Intermediate Result 1.3, Improved Private Sector Growth*.

A number of USAID/BiH activities and programs in Bosnia Herzegovina work together in achieving SO 1.3 results. SPIRA focuses on specific barriers to SME growth and thus has a Project Objective (PO) that relates specifically to IR 1.3.

The Project Objective, *Legal and Regulatory, and Administrative Barriers to SME Growth Reduced*, is the most ambitious objective the project can effect and for which it is willing to be held accountable within the life of the project. To reach this objective, the project will work through three project intermediate results (PIR).

- PIR 1 Business Permit Process Efficiency Increased
- PIR 2 Construction Permit Procedures Streamlined
- PIR 3 Inspection Procedures Streamlined
- PIR 6 Srebrenica Assistance

Under the first PIR, which corresponds with Contract Task 1 (see above), the project works to improve key business permit regulations and laws (KRA 1.1) and increase the capacity of government officials to administer business permit procedures (KRA 1.2).

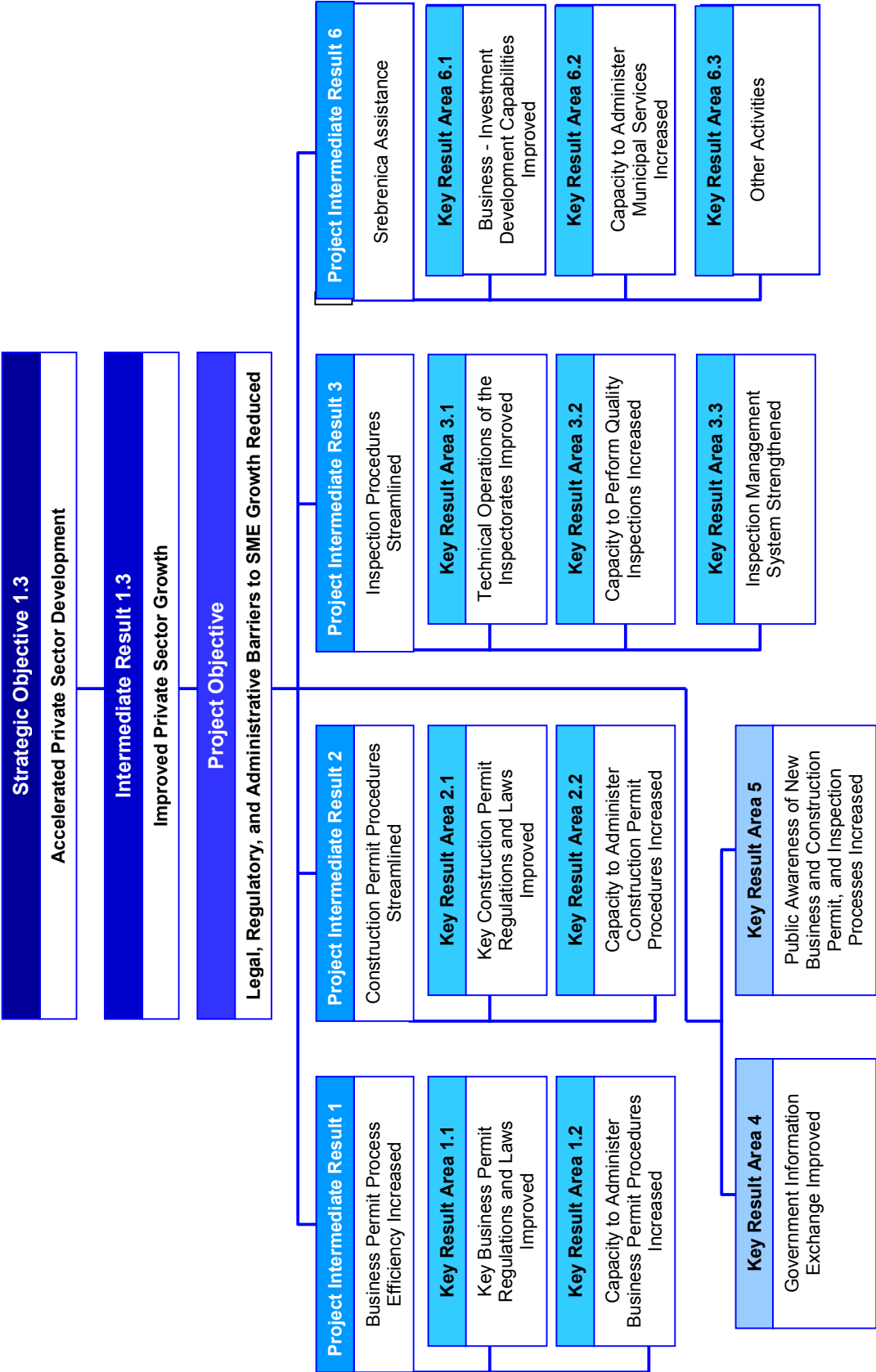
Under the second PIR, which corresponds to Contract Task 2, the project works to improve key construction permit regulations and laws (KRA 2.1), and increase the capacity of government officials to administer construction permit procedures (KRA 2.2).

Under the third PIR, which corresponds to Contract Task 4, the project works to improve the technical operations of the inspectorates (KRA 3.1), and increase the quality and accountability of inspection services (KRA 3.2), and strengthen the inspection management system (KRA 3.3).

Under the sixth PIR, which corresponds to the contract amendment adding the work to improve business/investment development capabilities (KRA 6.1), to increase the capacity of the municipal staff to administer municipal services (KRA 6.2) and other selected activities (KRA 6.3).

There are two cross-cutting key result areas (KRAs 4 and 5) which contribute to all PIRs. KRA 4 corresponds to Contract Task 3, networking different levels of government. KRA 5 consolidates all of the public awareness goals and tasks into one responsible unit. The full results framework is illustrated in Figure 2 on page 8.

Figure 2: SPIRA Results Framework



THE WORK PLAN

SPIRA's Functional Units and Goals: This four year project consists of six functional units corresponding with the contract components, plus project support. See the Organization Chart on page 31. Descriptions of the units, their achievements, their plans for the coming year, and their staffing follow. Project activities are listed by PIR, and KRA, and are geographically focused. Resources are identified by title, and name. Staffing estimates for short-term experts/technical advisors are listed and shown as *to be determined* (TBD). Please note that in three areas (Construction Permit Streamlining, Inspection Procedures Streamlining, and Srebrenica Assistance) there are position titles with TBD following them rather than names. These are short-term positions that we are recommending to assist with completing the tasks specified. The Construction Lawyers will likely be local hires. The Construction Expert may be a local hire or an expatriate if we cannot find the local expertise. The Investment Promotion Advisor and the Training/Organization Advisor will likely be expatriates.

Each section of the work plan addresses the Unit's goals, how the unit approached their interventions, results to date, their focus for year four and the details of all of their tasks.

PIR 1 BUSINESS PROCESS EFFICIENCY INCREASED

Business Process Unit – the overall goal of this unit is to streamline the permitting procedures to start and operate businesses, to initiate and assist in the implementation of legal reform and to ensure that these improvements benefit businesses and the country. The approach is designed around sustainability, with results delivered through 'proof-of-concept' pilot tests, mentoring, on-the-job training, and institutional reform, coordination and integration. A key element to the success of this work is the ability to bring together the diverse agencies involved in a business establishing itself.

The team breaks streamlining business permitting into two elements: the law and the process. In reviewing the law it became obvious that issuing an authority to open and operate a business is not dependent on whether or not the business owner/manager has complied with "minimum technical requirements" (MTR) specified in the legislation relating to his industry sector, nor whether or not the building in which the business is located is legally permitted, particularly if the owner/manager is leasing the space.

In reviewing the process for unincorporated businesses (as DFID was streamlining the process for corporations) which register their businesses in the 138 cities around the country, it became clear that the business owner/manager had to obtain a variety of certifications before registering, and then had to file applications to do business containing the same or similar information with as many as five different government entities, then follow-up for 'approval' and later pick up the respective certificates before the municipality would officially authorize the business to open.

Two solutions for streamlining these scenarios were developed: 1. the MTR shift, and 2. Rapid Business Registration.

1. The verification of compliance with the MTRs was shifted to after the business is registered, open and operating. The business owner/manager is required to complete and sign a compliance statement when filling out the application to register. Relevant inspectors during the normal course of their jobs visit the new business to verify compliance. In spite of beliefs to the contrary prior to the pilot registrations, almost 100% of the compliance statements have been proven accurate.

In addition, construction permit verification was removed from the business registration process altogether. This concept was tested and proven in the RS in the trade, tourism and crafts business sectors. The concept test in the Federation was launched in April 2008 in the trade, catering and crafts sectors. While it is too early for significant results, confidence that the results will be widely accepted is very high. The impact of this simple shift which required legislative changes is to reduce business registration processing time to five days or less.

The RS government has fully accepted the concept and is in the process of adopting a new law on companies that institutionalizes the MTR shift across all but a few industry sectors. Following suit, the municipalities of Brčko, East-Sarajevo, Modrica, and Pale have asked for assistance in installing the MTR shift.

2. Rapid business registration process for unincorporated businesses created, in conjunction with all interested government entities, one business registration application containing all the documents and information they all required (plus the MTR compliance statement) and a single point for filing (the same municipal office); eliminated all trips to various government entity locations (the municipal officials delivered the required documents during an agreed upon time period); and changed the 'approval' by the government entities to an acknowledgement of the existence of the business as evidenced by the documents delivered (which the municipal officials receives and provides to the owner/manager).

The concept was tested and proven in two municipalities in the RS, Laktaši and Mrkonjić-Grad. A number of mayors have asked for assistance in installing this process in their municipalities. The impact of this process change has proven to be business registration of unincorporated businesses within 24 hours.

As a result, the BPU team has achieved these significant successes:

- The length of time to register an unincorporated business was reduced from over 30 days to less than one day, **a reduction of 97%**.
- The facilitation of data exchange has been moved from the business person attempting to register to a municipal officer, speeding up the process and reducing the opportunity for corruption. This is one example of how SPIRA is bringing diverse agencies together in a better way to benefit business interests. These results were achieved in "pilot" environments in the Republika Srpska (RS) and Federation BiH to prove the concept that business registration procedures can be streamlined.
- As a result of a successful implementation of the rapid registration pilot project, the municipality Mrkonjić-Grad in the Republika Srpska was acknowledged by the OSCE as a **Beacon Award Winner** for its dedication to small and medium sized enterprises.
- Business permitting in the RS has been improved and streamlined by training the staff of the Regulatory Reform Office formed by the Government and assisting them in conducting a review of all laws, reducing them by 46% by eliminating out-of-date-, duplicate contradictory and unneeded laws. The final list of reduced regulations and business permits accompanied

with the roadmap for each was listed on the on-line Registry of Business Regulations and Permits which we helped to create.

- Two pilot projects on the new MTR verification system were successfully launched in Federation towns of Posušje and Vareš.
- FBiH Draft Law on Crafts has been adopted by the FBiH Government and is in the parliamentary procedure which should result in adoption of the Law.
- RS Draft Law on Companies has been adopted by RS Government and is in the parliamentary procedure which should result in adoption of the Law.
- There were over **110 print media pieces** about this unit's efforts, results and significant impact on the community.

The activities in year four will be to:

- Streamline unincorporated business registration processes in the Federation entity (FBiH) in the area of trade and crafts through the changes of two relevant laws.
- Prioritize (in coordination with other units) municipalities for implementation of streamlined business procedures in the Federation.
- Institutionalize the MTR shift in the RS as the general principle for entire economy through the new Law on Enterprises that sets the MTR shift as general principle for all industries.
- Institutionalize the MTR shift in the FBiH as the general principle for entire economy through changes to the FBiH Law on Enterprises that sets the MTR shift as general principle for all industries.
- Implement a Pilot on the new system of MTR verification in Zenica.
- Update the map of the registration systems in Sarajevo, Zenica and Banja Luka to determine the impact of the new Law on Notaries, new Law on Registration of Business Entities (relates to incorporated businesses) and relevant laws on incorporated business registration.
- Assist the OSCE Democratization Department in implementation of Junior Achievement Program.
- Assist Insurance Guarantee Agency (IGA) in developing the SME factoring project.
- Assist Brčko District Government in introducing MTR shift provision into the District Law on Trade.
- Work with GAP and PARE when SPIRA assistance and/or cooperation is needed for optimal results.

| Business Unit's Milestones |
|---|
| <ul style="list-style-type: none">• Pilots completed in Posušje, Vareš and Zenica• FBiH: Law on business registration for crafts revised (adopted?)• New RS Law on Enterprises adopted• Brčko MTR shift incorporated/adopted• IGA's SME project under way |

The Business Process Unit consists of three full-time staff: Commercial Law Expert Boris Maslo and Business Process Engineer Adisa Busuladžić in Sarajevo and Business Process Engineer Višnja Gobac in Banja Luka. This unit is responsible for all activities that will achieve PIR 1, Business Permit Process Efficiency Increased in both the Federation and RS.

KRA 1.1 Key Business Permit Regulations and Laws Improved

Federation of Bosnia Herzegovina

| Task | Resources |
|---|---|
| KRA 1.1a – MTR Shift | |
| <ul style="list-style-type: none"> Work with 2 Ministries: Ministry of Trade, Ministry of Development, Entrepreneurship and Crafts, on amending the legislation and supplementing regulations relating to the MTR shift (Law on Trade and Law on Crafts) | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic |
| <ul style="list-style-type: none"> Present the MTR shift and its rationale to parliamentarians and interested groups prior to submitting the three amended laws to the FBiH parliament for adoption | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic |
| <ul style="list-style-type: none"> Develop self-declaration forms on MTRs for each specific business area (ministry) and work with the ministries on the installation of self-determination forms as regulations for businesses | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic |
| <ul style="list-style-type: none"> Train relevant entity/cantonal / municipal officials on the MTR shift upon request | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic |

| | |
|--|---|
| KRA 1.1b – Pilot Project in Zenica | |
| <ul style="list-style-type: none"> Develop concept of simplified business registration in Zenica Municipality for unincorporated businesses | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic |
| <ul style="list-style-type: none"> Develop registration documentation (applications, self-declaration forms etc) | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic |
| <ul style="list-style-type: none"> Develop procedures for all stakeholders in the registration process: the applicant, Zenica Municipality, Tax Administration, EBFs etc. | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic |
| <ul style="list-style-type: none"> Develop procedures with cantonal inspection authorities for MTR verification as the part of the Pilot Project under the new system of MTR verification | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic |

| | |
|--|---|
| KRA 1.1b – Pilot Project in New Municipalities | |
| <ul style="list-style-type: none"> Develop concept of simplified business registration in Zenica Municipality for unincorporated businesses | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic |
| <ul style="list-style-type: none"> Develop registration documentation (applications, self-declaration forms etc) | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic |
| <ul style="list-style-type: none"> Develop procedures for all stakeholders in the registration process: the applicant, Zenica Municipality, Tax Administration, EBFs etc. | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic |
| <ul style="list-style-type: none"> Develop procedures with cantonal inspection authorities for MTR verification as the part of the Pilot Project under the new system of MTR verification | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic |

Republika Srpska

| Task | Resources |
|---|--|
| KRA 1.1a – MTR Shift | |
| <ul style="list-style-type: none"> Work with the Ministry of Economy, Energy and Development on the new Law on Companies that promulgates the MTR shift as the general principle for the entire RS economy regardless of the sort of business activity | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic Business Process Engineer, V. Gobac |
| <ul style="list-style-type: none"> Train relevant entity/municipal officials on the MTR shift upon request | Commercial Law Expert, B. Maslo Business Process Engineer, V. Gobac |

| KRA 1.1b – Pilot Project in New Municipalities | |
|--|--|
| <ul style="list-style-type: none"> Develop concept of simplified business registration in Zenica Municipality for unincorporated businesses | Commercial Law Expert, B. Maslo Business Process Engineer, V. Gobac |
| <ul style="list-style-type: none"> Develop registration documentation (applications, self-declaration forms etc) | Commercial Law Expert, B. Maslo Business Process Engineer, V. Gobac |
| <ul style="list-style-type: none"> Develop procedures for all stakeholders in the registration process: the applicant, Zenica Municipality, Tax Administration, EBFs etc. | Commercial Law Expert, B. Maslo Business Process Engineer, V. Gobac |
| <ul style="list-style-type: none"> Develop procedures with cantonal inspection authorities for MTR verification as the part of the Pilot Project under the new system of MTR verification | Commercial Law Expert, B. Maslo Business Process Engineer, V. Gobac |

Brčko District (added)

| Task | Resources |
|---|--|
| KRA 1.1b – MTR Shift | |
| <ul style="list-style-type: none"> Work with the District Authorities on relevant laws and bylaws regarding enacting relevant legislation and implementing MTR shift | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic Business Process Engineer, V. Gobac |
| <ul style="list-style-type: none"> Train relevant district officials on the MTR shift upon request | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic Business Process Engineer, V. Gobac |

Federation + Republika Srpska

| KRA 1.1c – Company Registration System Up-Date | |
|--|--|
| <ul style="list-style-type: none"> Remap the situation in three target municipalities: Sarajevo, Zenica and Banja Luka: efficiency assessment of the new company registration system implemented by DFID with special focus on pre-registration and post - registration stage, including business permitting system (both pre-registration and post-registration) | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic Business Process Engineer, V. Gobac |
| <ul style="list-style-type: none"> Assess the efficiency of newly introduced institution of Public Notary and its impact on business registration and start-up | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic Business Process Engineer, V. Gobac |
| <ul style="list-style-type: none"> Write the report on the current status of the company registration systems | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic Business Process Engineer, V. Gobac |

KRA 1.2 Capacity to Administer Business Permit Procedures Increased

| Task | Resources |
|--|--|
| KRA 1.2a – Training | |
| <ul style="list-style-type: none"> Develop materials, seminars and training for municipal officials and inspectors related to the implementation of the MTR shift in the area of trade, catering and crafts, then conduct training. | Commercial Law Expert, B. Maslo Business Process Engineer, A. Busuladzic Business Process Engineer, V. Gobac |

PIR 2 – CONSTRUCTION PERMIT PROCEDURES STREAMLINED

Construction Unit – the overall goal of this unit is to streamline construction permitting procedures, amend legislation and implement amended laws. The project works closely with other related projects to address the shortcomings of the other permits and associated issues for the entire construction permitting processes, including eliminating unnecessary bureaucratic and duplicate procedures; assist counterparts in amending and enacting legislation to enable improvement; and, networking relevant institutions and training staff at stakeholder institutions.

In reviewing the processes for SMEs to request and obtain construction and/or renovation permits it became clear that the owner/business manager has to obtain three permits (which takes over 500 days on average)³ from the municipality prior to moving into and using the facility and as many as 10 approvals from other parties, e.g., heating, electricity, water, sewage, garbage disposal, streets and roads, telecom, etc. The three permits include: the Urban Permit (aka location information) establishes location and establishes preliminary technical conditions (which could change as the infrastructure changes) to connect to the city's infrastructure; the Construction Permit authorizes work to begin and is based on detailed plans and other documentation describing the structure, the materials, the techniques used to build, various stages of construction and how the structure will comply with the more than 140 potential pieces of legislation governing the effort; and the Use Permit which says yes the building has complied with all regulations and is fit for occupancy.

Construction permitting is being reformed on two fronts: **the law**—a new RS law on spatial planning and construction is being readied for the second reading of the government. A similar law was reviewed and debated by all 11 ministers of spatial planning and construction in the Federation. The FBiH Ministry of Spatial Planning and Land Use recently drafted 28 amendments to the existing Law incorporating the recommended improvements. Both entity laws combine 2 of the 3 construction/renovation related permits into one thereby reducing time and cost to the business community. And **the process**—working groups in Banja Luka and Tuzla have streamlined the permitting process and developed automation criteria that support the legislation. A full description of this effort can be found in KRA 4 Government Information Exchange Improved beginning on page 22.

The Construction Unit's achievements to date include:

- Similar Laws on Spatial Planning and Construction for both entities that streamlines the permitting process were drafted.
- Assisted the RS Ministry of Spatial Planning in conducting public hearings on the new Law, collected and analyzed public comments, modified the Law based on public comments, and recommended the modified Law to the Minister.
- The FBiH Government approved the Draft Law on Spatial Planning and Land Use and forwarded the Draft to Parliament for legislative adoption.
- A model canton law was drafted that was harmonized with the entity Law; reviewed the model laws with the responsible officials from all cantons; reviewed the model laws with officials from several key municipalities to garner support for reform.
- Worked with the Information Technology Unit to develop the revised construction permitting process and the digital data exchange system.

³ *Doing Business in South East Europe 2008*, pages 8 and 9.

- There were over **65 print media pieces** about this unit's efforts and impact on the community.

The Construction Unit's focus during the fourth years includes:

- Conduct a survey of European countries to determine which one has modernized, relevant construction permitting legislation that is easy to implement.
- Assist the entity ministries in adopting the streamlined permitting laws.
- Assist the cantons in adopting the construction permitting laws that are streamlined and harmonized with the adopted FBiH entity law.
- In conjunction with working groups in both entities develop by-laws that support the newly adopted permitting laws. Promote the new by-laws to the cantons.
- Develop and promote a registry of all construction related laws throughout BiH to the public.
- In conjunction with the Inspection Unit develop and publish a Guideline for Construction Inspectors. Conduct training seminars for all construction inspectors throughout BiH to increase capacity.
- Provide technical support as required to both the Senior Business Development/Investment Advisor in Srebrenica and to the IT Automation Specialist.

| Construction Unit's Milestones |
|---|
| <ul style="list-style-type: none"> • Lobbying efforts to support the adoption of streamlined permitting laws complete • By-laws for newly adopted permitting laws drafted • Working groups on registry development under way • Construction Inspectors' Guideline published |

The Construction Unit consists of two full-time staff: in Sarajevo, Construction Engineer Esad Mulavdic and in Banja Luka, Construction Engineer Sanja Danilovic. The work plan also calls for three short-term construction law and construction inspection experts.

KRA 2.1 Key Construction Permit Regulations and Laws Improved

Federation of BiH

| Task | Resources |
|--|--|
| <ul style="list-style-type: none"> • Conduct survey of EU countries for relevant easily implementable law(s) | Construction Engineer, E. Mulavdic |
| <ul style="list-style-type: none"> • With the Ministry of Spatial Planning promote adoption of amended Law on Spatial Planning and Land Use. | Construction Engineer, E. Mulavdic |
| <ul style="list-style-type: none"> • Assist the Ministry during the public hearings of the draft, analyze feedback and prepare the proposal for final adoption. | Construction Engineer, E. Mulavdic |
| <ul style="list-style-type: none"> • With the Ministry analyze existing bylaws, change or amend them, or make new bylaws that are under federal competence, but used by cantonal administrations as own. | Construction Engineer, E. Mulavdic Construction Lawyer 1, TBD |
| <ul style="list-style-type: none"> • Coordinate with the Ministry to identify all other laws that are affected by new changes of the Law on spatial planning and land use. | Construction Engineer (S) Mulavdic |
| <ul style="list-style-type: none"> • Assist cantons with developing, and adopting laws on spatial planning and construction that is harmonized with the entity law and tailored to their cantons' needs. | Construction Engineer (S) Mulavdic |
| <ul style="list-style-type: none"> • With selected canton ministries discuss list of necessary bylaws, identify common items, and prepare appropriate models of the bylaws; for other necessary bylaws give professional support to respective ministries | Construction Engineer (S) Mulavdic Construction Lawyer 1, TBD |

Republika Srpska

| Task | Resources |
|---|---|
| <ul style="list-style-type: none"> Present results of public hearings to RS Assembly, attend the session, analyze the Assembly's feedback and if necessary, together with the Ministry of Spatial Planning of prepare an upgraded law proposal for adoption. | Construction Engineer, S. Danilovic |
| <ul style="list-style-type: none"> Develop draft bylaws necessary for implementing the new law on spatial planning and construction together with the Ministry and assist in adoption procedure. | Construction Engineer, S. Danilovic Construction Lawyer 1, TBD |
| <ul style="list-style-type: none"> Coordinate with the Ministry in identifying all other laws that are affected by the changes of the Law on Spatial Planning and Land Use. | Construction Engineer, S. Danilovic |

KRA 2.2 Capacity to Administer Construction Permit Procedures Increased

| Task | Resources |
|---|--|
| KRA 2.2a Develop and automate a list of all construction related regulations | |
| <ul style="list-style-type: none"> Make an inventory and analyze existing spatial planning & construction legislation (all kinds and levels of competence), make an accurate list of all relevant legislation and automate it. | Construction Expert, TBD Construction Lawyer 2, TBD |
| <ul style="list-style-type: none"> Develop a list of regulations that are out-of-date, redundant, duplicates, conflicting, etc and recommend resolution to both entity and canton ministries. | Construction Engineer, E. Mulavdic Construction Expert, TBD Construction Lawyer 2, TBD |

KRA 2.2b Assist ITU development of system for pilot municipalities

| | |
|---|---|
| <ul style="list-style-type: none"> Learn about performances of the new software for electronic data exchange and document management system, test and give suggestions for calibrating the software. | Construction Engineer, E. Mulavdic Construction Engineer, S. Danilovic |
| <ul style="list-style-type: none"> Map the current construction permitting procedures in the new municipalities and streamline them. Train all relevant staff in the new procedures. | Construction Engineer, E. Mulavdic Construction Engineer, S. Danilovic |
| <ul style="list-style-type: none"> Participate in education of all involved staff (administrative, utility, other institutions) in pilot municipalities for software use | Construction Engineer, E. Mulavdic Construction Engineer, S. Danilovic |
| <ul style="list-style-type: none"> Monitor implementing of the new software in pilot municipalities, collect experiences and make ideas for further improvements | Construction Engineer, E. Mulavdic Construction Engineer, S. Danilovic |

KRA 2.2c Assess and reinforce construction inspection regime

| | |
|--|---|
| <ul style="list-style-type: none"> Analyze topic and form the basic structure of Guidelines for urban-construction inspection practice. | Construction Engineer, E. Mulavdic Construction Engineer, S. Danilovic |
| <ul style="list-style-type: none"> Develop Guidelines for urban-construction inspection practice | Construction Engineer, S. Danilovic Inspection Expert, TBD |
| <ul style="list-style-type: none"> Organize presentation with workshop about new Guidelines for urban-construction inspection practice for respective entity, cantonal and municipal inspectors | Construction Engineer, E. Mulavdic Construction Engineer, S. Danilovic |
| <ul style="list-style-type: none"> Publish and distribute Guidelines to all construction inspectors. | Construction Engineer, E. Mulavdic |

KRA 2.2d Construction permitting reform in the pilot municipalities

| | |
|---|---|
| <ul style="list-style-type: none"> Prepare training materials, organize workshops to present the new Laws and Bylaws on Spatial Planning and Construction. | Construction Engineer, E. Mulavdic Construction Engineer, S. Danilovic |
| <ul style="list-style-type: none"> Monitor the permitting the new procedure; fix all problems, track permitting time, and make ideas for future improvements | Construction Engineer, E. Mulavdic Construction Engineer, S. Danilovic |

KRA 2.2e Srebrenica municipality support

| | |
|---|---|
| <ul style="list-style-type: none"> Assisting in preparation of new spatial plan, and selected regulatory plans by work in Advisory board and with giving professional assistance to the Mayor and municipal administration | Construction Engineer, E. Mulavdic Construction Engineer, S. Danilovic |
|---|---|

PIR 3 INSPECTION PROCEDURES STREAMLINED

Inspection Unit – the overall goal of this unit is to streamline inspections most burdensome to SMEs by assisting local authorities involved with administering them. We will assist local authorities with revising legal provisions and streamlining activities to make inspection processes more efficient and transparent. This applies to all inspection processes as it is most difficult to streamline only the most burdensome to SMEs. We will ensure that our work is coordinated with other donor inspection improvement programs. This Unit particularly targets the managerial processes of the inspection systems for both entities as well as cantons with consolidated inspectorate administrations.

Inspections are also being reformed on two fronts: **the law**—a working group is in the process of developing a new RS Law on Inspections. A new FBiH law was drafted to overcome the constitutional issues and is pending adoption by government. And **the process** is being streamlined and automated. The process orientation is changing from annual confrontation to looking for, assessing and managing risk to the public. The process will be automated by the Inspection Management System (IMS) which will capture inspection visit data, highlight businesses at risk, highlight inspectors' performance, and assist planning. The business person will be able to access a portion of the system and understand what inspectors will look at during their visits. The software developer began programming in July 2008.

In reviewing the methods which inspectors conducted their reviews of legislation compliance in a business it was discovered that inspectors: may or may not know which laws apply to the business and what the business should be doing to comply; do not coordinate his/her inspection with any of their colleagues; conduct a confrontational review of the business' operation that seeks to determine wrong-doings and penalize rather than provide knowledge and assistance; and may or may not know the appeals process and how to counsel the business owner/manager to use it. It was also found that planning by managers of inspectors is rudimentary and basic. Reports of previous visits to businesses are not reviewed, therefore they have no way of recognizing risk until a problem is adversely affecting the public.

Two scenarios for improving the capacity and performance of inspections were developed and are in progress: 1. Design and installing Risk-Based Inspections based on EU practices and 2. Developing and installing an automated information management system.

1. At the outset, the Inspection Unit met with inspectors at the entity and canton ministries to review how they conducted their reviews of business' activities, and if their conduct was in compliance with the governing legislation. It was clear that: the manner in which inspectors did their work required improvement and standardization, there was a conflict of authorities between inspectors in differing government levels, inspectors (resident in the ministries) were influenced by political forces, inspectors were not coordinating or cooperating between themselves, inspections were often repetitive, confrontational and mostly inconsistent in what was reviewed and how the inspection was conducted, and the business owner/manager had nowhere to turn to complain about the inspectors behavior or the penalties imposed.
2. Every aspect of inspections was reviewed and analyzed to determine opportunities for automation of processes, data capture and uses; and, the capacities of all inspectors to utilize information technology, e.g., the number of computers available, the types of software

available, the ability of inspectors to use computers, availability of local area networks in inspectorates, etc.

These efforts resulted in the development of user technical requirements in conjunction with representatives of the entity and canton inspectorates. USAID approved the procurement. Project specialists and stakeholders developed Requests For Proposals (RFPs) for the software and the hardware procurements; published both in the BiH and in the United States; and received and screened numerous bids. Then, project staff initiated data gathering by inspectors. The software vendor was selected, approved by USAID and subcontracted to develop software in accordance with the user requirements, and hardware bids were reviewed and a vendor selected. The project is still waiting on the final USAID approvals in order to complete the hardware purchase and installation which is necessary for the IMS roll-out.

In preparation for the roll-out of the IMS, the unit developed three RFPs (one for the RS and one for the FBiH) for the provision of basic computer skills training to inspections staff and for the IT technical staff for operating and maintaining the servers, and operating and application systems. A single vendor was selected to provide the basic computer skills training. The vendor has initiated training the RS inspectors. The training in the Federation will commence at the end of the 2008 holiday season. The RFP for the IT technical staff training will be published in August 2008.

To date, the Inspection Unit has achieved these significant results:

- A Code of Ethics improving integrity by regulating the conduct and the scope of inspections was developed, published and training conducted. This included developing a means for complaints to be made anonymously.
- A new FBiH Inspection Law was drafted with the assistance of 3 local legal experts to overcome the provisions in the present Law that were deemed unconstitutional.
- Drafted and delivered to the canton ministries of justice the model of the Canton Inspection Law which is harmonized with the entity law and provides for an organization of consolidated inspectorates. Five canton inspections at this time are decentralized.
- Lobbied for consolidated inspectorates in the entities and all cantons.
- Conducted risk-based training for Federation and Goražde and Bihać Canton inspectors. To date 1,300+ inspectors have been trained.
- The Chief Market Inspector from Slovenia assisted with the development of a Market Inspection Technical Manual, reflecting the EU policies and procedures, and conducted training for all market inspectors from around the country.
- Provided input to the development of the user's technical specifications for the inspection management system (IMS).
- Each inspection type (Agriculture, Market, Water, etc.) has a number of laws associated with it that govern that industry sector. To prepare for IMS, inspectors are compiling "checklists" of these laws that will be entered in the system. In doing so, they are finding laws that are out-of-date, in conflict with others, are duplicates of others, etc. These laws have been compiled and communicated to the FIAS staff. FIAS plans to conduct a review and screen of all inspections related laws reducing them to those relevant for businesses today.

- There were over **39 print media pieces** about this unit's efforts, results and significant impact on the community.

The Inspection Unit's tasks for year four include:

- Assist the RS Inspection Directorate in drafting a new Law on Inspections.
- Promote adoption of the new draft laws in the Federation.
- Develop and conduct risk-based training in the inspectorates of both entities 10 cantons and 6 RS regions.
- Work with Construction Unit in developing the Guidelines and training for Construction Inspectors and delivering the training.
- Organize a study trip to Slovenia for market and agriculture inspectors from both BiH entities in order to reform market inspection as done in Slovenia, by separating food from market inspection jurisdiction.
- Work with the IMS software vendor and the FBiH and RS Inspectorates to complete the installation of the IMS hardware and software and conduct the related training in the entities and five consolidated canton inspectorates.
- Develop a plan and a budget⁴ to implement IMS hardware and software in the remaining consolidated canton inspectorates.

| Inspection Unit's Milestones |
|--|
| <ul style="list-style-type: none"> • New Inspections Laws adopted in both entities • Construction Inspection Guidelines published and training delivered • IMS installed and fully operational nationwide • Market and Food Inspections separated • All related personnel received risk-based inspection training |

The Inspection Unit is staffed by three full-time personnel, Senior Legal Advisor Diana Ruzic and Legal Advisor Hanka Alic, the Government Information Exchange Advisor Ed Papps and three short-term staff, Legal Advisor Bogdan Jokovic, and IT Data Entry Specialists Elvir Seferovic and Zlata Hasimbegovic.

KRA 3.1 Technical Operations of the Inspectorates Improved

| Task | Resources |
|---|---|
| <ul style="list-style-type: none"> • Assist the RS Inspectorate in redrafting RS Inspection Law | Senior Legal Advisor, D. Ruzic Legal Advisor 1, H. Alic Legal advisor 2, B. Jokovic |
| <ul style="list-style-type: none"> • Assist with the adoption of FBiH, RS and all ten Cantons Inspection Laws | Senior Legal Advisor, D. Ruzic Legal Advisor 1, H. Alic Legal advisor 2, B. Jokovic |
| <ul style="list-style-type: none"> • Assist in adoption of the Amendments to the Federation Law on Organization of Administrative Bodies | Senior Legal Advisor, D. Ruzic Legal Advisor 1, H. Alic Legal advisor 2, B. Jokovic |
| <ul style="list-style-type: none"> • Work with FBiH Inspectorate in creation of inspection checklists | Senior Legal Advisor, D. Ruzic Legal Advisor 1, H. Alic Legal advisor 2, B. Jokovic |
| <ul style="list-style-type: none"> • Work with Zenica inspectors in creating inspection checklists | Senior Legal Advisor, D. Ruzic Legal Advisor 1, H. Alic Legal advisor 2, B. Jokovic |
| <ul style="list-style-type: none"> • Assist other centralized cantonal inspectorates in redefining checklists based on the Zenica model | Senior Legal Advisor, D. Ruzic Legal Advisor 1, H. Alic Legal advisor 2, B. Jokovic |

⁴ It is estimated that the cost of installing the equipment for operating IMS in the second five cantons is US\$650,000. There are insufficient funds available for this effort at present. As funds become available, moving this activity forward will be discussed with the CTO.

| | |
|--|--|
| <ul style="list-style-type: none"> Develop and implement the IRM registry when IMS is complete. Promote both events | Senior Legal Advisor, D. Ruzic Legal Advisor 1, H. Alic |
|--|--|

KRA 3.2 Capacity to Perform Quality Inspections Increased

| Task | Resources |
|---|---|
| <ul style="list-style-type: none"> Develop a common risk-based training curriculum for inspectors in concert with both Directors of Inspections | Senior Legal Advisor, D. Ruzic Legal Advisor 1, H. Alic Legal advisor 2, B. Jokovic |
| <ul style="list-style-type: none"> Provide risk-based training to inspectors in both entities | Senior Legal Advisor, D. Ruzic Legal Advisor 1, H. Alic Legal advisor 2, B. Jokovic |
| <ul style="list-style-type: none"> Organize a study tour to Slovenia for market and agriculture inspectors from both BiH entities in order to observe the reform of market inspection as it was done in Slovenia, separating food from market inspection jurisdiction. | Senior Legal Advisor, D. Ruzic Legal Advisor 1, H. Alic |
| <ul style="list-style-type: none"> Provide legal assistance to Construction Expert in drafting Construction Inspection Guidelines | Senior Legal Advisor, D. Ruzic Legal Advisor 1, H. Alic Legal advisor 2, B. Jokovic |
| <ul style="list-style-type: none"> Organize and conduct training for construction inspectors in both entities | Senior Legal Advisor, D. Ruzic Legal Advisor 1, H. Alic Legal advisor 2, B. Jokovic |

KRA 3.3 Inspection Management System Strengthened

| Task | Resources |
|---|--|
| <ul style="list-style-type: none"> Procure IMS required hardware via Chemonics Procurement Department | Government Information Exchange Advisor, E. Papps |
| <ul style="list-style-type: none"> Work with IMS software vendor, FBiH and RS Inspectorates to develop and install the software | Government Information Exchange Advisor, E. Papps Senior Legal Advisor, D. Ruzic Legal Advisor 1, H. Alic Legal Advisor 2, B. Jokovic |
| <ul style="list-style-type: none"> Install all hardware and software in the RS and FBiH Entity and canton Inspectorates (Zenica, Gorazde, Bihac, Široki Brijeg, Tuzla⁵). This is Phase I Implementation | Government Information Exchange Advisor, E. Papps |
| <ul style="list-style-type: none"> Conduct an IT capacity analysis of newly consolidating canton inspectorates | Government Information Exchange Advisor, E. Papps |
| <ul style="list-style-type: none"> Develop a plan and a budget to install IMS in the remaining consolidated canton inspectorates. This is Phase II | Government Information Exchange Advisor, E. Papps |
| <ul style="list-style-type: none"> Install hardware and software in the remaining consolidated cantons | Government Information Exchange Advisor, E. Papps |
| <ul style="list-style-type: none"> Develop, organize and start basic computer skill training for Inspectorate staff | Government Information Exchange Advisor, E. Papps |

⁵ Tuzla has equipped its own IMS hardware and software. In budget for IMS SPIRA originally included entity inspectorates and 5 centralized inspectorates. For newly established inspectorates, new budget for hardware and software will be prepared.

PIR 6 SREBRENICA ASSISTANCE

At the request of the US Ambassador, USAID SPIRA conducted an assessment in July 2007 of the state of the business environment in the Srebrenica municipality. The team examined the costs of starting and operating a business; obtaining authorization and carrying out construction and renovation; inspector procedures/methods/performance in validating compliance with laws and regulations; and the level of automation pertaining to running and managing the municipal administration.

USAID subsequently requested Chemonics/SPIRA to prepare an approach to address the observations and recommendations contained in the assessment report, with the goal of expanding the municipal economy by attracting new investments from local and international investors.

During the 12 months (May 2008 through April 2009) of the contract with USAID to provide assistance to the Srebrenica Mayor (SM) and the City Council President (CCP) the Senior Business Development/Investment Advisor (SBD/IA) will focus on three activities:

- Improve the municipality’s capability of attracting and developing business and investment, both existing and new, domestic and foreign.
- Increase the capability of management and staff to administer and deliver municipality’s services.
- Perform other related duties as assigned, including coordinating strengthening interventions with other interested parties, e.g., UNPD, World Bank, OHR, etc.

Srebrenica’s Milestones

- 2 donor-supported trainings complete
- New mayor and staff on board and engaged
- 5 “Low-hanging fruit” investors identified and marketed to
- Strategic plan finalized
- Internal and external communications improved
- Spatial Plan developed and published

KRA 6.1 Business/Investment Development Capabilities Improved

| Task | Resources |
|--|------------------|
| KRA 6.1a Strategic Plan/Business Development & Investment Strategy | |
| • Assist Municipal Officials (MO) in developing a plan that addresses delivering municipal services and emphasizes developing and attracting new business/investment | SBD/IA, N. Zukic |
| • Publish plan and seek input from business community | SBD/IA, N. Zukic |
| • Organize regular meetings with business community to ensure constructive dialogue | SBD/IA, N. Zukic |
| • Recommend improvements in administrative infrastructure, particularly those that assist the business community | SBD/IA, N. Zukic |

| | |
|--|---|
| KRA 6.1b New Investment-New Business-New Jobs | |
| • Actively seek additional business investments from current and external investors. Primary focus on memorial and spa tourism, mining, assembly and manufacturing, and forestry | SBD/IA, N. Zukic Investment Promotion Advisor, TBD |
| • Identify investor list with sector and geographic priorities | SBD/IA, N. Zukic Investment Promotion Advisor, TBD |
| • Contact investors to promote municipality; arrange visits as appropriate | SBD/IA, N. Zukic Investment Promotion Advisor, TBD |
| • Identify events and prepare promotional material | SBD/IA, N. Zukic |

| | |
|---|------------------|
| • Attend events and promote municipality; arrange visits as appropriate | SBD/IA, N. Zukic |
| • Work with Friends of Srebrenica to facilitate creating a promotional video and 'hand book' | SBD/IA, N. Zukic |
| • Monitor Digital City project to ensure adequate IT support. Facilitate website up-date and listing of business-friendly documents and forms | SBD/IA, N. Zukic |
| • Familiarize RS Investment and Development Bank with need for Srebrenica municipal loan facility | SBD/IA, N. Zukic |
| • Facilitate the preparation of a spatial plan | SBD/IA, N. Zukic |
| • Serve a leadership role for special business development projects as defined by the Mayor | SBD/IA, N. Zukic |

KRA 6.1c Formalize Investments

| | |
|---|------------------|
| • Recommend more effective distribution of BiH COM funds to increase sustainable employment | SBD/IA, N. Zukic |
| • Recommend improvements to the current version of the Rule Book for distribution of BiH COM grants | SBD/IA, N. Zukic |
| • Facilitate creation of additional fund(s) and resources, and their pooling into SME fund pools | SBD/IA, N. Zukic |

KRA 6.2 Capacity to Administer Municipal Services Increased

| Task | Resources |
|--|--|
| KRA 6.2a What do people know? | |
| • Observe whether or not staffing levels are appropriate. Assist in recruitment process as appropriate | SBD/IA, N. Zukic |
| • Conduct training needs assessment: business services, economic development, planning and budgeting, procurement, others? | SBD/IA, N. Zukic Training/Organization Advisor, TBD |
| • Identify existing training programs to meet needs. Develop new training programs as required | SBD/IA, N. Zukic Training/Organization Advisor, TBD |
| • Work with the HR head to develop a performance management program to recognize and reward good staff | SBD/IA, N. Zukic |
| • Train managers and staff on the performance management program | SBD/IA, N. Zukic Training/Organization Advisor, TBD |

KRA 6.2b Improve municipal services

| | |
|--|--|
| • Conduct train-the-trainers session | SBD/IA, N. Zukic Training/Organization Advisor, TBD |
| • Conduct Mayor, Council President, and department manager training | SBD/IA, N. Zukic |
| • Conduct staff training. Mentor and coach trainers in conducting sessions | SBD/IA, N. Zukic |
| • Observe managers and staff applying new skills. Retrain as required | SBD/IA, N. Zukic |

KRA 6.3 Other Activities

| Task | Resources |
|--------------------------|------------------|
| • As approved by the CTO | SBD/IA, N. Zukic |

KRA 4 GOVERNMENT INFORMATION EXCHANGE IMPROVED

Information Technology Unit – the overall goals of this unit are to network common data users and develop an inspection management system. The approach is to:

1. Assist the Construction Unit in developing streamlined permitting procedures by designing, developing and implementing software solutions for improved results. Where relevant we will coordinate with other projects, e.g., ELMO, GSP, TARA, etc. and leverage their successes.
2. Promote amending the state’s and entities’ Laws on Administrative Procedures to allow for the electronic exchange of data.
3. Develop and implement an inspection management system (IMS) whose outputs will be used by inspectorate management to monitor inspectors’ compliance with their mandates and standards. The outputs will include scopes (of inspections), nature, objectives, frequencies, geographic coverage, complaints and complaint resolution. The project will provide training to establish institutional capacity to utilize and maintain the system and to monitor and evaluate inspectors’ compliance with their mandates. See PIR 3 Inspection Procedures Streamlined on page 21.

The solution for developing a network for common data users in the construction permitting⁶ process was achieved by establishing two pilot locations, assembling working groups in each pilot location, mapping and analyzing the construction permitting processes, identifying opportunities for streamlining the processes, and for automation by information technology.

The IT Unit has successfully:

- Designed an improved business procedure for construction permitting.
- Defined data exchange technical specifications for urban permitting and equipment requirements.
- Obtained CTO’s concept approval of solution.
- Conducted IT capacity study of two pilot municipalities.
- Published an RFP in BiH, selected a software vendor and requested USAID’s approvals.

During the course of year four the IT unit will:

- Develop the construction process data exchange system (EDMWS) and then implement the system in two pilot municipalities to prove the concept.
- Assess the opportunity to streamline the construction permit process.
- Prioritize (in coordination with other teams) municipalities for roll out of data exchange system.

Milestones

- Document exchange system operational in two pilot municipalities
- Document exchange system operational in five select municipalities
- Document exchange plan published for 66 municipalities
- Reach a conclusion and make a recommendation on streamlining the construction permitting process

⁶ All of the three permits required to obtain a construction permit were assessed, see page 12 for the description. The Urban Permit was chosen for this concept test, but chose to continue calling it the construction permit to not confuse the reader.

- Develop a plan to implement the electronic document management system in 66 (USAID GAP designated) municipalities.
- Implement the electronic document management system in five selected cities.
- Promote enacting amendments to the BiH Law on Administrative Procedure.
- Develop and conduct training (this could include user training for construction permitting data exchange systems, and basic computer training) as needed to achieve project goals).

The Information Technology Unit consists of Government Exchange Advisor Ed Papps⁷ and IT Automation Specialist Zinaida Hadziefendić located in Sarajevo. They comprise a cross-cutting unit that serves Business Start-Up, Construction Permit, and Inspection activities in both the Federation and the RS. This unit is responsible for achieving KRA 4, Government Information Exchange Improved.

KRA 4.1 Design, Develop, Install Construction Permits Electronic Data Exchange

| KRA 4.1a Pilots in Tuzla and Banja Luka | |
|---|---|
| Task | Resources |
| • Provide advice on procurement of hardware and software | IT Automation Specialist, Z. Hadziefendić |
| • Procure hardware as required | IT Automation Specialist, Z. Hadziefendić |
| • Design, develop, test, and install the software | IT Automation Specialist, Z. Hadziefendić |
| • Educate the end users in using the software | IT Automation Specialist, Z. Hadziefendić |
| • Obtain digital signature decision from entity and canton ministries | IT Automation Specialist, Z. Hadziefendić |
| • Launch the system (final checking in the real environment, press conference – official opening) | IT Automation Specialist, Z. Hadziefendić |
| • Assess the opportunity to streamline the construction permit process. | IT Automation Specialist, Z. Hadziefendić |

| KRA 4.1b 66 Municipalities | |
|--|---|
| Task | Resources |
| • Develop a plan to implement the electronic document management system in 66 (USAID GAP designated) municipalities | IT Automation Specialist, Z. Hadziefendić |
| • Select location for the next five installations (2 in the Federation, 2 in the RS and Brcko) with the Business Process and Construction Units' staff | IT Automation Specialist, Z. Hadziefendić |
| • Assess the location and external institutions with the BPU and CU | IT Automation Specialist, Z. Hadziefendić |
| • Form working group and customize the business process | IT Automation Specialist, Z. Hadziefendić |
| • Prepare the list of the necessary hardware/software | IT Automation Specialist Z. Hadziefendić |
| • Roll out the system (customize software, install hardware and software, educate it and end-users, test, roll out) | IT Automation Specialist Z. Hadziefendić |

KRA 4.2 Design, Develop, Install Business Permits Electronic Data Exchange

| Task | Resources |
|--|------------------|
| • At present the automation costs far outweigh the public benefits for unincorporated businesses | NA |

⁷ Ed Papps is primarily focused on developing and installing the inspection management system. This work plan is included in the Inspection Unit's section see page 15.

KRA 4.3 Develop and Deliver Training to 500 select Government Staff

| Task | Resources |
|--|-----------|
| <ul style="list-style-type: none"> • Training is described in above tasks | See above |

Srebrenica

| Task | Resources |
|--|---|
| <ul style="list-style-type: none"> • Redesign Municipal Web Page to better promote the region <ul style="list-style-type: none"> ○ Include permit requirements ○ Spatial and zoning information ○ Links to Entity sites ○ Information of special opportunities | IT Automation Specialist Z. Hadziefendić |
| <ul style="list-style-type: none"> • Coordinate activities with Srebrenica digital town project to provide an assumptions for including Srebrenica into the digital data exchange system within the SPIRA project | IT Automation Specialist Z. Hadziefendić |

KRA 5 PUBLIC AWARENESS OF NEW BUSINESS AND CONSTRUCTION PERMITS, AND INSPECTION PROCESSES INCREASED

Communications Unit – the overall goal of this unit is to increase public awareness of project activities and results, support achievement of project goals by shaping the public opinion and emphasizing the need for SPIRA-led reforms. The Communications Unit uses public awareness campaigns, targeted communications and other communication activities to achieve this goal. As an overarching activity - public awareness represents a significant component that is complementary to all three functional units: business process, construction and inspections.

The Communications Unit is responsible for all public awareness activities (press conferences, round tables, newsletters, success stories, creating promotional materials in various formats, etc.) concerning all of the SPIRA reform areas - new business start-up, construction permitting, and inspection procedures and oversees the implementation of KRA 5. Increasing public awareness is an important task in both motivating for change as well as the implementation of new procedures.

Achievements to date:

- SPIRA project and related activities were featured in more than **233 articles and 270 minutes of broadcast airtime** as a result of activities to promote the SPIRA project in the media.
- The project website www.usaidspira.ba reached 500,000 hits in May 2008.
- Developed and/or produced promotional materials, promotional templates and press releases for the four pilot municipalities – (MTR pilots Posušje and Vareš in the FBiH and FTR pilots Laktaši and Mrkonjić-Grad in the RS). The Communications Unit also coordinated media coverage of all launches.
- Developed the press release on Mrkonjić-Grad winning the OSCE's Beacon Award for support to SME establishment and support – as a continued promotion of the unincorporated business registration streamlining developed by SPIRA.
- Designed the promotional campaign and assisted in production of promotional materials for the Registry of Permits in cooperation with the RS MERC.
- Developed a promotional campaign to accelerate construction permitting reform in the Federation. This activity included a joint panel of two entity construction ministers on construction permitting held in Sarajevo, 4 articles in FBiH print media and 2 minutes airtime on electronic media. This is an ongoing activity initiated in close cooperation with SPIRA Construction Unit.
- Developed success stories illustrating positive changes that are the result of SPIRA-led reforms. The Mrkonjić Grad pilot fast-track registration success story was published in the October 2007 issue of Washington DC USAID's newsletter "Frontlines."
- Produced two newsletters distributed to more than 250 recipients countrywide (key counterparts - stakeholders, business associations, international organizations, media, etc.)
- Produced MTR shift promotional leaflets distributed by the BPU at presentations hosted by GAP and the Business Service Center in Zenica to more than 200 participants.

- Developed a Communications Plan Proposal for the Srebrenica Municipality.
- Provided continuous support to partner ministries and agencies in designing and implementing promotional activities to increase their PR capacity and efficiency.
- Organized a press conference to announce the launch of the creation of the Inspection Management System by the USAID Mission Director and the two entity Inspection Administration Directors.

In its work, SPIRA Communications Unit will develop, design, coordinate and implement various promotional activities aiming to improve the information exchange between the administrative institutions, the business community and the general public on SPIRA-led reforms related to permitting and inspections related processes. The Communications Unit will focus on promoting the positive effects SPIRA-led reforms on improvements to the business environment in BiH, creation of new jobs, increased transparency and accountability of stakeholders, elimination of opportunities for corruption and the rights and obligations of all parties involved in permitting and inspections. Enabling business environment and strengthening of the public – private partnership countrywide will be integrated in all the awareness rising activities.

The Communications Unit will continue with increasing the PR capacity of the SPIRA counterparts by providing the appropriate technical assistance and expertise and by working in close cooperation with them. Assistance will be designed and provided with respect to the given activity, target audience and capacities of partner-organizations.

For year four SPIRA will put particular emphasis on ensuring the partner organizations' direct contribution to promotional activities by cost-sharing and/or in-kind costs.

- Design and implement promotional plans to motivate change and accelerate SPIRA-led reforms in accordance with the project needs focusing on the areas where there are the most obstructions to reforms.
- Develop and publish a SME Bill of Rights.
- Provide public relations and promotion technical assistance and expertise to project colleagues and to SPIRAs partners improving capacity.
- Develop success stories, newsletters and other promotional materials for presentation to the key counterparts and USAID.

Communications Unit's Milestones

- Conduct public awareness campaigns on construction permitting reform
- Conduct public awareness campaigns on business registration streamlining for unincorporated businesses
- Conduct public awareness campaign on the changed role of inspectors and the introduction of IMS
- Complete, publish and distribute the SME Bill of Rights

The Communications Unit is comprised of Pavle Banjac, Communications Specialist, located in Banja Luka, and Naida Pekmezović, Communications Specialist, located in Sarajevo. This unit is responsible for all public awareness activities concerning business start-up, construction permitting, and inspection procedures and will oversee achievement of KRA 5, Public Awareness of New Registration, Permit, and Inspection Processes Increased.

KRA 5.1 Business Permit Process Efficiency Increased

Federation of Bosnia Herzegovina

| Task | Resources |
|---|---|
| <ul style="list-style-type: none"> Increase awareness of MTR reforms and their economic benefits | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Develop and coordinate promotion of the revised MTRs and self-declaration forms that will be made available on-line on the website of each ministry in charge of the specific business activity | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Develop and coordinate promotion of the list of permits with roadmaps on the website of the related municipality/canton | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Develop and coordinate public awareness rising on possibilities of changing the current concept permitting system (related to pre-registration business permits) | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Develop and coordinate public awareness on seminars and training related to the implementation of the MTR shift in the area of trade, catering and crafts | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Promote findings of company registration system update (KRA 1.1d) | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |

Republika Srpska

| Task | Resources |
|---|---|
| <ul style="list-style-type: none"> Provide assistance to the Ministry in announcing and promoting the new Law on Companies when adopted. | Communications Specialist P. Banjac (BL) |

KRA 5.2 Construction Permit Procedures Streamlined

Federation of Bosnia Herzegovina

| Task | Resources |
|---|---|
| <ul style="list-style-type: none"> Promote the FBiH Draft Spatial Planning and Land Use Law in coordination with the ministry | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Develop and conduct a public awareness campaign to promote of new Spatial Planning Laws preparation in designate cantons and municipalities | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Develop and conduct a public awareness campaign on bylaws related to the new Law on Spatial Planning and cantonal law(s) | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Develop and conduct a public awareness campaign on current status of construction inspection and the need for reform in this area | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Develop and coordinate promotion of the Registry of Construction related laws | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |

Republika Srpska

| Task | Resources |
|---|---|
| <ul style="list-style-type: none"> Develop and conduct a promotion of the RS draft Spatial Planning Law in coordination with designate RS ministry | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Develop and conduct a public awareness campaign on bylaws related to the new Law on Spatial Planning | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Develop and conduct a public awareness campaign on current status of construction inspection and the need for reform in this area | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Develop and coordinate promotion of the Registry of Construction related laws | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |

KRA 5.3 Inspection Procedures Streamlined

Federation + Republika Srpska

| Task | Resources |
|--|---|
| <ul style="list-style-type: none"> Increase awareness of business community on inspectors' changed role and revised inspection procedures | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Conduct promotion of the completion of training for the inspectors (more than 1400 trained in both entities) | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |

KRA 5.4 Government Information Exchange Improved

Federation + Republika Srpska

| Task | Resources |
|---|---|
| <ul style="list-style-type: none"> Promote the launch of the electronic data exchange system in the construction permitting in pilot municipality of Tuzla | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Promotional campaign of the electronic data exchange system to other municipalities | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Develop and conduct the Inspection Management System launch and promotion | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Promotion of the website for the construction related regulations | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |

KRA 5.5 SPIRA Support

| Task | Resources |
|--|---|
| <ul style="list-style-type: none"> Organize a large-scale <i>motivate for change</i> conference to focus on SPIRA goals and results in order to emphasize the need for furthering reforms (in permitting) | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Develop and implement plans for promotion of SPIRA activities at events countrywide to gain support to SPIRA led-initiatives | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |

| | |
|---|---|
| <ul style="list-style-type: none"> Develop promotion and assist in production and distribution of the SME Bill of Rights | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Assist in building partnership with domestic institutions to continue pressing for reforms and monitor governments' planning and implementation of initiated reforms within SPIRA scope of activities | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Assist in development and implementation of the communications plan for Srebrenica | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Organize a training for journalists on the SPIRA-led reforms (total of two sessions in Sarajevo and Banja Luka) | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Promote USAID SPIRA's activities and results (developing 8 newsletters and success stories, leaflets and other promo materials) | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |
| <ul style="list-style-type: none"> Participate with the drafting of SPIRA's Final Report | Communications Specialist P. Banjac (BL) Communications Specialist N. Pekmezović (S) |

MONITORING AND EVALUATION UNIT

Monitoring and Evaluation Unit – the overall goal of this unit is to provide 3rd-party verification of program results.

Achievements of the M&E Unit include:

- Reviewing the Monitoring and Evaluation indicators and proposing changes where appropriate.
- Research was conducted to confirm the length of time to register a business and issue construction permits as was stated in “Process Maps” and other donor generated reports.
- Developed and conducted a baseline survey to measure business peoples' satisfaction with government licensing, permitting and inspections services via a local vendor.

In year four the plans of the M & E Unit include:

- Select the local vendor to update the SME Perspective of Public Services Survey then conduct the survey.
- Participate with IRIS experts in analyzing and reporting the results of the survey.
- Conduct regular administration, monitoring and reporting activities.
- With the Communications Specialist develop, publish and promote the SME Bill of Rights.

M & E Unit's Milestones

- Complete repeat research and develop report.
- Complete final project report.

The M&E Unit is comprised of Monitoring and Evaluation Specialist Zoltan Milić, a full-time staff, with support from subcontract partner IRIS.

PROJECT ADMINISTRATION

Project Administration – the overall goal of this team is to ensure a smooth and efficient running project including publishing periodic reports as requested, managing training and meeting logistics needs, managing subcontractor invoice process, managing local procurements, accounting for local expenditures, monitoring budget and LOE burn rates, arranging for advisors' travel and lodging, arranging for document and meeting translation, and maintaining office facilities, furniture, equipment, and vehicles. The Project Support team serves as the primary point of contact between the project and the Project Management Unit (PMU) in Washington, DC.

In addition to regular everyday activities, achievements include:

- Organizing and managing two regional conferences with over 100 participants and 10 foreign presenters,
- Organizing and managing 23 workshops with more than 1,300 participants, and
- Organized and coordinated five study tours to Croatia, and Slovenia.

In addition to the day-to-day activities cited above, the Project Administration team will in conjunction with the Chief of Party develop a project close-out plan to address:

- Staff demobilization
- Property verification and disposition
- Records disposition
- Drafting and publishing the final report

Project Administration Unit's Milestones

- Complete and execute approved staff demobilization plan
- Verify and transfer inventory as directed by USAID CTO
- Publish SPIRA's Final Report

The Project Support team is comprised of five full-time staff Office Manager Jasenka Coric, Administrative Specialist Sabina Hrustemovic, and Administrative Assistant Snjezana Kladar⁸ in Banja Luka, Translator Biljana Stanisic, and Driver/Logistician Darko Martic.

⁸ Svetlana Prastalo is on maternity leave through September 2008.

SPIRA'S COUNTERPARTS

| SPIRA Unit | Jurisdiction | Government Counterparts | Other Partners |
|--|---------------------------------------|---|---------------------------------|
| Business Processing Unit | Brcko | Brcko District | Zenica Business Service Center |
| | FBiH | Minister of Trade | Zenica Business Start-up Center |
| | | Minister of Entrepreneurships, Development and Crafts | |
| | | West-Herzegovina Canton | |
| | | Zenica-Doboj Canton | |
| | | Posusje Municipality | |
| | | Vares Municipality | |
| | RS | Minister of Economic Relations and Coordination | |
| | | Minster of Economy, Energy and Development | |
| | | Minister of Tourism and Trade | |
| | | Laktaski Municipality | |
| | | Mrkonjic Grad Municipality | |
| | | Pale Municipality | |
| Modrica Municipality | | | |
| East Sarajevo Municipality | | | |
| Construction Unit | FBiH | Minister of Spatial Planning and Land Use | |
| | | Posavina Canton | |
| | | Bosnia Podrinje Canton | |
| | | Una-Sana Canton | |
| | | Tuzla Canton | |
| | | Zenica-Doboj Canton | |
| | West Herzegovina Canton | | |
| | RS | Minister of Spatial Planning and Construction | Chamber of Commerce |
| | | Banja Luka Municipality | |
| | | | |
| Inspection Unit | FBiH | Director of Inspection Administration | |
| | | Zenica-Doboj Canton | |
| | | Herzegovina Neretva Canton | |
| | | Central Bosnia Canton | |
| | | Livno Canton | |
| | | Una-Sana Canton | |
| | | Tuzla Canton | |
| | | Bosnia Podrinje Canton | |
| | | Sarajevo Canton | |
| | | Posavina Canton | |
| | West Herzegovina Canton | | |
| RS | Director of Inspection Administration | | |
| Information Technology Unit | BiH | Minister of Communications and Transport | GAP |
| | | Minister of Justice | |
| | FBiH | Director of Inspection Administration | |
| | | Tuzla Municipal Department for Spatial Planning | |
| | RS | Director of Inspection Administration | |
| Banja Luka Municipal Department for Spatial Planning | | | |
| Srebrenica | RS | Municipal Mayor | UNDP-SRRP |
| | | City Council President | |
| | | Advisor to the Prime Minister | |

LIST OF ACRONYMS

| | |
|-------|---|
| AIS | Agency for Information Society |
| ALPS | Administrative Law and Procedural Systems Project |
| BiH | Bosnia Herzegovina |
| CCA | Cluster Competitiveness Activity |
| CIPS | Citizens Identification Protection System |
| CMS | Case Management System |
| COM | Council of Ministers |
| DAI | Development Alternatives Inc. |
| DFID | Department for International Development (UK) |
| EBRD | European Bank for Reconstruction and Development |
| EC | European Commission |
| EU | European Union |
| FBiH | Federation of Bosnia Herzegovina |
| FDI | Foreign Direct Investment |
| FIAS | Foreign Investment Advisory Service |
| FILE | Friendly Investment and Lender Environment Project |
| GAP | Governance Accountability Project |
| GDP | Gross Domestic Product |
| GIS | Geographic Information System |
| GTZ | Deutsche Gesellschaft für Technische Zusammenarbeit |
| IC | International Community |
| IMF | International Monetary Fund |
| IMS | Inspection Management System |
| ISO | International Organization for Standardization |
| IT | Information Technology |
| KRA | Key Result Area |
| LAMP | Linking Agricultural Markets to Producers Project |
| LGSA | Local Government Support Activity |
| LLC | Limited Liability Company |
| M&E | Monitoring and Evaluation |
| MEDI | Micro Enterprise Development Initiative |
| MIMIS | Municipal Management Information System |
| NGO | Non-Government Organization |
| OHR | Office of the High Representative |
| OSCE | Organization for Security and Cooperation in Europe |
| PIR | Project Intermediate Result |
| PRP | Pledge Registry Project |
| RDA | Regional Development Agency |

| | |
|-------|---|
| RS | Republika Srpska |
| SEED | Support for Eastern European Democracy |
| SiCG | Serbia and Montenegro |
| SIDA | Swedish International Development Agency |
| SME | Small and Medium Enterprise |
| SPIRA | Streamlining Permit and Inspection Regimes Activity |
| TAMP | Tax Administration Modernization Project |
| UNDP | United Nations Development Program |